



A STUDY ON IMPLEMENTATION OF MICRO INSURANCE SCHEMES OF INSURANCE SECTORS IN INDIA WITH REFERENCE TO LIFE INSURANCE CORPORATION OF INDIA IN NAGPUR DIVISION

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ABSTRACT :

Micro Insurance offers an innovative way to combat poverty by helping low-income people systematically, manage financial risk to their lively hood and lives. Reducing poverty requires not just generation of income amongst poor but also the protection of their income. Social Sector includes unorganized sector, the informal sector and economically vulnerable or backward classes and other categories of persons both rural and urban areas. The unorganized sector will include self-employed workers such as Agricultural Labour, Bidi Workers, Fisherman, Hamals, Lady Tailors, Tannery Workers. As there are many Insurance Companies in General and Life Sector. The Scope of study is restricted to Life Insurance Corporation products only. The Study is related to the Micro Insurance Life Schemes. As life Insurance Corporation of India is a Company and is in existence since 1956, various schemes in LIC are studied. Geographical limitations are also there. Nagpur Division of L.I.C. is considered for the protection of low - income people.

KEYWORDS : *Micro Insurance , informal sector and economically vulnerable.*

INTRODUCTION-

Micro insurance is a powerful tool to reduce the risk which generally low income people face. It also makes the insurance affordable. The main objective of micro insurance model is to reach the people and make them aware of insurance. As many insurance companies are operating on commercial basis so it is not possible for them to give insurance cover at low cost. So IRDA has made compulsory to them to do some business for low income people in rural and urban areas. Due to this compulsion insurance companies are making plans for the low income sector. But the question remains whether the plan floated by them is same as the plan needed for low income people.

So it becomes necessary to study the needs of socially backward and financially weak people. To find out whether the benefits given in the plans are really effective, this research work is done.

There are many villages in Vidharbha having BPL and low income families. Their main source of income is agriculture and the activities related to it. But climatic conditions are not much favourable. There is scarcity of water & rainfall is also not predictable as sometimes it is very heavy leading to flood or sometimes it is to low causing drought condition. The people are under the constant pressure of loan repayment. They are also not much educated and under the influence of wrong rituals which affect their social life. They are not much health conscious. Sanitary and drainage system problem is very severe. Due to health



problem, sudden death of bread winner, many natural calamities which destroy their wealth and confidence to struggle & then they fall into financial crises.

Much research work is done on this subject while considering whole India but this is not done for small area separately.

India is a country where people are living with different culture, occupation, climatic condition and traditions. So the study of research problem according to the area is important.

The area under the study of Nagpur Division L.I.C and others companies provide micro insurance product and policies. We have taken this division for our study. It was found that micro insurance business done by western zone was much more than any other region of India. So it is very important to study the condition of this area to find effectiveness of plans floated by L.I.C. through the response of customers.

Table No. 1 Classifications of Problems Faced By Policyholders

Type Of Problems	Frequency	Percentage
Large Number of paper & Signatures are required.	240	50%
To meet insurance agent on number of occasions and visit office frequently.	136	28.33%
Declaration of good health is required	8	1.67%
First Insurance is refused & then granted	24	5%
There is delay in getting policy	72	15%
Total	480	100%

Source: survey Data

According to Table no. 1 reveals that different problems were faced by 188 customers of the sample. 50 % (240) of 480 felt that they had to sign many times. For completion of policy 28.33% (136) of 480 respondents felt that they had visited agent or L.I.C Office many times. First insurance was refused and then granted is the reason of 6 persons. Only one person had given declaration of good health for completion of policy.

Table No. 2 The opinion of respondent about Satisfaction towards Services Provided by Micro insurance Companies

Items	Yes	%	No	%	Total
Claim Settlement	24	30	56	70	80
Application process	16	20	64	80	80
Facilities provided by insurance companies.	16	20	64	80	80
Facilities provided by insurance companies to women	32	40	48	60	80
Amount of premium you paid	24	30	56	70	80
Information provided by agent before issuing insurance policy	16	20	64	80	80
Total	128		352		480

According to the table no. 2 shows that the opinion of respondent about Satisfaction towards Services Provided by Micro insurance Companies in which the no. of respondents for Claim Settlement is 30% (24), Application process is 20%(16), Facilities provided by insurance companies is 20%(16), Facilities provided by insurance companies to women is 40%(32), Amount of premium you paid is 30%(24), Information provided by agent before issuing insurance policy is 20%(16).

Table No. 3 Rating of Micro Insurance of LIC by respondents

Rating	Frequency	Percentages
Satisfactory	96	20%
Good	251	52.25%
Very good	82	17.14%
Excellent	39	8.16%
Not satisfied	12	2.45%
Total	480	100%

Out of 480 respondents only six felt that micro insurance of L.I.C. was not satisfactory. 52.25% (251) said it was good. 20% (96) felt it was satisfactory. 17.14% (82) felt it was very good. The respondent who felt it was excellent were 8.16% (39).

CONCLUSION:-

Micro insurance plans of LIC has different mode of payment, low premium, simplicity in procedure, trust, saving, investment and security benefit. Customers rated the plans good. All these are parameters to draw inferences regarding effectiveness. Micro insurance schemes are designed to suit the needs of low income people with simplicity in procedure, facility to choose suitable premium paying frequency and bundles of benefits. The distribution channels are not much effective to cover the all section of the social sector. Thus business is very low. These are supposed to be non-commercial schemes. Views of insurer towards these schemes are not changed. As volume of business is low, bonus declared by LIC is not satisfactory.

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