

A Study on the Impact of Micro Insurance on Women Empowerment in Kerala

Kannan V Unnithan¹, Neenu Venugopal¹, Dr. M. Somasundaram²

¹Research Scholars, Department of Commerce, Annamalai University, Annamalai Nagar, Tamil Nadu, India.

²Professor of Commerce, Annamalai University, Annamalai Nagar, Tamil Nadu, India.

Abstract: *Micro insurance provides security to the low income group or poor people. It is a kind of a financial service package for poor people that cover their risks by paying a small amount of premium on regular basis. Women empowerment is critical to the process of development of the economy. It plays a crucial role in the alleviation of poverty and in the all round progress of the nation. Among the various measures targeted towards women empowerment, the provision of micro-insurance assumes great importance. Though various measures are been taken by the government in empowering the women, its outcomes are not been measures mostly. Kudumbashree, a community organization of Neighborhood Groups is one such programme in Kerala which strives towards women empowerment. This study tries to evaluate the impact of micro-insurance on the empowerment of rural people under Kudumbashree scheme.*

Keywords: *Micro Insurance, Micro Insurance Products, Women empowerment, Self Help Group (SHGs), Neighbourhood Groups (NHGs).*

Introduction:

The emerging opportunity of micro-insurance is not only to promote business perspective but also for social development and protection to the poor people. Micro-insurance provides opportunities for protection of the poor and their families against perils like weather, illness, death, etc. Most of the poor work in the informal sector and normally work under risky conditions. It is a group insurance that can cover thousands of clients under a master policy. Micro-insurance is a means of protecting low income households against specific risks in exchange for a regular payment of premiums whose amount is proportional to the likelihood and cost of the relevant risk. Micro-insurance is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Generally, micro insurance is for persons ignored by mainstream commercial and social insurance schemes. Since, it is easier to offer insurance to persons in the formal economy with a predictable income than to cover informal economy workers with irregular cash flows, the latter represent the micro insurance frontier. Micro insurance can cover a variety of different risks, including illnesses, accidental injuries, and death and property loss-any risk that is insurable as long as the product is affordable and accessible for low-income households. Micro insurance can be offered as a single risk product or several covers can be bundled together into a composite product, perhaps even under written by different risk carriers. Micro-insurance is a shelter against the hazards of low-income people in exchange of a premium in proportion with the possibility and cost of risk associated.

Objectives of the study:

1. To understand in a better perspective about micro-insurance and its products.
2. To study the role of micro-insurance on women's empowerment in Kerala.
3. To provide some suitable suggestions.

Research Methodology:

The study is based on secondary data. The data were collected from journals, articles, newspaper reports, websites, IRDA annual reports etc.

History of Micro insurance in India

In India, a few micro-insurance schemes were initiated, either by non-governmental organizations (NGO) due to the felt need in the communities in which these organizations were involved or by the trust hospitals. These schemes have now gathered momentum partly due to the development of micro-finance activity, and partly due to the regulation that makes it mandatory for all formal insurance companies to extend their activities to rural and well-identified social sector in the country (IRDA 2000). As a result, Micro-finance institutions (MFIs) and NGOs are negotiating with the for-profit insurers for the purchase of customized group or standardized individual insurance schemes for the low-income people. Although the reach of such schemes is still very limited, their potential is viewed to be considerable. The micro-insurance regulation of 2005 was a pioneering approach by the Insurance Regulatory Development Authority (IRDA).

India is among the few countries to draft and implement specific micro-insurance regulations. In 2002 IRDA developed rural and social sector obligation norms that mandated every insurance company to achieve;

- Percentage of policies to be sold in rural areas.
- Number of lives to be covered in the social sector.
- A consultative group on Micro-insurance was set up in 2003 to look into the issues which highlighted the;
- Non-viability of standalone micro-insurance programme.
- Apathy of insurance companies towards micro-insurance.
- The potential of alternative channels.

