

Proposed Model for Micro-Insurance Risk Management Applied to the cooperative insurance sector in the Kingdom of Saudi Arabia

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Abstract

Micro insurance represents one of the most important tools that provide insurance protection for a large segment of society members with low incomes against the risks they are exposed to, in return for paying low premiums commensurate with the nature of the insured risk and also with their low incomes, which requires cooperative insurance companies to provide an integrated package One of the insurance products that meet the needs of this segment of society, and given the importance of that insurance product as a tool for developing the demand for insurance sector products, in addition to providing insurance protection for an important segment of society, namely, low and middle-income people, the research team, through this research, dealt with The nature of micro-insurance by presenting its concept, characteristics and dimensions, as well as the importance of this type of insurance on the different parties to the insurance process, and the insurance coverages it provides. The insurance market in the Kingdom of Saudi Arabia, and the research reached many results, perhaps the most important of which is that the Kingdom of Saudi Arabia is represented by An appropriate environment for this type of insurance for many reasons, perhaps the most important of which is the increase in the number of small individual projects, but this experiment (micro takaful) faces a set of challenges that include the lack of reinsurance as a result of the dangerous nature of financial bonds, in addition to the lack of insurance expertise that enables To provide a different set of insurance products on a sound economic basis, and there are a set of organizational difficulties facing insurance companies that adopt this type of products, which prompted the research team to present a proposed model for effective strategies that work to reduce these obstacles, which can be Cooperative insurance companies are guided by the design and delivery of micro-insurance products.

Key words: micro-insurance, micro-takaful, risk management, business incubators, credit insurance, cooperative insurance companies, unemployment, Saudi Arabia.

Introduction

Microinsurance is one of the terms used in the insurance market that describes insurance products that are designed and provided to a specific segment of society, namely the category of limited and middle income, and microinsurance is not new to most countries of the world as it is associated with the term microfinance, which requires Discussing how to create an appropriate climate for sound insurance coverage in order to protect small investors, especially those who have already obtained loans and do not have the ability to bear the risks that may arise as a result of their default. There are many challenges facing micro-insurance, perhaps the most important of which is the difficulty of gaining popularity among the world's poor, otherwise competing with some other saving channels such as micro-credit institutions, which are the most common and used in microfinance, and this is due to the poor's lack of understanding and knowledge of how The business of insurance products (Elia, 2006). Micro-insurance can be viewed as one of the main drivers of economic activity, and it is also considered one of the effective tools in increasing the volume of growth in the underwriting activities of insurance companies, as investments in micro-insurance receive diverse returns that develop and increase over time, such as the advantages of gaining customer confidence that you notice. The company has had a good effect in the short term, and many insurance companies have found that micro insurance is more profitable if the company operates efficiently at all levels and meets the needs of the market and serves large numbers of people with low incomes, and many customers of micro insurance will turn From today's world, to middle-class customers, they represent a large part of the population in developing countries (Siti, 2011).

The insurance industry in the Saudi insurance market is witnessing a decrease in the volume of demand for new insurance products, and the insurance industry needs more development and innovation for new marketing strategies that try to increase the market share of insurance products, through the development of a group of insurance products that work on Attracting a new segment of customers, which required a search for more

innovative insurance methods and products that increase the growth rate of the insurance market, leading to the development of demand for the products of this important economic sector. Insurance that meets the needs of an important sector in society, namely the low-income sector. The application of micro-insurance practices in the Arab world in general and in the Kingdom of Saudi Arabia in particular involves a set of negative practices that limit the spread of this effective insurance product. The regional report prepared by the Arab Network for Microfinance in Arab Countries, the estimated number of potential borrowers for the industry in the Kingdom of Saudi Arabia Saudi Arabia is estimated at more than one million potential borrowers who may be covered by micro-insurance as well, and nearly ten thousand borrowers have been served, with a penetration rate not exceeding 0.71%, and thus the coverage gap becomes close to one million potential customers, and it is one of the most important obstacles facing the spread of this the insurance product, The absence of a culture of insurance awareness and the high prices of insurance products, and these products do not reflect the local risks that must be commensurate with the standard of living and income, the low profitability of micro-insurance for insurance companies, the lack of effective marketing channels, in addition to the lack of clarity in the legislative framework for the industry Micro-insurance, all these and other obstacles led to a limitation of the effectiveness of this insurance product towards growth in the insurance market in the Kingdom of Saudi Arabia (Allianz AG, 2006) (Battle, 2004).

