



International
Labour
Organization



Self-Employed Women's Association
(SEWA)

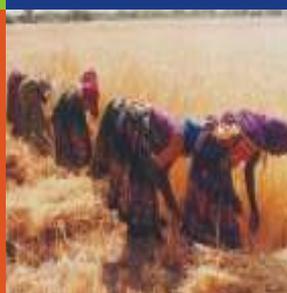


Centre for Health & Social
Sector Studies (CHSSS)

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INDIA

**FROM STRENGTH TO STRENGTH:
SEWA INSURANCE**



CASE STUDY
2006

SUBREGIONAL OFFICE FOR SOUTH ASIA, NEW DELHI

India

**FROM STRENGTH TO STRENGTH:
SEWA Insurance**

Case Study

International Labour Organization
Subregional Office for South Asia
New Delhi

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Shalini Sinha

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SECTION I

INTRODUCTION

“When I started organizing these workers [women workers in the informal economy] more than thirty years ago, what struck me was the primacy of work in their lives ... However, I quickly learned that work alone is not enough. Other economic inputs, what we call “social security” at SEWA, are essential. These include health care, childcare and insurance. In fact, to help women reach their goals of full employment and self-reliance, social security is a must. Thus, social security is part of women’s struggle against poverty and for self-reliance.”

Ela Bhatt, Founder, SEWA, in Strength in Solidarity

The Self-Employed Women’s Association (SEWA) is a trade union with nearly 800,000 members — all poor working women in the informal economy — in seven Indian states. SEWA’s members include street vendors; home-based workers producing thousands of goods, including handicrafts, from the home; small producers - i.e. own account artisans, salt farmers, small and marginal farmers and manual labourers and service providers (construction workers, agricultural labourers, childcare workers and others). SEWA was among the first trade unions of informal workers (either men or women) anywhere in the world.

SEWA was established in 1972 in the state of Gujarat as a union seeking to unite urban and rural women workers in the informal sector around the issue of “full employment.” This was defined as work, income, food and social security. The second objective of SEWA was to make its members self-reliant, both individually and collectively.

SEWA is both an organization and a movement. It is a movement as it incorporates more than 3000 Self-Help Groups and collectives, which are owned, run and controlled by the workers themselves. The SEWA movement incorporates the women’s movement, labour and cooperative movements. But it is more than an amalgam of these. It is a home-grown movement of informal workers, led by poor women themselves, for their economic rights, proper representation and voice. From Gujarat, the movement has taken firm root in the Indian states of Madhya Pradesh, Uttar Pradesh, Rajasthan, Bihar, Delhi and Kerala.

Social Security at SEWA

For women workers in the informal economy, the economic and social aspects of their lives are closely connected. They need economic security - continuous employment so that they

Defining Social Security

SEWA believes that economic security is closely linked to social security. The poor need economic security - a continuous flow of employment through which they can earn enough in terms of cash or kind to meet their needs. The poor also need social security - at least health care, child care, shelter and relief - to combat the chronic risks faced by them and their families. Also, SEWA believes that the poor themselves need to be the planners, users, managers and owners of the programmes meant for them so that this process itself is that of self-empowerment for the poor.

can earn enough in cash or kind to meet their needs. They also need social security to prevent and combat the chronic risks faced by them and their families. Social security therefore is a means of increasing and maintaining the productivity and income of the worker, thereby increasing her overall economic security. Insurance can reimburse a productive asset lost during floods or fire or refund the crippling medical bills incurred

during illness of the worker, her spouse or children. Childcare facilities can not only increase the hours that a woman worker can be employed but also her productivity at work. Food security can ensure increased productivity and a decrease in illness.

SEWA's experience of years of working at the grass roots level with women in the informal economy has shown that social needs such as health, childcare, education and housing are all linked to the economic capabilities of women workers. SEWA sees social security as an integral component of work security for women workers in the informal sector. Social security at SEWA seeks to address both the acute and the chronic risks faced by women workers. It has four main components - health care, childcare, shelter and insurance. In this document, we will discuss the insurance programme of SEWA known as VimoSEWA.

History of the insurance programme at SEWA

SEWA Bank was started two years after SEWA was set up in 1972. The Bank's main goal is the capitalization and asset creation of SEWA members to help them come out of poverty. To reach this goal, the Bank has made continuous efforts to link SEWA members with banking services. The women themselves are the owners of SEWA Bank. The setting up of the Bank provided both an opportunity and a compulsion for SEWA to examine in depth the members' problems at work as well as in their lives. Because the Bank involves money transactions, the capacity of the workers to save, the reasons for their being unable to repay loans in time, or even failing altogether to repay loans, led SEWA to analyse the reasons for such situations. This led to a greater understanding of the members' lives and their problems. SEWA found that almost all the workers were indebted to moneylenders.

“ We are papaya growers from Mehsana district. We came to Ahmedabad city to make a living. I had just seven rupees in hand when I arrived. With my aunt Chandaben's help, I set up a small old clothes business. She helped me get a loan of Rs. 500 from SEWA Bank for this. Today, I have more than Rs. 15 lakh in assets, built up slowly over 30 years. I have taken loans 29 times and have helped hundreds of other women like myself to save, take loans and build up their assets.

I have been elected to SEWA Bank's Board. Today I am a director!”

Nanuben Vittalbhai, old clothes vendor.

“I am an agarbatti worker. I earn 30 rupees per day rolling these incense sticks which we call agarbattis. I live in a small ten-by-fifteen room with my family. Earlier we did not have running water. I got sick with typhoid and malaria and spent a big part of my savings on my illness.

Luckily, I was insured by SEWA and was reimbursed within a week.

In 2002, during the communal violence, my house was damaged. I got some money from our insurance and could repair my roof and walls.

Our lives are like this – up and down. We need social security like insurance.”

Jaitoonbibi, agarbatti worker, Ahmedabad city

In the early years of the Bank, on investigating the reasons for non-payment of bank loans, SEWA discovered that many of the defaulters had died during childbirth! Further probing revealed that in the absence of maternity entitlements, child birth often meant a loss of work as well as additional medical expenditure. During communal violence, husbands or young sons were killed. When an earning member of a family was lost suddenly, the women often did not even have the cash for his cremation or burial. In case of an accident, the worker received no compensation under the labour laws because she/he worked in the informal sector. Then there were constant illnesses, frequent pregnancies, high mortality - both of infants and mothers. All of these emerged, as reasons for financial crises in a woman's life, resulting in her high vulnerability. And, as these reasons came to light, SEWA had to think of how to support its members in their time of crisis and lessen their vulnerability. The insurance programme at SEWA was started in response to the experiences of its members.

**SEWA Bank - Women's own Cooperative Bank
(As on March 2006)**

No. of Depositors:	281610
Number of share holders:	49909
Total Working Capital:	Rs. 93,91,48,000
No. of loans given:	12531
Total value of loans given:	Rs. 27,73,56,071
Savings products:	<ol style="list-style-type: none"> 1. Chinta Nivaran 2. Mangal Prasang 3. Recurring Gold 4. Housing Fund 5. Riddhi-Siddhi 6. Jeevan Asha
Pension plan with Unit Trust of India:	25000 pension accounts
Fixed Deposit linked insurance:	32174
No. of groups:	4345

In addition, SEWA Bank promotes rural savings and credit groups. It also provides financial literacy training.

The initial scheme was limited in its scope and coverage. Life insurance was the first product that SEWA offered to its members. Only natural death was covered, the premium was

Rs. 6 per annum and the sum insured was Rs 1000. Soon afterwards, SEWA Bank also began a deposit-linked scheme in which women could put Rs. 100 in a fixed deposit in their own names, and the interest that accrued went towards payment of the annual premium. In this way, the SEWA member was covered for a long time, and did not have to worry about paying the annual premium on time every year.

By the late eighties and early nineties, SEWA's membership had grown to almost 50,000 and was more spread out - location-wise, age-wise and trade-wise. SEWA realized that it would now be possible and workable to have a group insurance scheme, which would spread out the risk. Besides, SEWA had the SEWA Bank with almost 20 years experience of providing financial services to its members, though insurance, had not been part of these services. SEWA felt that it was time that insurance coverage became an integral part of the financial services SEWA provided to its members.

So, in the early nineties SEWA decided to link savings with insurance. Initially, the premium for this came from the interest from the members own deposits, as mentioned above, while the deposit remained intact. This seemed to be a "win-win" situation for all.

On the one hand, for SEWA Bank, the insurance companies, savings and credit groups were already in existence, and so with the members' permission SEWA used the interest from their savings and deposits for insurance coverage. And, on the other hand, the women got an additional service, namely insurance, from their own savings and deposits, which were safe in the SEWA Bank,

Also, SEWA membership had reached a critical mass of 50,000 members. Providing insurance coverage to such a large number became an attractive proposition for insurance companies. Many nationalized insurance companies were now amenable to offering SEWA members insurance, the LIC being the first of such companies. SEWA welcomed this new development as it felt that forging closer links with insurance companies would strengthen systems and procedures and enable SEWA to provide an expanded facility to its members.

In 1992, SEWA initiated the Integrated Social Security Scheme in which coverage included life, widowhood, sickness, maternity benefit and asset loss. It was called Samajik Suraksha Yojna in Gujarat. It was a scheme of social insurance provided by SEWA for its members in conjunction with nationalized insurance companies. Members had the option of paying a yearly premium or having the interest from their fixed deposits in SEWA Bank used for paying the premium. Over the years, SEWA has both expanded and strengthened its insurance services and explored various partnerships with insurance companies to meet the growing needs of its members. The current insurance scheme has developed from this original scheme.

SECTION II

HISTORY OF VIMOSEWA'S INSURANCE PRODUCT

The historical roots of the current SEWA insurance scheme can be traced way back to 1978 when, as mentioned earlier, the Life Insurance Corporation (LIC) agreed to linkup with SEWA Bank to cover SEWA members for life insurance.

During the 1980s, SEWA found that some of its other programmes, being implemented by the SEWA Bank and SEWA health co-operatives, were having to work overtime to help women deal with chronic health problems and loss of assets. Health insurance was also a natural offshoot of extensive research findings by the SEWA Bank, which revealed that the main reason for default and irregular loan repayments by SEWA Bank members were her own ill-health or that of a family member.

It was also found that though the loans taken by SEWA members were predominantly intended for “productive” business purposes, in reality, they were being used to pay off the members’ debts to moneylenders. Women often incurred huge expenditure due to disaster-related losses, widowhood or poor health, of themselves and of the family.

The cycle of indebtedness continued due to financial hardships suffered as a result of death of husband, disability and loss of assets. On the basis of its experience of working with women workers in the informal sector, SEWA realized the need to develop an integrated insurance product which would provide coverage for a range of risks and vulnerabilities.

In 1991, the Government of India created a special core fund of Rs 100 crores [approximately US \$2.5 million] for the LIC. This fund was meant for insuring the poor. SEWA decided to join hands with the LIC to offer life insurance to its members. The LIC premium was initially set at Rs. 30. The interest from the core fund was used to subsidize 50% of the premium -thus the women paid Rs. 15 each, and the subsidy was used to pay the balance Rs 15.

Also, in 1992, both a health insurance scheme and another for coverage of assets such as work tools, and houses in case of damage by flood, fire, cyclone and communal riots was worked out in partnership with the United India Insurance Company (UIIC). The UIIC also agreed to cover the accidental death of the woman member and her husband.

Thus by 1992 SEWA’s insurance scheme provided insurance for natural and accidental death, hospitalization expenses and asset insurance. Further coverage was also available for the accidental death of the spouse. The total package entailed a premium of Rs. 45 per year. A deposit-linked option (for Rs. 500) was also introduced. The interest that accrued would be used to cover the premium of the UIIC package insurance plan, besides leading to an increase in the women’s savings. A maternity benefit of Rs. 300 per pregnancy was offered as an extra incentive to fixed-deposit linked members.

Unfortunately the partnership with the UIIC did not last long. In 1994, two years after the scheme was initiated, SEWA decided to break away from the UIIC on health coverage. The high rejection rate of claims despite the payment of premiums had led to a great deal of dissatisfaction and disillusionment among the members. Other difficulties that SEWA faced from the UIIC was in the implementation of the scheme: very lengthy and complicated procedures and extensive paper work led to delay in claim settlements. There was also lack of flexibility in approach and rigid policy conditions.

Thus in order to cover major risks and to simplify procedures, SEWA began administering its own health insurance. The coverage was increased to include gynaecological problems, and occupational health-related illnesses. The UIIC, however, still covered asset insurance. The

annual premium for the entire package now was Rs. 60, though members had to pay Rs. 65, the additional Rs. 5 being administrative charges.

But SEWA members were unhappy with the reimbursements received from the UIIC after natural calamities such as floods, fire, cyclones and human disasters such as communal violence. So in 1998, SEWA discontinued its link with the UIIC on asset insurance and developed its own systems and procedures. In addition, SEWA changed its insurer from the UIIC to the New India Assurance for insurance against accidental death of the member and her spouse, as the NIA offered better premium rates.

Table 2.1: VimoSEWA's linkages with the insurance companies over the years

Year	Insurance	Linkages
1992 to 1993	Life Insurance Health, Accidental death, Assets	LIC United India Insurance Company
1994 to 1997	Life Insurance Health Accidental death and Assets	LIC SEWA United India Insurance Company
1998 to 2000	Life Insurance Health and Assets Accidental death	LIC SEWA New India Assurance
2001 to 2002	Life Insurance Others	LIC National Insurance Company
2003	Life Insurance	LIC & OM Kotak Life Insurance Co Ltd
	Health and Assets	NIC & ICICI Lombard General Insurance Co
	Accidental death	LIC & ICICI Lombard General Insurance Co
2004	Life Insurance Health and Assets	LIC & AVIVA ICICI Lombard General Insurance Company
	Accidental death	LIC & ICICI Lombard General Insurance Co
2005	Life Insurance Others	AVIVA & LIC ICICI Lombard General Insurance Company

As SEWA grew older, so did many of the initial members of SEWA and insurance was extended to cover old age related health problems. In 1999, for those opting for the fixed deposit linked scheme support for cataract surgery and dentures was introduced and coverage for a hearing aid.

In 2000, when LIC increased its premium amount, SEWA also had to raise the yearly premium to Rs. 72.50, with a corresponding fixed deposit of Rs 700. Members were also given the option of insuring their husbands by paying an additional premium amount.

After repeated floods in the late nineties and then the devastating earthquake in 2001, SEWA was inundated with claims for asset insurance from members. Since SEWA had borne the risk for health and asset loss insurance after delinking with the insurance companies, they had to pay substantial sums from their own fund. This prompted VimoSEWA to look again at transferring the risk to insurance companies, and in January 2001, all non-life risks were transferred to the National Insurance Company, while SEWA retained the authority to settle claims thus assuring timely service to its members.

From 2003, VimoSEWA launched three optional insurance packages. The three packages had different maximum limits for reimbursement depending on the premium paid, giving wider choice to a SEWA member depending on her paying capacity. Each scheme also offered insurance cover for the spouse on payment of an additional premium. Another important introduction in 2003 was that of health insurance for children. All the children in the family were covered under the scheme. This again was in response to members need for health coverage for their spouses and children.

In 2003, cataract coverage was extended to include yearly premium members in addition to fixed deposit members VimoSEWA's scheme was further revised in 2004 and the current scheme was launched. There were many reasons for amending VimoSEWA's insurance coverage. The third optional scheme with the higher premium of Rs 400 had almost no takers - for most SEWA members it was unaffordable. Moreover the three optional schemes proved to be very difficult to explain to the members as well as the aagewans who would service the clients.

In 2004 SEWA shifted its insurer from the NIC to ICICI Lombard. In the same year, the LIC also gave SEWA the authority to settle claims of natural death. In 2005, life insurance coverage was divided between the LIC and AVIVA. VimoSEWA had had a long relationship with the LIC. It decided to give part of the LIC portfolio to AVIVA because they were offering a good rate and Vimo wanted to compare their services with the LIC's. Given the number of insurers operating in the market, VimoSEWA wanted to ensure that it was getting the best deal for its members.

As is evident from the above historical review, the design of SEWA's insurance scheme is entirely demand-driven. It has altered its design and products repeatedly according to the members' needs and demands; and their daily experiences with VimoSEWA. This has been SEWA's approach from the inception of the scheme to the introduction of the present day modifications. In this approach, the SEWA scheme is different from the top-down or hierarchical approach to insurance provision of either the central or state governments. While the government schemes (mostly for formal sector workers) represent a need, they do not reflect or adapt to the changing needs of their members to the extent that VimoSEWA does.

Secondly, Vimo's uniqueness also comes from its gender sensitive approach. Traditionally men have been the main policy-holders in insurance schemes with women and children grouped together as dependents. Insurance for women is often limited largely to maternity benefits - it ignores the reality of their being workers and breadwinners, requiring a composite scheme of life insurance, health insurance, disability and unemployment insurance, as well as asset insurance. VimoSEWA provides comprehensive insurance coverage suited to the needs of women workers, which also includes maternity benefits as a standard component of the

programme. The aim of SEWA's insurance scheme has been to strengthen the women's movement, build up the members' resources and control over their lives.

Table 2.2: Timeline of evolution of products and systems

Policy Year	Coverage
1978	Life insurance (only natural death)
1992	Integrated insurance scheme introduced (coverage for life, widowhood, accidental death, sickness, maternity benefit, and asset loss).
1994	Coverage was extended to include gynaecological problems and occupational health-related illnesses.
1995	Members were given the option to insure their husband's life, accidental death, and health by paying additional premium.
1999	Coverage for hearing aid to FD members.
2003	Child insurance introduced. Coverage for cataract operations extended to annual members.
2004	Family package announced.

SECTION III

CURRENT SCHEME OF VIMOSEWA

The aim of SEWA Insurance is to provide social protection and security to its members against various risks they face in their lives, through an insurance cooperative in which they themselves are the users, owners and managers of all the services.

The 2006 insurance scheme of VimoSEWA has two packages of benefits. The two packages have different sums insured, depending on the premium paid. A member can opt for either of the schemes depending on her paying capacity. In addition, each scheme offers limited insurance cover for the members' spouse and children on payment of an additional premium. For the policy year 2005, VimoSEWA introduced a family package to encourage entire families to enroll. Though child insurance and, hence, a

family package was introduced in 2003, a special discount was introduced in 2005 so that members who opted for the family package enjoyed special discounts to promote such coverage.

VIMOSEWA - CORE PRINCIPLES

SEWA's insurance programme is based on certain core principles:

Mutual Help

The scheme is based on the principle of mutual help and solidarity. Members of the insurance scheme contribute their premium and help each other in times of calamity.

Self-Help

"Helping the members to help themselves" is the motto of SEWA Insurance. Each member contributes a very low premium towards the coverage offered. Thus she is able to secure her own future with the organization's assistance.

Integrated Services

SEWA believes in providing an integrated insurance package based on the needs of its members, ensuring coverage against risks such as sickness, death, asset loss and accident.

Sound Insurance Principles

The programme is run on sound insurance principles. The proposed limits of coverage (sums insured) are modest and appropriate for SEWA's members. Insurance products are priced with a margin for reserves and contingencies. The management monitors claims loss ratio and other key indicators on a monthly basis.

Financial Viability

SEWA seeks to develop a long term, sustainable insurance programme. A chartered accounting firm and a consulting actuary provide services to ensure that VimoSEWA Insurance steadily moves towards financial viability.

Table 3.1: Current Insurance Scheme of VimoSEWA

RISK COVERED	SCHEME 1	SCHEME II
MEMBER'S INSURANCE	ANNUAL PREMIUM RS.100 FD: RS.2,100	ANNUAL PREMIUM RS.225 FD: RS.5,000
Natural Death	Rs.5,000	Rs.20,000
Accidental Death	Rs.40,000	Rs.65,000
Acc.Death of Husband	Rs.15,000	Rs.15,000
Hospitalization	Rs.2,000	Rs.6,000
House and Asset Insurance	Rs.10,000	Rs.20,000
HUSBAND'S INSURANCE	ANNUAL PREMIUM RS.70 FD : Rs.1,500	ANNUAL PREMIUM RS.175 FD : Rs.4,000
Natural Death	Rs.5,000	Rs.20,000
Accidental death	Rs.25,000	Rs.50,000
Hospitalization	Rs.2,000	Rs.6,000
CHILD INSURANCE	ANNUAL PREMIUM RS.100	ANNUAL PREMIUM RS.100
Hospitalization	Rs.2,000	Rs.2,000
Family Package	Annual premium Rs.250* FD : Rs.3,600	Annual premium Rs.480* FD : Rs.9,000
<p><i>Additional Benefits for Fixed Deposit Members</i> MATERNITY BENEFIT : RS.300/-, ONE TIME DENTURE : RS.600/-, ONE TIME HEARING AID : RS.1,000/-</p>		

*Members who take the family package (insurance for member, spouse, and children) get a discount of Rs.20

VimoSEWA's 2006 Insurance Products

The integrated insurance scheme of SEWA provides coverage for death of self and husband, hospitalization and asset loss.

Life and widowhood: Life insurance offers SEWA members coverage for natural and accidental death for members. The natural and accidental death of the husband is also covered.

Health: Modelled on a group plan offered by the nationalised general insurance companies, hospitalization reimbursement and related medical expenses are offered to SEWA members. Again the option of insuring their husband and children's health is also available. The health insurance is complemented by SEWA's own extensive health-related activities which cover over 2,00,000 members and include preventive and promotive activities such as health education and immunization, in addition to curative activities such as the sale of low cost medicines and setting up linkages for referral care.

Earlier, pre-existing health conditions such as blood pressure and cancer were excluded from hospitalization coverage, but from 2005 onwards, these diseases are covered after a six-month waiting period. Fixed Deposit members get the additional benefit of coverage for maternity, dentures and hearing aid, as before.

