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Microinsurance in Sri Lanka: Combating Multiple and Overlapping Vulnerabilities



Ayodya Galappattige
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100/20, Independence Avenue, Colombo 7, Sri Lanka

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Please address orders to:
Institute of Policy Studies of Sri Lanka
100/20, Independence Avenue, Colombo 7, Sri Lanka
Tel: +94 11 2143100 Fax: +94 11 2665065
E-mail: ips@ips.lk
Website: www.ips.lk
Blog: 'Talking Economics' – http://ipslk.blogspot.com
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List of Acronyms

ADB	Asian Development Bank
ALMAO	All Lanka Mutual Assurance Organization
CBOs	Community Based Organizations
FASs	Funeral Aid Societies
HNB	Hatton National Bank
IBSL	Insurance Board of Sri Lanka
MFIs	Microfinance Institutions
MI	Microinsurance
NGO	Non-Governmental Organization
OPD	Out-Patient Department
SEEDS	Sarvodaya Economic Enterprises Development Services Ltd
WDBF	Women's Development Banking Federation
WDF	Women's Development Federation

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Executive Summary

Research Context

Provision of financial services of credit and savings through microfinance to the poor is not a novel concept, but insurance to the poor is relatively new. There are only a handful of providers carrying out microinsurance in Sri Lanka. Even among the few, most are affiliated to the microfinance institutes. The specialized microinsurance service providers are fewer in number. The existing literature on microinsurance in Sri Lanka is limited to examining the supply side of microinsurance or only limited to case studies. Initiating from that point, the study takes a balanced approach to fill this gap by looking at both the supply and demand sides.

Objectives and Approach

The objective of the study is to evaluate the current provision of microinsurance products in Sri Lanka, offered by grass roots level institutions: Microfinance Institutes (MFIs), Non-Governmental Organizations (NGOs) or Community Based Organizations (CBOs). It aims to examine the differences of the products, delivery methods and also to examine the extent to which they reflect the needs and preferences of the poor households. Comprehending the demand side factors and supply side limitations is helpful in enhancing the understanding of the nature of the service provision in microinsurance.

The study is based on both qualitative and quantitative research methods, which supplement each other. Data was collected using desk reviews, key informant interviews and a household survey of 330 households in 2008, where samples were drawn from households in microinsurance and others in the CBOs as a control group. The data analysis is mainly descriptive.

Though with a limitation of a relatively small sample, the information gathered through the household survey for the study provides a critical insight which has not been captured before in the literature, into examining the behaviour and needs of segments of the microinsurance market in Sri Lanka. Hence, the study establishes the basis for the design and development of demand-driven risk managing financial products.

Key Findings and Policy Implications

Multiple and Overlapping Risks

The households experience multiple risks simultaneously. The most frequent and severe risk faced by the surveyed households is family related shocks, followed by weather and environment related shocks. Most of the households have experienced a serious illness of an income earner of the family as a common and major shock. While weather and environmental shocks have

been most severe for the microinsurance policyholders, family related shocks have been the most severe shock for non-policyholders. In contrast, the households expect that about half of the risks would arise from economic shocks. This is expected to be followed by weather and environment related shocks, and family related shocks. Most preferred to have insurance cover on crop failure and on natural disasters.

Risk Management Strategies

The households use multiple strategies to manage risks. The study results bring out the importance of insurance as a risk management strategy. Borrowing from the informal sources has been the second most common risk management strategy. The households still rely heavily on the informal networks in managing risks. Borrowing from the formal institutes, withdrawing savings, diversifying the income sources or selling/pawning or mortgaging assets are the other strategies. There is a high tendency to hold an insurance policy with a clear understanding of the concept of insurance. Having microinsurance has not been an added advantage as microinsurance policyholders also have used informal sources, withdrawn savings, etc., to the same extent as non-policyholders. Though the priority of the poorest groups has been to use informal sources for risk management, they have also used insurance as an important strategy.

Microinsurance: The Role as a Risk Management Tool

The households tend to go for microinsurance with exposures to risks. The households prefer life microinsurance policies over the others as most of the life insurance policies offered are designed with benefits of health insurance and insurance on other life cycle events, or as the microinsurance providers only offer an all inclusive package centred on life insurance. The next most common is credit insurance due to its compulsory requirement. The households in quintile 2 have bought the highest number and those in the topmost quintile have bought the least number of microinsurance policies. The most common benefit received is the death compensation benefits. The microinsurance policies are bought mainly to secure against future shocks.

The microinsurance premiums are mainly paid monthly or annually. The premiums are very low and the households find it comfortable. The microinsurance providers have the opportunity to improve the services at a relatively higher premium. Most households have not been able to claim insurance as they did not encounter the risks covered by the insurance policies, which shows the lacuna in service provision. Households have claimed insurance mainly on illnesses and deaths. For most of the households, the insurance claim has been able to cover only less than one fifth of the loss.

In addition to having microinsurance, most of the households have obtained services from other insurance providers too, mainly from the private insurance companies on life and vehicle insurance. In addition to having insurance as a security against future shocks, the households

with microinsurance policies consider the other insurance as an investment. Most of the households are paying premiums which are only marginally higher than microinsurance.

Microinsurance Products, Coverage of Risks and Benefits

The products offered by microinsurance institutions are mainly limited to life, health and credit insurance, with coverage of a few risks. They mainly cover deaths, funeral expenses, hospitalization, accidents, while coverage on surgery, medicines, life cycle events, education, property, income loss, agriculture are negligible or none. Life insurance is the most preferred policy as often they are designed as all inclusive packages, with cover on health and other life cycle events related risks. Only one insurance provider in the study has a separate product on health insurance which is also limited to the staff members. A considerable amount of credit insurance policies have resulted due to compulsory requirement of credit insurance in borrowing from MFIs.

Delivery of Microinsurance Services to the Poor

Most microinsurance institutes studied have a 'full-service model', where the insurance provider has full control over the insurance scheme. The microinsurance institutes capitalize on existing strengths of the institutes and reach the clients through CBOs, hence delivering the products at the doorstep of the poor. Generally, the institutes use community members as the collection agents, which make the premium payments available at the doorstep of the policyholders, at a lower cost.

Barriers for Microinsurance Provision and the Role of the State

As an infant industry, the microinsurance providers face plenty of obstacles, which prevent them from having versatility. Versatility would involve high cost, which microinsurance providers often cannot pass on to their clients. Dearth of skilled human capital is a major set-back in the expansion of the sector. Networking of the providers would overcome the problem to a certain extent through collective approaches.

Limitations in reinsurance hinder the expansion/ diversification of the microinsurance products. Only two institutes have reinsurance facilities, while others depend on the limited donor support or/ and premiums collected from the members.

The microinsurance sector requires a strong regulatory framework for its expansion. Lack of it discourages reinsurance. Most of the microinsurance providers are registered under the Societies Act and many of the microinsurance activities serve as service support activities in the field of microfinance, and as welfare activities rather than microinsurance. Lack of a regulatory framework for microinsurance is a reason for the unwillingness of the private sector to engage in microinsurance. Creation of an enabling environment would increase the entry of new types of microinsurance institutes. Further, the poor reputation of commercial insurance

companies has created an unfavourable environment for the insurance market, affecting the microinsurance sector as well.

The government can play a leading role in promoting microinsurance among the poor, creating awareness and popularizing it, supporting an enabling environment through regulation and promoting capacity building in the sector.

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මෙම අධ්‍යයනයේ අභිප්‍රාය වනුයේ ශ්‍රී ලංකාවේ බිම් මට්ටමේ ආයතන මගින් සිදු කරනු ලබන ක්ෂුද්‍ර රක්ෂණ නිපැයුම්වල වර්තමාන සැපයුම පිළිබඳව ඇගයීමක් සිදු කිරීම ය: එනම් ක්ෂද්‍ර මූල්‍ය ආයතන (MFIs), රාජ්‍ය නොවන සංවිධාන (NGOs) හෝ ප්‍රජා මූල සංවිධාන (CBOs) වේ. එමගින් මෙම නිපැයුම්වල වෙනස්කම් සහ බෙදා හැරීමේ ක්‍රම පිරික්සීම සහ එමගින් කොතෙක් දුරට දිළිඳු කුටුම්භ අවශ්‍යතා සහ කැමැත්ත නිරූපණය වන්නේද යන බව පිරික්සීම ද සිදු කරයි.ඉල්ලුම් පාර්ශ්වයේ සාධකයන් සහ සැපයුම් පාර්ශ්වයේ සීමාවන් අධ්‍යයනය ක්ෂද්‍ර රක්ෂණ සේවා සැපයීමේ ස්වභාවය වටහා ගැනීම වැඩි දියුණු කරගැනීමට ආධාර වේ.

මෙම අධ්‍යයනය එකිනෙකට ඌනපූරණයන් සපයන ගුණාත්මක හා ප්‍රමාණාත්මක යන පර්යේෂණ ක්‍රම දෙකම මත පදනම් වේ. දත්ත රැස් කිරීම සඳහා මෙම විෂයට අදාළ මින් පෙර සිදුකර ඇති අධ්‍යයනයන් විවරණය කිරීම, ප්‍රධාන තොරතුරු සපයන්නන් සමග සම්මුඛ සාකච්ඡා සහ 2008 දී කුටුම්භ 330 ක් ආශ්‍රයෙන් කළ කුටුම්භ සමීක්ෂණය භාවිතා කළ අතර එහිදී නියදි ලබාගැනීම සඳහා ක්ෂුද්‍ර රක්ෂණය සහිත කුටුම්භ සහ අනෙක් කුටුම්භ පාලන කණ්ඩායම ලෙස ප්‍රජා මූල සංවිධාන වලින් ලබා ගන්නා ලදී. දත්ත විශ්ලේෂණය ප්‍රධාන වශයෙන්ම විස්තරාත්මක වේ.

සාපේක්ෂව බැලූ කල කුඩා නියදියක සීමාකාරී බව සහිතව වුවද, කුටුම්භ සමීක්ෂණය තුළින් අධ්‍යයනය සඳහා රැස් කර ගන්නා ලද තොරතුරු මින් පෙර සිදුකර ඇති අධ්‍යයනයන්ගෙන් ග්‍රහණය කොට ගෙන නොමැති ඉතා වැදගත් විනිවිද දැක්මක්, ශ්‍රී ලංකාවේ ක්ෂුද්‍ර රක්ෂණ වෙළඳ පොලෙහි හැසිරීම සහ එහි ඛණ්ඩවල අවශ්‍යතා පිරික්සුමට ලක් කිරීමේදී සපයයි. එබැවින් මෙම අධ්‍යයනය ඉල්ලුම මගින් හසුරුවන, අවදානම් කළමනාකරණය කිරීමේ මූල්‍ය උපකරණ වල නිර්මාණය සහ සංවර්ධනය සඳහා පදනම් ඇති කරයි.

ප්‍රධාන සොයා ගැනීම් සහ ප්‍රතිපත්ති පිළිබඳ අනුමිතීන්

බහුවිධ සහ අති පිහිත අවදානම්

කුටුම්භයන් බහුවිධ අවදානම්, සමගාමීව අත්දකියි. සමීක්ෂණයට ලක් කළ කුටුම්භයන් විසින් මුහුණ දුන් වඩාත් බහුල සහ බරපතල අවදානම් වනුයේ පවුල හා සබැඳුනු කම්පන වන අතර, මෙයට පසු, කාලගුණික සහ පරිසරය හා සබැඳුනු කම්පනයන්ය. බොහොමයක් කුටුම්භයන් මුහුණ දී ඇති පොදු සහ ප්‍රධාන කම්පනයක් වන්නේ පවුලේ ආදායම් උපයන්නකු දරුණු ලෙස රෝගාතුර වීමයි. ක්ෂුද්‍ර රක්ෂණාවරණ සහිත පුද්ගලයන් ගත්කල කාලගුණ සහ පාරිසරික කම්පන දැඩි කම්පන ලෙස අත්දැක ඇති අතර අනෙක් පුද්ගලයන් පවුල හා සබැඳුනු කම්පන වඩාත් දැඩි කම්පන ලෙස අත්දැක ඇත. නමුත් අත්දැකීම් වලට පටහැනි ලෙස, ඉදිරියේ දී, අවදානම් වලින් හරි අඩක් පමණ ආර්ථික කම්පන නිසා පැන නගිනු ඇති බවට කුටුම්භයන් බලාපොරොත්තු වේ. කාලගුණය සහ පරිසරය හා සබැඳුනු කම්පන සහ පවුල හා සබැඳුන කම්පන වල ප්‍රවණතාවය, මෙයට පසු බලාපොරොත්තු වේ. බොහෝ දෙනෙක් ස්වාභාවික ආපදා සහ බෝග හානි සඳහා වන රක්ෂණාවරණ ලබා ගැනීමට වැඩි කැමැත්තක් දක්වයි.

අවදානම් කළමනාකරණ උපාය මාර්ග

අවදානම් කළමනාකරණය සඳහා කුටුම්භයන් විසින් බහුවිධ උපාය මාර්ග භාවිතා කරයි. මෙම අධ්‍යයනයේ ප්‍රතිඵල මගින් අවදානම් කළමනාකරණ උපාය මාර්ගයක් වශයෙන් රක්ෂණයේ ඇති වැදගත්කම මතු කර දක්වයි. දෙවන වඩාත් බහුල අවදානම් කළමනාකරණ උපාය මාර්ගය වන්නේ අවිධිමත් මූලාශ්‍ර වලින් ණය ගැනුම් ය.

අවදානම් කළමනාකරණය කිරීමේදී කුටුම්භයන් තවමත් අවිධිමත් ජාලයන් මත දැඩි ලෙස රඳා පවතී. විධිමත් ආයතන වලින් ණය ගැනීම, ඉතුරුම් ආපසු ගැනීම, ආදායම් ප්‍රභවයන් විවිධාංගීකරණය හෝ වත්කම් විකිණීම / ඇපයට තැබීම හෝ උගස් කිරීම අනෙක් උපාය මාර්ගයන් වේ. රක්ෂණ සංකල්පය පිළිබඳව පැහැදිලි අවබෝධයක් ඇතිවිට රක්ෂණාවරණයක් ලබා සිටීමේ ප්‍රවණතාවය වැඩිවි ඇත. ක්ෂුද්‍ර රක්ෂණයක් තිබීම රක්ෂණාවරණ හිමියන්ට වැඩි වාසියක් හිමිකර දී නැති බව පෙනී යන්නේ, ඔවුන්ද රක්ෂණාවරණ නොමැති පුද්ගලයන් හා සමාන වූ තරමටම අවිධිමත් මූලාශ්‍ර භාවිතයට සහ ඉතුරුම් ආපසු ගැනීම් ආදිය යොදා ගෙන ඇති බැවිනි. ඉතා දුගී කණ්ඩායම් අවදානම් කළමනාකරණයෙහි දී ප්‍රමුඛත්වය දී ඇත්තේ අවිධිමත් මූලාශ්‍ර භාවිතයට වුවද, රක්ෂණයද ඔවුන් වැදගත් උපාය මාර්ගයක් ලෙස භාවිතා කර ඇත.

අවදානම් කළමනාකරණ මෙවලමක් වශයෙන් ක්ෂුද්‍ර රක්ෂණයෙහි කාර්යභාරය

අවදානම් සඳහා නිරාවරණය වීමත් සමග කුටුම්භයන් ක්ෂුද්‍ර රක්ෂණය වෙත යොමුවේ. කුටුම්භයන් අනෙකුත් ආවරණ වලට වඩා ජීවිත ක්ෂුද්‍ර රක්ෂණාවරණ වලට වැඩි කැමැත්තක් දක්වන්නේ, පිරිනමනු ලබන බොහෝ ජීවිත රක්ෂණාවරණ, සෞඛ්‍ය රක්ෂණ ප්‍රතිලාභ සමග සහ ජීවන ගමනේ අනෙකුත්

වැදගත් අවස්ථාවන්ට රක්ෂණාවරණය සමග නිර්මාණය කර තිබීම නිසා හෝ, රක්ෂණාවරණ සපයන්නන් පිරිනමනු ලබන්නේ ජීවිත රක්ෂණය කේන්ද්‍ර කොටගත් සර්වග්‍රාහී පැකේජයක් පමණක් වීම නිසා වේ. මින් පසුව වඩාත් බහුල වන්නේ ණය රක්ෂණය වන අතර එයට හේතුව එය ආයතන මගින් අනිවාර්යය කර තිබීමය. දෙවන පංචමතමයෙහි කුටුම්භයන් ඉහළම ක්ෂුද්‍ර රක්ෂණාවරණ සංඛ්‍යාවක් ලබාගෙන ඇති අතර, ඉහළම පිහිටි පංචමතයෙහි කුටුම්භයන් අඩුම ක්ෂුද්‍ර රක්ෂණාවරණ සංඛ්‍යාවක් ලබාගෙන ඇත. බහුලම ලෙස ලැබී ඇති ප්‍රතිලාභය වන්නේ මරණයකදී ලැබෙන වන්දි ප්‍රතිලාභය වේ. ප්‍රධාන වශයෙන්ම ක්ෂුද්‍ර රක්ෂණාවරණ ලබාගෙන ඇත්තේ, අනාගතයේ දී මුහුණදීමට සිදුවන කම්පන වලට එරෙහිව සුරක්ෂිතවීම සඳහාය.

