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Decoding Health & Life Insurance Pandemonium Due to Covid 19

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ABSTRACT

The outbreak of Novel Coronavirus, COVID-19 is the new face of fear. What began in China has been declared a global pandemic by The World Health Organization (WHO), affecting numerous sectors globally, one of it being Insurance .The virus has spread to all corners of the world, with the most affected country being The United States of America. As per the information published by the Ministry of Health and Family Welfare, India, The virus is escalating at an extensive rate with most affected states being Maharashtra, Delhi, and Gujarat. The virus has a reverberation on Life and Health Insurances and has led to a surge in demand of Health Insurance policies. So, now the question rises, will a life insurance policy covers the death of a policyholder due to coronavirus? Also, will you be able to get a claim processed under Health Insurance, If you contact coronavirus? This paper aims at determining if a Health Insurance covers claim arising out of coronavirus and the extent to which is covered. It will determine the kind of peril the coronavirus is, and its impact on one's Health Insurance Policy and role of IRDAI, if declared as a pandemic. To give it a practical approach, I would be considering and analysing health insurance policy of both private and public sector insurance companies. Additionally, I'll also take the Life Insurance and discuss in detail the effect of coronavirus on claim arising thereon. This paper will try to holistically examine and elucidate about the effect of COVID – 19 on Life and Health Insurance.

CHAPTER 1 – BASICS OF INSURANCE

1. WHAT IS INSURANCE ?

"Risk" is inevitable, Man is always keen on security and protection of property (both movable and immovable) that one have bought from the hard earned money, this is the reason for genesis of Insurance. Also, Risk is affiliated with "ownership" as ownership gives rise to vested interest in the property. Losses can be devastating and catastrophic especially once beyond foreseeability – Act of God or "Force Majeure" *(For example:- Bhopal Gas Tragedy, Andaman Tsunami, Earthquake, etc)* which could leave people in an Indigent place. Insurance can help extenuate them and indemnify the loss. Insurance can provide protection for Motor vehicle, Health, Life, Travel and many others For Example:- A Health Insurance can help the Insured to mitigate the costs in case of hospitalisation.[1]

Crane, J., encapsulated the traditional view of Insurance in Drilling v. New York Life Insurance Co. as: "A contract for insurance is no different than any other contract. The insurance company is entitled to have its contract enforced by the courts as written."

Insurance is a form of contract as enumerated in Indian Contract Act,1872. Here, the parties are called, one the "Insurer" and other the "Insured". The Insured proposes to Insurer to indemnify him in case of a loss due to a specified event in consideration for "Premium". The acceptance of proposal by the Insurer gives rise to a legal contract also known as an "Insurance policy". This in simple language, is to transfer the risk of loss to a willing professional. The legislation for Insurance is The "*Insurance Act of 1938*" and regulated by various statutory bodies such as IRDA, Life Insurance Council, etc.

1.1 PRINCIPLES OF INSURANCE

[1] Institute of Charted Accountants of India,(April 28, 2020, 11:32 AM) <http://www.icai.org/resource_file/13526Module%20II.pdf> and <http://www.icai.org>.

1.1.1 Principle of Utmost Good Faith

The principle of utmost good faith or "Uberrimae Fides" extends a duty of loyalty between the contracting parties. The duty of good faith exhibits itself in at least two important respects: (1) A duty not to make any misrepresentations/fraud; and (2) a positive duty to disclose material information. Uberrimae fidei in relation to contracts of Insurance cast an obligation or duty on Insured towards the Insurer to disclose facts. IRDA regulation extends duty to act faithfully towards each other. Where the Insurer is under an obligation to disclose all material facts with respect to the policy, So is the insured duty bound to answer all the questions regarding the subject matter of the policy, during the acquisition of the policy. This is because of the very nature of the insurance contract making it an obligation for parties to speak. Section 17 of Indian Contract Act 1872, The party who makes any active concealment of facts or provides statements with intent to deceive another party, commits "fraud".

