

MARKETING FOR MICRO INSURANCE PRODUCTS TO POVERTY ALLEVIATION (A STUDY WITH REFERENCE TO SALEM DIVISION)

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Abstract

Insurance Regulatory and Development Authority (IRDA) has created a special category of insurance policies called micro insurance policies to promote insurance coverage among economically vulnerable sections of society. India is pioneer in marketing and distributing micro insurance for rural and urban poor households. Low income people manages the more risk by reducing the coverage insurance products and social protection. Its products are: life and health insurance, long-term savings and investments, credit linked products, non-life products, property insurance, etc. This objective of the study is to find out the insurance market opportunity for savings and investment; and to develop business models larger market or social security and vulnerable sections development by reducing their risk exposure. Micro insurance contributes alleviate poverty and to raise the living standard of poor people. Micro insurance services grater level of awareness among the prospective SHGs, co-operative banks, MFIs, NGOs, and insurance companies of the rural communities. In this study, 150 micro insurance policyholders were selected adopting convenient sample technique. The study suggests that micro insurance market can play a crucial role of a comprehensive tool to insurance products services, equality support towards to vulnerability, and social protection to public and financial services sectors.

Key words: Micro insurance products, poverty alleviation, savings and investment, financial services, etc.

1. Introduction

Insurance is the backbone of a country's risk management system. Risk is an inherent part of our lives. IRDA has formulated the Micro Insurance Regulations, 2005 for providing a platform to distribute insurance products which are affordable to the rural and urban poor and to enable micro insurance to be an integral part of the country's wider insurance system. Micro insurance is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Generally, micro insurance is ignored by mainstream commercial and social insurance schemes the insurance providers offer a variety of products to business and individuals in order to provide protection for risk and to ensure financial security. Micro insurance market reach include products are life & health, illness, accident death and disability, loss of property due to theft or fire, agricultural losses and disasters of both the natural and manmade varieties. Micro insurance products provided by the micro finance organization due to micro finance activity. NGO or other organizations operates the micro insurance schemes in charge of everything both the design and delivery of products to provide services. NGO or MFI acts as the intermediary between the population and insurance

company. It comprises of risk pooling products, it is appropriate for the low-income market cost, terms, coverage, and delivery mechanisms. Micro insurance helps to people improve livelihoods protection on the event of any unfortunate events. Micro insurance is effective even in markets with little experience of insurance as long as possible products and simple policies premiums are affordable products the administration is efficient, and distribution channels are innovate potential market services.

2. Review of literature

Craig Churchill (2007) made an attempt to study the insuring the low income market and its challenges and solutions. The objective of the study is to explain the challenges faced by commercial insurers serving the low income market. The study suggested that the major challenge for supervisors is to create an enabling environment for outreach and sustainability of the growing micro insurance market. The study concluded that insurers have to work hard at securing acceptance by the low income market about insurance as a relevant risk management tool, and about the insurer itself.

Smolka, et al. (2008) stated that innovative solution, combining newly developed life and property products for low income groups and micro entrepreneurs have been successfully implemented. Micro insurance with its new challenges opens a promising and important new field of application for modern disaster management. The study concluded that micro insurance schemes are affordability, a product that is easy to understand and with only little exclusion, effective to administer, and that pays out benefits.

Tinsy Rose Tome and Selvam (2012) studied the micro insurance among rural SHGs in Vellore district, Tamil Nadu. The primary data were collected from 100 respondents using questionnaire. Secondary data were collected from NABARD, LIC, NGOs, journals, etc. The study reveals that there is less contribution from government side for providing services to the rural poor. There is no proper mechanism or adequate infrastructure to systematically reach the informal group. The insurance companies do not want to cover much people in the low income sector as it involves a large number of risks.

Ratna Kishor (2013) stated that micro insurance can boost resources for the rural poor, governments and private sector. Micro insurance is a tool for investment, savings and as a measure of social security. It increases the livelihood of the poor where they can eat well, have good health since they wouldn't have to save as much for emergencies. The study suggested that micro insurance policies designed based on customer focused approach, information kiosks, social meetings, etc.