Asset Loss: Asset protection coverage offers SEWA members reimbursement for losses suffered due to natural disasters such as fire and floods, and human disasters such as communal violence. The coverage includes house, household goods and tools of self-employment.

Maternity Benefits: The maternity benefit is a lump sum payment (Rs. 300) at the time of childbirth to assist the member in case of extraordinary expenses and loss of income. This benefit is available for FD linked insurance members only.

Eligibility

For all coverage, only SEWA members, their husbands and recently, their children, are eligible. A husband cannot enrol in the programme unless his wife is an enrolled VimoSEWA member. The coverage for children and family may be added at a later date. A woman must be 18 to 58 years old to enrol for annual membership. Life insurance coverage ends at the age of 65 years. However, the other coverage continues so long as the member pays the premium and enjoys SEWA's confidence.

There is a one-year waiting period for the maternity benefit as well as for hysterectomy and cataract surgery in the case of new members. From 2005, VimoSEWA has included pre-existing diseases in its coverage. In practice this means that first-time insured members get coverage for pre-existing diseases like hypertension, gynecological complaints and cancer, six months after their policy period commences. Tuberculosis is also covered after the six month waiting period.

Old members get coverage for recurrent diseases, technically (called pre-existing diseases) from the very first day when they renew their coverage. This includes tuberculosis, cancer, hypertension, diabetes, hysterectomy and cataract.

Types of Premiums

VimoSEWA offers two types of payment schemes to its members: they can either pay their premium annually or through a fixed deposit with SEWA Bank.

In the fixed deposit option, members deposit a lump sum as a fixed deposit with the SEWA Bank. (The amount depends on the scheme selected by the member see Table 1) The interest accrued on this deposit goes towards the annual premium. Thus, a woman gets not only continuous insurance coverage but obtains long-term social protection.

The FD linked scheme works well for those SEWA members who have the finances to pay a lump sum in order to become members of the insurance scheme till the age of 60 years. The fixed deposit scheme allows an insured member the complete health and asset protection programme and in addition maternity benefits, and benefits for dentures and a hearing aid. The maternity benefit is Rs. 300 per childbirth. SEWA does not charge a premium for this benefit. It pays directly for each claim and considers this to be an essential component of the overall work security for women workers. Women past childbearing age are given support for dentures, cataract operations and a hearing aid.

The amounts to be paid in fixed deposit have been revised frequently in recent years because of the changes in interest rates and premiums. Interest rates are likely to decline further in future and could prove difficult for SEWA members, as they would have to deposit increased amounts.

The yearly premium is paid any time from September to December. The option of buying insurance for the member's spouse by paying an extra amount is available in both the yearly and fixed deposit schemes.

In 2005, VimoSEWA along with SEWA Bank developed a loan product (SALAMAT LOAN) to enable members to enroll for FD linked insurance. This loan is for urban members only. Members can take a loan of Rs.2,300/-, of which Rs.100 goes towards the share capital, and Rs.100 towards the payment of premium for the first year. The balance of Rs.2,100 goes into a fixed deposit in the member's name. The interest on this FD goes towards payment of the premium. For loan repayment, the member pays Rs.65 per month over a three year period. Till March 2005, 578 members had taken this loan.

Table 3.2: Types of premium - 2005

	Annual Premium		Fixed Deposit	
	Member's Insurance	Spouse Insurance	Member's Insurance	Spouse Insurance
Scheme 1	Rs 100	Rs 70	Rs 2100	Rs 1500
Scheme 2	Rs 225	Rs 175	Rs 5000	Rs 4000

Because of the number of partners in the SEWA insurance scheme, the premium is broken down into components. See Table 3.3 for the breakdown of the insurance premium member - wise.

Table 3.3: Breakup of the insurance premium -2005

		Scheme 1	Scheme 2
Member	Life	20.40	81.60
	Accident member	3.86	4.96
	Accident spouse	1.65	1.65
	Asset	9.92	19.84
	Health	33.75	94.36
	Service Free	5.00	5.00
	Reserve and other	25.42	17.59
	TOTAL	100.00	225.00
Husband	Life	20.40	81.60
	Health	30.31	90.92
	Accident	2.21	3.31
	Reserve and other	17.08	-0.83
TOTAL	70.00	175.00	
Children	Health	41.33	41.33
	Reserve	58.67	58.67
TOTAL	100.00	100.00	

Partners

SEWA's insurance programme has multiple partners including the LIC, New India Insurance, SEWA Bank, Aviva and ICICI Lombard. The maternity benefit (applicable only for fixed deposit holders) comes from the core fund of Rs. 2,35,000, established by GTZ in 1994. Another GTZ grant for capacity building supports the programme.

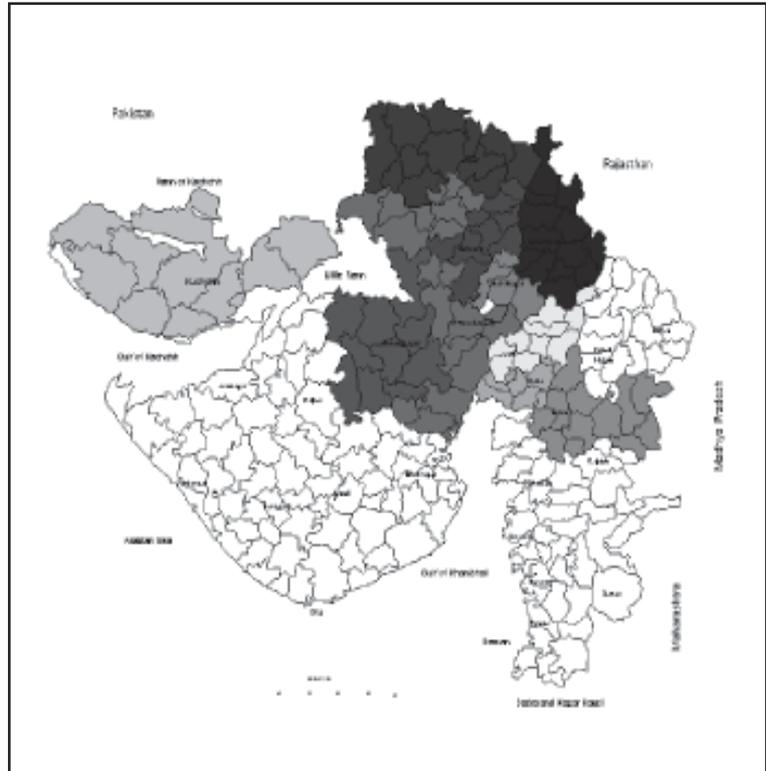
The policy year for insurance at VimoSEWA is January 1st to-December 31st of every year. However, VimoSEWA is considering a "rolling" enrollment, whereby workers can insure themselves every quarter at their convenience, and when they are in a position to pay the premium. In the future VimoSEWA plans to have year-round enrollment.

SECTION IV

MEMBERSHIP

Membership of the SEWA insurance programme is only open to the members of SEWA Union and through them, to their families. This means that all VimoSEWA policy-holders are women and all are from the informal economy. It must be noted that a majority of the informal economy workers do not have access to any statutory social protection. And in cases where the law has been extended to include certain categories of informal economy workers, implementation remains very poor. The increasing privatization of basic services - health, shelter, education - and the erratic nature of their earnings add to the vulnerability of poor women workers. Being women, they combine both the productive and the reproductive role - taking care of the children, the elderly and the ill. It is this weakest and most vulnerable group of workers - the women workers in the informal economy - who form the membership base of VimoSEWA.

VimoSEWA membership across Gujarat state in 11 districts

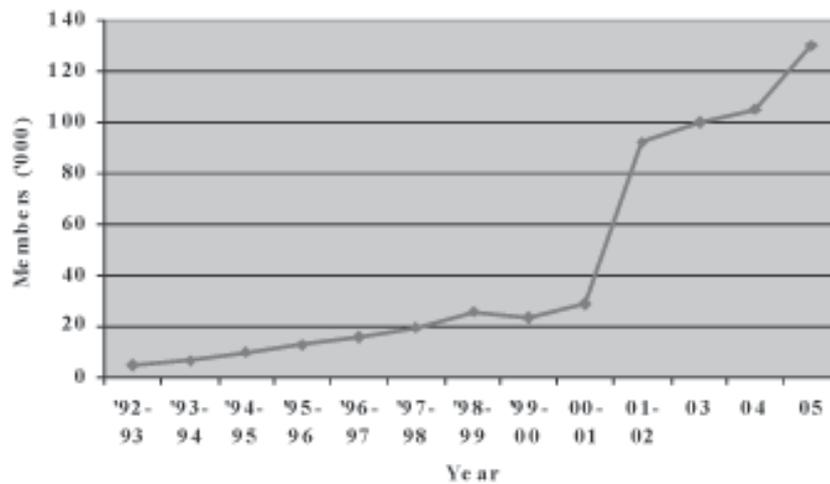


In 2005, SEWA insurance had 140,595 members all over India - in Gujarat as well as seven other states of India. These included members in both urban and rural areas, as well as those who paid a yearly premium and those who opted for the fixed deposit option.

SEWA's insurance programme started in response to the needs identified by its members. In the initial years, insurance was administered through SEWA Bank and all the SEWA organizers from different teams within SEWA helped service the product. In 2000, when VimoSEWA was set up as a separate unit, it already had a membership base of 29,000 members.

Once SEWA's membership reached the critical mass of 50,000, many insurance companies came to the negotiating table with favourable products. As mentioned in earlier chapters, the initial package of an integrated insurance product for SEWA was launched with the LIC and UIIC as partners. The large number of members enrolled in VimoSEWA gives it a bargaining advantage when negotiating with mainstream insurance companies. This is one of the reasons why VimoSEWA has been able to negotiate member-friendly and demand-responsive insurance products and procedures with multiple partners over the years.

Membership in SEWA Insurance by year

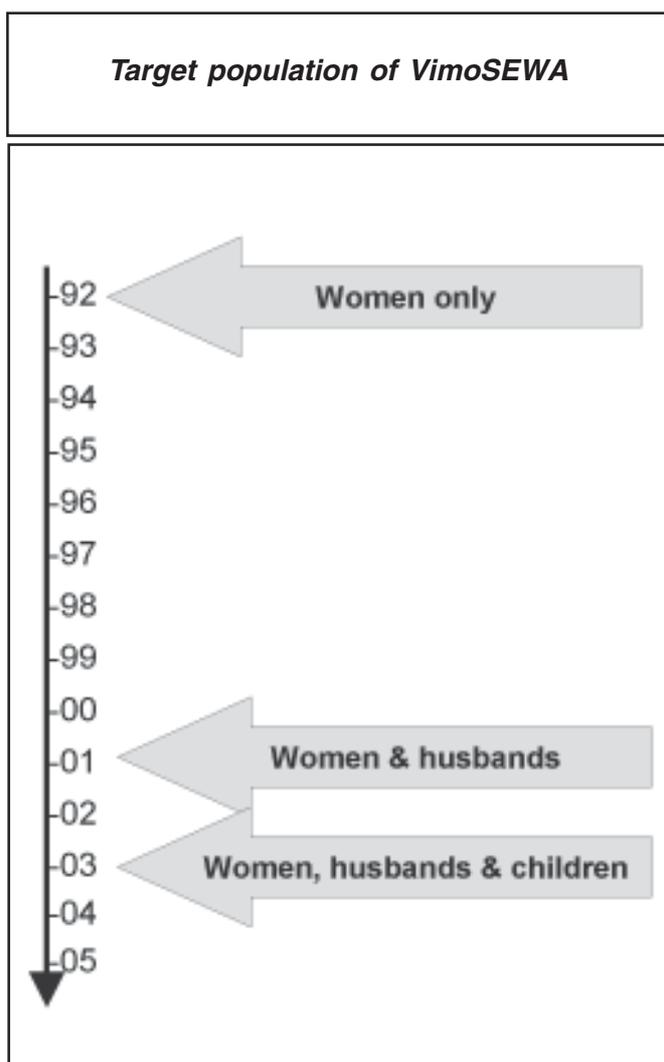


The membership of VimoSEWA has grown steadily since its inception in 1992. A slight surge in membership can be seen between 1997-98 and 1998-99. In 1998, there was a malaria epidemic in some districts of Gujarat and while many of the victims were not members of VimoSEWA, those who were, benefited from the health insurance. This proved to have a demonstration effect, and many members in the epidemic areas joined VimoSEWA.

The fall in membership the next year can be attributed to two reasons: SEWA Bank had launched a recurring deposit scheme for insurance of its members which did not work due to logistical reasons. It had to be withdrawn and many members were unhappy with this decision. But more importantly, the LIC increased its premium drastically, and though SEWA was able to re-negotiate the premium marginally, the annual premium had to be increased. Some members dropped out as a result.

2000-2001 was a watershed year for VimoSEWA. In 2000, VimoSEWA set up a separate administrative structure. An aggressive campaign to increase membership, resulted in a meteoric rise in the membership base. From 29,140 in 2000, the Vimo membership rose to 90,259 in 2001. But 2001 was also the year of the earthquake in Gujarat. The earthquake relief work by SEWA showed that not enough members were covered by insurance for a catastrophe or a natural calamity, particularly in the districts of Patan, Surendranagar and Kutch. Many SEWA members lost their houses and other productive assets, many others, more tragically, faced the emotional and financial trauma of widowhood. However, those who were covered by VimoSEWA got their claims within a month. 1492 assets claims were paid to earthquake victims in 2000-2001. This proved to have a major demonstration effect in these areas and the membership of Vimo continued to grow in these remote rural areas. Similarly, 1135 members received assets claims the following year for loss of assets during the communal violence. As the membership grew, there was a big push from within SEWA to expand and to upscale.

In October 2001, Vimo organized a meeting with donor groups where the issue of how to increase the outreach of the insurance programme was discussed, and a plan to steadily



increase the membership was developed. Sustained efforts to augment membership continued during the next few years and 2004-2005 again saw a sharp growth in membership.

The rapid increase in membership in the last few years has created its own problems. Client servicing - particularly claim processing, marketing insurance, and education for such a vast number was a challenge. Many members did not understand the concept of insurance and there was a large drop-out rate. 2002 saw lower renewal rates. Several interventions, discussed later in this section, were devised to address this shortcoming and streamline the process which would encourage the members to renew their insurance policy.

Target Population

The membership base till 1999 was exclusively the women members of SEWA. But from the inception of VimoSEWA members had been voicing the need for extending coverage to their spouse and children. In response, VimoSEWA started covering spouses in 1999 and children in 2003. In 2004, a

family package for the insurance product was also included. Members have found the family package attractive and there has been a three-fold increase in the enrollment for the family package in the year 2005.

Table 4.1: Membership break-up - September 2005

	Total
Women	83,515
Men	34,327
Total Adults	1,17,842
Children	18,587
Total Insured persons	1,36,429

Rural/urban

The urban - rural composition of VimoSEWA's membership has changed over the years. When it started, VimoSEWA was primarily urban, confined to Ahmedabad city. Very soon, its membership spread to other rural areas too. There were several reasons for this change. The change reflected a similar change in the membership profile of the SEWA Union. As mentioned earlier, one of the triggering points for the acceleration in membership in rural areas of western Gujarat, was the demonstration effect during the earthquake of 2002. Also, with the increasing decentralization of the operations of VimoSEWA, it was possible to provide better service to rural members. All these reasons led to a surge in the rural members of Vimo.

Today 70 percent of the members are rural and 30 percent are urban. With the increase in rural membership, the procedures for client servicing, claim reimbursement and member education had to be altered. For timely claim processing and reimbursement, decentralization was essential and offices were opened in Kheda, Sabarkantha, Vadodara and Ahmedabad districts by 2005. With growing membership, dealing with a mix of urban and rural members was a challenge. Rural members' payment pattern and their servicing needs differed. The education levels of the members were also different. These variations and SEWA's response will be discussed in the section on decentralization, enrollment and claim servicing.

Table 4.2: Rural/Urban (Adults) by type of membership (September 2005)

	Rural	Urban	Total	Percent
Fixed Deposit	14255	17340	31595	27%
Annual Payees	67974	18273	86247	73%
Total	82229	35613	117842	100%
Percent	70%	30%	100%	

Geographical distribution

The insurance programmes which started in Gujarat has spread to other states. Today, VimoSEWA has members in eight states of India - Gujarat, Delhi, Tamil Nadu, Madhya Pradesh, Rajasthan, Bihar, UP and Kerala.

SEWA sister organizations in these states wanted to benefit from VimoSEWA's experience in the designing and running of insurance programmes. Some NGOs, with close links with SEWA also expressed an interest in joining VimoSEWA. Besides VimoSEWA's experience, associating with VimoSEWA also meant that the risk could be shared, schemes could be made financially viable and synergies between collaborating organizations could be used for mutual benefit.

Fillip to Organizing

SEWA's organized membership has been crucial for the flourishing of VimoSEWA. But conversely, the insurance programme has resulted in a significant boost to SEWA's activities and union membership. Union and cooperative organizers reported that members found the

insurance programme so useful that they joined SEWA to avail of VimoSEWA's services and encouraged other women to join also. SEWA's experience has shown that insurance or other components of social security help to promote the organizing of workers and encourage the building of member-based organizations such as cooperatives. Insurance emerged as the 'rallying' or entry point for organizing. Once organized, workers actively contribute new ideas and approaches to social security and assist in its implementation. This, in turn, gives rise to greater organizing of workers, for once they are identified and join SEWA, they also obtain a concrete benefit which then encourages them to organize further.

VimoSEWA's membership - some issues

● *Renewal and drop-outs*

For the poor, who are accustomed to surviving on a day- to- day basis, planning for the future is difficult. Risk management is an alien concept for poor women and remains a low priority particularly when they are grappling with many other problems. Interesting them in insurance is a challenge. It involves presenting the concept of insurance understandably and simply in a manner, which is suitable for women, many of whom are non-literate.

Though the membership of VimoSEWA continued to grow, the drop-out rate was high. The renewal rate in 2002 was as low as 15 percent, it rose to 42 percent in 2005. In 2005, 58 percent members were new members and 42 percent renewed their membership. In urban areas 61 percent were new members compared to 57 percent in rural areas. In urban areas 39 percent of members renewed out of a total membership compared to 43 percent in rural areas. Table 4.3 shows that out of 70129 members in 2004, 29181 renewed their membership, i.e. 42 percent members of the previous year renewed in 2005.

There can be many reasons for low renewal. These include:

1. Lack of regular contact with members/aagewans
2. Lack of systematic follow up by aagewans
3. Lack of understanding about reasons for rejection of claims (when claims were rejected, members invariably decided to pull out of VimoSEWA, as they perceived no benefit from the scheme. They were not interested in waiting for possible long - term benefits).
4. Lack of satisfaction with the product, and service quality

Table 4.3: Percentage of renewals in 2005

	Rural	Urban	Total
Women	44%	41%	43%
Men	41%	34%	39%
Total	43%	39%	42%

VimoSEWA has adopted a multi-pronged approach for retaining its members. Emphasis has been on education, promotion and marketing to make members' understand the concept of 'insurance'. To address this issue in Ahmedabad city, VimoSEWA started a renewal campaign in April 2005. This campaign involved making a house visit to each member in Ahmedabad city, and giving her information about VimoSEWA. A new method of recording visits was used. Three bar codes were printed on separate stickers for each member, corresponding to her insurance number. On the first visit, a member was given her three bar code stickers. The first of these was taken back from her and pasted in a booklet. The booklets were returned to the central office where the bar codes were scanned to record the visits made.

In December 2005, VimoSEWA completed a study commissioned by the ILO, aimed at understanding renewal rates at VimoSEWA. The details of this study are reported in the section on Research.

Maintaining frequent and close contact with insured members is paying dividends and has become an essential feature of micro-insurance services. However, it is also difficult to maintain regular contact with the ever-growing numbers, spread over a large geographical area. Both financial viability and sustainability in terms of human resources are key challenges.

● ***Affordability***

When insuring the poor, affordability is a major issue. Sums insured have to be such as to prevent the downward slide into poverty and indebtedness. For example, at least Rs. 5,000 is the amount VimoSEWA members cite as the minimum sum insured required during hospitalization. Ten thousand rupees would be the ideal coverage. But these amounts would require premiums that are unaffordable at present, especially since members want and need other non-life and life coverage.

Currently, the insurance needs of SEWA members are only partially being addressed. For example, women enrolled in the health insurance scheme have been consistently demanding coverage of medical ailments regardless of whether treatment was obtained by hospitalization. They argue that with escalating medical costs, they spend considerable amounts during illness and run into debt. Hence, they feel that hospitalization is not a useful criterion for coverage. While this is a genuine need, the cost of such an intervention would be very high, and the premiums, as a consequence would be unaffordable. The women members have also increasingly been demanding cattle and crop insurance. This too would entail higher premiums. How much more women can afford to pay for the extra coverage needs to be carefully determined.

● ***Time of collection***

Matching the collection schedule with cash flow is very critical, particularly when the insureds are poor women working in the informal sector. They have no fixed employment and no fixed income schedule. The urban poor get small amounts frequently. The rural poor get lump sums during the agricultural seasons. Their cash flow depends on the type of activity they are involved in. There are months when work and income are available - seasonal work for agricultural labourers, or work during the festival season for women home based crafts workers. There are also particular months when expenses are high -when school term fees have to be paid, during weddings in the family, for festivals like Diwali and Id.

