

THE IMPACT OF COVID-19 ON THE INSURANCE INDUSTRY IN ESWATINI



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A large, stylized graphic of a globe with the word "INSURANCE" written across it in large, bold, multi-colored letters. The globe is surrounded by a network of lines and is set against a background of red and orange virus particles. The word "INSURANCE" is written in a gradient of colors from purple to yellow. The globe is a light blue color with black lines representing the continents. The background is a mix of red and orange, with several virus particles (resembling coronaviruses) scattered around. The overall design is modern and thematic, related to the impact of COVID-19 on the insurance industry.

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LIST OF ACRONYMS

| | |
|------|--------------------------------------|
| ICT | Information Communication Technology |
| NGOs | Non-Governmental Organizations |

ABSTRACT

The study looked at the impact of COVID-19 pandemic on the insurance industry in the Kingdom of Eswatini. The research objectives were: To assess the challenges faced by the insurance industry in Eswatini as a result of the pandemic; To find out the industry's level of preparedness to managing the pandemic; To identify measures insurers have put in place to protect their companies; To give recommendations for effective management of the crisis. The study adopted a descriptive qualitative strategy to conduct the research. The data was collected from 10 purposively selected participants, using a semi-structured questionnaire which was distributed by email. The data collected was analysed according to themes derived from the research objectives. The research established that there was general lack of preparedness in the insurance industry when the pandemic occurred. However, the mitigatory measures were quickly adopted for business continuity which included the adoption of digital technology and a review of terms and conditions on the insurance business. With the high possibility of the pandemic to recur there is need to be proactive in managing the waves of the pandemic to come.

1.1 Introduction

Pandemics among others have generated stress on the population and businesses at large (Shevchenko 2020). This has impacted on economic shocks and crises, resulting in economic problems. In January 2020 the new coronavirus, known as COVID-19 originated in the city of Wuhan in the Hubei province of China, it has spread rapidly across the world, resulting in human tragedy and tremendous economic damage (Yang et al 2020). The first human cases of COVID-19 was reported in late December 2019 in China. By mid-June 2020, there had been over 8 million cases of COVID-19 globally, with over 436,000 deaths (Su 2020).

The global population became affected by the pandemic and the dangers thereof with no proven medical intervention. Given the rapid spread of COVID-19, countries across the world have adopted several public health measures intended to prevent its spread, including social distancing (Bell 2020). As part of management measures, businesses, schools, community centers and non-governmental organization (NGOs) have been forced to close down, mass gatherings have been prohibited and lockdown measures have been imposed in many countries, including domestic and international travel bans. The goal is that through these measures, countries will be able to reduce the number of new cases related to COVID-19 in order to halt exponential growth and hence reduce pressure on medical services (Shaw 2020).

The general economic situation is in global recession. Lockdown measures have affected the activities of enterprises and households. Business finances have been disturbed, government tax revenues have been eroded (Shevchenko 2020). In most instances, the insurance industry and governments all over the world have become the beacons of hope to which people look for rescue. However, due to the rapid increase in infection cases, the pandemic has overwhelmed many governments and financially weakened some insurance companies.

1.2 Background to the problem

This study looks at the impact of COVID-19 on the insurance industry in the Kingdom of Eswatini. Countries have respectively introduced emergency measures in health care and economic activities (Shaw 2020). Budget spending has increased exponentially on economies (Shevchenko 2020; Yang et al. 2020). The complexity brought about by this pandemic has caused uncertainty in national and international businesses. Insurers are not excluded from the effects of the pandemic. They are experiencing tremendous strains on their businesses through increase in claims especially in Life insurance and Funeral Assurance companies. Health insurers have experienced higher claims due to increased costs and may need to bear a higher share of costs due to policy initiatives (Bell 2020). With the number of new COVID cases on the rise because of the new wave of the pandemic, the profitability and sustainability of insurance companies is under threat. The management of risk associated with life insurance is rather on the high as life

insurance claims rise immediately while expected future payments on life-contingent annuities fall. There were 6,895 new cases in July 2021, raising the total number of confirmed cases to 25,979 in the Kingdom. The death toll rose to 787. The number of recovered patients increased to 20918, leaving 4274 active cases at the end of the month.

1.3 Problem statement

The insurance industry is faced with sustainability challenges as a result of the COVID-19 pandemic. Insurance companies and brokers are facing liquidity challenges, new business is trending downwards and external debt is increasing. The insurance industry provides safety and stability to individuals, groups, institutions and businesses and financial markets (Babuna et al. 2020). Brokers are struggling to operate in these disrupted times. The normal *modus operandi* has been affected, where there is delay in premium payments. This has resulted in the loss of business through cancellations of policies. Claims payments are on the rise because of the tragic deaths. Investment returns have been dampened by volatile financial market.

1.4 Aim of the study

The main aim of the study is to assess the impact of COVID-19 pandemic on the insurance industry in Eswatini focusing on its provisions. This is done by looking at specific segments of the insurance industry for example General Insurance, Life and Pension and Funeral Assurance. The purpose of the study is also to find operational ways which should be adopted by the industry so that it continues to provide efficient service to the insuring public.

1.5 Objectives of the study

- To assess the challenges faced by the insurance industry in Eswatini as a result of the pandemic.
- To find out the industry's level of preparedness to managing the pandemic,
- To identify measures insurers have put in place to protect their companies.
- To give recommendations for effective management of the crisis.

