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Microinsurance for Disaster Risk Reduction: Post-disaster Recovery of Poor


Photo: AIDMI

southasiadisasters.net

Joint Efforts for Mitigating Economic Loss

Understanding and addressing the multi-dimensionality of poverty through diverse but integrated approaches has been at the core of Concern's mission 'to help people living with extreme poverty achieve improvements in their lives'. We address risk and vulnerability and inequality-maintainers of extreme poverty - through a diverse, integrated and adaptive set of programme priorities. Strengthening an inclusive and robust social protection system remains one of the key areas of our interventions. Most of our activities on these issues have primarily been focused on facilitating the existing social protection systems through innovative approaches towards responsive governance. Our support for and engagement through last year's international conference on *'Social Protection for Social Justice'* organised by the Centre for Social Protection (CSP) at IDS, Sussex (UK) helped us identify some of the cross-cutting issues around social protection, disaster risk reduction (DRR) and climate change adaptation (CCA). These new insights have further informed and enriched our programme planning and implementation.

Insurance, a market-linked instrument, remains one of the crucial but under-invested and overlooked component in various social protection measures. Our experiences from Cambodia, Ethiopia and other parts of the globe categorically demonstrate how access to adequate and affordable insurance as part of the larger financial inclusion programmes have been instrumental in building up the financial capital and productive asset base of many poor and vulnerable families and communities. Building on such field-based insights along with the rich experience and expertise of our partner All India Disaster Mitigation Institute (AIDMI) we have integrated microinsurance in to the overall disaster risk reduction (DRR) strategy we are working on as part of the ECHO supported DIPECHO project.

In order to better understand the microinsurance need of the poor and vulnerable and analyse this in light of the microinsurance products available in the market we undertook an extensive Demand Survey and a Scoping Study. Findings and understandings from these exercises categorically highlight some of the existing gaps across the demand-supply continuum and identifies few of the institutional challenges and opportunities that would help bridge these gaps. The Scoping Study identifies multi-level and multi-stakeholder 'partnership' as one of the enablers for this and we envisage a greater facilitatory role for Concern Worldwide India in this direction. Governments of India's progressive policy measures for inclusive social protection, including the Microinsurance Regulations of IRDA (2005), are in fact the first stepping stone towards this partnership. Strengthening and sustaining such a platform requires continuous engagement, exchange and communication among stakeholders through co-production of information and knowledge. Such a partnership would be able to inform policies and support the decision making process of the state through evidence-based inputs. Such an enabling platform is the need of the hour in Odisha, where natural disaster related economic losses has been significantly increasing, as evidenced during the recent floods (September 2011) in the Mahanadi river system. More importantly, provision of an appropriate and cost-effective insurance mechanism as part of the Government of Odisha's disaster management approaches remains a long-standing need (Orissa Human Development Report 2004).

Our ongoing initiatives around microinsurance for disaster risk reduction would help stakeholders, mostly insurers, come together to address these issues through concerted and coordinated actions. ■

Microinsurance offers safety net and creates opportunities for economic development for poor and vulnerable families.

– Dipankar Datta,
Country Director,
Concern Worldwide India

Financing Risk Reduction and Recovery before Disaster Strikes

Opportunities in South Asia

What are the opportunities of reducing risks in South Asia? The population excluded from insurance in South Asian countries is showing very huge ratio, 90% in India, 93% in Bangladesh, 97% in Pakistan and 95% in Nepal[1]. There is huge potential for microinsurance market in the South Asia region. The majority of loss in any small-scale to big-scale disasters is suffered by the poor. In a way this is an opportunity for those who want to reduce risk in South Asia.

Even in a country growing rapidly at 8.5% GDP as India, according to the Thirteenth Finance Commission (2010-2015) of Government of India the current level of insurance penetration is less than 1 per cent across the country. Similar to India, many countries of South Asia are faced with a big challenge of transferring disaster risk at the household level. As a result, a large percentage of world's poorest population residing in South Asia still remains exposed to disaster risks, induced economic losses and deprived of any advantages of rapidly advancing insurance market. A disaster may even not have any economic significance at the macro level, but for each farmer a disaster may ruin his or her basis of existence[2].

Non-availability of microinsurance options to the poor is an issue of financial exclusion. This is an opportunity for the disaster risk reduction actors to make risk pooling and transfer more inclusive.

Photo: AIDMI, 2011.

Non-availability of microinsurance options to the poor is an issue of financial exclusion.

AIDMI points out to powerful governments and humanitarian donors that disaster microinsurance can work and should be integrated in recovery programmes and argues with giant insurance companies about market potential of disaster insurance in the region. Potential for national and regional market to absorb innovative and affordable microinsurance products is huge.

Disaster induced economic losses in region can be financed through rapidly growing economies, well-established insurance markets and global experiences, including successful regional initiatives. Donor support for converging microfinance and DRR during recovery (between two disasters) can make a huge difference to both, the losses and the slowdown of economic process. Short-lived projects tied with stringent deadlines often constrain advancement of innovative thinking for developing long-term and sustainable solutions for financing risks.

A few local organisations in poor countries of South Asia have already demonstrated value of promoting disaster microinsurance with concrete results. This include, Basix in Hyderabad, India; Yasiru in Colombo, Sri Lanka; Proshika in Dhaka, Bangladesh; SEWA in India; and AIDMI in India to name a few. Let us take one example.

AIDMI is one of the pioneering organisations in the Asia to design

1 Source: Marc Socqut (2005)
2 The Potential of Index-based Insurance for Disaster Management in India (2008), southasiadisasters.net Issue 44, AIDMI.

and demonstrate a pilot project on disaster microinsurance since 2003 onwards. The need for designing microinsurance for disaster affected victims was first revealed during a community consultation with 14 left out slum communities in Bhuj following the 2001 Gujarat Earthquake. AIDMI found that only 2% of those surveyed had insurance of any type.

In partnership with the ProVention Consortium in 2004, AIDMI designed the scheme with two regulated public sector insurance companies, designed a partner-agent model and named it as *AfatVimo* (disaster insurance) scheme. The scheme covers five risks; (limited) losses of life, trade stock, livelihood assets, house and house contents of policyholders with an annual premium of around $4.50 (including administrative charges) and a total potential benefit of $1,560 (not necessarily the maximum payout) across the various components of the coverage.

The scheme covers damages or losses to a very wide range of disasters including earthquake, flood, fire, cyclone, lightning strike, landslide, et al. (19 types). The product was first sold in April 2004 covering 3700 policy holders in Gujarat and later on extended to 2004 Tsunami victims in Tamil Nadu, 2005 J & K earthquake victims, and 2007-08 Floods affected victims in Bihar.

AfatVimo, being a financial tool for risk sharing, reduces the policyholders' underlying risks and offers financial protection. In addition to the policy itself, the policyholders are supported with micro mitigation measures such as fire-safety, seismic-safe construction practices and business development support.

In order to support the growing demand for an evidence base on impact of microinsurance from donors, in 2009 AIDMI in partnership with ProVention Consortium and International Institute for Applied Systems Analysis (IIASA) led a regional study in South Asia covering five organisations offering disaster microinsurance from Bangladesh, Sri Lanka and India[3]. A total of 1640 disaster microinsurance clients and 531 non-insured clients were surveyed and consulted. Overall, the results of this study show interest in and willingness to pay for disaster microinsurance programmes in South Asia. The products are reaching poor clients, many who are below the poverty line, highly in debt, and employ limited and difficult coping mechanisms after disasters. However, some challenges in claim processing, delayed payments and inadequate total coverage were reported. The following 6 priority activities and interventions are recommended based on the findings of the study.

