

Inclusive Insurance Policy for Uninsured People: A Systematic Review

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Abstract

Inclusive insurance has become a priority agenda in developing countries like Nepal. This study investigates the inclusive insurance policy for uninsured people using a systematic literature review. The research is based on a review of systematically selected empirical research papers. The Google Scholar search engine was applied using the keywords "social insurance" and "inclusive insurance". All papers that were published from January 2017 to September 2025 have been checked for the study and 21 research papers were selected for this study using the PRISMA framework. The study finds social insurance, microinsurance, public private partnership, solidarity and insurtech model of insurance are effective platforms to expand insurance services to the uninsured people. Adoption of technology-based method, insurance services can be widely expanded and delivered responsive, efficient and inclusive services to the under-served area and people. Inclusive insurance policy is essential to promote collaborative governance with public sectors, market-based instruments, and social institutions to develop a protection framework. Government may promote inclusive insurance environment, enhance capability of insurance institutions and expand the access of insurance services to the uninsured people.

Keywords: Financial inclusion, inclusive insurance policy, social insurance, uninsured people.

1. Introduction

Today, financial inclusion has become a priority agenda around the world. Despite the significant progress in financial inclusion, there is big disparity between developed and developing nations. Millions of people are still uninsured against various risks such as disaster, illness, and livelihood shocks due to poor inclusive insurance policy. Insurance companies play a crucial role in expanding inclusive finance. Inclusive insurance policy includes micro-insurance programmes, social insurance and community-based health insurance schemes designed for the vulnerable people (Zheng & Su, 2022). The low-income households, marginalized population, rural people, and informal sector workers are facing high economic risks due to poor purchasing power of insurance policies. As a result, governments have been progressively involved in administering inclusive insurance programmes in many developing countries around the world.

Insurance policy acts as an instrument of social, business, commercial, economic, and public policy. Insurance systems of developed nations tend to assist for the fulfillment of socio-economic principles. Social instrument element provides a significant supplementary tool for resolving insurance policy and coverage issues (Stempel, 2009). The role of insurance policy is substantial to contribute economic growth in terms of promoting financial stability, empowering trade and commerce, activating savings, tolerating risks, inspiring loss mitigation, and nurturing for efficient provision of capital (Lester, 2014). Increasing financial integration and building inclusive insurance environment are connected with insurance literacy, responsiveness of potential users and their perception regarding insurance benefits (Aheeyar et al., 2019).

Households in developing nations are subjected to extreme risks, with significant values on their welfare. Human life comprises risks, both professional-related and catastrophic, that can harm health, life, and work of people. The insurance products are designed to safeguard the insured from risks, support promises and prevent from significant consequences (Kiwanuka & Sibindi, 2025). Insurance services are essential instruments for managing risks arising from various sources, reducing poverty and adapting to climate issues. Developing countries often face a problem of low insurance penetration due to poor insurance literacy, unaffordable insurance policy, financial constraints of the people, and limited capacity of insurer (Linnerooth et al., 2009; Lou et al., 2024).

Universal health insurance characterizes one the most notable advances for rural-urban integration. Health insurance coverage ensures the fundamental rights related to access of affordable health services to people. It provides constant funding for health insurance security that eliminates the underfunding faced by healthcare providers. Social justice is influenced by one's normative principles in the role of social-economic institutions. Institutional arrangement decides social, political and economic interactions by means of formal rules such as policies and informal limitations such as traditions (Gong, 2022). An effective health policy is required to improve people's healthy life expectancy and well-being (Dhungana et al., 2024). A well-established health insurance structure plays a significant role in standing equality, security of rights and opportunities, and social justice (Golestani et al., 2025).

Smallholder farmers often face challenges of climate hazards and protection of farmers' welfare has become a global concern. Agricultural insurance has appeared as a safety net to empower farmers and enhance productivity. Since poor insurance literacy among the farmers in low-and middle-income countries, agricultural insurance is essential to promote farmers and their livelihood. The role of insurance providers is crucial to enhance insurance awareness through literacy campaigns, marketing movements and training program especially for marginalized farmers. Access to affordable insurance services, awareness and

trust improve the participation of farmers in agriculture insurance programmes. Government provides subsidies to the farmers in both high and low-income countries through affordable insurance agricultural insurance programmes that facilitate to empower small and marginalized farmers (Nshakira-Rukundo et al., 2021).

