Mutual Insurance
- Principles and philosophies

By

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Technical aspects of mutuality

Mutuality refers to a contractual arrangement, which may be unspoken between a group of people, as few as two

- Where it is understood that no member of the group stands in a superior position to any other in terms of voting power, ownership rights or accrued benefits.
- No matter what the legally sanctioned position held by any individual within the group might be.
- No matter what the length or kind of membership or contribution of any member might be.
- No matter what financial arrangements may be entered into to raise capital and
- No matter what administrative arrangements may be entered into to enhance expertise of the group.
Principles of Mutuality

- A group of people can act more efficiently through co-operation for their mutual benefit than if they act alone.
- A mutual is an enterprise owned by its members, providing a variety of services to the members for their benefit.
Genesis and evolution of mutual insurance in DHAN’s programmes

1992  Funeral expenses
      • Rural : Appanthiruppathy
      • Urban : Tirupathy

1995  Livestock insurance in collaboration with mainstream insurers

1997  Community based life risk management programme in Kadamalai, Uchipuli, Appanthiruppathy and Alanganallur
Genesis and evolution of mutual insurance in DHAN’s programmes

2000  Community based health risk management programme in Kadamalaigundu

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2001  Coverage under the products of private insurance companies
Genesis and evolution of mutual insurance in DHAN’s programmes

2002  LIC – KSSSY

2004  Rainfall indexed crop insurance in Natrampalli & Tirumangalam

2005  Community based life risk management programmes in Pudur & Gangai
       First federation mutuals of the nation registered at Gangai
Genesis and evolution of mutual insurance in DHAN’s programmes

2005  Funeral expenses & emergent hospitalisation expenses in 20 federations

Old age people risk solutions at Appanthiruppathy

2006  Mutual solutions in 12 federations - 9 federations have evolved whole life mutual solutions

Mutual Crop risk solutions at Tirumangalam
Approaches

Approach I

* Promoting community based insurance programmes at federations and ensuring viability and sustainability of them
* Mutual solutions to problems
* Insurance literacy is a prerequisite

Approach II

Linking mainstream insurance providers with poor
Philosophy

- Mutuality is the basis of community based insurance programme
- Zero levels of anti selection and proper underwriting in mutual solutions
- Affordable price due to minimum operational cost
- Collaboration where experience is minimal
- Graduation from life to health, assets and then pension
Contribution to the sector

- The concepts and systems of mutual insurance are evolving.
- A replicable model and systems would emerge over a period of time.
- Policy advocacy efforts undertaken to ensure space for community based insurance is a contribution to the sector.
Challenges

* Creation of baseline data
* Recognition under the purview of regulation
* Absence of reinsurance facilities
* Bundling of Insurance products to cover the risks in its entirety
View of Kalanjiam Hospital
Health care at Kalanjiam Hospital
Pharmacy at Kalanjiam Hospital
Thank You