

A Study of Financial Literature on Micro Insurance in Coimbatore City

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Abstract:

Poor people are the most vulnerable to shocks arising from sickness, accidents, death or loss of assets due to natural calamities and riots, etc. Micro insurance is the protection of such low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Micro insurance is recognized as the terrain where innovation in insurance can be and indeed is being experimented.

Keywords: Micro Insurance, Social Insurance, Social Security.

INTRODUCTION

Insurance is the best form of cover against risk that has been devised by man. Since its origin, insurance has become inevitable to every facet of human life from life coverage to building properties, from coverage of crop yield to health hazards. Now the insurance industry has embarked on a pro poor insurance programmed, namely, micro insurance. Micro insurance provides insurance to low income people. A salient feature is, it is different from insurance in general as it is a low value product involving modest premium and benefit package which needs different marketing plan.

OBJECTIVES OF THE STUDY:

The main objectives of the present study are as follows:

- To examine the demographic factors influencing selection of life micro insurance.
- To study the various sources that created awareness about life micro insurance.
- To study the major reasons for buying life micro insurance.
- To find out the satisfaction level among insured clients with regard to life micro insurance product provided to them.
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STATEMENT OF PROBLEM

Micro insurance nature products in the market have short policy contract terms and are tremendously but no longer exclusively under written on a group basis. A number of the new

products offered by formal insurers may be individually underwritten but the numbers of such policies are still very small even relative to the low overall outreach micro insurance.

The poor face more risks than the well off, but more importantly they are more vulnerable to the same risk. The prevalent forms of risk management which were appropriate earlier are no longer adequate. Micro insurance in conjunction with micro finance could go a long way in keeping this segment away from the poverty trap and would truly be an integral component of financial inclusion amid this backdrop.

SCOPE OF THE STUDY

Micro insurance is one of the unique and important segments of insurance which provides financial assistance to the poor people in the country. The salient feature of the life insurance, Health insurance, Crop insurance, Lives stock insurance or cattle insurance and Asset insurance is product offer to low income people.

According to IRDA the term micro insurance comprises two words “Micro” which means “Affordable to the poor” and Insurance means “Risk Pooling to compensate to individual and group”. Micro insurance is a key element in the financial services package for mass people, particularly for economically weaker section of people.

RESEARCH METHODOLOGY

METHOD OF DATA COLLECTION

The data collected for this study is

- Primary data
- Secondary data

AREA OF THE STUDY: This study was conducted in Coimbatore city

SAMPLING METHOD: Convenient sampling method is used.

SAMPLE SIZE: The sample size is 100.

TOOLS USED FOR ANALYSIS: Simple percentage and Chi-square test.

LIMITATION OF THE STUDY:

- This study has been conducted for various consumers of micro insurance products, so it consumed more time.
- The sample size was only 100, which is very limited, accuracy of result will not be obtained.
- The study is based on abstract feedback of the customers, due to customer busy schedule and other factors.
- Most of the customers are not ready to express their full information to base the study.

REVIEW OF LITERATURE:

R. Srinivasan (2001) in his study said that the health insurance is a part of a larger business set-up and tends to remain a loss leader in the initial stages and can become viable only in urban context with large-scale risk pooling and effective demand.

David M. Dror, Christian Jacquier (2002), in their paper proposed a way to improve health provision for populations that are usually excluded from access to health services. It starts out from a short description of who the excluded are, and what they are excluded from

M. Kent Ranson (2003), in his study revealed that there is an increasing inclination among multinational agencies including the World Bank, World Health Organization and International Labour Organization to advocate community based health insurance(CBHI) schemes as part of a comprehensive solution to improving access for health care services in India.

Denis Drechsleri and Johannes P. Jütting (2006), in their paper aims at analyzing characteristics of private health insurance (PHI) in low- and middle income countries and evaluating its significance for national health systems. It yields three major results: First, PHI involving pre-payment and risk sharing currently only plays a marginal role in the developing world.

K. Mathiyazaghan (2008), in his study examined the willingness to pay for a viable rural health insurance scheme through community participation in India, and the policy concerns it engenders.