Seema Shokeen (2017) made an attempt to study the distribution model, diversity of micro insurance products, benefits and challenges faced by micro insurance. This study was qualitative based on secondary data. The finding of the study revealed that major challenges faced by micro insurance are delay in claim settlement, unstable marriage, high level of illiteracy and other health problems such as pregnancy with women. The study concluded that micro insurance is an instrument which can be used to providing protection to low income segment of the society against various uncertainties at low cost.

3. Statement of the problem

Today, social protection providing is not fulfilled in our country. Only 30% of the population enjoys adequate social protection. More than 70% of the population inadequate infrastructure facilities and their life or health is not protected. They face two types risk firstly, household related risk and secondly common risk like natural disasters. The poor people are vulnerable to risks related to low income generation, old age problems, unemployment, illness, accident, sudden death of the sole earning member, etc. Low income household and irregular income pattern also insufficient savings habits and pre-planning investment for future is unsecure for poor people. Improved access and efficient provision of savings, credit facilities enable their consumption, manage their risks better, build assets gradually and develop their micro enterprises. NGOs, government and micro financial institutions providing small loan and savings facilities to those are excluded from commercial financial services has been developed as a key strategy for reducing poverty alleviate throughout the country. The contribution of micro insurance marketing is poverty alleviation and welfare of the people.

4. Objectives of the study

The objectives of the present study are:

1. To measure the satisfaction level of the respondents towards micro insurance market and poverty alleviation.
2. To evaluate factors influencing the policy holders to prefer micro insurance.

5. Research methodology

Data were collected from both primary and secondary sources. The study was conducted with 150 policyholders through NGOs located in Salem division using convenient sample technique. Simple percentage analysis and chi-Square were employed.

6. Analysis and interpretations

6.1. Socio-economic profile of the policyholders

TABLE 1
Socio-Economic Profile of the Policyholders

Particulars	Frequency	Percentage
Gender		
Male	83	55.30
Female	67	44.70
Age (years)		
21-30	30	20.00
31-40	65	43.30
41-50	42	28.00
Above 51	13	8.70
Education		
Illiterate	62	41.30
Upto H.Sc	32	21.30
Graduates	25	16.60
Diploma	24	16.00
Professionals	7	4.60
Place		
Semi-urban	51	34.10
Urban	32	21.30
Rural	67	44.60
Marital status		
Married	106	70.70
Widow	26	17.30
Widower	18	12.00
Family type		
Nuclear family	123	82.00
Joint family	27	18.00
Occupation		
Agriculture	38	25.30
Self-employed	24	16.00
Government employee	20	13.30
Private employee	28	18.60
Others	40	26.60
Monthly income (Rs.)		
Upto5000	70	46.70
5001-10000	38	25.30
10001-15000	26	17.30
Above 15000	16	10.70

The results indicated that about 55.30 per cent of the respondents are female and 44.70 per cent are male. 43.30 per cent of the policyholders belong to the age group of above 41 years. 41.30 per cent of the policyholders are illiterate. Majority (62 per cent) of the policyholders are belonging to semi urban area. About 70.70 per cent of the policyholders are married. 82 per cent of the policyholders are belonging to joint family. The majority the policyholders are engaged in

other occupation. About 46.70 per cent of the policyholders earn monthly income of more than Rs. 5001-10000.

6.2. Micro insurance support towards poverty alleviation

The micro insurance support towards poverty alleviation and quality of life was analyzed and the results are presented in Table 2.