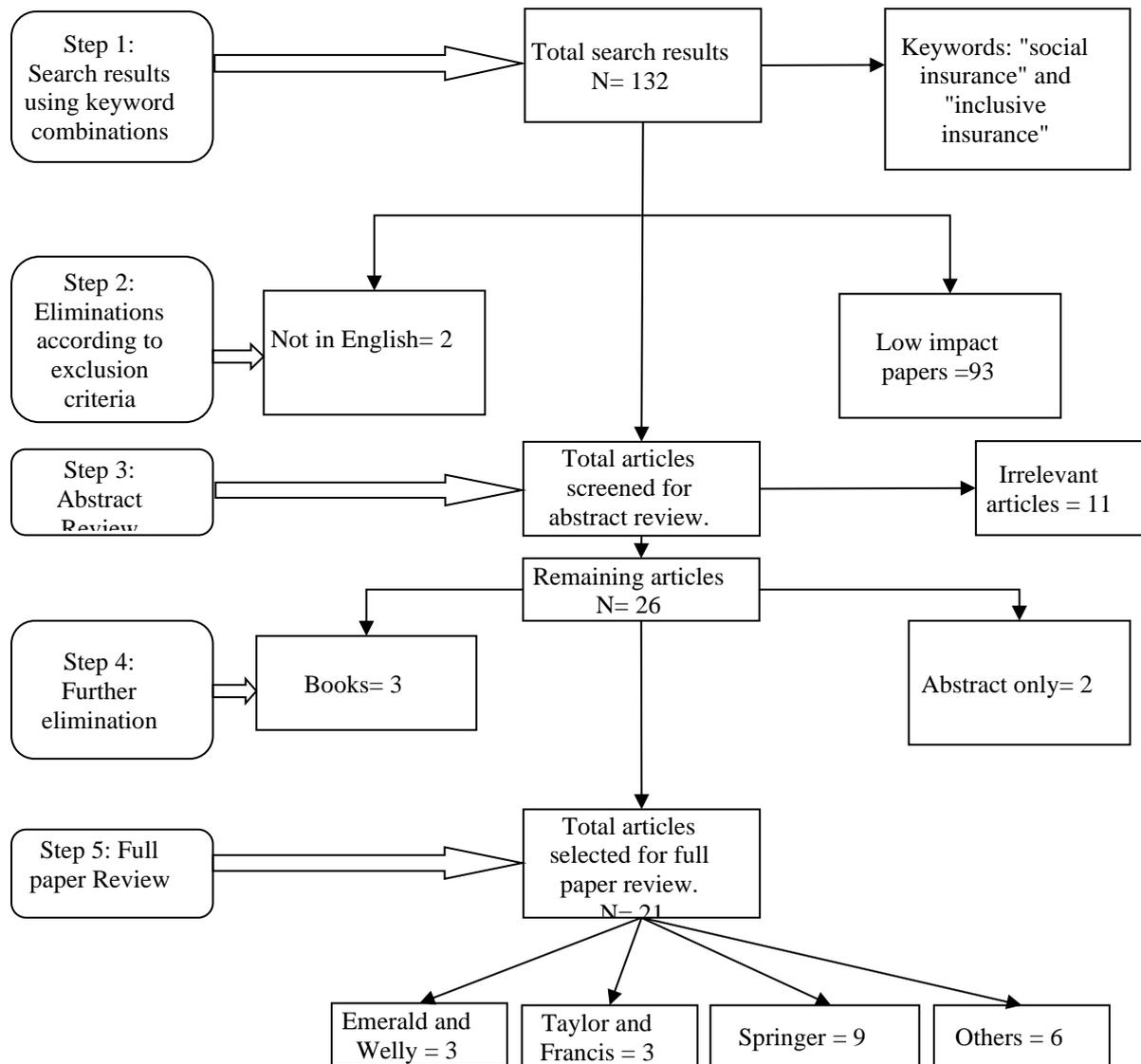
The primary objective of this study is to investigate the inclusive insurance policy for uninsured people. This paper examines the global practices on inclusive insurance models, major determinants of insurance inclusion, and role of government on expanding insurance inclusion among uninsured people. The finding of this study shows inclusive insurance models, key determinants, policy gaps, and innovations in expanding inclusive insurance to the uninsured people. This research is expected to contribute valuable insights to the government, policymakers, and insurer for promoting inclusive insurance programmes in developing nations.