In 2004, RRBs were allowed to sell insurance as “corporate agent”, and in 2005, IRDA came up with the micro-insurance regulation which suggested;

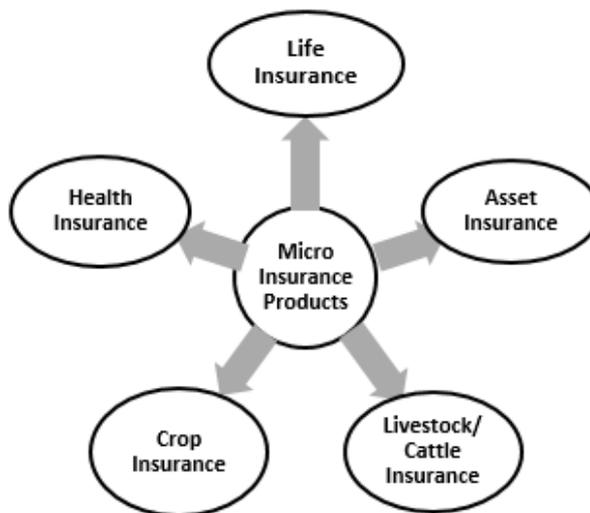
- Stipulation of product boundaries in terms of minimum and maximum sum assured, the term of product, the allowable age group and the maximum commission to agents.
- SHGs, MFIs and NGOs were allowed to become micro-insurance Agents (MIA), a status that has simple agency clearance process and sustainable long term earning potential.
- Fulfillment of both rural and social sector obligation through micro-insurance products.

Micro Insurance Products :

The range of available and potential micro-insurance products can help low-income households manage risks related to their priorities. Micro insurance schemes may cover various risks. The most frequent micro insurance products are:

1. **Life Insurance:** It provides coverage against death (accidental and natural). Beneficiaries receive compensation upon the death of the policy holder, who is typically the primary bread winner.
2. **Health Insurance:** It provides reimbursement towards hospitalization expenses for illness/diseases contracted or injury sustained by the insured person.
3. **Crop Insurance:** It covers the loss of crops due to natural disaster, riots and strike. The cover of crop insurance is restricted to the cost of production up to the point when production is lost.
4. **Livestock/Cattle Insurance:** It is provided for the sum insured or the market value of the animal at the time of death whichever is less.

5. **Asset Insurance:** It provides cover against loss of assets/stock of rural entrepreneurs due to fire, flood, riots, strikes and malicious damage. For poor households, insurance for a hut, irrigation pump, a handloom or a bullock cart could have considerable economic significance.



Self-Help Groups in Kerala:

In India, SHGs are more prominent among the South Indian States like Andhra Pradesh Tamil Nadu, Karnataka and Kerala. Each of these states has its own government programme for the promotion of micro-insurance and it is called by different names, even though the internal operations of these groups are the same. Some of these SHGs coming under each of the state programmes have linked themselves to the banks under NABARD and it is this programme which gave wide popularity to micro-insurance in the country. Kerala occupies a unique place among the States of India, as it achieved success in poverty reduction over the past thirty years. Kerala's accomplishments reveal that the well-being of the people can be improved and social, political and cultural conditions can be transformed even at low levels of income, when there is appropriate public action. This reduction in poverty can be attributed to various factors, centered on public action, state intervention and an educated population.

The SHGs formed by NGOs, banks and government are playing an important role in the development of the State. The SHG movement was initiated in the State of Kerala on the basis of the success of SEWA of Ahmadabad, MYRADA of Mysore, and several other involvements in the Government of Kerala. The programme taken up and implemented in the right sense is very effective in eradicating poverty and enhancing women empowerment. The SHGs in Kerala have made significant remarks in this area. During the late 1980s, under the guidance of NABARD, many voluntary agencies recognized their credit unions as smaller and more effective SHGs. During the late nineties, the Government of Kerala had accepted the NHG model for eradication of poverty from the State

by forming Kudumbashree Mission under the Department of Local Self-Government.

Women Empowerment:

Empowerment is a multi-dimensional social process that helps people gain control over their own lives communities and in their society, by acting on issues that they define as important. Empowerment is a process that could enable women to get enough strength to challenge their submissive social condition. All development strategies and programs related to women development given due stress to women empowerment now. Increasing women's empowerment does not only benefit the women themselves, but it is also believed to improve the overall life standard for their families, and strengthen their communities. In addition, female empowerment is important in order to make use of humankind's full potential. Women constitute half of the population, if the country wants to become a super nation it has to empower the women which is very much essential. Empowerment is the process of an individual to make their own choices and transform it to desired actions and outcomes. Women empowerment is improving the social, economic, political and legal rights to ensure equal right to women. Various schemes and measures are taken by the government in empowering women.

