

Impact Of Micro Insurance Among Self-Help Group Members In Kerala

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Abstract:

The impact of microinsurance among Self-Help Group (SHG) members can be significant and multifarious. Micro Insurance is in the service of a financial safety net, providing protection against various risks and uncertainties. Microinsurance varies based on the specific design of the insurance products like the level of community engagement, and the overall socio-economic context of the SHG members. It contributes to building resilience, reducing vulnerability, and promoting sustainable development within Self-Help Groups and their communities. In-depth studies show how micro insurance creates an impact among the self-help group members in Kerala. Sources of getting information for survey methods among 50 self-help groups. Each group has an average of 4 members. The total number of members who responded is 200. The main aim of presenting paper is to find out how do spreading the microinsurance among self-help groups in uncovered area. However, a number of statistical techniques such as Reliability Statistics for finding the impact of Micro-insurance

Key words: Building resilience, Awareness, Promoting Sustainable development etc.

Introduction:

Microinsurance is specially designed to provide the financial protection of low-income individuals or households in India. These insurance products are customized for people specifically in the informal sector and are designed to be affordable for low-income individuals. Premiums are usually very small, making them accessible to people with limited financial resources. They are often simple and straightforward, covering specific risks that are relevant to the target population.

Common types of microinsurance include life insurance, health insurance, crop insurance, and property insurance. It is typically distributed through non-traditional channels, such as microfinance institutions, community-based organizations, or mobile platforms. This helps in reaching individuals in remote or underserved areas.

Self-help Groups:

A group of people living in the same place have particular characteristics in common from similar socio-economic backgrounds, who come together and address common issues to work towards shared goals. These groups are particularly prevalent in rural areas and are known for empowering individuals, especially women, by promoting financial inclusion, entrepreneurship, and social development. Self-help groups are formed with the objective of promoting mutual assistance and collective decisions making. They are typically consisting of 10 to 20 members who meet regularly to discuss and address various issues.

Financial Inclusion:

SHGs often engage in savings and credit activities. Members contribute small amounts regularly, creating a common fund that can be used for loans within the group. SHGs promote various income-generating activities, such as small-scale businesses or enterprises, to improve the economic status of their members. On the further side of economic activities, SHGs also address social issues, promote education, healthcare, and community development.

Government Initiatives:

The Indian government, through various programs and schemes, has actively promoted the formation and functioning of SHGs. The Indian government, through various programs and schemes, has actively promoted the formation and functioning of SHGs. They often serve as a platform for microfinance initiatives, allowing members to access small loans for entrepreneurial ventures or meeting immediate financial needs.

Women Empowerment:

Women are the primary members and there are also a significant number of self-help groups in India because of the focus on women empowerment and the empowerment extends beyond economic activities to include decision-making

roles and community leadership. Many NGOs actively work in collaboration with SHGs, providing support, training, and facilitating linkages with financial institutions.

Numerous benefits of microinsurance have a positive Impact.

Financial security:

Microinsurance provides a safety net for SHG members, offering financial protection against risks such as illness, accidents, or death. It helps prevent severe economic setbacks and reduces the financial burden on individuals and their families during times of crisis.

Risk Mitigation:

Microinsurance mitigates various risks that SHG members may face, including risks related to livelihoods, health, and property. By providing coverage for unexpected events, microinsurance helps members cope with losses and maintain economic stability.

Health care Access:

Microinsurance ensures that SHG members have access to healthcare services without the fear of financial barriers. It encourages timely medical interventions, leading to improved health outcomes and better overall well-being.

Empowerment of women:

Many SHGs focus on women's empowerment, and microinsurance contributes to enhancing the financial resilience of women within these groups. It enables women to take charge of their health, family welfare, and economic activities with greater confidence and to prevent the depletion of savings or the need for high-interest borrowing in the face of emergencies, helping to break the cycle of poverty.

Entrepreneurship and Economic Development:

Microinsurance supports economic development by providing a safety net that allows SHG members to engage in income-generating activities with reduced financial risk. It encourages entrepreneurship and investment in small businesses, contributing to the overall economic development of the community.

Community Resilience:

The collective nature of SHGs, coupled with microinsurance, enhances community resilience to shocks and disasters. Members can support each other during difficult times, and the group as a whole is better equipped to recover from adverse events.

Government and Social Support:

Microinsurance programs often come with financial education initiatives that empower SHG members with a better understanding of financial management and risk mitigation. Microinsurance programs may receive support from government initiatives or social organizations, amplifying their impact and reach among SHG members.

Reduced Vulnerability:

Microinsurance reduces the vulnerability of SHG members by providing a safety net against unforeseen circumstances, enabling them to plan and invest in the future with more confidence.

2. REVIEW OF LITERATURE

HARNAM SINGH, DR MADHURIMA LALL (2011) Micro-insurance is especially designed to provide life insurance benefit to the rural and economically backward class of society. It has a significant contribution to social and economic development. The majority of people have not taken insurance in untapped segments. Micro insurance has touched this segment. So, it can protect the rural assets. During the study, it was found that, although there are a good number of insurance distribution channels, banks and financial institutions distribute micro-insurance products along with self-help groups.