ක්ෂුද්‍ර රක්ෂණ වාරික ප්‍රධාන වශයෙන් මාසිකව හෝ වාර්ෂිකව ගෙවනු ලැබේ. වාරිකයේ වටිනාකම ඉතා අඩු වන අතර, කුටුම්භයන්ට එය පහසුදායක ලෙස සලකයි. ක්ෂුද්‍ර රක්ෂණාවරණ සපයන්නන්හට, සාපේක්ෂව වැඩි වටිනාකමක් ඇති වාරික මගින් ඔවුන්ගේ සේවා වැඩි දියුණු කිරීමේ අවස්ථාවක් ඇත. බොහෝ කුටුම්භයන්හට රක්ෂණ හිමිකම් සඳහා ඉල්ලුම් කිරීමට නොහැකිවී ඇත්තේ, රක්ෂණාවරණ මගින් ආවරණය කර ඇති අවදානම් වලට මුහුණ නොදී ඇති බැවින් වන අතර, මෙය සේවා සැපයුමෙහි ඌනතාවයක් පෙන්වයි. කුටුම්භයන් ප්‍රධාන වශයෙන්ම රක්ෂණ හිමිකම් සඳහා ඉල්ලීම් කර ඇත්තේ, ලෙඩ රෝග සහ මරණ සඳහාය. බොහෝ කුටුම්භ වලට රක්ෂණ හිමිකම මගින් ආවරණය කර ගත හැකි වී ඇත්තේ හානියෙන් පහෙන් එකකටත් වඩා අඩු කොටසක් පමණි.

ක්ෂුද්‍ර රක්ෂණය ලබාගැනීමට අමතරව, බොහොමයක් කුටුම්භයන් වෙනත් රක්ෂණ සැපයුම්කරුවන්ගේ සේවයද එනම් ප්‍රධාන වශයෙන්ම ජීවිත සහ වාහන රක්ෂණයේ දී පුද්ගලික රක්ෂණ සමාගම්වල සේවය ලබාගෙන ඇත. අනාගත කම්පන වලට එරෙහි සුරක්ෂිතතාවයක් වශයෙන් රක්ෂණය කිරීමට අමතරව, ක්ෂුද්‍ර රක්ෂණාවරණ සහිත කුටුම්භයන් වෙනත් රක්ෂණයන් ආයෝජනයක් ලෙසද සලකනු ලබයි. බොහොමයක් කුටුම්භයන් විසින් ගෙවනු ලබන්නේ ක්ෂුද්‍ර රක්ෂණයට වඩා ඉතා සුළු ප්‍රමාණයකින් පමණක් වටිනාකම වැඩි වූ වාරිකයන්ය.

ක්ෂුද්‍ර රක්ෂණ නිපැයුම්, අවදානම් ආවරණය සහ ප්‍රතිලාභ

ක්ෂුද්‍ර රක්ෂණ ආයතන මගින් පිරිනමනු ලබන නිපැයුම්, ප්‍රධාන වශයෙන් අවදානම් සුළු සංඛ්‍යාවක් පමණක් සඳහා ආවරණ සපයන ජීවිත, සෞඛ්‍ය සහ ණය යන රක්ෂණයන්ට සීමා වූ නිපැයුම් වේ. මෙම නිපැයුම් මගින් ප්‍රධාන වශයෙන් ජීවිත හානි, අවමංගල්‍ය වියදම්, රෝහල්ගත වීම, හදිසි අනතුරු ආවරණය කරනු ලබන අතර සැත්කම්, ඖෂධ, ජීවන මගෙහි විශේෂ අවස්ථා, අධ්‍යාපනය, දේපළ, ආදායම් හානි, කෘෂි යනාදිය සඳහා ආවරණ ඉතා සුළු ලෙස ඇතුලත්ව ඇති හෝ කිසිසේත් ඇතුලත් කර නොමැත. වඩාත් කැමැත්තක් දක්වනු ලබන ආවරණය, ජීවිත රක්ෂණය වන අතර, එයට හේතුවන්නේ එය බොහෝ විට සර්වග්‍රාහී පැකේජයක් ලෙස, එනම් සෞඛ්‍ය සහ ජීවන ගමනේ අනෙකුත් විශේෂ අවස්ථා හා සබැඳුනු අවදානම් ආවරණය වන පරිදි නිර්මාණය කර තිබීමය. මෙම අධ්‍යයනයේදී සෞඛ්‍ය රක්ෂණය වෙනුවෙන්

වෙනම නිපැයුමක් සහිත වූ රක්ෂණ සැපයුම්කරුවන් සිටියේ එක් අයෙක් පමණක් වන අතර එයද කාර්ය මණ්ඩල සාමාජිකයන්ට පමණක් සීමා වූවකි. ණය රක්ෂණාවරණ සැලකිය යුතු ප්‍රමාණයක් ඇතිවී තිබෙන්නේ, ක්ෂුද්‍ර මූල්‍ය ආයතනවලින් ණය ලබාගැනීමේදී, ණය රක්ෂණය අනිවාර්යය කර ඇති බැවිනි.

දුගී ජනතාවට ක්ෂුද්‍ර රක්ෂණ සේවා ලබාදීම.

අධ්‍යයනයට ලක් වූ ක්ෂුද්‍ර රක්ෂණ ආයතන බොහොමයක් 'සම්පූර්ණ සේවා ආදර්ශ' එනම් රක්ෂණ යෝජනා ක්‍රමය පිළිබඳ සම්පූර්ණ පාලනය රක්ෂණ සැපයුම්කරු සතු වන ඒවා වේ. ක්ෂුද්‍ර රක්ෂණ ආයතන විසින් ආතනයේ පවතින ප්‍රබලතාවයන් යොදාගැනීම නිසා ප්‍රජා මූල සංවිධාන හරහා සේවාදායකයන් වෙත ළඟා වී, දුප්පතුන්ගේ දොරකඩට නිපැයුම් ගෙන යයි. සාමාන්‍යයෙන් මෙම ආයතන විසින් ප්‍රජා සාමාජිකයන් මුදල් එක්රැස් කිරීමේ නියෝජිතයන් ලෙස යොදාගැනීම නිසා, රක්ෂණාවරණ හිමියන් හට අඩු පිරිවැයකට දොරකඩදීම වාරික ගෙවීමට හැකියාව ලබාදී ඇත.

ක්ෂුද්‍ර රක්ෂණ සැපයුම සඳහා වන බාධක සහ රජයේ කාර්ය භාරය

ළදරු අවධියේ පවත්නා කර්මාන්තයක් වශයෙන් ක්ෂුද්‍ර රක්ෂණ සැපයුම්කරුවන්, ඔවුන්ව බහු නිපුණත්වයට පත්වීමෙන් වළක්වනු ලබන බාධක විශාල ප්‍රමාණයකට මුහුණ දෙයි. බහු නිපුණත්වය සමග ඉහළ පිරිවැයක් සම්බන්ධවන අතර, ක්ෂුද්‍ර රක්ෂණ සැපයුම්කරුවන්ට එය බොහෝවිට තමන්ගේ සේවාදායකයන් වෙත යොමු කළ නොහැක. පුහුණු මානව ප්‍රාග්ධන හිඟය ක්ෂේත්‍රයේ ව්‍යාප්තියට ප්‍රධාන බාධකයක් වේ. සැපයුම්කරුවන්ගේ ජාලගත වීම මගින්, සාමූහික ප්‍රවේශයක් ඔස්සේ, එම ගැටළුව යම්තාක් දුරකට සමනය කරගත හැක.

ප්‍රතිරක්ෂණයේ සීමාවන් හේතුවෙන් ක්ෂුද්‍ර රක්ෂණ නිපැයුම්වල ව්‍යාප්තිය / විවිධාංගීකරණය වළක්වයි. ආයතන දෙකකට පමණක් ප්‍රතිරක්ෂණ පහසුකම් ඇති අතර අනේකවා සීමිත දායක ආධාර හෝ / සහ සාමාජිකයන්ගෙන් එකතු කරගත් වාරික මත යැපෙන ඒවා විය.

ක්ෂුද්‍ර රක්ෂණ අංශයට එහි ව්‍යාප්තිය සඳහා ප්‍රබල නෛතික රාමුවක් අවශ්‍ය වේ. එහි අඩුව මගින් ප්‍රතිරක්ෂණය පසුබට කරනු ලබයි. බොහොමයක් ක්ෂුද්‍ර රක්ෂණ සැපයුම්කරුවන් සමිති පනත යටතේ ලියාපදිංචි වී ඇති අතර බොහොමයක් ක්ෂුද්‍ර රක්ෂණ ක්‍රියාකාරකම් ක්ෂුද්‍ර රක්ෂණයට වඩා ක්ෂුද්‍ර මූල්‍ය ක්ෂේත්‍රයේ සේවා සහායක ක්‍රියාකාරකම් ලෙස සහ සුභසාධක ක්‍රියාකාරකම් ලෙස කටයුතු කරයි. නෛතික රාමුවේ අඩුව නිසා, පුද්ගලික අංශය ක්ෂුද්‍ර රක්ෂණයෙහි යෙදීමට නොකැමැත්තක් දක්වයි. හිතකර ආකාරයේ පරිසරයක් නිර්මාණය කිරීම, නව ආකාරයන්හි ක්ෂුද්‍ර රක්ෂණ ආයතන ක්ෂේත්‍රයට පිවිසීම ඉහළ නංවයි. තවද, වාණිජ රක්ෂණ සමාගම්වල දුබල කීර්තිය රක්ෂණ වෙළඳපොල සඳහා අවාසිදායක පරිසරයක් නිර්මාණය කර ඇති අතර, එය ක්ෂුද්‍ර රක්ෂණ අංශය කෙරෙහි ද බලපායි.

අඩු ආදායම් ලාභීන් අතර අතර ක්ෂද්‍ර රක්ෂණය ප්‍රවර්ධනය, ඒ සඳහා දැනුවත් භාවය නිර්මාණය කිරීම සහ ජනප්‍රිය කිරීම, නියාමනය තුළින් හිතකර පරිසරයක් සඳහා සහාය දැක්වීම සහ ක්ෂේත්‍රයේ ශක්‍යතාව ගොඩනැංවීම සඳහා රජයට ප්‍රමුඛ භූමිකාවක් රඟ දැක්විය හැක.

நிறைவேற்றுச் சுருக்கம்

ஆய்வுப் பின்னணி

ஏழை மக்கள் தொடர்பாக நுண்பாகப் பொருளாதாரம் ஊடாக கடன் மற்றும் சேமிப்பு தொடர்பான நிதிச் சேவைகளை ஏற்பாடு செய்தல் புதிய எண்ணக்கரு ஒன்றாக இருப்பதுடன், மாறாக ஒப்பீட்டு ரீதியில் ஏழை மக்களுக்கான காப்புறுதி புதிய விடயமொன்றாகும். நுண்பாகப் பொருளாதாரச் செயற்பாடுகளை ஒரு குறிப்பிட்டோர் மாத்திரமே இலங்கையில் செயற்படுத்துகின்றனர். அக் குறிப்பிட்டோரில் சிலரிலும், அனேகமானோர் நுண்பாகப் பொருளாதார நிறுவனங்களுடன் ஒருங்கிணைந்துள்ளனர். விசேடத்துவம் பெற்ற நுண்பாகக் காப்புறுதிச் சேவைகளை வழங்குகின்றவர்கள் மிகவும் குறைவாகும். இலங்கையில் நுண்பாகக் காப்புறுதி தொடர்பில் உள்ள நிலைமையானது யாதெனில் நுண்பாகக் காப்புறுதித் துறையினை பரீட்ச்சித்தல் வரை வரையறுக்கப்பட்டுள்ளது அல்லது விடய ஆய்வு மட்டம் வரையில் மாத்திரம் வரையறுக்கப்பட்டுள்ளது. இந்த நிலைமையிலிருந்து முன்னெடுக்கின்ற போது, நுண்பாகக் காப்புறுதி தொடர்பான கேள்வி மற்றும் விநியோகம் ஆகிய இரண்டு விடயங்களை அவதானித்து இந்த இடைவெளியினை நிரப்புவதற்கு ஒரு சமநிலையான அணுகு முறையொன்றினை இந்த ஆய்வு கடைப்பிடிக்கின்றது.

குறிக்கோள்களும் அணுகு முறைகளும்

நுண்பாக நிதி நிறுவனங்கள் (MFIs- நு.நி.நி.), அரச சார்பற்ற நிறுவனங்கள் (NGOs – அ.சா.நி.) அல்லது சனசமுகத்தை அடிப்படையாகக்கொண்ட நிறுவனங்கள் (CBOs – ச.அ.நி.) போன்ற அடிப்படை நிலைமையியில் உள்ள நிறுவனங்களால் இலங்கையில் வழங்கப்பட்ட நுண்பாகக் காப்புறுதி சேவைகளின் தற்பொழுதைய நிதி ஏற்பாடுகளை மதிப்பாய்வு செய்வதே இந்த ஆய்வின் குறிக்கோளாக உள்ளது. இந்த ஆய்வின் ஊடாக சேவைகளின் பலதரப்பட்ட வித்தியாசங்கள், விநியோக முறைமைகளை பரீட்சிப்பதற்கும் மற்றும் வறிய குடும்பத் துறையின் தேவைகள் மற்றும் முன்னுரிமை விடயங்களை வெளிப்படுதுவதனை விஸ்தரப்புச் செய்யப்படுவததை பரீட்சிப்பதற்கும் இதன் ஊடாக குறிக்கோள் கொள்ளப்பட்டுள்ளது. கேள்வி தொடர்பான விடயங்கள் மற்றும் விநியோக விடய வரையறைகளினை ஒருங்கிணைப்பதன் ஊடாக நுண்பாகக் காப்புறுதி ஏற்பாட்டுச் சேவையின் இயற்கை நிலைமையினை புரிந்து கொள்ளும் தன்மையினை மேம்படுத்துவதில் உதவி புரிந்துள்ளது.

ஒன்றுடன் ஒன்று துணை புரிகின்ற தொகை ரீதியான மற்றும் பண்பு ரீதியான தகவல்கள் தொடர்பாக இந்த ஆய்வு கவனம் செலுத்தியுள்ளது. டெஸ்க் மீளாய்வுகள், பிரதான தகவல் நேர்காணல்கள் மற்றும் 2008 ஆம் ஆண்டில் 330 வீட்டுத் துறையினர்களை உள்ளடக்கிய வீட்டுத் துறை ஆய்வின் ஊடாக தரவுகள் சேகரிக்கப்பட்டன. இங்கு நுண்பாகக் காப்புறுதியில் வீட்டுத் துறையினரிலிருந்து மாதிரி எடுப்புக்கள் மேற்கொள்ளப்பட்டுள்ளதுடன் கட்டுப்பாட்டுக் குழு என்ற வகையில் சி.பி.ஓ க்களிலிருந்து தரவுகள் சேகரிக்கப்பட்டன. தரவுப் பகுப்பாய்வானது பிரதானமாக வெளிப்படையானதும் தெளிவானதுமாகும்.

ஒப்பீட்டு ரீதியாக வரையறைக்கு உட்பட்ட மிகச் சிறிய மாதிரியைக் கொண்டிருப்பதுடன், இந்த ஆய்வு தொடர்பாக வீட்டுத்துறையினர்களை உள்ளடக்கிய ஆய்வின் ஊடாக சேகரிக்கப்பட்ட தகவல்கள் மிக முக்கியமான தகவல்களை வெளிப்படுத்துவதுடன் அதன் ஊடாக இலங்கையின் நுண்பாக காப்புறுதியின் துறை ரீதியான தேவைகள் மற்றும் நடத்தைகளின் பரீட்சிப்பு மற்றும் விபரங்களை இதற்கு முன்னர் பெற்றிருக்காத விடயங்கள் தொடர்பாகவும் கவனத்தை ஈர்த்துள்ளது. இருந்த போதும், கேள்வியை அடிப்படையாகக் கொண்ட இடர் நிறைந்த நிதிச் சேவைகளின் அபிவிருத்தி மற்றும் வடிவமைப்பு அடிப்படைகளை இந்த ஆய்வு தாபித்துள்ளது.

அடையாளம் காணப்பட்ட பிரதான விடயங்கள் மற்றும் கொள்கை அமுல்படுத்தல்கள்

பல்லின மற்றும் தொடர்புடைய ஆபத்துக்கள்

ஒரே நேரத்தில் பல்வேறுபட்ட இன்னல்களை வீட்டுத் துறையினர் அனுபவிக்கின்றனர். ஆய்வுக் உட்படுத்தப்பட்ட வீட்டுத் துறையினர் மிக அதிகமாகவும் அடிக்கடியும் முகங் கொடுக்கின்ற பாரிய ஆபத்துக்களாவன குடும்பத்துடன் தொடர்புடைய திடீர் தாக்கங்கள், இவை காலநிலை மற்றும் சூழல் தொடர்புடைய தாக்கங்களாகவும் உள்ளன. குடும்பம் ஒன்றில் வருமானம் உழைக்கின்ற நபரின் தீவிரமான சுகயீனமானது அனேகமான வீட்டுத்துரையினர்களின் பொதுவானதும் பாரிய தாக்கமாகவும் காணப்படுகின்றது. அதே வேளை நுண்பாக காப்புறுதி பூட்கை உரிமையாளர்களின் பிரதானமானதும் பொதுவானதுமான தாக்கங்களாக காலநிலை மற்றும் சூழல் தாக்கங்கள் காணப்படுகின்றன அத்தோடு, காப்புறுதிப் பூட்கையினைக் கொண்டிராதவர்களின் பொதுவானதும் தீவிரமான பாதிப்புக்களாகவும் குடும்பம் தொடர்பான பாதிப்புக்கள் காணப்படுகின்றன. ஒப்பீட்டு ரீதியாக, வீட்டுத் துறையினர்கள் எதிர் நோக்குகின்ற பாதிப்புகளில் அரைவாசியானது பொருளாதார

பாதிப்புக்களிலிருந்தே எழுகின்றன என்று எதிர்பாரக்கப்படுகின்றது. காலநிலை மற்றும் சூழல் தொடர்பான பாதிப்புக்கள் மற்றும் குடும்பம் தொடர்பான பாதிப்புக்களிலிருந்து இந் நிலைமை எதிர்பார்க்கப்படுகின்றது. இயற்கை அனர்த்தங்கள் மற்றும் தானிய அழிவுகள் தொடர்பாக அனேகமானவர்கள் காப்புறுதிப் பூட்கைகளை எடுத்துள்ளனர்.