2. Materials and methods

This study aims to assess the inclusive insurance policy for uninsured people. The research is based on a review of empirical studies, reports, and policy documents. The Google Scholar search engine has been used to find research publications on inclusive insurance policy for uninsured people. The search keywords are "social insurance" and "inclusive insurance" under the domain of the Google Scholar Open Database. All papers that were published from January 2017 to September 2025 have been checked for the study. 132 documents were discovered during the initial inquiry. We removed 93 low-impact articles (beyond Scopus and Web of Sciences) and 2 not in English. Out of 37 documents for abstract review, we further removed 11 irrelevant articles, 3 books, and 2 abstracts only. Finally, 21 research papers were selected for this study using a systematic literature review. The inclusion and exclusion criteria for this research are mentioned in Figure 1.

Figure 1

Inclusion and exclusion criteria for this study



3. Results

Global Practices on Inclusive Insurance Models

Based on the systematic review of literature related to the global practices on inclusive insurance models, the following are the key inclusive insurance models:

a. Microinsurance Model

Microinsurance is one of the widely used inclusive insurance models for marginalized people. These products are designed to address risk coverage to uninsured people such as low-income households, rural people, and informal sector workers. Microinsurance products are often related to health, life, property, crops and livestock. It is usually delivered through microfinance institutions (MFIs) and cooperatives with an objective of financial protection

to the uninsured population who are unable to afford conventional insurance products (Bernards, 2018). Microinsurance is a community-grounded method of social protection especially designed for informal workers and low-income households. The growth of digital knowhow and the expansion of market scenarios are key drivers progressing community-based microinsurance platforms concerning a for-profit, digital, and policy-oriented inclusive insurance programme (Perticone & Graz, 2024).

MFIs play a critical role in expanding access to insurance to uninsured people in the form of ‘microinsurance’. However, the increase of microinsurance was not adequate with the development of microfinance over the past two decades in India. The key reasons behind the slow growth of microinsurance are: Low insurance literacy and demands in the target population, operational problems, low professional skills, lack of trust, and high cost of insurance through MFIs (Singh, 2023). The “contributive & collaborative” (C&C) model of microinsurance provides a demand-driven and customer-centric option to empower individuals and communities (Dror & Eling, 2025).

b. Social Insurance Model

Social insurance model is a popular program with a view of financial protection arising from unavoidable situations. Social insurance helps to collect contributions from different units and pool risks among social members. Health and pension insurance are the key pillars of the social protection system. Health Insurance is a social security initiative run by the government to support its people to achieve high-quality healthcare while bearing as little financial burden as possible. Social health insurance delivers high-quality medical care without having additional financial burdens. It empowers people to contribute to a health fund that ensures access to specific healthcare services frequently regulated by the government (Gong & Chen, 2023). China has the greatest social insurance system in terms of population in the world. It consists of five components: Basic medical insurance, basic pension insurance, unemployment insurance, work injury insurance, and maternity insurance (Fang & Xu, 2023).

Supplementary private health insurance (SPHI) acts as a critical complement to the social health insurance system. Health insurance is a financial sharing method for medical expenses, shows a critical role in alleviating illness-related poverty and confirming timely access to healthcare for low-income people. Social insurance schemes encourage efficient and equitable healthcare for all individuals. SPHI decreases the possibility of poverty vulnerability for people registered in social health insurance. SPHI is an efficient tool especially in low- and middle-income countries for vulnerable people to decrease medical impoverishment. Governments have directed on executing public health insurance programs in low- and middle-income countries. Emerging nations including China and India are promoting social insurance model to extend inclusive insurance programme. Limited

reimbursement ratios and boundaries have guided health insurance to be less efficient in resolving the economic risks of illness. Increasing SPHI infrastructure helps to expand insurance coverage and improve targeted poverty alleviation (Ma et al., 2025).

c. Solidarity Insurance Model

Solidarity is a source of inspiration for the forming of welfare states as a “moral infrastructure”. Social and private insurance agreements protect people against the hazards of illness, accidents, and unemployment. Solidarity model of insurance encourages the notion of solidarity to the excluded people whose individual or social practices challenge the dominant moral order changes. The best way to protect the marginalized people from solidarity is to ensure that the supporting needs of people are connected outside of free market service provision. This model is guided by the principle of mutual risk sharing approach with social justice, equity and collective responsibility (Prainsack & Van Hoyweghen, 2020). Informal risk-sharing networks are substantially dominant in low-income economies and community-based systems in Ghana and South Africa collect funds to cover the unexpected risks (Flores-Contró et al., 2025).

