CHAPTER –II

REVIEW OF LITERATURE

2.1 Introduction:

Any scientific investigation must be done on the basis of a comprehensive review of relevant literature. It gives the researcher an excellent overview of the previous work done and helps in keeping up with recent developments in the field and also enables in avoiding unintentional replication of previous studies. Further review provides deep insight into the methods and procedures followed by other researchers in quantifying the used variables in their studies. This helps to interpret the results in a better way, which has direct or indirect link to the present investigation also.

Keeping all these purposes in view, the present chapter is an attempt to review the available literature relating to micro insurance issues using the articles and empirical studies taken from the books and reputed journals like Corporate Governance: The International Journal of Business in Society, International Journal of Marketing and Trade policy, The ICFAI Journal of Risk and Insurance, Insurance Chronicle, etc.

The studied literature is categorized into the following sub-heads:

2.1.1 Micro Insurance and economic development

2.1.2 Model of Micro Insurance

2.1.3 Micro Insurance and Intermediary

2.1.4 Micro Insurance Regulation.

2.1.1 <u>Micro Insurance and economic development:</u>

Webb, I., et al., (2002) in their study on “The effect of banking and insurance on the growth of capital and output” argued that life and property/liability insurers can contribute to economic growth from the following aspects: (1) Life insurance can increase productivity by reducing the demand for liquidity and by shifting from unproductive use to more productive use of resources. (2) Property/liability insurers provide an extra risk-financing choice, which potentially reduces the probability of firm financial distress and firm bankruptcy costs. This influences investment decisions in a particular economy. (3) Insurers may potentially increase expected investment returns by reducing the costs of risk financing, because insurers can: ‘‘(a) Excel in offering risk-pooling services through the identification of standardised risks and simplification of contracts, (b) Provide optimal investments and asset-liability matching, (c) Provide valuable and cost-effective administrative services related to risk management and claims payments, and (d) Offer products that are tax-deductible business expenses in many markets’’.

Jutting, J. and Ahuja, R. (2003), in the study on “Are the Poor too Poor to Demand Health Insurance?”, observed that micro-insurance is considered to play important role of financing tool to protect poor from adverse financial consequence in the event of sicknesses or ill health.

Moller, V. (2004), in the study, Researching Quality of Life in a Developing Country: Lessons from South Africa, found that income and social security (own wages, ability to provide for family, insurance against illness/death and income in old age) have been treated as one of the major indicators of quality of life. This standpoint stresses the significance of insurance to human life. Ironically, insurance services seem not to have been so accepted enthusiastically in developing countries. The abysmal level of insurance culture in developing economies has attracted relative interests among researchers and practitioners alike.

Raman, N. & Gayatri, C. (2004), A Study on “Customers Awareness towards New Insurance Companies” has observed the customers’ awareness towards new insurance companies. They found that 53% of the respondents belong to the age group below 30, 24% to the age group 31-40, 2% belong to the age group of 41-50 and the rest of the respondents belong to the group of ‘above 50’. They also observed that a large percentage of the insured respondents (32%) are professional, and 56% of the respondents are married. It is also found that 52% of the respondents have taken a policy to cover risk and 44% of them to avoid tax and the remaining to invest their surplus amount.

Reiche Edward, (2004), in the study “The Development of Life Insurance Companies In Emerging Asian Markets” has presented analytical information on the development of life insurance industry in India and compared the domestic industry with the happenings in the other countries. The life insurance industry of India is firmly positioned in the emerging market sector, alongside a number of other Asian countries, notably China. Life insurance markets start more slowly than non-life markets due to lower consumer awareness and individual income constraints. The author has pointed out that there will be a trend over time towards unbundling of protection and saving and for less investment guarantees to be offered by life insurers. Clearly, such developments will not simply happen in isolation, but will be dependent on the legal and regulatory environment of the country.

Sharma, R.K. (2005), in the study on ‘Insurance perspective in Eastern-up’ with the objective of probing into the reasons or the factors behind the purchase of the insurance product. It was found that according to 93.86% of respondents insurance policies are considered indispensable for risk protection.