1.6 Research questions

- What challenges that are being faced by insurance industry in Eswatini?
- What is the industry's level of preparedness to the pandemic in Eswatini?
- What measures have been put in place to manage the impact of the pandemic?
- How do we effectively manage the pandemic for sustainable industry management?

1.7 Significance of the study

The insurance industry plays a very important role in the national economy. Eswatini presently has a huge infrastructural deficit that requires the establishment of efficient insurance policies to pursue economic development strategies. The industry provides safety and stability to individuals, groups, institutions and businesses. It also creates employment. A healthy and developed insurance industry will improve the stability of financial markets. The solutions from this study will benefit the Eswatini insurance market as companies would now operate effectively, efficiently and viably taking into the safety all stakeholders.

1.8 Conclusion

The chapter looked at the introduction of the study on the impact of COVID-19 to the insurance industry. The problem statement was outlined and the research objectives were stated in line with the research questions. The significance of study was discussed in view of the research's contribution to the academic body of knowledge and also the contribution to the insurance industry. The next chapter will look at the literature review where contextual literature will be discussed.

2.1 Introduction

Literature review helps in getting an insight into previous research on the study of the phenomena (Saunders et al. 2009). The insurance industry is a major component of the economy by virtue of the amount of premiums it collects, the scale of its investment and, more fundamentally, the essential social and economic role it plays by covering personal and business risks. In this study, the literature review will be conducted in areas of the COVID-19 pandemic, challenges faced by insurance industries and how to manage the pandemic under the given circumstances. Before COVID-19, gross premiums were still mainly on the rise in the life and non-life sectors in 2019 (OECD 2020). An increased demand for some life insurance and non-life insurance policies, such as motor insurance, likely accounted for this expansion of insurance business worldwide. The COVID-19 pandemic has caused rapid changes in the global economic and social environment (Shevchenko 2020). According Jovanovic (2021) the COVID-19 pandemic showed in the worst possible way the level of preparedness, the capacity of national health systems and the quality of risk management. The COVID 19 crisis continues to have a significant impact on individuals, society, business and the economy across the globe. Businesses around the world are facing catastrophic losses as the novel coronavirus forced businesses to shut down (Shaw 2020). Authorities in various countries have come up with contingency measures to manage health care, and have introduced restrictions regarding social communication, economic activities and lockdown measures. The insurance industry has not been spared as every segment of the industry has been affected.

Insurers are vital financial intermediaries with an asset base of US\$33 trillion globally (Kirti and Shin 2020). Life insurers need to manage risk transfer over long horizons as their liabilities commit them to payouts decades ahead. On the other hand property and casualty as well as health insurers aim to match payouts and premiums within relatively short periods and can re-price contracts more frequently (Jovanovic 2021).

Consequently, life insurers tend to hold more long-term fixed-income investments than other insurers. Like other financial intermediaries, insurers tend to be much more levered than nonfinancial corporations (Kirti and Shin 2020).

2.2 Impact of Covid-19 on Insurances

The COVID-19 pandemic has posed a significant challenge to the operation of the insurance industry around the world (Babuna et al 2020). COVID-19 has affected insurers both directly, through health shocks (increase in mortality and morbidity), and indirectly, via financial shocks in the form of lower equity prices, higher credit spreads, prevalent downgrades and short-term and long-term interest rates (Kirti and Shin 2020). Due to COVID-19, life insurers in Australia suffered a net loss of \$1.8 billion for the year ending March 2020, compared with a profit of \$759 million in the previous year (Sood 2020). The pandemic also causes great damage on the U.S. life insurance industry. For instance, Prudential reported a \$2.41-billion net loss in the second quarter of 2020 as opposed to a \$738-million net income in the second quarter of 2019 (Bell 2020).

Accordingly, rating agencies revised their outlook from stable to negative for life insurers worldwide. In particular, AM Best changed its outlook for the U.S. life insurance industry from stable to negative (Johnson 2020). One factor behind these changes in the life sector's outlook is: the possibility of higher mortality rates than anticipated. To address this crucial and timely issue caused by COVID-19, it is significant for life insurers to adopt an appropriate mortality model by including COVID-19 mortality risk to analyze their financial sustainability.