1. Utilise the client community to increase awareness and grow.
2. Microinsurance is not a panacea for disasters. There is a need to promote long-term disaster risk reduction in conjunction with microinsurance.
3. Promote increased participation by women in disaster microinsurance programmes.
4. Promote the review of organisations' claims processes to ensure that money is getting to clients in the most effective and efficient way possible.
5. Look for the biggest critic. The proof of impact of disaster microinsurance must be done through the survey of people who have dropped out the programmes, were rejected claims, and who will not renew membership in the future.
6. The use of impact assessments for future product development.

The study concluded that the key to everything seems to be awareness and information. The study signaled high demand for disaster microinsurance after non-insured clients had been given information showing the relevance and pricing of such products as well as the power of organisations to reach more clients simply through outreach. An overwhelming majority (80 percent) of clients feel that disaster microinsurance should be promoted to others while only a minority (2.3 percent) think it should not.

India is a forerunner in the field of microinsurance especially in the light of its unique regulatory environment: commercial insurers are required by law to offer cover to low-income households, with the result that over 30 million low earners have insurance today[4]. Low level of insurance coverage is an opportunity for the authorities, businesses, and the civil society to promote financing risk reduction and recovery through microinsurance. It is up to the risk reduction actors to maximise on this opportunity. This issue of southasiadisasters.net is presenting joint efforts of humanitarian organisations who trying to reach out poor and coastal communities of India and South Asia and build disaster resilient community by mainstreaming microinsurance with disaster risk reduction. ■

– Mihir R. Bhatt

3 For full report visit http://www.iiasa.ac.at/Publications/Documents/XO-11-059.pdf

4 Dirk Reinhard, Munich Re Foundation, The Impact of Microinsurance in South Asia (2008), southasiadisasters.net Issue: 43, AIDMI.

Microinsurance for Vulnerable Coastal Communities in Odisha

Bridging the Demand-Supply Gaps through Multi-level Partnerships

The coastal state of Odisha is no stranger to natural disasters. The Super Cyclone of 1999 (October) remains as one of the most devastating natural disasters in recent history. It affected more than 12.5 million people in twelve coastal districts. The state undertook some affirmative and robust policy decisions towards institutionalising an effective and appropriate disaster management strategy, the Orissa State Disaster Management Authority (OSDMA, 2001) being one of them; in fact the first in the country. The deltaic coastal part of the state, along the Bay of Bengal, has been one of the most-at risk to climate-induced natural hazards including seal-level rise (SLR) and coastal flooding.

The livelihood assets (human, social, physical, financial and natural) of many of these coastal and coast-dependent communities have been impacted to various extents because of this unfolding multi-hazard scenario. The scale and intensity of the transformations during Orissa Super Cyclone (1999), both in the biophysical composition and socio-economic settings, was so strong that it forced a significant change in the livelihoods systems in three most-affected districts of Jagatsinghpur, Kendrapara and Puri (Samal, Meher and Panigrahi, 2003)[1]. Uncertainties of the changing nature of hazards, including their intensity and frequency, often limit the effectiveness of approaches aimed to build the adaptive capacities of these communities and risk proof their livelihood systems.

Microinsurance, broadly defined as insurance for the poor, has emerged as one of the cost-efficient market-linked risk transfer mechanisms. Finding from the microinsurance Demand Survey highlight the unmet microinsurance demands among these vulnerable communities, most of which is linked to limited insurance awareness. Insurance among these communities have mostly been linked to the credit they avail from microfinance institutions (MFIs) and other insurance provisions as part of the government's social security programme (like the Rastriya Swastha Bima Yojna, RSBY). The state of Odisha houses 339 and 195 offices of life- and non-life insurers respectively and around 1611715 number of individual new businesses were underwritten in 2010-11, of which 1198091 (80%) was by LIC only[2]. The total premium collected stood at INR 2021.38 Crores and the gross direct premium income (2010-2011) stood at INR 664.52 Crores, 10% of which was through crop insurance. All these insurers have a specific portfolio of microinsurance which is mandatory under the IRDA (Obligations of Insurers to Rural or Social Sectors) Regulations, 2000 and regulated through the IRDA Micro Insurance Regulations (2005). Vibrant presence of insurers and the business in the state alongside the unmet demands highlight the gaps that exist which limit the meaningful penetration of microinsurance benefiting the vulnerable communities.

Based on these insights we have identified a set of enablers that would facilitate the process across the microinsurance continuum: awareness, availability, accessibility, affordability, accountability and partnership. Partnership stand out as one of the critical element in this and has also been identified and included as one of the key activities under the Priority of Actions (4: Reduce the underlying risk factors) under the Hyogo Framework of Action (HFA, 2010-2015). Institutional mechanisms put in place are very often found to be disconnected from and mis-match to the needs and aspirations of the local community. Realising the urgency to address these issues which limits the processes of social demand for disaster risk reduction, the Mid-Term Review of the HFA suggests multi-stakeholder consultative mechanisms through local platforms[3]. Private sectors, mostly through the UNISDR's Private Sector Advisory Group[4] has been participating in and contributing to disaster risk reduction priorities. Their commitment towards this end is reflected in the *'Statement of Commitment by the Private Sector for Disaster Prevention, Resilience and Risk Reduction'* at the Third Session of the Global Platform for Disaster Risk Reduction (2011) which identifies the following five essentials for Business in Disaster Risk Reduction:

a. Promote and develop public-private partnerships;
b. Leverage sectorial private sector expertise and strengths;

1 Samal, Kishor C., ShibalalMeher and Nilakantha Panigrahi (2003), 'Beyond Relief: Disaster Mitigation, Livelihood Rehabilitation and the Post-cyclone Recovery of Orissa (Village Level Studies in the Three Most Cyclone Affected Districts)', mimeo, (A Report of the Research Project funded by Overseas Development Institute (ODI) London), Nabakrushna Choudhury Centre for Development Studies, Bhubaneswar.

2 IRDA Annual Report 2010-2011

3 HFA Mid-term Review 2010-2011

4 http://www.unisdr.org/archive/20558

c. Foster a collaborative exchange and dissemination of data;

d. Support national and local risk assessments and socio-economic cost-benefit analyses; and

e. Support the development and strengthening of national and local laws, regulations, policies and programmes that enhance DRR and improve resilience.