With a view to the convenience of members VimoSEWA changed the collection time in 2003. Till 2003, the insurance period was from July 1st - June 30th of every year. In 2003, it was changed to January to December. The reason was the members' convenience - the summer

months are lean with agricultural labourer members being unemployed for many days. Besides, it is also the season for weddings: extra expenditure is incurred for gifts and rituals, and even for travel to members' native villages, all of which eat into the family's earnings. Many urban members visit their ancestral villages during these months, forget to pay their premiums or are not available at premium collection time. SEWA paid nearly Rs 22,00,000 as premium for six months extension period, to change the collection period on behalf of its members.

VimoSEWA is considering introducing a quarterly collection of premium, since a large number of its rural members are involved in agriculture. The reasons for this are so that the payment of premium can be dovetailed with the different harvest times for different crops. This would also ensure renewal, and retention.

● *Issues of equity*

SEWA is committed to reducing the vulnerabilities of poor, self-employed women and their families and VimoSEWA is a key component in this strategy. The majority of the members of VimoSEWA are poor and Vimo tries to ensure that its services reach the poorest. In January 2003, VimoSEWA initiated a three year action research project (Shramjivi Salamati), aimed at enabling the poorest to benefit from VimoSEWA's insurance scheme. In the first year of the project, three rounds of surveys - one of the general population in Gujarat, one of VimoSEWA members and one of VimoSEWA claimants - were carried out to assess the extent to which the poorest were included in VimoSEWA and able to benefit from the scheme. The findings indicated that 40 percent of VimoSEWA members fell below the poverty line. Also, urban members were able to submit claims for losses suffered fairly equitably but in rural areas the better off members were submitting a higher proportion of claims compared with the poorer members. To address these barriers to utilization of the scheme, three interventions were designed and implemented. They will be discussed later in the book.

True to its mission of serving poor women and their families and yet running insurance in a financially sustainable manner, VimoSEWA is continually looking at new ways of overcoming the barriers that come in the way of extending coverage to the largest numbers of poor informal women workers.

One step at a time: towards full coverage

Daiben Lakhanbai Soridarka is a block printer and has been a VimoSEWA member for many decades. She is quite old and is not able to do much work. She spends a large part of her time looking after her grand-children. She enjoys being the matriarch of her family and values her 'independence'.

She recalls buying insurance when VimoSEWA had just started. 'I realized the support that this programme was offering to us poor people, but where was the money to buy - we lived hand to mouth'. She had a small amount of money saved in the SEWA Bank but not enough! So, the three women members of her joint family (herself, her old mother-in-law, and her sister-in-law - all members of SEWA) did some future planning.

Realizing that her mother in law was the most vulnerable and that even by pooling their resources, they had just enough to buy coverage for one person, the two daughters-in-law bought insurance coverage for the mother-in-law and shared the premium amount between them. The insurance provided coverage for the senior member of the family till she died, with the compensation amount at her death, both the daughters in law bought insurance coverage for themselves.

When her husband died in 1998, Daiben Lakhanbai, used the compensation amount for a further upgrade and converted to the FD scheme. She has upgraded her insurance thrice since then through savings and a loan from SEWA Bank.

SECTION V

OPERATIONS

Premium Collection

From its inception, VimoSEWA observed that members were willing to pay for appropriate and timely services like banking and health. In fact as mentioned earlier the genesis of VimoSEWA can be traced to the creation of a 'solidarity fund' created by members' contributions in the early seventies. Based on the principle of self-reliance, one of the philosophical foundations of SEWA, the design of the insurance products at VimoSEWA is based on the premise that the premium collected from the members would be used to pay the claims. This has been the case with all the products, from the beginning. The life insurance component of VimoSEWA's integrated insurance product had a built-in subsidy provided by the Life Insurance Corporation (LIC). As mentioned earlier, the government of India, in 1991, created a core fund of Rs. 100 crores, meant for insuring the poor. Vimo's first policy of Rs 15, which offered life insurance to its members, was subsidized by this social security fund - the fund paid Rs. 15 to match the Rs. 15 paid by the insureds. However, with expanded outreach, the life insurance component financially viable, so VimoSEWA has not used this subsidy.

The greatest problem facing the management of social security systems for women workers in the informal economy, the world over, is the collection of contributions. Experience has shown that the poor want the fund collection to be arranged as close to the contributors as possible and be conducted by those in whom they have trust. Fund collection mechanisms therefore need to be simple and decentralized. Alternatively, it can be tied to any regular financial transaction that takes place in co-operatives or micro-finance institutions, as well as banks engaged in micro-finance. As mentioned earlier, SEWA has adopted both the principles for the collection of premiums. Members have the option of paying through the interest from their fixed deposits in the SEWA Bank, or alternatively, an annual membership fee is collected door to door from the members by the Vimo aagewans.

However, a door - to - door collection of premium from a large number of members who are scattered over a vast geographical area has been difficult, particularly in the last three years (2002-2005) when the membership has grown considerably - both in numbers and in geographic spread. So, Vimo has been experimenting with different mechanisms for premium collection, including the following :

- Linking premiums with loan or savings products;
- Linking with self-help groups (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 an annual premium, a one-time lump sum payment which is put in a fixed deposit (and the interest accrued 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 the premium directly from their savings accounts with their consent;
- Developing a dedicated infrastructure: collecting from individual clients through a network of local women leaders called aagewans.

However, the most effective has been through individual contacts and face-to-face enrolling. This method maintains an active contact with members as opposed to the passive contact of the fixed deposit method of premium collection. Also, insurance education which is critical for the success of any micro-insurance programme, can be addressed simultaneously. Face to face contact (individual, house-to-house or in small meetings) presents a good opportunity for education on insurance products and schemes. It has been SEWA's experience that members need a feeling of being involved. This is, however, a very labour intensive and costly process and drives up the transactional costs considerably.

Claim servicing

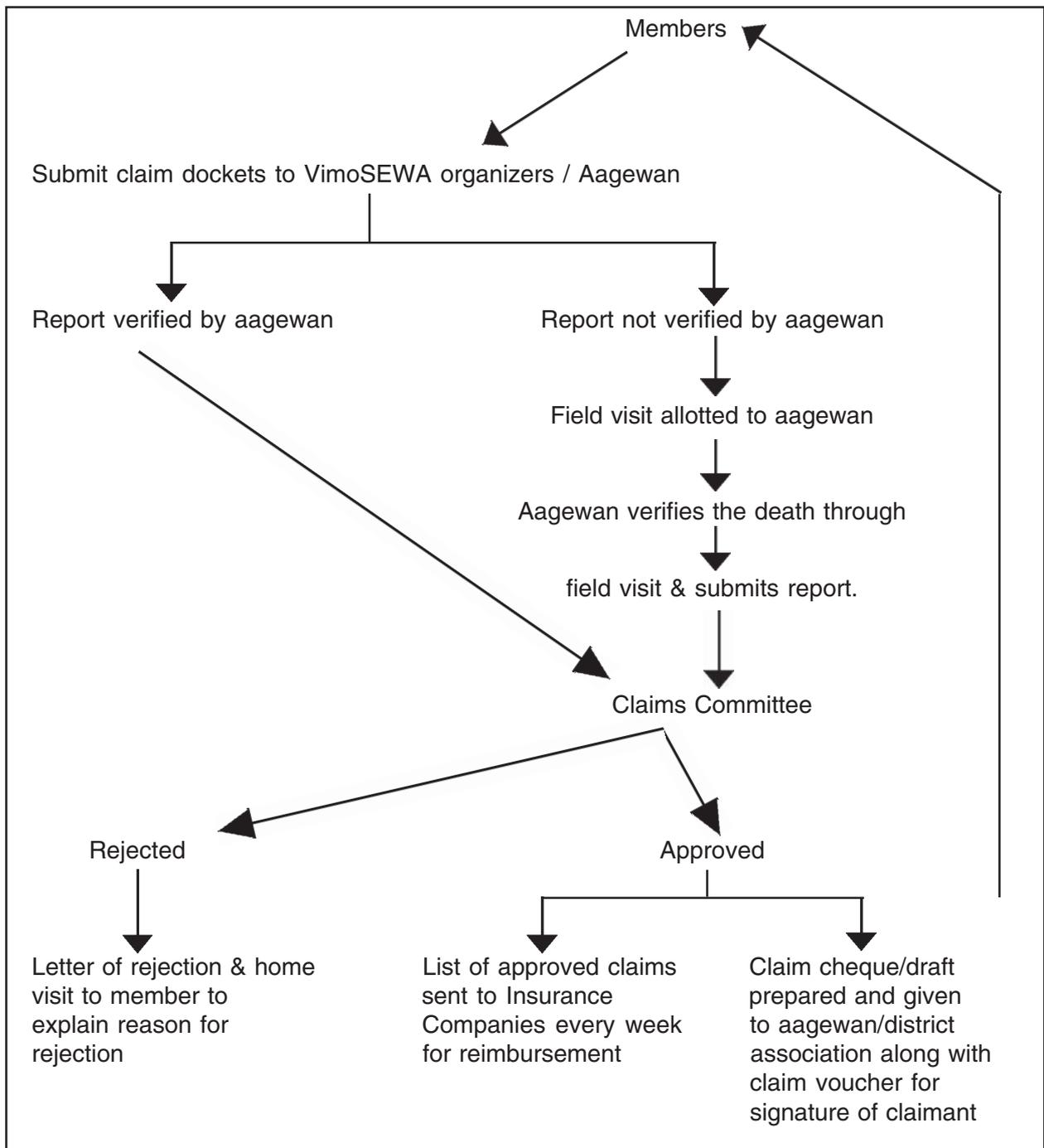
SEWA Insurance or VimoSEWA functions as a cooperative. This means that the members themselves manage the services through local teams of grass roots level women leaders called 'aagewans', the members themselves promote the product, decide on claims and ensure their rapid disbursement. The members also decide on premiums, new products and coverage to be offered, based on data prepared by in-house technical staff. They also actively participate in negotiations with insurance companies - both government and private.

SEWA's experience has been that when workers run and control their own organization, and are themselves the shareholders and managers, they run the services efficiently and in a viable way. Of course, risk management strategies like reinsurance and adhering to basic insurance principles for viability are essential.

Claim processing

The process for submission and acceptance of claims for natural death, accidental death, health insurance, and asset loss are given below:

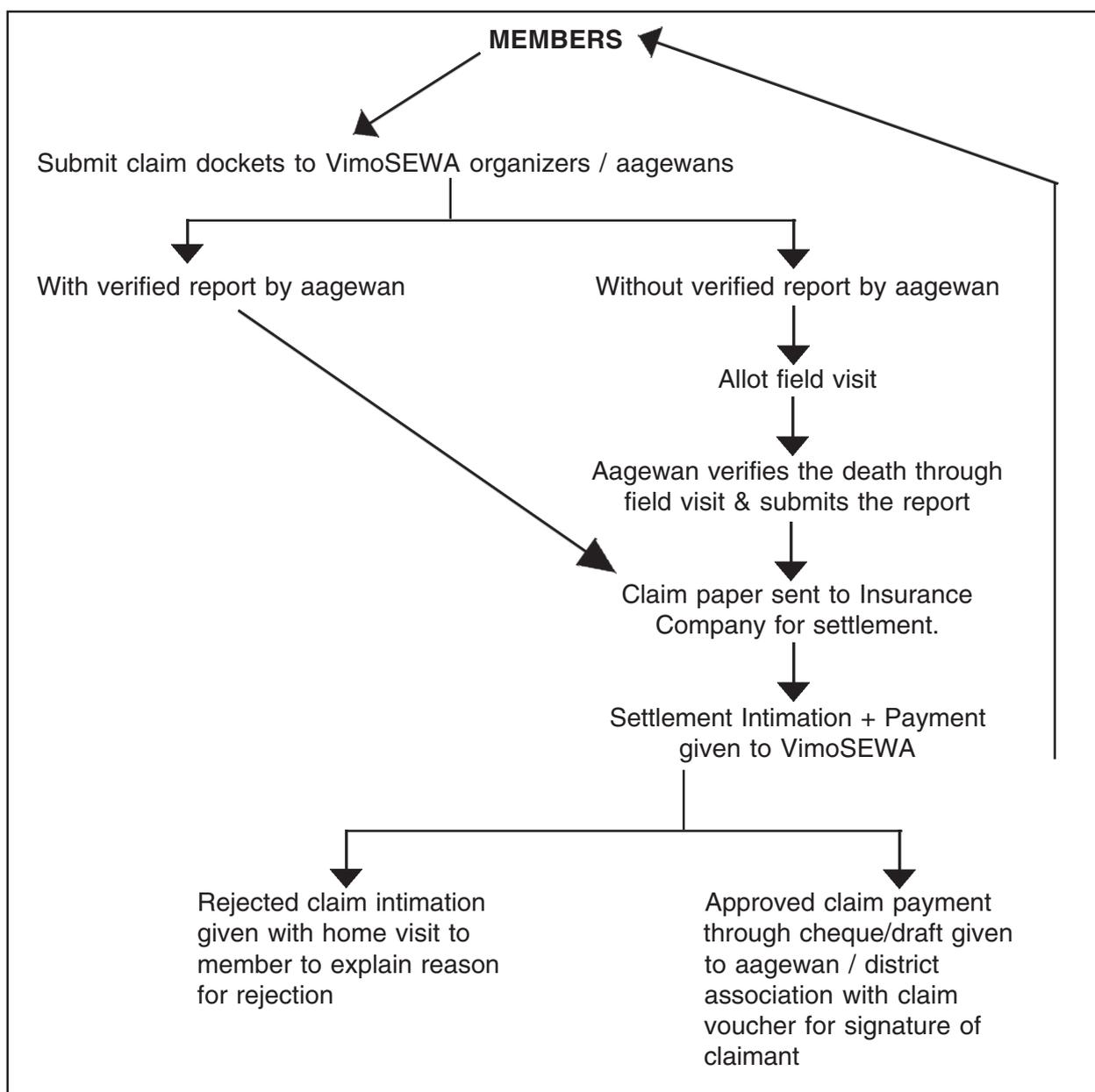
Box 5.1: Process cycle for Life Insurance



Documents required

- Insurance Receipt/FD Certificate
- Death certificate
- Bills for any funeral expenses (eg. bills for wood used for funeral pyre or the receipt of the crematorium, burial bills)
- Age proof

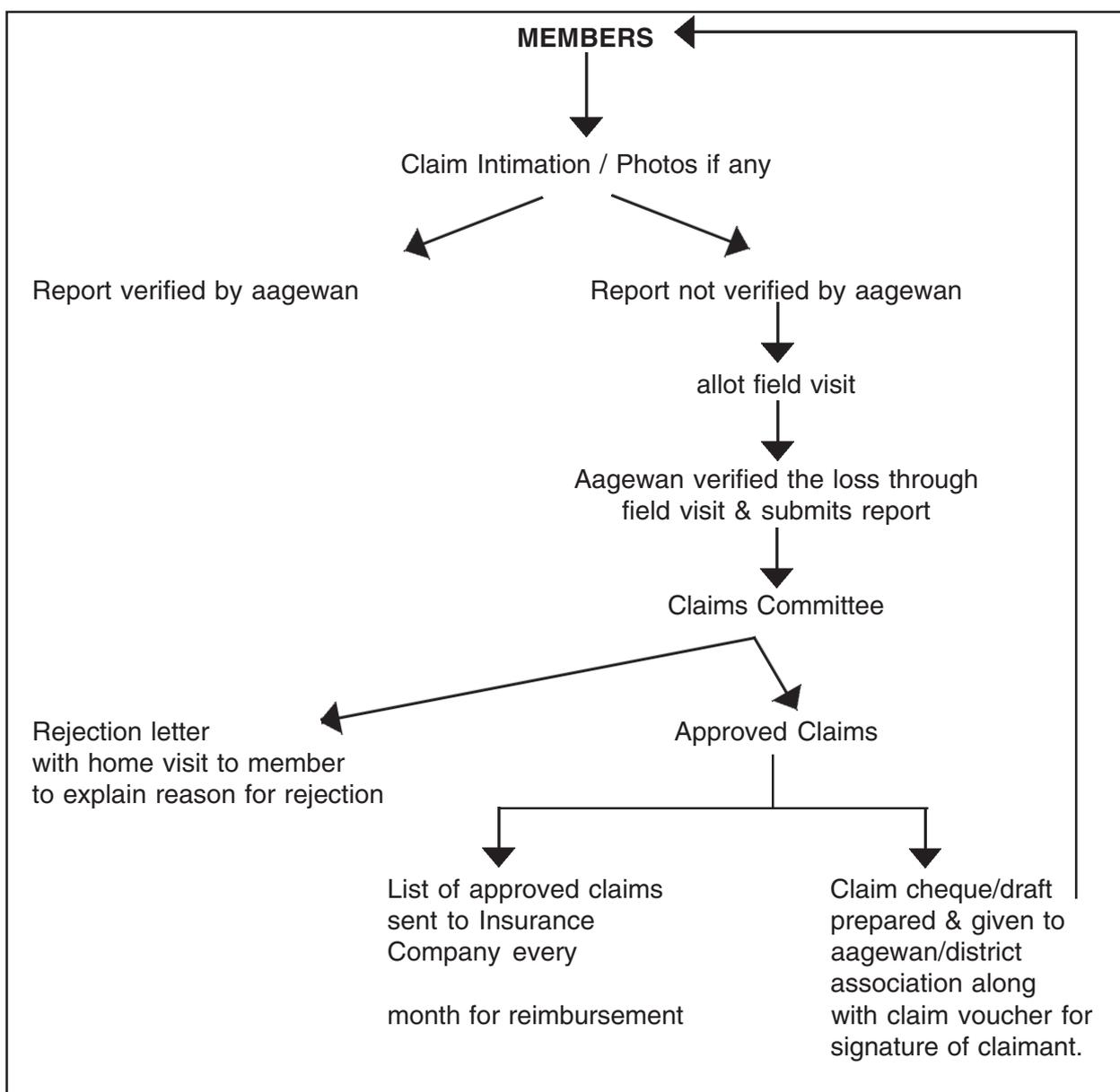
Box 5.2: Process cycle for Accidental Death



Documents required

- Insurance receipt/FD Certificate
- Original death certificate
- Bills/receipt for funeral expenses
- Post-mortem report
- Police report, FIR, Panchnama (police inquest report)
- Age proof

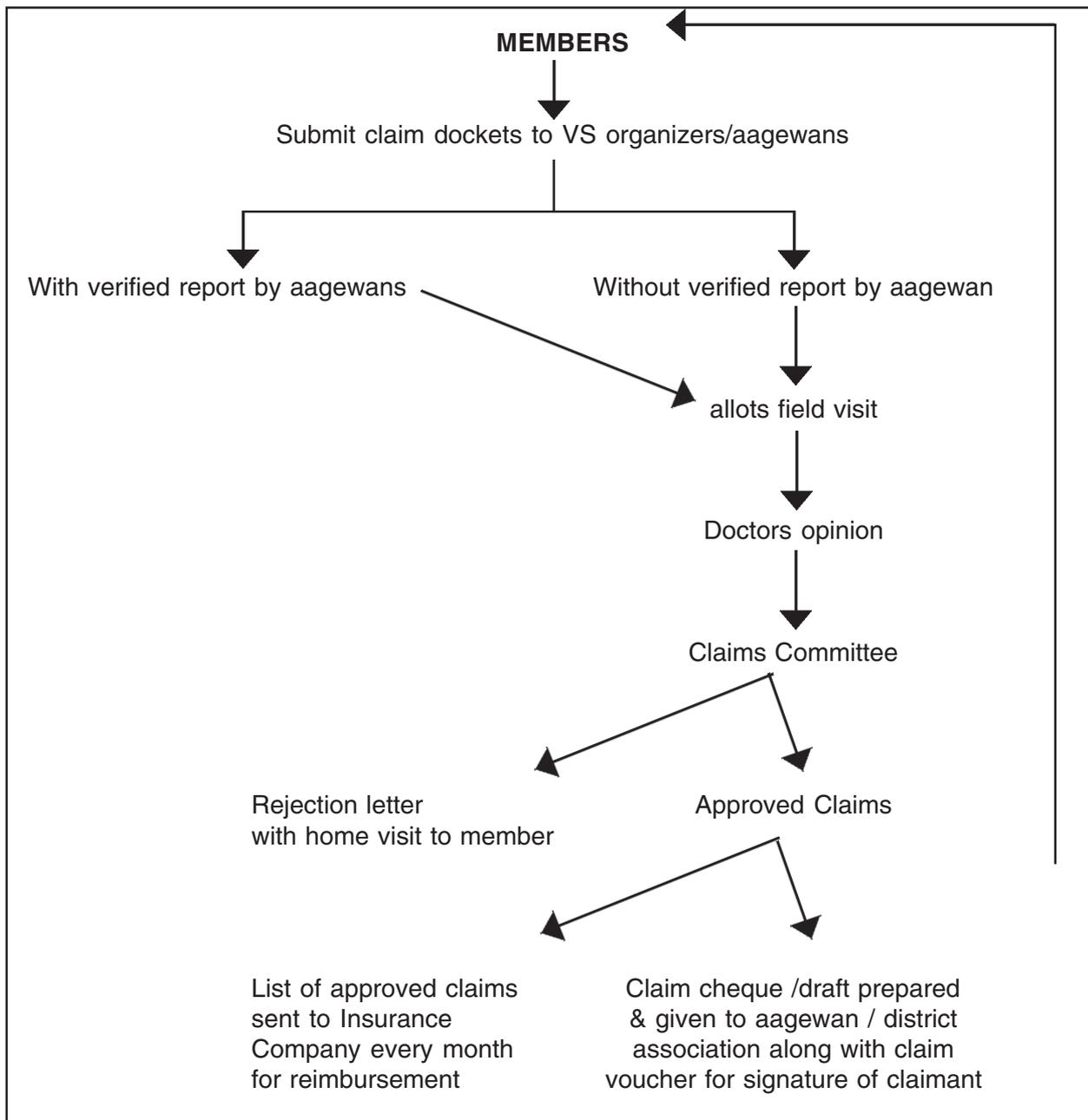
Box 5.3: Process cycle for Asset Claim



Documents required

- Insurance receipt/FD certificate
- Copy of report sent to SEWA of the incident immediately after the event
- If immediate reporting was not possible, photographs documenting the disaster or police complaint, FIR (as per the requirement)
- Newspaper cuttings

Box 5.4: Process cycle for Health Claim



Documents required

- Insurance receipt/FD Certificate
- Doctor's report (including information on reason for admission, date of admission and discharge date)
- Medical reports (blood tests, etc)
- Doctor's prescription of drugs
- Bills of drugs purchased
- Bills/Receipts of hospital expenses

Claims Committee: The claims are processed through the insurance committee, which is a democratically elected and representative body. The eight-member Claims Committee is comprised of six local women leaders or 'aagewans' and two VimoSEWA organizers. All teams of SEWA Social Security are represented in the committee and amongst the six aagewans or local leaders are two from SEWA Health, one from SEWA Childcare, one from the SEWA Union and two from VimoSEWA. For health insurance, the Claims Committee also consists of a pharmacist and a doctor.

