

Life Micro Insurance in Assam - A Case Study

Dilip Bania,

Research Scholar,
Department of Commerce,
University of Science & Technology,
Meghalaya, India

Dr. Sankar Thappa,

Associate Professor & HOD,
Department of Business Administration,
University of Science & Technology,
Meghalaya, India

ABSTRACT

Micro insurance is a tool for investment, savings and as a measure of social security to the poor. 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. This research paper discuss about growth of micro-insurance in India as well as in Assam. The micro insurance providers are seventeen in number in India. The numbers of micro insurance agents are in growing trend both in LIC of India and in private insurers too. The study concludes that the growth rate micro (life) insurance sector is not positive through the years as started it.

Keywords: Low-Income; Micro-Insurance; Growth; Policyholder.

INTRODUCTION:

A poor people's property may be limited to a few animals or crops and modest shelter, but the destruction of any of these may be a great blow to the family's economy. Even small sums insured can ensure some protection and peace of mind for a poor person. Whether poor people want insurance, and if so, only micro insurance products are benefit able to the poor.

Insuring against the adverse situation is one of the options before the poor. Insurance can assist them to manage and diversify their risks at the adverse situation. But it is difficult to be insured in the formal market, because of high risk and affordable premium for poor. Generally credit and insurance market are non-existent for the poor in the developing countries. Therefore, insurance benefits are modified for the low income group to suit their needs and it is named as micro insurance.

Micro insurance:

The term micro insurance, as the name suggests, is insurance to protect the low income group. These groups have to pay specific amounts, as regular premiums, proportionate to the likelihood and the cost of the risk against which they are insuring their life, those of their family members and property. This concept is quite in line with regular insurance. The only exception in the targeted beneficiaries is the low income people.

Micro insurance means different things for different supervisors. In most jurisdictions, micro insurance is not considered as a separate type of insurance and just viewed as insurance available in small sums.

"Micro-insurance is the protection for the low -income population against specific dangers in exchange for regular payments of proportional premiums to the probability and costs of the involved risks". – Churchill

Micro insurance in India:

Micro insurance is a new concept In India, adopted in 2005, as per the Insurance Regulatory and Development Authority of India (IRDA) guidelines to enhance insurance coverage to people around the poverty line. Basically, micro insurance covers the people working in the informal economy and are financially excluded as compared to the rich people of the society.

The concept of micro insurance, in developing countries like India, has originated from the concept of microfinance. Microfinance institutions face high risks of default through death or physical disability of the borrower. As a result they (Microfinance institutions) began to associate with insuring bodies, both public and private.

The Indian regulator (IRDA) has brought in specified micro insurance regulations in November 2005, in which the regulator has undertaken the product design, specifying a distribution channel in form of NGO, Self Help Group or a MFI and the pricing mechanism to insurers.

Insurance Regulatory Authority of India (micro insurance) Regulation 2005 has been stated mainly two types of micro insurance:

General micro insurance product:

General micro insurance product means any health insurance contract, any contract covering the belonging, such as hut, livestock, or tools or instruments or any personal accident contract, either on individual or group basis, as per terms stated in schedule-I appended to the regulations,

Life micro insurance product:

Life micro insurance product means any term insurance contract with or without return of premium, any endowment insurance contract or health insurance contract, with or without an accident benefit rider, either on individual or group basis, as per terms stated in schedule-II appended to the regulations.