Kudumbashree Mission:

The Kudumbashree Mission is a programme launched by the State Government, with the active support of the Government of India and NABARD. It is adopted for a group approach for wiping out absolute poverty through community-based organizations and framed for empowerment of women. It had a three-tier structure with NHGs at the grassroots level, Area Development Society (ADS) at the ward level, and Community Development Society (CDS) at the Panchayath Level. Even though NHGs are engaged in issues of social significance through the participation of women in Grama Sabhas, they give equal importance to the promotion of thrift and credit, to facilitate the poor to save, and to provide them cost-effective and easy credit. Thus, the thrift and credit enabled the poorest without collateral security to acquire loans from small savings contributed by them, who had been considered for a long time as unbanked. The loans obtained from these groups provide an opportunity for them to initiate small income-generating activities and thereby improve their income and living standards. The NHGs are similar to SHGs in terms of their day-to-day operations. Now, many agencies are coming forward to form SHGs for the uplift of the weaker sections.

Taking up women's cause for their welfare and empowerment across Kerala, 'OLENA', an NGO, has provided self-employment to over 500 women in less than eight months through LIC's 'micro insurance' scheme, thereby becoming the first in the entire South India to do so. Coming into being almost three decades ago, Olena initially started projects to provide succour to rural

women by offering them small-scale jobs like farm works and tailoring.

It is after the Government decided to familiarise the LIC micro insurance scheme three years before through NGOs that we made use of the opportunity. By bringing in over 16,000 policy holders in less than eight months, all of whom belong to BPL, Olena had been certified as the first in the entire South to achieve such a big target among rural women. There were three-day micro insurance training programme of the Life Insurance Corporation of India being conducted under the aegis of the Confederation of NGOs of Rural India (CNRI). Both men and women are participating in the micro insurance training programme that would equip the participants to act as agents of the Jeevan Madhur micro-insurance scheme to be implemented by the LIC among the rural segments. Jeevan Madhur was expected to give insurance cover to those below the poverty line. This scheme would be implemented through the CNRI group members involving Kudumbashree Units and other self-help groups.

Suggestions:

- There is a need for improving the working participation of SHGs along with the Kudumbashree units in the micro-insurance training programmes.
- There is a pressing need for increasing awareness on suitable rural micro insurance product.
- There might be an effective distribution system for micro-insurance services.

Conclusion:

Women empowerment through micro-insurance is an effective tool that empowers them to participate in poverty eradication of their family and give them a chance to create new job opportunities. It is found that the SHG system is going to become a movement in Kerala. The present study has a great importance to both government and Kudumbashree, to evaluate the performance of the SHGs working in Kerala along with various Micro-insurance schemes. SHGs have emerged as an alternative developmental strategy to promote common interests of the weaker and vulnerable section of the society and have contributed to the empowerment of the poor women.

References:

1. Arora and Poonam (2009), "Insurance made available to socially backward people", IBMR Business School, Ahmedabad. Socio - economic Imprint, March-April, p. 3.
2. Lina Joy, A. Prema and S. Krishnan (2008), "Determinants of Group Performance of Women-led Agro-processing Self-help Groups in Kerala",

Agricultural Economics Research Review, Vol. 21
(Conference Number), pp 355-362.

3. NABARD (2012), “Micro insurance”, NABARD Report, p. 98.
4. NABARD (undated), “Micro insurance”, NABARD Report, p.96,
http://www.nabard.org/pdf/report_financial/Chap_X.pdf.
5. S. Venkateshmurthy & G.M. Dinesh, women empowerment through SHG-ananalysis’
6. www.kudumbashree.org
7. www.irda.gov.in
8. Zubair Meenai, (2010), Women’s empowerment and micro credit – emergingspace for social work practice, The Indian Journal of Social Work, volume71, issue 1, pp 27-49.