FINDINGS AND

CONCLUSION
6 FINDINGS AND CONCLUSION

Micro-insurance is a key element in the financial services package for people at the bottom of the pyramid. The poor face more risks than the well-off, but more importantly they are more vulnerable to the same risk. Microinsurance can help poor people better manage risk and avoid falling back down the poverty ladder when faced with shocks. After reviewing from various articles magazines, research papers, thesis etc. it has become clear that microinsurance is a key in the process of poverty alleviation. Simply offering credit or savings is not enough to help the poor maintain the gains they have earned.

This research analyzed that in spite of intense need the demand for microinsurance is very low in India. The BPL people are not aware from microinsurance in fact they look awful when they were introduced by the term microinsurance, benefits of microinsurance etc. The major finding of the research is that the branches of insurance companies were not established in rural areas, there are some branches of LIC is operates but they were also very few in number. Most of the branches established and operates in urban areas but the truth is that rural people needs more protection from various perils because these risks and vulnerabilities push them in more critical condition as compared to urban people. The unavailability of insurance companies in rural areas creates a major gap between the demand and supply of microinsurance and affects the growth potential of BPL people as well as microinsurance.

This is a very shocking fact that out of 100 respondents only 17 respondents were aware from it, and the main reason behind is that the financial illiteracy exists among BPL people. The poor people were financially illiterate that why they were unaware of microinsurance and remain unaware from all those facilities and services which the government of India provides them. The gap of financial illiteracy badly hampers the growth of microinsurance and can become the main obstacle, because until they will not aware about they will be unable to enjoy the benefits perceived from it.

There are various risks and vulnerabilities faced by poor people which makes them even more vulnerable but insurance companies provides protection cover only for death of family member and illness or sickness of family member i.e., life insurance and health insurance respectively, but
they need crop insurance, cattle insurance, disaster insurance, disability insurance, unemployment insurance property insurance and reinsurance. This gap between demanded insurance policies and supplied insurance policies also hampers the growth of microinsurance.

Another major finding is that, the clients were not satisfied with the services provided by insurance companies like claim settlement, application process, behavior of insurance executives etc. Hence hypothesis 1 is rejected at the significance level 0.05. It is also noticeable that the BPL people were not satisfied with the coverage done by insurance companies. BPL people faced lots of problems in dealing with microinsurance which didn’t motivate them to further purchase insurance policy and others to purchase insurance policy. This gap also is a main obstacle in the growth path of microinsurance.

The supply of microinsurance is not quite enough to fully tackle the risks and vulnerabilities of weaker section of India. This research analyzed that their lots of gaps exists between existing microinsurance products and the needs and preferences of consumers. Hence the hypothesis 2 is rejected.

Poverty is not just a state of deprivation but has latent vulnerability. Microinsurance should, therefore, provide greater economic and psychological security to the poor as it reduces exposure to multiple risks and cushions the impact of a disaster. There is an overwhelming demand for social protection among the poor. Microinsurance in conjunction with micro savings and micro credit could, therefore, go a long way in keeping this segment away from the poverty trap and would truly be an integral component of financial inclusion.

******************