

**ILO/STEP – CHSSS - PLAN INTERNATIONAL (INDIA)
TECHNICAL WORKSHOP:**

**“Answering the Health Insurance Needs of the Poor:
Building up Tools for Awareness, Education and Participation”**

New Delhi, India Habitat Centre, May 29-31, 2006

ABSTRACT

- Although still at an infancy stage, health micro-insurance is growing fast in India
- 51 organizations, mostly NGOs have been identified as involved in the provision of health micro-insurance to the poor
- 60 schemes are already fully operational and many others are preparing their initiative
- Total number of schemes has doubled over the last four years
- Some of these schemes have already become the largest ones in Asia
- All together, these schemes already cover some 5.1 million people
- A majority (60%) of the schemes has tied up with insurance companies
- A majority of the schemes operate in rural areas
- Most schemes (81%) offer a single risk health insurance product
- Two third of the schemes are related to micro-finance activities
- Almost all schemes rely on voluntary enrolment
- Health micro-insurance remains far more developed in the Southern part of India...

SESSION 1

**HEALTH MICRO-INSURANCE IN INDIA: AN
OVERVIEW OF THE PRESENT SITUATION
AND DEVELOPMENT PERSPECTIVES**

TECHNICAL PAPER NO 1.2

**EXTENSION OF SOCIAL
PROTECTION IN INDIA:**

**THE CONTRIBUTION OF
HEALTH MICRO-
INSURANCE SCHEMES**

INTRODUCTION

In recent years, health micro-insurance has emerged in India as an essential tool for removing the financial barriers allowing to an easier access to quality health care services. Wider awareness of the existing social protection gaps as well as the growing demand for adapted benefits emanating from the excluded groups have led to the active involvement of multiple actors of the civil society and to a rapid proliferation of various health micro-insurance schemes across the country.

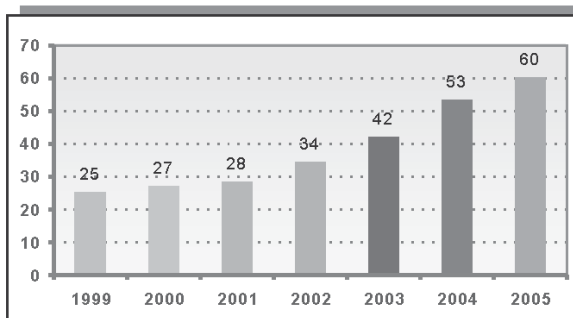
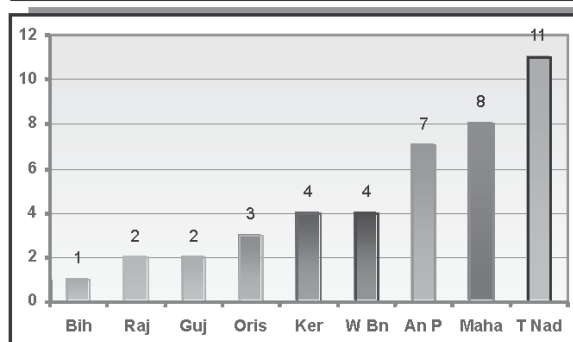
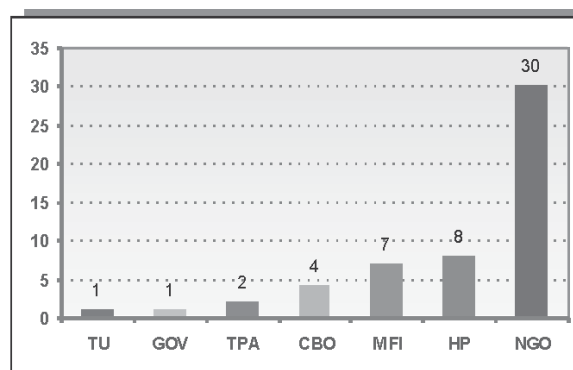
A first national inventory prepared in 2003-2004 by ILO/STEP provided detailed information related to each micro-insurance scheme while highlighting the main characteristics of the experiments developed at the country level. As such, it contributed both to the knowledge development process among micro-insurance practitioners who might find useful to adopt some of the innovative features already tested by others as well as to advocacy activities that still need to be strengthened in order to extend social protection to all. Based on a 2005 update of this inventory, the present document provides an overview of the various health micro-insurance schemes currently found operational in India as well as a very first assessment of their present and potential contribution to the overall extension strategies still to be fully designed at the national level.

1. HEALTH MICRO-INSURANCE AT A GLANCE

As regards the ownership profile, NGOs remain by far the main actors involved in India in the promotion of health micro-insurance schemes. While already working at the grassroots level, these organizations are generally better prepared to design tailor made health insurance products to suit the priority needs and contributory capacity of their target groups. Since most of the NGOs also implement a micro-finance component, health insurance related to micro-finance, when adding the fully specialized MIs, account for two third of the schemes.

One distinctive pattern of the health micro-insurance schemes operating in India is their stronger concentration in the south which clearly relates to the wider presence and coverage of both micro-finance activities and private health care facilities in this part of the country.

The steady growth of the health micro-insurance sub-sector has taken a faster pace over the last 5 years. The new inventory update which by far never pretended to be exhaustive, could already document 60 schemes which is more than twice the number operating in 2001.



As regards the type of scheme, the partner-agent model has already become predominant in spite of a very late (4 years back) intervention of the private companies in the insurance market, and is quickly gaining more ground on the in-house model that was first to emerge.

While most health micro-insurance schemes are found providing services to groups operating in rural areas, 37% of the schemes have extended their coverage to members living in both rural and urban areas.

Another distinctive feature of the schemes operating in India is that some (20%) have opted for a composite risk package, while the number of schemes offering a single health insurance product remains far higher. The recent micro-insurance regulations issued by IRDA, which encourage the bundling of life and non-life products, may result in many more schemes adopting the composite risk packages in the near future.

With few exceptions (all linked to micro-finance activities) most schemes do rely on a voluntary enrolment which implies that they have to re-engage each year promotional activities that increase administrative costs and accordingly, reduce the allocations going for the payment of benefits provided under the scheme.

Based on the figures provided by the last inventory update, the various health micro-insurance schemes operating in India have already succeeded to enroll a total of 5.1 million. Given the fact that many other schemes must have escaped the exercise, the present total figure could probably be much higher and probably top the 6 million mark.