The research aims to reach a model for managing micro-insurance risks, through a proposed set of effective strategies to address the negatives and obstacles that accompany the introduction of a micro-insurance product in Arab insurance companies in general and insurance companies in the Kingdom of Saudi Arabia in particular, by activating The role of micro-insurance in increasing the share of insurance companies from customers by providing insurance coverage that provides insurance protection to a large segment of society with low incomes. For both insurance companies and customers, the role of micro-insurance as a tool for managing the risks of low-

income people, and the most important experiences of the leading countries in this field, which entails identifying the role of micro-insurance in developing future demand for insurance policies as a result of insurance companies' reliance on marketing This insurance product, in addition to identifying the most important difficulties and challenges that insurance companies face when practicing their business Micro insurance activity, and the role played by small and micro enterprises in facing the problem of unemployment in the Kingdom of Saudi Arabia.

Nature of micro-insurance

Micro-insurance serves a wide segment of society with low incomes, where micro-insurance for low-income and low-income people is considered a protection for them from the dangers that may affect their small businesses, due to its simplicity in formulating its documents, low premiums and the absence of complex administrative procedures when contracting As for insurance companies, micro-insurance is not limited to being one of the objectives of corporate social responsibility, but rather one of the most important profitable activities, due to the availability of opportunities for its growth to a large extent. Micro-insurance covers about 135 million low-income residents globally, and this percentage represents approximately 3% of the The total number of poor people at the global level is more than 2 billion people, which indicates the extent of the need for this type of insurance (Benbouzid, 2009).

Micro-insurance features

Micro-insurance in its simplest form represents an insurance service that aims to protect a large segment of people with limited incomes in society, by providing insurance coverage against many dangers that threaten them, in return for paying low premiums commensurate with the nature of the insured risk and also with their low incomes. The Financial Supervisory Authority in the Arab Republic of Egypt has defined micro-insurance as "a type of insurance that provides insurance protection directed to low-income people from the

risks they face in return for regular financial payments represented in insurance premiums suitable for the cost and probability of the risk occurring (the General Authority for Supervision). Finance, 2010).

Regulatory nature of microinsurance providers

Micro-insurance products are provided by several companies and organizations that include many typical models for providing this service. Insurance companies may take one of two forms, either regulated or unregulated, which may represent small companies or community and non-governmental organizations. Most international insurance companies also participate in Micro-insurance by providing this service or entering into insurance companies and local distribution channels in developing countries, and some insurance institutions such as Zurich, AIG and Allianz have micro-insurance units in their headquarters. Reinsurance companies also participate in the development of micro-insurance products, for example, Munich Re has provided reinsurance services for contracts concluded by the Colombian insurance company Sudamericana in relation to micro-insurance, but the research team believes that the role of reinsurance in providing this service Insurance is relatively weak because of what it can offer through its experience and the technical capabilities it has (Consultative Group, 2003).

Micro-insurance services form (credit insurance)

The mechanism of action of insurance companies with respect to micro-insurance policies related to credit insurance is adopted, as it pays the amounts due under the bonds signed by the borrower (the insured) in the event that he stops paying them for any reason, except for what is mentioned on the condition of general exceptions, and among the conditions The document is that the insured concludes insurance coverages through the company, whether insuring the life of the borrower at the value of the loan balance for the duration of the loan, or insuring the thing subject

of financing as supplementary insurance throughout the loan period at its market value, and the insured is obligated to obtain a pledge from the borrower's business. The insured is obligated to obtain the signature of the borrower "insured" on a promissory note for the full value of the loan granted to him as a guarantee for the payment of the value of the loan, and the risk is realized if the insured stops paying after 90 days have passed from the date of cessation of payment (Cohen, 2006).

