About the Project

Project Name: Microinsurance for tribal tea plantation labourers -- ICICI Prudential Life Insurance
Type of Facility Project: Microinsurance innovation grantee
Country of Operation: India
Region: Asia and the Pacific
Sub Topics: Business models, Other channels, Premium collection, Consumer education, Savings-linked, Life, Transaction processing
Type of Risk Carrier: Regulated insurance company
Type of Distribution Channel: Employer

Organizational Overview

ICICI Prudential Life Insurance Co. Ltd. is a joint venture between ICICI Bank - one of India’s foremost financial services companies - and Prudential PLC - a leading international financial services group headquartered in the United Kingdom. The insurer started its operations in 2000 and is the largest private life insurance company in India with one of the largest distribution networks with more than 2000 branches nation wide.

Project Description

ICICI Prudential is piloting the delivery of a term life insurance product with a savings component to groups of tea workers through intermediary agencies. The intention is to significantly reduce transaction costs and improve customer service and overall efficiency by using an aggregating distribution channel that is supported by technology. Intermediary agencies are trained to create awareness, enroll policyholders, collect premiums, facilitate claims settlement and provide customer service. ...READ MORE

Beneficiaries

Expected target groups: ICICI Prudential has selected tea tribes of Assam as the target market to launch a microinsurance product. These workers are mostly migrants from neighbouring states who have settled in Assam for generations. Their community is not recognized as ‘scheduled tribes’ under the Indian constitution and cannot therefore benefit from government benefits such as job reservation.

The tea tribes constitute about 17% of the population in Assam. Almost 50% of the tea estate workers are women who are employed to pluck tea, the most labour intensive part of tea production. The average monthly income of a household is around 2000 Indian rupees. In addition, tea estate management provides the workers with housing and subsidised rations.

Due to geographic constraints, however, basic facilities like hospitals, schools, banks, etc. are very limited. There is also very little awareness about institutionalised savings and preventive health amongst the workers. The monthly savings are nominal and mostly saved in the form of cash or unregulated schemes. Due to the lack of awareness and limited access to banks and other financial institutions, the workers tend to borrow money from local money lenders.

Expected outreach:

- During Project - Direct: 60,000 workers; indirect: 120,000 (family members)
- Potential Scale - Direct 600,000; indirect: 1,200,000

Learning Agenda

- Can technology significantly improve affordability, responsiveness and transparency for low income policyholders?
- How can an insurer create a microinsurance culture amongst the working poor? What is the added value of consumer awareness?
- How can an insurer set up an effective delivery of customer service by intermediaries?
- To what extent can the proposed model be replicated to other large labour groups?

Project Status

Key Performance Indicators
The following performance indicators are valid as of August 2011.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>December 2009</th>
<th>March 2010</th>
<th>May 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of beneficiaries with accepted premium</td>
<td>1</td>
<td>1,059</td>
<td>2,300</td>
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**Project Updates**

As of Nov 2008, the product was approved by the Insurance Regulatory and Development Authority (IRDA) almost two months behind schedule causing delays in project implementation. The process of online delivery had been identified, and proposals from 3 IT companies had been received. Five marketing options were explored - the community video volunteers concept, street plays workshop in collaboration with local NGOs, mobile video screening, workshops by ICICI Prudential employees in canopies of tea plantations, and an online delivery model. ICICI Prudential created this awareness among labor unions, opinion leaders and tea estate management by highlighting the advantages of ICICI Prudential's insurance products. To compund this problem, power interruptions were frequent. While these problems did not render the technology completely useless, they did create occasional delays in project implementation.

**Project Lessons**

- **On process improvements and efficiency through technology** The feasibility of rolling-out the IT system in service centres should have been considered more carefully. The system is internet-based and during implementation it was discovered that the internet connection in service centres was quite slow. On the impact of awareness campaigns The mode and method of the awareness campaign need to be carefully selected considering not just the interests of the target audience, but also the level of possible involvement and participation of the community. Community Videos were selected because the community video units are designed, managed and delivered by the participants from the community itself, thus allowing for a better connection with the audience. On setting up an effective delivery method by an intermediary A pre-requisite to building a partnership with a delivery channel is the channel's awareness of two things: benefits of microinsurance for their constituents and the benefits of the partnership for the channel. ICICI Prudential created this awareness among labor unions, opinion leaders and tea estate management by highlighting the advantages of ICICI Prudential's insurance products. On project management In the case of a new product, do not underestimate the time needed for product approval. In the case of ICICI Prudential, project start-up was delayed for almost two months because of the unanticipated delay in securing an approval from the IRDA. On marketing and sales The choice of the sales force should take into account the political sensitivities of the target market and the channel partner. This is a concern for ICICI Prudential because while product delivery will be through the plantation company, the sales function remains the insurer's responsibility due to requirements by the IRDA. These considerations made ICICI Prudential arrive at three unique profiles to choose from: 1) ... READ MORE [2]

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**Date of last update:** January 2015


Links: