
FINANCIAL SERVICES OF MICRO INSURANCE TO SMALL SCALE ENTREPRENEURS IN INDIA

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ABSTRACT

Micro insurance is one of the formal financial services which promote social welfare of small scale entrepreneurs for developing sustainable growth on individuals and originations. Micro insurance is poverty alleviation contributing financial services of disadvantage group of people. Small scale entrepreneurs do not have access financial resources to meet unexpected risk of loss recovery of claims support the surrender of policy. Small scale entrepreneurs are established new business for securing and safety needs have insured the business assets. Micro insurance is small amount of money consideration the huge loss to remove unexpected obstacles in life of the business sector. Insurance regulatory and development authority is newly created the special categories of schemes under micro insurance Act 2005. Micro insurance agent is primarily service sector based operating the insurance disbursed number of agent such as NGOs, SHGs and MFIs in India.

Key Words: Insurance, Empowerment, Entrepreneurs, Finance, Claims

Introduction

Micro insurance is an economic activity based doing the entrepreneurs the financial resources help and support for unexpected events claims financial empowerment. Small scale entrepreneur have investment minimum working capital is commenced and running of business enterprises. Small scale entrepreneurs are not sufficient resources of capital for sometimes they meet huge loss suffered entrepreneurship. Insurance company contributes several cores of capital resources through various plan and schemes on financial empowerment of claims. Small scale entrepreneurs have not sufficient marketing networks supply and distribution of goods in direct marketing. Micro insurance economically and financial disadvantages group of people utilized under various plan and scheme claims paid to small scale entrepreneurs. Private insurance companies are fixing the number of target to achieve profit not given financial service under micro insurance ACT. Micro insurance is small amount of money providing claims to policy holders through number of agents like NGOs, SHGs, MFIs and BC. Small scale entrepreneurs are secure the micro entrepreneurs policies schemes pay the insurance claims recovery of loss. In

India there are number of micro finance institutions served financial empowerment policies schemes under private sector bank, public sector bank and regional rural bank. Self help group is model of financial service to their members got short term loan are working progress completed the finished goods. Micro finance is primary function of micro insurance help and support to SHGs members are beneficial to met unexpected events. Self help group members are doing economic activities for production and marketing of security tools make use of micro insurance. Government of India considers several cores of money have spent the micro insurance security cell created the social welfare activities. Micro insurance is economically financially support the financial empowerment of small value money recovery claims to micro insurance policy holders. Small scale entrepreneurs are productivity of short term goods and services to attack more number of people without any security schemes for their work. Micro insurance provider's number of micro finance institutions is voluntary service the financial assistance to micro entrepreneurs.

Review of Literature

Kirti Singh and Vijay Kumar Gangal (2011)Micro insurance is of supreme importance for protecting poor lives against accidents, threats and other types of risks. Micro insurance has been dominated by non-government organizations (NGOs) and by Insurance development regulatory authority (IRDA) in India; however, with the liberalization of Indian economy, private sector entre and Micro insurance has got momentum. The public sector Insurance Companies has emphasized on exploiting the potential of rural India as it provides immense opportunity in the globalization era. This paper highlights the importance of micro insurance for the upliftment of rural poor "sand also focuses on the initiatives taken by private and public insurance companies in the growth of rural India and also helps to understand how micro insurance is helpful in alleviation of poverty.

Vijayalakshmi S. (2016)Insurance is emerging as a necessity for the low income people also. Recent developments in India, as elsewhere, have shown that not only can the poor make small periodic contributions that can go towards insuring them against risks but also that the risks they face are eminently insurable as these risks are mostly independent or idiosyncratic. Micro insurance is generally, but inaccurately, referred to as a new concept. Micro Insurance looks to aid low-income households by offering insurance plans tailored to their needs and provide protection to individuals who have little savings. Because the coverage value is lower

than a usual insurance plan, the insured people pay considerably smaller premium. LIC's Micro Life is a micro insurance product providing death, disability, accident and funeral expenses benefits besides substantial savings and returns on maturity. Perhaps the first of its kind in the Pacific region, this product is offered in Fiji only and aims to provide low cost life insurance solutions to the segments of society who have up to this point been underserved, thereby promoting greater financial inclusion.

