

[Balancing social and financial goals -- Vimo SEWA](#) [1]

Country of Operation: India

Region: Asia and the Pacific

Sub Topics: Business models, Other channels, Data analysis and processing, Financial institutions, Policy and regulation, Premium collection, Renewals, Claims, Enrollment, Sales, Promotion, Product development, Partnerships, Consumer education, Demand, Savings-linked, Health, Life, Health

Organizational Overview

The Self Employed Women's Association (SEWA) is an Indian trade union registered in 1972 which today has over 1.3 million members in nine states of India. SEWA members are poor women workers in the informal economy, including agricultural labourers, service providers, home-based workers, and vendors. Since 1992, SEWA has offered a composite insurance product (life, hospitalization, accident, and asset insurance) known as VimoSEWA (meaning SEWA insurance) for members and their families in India.

VimoSEWA's experience confirms a high demand by clients for protection against the costs of prevention and treatment of illness. Over 90 per cent of VimoSEWA's claims are for illness. More specifically, the data indicate that at least one third of these claims result from preventable acute illnesses such as malaria, gastroenteritis, and water-borne diseases that, if treated early on, should not require hospitalization. Unnecessary hospitalization results in loss of income and assets for the poor and negatively affects health. Furthermore, fewer hospitalizations can improve the viability of insurance by reducing claims expenses.

Project Description

The National Insurance VimoSEWA Cooperative Ltd. is the first national insurance cooperative in India. It originated from the Self Employed Women's Association (SEWA), an Indian trade union registered in 1972 which today has over 1.3 million members, mainly poor women workers in the informal economy, including agricultural labourers, service providers, home-based workers, and vendors.

SEWA's insurance program started in the early 1990's in response to its members' continuing quest for social protection and self-reliance. Initially, life insurance was offered to SEWA members through the Life Insurance Corporation (LIC) of India, a public sector insurance company. However, it was clear that SEWA members required a more comprehensive and integrated insurance package as a buffer against the multiple risks and crises they face in their everyday lives. In 1992, SEWA's Integrated Social Security Scheme was initiated with coverage for life, asset loss, widowhood, personal accident, sickness and maternity benefits. In 2002, medical insurance for husbands of members was added to the scheme, and in 2003, the scheme extended health insurance cover to children of members.

In September 2009, the Government of India's Ministry of Agriculture registered VimoSEWA as the National Insurance VimoSEWA Cooperative Ltd, a multi-state cooperative society with areas of operation extended to the states of Gujarat, Rajasthan, Madhya Pradesh, Delhi and Bihar. VimoSEWA is now a voluntary, standalone, multiproduct microinsurance distribution model.

Activities Overview

VimoSEWA has been supporting women in their times of crises by providing comprehensive insurance coverage through linkage with insurance companies. The main activities of the cooperative include insurance awareness, direct selling and door to door premium collection, claims servicing at the client's doorstep and training. In 2014, the scheme insured 94,722 members, in both urban and rural areas. All members contribute premium to the scheme, which accounted for Rs 20,5 million in 2014. Between 1992 and 2008, 65,953 claimants have received benefits during the crises in their lives with a total payout of Rs 126 million.

Learning Agenda

On financial viability:

- How to create a demand for voluntary microinsurance products?
- How to attain financial viability under the current distribution model?

Latest Updates

Vimo SEWA has attained financial viability and will continue to work on the same path to maintain it.

Lessons

VimoSEWA's experience in building financial stability has thrown up the following insights:

Balancing social and financial goals is an ongoing exercise. Social organizations need to be ?different? than regular companies and should demonstrate social impact. In doing so, many times the goal of financial viability is compromised. On the other hand, concentrating on financial viability may result in the dilution of the social agenda. This enigma keeps cropping-up on a day-to-day basis and has to be handled as such.

Balancing growth and sustainability in a voluntary distribution model is challenging. Since Indian regulations only allow for a flat remuneration structure (as against progressive) it becomes difficult for an intermediary to operate in certain remote areas due to the high costs this generates. Growth targets have to be calibrated against costs, which ultimately slows the growth trajectory of an intermediary.

Mutual model products can help achieving social organizations' goals if the regulation is not too restrictive. The experience with the mutual model product (SSY) has been satisfying both socially as well as financially. Scaling-up with this product can generate sustainable growth. However this is still not possible in the country due to the regulatory norms that do not consider mutual or self-insuring community based organisations as insurers.

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