The COVID-19 pandemic has adversely affected mortality rates, increasing the mortality risk of life insurers (Krantz and Rao 2020). Understanding the adverse effect of COVID-19 on mortality rates is very important because higher mortality rates than expected will affect the future financial sustainability process of life insurers (Yang et al 2020). Consequently, life insurers have had to incorporate COVID-19 mortality risk to better forecast their financial sustainability. The direct effect reflects only the death numbers directly caused by COVID-19. However, the under-diagnosis, limited COVID-19 testing and imperfect test sensitivity in early 2020 resulted in undercounting of the number of deaths due to COVID-19 (Bell 2020). Underestimation of the deaths caused by an emergency is common. For example, only 31 official deaths due to Chikungunya virus were recorded between 2014 and 2015 in Puerto Rico, whereas 1,310 excess deaths were estimated in a time-series analysis (Freitas et al 2018). Therefore, the additional deaths caused by the indirect effects of COVID-19, that is, the potential consequences associated with the pandemic, is critical. Government interventions imposed during the pandemic may indirectly affect other causes of deaths (Vandoros 2020). For instance, many people with serious existing illnesses were unable to seek timely medical treatment after the outbreak of COVID-19, thus influencing their physical and mental health and decreasing their life expectancy (Banks and Xu 2020). Many people lost their jobs or income in this tough period due to the self-isolation policies proposed by the government or the economic recession caused by COVID-19; consequently, suicide rates increased because of the long-term unemployment (Fan and Nie 2020). Crowded emergency departments were also responsible for additional deaths (Vandoros 2020). Furthermore, even people recovering from COVID-19 may have temporary or long-term kidney and liver failure, thus decreasing the survival probability among many recovered patients (Su et al 2020). The limited access to health services, physical and psychological effects of social distancing, and economic changes have had indirect and adverse effects on mortality rates. Death rates are always higher than expected during emergencies. According to Weinberger et al. (2020)'s test, the number of excess deaths was 28% higher than the official COVID-19-reported death numbers from March 1st to May 30th, 2020. Given that the indirect effects of COVID-19 may be much greater than the direct effect, we use the excess death numbers to explain the adverse mortality jump caused by this pandemic rather than using the official COVID-19 death counts (Krantz and Rao 2020).

2.3 Measures on Managing Covid-19 impact

The outbreak of the pandemic and its spread triggered a response from insurers whose efforts were to protect the health and safety of employees while thriving for business continuity (Jovanovic 2021; Shaw 2020). Information Communication Technology (ICT) was adopted to sustain operations and tasks due employees having to work from home. ICT was used for audio-

video meetings, policy selling and or online applications when reporting damages or claims, in order to avoid physical contact (Shaw 2020). This meant a need for chief information security officers to establish relative cybersecurity protocols to permit the safe exchange of confidential information among employees that are connecting from outside the office protocols. A comprehensive communication system should be in place to keep employees, distributors/agents and clients fully informed about the status of business continuity plans and instructions on how to maintain health and safety measures (Vandoros 2020).

According to Krantz and Rao (2020), organizations in the insurance industry across the globe have set up policies around remote access to support social distancing. Shaw (2020), posits that organization technology custodians have made sure that off-site employees have access to the following technological capabilities:

- A laptop or desktop computer, preferably company issued.
- A virtual private network (VPN) to securely and remotely connect to critical business applications.
- Collaboration tools to help with audio, video, and screen-sharing.
- An efficient and effective IT support team to answer any queries or challenges faced by employees of an IT nature.

Under these circumstances, insurers that have invested in advancing digital capabilities will likely be better positioned in the interim to maintain communication with their agents/brokers for faster and more comprehensive services to their clients (Shaw 2020).

In the case where the outbreak has passed, the risk management team of the insurance organization should assess how quickly and effectively the insurance company has been able to respond. They should also be able to account for any additional measures they had to adapt the organization in order to be more resilient in the event of any recurring (Shaw 2020).

2.4 Service Delivery Challenges

According to Deloitte Insight report (2020), COVID-19 has disrupted service delivery on clients in the form of logistical challenges and risk management. Face to face meetings with prospects and clients has been stopped until the risk of exposure is managed. The period of lockdown and isolation, most insurance organizations used the time for planning and training in anticipation of extended period of social distancing that had an impact on how agents would stay in contact with clients (Jovanovic 2020). The lockdown period was strategically viewed as a period of productive planning, training, and outreach across the organization, intermediary and client stakeholder groups. Shaw (2020), further argues that during times of uncertainty and financial stress, it is important for insurance industry to maintain connections and the well-positioned to serve.

On short-term and long-term financial outlook the insurance companies need to look at claims costs with particular reference to the classes of business (Kirti and Shin 2020). The pandemic has affected the economic environment, especially in areas of prospective growth and profitability in insurers' underwriting and investment portfolios (Shevchenko 2020). The Insurance Information

Institute reported in its first quarter that Covid-19's impact on global growth and the insurance industry is likely deeper and wider than the current consensus resulting in a global GDP growth in 2020 to slow down from 3.3% to 2.3%, thus making a 2021 recovery less likely. The organization for Economic Corporation and Development (OECD), in its report Coronavirus: the world economy at risk, said that the longer the outbreak lasts, the lower is the global growth reduced to 1.5% in 2020. This would lead to interest rates declining thus weighing heavily on the entire insurance industry.

Life assurers expect this to translate into significantly lower new business volumes for a period of uncertain duration (Bell 2020). In addition to the expectation of lower new business volumes coupled with increased lapses, there has been a significant drop in market values and interest rates (Shaw 2020). He further argues that the impact of this on life assurer income levels in some cases is leading to financial strain and the need to consider actions such as expense cuts. The tragic loss of life is increasing across society.

Operationally, Life and Pension insurers, similar to General Insurance companies, have managed well with the initial crisis. However, with self-isolation rules in place, digital capability is becoming increasingly important due to the nature of Life and Pension products and dependency on agents and other intermediaries. Disruption is also on new business given prevalence of paper applications and need for medical underwriting for certain life products. Accepting cash payments remains problematic in the current environment.

Many customers are under financial duress and are focused on reducing their financial outgoings and commitments. There is an uptick in customers on direct debit arrangements defaulting on payments, resulting in the cancellation of policies.

