

# Inevitability of Micro Insurance to Eradicate Health Issues in the Current Economic Scenario in Krishnagiri, Tamilnadu

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## Abstract

India's population has grown to a greater extent with the vast majority of people under poverty line year on year due to continuous effort of Indian Government. In 2009- 10 it was 454 million compare with 43 million in 2019. The middle class population increases to 300 million in 2019, but it was 40 million in 2009-10. The below poverty line people income is Rs.32/day in 2017. Most of this population has not covered by micro or macro insurance. This kind of poverty can be eliminating by micro insurance through its various delivery models which will ensure the faster economic development. This study proposes various implication of health insurance in the economic condition of the rural power.

**Keywords:** *Keywords: Macro Insurance, Micro insurance, Health Issue, MFI.*

## I. INTRODUCTION

Macro-insurance is the insurance which enables the people to take out multiple types of insurance through a single process on a single plan with single provider. It will insist people need not fill different forms for car insurance, home insurance and travel insurance etc., Real time data play a huge role in the development of macro insurance. This kind of insurance is paly vital role in the middle class and upper middle class population.

Micro insurance is an insurance which is developed to protect the low-income people. It is designed widely for the poor people in developing countries. The micro insurance products offer coverage to low-income individuals who have little savings and are tailored specifically for lower valued assets, compensation for injury, illness or death. Various micro insurance policies like health insurance, life insurance, disability micro insurance, agriculture and weather Micro insurance are offered to low income people.

## II. REVIEW OF LITERATURE

Insurance Regulatory and Development Authority of India chairman(2018) specified the

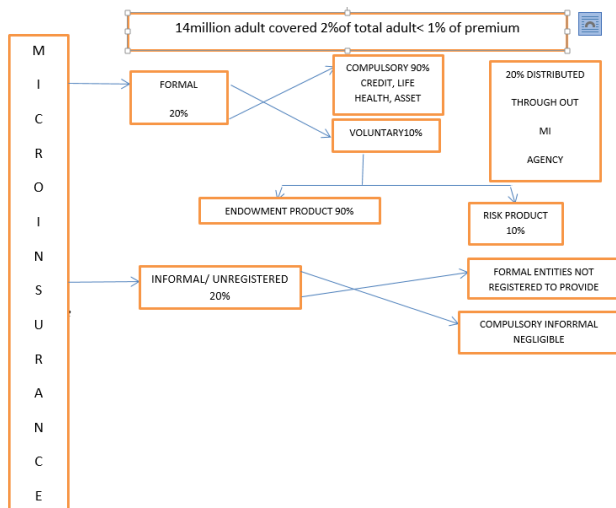
guard cavity in the life insurance industry in India is Rs.480 lakh crore. Since India's mass population and that the focus of most commercial insurers has been on the mass-affluent and higher income group.

Rohan Kumar, CEO & Co-Founder, Toffee Insurancesays this coupled with easy to understand singular focus micro-insurance products will improve overall affinity within this ecosystem.

In India, Micro insurance is implemented by insurers, AVIVA life insurance, Bharathi AXA Life insurance, Birla Sun Life Insurance, Canara HSBC Oriental Bank of Commerce Life Insurance, DHFL Paramerica Life Insurance, Edelweiss Tokkio Life Insurance, HDFC Standard Life Insurance, ICICI Prudential Life Insurance, IDBI Federal Life Insurance, Kotak Mahindra OM Life Insurance, TATA AIA Life Insurance, Life Insurance corporation, NGOs, health institutions and co-operatives. The focus is on life and benefaction cover, accident cover and comprehensive health care. A special scheme captioned "Jeevan Madhur", "Jeevan Saral" and "Jeevan Anand" policies for covering the risks of the rural poor through Micro insurance by LIC of India. It was implemented in states such as TN,

Maharashtra, Kerala, U.P, A.P and Gujarat, Bihar. The individual amount guaranteed was ranging from RS 5000-RS 30,000. The mode of payment of premium is weekly or fortnightly and the policy period was 5 years to 15 years. The value of insurance covered was Rs.110 crores and the number of people covered initially was 80,000.

