

Poverty-stricken Area and Insurance Support

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Abstract—Targeted poverty alleviation is the important poverty alleviation and development thought proposed by China and using insurance industry to help targeted poverty alleviation is one of the most important measures for realization of poverty alleviation, because insurance possesses the natural property of rescuing the endangered and succoring the poor on the aspect of balancing and spreading the risks of the poor. This paper finds out the problems thereinto through review on the existing insurance poverty alleviation model and proposes corresponding solutions from the levels of government and enterprise.

Keywords—targeted poverty alleviation; insurance poverty alleviation; poverty alleviation path

I. INTRODUCTION

Since the reform and opening-up in 1978, China has successively gone through the rapid development of economy and large range of extensive poverty alleviation and now there have been over 700 million poverty stricken population realizing poverty alleviation which has important milestone meaning on the poverty alleviation career of the world. However, there was still 30.46 million of population still not getting rid of poverty. According to the related statistics results, the causes of poverty of the poor are complex including lack of funds, lack of technology and lack of education, etc. While some of them are jointly caused by multiple reasons and manifest different features in different regions. In November 2013, the concept of targeted poverty alleviation was formally proposed by General Secretary Xi Jinping when investigating in Hunan which was developed and improved in the gradual promotion of our national poverty alleviation activities. The practice has proved that targeted poverty alleviation plays an important role in our national all-round well-off construction. While the insurance has the functions including solution of risks, income protection, prevention and control of poverty caused by diseases and repoverty, etc and has significant meanings for guarantee on national food safety and promotion of construction of well-off society which is the important supplementary means for winning the battle of targeted poverty alleviation. Targeted poverty alleviation is the new requirement for our national poverty alleviation to enter critical stage and in-depth stage and is also the necessary requirement for increasing the insurance poverty alleviation efficiency.

II. MAIN MODES AND CHALLENGES OF TARGETED POVERTY ALLEVIATION IN INSURANCE INDUSTRY IN POOR AREAS

A. Main Mode of Insurance Targeted Poverty Alleviation

1) *Health poverty alleviation*: Health poverty alleviation means to enable the poor people to get rid of dilemma including difficulty of getting medical service and expensive medical service through promotion of medical service level and service capacity and improvement of public health services and other paths so as to guarantee the poor people to enjoy the right of reimbursement and assistance for severe diseases, especially the special crowd with filing and card. The targeted poverty alleviation needs to rely on the means of insurance to solve the issue of poor households including “poverty caused by diseases and returning to poverty due to diseases. Its main measure is the combination of enhancement of basic medical insurance, commercial insurance, critical disease insurance and medical assistance. And the insurance products suitable for poor area and poor area and poor people shall be greatly researched and developed through the joint action of commercial insurance and social medical insurance and the financial burden off medical expenses shall be reduced.

2) *Agricultural insurance*: In the poor area, the people may suffer economic losses due to agricultural disasters and the poverty and repoverty caused by disasters occur frequently. And it is an effective measure for realization of targeted poverty alleviation to protect the agricultural development by agricultural insurance. As the great agricultural country, our country attaches importance to apply the insurance mechanism to help the poor to overcome poverty and achieve prosperity. The Party and government launched the agricultural insurance pilot project in 2007. Up to now, the agricultural insurance has comprehensively covered agriculture, forestry, animal husbandry, side-line production and fishery. The agricultural insurance played an important role in promoting the poor to overcome poverty and achieve prosperity and guaranteeing the stable agricultural development. At the same time, the insurance companies provided targeted insurance services, shortened the claim settlement procedures and accelerated the claim settlement speed according to the requirements of targeted poverty

alleviation to guarantee that the peasant households can obtain fast and high-efficiency compensation when suffering economic losses incurred by natural disasters and can recover the reproduction from disasters faster.

3) *Supplementary poverty alleviation*: The supplementary poverty alleviation focuses on the areas that cannot be national poverty alleviation system in the society. Because of the financial funds, the state can only provided limited social security but cannot provide comprehensive and sufficient guarantee. Therefore, the poor people, especially the poor family with unfortunate death or disability of main labour force of family can obtain certain fund compensation through insurance. Therefore, commercial insurance can help to provide effective risk guarantee for the poverty-stricken families. The government needs to increase the proportion in public expenditure for the vulnerable groups and the poor, such as households enjoying the five guarantees, the disabled, the elder who lost their only child and the poverty-stricken families with special file and card that the state pays close attention to, etc and the insurance companies develop applicable insurance products for them, such as the small amount personal insurance specially launched for peasant workers in city and the urban and rural poverty-stricken population.