Micro Insurance Products in India:

There are 24 life insurance companies are present in India but only 17 companies are providing micro insurance products this clearly give an idea of low attraction of majority of companies towards these products. Below is the list of micro insurance products along with the name of companies:

Table 1: List of Micro Insurance Products of Life Insurers as at 31. 03.2016

Name of Insurer	Name of the Product	
	Individual Category	Group Category
AVIVA Life	Aviva Nayi Grameen Suraksha	
Bajaj Allianz Life	Bajaj Allianz Life Bima Dhan Suraksha Yojana.	
	Bajaj Allianz Life Bima Dhan Saral Suraksha Yojana.	
	Bajaj Allianz Life Bima Sanchay Yojana.	
Bharti AXA Life		Bharti AXA life Jan Suraksha
Birla Sun Life	BSLI Bima Suraksha Super. BSLI Grameen Jeevan Raksha	
Canara HSBC OBC Life		Canara HSBC Oriental Bank of Commerce life Insurance Sampoon Kavach Plan
DHFL Pramerica Life		DLF Pramerica Sarv-Suraksha.
Edleweiss Tokio Life	Edleweiss Tokio Life Suraksha Kavach	
	Edleweiss Tokio Life Dhan Nivesh Bima Yojana	
HDFC Standard Life	HDFC SL Sar Grameen Bachat Yojana	
ICICI Prudential Life	ICICI Pru. Sarva Jana Suraksha	
	ICICI Pru Anmol Bachat	
IDBI Federal Life	Termsurance Sampoon Suraksha Micro Insurance Plan	IDBI Federal Group Micro insurance Plan
Kotak Mahindra Life	Sampoon Bima Micro Insurance Plan	
LIC of India	Bhagya Lakshmi	
	New Jeevan Mangal	
PNB Met Life	Met Life Grameen Ashray	
Sahara Life	Sahara Surakshit Pariwar Jeevan Bima	
SBI Life.	SBI Life Grameen Bima	SBI Life Grameen Super Suraksha.
		SBI Life Grameen Shakti
Shriram Life		Sri Sahay (SP).
TATA AIA Life	TATA AIA Life Insurance Navkalyan Yojana.	
	TATA AIA Life Insurance Sat Saath	

Source: IRDAI Annual Report-2015-16

Note: All Micro-insurance products and products falling within the parameters prescribed under the IRDA (Micro-insurance) Regulations, 2005, but launched prior to the said Regulations.

Need of study:

Insurance plays the important role in the economic development of the country. It helps for the mobilization of savings of people, specially from middle and lower income group. But any research has not been taken yet in promoting activities and implementing plans of micro insurance in Assam. The trends of micro insurance in Assam are still remaining as unknown. The researcher intends to focus a picture on the growth of life micro insurance on Assam.

OBJECTIVES OF THE STUDY:

1. To study the awareness level of micro insurance among the poor people of Assam.
2. To study the growth of life micro insurance in India as well as in Assam.

LITERATURE REVIEW:

The present study embodies a brief review of the research done in the area of micro insurance. The purpose of reviewing the earlier studies is to economize the historical and present prospective of the present work and the related studies which have been taken cognizance of one or more variables includes in the study.

Dr. Ashfaq Ahmed (2013)¹ in his study "*perception of life insurance policies in rural India*" revealed that there is low level of awareness and understanding of life insurance products. There are various factors that influence consumer thinking when they are planning to invest in insurance scheme. Most of the customers show their interest in life insurance having higher risk coverage and also for good return with safety. The roles played in perception of life insurance policies in rural market by members of the family varies with knowledge parameters as well as with the typed of products and sometimes with the company name also. While a number of psychological variables are useful in obtaining into consumer's perception towards buying life insurance policies in rural areas. The insurance company name also plays an important role in purchasing.

Ramanathan, K.V. (2011)² research has resulted in the development of a reliable and valid instrument for assessing customer perceived service quality, awareness level, and satisfaction level of customers towards life insurance industry. Here, service quality needs to be measured using a six dimensional hierarchal structure consisting of assurance, competence, personalized financial planning, corporate image, tangibles and technology dimensions.

Syed Abdul Hamid & Roberts & Paul Mosley (2010)³ in the study shows that there is a positive impact of micro health insurance in the reduction of poverty among rural households of Bangladesh. Micro health insurance has a significant beneficial effect on food sufficiency of poor's and has a dynamic improvement in the health status of poor rural households.