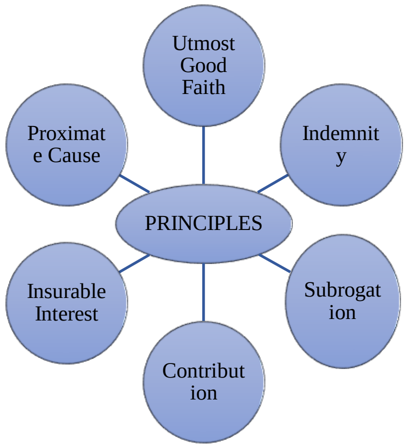

Figure 1: Principles of Insurance

This principle was discussed and interpreted by Lord Mansfield in 1766, in an English Judgement case **Carter V. Boehm** in which it was established "the duty of utmost faith and also said that insurance is a contract upon speculation. Breach of this duty renders the insurance contract voidable. If the insurer had the means of discovering the truth with ordinary diligence, the agreement cannot be avoided."

1.1.2. Principle of Indemnity

"Indemnity"- means a sum of money that is given in case of a specified event (loss/damage). The idea behind Insurance is to restitute the financial position as before happening of the loss, and not to make undue profit or benefit from the loss. The principle of indemnity in insurance law holds great significance as it eliminates the possibility of one benefitting from the loss and also aims to control moral hazard associated. For Example: - A person holding fire Insurance policy, files a claim for the sum insured that is Rs. 2,00,000 lakhs however, the actual loss is only Rs. 50,000 The Insurance company would only be liable to indemnify the actual loss i.e. Rs.50,000. The principle, however, has a limitation and will not apply to every kind of insurance as some losses cannot be quantified in monetary terms which include Life Insurances and Personal accident Insurance. This is because one cannot put a price tag on the subject matter, these insurance contracts are called " Contingency" contract as the insurer are laible to pay the sum insured irrespective of actual loss suffered.

1.2. COROLLARIES OF INDEMNITY

1.2.1 PRINCIPLE OF CONTRIBUTION

The principle is simple, where an insurer has obtained Insurance for the same subject matter from more than one Insurer then in case of any loss or damage to the subject matter the insured shall call upon all the Insurers to contribute towards the claim in proportion to the sum insured with each of them. For example - Where there are two insurers covering the risk equally, in case of loss, Each has to contribute only half of the claim amount. The policies should have an overlap, i.e. the subject matter of the policy and the insured perils should be common. For the Principle of Contribution to function, following conditions are to be fulfilled in all the policies: (1) The insured peril which is the cause of loss must be common; (2) The risk insured against same; (3) The policyholder must be same; (4) The policy, at the time of loss, should be in effect. This principle is corollary of indemnity, as in case there was a loss and the person holding two policies for the same subject makes a claim, may benefit from the loss by claiming from both the insurance companies which is contrary to the principle of Indemnity. The contribution doesn't apply to life insurances and Personal Accident Insurances being a corollary of indemnity.

Calculation of Contribution:

$$Contribution = \frac{Sum\ assured\ with\ individual\ insurer\ \times Total\ loss}{Total\ sum\ assured}$$

1.2.2. PRINCIPLE OF SUBROGATION

The principle of subrogation is a corollary of "Indemnity" as it promulgates no profit out of the loss/damage. Under this principle, the insured is duty bound to relinquish his rights with respect to the third party who caused the loss after the insured in-total has indemnified the loss. In case of a motor vehicle accident, the insured would be entitled to receive the insured amount against the damage and would have to surrender the all rights associated with the third party. Here, The all the rights of insured against the third party is subrogated to the insurer after due payment of the claim is done. The insurer then can claim damages from the third party or even file a suit for compensation in the courts of law as if it were by the insured. In simple words, The insurance company can take place of insured and claim damages from third party as if the loss is caused to them.