Low-income families are exposed to many risks, as is the case in the continent of Africa, where the infrastructure is limited, and most of the population is from the categories of farmers, and low-income people are exposed to many risks such as infectious diseases, which keep them in poverty or death, which makes it difficult. With it, ways and means of making a living with the lack of means of protection. The risks that micro-insurance deals with can be classified into 4 main categories (health, life, agriculture, property), and the following table shows the insurance products associated with each of the risks resulting from any of these categories (Mounir, 2009) (Microfinance Network for Arab Countries, 2010):-

Micro-insurance as a tool for managing micro-risk

Table No. (1): The risks that micro-insurance deals with

	Health	Life	Agriculture	Properties
Risks	Hospital , disease treatment , medicines	total , Accidents or partial loss of , disability income due to disability or death	Floods , drought and other dangers to agricultural production and animal death	Loss, theft , fire or damage to property or homes
Insurance Products	comprehensive and Internal external disease-clinics internal only	Life unpaid credit loans (, funeral ,)only personal accident	Compensation based on crop or livestock insurance	Houses construction and contents - Commercial and automobile assets

The proposed mechanisms for developing the demand for micro-insurance products in the Kingdom of Saudi Arabia

Overcoming the challenges facing micro-insurance in the Kingdom of Saudi Arabia requires creating new marketing channels that contribute to saving the time and cost needed to promote micro-insurance products, as well as moving towards designing new products that suit the nature of the target customers of that document, and the following is a set of suggested mechanisms to address the obstacles which accompanied the introduction of this insurance product in the Arab countries in general, and in the

Kingdom of Saudi Arabia in particular, and the research team relies, in their presentation of the visions of the development of the micro-insurance industry in the Kingdom of Saudi Arabia, guided by the experiences and expertise of the leading countries in this field to present a proposed model that includes a set. Among the main mechanisms that aim to address the main obstacles facing this type of insurance, in addition to a set of proposed sub-strategies for the development of this industry in the Kingdom of Saudi Arabia (Banbouzid, 2008).

The proposed model for the development of the micro-insurance industry in the Kingdom of Saudi Arabia

Marketing risk management: The research team believes that insurance companies, brokers and banks in the Kingdom of Saudi Arabia should bear the burden of providing marketing channels for these micro-coverages in the shortest time and at the lowest possible cost without incurring high administrative fees or expenses on the shoulders of people with low incomes, by relying on channels Unconventional marketing such as mobile phones, ATMs and Internet networks to reach customers in the least time and at the lowest cost without incurring high administrative fees or expenses. Insurance companies and brokers should try to change the impression prevailing among the low-income classes and the classes that have low insurance awareness that only the wealthy groups enjoy insurance protection, and inform them of the importance of obtaining micro-insurance services to achieve coverage that guarantees them a minimum level of social security. In order to do this, cooperative insurance companies operating in the Kingdom of Saudi Arabia must activate the presence of brokers who have a high degree of efficiency to reach the customer and convince him of the importance of the role of micro-insurance, which makes an urgent need to train brokers, conduct market research and manage issuance and compensation operations to achieve these matters with high efficiency. (Janad, 2012).

Legislative risk management: Allowing insurance companies to engage in this activity led to the creation of new job opportunities and the reduction of unemployment and poverty. Therefore, the research team believes that it is necessary to organize the means of financing for the benefit of low-income people in all commercial, craft and service projects, which leads to an increase in the size of the insurance portfolio of companies. Cooperative insurance in the Kingdom of Saudi Arabia, and therefore the regulatory and legislative authorities must be keen to develop a legislative framework that regulates the financing of small and micro enterprises in the Kingdom in order to eliminate the negative

practices resulting from competition among the sector companies (Debra, 2007).

The rise in the value of the prices of micro-insurance policies: Small business insurance is a modern experience that works to address a group of challenges facing insurance companies, perhaps the most important of which are the high prices and an attempt to reach simplified terms for the formulation of documents, and the research team believes that applying the law of large numbers to these The projects contribute to lowering premiums, supporting the portfolio of companies operating in the market, and achieving more spread for companies, thus achieving more profits.

Technical risk management: The research team, guided by the experiences of the leading countries in the field of micro-insurance, believes that the tendency of micro-insurance companies to become an agent of an official insurance company leads to reaching an appropriate level of technical expertise in addition to benefiting from the expertise of reinsurers, as well as access to a large amount of capital. The partner, where the official insurance company becomes responsible for maintaining the reserves, setting prices and dealing with service providers. In the absence of a partner, the Micro Insurance Company can resort to specialized agencies to take care of insurance programs in terms of facilitating the transfer of knowledge from developed markets to exceed its technical losses and work to strengthen local competition. The International Federation for Cooperative and Mutual Insurance (ICMIF), which in turn provides strong partnership relationships through Its 126 member organizations are to be a training partner for cooperative insurance companies in the Kingdom of Saudi Arabia that are heading to market this insurance service (Razzouk, 2012).

