



## Provision of Market Based Social Protection Instruments: Access to Microinsurance in India, Indonesia and Lao PDR.

*Partnership with Allianz AG and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ).*

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Poor people who fall seriously ill are hit on two fronts: they cannot work and they cannot afford doctors or medicine. Microinsurance can help protect low income people through affordable insurance products to help them cope with and recover from common risks. It is a market based mechanism that promises to support sustainable livelihoods by empowering people to adapt and withstand stress. Two-thirds of human beings suffering in the most extreme poverty are women. But will microinsurance actually help those living in poverty by contributing to sustainable livelihoods? UNDP believes it can.

Jointly with Allianz AG, insurance company and the German development agency Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), UNDP undertook market potential studies to analyze the demand, acceptability and affordability of microinsurance products in India, Indonesia and Lao PDR. The studies examined the most urgent social security risks and needs of poor population groups and found a strong demand for insurance products to cover the risks that people are least prepared for (viz., serious illness, poor harvest, death in the family and social obligations, education of children).

Pilot insurance schemes have been launched in India and Indonesia. Under this system, life insurance, for instance, costs only about 0,20 euro a month. In the Indian state of Tamil Nadu, nearly 60,000 people have taken out a life insurance policy with the Indian-German Joint Venture Bajaj Allianz through an NGO, the Activists for Social Alternatives, as group policyholder. For Allianz AG in Indonesia, microinsurance has now progressed from a pilot status to a regular business activity.

Further collaboration will explore the possibility on designing index-based insurance products for small scale farmers and products that link remittances to the provision of microinsurance.

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More information on the project:

[http://www.capacity.undp.org/index.cfm?module=Library&page=Document&DocumentID=5885;](http://www.capacity.undp.org/index.cfm?module=Library&page=Document&DocumentID=5885)

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