1.2.3. PRINCIPLE OF INSURABLE INTEREST

The principle of insurable interest compels the insured to have an interest in the subject matter for which he wishes to obtain insurance policy. A person is said to have an "insurable interest" in the substance only when the insured would gain benefit from its conservation, or would suffer a loss in case it would be lost, damaged, or destroyed. This principle has evolved to eliminate the occurrence of "Wagering" Insurance Contract as an insurance policy is only possible if the insured has a vested interest in the subject-matter – (1) At the time of inception of policy or (2) At the time of happening of insured event or in some cases at both times. In case there is no vested interest the insurance contract is void in law. For example: A cannot purchase a fire insurance policy for B's house as there is no vested interest of A in B's property. However, In case of a Husband – Wife relation, A wife can purchase a life insurance for husband as she has a vested interest in him. [2]

A landmark judgement in the case *Macaura v Northern Assurance Company Ltd* the issue in hand was that "Is a shareholder in a company entitled to insure property owned by the company?" The House of Lords opined "A sole shareholder and main creditor of a company insured timber belonging to the company in his own name. When the timber was destroyed by fire, the insured's claim was rejected on the basis that he held no legal or equitable interest in the insured property." Thus it confirmed that a shareholder does not have a vested interest and ownership is limited to the extent of shares , thus the shareholder has no right to insure property owned by a company

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[2] Insurance Laws in India, VMOU, Kota, (April 27,2020, 5:42 PM), <http://assets.vmou.ac.in/CBIL02.pdf>

1.2.4. PRINCIPLE OF PROXIMATE CAUSE

The principle of "Proximate Cause" is to determine, in the case of loss, the actual reason or the active ground for the loss. The loss should be the result of an independent insured peril and free from any intervention in order to construde as valid cause of loss. When an action leads to an unbroken chain of events that end with insured suffering a loss, the doctrine of proximate cause is applied to track down the **active and efficient** cause that set the chain of events in the motion. [3]"Where there are two causes of loss, one of which is within the policy and the other of which is neither within the policy nor the subject of an exclusion, the insurer will be liable. Where there are two causes of loss, one within the policy and the other excluded, whether the insurer will be liable depends upon whether the insured peril would have caused the loss without the excluded peril. If so, the insurer will be liable for damage which the insured can establish was caused by the insured peril, and damage caused by the excluded peril will not be covered." For example, the proximate cause would be an accident, covered under policy which resulted in inception of COVID - 19 when hospitalized, not covered under policy, such a claim would be payable. Irrespective of the fact that subsequent causes are covered or not if it is established that the event starting the chain is a covered peril then the claim is payable. However if reverse were the case and the chain was started by an excluded peril then the claim would not be payable.

With reference to above table, "We might say that insured perils are positive (in that they produce valid claims), excluded perils are negative (in that they defeat claims) and uninsured perils are neutral (in themselves they are not covered, but if proximately arising from an insured peril the claim is maintainable)".

Insured Peril	Excluded Peril	Uninsured Peril*
• These are the risk covered in the insurance policy. • For e.g. Flight Delay, Baggage lost, etc. in case of Travel Insurance	• These are the risks not covered by the policy. • For e.g. War, Intetional Injury, Veneral diseases, etc. are excluded from the travel insurance policy • They can be added to the insured peril by paying a higher premium.	• Those not specified in the policy at all either in Insured or excluded perils. • It is beyond the cover provided by the insurance • For e.g. Normal wear and tear, gradual deterioration, etc. because these are non-accidental and are normal losses.

[3] 1. Principles and Practice of Life Insurance ,Scribd, (May 4. 2020, 3:15 PM), <https://es.scribd.com/document/335194159/Module-1-Principles-and-Practice-of-Life-Insurance>

In a very recent judgment on the line of Proximate Cause by the Supreme Court in the matter of *Smt. Alka Shukla v. Life Insurance Corporation of India*[4], The issue that arose in this matter was whether the insured who died, while riding a motorcycle, of a heart attack can be said to have suffered 'accidental death'. The insurance company at the instance repudiated the claim on the grounds of death no being of accidental in nature. The medical records also showcased the cause of death as heart attack, and not fall from the scooter and neither did it contribute to it. The division bench pursuing the medical records and facts of the case formed an opinion that the the fall from the bike did not contribute to death and it was caused due to heart attack and hence the insurance company was right in repudiating the claim.

