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Compulsive panic buying of insurance in pandemic

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Abstract---During the pandemic there are different change in of buying behavior and the consumers. If we see the types of consumers they respond differently to the different situations. But there are some areas of business that will show the sudden need in case of the disasters and again forget after the impact of the disaster is not in the range. One among such business is the insurance sector. The impact of the pandemic on buying of the insurance products is similar all over the world and even the way the insurance companies responded with the new products is also commendable. Among the type of the compulsive buying behaviors, buying for the purpose of security and stability is also one of important and it proved again in the pandemic. Even the insurance sales shows a classic example that surge in the insurance sales is not due to the awareness but mostly due to the panic among the public and it is also proved that decline in the fear is relative to the decline in the sales of insurance policy sales. This paper will provide the relative research about the fear that caused to take insurance policies. This massive pandemic also created avenue for the insurance companies, similar to the terrorism add on cover which is a profitable premium which was exclusion earlier to the twin tower attack. So, insurance companies can also use this as an opportunity to cover pandemic. This paper will help insurance companies also to know the trends of pandemic and construct the policies that are relevant to the panic behavior of the customers as it is open secret that insurance itself is a risk mitigation business that thrives on fear and uncertainty and sharing of losses.

Keywords---panic buying, insurance, pandemic, panic behavior.

Introduction

Compulsory buying is a state of mind, where the behavior is characterized by the hasty, excessive, persistent and uncontrollable purchasing despite of the fact that they are harmful psychologically, occupationally, socially and also financially. Pandemics or epidemics are capable of creating health crisis and can be a major factor than can trigger the compulsive buying (also called 'Panic buying')¹.

Fear is a key trigger of the human attitudes and behaviors, in all the times and even in the times of the crisis. Panic Buying takes place when there is influence of panic and fear of individuals making them to purchase more compared to the regular times. Outbreaks appear to be exacerbated during the crisis, with anxiety and fear for the future. Panic purchasing can respond to a lack of control over future and social needs², and this sense of lack of self-control will also have a profound effect on stress levels. Thus, consumers may intentionally engage in certain unique behaviours in response to emotional distress³. So, purchasing comparatively more is observed as behavior to cope up with the feeling of uncertainty.

Main reasons of panic buying

A review of the literature shows that the causes of compulsive buying can be categorized into four main topics:

- People's perceptions of the threat of crisis and product shortages.
- Anonymous fear, caused by emotions and uncertainty.
- coping behaviour observed due to the lack of self-control
- Social psychological factors that determine the performance of a purchase and the power of a personal network⁴.

During a health crisis, people formulate risky ideas about the condition. The level of risk identified by a person is determined by his or her risk assessment of the outbreak, which can be measured by the event's inclination and the severity of the event. According to Bish and Michie, three types of protective behaviours are performed by humans in response to health problems⁵. It includes the prevention, prevention, and behavioural management of diseases. People will generally experience emotional distress, such as fear and anxiety, during pandemic outbreak. This grief is mostly due to humans' inability to predict an outbreak's outcome, which is a challenge to the human rule of nature. The combination of

¹ Chloe Taylor, "Here's Why People Are Panic Buying and Stockpiling Toilet Paper to Cope with Coronavirus Fears," CNBC, last modified March 14, 2020, <https://www.cnbc.com/2020/03/11/heres-why-people-are-panic-buying-and-stockpiling-toilet-paper.html>.

² Kang Sim et al., "The anatomy of panic buying related to the current COVID-19 pandemic," *Psychiatry Research* 288 (April 2020): xx, doi:10.1016/j.psychres.2020.113015.

³ Julie Z. Sneath, Russell Lacey, and Pamela A. Kennett-Hensel, "Coping with a natural disaster: Losses, emotions, and impulsive and compulsive buying," *Marketing Letters* 20, no. 1 (2008): xx, doi:10.1007/s11002-008-9049-y.

⁴ Kum F. Yuen et al., "The Psychological Causes of Panic Buying Following a Health Crisis," *International Journal of Environmental Research and Public Health* 17, no. 10 (May 2020): xx, doi:10.3390/ijerph17103513.

⁵ Alison Bish and Susan Michie, "Demographic and attitudinal determinants of protective behaviours during a pandemic: A review," *British Journal of Health Psychology* 15, no. 4 (2010): xx, doi:10.1348/135910710x485826.

emotions can also explain the connection between fear and increased shopping behaviour. It suggests that under negative emotions or oppression, one's perception and judgment of strange situations or events are distorted. Extreme fear increases the perceived danger to humans and the threat of the situation, prompting them to take drastic measures in response to a significant event such as an outbreak. As per the Yuen, Wang and others, who have done research on the psychological causes of panic buying following health crisis, found that the fear of unknown is contributing for uncertainty and negative emotions⁶.

Role of social media in inducing the panic

The consumer panic buying behavior is also created through gossip, tidbits, sensationalism and different types of disinformation. Along these lines present examination endeavored to investigate it with regards to the social impact and social evidence, which might be produced through the social translation of the master's data, sentimentality, and deception through web-based media. One of the important causes for this compulsive panic buying behavior is due the different kind of interpretations the social media gathering through the experts and the victims some times that is creating more anxiousness.