The Claims Committee evaluates claims for death, hospitalization and assets loss, and meets three times a week. The Insurance Committee approves (or rejects) insurance claims on the basis of the feedback received from the field worker and the application. Insurance companies that have authorized VimoSEWA to process and settle claims review the operations of the Claims Committee periodically. VimoSEWA's staff scrutinizes all the documents before handing them over to the Claims Committee. In case of mediclaims, doctors on SEWA's panel give written recommendations after scrutinizing the claims.

When it is submitted to the Committee, each claim must be accompanied by the necessary documents. This includes the doctor's report and hospitalization bills, death certificate and photographs documenting the disaster or police complaints (FIR). The report of the Vimo fieldworker is also attached to the claims, for the veracity of the claim (with respect to health as well as asset loss) and the extent of damage caused in a calamity. Checking if the person was insured, checking the veracity of the claimed damages, the member's age etc. is all done by the Vimo aagewan before the claim is brought to the Claims Committee. Aagewans visit each claimant to corroborate the above documents.

The claim form is very comprehensive (see sample below), and records the details of the member's illness (in the case of mediclaims), days of stay in hospital, medical tests undertaken, etc. It also records the observations of the certifying aagewan from her visits to the claimant, her neighbours and sometimes even the hospital in which the claimant was admitted.

Claims Committee

- 2 Vimo aagewans
- 2 Vimo office bearers/organizers
- 2 Vimo aagewans from health
- 1 aagewan from the child-care cooperative
- 1 aagewan from SEWA Union
- Pharmacist – for mediclaim

The Claims Committee meets thrice a week in the VimoSEWA central office and once a week in the four decentralised rural districts.

MEDICLAIM FORM

MEDICLAIM FORM

1. NAME: _____ AGE: _____
2. INSURANCE RECEIPT: _____
3. ADDRESS: _____

4. OCCUPATION: _____ AAGEWAN'S NAME: _____
5. FAMILY DETAILS:-
- NO.OF PERSONS IN FAMILY: _____
 - MONTHLY SALARY OF INSURED: _____
 - NO.OF OTHER MEMBERS EARNING _____
 - OTHER MEMBERS' MONTHLY INCOME: _____
 - HAVING CLAIMED BEFORE? (Y/N)
- DATE: _____ DISEASE: _____ AMOUNT: _____
6. SAVING A/C:- _____ LOAN A/C:- _____
7. NAME OF DISEASE:- _____ HOW LONG:- _____
8. DATE OF ADMISSION:- _____ DATE OF DISCHARGE:- _____
9. HOSPITAL'S NAME:- _____ TOTAL EXPENSE:- _____
10. DETAIL OF VISIT DONE:- _____
11. SIGN & DATE: _____

DETAIL OF CLAIM PAPERS WHEN CLAIMED (FOR AGENT)

- INSURANCE RECEIPT: -
- DATE OF ADMISSION: - _____ DATE OF DISCHARGE:- _____
- NAME OF DISEASE:- _____
- HOSPITAL BILL WITH REVENUE STAMP (GREATER THAN 5000 Rs.):- _____
- PRESCRIPTION:- _____ MEDICAL BILL:- _____
- BLOOD & URINE REPORT:- _____
- X-RAY & SONOGRAPHY REPORT:- _____
- REASON FOR REVISIT FROM COMMITTEE:- _____
- DATE & DETAIL OF REVISIT:- _____
- NAME & RELATION OF PERSON VISITED:- _____
- HOW DID THEY MANAGE THE EXPENSE? _____

Processing time:

For the poor, timely reimbursement is the key to providing effective support in times of crisis. There is therefore a constant endeavour to ensure that VimoSEWA's services reach its members promptly so that succour is available to the poor at the time of need.

Till a few years ago, the processing time was quite lengthy at VimoSEWA. For claims in the case of natural or accidental death, the amount was usually disbursed within a month. However, in the case of floods, fire and riots, there were long delays in settling claims - three months to a year. This was due to several reasons. First, accurate information reached SEWA late because organizers and SEWA leaders could only get first hand information about floods or other natural calamities when the waters had receded and villages or slums were no longer marooned, or when residents returned to their homes and claimants could be identified. Similarly, in the case of riots, despite SEWA's efforts to obtain passes (for travel within the curfew imposed city), SEWA organizers could only enter violence-affected areas when curfew was lifted. Here again, many women had left their homes to seek refuge in safe places. Some had even left the city. Thus, preparing complete and accurate lists, took time. Second, once the insurance company was informed of the damages and the need to process claims, there was a considerable lapse of time before the company-appointed surveyors visited affected areas. In some cases, even after the violence and riots had subsided or stopped, the surveyors refused to visit the affected areas for fear of a fresh outburst of violence. In the case of floods, it was difficult to enter some of the villages or slums because of water logging and heavy rainfall. It also took time for the surveyors to make their final reports and then their assessment was often a 'nil assessment' or very low value for damaged goods and dwellings. Thus even after long delays, a large number of women either received little or no benefits, leading to much hardship and dissatisfaction among VimoSEWA members.

Cashless Tie-ups with hospitals

Vimo is experimenting with a new initiative for ensuring quick reimbursement. The SEWA member is provided with an Identity Card. When hospitalized in a pre-determined hospital the member calls a Vimo aagawan who visits the member within 24 hours and gets an idea from the hospital of the claim amount. Based on this estimate, a reimbursement is provided even before discharge at the hospital bed itself.

To address these delays in payment several measures were taken in 2001-2003. The most important among them was the decentralization of operations and VimoSEWA taking over the processing of the claims from the insurance companies. Today, the average processing time for mediclaim and life is seven days for those living in urban areas and 15-20 days for those living in rural areas; for assets it is 10 days for urbanites and 15-20 days for those in rural areas. For accidental death it is two months. The reason for the delay in accident claims is because the payout is large and the insurance companies have not allowed VimoSEWA to process the claims. Also, many documents are required for these claims, so the processing time is still considerable. VimoSEWA is also exploring the option of cashless services so that members do not have to spend from their pockets or borrow from moneylenders to cover costs.

**Table 5.1: Average no. of days for processing of health claims
January- December 2004**

	Rural	Urban
Registration of claim to decision	7	4
Decision to payment	10	5
Registration to Payment	17	9

**Table 5.2: Average time taken for processing of natural death claims
January - December 2004**

	Days	
	Rural	Urban
Registration of claims to decision at VimoSEWA	7	5
Decision to payment	10	7
Registration to Payment	17	12

**Table 5.3: Average time taken for processing of Asset claims
from Jan 2004 - Dec 2004**

	Days	
	Rural	Urban
Registration to decision	7	5
Decision to payment	10	7
Registration to Payment	17	12

Currently, an issue that VimoSEWA is still struggling to address is the time lag between the event and the time taken to register the claim at VimoSEWA. This is often a month or two (in remote rural areas), resulting in considerable time lapse between an event and obtaining the reimbursement.

VimoSEWA hopes that the implementation of a cashless system will, in part, address this issue. Meanwhile, aagewans are being trained to personally obtain claims as soon as a natural or man-made disaster occurs.

Delinking with insurance companies

VimoSEWA has been constantly striving to modify and efficiently implement claim processing procedures so that its members receive compensation quickly. VimoSEWA's experience in the early years of its partnership with insurance companies was disheartening when the claims of members were greatly delayed. Since then, there have been constant efforts to negotiate with insurance companies to develop effective, quick and client-friendly procedures. In 2002, when insurance officials accompanied SEWA organizers during riots on a survey to assess the extent of losses, they were convinced of VimoSEWA's capacity and commitment. Also, the factor of size played an important part - as the large number of insureds at VimoSEWA, helped it to negotiate an in-house claim settlement.

Today, VimoSEWA settles both life and non-life claims in-house, and is reimbursed by the insurance companies. Since January 2004, the LIC has allowed VimoSEWA to settle claims to expedite claim processing. In 2005, AVIVA and ICICI Lombard followed suit. Recently, ICICI Lombard even agreed to provide a claim floater¹ thus ensuring speedy cash flow.

Insurance companies that have authorized VimoSEWA to process and settle claims, review the operations of the Claims Committee periodically to ensure that insurance principles are being adhered.

Rejection

Currently, at SEWA, only 15 percent of the claims are rejected and this number is getting smaller by the day. The claims are rejected due to a number of reasons: such as the basic conditions of the insurance policy may not be followed e.g. the member may be over 60 years of age, may be claiming for a pre-existing disease before the six-month exclusion period for new members, may not have been in the hospital for all of 24 hours, or may be putting in a claim for a congenital or excluded disease. Fraudulent claims are very low - only 3 percent of the total claims rejected are fraudulent claims.

However, Vimo is very keen that no genuine claims get rejected. So the rejected claims are again reviewed by a committee of aagewans and organizers, before the member is informed by the aagewan and a VimoSEWA organizer of the rejection. Often the committee asks for a revisit and more information before the claim is put up again for consideration. Senior organizers at VimoSEWA personally look at the rejections every month.

Role of aagewans

Claim servicing is the only tool that measures the quality of an insurance unit. VimoSEWA has developed a strong grass roots network which is managed by local women members called aagewans. aagewans maintain one-on-one contact with members throughout the year. They are involved in marketing and promotional activities and their support is important especially during the annual premium collection campaign. The aagewans enjoy the trust of their

¹ Claim floaters – This is the claim fund provided in advance by ICICI Lombard to pay off claims settled by VimoSEWA.

communities, and quite often, women will only pay the premium to the aagewans with whom they are associated.

Aagewans provide information to potential and existing members about insurance activities, such as enrolment, submission of claims, preservation of documents to be submitted along with the claim etc. They also educate members about insurance in their neighborhoods, with the help of material provided by the Vimo office. The material includes posters, banners, and videotapes. Aagewans are also responsible for providing speedy service to members especially with regard to servicing of claims. They provide feedback to the head office about what happens in the field so that suitable action can be taken. The information that aagewans provide about the changing needs of members with regard to products, and processes, is especially important in product development.

In brief, VimoSEWA aagewans' tasks are:

1. Promotion and Education

VimoSEWA aagewans provide potential and existing members information about SEWA Insurance. This includes information about procedures to enroll in SEWA Insurance, all the documents required for preparing a claim and other relevant details.

2. Enrollment

Vimo aagewans actively encourage and enroll women in SEWA Insurance. They organize members meetings and create awareness of the insurance products. They also organize small information-cum-promotional training sessions, both in their neighbourhoods and at SEWA. They explain the concept of insurance and guide the members to choose the scheme that suits their income, needs and savings. They collect the premiums and give newly enrolled members a receipt and the promotional literature on SEWA Insurance. They also pay attention to renewing the membership of old members.

Women Speak: The Role of Aagewans

- 'We can spot a false claim immediately – it usually has only one prescription, no reports of tests or medicine bills.'
- 'Filling up the Claim Form takes a lot of time – sometimes we have to wait for the member to finish her household chores before she can spare time....but it is important information. The age of the children helps us determine the age of the member, which is important because of the sixty years age limit. Information on previous claims help check the earlier rejection of the member.'
- 'We explain to the members beforehand about what documents they need, particularly for health insurance and remind them to keep all papers of the surgery and investigations reports.'
- 'In case of death of the spouse, we go immediately. Our first thought is to console our sister. We discreetly inform a close relative or the SEWA member about which documents to keep securely, during the last rites. Sometimes, we even go with them to the city municipality to help them procure the death certificate.'
- 'I often tell new members – can you not save just one rupee per day for yourself? Do not buy jewellery, do not buy saris, buy coverage – it will be more handy!'

3. Assistance in Claim Processing

The aagewans assist members in filing claims. They help them to obtain the required documents within a specific time. They follow up the claims processing on behalf of their members till a satisfactory settlement is reached. It is the prime role of the Vimo aagewan to identify genuine claims and ensure that these are duly reimbursed to their members. But, it is their moral duty to discourage fraud.

4. Feedback, Follow-up and Tracking

Aagewans maintain regular contact with insured members to ensure quality services and client satisfaction. These grass roots organizers are a bridge between the members and VimoSEWA and provide constant feedback. As leaders, they build a feeling of sisterhood, and they advocate and promote the services of Vimo.

Decentralization

As the operations of VimoSEWA expanded, it became necessary to decentralize part of the functions for remote areas in order to maintain a high quality of service and timely delivery. Besides, one of the core philosophies of SEWA has been to decentralize and build self-reliance and self-sufficiency in the local economy, and among local women.

In Gujarat, VimoSEWA decentralized its operations. It has been running a decentralized office in Kheda since 1998. In 2003 to facilitate efficient functioning and improved services for its members the insurance operations in Sabarkantha district were decentralized. This was followed by Vadodara district in 2004 and Ahmedabad district in 2005. These offices are linked to the head office in Ahmedabad and get training and administration support from the latter but functioning as fully decentralized offices, in terms of enrolling members and claims processing.

The process of decentralization has started in other parts of India too. VimoSEWA partners are in different phases of decentralization - the claims for the partner organizations in Patna, Tamilnadu and Delhi are still processed in the central office in Ahmedabad but all other processes have been decentralized and are being administered and managed by the local organizations and their functionaries. In contrast, in Madhya Pradesh, Rajasthan, Kerala, Uttar Pradesh and Bihar, the process of decentralization is still at a very early stage.

As with other changes, VimoSEWA has been studying the impact of this approach. A baseline study of VimoSEWA in Sabarkantha district to assess the system's functioning at the start of the decentralization period was completed in 2004. This will be followed by a study in 2006 to determine the effect of decentralization in the district.

Monitoring

To ensure efficient service, VimoSEWA has set up a monitoring team, which regularly checks the claims processing cycle so that prompt and better services to VimoSEWA members are provided.

The monitoring team consists of aagewans, spearhead leaders, supervisors - different members for rural and urban areas as well as life and non-life products. The teams work closely with the VimoSEWA Coordinator and the Operations Coordinator.

The supervisors monitor the aagewans and each cluster has five to seven aagewans. There are four supervisors while a team of five monitors the entire claims process at present (2006).

The success of the monitoring system depends on the trust that is established between the organizers and the aagewans. Since it is not possible to maintain a one-to-one contact all the time, it is difficult to get a clear idea of whether aagewans are able to effectively educate

Promoting renewals

VimoSEWA monitors the progress of the goals laid down in its annual business plan. In 2005, the priority was on renewal of membership. Since retention of existing members is essential along with increase in membership, an initiative was launched in Ahmedabad city as a pilot project.

The strategy was:

- Preparing an area -wise list of insured members
- Identifying aagewans in the area
- Phasing of areas
- Each member was given four bar codes
- At the time of renewal, the member handed over one bar code to the aagewan/member who was renewing their membership
- The system of renewal was initiated in September which is the beginning of the period of collection of premium (instead of November which is the end of the collection period)
- The presence of the bar code sticker indicates which member has been visited by the aagewan for that area and also provides an accurate number of members who have not been visited. Since this process is initiated at the beginning of the collection period, timely action can be taken and the members who have not been visited can be approached for renewal of insurance.

If this experiment succeeds in Ahmedabad city, VimoSEWA will implement it in other areas.

members about insurance, service them efficiently, and are able to meet the targets set for them. Therefore, the monitoring process followed at VimoSEWA is quite rigorous, with the monitoring team reporting both on a weekly as well as on a monthly basis. As is evident from the monitoring forms (a sample is attached below), the weekly monitoring records the number of claims registered, the number settled and the dates on which the Claims Committee met. Delays in claim settlement are noted and thoroughly investigated to understand the cause of delay so as to avoid this in future.

The Monitoring Team looks at the following aspects of VimoSEWA's work:

- VimoSEWA's own work - supervision is supportive and does not constantly look over the shoulders of the organizers/aagewans. The systems have incorporated checks and balances so that self-monitoring is possible.
- VimoSEWA constantly tracks the time taken for claim settlements, and variations in claim settlements, district-wise and aagewan-wise.
- VimoSEWA also tracks disease patterns in health claims to ensure that exaggerated or false claims are weeded out.
- The monitoring team also keeps an eye on the hospitals and clinics used by the members in each region and blacklists any practitioner or doctor whom they suspect of cheating the members or preparing false claims.

Monitoring Reports*(Sheet 1): Format of weekly monitoring report*

Date of registration	No. of Claims registered	No. of Claims along with visit	No. of Claims without visit	Claims settled	Revisit	Pending	Date of committee
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Monitoring sheet of claims registered without visit (Sheet 2)

Claim no	Claim registration date	Date of visit given to team leader	Date of visit	Date of visit deposited back in office	Status of claim	Date of committee	
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Monitoring sheet of revisit claims (Sheet 3)

Claim no	Claim registration date	Date of visit given to team leader	Date of visit	Date of visit deposited back in office	Status of claim	Date of committee	
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Monthly Monitoring Report

Districts	Member registers claims after discharge (No of days)	Registration to visit (No of days)	Aagewan visit to decision (No of days)	Discharge of member to visit by the aagewan (No of days)	Visit by aagewan to registration (No of days)	Registration to decision (No of days)	Decision to cheque preparation (No of days)
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SECTION VI

CATASTROPHES AND DISASTERS

Crises and risks are recurring features in the lives of the poor. The range of crises that the poor are vulnerable to is large and includes both natural and man-made calamities such as floods, cyclones, earthquakes, droughts and riots. Expenses incurred during such crises are met either by borrowing from moneylenders, sale or mortgage of assets or by drawing on scarce savings. The affected household suffers a simultaneous reduction in income and savings and an increase in expenditure and debt. Micro-insurance is one of the mechanisms that can help poor women combat their vulnerability to these crises. Micro-insurance means that people affected by a crisis obtain economic support from the contributions of the many who are not affected. VimoSEWA has asset insurance built into its insurance product. After the massive earthquake in Gujarat in 2001, 2810 SEWA members received compensation due to asset coverage. Similarly, in 2001-2002, 1135 women / persons who were victims of communal riots got reimbursement worth Rs 3,487,905.

Assessing loss - providing relief

As is evident from the box on this page, Gujarat, where there is a large concentration of Vimo members, has been facing one disaster after another. Vimo has been striving to provide relief to its members faced with these disasters.

Assessing the losses of insured members after a catastrophe has several dimensions. The disaster area has to be surveyed, and an assessment of the actual/physical damage and calculations of financial loss made. Ensuring that relief reaches the affected families and undertaking disaster prevention measures and action to reduce the impact of such catastrophic events on the members is essential. This includes earthquake-proof construction of houses, preventive health measures and action to promote communal harmony. Disaster management measures are undertaken simultaneously or step by step, according to need.

From its inception SEWA has been involved in dealing with disasters, trying to reduce the burden of loss on its members. SEWA's response has always combined relief and rehabilitation. As the Table indicates, there have been several disasters in which members have suffered huge losses. Over the years at such times SEWA Insurance has attempted to lessen the losses of its members by providing protection through its schemes. However, this is difficult, as often those who are insured lose everything, including proof that they had been insured.

List of Disasters in Gujarat natural and human

- June 1998 – Devastating cyclone especially affecting Kutch and neighbouring districts
- May 1999 – Cyclone hit the border areas of Kutch
- July 2000 – Floods in Ahmedabad city
- January 2001 – Massive earthquake causing widespread damage to life and property
- 2002 – Communal violence in several districts
- 2003 – Floods in Ahmedabad city
- 2004 – Floods in rural districts of Vadodara and Sabarkantha
- 2005 – Heavy rains and floods in Anand, Kheda, and Ahmedabad districts

This problem faced VimoSEWA in the initial years but over a period of time as awareness about insurance among members has increased, members have become more careful about preserving documents that can help claim compensation for losses.

Some of the difficulties faced by VimoSEWA in honouring claims for asset losses due to natural or man-made disasters are:

- Members considered insurance to be a purely welfare benefit, or relief scheme, and confusing relief with insurance. They therefore expected the compensation to be unrelated to actual losses suffered or to the coverage available under the policy. For example, members were unclear as to what was covered under asset insurance and how much. They sometimes assume that loss due to water seepage from their roof due to heavy rain is covered, whereas their insurance only covers loss due to flood water seepage. Similarly they assumed electronic items getting covered when only their work tools were.
- Multiple occupations by a single member made it difficult to assess the loss. For instance, the member may have several seasonal occupations - kite making and garment making and also be a saltworker and agriculture labourer.
- Defining actual and consequential loss was difficult - there was a need to explain these two terms. Actual loss means the direct loss to the member from loss of assets. Consequential loss is the indirect loss or loss as a consequence of the event, specifically loss of wages or income due to inability to go out to work.
- In some cases, both husband and wife were involved in a 'family' business. e.g. one of VimoSEWA member's husband played the drums in a band. When his equipment was damaged in floods, a claim was submitted by the member for asset loss since the asset was in her name. In such instances, it is difficult to decide whether the claim should be settled or not. In this particular case, the assets were in the women's name so VimoSEWA reimbursed her.
- During floods, it was difficult to assess the exact nature and amount of asset losses. To deal with such situations, VimoSEWA has developed norms with the help of mainstream insurance companies, and arrived at reasonable estimates of losses sustained by members. VimoSEWA has also organized several training sessions for the aagewans and organizers on how to survey losses, assess damage and calculate depreciation of assets when arriving at a figure for the losses incurred.