CHAPTER 2 – COVID 19 AND ITS IMPACT ON INSURANCE INDUSTRY

2.1. COVID – 19

According to World Health Organisation (WHO), Coronaviruses are a large family of viruses. In humans coronaviruses can cause respiratory diseases ranging from common cold to more severe diseases such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). The mostly recent coronaviruses can cause the newly found disease COVID-19. The epicentre and the source of Covid-19 was determined in Wuhan, China in December 2019. This virus is deemed to be more life threatening to social beings than any other viruses discovered in the past since the virus showcases symptoms of a normal flu like fever, tiredness and dry cough making it extremely difficult to distinguish. As per analysis of the biggest cohort reported by Chinese CDC, "about 81% of the cases are mild, 14% require hospitalization and 5% require ventilator and critical care management. The deaths reported are mainly among elderly population particularly those with co-morbidities. Till date there is no WHO approved vaccine for COVID-19 and practicing preventive measures like social distancing, using sanitisers, avoiding direct contact with people who are symptomatic are found to be the only ways to contain the spread of the virus."

[4] *Alka Shukla v. Life Insurance Corp of India, AIR 2019 SC 2088*

2.2. COVID 19 AS PANDEMIC – MEASURES BY GOVERNMENT

WHO (under International Health Regulations) has declared this outbreak as a "Public Health Emergency of International Concern" (PHEIC) on 30th January 2020. WHO subsequently declared COVID-19 a pandemic on 11th March, 2020. Most people infected with COVID-19 virus have mild disease and recover. Once it has been defined as "pandemic", under most insurance policies the exclusion of global pandemic will be applied after which all the claims with respect to COVID 19 can be repudiated. The Indian Contract Act Section 56 also provides remedy for contracts impossible to perform due to unforeseen events. This is done because these loses can't be quantified or approximated by the actuaries in the insurance business.

The State Governments of various states in the initial stages of COVID 19 invoked Epidemics Act, 1897 in order to take preventive measures and contain the spread. The National Disaster Management Authority (NDMA) vide letter dated 24th March 2020 bearing no. 1-29/2020-PP(Pt II) in exercise of powers under section 6(2)(i) of Disaster Management Act directed Ministries/Departments of Govt. of India, State Govt. and State authorities to take necessary measures to prevent the spread of COVID-19 along with nation-wide lockdown. The National Executive Committee further issued guidelines for the lockdown, Only Essential Activities like Fruit & Vegetable; Poultry; Media, Banks, Insurance Companies, etc to function with limited human resource. The lockdown was initially proposed for a period of 21 days only.

2.3. COVID 19 – EFFECT ON INSURANCE INDUSTRY

The outbreak of COVID 19 has taken the world by a storm, increasing the economic hardship for all consumers, businesses and communities. Insurance is a centuries old business which has faced dreaded viruses as such as Ebola, Zika, MERS, Nipah and now the recent outbreak of COVID 19 in the past five years. The widespread of Covid-19 is unlike any other virus and is unprecedented leaving the Insurance sector under tremendous pressure to cater the needs of people. A country like India which has a nascent insurance sector has been hit adversely in multiple ways from client service obligations, continuity of business to financially sustain the company. Full and partial closing down of the business due to the announcement of nationwide lockdown has led to a grinding halt and a slowdown in demand for new Insurance policies until 31st March, 2020. Additionally, It has compelled the insurance companies to accept premiums later than due dates as per the directions of Insurance Regulatory and development authority of India (IRDA), disrupting the cash flow. Where the Insurers with diversified risk portfolios were anticipated to be insulated from the losses arising from COVID 19. Conversely, those with high concentration of classes of business could be adversely impacted. *Ms.Vibha Padalkar, MD & CEO, HDFC Life* highlighted the impact of the pandemic from industry point of view, She stated it to be a threat as the pandemic may unveil many inefficiencies and gaps with respect to technology, systems, products and process of Industry. Insurance as an in-person, hand holding service, shall face operational challenges in selling and servicing insurance products digitally. Industries which would be digitally well equipped would be the ones to easily combat with the crisis. On a brighter side, It may give a bigger opportunity for the insurance industries as there could be a paradigm shift in how people view or think of insurance as and shall realise it to be an important part of their life especially health and life insurance.