In the same spirit members of four leading insurance climate change initiatives (ClimateWise, The Geneva Association, the Munich Climate Insurance Initiative (MCII) and the United Nations Environment Programme Finance Initiative, UNEP FI) collectively extended their support for and engagement in various adaptation measures initiated by respective governments and other stakeholders in developing countries.[5]

The following matrix maps the initiatives and associated stakeholders at various levels and identifies the need at the state level that could further be addressed through appropriate institutional mechanism:

Level	Organisation/System	Policy Instruments	Initiatives
INTERNATIONAL	UNISDR	HFA, 2010-2015)	UNISDR's Private Sector Advisory Group
	Global Insurance Industry		Through ClimateWise, The Geneva Association, the MCII and the UNEP FI
	UN		Social Protection Floor Initiative[6], UN Global Compact[7]
	European Commission		DIPECHO programme
	Civil Society		SAMN (South Asian Microfinance Network)
	SAARC		SAARC Disaster Management
NATIONAL	NDMA	Disaster Management Act (2005), Disaster Management Policy (2009)	National Platform for DRR (NPDRR), Indian Disaster Resource Network (IDRN)
	Various Ministries	Commitments under the Colombo Declaration and Incheon REMAP	Social Protection measure including social Security Schemes
	CII, FICCI, Life Insurance Council		Respective initiatives around financial sectors
	IRDA	• Section 32B and 32C of the Insurance Act, 1938 • IRDA (Obligations of Insurers to Rural or Social Sectors) Regulations, 2000 • IRDA Microinsurance Regulations (2005)	
	NABARD	Financial Inclusion	• Microfinance Development and Equity Fund (MFDEF) • Financial Inclusion Fund (FIF) and • Financial Inclusion Technology Fund (FITF)
	Insurers (Public and Private)	All their insurance policies (life + non-life)	Life Insurance Council
	Civil Society)		Sa-Dhan (Association of Community Development Financial Institutions
STATE	OSDMA	Odisha Disaster Management Policy (2005)	+ **Bridging the Microinsurance Demand-Supply Gaps through Innovation and Partnership**
	UNDP supported DRM and DRR projects + ICZMP and NCRMP		
	Insurers (Public and Private)	All their insurance policies (life + non-life)	
	NGO (Development + Humanitarian)[8] and MFIs		

The space marked (+) demonstrates the needs and opportunities for a local-level partnership around microinsurance and disaster risk reduction. After identifying this space (Why?) and the stakeholders (Who?) the next step would be to engage in a process of consultations and dialogue to work towards the 'how' component of a multi-level partnerships. ■

– **Jyotiraj Patra,** Concern Worldwide India

5 http://www.unepfi.org/fileadmin/documents/insurance_climatechange_statement.pdf
6 http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321
7 http://www.unglobalcompact.org/
8 Inter-Agency Group (IAG) mostly for emergency response

Importance of Microinsurance for the Poor: Thinking through Disaster Perspective

Bangladesh is one of the most vulnerable countries prone to different types of disasters. Over the last 30 years Bangladesh has seen 191,637 deaths as a result of major natural disasters, with storms claiming 167,178 lives. According to the Natural Disaster Risk Index, a study conducted by Maplecroft, Bangladesh has been rated as one of the nation most at risk from extreme weather and geophysical events among 229 countries on their vulnerability to natural disasters. The study has been developed to enable businesses and insurance companies to identify risks to international assets.

Photo: Shakeb Nabi.

The poor have very limited assets and it is the responsibility of the government to protect it.

The frequency and impacts of natural disasters are further severed by poverty in Bangladesh, where more than half of the population lives on less than one dollar a day. Poor infrastructure, plus dense overcrowding in high risk areas like flood plains, river banks, steep slopes and reclaimed land continually result in high casualty figures.

Several measures have been taken up by the Government of Bangladesh to reduce the vulnerability of the people which includes the social security programs, mitigation and preparedness for response programs and effective response in the event of a disaster. But still lots needs to be desired especially the ability of the community to come of out the shocks. It has been seen that for financial support the poor community, apart from the Government and international agencies, the community is heavily dependent on the informal network which is very exploitative in nature and puts the community further inside into the vicious cycle of poverty and vulnerability.

Oxfam GB and ActionAid International are working on microinsurance programs in Bangladesh with the local partners. Oxfam is targeting the poor community vulnerable to flood while ActionAid International recently conducted a research with the coastal fishing community prone to cyclones.

The role of microinsurance as an ex-ante intervention which reduces the vulnerability of the community ex-post in the event of a disaster becomes crucial. Microinsurance as a tool for risk transfer for the poorest community faces some challenges also which includes the literacy level of the community to understand and appreciate the importance of microinsurance. The poorest segment of the society has mostly very few assets and they are in most cases mobile. They do not have proper individual identification as recognised by the government and other agencies. Apart from that, the poorest community of the society is heterogeneous in nature and designing the microinsurance product requires a set of critical mass which has similar socio-economic status, needs and aspirations. Apart from this, it is also been observed that the low income household has other priorities which are related with their immediate physiological needs and thus does not have the resources to invest for future.

In the light of the above mentioned scenario, it becomes the responsibilities of the government, international aid agencies and responsive microinsurance to address the issue through pro-poor policy decisions and implementation of the same. It is recommended since the microinsurance cannot be taken up at the household level for the poor community, some meso-level initiatives with government as the key partner needs to be designed. The risk which is entirely borne by the community has to be shared with government, institutional donors and microinsurance agencies. The government needs to come out with a regulation which is a win-win situation both for the community as well as the microinsurance agencies and other private actors.

The challenges of targeting the under privileged clients for microinsurance can only be overcome if the products are cost effective, institutionally simple and designed specifically for the poorest section of the society. ■

– **Shakeb Nabi,** NARRI, Bangladesh

Photo: Shakeb Nabi.

Targeting the most vulnerable with a diversified portfolio can be a major challenge for microinsurance in future.

COMMUNITY PERSPECTIVE

Microfinance: Social Work Perspectives

Microfinance is seen as powerful tool for the empowerment of the poorest, delivered mostly through Self Help Groups (SHGs), serving as a tool for social change, and is a potentially welfare enhancing programme targeting to meet the Millennium Development Goal of eradicating poverty. Through its various programmes like microcredit, savings, skills training and other related services have increased income and economic empowerment for some eight million people around the world.[1]

Social work addresses to the inequities and injustices that exist in society. Social Workers are trained to address to the problem through interventions ranging from person focused to involvement in social planning and community development by using variety of skills, techniques, and activities consistent with its holistic focus on persons and their environments.

Similar to the principle of Social Work, Microfinance also believes in the inherent nobility of humankind – of the integrity, innate capacities, and commitment of the resource-poor to work hard, take responsibility for their own lives, and to repay credit.

The approach of Microfinance is based on the beliefs that:

- weaker sections are bankable,
- can be treated as responsible people in terms of business,
- can be motivated to save,
- peer pressure in groups helps in recovery.

Social Work believes in the human dignity and also firmly believes that people don't want to earn their livelihood through charity. People prefer to work if they get exposure to business enhancement, finance, education, employment, opportunities, training and guidance. Microfinance addresses to finance directly and as consequences indirectly provides guidance to business enhancement, education. This has influenced development of community. Microfinance policy has created a more enabling policy and legal environment for spread of microfinance activities in India, which has contributed to meet the challenges of Millennium Development Goal for eradicating poverty.