இடர் முகாமைத்துவ உபாயங்கள்

ஆபத்துக்களை முகாமை செய்வதற்காக பல்வேறுபட்ட உபாயங்களை வீட்டுத் துறையினர் பயன்படுத்துகின்றனர். இடர் முகாமை உபாயம் என்ற வகையில் காப்புறுதியின் முக்கியத்துவத்தினை இந்த ஆய்வுப் பெறுபேறுகள் வெளிப்படுத்தி உள்ளது. இரண்டாவது மிகவும் பரந்த அளவில் இடர் முகாமை உபாயமாக இருப்பது ஒழுங்கு முறையற்ற நிதி மூலங்களிலிருந்து கடன் பெறுதலாகும்.

இடர் முகாமைத்துவ செயற்பாடுகளை மேற்கொள்ளும் போது குடும்பங்கள் தற்பொழுதும் முறையற்ற இணைப்பின் பால் வெகுவாகத் தங்கியுள்ளது. ஒழுங்கு முறையான நிறுவனங்களிலிருந்து கடன் பெறல், வைப்புக்களை மீளப் பெறல், இடர் தொடர்பான வாய்ப்புக்களின் பல்வகைத் தன்மை மற்றும் சொத்துக்களை விற்பனை செய்தல்/ பிணையாக வைத்தல் அல்லது அடகு வைத்தல் போன்றன ஏனைய உபாய வழிகளாகும். காப்புறுதி எண்ணக்கரு பற்றி தெளிவான புரிந்துணர்வுடன் அதன் பால் நிலைத்து நிற்பதற்கு உயர் போக்கொன்று காணப்படுகின்றது. நுண் காப்புறுதி உரிமையாளர்கள் மற்றும் ஏனைய நபர்களுடன் ஒருங்கிணைந்து செல்லும் போது முறையற்ற நிதி மூலங்களின் பயன்பாடு மற்றும் சேமிப்புக்களை மீள எடுத்தல்கள் போன்ற விடயங்கள் தொடர்பாக முற்படுவதுடன் நுண் காப்புறுதியானது அவர்களுக்கு அதிக நன்மை பயக்கின்ற நிலைமையாக இருக்கும் எனக் கருத முடியாது. மிகவும் வறிய குடும்பங்கள் இடர் முகாமைத்துவத்தில் முன்னுரிமை வழங்கப்படுவது முறையற்ற நிதிப் பயன்பாடு தொடர்பாகவும் அவர்கள் அதனை முக்கியமான உபாய வழியாக காப்புறுதியை பயன்படுத்துகின்றனர்.

இடர் முகாமைத்துவ கருவியொன்றாக நுண் காப்புறுதியின் பணிகள்.

இடர் ஆபத்துக்களிலிருந்து விடுபடும் பொருட்டு குடும்பங்கள் நுண் காப்புறுதி தொடர்பாக ஈடுபட முற்படுகின்றனர். குடும்பத்துறையினர் ஏனைய காப்புறுதி பூட்கைகளைவிட ஆயுள் காப்புறுதி தொடர்பாக கூடிய விருப்பத்தை தெரிவிக்கின்றதோடு அதற்கு காரணமாகயிருப்பது

வழங்கப்படுகின்ற அனேகமான ஆயுட் காப்புறுதியாளர்கள் மருத்துவக் காப்புறுதி நன்மைகளுடன் கட்டியெழுப்பியிருக்கின்றமை மற்றும் ஏனைய வாழ்வாதாரப் பயணத்தில் ஏனைய முக்கிய சந்தர்பங்கள் தொடர்பாக காப்புறுதிப் பூட்கைகளை வழங்குவதாக இருப்பதுடன் மற்றும் நுண் காப்புறுதி வழங்குனர்களுக்கு வழங்கப்படுகின்ற ஆயுட் காப்புறுதியை மையமாகக் கொண்ட முழுமையான காப்புறுதிப் பொதியொன்று மாத்திரமேயாகும். மேலும், மிகவும் பரந்த காப்புறுதியாக இருப்பதுடன் அதற்கான காரணம் அது மிக முக்கியமான தேவையாகவும் காணப்படுகின்றமையாகும். இரண்டாவது எண்ணக்கருத்தில் வீட்டுத் துறையானது உயர் நுண் காப்புறுதிகளை பெறுவதுடன் உயர் தரத்தில் உள்ள எண்ணக்கருவில் வீட்டுத் துறையினர் குறைவான நுண் காப்புறுதி அளவினைப் பெறுகின்றனர். கிடைக்கின்ற மற்றும் மிகவும் பரவலான பயனாகயிருப்பதும் மறணத்தின் போது கிடைக்கின்ற நட்டயீடு ஆகும். நுண் காப்புறுதிகளிலிருந்து பிரதானமாக நிகழ்வது யாதெனில் எதிர்கால இடர்களுக்கு எதிராக பாதுகாப்புப் வழங்குதலாகும்.

நுண் காப்புறுதி தவணைப் பணங்கள் பிரதானமாக மாதாந்தம் அல்லது வருடாந்தம் செலுத்தப்படும். தவணைப் பணங்கள் மிகக் குறைவாக இருப்பதுடன் வீட்டுத் துறையினர்களுக்கு அது மிக வசதியானது. நுண் காப்புறுதி வழங்குனர்களுடன் ஒப்பீடு செய்யும் போது கூடிய தவணைகளினால் அவர்களுடைய சேவைகளை மேம்படுத்துவதற்கான சந்தர்ப்பமும் கிடைக்கின்றது. காப்புறுதிப் பூட்கைகளின் ஊடாக உள்ளடக்கப்பட்டுள்ள ஆபத்துக்களுக்கு அனேகமான வீட்டுத் துறையினர்கள் முகங்கொடுக்காததுடன் அவர்கள் காப்புறுதி உரிமைகளை கோருவதற்கு இயலாது உள்ளதுடன் இதன் ஊடாக சேவை வழங்குவதில் குறைபாடுகள் காணப்படுகின்றது. வீட்டுத் துறையினர் பிரதானமாக காப்புறுதி கோரிக்கைகளை வேண்டியிருப்பது நோய்கள் மற்றும் மறணத்தின் போதாகும். அனேகமான வீட்டுத் துறையினர்களுக்கு காப்புறுதிப் பூட்கைகளினால் உள்ளடக்கபடக் கூடிய ஆபத்துக்களில் ஐந்தில் ஒன்றினையும் விட குறைவான பகுதி மாத்திரமாகும். நுண் காப்புறுதியைப் பெற்றுக் கொள்வதற்குப் புறம்பாக, அனேகமான வீட்டுத் துறையினர் வேறு காப்புறுதி வழங்குனர்களின் சேவைகளையும் அதாவது ஆயுட் காப்புறுதி, வாகன காப்புறுதி மற்றுமல்லாது தனியார் காப்புறுதிக் கம்பனிகளின் சேவைகளையும் பெற்றுக் கொள்கின்றனர். எதிர்கால அனர்த்தங்களுக்கு எதிரான பாதுகாப்பொன்றாக காப்புறுதி செய்வதற்கு மேலதிகமாக, நுண் காப்புறுதியுடன் கூடிய வீட்டுத் துறையினரில் வேறு காப்புறுதிகள் முதலீடாக கருதப்படும். அனேகமானவை வீட்டுத் துறையினர் செலுத்துவது நுண் காப்புறுதியிலும் பார்க்க மிகக் குறைவான அளவில் மாத்திரம் அதிகரித்துள்ள தவணைகளாகும்.

நுண் காப்புறுதி சேவைகள், ஆபத்துக்களுக்கான காப்பீடுகள் மற்றும் பயன்கள்.

நுண் காப்புறுதி நிறுவனங்களினால் வழங்கப்படுகின்ற சேவைகள், ஆபத்துக்களுக்கான காப்பீடுகள் குறைந்த எண்ணிக்கையான ஆயுள், மருத்துவ மற்றும் கடன் ஆகிய காப்புறுதிகள் தொடர்பாக வரையறுக்கப்பட்டுள்ளது. அதன் ஊடாக பிரதானமாக உயிர் இழப்புக்கள், மரணச் செலவினங்கள், மருத்துவமனைக்கு அனுமதியளித்தல், திடீர் விபத்து பூட்கையானது உள்ளடக்குகின்ற சத்திர சிகிச்சைகள், மருந்துகள், வாழ்வியலின் போதான விசேட சந்தர்ப்பங்கள், கல்வி, ஆதனங்கள், வருமான இழப்புக்கள், விவசாயம் போன்றன மிகக் குறைவாகக் கவனத்திற் கொள்கின்றமை அல்லது ஒருபோதும் கவனத்திற் கொள்ளாது இருத்தல் நிகழ்கின்றன. வாழ்வாதார காப்புறுதி போன்ற விருப்பம் தெரிவிக்கின்ற பூட்கையாக இருப்பதுடன் அதற்குக் காரணமாக அவை அனேகமான சந்தர்ப்பங்களில் சகலதும் உள்ளடங்கும் வகையிலான முழுமையான பொதியொன்றாக அதாவது மருத்துவ மற்றும் ஏனைய வாழ்வாதாரப் பயணத்தில் விசேட சந்தர்ப்பங்கள் மற்றும் தொடர்புடைய ஆபத்துக்களை உள்ளடக்கும் வகையில் உருவாக்கப்பட்டிருக்கின்றமை. இந்த ஆய்வில் மருத்துவக் காப்புறுதி தொடர்பாக வேறு உற்பத்தியுடன் கூடிய காப்புறுதி வழங்குனர்கள் இருந்தது ஒருவர் மாத்திரமாக இருப்பதுடன் அது பதவியணி அங்கத்தவர்களுக்கு மாத்திரம் மட்டுப்படுத்தப்பட்டுள்ளது. எம்.எப்.ஐ.எஸ். இருந்து கடன் எடுக்கின்ற போது கடன் காப்புறுதி என்ற கட்டாய தேவைப்பாட்டின் காரணமாக அதன் பெறுபேறாக கடன் காப்புறுதியை கவனிக்கத்தகு அளவு உருவாகியிருக்கின்றமை.

வறிய மக்களுக்கு நுண் காப்புறுதி சேவைகளை வழங்குதல்.

ஆய்விற்கு உட்படுத்தப்பட்டுள்ள அனேகமான நுண் காப்புறுதி நிறுவனங்கள் முழுமையான சேவை மாதிரி அதாவது காப்புறுதித் திட்டம் பற்றிய முழுமையான கட்டுப்பாடுக் காப்புறுதி நிறுவனங்களிடம் உள்ள விடயமாக உள்ளது. நுண் காப்புறுதி நிறுவனங்களினால் நிறுவனத்தில் நிலவுகின்ற பிரபல்யத் தன்மையை பணமாக மாற்றுவதுடன் சி.பி.ஓ. க்கள் ஊடாக சேவையாளர்களிடம் நெருங்குகின்றது. அதாவது, வறியவர்களின் காலடிக்கு காப்புறுதியைக் கொண்டு செல்கின்றன. பொதுவாக இந்த நிறுவனத்தினால் சமுக அங்கத்தவர்களின் பிரதிநிதிகளின் ஒன்றுசேரலாக கருதப்படுவதுடன் அதன் ஊடாக குறைந்த கிரயத்திற்கு தவணைக் கட்டணங்களை செலுத்துவதற்கு காப்புறுதி உரிமையாளர்களின் காலடியிலேயே மேற்கொள்ளப்படுகின்றது.

நுண் காப்புறுதி சேவை வழங்கல் தொடர்பான தடைகள் மற்றும் அரசாங்கத்தின் பணிகள்.

குழந்தைப் பருவத்தில் உள்ள கைத்தொழிலொன்றாக நுண் காப்புறுதி வழங்குனர்கள், அவர்களை பல்லின திறனுள்ளவர்களாக மாற்றியமைப்பதில் தடைபடுத்துகின்ற தடைகள் பலவற்றிற்கு முகங்கொடுக்கின்றன. பல்லினத் தேர்ச்சிகள் மற்றும் உயர் கிரயம் தொடர்பாக உயர் தொடர்புகள் காணப்படுவதுடன் நுண் காப்புறுதி வழங்குனர்களுக்கு அது தமது சேவை பெறுவோருக்கு வழங்க முடியாது உள்ளது. பயிற்சி பெற்ற ஆளணிப் பற்றாக்குறை இத் துறையின் விஸ்தரிப்பிற்கான பிரதான தடையாக உள்ளது. வழங்குனர்கள் வலையமைப்பின் ஊடாக எல்லோரது ஏற்றுக் கொள்ளப்பட்ட பிரவேசத்தின் ஊடாக அந்தப் பிரச்சினைகள் ஓரளவு தூரத்திற்கு தணித்துக் கொள்ள முடியும்.

மீள் காப்புறுதி எல்லைகள் ஊடாக நுண் காப்புறுதிச் சேவைகளின் விஸ்தரிப்பு / பலதரப்பட்ட தன்மையினைத் தடுக்கின்றது. மீள் காப்புறுதி வசதிகள் காணப்பட்டது இரண்டு நிறுனங்களுக்கு மாத்திரமாக இருப்பதுடன் ஏனையவைகள் வரையறுக்கப்பட்ட உதவி அல்லது / மற்றும் அங்கத்தவர்களின் சேகரிக்கப்பட்ட தவணைகளின் படி தங்கியிருக்கின்ற விடயங்களாக உள்ளன.

நுண் காப்புறுதிப் பிரிவிற்கு அதன் முன்னேற்றம் தொடர்பாக மிக முக்கிய கட்டளை வரம்பொன்று தேவையாகும். அதன் குறைபாடு ஊடாக மீள் காப்புறுதி பின்தள்ளப்பட்டுள்ளது. அனேகமானவை, நுண் காப்புறுதி வழங்குனர்கள் சங்கச் சட்டத்தின் கீழ் பதிவு செய்யப்பட்டுள்ளதுடன் அனேகமானவை நுண் காப்புறுதி செயற்பாடுகள் நுண் காப்புறுதியிலும் பார்க்க நுண் நிதித் துறையானது சேவை ஒத்துழைப்பு செயற்பாடுகளாக மற்றும் நலன்புரி செயற்பாடுகளாகவும் செயற்படும். தனியார் துறை நுண் காப்புறுதியில் ஈடுபடுவதற்கு விருப்பம் தெரிவிக்கமாமையிற்கான காரணமாக இருப்பது உரிய சட்ட வரமொன்று இன்மையாகும். அதிகாரம் வழங்கப்படுகின்ற வித்தில் சூழலொன்றை உருவாக்குதல் புதிய விதத்தில் நுண் காப்புறுதி நிறுவன துறையிற்கு நுழைதல் அதிகரிக்கப்படும். மேலும் வர்த்தகக் காப்புறுதிக் கம்பனிகளில் பலவீனமான புகழானது காப்புறுதிச் சந்தை தொடர்பாக பாதிப்பான சூழலொன்றை உருவாக்கி உள்ளதுடன், அது நுண்பாகப் காப்புறுதித் துறை தொடர்பாக தாக்கம் செலுத்தும்.

வறியவர்கள் மத்தியில் நுண் காப்புறுதி மேம்பாடு தொடர்பாக அரசிற்கு முன்னுரிமை பாத்திரமொன்றை எடுக்க வேண்டியுள்ளதுடன் அது தொடர்பாக தெளிவுத் தன்மையை ஏற்படுத்தல் மற்றும் பிரபல்யப்படுத்தல், ஒழுங்குமுறைப்படுத்தல் ஊடாக தாக்கம் செலுத்தக் கூடிய சூழலொன்று தொடர்பாக உதவி வழங்குதல் மற்றும் துறையில் சாத்தியப்பாட்டுத் தன்மையை கட்டியெழுப்பும் மேம்பாட்டினை மேற்கொள்ள முடியும்.

1. Introduction

1.1 Background

The diverse explanations on poverty and vulnerability show the complexity of the reciprocal relationship of the two; while vulnerability leads to poverty, poverty becomes a dominant cause of overall vulnerability.

Vulnerability can be discussed in terms of the interaction between physical and social variables while poverty is considered as one of the dominant social dimensions affecting overall vulnerability of an individual or of a community. The multi-dimensional facets of poverty prevents the poor having access to both natural and social resources, and political power that helps to mitigate their vulnerability to natural, economic or social shocks. Poverty also reduces the ability to adapt and recover from losses. On the other hand, risk and vulnerability limit the participation of the poor in the growth process. The poor often avoid the high risk opportunities which are associated with higher pay-offs due to their vulnerability.