2.3.1. HEALTH INSURANCE INDUSTRY

COVID-19 Among the various sectors of Insurance had a profound impact on facets of the health insurance industry. The exponential growth in the COVID – 19 cases has foment to an increase in medical claims and shorter settlement time by the insurer. The ordinary treatment cost of COVID 19 is high (Refer Figure 2), hospitalization(In Asymptomatic cases- isolation) and normal viral flu medicines are required. In acute cases, patients need ventilators. The reason for such high cost of COVID 19 is the contagious nature of the virus making extra precautionary measures (personal protective equipment) which are necessitate for the hospitals. In public hospitals the cost for treatment is comparatively lesser than In private hospitals where the expense ranges from Rs 50,000 to Rs 10 lakh, depending upon the severity of illness. Insurance claims relating to COVID 19 treatment is rising as the virus spreads. The varied treatment cost brings in a call for uniformity in cost structure across the nation and requirement of intervention by government and IRDA to bring about unvaried treatment code for claims pertaining to COVID 19.

The Health Insurance sector has been in a bright spot. COVID 19 along with impacting the growth of the industry has opened various opportunities for the Insurers to improve their online distribution model of insurance and prove its metal and win the trust of the prospective customers. Moreover catering the needs of the policyholders is a challenge and has led the insurance companies to embrace digital infrastructure since it has become the need of the hour. It has also led to a surge in online demand for health insurance policies making the people realise the need for health insurance. IRDA has issued relaxation for individuals to defer premium payments. While this is beneficial to policyholders, it could negatively impact insurance companies by reducing cash inflows during a period when the insurance companies are attempting to accelerate claim payments for COVID-19. The impact, however, on the business will be based on how long the pandemic lasts and what happens once the normality returns.

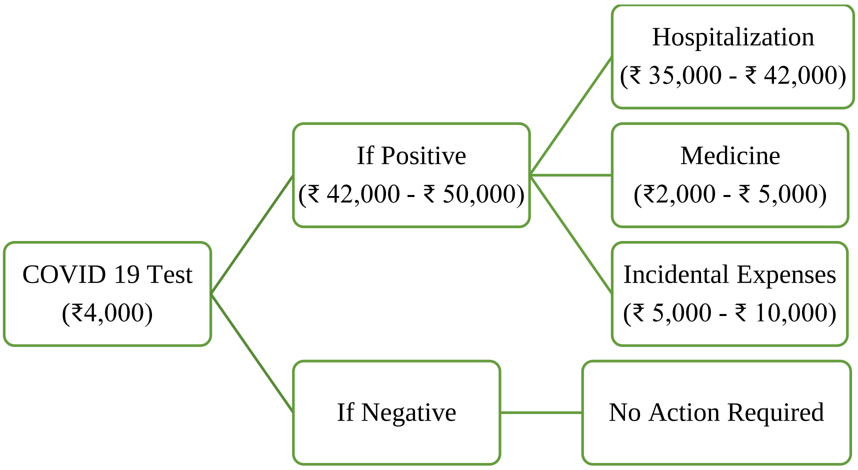

Figure 2: Average costs for treatment of COVID 19

2.3.1. Life Insurance Industry

COVID 19, along with health insurance, has adversely impacted the Life Insurance industry. The most crucial question at present is whether a life insurance policy will cover the death of an insurer infected with COVID 19 and what will be the status of a life Insurance cover, if one gets it now. Advantageous to India is the Case fatality rate (the number of deaths proportionate to the number of confirmed cases) which is still far lower than world averages. India's CFR is at 3.3% while countries like The USA and United Kingdom at 6% and 14.6% respectively.[5]