Microfinance programmes, demonstrates the dynamic coherence between the practical requirements in individuals' life and development of community as a whole. It has generated a sense of community motivated action for the common good rather than individualistic self-interest, which can result in greater self sufficiency. If this tool is implemented properly and carefully, it can also create greater opportunities for local economic self-sufficiency and other problems caused because of poverty. Microfinance is one of the effective, and ever-improving, strategy for tackling the global the problem of poverty. ■

– **Sadhana Adhikary,** *and* **Dr. Bigi Thomas,** Sardar Patel University

1 One Country the online News Letter of Bahi'f International Community, Volume 8, Issue 3. October-December 1996. http://www.onecountry.org/oc83/oc8302as.html

Rainfall Insurance: A Case of SEWA for Converting Challenge into Opportunity

Over 500 million people in India rely on agriculture as a main source of income. The agricultural sector represents 35% of India's Gross National Product (GNP) and as such plays a crucial role in the country's development.

The Self Employed Women's Association (SEWA) is a member-based organisation of poor self-employed women workers. It has a membership of 1.1 million women across 7 states, a majority of which is from rural. SEWA adopts an integrated approach towards its members. This approach has four elements, organising, capacity building and market access, capital formation and social security.

SEWA's 65% members are small and marginal farmers. The major problems faced by them are lack of finance, lack of information, lack of input and lack of market linkages. To address the above mentioned issues, SEWA launched its "Agriculture Campaign" and organised farmers in Farmers Development Group (FDG). These groups are able to establish direct linkages to local and nationalised bank for finance, provide seed and fertiliser selling license from Seed Corporation so they can get qualified seeds and fertilisers. SEWA provides them different technical trainings. For the market linkages, FDGs can purchase agricultural produce directly from the farmers. The necessary processing like cleaning, processing and packaging is done at the cluster level and the products are then marketed under their own "RUDI" brand. Rudi is farmers own multi-trading company.

Through the regular field visits and meetings agriculture workers found three issues with farmers, first is production risks: adverse weather shocks - monsoon, droughts and second is dealing with production risks inadequate: informal insurance mechanisms unable to protect when a weather shocks affects an entire region and third is price risks: price volatility of both input prices (fertilisers, seeds) and output prices.

Irregular rainfall, drought, flood, temperature, cold wind, dew are several of key problems facing by farmers. Amongst these, the major risk is irregular rainfall which mostly affects the small and marginal farmers because they are mainly dependant on rain fed agriculture. Due to the uncertain rainfall farmers have to face many hurdles including, decreased income, increased debt, effect on household consumption, effect on health and education and social life and migration.

The larger challenge for which the Agriculture campaign had to find a solution is – "Why does a farmer remain hungry/poor? Despite his constant battle and struggle against natural calamities, limited resources, extreme labour, why does he have to struggle even for a piece of bread?

In 2005, SEWA organised a workshop on Disaster Mitigation involving farmers from around Gujarat. The main topic of discussion was on building protection tool for the farmers. This elevated the importance of finding a way to mitigate rainfall risk and promoted rainfall insurance at SEWA.

The results revealed that an irregular distribution of rainfall not only affects crops also affects the farming trade directly or indirectly. Without insurance, a failed monsoon may force a household to sell productive assets, forgo medical care, or reduce food consumption.

In 2006 a baseline survey was administered to 1500 households in 100 villages of the Anand, Ahmedabad, and Patan districts of Gujarat, to gain data on demographics, income, savings, investment, attitudes towards risk, financial literacy, and experience with insurance.

Following the survey, SEWA and ICICI/Lombard began offering rainfall insurance to all villagers in 32 villages randomly selected from the 100 surveyed. It offered protection against both deficit as well as excess rainfall. The policy, covering 110 days over 3 phases, had an average premium of ₹ 202 and a total sum insured of ₹ 1485. SEWA marketing teams traveled to each of the villages in order to explain and market the policy through village meetings and household visits. Payout was dependent on rainfall collected at the district level. Later on the same year the original 1500 households were surveyed again, as well as any other households that had purchased rainfall insurance. In 2007 with better marketing techniques, weather insurance was offered to an additional 20 villages, though these policies covered only rainfall deficits. Households were resurveyed in March of 2008. Since then, in 2009, 8 entirely new treatment villages were added, bringing the number of villages in the study 108 and the number of households to 1900.

Every year, as per the feedback from the members and the marketing team, SEWA has tried to redesign the policy. It started form Phase wise policy. And then it included deficit and excess rainfall. Also we have increased the Time duration of the insurance coverage as well as covered multiple event rainfall also for this we have tied up with different Insurance Company. But the most effective factors are working for rainfall Insurance is "Payouts in Previous Year".

Benefits of Rainfall Insurance:
- Possibility of adverse selection and moral hazard are low.
- Almost no documentation needed for purchasing this policy.
- More than one unit of policy can be bought by insured.
- Timely calculation and payment of returns.

Marketing Insurance

Marketing is the most important part of selling the insurance product. As the product is intangible, it is very difficult to make people understand its benefits. Steps involved in marketing:
- SEWA district coordinators arrange meetings at the district and inter-district levels
- Train a group of SEWA members to be the 'Team Leaders'.
- Distribution of marketing material to leaders
- Schedule of each activity of the district and village vise.
- Conduct orientation meetings in villages
- Door-to-door marketing
- Regular information access to the farmers regarding weather conditions.

Marketing Materials and Tools:
- Patrika
- Flyers
- Discount coupons- ₹ 5, 15, 30, 65, 95
- Video with ninety-second marketing message
- Renewal gifts
- Lucky draw
- Scratch card
- Games related to insurance
- Free policy with the purchase of main policy
- Active clients become village level educators for insurance
- Establishment of some rainfall measuring tools
- Linkages with other services of SEWA

There is more need for private sector involvement to experiment with and conduct research on the most effective marketing strategies and connectivity of weather station. Government should subsidise the rainfall insurance as per the Crop Insurance. ■

Rainfall Insurance: A move forward or a step backward

SEWA is providing rainfall insurance from year 2006 with tie up with different insurance companies in past years with different terms and conditions every year. SEWA has a tie up with CMF (Centre of Micro Finance) in providing rainfall insurance.

Year	Company	No. of Policies sole
2006	ICICI Lombard	908
2007	IFFCO Tokyo	1067
2008	ICICI Lombard	603
2009	AIC	781
2010	AIC	1775

The factors which responsible for this fluctuation:
1. Network and familiarity of the Insurance provider (Trust)
2. Availability of cash at the time of purchase (Liquidity)
3. Distance from Weather Station
4. Payouts in Previous Years
5. Low Premium

The main factor which is coming as the major reason after the survey done in different villages of Ahmadabad, Anand and Patan is **Payouts in Previous Years** which is indicating that there is lack of awareness and education about insurance among the people. This product is still in its pilot phase and still we all together are trying to find out the best way to help the farmers and farm workers.

Aagewan - The front fighters

Photo: SEWA.

Marketing is one of the most important parts of any organisation or company who working on microinsurance. You made the product but until take it to the community and check the response it's of no uses and benefit. *Aagewans* (leaders) are the part of marketing team of SEWA who sell different products for them to their members and interact directly with the customers.

To have an effective sale of Rainfall insurance proper knowledge and education about the product has to be given to the *Aagewan*, so that they could be more confident and efficient in selling the Rainfall Insurance.

– **Reema Nanavaty,** SEWA

Microinsurance for School Community: A Protection Tool for Local Community

Children represent hope for families, societies, nations and humankind. A great deal of investment is made to provide them with a quality education. However, adequate attention has not been paid to ensure that the environment in which they acquire their education is safe.

