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A Study On Rural Development In Micro Insurance Among Farmers In Theni District

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Abstract
Micro-insurance is a term used to refer to insurance characterized by low premium and low caps or low coverage limits, sold as part of a typical risk-pooling and marketing arrangements, and designed to service low-income people and businesses not served by typical social or commercial insurance schemes. Micro-insurance links multiple small units into larger structures, creating networks that enhance both insurance functions and support structures for improved governance (i.e. training, data banks, research facilities, access to reinsurance etc.). This mechanism is conceived as an autonomous enterprise, independent of permanent external financial lifelines, and its main objective is to pool both risks and resources of whole groups for the purpose of providing financial protection to all members against the financial consequences of mutually determined risks The paper on "A Study on Awareness of Micro Insurance Schemes" intended to throw a theoretical background on micro insurance .The objectives of the study include how the insurer are taking steps to create awareness about micro insurance to the people and how much people are aware about the micro insurance are all analyzed through this study. Both Primary and Secondary Data have been used in this project. Primary data was collected from 75 farmers in Theni District.

INTRODUCTION
Insurance, in law and economics, is a form of risk management primarily used to hedge against the risk of a contingent loss. Insurance is defined as the equitable transfer of the risk of a loss, from one entity to another, in exchange for a premium, and can be thought of as a guaranteed and known small loss to prevent a large, possibly devastating loss. An insurer is a company selling the insurance; an insured or policyholder is the person or entity buying the insurance.

Types of insurance
Any risk that can be quantified can potentially be insured. Specific kinds of risk that may give rise to claims are known as "perils". An insurance policy will set out in detail which perils are covered by the policy and which is not. Below are (non-exhaustive) lists of the many different types of insurance that exist.

Auto insurance
Auto insurance protects you against financial loss if you have an accident. It is a contract between you and the insurance company. Insurer agrees to pay the premium and the insurance company agrees to pay your losses as defined in your policy.

Home insurance
Home insurance provides compensation for damage or destruction of a home from disasters. In some geographical areas, the standard insurances exclude certain types of disasters, such as flood and earthquakes that require additional coverage.

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Health

Health insurance policy will cover the cost of medical treatments. Accident, Sickness and Casualty insurance insures against accidents, not necessarily tied to any specific property.

Life

Life insurance provides a monetary benefit to a decedent's family or other designated beneficiary, and other final expenses. Life insurance policies often allow the option of having the proceeds paid to the beneficiary either in a lump sum cash payment or an annuity.

Property

Property insurance provides protection against risks to property, such as fire, theft or weather damage. This includes specialized forms of insurance such as fire insurance, flood insurance, earthquake insurance, home insurance, inland marine insurance or boiler insurance.

Liability

Liability insurance is a very broad superset that covers legal claims against the insured. Many types of insurance include an aspect of liability coverage

Credit

Credit insurance repays some or all of a loan when certain things happen to the borrower such as unemployment, disability, or death.

Micro-insurance products

Micro-insurance, like regular insurance, may be offered for a wide variety of risks. These include both health risks (illness, injury, or death) and property risks (damage or loss). A wide variety of micro-insurance products exist to address these risks, including crop insurance, livestock/cattle insurance, insurance for theft or fire, health insurance, term life insurance, death insurance, disability insurance, insurance for natural disasters, etc.

Micro-insurance delivery models

Partner agent model

A partnership is formed between the micro-insurance scheme and an agent (insurance company, microfinance institution, donor, etc.), and in some cases a third-party healthcare provider. The micro-insurance scheme is responsible for the delivery and marketing of products to the clients, while the agent retains all responsibility for design and development. In this model, micro-insurance schemes benefit from limited risk, but are also disadvantaged in their limited control.

Full service model

The micro-insurance scheme is in charge of everything; both the design and delivery of products to the clients, working with external healthcare providers to provide the services. This model has the advantage of offering micro-insurance schemes full control, yet the disadvantage of higher risks.

Provider-driven model

The healthcare provider is the micro-insurance scheme, and similar to the full-service model, is responsible for all operations, delivery, design, and service. There is an advantage once more in the amount of control retained, yet disadvantage in the limitations on products and services.

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Community-based/mutual model

The policyholders or clients are in charge, managing and owning the operations, and working with external healthcare providers to offer services. This model is advantageous for its ability to design and market products more easily and effectively, yet is disadvantaged by its small size and scope of operations.

Micro insurance scheme

A micro insurance scheme is a scheme that uses, among others, an insurance mechanism whose beneficiaries are people excluded from formal social protection schemes, in particular informal economy workers and their families. The scheme differs from others created to provide legal social protection to formal economy workers. Membership is not compulsory (but can be automatic), and members pay, at least in part, the necessary contributions in order to cover benefits.

The expression "micro insurance scheme" designates either the institution that provides insurance (e.g., a health mutual benefit association) or the set of institutions (in the case of linkages) that provide insurance or the insurance service itself provided by an institution that also handles other activities (e.g., a micro-finance institution).