The contribution of individuals is pooled with a view to creating common funds that provide benefits to the members of solidarity groups as per the risk level and their requirement. This model is based on social principles and moral values that rich or healthier people subsidize to poor or sick people to ensure universal financial protection from the unexpected risk or health hazards. This model is practiced in Western Europe to maintain welfare state, and it is a structured and established system of hazard and income solidarity (Prainsack & Van Hoyweghen, 2020). It has been built on from certain groups such as solidarity among workers, solidarity between employers and workers, and solidarity between substantial social groups. A regular contribution is made by such a group as per their paying ability (income level), people are eligible to benefits or assistance to safeguard them against the hazards of illness, unemployment, old age, and other risks.

d. Insurance Technology (InsurTech) Model

InsurTech bring together insurance and technology. It is a comprehensive use of artificial intelligence, big data, blockchain, and other advanced tools to increase the value of insurance entities. Insurtech is a technology-based innovation in financial products for expanding insurance services. With the digitalization of insurance, insurance technologies operate on distinct principles to those applied in Fintech, in particular concerning the pooling of risk conceived for increasing markets for the poor. It helps to expand the global access and power of insurance as an association of easy domination initiating new windows for market development. Insurtech platforms are modern inclusive insurance tools designed to expand

the insurance services to uninsured and low-income population around the world (Perticone & Graz, 2024).

The rapid growth of digital economy and constant improvement of technology, InsurTech has become popular model. Widespread application of InsurTech has greatly changed the operations of the insurance sector in China. Conventional insurers are vulnerable to failures due to great insurance fraud. Moreover, it relies on manual operations of its transaction including underwriting, claims handling, and investigation. This model concentrates on expanding diverse customer-reaching paths and advanced products for fragmented marketing. Online insurers use internet and mobile based applications for product development, underwriting, claims and customer service, sales and sales promotion to offer continuous customer experience. InsurTech has a significant effect on the insurance business by adjusting risk management, increasing inclusive insurance products, and advancing customer experience (Fang & Xu, 2023).

e. Public Private Partnership (PPP) Insurance Model

PPP insurance model integrates financial and technical ability of insurers with the support of government to expand the insurance coverage to rural and marginalized people. The role of government is to subsidize premiums, increase insurance literacy, regulate insurance products and services, develop insurance infrastructure for technology-based insurance businesses, and promote outreach using national campaigns. This model is effective when it is supported by national financial inclusion strategies, developed digital infrastructure, and policy coherence between inclusive insurance frameworks and social protection to the vulnerable people. However, this model must balance with the public subsidies and long-term sustainability of the insurance industry to retain the service quality. Pradhan Mantri Fasal Bima Yojana (PMFBY) of India is one of the popular PPP models that has increased insurance access to the vulnerable people through blended funding and pooled risk management policy.

PPP can decrease vulnerability to poverty in a cost-effective manner. It helps to enhance productivity and access to resources through advancement of inclusive insurance mechanism. This model can increase access of insurance services, particularly low-income individuals to move out of poverty due to risks. Insurance is protective and productive device in preventing poverty (Flores-Contró et al., 2025). Inclusive commercial health insurance programme in China is promising due to the collaborative governance between the local governments and insurance companies. Collaboration is performing as an innovative explanation to deal with the risks. Government involvement is designed as a collaborative governance with a view to achieving financial protection, innovation, and economic goals. However, the application of this innovative governance mechanism may create prospective

risks arising from alignment of interests, challenging creditworthiness and sustainability, distortion of market rivalry, and regulatory management (Yan & Faure, 2025).