Ramalakshmi. C and Ramalingam, L.P. (2014) Micro-insurance is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved. Generally, micro-insurance is for persons ignored by mainstream commercial and social insurance schemes, persons who have not had access to appropriate products. Of particular interest is the provision of cover to persons working in the informal economy, which do not have access to commercial insurance nor social protection benefits provided by employers directly or by the government through employers. Since it is easier to offer insurance to persons with a predictable income, even if it is a small sum, than to cover informal economy workers with irregular cash flows, the latter represent the micro-insurance frontier.

Srijanani. D. (2013) the emerging opportunity of micro-insurance is not only to promote business perspective but also, social development and protection to the poor people. It has also been found that, out of the estimated four billion people worldwide, who live on less than \$2 a day. Fewer than 10 million people currently have access to formal insurance from a regular financial institution, showing the tremendous growth potential the micro insurance segment holds today. Micro-insurance provides opportunities for protection of the poor and their families against perils like weather, catastrophes, illness, death, etc. Most of the poor work in the informal sector and normally work under risky conditions. It is a group insurance that can cover thousands of clients under a master policy. Micro-insurance is a means of protecting low income households against specific risks in exchange for a regular payment of premiums whose amount is proportional to the likelihood and cost of the relevant risk.

Objectives of the Study

This article framed on analytical aspect following objectives:

1. To know the progress of financial empowerment of micro insurance service holders

2. To found out micro insurance agent considers individual death claims of money recovery to small scale entrepreneurs.
3. To analysis the social welfare of micro finance institutions promote financial assistance of economic activity.
4. To indentify give more value findings, suggestions and conclusion.

Methodology of the Study

The present study is highlighted on secondary data relevant in analytical nature. Data collected through journals, magazines, newspaper, various textbooks and related website IARA Report-2017-18 etc. The researcher found out micro insurance different kinds of agents service to small scale entrepreneurs along with settled recovery of claims. Therefore data gathered used in analysis from 2011 to 2018.

Table -1 Micro Insurance by Agents

Types	Insurer	Individual		Group		
		Policies	Premium	Schemes	Premium	Lives covered
New Business of Micro Insurance	Private	274470	2917.02	968	75452.04	21586921
	LIC	564541	1786.808	892	63184.98	37316017
	Total	839011	4703.83	1860	138637.02	58902938
Micro insurance Agents	Insurer	As on 1st April 2017	Additions	Deletions		As on 31st April 2018
	Private	16422	17928	626		33724
	LIC	19301	1601	1719		19183
	Total	35723	19529	2345		52907
Micro Insurance Services Holders	Agents	Private		LIC		Industry
	M I A	33724		19183		52907
	NGOs	126		6587		6713
	SHGs	20		338		358
	MFIs	26		294		320
	BC	22		91		113
	Total	33530		11873		45403

Sources: IARA Report-2017-18

Table -1 micro insurance by agents there are Rs.274470 policies followed group schemes of lives covered Rs.21586921 under private agency. LIC was contributed the individual premiumRs. 1786.808 with group schemesRs. 892 covered lives Rs. 37316017. Therefore totally private sector is agent Rs. 16422 as on 31st April 2017 followed additions Rs. 17928 with deletions of Rs. 626 33724 as on 31st April 2018. Micro insurance services holdersRs. 33724 followed by LIC was Rs. 19183 with Rs. 52907 in industry. The table concluded that NGOs SHGs MFIs BC has Rs. 33530 and LIC was Rs.11873 with industry Rs. 45403.

Table -2Duration wiseGroup Death Claims

Duration	Private	LIC	Industry
Within 30 days	57060	154805	211865
31 to 90 days	4535	797	5332
91 to 180 days	83	0	83
181 to 1year	2	0	2
More than 1year	2	0	2
Total claims Settled	61682	155602	217284

Sources: IARA Report-2017-18

Table -2 duration wise group death claims. Private insurance has served Rs.57060 death claims contributed to insurer within 30 days. LIC offered Rs.797group death claims recovered with industry supported the micro insurance Rs.5332 duration on 31 to 90 days.Group death claims settled more than 1year private and industry Rs.2 and LIC is 0.Hence the table concluded that private insurance Rs.61682 followed by LIC Rs.155602 and industry is Rs.217284.

