Basix Insurance

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BASIX is a livelihood promotion institution working in several arid and backward districts spread over sixteen states. BASIX works towards its mission of livelihood promotion by providing a comprehensive set of services, which include

As part of its mission to deliver comprehensive financial services to rural customer, BASIX began its initiatives to deliver insurance services in 2001, coinciding with the opening up of the insurance sector. From the beginning BASIX has actively partnered with multiple insurance companies to design insurance products for rural customers. BASIX has an articulated vision in providing micro-insurance services.

Vision: All poor households, especially those served by BASIX, will have access to risk-management services covering their lives and livelihoods, and insurance companies will provide these services willingly on a financially sustainable basis.

Business Model:

Business Partners:

AVIVA
Area of partnership: Life insurance

AVIVA Life Insurance is a joint venture between Dabur and the UK based global insurance major CGU. Aviva Plc is UK’s largest and the world’s fifth largest insurance Group. It is one of the leading providers of life and pensions products to Europe and has substantial businesses elsewhere around the world. Aviva was also the first foreign insurance company in India to set up its representative office in 1995. In India, Aviva has a joint venture with Dabur, one of India’s oldest and largest group of companies. A professionally managed company, Dabur is the country’s leading producer of traditional healthcare products.

“In 2002 AVIVA designed a Group Life Insurance product to provide life insurance to all BASIX credit customers where the extent of coverage was up to one and half times the loan amount. From 2006 onwards BASIX extended this cover to the spouse of credit customers also.”

In December, 2003, BASIX entered into a Corporate Agency relationship with AVIVA to retail rural life insurance products to non-loanees. With these products AVIVA was able to offer long term savings along with risk protection to BASIX’s rural clientele.

Royal Sundaram

Area of partnership: Livestock Insurance, Health Insurance, Micro-Enterprise, Personal Accident Insurance

Royal Sundaram is a joint alliance between Sundaram Finance Limited of India and Royal & Sun Alliance, a UK-based international insurance company. The joint venture started operations in 2001 and is headquartered at Chennai. Sundaram Finance is a Triple A rated Non-Banking Finance Company and is one of the most respected financial services companies in India.
In 2002, BASIX collaborated with Royal Sundaram to distribute livestock insurance. This business relationship has been marked with focus on product and process simplification in order to be able to deliver insurance in a hassle free manner to the customer. From May, 2005, BASIX has also begun offering Health Insurance to all its credit customers and the cover was extended to their spouses from 2006. In Mar, 2006 BASIX also launched two more products in partnership with Royal Sundaram, one being the Health Insurance for institutional clients and their spouses and the other being the Micro-Enterprise cover for rural non-farm enterprises.

In 2009 BASIX began retailing two personal accidents policies and one hospital cash policy of Royal Sundaram, enabling it to offer health insurance to non-credit customer.

**ICICI Lombard**

**Area: Weather Insurance**

ICICI Lombard General Insurance Company Limited. (ICICI Lombard) is a joint venture between ICICI Bank, India’s largest private sector bank and Lombard, one of the oldest property and casualty insurance companies in Canada. The company received regulatory approvals to commence general insurance business in August 2001.

BASIX and ICICI Lombard along with the Commodity Risk Management Group, World Bank, have done pioneering work in piloting rainfall insurance in India, starting with the first time introduction of the product in the year 2003. Over these years of our experience in weather insurance we have made significant progress in terms of the product design and delivery mechanism.

**A. Products developed and being distributed:**

BASIX has today the experience of delivering a wide range of products in both Life and Asset Insurance. Most of these products have been designed with active participation between BASIX and the insurance companies to bring out products that are tailor made to the rural customers that we serve. The current product portfolio that BASIX is delivering to its customers is given below:

**Life Insurance**

- Credit Plus: A group life insurance product that covers all BSFL credit customers and their spouse. In case of KBSLAB the product currently covers the loan customers only.
- Savings Plus: A group life insurance product that covers all the savings and deposit a/c holders of KBSLAB.
- Grameen Suraksha: A limited payment pure term insurance product.
- Amar Suraksha: A pure term product with return of premium after the completion of the term.
- Anmol Suraksha: A savings product with guaranteed return.
- Sangh Samruddhi (Life)- A group life insurance to cover institutional clients and their spouse.

**Health Insurance**

- Grameen Arogya Raksha: A group health insurance product that covers all BSFL credit customers and their spouse. In case of KBSLAB the product currently covers the loan customers only.
- Sangh Samruddhi (Health): A group life insurance to cover institutional clients and their spouse.

- Janata Personal Accident: A retail policy providing coverage for Death or Permanent Total disablement to the insured arising due to accidental injury.

- Rural Personal Accidents: A retail policy providing coverage for Death, Permanent Total disablement or inpatient hospitalization cover to the insured arising due to accidental injury.

- Rural Hospital Cash: A retail product which offers hospital cash benefit to the insured against hospitalized due to illness or accidental injury.

Asset Insurance

- Livestock Insurance: A policy which provides benefit against the death of the cattle.

- Micro Enterprise: A policy which covers risk of loss to the insured non-farm enterprise due to any kind of accident and natural calamities.