Thomas, Susan, (2005), in the study on “How the financial sector in India was reformed” analyses in detail the Indian financial system and the need for the reforms in the early 1990s and the reforms initiated in financial markets, capital market and banking systems. Reforms in Insurance sector began with the setting up of the regulator, Insurance Development and Regulatory Authority in 1999. The two visible outcomes are an increase in the number of insurance companies and products available to the Indian public. Instead of public sector monopolies, over a dozen insurance companies now compete for customer business in India. In 2004, there was a flow of Rs.60, 000 crore of premium income going into the insurance industry. Of this, as much as Rs.6, 000 crore, or roughly 10%, went back to sales agents. This shows an enormous burden of sales costs, which detract from the usefulness of these products for customers.

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.

Mehlwal Geetanjali (2006), in his study entitled "The Face of the Insurance Industry in India" has stated that the insurance business in India was growing at the rate of 15-20 percent annually. When combined with banking services, it added about 7 percent of the country's GDP. The author has also found that the insurance penetration (premium as percentage of GDP) has increased from 2.32 percent in 2000 to 2.88 percent in 2003. Likewise, insurance density (premium per capita) has increased from Rs. 435.897 in the year 2000 to Rs.722.092 in 2003. Such changes have caused a rise in the country's ranking from 23 in the world-in terms of total premium volumes in the year 2000, to 19 in 2003. The study showed that India's insurance share in the world market has increased from 0.41 percent in the year 2000 to 0.59 percent in the year 2003.

Namasivayam, N., et al., (2006), in the study on "Socioeconomic Factors Influencing the Decision in Taking Life Insurance Policies" examined the socioeconomic factors that are responsible for purchase of life insurance policies and the preference of the policyholders towards various types of policies of LIC. From the analysis, the study concluded that factors such as age, educational level and sex of the policyholders are insignificant, but income level, occupation and family size are significant factors.

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. Therefore, insured households and firms are more credit worthy; these kinds of insurance can also promote investments in productive assets and higher risk yield crops. They emphasize that micro insurance can encourage investment in disaster prevention, if insurers offer lower premiums to reward risk reducing behaviours. Thus, arguably, micro-insurance can be seen as effective risk - transfer mechanism and integral part of overall disaster risk management strategy.

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. The current interest from the different stakeholders, combined with the solid movement provided by the November 2005 directive of IRDA, concrete, complementary catalytic support will enable all the stakeholders to play a more pro-active role. However, according to the insurance companies micro insurance is so far to be a proven business offer, so investment from their side is limited and efforts from few NGO‟ s and MFI‟ s have resulted in the introduction of micro insurance as an add-on to their existing micro credit projects & utilities for the rural poor’s.

Kar Jyotirmoyee, (2007) in her study, “Gender Issues in Post-Disaster Resilience Building through Micro insurance” shows that micro insurance programs extend immediate financial support to the poor household in the immediate after disasters.

Nanda, Ritu, (2007), in the study on “Being an Insurance Agent, The pride and the prejudice”, has recorded the huge potential in the country in life insurance market and states that India is the second fastest growing economy in the world next to China and the fourth largest economy in terms of purchasing power parity. Citing a NCAER report, the author observes that 30% of India’s population has the earning capability between Rs.80000 and Rs.2 lakhs and adds that 50% of this population lives in the rural areas, which provides the huge opportunity for life insurance agents. The author describes the attitudes, approach and skill required to become a successful life insurance agent.

SarthakGaurav, 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.

Banarjee, A. (2008), in the study on "Technology indispensable in marketing micro insurance Accessible, in Asia insurance review" documented that micro insurance policy offers protection against a set of pre-determined risks relating primarily to business, health, agriculture and life. But in the micro insurance sphere, the target market is specific; low insurance communities where people live on less than US $ 2 a day according to a group of which pools together its risk and prepaid contributions rather than to the individual, as in the case with conventional insurance. Contributions or Premium are typically small and paid frequently, suiting the paying capacity of these communities. He further adds that pooling into a risk fund offers on affordable way for low income people to be protected against vulnerability to further economic hardship caused by exposure to such as livestock, crops and tools due to natural calamities such as drought, flooding and earthquake illness and debilitating disease, death and widowhood.

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.