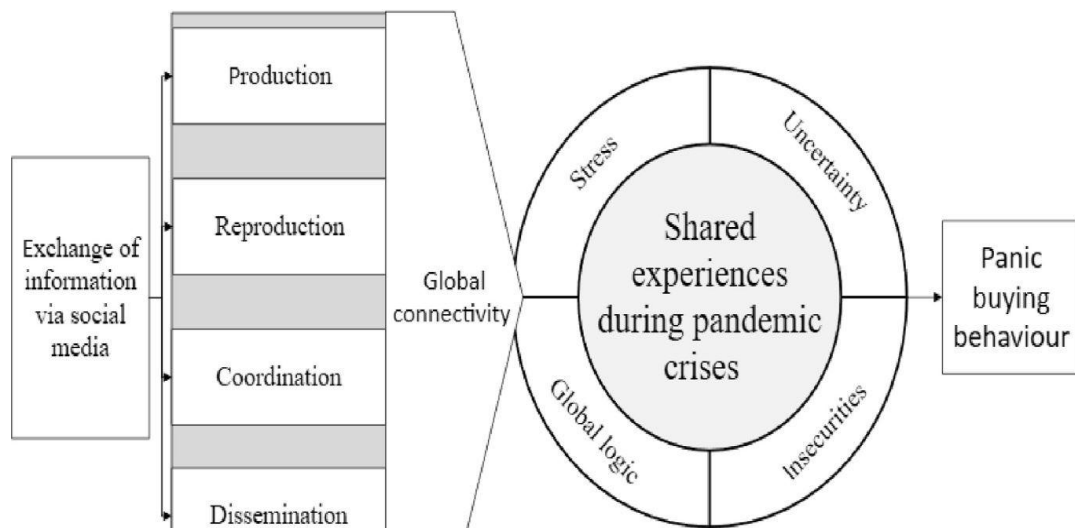


Fig1: The diagrammatic presentation showing how social media can create panic buying behavior⁷

The emergence of coronavirus disease 2019 (COVID-19), the novel coronavirus that originated in late December 2019, has brought with it chaos in many different economic sectors — finance, manufacturing, and healthcare, to name a few. The Cybercriminals have taken advantage of the panic of the public and created COVID-19 as a theme for phishing lures. Recorded Future investigated

⁶ Yuen, "The Psychological Causes of Panic Buying Following a Health Crisis"xx..

⁷ B. Lopes, C. Bortolon, and R. Jaspal, "Paranoia, hallucinations and compulsive buying during the early phase of the COVID-19 outbreak in the United Kingdom: A preliminary experimental study," *Psychiatry Research* 293 (2020): xx, accessed November 14, 2020, doi:10.1016/j.psychres.2020.113455.

how threat actors are using the global disruptions caused by COVID-19 to further their cyber threat activities⁸.

Insurance has solution to fear of safety and security

Behavior of purchasing is induced and influenced by different facts like, urgency, affection, need, pride, envy and others. All the factors mentioned are dependent on the emotions and also other rational factors that are influencing the purchasing attitude even in the area of security and safety. The main reason of this is to ensure that the family will get all the financial needs in the future also, which the life insurance is able to provide.

Reflecting on the 2008 global financial crisis, Raynor says a “similar period” where he observed a behavioural change in consumers and the economy alongside a “spike in claims.” However, in this current recession and pandemic, the insurance industry should turn its attention to “making sense” of changing purchasing behaviours and being prepared to adapt to meet them. The reality is... insurers need to better understand the way customers are behaving. There are lots of examples of people ringing to see if they’re covered, people ringing to find out if there is exclusion in their policy, and so there are lots of challenges around meeting service requirements for that. The way customers interacted with insurers before COVID-19 was very different from now because people are in an uncertain period. That’s relevant for insurers to understand the workforce management implication, whether there is enough work force to handle demand and also the right people to respond to what customers are asking⁹.

Increase in life insurance sales

The epidemic has made many people think about how they can increase their families' financial security, now and in the future. And life insurance moved to the top of the list of things to do. Lot of companies has noticed a double-digit increase in life insurance policies they sold during this pandemic period compared to earlier period. Experts say that the main reason for the increase of fear is due to the death and also financial risks associated with the death.

A study conducted in May and June 2020 by Life Happens, an industry-sponsored education group, found that 67% of Americans said the epidemic was a stimulus to check their finances. And 30% say life insurance has become one of the top topics for a dinner table discussion. Life insurance companies and agencies are quick to implement plans to address the epidemic's challenges while also addressing the growing demand.

This is a significant change for this particular market. Sales have declined over the past few years. As per the LIMRA data in 2020, the life insurance policies decreased from 63 % to 50 % now compared to a decade back data. Northwestern Mutual, which was the one of the biggest retailer of life insurance in the USA

⁸ INSKIT Group, "Capitalizing on Coronavirus Panic, Threat Actors Target Victims Worldwide," Recorded Future, last modified May 5, 2020, <https://www.recordedfuture.com/coronavirus-panic-exploit/>.

⁹ Camilla Theakstone, "Preparing for 'panic Buying' in Insurance," Insurance Business, last modified September 3, 2020, <https://www.insurancebusinessmag.com/au/news/breaking-news/preparing-for-panic-buying-in-insurance-232630.aspx>.

earlier year, witnessed a 15% drop in insurance sales between months of April to September, compared to the same period last year¹⁰.