Gunita Arun Chandhok (2009)⁴ The result of study indicates that there is a huge untapped market for micro health insurance and majority of population are aware and understand the importance of micro health insurance. Thus, micro insurance will go a long way in eradicating poverty. If the various micro insurance models are implemented effectively by Insurer, MFI's, SHG's, NGO's, Health institutions, Donors and Co-operatives the BPL population will lead a peaceful and secure life.

RESEARCH METHODOLOGY:

1. Population of the study: The population of the study is all the below poverty line inhabitant of Dibrugarh and Sibsagar district.
2. Sampling Frame: Sampling frame comprises the list of Panchayat level Below Poverty Line inhabitant and micro life insurance policyholder under NGO. In this study sampling frame is considered Below Poverty Line inhabitant in two Panchayat from each Development Block of selected Districts and Micro Life insurance policyholder under Mrinaljyoti Rehabilitation Centre (NGO), Duliajan.

State : Assam

District : Dibrugarh and Sivasagar

Block : Joypur Development Block (under Dibrugarh district)

Demow Development Block (under Sivasagar district)

Gaon Panchayat: Balimora Gaon Panchayat and Tipam Fakial Gaon Panchayat (under Joypur Development Block).

Athabari Gaon Panchayat and Khorahat Gaon Panchayat (under Demow Development Block)

3. **Sample Size:** The sample size is 100 BPL people from four gaon panchayat namely, Balimara Gaon Panchayat, Tipam Fakial Gaon Panchayat, Athabari Gaon Panchayat and Khorahat Gaon Panchayat and 50 selected respondent from Mrinaljyoti Rehabilitation Centre (NGO).
4. **Sampling Technique Adopted:** Convenient sampling
5. **Tools used for data collection of the study:** An interview schedule developed that includes 23 different questions for the respondent of 150 people in Dibrugarh and Sibsagar district of Assam, in the study period. The questionnaire is filled by the respondents in the presence of interview.
6. **Methods of Analysis:** Collected data is classified and tabulated on the basis of various attributes like age, sex, income group, occupation, types of NGO's, age of NGO's etc. and analysis is done on the basis on certain parameters at the latter stage.
7. **Statistical Tools:** Table, Graph, Diagram etc are used for presentation of data and average, mean, rank etc, used for analysis of collected data.

SOURCE OF DATA:

1. **Primary Data:** Primary data were collected through well structured interview schedule.
2. **Secondary Data:** Secondary data means data that are already available i.e. they refer to the data which have been collected and analyzed by someone and can save both money and time of the researcher. In this study Secondary data sources are as follows:
 - (1)IRDA Annual Reports,
 - (2)LICI Annual Reports,
 - (3) Websites,
 - (4) Economic survey of India,
 - (5) National Statistical Organization,
 - (6) Department of Statistics (Govt. of India),
 - (7) Statistical Handbook of Assam,
 - (8) Department of Industry,
 - (9) Published research papers/articles etc.

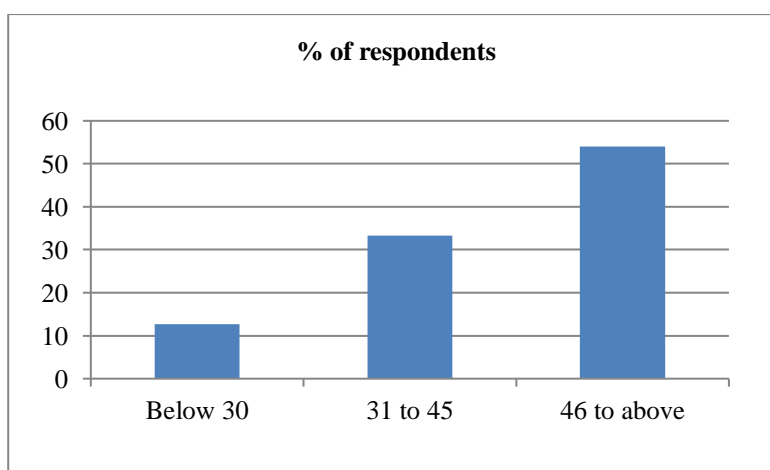
FINDINGS AND ANALYSIS:

The data are first edited, coded and tabulated for analyzing by using diagrams, graphs, charts, pictures etc. Data analysis is the process of planning the data in an ordered form, combining them with the existing information and extracting from them. Interpretation is the process of drawing conclusions from the gathered data in the study. In this research the researcher has analyzed the data using percentages and graphs.

The various attributes were analyzed separately and the importance to each was calculated on the basis of the percentage. The rank having the maximum percentage was taken to be preferred importance to the particular attribute.

Age of Respondents:

Chart No.-1



Interpretation: The above table shows the respondents according to their age group. The majority of the respondents belong to the age group 46 and above years with 54% and the second age group is 31 to 45 years with 33.3%, followed by below 30 years with 12.7%

Gender of Respondents :

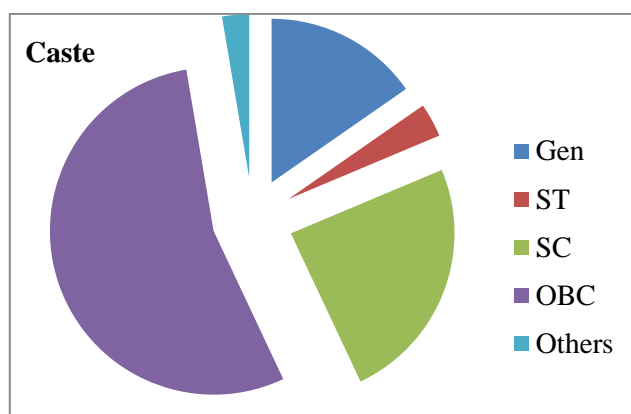
Chart No. 2



Interpretation: The above table shows the respondents according to gender wise. The male respondents is majority of respondents 105 out of 150 i.e. 70% and the female is 45 out of 150 i.e. 30%.

Category of Respondent:

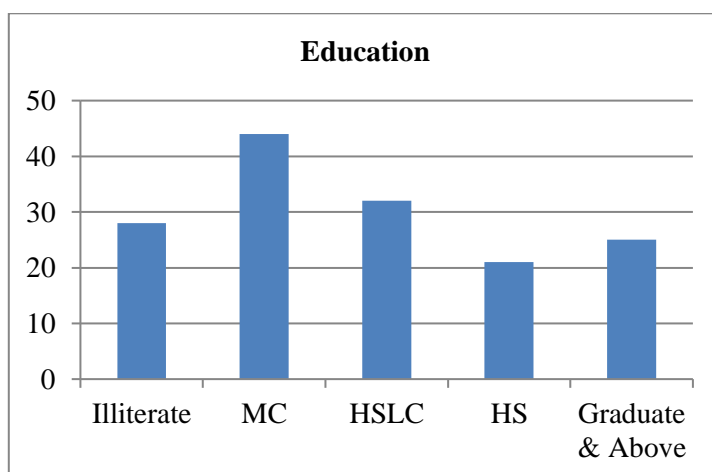
Chart No. 3



Interpretation: The above table classified the respondents according to their caste group. The majority of the respondents belong to the OBC caste group with 54.3% and the second caste group is schedule caste with 24.3%, followed by general, schedule tribes and others with 15.3%, 10% and 2.7% respectively.

