

BRIEFING NOTE

MICROINSURANCE MARKET DEVELOPMENT: STAKEHOLDERS' ASSESSMENT & RECOMMENDATIONS



1. Introduction

This policy brief presents selected recommendations from a study¹ of the impact of regulations on the development of *microinsurance*². The study was commissioned by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and supported by Insurance Regulatory and Development Authority (IRDA).

IRDA was entrusted at inception with the development of the *microinsurance* sector in an equitable and inclusive manner in addition to its overall role as the regulatory and supervisory authority. Two specific regulations that IRDA issued to achieve the developmental objectives mentioned above were:

- a) Obligations of Insurers to Social Sector Regulations 2000, amended in 2002, 2004, 2005 and 2008 (henceforth referred to as Rural and Social Sector Obligations (RSO)) – requires that insurers source a specified percentage of their portfolio from the rural and social sectors. The rural sector obligations range from 7% to 25% of total policies in life and 2% to 7% of gross premium for general insurers. Social sector obligations range from 5,000 to 55,000 lives covered for private life and general insurers and up to 2 million in the case of the Life Insurance Corporation of India.
- b) Micro-insurance Regulations, 2005, amended in 2013 – designed to make it easier and quicker for SHGs, NGO-MFIs and NGOs to become micro-insurance agents with adequate commission rates that are commensurate with the services provided, and fewer hours of training. The Regulations are designed to help insurers achieve the obligations mentioned above.

1. Krishnaswamy, Kutty, Rath, Thomas. *Microinsurance Regulations in India - Situational Analysis and Assessment*, 2014. GIZ report. Forthcoming

2. In this report we use the term *microinsurance* when referring to the broader public and private provisioning of insurance to low income and rural individuals and households and consistent with IRDA working, the hyphenated *micro-insurance* when referring to the definition per the *Micro-Insurance Regulations* (2005)

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Rural Insurance Services Programme

Contact:

Dr. Detlev Holloh, GIZ Programme Director

A-2/18, 4th Floor, Safdarjung Enclave
New Delhi 110 029 / INDIA

Phone: +91-11-4949 5353

Telefax: +91-11-4949 5393

Email: detlev.holloh@giz.de

Homepage: www.giz.de

Responsible:

Aniruddha Shanbhag

Authors:

Karuna Krishnaswamy

PK Rath, Insurance Institute of India

Kutty Shashidharan, Insurance Institute of India

George E Thomas, Insurance Institute of India

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Nitin Jindal

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