The nature of the livelihood activities of poor people are often contractual and seasonal, with low returns. This leads to volatile incomes and increases the vulnerability. Further, shocks which are natural or man-made, idiosyncratic[1] or covariant[2] tend to cause economic contractions and make low income people vulnerable to poverty. When the poor are confronted with unexpected events, they lack permanent sources of income and assets to fall back on. Even a marginal change which is insignificant to middle or upper income groups would dramatically reduce assets or eliminate income sources of the low income group, thus reducing consumption, and adversely affecting the ability to improve their social and economic welfare. Poor people therefore, are more vulnerable to risks than high income groups.

Some observe this as two sides of vulnerability: an external side of risks, shocks and stresses to which individuals or households are subjected to; and an internal side which is defencelessness, and lack of means to cope without incurring loss (Chambers, R. 2005).

The literature shows that traditionally, households use indigenous coping methods as selling productive and other assets, and borrowing from informal sources which typically become less effective than the formal credit and insurance arrangements. Informal arrangements are volatile/ or may erode, hence cannot be depended on at times of covariant risks. With the idea of attempting to reduce poverty through micro-financial services, the poor now have more access to financial services. As a result, the households now have the ability to use microcredit or withdraw their savings to cope with risks (Tilakaratna *et al*., 2005). However, the coverage and use of such methods are uneven, leaving the households the option of only informal sources which are again irregular, insufficient or unreliable.

Recently, there is a growing surge of interest in microinsurance products as coping methods tailored for the poor, in responsive to their risks. According to Churchill (2006) "microinsurance refers to insurance designed to protect under-served, low-income people against specific perils in exchange for low premiums", with the idea that it is an insurance which is responsive to the risks the poor are most exposed to, with low

[1] Idiosyncratic risk - A risk which affects each individual case independent of others.

[2] Covariant risk - A risk or combination of risks that affect a large number of insured items/people at the same time. E.g., floods, earthquakes, etc.

premiums that are affordable to low-income people yet proportionate to the likelihood and cost of the risk involved. Such microinsurance should serve the low-income people through delivery channels that are typical compared to the traditional distribution of top-down social or commercial insurance schemes.

1.1.1 Microinsurance in Sri Lanka

Several studies on microfinance reveal the impact microfinance has in reducing vulnerability to risks faced by different income groups including the poor households. The study by Tilakaratna et al. (2005), shows that the use of credit from microfinance institutes (MFIs) is common compared to the informal sources/ mechanisms among households who have faced indebtedness or employment related risks. In times of sicknesses, deaths or in personal uncertainties, households have moved to informal borrowings, which show the inadequacy of microfinance to act as a source of insurance in such circumstances. Findings of Fokma, F., (2004) reveal that microfinance is a source of great support for the poor in Sri Lanka and insurance coverage for death, disability and hospitalization prevent them from resorting to emergencies. The study specifies the lack of cover by formal or semi-formal insurance schemes for the poor and the need of insurance coverage for crops and household assets.

The study by Widemaier and Wahiner, 2004 mentions that, Sri Lanka has a favourable environment for the development of the microinsurance sector owing to the relatively high level of education of households, high level of social organization, a relatively high level of food and health security. The study acknowledges the absence of sufficient interest of large commercial insurance companies in serving the low income segment since the market potential in the higher income segment is still huge. It also highlights the existence of a number of social mobilization programmes in Sri Lanka with insurance components. However, it questions the sustainability of such programmes. Nonetheless, the study identifies the important role played by the MFIs and microfinance donors in the microinsurance field of Sri Lanka and identifies the weaknesses in donor coordination as one of the major obstacles.

The study by Enarsson, S. and K. Wiren (2006), compares two main microinsurance schemes in Sri Lanka: ALMAO and Yasiru Mutual Provident Fund. This study highlights the need for programmes like both ALMAO and Yasiru to operate in the areas where commercial insurance penetration is low and there is a lack of government resources to provide sufficient social security to the citizens. It recommends that both institutions should reach their potential clients with insurance knowledge, awareness, marketing and sales and highlights the need of support by insurance schemes in the initial stage.

The insurance industry of Sri Lanka is regulated and supervised by the Insurance Board of Sri Lanka (IBSL) under the Insurance Act No.43 of 2000 (Widemaier and Wohiner, 2004), but as in many other countries, microinsurance is not covered by any laws and regulations. Most of the microinsurance providers are registered under the Societies Act.

As identified by the ADB (2006), the insurance sector in Sri Lanka is mainly comprised of three types of institutes: government insurance schemes, private insurance companies and microfinance non-government organizations and Community Based Organization (CBOs). In addition to these, there are community based mechanisms of informal insurance. One example is the Funeral Aid Societies (FAS) which are quasi-formal groups that provide assistance in case of death. The assistance is not limited to the member but is usually available to the other family members as well. The types of benefits differ for each society.

In this backdrop, the study attempts to map out the role the grass roots level microinsurance service providers of Sri Lanka play, and to identify their contribution in risk management for the poor.

1.2 Objectives

In Sri Lanka, compared to the microfinance sector, microinsurance is still at a relatively infant stage. Microinsurance is also often linked to microfinance. The number of microfinance institutes (MFIs) providing microinsurance has increased over the last decade. The existing literature on microinsurance in Sri Lanka is limited to examining the supply of microinsurance or limited to one or two case studies. Starting from there, the current study takes a balanced approach to fill this gap by looking at both the supply and demand sides.

The objective of the study is to evaluate the current provision of microinsurance products in Sri Lanka, offered by grass roots level institutions: Microfinance Institutes (MFIs), Non-Governmental Organizations (NGOs) or Community Based Organizations (CBOs). It aims to examine the differences of the products, delivery methods and also try to examine the extent they reflect the needs and preferences of the poor households. Comprehending the demand side factors and supply side limitations enhances the understanding of the nature of the service provision in microinsurance.

The information gathered through the household survey for the study would provide a critical insight into the behaviours and needs of segments of the microinsurance market in Sri Lanka and hence establish the basis for the design and development of demand-driven risk managing financial products.

The specific objectives of the study:

(1) How different are the microinsurance products that are provided by the grass roots level institutions (MFIs, NGOs or CBOs) in Sri Lanka? What are the different types of delivery methods they use and how effective are they in reaching the clients?

(2) Understand the types of risks/vulnerabilities of the households and the use of informal and formal mechanisms by the poor communities to cope with risks. What is the role of microinsurance in relation to other financial services for the poor in Sri Lanka? What types of microinsurance products do the poor generally need?

(3) What are the gaps in the design and delivery of the microinsurance products? Do these grass roots level institutes cater to the needs of the poor than the private commercial insurance providers? The next section of this report explains the methodology used for data collection. Section 2 presents the findings of the institutional survey while household level analysis of microinsurance is discussed in section 3. Section 4 concludes.

1.3 Methodology

Both qualitative and quantitative techniques were employed to supplement each other to collect data for the study. Required data were gathered at three levels:

1. A desk review was carried out to gather literature on microinsurance globally and in Sri Lanka. The desk review also strengthened the understanding of the selected organizations.
2. Semi-structured interviews with key informants of different stakeholders groups were carried out.

3. Semi-structured interviews were also carried out with microinsurance providers.
4. A sample household survey of the user groups (330 households) too was carried out.

More information on the methodology is attached in Annex A4.

2. Findings of the Institutional Survey

2.1 Institutional Profile of Selected Microinsurance Providers

The selection of institutes was limited to grass roots level MFIs, NGOs or CBOs as per the objectives, i.e., the institutes which are government or private commercial insurance companies in nature of business were not selected. Out of these institutes, only 5 were selected on the fulfilment of one or both of the following criteria: the main activity of the institute is provision of microinsurance; and/or the institute has insurance products other than credit-insurance. Accordingly, the following microinsurance providers were selected for the study: Sanasa Insurance Company, Sarvodaya Economic Enterprises Development Services (SEEDS), Women's Development Banking Federation (WDBF), Women's Development Federation (WDF), and Yasiru Mutual Provident Fund.

Sanasa Insurance is a licensed insurance company and carries out microinsurance along with commercial insurance in Sri Lanka.[3] The company was granted a licence to provide general insurance and is now a fully-fledged composite commercial insurance company. Currently, this insurance company is operating in all parts of the country excluding the Northern Province. The product portfolio of the company is larger than many of the microinsurance providers. The SEEDS is a well established MFI in Sri Lanka. In addition to credit-insurance, it offers life microinsurance and further, it is the pioneer for the Partner-Agent model for microinsurance in Sri Lanka by joining HNB Assurance. WDF is a well established MFI in Sri Lanka which provides life microinsurance with credit insurance. However, this institute is hardly identified in the literature. WDBF is also a well established MFI in Sri Lanka which has been engaged in microinsurance activities for a long period of time, in spite of various difficulties faced in providing microinsurance. It offers life microinsurance apart from credit insurance. Yasiru Mutual Provident Fund is a microinsurance provider in Sri Lanka which is not affiliated to any well known MFI. It carries out its activities through CBOs of villages and has an innovative product portfolio.

Establishment

Except the Sanasa Insurance Company, all the selected institutes were established in late 1990s, with close to one decade of experience by the time of the survey. Though the experience on insurance might not necessarily be that long, most of the institutes are deep-rooted microfinance institutes. As an example, though the Sanasa Insurance Company was established in 2002, the emergence of the Sanasa movement goes back to 1980s. The decades of experience in microfinance has led all the institutes to develop microinsurance products and develop their own methods of delivery. Microinsurance also has benefited by the trust and the already in-built delivery channels the institutes have, along with the microfinance provision.

Legal status

All the selected institutes are registered under the Societies Act or the Companies Act, including the MFIs. Out of the institutes in the study, only the Sanasa Insurance Company has the approval of the Insurance

[3] Emerged as an Insurance Company through Sanasa movement.

Board of Sri Lanka (IBSL) to underwrite life assurance insurance business (Table 2.1). For SEEDS, only one special product introduced as a partner agent model with ADB is permitted by the Sri Lanka Insurance Board (IBSL).

Nature of Activities of the Institutes

The target group of all the institutes is low income groups, rural or the poor women. Only Sanasa Insurance and Yasiru carry out insurance as the sole activity of the organization. As the SEEDS, WDF and WDBF are MFIs as well, they carry out loan provision, savings activities and training too (Table 1).

Table 2.1
Key Characteristics of the Selected Microinsurance Providers

	Sanasa Insurance	SEEDS	Yasiru	WDF	WDBF
Year Established	**2002**	**1988**	**1997**	**1989**	**1998**
Registered Act	Companies Act	Companies Act	Societies Act	Societies Act	Companies Act
Regulated for Insurance Provision	Approval of Insurance Board of Sri Lanka (IBSL) to underwrite life assurance insurance	No	No	No	No
Target Group	Low income group	Low income group	Rural Poor	Low income women	Low income women
Insurance is sole Activity	Yes	No	Yes	No	No
Other Activities	-	Loan, Savings, and Trainings	-	Loan, Savings, and Trainings	Loan, Savings, and Trainings

Source: Microinsurance Survey, 2008, IPS - findings of semi-structured interviews with the selected microinsurance providers.

2.2 Microinsurance Products: Diversity of Products Offered

The selected microinsurance institutes provide an array of insurance products. Life insurance, credit insurance, health insurance, depositor's insurance, property insurance, housing bonds and insurance for other life cycle events[4] are the common types of insurance products. It should be noted that though most of the institutes do not have a diverse product portfolio, they cover many risks under one product. It is difficult to classify microinsurance products exclusively under specific categories because of the complexity of these products. Mainly because one product may cover an array of risks, they contain features of multiple insurance products.

For example, the Sanasa Insurance Company provides a diversified product portfolio and hence they have designed separate products to address the specific risks. The products for life insurance, for credit, health,

[4] Life cycle events considered in this paper are childbirth, marriage, divorce, and education.

depositor's insurance, property insurance and death donation family insurance are the main products. In contrast, the WDBF has only one microinsurance product, but provides coverage to multiple risks (Table 2.2).

(a) Life Microinsurance

Life microinsurance is one of the most common types of insurance products among the institutes. All the selected institutes provide life microinsurance to their clients. The life microinsurance product differs widely from one institute to the other based on the cover, premiums and benefits.

Table 2.2
Microinsurance Products Provided by the Selected Institutes

MI Product	Sanasa Insurance	SEEDS	Yasiru	WDF	WDBF
Life Insurance	Yes	Yes	Yes	Yes	Yes(It is not defined as life insurance, but offered as a package, contains many of life insurance features).
Health Insurance	Only for the staff members of Sanasa Societies & Sanasa Insurance Company	No (only hospitalization benefits under life insurance)	No (only hospitalization benefits, traditional health treatment cover under life insurance)	No (but has hospitalization benefits under life insurance)	Only for hospitalization and surgery in the insurance package
Credit Insurance	Yes	Yes	Yes	Yes	No
Depositor's Insurance	Yes	No	No	No	No
Property Insurance	Yes	No	No	Only for Janashakthi Banking societies	No
Other Life Cycle Events	No	No (but provides benefits for education under life insurance)	No	No	It is not a defined product on life cycle events, but the insurance package covers some life cycle events
Death Donation Family Insurance	Yes	Provides funeral aid under life insurance	No	No	Not defined but includes in the package

Source: Microinsurance Survey, 2008, IPS - findings of semi-structured interviews with the selected microinsurance providers.

The life microinsurance of Yasiru covers many of the risks including natural death, death due to accidents, permanent disability due to accidents, hospitalization and indigenous medical treatment. The life insurance of SEEDS covers death, permanent or partial disability, hospitalization benefits and funeral expenses. The life insurance of WDF provides cover on death and on hospitalization. The insurance scheme of WDBF does not identify a separate life insurance policy, though life insurance is part and parcel of the insurance package the institute offers. The insurance package of WDBF covers funeral expenses, hospitalization, education/accidents including snake bites/ surgery and life cycle events. Four covers are offered under one product and the option is open to the client to opt for minimum 2 covers or to select more (Table 2.3).

In some instances, the same institute offers multiple life microinsurance schemes when the target groups are different. These life microinsurance schemes vary in terms of premium, number of years in the membership, age at entry, by benefits or in terms of number of lives covered. As an example, Sanasa Insurance Company has three schemes for life microinsurance, which are different in terms of premium and benefits. Microinsurance scheme of WDBF has three optional premium levels which the policyholder can opt according to his preference and benefits vary according to the premium level. The life microinsurance products of all the selected institutes except Sanasa cover other family members as well (Box 2.1 & Table 2.2).

Table 2.3
Main Differences in Life Microinsurance Schemes offered by the Selected Microinsurance Institutes

	SANASA	WDBF	SEEDS	WDF	Yasiru
Offer multiple life insurance schemes (Provide the option of selection of schemes)	Yes	Yes	Yes	No	Yes
Differentiation of schemes based on	Premium & the age of entry	Premium (Fixed premium for all members per scheme)	Premium, age at the time of purchasing, and number of lives covered Premium increases with the number of lives covered	-	Premium, number of members in the family (Premium differs based on number of members)
Target unit of insurance	Policy-holder	Family	Family	Family	Family
Differentiation of benefits for family	-	Benefits differ for family members	Benefits differ for family members	Same benefits for all members	Benefits differ for family members
Maturity Benefits	Yes	-	Yes	-	To be introduced

Source: Microinsurance Survey, 2008, IPS -findings of semi-structured interviews with the selected microinsurance providers.

Box 2.1
Life Microinsurance Packages of Selected Institutes

Life Microinsurance of SEEDS

'Sathkara' life microinsurance provided by SEEDS can be divided into four types, depending on the coverage of family members:

1. Life insurance scheme which covers only insurer
2. Life insurance scheme which covers insurer plus husband or wife
3. Life insurance scheme which covers insurer plus children
4. Life insurance scheme which covers insurer, husband/wife and children

The client has the option to purchase one of these policies according to his preference. The benefits differ based on the age at the time of obtaining the policy. The premium also increases with the number of clients covered under the insurance policy.

Life Microinsurance of the WDF & WDBF

In the life microinsurance policy of the WDF, the 'family' is the unit of insurance and the premiums and benefits would not differ for the family members. If a policyholder pays additional Rs. 10, they will extend the coverage to the helpless elderly people and helpless children and disabled. The WDBF also considers the family as the unit of insurance in its insurance package but the benefits vary among family members, while the premium is fixed irrespective of the number of members covered.

Life Microinsurance of the Yasiru Mutual Provident Fund

Yasiru also insures the 'family' under the life microinsurance. The premium and benefits differ based on the number of family members. It separates life microinsurance into four categories depending on the number of family members:

1. The family which has only husband and wife
2. The family which has kids and mother or father
3. The family which has kids and parents
4. The family which has one elderly person

Yasiru has five different premium levels out of which the policyholder can opt according to his preference and capacity.

Source: Microinsurance Survey, 2008, IPS -findings of semi-structured interviews with the selected microinsurance providers.

