

# Community-Based Insurance for Goats

## Experiences and Learning from Ibtada, Alwar



**SOUTH ASIA**  
**Pro Poor Livestock Policy Programme**  
A joint initiative of NDDB and FAO

**Background** – Ibtada<sup>1</sup> is a reputed not for profit, non-governmental organization based in Rajasthan. Established in 1997, the mission of Ibtada is to strengthen communities, especially women, to play an influential role to reduce social and economic poverty and inequality. With support from Heifer Project International (HPI), Ibtada commenced its project on ‘community development through livestock rearing’ in 2007 and has since introduced a number of programmes to strengthen goat-rearing based livelihoods. With the objective to incentivize goat rearing as a steady source of income for small holders, who are often compelled to begin from scratch on account of high rates of mortality of livestock, Ibtada initiated the community insurance model in 2012 in Thanagazi block of Alwar district. A strong network of *Pashu Sakhis* had been founded prior to this initiative, for provision of health care services to goats, following which the mortality in goats reduced from about 25-30 percent to about 5-6 percent. These *Pashu Sakhis* provide door to door health care services, in addition to raising awareness among the goat rearers through formation of Goat Rearers’ Groups.

**Objective** - With the objective to introduce a feasible and tested insurance model in its field pilot locations, SA PPLPP undertook a detailed study of the community insurance model being implemented under guidance of Ibtada in Thanagazi block of Alwar district. This document presents an analysis and compilation of the information collected.

**Methodology**- Field visit was undertaken to Thanagazi block in Alwar district in March 2014 to study the community insurance model in goat rearing. Detailed discussions were held with the Project Coordinator (Livelihoods) at Ibtada, under whose leadership the insurance model was established. Focused group discussions were held with goat rearers in village Aagar, some of who were members of Goat Rearers’ Groups. This village was selected because there were two cases of claim approval and rejection reported from the village. *Pashu Sakhis* with experience in handling the insurance and claims processes and documents, were also interviewed.

### **Implementation Strategy**

Also referred to as ‘*Samudayik Suraksha Yojana*’, the community insurance model was established in the year 2012 after the formation of Goat Rearers’ Groups (GRG), to encourage peer to peer learning among the rearers. Initially, insurance was extended only to those goats which were purchased on credit, and facilitated through the GRG. One hundred goats from about 30 families were insured in the first year after launch of the insurance programme. As of August 2014, the total number of goats insured had risen to 1,350, from about 400 households; of these, more than 90 percent have been purchased through credit, and are mostly of the Sirohi breed.

### **Institutional Arrangement**

The community insurance model is an independent model and has no linkages with any government or constitutional bodies such as PRIs. The main institutional actors in the model comprise:

**Federation**<sup>2</sup> – The Federation (*Chetna Mahila Manch*) holds the overall responsibility of issuing the insurance policy, fund collection, management of premiums, claims and their disbursement. The premium is collected by the Federation-appointed *Munshis*, during SHG meetings<sup>3</sup>.

**Project Management Committee (PMC)**<sup>4</sup> – The PMC meets once every month at the Federation office; any claims disbursed against insurance are paid out in cash to the goat rearer during these meetings to ensure transparency in financial dealings. The PMC also monitors and approves of the claims submitted by the claim committee.

**Insurance and Claim Assessment committee** – Every village has its separate claim assessment committee comprising three members of the GRG from that village, concerned *Pashu Sakhi/s*, and the Paravet<sup>5</sup> at cluster level. At the time of purchase of the policy, it is the *Pashu Sakhis*’ responsibility to conduct a detailed physical check-up to assess health of the goats being insured, and collect necessary information from the rearer, with

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<sup>1</sup>For more information on Ibtada, please visit their website – [www.ibtada.in](http://www.ibtada.in)

<sup>2</sup> Chetna Mahila Manch is a federation registered under ‘The Rajasthan Public Trust Act, 1959’ in Thanagazi block of Alwar district. It comprises of a Manager, 4-5 *Munshis* (Accountants) and is represented by two members from each of the 20 clusters (a cluster is formed by 15-20 SHGs).

<sup>3</sup> The financial transactions are mostly catered to during the SHG meetings and *Munshis* from the specific. Federations attend these meetings.

<sup>4</sup> The primary role of the project management committee on goat rearing is to closely monitor the development and execution of the goat rearing programme being implemented by Ibtada. The project management committee is represented by two members from each goat rearing group in the project area.

