

# Microfinance surges fwd as insurers tieup with banks

## In Rural Areas, Insurers Are Targeting Farmers On Many Fronts

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**Chennai:** Microinsurance has seen a sizeable growth in the country with life insurers making more headway than general insurers in rural areas, said the IRDA, which attributed the increase in penetration to a growing network of distribution channels like agents, banking partners, self-help groups and NGOs.

In 2015, LIC earned 124% more in premiums from new business from group policies of Rs 281.93 crore, when compared to the previous year. Private players also sold more group covers with premiums doubling to Rs 33.66 crore from Rs 15.95 crore. "Bancassurance has emerged as an important channel as more insurers tieup with PSUs and cooperative banks. There has also been a proactive approach in networking with kirana shops, self-help groups and NGOs," said an IRDA official. With regard to individual policies sold, private players saw a 34% increase to Rs 12.49 crore. LIC, however, saw a dip in premiums earned

### MICROEARNINGS

Premiums earned by life insurers from new business in micro insurance					
₹ in lakhs					
Group policies	2010-11	2011-12	2012-13	2013-14	2014-15
Private	1,719	1,151	757	1,595	3,366
Public (LIC)	13,804	9,832	21,046	12,581	28,194
Individual Policies	2010-11	2011-12	2012-13	2013-14	2014-15
Private	735	964	1,019	929	1,249
Public (LIC)	12,306	10,603	9,949	8,636	1,640

from new business from individuals to Rs 16.40 crore from Rs 86.35 crore. "This is because the state-owned giant traditionally relied on agents to sell individual micro insurance covers. As it adopts new distribution channels, it should regain lost market share," he said.

But with regard to product offering general insurers have a wider array to offer their customers observed the IRDA, saying that government initiatives have gained traction in crop insurance and personal accident policies. In particular, the Pradhan Mantri Suraksha Bima Yojana (PMSBY) has been hailed

as revolutionary for charging only Rs 12 premium for a Rs 2 lakh personal accident cover.

"It's a great example of why a policy will work. It's simple, uncomplicated and pretty easy to buy if one has a mobile. Till date we've covered 14 lakh lives through the scheme — a simple product that can reach millions of customers with a robust distribution network and the rise in use of mobiles," said Sasikumar Adidamu, chief technical officer non motor, Bajaj Allianz General Insurance. The insurer said under the government's weather based crop insurance scheme it has insured 33 lakh

farmers across India.

IRDA says that for micro insurance to be successful, transaction costs have to be kept at a low as it's a low premium-high volume model. "On the ground, we need to work with village heads, panchayats, teachers and other members highly regarded in the community."

At Future Generali, chief operating officer Easwara Narayanan said, "Self-help groups play an important role in increasing insurance penetration and we have sold group personal accident, group hospital cash, group health insurance, livestock insurance and other suitable small ticket size products to SHGs."

Common service centres (CSC) have also played their role in highlighting schemes such as Rashtriya Swasthya Bima Yojana (RSBY) and Modified National Agriculture Insurance Scheme (MNAIS). "We work primarily with agents, banks and CSCs for distribution," said M Ravichandran, president - insurance, TATA AIG General Insurance.