4) *Industry poverty alleviation*: The industry poverty alleviation is the poverty alleviation mode carried out for gaining economic benefits under the orientation of market mechanism which can strongly promote the poverty relief and development of poverty-stricken areas and is dominant strategy of government for poverty relief and development. Industrial poverty alleviation is a sustainable and high-efficiency development mode which focuses on promoting the self-development ability of poverty stricken population and can realize the overall development, motivate the internal vigor of poverty-stricken areas and eliminate poverty causes. Commercial insurance can help the industry poverty alleviation which breaks through the past blood-transfusion poverty alleviation mechanism with extensive capital donations and relies on the interest-free and guarantee-free loan for poverty alleviation to establish the market mechanism oriented internal "hematopoiesis" mechanism and motivate the self-development of poverty-stricken people.

B. Challenges Faced by Insurance Targeted Poverty Alleviation

1) *Inaccurate identification of target of insurance poverty alleviation*: The battle of poverty alleviation has entered new stage. To improve the inclusive of insurance and give play to the higher effectiveness of poverty alleviation, we need more efficient identification of poverty alleviation targets. Currently, China still needs further improvement on this aspect: firstly, the guarantee scope of insurance of China is limited and some important crops cannot be covered by agricultural insurance, especially in poverty-stricken areas where only few of the poor people can obtain the support of agricultural insurance.

At the same time, the coverage rate of health insurance of China is still insufficient. Many poor people still are not used to getting insurance. And the phenomenon of poverty caused by diseases and returning to poverty due to diseases frequently occur. Secondly, the insurance poverty alleviation system of China is not perfect. Many poor people get insurance voluntarily while it is also difficult for the mass needing insurance to obtain the insurance service for poverty alleviation due to information asymmetry and no way of payment of insurance premium. At the same time, the poor people lack the positivity in getting insurance which is because the people in poverty-stricken area has weak consciousness in insurance and are not willing to bear the insurance premium. Under the influence of traditional view, the poor people usually independently take the risks and are either in helplessness or depend on the government assistance when suffering huge losses.

2) *Insurance products lack pertinence and optionality*: The insurance products lack pertinence and optionality. The traditional insurance products have uniform standards in the province and implement the rate without distinction and coverage and there are less choices for poor peasants. The main reasons resulting in such phenomenon include: first, the headquarter of various insurance companies solely control the right of design of insurance products and all the subordinate branches and subsidiary companies, etc almost cannot develop the corresponding insurance products according to the characteristic advantaged industries and the features of poverty alleviation of various regions. Secondly, there are few young adults with high educational level among left-behind people in rural areas and the elder and children cannot well understand and accept the insurance products with complex articles and complicated procedures which causes the poverty-stricken areas, especially the insurance products to present large quantity of homogeneity. The insurance agencies rarely design corresponding insurance products according to different risks which cannot adapt to the difference in production levels of various regions and the difference in regional characteristics. Finally, on the aspect of share of subsidies of local finance and insurance agency, the premium rate and premium subsidy are basically the same which lack difference. It is stipulated to adopt fixed proportion share mode for economic less-developed regions and developed regions which lacks the design aiming at the weak financial conditions of poverty-stricken areas.

3) *The insurance service system still needs to be improved*: The insurance service system still needs to be improved. The insurance sales in poverty-stricken areas, especially in rural areas are mainly relied on physical outlets while the rural areas have a vast territory with a sparse population and the sales network is relatively disperse, therefore the insurance products sold have low profits and increase of network will correspondingly increase the economic burden. While there currently are few sales outlets which will cause it difficult for the poor people to feel the functions of insurance agencies and

cause them hard to to understand corresponding insurance benefits and will cause low insurance coverage rate and low positivity of poor people in getting insurance.

