

Yasru



Strategies to Meet Health, Crops and Calamities microinsurances'

Regional Workshop on Microinsurance Sector Development



Presentation:

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Health

- Already Yasiru is catering to covering hospitalization up to a 30 episodes per person per year. Besides, the accident cover compensates loss of bodily organs to specific amounts.
- In the Yasiru scheme, free health cover is granted to the children of adults who are insured.
- More benefits could be given to the insured if people are more disciplined and if abuse does not take place. For instance, the hospitalization cover is frequently abused

Crops

- Crop insurance is very urgent necessary to small farmers of Sri Lanka as the risks they take are serious especially due to droughts and floods. Already the government sponsored Agricultural Crop Insurance is in operation but the scheme does not cover all farmers who desire insurance. The unserved farmer population is significant.
- Micro insurance should be able in principle to step into this field but it is more risky and the following conditions need to be fulfilled.
- The micro insurance scheme must be spread over farming as well as non-farming areas of the country in order to mitigate the risk to business and make it financially viable.
- Any scheme will have to be based on solid actuarial studies to ensure viability of crop schemes.
- A related issue is animal husbandry insurance which is again very necessary for the small farmer as this stock is very vulnerable to many kinds of risks. The same issues as in crop insurance will be valid for this sector too.

Calamities

- What is taken for calamities are natural events (disasters) like Floods, Earth slips, Fire droughts (non crop) etc.
- Whatever, the nature of the cover, what will be basic is a solid actuarian study to establish viability of the scheme.
- What can be generally said about micro insurance and its ability to address health, crop, animal and calamities is that micro insurance as a business has to be viable in dealing with these. Unlike commercial insurance ventures big margins are expected and profits are shared among all members after adequate reinvestment. The volume of premium holders is the most critical factor. For instance if almost all agricultural areas are covered then the risk to the micro insurance company will be minimized as not all agricultural areas are liable to experience a disaster (drought or flood or pests).

Thank you