Various governmental, non-governmental and international agencies are expressing their concerns over the safety of schools and the children inside them. The Hyogo Framework for Action 2005–2015, a policy adopted by 168 governments and the UN/ISDR to address disaster risk, advocates using schools to spread disaster risk reduction knowledge and strengthen critical public facilities: such as schools and hospitals[1].

AIDMI's decade-long Child's Right to Safer Schools Campaign has largely focused on this specific excluded group of children. The places — a school or informal education center or residential girls' school — are located in far-off rural areas or in interior slums of towns or cities. Apart from structural mitigation measures, school and education personnel are also provided with training on disaster preparedness. Children are involved in mock-drills as well as demonstrations on fire extinction. Awareness materials about mitigation and preparedness measures were facilitated to schools to be used in the future for disaster risk reduction.

Photo: Student Safety Insurance Policy Brochure, AIDMI.

AIDMI has developed a unique insurance policy for school children, teachers and other school staff members that covers them not only during school hours, but when they are at home as well. This insurance policy is designed specifically for schools and education centers attended by marginalised children, including girls whose guardians cannot afford the cost of treatment when their children suffer injuries in emergencies. Starting from 2006 till September 2011 more than 42000 students and school staff from 200+ schools of Bihar, Gujarat, Jammu and Kashmir, Puducherry and Tamil Nadu are insured under this insurance policy.[2]

The campaign has done safety audit of more than 500 schools of India for structural and non-structural safety measures and needs in these schools. Very few schools have been found with the school-based insurance. Many staff of rural schools lacked awareness and understanding of the concept of insurance.[3]

With more and more children attending to schools with promotion of universal education programme, not enough is done to mitigate risk faced by children at school. What can be done then? How can government and civil society be best utilised to leverage results? One interesting solution shines out. Insurance companies should inspire their policy holders to demand certificates of school safety from their respective education authorities. Authorities should certify if the school is safe and prepared reasonable risks. Once such a demand is built, schools and governments are bound to act. The insurance sector has the resources and the weight to take the lead. As in politics or economics, demand rules: let policy holders create a demand for protecting children at school.[4] ■

– Sanchit Oza

1 For more, see: UN/ISDR, 2005. Hyogo Framework for Action: building the resilience of nations and communities to disasters (www.unisdr.org).
2 Child's Right to Safety: A Child's Right to Safer Schools Campaign Report, AIDMI
3 Southasiadisasters.net issue# 59 Safety Audit: First Step towards Making Schools Safer
4 Southasiadisasters.net issue# 55 Institutionalising Disaster Risk Reduction in Schools: Lessons for South Asia

CASE STUDY

Microinsurance Benefits the Poor and Vulnerable

Photo: Jyotiraj Patra, Concern Worldwide India, 2012.

Baikuntha proudly displays the Smart Card under the RSBY which helped him avail quality medical services and covered the hospitalisation expenses.

Baikuntha Muduli (40 years), a mason from Baliupara in Satyabadi block in coastal Odisha, was rushed to Saradha Nursing Home, a private hospital in Puri, when he sustained major injuries on his left leg in an accident at the work site in 2010. He recalls how one of the medical attendants, realising that Baikuntha belongs to the Below Poverty Line (BPL) category, asked him for the Smart Card. "While we were absolutely clueless about any such card in our possession, the attendant showed us one and it was at that juncture me and my family realised the smartness of that Smart Card," reminisces Baikuntha. Subsequently we were informed that all hospitalisation expenses will be 'paid by the government' through that card. "None in my family ever knew what that card is all about. The ANM came and asked my father to get himself registered by paying 30 rupees. We thought it to be an initiative similar to that of the Voter ID Card and didn't pay much attention then," recalls Baikuntha. Even when they received the card they were not so enthusiastic about it and neither was there any discussion in the village about the card. 'The card' in discussion is the Smart Card, in real sense of the term, issued as part of the *Rastriya Swastha Bima Yojna* (RSBY, National Health Insurance Programme). This is one of the social security programmes of the Ministry of Labor and Employment Government of India, which provides health insurance coverage to BPL families in terms of hospitalisation coverage up to 30,000 rupees. Coverage extends to five members of the family which includes the head of household, spouse and up to three dependents. It involves a paper-less and cash-less process for the beneficiaries as they only have to produce the Smart Card at the time of hospitalisation and validate their identification through the finger print reader. The most innovative part of this Smart Card is its portability through which beneficiary shall be able to use health service facilities in any of the RSBY empanelled hospital across India. "This is very helpful for many of us as we very often migrate to different places during lean seasons," adds Baikuntha.

He goes on to explain how for a daily wage laborer like him it is very difficult to meet the medical expenses and in fact next to impossible to afford medical facilities at a private hospital. The total hospitalisation cost of around 5000 rupees was covered through this card. Neighbors and others in the community are now aware of the benefits they are entitled to under this programme through the Smart Card.

During the course of Microinsurance Demand Survey, as part of the DIPECHO project, we came across many such families who were enrolled under the RSBY and possess the Smart Card but are completely unaware as to what that card is all about. Each card has been supplied with an information booklet in local language (Odia) outlining the process involved and the list of empanelled hospitals. This highlights the need for building greater insurance awareness among poor and vulnerable communities which would help generate more demand for and benefits from such social protection measures. ■

– **Jyotiraj Patra,** Programme Officer (Advocacy) Concern Worldwide India

Microinsurance: Key Service for People at the Bottom of Pyramid

Risk is pervasive in the lives of poor and low-income groups. Economic, social, natural, and other factors distort household's risk management capability and their struggle to come out of poverty. Faced with multiplicity of risks, poor and weaker sections are often forced to deplete their financial, physical, social and human assets just to cope with the contingencies.

Although the type of risks faced by the poor such as that of death, illness, injury and accident, are no different from those faced by others, they are more vulnerable to such risks because of their economic circumstance.

Usually, the poor face two types of risks – idiosyncratic (specific to the household) and covariate (common, eg., drought, epidemic, etc.). To combat these risks, the poor do pro-active risk management – grain storage, savings, asset accumulation (specially bullocks), loans from friends and relatives, etc. However, the prevalent forms of risk management (in kind savings, self-insurance, mutual insurance) which were appropriate earlier are no longer adequate.

Microinsurance, the term used to refer to insurance to the low-income people, is different from insurance in general as it is a low value product (involving modest premium and benefit package) which requires different design and distribution strategies such as premium based on community risk rating (as opposed to individual risk rating), active involvement of an intermediate agency representing the target community and so forth.

The draft paper prepared by the Consultative Group to Assist the Poor (CGAP) working group on microinsurance defines microinsurance as "the protection of low income households against specific perils in exchange for premium payments proportionate to the likelihood and cost of the risk involved." The paper deliberates on the key roles to be played by all stakeholders – insurers, regulator and the Government. The working group also agrees that the cost of such cover should be affordable.

Microinsurance is a key element in the financial services package for people at the bottom of the pyramid. The literature on microinsurance generally focuses on two major aspects of microinsurance (i) reduction of vulnerability and poverty, (ii) saving for future contingency.