Table -3IndividualDeath Claims of Micro Insurance

Life Insurer	No. of Policies	Percentage	Benefit	Percentage
Private Total claims	2925	100	271.60	100
Claims paid	2909	99.54	260.41	95.88
Claims repudiated	14	0.48	10.59	3.90
Claims unclaimed	1	0.03	0.17	0.06
Claims pending	1	0.03	0.43	0.16
LIC Total claims	7353	100	1324.68	100
Claims paid	7228	98.30	1304.15	98.45
Claims repudiated	108	1.47	12.54	0.95
Claims unclaimed	0	0.00	0	0.00
Claims pending	17	0.23	7.99	0.60
Industry Total claims	10278	100	1596.29	100
Claims paid	10137	98.63	1564.56	98.01
Claims repudiated	122	1.19	23.14	1.45
Claims unclaimed	1	0.0	0.17	0.01
Claims pending	18	0.18	8.42	0.53

Sources: IARA Report-2017-18

Table -3 it is found that individual death claims of micro insurance private life insurance total claims policies recovery Rs. 2925 followed benefited Rs. 271.60. LIC has contributed claims settled Rs. 7353 under categories is claims repudiated unclaimed pending and paid benefited Rs. 1324.68. There are Rs. 10278 policies is increased trend on service of financial empowerment trough various schemes Rs. 1596.29 individual and death claims of micro insurance in industry.

Table -4GroupDeath Claims of Micro Insurance

Life Insurer	No. of Lives	Benefited
Total Claims Private	61934	15914.88
LIC	155615	97657.34
Industry	217549	113572.22
Total		
Claims pending Private	98	28.31
LIC	0	0
Industry	-	0
Total	98	28.31

Sources: IARA Report-2017-18

Table -4 it is referred that group death claims of micro insurance private life insurance Rs. 61934 lives with benefited Rs. 15914.88 followed by LIC is increased trend of micro finance servicesRs. 155615 with utilized Rs. 97657.34 followed by Industry are Rs. 217549 claims covered the micro insurance Rs. 113572.22. Hence table concluded that claims pending of 98 lives along with benefited Rs. 28.31.

Suggestions

1. Micro insurance is financial services of the socio-economic empowerment of small scale industries in India. Now days SME sector has depend on micro insurance for running of business to meet unexpected loss/claims recovery of insurance company. Micro insurance claims is recovery of small amount money delay on settle the surrender value of policies.
2. Small scale industry has not sufficient financial resources for manage smooth running of industry. Small scale industry has investment is minimum amount of working capital established and occupied of business nature. Small scale industry resources of capital investment is inadequate rotation of money circulate because they are not success of quality business.
3. Private life insurance has plenty of problems recovery and settle of claims to small scale industry. Private life insurance delay on payment of claim on maturity periods because highly suffered micro insurer. Private life insurer should be change the flexibility operation of financial services come forward settle the loss of claims in advance.
4. LIC Company is ultimate financial services of micro insurance contributed to micro business. Life Insurance Corporationis lacking of micro insurance loan and other financial services. Micro insurance is not reach to rural entrepreneurs due to lacking of communication linkage, awareness on financial services and poor networks.

5. Industry contribute the financial empowerment is achieve socio – economic task in Indian business sector. Industry has suffered the financial resources running cost control of working capital at each and every activity.
6. Small scale industry has faced many obstacles due to working capital, marketing networks of poor sales and healthy competitions of other industry. Small scale industry meet unexpected loss claims recovery to small amount of money micro insurance aspect help and promote on small scale industry.
7. Private Insurance Company is periodically support claim pending settled through local agents. There are number agents supports the social welfare activities to policy holders' benefited financial as well as economic empowerment. Private Life Company should be come forward reduce minimum formalities recovery of claims surrender money to small scale enterprises. Private insurance sector flexibility changes the claims value of money to increase working capital through various schemes support to micro entrepreneurs.

Conclusion

Micro insurance is financial empowerment of small scale industry promoting the socio economic development of sole trader business and industry. Small scale industry have insufficient fund of capital resources unexpected event such as fire accident, heavy loss for sales promotion that time micro insurance contribute limited financial resources to small scale industry. Micro insurance is a small portion of money support claims the recovery of loss offered number of small scale industry. Sole trader has investment minimum value of working capital established the micro entrepreneurs services in society. They have meet multifarious many obstacles due to capital loss and suffered business activity sometimes help and support the financial assistance to SMEs. Private insurance have fixing target the profit motive not fully pledged financial services micro entrepreneurs and LIC is dedicated financial help of individual and business sector.

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