



MIT SLOAN SCHOOL OF MANAGEMENT
15.483 CONSUMER FINANCE AND FINANCIAL
PRODUCTS

SPRING 2018

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Lecture Notes 7

BASIX Insurance



FINANCIAL INCLUSION SERVICES (FINS)

Savings: (Direct and as Business Correspondent

Credit: agricultural, allied and non-farm activities; loans for housing, water & sanitation, vocational training

Insurance for lives and livelihoods – health, crop, livestock, micro-enterprise assets

Money transfer, for migrant workers and Micro-pensions

Warehouse receipts

Agricultural/Business Development Services (Ag/BDS)

Productivity enhancement through increase in yields or reduction in costs.

Risk mitigation (other than insurance) – such as livestock vaccination

Local value addition through processing – such as cotton ginning or milk chilling.

Alternate Market linkages - Input supply, output sales

Diversification from farm to allied and non-farm activity

INSTITUTIONAL DEVELOPMENT SERVICES (IDS)

Individual level awareness, skill and entrepreneurship development, building solidarity and trust.

Formation of groups, federations, co-operatives, mutual benefits, etc., of producers.

Accounting and management information systems, using IT

Building collaborations to deliver a wide range of services

Sector and Policy work – analysis and advocacy for changes/reforms.

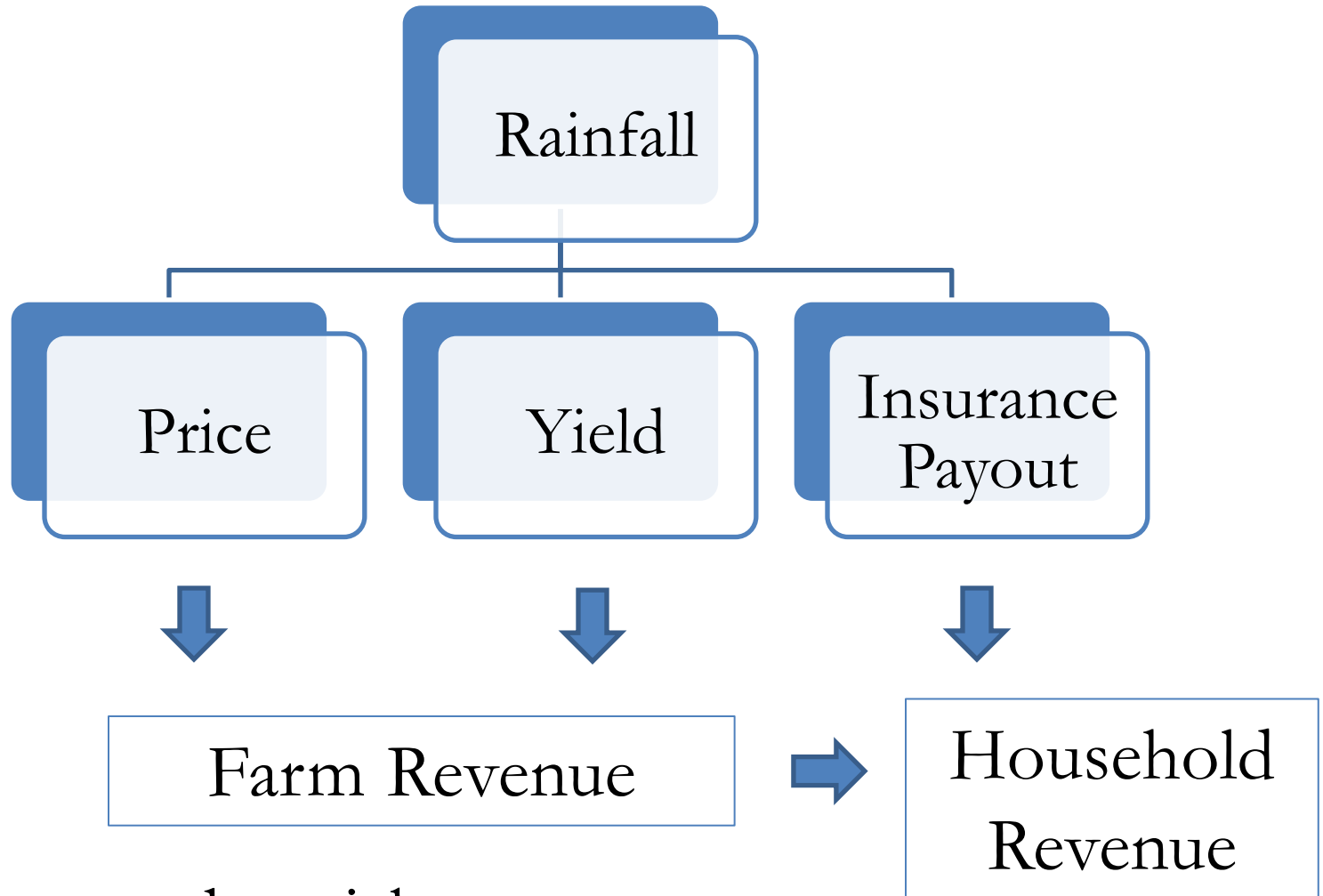
How do household manage risks?

Weather insurance

How is the product different than traditional insurance?

Advantages/disadvantages v.s. crop insurance?

The insurance problem



There are other risks too . . .

Was 2003 policy a success?

Why did BASIX initial product fail?

The financial engineering of the contract

Should the farmers purchase the rainfall insurance as offered? Should BASIX offer the product?

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