Arora Poonam, (2009) in the study on "Insurance made available to socially backward people," shows the awareness of insurance products available among the low income groups is very low. As well they have the assumption that insurance is a status symbol and it can only be afforded by the rich people. They don't prefer giving a good chunk of their income to the insurance people to hedge themselves against the unknown and uncertain future risk. So, insurance institutions will have to take the initiative not only to remove these misconceptions but in providing more attractive, useful and more affordable options. This can be done only by overcoming the obstacles and increasing the awareness about micro insurance which is a boon for low income people.

Sanu Praveen, et al., (2009), in their article, "A Study of Buying Behavior of Consumers towards Life Insurance Company", Prestige institute of Management and Research, Gwalior, revealed that in present Indian market, the investment habits of Indian consumers are changing very frequently. The individuals have their own perception towards various types of investment plans.

Syed M. Ahsan, (2009), in the study on "Micro insurance, Poverty & Vulnerability: A Concept Paper", reveals that the predominance of danger and vulnerability facing the poor is well recorded. In spite of advances in microcredit, useful coping mechanisms still restricted, and as a result, poverty cycles catch many poor households for an indefinite period. Widespread rural institutions are found to be typically of self insurance nature, and consequently there is a requirement for dealing with idiosyncratic risks within a region as well as risks at the level of regions.

Syed Abdul Hamid, et al., (2010), in the study on "Can micro health insurance reduce poverty: Evidence from Bangladesh" 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.

Forbes David J., (2012), in the study on "Healthcare provision in rural India: does micro health insurance help or hinder?" revealed that poor people hesitate in paying for some future events that might not happen; especially when they face problems in meeting their day to day needs. The concept of insurance is alien to them as they do not see any point in paying for something which may or may not give any financial return.

Kumar Sushil, et al., (2012), in their article "Globalization and Growth of Indian Life Insurance Industry" highlights the post globalization period of the Indian life insurance industry. And concluded that the objectives of globalizing this industry is being fulfilled in terms of safety to rural and urban population, encouraging savings and utilizing the funds in creating long term funds for infrastructure developments.

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. Based on household survey data from Sri Lanka, it presents evidence on the determinants of micro life insurance participation of low-income households. 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.

Apostolakis George, et al., (2015), in the study "Micro insurance performance - A systematic narrative literature review", summerised that Micro-insurance increases chances of economic growth for poor.

2.1.2 Model of Micro Insurance:

Srinivasan, Vasanthi, et al, (2001), was conducted a study on "Selection of agents: A challenge for the Indian insurance industry", to explore the changes in management of agents (distributors of life insurance products) in the liberalized economic scenario. The major focus of the study was to identify the competencies necessary for a successful agent and to provide objective methodology for selecting the effective agents. The Semi-Structured Interview technique was used to assess the competencies of the agents. The findings of the study indicate the professional competencies necessary for successful Insurance agents. The research also highlighted the expertise required in selection of effective agents, managing them and developing their competencies.

Kundu, Sumit, (2002), in his study, "What next in India's insurance Market", assess different aspects of life insurance business like distribution channel, regulatory reforms, product innovation and investments. With the entry of new players in India, new distribution channels like Bancassurance and direct marketing will see increasing contribution to the industry. Rural sector is a perfect case for mass marketing and the new private life insurance companies cannot afford to ignore this market segment. Competition will surely cause the market to grow beyond current rates and offer varied choices to customers through the introduction of products, services and pricing options.

Lakshmikutty, Sreedevi & Baskar, Sridharan, (2003) in their stud, "Insurance Distribution in India – a perspective", analyses the distribution channels in life insurance industry from the perspective of the socio-cultural ethos. Challenges posed in managing different channels, to be faced by life insurance companies have been assessed. In defining a distribution model, its cost effectiveness and its capability to reach a large section of population are some of the critical aspects to be addressed by the life insurance companies to be successful in life insurance business, rather than the technology which is only an enabler.

Patil, K.S. (2003), in the study, "Life Insurance Corporation of India, Its Products and Their Performance Evaluation: A Special Reference to Gulbarga District"' revealed that the insurance coverage of agricultural groups and agricultural labor is very low. The performance of children-related policies such as Jeevan Kishore, Jeevan Balya, etc., is very poor except the children money back policy, which has also not been contributing significantly. The demonstration of product features by the agents is not satisfactory.