Towards Timely and Effective Service

Disasters and catastrophes mean pressure on VimoSEWA because the entire team is pressed into service to help and to stand by the members in their hour of crisis.

In 2000 (June-July), due to heavy rains in Ahmedabad, huge losses were sustained by members, and, many claims were received. Soon after, in January 2001, the earthquake and its resultant damage led to more claims. While dealing with these disasters, VimoSEWA realized that it needed to develop systems to be able to handle such situations better in future. The positive effect of dealing with these catastrophes was that VimoSEWA organizers were better prepared to help Vimo members during the communal violence and floods of 2002. A large number of members incurred extensive damage to their property and there was a lot of suffering. VimoSEWA convinced the manager of the NIC to accompany their organizers and staff on their visits to the affected areas after the communal violence. Based on his assessment and

observation of VimoSEWA's modus operandi, the manager agreed that the processes/procedures developed by VimoSEWA were appropriate, and the basis for calculation of damages was correct. He then agreed to both the processing of claims and to their disbursement by VimoSEWA. It was no longer necessary for each claim to be certified by the company.

As a result, claims could be disbursed quickly and the affected members could rebuild their lives swiftly. In addition, what was important to members was the feeling of solidarity that they got with the presence of VimoSEWA organizers, and aagewans who arrived immediately at the site of the disaster. This had a strong impression on them and they felt a sense of sisterhood with VimoSEWA. This led to in-house settlements of other claims too - health and life insurance - and greatly facilitated timely reimbursement to SEWA members.

Unlike other cases where documentation is available, flood claims are slow to process despite the immediacy of the problem and the scale of destruction. During the floods in 2002, members had great expectations of VimoSEWA - they felt that their entire loss would be compensated. Again, in 2004, after just two days of rain, 2000 claims were received at the Vimo office. No details were provided by members about the degree of the destruction/loss and members gave the value of loss according to their perceptions.

There was no way to check the genuineness of the claims. Settlements had to be made purely on faith. Amounts were fixed by VimoSEWA based on estimates for various types of damage. This caused a lot of heartburn among members. They felt that they had not been adequately compensated for their loss.

There were a number of challenges that were thrown up by these events:

1. There were no parameters for assessing damage in such cases;
2. The description of destruction was based on visits made by aagewans - there were cases where exaggerated claims were submitted.
3. Since no photographs could be taken because of the devastating nature of the catastrophe cases, there was no easy way of verifying the claims made. This problem is now being addressed by insisting on a drawing of the degree of destruction along with a list of items that have been destroyed.

The other lesson that was learnt was to take the aagewans or local leaders into confidence and build their morale, as they are VimoSEWA's interface with its members. Taking the aagewans into confidence was also crucial to the success of the scheme as they were in regular contact with members. Their morale had to be kept high by regular interaction, and they had to be accepted with all their limitations while they were administering the scheme.

These experiences were useful in handling the floods in June-July of this year (2005) in which Anand and Kheda districts were especially badly hit.

So, building upon our earlier experiences, VIMOSEWA was able to survey and process the claims of 1700 women in a month. Thus, 3340 members got Rs. 5,751,900 by way of compensation when they most needed the money.

SECTION VII

EDUCATION AND PROMOTION

Insurance as a concept is not easy to grasp for poor women, living as they do on a day-to-day basis. It takes a lot of education on insurance and intensive personal contact to develop some understanding of insurance.

Insurance and the idea of a risk pool were virtually unknown to SEWA members till 1992. Life was full of obstacles and a daily struggle to be borne by the women and their families. The concept of risk sharing and supporting each other in times of crises was new and often puzzling. 'I had no crisis like floods this year, so will I get my money back?' was a common question. Similarly, the packages offered, the exclusions and the finer points about claims submission procedures are at first quite baffling. The women also have to learn to carefully preserve the various bills, certificates and case cards which are essential documentation for obtaining claims. Village women who have never set eyes on a photocopying machine have to furnish neatly photocopied certificates and medical cards! It has taken time, patience, intensive extension work and training for SEWA members to understand insurance as a concept and to accept it.

Member education is an essential feature of any micro-insurance service. Persistent efforts are required to explain the need for insurance to poor women. Presenting premium and scheme options in an accessible and simple manner to the women, many of whom are non-literate, is an ongoing challenge. Though it is essential, it is also quite a task to maintain regular contact with the ever-growing numbers of the poor, spread over geographically dispersed areas.

SEWA's experience of running an insurance programme has shown that education on insurance accelerates membership and expansion and increasing awareness about insurance directly leads to an increase in claims as well as in membership.

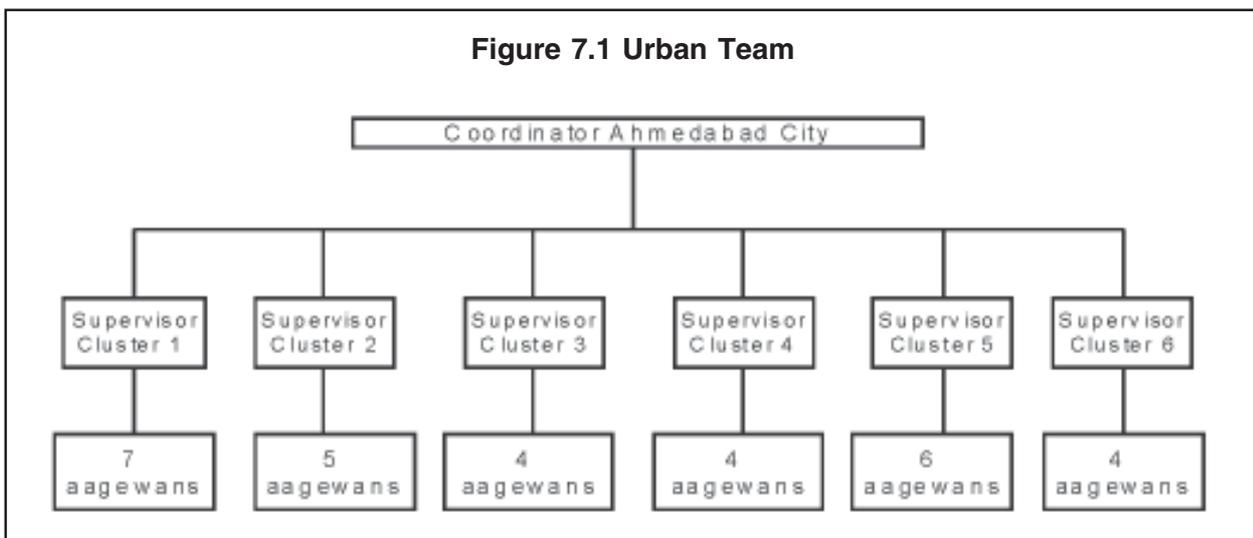
At SEWA, member education and training is a priority activity and includes addressing members' questions. Broadly, member education and training at VimoSEWA consists of:

- Explaining the concept of insurance: insured members learn about the concept of insurance and how it can support them in their lives.
- Choosing the best option: there is a need to build the women's capacities so that they can choose the best for themselves from the multiple options of premium payment and coverage offered by VimoSEWA.
- Product knowledge: insured members need to know about the products they have purchased. This includes exclusions, chronic conditions, rules applying to pre-existing conditions and others.
- Process of documentation: complete documentation is required to facilitate early presentation of claims. The women should know where they have to present their claims, whom to contact and what kind of supporting documents to attach when presenting their claims.

In Vimo's experience, one of the most effective ways of member education and marketing insurance is face-to-face and house-to-house. However, the transaction costs for such a task are very high and VimoSEWA has been experimenting with other methods, in an effort to find a middle path. Other ways of marketing micro-insurance and member education that SEWA has used are:

- Micro planning: Vimo aagewans are allotted specific areas with targets for renewals and fresh covers (new members).
- Small and large meetings (sammelans): these are usually at the village or chawl (slum) level, and held frequently.
- Gram sabhas or village-wide meetings: at the village level, VimoSEWA taps forums like the gram sabha to spread its message.
- Linking with economic activities and self-help groups (SHGs): VimoSEWA links up with livelihood-based groups savings and credit groups and uses these fora for member education and marketing activities. This helps in getting a large number of insureds on the one hand, and lowering transactional costs on the other.
- Linking claim servicing, with promotion and education: this is done by holding meetings to give out claim cheques and also during premium collection, mainly using the demonstration effect to educate members.
- Linking and convergence with other teams of SEWA: cooperatives and producers' groups promoted by SEWA, SEWA Bank's savings and credit groups, and other units of SEWA are all potential distribution vehicles for the SEWA insurance programme. VimoSEWA links up with individual depositors of SEWA Bank, and with their consent, takes the premium directly from their savings accounts. For its member education programme, Vimo also links with SEWA Health and Childcare, particularly where they have a strong presence. In other states, VimoSEWA has linked with sister organizations and NGOs. VimoSEWA also links with specific groups of workers such as members of a cooperative.

The marketing of VimoSEWA's products is done by its aagewans. SEWA derives its strength for its marketing efforts and member education from SEWA's existing member network and service delivery systems. SEWA members are contacted and educated by aagewans of the SEWA Union, SEWA Health and SEWA Bank. They explain the concept of insurance and the procedures involved are demystified and made accessible to women barely familiar with the written word. Over and above this structure cutting across all sections of SEWA, insurance services are marketed and delivered through VimoSEWA's aagewans. This is a dedicated team of women who are central to the VimoSEWA programme. In Ahmedabad city the aagewan team is organized as shown in the Figure 7.1



For its membership in the rural areas, viz. 11 districts in Gujarat state, VimoSEWA has per district one insurance organizer “Jilla Sathi”. The ‘jilla saathi’ provides education about insurance and supports the district teams for all Vimo activities.

Vimo workers use various tools to make their members understand the concept of insurance.

- Story telling or games in small groups are effective tools. For example, one game with dummy notes and an earthen pot is used to explain that the claim amount comes from the premium paid by each of the members. A folk tale explains the consequences of false claims - not enough is left for genuine ones.
- A 15-minute film, “Sada Sangathe” (Always together), in Gujarati is also used. The film shows real life cases of SEWA members whose claims have been settled by VimoSEWA. This has been an effective tool for promotion of insurance schemes in the remotest area as members easily identify with the characters in the film and the difficulties they face.
- VimoSEWA also uses street plays and skits. These too have been effective tools of promotion and member education.
- Rickshaws with aagewans using microphones move from area to area advertising VimoSEWA and promoting its insurance products. These have also been successful in furthering the presence of VimoSEWA.
- Banners, torans (decorative door cloths) and flyers carrying insurance slogans and information of schemes give a colourful touch to the message of insurance areas.
- At the Sunday flea market on the riverbed near SEWA’s office handcarts decorated with insurance posters, torans and flyers are placed at prominent locations.
- A.M.T.S buses (local transport) carry advertisements spreading VimoSEWA messages.
- Ansooya, SEWA’s monthly newsletter, also regularly carries advertisement of VimoSEWA.
- Pamphlets with basic information about the schemes are distributed among the members.
- A monthly newsletter is produced by VimoSEWA which has case studies of women whose claims were settled as well as statistics of the number of claims and the amount of compensation that members have received in the month.

In many ways, marketing of micro-insurance is similar to marketing in the mainstream insurance industry - it has to be sold to customers. Micro-insurance policies have to be sold to the poor, as they are sold to other income brackets. But for the poor, what seems to work best, as has been stressed before, is face-to-face and house-to-house selling of micro-insurance. But this is also the most expensive marketing method, pushing up transactional costs considerably. With increasing membership, convergence and utilization of existing resources have proved to be a successful way of addressing member education on a large scale.

Premium Collection Campaign “Jumbesh”

A premium collection campaign typically begins in September and goes on till November of every year. The goal of the campaign is to ensure renewal, enroll new members and increase membership. During the campaigns, information about various schemes as well as other related

marketing information is disseminated to the different target areas of the campaigns. Numerous meetings are held with members/aagewans, and the whole of SEWA gears up for these campaigns. In 2002, SEWA introduced the 'Bhavai' (folk theatre) on insurance, which was done by the daughters and daughters-in-law of SEWA members acted. During this campaign 10 sammelans were held which were attended by nearly 7000 members from eight districts and Ahmedabad city. Sammelans increase outreach and help spread the message of insurance.

The most interesting thing about these campaigns is the way information is shared and transmitted at all levels of SEWA and among the various teams of SEWA, using multiple communication tools.

Heralding the beginning of the campaign through folk songs

On the first of September, every year, a group of women move from one team of SEWA to another, singing songs to the beat of a drum and offering traditional sweets to everyone. Some from this vivacious group are distributing posters and pamphlets. At most locations, a short skit is also performed. Slogans are often shouted. Many stop to listen and then smilingly join in. The group gets bigger, the voices louder and the message more forceful.

The women are aagewans and organizers from VimoSEWA. The songs are promotional melodies, often based on popular Hindi film songs or folk songs. The pamphlets give information about the insurance products offered by VimoSEWA. The offering of sweets symbolizes the initiation of an auspicious activity.

The auspicious event they are heralding in this traditional way is the beginning of the collection campaign for VimoSEWA. It is the start of the premium collection period when annual premiums are collected from members and new members are enrolled by VimoSEWA. All teams of SEWA participate in this event and multiple communication tools such as songs, skits, jingles, street plays, and sammelans are used to disseminate information about different schemes.

In a sense, it is an advertising campaign, but with a difference. It has a strong educational component, it addresses an audience which is not familiar with the concept it is promoting **i.e.** insurance, it uses different communication tools for the illiterate, and the semi literate, and it sells a product designed for the poor, by the poor.

There is a need to establish trust among the communities, through constant contact and frequent visits as well as to employ multiple and multi media marketing techniques to sell insurance to the poor.

SECTION VIII

MANAGEMENT INFORMATION SYSTEM (MIS)

In order to develop micro-insurance, a proper database is required. This is needed both to develop appropriate products for insured members and to ensure that the pricing of these matches the probability of various events occurring in the life of a poor family. It is also needed to track each member, ensure her renewal and to understand her insurance profile, case and claim history. A major obstacle to developing and upscaling micro-insurance is the lack of such a database.

By the late nineties, VimoSEWA had begun to strongly feel the need for a computerized database - for strengthening services, for developing new products, for analyzing and monitoring claims trends for actuarial calculations and for ensuring viability of its insurance services. The process of building a Management Information System (MIS) started in 2000 and it took four years to set up a database that not only serves the purposes mentioned above, but also helps VimoSEWA in managing its services more efficiently.

There were three steps in Vimo's data computerization process:

- Interaction with Compuvision, a private software company, for building and maintaining a MIS for Vimo (2000)
- Refinement of existing processes/documents (2003)
- Decentralization of the MIS (2004)

VimoSEWA began designing and building a customized Management Information System in 2000. Given the size of the membership, the task of transferring the relevant data to a new database was time consuming. There were many sittings between the software company and the VimoSEWA team. The formats of the reports, their contents, and the maintenance of the database were developed painstakingly by VimoSEWA, according to its specific needs. These documents were finalized after a lot of trial and error. There were many bugs in the system which needed to be destroyed and corrected, and a great deal of effort had to be made to clean the data and make it usable. The next two years were spent in refining and developing the information base and coordinating the information collected and its digitization.

By 2003, the database was fairly developed and streamlined, and VimoSEWA had a customized management information system and a local software company designated to take care of the large volume of data generated. After 2003, VimoSEWA decided to develop an in-house software according to its requirements. By 2004, this had been done and today VimoSEWA has an in-house MIS department, with a large, robust, clean and usable database of all its members. Since 2004, VimoSEWA has begun to decentralize its MIS in seven districts which means that data entry and its management is undertaken by local teams in the SEWA promoted district associations.

MIS at VimoSEWA

The current MIS at VimoSEWA contains the following information:

- Complete information on each insured member and her family.
- Complete information on each claim submitted and processed.

- Details of grass roots workers (aagewans) and the members they serve by village, district.

The MIS co-coordinator oversees the work in the MIS Department. She handles all aspects related to IT, including maintaining the database and heads a team of 10 operators.

In addition, MIS operations have been decentralized in eight districts. The objective of decentralizing of the MIS was to help maintain databases at the district level which could provide instant information to VimoSEWA members in the area. It was also expected that this initiative would build local capacity to deal with the MIS and ensure that the data was maintained and members could get up-to-date information.

The experiment has been successful. The Table below shows the number of SEWA members in each district and the number of MIS operators there.

Number of data entry operators in district offices

District	Membership	No. of operators
Anand	20,000	4
Sabarkantha	6,000	2
Patan	4,000	1
Mehsana	3,500	1
Baroda	4,000	1
Kutch	6,000	1
Surendranagar	4,000	1

All the services of health, childcare and insurance have been interconnected through a server set up at VimoSEWA's office through an ISDN line which enables the computer to be networked and thus facilitates access to information. Information from units of the other social security services enables VimoSEWA to reach out with insurance information to the members who are already linked to health and childcare. This integration helps manage outbreaks of disease as information on epidemics - their location and magnitude is easily shared with SEWA's health team and others. It also helps in preventive health action.

The MIS is also able to tally the data on fixed deposits with SEWA Bank's own data base. This information on the Fixed Deposit accounts is very valuable. Earlier, locating old Fixed Deposit members was difficult because of insufficient data, especially addresses. Now with data cleaning, reconciliation and house-to-house visits, there is better information on Fixed Deposit members.

The objective of the MIS team in 2005 was to provide better output to make decision-making easier and to facilitate easy use of the data by the members and the VimoSEWA team. The aim was to use the database to help in changing schemes to suit the members' needs and analyze the pattern of claims. VimoSEWA has been striving to make the information that members need easily available - members should be able to access data directly on a computer terminal and get their entire claim history.

A ready-to-use database is an asset to any micro-insurance company and VimoSEWA uses its MIS for multiple purposes. It is a source of rapid and appropriate information to help in quicker decision-making. Since all data is stored in one place, data analysis can be provided to other team members and the management, according to their requirements.

VimoSEWA uses the database to develop products and services in consonance with the members' needs.

Trends are studied and linkages with sister organizations forged, which result in a more holistic and integrated coverage for members of SEWA. e.g. increased health claims from one cluster helps VimoSEWA warn the health wing of SEWA, who immediately intervene with health education and diagnostic camps.

The two-way data flows that the MIS facilitates gives VimoSEWA a clear picture of how premium rates, claim amounts, and settlement periods have changed over time.

The MIS also helps VimoSEWA keep track of the renewal rate and hence it can build interventions using the membership data. VimoSEWA's team is able to provide timely and accurate information about members to local leaders which helps them to effectively pursue clients to renew their coverage. The data also helps in monitoring the efficiency of Vimo aagewans.

However, achieving this has not been easy. Finding the right staff has been a challenge. In particular, finding people to handle the MIS at the district level has been difficult. Finding, developing and retaining local talent has not been easy. The person handling the MIS locally has to be both technically proficient, and also be able to deal with members and their requests. This has been a challenge VimoSEWA faced in all districts though in some places such as Kheda and Anand, it has been relatively easier because of high education levels in these districts. Secondly, finding people trained to troubleshoot in issues concerning the hardware (computers and related equipment) has been difficult. Usually, personnel have to be trained to deal with difficult situations such as trouble shooting, and inducted into the department. Further, it is crucial to ensure the quality and security of the data within the MIS department.

Ensuring the quality of the data entered is critical. This requires checking the data at the time of data entry, going through the database at frequent intervals and regular random checks of data entered. This is a slow, time-consuming and laborious process. Besides, building capacity at the grass roots level, to familiarize members and aagewans with the role and use of the MIS also needs to be constantly undertaken. Insurance forms are filled by the aagewans. They are semi literate. They need to be trained to fill up the form accurately and in full. The MIS personnel also has to learn to work with the grass roots workers and each has to understand the others' role and objectives. The MIS office often needs to consult the aagewans and take their help in sifting through information and setting up the database according to their needs.

Ensuring security is also necessary. VimoSEWA has used several methods to achieve this, including limiting user level rights in the software itself. This means that data entry operators and others have restricted access to the main data base, thereby ensuring that human errors and even the risk of tampering is reduced to a minimum.

The MIS helps to keep track of:

- Membership count
- Renewal rate of members
- Number and type of claims submitted and approved by village, taluka and district
- Claim processing duration in order to monitor and improve services
- Medical histories of members

Though each member/family is given a unique number (Social Security Number or SS No.), this is not used very often. The verification of claims is done by a manual search using the member's name and other details. This process is time-consuming and making the aagewans aware that they should use the SS number for tracking members' can greatly reduce the time taken to settle claims.

VimoSEWA's MIS is work in progress. VimoSEWA is learning to ask the right questions and is refining its methods for obtaining accurate data. The strong database which VimoSEWA is building will better serve the interests of its insured members.

Member Master from the MIS

Vimo Sewa (Member Master)

Master Transaction District Report QuickLook Utility Utility Window Quit

* SSS NO.

* Membership Date

* Member Name

* Member Age

Address

Area

City/ Village

Taluka

District

Occupation

Marital Status Married Unmarried Widow Single

Nominee

Nominee's Relation

Joining Year Receipt No.