### III. CONCEPTUAL FRAMEWORK OF MICRO FINANCE



**Chart-1: Flow Diagram of Micro Insurance**

Below poverty Line population's financial security ensured by Micro insurance. Micro insurance will intensification the rate of savings in the Indian economy, which will lead to the higher rate of capital growth. Long term and deposit funds are available for infrastructural development, which will raise the development in any country.

In the companion instrument model, the insurer and Micro finance Institutions (MFI) team up and adventure each other's comparative advantages. Insurers consume MFIs effective delivery systems that provide sales, basic services and customer service to the clients. MFIs aids from being able to provide insurance to their clients with no risk and limited administrative burden.

In the community based insurance model approach, the policy holders are the owners by themselves and the managers of the insurance program. This model is applicable in well-being (health) insurance. The member will design,

develop, service and sell the product and negotiate with external health care providers by themselves. **UMASIDA** and **VIBINDO** mutual health schemes in Tanzania follow this model.

The service provider and the insurer are the similar in the benefactor model. Like the community based model, this model is used mainly in the healthiness services, where hospitals or doctors offer policies to individual or groups. **Ganoshatsasthyakendra** in Bangladesh follows the benefactor model.

The full service insurance model is similar to the model followed by the formal insurer, where the benefactor is solely responsible for all the features of product sales, servicing manufacturing, and claims assessment. The insurers are accountable for all insurance related to cost and losses, but they also retain earnings. **SEWA Bharat** in India is an example of full service provider.

By using above models, the concept of Micro insurance can be promulgated among grassroots and this help in poverty improvement.

### IV. RESEARCH METHODOLOGY

In India less than one-third (29%) of households have at least one usual member covered under health insurance or health scheme, shows National Family Health Survey and 12% under government programs. This implies that health insurance has not gained popularity in India. Hence, a pilot survey was conducted in **Krishnagiri** district in Tamil Nadu.

Primary data was collected over and done with questionnaire. The survey was conducted among these respondents, whose did not exceed RS. 6000 per month. Sample size was 105 respondents.

### V. RESEARCH OBJECTIVES

1. To study the wakefulness level of health insurance among the countryside poor.
2. To find out the influence of this insurance of their financial levels.

## VI. COMPUTATION AND INTERPRETATION

**TABLE-1: Age-Wise Classification of Respondents**

AGE (YEARS)	FREQUENCY	PERCENTAGE
21-30	20	19
31-40	15	14
41-50	40	38
51-60	25	24
ABOVE-60	5	5
TOTAL	105	

**TABLE-2: Gender-wise classification of respondents**

GENDER	FREQUENCY	PERCENTAGE
MALE	78	74
FEMALE	27	26
TOTAL	105	

**TABLE-3: Awareness of health insurance**

AWARENES S	FREQUENC Y	PERCENTAG E
YES	67	63.8
NO	38	36.2
TOTAL	105	

**TABLE-4: Payment of Premium towards health insurance**

Percentage of respondents	Premium in Rs. Per Person
16	70
24	75
38	80
22	85

The survey of the study discloses that 74% of the respondents are males and take most decisions pertaining to financial matters, among the rural poor populations. Only 63.8% of sample population are aware of health insurance. Most of the individuals can afford to pay premium towards health insurance. The premium amount ranging from RS. 70 to RS. 85 per head per annum. This indicates that there is more opportunity for insurance company cover to the rural poor populations. Thus, micro insurance can be

provided to this segment of the society will improve the economics of the country.

## VII. CONCLUSION

The findings indicated that there is a huge untapped market for health insurance in Krishnagiridistrict. With suitable delivery models, this segment can be seized by insurers. With properly administered policy, micro insurance will help in eradicating health issues due poverty and in fostering economic development. The study suggested the following to win over potential of rural populations:

- Conducting more awareness programmes
- Educating and motivating people through local bodies
- Encouraging the poor people to participate in health insurance by doctors, postal Agents, non-Governmental Agents etc.
- Engaging the unemployed youth to propaganda about services and assistance

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