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**A Study on Micro Insurance as Social Protection to the Rural Poor - An
Empirical Study**

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Abstract:

Micro Finance plays a very vital role in the welfare of poor. Poor denotes the people who are struggling to fulfil their basic needs. Insurance gives a benefit of risk coverage and savings to the insurer. However rural poor people can't take the insurance in lakhs or corers hence micro insurance is introduced by the various insurance companies to facilitate the rural poor people also. With getting insurance rural people may get the social protection, it reduces the financial risk occurs uncertainly may be in case of health or death of a prime person of a family. The present study will through a light on the micro insurance as social protection to the rural poor in KadurTaluk. The present study consists of 30 respondents of KadurTaluk who took micro insurance policies.

Keywords: Micro Insurance, Social Protection, Rural, Poor, Risk Cover, Savings.

Introduction:

Micro Insurance is one of the liquid assets to the insurance holder, they can easily convert that into cash with some basic conditions. For economically backward rural area people might be face difficulties to create the fixed assets immediately like land, building etc.,however micro insurance is one of the media to savings, to create assets and to achieve the major goals in the life of rural people. Micro Insurance came into force due to the success of micro finance, which aims to towards micro savings, micro credit to mobilise the cash and involve the less income people in the economic activity. Micro insurance is providing life security to the poor people and their dependents also. As like insurance, micro insurance also has different schemes/policies for different kinds of people like children policies, pension policies, money back policies, endowment policies etc. The present study is showing the importance of micro insurance in assisting the rural poor.

Review of Literature:

Dr. S. Ganeshan and Dr. S. Jayaprakash (2007) analyses about the Micro Banc assurance Models for India suggest that the growth of micro insurance in India does not lies only in the hands of the product design, distribution network but also in creating the proper infrastructure that can support the servicing of insurance policies.

Mc Cord and Dominic Libber(2007) presented a report which gives a description about the functioning of micro insurance and detailed quantities overview of micro insurance in world's 100 poorest countries in which he explains about distribution channels, types of micro insurers and various micro insurance products, regulations and social security schemes in 100 countries including India.

Ramesh Bhat and NishantJain(2006) examines the factor affecting insurance purchase decision they found that amount of income and healthcare expenditure are major determinants of health insurance plans and income of person have significant effect on amount of health insurance purchase but there is non- linear relationship between them in addition number of children in family, age and perception regarding future health care expenditure were also found to be significant.

Objective of the Study:

The objective of the study is to evaluate the micro finance as a social protection tool to rural poor.

Hypothesis:

There is a positive relationship between rural poor interest on micro insurance and their saving habits.

Research Methodology:

The research includes both primary and secondary data. As primary data, 30 respondents, who took the micro insurers opinion is collected randomly with the help of questionnaire. Secondary data is collected with the help of books, journals, websites, periodicals etc. Data analysis is done with the support of SPSS software.

Scope of the Study:

The scope of research is limited to KadurTaluk and the 30 insured people who take micro insurance policies by keeping other things constant.

Results and Discussion:

Table 1:- Intention of Insurance Policy

Intention	No. of Respondents	Percentage (%)
Savings	14	47
Deposits	03	10
Investment	03	10
Future Plan	10	33

(Source: Field Survey)

People purchase the insurance policy with the various intentions in the life. The present study revealed that 47% of the insured took the micro insurance with the intention of savings, 33% are with the intention of future plan, 10% of respondents with the intention of deposits and investments respectively. It shows that micro insurance enhance the life security with the benefit of savings and future plans.

Table 2: Customer attraction towards policy.

Reason	No. of Respondents	Percentage (%)
Low Premium	05	17
More Risk Coverage	08	26
Money Back Guarantee	14	47
Reputation of Company	03	10

(Source: Field Survey)

Benefits in the policy are the main attraction of people towards micro insurance policy. 47% of the respondents brought policy with the reason of money back guarantee, 26% of insured due to more risk coverage, 17% due to low premium and 10% due to reputation of the company. The present data shows that people always look for the security and safety of their money and return for their investment in the future.

Table 3: Satisfaction from Micro Insurance.

Micro Insurance	No. of Respondents	Percentage (%)
Fully Satisfied	09	30

Moderate	16	53
Not Satisfied	04	13
Can't Say	01	04

(Source: Field Survey)

Satisfaction relating to financial aspects means return on investment should be more than expected and safety transactions. 53% of respondents felt that they are moderately satisfied, 30% are opined that they are fully satisfied, 13% said they are not satisfied and only 4% are said can't say which means they may be in bias about their satisfaction level relating to micro insurance. It shows that, to get the full satisfaction, insured are expecting much more benefits from the micro insurance companies.

Table 4: Need of changes in Micro Insurance.

Micro Insurance Changes	No. of Respondents	Percentage (%)
It is fully developed	05	17
Need Changes	08	27
Need other policies	07	23
Need more facilities	10	33

(Source: Field Survey)

Innovation is essential as the opinions, tastes and expectations of the customer changes, companies should satisfy their customers. 33% of the insured opinion that they need more facilities than the present, 27% of respondents felt they need changes in micro insurance, 23% are felt that they are cooking new policies in the micro insurance, only 17% are opined it is fully developed. From the above data, it shows that micro insurance need to be improved and it should be reach everyone in the economy including rural people and also the poor who are living under the poverty line.

Hypothesis Testing:

The hypothesis is there is a positive relationship between micro insurance interest of rural poor and saving habits.

	O	E	O-E	(O-E) ²	(O-E) ² /E
14	10	04	16	1.6	
	03	10	-07	49	4.9
	03	10	-07	49	4.9
	10	10	0	0	0

$\Sigma = 11.4$

Goodness of fit is 6@ 5% significant level 12.592 is the table value and calculates value is 11.4. Calculated value is less than the table value hence the hypothesis is accepted. Hence, it has proved that saving habit of rural poor attracting them towards micro insurance.

Conclusion:

Micro Insurance is an essential and strong step in bringing all the people into the main stream of economy. However as per the result of the present study the micro insurance policies must be revised to make benefit to the insured. Still it is not reaching needy people in the economy. Government has the responsibility to take measures in such a way that everyone in the economy should hasatleast one single policy in their name. The present study proved that micro insurance providing social protection to the rural poor people but need to revised and improved.

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