The use of the mechanism of insurance implies:

Prepayment and resource-pooling: the regular prepayment of contributions (before the insured risks occur) that are pooled together.

Risk-sharing: the pooled contributions are used to pay a financial compensation to those who are affected by predetermined risks, and those who are not exposed to these risks do not get their contributions back.

Guarantee of coverage: a financial compensation for a number of risks, in line with a pre-defined benefits package.

Micro-insurance and development

Micro insurance is recognized as a useful tool in economic development. As many low-income people do not have access to adequate risk-management tools, they are vulnerable to fall back into poverty in times of hardship. Furthermore, micro insurance makes it possible for people to take more risks. When farmers are insured against a bad harvest (resulting from drought), they are a in a better position to grow crops which give high yields in good years, and bad yields in year of drought. Without the insurance however, they will be inclined to do the opposite; since they have to safeguard a minimal level of income for themselves and their families, crops will be grown which are more drought resistant, but which have a much lower yield in good weather conditions.

OBJECTIVES

- The primary objective was to find out the awareness about the micro insurance among the farmers of Theni District.
- To identify the number of Respondents having a Bank account and government authorized ID proof.
- To identify if insurance policy are taken by the respondents.
- To identify the preferred type of Insurance company among the respondents.
- To identify the methods adopted to source finance when faced by
- Health related problems.

METHODOLOGY OF STUDY

The scope of this study is limited only to Theni district in TamilNadu. The research design adopted for this study is descriptive. The primary data was collected using an interview

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schedule with the aid of structured questionnaire prepared with respect to the objective of the project. The questionnaire was used to obtain the opinion of the 75 farmers. Non probability convenience sampling method was adapted for the study. The study is limited only to the selected district. The product lines of micro insurance were also ascertained.

Table 1:
Personal profile of the respondents.

Gender	**No. Of respondents**	**Percentage of respondents**
Male	41	55%
Female	34	45%
Educational Qualification		
Higher Secondary	30	40%
UG	10	13%
PG	3	4%
Others	16	21%
None of these	16	21%
No of family Members		
2-4	41	55%
5-8	29	39%
More than 8	5	7%
Monthly Income		
Less than 3000	16	24%
3000-5000	28	41%
5000	24	35%

(Source: Primary Data)

Table 2: Availability Of Identity Proof Among Respondents

Opinion	**No. Of respondents**	**Percentage of respondents**
Yes	65	87%
No	10	13%
Total	**75**	**100%**

(Source: Primary Data)
Interpretation:
87% of the respondents have an identity proof with them.

TABLE 3: methods adopted to manage financial position when faced by health problems.

Opinion	**No.of respondents**	**Percentage of respondents**
Taking Insurance	18	24%
Borrowing	35	47%
Selling property	22	29%
TOTAL	75	100%

(Source: Primary Data)
Interpretation:
When people have health problems nearly 47% of them borrow money to settle the problem, 29% sell their property and 24% take insurance

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Table 4: number of insurance policy taken by the respondents.

No of policy	No of respondents	Percentage of respondents
1	51	68%
2	19	25%
3	5	7%
More than 3	0	0%
TOTAL	**75**	**100%**

(Source: Primary Data)

Interpretation:
Most of the respondents have taken only one insurance policy 68%.

table 5: preferred type of insurance company among respondents

opinion	no of respondents	percentage of repondents
Public Insurance Company	44	59%
Private Insurance Company	31	41%
TOTAL	**75**	**100%**

(Source: Primary Data)

Interpretation:
59% would like to purchase their insurance policy from a public insurance company.

OTHER FINDINGS:
It has been inferred that most of the respondent are the earning members of their family. There are around 2-3 dependent members in a family among the respondents. Most of the respondents have an identity proof. 33% of respondents prefer to pay their premium once a year, 40% of them prefer the monthly mode for premium payment. 67% of the respondents have both personal and group Insurance policy. 73% of the respondents agree that every micro insurance scheme has an in built feature with micro finance. 80% of the people borrow from others in case of any financial or health related issues. It has been inferred that 80% of the respondents liked to be covered for over 11-15 years under micro insurance scheme. Under group micro insurance scheme, 73 % agree that persons who are not premium payers are also covered under the insurance scheme.

CONCLUSION
Micro insurance can be an effective complement to existing menus of social protection programs. A flexible and powerful instrument, micro insurance (MI) reduces vulnerability and mitigates the negative effects of external shocks on poor households. However, micro insurance programs require well-developed institutional arrangements in order to run in an efficient and effective manner. Such conditions can be difficult to find in low-income countries. Social Funds can help bridge this gap, standing as a platform to organize and deliver micro insurance products. Micro insurance may develop from a natural extension of existing microfinance provision or in coordination with health care service delivery. To serve the poor, micro insurance products must be specifically tailored to the poor's priority needs for risk protection in terms of coverage types, be easy to understand, and offer affordable premiums. Micro insurance offers the potential for significant innovation in public-private partnership

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arrangements, cooperation across voluntary and private sectors, rural and urban services sector development, and the extension of social protection to underserved populations, for years to come.

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