Roth, James and Athreya, Vijay,(2005), in the study on "Micro insurance Good and Bad practices", provide a broad overview of how the micro insurance program works and it places particular focus on the micro-agent as a distributor of life insurance products. Due to the low value of micro insurance premiums, low cost distribution is very critical in micro insurance distribution. The benefits and possible shortcomings of micro insurance distribution strategies are discussed in the paper.

While the micro-agent model holds much promise, the scheme is still too new to be definitively declared a success or failure.

Bhattacharya, Anabil (2006), in his article entitled “Look After Your Customer’ has highlighted that the customer satisfaction with a purchase depended upon the product’s performance relative to a buyer’s expectations. If the performance exceeded the expectations, the customer was highly satisfied or delighted.

Radermacher Ralf & Dror Iddo (2006), in their study “Institutional options for delivering health microinsurance”, classified institutional mechanism for delivering micro insurance as (1) partner-agent, (2) charitable insurance, (3) healthcare providers, and (4) mutual.

Bhat, Ramesh, & Jain, Nishant, (2006), in the study on “Factors affecting the demand for health insurance in a micro insurance scheme” examines the factor affecting insurance purchase decision his study at Anand district in Gujarat in his study he found that amount of income and healthcare expenditure are major determinant of health insurance plans and income of person have significant effect on amount of health insurance purchase but there is nonlinear relationship between them in addition number of children in family, age, and perception regarding future health care expenditure were also found to be significant.

Dhanabhakyam, M., &Vijaysanthi, K. R., (2007), has conducted a preliminary research on “Customer Awareness towards LIC Policies in Coimbatore City’, to find the attitude of the respondents’ awareness towards the LIC policies. The study has concluded that all insurance policyholders have same buying patterns. Everybody preferred buying insurance policies because they were useful and reduced the uncertainty and provided risk sharing.

M. Ziaulhaq Mamun, (2007) has done a study on “Contribution of micro insurance augmenting the poverty alleviation role of micro-finance: A case study of Bangladesh” and the study concluded that there are three basic models of micro insurance this is Provider model, Insurer model and Linked model. As per the study, linked model is the best suitable model for the improvement of poor’s conditions in

Bangladesh, but presently they are using Insurer model, which is less productive for poor’s social security.

Ikupolati, M. (2008), in the research presented on ‘’The Practice of Micro Insurance in West Africa – The Journey so far’’ focused that 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. Each of the models has their own advantages and disadvantages. Partner – agent model: A part is formed between the micro insurance schemed between the micro insurance company, micro finance institution, donor, etc) and in some cases third party health care provider. The micro insurance scheme is responsible for the delivery and marketing of the products to the clients, while the agents retains all responsibility for design and developing in this model, micro insurance schemes benefit from limited risks, limited control. Full – services model: The micro insurance scheme is in change of everything; both design and delivery of products to care providers to provide services. This model has advantage of offering micro insurance schemes full control, yet the disadvantage of higher risks. Provider driven model: the health care provider is the micro insurance scheme, and similar to the full services model, is responsible for all the operations, delivery, design and services. There is an advantage once more in the amount of control retained, yet disadvantage in the limitations on products and services.

Maleika, Marc & Anne T. Kuriakose (2008), in their study “Micro insurance: Extending Pro-Poor Risk Management through the Social Fund Platform”, discussed the role of micro insurance in mitigating external shocks on poor household. He also stressed on careful attention and expert technical input is required in designing micro insurance products and programs as they are significantly more complex than and credit programs offered by different organizations. Use of different risk layering using different form of reinsurance to cover the insurer is crucial from a financial sustainability standpoint, and the use of various outreach mechanism to reach poor household is necessary from an equity point of view.

Rama Devi, V. & Ramesh, A (2008), in their article entitled “Life Insurance Industry in India – a paradigm shift” have illustrated that the insurers were increasingly introducing innovative products to meet the specific needs of the prospective policyholders. The paper further stated that the innovations have not only come in the form of benefits attached to the products, but also in delivery mechanisms which have emanated from various marketing tie-ups both within the realm of financial services and outside. All these have taken life insurance closer to the customers as well as making it more relevant.

