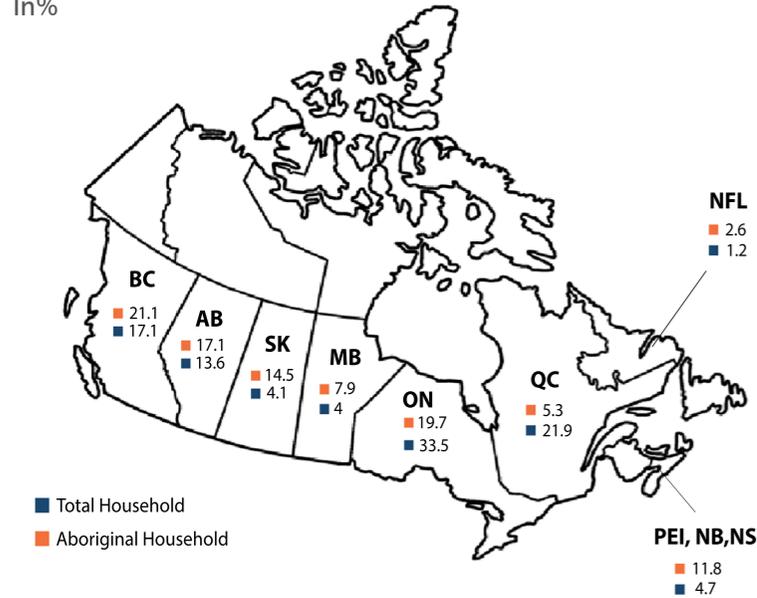


Is There a Role for Microinsurance in Canada?

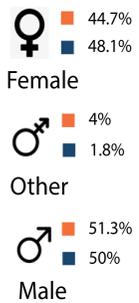
Survey Description

In%

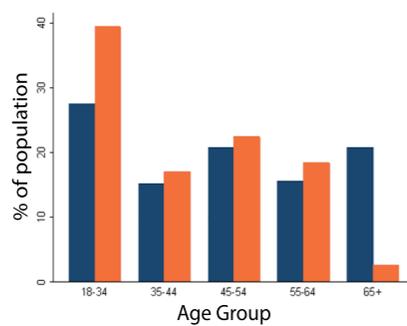


- The survey data was collected by York University's Risk and Insurance Studies (RISC).
- The sample consists of 2,183 households from 10 provinces (excluding reserves)
- Aboriginal People respondents are outside of the reserves and consists of 76 households in the sample

Gender Distribution



Age Distribution



Occupation	Total	Aboriginal
Employment full-time	49.6%	60.5%
Employment part-time	10.3%	17.1%
Retired	24.2%	7.9%
House husband/wife	3.3%	6.6%
Unemployed	2.0%	2.6%
Employed but on leave	2.9%	0.0%
Student	3.9%	1.3%
Other	3.7%	4.0%

Abstract

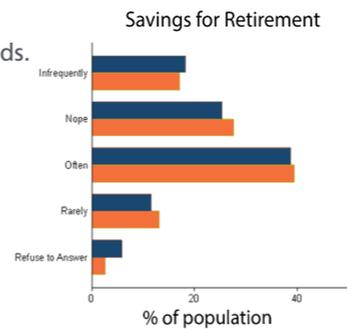
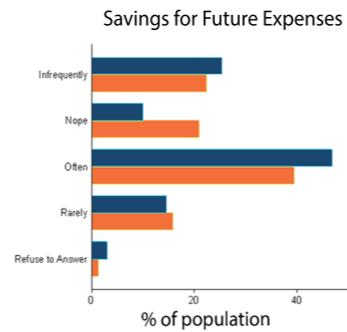
Microinsurance are insurance products that are specifically designed to protect the poorer households and those excluded from traditional insurance markets against unforeseen circumstances. **Our research identifies characteristics of vulnerable households that could benefit from adopting microinsurance to cope with various health-related risks.** We focus on spotlighting Aboriginal people as they represent one of the groups prone to poverty, and they are more exposed to health-related risks.

Method

The **descriptive statistical information** is extracted from the survey data collected by York University's Risk and Insurance Studies Centre (RISC). **Comparative analysis** is performed to identify the specific financial behavior, health risk exposure and coping mechanisms used by Aboriginal households.

Financial Behavior

- Savings and credit (or debt) are commonly used by households to cope with risks.
- Savings are primary means of coping with risk, and debt is used by households that do not have savings.
- Banks are commonly used financial institutions by all households. However, **Aboriginal households are more exposed to informal lending services** relative to the total households.
- Informal lending sources are not well regulated by the government. Thus they have higher interest cost, and **usage of informal lending services often end up making the households worst off.**



Borrowing Source	\$30k - \$60k n = 1102	\$30k - \$60k (A) n = 32
Banks	51.3%	53.1%
Money Lender/Payday loans	4.9%	6.3%
Credit union	10.4%	25.0%
Friends and family	14.6%	21.9%
Local informal borrowing group	1.1%	3.1%
Mortgage of capital items	18.6%	9.4%
Other	1.5%	0.0%
None	28.8%	25.0%

Health Risk Exposure & Coping Mechanism

Health Risk Experience By household	Total Household n = 2183	Aboriginal Household n = 76
Accident leading to permanent disability	11.31%	26.32%
Accident leading to temporary disability	26.71%	36.84%
Chronic illness (visits doctor/takes medicine)	38.34%	48.68%
Non-Chronic illness or injury	27.30%	35.53%

Top 4 Medical Facilities Visited



- Various health risks have varying degree of effect on the household's finances.
- **Aboriginal households are more exposed to health-related risks** and are more likely to respond to having moderate to great financial hardship to all health-related risks.
- The top 4 visited facilities are all insured by the government with the exception of pharmacies. Households have to pay money out of their own pockets for medications.

Moderate to Great Financial Hardship



Top 4 Coping Mechanism

	Total Household	Aboriginal Household
1 Reducing discretionary spendings	52.2%	Cash on hand or savings 42.4%
2 Cash on hand or savings	41.6%	Reducing discretionary spendings 39.4%
3 Reducing essential spendings	32.9%	Loan from a friend or family 30.3%
4 Selling household goods	23.8%	Private insurance 24.2%

Concluding Remark

Considering the increasing healthcare cost, dissaving and increasing use of informal lending services by poorer households, **microinsurance can play a role as a substitute coping mechanism to the high interest debt services**, which the poor households are more exposed to as such services can make them worse off in the long run. However, to understand the demand for microinsurance in a developed country, there is a need for further research and the development of microinsurance products.