Life Insurance Council in its press release, notified, The imposition of lockdown to contain the spread of coronavirus has brought the Life Insurance business to a standstill along with 32 decline in new premium income in the month of March,2020 it further gave the premium income of new businesses decline from Rs 37,459 Crore in March,2019 to Rs 25,409 in March,2020. The Imposed lockdown has resulted in employers giving deferred payment of salaries resulting in reduction of disposable income making the policyholder default in the payment of premium. With the lockdown continuing in May, and in accordance with IRDA

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[5] *Mortality Analysis, John Hopkins University & Medicine (April. 27,2020, 5:42 PM), "https://coronavirus.jhu.edu/data/mortality"*

regulation, insurers have to provide an additional grace period for life insurance dues during lockdown. There is also a need for insurers to start focussing on online business and encouraging customers to various product categories online. The pandemic along with impacting the Life insurance industry prospects for its future growth has brought about two significant changes, firstly the in-person channel, the traditional medium of communication in Insurance Industry Secondly, the reluctance of people to purchase policies online are now are now seeing a shift to digital nuances-the new way of life.

INSURANCE POLICIES / INSURANCE COMPANY	MEDICLAIM INSURANCE[6] / **ORIENTAL INSURANCE COMP. LTD.**	MY HEALTH SURAKSHA – SILVER SMART[7] / **HDFC ERGO HEALTH INSURANCE LTD**	DIGIT HEALTH CARE PLUS – COMFORT[8] / **GODIGIT GENERAL INSURANCE LTD**
IMPORTANT FEATURES			
All Hospitalization (Accidents, Illnesses, Critical Illnesses)	₹5 L	₹5 L	₹5 L
Pre & Post Hospitalization	30 & 60 days	60 & 180 days	60 & 90 days
Day Care Procedures (Covers for treatments without hospitalization such as cataract, chemosurgery, orthopaedics, etc)	Yes	Yes	Yes

[6] *Mediclaim Insurance Policy, Oriental Insurance Comp Ltd, (April 28, 2020, 11:26 AM), "https://orientalinsurance.org.in/documents/10182/25363/6+Policy+Wording.pdf/d747549a-9872-4bba-9892-4dd89f4b04e1"*

[7] *My Health Suraksha Silver Smart, HDFC ERGO General Insurance Comp Ltd (April 28, 2020, 12:34 PM), "https://www.hdfcergo.com/documents/downloads/Brochures/myhealth-Suraksha-Silver-Brochure-2020.pdf"*

[8] *Digit Health Care Plus, Go Digit General Insurance Ltd. (April 28, 2020, 01:34 PM), "file:///Users/aagarwal/Downloads/Digit%20Health%20Care%20Plus%20Policy%20-%20Prospectus%20(1).pdf"*

Pre-Existing & Specific illness waiting period (This is the amount of time you need to wait for, until you can make a claim for a pre-existing or specific illness)	04 & 02 years	03 & 02 years	04 & 02 years
Domiciliary Hospitalisation (Treatments done at home due to patient condition or unavailability of hospital bed are covered)	Yes	Yes	Yes
Cumulative Bonus (of ***Multiplier Benefit*** means any increase or addition in the Sum Insured granted without an associated increase in premium)	No	Sum Insured increases by 10% (Up to a max. of 100%) for every claim free year	Sum Insured increases by 50% (Up to a max. of100%) for every claim free year
Refill Sum Insured (Post exhaustion of sum insured, this refills the benefit again)	No	Yes	Yes
Co-payment (refers to the amount of money you need to pay from your pocket, during a health insurance claim)	Available	Available	No
Daily Cash Allowance (Hospital Cash)	Yes	Yes	Yes
Premium (annually) {For age bracket 21 – 35 years}	₹ 8949	₹ 8044	₹ 5562
USP FEATURES			
Stay Active (Offers a fitness discount at each renewal if the insured member achieves the average step count/calories target in specified time interval)	N.A	"Recording minimum 50,000 steps in a week subject to maximum 15,000 steps per day"; OR "burning total of 900 calories up to maximum	N.A