ASHISH KUMAR GUPTA (2016) The impact of micro-insurance on the vulnerability of low-income household in Varanasi District. It presents the various types of natural risk in the rural respondents. Micro-insurance states that so far has been somewhat supply-driven, more than driven by effective demand, especially from the poorest, and thus the insurance products which would benefit the poorest are still at a limited stage of development. Insurance inevitably decreases vulnerability and reduces the chance that households fall into the poverty trap. These verdicts show that a competitive

micro-insurance product can significantly contribute to the reduction of vulnerability of the poor.

Ranson M.K & T. Sinha (2006) Community-based health insurance (CBHI) schemes, by pooling risks and resources, can in principal offer protection against the risk of medical expenses, and make accessible health care services that would otherwise be unaffordable. The purpose of this paper is to measure the distributional impact of a large CBHI scheme in Gujarat, India, which reimburses hospitalization costs, and to identify barriers to optimal distributional impact. The study found that the Vimo Self-employed Women's Association (SEWA) scheme is inclusive of the poorest, with 32% of rural members, and 40% of urban members, drawn from households below the 30th percentile of socio-economic status. Submission of claims for inpatient care is equitable in Ahmedabad City, but inequitable in rural areas. The financially better off in rural areas are significantly more likely to submit claims than are the poorest, and men are significantly more likely to submit claims than women.

Jakab and Krishnan (2001) summarize the literature on community involvement in health care financing. The authors declare that the evidence on the performance of the community financing schemes (broadly defined) is limited. Further, there is evidence to suggest that community financing is effective in social inclusion by including a large number of low-income populations. Finally, members of community-based health financing schemes are reported to have increased their utilization of health care services while reporting lower out-of-pocket spending.

ILO-STEP-Universitas (2002) summarize the evidence of community-based health organizations (CBHO) on its impact on members and the society at large. The study concludes that no evidence can be found from the reviewed documents that CBHOs positively impact the health status, utilization of services and financial protection 3 of its members.

Björn Ekman (2004). Ekman's research question was limited to whether voluntary, not-for-profit; health insurance products impact resource mobilization and financial protection for the poor. Ekman's review uncovered strong evidence that community-based health insurance provides some financial protection by reducing out-of-pocket spending, moderate

evidence that such schemes improve cost recovery and weak to no evidence that these schemes effect quality or efficiency of care.

Ekman (2007) The field of microinsurance has considerably grown in different insurance schemes include life, funeral, death, crop, weather, property, and health insurance. There is a push within the microinsurance field and the policy level towards composite products that cover a range of these risks.

Ahuja, Rajeev; Guha-Khasnobis, Basudeb (2005) Micro-Insurance policies and their institutions have promoted insurance among low-income people, which are a sizable sector of the population and are mostly without any social security coverage. Additionally, linking micro-insurance with microfinance makes better sense as it helps in bringing down the cost of lending. Currently, the microfinance business in the country is unregulated. Regulation of Micro-finance is needed not only to promote microfinance activity in the country but also to promote the linking of micro-insurance with microfinance, which is demonstrated in a good sense.

Jean Philippe Platteau and Darwin Ugarte Ontiveros (2013) Unlettered insurance product and the functions of the Micro-insurance scheme have continuously built poor understanding the insurance concept. Furthermore, the fact of having received a significantly negative net payout, separately account for non-renewal decisions. The information effort by the organization in charge should not only consist of explaining the program to willing subscribers at the time of its launching, but also of following up the actual insures to guide them why they need the insurance services. Self-help groups are encouraged to have the positive effect of participation in both subscription to the insurance and contract renewal.

AISHWARYA JAYAKUMAR & Dr. SHAERIL MICHAEL ALMEID (2018) Numerous innovative microinsurance products have come up from India as there is a large market as well as a large portion of individuals living in rural areas who need to be educated about the benefits. Risk mitigation is becoming an important aspect for poor people as their income is limited, and their livelihood is equally dependent on their health as well as their future life, being the recipients of the majority of risk in life. Hence, a saving solution is directed towards the low-income group with moderate premiums.

Statement of the Problem:

Micro-insurance provides protection to rural and low-income households with a view to protecting them from the effects of risks. This insurance has been analysed along with the schemes introduced by the government. In spite of that, there are many Microinsurance products in Life and General policies, but still the fraction of these products is met by many. Hence, a need to understand the policyholder's mind set and the benefits they can facilitate are to be studied further.

Research Gap:

There are numerous spaces which are available in micro-insurance for doing research. Awareness of micro-insurance in various policies and schemes is not done in depth as they have covered previously. It may result in policyholders not assimilating micro-insurance. A structural framework is needed on how microinsurance penetration on Informal sector is to be identified and covered. Thus, further research is necessary in this regard.

