



संगठन : प्रक्रिया : उपलब्धि

PEOPLE : PROCESS : PERFORMANCE

The LIC experience of
selling micro
insurance in Fiji





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LICI Microinsurance in Fiji

- LICI's MICROLIFE launched in 2011, perhaps the **first of its kind in the Pacific region** aims to provide low cost life insurance solutions to the underserved segments of the society, thereby **promoting greater financial inclusion**.
- **Benefits** payable provided the policy is in force and all premiums are up to date:
 - **Death Benefit, Funeral Benefit, Maturity Benefit, Accident Benefit *, Loyalty additions ***
- **Eligibility:** Age 18 to 60yrs.
Tenure--5 to 10 years.
Sum Assured in the range of \$2000 to \$7000.
- **Auto Cover:** If two full years premiums have been paid, however premium payments thereafter having been missed, Death & Funeral Benefit will still continue for a period of two years.
- Total Sales of policies with F\$ 10,000 or less Sum Assured: **more than 20,000**



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LICI Group Micro Insurance in Fiji

SPBD Life Guardian

- • Insurance as a protection for loan scheme
 - • Sum Assured of F\$ 5,000 @ Annual Premium F\$ 50
 - • Double Accident Benefit
 - • Age : 18 to 65
 - • One Master Policy Issued to SPBD
 - • Premium deducted at the time of disbursement of Loan
 - • One page application form
 - • Only pre-existing major disease conditions excluded
 - • Certificate of Insurance to the member covered
 - • Claims routed through SPBD
 - • No Paid-up value under the scheme
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- **Max. number covered: 4000 lives, 20 M Sum Assured**
 - **Claims Settled till date: 30 with total payment of F\$150,000**



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LICI Group Micro Insurance in Fiji

TISI Sangam Micro Insurance scheme

- For the members enrolled under TISI Sangam
- Sum Assured of F\$ 1,000 to 5,000 with Accident Benefit
- Funeral Expenses of 10% of Basic Sum Assured
- Annual Premium F\$ 14 per 1000 Sum Assured
- Age : 18 to 64
- One Master Policy Issued to TISI
- Premium Collected through Community Facilitators
- One page application form
- Only pre-existing major disease conditions excluded
- Certificate of Insurance to the member covered
- Claims routed through TISI
- No Paid-up value under the scheme

- **Highest number covered: 70 lives with 113,000 Sum Assured**
- Claims Settled: 1 with payment of F\$ 5,500

Challenges for Microinsurance

Technical Specialization

Requires specialized actuarial capacity, which is complicated by the lack of reliable data characteristic of low-income, informal markets

Marketing and Sales

Most poor people do not understand insurance or may be biased against it

Distribution Channels

Requires a distribution system that can handle small financial transactions efficiently

Barriers in Microinsurance Marketing

Compared to urban areas, microinsurance marketing in rural areas faces a number of serious challenges:

- Infrastructure is less developed (**roads, hospitals, telecommunication, water and sanitation, schools**)
- Banking network is weaker
- Weather and health risks are more widespread and severe
- Population density is often low and distances are far
- Underwriting is more sensitive and costly as risk exposure related to life, health, property loss and business failure is higher.
- Reaching scale is more difficult.
- Minimizing transactional cost
- Commission payable in individual microinsurance products is not attractive enough for the intermediaries.

Challenges for Insurers

- Systems to be in place
 - Premium collection
 - Back-office administration
 - Claims management
- Marketing strategies and distribution
- Distribution Costs
- Risks assessment is difficult (no mortality and morbidity tables)
- Products design must be simple



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Thank You

