

Micro Insurance Products in India



Micro Insurance in India

1. Introduction and background

Micro and small entrepreneurs (MSEs) have a variety of financial needs. While some of these needs can be predicted with a great degree of certainty, there are others that are uncertain. Savings and credit products are better suited for the events that will occur with certainty such as old age, marriage, education, purchase of income generating asset etc. The uncertain events such as sickness, accident, theft, fire, flood, etc which make the poor incur irregular or unplanned for costs, are better met by insurance especially where the amount required to mitigate or cope with the event is high. The micro and small entrepreneurs, whether in urban or rural area, are time and again choked by uncertain events, but they have not taken recourse to buying insurance from formal insurers for a variety of reasons. The reasons for this include lack of knowledge, the inaccessibility of the existing insurance schemes, inflexibility and uncertainty about benefits. This has led some of the Microfinance Institutions

(MFIs) to develop in house micro insurance programmes and some others to act as facilitators between the formal insurance companies and their clients. The present study focuses on the micro insurance programmes of MFIs. Some of the micro and small entrepreneurs (predominantly clients of MFIs) have also been surveyed to understand and estimate the risks they face, identify their risk cover needs and propose actions to be taken by MFIs to address these needs.