(b) Microinsurance on Life Cycle Events

The findings of this study highlight that only two, SEEDS and WDBF out of the selected five institutes provide insurance on life cycle events. However, the types of life cycle events covered, the type of benefits offered and the insurance policy type under which life cycle related shocks are covered, differ. The SEEDS provides educational benefits under its life microinsurance scheme. It also provides coverage for childbirth and marriage under its insurance package. It also provides educational benefits for the children of the policyholder on accomplishment of pre-defined goals.

(c) Credit Insurance

Credit insurance products cover the loan balance at times of death, permanent or partial disability of the loan client, at a low cost. All selected microinsurance providers except the WDBF, provide credit insur-

Table 2.4
Credit Microinsurance Products of the Selected Insurance Providers

MI	Risks covered	Premium	Benefits
Sanasa	Covers Sanasa Society loans in the event of death, total and permanent disability of the borrower	Monthly premium is LKR 0.55 per thousand rupees	Compensate the loan balance and interest outstanding to the society
Yasiru	Covers loans on the death of the borrower	0.6% of the loan amount	Outstanding loan is paid to the MFI and already paid amount by the borrower is returned to the family
SEEDS	Covers loans on death, permanent and partial disability of the borrower	2% of the loan amount	Outstanding loan is paid to the MFI and already paid amount by the borrower is returned to the family with the no claim bonus
WDF	Covers loans on death and permanent disability of the borrower, natural disaster, fire, theft and terrorism	3% of the loan amount (only 2% for the chena cultivation and for fisheries loans)	Outstanding balance is paid

Source: Microinsurance Survey, 2008, IPS - findings of semi-structured interviews with the selected microinsurance providers.

ance. For most of the institutes, the initiation of microinsurance has commenced with credit insurance. In general, the credit insurance is paid as a one time payment which is usually deducted as a percentage of the loan amount at the time of loan disbursement. The types of risks covered, the rate charged or benefit provision by this fund is a decision of each institute. Table 2.4 summarizes the characteristics of existing credit insurance schemes.

(d) Health Microinsurance

The findings of the study reveal the limited availability of health microinsurance in Sri Lanka. Only Sanasa Insurance provides a separate health insurance product, which is also open only to the staff members of the Sanasa Societies and Sanasa Insurance Company. It has four types of plans based on the premium, covering hospitalization, accidental death and OPD treatment. Nonetheless, it should be noted that benefits on hospitalization and surgery are a part and parcel of life insurance products in most of the insurance companies. The Yasiru covers traditional treatments. The institutes like WDBF even extends its hospitalization cover to the family members of the policyholder. Further, in the presence of separate health insurance schemes, the premiums are high but the benefits are also high, while in the other cases the premiums are very low but the benefits offered are limited.

(e) Depositor's Insurance

Among the selected institutes only Sanasa has the depositor's insurance. Apart from credit insurance, the Sanasa Insurance Company also has depositor's insurance which covers the savings of the members of the Sanasa Movement. It covers the loss of savings of a policyholder under the circumstances of an institu-

tional crisis or natural disaster. Benefits of this insurance package depend on the entry age of the policyholder. Policyholders between 18-54 years old are eligible to claim 100% of their savings.

(f) Property Insurance

The microinsurance institutes do not show much interest in provision of property insurance. This was confirmed by the study results. Only the Sanasa Insurance Company provides housing bond which covers fire perils with a premium of 0.5% of the value of the house. In addition, the Company has an insurance scheme to cover property, cash in premises, pawned jewellery, dud articles, office equipment, cash in transit, stock-in-trade etc. only of Sanasa Societies against the perils. The WDF also has a property insurance scheme which covers properties in Janashakthi Bank Society[5] buildings against perils like fire, theft, terrorism, riots, natural disasters, electric damages, motor vehicle accident or blast.

(g) Disasters Related Insurance

The life insurance products/or the insurance packages of all the selected microinsurance institutes cover loss of life of the policyholder (sometimes even the family members) in a natural or man-made disaster. On top of that, the institutes have cover on various risks related to disasters, but to a limited extent. Several microinsurance products also emerged from the experience gained in the aftermath of the Tsunami (Table 2.5).

Table 2.5
Microinsurance on Disasters or Products that have Emerged as a Response to Disaster

Institute	Insurance Type	Cover
WDF	Housing loan insurance	Loan insurance on occasion of death , disability and damage to a constructing house due to natural disaster, theft, terrorism
	Credit insurance	Death of the person carrying out the enterprise/ business or damages due to natural disasters, fire, theft, riots
Sanasa Insurance Company	Housing bond	Insurance cover for houses from fire
	"Divitura" new life microinsurance product	Introduced as a response to the Tsunami
	Property insurance	Cover properties, cash in premises, pawning jewellery, dud articles, office equipment, cash in transit, stock-in-trade etc. of Sanasa Societies against perils except terrorism
WDBF	Natural insurance cover	It covers risks of natural disasters only in the event of destruction of a house due to natural disaster, provides a daily payment upto 3 days in the event policyholders' residential area becomes adverse for living due to floods.
Yasiru Mutual Provident Fund	Insurance package	Coverage on death and disability
SEEDS	"Sathkara" life microinsurance scheme	It was started as a response to the Tsunami

Source: Microinsurance Survey, 2008, IPS -findings of semi-structured interviews with the selected microinsurance providers.

[5] Janashakthi was termed in later 1989 as an apex body of 124 Womens' Societies. It is currently affiliated to WDF.

(h) Impact of Tsunami on Microinsurance Institutions

The most catastrophic natural disaster in Sri Lankan history, the Tsunami in December 2004, affected many sectors of the country including the microfinance sector and microinsurance sector too. This had both positive and negative impacts on the MI sector.

The major negative impact on microinsurance institutes came through the reduction of clients. Two out of the five selected institutes faced a drop-out of clients after the Tsunami. This was due to two separate reasons. The major cause for the drop-out in one of the institutions was related to the lack of trust of the policyholders in the face of the institute's inability to pay the due claims (that resulted from the damages caused by the Tsunami). That particular institution was incapable of meeting the total demand without re-insurance. It had to delay the insurance payments (until it got the support of an INGO), which led to the mistrust of policyholders. In the other institution, the main cause was the diversion of attention to the affected persons which resulted in delay in payments to the existing policyholders. This dissatisfaction caused the client drop-out.

On the contrary, the post-Tsunami environment led to improvement of the microinsurance services too. The situation led the institutes to develop the existing products or to introduce new products realizing the need of wider coverage of risks. As an example, WDF revised its existing "Divisarana" life microinsurance product and Sanasa Insurance Company introduced its new life microinsurance product "Divitura" as a response to the Tsunami. The Yasiru Mutual Fund also has started developing a property insurance scheme and SEEDS has started its life microinsurance scheme "Sathkara" as a response to the Tsunami.

2.3 Delivery Channels, Delivery Models and Insurance Agents

The institutes capitalize on the existing strengths of the institutes in delivering the products. The SEEDS, WDF and WDBF use their own societies at community level as delivery channels of insurance. The Sanasa Insurance also uses the societies of the Sanasa movement as the delivery channel (Table 2.6).

The categorization of the microinsurance providers according to a specific category is a quandary. All the selected microinsurance providers reach their clients through MFIs or other community based organizations. Though the microinsurance providers who reach the clients through the CBOs identify their delivery model as a 'community based model', the microinsurance theory suggests that when the microinsurance provider is in charge of designing, developing, delivering products and claims assessment, that model is a 'full-service model' (see Box 2.2). The insurance provider in this model has full control over the insurance scheme, they retain the whole profits and is responsible for all insurance-related costs, losses. According to the microinsurance theory, the community based model exists when the local communities form groups to capitalize and manage risk pools for their members.

The study finds that the most common model of delivering microinsurance in Sri Lanka is the full service model and only one selected institute follows the partner-agent model. Some of the microinsurance providers use more than one model to deliver their different microinsurance products. In the study, the SEEDS uses the full service model to offer their credit insurance product and the partner -agent model is used to offer life microinsurance products. SEEDS is the pioneer of the Partner-Agent model in Sri Lanka, which was initiated as an ADB funded project.

Box 2.2
Models of Microinsurance Delivery

There are four types of MI offering models. These models have their own advantages and disadvantages.

1. Community based/ Mutual model
Owned and managed by members. The local communities form groups to capitalize and manage risk pools for their members. This is advantageous for its ability to design and market products more effectively but is disadvantaged by its small size and scope of operations.

2. Full service model
The microinsurance provider is in charge of designing, developing, delivering products and claims assessment. The advantage of this model is that the provider has the full control over the insurance scheme and they retain the whole profits. It is disadvantageous as being risky for the provider as the provider is responsible for all insurance-related costs, losses.

3. Partner-agent model
Partnership is formed between an insurance provider and an intermediary organization (e.g.: MFI) as an agent. The agent markets and sells the product. The insurance provider acts as the partner, providing actuarial, financial, and claims-processing expertise, and the capital required for initial investments and reserves as required by law. The risk is absorbed by the insurer.

4. Provider driven model
Similar to full-service model, the service provider and insurer are the same. Similarly, the insurer is responsible for all operations, delivery, design, and service. In health insurance, the health care provider becomes the microinsurance provider. The hospitals, clinics provide prepaid facilities or risk pooling coverage for people. Some MFIs use this model but mange their own clinics.

Source: Tripathy, N. P. and P. Pal (2006), "Insurance: Theory and Practices", Prentice - Hall of India Private Limited, New Delhi.

Table 2.6
Channels and Models of Insurance Delivery of the Selected Microinsurance Institutes

MI	Delivery Channel	Insurance Model
Sanasa	Sanasa Movement	Full Service
SEEDS	Sarvodaya Movement	Full service + Partner- Agent
Yasiru	All Ceylon Community Development Council & other NGOs	Full Service
WDF	WDF	Full Service
WDBF	WDBF	Full Service

Source: Microinsurance Survey, 2008, IPS - findings of semi-structured interviews with the selected microinsurance providers.

The Sanasa Insurance Company delivers its microinsurance products using the full service model to members of the Sanasa Movement. The WDF and WDBF use the full service model too. Being MFIs they have

the advantage of using their own grass roots level CBOs for delivering the insurance services. Yasiru also delivers its services through CBOs, linked to 11 NGOs though it does not have its own CBOs; most are grass roots level institutes with microfinance activities and social mobilization (see Appendix A2). Yasiru issues its credit insurance cover for the loans issued by these institutes.

The findings of this study reveal that the institutes have been able to overcome the problem of moral hazards and anti-selection to a greater extent due to the strategy of utilizing services of their own members as insurance agents/ or the community level organizational strength each institute has. While Sanasa uses insurance agents based on the Sri Lanka Insurance Board (SLIB) criteria, the SEEDS selects a society member according to SLIB criteria but with the approval of the society. The Yasiru and WDBF seek services of community members, who have good rapport with the communities as collection agents, with the consent of the community. The WDF initially used a system with insurance agents but currently, the policyholders pay premims directly to the Janashakthi Bank Societies. In all the selected institutes, the collection agent is paid a commission on the premium collected, except for WDBF where it is a voluntary service (Table 2.7). All the institutes monitor the agents for fraudulent activities and often the fraudulent activities are kept at minimal levels due to the community based transparent methodologies adopted. In instances when the institutes have selected the agents (Sanasa and Yasiru), the institutes have built-in monitoring mechanisms with the branch managers or the field offices.

Table 2.7
Method of Premium Collection by the Selected Microinsurance Institutes

	Collection Agent	Appointment of Agents	Payment to Agents	Monitoring of Agents
Sanasa	Insurance Agent	Appoint based on the SLIB criteria	Commission for the collected premium	Branch managers check regularly
SEEDS	Sarvodaya Society Member	Appoint a Society member based on the SLIB criteria, with the approval of the Society	Commission for the collected premium	The system is transparent and clients are well informed
Yasiru	Community member	Appoint people who have good rapport with the communities	Commission for the collected premium	Insurance agent is monitored by the field office and under the control of district management
WDF	Pay directly to the Janashakthi Bank Societies	-	Commission for the collected premium	-
WDBF	CBO leader	Selected by the community	Voluntary service	The system is transparent

Source: Microinsurance Survey, 2008, IPS - findings of semi-structured interviews with the selected microinsurance providers.

The records at the society level, branch level, and at the head office level monitors the premium payments which keep track of the overdue payments. The Sanasa Insurance Company has a computerized system which enables efficient monitoring. All the institutes keep the collection agents updated about the reviews in insurance premium structures.

2.4 Outreach of Microinsurance Services

The microinsurance institutes use different methodologies to reach the poor. The microinsurance institutes in the study use their own CBOs/ or CBOs of a sister company/ or merely the existing community organizations to reach the poor in microinsurance (Table 2.8). While in a way, it makes life easy for the institutes to reach the target group at a low cost with trust, at the same time it restricts the outreach to the rest of the poor, who are not members.

The SEEDS covers only 38% out of the members of Sarvodaya societies under its insurance policies. Still, it has the largest number of insurance policyholders, which is as high as 179,501. Out of that, only 135 are life microinsurance policyholders while most of the others are credit insurance policyholders. Though the outreach of SEEDS is high, its life insurance scheme is operating only in four districts: Matara, Galle, Batticaloa and Vavuniya. The institute identifies the lack of staff in certain districts as one of the impediments for outreach.

Yasiru Mutual Provident Fund is providing insurance policies to around 21,000 families covering more than 120,000 individuals. About 65% of the insurance policyholders are women. Sanasa Insurance Company is providing insurance policies to around 28,680 clients, which is 100 per cent coverage of its members. It has never faced a client drop-out. The WDF covers around 16,000 members which is about 48% of the client base of the institute. The WDBF has around 10,000 policyholders which is about 20% of the client base of the institute.

Table 2.8
Outreach of Microinsurance Institutes (2008)

MI	Outreach	Number of insurance policyholders/clients	% insured out of the total members of affiliated societies
Sanasa	Sanasa Societies	28,680	100
SEEDS	Sarvodaya Societies	179,501	38
Yasiru	All Ceylon Community Development Council + Other CBOs of villages	21,000	100
WDF	WDF members	16,228	48
WDBF	WDBF members	10,000	20

Source: Microinsurance Survey, 2008, IPS -findings of semi-structured interviews with the selected microinsurance providers.

2.5 Financing Microinsurance, Donor Support and Reinsurance Facilities

All the institutes finance the insurance activities through the premiums. There is limited donor support to develop the microinsurance sector in Sri Lanka. Only Yasiru received technical assistance from two organizations for microinsurance. The SEEDS received financial assistance only at the initial stage of the life microinsurance scheme. However, all the institutes mentioned that the current level of financing is sufficient to cover the operating costs of the institutes, except SEEDS, where the life-microinsurance scheme is new and would take time to break even.

The current study finds that only two selected microinsurance providers (Sanasa and Yasiru) have re-insurance facilities. Yasiru pays 24% of re-insurance premium to the re-insurer out of its original premium. The Sanasa Insurance also has a re-insurance facility and has a quota share treaty with the re-insurer. They get only 80% re-insurance for the claims made between LKR 50,001-25,000 and 100% reinsurance for the claims made above LKR 250,000. The other three selected institutes do not have re-insurance facilities except financial support under some particular circumstances. The institutes expressed the need of having re-insurance facilities and the WDBF is already in the planning process.

The diversification of the investment portfolio of the institutes is very limited. All the institutes have invested either only on treasury bills or/ and fixed deposits. Only Sanasa Insurance has invested in the share market on top of other investments. The SEEDS has not developed the fund yet to an extent sufficient for investment.

2.6 Key Barriers for Microinsurance Providers and the Steps to Overcome

The microinsurance providers in Sri Lanka face many obstacles in carrying out their services. Many of the institutes under the study perceived the lack of awareness among the poor as the major hindrance for the development of the sector. Poor and rural people are unaware of the benefits microinsurance can bring in as a risk management strategy at a low cost or the benefits it has over other financial services.

Another barrier for the institutes is the competition they face from the commercial insurance schemes or sometimes even the competition from microinsurance institutes themselves. Some microinsurance institutes have the advantage of reaching a larger client base through their own/ or sister company's extensive network of CBOs. In such instances (as many poor have multiple memberships), some of the institutes find it difficult to penetrate the market or seek new markets. Some institutes even find the high administration costs in reaching the poor as a barrier.

At the same time, the bad reputation of commercial insurance companies has created an unfavourable environment for the insurance market, affecting the microinsurance sector too. Some institutes mentioned that the absence of proper regulatory mechanisms for microinsurance has led to fraudulent activities that discourage both the providers and the clients. To overcome these barriers, several institutes are carrying out awareness building programmes through the field officers. A limited number of institutes offer additional benefits, for the programmes to be more attractive to the clients. They also try to incorporate needs based product development. The selection of the collection agents from the community, together with the effective management techniques have resolved many of the problems related to trust, moral hazards and and anti-selection.

The weak regulatory framework for microinsurance holds back the commercial insurance companies entering into microinsurance. The lack of reinsurance facilities discourages them entering into partner-agent relationships as well.

Dearth of knowledge on microinsurance and skilled manpower in this field has restricted the operations of the institutes. Some institutes believe that scientific underwriting on a prudential basis would overcome the mistrust and would enable the institutes to develop products to suit the needs of the clients. The institutes expect more support from the government and related institutes in addressing this issue.

This study finds that all the selected institutes are keen to link with their microinsurance stakeholders to create a network. They are also willing to link with private or public social insurance providers. As an example, the Yasiru expressed its willingness to join the Farmers' Pension Scheme of the Agriculture and Agrarian Insurance Board.

