JETIR.ORG ISSN: 2349-5162 | ESTD Year : 2014 | Monthly Issue
JOURNAL OF EMERGING TECHNOLOGIES AND INNOVATIVE RESEARCH (JETIR)
An International Scholarly Open Access, Peer-reviewed, Refereed Journal

IMPACT OF COVID-19 ON PERFORMANCE OF SELECT PUBLIC AND PRIVATE SECTOR HEALTH INSURANCE COMPANIES

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INTRODUCTION:

This study deals with the impact of COVID-19 on Performance evaluation of two public companies and two private companies with respect to Incurred claims ratio, Commission expense ratio, Management expense ratio and comparison of public and private companies are explained in this study.

What is Incurred claim ratio?

ICR is the benchmark for assessing the performance of an insurance company. ICR is the proportion of net claims paid by the insurance company against the net premium received by them in a FY. This ratio is a major indicator of the insurance company’s capability to manage as well as pay claims efficiently whilst upholding financial stability.

What is Management Expense Ratio?

It is also referred to simply as the expense ratiois the fee that must be paid by shareholders of a mutual fund or Exchange-TradedFund (ETF). The MER goes toward the total expenses used to run such funds. A lower MER indicates lower costs for investors, which lets them hold a higher share of investment returns of the shareholders.

What is Commission expense ratio?

This ratio tells us what is the outflow towards commissions from the written premium during a particular period. Commission expense ratio that is low indicates that a smaller portion of the organization’s net premium earned is used for paying commissions, indicating greater functionality proficiency.

REVIEW OF LITERATURE:

Latha (2020), exhibits information about the impact on the health insurance business during the Covid pandemic. This paper found that all insurance policies are imposed high tax amounts by the Indian government which leads to generating higher profit and income to insurance companies

Kaur *et al.* (2022) present information about the effect as well as the impact of Covid pandemic on the health insurance sector in India. Based on the perspective of these researchers, it is identified that the Indian economy experienced a huge financial loss from its different business sectors after the pandemic.

Banthin*et al.* (2020) explain the changes in health insurance coverage due to the pandemic. Based on this article, it is identified that employer-based health insurance coverage was reduced more during the last three-quarters of 2020 of the global pandemic. Unemployment has increased due to the pandemic and many people have become jobless after the pandemic and global lockdown.

Mangla*et al.* (2020) created this article to provide clear information about the role of the COVID-19 pandemic in creating opportunities and challenges for the Indian health insurance sector. This article exhibits that the enhancement of awareness among the Indian population about insurance coverage leads to increasing demands for health insurance services.

Njegomir*et al.* (2019) provide a focus on the impact of Covid pandemic on the business of insurers and reinsurers. Insurance companies are also the investors in the financial market so it also affects the global economy during a pandemic. This article shows that the death of an insured as a result of the COVID-19 pandemic creates a potential danger and threat for insurance companies.

Worku*et al.* (2020) convey information about the effect of a global pandemic on the health insurance industry. As a result of the continuous increase in Covid 19 pandemic, the fees of doctors, nurses, and other health workers in emergency services, the cost of medicine and medical equipment, cost of diagnostic tests are increasing.

Rajnikanth*et al.* (2021) focus on the impact of a pandemic on life insurance and health insurance companies. The researcher also helps to identify strategies to improve the health insurance business in the coming years. The research shows that the pandemic is responsible for increasing the awareness of people about health insurance and life insurance.

Mondal (2021) created this article to find whether the answer if Covid pandemic is responsible for accelerating the growth of Indian health insurance companies or not. The finding of this research shows that the share of the public health insurance sector is reduced but the performance of the private health insurance sector has increased after the outbreak of the pandemic.

OBJECTIVE OF THE STUDY:

To analyze the impact of COVID-19 on performance of select Public and Private Sector health insurance companies.

DATA ANALYSIS:

Table No. 1

Incurred Claims Ratio of Public and Private Health Insurers

Particulars	t-test for Equality of Means(equal variances assumed)			
	t	df	Sig. (2-tailed)	Mean Difference
NIACL Incurred Claims Ratio	-.353	5	.739	-12.200
Oriental Insurance Co Ltd Incurred Claims Ratio	1.602	5	.170	5.400
Bajaj Allianz Incurred Claims Ratio	2.564	5	.050	8.500
HDFC ERGO Incurred Claims	-2.522	5	.053	-20.100

Source:Complied by the researcher from the Companies Annual Statements

An independent sample t-test is conducted to compare the NIACL Incurred Claims ratio of Non-Life Insurers for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.739 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the NIACL Incurred Claims ratio of Non-Life Insurers as the test hypothesis is true and it is accepted.An independent sample t-test is conducted to compare the Oriental Incurred Claims ratio of Non-Life Insurers for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.170 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the Oriental Incurred Claims ratio of Non-Life Insurers as the test hypothesis is true and it is accepted.

An independent sample t-test is conducted to compare the Bajaj Allianz Incurred Claims ratio of Non-Life Insurers for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.50 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the Bajaj Allianz Incurred Claims ratio of Non-Life Insurers as the test hypothesis is true and it is accepted.An independent sample t-test is conducted to compare the HDFC ERGO Incurred Claims Ratio of Non – Life Insurers for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.053 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the HDFC ERGO Incurred Claims Ratio of Non – Life Insurers as the test hypothesis is true and it is accepted.

