A product that combines savings and insurance is attractive as it allows households to build assets while protecting them against shocks. While savings help low-income households protect themselves against small shocks, they are often inadequate to protect against large or catastrophic shocks. Adding an insurance component can provide much-needed protection. In addition, savings-linked insurance can provide an incentive for more regular and longer-term savings.

Source URL: http://www.impactinsurance.org/topic/product/subtopic/savings-linked