Regulatory risk management: The research team agrees with the opinion that the development of demand for the products of the micro-insurance sector in the Kingdom of Saudi Arabia must be accompanied by support from aid agencies by granting rewards and capital to micro-insurance companies in order to become legal entities, and cooperative insurance companies can raise the capital of It is funded by its members by collecting

small contributions over a number of years, and the partnership between formal and semi-formal insurance companies has recently been discussed. Although micro-insurance companies have succeeded in achieving quasi-legal status, there is an urgent need for legislation that allows for more insurance companies to be present in the formal sector. It is also worth looking for practical solutions that consider how to maintain the sustainability of insurance companies while reducing capital requirements. , It is also worthwhile for the experts of the International Federation of Cooperative and Mutual Insurance (ICMIF) to discuss in conjunction with representatives of cooperative insurance companies in the Kingdom of Saudi Arabia the best way to establish a system for micro-insurance companies, which ensures the protection of consumer rights and supports the development of the industry (M. Jamil, 2010).

Risk management & Reinsurance services: The low ability of micro-insurance companies to meet obligations during the early years causes many risks for these companies, which calls for resorting to reinsurance to pay dues quickly, and benefit from the experience of reinsurance companies while maintaining the level of rewards and supporting the credibility of the project. Cooperative insurance companies in the Kingdom of Saudi Arabia provide protection only for the lowest level of risks. The research team believes that it is necessary to transfer this risk to the global insurance and reinsurance markets, as international reinsurance companies are more diversified than local companies. The International Cooperative and Mutual Insurance Federation (ICMIF) has been effective in providing accurate analysis in a number of newly established companies and small start-up companies in the developing world, and this exceptional collaborative spirit has enabled the members of the International Federation of Cooperative and Mutual Insurance (ICMIF) to provide coverage to these companies at a time when they cannot The market is about to provide it (Nabath, M, 2005). Thus, joint cooperation and reinsurance become one of the important tools for building capacity, supporting risk management and cooperative product development, which helps to expand and diversify both the risks

covered and the products offered, and the role of reinsurance will become strong with the increasing complexity of products (Noor, 2012).

Risk Management & Technology: The Internet, mobile phones and smart cards are of great importance in that they reduce costs and expand the scope of micro-insurance, as agents and customers submit applications electronically and documents are automatically issued and distributed over the Internet, and automated electronic installment payments are increased, as well as The Tata AIG International Group in India provides information via the Internet, application forms and premium calculators for its micro-insurance products. The research team believes that the climate is appropriate in the insurance market in the Kingdom of Saudi Arabia to take advantage of the advantages generated by the use of electronic transactions in the speed of generation of detailed data that allows conducting studies Better rates of mortality and spread of disease and better prices, which allows for better identification of risks within the market and provides the possibility of creating products that are better suited to the market (Pietro, 2000).

Designing an effective educational system for prospective customers: In order to provide micro-insurance to low-income and poor consumers, this requires providing basic knowledge of insurance and the services provided, to help them understand the nature of insurance products and how they can benefit from it in improving risk management behaviors, and increasing confidence in insurance companies. The Microfinance Opportunities Association confirms that there are a number of means that seek to educate prospective customers about the nature of insurance and its value to the consumer, perhaps the most important of which are training workshops and awareness campaigns, which can be implemented with financial and technical support from cooperative insurance companies operating in the Kingdom of Saudi Arabia (Roth, 2007).

The research team proposes a set of general proposals for the development of the micro-insurance industry, perhaps the most important of which are government agencies providing financial support, insurance men clarifying and

promoting insurance concepts, government taking compulsory insurance as a means of generating positive experiences, providing health insurance and social security programs for the poor, Providing assistance to the poor and low-income in the form of insurance instead of distributing it in cash or in kind (Reinhard, 2006). The availability of an environment conducive to the spread and expansion of the micro-insurance base determines a set of conditions that promote a sustainable path to market development, and these conditions include all factors affecting the market such as infrastructure or the regulatory environment. Governments also consider the micro-insurance market to be the best option to expand the scope of insurance and make it more inclusive for families The mechanism for providing this type of insurance to society depends on studying products, calculating premiums, formulating documents and setting conditions in line with the nature of society, as well as developing micro-insurance programs that serve a large segment of low-income people, and develop their insurance awareness about the coverages that can provide it to them (Portius, 2006).

