

Social Insurance Scheme (SIS) for Poor Coastal Fishermen of Bangladesh: An Empirical Survey

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Abstract : The study presents some results of an empirical survey that has been carried out by us during the period of 2002-2003 in order to examine the potentiality of a particular social insurance scheme (SIS). The survey was conducted in five fishermen villages under the coastal belts of Bangladesh. In empirical survey, 300 heads of fishermen families were selected by taking 60 from each village as well as 50 community leaders were interviewed in representing 10 from each village. Empirical survey portrays the prevalence of potentialities for implementation of such scheme among rural Bangladesh in general and in coastal fishing communities in particular. Many problems in implementation of the scheme have been identified to be financial inability, lack of trust, illiteracy, dependence on fate and absence of market promotion programs in study areas. The study, in conclusion, has attempted to find out implications and suggest recommendations towards the goal of successful implementations of the scheme in coastal fishing communities of Bangladesh.

Key words: Social insurance, Poor, Coastal, Fisherman

Introduction

The social insurance is to provide protection to the weaker section of the society who are unable to pay the premium for adequate insurance (Mishra, 2000). Social insurance includes unemployment benefits, sickness insurance, disability benefits, pension plans and the likes. It has been recognized not only as an important and valuable social security measure but also as an important instrument for mobilizing domestic savings. It has proved to be an effective means of capital formation, essential for balanced economic growth of a modern welfare state (Mandal, 1998). Thus, it is rightly assented that social insurance is an intelligent man's device of pooling the resources of many to help the unfortunate few. Further, insurance serves national purpose by channelizing the savings of common people and making them available for proper investment in national development activities. Moreover, insurance penetration (Profit volume in relation to GDP) and insurance density (premium per capita) reflects the significance of the insurance industry in relation to country's total economic activity and productivity which indicates how much the people of a country spends on average on insurance. It provides a good indication of the stage of development of insurance market and insurance purchase power of its population in country. In Bangladesh, the total premium and the insurance density is \$72.92 million, GDP is \$208 and premium per capital is \$0.35, which indicates a low contribution in insurance side. There is no position in the share of world market (Rahman, 1998).

Bangladesh is, of course, a very poor country, with no scheme of social security of any kind, not to speak of the American/British system. It has been reported that after the death of a poor man or the only breadwinner of a family, it becomes difficult for his people to finance the burial of the deceased, not to speak of the food and shelter for his dependents (Ahmed, 1987). This is more true in the case of coastal fishermen communities of Bangladesh. The coastal fishermen communities, in general, are very poor. In most cases, more than 50 percent of the fishermen have no such valuable assets including land (Jeusen, 1985). The fishermen communities in the coastal regions of Bangladesh provide the necessary fish and animal protein for the people of the country. They work in the Bay of Bengal day and night in rain, wind and cyclone. But, they are still poor. These fishermen live in the coastal districts of Bangladesh, e.g. Chittagong, Cox's Bazar, Khuina, Satkira, Laximpur, Bagerhat, Noakhali, Barisal and off-shore islands (Hasan, 2001). In such a context, the assurance of quality of life depends to a great extent on the minimization of risks, which can be accomplished through adoption of various measures like social insurance scheme. It is, therefore, necessary to make a study of the potentiality of social insurance scheme (SIS) in the context of coastal fishermen of Bangladesh in order to find out about the operational implications of such schemes.

Rationale of the Study: The role of insurance industries in making rapid industrial progress has been documented in rather definitive terms by the experience of both the less developed and developed countries. But, it has been gathered that the total number of life policies in Bangladesh is 3,70,000 as against nearly one million in Pakistan and 40 million in India. Out of every 1000 people only 4 persons have life insurance policies in Bangladesh as against 21 in Pakistan and 37 in India. Per capita life insurance is less than Taka 70 in Bangladesh whereas in Pakistan it is 200 rupees and in India 600 rupees (Mandal, 1998). In recent years, the concept of saving through insurance

seems to have become unattractive to people of rural areas and the same scenario has been prevailed in the coastal fishing communities of Bangladesh. But, the protection principle of insurance can be attractive among the coastal fishermen if proper management can be made. In such a context, insurance companies can provide protection to a large number of coastal fishermen by introducing a suitable insurance product like SIS with group coverage for at least a small amount of money. It seems that various concerned groups like social workers, policymakers, academicians, professionals in insurance and the likes have recognized directly or indirectly the need of such scheme for coastal fishermen of Bangladesh. Because, this scheme can help the family members from the immediate miseries occurring after the death of the head of fishermen household. So far our knowledge goes, no in-depth study has yet been done on this subject of research. This research gap motivated the authors to undertake the study. The objective of this study is to investigate the potentialities and problems of SIS. We are interested to see whether it will be a feasible venture to introduce SIS for coastal fishing communities of Bangladesh.