- Weather Insurance: Insuring loss to the crop against adverse deviation in weather conditions.

B. Outreach

By the end of Dec, 2009 BASIX has delivered insurance services, both life and asset insurance to over 2 million individuals, covering both the rural and urban poor and has settled claims to more than 57,000 rural households.

Product wise business highlights as on 31st Dec 2009.

**Group Life & Health (Credit Linked) Insurance Business**

- **Product**
  - Outreach

  Life & Health Insurance
  - 18,33,341

**Retail Non-Life Insurance Business**

- **Product**
  - Outstanding

  Livestock Insurance
  - 80,697

  Micro-enterprise Insurance
  - 89,296
Weather Insurance
8,948

Personal Accident And Rural Health
88,298

Retail Life Insurance Business

Product
Outstanding

Grameen Suraksh (Pure term Insurance Product)
1,324

Sangh Samruddhi (Group Life & Health Insurance)
6,956

Cumulative Claims Settled as on Dec 31, 2009

Claims
No.of Claims
Settled Amount (in Rs. Million)

Life
8,493
132.99

Health
38,952
51.69

Livestock
3,913
28.49

Enterprise
1,123
6.10

Total
52,481
219.27

Weather (Crop Insurance)
5,199
4.36

Grand Total
57,680
C. IT and Process developments

To enable smooth processing of insurance policies across various product categories and across various geographic locations, BASIX has developed robust IT applications. These applications provide support to policy processing and claims servicing.

BASIX has also developed clear financial and operational procedures for administering the various insurance products.

D. Service Levels

Today BASIX is delivering insurance services at the doorstep of our customers, which has resulted in 1. increased awareness levels among household members on features and benefits of various products and 2. providing the entire life and livelihood protections services through a single channel.

BASIX has also worked with insurance companies to achieve quick Turn Around Time for claim settlements. Today through BASIX channel, claims are being settled within 30 days from the day of submission of claim documents to insurance companies. BASIX is further working with the insurance companies to better this performance. In case of weather insurance, the claims have been settled to eligible farmers even before the harvesting season has been completed.

E. Training

BASIX has conducted massive classroom and field level training on Insurance aspects to over 4000 staff members over the past six years. 500 executives in the company have undergone the IRDA prescribed online insurance training and qualified in the course.

F. Product development and innovation

The uniqueness of BASIX model of insurance distribution has been its active participation with the insurance companies in the design of products that take into consideration the specific requirements of the customers being served by BASIX. This is an ongoing process and continuous improvements are being made to the existing products. The delivery process for these products has also received special attention, by bringing greater simplicity to product and process features.

BASIX with ICICI Lombard and World Bank have to their credit, piloting rainfall insurance for farmers in India for the first time.

G. Delivery of insurance to external institutions

BASIX has also delivered Livestock Insurance services to SHG groups run by Mutually Aided Co-operative Societies in Nizamabad Dist, AP. It has also designed group life and health insurance product for members of institutional clients.

H. Policy and Consulting work

BASIX has been one of the key representatives from the Micro-Finance sector to the IRDA, to bring into focus the issues pertaining to the development of micro-insurance in the country. It has also undertaken several consulting assignments in micro insurance both at the national and international level. The prominent ones are as follows.
- Assessment of the micro insurance sector in Fiji and PNG for UNDP.

- Implementation of Micro Insurance services as part of the overall Financial Services Consulting Program in PNG on behalf of Shore Bank International (SBI).

- Implementation of a short term consulting contract with Development International Desjardins (DID) and FADQDI for replicating index based crop insurance in Sri Lanka.

- Conducted an international conference on Weather insurance in association with IFAD and WFP in India in 2008.

- BASIX and UNDP together conducted a workshop in different parts of India on "constraints and prospects" in implementing the Micro Insurance programme in India.

- Worked with World Bank and the Asian Development Bank in transferring a part of the knowledge and experience gained in India to other stakeholders at:

  - Bangkok, Thailand in May-06 for Agriculture and Agricultural Cooperatives (BAAC)
  - Dhaka, Bangladesh in Apr-07 for the MFIs in Bangladesh
  - Addis Ababa, Ethiopia in May-07 for various stakeholders in Ethiopia including Insurance companies and government ministries

- BASIX provided exposure visit to BAAC staff to study BASIX insurance program in Oct-2005 which was followed by a one-day experience sharing workshop on weather insurance in May-06, for over 60 participants from BAAC and Ministry of Finance, Thailand, as part of BAAC's preparation to introduce Weather Insurance program in Thailand. The second round of experience sharing workshops were conducted in India in March and April 2009 which consisted of 33 participants from BAAC, Ministry of Finance, Ministry of commerce, Ministry of Agriculture of Thailand.

Insurance  

Savings  

Microcredit  

Remittances  

Commodity Derivatives

"Bhartiya Samruddhi Finance Limited is a Composite Corporate agent for AVIVA Life Insurance Company and Royal Sundaram General Insurance Company Ltd., with the License No: 1524864".

Disclaimer: The customer data is kept strictly confidential.