		of 300 calories in one exercise session per day"	
Room & ICU Rent Capping (Different categories of rooms in hospital have different rents)	Limit of 1% and 2% of the Sum Insured per day for room and ICU respectively	Limit of 1% and 2% of the Sum Insured subject to maximum of Rs. 5,000 per day and Rs. 10,000 per day for room and ICU respectively	No limit, as long as it is below the sum insured
Additional Critical Illness & Accidental Hospitalization Cover (This is an extra cover that can be used in case of any Critical Illness treatment like for Cancer, Kidney Failure, Brain Tumour, Liver Failure and other Critical Illnesses OR hospitalization due to an accident. This cover can only be used after your All Hospitalization coverage is exhausted)	N.A	N.A	Additional Coverage of ₹ 1.25 L over and above basic sum insured

Table 2: Different features provided by Insurance Companies

2.4. INSURANCE POLICIES

The table above gives a basic differentiation of services provided by Insurance Companies along with some USPs. But what about COVID 19 ? Is it covered ? All major insurance companies have issued advisories along with FAQ's for people in distress to have a clear stand on the situation. These advisories are more or less standard in nature and the COVID 19 claim is subject to terms and conditions of the policy. Since COVID 19 is novel, it is neither included or excluded nor in uninsured peril, its symptoms, however, (Viral Flu, Respiratory Problem, etc.) are generally covered in a standard health insurance policy. And thus, the principle of Proximate Cause makes the insurance companies liable as where there are two causes of loss, one of which is within the policy and the other of which is neither within the policy nor the subject of an exclusion, the insurer will be liable. Hence, like any other disease, if you are being treated for COVID 19 at the hospital, your hospitalisation and all other related expenses will be covered.

Along with the comprehensive health insurances, companies such as Star Health Insurance, Religare Health, and ICICI Lombard have also come up with COVID 19 specific policies. The Star Health Insurance Co Ltd has introduced "*Star Novel Coronavirus (nCoV)*[9]" policy for a sum insured of ₹ 42,000 for a premium of ₹ 1,083 for a term of 1 year with no pre-acceptance medical screening. This policy is being made available to individuals in the age bracket of 18 – 65 years and has a waiting period of 16 days only, since inception and provides a lump-sum benefit of ₹ 42,000 for the person contracted and is diagnosed with COVID 19 requiring Hospitalization.

The difference between COVID 19 specific and a comprehensive plan is that the former gives a fixed benefit, that is, a lump sum amount at affordable premiums while later is a standard health policy that covers your hospitalisation and related medical expenses. However, The lump sum amount provided under such specific plans is not enough to cover all hospital expenses (Refer Figure 2).That said, Such specific policies could be a good supplement to your existing health plan as the lumpsum under a COVID 19 specific plan can take care of your loss of income and treatment costs can be taken care by comprehensive plan.[10]

CHAPTER 3 - REGULATORY BODIES

3.1. IRDA: IT'S ROLE IN THE COVID CRISIS

Insurance Regulatory and Development Authority of India (IRDA) is a statutory and autonomous body incorporated under Insurance Regulatory Authority Development Act, 1999 which governs both general and life Insurance companies. The insurance companies practiced business as per their own rates and rules which made the customers insecure and brought the credibility of the insurance market at stake. The Government in order to avert the threat and for the purpose of securing the customers established an independent regulatory body called IRDA

[9] *Star Novel Coronavirus (nCov) (COVID-19) Insurance Policy, Star Health & Allied Insurance (May. 4,2020, 3:15 PM), "https://www.starhealth.in/sites/default/files/brochure/Brochure-Star-Novel-Coronavirus-(nCoV)-(COVID-19)-Insurance-Policy-V-1.pdf"*

[10] *Aparajita Sharma, Business Today Money Today (May.6, 2020, 8:19 PM), "https://www.businesstoday.in/money/insurance/coronavirus-linked-insurance-claims-trickle-in-have-you-bought-a-policy-yet/story/400121.html"*

to promote, regulate and protect the interest of policyholders and ensure orderly growth of the insurance industries.