Tomchinsky, G. (2008), in his research paper on ‘’Introduction to Micro insurance Historical perspective’’ 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 treaties might be useful to explain the mechanisms of insurance. Local community based organizations could organize premium collection, as they have better access to the local people. To make it more acceptable to the people micro insurance products, apart from covering only risks should also provide an opportunity for providing long term savings (endowment).

Ratna Kishore, N., (2013), in his article “Micro Insurance in India – Protecting the Poor” has pointed out that the market for micro-insurance in India is enormous and remains untapped. The potential market size for micro insurance in India is estimated to be between Rs.62,000 and Rs.84,000 million. He has given a micro insurance business model for the existing insurers. He explains micro insurance as social security cover for the poor and brought out the problems and challenges in micro insurance.

2.1.3 Micro Insurance and Intermediary:

Banumathy and Subasini (2006) have examined and evaluated the attitude of LIC policyholders towards life insurance business in Virudhanagar District, to know the overall attitude of respondents and they have conducted that age and educational qualification of the respondents were the influencing factors in taking the LIC policies.

Jawaharlal and Pareek (2006) have looked into the need for rendering an efficient customer service in the life insurance sector. It was found that at the time of claim settlement, agents and brokers did not concentrate on delivering quality customer services. Lack of education and training of intermediaries were the major constraint in providing quality service. It was recommended that the companies should keep strong information technology infrastructure to support both customers and its intermediaries.

Kishor(2006), has published a paper entitled “LIC Golden Jubliee-50 years saga of security”. He has said that LIC was the largest insurer not only in Asia but also in the whole world. In a country with 25,030 crore of middle class families, this represented significant market penetration. He also stated that LIC had created trust and faith, extensive reach and substantial market clout even in the risk adverse traditional Indians. Competitions have taken advantage and worked on it further to reach new heights in exploration and greater insurance consciousness. This article has brought out the fact that one of the primary aims of the LIC was to garner maximum savings of the society and put them into productive investments.

Ahuja, Rajeev, (2006), in his study entitled “Insurance over the Transition”, has showed that the insurance density and insurance penetration, the two summary indicators of insurance have gone up significantly. The insurance density increased from Rs. 371 during the period 1999-2000 to Rs.663 during 2002-2003 and insurance penetration from 1.9 percent to 2.86 percent over the same period. Also, there was a greater competition between insurance and other financial products for household savings. The share of life insurance in gross financial savings of the household sector showed a steady increase from 10.6 percent during 1998-1999 to 13.9 percent during 2001-2002.

Bauer, Michal, et al., (2008), in thei study on “Behavioral Foundations of Microcredit: Experimental and Survey Evidence from Rural India”, explains people’s participation in micro credit through hyperbolic behaviour. It is associated with self-control problem of individuals who are tempted to spend rather than save the money. This behaviour is more pronounced when there is lack of mechanism to do so. In case, it is available they are more likely to save. This is applicable to micro insurance also.

Lena Giesbert, (2008), in the study on “Demand for micro insurance in rural Ghana – Household survey report on the Anidaso policy of the Gemini life insurance company (GLICO)” the results show that the potential demand for insurance in the survey area seems to be very high within 95% of the non-insured households showing a general interest to buy insurance. Most of the potential clients are interested in health, death, or old age insurance. So survey study says that micro insurance providers reach a high number of clients in the survey area but mostly to the richer people. The group of poor segments in society seems to be rather limited by micro insurance.

Rao, Venkata Raman, (2008), in his research article “Life Insurance Awareness in Rural India: Micro Insurance Lessons to Learn and Teach” concluded that a good awareness campaign will start yielding results by the end of first quarter and unless the company’s processing centre was fine tuned to cope with the increased flow, the service quality would diminish, the processing time would increase and even the brand image could get damaged.

Gopinath, k., (2009), in his article entitled “Rural and Social Sector Insurance Operational Management” pointed out that the insurer should conduct a ‘Pilot’ project before capturing the rural markets for analyzing the mindset of the rural people to market their products and it would help them to reach the untapped market in the rural sector.

Gunita Arun Chandhok (2009) has studied on “Insurance- A tool to eradicate and a vehicle to economic development.” 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.

