

ABSTRACT

Introduction:

Insurance play an important role in economic development of a country Insurance also contributes to development of financial sector whether it is financial stability, risk-transfer or investment for further capital development, insurance extend its help.

Insurance being a commercial activity it gives importance only persons and bodies with financially sound, but the middle and lower income group is neglected. Poor people are more vulnerable to risk and they are also needed possible protection to cover their lives and assets. They have no any protection against adverse event. Micro insurance is the only way to provide greater economic and psychological security to the poor.

The micro insurance activity fall within the purview of the relevant domestic insurance regulator/supervisor or any other competent body under the national laws of any jurisdiction. Therefore, micro insurance does not include government social welfare, emergency assistance as this not funded by premiums relating to the risk, and benefits are not paid out of a pool funds that is managed based on insurance and risk principles.

Review of Literature:

The present study covered a brief review of the research done in the area of micro insurance. *Thankom Arun, et al.*, (2012), in the study “Bequest Motives and Determinants of Micro life Insurance in Srilanka”, emphasizes bequest motives by evaluating participation patterns in micro life insurance against insurance demand and supply side factors. The results provide evidence that micro life insurance is positively correlated with measures of bequest motives such as the number of children or dependents. Better off households are also included like their poorer counterparts in micro (life) insurance markets. The study finds a convincing need for the micro insurance sector to be more responsive to the needs of the poor, with a key role in

providing financial education to understand the need for micro insurance. In a study by *Gunita Arun Chandhok* (2009) 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. *Sahay Namita*, (2009), in her study on "Micro-insurance- A Risk Management Tools for the Poor", given importance to bring the poor into the mainstream of finance not only from a social perspective but also from the commercial angle for the growth of the national economy. She focused that helping the poor whether rural or urban; to systematically manage financial risk to their lives and livelihood through micro insurance will go a long way in combating poverty in India. According to *Ikupolati* (2008) one of the greatest challenges for micro insurance is the actual delivery to clients. Methods and models for doing so vary depending on the organization of institution, and provider involved. In general, there are four main methods for offering micro insurance, the partners' agent model, the provider driven model, the full services model, and the community based model. *Tomchinsky* (2008) argued that consumer education, marketing and grievance handling will certainly improve micro-insurance schemes. He cited that the micro insurance sector is unique in the sense that there is an ongoing challenge to explain the concept and benefits to the insured. Creating awareness through use of pictorial posters, local folk arts and street treatises might be useful to explain the mechanisms of insurance. *Anuradha K. Rajivan* (2007), In the study, "Building security for poor- Potential and prospects for micro insurance in India" reveals that planned actual steps to address constraints like poverty will help express the insurability of the poor in the future and study also shows that micro insurance is on the edge of floating take off in India. *Sarthak Gaurav, et al.*, (2007), in their research study on "Innovating at the BOP: Delivering micro insurance in Kalahadi, and beyond" that rural households need a dependable, useful, transparent and affordable solution for effectively deal with risk and shocks they face and micro

insurance is one of the effective risk management tools for the development and addressing critical risk of the rural poor. *Churchill, C. (2006)*, in the study “Protecting the Poor: A Micro insurance Compendium” viewed that poverty is just a state of deprivation but has talent vulnerability micro insurance should therefore, provide greater economic and psychological security to the poor as it reduces exposure to multiple risks and cushions the impact of a disaster. There is an overwhelming demand for social protection among the poor, micro insurance in conjunction with micro saving and micro credit could, therefore go a long way in keeping this segment away from the poverty trap and would truly be an integral component of financial inclusion. *Linnerooth - Bayer, et al., (2006)*, in their study on “Disaster Insurance for the Poor? A Review of Micro Insurance for National Disaster Risks in Developing Countries” opined that micro-insurance can “break the cycle of poverty” by providing low-income households, business and farmers with access to post disaster liquidity, thus protect their livelihoods and providing for reconstruction.

Need of study:

It is important to know the lower income peoples’ perception by the insurance companies while they design various micro insurance products. The concept behind the micro insurance would drive targeted the poor people. It is further important to observe that what the main factors are considered by the poor people to purchase a micro insurance policy, whether purchasing micro insurance are related to educational qualification, age, income etc. of the low income people.

In addition, different issues like; insurers perception and understanding level, policyholders perception and understanding level, location of market, execution behaviour of intermediaries to be consider to design a successful distribution channel and regulatory framework on micro insurance. In this concern, this project prepared to study on the role of micro insurance in providing social security and to attempt to contribute to the present body of literatures on the field of micro insurance.

Objectives of Study:

In order to identify the strategies and problems of the micro insurance companies in developing micro insurance market and acceptance of micro insurance

by the low-income people, the researcher has identified six objectives based on research gap and need of the study. These objectives are

1. To study the awareness level of micro insurance among the poor people.
2. To study the growth of micro insurance.
3. To study the model of micro insurance scheme offered by LIC of India and selected micro insurance providing agencies.
4. To study the role of insurance intermediaries in extending micro insurance.
5. To examine the policy measures and regulation of IRDA in providing micro insurance towards lower income group.
6. To study the micro insurance as a tool for financial inclusion.