Materials and Methods

The study presents some results of a survey during the period of 2001-2002 that has been carried out by us in order to examine the potentiality of a particular social insurance scheme. All data presented in this study are based on that survey. Both primary and secondary data have been used in this study. The primary data have been collected from five coastal fishermen villages of Bangladesh. The samples covered in this study were heads of fishermen families. The total number of household heads is 300 by taking 60 from each village. Total community leaders are 50 by taking 10 from each study area. In empirical survey, requisite information and data have been collected through a structured questionnaire. It was pre-tested according to the need and purpose of the study. Field investigators were selected and trained about the basic idea and principal theme of the study. Each question appearing to the questionnaire was explained to the field investigators to ensure the accuracy of the data and increase the authenticity of the study. Further, necessary data were collected through day to day observation, participation and group discussion to have got valid information about the potentiality of the social insurance scheme, operational activities and other relevant environment of the target group. Again, the socio-economic background of the sample coastal fishermen both were studied through participatory method.

Results

Socio- Economic Characteristics of Sample Respondents: In a socio-economic inheritance process some benefits, resources and privileges are passed on from the father and other family members to the next generations. It is said that socio-economic characteristics help shape preferences, determine attitudes and mold values (Robey, 1984). In such a context, socio-economic characteristics, i.e. age education, annual income, family size and occupation have been considered more relevant for the purpose of sample respondents of present study. Data, thus, collected have been shown in Table 1 (Appendix).

Table 1 shows the variables, which were used as indicators of socio-economic characteristics of sample respondents. It reveals that the coastal fishermen of Bangladesh are in low-income group. It was observed in field survey that the majority people of the area live from hand-to-mouth. Again, it indicates that most of them have large family size indicting 5-7 members. Data evidences that most of the sample respondents with little or no educational background and lack of skill for any professional job were engaged in inherited profession to meet their necessity and to improve their socio-economic condition. Thus, an alternative has to be thought of and concerned authority or insurance organization can develop a device in order to protect a large number of people by introducing a suitable insurance scheme. Social insurance scheme for a small amount of money with affordable premium by sample coastal fishermen seems to be practical and have great potential.

Knowledge of Social Insurance Scheme: Insurance is an important instrumental device through which protection is given to people against the consequences of loss of life and property (Ahmed, 1987). In such a context, we were interested to know from the sample respondents whether they know about social insurance scheme. The results of the empirical survey have been shown in Table 2 (Appendix).

Table 2 portrays that 91.43 percent of the sample respondents have no knowledge about the social insurance scheme. It appears that they have no clear concept about the scheme as well as its benefits. Reportedly, the saving concept through insurance to have become unattractive to people in the study areas.

Latent Demand of Social Insurance Scheme : Many customers may share a strong need that cannot be satisfied by any existing product. There is a strong latent demand for social measures like social insurance scheme. Data in this regard have been shown in Table 3 (Appendix).

Table 3 shows that 80 percent of the sample respondents are ready to undertake SIS if they get any opportunity for

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such scheme and 20 percent of them responded negatively. The reasons behind negative responses are identified as low income, uncertainty of income, absence of fair idea about the scheme, high illiteracy rate, non conversance with economic concept and the like.

Factors Indicating Potentiality of SIS in Study Areas: SIS involves a small amount of sum assured with a very low premium to the socially, politically and economically weekend people, and is especially suitable for coastal fishermen of Bangladesh. Social awareness and marketing promotion programs in this regard may build up positive attitude towards the insurance products like SIS among target groups. Further, the proposed scheme may perform the dual functions of providing coverage of risks as well as providing opportunities for savings. Moreover, it seems that the people of sample coastal fishermen villages are very interested in social measures for protection from financial insecurity and are motivated to join device such as social insurance scheme. In such a context, the factors indicating potentiality of SIS in study areas have been shown in Table 4 (Appendix).

Table 4 portrays that 15.41 percent sample respondents ranked meeting immediate crisis as the most important potential factor for proposed SIS in the sample study areas.