During the COVID 19 crisis, The IRDA has played an important role as a regulator and secured the interest of the policy holders. IRDA with Circular Ref. No. *IRDAI/HLT/REG/CIR/054/03/2020* dated 04th March, 2020 advised all insurers to expeditiously handle the health insurance claims pertaining to COVID 19 and in further Circular Ref. No. *IRDAI/HLT/MISC/CIR/95/04/2020* dated 18th April 2020 directed the insurance companies to comply with timelines given by IRDA. It also suggested the insurance companies to design COVID 19 specific products.

Along with this, The nationwide lockdown has resulted in some disruption in the operations of insurance companies and other entities. To ensure proper service to policyholders, all the insurers have been asked to maintain continuity of business operations through possible alternate modes including telephonic and digital contact. IRDA has also given grace period to people holding life insurance policies whose premium fall in months of lockdown vide its circular no. *IRDAI/Life/CIR/Misc/114/05/2020* in view that the disposable income of people has decreased. For Health Insurance, IRDA has asked the companies to provide instalment facility to customers so as they can easily pay in monthly or quarterly instalments.

3.2. LIFE INSURANCE COUNCIL

Life Insurance Council (LIC) is a forum that connects the various stakeholders of the sector. It develops and coordinates all discussions between the Government, Regulatory Board and the Public. It is the face of the Life Insurance industry and constituted under Sec.64C of Insurance Act 1938, LIC plays a significant and complementary role in transforming India's life insurance industry into a vibrant, trustworthy and profitable service, helping people in their journey to prosperity.

In addition to the IRDA regulation with respect to Life Insurance, LIC, in its press release, has assured its policyholders that all claims pertaining to COVID 19 will be mandatorily settled by insurers and will be processed like any other cause of death and claim amount to be expeditiously. In addition, LIC has reassured the policyholders that in COVID 19 death claims the clause of "Force Majeure" will not be applicable in both the state-run and private life insurance policies. Force majeure events include an Act of God or natural disasters, war, strikes, epidemics, pandemics, etc that life insurance companies can't plan for. The council has done so as to help the policyholders in these gloomy times and dispel rumours to the contrary.[11]

CONCLUSION

The pandemic has emphasised the indispensable requirement of Life and Health insurance in every family and has also forced the insurance industry to function in a new sphere. The Insurance Industry is now shifting towards digital era due to nation-wide lockdown making everything possible remotely from accepting claims pertaining to COVID19 to provide support to their policy digitally. COVID 19 has also affected the insurance business due to additional grace periods, deferred premium payments and hike in no. of claims than approximated by actuaries but at the same time the pandemic has also made health and life insurance a must need for everyone. A comprehensive health insurance in this situation will be highly beneficial, as it will provide cover against expenses that you may incur in order to get the required treatment including for COVID 19. All health insurance companies in India are treating COVID 19 as insured peril and accepting the claim like any other disease insured in all the standard health policies. This is a policyholder centric measure which is beneficial for society at large. In addition to it, as a booster, since the recovery period from COVID 19 is at least 10 – 14 days, one can also get the COVID 19 specific policy for a lumpsum amount if tested positive. That being said, The findings of this paper is very clear, Your existing health and life insurance policy will cover COVID 19 subject to terms and conditions of policy and the claims arising thereon cannot be repudiated on the ground of "Pandemic" or "Force Majeure".

[11] Insurance Intermediaries Quality Assurance Scheme, (April 22,2020, 11:06 AM), < http://www.ifs.org.mo>