TABLE 2
Micro Insurance Support towards Poverty Alleviation

Statement	Level of Agreement (%)					Mean	Chi-square	P-value
	SA	A	N	DA	SDA			
Protection	17.30	38.70	29.30	10.70	4.00	3.67	71.93	0.001
Savings	26.70	42.00	22.70	7.30	1.30	3.39		
Investment	20.70	44.30	21.00	10.00	4.00	3.45		
Income	19.30	31.30	37.30	7.30	4.70	3.69		
Profit	13.30	40.70	32.00	8.70	5.30	3.71		

The results show that micro insurance products are provided protection, investment, savings and income, and profit. Moreover, most of the respondents agreed that micro insurance products support investment (44.30), savings (42.00), profit (40.70), and protection (38.70). In overall, the analysis indicates that the micro insurance market has higher support to poverty alleviation and quality of life. The F-value of 71.933 is significant at one per cent level of significance.

TABLE 3
Gender and Micro Insurance Products Support towards Poverty Alleviation

Gender		Motivation			Total	Chi-square	P-value
		Strongly Disagree	Neutral	Strongly Agree			
Gender	Male	5	58	20	83	4.187	0.123
	Female	7	36	24	67		
Total		12	94	44	150		

Since the P value is greater than 0.05, the null hypothesis is accepted. Hence, there is no association between gender and insurance market support to poverty alleviation. The female policyholders have neutral attitude towards insurance market support to poverty alleviation.

TABLE 4**Education and Micro Insurance Products Support towards Poverty Alleviation**

Education		Acceptance Level			Total	Chi-Square	P-Value
		Strongly Disagree	Neutral	Strongly Agree			
Education	HSC	1	12	2	15	11.617 ^a	0.169
	Illiterate	2	20	2	24		
	Graduates	5	33	24	62		
	Diploma	2	18	12	32		
	Professionals	2	11	4	17		
Total		12	94	44	150		

Since the P value is greater than 0.05, the null hypothesis is accepted. Hence, there is no association between age and insurance market support to poverty alleviation. The results show that the illiterate policyholders have neutral attitude towards market support to poverty alleviation.

TABLE 5**Policyholders' Satisfaction towards Micro Insurance Market Management**

Statement	HS	S	N	DS	HDS	Mean	Chi-Square	P-value
Direct channels	18.10	37.90	20.70	20.20	3.10	3.67	81.856 ^a	0.001
Affordable products	16.40	50.00	20.20	9.630	3.80	3.39		
Potential market support	20.10	44.90	19.00	13.00	4.00	3.45		
Product services	17.30	31.70	38.90	7.10	4.90	3.69		
Profit earned	11.00	44.70	29.30	11.20	3.80	3.71		

Most of the policyholders are satisfied with direct channels (50.00), affordable products (44.90), market support (44.70), and product services (37.90). In overall, the analysis indicates that the policyholders have satisfied towards insurance market management by them. The F-value (81.856) is significant at one per cent level of significance indicating that there is a significant difference towards poverty alleviation among the policyholders.

7. Findings

1. The results indicated that about 55.30 per cent of the respondents are female and 44.70 per cent are male. 43.30 per cent of the policyholders belong to the age group of above 41 years. 41.30 per cent of the policyholders are illiterate. Majority (62 per cent) of the policyholders are belonging to semi urban area. About 70.70 per cent of the policyholders are married. 82 per cent of the policyholders are belonging to joint family. The majority the policyholders are engaged in other occupation. About 46.70 per cent of the policyholders earn monthly income of more than Rs. 5001-10000.
2. There is a significant difference in insurance market management support towards poverty alleviation among the policyholders.
3. There is no association between gender and insurance market support, and education and insurance market support towards poverty alleviation and quality of life.
4. Majority of the male policyholders are neutral in their attitude towards insurance market support towards poverty alleviation. Illiterate policyholders are neutral in their attitude towards insurance market support towards poverty alleviation.

8. Conclusion

Government has an important role to play in developing public and private partnerships for delivering ambitious state funded insurance programs. Poverty alleviation is still a major problem of India. Micro insurance tries to extend social protection to poor people as well as providing financial services. Insurance companies realized to recognize the future potentiality of the micro insurance market by expanding the customer base by providing affordable accessible and flexible insurance products. Increase in earning improves the standard of living as well as to investment in business and development of micro insurance products.

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