4. Determinants of Insurance Inclusion

The study made by Nshakira-Rukundo et al. (2021) found stable and efficient insurance market can be developed through the following factors: Product design and quality, household earnings and investments, education level, and insurance literacy, behavioural and cultural barriers, and the role of governments in providing an enabling, stable and efficient market. Government may provide subsidies for affordable insurance practices in low-income countries. The crucial role of government is to support in advancing policies, regulating the markets and designing a supporting environment for insurance providers. For this, mandatory insurance schemes and cost-effective strategy is required to expand insurance services to the low-income households.

Insurance penetration levels (life and non-life) determine a measure of the insurance development in the country (Avom et al., 2025). Based on the PESTEL structure, health insurance policy is influenced by a complex environment including economic, political, social, legal, technological, and environmental factors (Amuzadeh-Araei et al., 2025). The microinsurance market may not succeed if there is poor demand from targeted customers, affordability issue, and information asymmetry (Yan & Faure, 2021). Inclusive insurance substantially reduces the income gap between rural and urban areas. The key mechanism of inclusive insurance is to smooth out income variations and foster investment in financial assets, human capital, and physical assets (Ma & Yang, 2025).

The key barriers to insurance penetration occur due to limitations on insurance illiteracy and product affordability. However, it is affected by low-income, limited financial literacy and experience of the people, and low product accessibility. The unique way to address the issues related to enhancing insurance inclusion is the supply and distribution of products through mobile-based business models, mostly for the targeted and vulnerable people (Flores-Contró et al., 2025). The market-driven microinsurance programme and Insurtech platform firms are key factors to spread unserved and low-income households as an inclusive insurance policy (Perticone & Graz, 2024).

5. Role of Government on Expanding Insurance Inclusion

Redesigning policies for expanding insurance inclusion is essential with the active involvement of government level organizations, international organizations, and the private sector for efficiently activating institutional capacities. Economic resources can be achieved for inclusive insurance policy by managing targeted subsidies, lowering insurance rates for vulnerable people, and enabling third-party contributions (Amuzadeh-Araei et al., 2025).

Government intervention for microinsurance policy is effective if the condition is: smartly and stable intended subsidies or innovative market practices; easy to understand insurance policies; properly trained or licensed product distributors; and renewed group policies. The purpose of government intervention for social protection is lowering vulnerability and poverty, income redistribution, and empowering the poor (Yan & Faure, 2021).

Government support is crucial for household removal from poverty and capital injection to ensure that they will not return to poverty with some level of confidence due to financial losses and risks. Though total subsidies paid by the government have a small burden within the cost of social protection, it helps to reduce the poverty line of vulnerable people due caused by risk trap. The capital injection on trapping is very low as compared to that of uninsured households. These considerations improve the reduction in the cost of social protection for the vulnerable people particularly in developing nations (Flores-Contró et al., 2025). The extension of social protection was believed to be a requirement for implementing the structural improvements of the South Korean economy (Cho & Choi, 2017). Since insurance remains voluntary, government institutions may drive markets not only through infrastructure and meso-level provisions such as reinsurance, but also by setting up supporting guiding principles and regulatory organizations that build confidence (Nshakira-Rukundo et al., 2021).

6. Strategy for Promoting Inclusive Insurance Policy

The growth of insurance (life and non-life) enhances the well-being of the people. Culture has been linked as a channel through which insurance can have a larger effect on the well-being of people in sub-Saharan Africa. Inclusive insurance policies should be directed towards well-being of uninsured people through encouraging investment in the insurance sector (Avom et al., 2025). Microinsurance model of inclusive insurance can be extended by improving demand from targeted clients, enhancing affordability, reducing information problems and decreasing administrative costs (Yan & Faure, 2021). Insurance renewal decisions are affected by peers in the same network. The peer effect is convincing among households of the identical risk type showing that the diverse peer effect acts for adverse selection (Du et al., 2023).

The insurance policies are inclusive insurance instruments explicitly planned to protect from financial risks to the most vulnerable. Inclusive insurance concerns to the establishment of insurance facilities to low-income people with inadequate or no access to majority insurance services. It aims to connect the protection inequality that happens between uninsured and insured losses related to life, health, and property by financing protection to the poor (Flores-Contró et al., 2025). Insurance principles are with the social protection system for the working people to defend from falling into poverty. The provision of mandatory social

insurance strengthens the social protection against poverty. It may occur due to decline in income level due to a job loss, illness, maternity, old age, injury, and death of the breadwinner. Thus, insurance programmes including a pension insurance package, which ensures life-long retirement payments and a health insurance scheme, which supports to expand the quality of medical care through inclusive insurance policy (Tsvetkova et al., 2022).