Husb. Name & Age

Self Spouse FD Child No. of Children

Child Name Child Age Gender

SrNo.	Child Name.	Age	Ger

Urban Rural

Self Coverages	Spouse Coverages	FD & Child Related Coverages
<input type="checkbox"/> Sickness	<input type="checkbox"/> Spouse Sickness	<input type="checkbox"/> Coverages Related to FD Member
<input type="checkbox"/> Natural Death Of Member	<input type="checkbox"/> Natural Death Of Spouse	<input type="checkbox"/> Coverage Related to Children
<input type="checkbox"/> Accidental Death Of Member	<input type="checkbox"/> Accidental Death of Spouse	
<input type="checkbox"/> Loss of Asset		

Member	<input type="text"/>
Spouse	<input type="text"/>
Freeze	<input type="text"/>
FD Return	<input type="text"/>

Scheme - 1 C40 (01/01/2006 - 31/12/2006) Ver 3.4 Member Master Developed by Mrunal 24/09/2005 SUPER(0)

SECTION IX

HUMAN RESOURCES AND CAPACITY BUILDING

'The staff at VimoSEWA is a fitting representation of our society. Women from all walks of life - some of whom belong to the working class, and some highly qualified and experienced professionals- are part of the team. It is the synergies among the people working here that are responsible, to a large extent, to the growth of VimoSEWA's membership'.

- Denis Garand, Consultant Actuary.

At the core of the SEWA movement is the belief that everyone has potential and abilities, but this potential is often untapped because of circumstances, which keep women economically and socially powerless. Appropriate training gives participants the confidence to broaden their horizons and even become leaders for their trades. SEWA believes in empowering its members to use their skills, increase their knowledge and develop self-confidence. Services at SEWA are run and managed by the members themselves.

It is this underlying faith in the ability of its members to grow and learn from their experiences, and to develop skills that increase their work capabilities which has also guided the human resource policy of VimoSEWA. VimoSEWA believes that when the basic ability of the members is supplemented with capacity building and training, they are able to take on the roles of selling and servicing insurance and can deliver quality service to members. The guiding principles behind the human resources policy at VimoSEWA is working as equals, shoulder-to-shoulder with the informal women workers. Every member enjoys the respect of her peers and is encouraged to contribute her own skills and abilities. The emphasis is on matching the different skills, knowledge, and experiences and using them to the best advantage of VimoSEWA.

VimoSEWA has systematically attempted to enhance the capacity of its members both at a personal level and for the development of the organization. Local leaders are trained as aagewans and work as 'insurance promoters'. This enables them to participate more effectively in all processes at VimoSEWA. VimoSEWA's experience of developing local leaders to work as insurance promoters has been very successful. With training support aagewans are very willing to take up this responsibility. In fact, the existence of a network of grass roots workers and their presence in the community is a major asset for SEWA's insurance programme. VimoSEWA's experience has shown that the expansion of services can be achieved through local women and they are more effective than any outside intervention because the local women are trusted in the community. Their message and example evokes more confidence. Through them strong links between the community and the organization are made, facilitating insurance-related activities for the target group VimoSEWA aims to serve.

However, building the capacity of local leaders is a challenge. Insurance is a technical subject; training local leaders to understand the concept and then effectively communicate it to their peers requires special and constant training. Besides, aagewans, with little or no education, need to be trained in how to manage different areas of work: how to manage finance and keep accounts, marketing and communications skills, the process of verification and the documents required, etc.

Staff Structure

The staff at VimoSEWA can be broadly divided into three categories: aagewans or local leaders, karyakartas or organizers and professionals.

Aagewans

VimoSEWA has developed a strong grass roots network which is managed by local women members called aagewans. In 2006, VimoSEWA had 111 aagewans working for its insurance programme. Aagewans maintain a one-to-one contact with members throughout the year. They are involved in marketing and promotional activities during the year and their support is important, especially during the annual campaigns (when they collect premiums). These aagewans enjoy the trust of their communities, and quite often, women will not pay their premium to anyone other than the aagewans with whom they are associated.

Aagewans provide information to potential and existing members about insurance activities, such as enrolment, submission of claims, the preservation of documents to be submitted along with the claim, and other procedures. They also furnish material supplied by the SEWA office to educate members in their neighbourhoods. The materials include posters, banners, and videotapes. Aagewans are also responsible for providing speedy service to members especially with regard to the servicing of claims. They provide feedback to the head office about difficulties in the field so that suitable action can be initiated. Information about the changing needs of members with respect to products and processes are also provided by the aagewans.

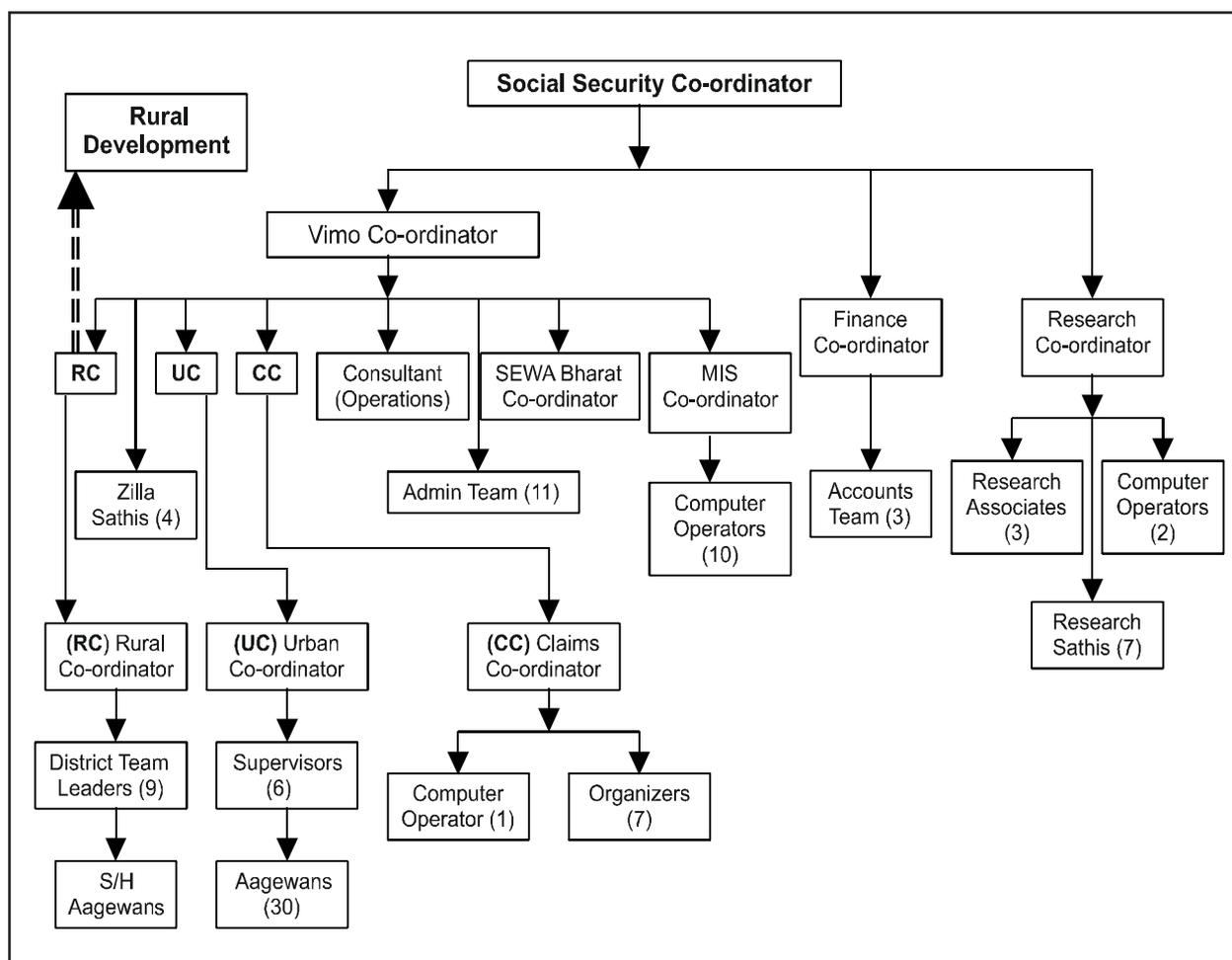
Organizers or Karyakartas

The organizers or karyakartas at VimoSEWA (in 2006 - 60) are usually long-time staff members of SEWA. Some are second generation, educated, daughters of SEWA members. They are usually very committed to SEWA's goals and philosophy and have at least secondary level education. Most have completed schooling. They take up the management and administration jobs in the VimoSEWA office, working as urban and rural supervisors, district team leaders and grass roots researchers. Some have become computer savvy and work in the MIS division. Their training and capacity building needs are high. They are enthusiastic about learning and open to new ideas.

Professionals

As VimoSEWA grew there was a need for professionals. In 2006, the human resources within VimoSEWA include 11 professionally trained team members.

Figure 9.1 Organisational Chart



Note:

RC = Rural Coordinator

CC = Claims Coordinator

UC = Urban Coordinator

S/H Aagewan = Spearhead Aagewan

Capacity Building at Vimo

VimoSEWA undertakes capacity building efforts for its entire team. Insurance and management experts provide the training - in group sessions or one-to-one. Developing insurance expertise and efficient membership-based services is accorded high priority.

Training is required for:

- Upgrading management skills among staff
- Simplifying collection methods and developing new marketing tools
- Helping in the survey of flood and health claims

Developing simple, cost effective procedures

Capacity building training is provided to organizers, local leaders and professionals. The staff training is developed based on an assessment of gaps in required skills compared to required output. A review of the team's capacity, growth and ongoing training needs is undertaken every three months and since 2003, all staff members have a training plan. This strategic capacity building plan was developed in consultation with an experienced management consultant who supports VimoSEWA's capacity building activities for its staff.

The training programme has three broad dimensions:

- **Managerial training:** this includes training to manage the process of administering insurance, and also managing the team involved in this process. Time management, communication skills and delegation of responsibility are some of the important elements of this component.
- **Domain training :** this includes training about insurance and its related aspects such as understanding the risks and perils associated with providing insurance, claim administration and processing, surveying claims and assessing damage accurately, and re-insurance. Different training is provided for different groups in the team, by both persons within the team and outside experts.
- **Technical training :** this is training for the MIS staff to strengthen their skills in managing the database.

The aagewans get training about insurance, providing insurance, claim administration and processing, and marketing. Karyakartas get trained in communications skills, time management, monitoring their own work and delegation of work. The professionals are orientated towards SEWA and the philosophy and ideology of the SEWA movement. All the staff get regular training in some basic management principles. Staff are also sent to other institutes like the Ahmedabad Management Association (AMA) or to other organizations, like the Bangladesh Rural Action Committee BRAC, for specialized training and exposure visits in-house professions themselves conduct trainings for the aagewans and the karyakartas.

In 2005, training was provided to Coordinators, team leaders, and urban and rural aagewans. Coordinators and team leaders received training in time management, campaign review, counselling and trouble shooting with members, computer-MIS, and marketing. Urban and rural aagewans received domain training, marketing training, and sharing of strategies that work at the grass roots level. Training programmes are organized throughout the year and are useful in keeping aagewans informed about changes in activities. The capacity building plan for 2005 focused on individual capacity building of key persons (coordinators); team-building and training for specific people to strengthen existing skills.

Developing a demand responsive, need-based training plan has been a challenge as there are few resources for such a training in micro insurance. Formal insurance training, while helpful, is aimed at high income socio-economic groups. In fact, even formal insurers need training on how to reach poor communities. Micro-insurance is very different from micro finance, as one has to sell insurance, while with the latter most clients approach the institution, especially for loans. Further, periodically, capacity building plans go off track due to disasters like riots or floods which take precedence.

SECTION X

RESEARCH AT VIMOSEWA

Action-Based Research

At SEWA, research is used to bring the self employed women into the mainstream of the world of knowledge. Scientifically based research has been a critical tool for SEWA and has been used in advocacy efforts, to monitor its programme, to identify members' needs and to identify specific measures for implementation. However, what sets research done by SEWA apart is its driving force and guiding principle - research is used to understand the lives of its members and guide action.

At VimoSEWA too, research is directly linked to action, supporting Vimo's programme development, delivery mechanisms and advocacy campaigns. In 2002, VimoSEWA instituted a Monitoring and Research Team to strengthen SEWA's insurance programme. The aim of the unit is to study the effectiveness of VimoSEWA's programme, through monitoring and evaluation. The unit is also involved in piloting new initiatives and identifying the unmet needs of members.

Research at Vimo has another unique perspective - a grass roots perspective. Though the research is conducted in partnership with leading academic scholars and institutions, research at Vimo is informed by those deeply familiar with the issues and their context and carried out by a team that includes grass roots researchers. As a result, at every stage, research is connected with the community that VimoSEWA represents and services. One of SEWA's most fundamental values is its commitment to 'training up' its members. In this tradition, researchers are drawn from the same communities as SEWA's members, are trained and become an integral part of the research team at VimoSEWA.

1. Initial activities

Initial activities focused on securing resources - human and financial - for the unit. In establishing the unit a research coordinator with training in statistics worked with a foreign consultant from the London School of Hygiene and Tropical Medicine. Six grass roots researchers were hired. A few small projects, using both quantitative and qualitative methodology were implemented in order to build up the capacities of the team. During 2000-2003 the unit also developed an action-research project, the Shramjivi Salamati, which was started in January 2003.

2. Shramjivi Salamati (2003-2006)

This was the first major project carried out by the research unit. VimoSEWA started work on this three-year action research project in collaboration with the London School of Hygiene and Tropical Medicine. The objective of the project is to improve the equity impact of the insurance programme.

The study's research strategy involves three phases of activity. Phase I, in 2003, involved carrying out research to assess the equity of the programme at baseline, and identifying the barriers faced by the poor in being able to use VimoSEWA. Phase II, in 2004 and 2005, involved designing and implementing interventions to improve the equity of the insurance programme. Phase III, in 2005 and 2006, involves conducting an end line survey of members and claimants to evaluate the impact of the interventions.

Summary of findings of Shramjivi Salamati Project

The VimoSEWA scheme is inclusive of the poorest, with roughly 32 percent rural members, and 40 percent urban members, drawn from households below the 30th percentile of socio-economic status. Submission of claims is inequitable, particularly in rural areas. The less poor in rural areas are significantly more likely to submit claims than are the poorest. Members in Ahmedabad are more likely to claim than are rural members, and among rural members, those in talukas closer to Ahmedabad are more likely to submit claims than those living in distant talukas. And, among rural VimoSEWA members, the rate of claims among men is almost twice as high as among women. In Ahmedabad city, there is no association between socio-economic status and rate of claims submission, but the rate of claims among men is significantly higher than among women.

Figure 10.1: Frequency distribution of VimoSEWA members by deciles of the general population's socio-economic status

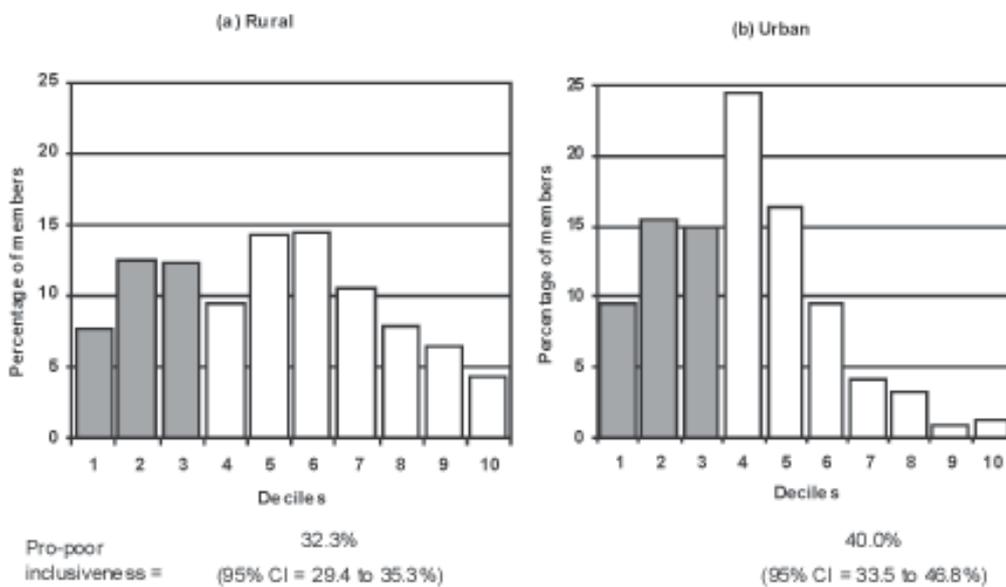
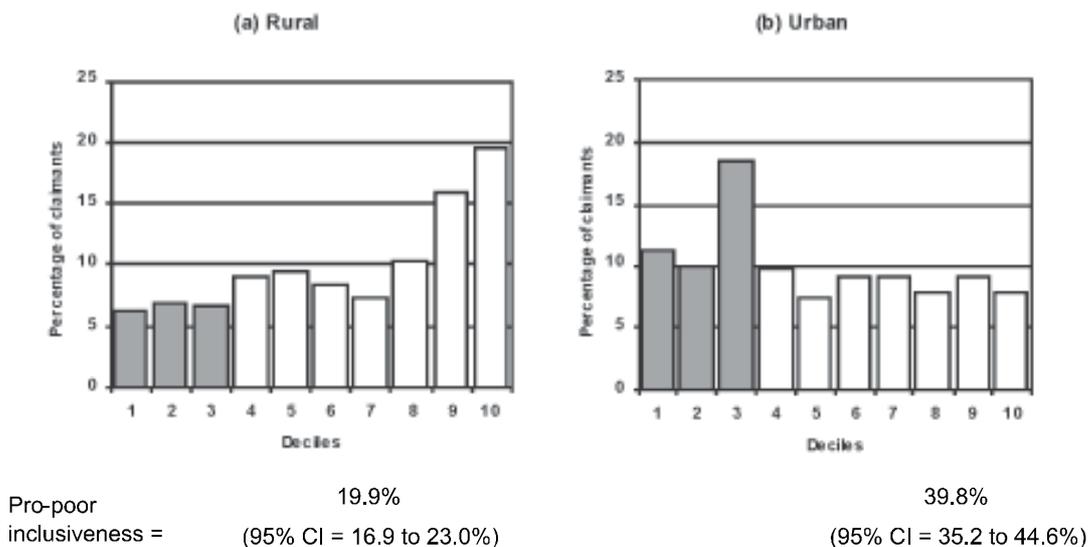
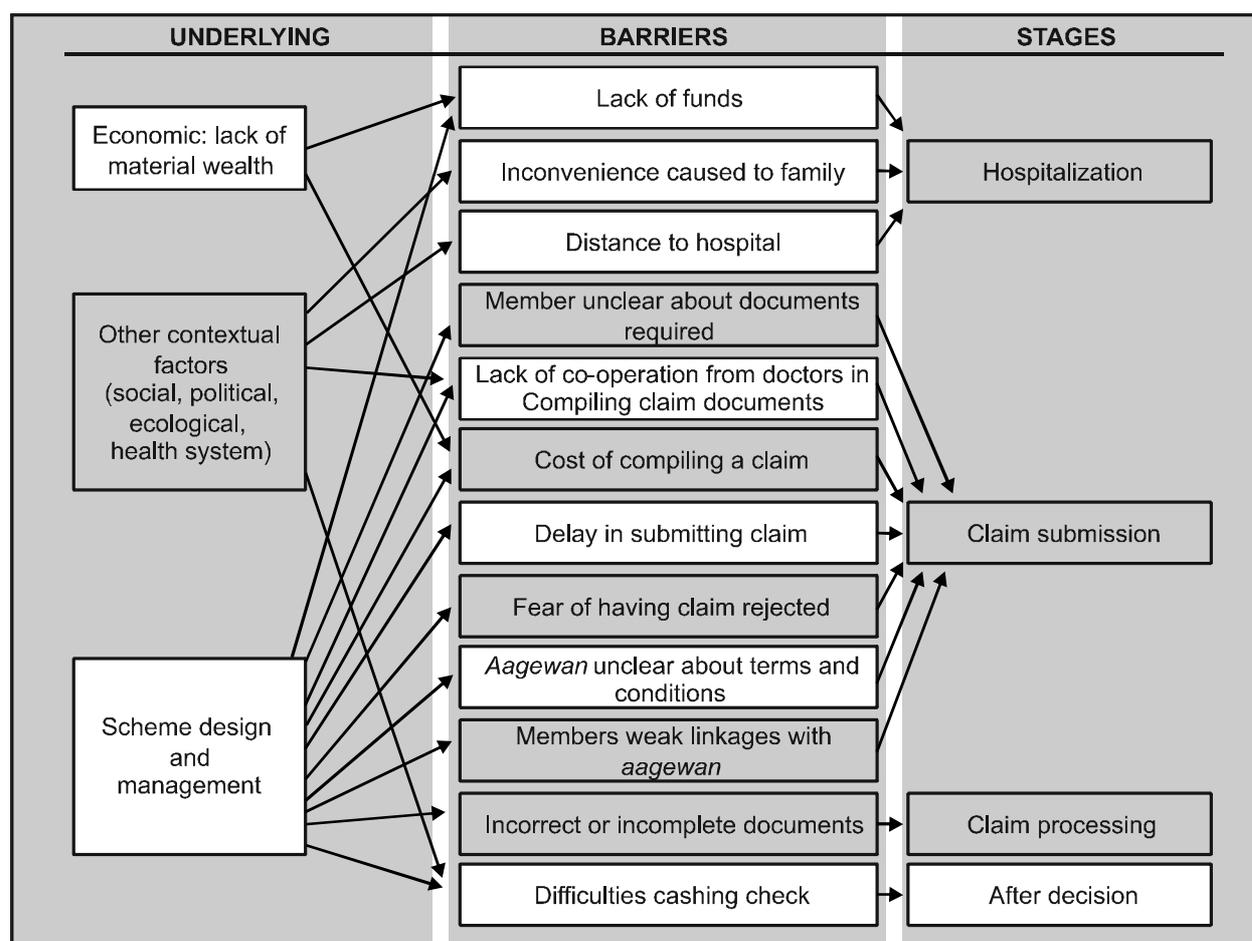


Figure 10.2. Frequency distribution of VimoSEWA claimants by deciles of imoSEWA members' socio-economic status



The qualitative research revealed some of the factors that may underlie these inequities. The poorest in rural areas (and women, and those living in the most distant/isolated areas), despite being members of VimoSEWA, may find it difficult or impossible to access hospitals with inpatient facilities. Their access may be limited by lack of money to pay for the hospitalization or by their physical distance from a hospital. Women are also reluctant to be hospitalized because of their household responsibilities of cooking, childcare and care of livestock. Even when women or poor members are admitted, they may face several hurdles in filing an insurance claim because it requires skills and capabilities less common in the poor, such as literacy and negotiating the formal systems of hospitals. Other factors affecting claiming include the costs of compiling a claim, and lack of cooperation from doctors.