2.5 Funeral Assurance

High claims payout during the pandemic has hit some companies hard. Funeral parlours are running out of coffins. Corona virus pandemic is making people consider purchasing funeral policies. Trying to raise money after a loss of a family member is difficult. Apart from high claims experience business is booming in this segment.

Generally budgets of companies have increased due to more spending on social responsibility to help the government fight the pandemic. For instance, insurers had to buy hand sanitizers, nose masks and other PPEs for their workers. Food and other provisions were also bought for communities during the lockdown.

2.6 THEORITICAL FRAMEWORK

2.6.1 Crisis Management Initiatives

According to Su et al. (2020), Insurers should review and update their crisis management plans and take steps to continue operations with little disruption to clients. Insurers should consider

establishing temporal multi-purpose emergency decision-making units purposely for this pandemic to coordinate responses and set new safety protocols to contain shocks (Shevchenko 2020). They should also set up a comprehensive communications system to keep employees, clients and other partners fully informed about the status of business continuity plans and information on how to remain safe. Insurers should also adapt to working from remote locations. They should enable and equip company staff from actuaries, underwriters and claim managers to work offsite, most probably from homes. They should make it possible for employees to access necessary files from homes.

Furthermore, information security officers should be equipped to establish new cyber security protocols to ensure the safe exchange of highly classified information among employees connecting from homes. Insurers should make sure that information security and technology officers have the following technological capabilities:-

- (a) A private network to privately connect remotely for critical business operations.
- (b) Video conferencing tools like Zoom and Microsoft Teams meeting with training on how to use them.
- (c) A competent, well-equipped IT support team to answer employees questions and help employees from offsite.

Insurers should plan training and equipping staff to work under social distancing regulations since there is potentially a long time to go for the pandemic. With good digital tools, this should not be a problem for insurers. This could potentially be a period of productive planning, training and outreach to stakeholder groups at remote distances. Lastly, insurers should establish a risk management team to assess how quickly and effectively they are able to respond to crises in the pandemic period. They should also determine any additional steps that may need to be taken to adapt to their organizations and make them more resilient if faced with future pandemics like the type of COVID-19

2.6.2 Strategic Decisions on Claim Processing

Quantifying and managing loss are very critical to insurers during this pandemic (Su et al 2020). If a claim is presented, it will be complex to measure the loss. According to (Kirti and Shin 2020), insurers can adopt the following procedures to measure loss;

- a) By acting promptly: Early engagement with the client is very important to win the trust and understand the potential impacts of the pandemic.
- b) Keep an accurate trace of cause and effect. As losses accrue, the ability to keep an accurately documented trail to prove the direct causal link between the insured peril and financial losses is very critical.

c) Keep track of worldwide activities and business trends: It is very prudent to consider the financial impact of the pandemic on other areas of the world.

d) Seek advice from professionals. Pandemics such as SARS and H1N1 have impacted insurance industries in other parts of the world, and insurance professionals have experience operating in pandemic situations.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is the specific procedure and techniques used to identify, select, process and analyze information about a topic of research (Saunders, Mark, Lewis and Thornhill 2016). The chapter discussed the research philosophy, approach, strategy, data collection instruments and data analysis. The study considered March 2020 to July 2021 as its study period. The review of the research was used primary and secondary data. The data was collected through various, articles, published access journals, newspapers and public and government portals (websites) for the study as well as interviews. Research philosophy – Interpretivism. This study focuses on explanatory research design. Research approach – Inductive. Research strategy - Qualitative.

3.2 Research Philosophy

The term research philosophy alludes to a system of beliefs and assumptions about the development, (Saunders et al. 2016). The chosen paradigm usually guides the methods and analysis of the research, furthermore, the purpose of research philosophy is to outline the beliefs and values that will help guide design, data collection and analysis of the research. Furthermore, there are major philosophies in research including; positivism, and interpretivism (Saunders et al 2016).

The positivist research philosophy underpins a quantitative methodology, the paradigm requires a methodology that is objective or detached, (Saunders et al 2016), furthermore, the philosophy uses experimental designs. Interpretivist (qualitative) research philosophy is focussed on observing people and their interactions, Sutton and Austin (2015) states that qualitative research aims in understanding the aspects of social life by the use of words and rather numbers

This study used the Interpretive philosophy as the study was mainly concerned with in-depth understanding and how individuals make sense of the world, their experiences, and meanings and how they attribute to the pandemic Covid-19's impact in the insurance industry. Therefore, Sutton and Austin, (2015) conclude that if the end objective and aim is to make understanding of how individuals perceive or view an issue then qualitative is a best-suited method for the study.

3.3 Research Approach

There are two research approaches commonly used by researchers; inductive and deductive reasoning approach (Antwi and Hamza 2015). According to Saunders et al. (2016), inductive reasoning is used to make generalizations, and used by researchers when searching for patterns in data, furthermore research can adopt the deductive approach when and if they conclude that a theory may be false if this conclusion is drawn this allows researchers to generate and test new theories.