ANALYSIS AND INTREPRETATION

Socio- economic profile of the respondents

Table 1

S.No	Demographic		No. of respondents	Percentage
1	Gender	male	58	47%
		Female	67	53%
2	Age	Below 20 years	15	12%
		20-30 years	45	36%
		30-40 years	40	32%
		Above 40 years	25	20%
3	Educational qualification	SSLC	18	15%
		hr.sec	43	34%
		Diploma	36	29%
		Graduates	28	22%
4	Micro insurance awareness	Yes	112	90%
		No	13	10%
5	Occupation	Unemployed	16	13%
		Agriculture	30	24%
		Employed	25	20%
		Small business	29	23%
		Others	25	20%

Source: primary data Table 1 clearly states the demographic profile of the sample respondents. Majority of responds falls in the age group 20-30 years Most of them are employed. Majority of them completed their degree. Most of them are not much aware of the micro-insurance schemes.

PERCENTAGE ANALYSIS:

Table 2 showing Source of awareness about micro insurance

Particulars	No Of Respondents	Percentage Of Respondents
Friends	25	20
Relatives	22	18
Internet	19	15
Media Ad	15	12
Radio	16	12
Other Source	28	23
Total	125	100

Interpretation:

Towards the awareness source of micro insurance, 25% of the respondents said they came to know the same by their friends, 22% of them said their relatives, 19% of them said internet source, 15% of them said media ads, 13% of them said other source and the rest of 6% of them said by radio they came to know.

CHI-SQUARE ANALYSIS

AGE GROUP OF THE RESPONDENT AND LEVEL OF SATISFACTION WITH SERVICE PROVIDER

Null Hypothesis (Ho): There is no significant relationship between age group of the respondent and level of satisfaction with service provider

Alternate Hypothesis (H1): There is significant relationship between age group of the respondent and level of satisfaction with service provider.

Age Group	level of satisfaction with service provider				TOTAL
	Highly Satisfied	Satisfied	Neutral	Not satisfied	
Below 20 years	5	5	5	5	20
20-30 years	12	11	8	6	37
30-40 years	10	10	12	6	38
Above 40 years	11	9	6	4	30
TOTAL	38	35	31	21	125

LEVEL OF SIGNIFICANCE:

The Tabulated Value of chi square is 12.50

Calculated Value is 0.85

Thus it is found that 0.85 (Calculated Value) <12.50 (Tabulated Value)

The alternative hypothesis is rejected. Thus it is found that there is no significant relationship between age group of the respondent and level of satisfaction with service provider.

FINDINGS, SUGGESTION AND CONCLUSION

FINDINGS:

1. Towards the awareness source of micro insurance, Majority 25% of the respondents said they came to know the same by their friends and only 6% of them said by radio they came to know.
2. Majority 51% of the respondents purchase the product by the agent and only 6% of them purchase the product using other source.
3. Towards the opinion about the product
 - a) Can receive money when business suffers from unforeseen events, Majority 27% of the respondents are in neutral and only 11% of them strongly disagreed this.
 - b) have access to quality medical treatment incase respondent sick, Majority 31% of the respondents are in neutral and only 11% of them strongly disagreed this.
 - c) Receive money in case of natural disaster, Majority 29% of the respondents are in neutral and only 10% of them strongly disagreed this.
 - d) Receive money in case of death of family member, Majority 41% of the respondents strongly agreed this and only 7% of them strongly disagreed this.
 - e) Gain good return on maturity, Majority 35% of the respondents strongly agreed this and only 9% of them strongly disagreed this.

SUGGESTION:

- Many of the respondents not agree about can receive money when business suffers from an unforeseen events, access to quality medical treatment incase respondent sick, receive money in case of natural disaster, can save money for education of children and to avail loan when needed. This has to be analyzed further in detail since these are all the major source for micro insurance mutual benefits between the company and customers.
- Also some percentage level of customers not satisfied with the service provider and company ambience, which has to be strengthened.
- About claim processing major part of the respondent not happy, the claim process has to be studied out from claim registering to claim clearing and reason for the gap should be identified and cleared out.

CONCLUSION:

Micro Insurance is designed keeping in mind to poor people. Like everybody else, the poor people face a variety of risks such as risk of death, illness, disability, accident, income & property & so on. Like all other, they also need to be protected from these risks. Although the current reach of ‘micro-insurance’ is limited, the early trend in this respect suggests that the insurance companies, both public and private, operating with commercial considerations, can insure a significant percentage of the poor. Serving low-income people who can pay the premium certainly makes a sound commercial sense to insurance providers.. This study has been conducted in Coimbatore city successfully.

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