Figure 10.3: Relationship of identified barriers and stages to underlying factors



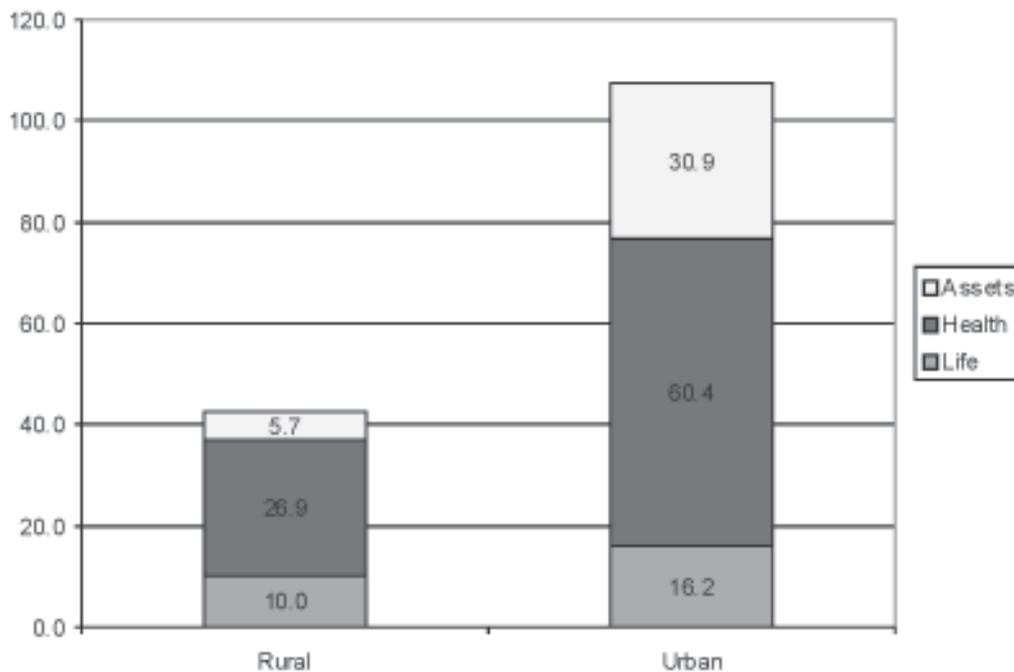
3. Distribution of benefits under VimoSEWA's integrated insurance scheme (2004-2005)

The Shramjivi Salamati Project had already looked at the patterns of membership and health claimants in different socio-economic categories. Given that VimoSEWA's is an integrated insurance scheme, VimoSEWA wanted to also understand the pattern of claims submission for the life and asset insurance components of the scheme. In early 2004, the research unit carried out a study of life and asset claims submitted. The geographic area and time period for claims submitted was the same as that used for health claimants under the Shramjivi Salamati project. This allowed a comparative study of the three types of claims submitted.

The aim of this study was to examine the distribution of insurance benefits (i.e. reimbursement for claims submitted) along two dimensions: (i) distribution across rural and urban areas, and (ii) within rural and urban areas, distribution of benefits between poor and less poor members.

Urban members of VimoSEWA benefit far more from the scheme than do their rural counterparts. Urban VimoSEWA members received an average of Rs. 107.5 per member in the calendar year 2003 compared to only Rs. 42.6 among rural members (Figure 10.4), an urban:rural ratio of 2.5

Figure 10.4. Net benefit per capita, by insurance component (12 mos, 2003), for rural areas (net benefit Rs. 42.6) versus urban areas (net benefit Rs. 107.5)



Both within rural and urban areas both, the integrated scheme was overall fairly equitable among poor and less poor members. However, when the study looked at the distribution of benefits for different types of insurance, the picture became more complex.

In both urban and rural areas, the life and asset claim benefits flowed more to the poorer members. In the case of health claims, however, while the urban distribution was equity-neutral, the rural distribution was more beneficial to the better off members. The study found that in 2003, the scheme was inequitable on two counts - inequities in the scheme occurred between rural and urban members, and between the poorest and least poor rural members for hospitalization claims.

Figure 10.5 Least'-poor:poor and urban:rural ratios

LEAST-POOR:POOR RATIO						
	Health	Rural Life	Assets	Health	Urban Life	Assets
Number of claims	2.3	0.3	0.4	0.7	0.4	0.2
Frequency of claim acceptance	1.0	1.1	1.0	1.1	0.8	0.9
Mean amt per accepted claim	1.1	1.0	1.1	1.1	1.0	1.0
Net benefit (i.e. total Rs. received)	2.4	0.3	0.5	0.8	0.3	0.2

URBAN:RURAL RATIO			
	Health	Life	Assets
Frequency of submitting claim	2.3	1.8	14.4
Frequency of claim acceptance	1.0	0.9	0.6
Mean amt per accepted claim	1.0	1.0	0.5
Net benefit (i.e. total Rs. received)	2.2	1.6	5.4

Note:

- > 1 suggests trend towards inequity (equity negative)
- < 1 suggests trend towards equity (equity positive)
- 1 is equity neutral

4. Increasing Renewal Rates at VimoSEWA (2005)

Given the low priority among the poor to future planning and risk management, building their commitment to a product like insurance is difficult. While some members understand the concept with relative ease, it is difficult for others to have insurance on their list of priorities when they are grappling with many issues of survival. One of the programme’s challenges has been retaining members from one year to the next.

While the renewal rate among VimoSEWA’s annual-pay members has increased steadily over the last two years, (from 15 percent in 2003 to 42 percent in 2005), the objective is that it should be still higher, so that members get uninterrupted protection.

In early 2005, the research unit started a study of renewed members and drop-outs using both quantitative and qualitative methodology. The unit carried out a survey of 110 members who had renewed their membership in 2005 and another 110 who dropped out of the insurance scheme.

Summary of the findings of the research study

1. The findings indicate that the most important reason why members had not renewed their membership was because they had not been approached by a VimoSEWA *aagewan* for buying insurance.
2. Lack of money to buy insurance did not appear to be a major or the only factor affecting the member’s renewal decision. 22 percent of the drop-outs mentioned this as the reason for not renewing their insurance. However, two-thirds of those people

who gave this as a reason also gave a second reason for not renewing their membership. This suggests that lack of money is only a partial reason for non-renewal.

3. More than lack of money per se, it is not having cash available at the time of the aagewan's visit that prevents a member from renewing her membership. It is important that the aagewan collects the premium from the member when she has the money with her.
4. Members often had more than one reason for not renewing their membership. 28 percent of the drop-outs gave more than one reason for non-renewal.
5. Members are more likely to renew their membership if they understand the scheme and what it offers. When members were asked what changes they would like to see in the scheme, a common response was that if they understood the scheme better, they would be interested in buying the insurance.
6. 25 percent of the drop-outs suggested changes in the product. The two most common changes suggested were inclusion of out-patient care in the health coverage and decrease in premium amount.
7. To further understand how the group of drop-outs differed from the group of members who renewed their membership, the study compared the two groups on 14 parameters.
8. The two groups differed significantly on seven of the 14 parameters. Renewed members were more aware of the SEWA union, and had better linkages with the SEWA aagewans and the Vimo aagewans. This group had a better understanding of Vimo. Further, a larger proportion of renewed members reported that others in their neighbourhood had purchased insurance. Finally, renewed members had filed more claims than drop-outs, and reported a higher incidence of hospitalization among family members.
9. There was some difference between the renewed member group and the drop-out group on three other counts, though these differences were not statistically significant. All three counts reflect the financial standing of the households. The renewed members had a higher socio-economic status compared to the drop-outs. VimoSEWA was less successful in locating drop-outs compared to members. It is possible that poorer members are more mobile and have less secure housing than the somewhat better off members who renew their membership. Finally, when the study looked at the current loans taken by the respondents, the most common reason for taking a loan among renewed members was 'for business'. Among loanees in the drop-out group, the most common reason was 'for consumption'.
10. There was no difference between the group of renewed members and drop-outs on four counts. It was found that having the spouse or family insured did not affect the decision to renew membership. In both groups, about 20 percent of the households had some insurance other than VimoSEWA. Also, in both groups the length of membership in VimoSEWA was similar. There was no indication that members who stay on in the programme for two years are more likely to renew their membership than those who have been members only for one year. It was also seen that age, education and occupation, etc. do not influence renewal.
11. The study suggests several strategies that could be adopted by VimoSEWA to increase the renewal rate among its members. The most important factor for low

renewal rates appears to be the degree of contact between members and Vimo aagewans, who are the face of the insurance programme to members. *VimoSEWA should establish a system whereby each member is visited in her home at least twice a year after enrolling in Vimo.*

12. Members have difficulty in understanding the scheme, and wanted to understand the scheme better before they continued their commitment to it. *In the follow-up visit to the member's home, the aagewan should again explain the insurance scheme and its rules so that the member begins to grasp the details of the scheme better.*
13. While it is easier for less poor members to buy insurance than the poorer members, money alone is rarely the constraint. *VimoSEWA should ensure that aagewans maintain contact with the poorest members and make the extra effort it needs to build their trust in the programme.*
14. There were some suggestions from members about desired product changes. *VimoSEWA could explore the possibility of integrating members suggestions, keeping in mind issues of financial viability.*

SECTION XI

FINANCE

SEWA firmly believes in building sustainable people's organizations - sustainability both in terms of financial viability and decision-making and control by women workers themselves. These basic principles apply to VimoSEWA as well. And yet, experience not only in India but around the world, shows that the long-term financial viability of social security for the poor is a huge challenge. At SEWA, members always contribute towards their own programmes.

In its experience of organizing financial services through SEWA Bank, SEWA has learnt that poor women contribute readily for services from their earnings, provided the services are appropriate. Based on this belief, SEWA launched its insurance programme from members' contributions. There was no demand or expectation of 'free' insurance from SEWA members. However, VimoSEWA has always maintained that government and employers should support its efforts, or that of any other initiative that seeks to provide social security for women workers, by contributing equity, assisting with reinsurance, technical assistance and capacity-building.

In 1992, the German Technical and Development Cooperation Organization, GTZ, gave an endowment fund of Rs 1 crore to SEWA. The investment earnings from the fund covered the promotional and administrative expenses of VimoSEWA in the initial years. However, once the membership of SEWA's insurance programme grew, and reached 30, 000, the investment earnings could not cover these expenses. In addition, declining interest rates further reduced the capacity of the endowment fund to cover the promotional and administrative expenses of a growing clientele base.

In January 2001 when a massive earthquake struck Gujarat, over Rs 3,400,000 (\$75,000) was required to satisfy claims, causing a severe financial strain on VimoSEWA. Prior to the earthquake, annual payouts for asset protection were below Rs 30,000 (\$662). This experience further helped VimoSEWA appreciate the need for reinsurance and addressing issues of long term financial viability.

Subsequently, in October 2001, VimoSEWA developed a comprehensive business plan. This was revised in February 2004. The plan's long-term aim is to achieve full financial viability through contributions from the workers, government and employers as a group/class. However, the plan also anticipated donor support to scale up operations, and the consequent investment in additional staff and distribution capacity. The support received over the years from donors has helped VimoSEWA's efforts to up-scale and professionalize its services.

Today, financial resources are derived from premiums, investment income, donor support, the insurance company's expense allowances, and contributions to the capital by members. The premiums

Donor Support for VimoSEWA

- Support from GTZ and Ford Foundation covers administrative expenses, research, as well as an endowment of Rs 50,000,000 (\$1,100,000) from which investment earnings can cover future administrative expenses.
- Consultative Group to Assist the Poorest (CGAP) funded an external actuarial and management consultant to assist VimoSEWA from 2002 to 2004.
- ILO STEP funded research on renewal rates in 2004-2005
- The Canadian Cooperative Association (CCA) provided a grant to allow SEWA to offer an interest free loan to members who want to borrow money to purchase the Fixed deposit (FD) premium paying option.

charged by VimoSEWA cover the cost of the premiums paid to the insurance companies, and in addition provide a small margin towards administrative expenses. The insurance companies' contributions cover some of the costs of insurance promotion and claims processing which are undertaken by SEWA.

Finally, members of SEWA have contributed Rs 330,000 (\$7,285) to capitalize the fund.

In the revised business plan of 2004, a yearly budget and work plan was prepared for the subsequent year based on the business plan and recent events. Developing a business plan with periodic revisions is useful in determining areas of progress and those areas requiring greater focus.

From previous years several annual key indicators like renewal rates, claims ratio, administrative costs and assets, are used to monitor performance and progress. More frequent reporting is used to monitor specific aspects of operations like quarterly administration costs, renewal rates, financial statements, etc. Reports are not just generated and filed. There are follow-up actions to improve results for the next period.

Administration Expenses

The high administration costs of servicing a poor clientele is often cited as the major hurdle for achieving sustainability for micro-insurance programmes. At VimoSEWA, the business plan of 2001 called for an increase in outreach, decentralization, developing a strong database, improved business processes and professional staff to manage the micro insurance business. This required a scaling up of efforts, which initially increased administrative expenses. Donor support was generated in the initial years to cover these costs. Today, the administration costs at VimoSEWA are around Rs. 75 per member.

Table 11.1 Administration and Distribution Expense per Insured Adult

Year	Administration Expenses	District Expenses	Total Expenses
2002	Rs 46	Rs 11	Rs 57
2003	Rs 52	Rs 15	Rs 67
2004	Rs 78	Rs 28	Rs 106
2005	Rs 75	Rs 30	Rs 105

Source: Garand D., Consultant actuary at VimoSEWA and VimoSEWA accounts unit

The premiums charged to the insured have a margin to cover some of the administrative expenses. In addition, the insurance carriers reimburse part of the premium received to VimoSEWA as a commission. As a result, in 2005 VimoSEWA had Rs 25 per insured adult to cover the Rs 105 total expenses. Increased distribution and administrative efficiency is required to reach viability. It is estimated that the total administrative expenses will have to decline to Rs 40 per adult to reach viability.

The shortfall in administrative expenses was covered by donors from 2001 to 2005. After this, VimoSEWA has been responsible for its own costs. The returns on investment from the endowment should contribute an additional Rs 25 per insured in the near future. To increase productivity, VimoSEWA has augmented efforts to analyse productivity and found that by greater concentration, i.e. with a larger percentage of families' insured in a particular community, administrative expenses per adult decrease.

In conclusion, while VimoSEWA strives to achieve sustainability as well as to effectively service the poor, it has also been advocating that the state has a role in the social security of informal workers and should contribute to their social security benefits. SEWA has been involved in policy action to achieve this goal. SEWA believes that if governments match workers' premium contributions, they should give the matching premium as a lump sum to people's organizations (unions, cooperatives, Self-Help Groups (SHGs, federations) and NGOs, to ensure that they actually reach the poor. This will promote the viability of micro insurance. SEWA has also been pushing for the development of a mechanism that involves the above organizations, rather than the subsidizing of premiums through government departments and insurance companies which have limited outreach and services vis-a-vis the poor.

The income statement in Table 11.2 is developed along the lines of an insurance company's financial report. Donor support is illustrated following net income, to provide a clear picture of operations without donor support.

Table 11.2: VimoSEWA Income Statement

Income Statement in Rupees			
	2002 Actual	2003 Actual	2004 Actual
Revenue	Audited	Audited	Un-audited
Earned Premium ⁽¹⁾	3,521,617	7,630,688	8,096,037
Earned Service fee ⁽²⁾	101,600	298,874	291,010
Investment income ⁽³⁾	5,581,602	4,924,803	4,363,588
A) Total Revenue	9,204,819	12,854,365	12,750,635
Expenses			
Claims Paid ⁽⁴⁾	528,970	300,790	57,530
Change in IBNR ⁽⁵⁾	18,000	-	0
Cost of insurance ⁽⁶⁾	4,294,878	5,866,406	5,732,036
Total claim cost	4,841,848	6,167,196	5,789,566
Admin expenses ⁽⁷⁾	5,296,863	7,399,021	11,085,310
B) Total Expense	10,138,711	13,566,217	16,874,876
C) Net Income (A-B)	-933,892	-711,852	-4,124,241
D) Grants Core Administration⁽⁸⁾	5,296,863	7,399,021	9,301,280
E) Bottom line(C+D) ⁽⁹⁾	4,362,971	6,687,169	5,177,039
Viability test ⁽¹⁰⁾	-6,515,494	-5,636,655	-8,487,829

Notes to Financial statement

- (1) Earned premium matches premium revenue to the time of liability, the annual campaign collects premium for the upcoming year in the current year period; this is unearned premium until the next year.
- (2) Service fees are reimbursements provided by the insurance companies to cover claims administration cost. ICICI Lombard provides 7.5% of premium for VimoSEWA distribution cost and 15% of premium for claims administration cost.
- (3) Investments are placed in term deposits with varying interest rates and term to maturity. Real estate rental income is also included.
- (4) Certain claims paid are not reimbursed by the insurance company and appear directly as an expense to VimoSEWA
- (5) IBNR, or Incurred But Not Reported Reserve is an estimate of the change in outstanding liabilities to VimoSEWA.
- (6) Cost of insurance is the premium paid to insurance companies to cover benefits. Most of these premiums are subject to a service tax which the 2005 Indian Government Budget proposed to reduce or remove.
- (7) All expenses of running VimoSEWA are included; in 2004 amortization of equipment was included for the first time.
- (8) Donors have provided support to VimoSEWA in this period.
- (9) As VimoSEWA had a corpus, they have been able to produce a positive bottom line; with no further donor support we project future negative earnings.
- (10) The viability test reflects results excluding investment income and donor support, and indicates the gap to achieve viability.

Source: *Garand D., Consultant actuary at VimoSEWA and VimoSEWA accounts unit*

SECTION XII

POLICY EFFORTS

Advocacy of policy action for changes in favour of the poor, workers and especially women, has been part of SEWA's core strategy. When workers organize at the grass roots level, a number of policy-related issues, emerge. These issues have to be addressed if workers are to become self-reliant and have the possibility of coming out of poverty.

Policy changes at district, state, national and international levels give women workers and others hope. They feel encouraged, optimistic, and motivated to organize further for the changes they seek. Thus, organizing at the grass roots level and action at different levels for more pro-poor laws, policies and programmes go hand-in-hand. This is true for VimoSEWA as well.

VimoSEWA has not confined itself to running a viable micro insurance scheme for poor women workers of the informal sector, but has been continuously striving to take its experience of running such a programme to not only the national but also international policy fora. Vimo has been supplementing its grass roots level action with efforts to develop appropriate policies at the state, national and international levels. VimoSEWA believes that action throws up a number of issues which can be addressed only through definitive policy, for example the need for insurance services and, maternity being a major risk for poor working women, etc. These are issues which have emerged from the grass roots level work of VimoSEWA.

The Initial Years

1999 was an important year for the insurance sector with the introduction of deregulation. In 1999, the Malhotra Commission² set up to discuss deregulation, invited SEWA to make a presentation on its micro-insurance programme. Since SEWA had been involved in micro-insurance since 1992, it was able to share with the Commission its experiences and insights gained over several years. SEWA suggested that micro insurance systems would have to be tailor-made to address two important issues - products and procedure.

A change in the Insurance Act led to the formation of the Insurance Regulatory and Development Agency (IRDA) in 2000. IRDA was set up to promote and regulate the insurance industry in the country. The same year, SEWA stepped up its policy efforts. These were strengthened by Ela Bhatt, Founder of SEWA being invited to be a member of IRDA's Advisory Board. She pushed the case for insurance for the informal sector and put forward the proposal for special conditions for private insurers - a certain percentage of business of private insurers would have to be earmarked for the poor. This has had a major impact on the micro-insurance sector. It is now not only mandatory for private insurers to address the needs of the poor to some extent but has also resulted in their partnering with Microfinance Institutions (MFIs) and NGOs to reach the poor.

With the opening up of the insurance sector, VimoSEWA began exploring the possibility of setting up its own insurance organization. With this objective it started a dialogue with IRDA and the Ministry of Finance, Government of India. SEWA's preferred form of organization is cooperatives, which are member owned, managed and used by them. When the insurance sector was opened up to private players in 2000, insurance cooperatives were not permitted. However, in 2002, IRDA permitted insurance services to be offered through cooperatives.

²In 1993, the Malhotra Committee, headed by the former Finance Secretary and RBI Governor R. N. Malhotra, was formed to evaluate the Indian insurance industry and recommend its future direction. The Malhotra Committee was set up with the objective of complementing the reforms initiated in the financial sector.