Educational Qualification of Respondents:

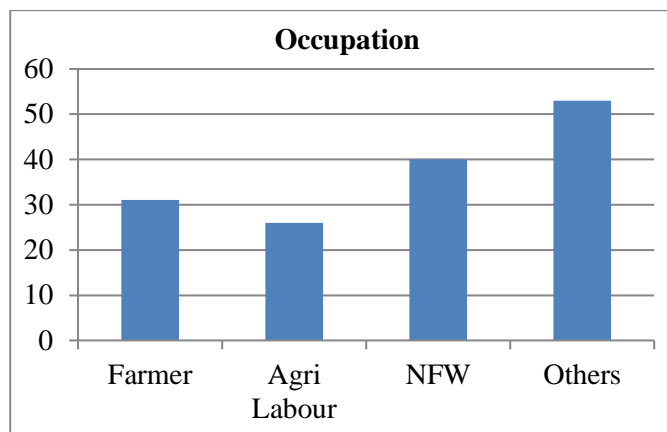
Chart No. 4



Interpretation: Majority of the respondents is educated up to Middle class i.e. 44 and the second majority of respondent educational qualification is just HSCL passed i.e. 32. Illiterate, graduate and above and Higher secondary passed is 28, 25 and 21 respectively.

Occupation of Respondents:

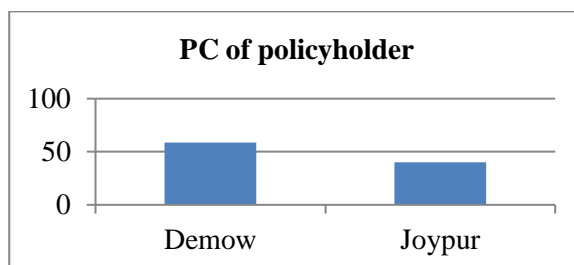
Chart No.5



Interpretation: The table shows respondents according to their occupation and majority of respondents are others categories with 53 and second majority are non-farming worker with 40, followed by farmer and agricultural labourer with 31 and 26 respectively.

Block wise Insurance Policy:

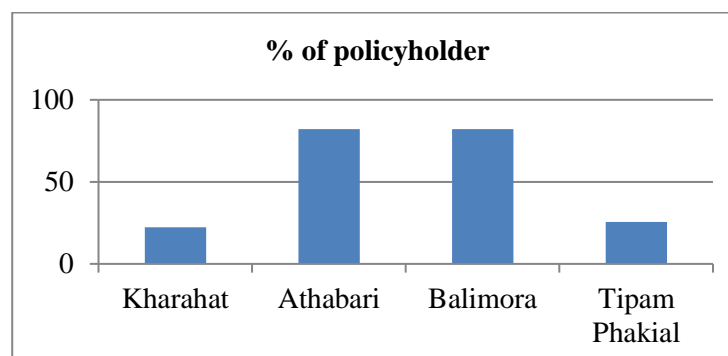
Chart No. 6



Interpretation: There are 44 (58.7%) respondent having micro insurance in Demow Block out of 75 respondents and 30 (40.0%) respondents having micro insurance policy in Joypur Block out of 75 respondents.

Gaon Panchayat wise Insurance policyholder:

Chart No. 7



Interpretation: The majority respondent having micro insurance in Balimara GP with 5 (71.4) out of 7 respondents and followed by Athabari GP, Tipam Fakial GP and Khorahat GP with the percentage of 71.4%, 25.6% and 22.4% respectively.

Growth of micro insurance in India:

The micro insurance business in India cannot make a continuous progress in both public insurance and private

insurance companies. More life and group operations and many fresh policies have been launched by the insurance companies. The distribution system of policies has also been strengthened substantially, and the new business of micro insurance has shown a sufficient growth though the mass is still very low.