National insurance academy, (2010), has studied on "Impact of micro insurance initiatives for society for eliminating rural poverty." The study finding depicts that awareness about the micro insurance initiatives is satisfactory. The financial assistance has helped them in reducing vulnerability and has increased their creditworthiness. The study suggested that the role played by Radio and television in transferring information is nil. Keeping in view the fact that audio & visual media make more impact on the audience, these two sources can be utilized in future. So, the improvements in awareness, service delivery and will contribute to sustainability.

Mathur, Shweta (2010) in the research article "Micro Insurance - A Powerful Tool to Empower Poor" describes the development of micro insurance in India and the challenges faced by the companies offering micro-insurance products. They opined that policy induced and institutional innovations are promoting insurance among the low-income people who form a sizeable sector of the population and who are mostly without any social security cover. 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 consideration can insure a significant percentage of the poor.

Ramalakshmi.C & Ramalingam, L.P (2014), in the research article on " A study on awareness about Micro insurance with special reference to LIC of India," study is to analyze the awareness of policyholders about micro insurance products in respect to source of information, period of awareness, influencer for micro-insurance policy, payment mode, grace period and its utilization. The sample size of the study comprised of 370 micro insurance policy holders of Madurai district. The data was collected through personal interviews both from urban and rural areas of the district. The study found that there was a vast majority of the respondents are aware about micro-insurance products of LIC and particularly about Jeevan Madhur product.

2.1.4 Micro Insurance Regulation:

Agarwal, Abhisek, (2002), in the study "Distribution of life Insurance products in India", opined that deregulation in India has resulted in increased number of players in the life insurance market. The competition in the industry has brought changes in business, like experimenting with newer distribution channels and adoption of technology in distribution. It is important that insurers need to develop appropriate infrastructure for the distribution of products, especially in the rural areas. Infrastructure should also be built in terms of reach to the customers and use of sophisticated technology like CRM (Customer Relation Management) to fetch good results in future.

Omar, O. E (2005), in the study "The Retailing of Life Insurance in Nigeria: An Assessment of Consumers' Attitudes," assessed consumers' attitudes towards life insurance patronage in Nigeria and found out that there is lack of trust and confidence in the insurance companies. Other major reason for this attitude is lack of knowledge about life insurance product. An instructive opinion suggested by the researcher is the call for a renewed marketing communication strategy that should be based on creating awareness and informing the consumers of the benefits inherent in life insurance so as to reinforce the purchasing decision. The drawback to Omar‘s study is in the area of its inability to capture attitude to non-life insurance products and limited sampling, which include automobile, home contents, goods in transit, marine and aviation, fidelity guarantee and so on. However, Omar‘s study raises fundamental marketing questions for insurance practitioners.

Sinha Tara, et al., (2006), in the study "Barriers to accessing benefits in a community-based insurance scheme: Lessons learnt from SEWA Insurance, Gujarat", identified four stages as barriers to insurance (1) Barriers to hospitalization, (2) Barriers to claims submission, (3) Problems in claims processing, and (4) Problems after decision. Barriers to hospitalization include lack of funds; inconvenience caused in the family; distance from hospital. Barriers to claims submission comprises lack of clarity about documents, noncooperation from doctors, transaction cost, delay in claim submission, fear of rejection, lack of clarity about terms and conditions by employees and weak linkage with employees. At third stage there are problems in claims processing like issuance of incorrect or incomplete documents by the doctor or government official. Even after the claim is sanctioned, some members face difficulties in encashment cheque when they had no bank account.

Cole, Shawn, et al., (2008) in the study on "Barriers to Household Risk Management: Evidence from India," studied low levels of rainfall insurance take up, and then conducted field experiments to understand why adoption is so low. Their experimental results demonstrate that high price of the insurance and credit constraints of the farmers are important determinants of insurance adoption, but they also find evidence that endorsement from a trusted third party about the insurance policy significantly increase the insurance take up. The study does not examine the causal effect of rainfall insurance on agricultural production.

Rao, G V (2008) has studied the "Micro insurance in Rural India, The regulatory challenges". The objectives of the study were to highlight the challenges of micro insurance regulations and prospects of micro insurance in rural India. The study concluded that government should be amendments insurance regulation looked at from the point of view of the development of rural insurance.