2.7 The Role of the State in Microinsurance: As Perceived by the Institutes

As there are issues related to the lack of resource persons/ knowledge/ experience on microinsurance, the institutes suggested the government to support in providing capacity building training programmes for the microinsurance sector. The institutes also expect to have more guidance from the government in the absence of expertise on insurance by the institutes. The government also can play a leading role in networking the microinsurance institutes with different stakeholders. They believe that government support in providing them the exposure to best practices around the world would benefit the sector.

Several institutes hold the idea that the government can play a leading role in promoting microinsurance among the poor, creating awareness and popularizing it. Many of the institutes identified the need of regularization of the microinsurance sector separately, as the regulations of IBSL do not necessarily address the problems of the microinsurance sector. At the same time, the institutes expect the IBSL to have more flexibility on microinsurance institutes on share capital requirements and tax payments. The institutes expressed the importance of having a fund by the government for the microinsurance sector, so the institutes would have the capacity to extend more benefits to the poor.

3. Household Level Analysis

3.1 Household Level Analysis of Insurance

The following section analyses the risks and the risks management strategies of the households, microinsurance facilities, and other insurance facilities enjoyed by the households. The analysis is based on the total sample of 330 households (HHs), out of which 164 households are microinsurance (MI) policyholders (the rest 166 households are not insurance policyholders of the considered microinsurance programmes).[6]

3.1.1 Risks and Risks Management Strategies/ Tools[7]

The households are exposed to multiple and overlapping risks that increase their vulnerability and the risk management strategies/tools adopted by households differ. The section below summarizes the types of

[6] Appendix A3 provides information of the household demographic characteristics.

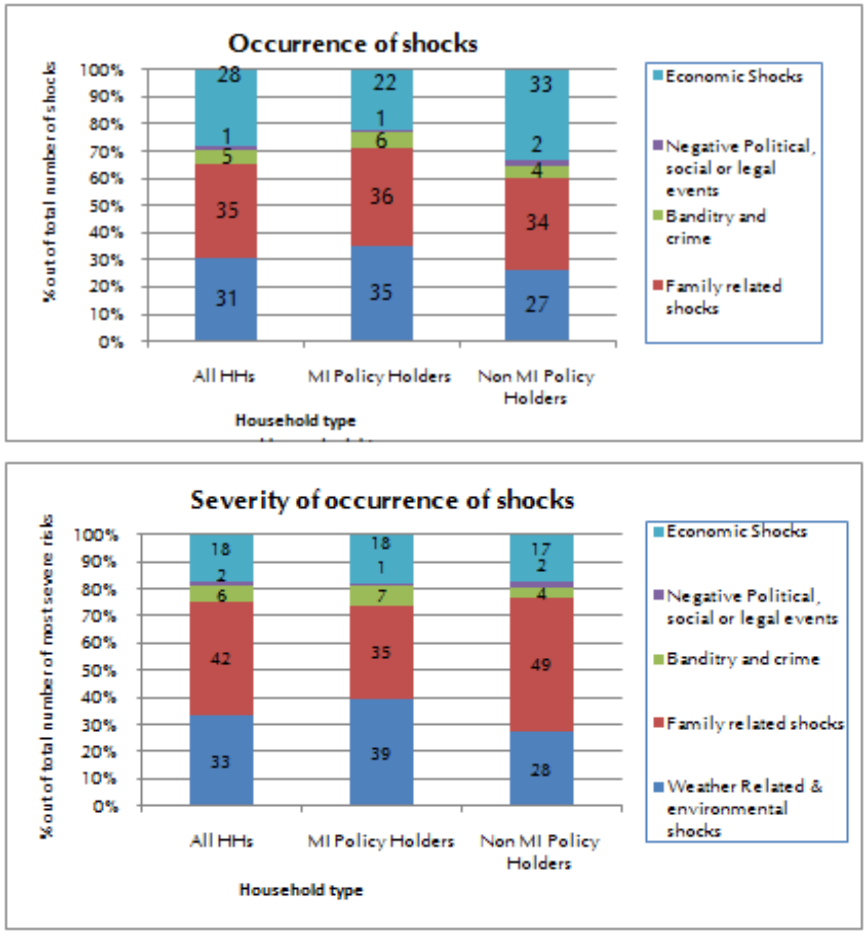
[7] Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events.

risks the sample households were exposed to and the risk management strategies they have used. The succeeding sections throughout will try to capture the differences in the behaviour of households with microinsurance and without microinsurance.

3.1.2 Multiple and Overlapping Risks

The types of risks are summarized under five main categories as: weather related and environmental shocks/ family related shocks/ banditry and crime/ economic shocks/ and negative political, social or legal events. Accordingly, the survey listed 33 types of risks in total (Annex A 5). The households would undergo multiple risks concurrently. The study looked at the risks faced during a time span of 5 years from 2003. Out of the total 330 households, 60% have faced one or more risks and in total, the 330 households have faced 434 number of risks.[8]

Figure 3.1
Types of Shocks: Occurrence and Severity of Occurrence



Source: Microinsurance Survey, 2008, IPS - Household survey.

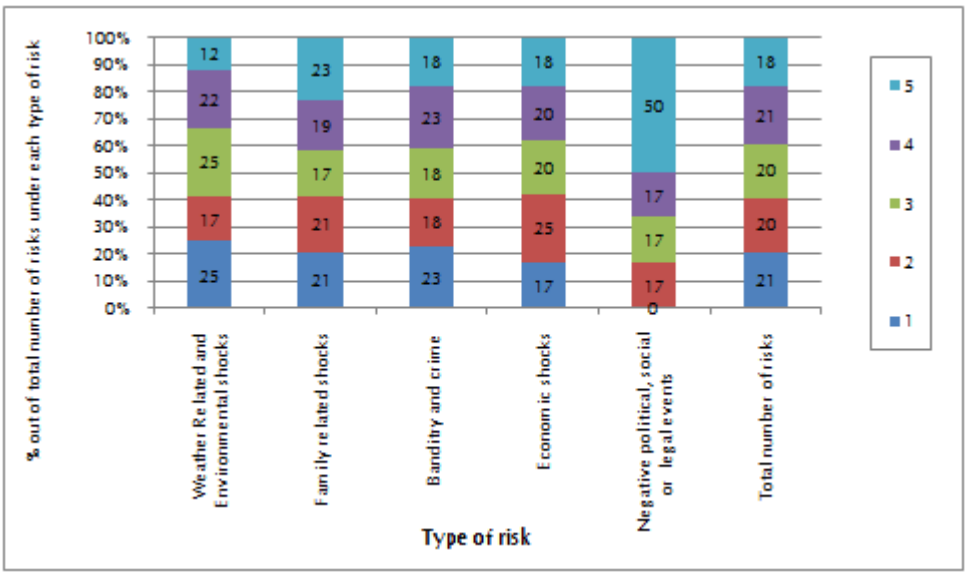
[8] Some households have faced multiple risks.

Family related shocks are the most commonly experienced shock faced by the households. Occurrence of family related shocks are highest for both microinsurance policyholders and their counterparts and are almost equal. A very high percentage of non-policyholders considered family related shocks as the most severe risk (49%).The household conditions get severely affected by the health risks and life cycle related risks the family members undergo. A serious illness of an income earner of the family has been the most experienced family related shock. Following that, an incident of a childbirth, illnesses of other household members, death of an income earner and death of a family member are the types of family related shocks that have worsened the conditions of the households.

The second most common risk faced by the households is the weather related and environmental shocks. Both the occurrence and the severity of weather and environmental related shocks have been very high for the microinsurance policyholders. Among the different types of weather related and environmental shocks most of the households have experienced are droughts, animal threats and crop failures. Another major type of shock is the economic shock. Dramatic increase in the input prices, inability to sell agricultural products and dramatic decrease of the output prices are the most common economic shocks experienced by the households in the respective order (Figure 3.1). For non-policyholder households occurrence of economic shocks are higher than the weather and environmental related shocks. But its severity is not as high as the severity of weather and environmental related shocks for them.

Depending on the asset quintile there are a few observable differences in the types of risks experienced. The highest quintile has experienced the least number of shocks due to weather related events, and highest number of shocks due to negative political, social or legal events, than the rest (Figure 3.2).

Figure 3.2
Types of Risks Faced During Last Five Years: By Asset Quintile



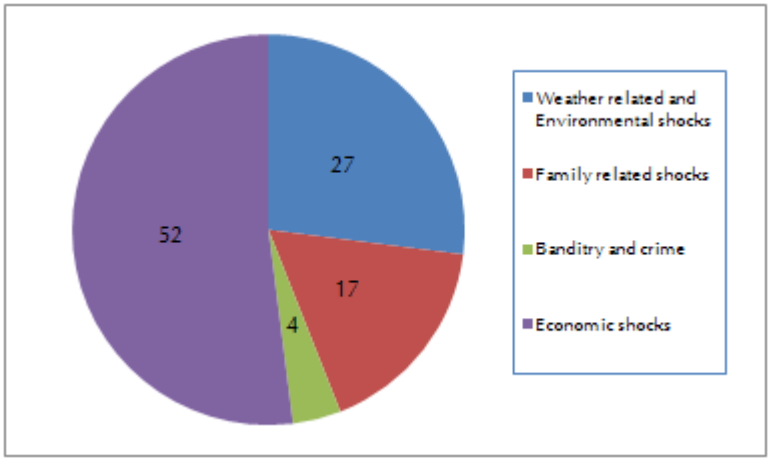
Source: Microinsurance Survey, 2008, IPS - Household survey.

3.1.3 Expectation of Risks

Understanding the expectation of risks by the households is important in evaluating whether the insurance products of the microinsurance providers are demand driven or not and helpful in future designing of effective products.

In total, the households expect that about half of their risks would arise due to economic shocks, followed by the weather related and environmental shocks and family related shocks. There is hardly any difference between the expectations of risks among the two types of households. The expectation of each type of risk by microinsurance policyholder and non-policyholder households is 1:1.

Figure 3.3
Expectation of Risks by the Households



Source: Microinsurance Survey, 2008, IPS - Household survey.

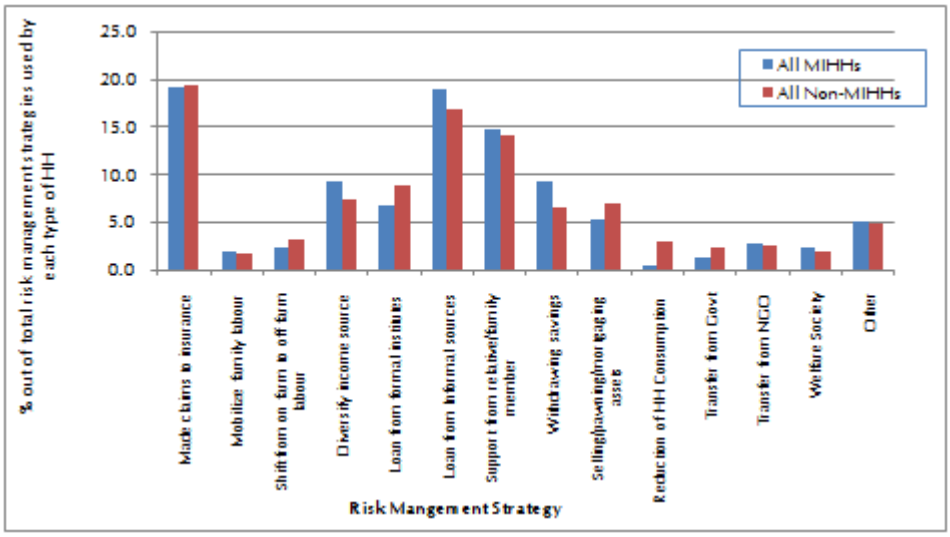
3.1.4 Multiple Risk Management Strategies: Insurance Vs. Other Strategies

The households have used a range of risk management strategies/tools to manage risks/shocks. While some households are able to manage the risks through one method, most would go for multiple methods. In total, 1,098 strategies have been used by the risk faced households accounting to 5.5 risks management methods per household on average.

The results of the analysis show the importance of insurance as a risk management strategy. Both microinsurance policyholders and non-policyholders have equally used insurance to manage shocks (close to 20%). (In 75% of the households, at least one member of the household has bought an insurance policy during the surveyed time period or at some time. This could arise as the sample consists of a purposive sample of microinsurance policyholders). Borrowing from the informal sources has been the second most common risk management strategy, surpassing the other formal financial services. This is a striking finding considering that the sample mainly carries households attached to microfinance institutions.

The households still rely heavily on the informal networks in managing risks. This is confirmed by the study by having 'seeking support from relatives or family members' (close to 15% for both types) as the next most common response. Next, in the respective order, the sample households have commonly used the methods of borrowing from the formal institutes, withdrawing savings, diversifying the income sources or selling/ pawning or mortgaging the assets.

Figure 3.4
Risk Management Strategies Used by Households Following an Exposure to a Risk



Source: Microinsurance Survey, 2008, IPS - Household survey.

The poorest households have relied more on borrowing from informal sources (first priority of the bottom 2 quintiles). Next to that, they have claimed insurance and sought support from relatives. For the other three top quintiles, the priorities have been to claim insurance. However, the households of the 5th quintile have borrowed from the informal sources at the same level of claiming insurance. The lower quintiles have received help from the welfare societies more than the other quintiles for risk management.

3.1.5 Understanding the Concept of Insurance

The study shows that there is a high tendency to hold an insurance policy with a clear understanding of the concept of insurance. The survey included a question to measure, whether the households have a clear idea of the concept of insurance.[9]

Table 3.1
Understanding the Concept of Insurance and Buying an Insurance Policy[10]

Concept of Insurance	Households (%)		
	Bought Insurance Policy	Did not buy Insurance Policy	Total
Clear Idea	*79.2*	*20.8*	***100***
No Clear Idea	*40.5*	*59.5*	***100***
Total	***74.8***	***25.2***	***100***

Source: Microinsurance Survey, 2008, IPS - Household survey.

[9] In the total sample of 330 households, 75% of the households have bought at least one insurance policy (microinsurance or other), at some time.

[10] Here, the 'insurance policy' means any type of an insurance, not only microinsurance.

It is interesting to note that out of the households who have a clear idea of the concept of insurance, 79% have bought an insurance policy at any time, while out of the households who do not have a clear idea of the concept of insurance, only 40% have bought an insurance policy (Table 3.1).

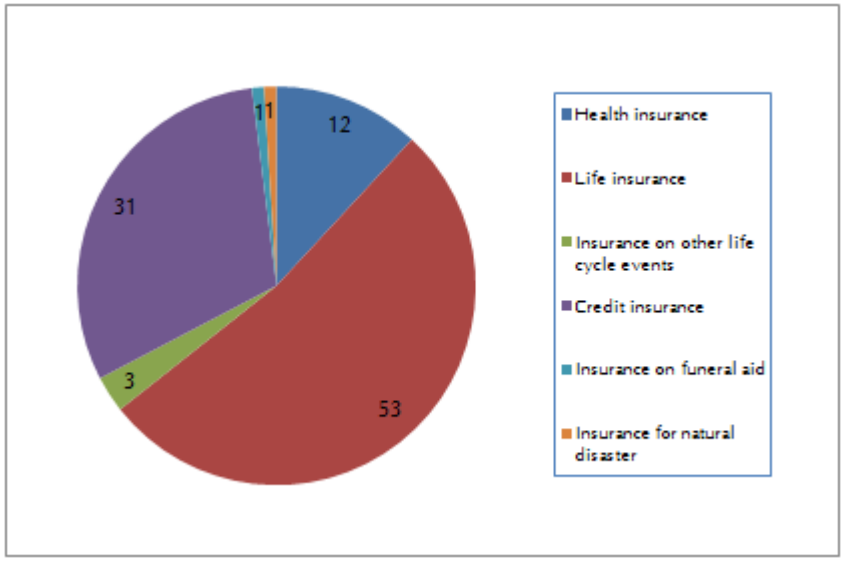
3.2 Microinsurance: The Role as a Risk Management Tool

A separate analysis of microinsurance provides insights of the microinsurance services the households receive. Only a few households (7%) have bought more than one microinsurance policy from the considered microinsurance institute. The analysis further showed that the tendency to acquire microinsurance is high for households who have faced at least one risk. Almost 60% of the microinsurance policyholder households considered for the sample, have experienced at least one type of risk during the considered 5 year time period and out of them, 53% have obtained microinsurance within the same period of time.

The analysis shows that half of the microinsurance policies bought are life insurance (Figure 3.5). The households prefer it over the others as most of the life insurance policies offered are designed with benefits of health insurance and insurance on other life cycle events. Further, some of the microinsurance providers only offer an all inclusive package centred on life insurance.[11]

The second highest microinsurance policy type bought by the households is credit insurance (Figure 3.5). This has resulted due to the compulsory requirement of credit insurance in obtaining loans by the members to guarantee loan loss (fully or partially) in case of death or disability of the borrower. As most of the

Figure 3.5
Type of Microinsurance Policies Bought by Households



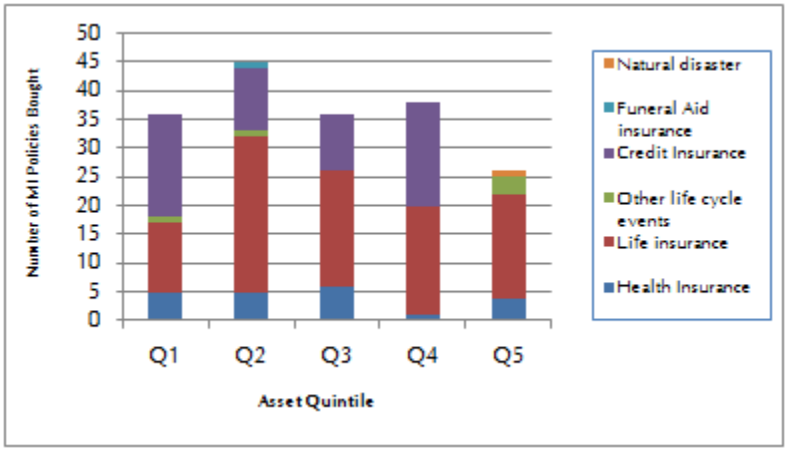
Source: Microinsurance Survey, 2008, IPS - Household survey.