Table 2: Growth of Individual Micro Insurance Business

(premium in Rupees Lakh)

Year	Public Insurance Company					Private Insurance Company				
	Policies	% change in growth rate of policies	premium	% change in growth rate of premium	Premium per policy	policies	% change in rate of policies	premium	% change in growth rate of premium	Premium per policy
2007-08	854615	-	1613.36	-	188.78	83153	-	209.74	-	252.23
2008-09	1541218	80.34	3118.74	93.31	202.36	610851	634.61	537.81	156.42	88.04
2009-10	1985145	132.29	14982.5	828.65	754.73	998809	1101.17	839.78	300.39	84.08
2010-11	2951235	245.33	12305.8	662.74	416.97	699733	741.50	735.09	250.48	105.05
2011-12	3826783	347.78	10603.5	557.23	277.09	793660	854.46	964.22	359.72	121.49
2012-13	4340235	407.86	9949.05	516.67	229.23	695904	736.90	1,018.54	385.62	146.36
2013-14	2205820	158.11	8635.77	435.27	391.50	561339	575.07	929.29	343.07	165.55
2014-15	400341	-53.16	1640.23	1.67	409.71	416027	400.32	1249.22	495.60	300.27
2015-16	452291	-47.08	1953.78	21.10	431.97	458655	451.58	1217.95	480.69	265.55

Source: IRDA Annual Reports.

The Table no.2 shows the percentage change in the growth rate of individual micro insurance business of public and private insurance companies. For calculating the percentage change in the growth rate during year 2007-08 has been taken as base year. The Table clearly revealed that public insurance companies have increased the percentage of policies in first six years but in the last two years it is negative growing rate. On the other hand, private insurance companies have increased percentage policies not less than 400% whether it is some time increased or decreased. Similarly public insurance companies have increased growth rate for premium from the first six year satisfactory but in the last two years the growth rate of premium is very low. But the private insurance companies have maintained a satisfactory growth rate in case of the premium amount.

Table 3: Growth of Group Micro Insurance Business (premium in Rupees Lakh)

Public Insurance Company:

Year	Scheme	% change in growth rate of Scheme	Lives Covered	% change in growth rate of lives covered	Premium	% change in growth rate of premium
2007-08	7583		11367126		19256.23	
2008-09	6883	-9.23	11052815	-2.77	17268.54	-10.32
2009-10	5190	-31.56	14946927	31.49	22869.72	18.77
2010-11	5446	-28.18	13275464	16.79	13803.67	-28.32
2011-12	5461	-27.98	983163	-99.91	94443.49	480.30
2012-13	5325	-29.78	13223872	16.33	21045.76	9.29
2013-14	5292	-30.21	11887303	4.58	12581.45	-34.66
2014-15	5417	-28.56	20596725	81.19	28193.80	46.41
2015-16	4844	-36.12	22603919	98.85	25426.39	32.04

Private Insurance Companies:

Year	Scheme	% change in growth rate of Scheme	Lives Covered	% change in growth rate of lives covered	Premium	% change in growth rate of premium
2007-08	15		874901	-	871.23	
2008-09	14	-6.67	1498994	71.33	3326.8	281.85
2009-10	17	13.33	1895143	116.61	1472.09	68.97

Year	Scheme	% change in growth rate of Scheme	Lives Covered	% change in growth rate of lives covered	Premium	% change in growth rate of premium
2010-11	23	53.33	1983537	126.72	1719.14	97.32
2011-12	112	646.67	115067	-99.87	7505.55	761.48
2012-13	151	906.67	7,57,450	-13.42	756.89	-13.12
2013-14	164	993.33	1291741	47.64	1595.23	83.10
2014-15	62	313.33	2531436	189.34	3366.22	286.38
2015-16	153	920.00	66,50,805	660.18	4816.67	452.86

The table no.3 examine the percentage change in the growth rate of group micro insurance business during the last nine years i.e., from 2007-08 to 2015-16. In case of group micro insurance business, public insurance companies have been negative growth rate of percentage in schemes. Whereas the private insurance companies have decreased their schemes in their 2008-2009 from 15 to 14 schemes but again increased in next five years and again decreased in the year of 2014-15. Similarly, in case of lives covered by public & private insurance companies there has been an increased trend of micro insurance from 2007-08 to 2015-2016. While in case of premium collection by public insurance companies, they had been rising trend premium amount from 2007-2009 but decreased in 2010 that again increases in 2011-2012. Same Condition is there with private insurance companies for the premium amount.