But, the capital requirement is high - Rs 100 crores - and is the same as for an insurance company.

Since then, SEWA has been trying to persuade the Ministry of Finance to reduce the capital requirement for insurance cooperatives such as SEWA's proposed one, where the scale of premiums and sums insured is far lower than mainstream insurance companies which serve the middle and upper income groups.

Carrying forward the Micro-insurance Movement

In 2003, VimoSEWA with its sister organization, Friends of Women's World Banking (FWWB), and in collaboration with IRDA and the Ministry of Finance organized the first-ever national level workshop on micro-insurance at New Delhi. The meeting included grass roots practitioners, policy makers, insurance companies, and donors. For the first time, SEWA's aagewans and other grass roots promoters spoke of how they organized their activities for the poor.

The focus of the workshop was on four broad areas, viz. outreach and appropriate products, operations and systems, capacity building and policy. It was decided to maintain ongoing communications between policy makers in the insurance sector and organizations of the working poor. One of the main demands that emerged at this workshop was that since the sums insured were modest, the large capital of Rs. 100 crores was not required for micro-insurance and should be brought down to Rs.25-30 crores. This was based on calculations with actuaries, which indicated that it was possible to attain viability without a capital of Rs.100 crores.

A working group was formed in 2003 for health insurance and SEWA was invited to be part of the group. In September 2004, after several meetings with IRDA, a draft on micro-insurance regulations was brought out which included many of SEWA's suggestions, though overall, they fell short of setting up an insurance organization for the poor with a reduced capital requirement.

VimoSEWA was invited to give its suggestions and share its experiences with the National Commission on Enterprises in the Unorganized Sector, set up in 2004. Based on VimoSEWA's experiences, the Commission has set up a task force to recommend and develop an insurance programme for the unorganized sector for the entire country. VimoSEWA is a member of the sub committee on social security of the task force. Before this, VimoSEWA was a member of the study group on social security, set up by the National Commission on Labour in 2000.

VimoSEWA also shared its knowledge with the Ministry of Labour for the proposed Unorganized Sector Workers' Bill which will focus on all aspects of social security, including insurance. In 2004, VimoSEWA worked actively with the Government of Gujarat on maternity insurance as well as holistic health insurance for families that are below the poverty line.

At the international level too, VimoSEWA has had several meetings on insurance. There have also been discussions with Swiss and German insurance and re-insurance companies, to see how they could help in strengthening VimoSEWA. There were meetings with several financial institutions to find out if they could support SEWA in fulfilling the capital requirement.

A dialogue with the World Bank culminated in a joint World Bank-CGAP-SEWA meeting on micro-insurance in September 2004 - a first for the Bank. The meeting at Washington was co-hosted by the Delhi office of the World Bank and CGAP in Washington D.C.

To promote greater understanding among policy makers, insurance companies and researchers about the insurance needs of poor women and their families, VimoSEWA organized an Exposure and Dialogue Programme (EDP) on Micro-insurance in October 2004. An EDP is an opportunity for each programme participant to live with a SEWA member in her house for two or three

days, and try and understand the reality of her life first hand. This exposure is followed by a reflection on the experience and discussions among the participants, the facilitators and the host ladies.

At this EDP on micro-insurance, participants (including senior policy makers from the World Bank and ILO, insurance companies and grass roots level practitioners from Sri Lanka and the Philippines), tried to understand the risks faced by poor women in the informal economy, and the risk management strategies adopted by the members.

The EDP was immediately followed by a one-day workshop on micro-insurance, where participants were joined by policy makers from the Government of India, IRDA, and GTZ. The objective of the meeting was to increase and share understanding about micro-insurance and to discuss how to carry the micro-insurance agenda forward to better meet the needs of the poor. Participants also deliberated on how to create a policy environment that would promote pro-poor insurance services.

VimoSEWA also recognizes the importance of linking health insurance with health promotion. VimoSEWA works closely with WHO and is a member of the new WHO Commission on Social Determinants of Health.

Issues for advocacy

For many years VimoSEWA has been actively engaging with policy makers with the aim of strengthening social protection measures for poor self-employed women. Some of the issues Vimo has been highlighting in its advocacy efforts are:

The poor are insurable

In the early years, this was the key message VimoSEWA took to policy fora - both national and international. Just as in the early years of the micro-finance movement, the poor, and especially women, had to prove that they are credit-worthy and 'bankable', VimoSEWA used its experience to highlight that poor women are insurable, that insurance for the poor is viable and that women workers should not be dismissed as 'bad risks'.

In its advocacy efforts, Vimo's approach is that social security needs are a basic right or entitlement, as opposed to the view that it is a 'safety net', or welfare and charity- oriented intervention. VimoSEWA highlights the need for an integrated insurance scheme which is part of the overall financial services needed by poor women and is linked with other financial and social protection services like savings and credit. The scheme should be designed in such a manner that it covers all the risks the poor face. These include sickness, death, maternity, childcare, widowhood, losses in riots, floods, drought, and old age. The scheme should also include animal, crop and house insurance.

Willingness to pay

VimoSEWA has demonstrated that the poor are willing to pay for services. Women workers from the unorganized sector are willing to pay the insurance premium provided they get suitable services which take into account their income, and their special needs. At the time of premium collection, a woman does not necessarily have the money to pay her premium but she will borrow from neighbours, family friends or even the moneylender to meet her premium payment, if she is convinced of her need for insurance. There have been several instances of women even pawning their gold jewellery to pay their premium on time.

VimoSEWA has used its experience to demonstrate to policy makers that the poor will pay the insurance premium provided:

- a) insurance products are useful and tailor-made to their needs;
- b) they trust the insurer (preferably their own organization) and
- c) the services they obtain are useful, timely and of good quality.

The subsequent mushrooming of micro-insurance in India has further strengthened VimoSEWA's efforts. Joining hands with other partners, VimoSEWA has tried to take what it has learnt from its experiences to the policy level. The key message is that there are certainly challenges involved in serving the low-income market, requiring innovations in product design, delivery mechanisms and marketing but these challenges can be overcome by creatively designing demand-driven products along with client- friendly collection and delivery mechanisms.

Micro-insurance as an important financial service for the poor

Led by NGOs, co-operatives and Community based Financial Institutions (CBFIs) Indian micro-finance has become more easily available in the last few years. Micro-finance practitioners have responded to the need of the poor for financial services through special delivery mechanisms customized to meet their requirements. Many such initiatives have resulted in household level capitalization of the poor, and have helped many families come out of poverty. However, what has also become clear is that the poor need different types of financial services throughout their lives. Savings and credit are among them. So is insurance. Another trend is the drive for sustainability or profitability, again in the face of increasing competition, which is leading MFIs to diversify their line of financial products. Insurance as a new financial product has the potential to improve profitability by reducing loan losses and replacing clients' need to draw from savings during crises.

An integrated approach to micro-insurance

SEWA's experience with providing micro-insurance services to women workers for 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 at reducing 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. In fact, micro-insurance is both a part of essential financial services required by the poor to support their efforts to emerge from poverty, and also a much-needed social protection against the multiple and frequent risks they face.

VimoSEWA has been advocating an approach that places micro-insurance at the fore front of both financial services and social protection, and incorporates elements of both. Like other micro-finance services, VimoSEWA demonstrated that micro-insurance could be run in a financially viable manner, but for this it needed the universalisation that comes with the social protection approach. Universalisation-making insurance available to all citizens regardless of socio-economic 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.

Conducive policy environment

The importance of an enabling environment for micro-insurance cannot be over-emphasized. In recent years Vimo has been focussing on two main policy-level issues:

- developing regulations for micro-insurance that not only facilitate the growth of this service but also control the entry of exploitative, unscrupulous elements.
- reducing the capital requirement to enable people's organizations/NGOs to run their own micro-insurance cooperative/company.

There has been much debate recently on both these issues. The Insurance Regulation and Development Authority have prepared regulations for micro-insurance. The challenge is to ensure the healthy growth of micro-insurance and to see that clients interests are safeguarded. Currently a process of discussion and debate is going on with VimoSEWA suggesting that membership-based organisations (MBOs) can be instrumental in providing demand-responsive services for the poor. However, in order to promote the MBOs it is necessary to first give them recognition as legitimate bodies and then to frame appropriate policies and regulations which they can fulfil meet and which would not compromise the quality of services.

Most governments see their role as providing services to their citizens, though in developing countries especially, they do not have the structures which would provide such delivery. Generally their own channels are rather inefficient so sometimes they turn to private providers or NGOs. MBOs can be effective channels for provision of services but this would require that appropriate fee and commission structures be set up to allow for transaction costs. The capacities of MBOs to carry out these functions would also need to be built.

The capital requirement issue is more complex. IRDA's capital requirement is Rs100 crores or about US\$ 20 million. This makes it virtually impossible for poor people's organizations or those serving them to develop their own micro-insurance organization. VimoSEWA believes that given the modest scale of its insurance operations, its capital requirements do not need to be more than a third (Rs. 30 crore, or US\$ 7 million approximately) of those of insurance companies issuing high value policies.

Currently Indian law permits only the company and cooperative forms of insurance service providers. IRDA is not willing to consider the reduction of capital because it is concerned about solvency and the viability of insurance services. SEWA, however, argues that if the capital requirement is lowered, viable organizations can be created over time and, also that solvency can be maintained. This has been the experience of several other countries, with different capital requirements.

“There are many positive macro implications of micro insurance. It not just provides protection at the household level, but also has stabilising effects on the economy at the macro level. It does this by ensuring that people do not slip deeper into poverty.

Dr. Jayati Ghosh, Professor, JNU at the first national workshop on microinsurance, September 2003.

Another issue that is the subject of discussion these days in India, is the role of the state. There is a consensus that the government has a responsibility to mitigate risk and reduce the vulnerability of the poor through its policies and programmes. VimoSEWA has been advocating that the government should explore the possibility of matching the premium contributed by the poor, so that appropriate coverage can be made available. This has been done for a long time for formal sector workers who constitute hardly 8 percent of the Indian workforce.

In case central and state governments match workers' premium contributions, VimoSEWA has suggested the following:

- Give the matching premium as a lump sum to people's organizations (unions, cooperatives, SHG federations) and NGOs, in order to ensure that services actually reach the poor. Systems will, of course, have to be developed to ensure proper auditing and accountability.
- Develop an implementation mechanism that involves the above organizations, rather than subsidizing premiums through government departments and insurance companies which have limited outreach and services vis-a-vis the poor.

VimoSEWA has also used its experience of implementing insurance schemes at the grass roots level to show that social security can also be a means to promote the organization of workers and encourage the building of member-based organizations. This happens because social protection becomes a focal point for organizing, a 'rallying point' or entry point. Once organized, the workers then actively contribute new ideas and approaches to social protection and assist in their implementation. This, in turn, gives rise to more organizing, as in the process they are identified, and also obtain concrete benefits which then encourages them to organize further and build a workers' movement for change.

"Micro-insurance schemes should be seen not as simple financial arrangements but as an empowerment mechanism for enhancing social inclusion."

Marc Soquet, Co-ordinator for South Asia, ILO-STEP

NATIONAL WORKSHOP ON MICRO-INSURANCE

A two-day national workshop "Micro-insurance For The Poor: Strengthening Services and Addressing Policy Issues" was jointly organized by the Insurance Regulatory Development Authority, The Self Employed Women's Association and the Friends of Women's World Banking on 15th and 16th September, 2003, at Vigyan Bhavan, New Delhi. GTZ, Ford Foundation, ILO-STEP and LIC supported the workshop. About 155 participants from all over the country representing the government, insurers (both government and private) micro-finance organizations, NGO's and donoRs participated in the workshop.

Workshop Objectives

- To review and understand grass roots level micro-insurance initiatives focussing on the poor in India
- To highlight the need for micro-insurance as an integral component of financial services for the poor

The workshop raised a number of issues that require serious consideration if the goal of reaching appropriate micro insurance services to the poor is to be achieved. Some specific recommendations and action points which emerged from each of the four break-out groups are summarised here. Some of these require intervention by the Ministry of finance and IRDA, while others need action by insurers and organizations working with the poor.

1. *Outreach and Product Design*

- a) Direct dialogue with potential clients (rural and urban poor)
- b) Compilation of data at the national level
- c) Consider issues of income, occupation, location and family structure for product design so as to negotiate for appropriate products. The latter would include those perils prioritized by the poor. Also the products themselves and the delivery mechanisms need to be flexible and customized to suit client needs.
- d) Regular dialogue between insurers and the organizations working with the poor.

2) *Mechanisms for Collection and Service Delivery*

- a) Integrating micro-insurance with savings and credit services, and delivery through existing SHGs, rural banks, co-operatives and other local organizations
- b) Develop a dedicated infrastructure (network of local agents), new SHGs specifically for insurance and a nodal agency (district-level SHGs federation, etc.) in combination with any or all of the former
- c) Cost analyses and reduction of transactional costs
- d) Special Training for collection and service delivery and the funds that need to be earmarked for this. Both the NIA and IRDA should either make budgetary allocations for this, and/or liaise between potential donoRs, and NGOs and POs. Insurers should be encouraged to earmark funds for this purpose as well.

3) *Policy Action*

- a) Special policies and/or legal provisions for setting up micro-insurance organizations
- b) Financial contributions to POs and NGOs for promoting micro insurance.

4) *Capacity Building*

- a) Capacity building for clients: the concept of insurance, how to conduct need assessment and collect the relevant documents for filing a claim, are required.
- b) Capacity building for implementers (POs and NGOs) in the concept of insurance, need assessment, product development, claims servicing, marketing and management.

SECTION XII

IMPACT OF SEWA'S INSURANCE SCHEME

"All that we women know is work and more work. Whatever we have been through we cannot change. But we dream of a better life for our children. That's why VimoSEWA is so important for us".

- Chanchiben, agricultural laborer, Kheda District.

VimoSEWA is undoubtedly providing useful services, and the increase in enrolment is testimony to its positive impact on the lives of poor women. From its inception in 1992, SEWA has paid life insurance claims to over 3000 women, health insurance worth Rs 16,46,181 to 2027 women and maternity benefits to 2235 women, worth Rs 6,70,500. The total amount of compensation paid till now is approximately Rs 1,31,03,918 and more than 9000 women have received compensation. Membership of the scheme has increased steadily. In 2000- 2005 itself, 2215 women received Rs 11,284,000 as life insurance claims, and 771,600 as maternity benefits.

The Social Security Programme of SEWA evolved in response to the demands of its members. Solidarity and sharing of risks among the members is characteristic of each of SEWA's programmes and the Social Security Programme is no different. It is sensitive to the needs of its members and has been modified due to client response. Inclusion of coverage in the scheme for occupational diseases, dentures and maternity benefits reflects this process.

The main benefits of the scheme are:

Economic Benefits

Perhaps the most obvious benefit of the scheme is that it provides workers with concrete economic benefits, albeit, retrospectively, to help them tide over their period of crisis. For the first time in their lives, women obtained social security services of this type, namely, health, life and accident insurance and protection in crises.

The process of capital formation at the individual level is long-drawn, particularly for women workers in the informal sector, who usually lack capital and assets. Frequent sicknesses, accidents and other contingencies drag them into the process of decapitalization i.e. indebtedness, sale of assets etc. SEWA strives to help women to consolidate and augment their capital at the individual level and tries to bring them out of the process of decapitalisation. The work security scheme is an immensely successful initiative in this direction.

Mobs during the riots mutilated and destroyed our houses. We had to escape to the camps. It was the Vimo aagewans who sought us out and helped us fill the claims. The compensation was very quick. We repaired our houses and came back to our *chali*.

*Bibiben, Fakir Muhammad,
Kite maker*

Boost to Organizing

Along with enhancing and strengthening SEWA's integrated approach, the insurance programme has resulted in a significant boost to SEWA's organizing activities. Union and cooperative organizers reported that members found this programme so useful that they encouraged other women to join SEWA. SEWA's organized strength grew from about 40,000 members in 1992 to over 700,000 in 2005. This increased membership, will make the unorganized sector workers a lucrative clientele for insurance agencies, thus making possible future partnerships.

Increase in Savings and Banking activities

Not only did the insurance programme contribute to increased organizing activity and SEWA membership, it also had a significant impact on the women's faith in SEWA Bank and its various services. More importantly, it led to an increase in their own savings. In 1992, 1,000 women placed Rs 500 each in fixed deposits in their own name so as to cover the annual insurance premium from the interest thus accrued. By early 2005, this figure had increased to 31,595.

Understanding Insurance as a Concept

Insurance and the concept of a risk pool was virtually unknown to SEWA members till 1992. Life was full of obstacles and a daily struggle to be borne by each woman and her family. The concept of risk-sharing and supporting each other in times of crises was new and often puzzling. It took time, patience, intensive extension work and training for SEWA members to fathom insurance as a concept and to accept it. SEWA workers used various tools like story telling or games to make their members understand the concept of insurance.

The women members also learned to carefully preserve the various bills, certificates and case cards which were essential documentation for the process of reimbursement.

Planning for the Future

Most poor women live from day-to-day. When life is a daily struggle and full of uncertainty, there is no question of planning for the future. But with the inception of the insurance scheme, workers have begun to plan for the future. The premium which they set aside carefully each year, bears testimony to their new approach - planning for the unexpected, and to cover their vulnerability to crises and multifarious risks.

I had bought insurance for my mother-in-law in the eighties. With her death reimbursement, I made an FD and bought insurance for my self. When my husband died, I again bought more benefits from the widowhood compensation I received. I have kept up with the increase in premium – mostly from my savings and loans from SEWA Bank.

*Daiben Lakhanbai
Block printer*

I have only received one health reimbursement for my husband's illness in all the years that I have been a Vimo member but my neighbour, Shakilabano, received insurance benefits three times. This is how it works – we pool in for all of us, for dire times.

*Khatunbibi Umar bai
Kite maker*

I have been saving Rs. 20 every month in my village savings and credit group for five years. And now I save an extra Rs. 15 towards my husband's and my own annual insurance premium. After a while, I plan to save towards putting down a fixed deposit in my name for long-term insurance coverage.

Jyotsnaben Parmar, agricultural labourer, Kheda district.

Link with local doctors and municipal hospitals

One of the interesting outcomes of the health insurance programme has been stronger links with local doctors as well as municipal hospitals, thus strengthening referral services for SEWA members. This is because VimoSEWA includes health insurance, for which members have to demand services from providers - both government and private.

In addition, since proper documentation and visits to clinics and hospitals are routine procedures for obtaining claims, rapport was established with local doctors and hospitals. Today, SEWA has identified local doctors who provide rational medical care at an affordable cost. Some doctors, having heard of SEWA's insurance scheme themselves came forward and offered their services at reduced rates. In August 2004, VimoSEWA began a new initiative to strengthen linkages with hospitals - cashless "tie-ups" with selected and the most frequently used hospitals were established as a pilot project. Insured members were paid their claim on their hospital bed itself, in hospitals with whom SEWA had entered into an agreement. This system was introduced in Ahmedabad city on January 1st, 2006.

Finally, the presence of the Lok Swasthya Cooperative, a part of the SEWA movement, in and around municipal hospitals, in Ahmedabad, both strengthened referral linkages and also provided members of the insurance programme with a useful service. The cooperative is running two counters including one round-the-clock, outside the hospitals' compounds, selling rational drugs at low cost. Again, considerable resources of SEWA members were saved.

Enhancement of Health-Care-Seeking Behaviour

Women typically place their own health and well being at a low priority. They will spend on the health of their husband, children and other family members but are reluctant to do so on their own health. VimoSEWA, like other programmes of SEWA, puts women at the centre. It encourages them to protect and improve their own health. One positive impact of SEWA's health insurance has been that women who were sick had to have themselves hospitalized as this is a condition for reimbursement of medical costs. This gave them the much needed rest and care they require to preserve and improve their health.

Poor Women's Contributions for Social Security

The experience of SEWA has been that poor women are not only good savers but also contribute readily for services from their earnings, provided these are appropriate, affordable and timely. SEWA Bank's financial services and SEWA health and child-care's services have proved this, and so has VimoSEWA.

Today women are taking insurance in increasing numbers, setting aside their earnings well in advance to pay for the annual premium. There has been no demand or expectation of 'free' insurance. However, women certainly expect, and demand, timely and high quality insurance services, keeping SEWA organizers, and the insurance companies on their toes! The willingness of poor women to pay for quality services is an important lesson for all who seek to organize social security, like insurance, for the poor. But the key, apart from quality and timely services, is faith and trust in the institution which organizes these services. This should preferably be through their own membership-based organization, where they are the shareholders, leaders and managers.

The steady increase in premiums from women is a testimony to their trust in VimoSEWA and the SEWA movement, and also of their willingness to pay for need-based social security services.

VimoSEWA: A 'friend' in need!

Shakilabano is a garment stitcher from Behrampura. She bought insurance through her fixed deposit in SEWA Bank and has been a member of VimoSEWA for many years.

Shakilabano understands and articulates the importance of insurance and pooling together for 'bad times'. And yet, for all the times that she has filed claims and received benefits, she has needed the help of a '*vimoben*' (insurance sister). Before her surgery, the *vimoben* visited her and told her to keep all her hospitalization documents safely. And as soon as Shakilabano was discharged from the hospital, she helped her file her claims from home.. Shakilabano's claim amount reached her quickly and was a great support.

During the communal violence in 2002 the Vimo aagewan sought Shakilabano out in the SEWA relief camp and helped her fill up her claim form. 'I had abandoned my house and belongings and ran for shelter during the riots, but I did remember to take my insurance papers. My claim money helped me rebuild my life'.

Shakilabano upgraded her insurance in 2005 to include coverage for her children.