Business incubators: The research team believes that the establishment of business incubators is one of the important factors that help the growth of the micro-insurance industry in the Kingdom of Saudi Arabia, as it is one of the most widespread systems in foreign countries that has great success and popularity among customers, thus developing the demand for micro-insurance policies Micro-enterprise is linked to the establishment of the so-called business incubators, where their subordination includes a group of small projects involved in the same activity, and these projects are collectively insured, as it is better to write these small projects in a collective document and not an individual document for each project, as this achieves a better insurance service for the subscriber. And at a lower cost to the insurance

company, whether through the insurance representative or the administrative expenses charged by the company, and the collective document is the most suitable for the activity of small projects, especially with the weak capital of the company and the low value of the premiums owed on the project (Roth, 2007) (Abdul Bari, 2009).

The proposed sub-models of risk management for the development of the micro-insurance industry in Saudi Arabia:

The research team believes that the formation of a successful partnership between cooperative insurance companies and micro-insurance institutions in Saudi Arabia requires several main factors, including the presence of a large market to facilitate the ability to negotiate to improve products, as the Increasing the sale of the product requires that the customer's requirements be well represented. The more the market accepts the products, the more effective the sales staff will be. There must be flexibility on the part of the company in providing insurance products and services, with the necessity of agreement between the company and the microfinance institution. In addition, the development of demand for the products of the micro-insurance sector in the Kingdom of Saudi Arabia requires that the products be simple in concept, in a way that is easy to reach and perceive by the targeted people, in addition to the availability of a wide range of distribution channels, as well as a clear understanding of the benefits and advantages provided by micro-insurance. The following table shows the proposed strategy to reach the micro-insurance needs of low-income groups (Ringarjan, 2009) (Saif El-Din, 2011):

Table No. (2): The proposed strategy for managing the risks of micro-insurance needs for low-income groups

Insurance Culture	Technological Development	Distribution Models	Product Innovation
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<p>-Relying on non traditional promotional channels such as automated teller machines, internet networks, training seminars and awareness campaigns</p>	<p>It includes advanced technology solutions that will Succeed in Low Income Markets</p>	<p>Which determines the nature of the partners, whether based -NGOs, community organizations, international reinsurance companies, donors or governments</p>	<p>By defining the products that will appear in the areas of credit life insurance, health insurance and agricultural insurance</p>
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The research team believes that the plan to develop the cooperative insurance sector in the Kingdom of Saudi Arabia is based on reforming the financial sector, and relies on a set of axes represented in the interest in insurance for small and medium enterprises through micro insurance, and working to issue the necessary legislation and standards for practicing micro insurance and raising awareness among These projects are of the importance and necessity of insurance, taking into account the initiative to issue insurance policies for micro-projects, and taking into account the experiences of other countries that have taken the lead in this field, with the definition of the most important products that are in line with the market, and this activity comes within the framework of adopting an integrated program aimed at activating the role of The non-banking financial services sector enables projects of different sizes and activities to obtain financing, which supports their capabilities to expand, compete and provide job opportunities (Ferguson, 2009).

The research team also supports the trend towards establishing a small body to deal with micro-insurance and keenness to activate its role, as the low values of insurance amounts as well as the total premiums make high administrative expenses a burden on the insurance company, and of course the lack of profitability as the expenses are a percentage of the insurance premiums, which It makes micro-insurance unsuccessful except with the presence of a small body that deals with individuals, and therefore responsibility is given to insurance companies to take on the task of the required insurance coverage. The bodies that provide grants or loans take on the task of insurance. Although micro insurance is a new activity for workers in the sector, trying to make a kind of marriage between them, especially since