Table No. 2

Commission Expense Ratio of select Public and Private Health Insurers

Particulars	t-test for Equality of Means(equal variances assumed)			
	t	df	Sig. (2-tailed)	Mean Difference
NIACL Commission Expense Ratio	.786	5	.468	.52300
Oriental Insurance Co Ltd Commission Expense Ratio	-2.734	5	.041	-.79000
Bajaj Allianz Commission Expense Ratio	2.181	5	.081	3.10400
HDFC ERGO Commission Expense Ratio	-.120	5	.909	-1.56100

Source:Complied by the researcher from the Companies Annual Statements

An independent sample t-test is conducted to compare the NIACL commission Expenses Ratio for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.468 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the NIACL commission Expenses Ratio as the test hypothesis is true and it is accepted.An independent sample t-test is conducted to compare the Oriental Insurance Co. Ltd Commission Expenses Ratio for before and after the COVID-19 period. The p value is less than 0.05 significant level i.e, 0.041 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is a significant difference between the Oriental Insurance Co. Ltd Commission Expenses Ratio as the test hypothesis is false and it is rejected.

An independent sample t-test is conducted to compare the Bajaj Allianz Commission Expense Ratio for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.081 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the Bajaj Allianz Commission Expense Ratio as the test hypothesis is true and it is accepted.An independent sample t-test is conducted to compare the HDFC ERGO Commission Expense Ratio for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.909 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the HDFC ERGO Commission Expense Ratio as the test hypothesis is true and it is accepted.

Table No.3

Management Expense Ratio of select Public and Private Health Insurers

Particulars	t-test for Equality of Means (equal variances assumed)			
	t	df	Sig. (2-tailed)	Mean Difference
NIACL Management Expense Ratio	.929	5	.395	1.800
Oriental Insurance Co Ltd Management Expense Ratio	1.184	5	.290	4.100
Bajaj Allianz Management Expense Ratio	-5.534	5	.003	-6.94000
HDFC ERGO Management Expense Ratio	-.625	5	.559	-4.800

Source:Complied by the researcher from the Companies Annual Statements

An independent sample t-test is conducted to compare the NIACL Management Expense Ratio for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.395 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the NIACL Management Expense Ratio as the test hypothesis is true and it is accepted.An independent sample t-test is conducted to compare the Oriental Insurance Co Ltd., Management Expense Ratio for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.290 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the Oriental Insurance Co Ltd., Management Expense Ratio as the test hypothesis is true and it is accepted.

An independent sample t-test is conducted to compare the Baja Allianz Management Expenses Ratio for before and after the COVID-19 period. The p value is less than 0.05 significant level i.e, 0.003 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is a significant difference between the Baja Allianz Management Expenses Ratio as the test hypothesis is false and it is rejected.An independent sample t-test is conducted to compare the HDFC ERGO Management Expense Ratio for before and after the COVID-19 period. The p value is more than 0.05 significant level i.e, 0.559 (Sig. (2-tailed), therefore an equal variance is assumed before and after the COVID-19 period. Hence, it is concluded that there is no significant difference between the HDFC ERGO as the test hypothesis is true and it is accepted.

FINDINGS

This research paperelaborately discusses the performances that have been evaluated upon the select private as well as public health insurance companies, pre and post breakout of the COVID-19 pandemic. The aspects of Incurred Claims ratio, that involves both public as well as private health insurance companies such as Oriental Insurance Co Ltd, New India Assurance Co Ltd, HDFC ERGO and Bajaj Allianz brings about the key metric Hereby, in-depth analysis of the ratio over a long time have helped in adequately identifying the financial trend alterations in these companies' financial management as well as efficacy. Likewise, metrics such as the management expense ratio highlights the strategies for cost management. Net premium as well as the trends of the growth rate have indeed displayed the continuous growth for both private as well as public health insurers. The companies New India Assurance, Oriental Insurance, Bajaj Allianz as well and HDFC ERGO have shown flexibility amidst the COVID-19 pandemic that has posed challenges that has shown their long-term performance. Focusing on the background of each company have revealed a mix of public as well as private units contributing massively towards India's healthcare security. New India Assurance, a public sector company, brings years of experience, whereas Oriental Insurance balances the landscape with its wide-ranging offering of the product.

In contrast, Bajaj Allianz is one of the most prominent private entities, in the health insurance sector which focuses upon the technological adaptability and HDFC ERGO brings about an integrated financial stability along with an emphasis on providing products that are utterly customer-centric. HDFC Ergo General Insurance as signified above in the paper also displays that it has undergone a significant acquisition, namely acquiring L&T General Insurance for the amount of Rs. 551 Crore in June, 2016, enhancing its position to the third place in the private insurance industry.

CONCLUSION:

The net commission ratios declined for the entire health insurance industry in India from 2020 to 2021. Growth of the industry was again recorded after the pandemic. Before the pandemic, the growth rate of the Health Insurance business in India was significantly low but awareness increased since the pandemic indicating the positive impact this event had on this industry. Between 2014 and 2015 the net incurred claims ratio of this industry was significantly high but began to decrease in the next couple of years and was the lowest during 2019 to 2020. Nevertheless, a recovery point was noted in 2020. In India, the performance of standard loan Health Insurance businesses was relatively better than general insurance and overall, Health Insurance from 2019 to 20 however negative performance was marked in the next 2 years.

The performance of New India Assurance was relatively better than Oriental Insurance among the two Public Health Insurance businesses in India. On the other hand, the performance of Bajaj Allianz was more stable compared to the financial performance of HDFC among the two Private Health Insurance businesses in India. By comparing the performances of all four companies it can be stated that New India Assurance has a relatively more stable financial performance in the industry compared to the others. A similarity observed in the performance of all the companies was that a positive impact was recorded since the pandemic.

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