Research Methodology:

The research study is explorative and descriptive in nature. The study is based on both primary and secondary sources of data. Primary data are collected through well interview schedule and secondary sources are collected through selected literature from Journals, Books, Reports, Articles, Research reports, etc. Two districts of Assam i.e. Dibrugarh and Sivagar have been selected for the study, as case covering villages and blocks of the districts being industrial and agricultural important districts of Assam, the researcher initiating a study on the level of micro insurance as social security to the poor.

Population of the Study: The population of this study is all the below poverty line inhabitant of Dibrugarh and Sivasagar district of Assam.

Sample Size: The sample size is 200 BPL people from four gaon panchayat namely, Balimara Gaon Panchayat, Tipam Fakial Gaon Panchayat, Athabari Gaon Panchayat and Khorahat Gaon Panchayat and 100 selected respondent from Mrinaljyoti Rehabilitation Centre (NGO). The researcher has applied multistage convenient sampling to select two (2) blocks from each district and two (2) gaon panchayat from each block and the respondent are selected in the ratio of BPL population of the gaon panchayat.

Tools used for data collection of the study: An interview schedule developed that includes 23 different questions for the respondent of 300 people in Dibrugarh and Sibsagar district of Assam, in the study period. The questionnaire is filled by the respondents in the presence of interviewer.

Method of Analysis: Collected data is classified and tabulated on the basis of various attributes like age, sex, income group, occupation, etc. and the data is analysis with the help of SPSS and based on that conclusion is drawn.

Statistical Tools: The descriptive statistics, Table, Graph, Diagram etc are used for presentation of data and average, ratios, mean, weighted mean, Correlation coefficient, Regression Analysis, Chi-square Test, ANOVA, etc. have been used for analyse the data.

Source of data: An interview-schedule is administered to the target respondents to collect primary data. Open and close ended questions are used in the interview-schedule. The order of the questions is in such a manner that they begin with simple questions and lead on the questions that needed more involvement from respondents. In this study the sources of secondary data are- (1) IRDA Annual Report, (2) Websites, (3) Economic survey of India, (4) National Statistical Organization, (5) Department of Statistics (Govt. of India), (6) Statistical Handbook of Assam, (7) Department of Industry, (8) Published research papers/articles etc.

Chapter Design:

The research work is divided into five chapters. These are as follows:

Chapter I: *Introduction*, basically dealing with the theoretical background of micro insurance, growth and development of micro insurance in India, different micro insurance providers in India, Social security in developing countries as well as in India and LIC's micro insurance policies. Besides the theoretical background of micro insurance, this chapter also highlights the need of the study, objectives of the study and methodology used.

Chapter II: *Review of Literature*, This chapter of the thesis basically deals a review on earlier study on the Micro insurance as a whole and Life micro insurance in thematic order as, (a) Micro Insurance and economic development, (b) Model of Micro Insurance, (c) Micro Insurance and Intermediary, (d) Micro Insurance Regulation. It also highlights the research gap.

Chapter III: *Socio-economic profile of study area*, this chapter is an effort to give a picture reflecting the socio-economic profile of selected Blocks, villages and beneficiaries along with a brief outline of Dibrugarh and Sibsagar district. Socio-economic profile includes population by sex, areas, literacy rate, geographical location, important sectors of economy etc and demographical profile of respondents.

Chapter IV: *Data Analysis and Interpretation*, this chapter deals with the analysis of various collected raw data in qualitative technique; Table, Graph, Diagram etc are used for presentation of data and average, co-relation, ratios, mean, weighted mean etc, used for analysis of collected data and details of findings thereon.

Chapter V: *Summary of the study*, in this chapter major finding, problems, recommendations and summary of the detailed research study is given to conclude the result on the research.

Major Findings:

The study revealed that majority (54%) of the poor people was of 46 and above age group, male (72%) and belongs to Other Backward Class group. Most (35.3%) of the rural poor people were involved in other category (street vendor, part time worker in institution, etc.) occupation group and major portion of low income people belongs to income group 200-300 per day with 36.7%. Further, the study revealed that most of the below poverty line people were aware about micro insurance and 97.7% poor people think micro insurance is need for security in future. Highest percentage of micro insurance policy holder was belongs to income group 100-200 per day, other category in occupation and in Demow Block area. The maximum numbers of micro insurance policy holder were got information about micro insurance from NGO. The

relationship between the variables studied with help of Correlation coefficient, Regression analysis and Chi-Square method and show significant relationship on the followings: i) educational level and micro insurance, ii) occupational pattern and micro insurance, iii) range of earning and micro insurance and iv) range of savings and micro insurance. The study was finally concluded by giving some recommendation by the researcher to develop the penetration of micro insurance as well social security to the poor.

Conclusion

After going through all the issues observed in different chapters of the study, it is found that in spite of various obstacles, micro insurance has the potential of providing social security to the poor people of rural areas. The individual agency has played a vital role for selling micro insurance products in rural areas. Keeping in sight the mindset of workers and managers must have to be restructured in such a way so that they can adjust themselves with the micro insurance market. However, it is becoming increasingly clear that micro-insurance needs a further push and guidance from the regulator as well as the government.