Therefore, the tables reveal that in case of individual micro insurance business the overall policies issued by private insurance companies is more than public insurance company but the premium collection rate of public insurance companies is higher.

Similarly in group micro insurance business private insurance companies overall growth rate is higher in number of schemes issued and premium collection but negative in lives covered then public insurance companies.

Table 4: Micro Insurance Agents of Life Insurers 2015-16

Insurer	As on 1 st April,2015	Additions	Deletions	As on 31 st March,2016
Private	3382	6392	1307	8,467
LICI	19379	997	1802	18,574
Total	22761	7389	3109	27,041

Source: IRDA Annual report 2015-16.

In 2015-16 the private insurance agent increased from 3382 to 8467 there were an additions of 6392 and deletions of 1307 agents and the LIC agents were decreased from 19379 to 18574 there were an additions of 997 and deletions of 1802 agents. From the table- 5 it reveals that private insurance companies are give more importance on micro insurance than public company.

Micro Insurance in Assam:

LIC started Micro insurance business in the financial year 2006-2007 by the product of JEEVAN MADHUR POLICY- (Table No. 182). The following table shows the present LIC's micro insurance business in Assam.

Table 5: Growth of Individual Micro Insurance Business (LIC of India)

Year	Division								
	Guwahati			Bongaigaon			Jorhat		
	POLICI ES	% change in growth rate of policies	FPI	Policies	% change in growth rate of policies	FPI	Policies	% change in growth rate of policies	FPI
2010-11	9,067	---	18,00,855	7,315	---	10,56,446	7,205	---	NA
2011-12	27,053	198.37	23,55,727	9,316	27.35	14,77,660	75,110	942.47	NA
2012-13	32,025	253.20	20,89,818	13,624	86.25	8,45,123	77,798	979.78	NA
2013-14	18,463	103.62	16,24,199	4,463	-38.99	11,10,510	5,530	-23.25	NA
2014-15	4,060	-55.22	6,30,605	1,563	-78.63	4,40,310	3,159	-56.16	9,92,910
2015-16	4,177	-53.93	9,37,682	2,929	-59.96	22,04,334	2,401	-66.68	14,98,920
2016-17	4,258	-53.04	8,43,774	3,030	-58.58	16,95,703	2,467	-65.76	18,56,450

Source: Collected Data.

The Table-5 clearly revealed that public insurance companies have increased the percentage of policies in years 2010-11, 2011-12 and 2012-13 but in the last three years i.e. 2013-14, 2014-15 and 2015-16 it is decreasing the no. of policies and first premium installment

Table 6: Micro Insurance Agent (LIC, Guwahati Division)

YEAR	As on 1 st April	Additions	Deletions	As on 31 st March	Activate
2010-2011	27	19	0	46	37
2011-2012	47	15	1	61	40
2012-2013	61	8	0	69	31
2013-2014	70	5	1	72	16
2014-2015	74	22	2	94	25
2015-2016	107	10	13	104	26
2016-2017	126	6	22	110	23

Source: Collected Data

In table-6 it is clearly revealed that the Life insurance Company of India, Guwahati Division insurance agent increased from 27 in the year 2010-11 to 126 in the year 2016-17 but only 23 insurance agents are working actively in the year 2016-17. It focuses that the public insurance company cannot attract the mass people to micro insurance in Assam.

CONCLUSION:

Micro insurance is just one of the several risk pooling tools available to low income people. Micro insurance sector can play a vital role in developing of our economy. But all the insurance companies except LIC have reduced working on micro insurance because of many people not came forward to act as agents or intermediaries for providing life micro insurance. Micro insurance providers should begin by training and educating key intermediaries in the idea of promoting insurance and private insurers should also begin developing relationships with existing delivery channels The insurance companies should innovate products and distribution beyond the regulatory requirement to conduct business in the low income segment.

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