In developing countries like India, society chooses to save much needed and urgent needs. But after understanding the situation and needing less, there is a growth in life insurance premiums. Traditionally, the second week of March is the most productive period of life insurance, as about 15-18 percent of all business comes at this time. The disruption caused by the spread of coronavirus and epidemic locks has resulted in the life insurance industry losing about four million policies and premiums paying around Rs 45,000¹¹. As of August 31, the State-owned Life Insurance Corporation, LIC's premium revenue returns to the previous year's level. It closed the gap in April, in May when the premium dropped by about 32 percent. While LIC, the NBP (New Business Premium) in FY21 dropped by 7.5 percent, private insurers noticed that their NBP decreased by about 2 percent in FY21 over the same period last year. Similarly, the number of policies sold by life insurance also remained about 20% in August than last year. While the insurance companies of the new 5.4 lakh private sector policies in August sold less than 4% of their policies than last year, the LIC with 13.4 lakh policies sold less than 24% policies in August, data showed¹².

In the USA, sales of individual life insurance policy increased by 2% per quarter, but new annual premiums decreased by 5%, compared to the results of the second quarter of 2019. Annual policy counts have risen by 1%, and new annual life insurance premiums have dropped by 3%, according to LIMRA's Second Quarter 2020 U.S.U.S. Individual Insurance Sales, Sales Survey¹³.

COVID-19 has affected the sale of life insurance this quarter. Although new premiums have dropped, nearly half of companies have reported growth in sales policy, citing increased consumer interest due to the epidemic and their ability to sell products without face-to-face contact. This means that due to buying fears, new customers have risen, and existing policyholders have suspended premium payments due to the economy's closure and collapse.

In countries like the U.S. and Thailand, the COVID-19 epidemic brought with it the rapidity of Life Insurance's 'panic purchase.' Even in Australia, we see an increase in policies (especially in direct markets) as consumers rush to protect themselves and their families. As the number of Australians concerned about COVID-19 has risen again, 'panic purchases' have now extended to life insurance products, according to data and analytics firm GlobalData. The data and analytics company found that 88% of Australian economic managers saw an increase in demand for life insurance among high-value investors due to the virus. This increase in demand is higher than in any of the 19 countries studied and arrived just before Victoria declared a "state of emergency" after a rise in coronavirus

¹⁰ LIMRA, "U.S. Life Insurance Policy Sales Increase 2% in Second Quarter Driven by Direct-to-Consumer," *LIMRA*, September 9, 2020, xx, <https://www.limra.com/en/newsroom/news-releases/2020/limra-u.s.-life-insurance-policy-sales-increase-2-in-second-quarter-driven-by-direct-to-consumer/>.

¹¹ Subrata Panda, "Covid-19 Impact: Life Insurers Lose 4 Mn Policies, Rs 45,000 Cr in Premiums," *Business Standard*, last modified September 17, 2020, https://www.business-standard.com/article/pf/covid-19-impact-life-insurers-lose-4-mn-policies-rs-45-000-cr-in-premiums-120091601735_1.html.

¹³ LIMRA, "U.S. Life Insurance Policy Sales Increase 2% in Second Quarter Driven by Direct-to-Consumer," xx.

cases. GlobalData also found that 83% of Australians are "very worried" or "extremely worried" about the COVID-19 outbreak earlier this month, while the other 12.1% are "slightly concerned." Also, 61.5% of Australians believe the situation will come "slightly" or "worse" next month, compared to only 28.7% saying the same at the beginning of May 2020¹⁴. Life insurance is now in the face of mass radar, where previously it was a kind of thing that was set aside until 'later.' Be sure, though, when you consider the policy of understanding the process and that you do not usually compare apples to apples.

Post SARS (Severe Acute Respiratory Syndrome) outbreak in 2003, there was a sharp uptick in new life insurance business sales in Hong Kong due to increasing demand for protection, as per Macquarie Research. It expects the same positive demand shift for life insurers post Covid-19. The whole unexpectedness of the current environment and the fear around this will push the demand for insurance products as it's the standard mentality of people. It may be expected that it can substantial hit on new business premiums. The lower new business premium in turn would hurt value of new business (VNB) which is a key performance indicator of a life insurer. Life insurer's profits may be impacted for a while, if the public take it as an awareness it will give profits to the insurance companies in long run¹⁵.

Increase in sale of Health Insurance

Consumers have started considering health insurance more than before, which has given a jump to the health business. Health insurance is a living benefit product, and there is a shift happening in the consumers' mindset. In the hierarchy of needs, health claimed primary position. People have started proactively looking to increase their coverage, and renewal has improved with the increasing upsell trend. Covid-19 specific products are also picking up momentum, and the overall outlook seems very positive.

RGA recently conducted a survey across eight markets in the Asia region, where the virus struck first, to learn more about consumers' perception of the insurance industry's response to the crisis so far. According to the survey by RGA, 35 % of the customers have realized the importance of the health and life insurance and 28% of the customers said they understood the difference that there is a gap in the personal need and protection measures¹⁶.

¹⁴ Globaldata, "Panic Buying Extends to Life Insurance Amid COVID-19 Fears in Australia, Finds GlobalData," GlobalData, last modified August 14, 2020, <https://www.globaldata.com/panic-buying-extends-to-life-insurance-amid-covid-19-fears-in-australia-finds-globaldata/>.

¹⁵ Shreepad S. Aute and Subrata Panda, "Covid-19 to Hit Life Insurers for Now, but May Boost Long Term Gains," Business Standard, last modified April 16, 2020, https://www.business-standard.com/article/economy-policy/covid-19-life-insurance-cos-to-suffer-protection-product-demand-to-spike-120041601361_1.html.