4) *The talent supply for insurance industry is in serious shortage*: The target regions of targeted poverty alleviation mainly are the regions inhabited by ethnic groups, poor counties and poor villages, etc. On the aspect of talent education, the poverty-stricken areas has congenital disadvantages including poor geographical environment and weak facilities and the economic level cannot be compared with that of economically developed regions, therefore the wage level is generally low, the work environment is relatively poor and such areas lack the attraction to talents. In addition, the talent cultivation mechanism of various poverty-stricken areas still need to be further developed. Colleges are the main source of professional talents. However, the colleges in poverty-stricken areas have insufficient attention on the major of insurance. For example, in Yunnan Province which has the most poor counties in whole China, there is only one university under the 211 Project, Yunnan University which has not set the major of insurance. This phenomenon exists extensively in other poverty-stricken areas. On the aspect of talent supply, currently the supervision departments mainly adopt the form of temporary post practice. However, generally only a few of cadres are appointed which cannot fill the talent gap. While the insurance agencies usually adopt the extensive staff employment mechanism which causes relatively lower quality of staff and cannot better adapt to the requirements of targeted poverty alleviation.

III. SUGGESTIONS ON THE DEVELOPMENT OF INSURANCE INDUSTRY IN POVERTY-STRICKEN AREAS

A. Government Level

1) *Accurate connection with poverty stricken population*: In term of health insurance, accurately connect with poverty-stricken families and realize complete coverage of health insurance to avoid poverty caused by diseases and returning to poverty due to diseases. During the period of “the 13th Five-year Plan”, the insurance industry in poverty-stricken areas should focus on the research and development of serious disease insurance with low expenses, strong risk tolerance, simple procedures and strong operability which can be borne and purchased by poor people and can obtain considerable economic compensation after suffering losses according to the common categories of serious diseases among the population in poverty-stricken areas and the actual income level of poor people and should guarantee the insurance to be widely known in poverty-stricken area after being launched to attract the poor people to buy to the maximum extent and solve the issues including difficulty of getting medical service and expensive medical services, especially the difficulty of curing serious diseases. On the aspect of agricultural insurance, the insurance shall be oriented by “Sannong” insurance to vigorously support the characteristic agriculture of poverty-stricken areas. Use the preferential policy on poor people to

strive to develop agricultural insurance. All the local finance should issue corresponding subsidy policies by aiming at the characteristic competitive industries and reduce the expenses on insurance of peasant households to enable the peasant households with needs to actively buy insurance to the maximum extent and help the peasants in poverty-stricken areas to reduce losses and increase income.

2) *Enhancing the talent education for insurance in poverty-stricken areas*: Targeted poverty alleviation has proposed higher requirements on insurance talents in poverty stricken areas. To guarantee the insurance poverty alleviation to be more accurate and effective, all the government of poverty-stricken areas shall attach close attention to the aspect of talent education and shall formulate practical and effective plans to improve the quality of talents. Firstly, input more funds and qualified faculty in local colleges, especially universities under “211 Project” and “985 Project” and actively recruit students and establish high-level major of insurance industry to guarantee the talent output; secondly, adopt the mode of “order-oriented” cultivation for talents according to the demands on development of local insurance industry market. Connect school with basic level and arrange the students of major of insurance to practice at frontline during holidays to combine theory with practice and let students become high-quality talents of major of insurance; thirdly, combine with existing system of oriented employment of college graduates and other systems to set up oriented employment class for middle and high-end talents of insurance to keep the local talents and let them realize targeted poverty alleviation in the practice of hometown construction. On the aspect of talent cultivation, establish vocational schools related to insurance and encourage poor students to study in such schools. Introduce enterprises to conduct talents selection and employment and help with the employment of poor people which can also help to cultivate insurance talents.

B. The Level of Enterprise

1) *Developing targeted poverty alleviation insurance products from multiple perspectives*: The insurance products have rich types and multiple purposes. In this paper, we mainly conduct study from two perspectives including agricultural insurance and health insurance.

Firstly, it is the perspective of agricultural insurance. First, select advantageous agricultural products and explore local characteristic insurance types, such as rubber insurance and rice insurance according to the agriculture development conditions in poverty-stricken areas. Actively development and innovate insurance types, such as target price insurance of main agricultural products, income insurance, weather index insurance and agricultural insurance for facilities, etc. Second, construct the supporting system for guarantee of agricultural services which is not just limited to traditional agriculture. Actively expand the industry chain for the poverty-stricken areas to provide guarantee for the realization of industrial upgrading. Focus on the new agricultural projects with less environmental pollution and high economic profits and use the

technologies including big data and Internet of Things to provide overall guarantee from all aspects including transportation, storage and quality control, etc.