[11] More details are provided under the section on MI providers.

microinsurance providers covered by the survey are linked with their partner microfinance institute (under one umbrella institute), the number of credit insurance policies would automatically rise.[12] The insurance policies bought on natural disasters are low as there are only very few schemes. None of the households have bought pension and vehicle insurance policies as these types of products are not offered at microinsurance level by the providers under the study.[13]

The households in quintile 2 have bought the highest number and the households in the richest quintile have bought the least number of microinsurance policies. Rest of the quintiles have bought almost an equal number of microinsurance policies (Figure 3.6). The poorest quintile has purchased more of credit insurance, while other quintiles have purchased more of life insurance. The highest number of life insurance policies have been purchased by the second quintile.

Figure 3.6
Type of Microinsurance Policies Bought by Asset Quintile



Source: Microinsurance Survey, 2008, IPS - Household survey.

The microinsurance products are designed by the providers in a way that they often cover one or more risks and offer one or more benefits to the policyholder. Almost one quarter of the benefits (out of all the benefits received) are death compensation benefits. Accident compensation, death benefits for funeral expenses, accident expenses for medical treatment, and credit assurance follow in the respective order.

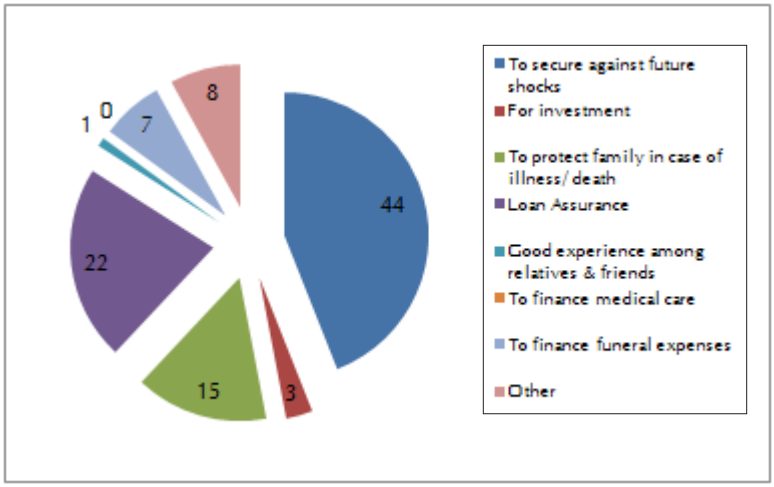
Most of the microinsurance policyholders have bought microinsurance policies to secure against future shocks. A noteworthy finding is that, a little more than one fifth of the households have purchased insurance for credit assurance, due to the compulsory requirement in obtaining loans. The next reason for purchasing microinsurance has been to provide protection for the families in case of illness or death (Figure 3.7).

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[12] It is compulsory for all the borrowers of the microfinance arms of the microinsurance providers (except in WDBF) to get credit insurance. Yasiru provides credit insurance to the community based microfinance organizations they are linked with.

[13] For further information, see the analysis of MI providers. Only SANASA offers vehicle insurance, but at commercial level.

Figure 3.7
Reasons to Purchase Microinsurance Policies by Microinsurance Policyholders



Source: Microinsurance Survey, 2008, IPS - Household survey.

Table 3.2
Number of Microinsurance Policyholders According to the Average Microinsurance Premium (monthly)[14]

MI Premium (Rs.)	Number of HH %*	Q1%**	Q2%**	Q3%**	Q4%**	Q5%**
1-10	1	0	100	0	0	0
11-20	28	14	30	22	11	24
21-50	25	22	19	16	19	25
51-100	9	33	42	17	0	8
101-300	17	14	18	18	32	18
301-500	8	20	50	10	10	10
501-1000	10	0	31	31	15	23
1001-2000	2	0	0	67	0	33
Total	**100**	**16**	**28**	**20**	**15**	**21**

Note: * Out of the 130- MI households answered.
** Out of the total number of households in the relevant premium category.

Source: Microinsurance Survey, 2008, IPS - Household survey.

Half of the microinsurance households are paying premiums monthly and another 45% are paying annually. Unlike in microfinance where the clients are encouraged to make regular payments in short intervals (weekly savings or payments of loans), none of the studied microinsurance providers are collecting insurance premiums weekly or fortnightly.

A significant percentage of households are unaware of the exact premiums they are paying. Most of the microinsurance policyholders are paying very low insurance premiums. Half of the microinsurance policyholders pay monthly premiums less than Rs. 50 while almost 80% of the microinsurance policyholders are

[14] All premiums paid weekly, fortnightly and quarterly are converted to obtain monthly premium values for comparison. The outright payments for the whole package (credit insurance) are ignored for this calculation, as the time span differs according to the insurance policy. All premiums are on average value.

paying monthly premiums less than Rs.300. The poorest households are paying more of lower premiums while the premiums above Rs. 1,000 are paid only by the 3rd and 5th quintiles (Table 3.2).

In general, the microfinance institutes which require their clients to have credit insurance, charge the premium as an outright payment, at the time of loan disbursement. Close to 30% of the microinsurance policyholders were having credit insurance. A 15% are paying very small credit insurance premiums of less than Rs.300 and one fifth of the households in microinsurance are paying less than Rs. 500. Most of the clients are paying credit insurance premiums of Rs. 501-1,000 and Rs. 1,001-4,000. However, it has to be noted that, credit insurance premiums are related to the credit amount, often as a percentage on the total credit amount, defined by the microfinance institute.

Most of the (65%) microinsurance households are comfortable with the premium amount they are paying ('about right'). The interesting finding is that 22% of the households think that the premiums of the microinsurance policies are too small. This shows the opportunity the microinsurance providers can grasp, to provide better services. The microinsurance households would prefer receiving better benefits even at a relatively higher premium.

Majority of the microinsurance households (78%) have not made any claims on their microinsurance policy. Out of the households who have claimed microinsurance, 63% have claimed on illnesses and 20% have claimed on deaths. Further, only 6% have claimed on accidents and another 6% have claimed on property loss. Only 3% have claimed on each for childbirth and education.

Majority of the claims have succeeded in covering only less than 20% of the loss the households have experienced (39% of the households claimed). Another 11% of the households have been able to claim about 20-49% of their damage while 31% have responded saying that they have been able to claim 100% of the loss they suffered. Nevertheless, a considerable percentage (11%) is without any knowledge about the loss they were able to cover from their microinsurance claim. However, it has to be noted that the results on the loss covered by the claims are subjective answers, as it displays only the view of the claimant.

Most of the policyholders have not stated that a reason to claim did not occur (90% out of non-claimed households). For some, this could be due to the lack of cover on risks by the microinsurance policies they hold. A few could not claim as they did not know about their claiming rights, lack knowledge about claiming procedure, or the risks faced were not covered by the insurance policies. For others the reasons were that the insurance policy did not extend to the family members, inability to provide the necessary documents (e.g., medical certificate) or because they did not claim in order to obtain the 'no claim bonus'. Though the percentage of households who have faced such circumstances is small, the underlying causes should be taken into serious consideration by the microinsurance providers in improving their services.

The microinsurance policyholders provided mixed comments on the satisfaction of the microinsurance policy they are carrying. Most of the households with microinsurance policies are satisfied with the policies they are carrying (90%). The larger number of households are fully satisfied (60% out of the households who have microinsurance policies), 12% are satisfied to a larger extent and 20% are satisfied only to a lower extent.

Out of the few households who are not satisfied, the main reasons for the dissatisfaction are the inadequacy of the microinsurance policies to address the needs of the clients and insufficiency of benefits. Though the number of respondents who are unsatisfied are low, it is important for the microinsurance providers to take a close consideration about these two facts. In addition, a very few mentioned that their dissatisfaction is related to slow processing, or lack of knowledge about the claiming rights or the absence of maturity benefits.

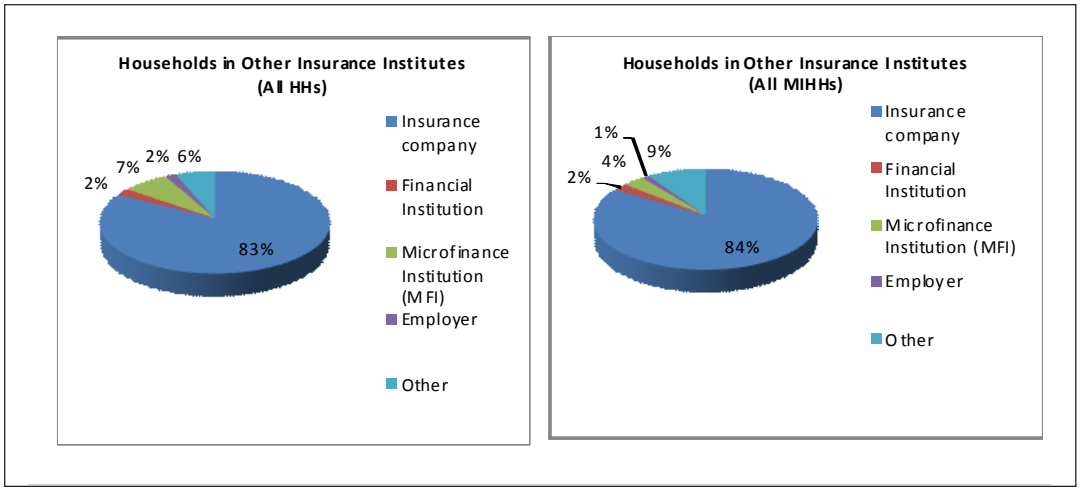
Most of the households did not have any suggestions on the additional risks they would want to cover. Out of the households who are already covered by microinsurance, 11% preferred to have a cover on crop failure and 5% preferred have cover on natural disasters.

3.3 Insurance Services Received from Other Insurance Providers

Households often use various risk management strategies. Sometimes they tend to use the services of more than one insurance provider. Out of the total 330 households, 42% are with other types of insurance organizations (including the households who are already in microinsurance). Out of 164 households who are having microinsurance policies, 39% have purchased insurance policies from other insurance organizations too.

Other insurance providers reached by the households in the survey sample are a mixed combination of insurance providers, consisting of insurance companies and government insurance partners. Most are clients of insurance companies (more than 80% of the households including the households with microinsurance policies). Only a small percentage is with other types of institutions. Even the households having insurance services from other MFI related insurance providers are relatively small. The same trend can be observed for the microinsurance policy holders as well (Figure 3.8).

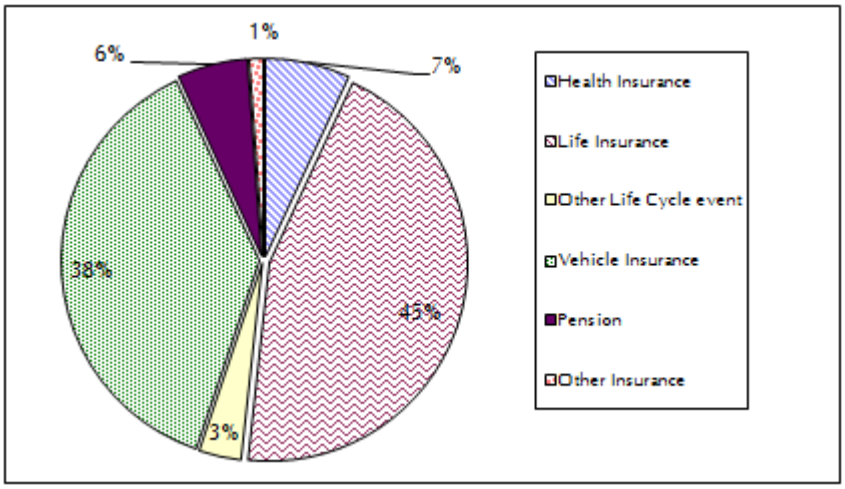
Figure 3.8
Households in Other Insurance Organizations



Source: Microinsurance Survey, 2008, IPS - Household survey.

Most of the other insurance are on life insurance and then on vehicle insurance. Almost half (47%) have bought life insurance policies and 39% have bought vehicle insurance policies. In addition, a few households have bought insurance policies on health, old age annuities/ pensions and on other life cycle events, from other insurance organizations. A similar trend is observed even among the microinsurance policyholders who are having insurance from other insurance providers too. Almost half of the other insurance policies bought by the microinsurance policyholders are life insurance policies (Figure 3.9).

Figure 3.9
Type of Insurance Policies of Microinsurance Policyholders in Other Insurance



Source: Microinsurance Survey, 2008, IPS - Household survey.

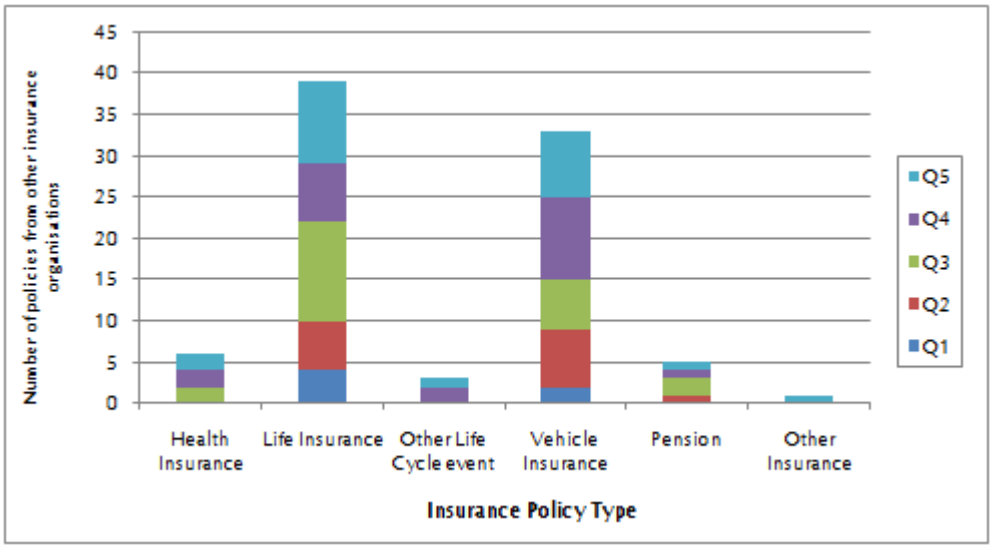
The poorest quintile has bought the least number of insurance policies and the richest quintile has bought the highest from other insurance providers. It is interesting to note here that the largest portion of the life insurance policyholders is from the third asset quintile.

The next most common insurance obtained from other insurance institutes is the vehicle insurance and the 4th asset quintile has purchased the highest number of vehicle insurance policies. A few microinsurance policyholders have purchased insurance on other life cycle events, pensions and health insurance from other insurance providers (Figures 3.9 and 3.10). These households have purchased vehicle insurance from other providers as none of the considered microinsurance institutes are providing vehicle insurance. The moving into life insurance policies of other insurance providers has to be considered seriously as this may depict the inadequacy of the life insurance policies of microinsurance providers.

Accident compensation is the most common benefit the households are receiving from other insurance policies (35%of the benefits) followed by death compensation benefits (22%), accident expenses for medical treatment (13%) and death benefits for funeral expenses (12%).

Most of the households have purchased insurance from other insurance organizations to be secure against future shocks without a specificity (76% out of all households and 73% of microinsurance policyholder

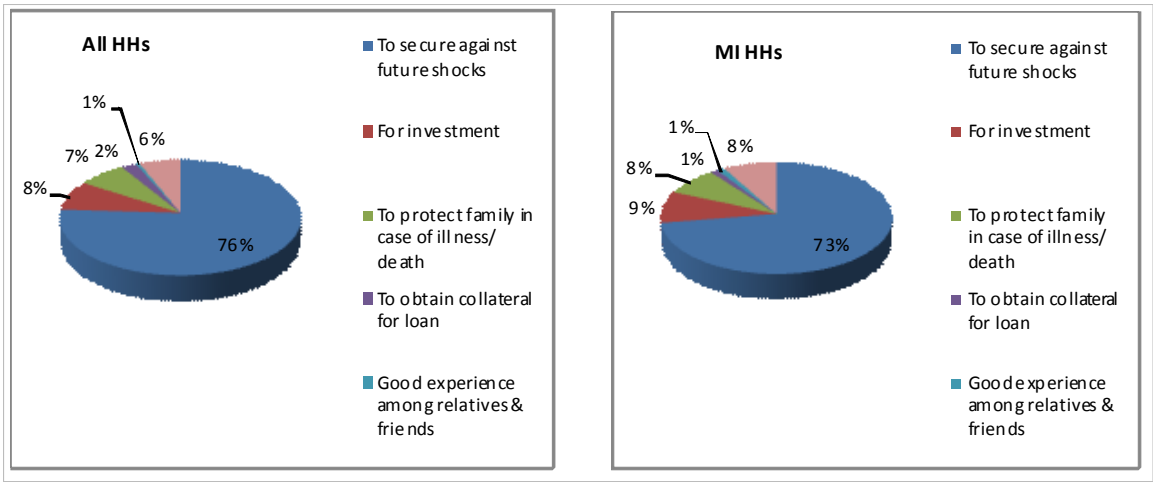
Figure 3.10
Number of Insurance Policies from Other Insurance Organizations: Microinsurance Policyholders by Asset Quintile



Source: Microinsurance Survey, 2008, IPS - Household survey.

households in other insurance organizations). An interesting finding is that unlike in microinsurance, none of the hot insurance policies from other insurance organizations as an investment and to protect families in case of illness/ death - both microinsurance holders and others (Figure 3.11).