Appendix

Table 1: Socio-economic Characteristics of Sample Respondents

Variables	Indicators/ levels
Average age	40 years
Education class VI – VIII	15 %
Education up to class V	35 %
No education	50 %
Total	100 %
Monthly average income Taka* 4000- Taka 5000	30 %
Monthly average income less than Taka 4000	70 %
Total	100 %
Family size 5 – 7 members	45 %
Family size 3 – 4 members	40 %
Family size below 3 members	15 %
Total	100 %
Married	88 %
Unmarried and widowe	12 %
Tota	100 %
Received training from NGO	3 %
No training	97 %
Total	100 %
Inherited profession	98 %
Part-time source of income	6 %
Only source of income	94 %
Total	100 %

Source: Field Survey * \$1 = Taka 58 (approximately)

Table 2: Knowledge of Social Insurance Scheme

Response	Frequency	Percentage
Yes	30	8.57
No	320	91.43
Total	350	100

Source: Field Survey

The table further shows that the factors of potentiality ranges from negligible amount as premium 11.80 percent at the lowest, ranked at seventh, to provision for social security 15.37 percent at the second highest, i.e. ranked at second position. It is also reported that the other factors of potentiality are saving money, protection to weaker section of society, coverage of people's risk and helping to the distressed people and in terms of rating are 15.08 percent, 14.77 percent, 14.16 percent and 13.42 percent respectively. Thus, the factor indicating potentiality of social insurance scheme were ranked in order to magnitude and rated by weighted scores thereby indicating the highest marketing

potentiality in target groups in study areas.

Table 3: Latent Demand of Social Insurance Scheme

Response	Frequency	Percentage
Yes	280	80
No	70	20
Total	350	100

Source: Field Survey

Table 4: Factors Indicating Potentiality of SIS in Study Areas

Factors	Fishermen's Ranking of Factors			Weighted Scores	Rating Percent	Rank No
	No.1	No.2	No.3			
For meeting immediate crisis	181	90	28	751	15.41	1
Provide protection to weaker section of society	168	89	38	720	14.77	4
Provision of social security	175	95	34	749	15.37	2
For saving money	170	93	39	735	15.08	3
For coverage of people's risk	161	77	53	690	14.16	5
For helping to the distressed people	153	80	35	654	13.42	6
For negligible amount as premium	140	57	41	575	11.80	7
Total				4874	100.00	

Source: Field Survey

[N.B.: The sample respondents mentioned more than one potential factor. The ranking factors indicate 3, 2, and 1 respectively. The over- all ranking has been made on the basis of the percentage of the total weighted scores for each potential factor.]

Table 5: Opinions of the Sample Respondents Regarding Adequacy/Efficacy of SIS as Social Measures in Study Areas

Variables	Average score	σ_s	t-value	Remarks
Dominance of fate in the attitude of respondents towards life	- 0.93	0.94	18.51	Ineffective
Knowledge of target groups	- 0.59	1.05	10.54	Inadequate
Awareness about the scheme	- 0.61	1.04	10.95	Inadequate
Financial ability	- 0.49	1.03	8.86	Inadequate
Trust about getting money after death	- 0.55	1.04	9.85	Inadequate
Dependence on creator to remove misery	- 0.92	0.93	18.41	Inadequate
Faith in insurance	- 0.49	1.02	8.96	Inadequate
Instrument of protection	+ 0.37	1.39	4.98	Effective
Device for saving money	+ 0.36	1.40	4.81	Effective
Misconception of target group	- 0.93	0.91	19.14	Ineffective
Program for popularizing scheme	- 0.51	1.04	9.20	Inadequate
Motivation for saving	- 0.55	1.04	9.93	Inadequate
Political stability	- 0.52	1.03	9.43	Ineffective
Political philosophy of ruling party	- 0.60	1.07	10.54	Ineffective
Market promotion programs	- 0.78	0.96	15.20	Inadequate

Source: Field Survey

The table of 'Critical Values of Student's t-distribution' has been used to find out t-value at 5% level of significance. For $\gamma = 348$, $t_{0.05} = 1.96$ in the table.

Attitude of Sample Respondents Towards the Social Insurance Scheme as Social Measures: Attitudes are mental states used by individuals to structure the way they perceive their environment and guide the way they respond to it (Aaker & Day, 1980). The attitudes of sample respondents toward SIS for coastal fishermen of study areas have been examined. The data and information were collected as to the opinions of sample respondents regarding SIS as social measure in the study areas. Table 5 (Appendix) portrays the opinions expressed by the sample respondents

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regarding the factors in the area concerned on 5-point Likert-type scale. In this scale, + 2 indicates full agreement, + 1 somewhat agreement, '0' no comment and on the contrary, - 2 indicate complete disagreement and - 1 somewhat disagreement.