Secondly, it is the perspective of health insurance. First, in term of policy, continue to increasing the preferential degree for the households with basic living allowance and the poverty-stricken families with files and cards to ensure the poor people to get rid of the isolated and helpless dilemma and ensure that they can get insurance support at the first time when needing medical insurance. Second, carry out supplementary medical insurance for targeted poverty alleviation to relieve the economic burden of poverty-stricken families, especially those with special file and card when being hospitalized. On other aspects, because the labor force in poverty-stricken area is crucial and the poor families usually cannot afford the high insurance premium, the small-amount personal insurance products can play an important role in preventing them from poverty or returning to poverty due to accidental damages. Facing to the conditions including poor geographical environment and frequent natural disasters in poverty-stricken areas, it is necessary to launch catastrophe insurance to prevent the poverty due to large area of disasters. Aiming at the issue of education, popularize student loans. At the same time, the insurance company can carry out poverty alleviation with loving heart and hold the love donation, etc to help to solve the issue of education for poor students and improve the education environment.

2) *Completing the insurance service system:* Expanding the coverage of insurance service and realizing the dynamic supervision.

First, it is necessary to enhance the construction of basic network. Currently, the distribution of poverty stricken population within the whole country is relatively disperse. The national-level poor counties are distributed all over 21 provinces. Most of such regions have poor natural conditions and weak economic foundation, therefore there are few insurance sales outlets and such regions lack talents and are significantly different from the developed regions on the aspect of service ability. Commercial insurance cannot achieve the due effects in poverty-stricken areas. China Banking Regulatory Commission needs to loosen the review and approval authority, simplify the review and approval process, enhance the policy support and motivate the positivity of insurance companies with profitability for expanding businesses in poverty-stricken areas. The areas with most elders, the young and the back lands as well as poor areas have weak infrastructure and inconvenient transportation which need to be conducted with key layout in the places concentrated with targets of poverty alleviation. The towns can newly set up agencies so as to establish and complete the three-level insurance service mechanism covering county, towns and villages.

Second, it is necessary to change the publicity mode. Because the general educational level of rural population is low and the living environment is relatively closed, the insurance agencies at different places may accord with the different business conditions and take village as unit to select the sales agents who possess the educational background of junior college or above, are familiar with knowledge about

insurance and local conditions, can understand the local dialect and can build good relations with local people to take the lead. On the publicity mode, the insurance companies shall suit the remedy to the case and focus on the publicity of related insurance policies and help the poor people to master basic common sense of insurance.

Third, it is necessary to carry out dynamic supervision, reduce insurance management cost and help to get rid of poverty and become better off. The poor people are in large quantities and are relatively disperse and there are diversified reasons of poverty which mutually interweave with each other, relying on traditional poverty alleviation identification and sighting system not only costs much, but also has low poverty alleviation efficiency. In the new period, we should rely on internet and electronic information technology to establish e-record for the basic information of people in all the poverty-stricken areas. During poverty alleviation, fast and correctly input the targets of poverty alleviation, subject of poverty alleviation, poverty alleviation projects, funds, performance and various other kinds of data and carry out dynamic supervision through network management mechanism to provide scientific basis for improvement of accuracy of poverty alleviation. Use the on-line management system to accurately manage the interest subsidy funds for poverty alleviation and conduct realize real-time management and supervision on the conditions including number of insurance households, insured amount and the credit extension and insurance conditions of each quarter as well as insurance classification, etc.

IV. CONCLUSION

With the implementation of poverty alleviation work in China, the poverty alleviation work is mainly a government-led model. However, along with the economic development and social progress, the government's poverty alleviation model has also been experiencing problems, and the need for poverty alleviation in poor areas has a much wider variety of changes. With diversified financial support, from the perspective of insurance, it is necessary to create new insurance products and broaden insurance coverage. The introduction of accurate poverty alleviation in the insurance industry is an innovation and expansion of poverty alleviation. Insurance participation in poverty alleviation is conducive to transforming poverty alleviation from blood transfusion to hematopoiesis, making poverty alleviation more effective.

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