¹⁶ Reinsurance Group of America, "COVID-19 Brief: Survey Shows Consumer Perceptions of Insurers Improving in Asia During Pandemic," Reinsurance Group of America Home, last modified August 11, 2020, <https://www.rgare.com/knowledge-center/media/covid-19/covid-19-brief-survey-shows-consumer-perceptions-of-insurers-improving-in-asia-during-pandemic>.

Implications for the Life and Health Insurance Industry

This is not the first time Asia has had to deal with a pandemic or epidemic, with Severe Acute Respiratory Syndrome, H1N1, and Middle East Respiratory Syndrome in the 2000s. While the exact impact of COVID-19 is yet to unfold, these past events may offer insights into what the region might expect this time. With both SARS and MERS, the region saw the compound annual growth rate (CAGR) in life and health insurance premiums more than double in the year following the pandemics, suggesting that increased demand for protection products could follow the COVID-19 pandemic as well¹⁷. Even in the US, there is some trend that year after the peak of the pandemic; there is growth in the health insurance. The statistics showing that the number of people taking the health insurance in the US from 1990 to 2019 is an evidence of the fact (Fig 2).

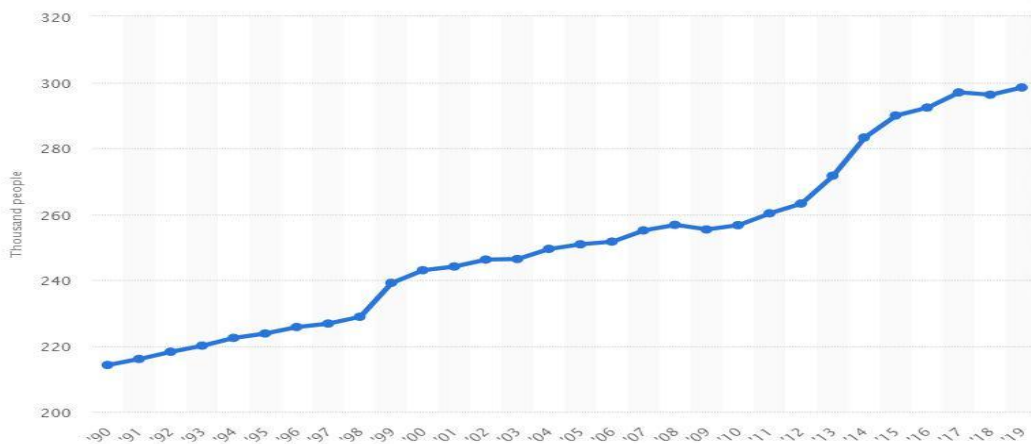


Fig 2: Number of People (in thousands) with health insurance in the U.S from 1990 to 2019¹⁸

There is a rise in the number of people taking the health insurance just after when the pandemic hit. There is a rise just after 2004 and there was slight decrease in 2009 and immediately after pandemic in 2009 there is increase again.

Stability of the Business operations through insurance

Businesses worldwide are facing catastrophic losses as the novel coronavirus forces them to reduce their workloads or shut down completely, and many do not have coverage for epidemics. Companies are now rushing to buy protection against the next outbreak, insurance experts say. Although a catastrophe may occur, few insurance policies cover the epidemic because the risk is not well understood and is difficult to pay for. But now, high-interest rates from companies seeking protection from business disruptions suggest that epidemic

¹⁷ Reinsurance Group of America, "COVID-19 Brief: Survey Shows Consumer Perceptions of Insurers Improving in Asia During Pandemic."

¹⁸ Statista, "Health Insured Number U.S. 1990-2019," Statista, last modified September 15, 2020, <https://www.statista.com/statistics/200946/americans-with-health-insurance/>.

policies are the next big thing in commercial insurance. However, as the global epidemic can affect many people, companies, and industries simultaneously, difficulties for insurance providers will control the "accumulation risk" or the situation in which they lose many large losses at the same time.

Theoretically, the whole epidemic could escalate into a global catastrophe, resulting in thousands of business disruption claims being too great for the insurance industry to become independent. The emergence of coronavirus could create an entirely new insurance market. And in an unusual moment for an industry whose products are often reluctantly purchased, epidemic insurance policies may sell them.

How public reacted to different pandemics

Although there are limited documents on the impact of epidemics on the insurance industry, similar comparisons can be made on the effects of other natural disasters on the global financial system. The successful distribution of economic resources depends entirely on cost activities: the available technology to manage the appropriate epidemic borders and available financial resources. The outbreak of SARS in 2003 has shown how even a short-term epidemic can affect consumer spending, consumer confidence, and investment. Some analysts expect a catastrophic outbreak such as the Spanish 1918 Flu that will result in a \$ 100 billion loss in insurance.

SARS: Respiratory infections spread to China and Singapore from November 2002 to July 2003. In 2002 and 2003, China Life Insurance Company (CLIC) saw a 40% CAGR in temporary health insurance and 34% Long-term CAGR - long-term health insurance policy. This is higher than the 3% CAGR and the 10% CAGR above the FY2004-11 observed in these products. In Singapore, business as a whole (excluding pension funds) decreased by 30% and 23% per annum (YoY(Year over Year)) in 2002 and 2003 compared to a growth rate of 74% -134% over the past three years, leading to a decrease in business cut-off (below - 18% to 36% YoY)¹⁹.

MERS: It is rapidly spreading in Saudi Arabia from 2QCY13 to 3QCY14. Bupa Arabia, one of the largest insurance providers, reported a 44% and 81% increase in premiums in 2013 and 2014. Standard life insurance premiums increased by 7% and 15% in 2014 and 2015 compared to a 2% -7% decrease by YoY over CY2010-13 and a 3% increase to 8% CY2016 -18²⁰.