This study used the inductive research approach as it is consistent with qualitative study unlike deductive approach which is consistent with quantitative data. McCusker and Gunaydin (2015) argue that, the purpose of using inductive reasoning approach is that there is need to understand pandemic factors that impact on the insurance business events or settings that human attach meaning to, the inductive approach is more flexible in its structure allowing the researcher to be immersed in the research process while studying the individuals in a naturalistic environment. According to Yin (2015).the main aim and purpose of employing an inductive approach in a study are to:

- condense raw textual data into a brief, summary format
- establish clear links between the evaluation or research objectives and the summary findings derived from the raw data.

3.4 Research Strategies

A research strategy is a plan for conducting a research study, it provides a guideline for the researcher to plan, execute and monitor the research study, states Williams, (2017). There are different types of research strategies, these strategies can be used for qualitative or quantitative methods. For this research, a qualitative research strategy was used for in-depth understanding of the pandemic factors that impacted on the insurance industry. According to Yin, (2015) research strategies include case studies, interviews, focus groups, surveys, action research, grounded theory and ethnography. This study used a case study strategy as it focused on in-depth understanding of the impact of the pandemic on a particular insurance organization in Eswatini for better understanding. The case study looked at challenges, preparedness and measures in place to manage the outbreak of the pandemic in the insurance industry in Eswatini.

3.5 Research Design

The research design is the structure that holds the researcher and allows for the researcher to deal with the research aim and objectives, according to (Sutton and Austin 2015) research design is the 'procedures for collecting, analyzing, interpreting and reporting data in research studies'. There are mainly three forms of research designs, these include; explanatory research, descriptive research and exploratory research.

The study adopted a descriptive research design. The purpose of selecting this research design was to establish a valid representation of the factors that indicated the impact of the pandemic on an insurance business. This is done through an established stages of development in the research process. According to (Williams 2017), the main aim of descriptive research is to describe a phenomenon and its characteristics, it is concerned with how and why occurrences happen.

3.6 Target Population and Sampling

The target population is the entire set of people or organizations from which data is to be collected (Saunders et al. 2016). In this study the population would be the number of insurance

businesses in Eswatini. According to Statistical office (2020), there are 35 insurance and assurance organizations in Eswatini. Out of the target population an insurance business organization was conveniently chosen to be used as a case study. The organization has a staff complement of 18 that are distributed through its 4 departments where each department is headed by a manager with supporting staff under their tutelage.

3.7 Sampling technique

There are two broad types of sampling – probability and non-probability sampling (Saunders et al 2016). With probability sampling, the likelihood of any one member (or element) of the population being selected, is known and is associated with quantitative research choice. In non-probability sampling, which is associated with qualitative research choice, the exact number of elements in the population is unknown with the result that the likelihood of selecting any one member of the population, is not known.

This study used non-probability sampling, adopting the purposive/Judgemental sampling technique. Purposive sampling is commonly used in qualitative research, the participants of the study are usually recruited according to pre-selected criteria relevant to the aims of the study or the proposed research question, (Williams 2017). In this study the participants were deliberately selected based on their knowledge and experience with managing the COVID-19 pandemic.

From the selected case study, data was collected with the participation of managers and employees of the selected insurance business organization. The study purposively selected 4 managers of the organization and 4 supervisors and 2 sales representatives, thus making a total of 10 participants who were involved in the study.

3.8 Research Instrument

A research instrument is a tool that the researcher will use to collect primary data (Saunders et al. 2016). There are different types of research instruments which can be used, these include questionnaire, interviews, focus groups, observation and experiments.

For the purpose of this study, interviews were used to collect primary data. Structured interviews in the form of an interview guide was adopted. These are pre-determined questions which provide more focus and still allows a degree of freedom and adaptability in collecting data. The interview guide consisted of 4 sections, influenced by the research demographics and objectives which were categorised into: section A – Demographics; section B – Challenges as a result of COVID-19; section C – state of preparedness; section D - measures to mitigate the pandemic. Sections B,C, and D consisted of 3 questions each.

3.9 Pilot study

Before administering the research instrument, the researcher tested it on a small sample. From its analysis the researcher was able to check if there are any flaws in some of the questions. The pilot study was administered on 2 participants from a different insurance business organization

and apparently there were no adjustments to the questions created. The participants here were not part of the main research study.

3.10 Administration of Research Instrument

Research instruments can be administered by postage, telephone, face to face, online, or via e-mail (Yin 2015). For this study the telephone interviews were conducted. Health precautions were taken into consideration and also the fact that because of the pandemic, organization have changed their work stations and work schedules where in some cases people are working from home. Telephone calls were made to set appointments for proper interviews. However some of the participants then decided to conduct the interviews at that moment citing busy schedules and other commitments. Each interview took an average of 15-20 minutes.

3.11 Data Analysis

Data analysis is the process of organizing, categorizing and make sense out of the data collected (Saunders et al 2016). It is a technique to be used by the researcher to evaluate, organize the data that has been collected in order to extract logical information in line with the research objectives. There can be quantitative data analysis and qualitative data analysis. For quantitative analysis it involves discussion on descriptive and inferential statistics where specific tests and measures are applied with the aid of an analysis tool such as SPSS or Microsoft Excel. In the case of qualitative data analysis, this may involve content analysis, thematic analysis to get in-depth analysis of the set objectives. Data collected was analysed using thematic analysis, where the data collected was categorized into themes based on the research objectives. According to Saunders et al. (2016), thematic analysis is a method that is used in qualitative when using interviews as the research tool, studies for systematically identifying and organizing themes across the dataset, thus allowing for the researcher to see and make sense of collective meanings and experiences.