Need for Study:

Micro-insurance provides the social security and benefits of poor people, and it is a tool for accelerating the growth of poor people that can be developed in the country. Insurance is hard for poor people to distribute their funds to protect against an event that they hope won't occur when they don't have the funds for buying their basic needs. Thus, it is vital to understand and educate the poor and below poverty line group about the various micro-life insurance products that are existing and what are the benefits they can avail when adopting them. It is equally mandatory to inspect the progress in the insurance sector relating to the micro-life insurance sector. As very few groups of people have access to efficient risk management and protection of losses, it is difficult to provide insurance cover to a large section of the weaker society, as it is difficult to understand the uninsured estimates.

OBJECTIVES:

- To study about the impact of Micro Insurance among self-help groups in Kerala
- To analyse the operations of Micro Insurance in Informal Sectors
- To understand the challenges the policyholder among self-help groups faces with Microinsurance policy

Hypothesis of the Study:

H0: Policy holders do not get the awareness of the micro insurance policy and their benefits

H1: Policy Holders have got the awareness of the micro insurance policy and their benefits.

Analysis and Interpretation**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.989	.990	9

Reliability statistics are essential to build trust in building statistical analysis. The number of items is 9 and the basic results obtained are Cronbach's Alpha is 0.989 and Cronbach's alpha based on standard items is 0.990.

Item Statistics

	Mean	Std. Deviation	N
Life Insurance	3.0000	1.41776	200
Health Insurance	3.0000	1.41776	200
Group Insurance	3.4000	1.28384	200
Group Health Insurance	2.6000	1.28384	200
Sum Assured	2.3500	1.46226	200
About Premium	2.3500	1.46226	200
Maturity Amount	3.7000	1.42130	200
Policy Term	2.4000	1.28384	200
Surrender Value	2.2500	1.18088	200

To write an Interpretation of the above Table, items have been made by Nine, like Life Insurance, Health Insurance, Group Insurance, Group Health Insurance, Sum Assured of Policies, About Premium, Maturity amount, Policy Term and Surrender Value.

The total sample of each item is 200.

Life Insurance of Mean and Standard deviation is 3.0000 & 1.41776.

Health Insurance of Mean and Standard deviation is 3.0000&1.41776,

Group insurance of Mean and standard deviation is 3.4000& 1.28384,

Group Health insurance of Mean and Standard deviation is 2.6000 & 1.28384,

The sum assured of the mean and standard deviation is 2.3500 & 1.46226,

The premium of Mean and standard deviation is 2.3500 & 1.46226,

The maturity mean and standard deviation are 3.7000 & 1.42130,

The policy terms of mean and standard deviation are 2.4000 & 1.28384,

The surrender value of mean and standard deviation is 2.2500 & 1.18088.

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
25.0500	137.736	11.73611	9

The scale statistics mention the total number of items. They have taken Nine. Their total mean Projected in the Item Statistics is 25.0500 and their variance is 137.736 and their standard deviation is 11.73611.

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	2.783	2.250	3.700	1.450	1.644	.269	9

Description of summary items in statistics, which, take the total number of items is 9 and their mean value is 2.783 and followed by the minimum value is 2.250 and, the maximum value is 3.700 and their range appeared is 1.450. The difference in maximum and minimum value is 1.644, the variance is 0.269.

ANOVA with Friedman's Test and Tukey's Test

		Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People	Between People	3045.500	199	15.304	318.844	.704
	Between Items	431.000	8	53.875		
	Non additivity	.024 ^a	1	.024		
	Residual	268.976	1591	.169		
	Total	269.000	1592	.169		
	Total	700.000	1600	.438		
Within People	Total	3745.500	1799	2.082		

ANOVA with Friedman's Test and Turkey's Test have shows in that above table. Between people and items of the mean square is 53.875 and their degrees of freedom is 8 and values comes in the Friedman's chi-square is 318.844.

Values have got the within people of residual and Non additivity of the mean square is 0.24 and their degrees of freedom is 1 and Friedman's Chi-square is 0.144.

The whole had taken and the level of significance is 0.704. The table value is 0.05, compare to the table value and the actual value is high. So Null hypothesis is accepted and the alternative hypothesis is rejected. It means Policy holders do not get awareness of the micro insurance policy and their benefits.

Outcome of the Study:

Microinsurance products have emerged in India for those individuals who live in rural areas, as there is a large market as well as a large portion of untapped area for covering the awareness of insurance. For the above outcome of the research, we have conducted a survey under the topic the impact of micro-insurance among self-help group members in Kerala. The survey was conducted by fifty self-help group members. Each group has an average of four, so the total population of the respondents is 200 members.

Compared to the other states of India, Kerala has the only state cent percent of their education. Almost all the people of their state constitute have obtained their minimum education, as well as conducted a survey for awareness of the micro-insurance products of people. But people are less aware of their micro-insurance products and their benefits.

Microfinance institutions and banks have offered micro-insurance products along with microfinance. People are well aware of their microfinance, which is benchmarking to micro-insurance. Governments have supported self-help groups and encouraged them to have the positive effect of participation in both accede to the insurance and contract continuation.

Micro-Insurance provides social security for all people, and it is a solution for savings that is directed towards the low-income group of people with moderate premium. There are countless issues and challenges for a sustainable growth of microinsurance in India, but yet the insurance sector is finding new methods in order to cover those rural people who create an awareness of everything.

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