Commercial health insurance

In China, there was a great demand for the commercial health insurance during the period of SARS Outbreak and just after that. Many uninsured had forced to spend pay out-of-pocket for medical expenses that triggered a short-term boom.

¹⁹ FE Online, "Covid-19's Impact on Insurance: Demand for Health and Life Plans Set To spike," The Financial Express, last modified April 6, 2020, <https://www.financialexpress.com/money/insurance/covid-19s-impact-on-insurance-demand-for-health-and-life-plans-set-to-spike/1918434/>.

²⁰ FE Online, " Covid-19's Impact on Insurance: Demand for Health and Life Plans Set To spike."

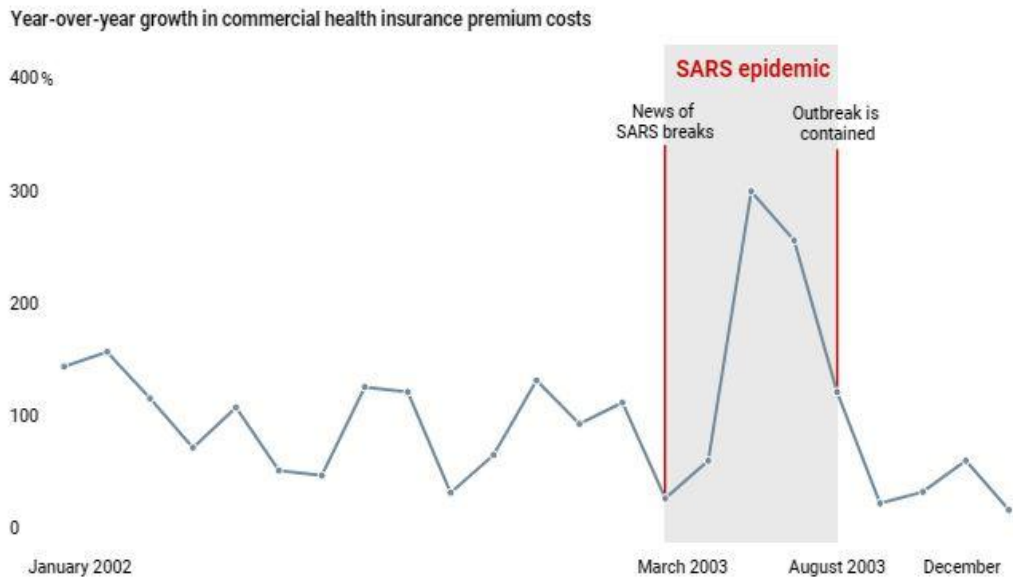


Fig 3: Increase of Commercial health insurance premiums costs during SARS epidemic by Chinese insurers year-over-year²¹

A similar trend is there with premiums increased during the covid-19 also. In India, the annual premiums on health covers have risen by 40-70% for policyholders. Similar to the SARS epidemic, premium growth rates will return to normal after the coronavirus epidemic. But the public health crisis has put private insurance top-of-mind for many people.

As it is witnessed after the SARS epidemic, the growth rates of the insurance premium will come back to regular price after this pandemic also. But some want there is impact of this health crisis as of now and need to see how long it stays. Investigators said involvement in Severe Acute Respiratory Syndrome (SARS) and Middle East Respiratory Syndrome (MERS) has shown that interest for the term and medical coverage gets during epidemics, while insurers are likewise announcing an ascent in questions for pandemic covers by organizations.

Our investigation of insurers in China, Singapore, Saudi Arabia and South Korea during pestilences, for example, SARS (2002-03) and MERS (2013-14 and 2015) recommends that interest for the term and medical coverage gets during scourges even as reserve funds arrangements may stay powerless. The Covid-19 pandemic will probably help development in terms and medical coverage in a moderately under-safeguarded market. For example, after SARS affected China and Singapore, China Life Insurance Company saw a close to 40% accumulated yearly development rate (CAGR) in momentary medical coverage and 34% CAGR in long-haul wellbeing, entire and term disaster protection in schedule years 2003 and 2004. Also, Bupa Arabia, one of the biggest health insurers, announced 44

²¹ Kevin Chang, "How the Coronavirus Will Transform Healthcare in China," Bain, last modified March 4, 2020, <https://www.bain.com/insights/how-the-coronavirus-will-transform-healthcare-in-china/>.

percent and 81 percent year-on-year development in expenses during 2013 and 2014 after the fast spread of MERS in Saudi Arabia²².

FAQ's to insurance companies after outbreak of pandemic from the public

Insurance companies receive a lot of questions from many of their customers to understand these covers. Initially no one is buying but everyone wants to know how it works during the onset of the epidemic. Insurance is focused on helping its customers, including those facing financial difficulties. They offer various forms of assistance and support and packages or assistance of various cases during the COVID-19 disaster. Insurance is registered as essential sector, so insurers can continue to provide services and support for their clients. The pandemic gave rise to new challenges with a sudden spike in queries and the support operations transitioning to a work from home environment. Zurich experienced a 12% surge in user queries. Most of the questions will be related to the insurance policy coverage, ways to claim insurance if infected with Coronavirus, types of insurance policies for COVID patients, etc. There was an immediate need for the insurance companies to:

- Pacify users that were panicking with appropriate information
- Provide instant support to reiterate brand trust and improve user satisfaction²³.