Figure 3.11
Reasons to Purchase Insurance Policies from Other Insurance Organizations



Source: Microinsurance Survey, 2008, IPS - Household survey.

As in microinsurance, most of the households - irrespective of whether they are microinsurance holders or not - pay insurance premiums monthly and annually to the other insurance organizations. The analysis of premiums paid for other insurance policies show that the households are not paying very high premiums at other insurance organizations. One quarter is paying monthly premiums below Rs. 50, which is very low. More interestingly, half of the households are paying premiums below Rs. 500, and 70% are paying below Rs. 1,000. Almost one quarter of the households are paying monthly premiums of Rs. 1,001-2,000. There are only a very few who are paying over Rs. 2,000. It is more interesting to see that while 22% of the households pay premiums of Rs.21-50, another 23% are also paying quite high premiums of Rs. 1,001-2,000. The same trend is observed for the microinsurance policyholders as well (Table 3.3).

Table 3.3
Percentage of Households in Other Insurance Organizations, According to the Categories of Payment of Insurance Premium (monthly)[15]

Monthly Insurance Premium Category (Rs.)	*All HHs*	*MIHHs*
1-20	*5*	*6*
21-50	*20*	*22*
51-100	*5*	*5*
101-300	*13*	*15*
301-500	*12*	*6*
501-1000	*15*	*16*
1001-2000	*23*	*23*
2001-4000	*5*	*4*
4001-6000	*1*	*1*
6001-10000	*1*	*0*
10001-30000	*1*	*1*
Total[16]	***100***	***100***

Source: Microinsurance Survey, 2008, IPS - Household survey.

Most of the households in other insurance organizations are satisfied with the premiums these organizations are charging (70% 'about right'). However, about one quarter of the households admitted that the premiums are too high. Only very few households considered the premium as too small. None of the microinsurance policyholders considered the premium as too little, unlike in microinsurance.

4. Conclusion

The supply side analysis shows that, the microinsurance institutes have been able to provide benefits to their members even with a low number of products. Still, the diversification of products has not been able to cover most of the vast array of risks the poor households encounter. Survey on the microinsurance providers of the study finds that the products offered by microinsurance institutes are mainly limited to life, health and credit insurance, with coverage on a few risks. They mainly cover deaths, funeral expenses, hospitalization, accidents, while coverage on surgery, medicines, life cycle events, education, property,

[15] All premiums paid weekly, fortnightly, quarterly, bi-annually and annually are converted to obtain monthly premium values for comparison. The outright payments for the whole package are ignored for this calculation, as the time span differs according to the insurance policy.

[16] The total does not carry the unanswered households who do not have an idea about the details of the insurance policy they are in. The total carries multiple answers to the question too.

income loss, agriculture are negligible or none. It is rare to find one provider covering all family related shocks, while the family related shocks are the main types of risks the households experience.

Most of the households have faced family related shocks and the illnesses of the income earner as one of the major shocks. Also, in pursuing microinsurance, the households have the expectation that it would provide protection for the families in case of illness. Despite these facts, health insurance as a separate product is limited in microinsurance. Health insurance is not perceived as a priority by the microinsurance providers due to the universal free access to public health services of the country. However, private health services are required in certain circumstances which are not affordable to the poor. Further, the income loss during illnesses of the major income earner is one of the major adversities that need cover.

It is worrisome to see that, only two selected microinsurance providers are covering a few shocks related to weather and environment, even which are too narrow, covering only a very few risks. None of the microinsurance providers cover droughts, animal threats and crop failures. However, considering the agriculture involvedness of the labour force in the country and considering the higher percentage of low income earners among the agriculture based employed of the country, the importance of expansion of insurance coverage for the aforementioned risks can be highlighted.

The analysis shows that the majority of the microinsurance policyholder households have not made claims as the risks covered by the policies were not experienced. Most of the claims have not succeeded in covering the full extent of the loss, as the members perceive. This highlights the mismatch in demand and supply.

A higher percentage of households in microinsurance have insurance policies from one or more provider. In an indirect way, it projects the insecurity of the households and the insufficiency of the microinsurance products in covering the risks.

Complexities of some of the microinsurance products have made it difficult for the households to understand the benefits and rights they are entitled to, as most of the life microinsurance products in Sri Lanka are very comprehensive, including an array of insurance benefits.

All microinsurance institutes studied have a 'full-service model' (except one), where the insurance provider has full control over the insurance scheme. The microinsurance institutes capitalize on existing strengths of the institutes and reach the clients through community based organizations (CBOs) of MFIs or other existing CBOs, hence delivering the products at the doorstep. The collection agents of most of the microinsurance institutes are the community members, which make the premium payments available at the doorstep of the policyholders at a lower cost.

On the other hand, as an infant industry, the microinsurance providers of the country face plenty of obstacles, which prevent them from having an extensive versatility. Nonetheless, it should be noted that the households are even willing to go for a little more higher premiums if the benefits received or the coverage are improved. Hence, the microinsurance providers have the opportunity to diversify the portfolio in a subtle way, at least to cover more of the basic risks.

The lack of skilled manpower in the field is another constraint. Networking of the providers would overcome the problem to a certain extent, as it enables to have collective approaches. Another limitation

that hinders the expansion/ diversification of the microinsurance providers is the limitations they face in reinsurance. Lack of a regulatory framework also discourages reinsurance. There is a need to create an enabling environment to increase the entry of new types of microinsurance institutes. Most of the private commercial insurance companies are not dealing with microinsurance for the low income groups. Lack of a regulatory framework for microinsurance is a major reason for the hold back. The government can play a leading role in promoting microinsurance among the poor, create awareness and popularize it, supporting an enabling environment through regulation and promoting capacity building in the sector.

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Appendix

A1: List of the Key Informants

Name	Designation	Institution	Contact details
Mr. Pallegama, R.D.W	Deputy Director- Supervision of Non- Bank Financial Institutions Department	Central Bank of Sri Lanka	Central Bank of Sri Lanka, 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka
Ms. Nirmala De Soysa	Assistant Director-Crop Insurance	Agriculture and Agrarian Insurance Board	Agriculture and Agrarian Insurance Board, Vauxhall Street Colombo 02, Sri Lanka.
Ms. Oneeza Fareen Fahim	Asst. Manager Underwriting	Amana Takaful Insurance	Amana Takaful Insurance, 98, Bauddhaloka Mawatha, Colombo 04, Sri Lanka
Mr. Manilal H. Perera	Chief Executive Officer	Sanasa Insurance Company	Sanasa Insurance Company, 203/A, Highlevel Road, Colombo 06, Sri Lanka
Mr. Abeysinghe, L.B	General Manger- International Relations	Sanasa Insurance Company	Sanasa Insurance Company, 203/A, Highlevel Road, Colombo 06, Sri Lanka
Mr. Sunil Silva	Chairman	Yasiru Mutual Provident Society Ltd	Yasiru Mutual Provident Society Ltd, 380/A, Preethpura, Kalagoda, Pannipitiya, Sri Lanka
Mr. Upali Sumithra	Executive Director	Women's Development Banking Federation	Women's Development Banking Federation, No22, Galtotamulla, Yakkala, Sri Lanka

A2: Partner Agencies of Yasiru Mutual Provident Fund

District	Partner Agent Organization
Kalutara	All Ceylon Community Development Council
Hambantota	Giruwapattuwa Community Development Square (Suriyawewa), Social Mobilization Foundation, All Ceylon Community Development Council
Monaragala	All Ceylon Community Development Council
Ampara	All Ceylon Community Development Council
Badulla	Future in Our Hand Development Fund (Badulla)
Kandy	Kundasale Community Development Fund (Katugastota)
Kegalle	Gemisarana Centre
Ratnapura	Sri Lanka Youth Temperance Society
Matara	All Ceylon Community Development Council
Matale	Rangiri Dambulu Multi Purpose Cooperative Society (Dambulla)
Nuwara Eliya	Walapane Rural Support Project (Walapane), Kotmale Rural Development Fund (Kotmale)

A3: Demographic Characteristics of the Households

The total sample of 330 households includes 1,350 individuals. The average household size is 4 members per household. Most are male headed households. Only 17% of the selected households are female headed. The overall literacy level of the sample is very high. Almost, 91% of the heads of the households can both read and write. Only 6.7% of the households cannot either read or write (illiterate). The educational level of the sample is at a satisfactory level. Only 5% of the heads of the surveyed households have not attended school. Most of the household heads (41%) have passed only grade 9. It is interesting to see that majority of the households-almost 34%- are self-employed. Both regular employment as well

as casual employment can be identified as the second common employment status among the surveyed households. Majority of the household heads are sales/ service workers (23.9%), followed by the agricultural/ fishery workers (22.7%), which together add up closer to 47%. Lesser amount of household heads are in secondary employments (only 6%). The households have good access to health facilities by proximity.

A4: Methodology

The research problems were examined on different dimensions, comparing the microinsurance policyholder households[17] and non-policy holder households.[18] Also they were evaluated across asset quintiles. An asset index was constructed for the sample households based on the household assets and dwelling characteristics, collected through the client survey. The data analysis was mainly descriptive.

Comparison of the differences between microinsurance products provided by the grass roots level institutions: MFIs, NGOs, or CBOs in Sri Lanka. Examining the different types of delivery methods they use in reaching the clients effectively.

- Different microinsurance products provided by the selected microinsurance providers were assessed by examining the coverage of risks, the voluntary and compulsory nature of the products, target beneficiaries, premiums, and maturity benefits.

- The insurance models, the use of delivery channels, coverage of the poor, collection agents and monitoring methods were used to assess the effectiveness of the delivery strategies of microinsurance to the poor.

Understanding the types of risks/vulnerabilities of the households and the use of informal and formal mechanisms by the poor communities to cope with risks. Examining the role of microinsurance in relation to other financial services for the poor in Sri Lanka and understanding the types of products the poor generally need.

The common types of risks/ shocks that make the poor households more vulnerable were identified from the literature. Accordingly, the survey listed 33 types of risks in total, which were categorized under five broad categories. The households listed out the type of risks they encountered within a time span of 5 years, starting from 2003 and also ranked their severity.

- Weather & environmental related shocks - They can be man-made or natural. Eight types of risks are identified under the weather & environmental related shocks. They are floods, hurricanes, landslides, drought, tidal waves, fire, animal threats, and crop failures.
- Family related shocks - Unexpected events affecting health, welfare or social status of family members. They are death, serious illness, disability, disputes, marriage, childbirth and divorce.
- Banditry and crimes - Destruction, confiscation or theft of tools or inputs of production, theft of cash, theft of stored crops or livestock, destruction of house, destruction or theft of other assets.
- Economic shocks - Drastic changes in input and output prices, inability to sell produce, loss of job.

[17] At least one household member has obtained a microinsurance policy from the considered microinsurance provider.

[18] None of the household members has obtained a microinsurance policy from the considered microinsurance provider.

- Along the identification of the risks faced by the households, the risk management tools/ strategies used by the households were identified. The comparison of the use of other risk management strategies with the use of insurance highlights the level of importance of insurance for the poor.

    - Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events.

- Comparison of the types of microinsurance products (coverage of risks) offered by the providers and bought by the households, the voluntary and compulsory nature of the products, coverage of risks the households mostly experience and expect in future, coverage of family members were used to assess the types of microinsurance products the poor generally need.

Examining the extent the grass roots level institutes cater to the needs of the poor compared to private commercial insurance providers.

- Premium payment intervals, premium amount, perceptions on premiums, whether the households have been able to claim microinsurance, coverage of loss by microinsurance, perceptions on satisfaction and awareness were used to assess utilities of microinsurance as a risk management tool for the poor.

- Comparison of microinsurance and the microinsurance households in other insurance schemes on the following: objectives of joining other insurance, the types of products obtained, the benefits received, and the premiums the microinsurance households in other insurance face, gives an idea about the adequacy of microinsurance in catering to the needs of the poor.

Identifying the gaps in the design and delivery of the microinsurance products.

- Based on the above examination, the comparison of the supply of microfinance services and demanded services by the households identify the gaps in design and delivery of microinsurance.

Data Collection

Key Informants Interviews

Information on the nature and scope of microinsurance schemes and the broader institutional support/ constraints to various microinsurance schemes were gathered through detailed interviews carried out with the officials of the microfinance and microinsurance institutes. The list of the key informants is given in the Appendix 1.

Household Survey

A household survey was carried out to understand the types of risks/ vulnerabilities and associated losses of the households and to analyze the nature of informal and formal mechanisms used by the poor communities to cope with risks/ vulnerabilities. Another objective of the household survey was to understand the relevance of available insurance products in addressing the needs of the households, understanding the gaps in the design and delivery of these products.

For the client survey, a structured questionnaire was used to gather necessary primary information. A sample of household was selected from each of the selected 5 institutes with both insured clients as a treatment group and non-insured clients as a control group from each institute. Accordingly, the client survey was carried out for 330 households (including both insured and non-insured) in all provinces of the country.

The multiple stratified sampling was done for selection of households. The following Table shows the allocation of clients among districts and institutes.

MI Providers and Clients Sample

District\ Institute	WDF	WDBF	Sanasa	Yasiru	SEEDS	Total
Colombo		15			10	25
Gampaha		10			15	25
Kalutara			10	10		20
Hambantota	40			10		50
Matale		10		10		20
Kandy		10	10		10	30
Nuwara Eliya				10	10	20
Vavuniya					15	15
Batticaloa					15	15
Kurunegala		10	10			20
Kegalle			10		10	20
Anuradhapura		10	15			25
Badulla			10	15		25
Monaragala				10	10	20
Total	**40**	**65**	**65**	**65**	**95**	**330**

The allocation resulted in having on average 65 households from each institute. The number of households for WDF was limited to 40, as it operates only in Hambantota.[19] The sample of households for the SEEDS became 95, with the addition of 15 households from each district of Vavuniya and Batticaloa. The SEEDS was the only institute out of the 5 institutes that had branches in these two districts at the time of the survey.

District Selection

The allocation was done in a way that at least 2 institutes are represented in each district except for Vavuniya and Batticaloa. The allocation of institutes among districts was on a random basis to come up with the required sample size for each institute and representation of districts. In total, the study covered 14 districts.

Village/Zone Selection

Two or three villages were selected from each district representing selected institutes from the district. The operating villages of each institute were identified with the consultation of the district branch manager and staff. In total, 30 villages were covered under this study.

Community Based Organizations (CBOs) Selection

The households and the groups for the Focus Group Discussions (FGDs) were selected through CBOs with the help of village branch/ zonal branch manager and the staff members. From each village/zone, one CBO was selected for the study. In total, 30 CBOs were covered under the study.

[19] An increase of the sample size for WDF above that level would result in an increase of the district sample size above the anticipated limit.

Client Selection

The number of households from each district differed from 15 to 50. For each institute, the number of households was kept equal for each district the institute was selected (or differed only marginally). It was 10 or 15 households from each district for each institute, except for WDF for the same reason explained earlier. The selection procedure was based on two criteria. If the microinsurance services are provided by the MFI or affiliated to an MFI, both types of households were selected from one CBO: half of the sample comprised of clients with microinsurance and the other half without microinsurance (but members of the MFI). However, a different approach was used in the case of Yasiru Mutual Fund, which is exclusively an insurance provider and is not affiliated to any MFI. One half of the required number of households was selected from the clients with insurance under the Yasiru Mutual Fund and the households without insurance were selected from the same villages in which the clients with insurance reside.

A5: Types of Risks

Weather related and environmental shocks	Family related shocks	Banditry and crime	Economic shocks	Negative political, social or legal events
Floods	Death of working adult household member	Destruction, confiscation or theft of tools or inputs for production	Dramatic increase in input prices	Resettlement or forced migration
Hurricanes	Death of other household member	Theft of cash	Dramatic decrease in output prices	Forced contributions or arbitrary taxation
Landslides	Serious illness of working adult hh member	Theft of stored crops or livestock	Inability to sell agricultural products	Discrimination for political reasons
Drought	Serious illness of other hh member	Destruction of housing or housebreaking	Inability to sell non-agricultural products	Discrimination for social or ethnic reasons
Tidal Waves	Disablement of working hh member	Destruction or theft of other assets (cars, jewellery, media appliances, etc.)	Loss of job	War/Terrorism
Fire	Disablement of other hh member			
Animal Threats	Disputes with extended family members regarding land or other assets			
Crop failure	marriage Childbirth Divorce			