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ABSTRACT

Insurance is one of the emerging concepts in the recent period which involves huge investments in Socio economic developments. The term "Micro insurance" first appeared as a new financial service within microfinance and then developed into a sector of its own. Hence this paper discusses the concepts of micro insurance in general.

INTRODUCTION

Financial system of the country consists of two major components such as banking and insurance. Both are considered as financial institutions but rendering a district services to the people. Insurance is one of the complex system which involves various factors such as Premium, Maturity period, Sum assured and life of the people. Now a days insurance emerged with various forms and names such as life general, micro health, crop etc. Micro insurance providers struggle with substantial challenges in delivering financial protection to the poor. The industry's progress has been encouraging, but it is still young, growth remains uneven, and very significant challenges remain. Designing appropriate insurance products, marketing methods, distribution schemes and regulatory policies to fit the particular circumstances and needs of the poor in developing countries has come with a host of challenges. While the problems may be challenging, not all of them are new. Insurance markets in developed countries have faced similar problems in the past and continue to confront many of these issues in the present day. In some cases, private insurance markets have been able to overcome these challenges, and in others, the challenges have led to gaps in coverage where government plays an important role.

A Concept of Micro Insurance

The term micro insurance is comprised of two words "Micro" which means "Affordable of the poor" and "Insurance" means "Risk pooling to compensate to individual and group". Micro insurance, a recent concept in the field of micro finance, helps reduces vulnerabilities of micro finance clients and saves them from disastrous liabilities. The concept of micro insurance evolved out of two decades of research in micro finance.

Features of Micro insurance products

Simplicity: The micro insurance regulations specify that contracts for products demarcated as micro insurance have to be issued in vernacular language that is simple and easily understood by policyholders.

Range of Price: The regulation has set limits for micro insurance products and the maximum cover cannot increase more than Rs.50, 000 under any circumstance. The policy term also cannot exceed 15 years for non-life and for life the term is annual.

Limited benefit values: The regulations limit the size of benefits by restricting the cover to Rs.50,000 some additional non financial benefits offered by insurance companies include various payment options annual, half yearly, quarterly, monthly, a free look period of 15 or 30 days and surrenders value for policies that have been in force for even a limited period.

Product characteristic: Micro insurance products in the market have short policy contract terms and are tremendously but no longer exclusively underwritten on a group basis.

REVIEW OF LITERATURE

The concept of the micro insurance is one of the unique in nature which facilitates the basic understanding about the insurance. Even now the people are not aware about the

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difference between micro insurance and other insurances. Therefore the following review will help to understand the basic issues about the micro insurance.

Kajal Savaliya (2010) has concluded that micro insurance now a day is a global issue across the whole world due to the increasing poverty and micro insurance is very useful for those people. Who living below the poverty line people segment whose per day income is less than 100 or 200 rupees there is a huge untapped market for micro insurance and most of the people are completely unaware of insurance product but many of them are aware of insurance products a given irregular and uncertain income stream of the poor, flexibility in premium collection in needed to extend the micro insurance net for and wide.

Ayandev Sahu (2012) has reveals that micro insurance is at infant stage and is expected grow. The positive social benefit and the potential profitability of this business are reason enough to encourage the growth of these operations. The growth of micro insurance or can suffocate its growth. Public policies regarding risk awareness and personal finance management can contribute to micro insurance business development.

Rao. G.V (2007) has highlighted that micro insurance products in rural areas must be visualized by insurers as not only a commercial activity of theirs but also one that is imposed with a sense of corporate social responsibility. Insurance selling should not merely be regarded as a program to sell insurance covers but must be regarded as a movement to inculcate the habit of buying insurance to protect the assets and health of the families to cash in on the growing levels of rural incomes in the future.

Preethi Dixit and Sanjeev Mahrotra (2015) has explain that micro insurance which are affordable to the rural and urban poor and to enable micro insurance to be an integral part of the country's wider insurance system. The main thrust of micro insurance regulations is protection of low income people with affordable insurance products to help them cope with and recover from common risks with standardized popular insurance products adhering to certain levels of cover, premium and benefit standards.

Ratna Kishor (2013) the study analyzed that micro insurance is the term used to refer the insurance to the low income people as it is different from insurance in general where micro insurance is a low value product with less premium and benefits. Micro insurance can boost resoures for the rural poor people. The entire economy gains as the insurance industry matures further as well. There is a need for micro insurance in India's poverty reduction strategy. Micro insurance social security, it increase the livelihood of the poor where they cannot well, have good health.