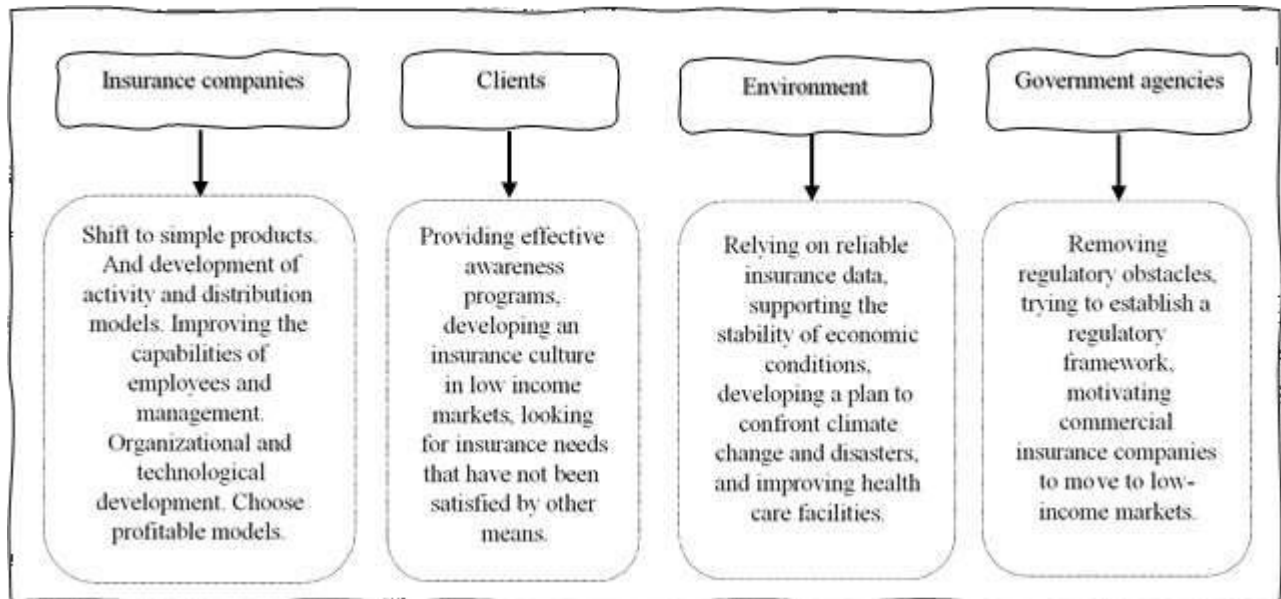
this type of insurance has a high cost will lead to good organization and attention to treating its problems before they occur. (Lloyd's, 2009). Government agencies should also compulsorily impose insurance on micro-enterprises at a unified price so that companies can work on it, and limit micro-insurance to two companies, and their results are reviewed and renewed every two years as a kind of privilege, so that the company can absorb in its portfolio how much Appropriate premiums that affect their underwriting, in addition to activating the role of insurance companies to provide the necessary insurance coverage for micro-enterprises and work to promote their activities to raise insurance awareness among citizens, especially owners of micro-enterprises, and pay attention to micro-insurance to work on expanding the market and encouraging insurance companies to practice and find Adequate protection for them thus activates the micro-enterprise sector (Murduk, 2004).

Although there is great activity in the field of micro-insurance, a large number of Arab countries are still a huge untapped market, and it is possible to provide micro-insurance service to hundreds of millions of low-income people in these countries, but the growth of this industry requires foundations Durable, based on diversity in service delivery, in addition to the presence of clients who understand the value of this type of insurance, innovative distribution channels, improving the efficiency and management of human resources, all of which are important elements for achieving success, and not all of them are entrusted to the efforts of providers alone, as donors and governments must support These efforts are to create a coordinated movement to provide tools that will help low-income people manage risks and lead a more secure and stable life. The most

important proposed strategies to overcome the main challenges that hinder the growth of micro-

insurance are represented in (Bank for International Settlements, 2010): -

Figure No (1): Suggested strategies to overcome the main challenges that impede the growth of micro-insurance



Managing the risks of the micro-insurance industry in the Kingdom of Saudi Arabia

That there is a need to design products and services that target demand and the active participation of public and private institutions in the Kingdom of Saudi Arabia. Therefore, the research team proposes a set of strategies to activate these constructive partnerships, perhaps the most important of which is to pay attention to micro-insurance products targeted to demand, given that most of the poor families in the Kingdom face many challenges. Health risks and problems, this requires effective support from microfinance institutions through low premiums, and government medical institutions must provide protection through micro health insurance by insurance companies, in addition to developing mechanisms for marketing micro-insurance products, and moving towards a group insurance strategy. To face risks, the successful implementation of this mechanism in cooperative insurance companies in the Kingdom depends on the efficiency in providing micro-insurance

services at various levels without corruption or favoritism. To raise awareness of the importance of this type of insurance (Economic Research Forum, 2003) (Mosley, 2009) .