There are different microinsurance models and delivery structures used by microinsurers across the countries. Some important models are given below :

- Partnerships between insurers and distribution agents such as cooperatives and MFIs.
- Regulated insurance companies that serve the low-income market directly.
- Healthcare providers offering a financing package and absorbing the insurance risk.
- Community-based programmes that pool funds, carry risk and manage a relationship with a healthcare provider.
- Government-sponsored or subsidised insurance schemes.
- Self-insuring MFIs that assume the risk of offering insurance to their clients.

Microinsurance is a pro-poor risk coping tool integrated with social security measures. Such integration is explored in the areas of women entrepreneurship development, poverty reduction measures, public health programme etc. ■

– Hitesh Babbar,
United India Insurance Co. Ltd.

Photo: AIDMI.

Microinsurance for Disaster Risk Reduction

The recent growth in popularity of microinsurance is due tin part to the opportunity it simultaneously offers to private insurers and social service organisations. On one hand, microinsurance seems to allow private companies to sell their products and grow; on the other hand, microinsurance provides a valuable risk transfer service to the poor and complements poverty reduction efforts of governments, NGOs and MFIs.

The concept of microinsurance is based on the fact that by forging relationships with other community members, low income households can reduce vulnerability more holistically than they could through individual strategies. As such, risk is transferred from one household to the community or inter-community level with groups in different geographic locations that are not exposed to the same disaster risks.[2]

In 2010, a majority of relief beneficiaries from AILA cyclone were found exposed to disaster induced financial losses. Access to risk transfer is correlated with sustainable economic recovery among victims. The needs assessment reveals that insurance penetration among targeted communities of Odisha and West Bengal is very low. A majority of households' consulted during the needs assessment do not have any insurance protection. As a result, step-wise following plan was designed to build disaster resilience community in *AILA* affected coastal areas.

Photo: AIDMI, 2011.

Insurance can provide immediate cash for replacing essential assets following disasters.

1. Microinsurance demand survey and disseminate findings
2. Design suitable microinsurance scheme
3. Microinsurance scheme orientation workshop
4. Facilitate roll out of microinsurance scheme
5. Support partners to prepare business plan for sustainability and up scaling
6. Prepare process document on microinsurance pilot
7. Develop training module on microinsurance and conduct trainings
8. Scoping Study on Microinsurance

The microinsurance is one of the important component of project 'Building Disaster Resilience of Vulnerable Communities in Odisha and West Bengal', supported by DIPECHO, facilitate by Concern Worldwide India; SWAD and CYSD from Odisha and Sabuj Sangha from West Bengal are implementing partners and technical support providing by WOSCA, Handicap International and AIDMI. These agencies are putting joint efforts for the above mentioned actions.

Potential Market Size of Microinsurance in India[1]

Life	: ₹ 15.39 to 20.14 billion per year
Health	: ₹ 13.42 to 17.89 billion per year
Crop	: ₹ 9.76 to 13.01 billion per year
Livestock	: ₹ 5.86 to 8.2 billion per year
Total microinsurance market	: ₹ 62.30 to 84.27 billion per year
Pension for unorganised workforce	: ₹ 201.3 billion (US$ 2.5 billion) per year

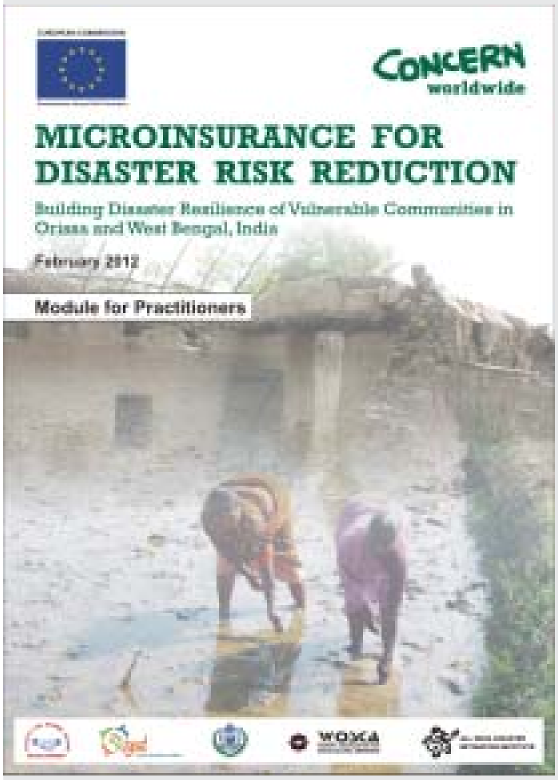
1 Potential and Prospects of Microinsurance in India; UNDP Regional Centre of Human Development Unit 2009, 'Pension Reforms for Unorganised Sector; ADB, 2006 and IIMS DataWorks Survey 2008.

2 All India Disaster Mitigation Institute, 2006

Demand Assessment:

Although the number and variety of microinsurance products available is expanding rapidly, many products available are not suitable for low-income communities or are of low quality[3]. Additionally, some products are mandatory for members of certain groups and some policyholders are unaware that they are covered. Further, many of the products sold in India are only offered to meet regulatory quotas and it is not clear if insurers are dedicated to servicing them.

Demand for microinsurance products is based on two general aspects: the suitability of product supplied and how this product compares with alternative coping systems. Although developing a suitable product requires knowledge of the low-income market that commercial insurers typically lack, a systematic demand assessment can help address this. AIDMI and Concern Worldwide with partner agencies came out with demand study tool, which become valuable resource for understanding the needs, approaches and challenges of microinsurance at local level and facilitating practical work.



Knowledge Product on Microinsurance:

Insurance education can be thought of as a range of approaches. On one end, purely educational programmes teach risk management and insurance concepts to encourage communities to adopt proactive risk management strategies. On the other, commercial marketing schemes designed to sell insurance policies focus mainly on specific product details. The most effective education programmes provide participants with new information encourage changes in attitudes and behavior and then enable households to act on the changes.

The ability to act on information immediately makes participants more likely to retain knowledge and to sustain new behaviors. With this intention, project involved agencies, developed a module on 'Microinsurance for Disaster Risk Reduction' for DRR practitioners and humanitarian agencies working directly with communities to build their understanding on microinsurance and ultimately educational programmes on microinsurance can be conducted in vulnerable coastal areas. Knowledge product is as following key aspects of microinsurance:

1. Introduction to microinsurance and its relevance to risk reduction;
2. Assessing microinsurance demand;
3. Guideline for developing community-driven microinsurance products and
4. Case examples of successful microinsurance initiatives in India. ■

3 Roth et al. 2007.

– Vishal Pathak

Transferring Disaster Risk: Can it Take Care of the Children and Elderly?

Bangladesh is one of the few countries in the world which is highly vulnerable to all the three major types of hazards viz. flood, earthquake and cyclone. The situation is further compounded by acute poverty which exists in several parts of the country. The impact of climate change has further increased the vulnerability of the community.

Today's children bear a disproportionate share of the impact, both in the immediate and longer-term. Children are highly vulnerable to climate change and disaster impacts, while those of them living in marginal environments and situations of poverty are more vulnerable still. After 138,000 persons died in the April 1991 cyclone, an epidemiological rapid assessment was carried to determine factors associated with cyclone-related mortality and to identify prevention strategies. A nonrandom survey of 45 housing clusters comprising 1123 persons showed that mortality was greatest among under-10-year-olds (26%).