There is panic among the existing policyholders and also the potential customers who reached the insurance companies during the pandemic with their queries. Some of the common frequently asked questions are listed to understand the panic nature of them.

- Will I have to pay for COVID-19 testing?
- What if I can't go to an in-network supplier for testing?
- Will, my life insurance strategy cover COVID-19?
- Is death because of COVID-19 contamination covered under term life insurance plans?
- What communication would it be advisable for me to anticipate from my insurance agency?
- Can my insurance agency drop or decline to recharge my protection strategy if I am determined to have COVID-19?
- Who would it be advisable for me to contact with inquiries concerning COVID-19 insurance coverage?
- Does my policy cover the COVID-19?
- What does the "grace period for policy renewal " mean?

²² Surabhi, "Covid-19 Pandemic to Lead to Greater Demand for Insurance," @businessline, last modified April 2, 2020, <https://www.thehindubusinessline.com/money-and-banking/covid-19-pandemic-to-lead-to-greater-demand-for-insurance/article31235823.ece#>.

²³ Seth Alder, "Automating Support for One of the World's Largest Insurers in Midst of Covid-19," Intelligent Automation Network, last modified May 14, 2020, <https://www.intelligentautomation.network/transformation-changestrategy/whitepapers/automating-customer-support-at-one-of-the-worlds-largest-insurers-at-the-peak-of-the-pandemic>.

- WHO announced on 12 March 2020 the current COVID-19 flare-up as a pandemic. Will clinical insurance policies give coverage to COVID-19?
- Does my policy cover Covid-19 testing costs regardless of whether I don't go through hospitalization?
- What occurs if I can't afford private my well-being guarantee according to the strategy's timetables?
- Can I get a discount under my Motor Insurance expense/broaden legitimacy on a favourable rata reason for the lockdown time frame? The vehicles are not utilized during the said period.
- If my excursion is dropped because of crown travel limitations, would i be able to guarantee a discount or get the policy expanded?
- Will my insurance cover the cost of a deep clean to my property? Would it be advisable for it to be fixed because of COVID-19 contamination?
- I have been isolated or unfit to go from abroad, so my home might be left empty. Will I be covered?
- If the reason is vacant for over seven days, will the robbery cover be accessible?
- How Does a "Foreseen Event" Affect My Travel Insurance Coverage?
- What is "Cancel For Any Reason" Coverage?
- What About Trip Cancellation and Trip Interruption Coverage?
- What Are Some Other Travel Insurance Coverage Types?
- What Are Some Other Travel Insurance Coverage Types?
- What If I Contract the Coronavirus While Traveling?
- What If I Buy Travel Insurance to Visit a Country That Has Not Yet Been Affected by the Coronavirus?
- Can I Get a Refund For My Travel Insurance Policy?
- I have sick employees due to Coronavirus and have to temporarily close my business. Will my business policy cover me?
- Does my Workers' Compensation policy cover my employee who tested positive for COVID-19?²⁴

Factors Contributed for the Panic Buying of Insurance Products

Unlike the consumables, insurance policies will not be limited and will be given to the unlimited number of the people. So, there is no rushing towards purchase of the products. But the coverage and waiting period for health insurance products have created some kind of fear among the people and also some other factors contributed to take the insurance coverage in hurry.

1. Exorbitant Hospital expenses:

All over the world the cost of hospitalization expenses were huge and were able to disturb the financial balance of a person. FAIR Health data, in USA, the average expense was about \$68,261 for the age ground of 20 to 40 year and for above it is about \$77,323. And for a person with insurance of same age groups was about \$26,152 and \$40,208 respectively²⁵.

²⁴ General Insurance Council, "FAQs During the Covid 19 Lockdown," GICouncil, last modified 2020, <https://www.gicouncil.in/gi-council-initiatives/faqs-during-the-covid-19-lockdown/>.

²⁵ Mallory Hackett, "The Average Cost of Hospital Care for COVID-19 Ranges from \$51,000 to \$78,000 Based on Age," Healthcare Finance News, last modified 2020,

2. Business loss of profits due to Break of Supply chain

Due to the break of supply chain there were several breaches to the contractual agreements, putting the suppliers really in bad position and losses. This gave an alert to the business community to add the pandemic as an 'add on cover' and also insurance is taken.

3. Lack of support from the Governments

Government was unable to manage the pressure slow economy due to the lockdown and unable to protect the poor and needy. Even some government's couldn't bare the pressure and lifted the lockdown. This allowed more number of cases and the people who are uninsured were really affected.

4. Stress from the financial institutions for EMI's

Even though there is lockdown and salaries were not given the financial organizations continued its pressure for their EMI's. The Banking sector in some countries given moratorium but continued the interest rate to added putting the consumer at unrest. This is an additional pressure to the customers. In cases of deaths, where home loans were taken, the entire burden is on the legal heirs and also putting pressure on the banks. So, many people started thinking to take the home loan security policies.

5. Fear of second wave of pandemic

There is wide spread news about the second wave of pandemic and this will have an additional impact and insurance can be very helpful in present scenario.

Fear factor for panic buying

After fear is gone the people comes out of the buying and again they will think the reasonably or even try to avoid to take insurance policies as there is not such urgency to it. This is a typical nature of the panic buying and it is well understood thorough this pandemic and even the insurance companies will be ready to cater to exploit or ready to provide the needs of the potential customers.

Method

Participants

There is scope for collecting information from policyholders /customers, agents of insurance companies, insurance officials. But this paper has chosen to collect the data from the new policyholders to know the exact mindset and the compulsive buying behaviours that are forced to take the insurance cover during the pandemic. It is aimed to understand the reasons for taking the insurance cover during the pandemic.