Geetha and Vijayalakshmi (2014) has highlighted that micro life insurance sector will soon capture the low income segment of our economy. Micro insurance providers should begin by training and educating key intermediaries in the idea of promoting insurance and private insurers should also begin developing relationship with existing delivery channels. It is fortunate that the insurers have innovated products and distribution beyond the regulatory requirement to conduct business in the low Income segment.

Amrutha Varshini and suresh (2013) has explained that micro insurance is a relatively recent phenomenon. The spread of micro insurance is very limited. In the recent past, there has been a growing interest in micro insurance in emerging markets as a tool for financial inclusion and poverty alleviation. From last few years micro insurance is promoted as an important financial service for low income people in developing countries offering protection in the event of death, illness or natural catastrophes. Micro insurance is distinguished from other types of insurance by virtue of its low premiums, focus of risk protection, easy understandability and affordability to lower income population.

Meenakshi and Jerinabi (2015) have concluded that micro insurance is not only the mechanism for reducing vulnerability but also ensures social and economic security to the poor. It protects rural households against those risks that they are unable to protect themselves through informal mechanisms, savings or credit. Micro insurance providers are concerned that coverage that coverage of risks can be provided on a sustainable basis. Low income and poor people have different needs and priorities.

Narender Naik (2015) has reveals that micro insurance is the lowest premium and low coverage insurance policies for people with low income. The products of micro insurance are designed with the objective of protecting poor people. The products are also developed as per requirement of poor people that are generally ignored by traditional insurance products. Micro insurance is providing economic security to low income people, micro insurance is the tool that protects rural as well as poor urban people by offering low cost insurance to mitigate their risk.

Gunaranjan (2007) the result of the study indicate that inclusive growth in now recognized as a necessary conditions to ensure long term sustainability of growth in India. Insurance available to them become a key strategy to ensure that sustainable social protection is offered to these household. The rural and social sector obligations and the micro insurance regulations form insurance regulatory development authority are important steps in the direction of ensuring financial inclusion and social protection for the poor.

Paragshil (2013) the result of the study indicates that micro insurance is a key element in the financial services package for mass people particularly for economically weaker section of people. The poor face more risks than well off, but more importantly they are more vulnerable to the same risk, however it is becoming increasingly clear that micro insurance needs a further push and guidance from the regulator insurance regulatory development authority as well as government.

Srinivasa Rao (2009) Micro insurance 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. Provision of basic social service and building institutions for social security is essential to fight poverty and extend access to decent and affordable health care. Multiple socially inclusive scheme designs are required to take account of the heterogeneous nature of different income groups in the sectors.

Sweta Sahu (2009) has conclude that any demand for insurance product in the market can be seen by all the insurance companies who then can come individually with a competitive micro insurance product with the best premium rates. A part from it can also perceive the problems faced by the MFI in distributing and servicing the insurance product. Apart from the insurance companies and the micro finance institution the research organization working on need of the rural people can also be a part of the platform.

Gaby Ramm and Mayur Ankolekar (2001) has revels that micro insurance is one possible instrument to mitigate risks and to reduce the vulnerability of poor and low income households, particularly of the informal economy. Micro insurance is not conceptualized as a mechanism that competes with or replaces public social protection systems, but it is most effective when embedded into a comprehensive social protection framework that goes beyond public social protection measures and includes informal, private, and other public risk management strategic of preventive measures, mitigation and suitable coping strategies.

Reinhard Mechler and Joanne LinnerothBayer (2006) has concluded that a major challenge is assuring the financial sustainability of micro insurance providers, while at the same time providing affordable premiums to poor and high risk communities. Many support subsidies to meet this challenge, yet many also caution against shifting responsibility away from national or international solidarity for the poor, others warn against the negative incentives promoted by subsidies and favor limiting support to staring up micro insurance operations.

CONCLUSION

The risk comes from the nature of investment and health hazards of the client, which makes loan payment uncertain. As insurance is one of the scientific methods of handling risks, micro insurance facilities reduce risk to both clients and contract, any contract covering the belongings, such as hut, livestock or tools or instruments or any personal accident contract, either individual or group basis." Micro insurance is one of the insurance schemes which affordable to the poor and marginalized people who are not included in the insurance. A good governance is responsible to prefect the life of people and also meet the risk caused by natural as any others events. With this view, government introduced a scheme is called as Micro insurance. Now micro insurance is implementing in the name of Jeevan Madhur and Jeevan Mangal. There is a need of creating awareness and take it into a proper channel, Micro insurance will reach the unreached.

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