The role of cooperative insurance companies in the Kingdom of Saudi Arabia towards the provision and dissemination of micro-insurance products

Micro-insurance is one of the most important tools that provide insurance protection for many people with low incomes, who obtain unstable incomes. However, insurance companies in the Kingdom of Saudi Arabia may face a set of difficulties and challenges at the beginning of their insurance activity, such as the difficulty of obtaining licenses and the minimum capital. Money, and this may push it to engage in activity under the cover of an already existing insurance company by conducting a partnership and merger between them, and providing insurance services such as health insurance, agricultural crops and livestock

may also represent a challenge for insurance companies, with regard to the availability of information and statistical data on the micro-insurance business. (Hassan, 2012) (Roth James, 2007). Accordingly, the research team believes that it is necessary to develop effective policies to be followed by insurance companies that work on clarifying the micro-insurance work policy and encourage its implementation, and pay attention to the exchange of information and experiences between stakeholders in different sectors, and ensure the enactment of the basic regulations and principles of insurance in accordance with international standards that encourage coverage Insurance for the protection of low-income families, and the development of clear policies to facilitate access to financial services, in addition to spreading awareness, setting up control systems and educating the client to reduce moral risks and fraud practices (Siti, 2013).

Identifying tools to activate the demand for micro-insurance in the Kingdom of Saudi Arabia

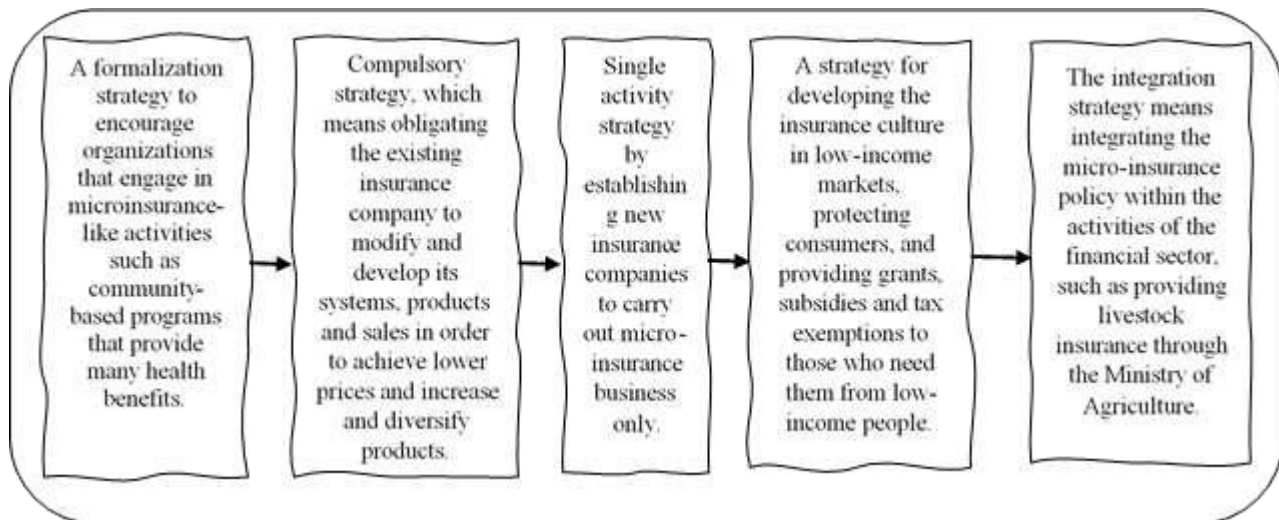
The strategies for developing the demand for micro-insurance products in the Kingdom of Saudi Arabia depend on a set of tools that the decision-maker must activate its role to advance in this industry. A department specialized in marketing micro-insurance products in insurance companies (Consulting Group, 2007), as well as supporting capital in companies, which leads to the strengthening of the reinsurance industry, which entails more safe insurance coverage for the risks accepted by the company, in addition to the establishment of specialized insurance institutes It works to increase insurance awareness for workers in the insurance industry, and the speed of providing service and insurance coverage in the event of the occurrence of the risk covered in the insurance policy works to provide more foundations of confidence on the part of customers, and the role of all these tools must be activated within the framework of applying and activating the principles of Corporate governance to make it credible in its presentation and presentation of information and data, and we must

not lose sight of the role of technological development in obtaining insurance services to you. Technologically, what achieves more spread of insurance services (Takaful, 2012).