Instruments

The questionnaire is prepared and sent to the participants, i.e., the new policyholders, via e-mail, WhatsApp, agents, etc. Even the used Google Analytics technique is used to know the panic behaviour is driving the public to search the specific keyword for the insurance coverage available during a pandemic.

Searching behaviour

As per the Yuein, Wang and others also conducted on psychological causes of panic buying and the same were conceptualized into perception, fear of unknown, coping behavior and social psychological factors²⁶. The above search also used the searching behaviour to know the panic buying trends. According to the Kennet-Henseal et al, the motivation for the purchase comes from the fear that creates sense of security and alleviates stress. This kind of motivation will not be in long run but will be only helpful in regulating the negative emotions²⁷.

Nowadays, Google search became a prominent tool for a lot of information related to many things. The public has chosen to search for information pertaining to life and health insurance due to the panic and looking for better insurance policies to take the insurance policy. For the keyword “Life Insurance,” Google search traffic increased by 50 % during March and May 2020 compared to the same period in 2019.

The global spread of H5N1 to birds is considered a destructive threat. H5N1 avian influenza virus first case was reported on Jan. 30, 2006. The first case of human bird flu was announced in Jordan in March 2006. The 2009 swine flu was due to the H1N1 Virus that created a pandemic is which continued up to Aug 2010 from January 2009²⁸.

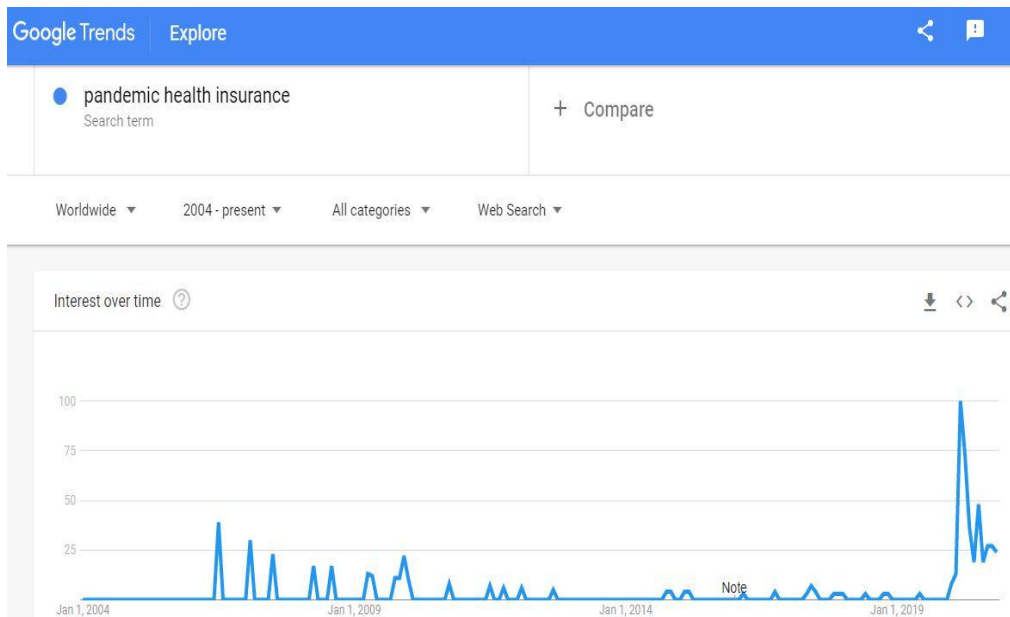


Fig 5: Key word “Pandemic Health Insurance” from 2004 to October 2020 in Google Search Engine

²⁶ Yuen, " The Psychological Causes of Panic Buying Following a Health Crisis," xx

²⁷ Pamela A. Kennett- Hensel, Julie Z. Sneath, and Russell Lacey, "Liminality and consumption in the aftermath of a natural disaster," *Journal of Consumer Marketing* 29, no. 1 (2012): xx, doi:10.1108/07363761211193046.

²⁸ Albert Osterhaus, "Faculty Opinions recommendation of Update on avian influenza A (H5N1) virus infection in humans," *Faculty Opinions – Post-Publication Peer Review of the Biomedical Literature* 16, no. 7 (May 2014): xx, doi:10.3410/f.718384252.793495049.