Apart from the children and women, the elderly population is also high risk community. The vulnerability of the elderly to disasters is related to their impaired physical mobility, diminished sensory awareness, chronic health conditions, and social and economic limitations that prevent adequate preparation for disasters, and hinder their adaptability during disasters. Frail elderly, those with serious physical, cognitive, economic, and psycho-social problems, are at especially high risk. In Bangladesh, persons aged 60 or above are considered to be elderly. However, in reality people in this country become older even before the age of 60 because of poverty, physical hard work and, inability and illness due to malnutrition as well as for geographical condition.

In the light of the above discourse, some mechanism needs to be developed which takes care of the needs of the children and elderly population in the event of a disaster.

In the event of the disaster, it is either the community themselves or the government or the humanitarian agencies which takes care of the liquidity needs of the community. The elderly people need financial support in the event of a disaster and their vulnerability is further enhanced as they are not considered credit worthy by most of the MFIs due to lack of resources and social collateral. It has also been observed that most of the relief and rehabilitation efforts rely on Aid which could be from the government or international agency. But there are several factors which makes in unpredictable in terms of timeliness, purpose and local needs of the community.

But of late, due to the increase in the frequency and severity of disaster the capacities of these agencies are sometimes overwhelmed to take care of the needs of the community. The children and the elderly along with the women and the Persons with Disability are the most vulnerable segment of the society but they are given minimum priority in the event of a disaster.

A liquidity management mechanism needs to be developed which takes care of the elderly population with their active participation. The poor has not been able to avail the insurance policy due to high transaction cost and sometime unaffordable premium ratio which is even higher for elderly and persons with chronic ailments. One of the solutions could be a microinsurance mechanism which ensures the elderly people as a group.

There are certain agencies like HelpAge International which has been working with the elderly population and ageing issues. They

Photo: Shakeb Nabi.

Risk Transfer Mechanism for the Children and Elderly should be a part of the overall Contingency Planning.

have designed a robust microfinance programme which has a strong microinsurance component. Instead of the premium being paid by the elderly, it is a group insurance and the premium is paid collectively by a group of elderly people. HelpAge is also building the capacities of the elderly people CBO on enhancing their knowledge related with financial literacy and financial management. They are also orienting the community on the benefits and methodologies of risk transfer.

It is suggested that insurance should be taken as a part of broader contingency planning rather than doing it in isolation. The success of risk transfer programs can be ensured through designing of an affordable product, transparent payout, and linking microinsurance with disaster preparedness education. Still the payment of the premium has been a daunting task for the elderly people due to liquidity crunch with them. The government and donor can subsidise and contribute to risk transfer at the start up of the project but in the longer duration, the fund has to be mobilised by the community. This needs to be designed in such a way that it can ensure the dignity of the beneficiaries. ■

– **Shakeb Nabi,** NARRI, Bangladesh

CASE STUDY

Strengthening Women's Leadership in Resilience Building

Disasters affect men and women in a different way. Therefore DRR strategies need to support and accordingly enhance disaster preparedness and response capacities of women members in community. The major task for any disaster reduction strategy should be recognising and mobilising the skills and capacities of women as social force and guiding it to enhance efforts to defend their safety along with the communities and dependents.

Photo: Jyotiraj Patra, Concern Worldwide India, 2012

Nirupama Sahoo sharing experiences on the disaster response and preparedness trainings in her school.

Recently on International Women's day, a team of seven Women DRR volunteers along with Women Programme Officer mobilises more than hundred women members from 23 Self Help Groups from Ketkipatna Gram Panchayat to come together and discuss and discuss on the opportunities and challenges around strengthening women's leadership in DRR and resilience building.

Ms Binapani Mishra, SWAD and Ms Jayajyoti Panda, Concern Worldwide India team shared their experiences and challenges as they faced as women development practitioners and ways through which they stood against all odds for the cause they are committed to. Ms Nirupama Sahoo, a young school girl student inspired by these real life stories, high lightened the need for greater opportunities for women in society. She also shared experiences about some of the disaster preparedness and response trainings she received as part of school level disaster preparedness measures being undertaken in the present project supported by DIPECHO.

Women members discussed many issues they face during a disaster and shared some of their real life experiences from recent floods (September 2011). Security and Sanitation were two prime concerns for women. The women unanimously agreed on:

- Representation of more women members in the VDMCs and various task forces.
- Capacity building and access to know how on disaster resilient livelihoods and asset strengthening.
- Greater support for women's savings and credit cooperative including micro enterprises of SHGs in the community. ■

Ref.: Strengthening Women's Leadership in Resilience Building (2012), Concernworld Wide India and SWAD.

Microinsurance: A Birla Sun Life Insurance (BSLI) Perspective

A large population of India lives in the rural areas. The impact of risks associated with life and health are far more severe on this population as compared to the urban population with higher levels of income. What can help the poor in managing many such financial risks is microinsurance.

As open definition provided by IRDA, Rural Operations of Life Insurance companies deal with sourcing policies to individuals and groups residing in "Rural" parts of the India. In order to further enhance the role of insurance companies in the welfare of rural areas IRDA has mandated them to generate atleast 20% of their new business through 'rural' operations. As per the IRDA (Obligation of Insurers to Rural or Social Sector) Regulations 2000 every insurer who starts business after the commencement of IRDA Act 1999 should ensure that it ensures rural and social sector obligation which is a certain percentage of total policies done in various years. The social obligation for BSLI in its 10th year of operation was of 55000 lives and rural obligation was of 20% of the total policies written in that Financial Year.

Rural Insurance plans are tailored to meet the unique requirements of rural communities. The plans offer life cover, low and affordable premiums and hassle free procedure. At BSLI, rural business is sourced through 6 Zones (East, West, North, North East, South & Central) and also in partnership with multiple channels like NGO's, MFI's, Co-Operative Banks, RRBs etc.

An Overview of Birla Sun Life's rural operations:

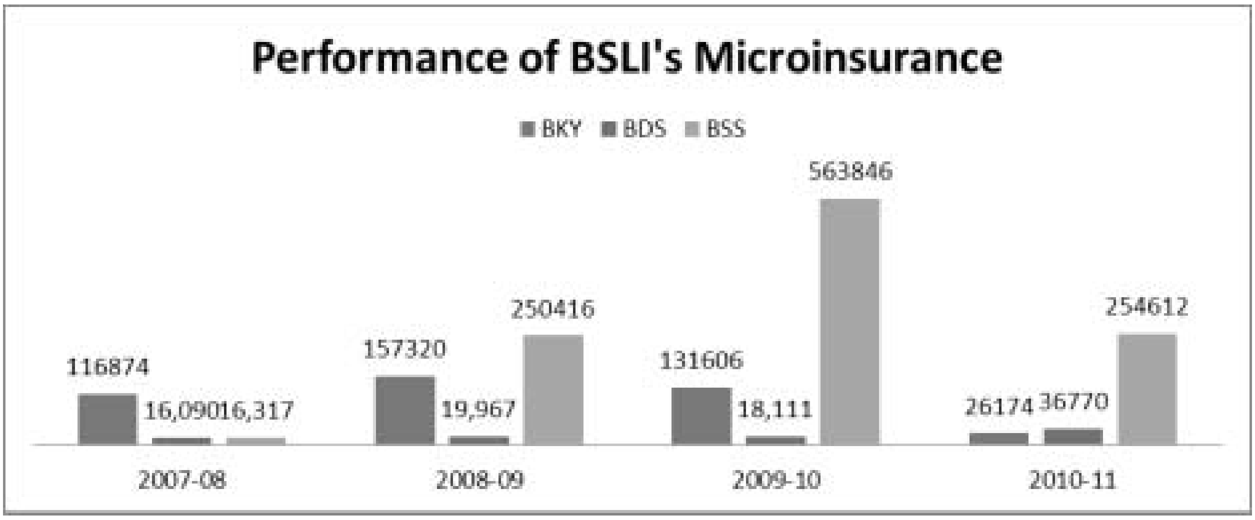
BSLI launched its rural operations from the Hindalco unit at Renukoot in 2001, which was chosen as the Model Setup. Hindalco's well-developed rural network and its well trained Village Extension Workers (VEW) were an ideal launch pad for the rural business. Additionally seven more units of the Aditya Birla Group (ABG) were added to the network in the states of U.P., Jharkhand, Orissa, Rajasthan and M.P. The rural operation of BSLI started with microinsurance products only but soon with its wide network of RRBs and Co-operative banks it has made the availability of all the products of BSLI to the rural mass.