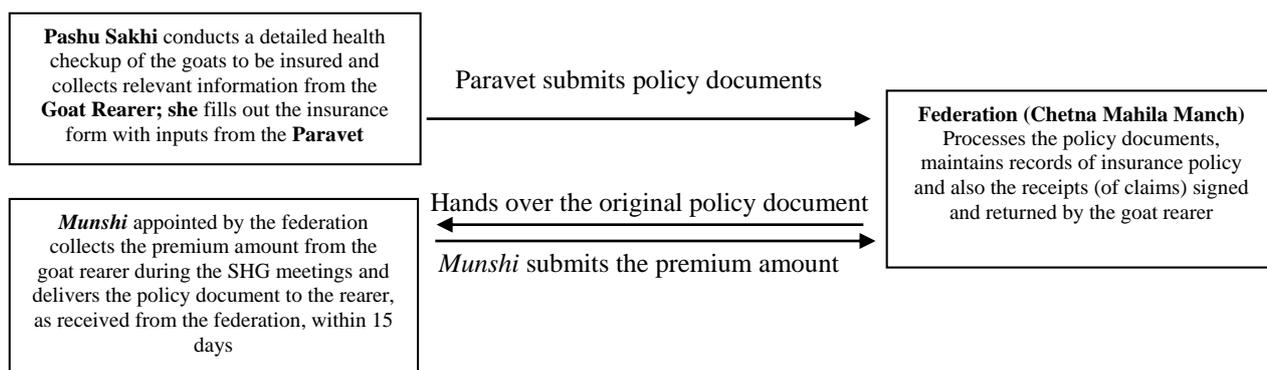
<sup>5</sup> Each paravet supports and monitors 15-17 *Pashu Sakhis*, who may represent 20-25 villages. There are a total of 5 paravets employed by Ibtada as of August 2014. One paravet represents approximately 20-25 claim committees. .

support from the paravet. *Pashu Sakhis* are also responsible for providing regular vaccination and deworming services to the insured goats. In the event of death of an insured goat, the *Pashu Sakhi* is responsible for immediately informing the paravet and visiting the deceased goat along with the three members of the GRG to assess and verify the reasons for mortality. The paravet is responsible for tagging the insured goats as also for following up on submission of insurance policy and claims submitted by the goat rearer.

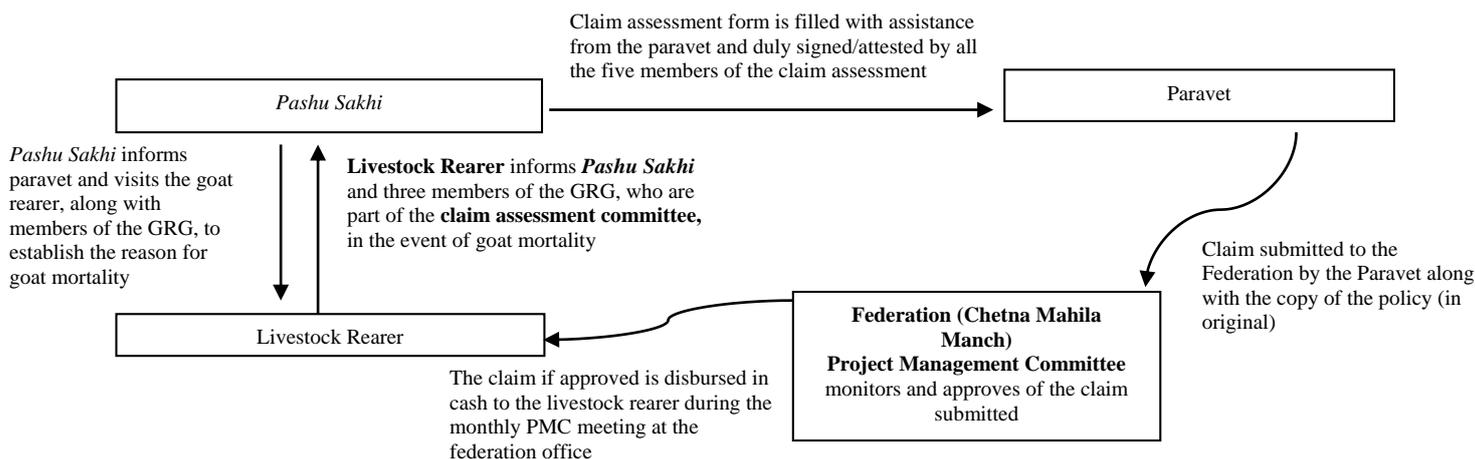
**Livestock rearer** - The rearer is responsible for ensuring adoption of good health and management practices (proper housing, feed and timely vaccination and deworming). In case of death of the livestock s/he is responsible for immediately informing the claim committee, comprising the *Pashu Sakhi* from their village, the paravet and three other members of the GRG.