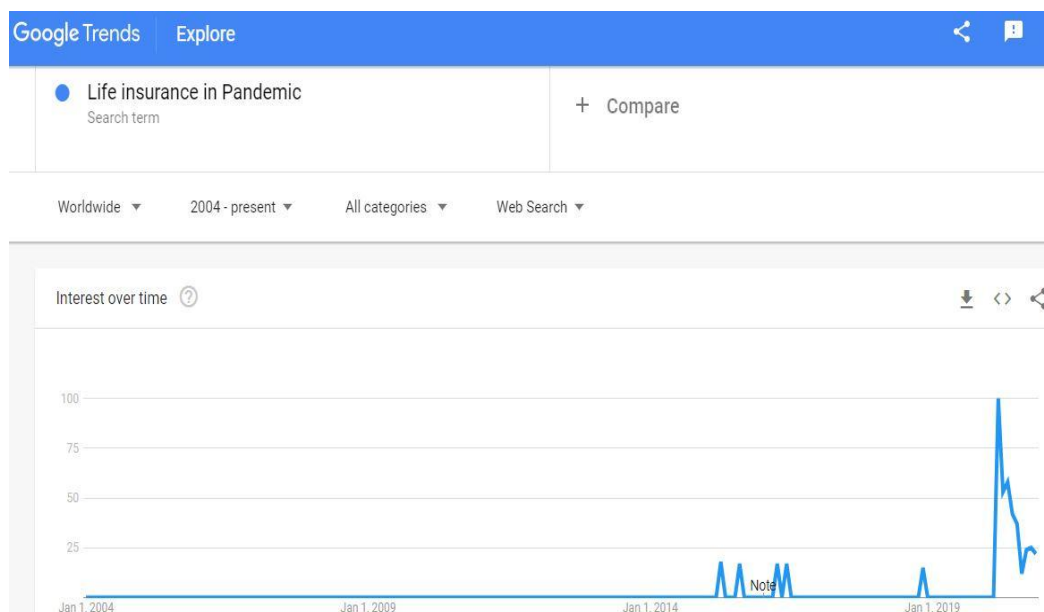


Fig 6: Key word “Pandemic Life Insurance” from 2004 to October 2020 in Google Search Engine

When Swine flu pandemic affected public, it continued from January 2009 to August 2010. In December 2012, the WHO confirmed nine cases of human novel corona virus infection. Two confirmed cases were reported in Jordan.

Results

We have gathered data from the questionnaire and the same is reproduced here with the results. 180 participants were taken from different places and different insurance companies both in public and private insurance companies. There results mentioned in the above table from the participants are clear about their idea about taking the insurance policy now. Most the new policy holders were initially influenced by the social media that generated a behavior of compulsive buying and hoarding among the general public. Once the basic essential goods were purchased and there is serious news about the hospitalization expenses and the increase in the death trolls in the countries where pandemic attacked earlier, they found the need for safety and security and understood through the search social media and the search engines about the need for the insurance. The panic created the new policy holders to purchase the insurance. The compulsive disorder really played a little compared to the panic created among the public by the social media. There is a slight difference of opinion among the public in continuing the higher sum insured and having basic policy is mainly due to the economic slowdown. Even there is clear observation from the participants that they want to have insurance policy only during the pandemic (Table1: Questionnaire and participants responses).

Discussion and Conclusions

This section can provide the research paper summary, contributions and recommendations that can be useful for the future research in this area. This research papers that given insight on the present status of research available in this subject and tried to give the present conceptual understanding of the increase in panic behavior leading to the buying of the insurance policies during and after the pandemic.

The main contributions of this study are that it makes the first attempt to provide a more holistic explanation of the causes of panic buying. This research paper contributed in current and aftermath effect of a pandemic which is a first of its kind to provide the holistic explanation of the insurance panic buying during the pandemic and also its trends. The study tried to create an understanding and inherent link between the panic buying and the buying behavior of the consumers/policy holders. The research is primarily aimed at the preparedness of the public to have insurance policies on regular basis to above last minute rush and even to face the conditions of "Waiting Period", Increase in the health insurance premium, hurry in taking policies without going through the policy conditions in leisure etc. In addition, the research also aims at understanding the panic buying of the consumers that allows the insurance companies to have a contingency plans to be able to reach and attend huge number of customer queries at a time and by satisfying them to convert into a potential customers to stand as a company in this cut throat competition. Finally, by using the available literature, this research papers will be an indicator for the opportunities for future research.

The COVID-19 pandemic has laid bare the reality of how life insurers are particularly vulnerable to pandemics. The crisis threatens life and health insurance profitability and stability well beyond the run of the pandemic itself. Capitalizing on the necessity for change, insurers can use the COVID-19 to promote meaningful transformation across the industry. Without knowing what the future may bring, positioning ourselves to respond, adapt and thrive is the only way to succeed.

The basic argument in insurance is that it reduces financial risk. The benefit of insurance is risk reduction information on whether the illness occurs or not; wealth is the same in both provinces. Because an insurance policy is an excellent net for financial security, many people consider buying at the last minute to prevent further damage if the outbreak continues.

There is a panic-buying for the different categories of insurance policies and, more particularly, in life insurance, health insurance, and Business interruption insurance. Apart from these, the public who are having the policies already are also enhancing the sum insured's limit and trying to take up the top-up policies and specific pandemic policies. It can be presumed that there is some sort of awareness to the pandemics, but COVID19 have created a lot of awareness. The results from the participants show that there is that the purchase of insurance policies suddenly is only due to the panic created and the data collected and analyzed co-relates to the whole trend of pandemics for the insurance sector and

how panic behavior lead to the panic buying of the insurance policies and continued the trend.

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Tables

Table 1: Questionnaire and participants responses

Sr.NO	Question	YES	NO
1	Did you feel panic about pandemic with the social media alerts?	90%	10%
2	Did you gather information about insurance from the search engine?	85%	15%
3	Do you have disorder of compulsive buying disorder before pandemic?	3%	97%
4	Did you feel the need for urgency in taking insurance policy earlier to pandemic?	20%	80%
5	Do you have insurance policy earlier to pandemic?	10%	90%
6	Are you affected by the economic slowdown and do you have any plans to decrease the sum insured for less insurance premium after pandemic?	18%	22%
7	Is the Panic and fear main reason for taking the insurance policy during pandemic?	98%	2%
8	Have you enquired about the different types of covers before taking insurance policy?	98%	2%
9	Do you continue to renew policies annually after pandemic?	50%	50%
10	Are you are satisfied and safe with the kind of insurance coverage for the pandemic?	80%	20%