Table 6: Problems in Marketing of SIS in Study Areas

Problems	Frequency percents
Financial inability of sample respondents	94.00
Absence of faith in insurance	88.88
Lack of trust on such scheme	88.88
Lack of confidence about getting money after death	88.88
Dependence of fate to remove misery	66.50
Illiteracy of sample respondents	50.55
Absence of effective market promotion program	41.41
Instability of government policy	30.35
Absence of skilled marketer	25.20

Source: Field survey

[N. B.: Total of percentages exceeds 100 as respondents mention more than one problem.]

Table 5 shows that the average score as per opinions of the respondents based on 15 sub-variables is - 0.52 with a range of - 0.93 to + 0.37. It reveals that the relevant variables affect the social insurance scheme as social measures in study areas inadequately as well as ineffectively too. When they were asked if they are willing to be participants in such scheme, the largest majority agreed to participate. It appears that social measure particularly social measures for coastal fishermen have not yet been accepted as a top priority at the policy level of the Government of Bangladesh. Admittedly, Government of Bangladesh has set out a strategy to offer financial support for the old and weaker section of society through its old age allowance. It has been informed that the program has been started at a limited scale in initial stage. Further, the allocated amount of this project is negligible. Thus, a large majority of the respondent family heads wants other members of their family participate in the proposed scheme.

Problems in Marketing of SIS in Study Area: SIS is the first of its kind in Bangladesh. As such the target markets are not aware of its benefits and distinctive advantages. Admittedly, the unawareness of mass people of Bangladesh in general and coastal fishermen of study areas in particular poses a great threat to the introduction of SIS plan in the country. In such a context, our investigation as to problems in the popularizing of SIS and the responses of the samples in this regard has been shown in Table 6 (Appendix) in order of magnitude. Table 6 reveals that the most important problems are financial inability of sample respondents and lack of trust on the scheme which, in fact, are utmost essential for the popularizing of this scheme. The next two important problems are absence of faith in insurance as social measures and lack of confidence about getting money after death. Table 6, further, depicts that dependence on fate to remove misery as one of the most important problems in the marketing of the proposed scheme. It appears from the observation that illiteracy is one of the main problems in accepting SIS as a device for social measure. Instability of government policy reportedly affects the implementation process of SIS in study areas of the country. Ineffective marketing policy of the scheme was reported by some sample respondents to affect social measure programs like SIS in Bangladesh in general and in the study areas in particular. As a result, It is reported that target respondents' attitude towards innovative insurance products, better customer service and the like do not corroborate in the formulations of strategies regarding campaign of SIS in the study areas.

Policy Strategies for Marketing of SIS: The study pinpoints a number of problems in marketing of SIS in Bangladesh in general and in coastal fishermen communities in particular. Since SIS is the first of its kind in Bangladesh, the following suggestions can be made for its successful implementation and smooth operations.

Effective Marketing: Proper and effective marketing may play a significant role in order to develop awareness among target groups. It will open-up new way to remove their apathy towards SIS by highlighting the distinctive benefits of such schemes in other developed as well as developing countries.

Segmented Market: The survey indicated a potential demand for SIS in the corporate rural market segment. Initially, SIS may be targeted to the sample segments. Once it becomes successful then it can be targeted to the other market segments of the country.

Introducing Schemes Like "Earn while You Learn": Broad based marketing network in the field of social insurance needs more marketing forces to keep the marketing effectiveness in motion and reach the message of the insurance

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products to target market. To fill in the demand for additional marketing resources for popularizing the SIS, "Earn while You Learn" may be considered with top priority.

Consumer Education: Dynamic mass- media-based education system may be implemented through the use of attractive posters, publications, radio, television, documentary and other films accompanied by lectures, seminars, training course and adult education programs may go a long way to educate consumers and assist popularizing the scheme. Mass communication about the scheme may be ensured through drama, folk arts and street plays.

Role of Voluntary Organizations: Voluntary social and cultural organizations like Rotary Club, Lion's Club and NGO's can play an effective role in the development of social consciousness among the target groups of the country.

Conclusion

The survey evidences that there is a bright future for social measures like SIS in Bangladesh in general and in sample coastal fishing communities in particular. SIS is an area, which is yet to be receiving adequate attention from relevant interest groups in Bangladesh. Admittedly, SIS has been considered as a dynamic social device to meet the crisis of a household after the death of the breadwinners of the family. But, in Bangladesh it is almost unknown to the mass-people except those who have exposures to international environments. Thus, proper marketing programs should be taken to popularize the scheme to the target groups. The proposed scheme may be used as a social device to provide protection from the crisis due to the death of bread-winner in rural Bangladesh in general and in sample communities in particular.

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