3.12 Ethical Considerations

Williams (2017) assert that research ethics are focused on what is morally proper and improper when engaged with participants or when accessing data. The aim of ethics in any study is to make sure that no one suffers or is harmed due to participating in any study, Yin (2015)

Participants were informed about the research and were requested to provide consent to partake in this study. Participants were not be compelled to participate against their will as they were allowed to withdraw from the process if not willing to continue. The researcher ensured that information from the participant is protected and not disclosed to unintended recipients. Names of participants were not mentioned in the study to protect participants from being victimized. Confidential information will not be published without the permission of the person granted the permission to conduct the research. Permission to conduct the research was sought and permission was granted. Letters of permission were presented in the appendix.

CHAPTER FOUR RESULTS, DISCUSSIONS AND INTERPRETATIONS OF FINDING

4.1 Introduction

In this section the discussion is on the results of the qualitative research in the form of the semi-structured interview data from the study, a summary of results is presented with a detailed finding from participants including interpretation of the data. The research study looked at the impact of COVID-19 in the insurance industry in Eswatini. The study used open-ended questionnaire on 10 participants to collect data. The questionnaire was distributed to employees of the chosen organization using the official email address from the selected organization. The questionnaire was divided into sections A,B,C & D. Section A looked at demographics of the participants, section B looked at challenges as a result of the pandemic, section C looked at the level of preparedness to managing the pandemic and section D looked at measures in place to manage the pandemic. Thematic analysis was used to identify the emerging themes within the study, furthermore, each question was guided by the research objectives of the study.

4.2 Results

Ten participants were purposively selected within the selected organization. The study purposively selected 4 senior managers of the organization and 4 supervisors and 2 sales representatives, thus making a total of 10 participants to be involved in the study. There was a 100% response rate of the selected participants for the study. The following demographic information was collected from the participants.

Table 4.1 Length of Service in the Industry

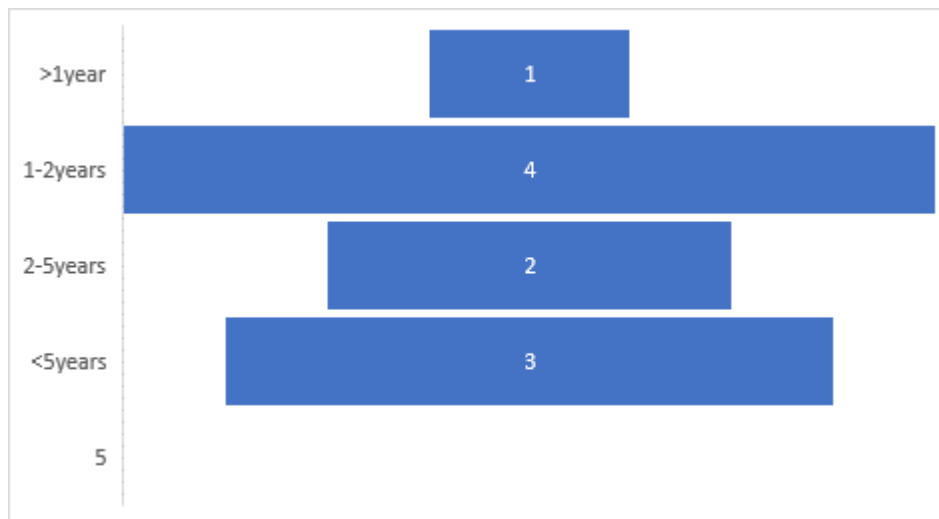
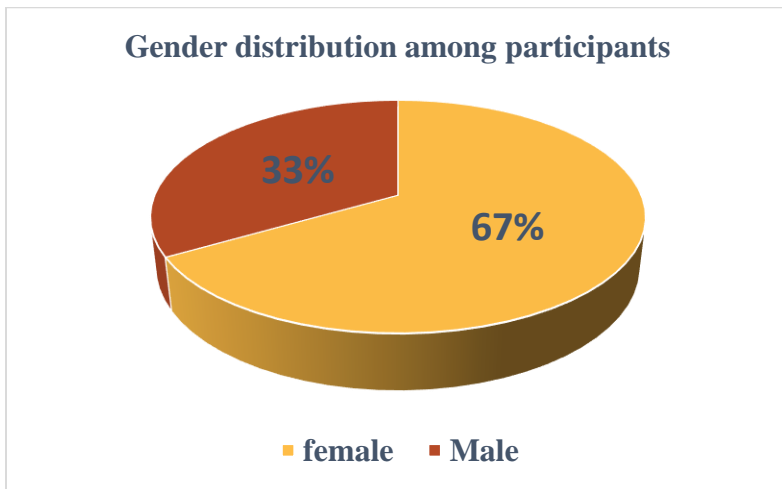


Table 4.2 Level of Education

| Category of Education level | Stats |
|-----------------------------|-------|
| Diploma | 2 |
| First Degree | 5 |
| Second Degree | 3 |
| | |

Figure 4.1: Gender distribution among participants

The second question in the demographics section was gender distribution, 67% were female and 33% were male. There were more female respondents than male in this study. Following from figure 4.2.1 it is also identified that the female respondents were mostly in the category of 25-30 years of age.