Sinha, Ritu (2008), in his study on "Micro Insurance – An Approach to Serve the Poor", revealed that micro insurance is a subset of micro finance, servicing a specific income segment. The market penetration and density of micro insurance can be enhanced further by increasing the awareness. Micro insurance is combination with micro savings and micro credit can definitely help the cause of financial inclusion.

Xavier Giné, et al., (2008), in the study on "Patterns of Rainfall Insurance Participation in Rural India", explain the decision of rainfall insurance take up is dependent on household wealth, income fluctuations and familiarity with insurance vendor. Lack of awareness of insurance is identified as one of the causes of low take-up as well as low renewal rates. In addition relatively large lump sum payments, significant transaction costs, and dependence on relationships with unfamiliar parties act as hindrances. This is also need for financial literacy as majority of the clientele are illiterate.

Goyel, Kamesh (2009) has analyzed the various strategies for the further insurance. He felt that the insurance industry would continue to use technology to lower their transaction cost and increase penetration of insurance; besides making it affordable to the vast sections of the society who are still out of the insurance ambit.

siddiqui, S. (2009), In his paper presents an overviews of the present position of life insurance sector in India and studies various economic indicators related to life insurance companies operating in India viz. market share, insurance penetration, equity share capital, premium earned, profit and loss etc. The paper summarizes that LIC is the only life insurer in India that is fairly settled claims. The paper suggests that improvement in insurance penetration and insurance density is required by creating new products, conducting consumer awareness campaigns and market research, spreading insurance education through universities and colleges, efficient and effective grievance redressal mechanisms, fair trading practices and transparent disclosure norms while addressing the policyholders.

Ito Seiro and Kono Hisaki (2010) observed that there are common problems associated with micro insurance (1) low take-up rates, (2) high claim rates, and (3) low renewal rates. This is explained on the basis of prospect theory, hyperbolic preference, and adverse selection. The prospects theory makes an assumption that people are risk averse while evaluating gains and they become risk loving when it comes to loss.

Selvavinayagam, K. and Mathivanan, R. (2010) article has revealed that the competitive climate in the Indian insurance market has changed dramatically over the last few years. At the same time, changes have been taking place in the government regulations and technology. The expectations of policyholders are also changing. The existing insurance companies have to introduce many new products in the market, which have competitive advantage over the products of life insurance companies.

Ramanathan, K.V. (2011) 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.

Darl, A.A. & Dar, F.A. (2012) in their research study "Initiatives taken by private and public insurance companies for the growth of rural population of India" highlights the role of micro insurance for the upliftment of rural, poor population and also focuses on the initiatives taken by private and public insurance companies in the growth of rural sectors and also helps to understand how micro insurance is helpful in alleviation of poverty. He suggested that IRDA should look into the matter that all the insurers develop their own micro insurance products and fulfil the rural obligations.

Parvathi, G. (2012) in a article," Micro Insurance in India" reveals that the insurance providers, seek government subsidies and donor funding in order to achieve financial viability in performance to designing market-led, sustainable schemes. Government has an important role to play in developing ambitious state funded insurance programs.

Ahmed Ashfaque (2013) in his study "perception of life insurance policies in rural India" reveled 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.

2.2 Research gap:

From the previous literatures, it has been observed that the majority of the studies had focused on the aspects like, health micro insurance, rainfall micro insurance, life micro insurance, buying behavior of micro insurance, awareness level of micro insurance, etc. But very few studies had focused on micro life insurance in

Indian context. Micro life insurance always plays a vital role in providing social security to the poor. With an improper mechanism in delivery channel and regulations, growth of micro life insurance can not be expected.

In addition, it has been observed that previous studies were done separately, in a way that some researcher focused on demand side (potential market) and others focused on the supply side (delivery channels). Along with the same, very few studies together covered the awareness level of micro insurance both the rural and urban areas.

The researcher has observed that very few studies have been carried out in micro insurance in respect of North-Eastern Region. The researcher had not gone through any study selected to micro life insurance in North-Eastern States. The researcher has found a gap in the research in this particular segment with special reference to Assam. The researcher intended to carry out the study in two district of Assam namely Dibrugarh and Sibsagar.

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