The government and social insurance institutions are responsible for long-term care costs through the long-term care insurance system, empowering family members to decrease the direct financial spending caused by caregiving concerns. In the non-existence of caregiving coverage, low-income houses often struggle to pay for high caregiving expenditure. Poor family unit with constrained resources lack financial barriers to manage with unexpected health distresses. Social insurance mechanism buffers income shocks, enhances income stability, and thereby declines income inequality. Thus, expanding social insurance approaches is an effective strategy for promoting inclusive insurance that may help to decrease economic variations caused by health shocks or other hazards through risk-sharing mechanisms (Li et al., 2025). Inclusive insurance policy helps to promote collaborative governance with public sectors, market-based instruments, and social institutions to develop a protection framework (Zhang et al., 2025).

7. Discussion

Financial inclusion acts as a foundation for equitable and viable economic advancement. Government insurance schemes and micro-insurance services enhances insurance penetration to the disadvantaged and economically weaker segments by expanding insurance coverage (Jain & Singh, 2024). The role of government is crucial to develop financial infrastructure and policy, strengthening regulatory agency, and inclusive growth environment to foster financial inclusion (Dhungana & Kumar, 2015). Inclusive insurance plays a crucial role by protecting people against the risk of losses and promoting social and economic activity. Insurance literacy has a positive nexus with insurance inclusion indicates that insurance literacy positively impacts insurance inclusion (Kiwanuka & Sibindi, 2025).

Social health insurance is an efficient approach for fair access to health care services. Due to low penetration of social health insurance in Nepal, it may be an effective tool for enhancing the health approach in developing countries (Dhungana, 2022). Social insurance is essential tool to fulfill social justice and to fight against poverty in developing countries. Social security programmes are necessary to expand to the disadvantaged people by extending its coverage, allocating budgetary provision and promoting inclusivity (Nhede & Marumahoko, 2023). Health insurance as a social protection system seeks to assist for quality health care services without financial burden in developing countries like Nepal (Dhungana et al., 2021).

Financial constraints are one of the greatest obstacles to acquiring high-quality health care. A national level health insurance programme increased public financing for health care and the structure of community-based health care model in rural areas significantly promote universal health care (Dhungana, 2023).

Insurance innovations support to expand insurance services and it is considered as an integral part inclusive insurance policy. Progress in the digitalization has increased innovative digital technologies around the world to promote financial and insurance products. China and India, prove the fast development of innovative digital tools in the insurance sector (Didenko & Sidelnyk, 2021). The expansion of digital tools and the growth of market scenarios are the key drivers to promote insurance programmes. Insurtech model is useful strategy to enlarge insurance up to uninsured and low-income people around the world (Perticone & Graz, 2024). It is better to adopt a customized and context-specific policy while expanding inclusive insurance policy to fulfill universal health coverage and sustainable development goals (Joarder et al., 2019).

8. Conclusion and Suggestions

Insurance inclusion has become a priority agenda among the policymakers, development groups and academicians. Inclusive insurance initiatives promote insurance inclusion with an aim of ensuring access to and use of inclusive insurance, mainly to the uninsured people. Inclusive insurance systems increase the social protection and reduce the probability of risk trapping for the most vulnerable people in developing countries like Nepal. Insurance policy is designed as a cost-effective social protection approach that helps in reducing poverty due to unexpected risks and losses. The study finds social insurance, microinsurance, public private partnership, solidarity and insurtech model of insurance are effective platforms for expanding insurance services to the uninsured people. Insurance system is necessary to design with adequate consideration of local circumstances, cost reduction of insurance services and sustainable operation of insurance to foster inclusive insurance mechanism in the nation. Adoption of technology-based method, insurance services can be widely expanded and delivered responsive, efficient and inclusive services to the under-served area and people. Insurtech platforms are innovative inclusive insurance tools for expanding uninsured and low-income people. Inclusive insurance policy is essential to promote collaborative governance with public sectors, market-based instruments, and social institutions to develop a protection framework. Government may promote inclusive insurance environment, enhance capability of insurance institutions and expand the access of insurance services to the uninsured people.

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