4.2.1 Challenges Faced Because of the Pandemic

There is a general agreement that the business was immensely affected by the pandemic. All participants agreed that COVID-19 has had operational impact on them and they were not 100% prepared for the pandemic. Participant 1 who is a senior manager said that the pandemic has seen a large number of people suffering from this 'unknown' disease that has spread worldwide with severe consequences. Participant 2 and 6 alluded to the fact that the pandemic showed the capacity of national health systems across the world. Businesses faced catastrophic losses because businesses faced operations shut down yet most of them did not have insurance cover for pandemics. Jobs have been lost as a result of COVID-19, says participant 7. Participant 1,9 and 10 agreed that insurers task as a result of the pandemic was to ensure the health and safety of employees while striving for business continuity. The big challenge was to set home office under the circumstances says participants 1,2,3. Participant 1, particularly explained that as insurance companies, as well as all organizations in the country prepared for remote work without social contacts, the questions of providing technical conditions for such work arose. Insurance claims drastically increased on many aspects, says participants 1,3 and 6. Due to the volatility in the financial markets, investment income has significantly dropped low with reduced interest rates says participant 3.

The insurers experienced an increase in policy lapses in certain segments of their business as individuals were unable or chose not to pay premiums to keep the policies active.

4.2.2 Level of Preparedness to manage the Pandemic

The general perception from participants with regards to the level of preparedness is that the COVID-19 crisis showed in the worst possible way the level of preparedness. All participants agreed that governments, businesses and economies were not prepared for what happened during the pandemic. According to Participant 8, radical business decisions had to be made and most insurance organizations struggled with lack of capacity, lack of resources and lack of resolve to fight the pandemic. The insurance terms and conditions applied before the outbreak of the epidemic/pandemic, as a rule, did not provide this type of coverage for coronavirus, nor did they explicitly exclude such an obligation from the list of risks and damages not covered says participant 1.

4.2.3 Measures in place to manage the impact of the Pandemic

All participants agreed that a disaster recovery plan is in place. According to Participant 1,5,7 & 8, Information Technology (IT) support is vital for minor interruptions of normal operations and tasks in an insurance company due to the work of employees from home. A laptop or desktop computer (preferably equipment issued by the company), a virtual private network to securely and remotely connect to critical business applications, collaboration tools to help with audio, video, and screen-sharing, were the main premise of work continuity without major interruptions.

Participant 5 and 6 alluded to the need by insurers to focus on the review and update their crisis management plans and make efforts to keep operations going on with little disruptions to clients. Participant 3, 4 and 7 said there are also insurers whose websites provide appropriate explanations and information on COVID-19, protection measures, how to behave and what not to do, as well as internet addresses of relevant national institutions dealing with measures against coronavirus infection, the latest information, and advice.

4.2.4 Managing the pandemic for Industry's Sustainance

There have been frequent meetings between the regulator of the industry and member insurance companies to discuss updates and latest developments about the pandemic says participant 1,2,4,5 & 6. There were discussions also about strategies to manage the situation going forward. However the regulator wanted to give a blueprint of strategies which would work in some organizations and not work in other organizations says participant 2. Strategies were discussed about the news and knowledge about the extent and possible consequences of COVID-19, epidemiological measures and adjustments to new working conditions, as well as dilemmas regarding the insurance coverage provided to the insured says participant 1. Participant 10

4.3 Discussions

Due to reduced economic activity, premiums have reduced and profits were significantly reduced because more claims were being paid out than premiums collected over the same period (Babuna et al. 2020). Some organizations have had to lay off some of their employees which impacted on productivity. The expenditure budgets among the insurance companies increased during the pandemic period because of the spending on social responsibility to help government fight the pandemic. For example some insurers had to buy hand sanitizers, gloves, nose masks and other PPEs for their employees. The general perception on the pandemic was that there was lack of preparedness and most organizations were forced to avoid face to face contact and some businesses were closed. According to Kirti and Shin (2020), COVID-19 pandemic affected insurers both directly through health shocks (increased mortality and morbidity) and indirectly through financial shocks (lower equity, higher credit spreads and lower short-term and long-term interest rates). According to Jovanovic (2021), the pandemic was further compounded by the occurrence of waves of infection that impacted on the already affected economies and businesses. This is also alluded in this data collection where the participants agreed to the continued waves of infection that made it more difficult to manage the pandemic as well as the business.

The impact of the COVID-19 pandemic has been evident on both the internal and the external aspects of insurance organizations. According to Jovanovic (2021), the pandemic particularly impacted on insurance terms and conditions. In this study it was alluded that strategies were in place to manage the pandemic. This is supported by measures that insurers in other countries like Serbia where the insurers of group life, for example, had taken measures on exclusions in the covering of communicable diseases, they also extended to coverage of COVID-19 to the employers, companies, trade unions, organizations, institutions and other legal entities.

Customer complaints increased because liquidity was beginning to hit some insurance companies, and as a result, payment of claims had become challenging. Secondly, some clients would not understand that insurance policies do not cover pandemics. Insurers of life and health policies may not have properly explained to their clients how insurances do not cover pandemics, and since COVID-19 is a novel virus, customers and insurers disagreed as to where to accurately place the pandemic within the insured and non-insured diseases category of health insurance.