Since its inception BSLI has painstakingly built its rural infrastructure to create a cost effective distribution network across the country. The mandatory rural business for an insurer in the seventh year of its operations, as per the IRDA regulation, is 20% of the total individual policies written by the company. In keeping with the spirit of this mandate, BSLI has consistently exceeded the stipulated target for rural business. We have a dedicated rural business distribution arm to ensure that we cater to this section of the masses with suitable, low-end products.

Since insured households and farms are more creditworthy, insurance can also promote investments in productive assets and higher risk/higher yield crops.

To further increase its reach in rural areas, BSLI has entered into tie-ups with some of the largest NGOs across India which are doing excellent work in the rural areas. These tie-ups ensure that the benefit of insurance reaches the people who require it the most. BSLI has also been selling policies through its branch network to bolster its reach in the rural areas. BSLI has built up a strong network through 8 ABG units and 97 NGOs forming the indirect rural sales channel and 59 identified BSLI branches called *Bima Kendras* (Insurance Centers), forming the direct channel. Some of the major rural distribution partners of BSLI are Dhan Foundation, Sonata Microfinance Ltd, Kamal Auto Finance Ltd., RADO (Rapid Development Organisation), PRADAN etc.

The eastern region of BSLI comprises of 11 states namely Bihar, Jharkhand, west Bengal, Orissa and North East. Here BSLI in its course of rural operations has a strong presence in the rural areas with some of the major partners like Dhan Foundation, Swayamshree Micro Credit Services, SHGs associated with PRADAN, Sanginee Credit



Bky: Bima Kawach Youjana; BDS: Bima Dhan Sanchay; BSS: Bima Suraksha Super

Cooperative, Peoples Forum, Adhikar Microfinance etc.

Since its inception in 2001, BSLI, through its distribution partners has reached closer to 6839 villages in 128 districts and across 15 states in the country.

The Company uses the "Concentric Circle" approach by its branch network for improving its rural presence. 59 Bima Kendras are identified to implement this rural strategy. The branches, in turn, identify high potential rural locations in the first concentric circle within a radius of 50-100 kms. Rural Agency Managers, having advisors under them, concentrate on selling BSLI's policies in these areas.

BSLI has been consistently exceeding its rural targets since the first year of its operations. In the last fiscal i.e. FY 10-11, the company sold 313548 microinsurance policies in the rural areas, which constituted nearly 34% of the total individual policies sold by the company. In Life Insurance companies, Rural Operations deals with sourcing policies to the individual and groups residing in "Rural" parts of the India as defined by IRDA. It's a mandatory requirement from IRDA for all Life Insurance Companies to source policies to the rural parts of the country. Every insurance company needs to source 20% of their new business through "Rural" business.

The above table illustrates the rural performance of BSLI over the years within India.

In the last fiscal 2010-11, BSLI has also exceeded its social obligation by insuring more than 150000 lives against the target of 55000 lives.

Observing the above data and trends, BSLI is very optimistic about the potential of rural operations and future business strategies. BSLI has shown an increase in market share in current financial year and has registered a strong performance growth over the last few months.

It's time we create new demand in an uncontested market space

There are two facts to be considered. First, urban insurance markets are slowly becoming saturated. Second, microinsurance in rural India remains highly under penetrated and under insured. Put together, it simply means that if companies want to grow, they need to harness technology and distribution reach mixed with excellent product design to leverage the under-explored rural market.

Insurers must remember that, if assisted, the low-income policy holder of today can grow into the middle-class of tomorrow, and hence create a bigger market for the future. Therefore, the need to look beyond short-term gains, to leverage technology smartly, and reap profits patiently in the long run.

Doing well while doing good is indeed very possible. The time to implement a blue ocean strategy is now. All one needs is innovation, drive and an all-inclusive vision to grow together. Through regular discussions with Concern Worldwide India we gathered a whole lot of information and identified emerging opportunities in mobilising microinsurance in the context of disaster preparedness. A concerted and collaborative effort in this sector, with adequate organisational and institutional support of the state government, would help build a robust insurance infrastructure for a disaster prone state like Odisha. ■

– **Suraj Bali Painkra**, Area Manager, BSLI-Odisha and West Bengal, Bhubaneswar

(Views expressed are personal and don't necessarily reflect BSLI's stand)

National Platform on Disaster Risk Reduction

India is graded as one of the most multi disaster prone countries due to its highly fragile ecosystem coupled with physical, social and economic vulnerabilities. The present scenario compels to actively take a holistic approach encompassing all the facets of disaster management in the country.

In this process, Ministry of Home Affaires, Government of India along with National Disaster Management Authority (NDMA) and National Institute of Disaster Management (NIDM) has planned to organise the **First Session of the National Platform on Disaster Risk Reduction (NPDRR)** on 25–26th April 2012. The NPDRR is a national forum to bring policy makers, disaster managers and academics together for a thoughtful reflection, exchange of sharing of research findings. The National Platform will be a national forum to bring together stakeholders like policy makers, administrators, disaster managers, UN organisations, World Bank, multinational organisations, scientists, technocrats, academicians, corporate and private sectors, community leaders and NGOs into a comprehensive consultative process.

It will be dedicated to the theme of "**Mainstreaming Disaster Risk Reduction in Development: from Risk to Resilience**". The NPDRR would provide a window for mutual cooperation in the field of Disaster Management and act as coordination mechanism for main streaming DRR measures into development policies, planning and programmes.

Objectives of National Platform

- To anchor knowledge and research and to provide greater interaction interface amongst various discipline of disaster management
- To enlarge perspective of research and education and provide holistic framework
- To create a pool of resources of scientists, practitioners, technocrats and other professionals on DRR
- To bring together organisations and individuals of diverse discipline and sectors for synthesising, managing and further disseminating knowledge of DRR
- To provide platform where all stakeholders shall meet, share their work, debate on the issues related to lessons learnt, challenges encountered, shortcomings and opportunities and draw future action plans.

An exhibition of display of innovative ideas, projects, products and services in the field of DRR shall also be organised. Visit www.nidm.gov.in/npdrr for information and registration. ■

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