The following flowchart details the key processes involved in purchase, claims assessment and pay-out of insurance claims.

### Purchase of Insurance policy



### Claim Assessment and Pay-out Procedure



### **Key Features of the Ibtada Community Insurance model**

Following are the salient features of the Ibtada community insurance system:

1. The total insured amount for a goat is 10 times the premium paid by the rearer. For example, if a goat has been insured at a cost of Rs 100, the rearer is eligible to claim Rs 1,000 in case of mortality, provided it meets the following criteria:
  - Full insurance amount is payable in case of mortality due to accident, or any disease for which prior treatment was administered by the *Pashu Sakhis*/ paravet
  - Mortality due to predation is not covered
  - 40 percent of insurance amount is payable in case of an infertile animal
  - 50 percent insurance is provided in case the animal suffers a paralytic attack
2. The maximum amount payable is fixed at Rs 4,000 per goat, for breeds such as Sirohi, which cost approximately Rs 6,500-7,000 per animal. Almost 80-85 families have got their goats insured against

payment of Rs 400 each, for breeds such as Sirohi and Totapuri. Livestock rearers prefer to insure only healthy and milking animals.

3. The minimum age for insurance of goats has been decided as 10 months, as most goat rearers prefer to sell the goats before they attain 10 months of age, unless they want to increase the flock size. At 11 months, a goat usually starts kidding, in which case it is retained for a period of 3-5 years. There is no upper age limit for insuring goats, and it depends only on the health of the goat.
4. The insurance claim is usually released within two-four weeks' time after reporting of mortality. Unclaimed premiums lapse at the end of the year. The Federation is contemplating ways to put the unused sum to more beneficial uses for the livestock rearers.
5. Of the 56 claims received in the year 2012-2013, 54 (96%) were reimbursed; 2 claims were rejected as they were found to be deaths caused by predation.
6. The number of drop outs from the insurance policy during the year 2012-2013 was estimated to be between 5 and 10 percent. The process of renewal of insurance for the year 2014-2015 was ongoing at the time of the study.

### **Economics of the community insurance model**

Ibtada did not incur any specific establishment costs in setting up of the community insurance system for goats. The existing capacities of *Pashu Sakhis*, Paravets and the members of the GRG were harnessed for reaching out to goat rearers. There are no incentives provided either to the *Pashu Sakhis* or the Paravets for rendering their services. At the time of the study, the number of claims submitted was approximately 5% of the total number of animals insured. The premium amount is inclusive of the annual cost of deworming and vaccination of goats and it is the responsibility of the *Pashu Sakhis* to provide these services.

### **Observations regarding limitations and sustainability of the community insurance model**

The total goat population in the Thanagazi block is approximately one lakh and the number of goats covered under the community insurance model is limited to slightly more than 1 percent. During discussions with the goat rearers at village Aagar, it was learnt that the condition regarding non-acceptance of claims in cases of death due to predation is one of most discouraging factors; more so, when the predated animal was purchased on credit, and the rearer/owner is still required to repay the sum loaned.

The community insurance model capitalized on the existing and capacitated human resources comprising the *Pashu Sakhis* and Paravets, who have received several years of training and hand-holding support. As a result, there were no additional costs incurred in terms of human resources for establishment and management of the scheme. With the decline in mortality rate of goats due to timely health care services and good management practices followed by the goat rearers, the percentage of claims received for disbursement on account mortality due to disease are likely to decline. Secondly, being managed by the community, members of the GRG feel a strong sense of ownership toward the scheme, and are satisfied with the degree of transparency in transactions. An example of this was observed in village Aagar, where a goat rearer complaining about her claim being rejected due to predation was provided a detailed explanation by other members of the GRG.