CHAPTER FIVE FINDINGS CONCLUSIONS AND RECOMMENDATIONS

5.1 Findings

Both in primary data collected and the literature review in this study established that the level of preparedness for the COVID-19 pandemic was very poor (Jovanovic 2020, Kirti and Shin 2020, Shaw 2020). However the insurance companies were able to put mitigation measures in place, such as alternative work arrangements and setting of new safety protocols and strategies, in order for business continuity. Insurers' product/service portfolios were grossly affected in terms of short term and long term financial outlooks especially in global growth in the economic environment. Insurance terms and conditions were adjusted to exclude the wording which excluded the liability of the insurer in case of epidemic and pandemic risks. Under the circumstances the insurers were able to invest in advancing digital capabilities in order to connect with their distribution partners who in turn connect with the clients.

5.2 Conclusions

The COVID-19 pandemic has posed a sudden and unexpected shock to the insurance industry. Insurance companies were affected differently depending on different factors such as liquidity, their portfolio at risk, reliance on reinsurance, level of free assets and protection that reinsurers have in place. The initial response of insurers was poor as the Eswatini insurance industry does not have sufficient experience in managing a pandemic situation, but recovery was quick as most insurance companies have now adapted to working from remote locations and enhanced their IT as well as security protocols. However, appropriate measures helped the society and insurance business to relatively quickly overcome their initial unpreparedness. The previous legal framework of all legal systems related to communicable diseases fully encompassed communicable diseases that had been known before its adoption. COVID-19 provided a rude awakening on efforts by organizations to respond to crises.

Insurance managers have also responded by issuing statements and taken specific actions to calm down panic reactions among policyholders. They have particularly simplified the claim process to make policyholders access claims easily and set new rules to regulate the sector. Insurers have also increased measures for underwriting claims service. The government has set up a COVID-19 fund to fight the pandemic.

Though the loss in finance is expected to continue until the end of the year, the forecast shows a revival in operations that resumed to normal accounting on claims, premiums and profits in early 2021. This growth is expected to be sustained for five years, but insurers must adapt to the new mode of business transaction and be able to quantify and manage their losses.

5.3 Recommendations

Insurers can adopt the following procedures to mitigate the impact:

- By acting promptly: Early engagement with the client is very important to win the trust and understand the potential impacts of the pandemic.
- There is need for unified collaboration of various stakeholders including government, Insurance industry, immigration authorities, customs and excise as well as disaster management for recovering from a pandemic
- Being proactive: getting prepared ahead of time when making strategic decisions on dealing with the crisis, in view that the pandemic may occur again.
- Understand the drivers of business specific to the insured's business model. The insured must not be in high COVID-19 case count place to suffer a potential business interruption loss. Businesses operate within a long supply chain, and therefore, contingent business interruption tends to occur in the weaker part of the supply chain, which could originate from any part of the country and can lead to large losses in business.
- Keep an accurate trace of cause and effect. As losses accrue, the ability to keep an accurately documented trail to prove the direct causal link between the insured peril and financial losses is very critical.
- Keep track of worldwide activities and business trends: It is very prudent to consider the financial impact of the pandemic on other areas of the world for necessary adjustments.
- Seek early advice from professionals. Pandemics such as SARS and H1N1 have impacted insurance industries in other parts of the world, and insurance professionals have experience operating in pandemic situations. The early seeking of advice may save losses.
- The World Bank can step in to assist insurers with training on crisis response strategies, training and facilitation to act decisively and offer financial bail-out to insurers who are unable to recover.

5.4 Area of Further Research

While the pandemic came in the form of waves, measures and various restrictions at the moment have been relaxed and there is free gatherings and movement. However reports have informed of sudden sharp increase in COVID-19 cases despite efforts of vaccinations and social distancing. Further research could ascertain the impact of the new wave of COVID-19 pandemic in terms of its social and economic effects, this time looking at the level of preparedness of the businesses and government.

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Appendix A QUESTIONNAIRE

Section A: Demographic Information.

- 1. What is your job title?
- 2. How long have you been with the organization?
- 3. What is your highest education level?
- 4. What is your gender?

Section B: Challenges faced because of the pandemic

- 1. Was the business affected by the pandemic?
.....
.....
- 2. Did you have to close business as a result of the pandemic?
.....
.....
- 3. Which areas of the business were particularly affected by the pandemic?
.....
.....

Section C: Level of preparedness to the pandemic

- 1. What action did the organization do upon the imposition of the lockdown?.....
.....
- 2. Was there a smooth transition to alternatives during the lockdown?.....
.....
- 3. Was any training provided for staff members in preparation for the pandemic? (If yes provide details)
.....
.....

Section D: Measures in place to manage the impact of the pandemic

- 1. Does the company have policies in place to manage a pandemic? (if yes provide details).....
.....
- 2. Does the company have disaster management measures in place to manage the pandemic?
.....
.....
- 3. Have you had any engagements with fellow organizations in the industry to share ideas on managing the pandemic?.....
.....
- 4. Do you have proactive strategies to manage the pandemic for industry’s sustenance?.....
.....
- 5. Have you received any government relief support for the industry’s sustenance?
.....
.....

Appendix B LETTER OF CONSENT