The role of small and micro enterprises in facing the problem of unemployment in the Kingdom of Saudi Arabia

Micro-enterprises represent a vital and important role in facing the phenomenon of unemployment that has spread throughout the Kingdom, as these projects work to raise the efficiency of resource allocation in developing countries, absorb productive resources, and work to distribute income more fairly than major institutions, in addition to Creating more job opportunities due to the ease of establishing micro-enterprises because they do not need huge capital, which leads to the reduction of unemployment and poverty, and there is a set of important strategies that insurance companies working in the field of micro-insurance can rely on in order to enable the small and micro-enterprise sector Smallness of development and progress, including (Hassan, 2012) (Al-Omari, 2008) (Radermacher, 2006) (Ahmed, 2000):-

Figure No. 2: Suggested strategies for managing risks in the field of micro-insurance



Finally, the research team proposes the establishment of a specialized body to organize the legislative, marketing, regulatory, technical and financial framework for insurance and microfinance business. The Authority's management and its main and sub-committees. The Authority works to control micro-insurance practices in addition to providing advice and guidance to low- and middle-income clients who tend to form micro-enterprises. The strategies include activating non-traditional marketing channels, trying to increase insurance awareness among members of society, as well as trying to activate the role of reinsurer. Micro and medium insurance with specialized organizations in micro insurance (Zahid, 2008).

Conclusion

The research team presented a proposal that includes a set of proposed strategies that would reduce the marketing, regulatory, legislative, technical and technical obstacles facing cooperative insurance companies in the Kingdom of Saudi Arabia when engaging in micro-insurance activity, and since there is a large segment of society with low and medium incomes, which are groups that face many risks, so it is necessary to provide effective support from governmental, supervisory and legislative agencies to allow micro-insurance institutions to provide insurance coverage for this group of

society, whether they are covered by insurance coverage in their persons or commercial projects at reasonable prices, which leads to Developing the demand for the products of this sector. Several results have been reached, perhaps the most important of which is that the Kingdom of Saudi Arabia represents a suitable environment for the expansion of micro-insurance products for many reasons, perhaps the most important of which is the increase in the number of small individual projects. One of the important factors that motivate the development of micro-insurance systems is the changes accompanying the global climate, which require the existence of an insurance system that works to provide protection from the risks that result from the realization of these risks. The opportunity for micro-insurance to grow and spread is also magnified whenever government plans tend to fail, with the aim of reducing the risks to which people with low incomes are exposed to several risks that government programs have been unable to address. This represents the absence of a culture of insurance awareness for owners of small projects, the high value of premiums, the lack of sufficient data on which to base pricing models for these products, the inability to rely on marketing methods through intermediaries and delegates to promote this product, and the high administrative expenses and expenses of inspection and issuance of documents for these projects in exchange for The decline in profitability and the return achieved for the company is one of the most important

obstacles and challenges facing the spread of micro-insurance. Also, one of the most important reasons for the delay of insurance companies in expanding into small and micro projects is the absence of the legislative framework regulating the financing of these projects. The low level of transparency and the absence of unified standards for reporting represent an important role in the lack of expansion of micro-insurance products. Finally, micro-enterprises represent a vital and important role in facing the phenomenon of unemployment in the Kingdom of Saudi Arabia, as these projects work to raise the efficiency of resource allocation and the absorption of productive resources. The research team recommends the need to develop micro-insurance products in line with local needs, taking into account the price factor. Insurance companies, brokers and banks in the Kingdom of Saudi Arabia must provide marketing channels for micro-insurance coverage in the least possible time and at the lowest possible cost by relying on unconventional marketing channels such as mobile phones, ATMs and Internet networks. In addition, micro-insurance companies must become an agent of an official insurance company, which leads to reaching an appropriate level of technical expertise, in addition to benefiting from the expertise of reinsurers. As well as the need to work on the issuance of legislation that allows the presence of more insurance companies in the official sector, which maintains the sustainability of insurance companies while reducing capital requirements.

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