Vimo SEWA or SEWA Insurance our support in crisis

SEWA's experience with providing micro insurance services to women workers over more than a decade points to the fact that micro insurance must be integrated with both financial services (savings, credit and pension) and social protection (health care, in particular), and also with poverty reduction programmes. It must be part of a strategy that aims to reduce poverty by focusing on employment/livelihoods with social security. It is this holistic and integrated approach which will eventually reduce vulnerability and stem the decapitalisation that occurs when risks and crises confront poor families.

Our experience leads us to an understanding of micro insurance that places it at the frontier of both financial services and social protection, incorporating elements of both. Like other micro finance services, it must be run in a financially viable manner, but it needs the universalisation that comes with the social protection approach. Universalisation making insurance available to all citizens regardless of socioeconomic status-- or at least maximizing coverage to include as many citizens as possible, and especially the poorest, is not only equitable, but also makes 'good business sense' from an insurance viewpoint. The larger and more diverse the pool of insureds, the greater is the spread of risk and, consequently the greater the chances of viability.

At SEWA, time and again we have seen that the poor, and particularly women workers, will pay or at least contribute substantially towards the cost of services, if they are appropriate and of acceptable quality. Once they are convinced of the service's utility, no further marketing is required. This is equally true of mico insurance.

In our experience, there are two aspects to the servicing of micro insurance:

Claims-servicing: This must be timely, have simple procedures and be at the women's doorsteps; cash-less systems for sickness coverage through tie-ups with hospitals are required.

Contact with the insured: It is important to have as frequent contact as is possible, and at least twice before renewal of insurance; even if members do not face any crisis, they need to feel involved and connected. Such face-to-face contact (individual, house-to-house or in small meetings) presents a good opportunity for preventive health education as well as education on insurance and other SEWA schemes.

Vimo SEWA has been constantly improving its services based on our members feedback. We have also been trying to reach our members in different ways, in order to increase our outreach and services to workers. Some ways that we used in 2005 are:

small and large meetings (sammelans) these need to be held repeatedly

gram sabhas or village-wide meetings

linking with SHGs livelihood-based groups, savings and credit groups and others to get a “chunk of insureds” on the one hand, and lowering transactional costs on the other

developing special premium payment plans monthly savings towards annual premium, one-time lump-sum payment which is put in fixed deposit (and the interest accrued is used to pay the annual premium), loans for fixed deposit-linked insurance

linking with loanees of SEWA Bank

linking with individual depositors of SEWA Bank and taking premium directly from their savings accounts with their consent

linking with NGOs in other states

linking with specific groups of worker skill members of a cooperative

Vimo SEWA increased its outreach to 129,080 in 2005. Its membership now includes seven states in addition to Gujarat, Bihar, Madhya Pradesh, Uttar Pradesh, Delhi, Rajasthan, Kerala and Tamil Nadu. Many of our insured members in these states are from our sister SEWAs in SEWA Bharat.

Table 9.4
Insurance outreach

	Women	Men	Children Count
Scheme I	71,635	31,444	16,321
Scheme II	5,119	2,640	1,913
	76,754	3,4084	18,234

Table 9.5

Insurance outreach by district NGO

Particulars	Persons
1. Ahmedabad City	**42,119**
2. Districts sub total	**71,628**
Ahmedabad district	11,308
Kheda-Anand	22,321
Vadodhara	5,196
Saberkantha	6,076
Kutch	9,652
Patan	7,444
Surendrnagar	2,540
Mehsana	4,039
Gandhinagar	3,052
3. Other Gujarat	**105**
4. SEWA Bharat sub total	**3,091**
Delhi	315
Munger	285
Bhagalpur	288
Bikaner	172
Indore	1,278
Chhatarpur	455
Lucknow	115
kerala	183
5. Other NGO total	**12,116**
Nidan	10,126
Shepherd	1,990
6. Other India	**17**
Total	**1,29,076**

Claims-processing: highlights in 2005

Vimo SEWA introduced pre-existing disease cover from January 2005, wherein new members got coverage for pre-existing disease after 6 months of enrolment. Moreover members suffering from chronic disease who claimed once were previously excluded for claiming for the same disease, which now is covered under the mediclaim policy.

In May 2005, Ahmedabad district was decentralized and in April 2005 the mediclaim and some claim processing in an NGO SHEPHERD (Tamilnadu) was also decentralized. This means that local committees of women themselves decided on claims.

Regular monitoring has enabled us to improve our servicing standard. Average processing time is as follows.

Table 9.6
Time taken for claims processing

	Urban	Rural
Health Insurance	7 days	15-20 days
Asset	10 days	15-20 days
Natural Death	5-7 days	15-20 days
Accidental Death	20-30 days	45-50 days

With proper planning and team work, Vimo SEWA the rural team and district associations managed to process the 3500 flood claims in 2 months.

Table 9.7
Claims paid

	No. of members	Claims Paid in Rs.
Health Insurance	5,157	88,39,098
Maternity	451	1,35,300
Asset (Flood)	3,711	65,848,70
Natural Death	447	25,50,000
Accidental Death	28	7,65,000
Total	**9,794**	**1,88,74,268**

A major thrust in Vimo SEWA is helping our members understand the “in's and out's” of insurance. Training sessions on the various products in our insurance package, how to put in one's claim, what are the exclusions and other aspects of our insurance services are brought to the doorsteps of our members. In particular, we have found that house-to-house visits and small area meetings help to both spread an understanding on insurance and also to market our services.

In Ahmedabad city, 70% of all our insured members were visited house-to-house by a team of local union leaders called Aagewans. Our members appreciate the face-to-face contact and the fact that their questions are answered on the spot. This seems to have had an impact on our renewal rate which is now 60% for annual insured members and 70% overall (that is including our fixed-deposit members who are automatically renewed every year from the interest accrued on their fixed deposit amount placed in SEWA Bank).

All of the above operational and educational work was possible because we have an on-line data-base of all information, carefully collected and compiled over the last fourteen years. Our data-base gives us information on each and every member, her claim history and that of her family members. It also provides us information on trends and rates, all essential for actuarial calculations and under-writing.

In addition to our existing data-base, it is important to periodically go back to our members and determine their views on our services, what works for them and where they would like to see changes in products and processes.

This is carried out by our research and development team which includes grass root researchers daughters of SEWA members.

Our main study was conducted in collaboration with the London School of Hygiene and Tropical Medicine, and focused on the equity impact of our work. This study also designed interventions to improve the equity impact, basically ensuring that poor rural women workers also could access our services. As a result of this study, Vimo SEWA has begun to reimburse hospitalized members on their very hospital beds. We call this prospective reimbursement (PR), as the member gets payment of her claim (80% of it) before she is discharged from the hospital. This means that she does not have to borrow from money-lenders or pawn her land or jewelry to pay for her hospital bills.

Further, we have entered into partnerships with government, charitable trust and private hospitals to provide prompt and good quality care to our insured members and others too. They also agree to a fee structure which keeps helps to cut claims costs and will help to make Vimo SEWA viable in the long run.

Vimo SEWA has been active on the policy front as well. In particular, we have been trying to get the Insurance Regulation and Development Authority (IRDA) to reduce its capital requirement from Rs. 100 Crores to Rs. 30 Crores for those like us who want to form their own micro insurance organisations.

For more information on Vimo SEWA and our latest figures and reports, see our website: www.sewainsurance.org.