Digital Transformation and Insurtech Readiness: A Pilot Assessment of Micro insurance Companies in Nepal

NEPAL INSURANCE AUTHORITY

Lalitpur-10, Kupondole, Nepal

Published by:
Nepal Insurance Authority
Kupondole-10, Lalitpur, Nepal

July, 2026

ACKNOWLEDGEMENT

Nepal Insurance Authority is pleased to present this report on the Digital Readiness and Digitization Status of Micro Insurance Companies in Nepal. The study seeks to understand the current state of digital adoption across micro insurance companies and identify the structural, technological, financial, human resource, client-side factors that influence their ability to deliver accessible, efficient, and client-centered insurance services.

Digital transformation has the potential to significantly enhance the accessibility, efficiency, affordability, and quality of micro insurance services. The research demonstrates that micro insurance companies have made encouraging progress in establishing digital foundations, while also highlighting important gaps and challenges. The findings provide a useful knowledge for identifying practical regulatory and institutional measures to promote a more inclusive, efficient, secure, and client-centered digital micro insurance ecosystem. The inclusion of regional experiences from India and Bangladesh has further enriched the study and provided useful perspectives for Nepal's ongoing digital transformation journey.

I would like to express my sincere appreciation to the micro insurance companies, service provider, and other stakeholders who generously shared their experiences, information, and insights during the study.

I also appreciate Vrock Company Private Limited and staff of Nepal Insurance Authority who contributed their valuable time, expertise, and constructive inputs throughout the study. May this report serve as a foundation for more comprehensive future studies and for the development of appropriate regulatory and supervisory interventions to accelerate responsible digital transformation across the insurance sector.

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Abbreviations

AD	Anno Domini
AI	Artificial Intelligence
BS	Bikram Sambat
DC	Data Center
DR	Disaster Recovery
FY	Fiscal Year
GoN	Government of Nepal
ICT	Information and Communications Technology
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
KII	Key Informant Interview
KYC	Know Your Customer
MFS	Mobile Financial Services
NIA	Nepal Insurance Authority
RPO	Recovery Point Objective
RTO	Recovery Time Objective
SMS	Short Message Service
VPN	Virtual Private Network
VPS	Virtual Private Server
USSD	Unstructured Supplementary Service Data

EXECUTIVE SUMMARY

Nepal's micro insurance sector stands at a critical point. For decades, the country's low-income, rural, and geographically remote populations remained largely excluded from formal financial protection, not because risk did not exist in their lives, but because the products, channels, and institutions designed to manage that risk were never built with them in mind. The establishment of seven dedicated standalone micro insurance companies between 2022 and 2024, one per province, under the legal mandate of the Insurance Act, 2079 and the Micro Insurance Directive, 2079, represents the most deliberate and structured attempt yet to close that gap. The Nepal Insurance Authority initiated this pilot assessment to understand how far these companies have come in adopting digital tools and systems as a core part of their service delivery model, and what stands between their current position and a fully digitized, client-centered operation.

The primary objective of the study is to evaluate digital systems across key functions such as customer onboarding, policy issuance, infrastructure, claims settlement, and client servicing. The study categorizes constraints across technical, financial, human resource, and client-side dimensions. Additionally, it draws lessons from regional microinsurance markets in India and Bangladesh to offer actionable recommendations for regulatory and institutional development. The scope covers all seven licensed microinsurers, with primary field data gathered through structured Key Informant Interviews (KIIs) across five of the microinsurers, an insurance IT vendor, and sector regulators, complemented by regulatory desk reviews and a systematic compliance review of all seven companies against the Beema Samiti IT Guideline, 2076.

The financial picture emerging from this assessment is a sector that has established itself faster than expected. Combined total income across all seven companies rose from NPR 82.61 million in FY2079/80 to NPR 1,704.63 million in FY2081/82, a more than twentyfold increase in three years. Micro non-life insurers grew at 40.18 percent in the first four months of FY2082/83, more than three times the rate of conventional non-life counterparts. These are not modest numbers for institutions barely three years old, and they signal that meaningful, latent demand is beginning to be tapped.

On the digitization front, the picture is more nuanced. Both micro life insurance companies assessed in this study have made genuine and commendable early investments in digital infrastructure. Cloud-based servers, online KYC, mobile applications, digital payment integration, and SMS-based client communication are broadly in place. Claims processing has been partially digitized, with online intake operational, though physical verification persists as a remnant of the manual process. The more candid finding, however, is that these foundations are being maintained by institutional IT teams of one to two people, managing networks of over twenty branches each, which creates a structural fragility that no amount of digital ambition can compensate for. Payment gateway reliability, coordination delays across multiple stakeholders, and the inherent digital literacy gap on the client side compound these internal constraints into a consistent pattern of partial digitization, strong at the back office, weak at the client-facing front end.

Among the micro non-life companies, the digitization journey is at an even earlier stage. Policy issuance remains agent-mediated or in-person across all three companies assessed. None yet offer clients the ability to purchase a policy independently online. Claims processing varies from fully digital at one company to paper-based forms transmitted via messaging applications at another. The infrastructure picture is similarly uneven: one company has a robust data center and disaster recovery setup but no cybersecurity framework; another has firewalls in place but no operational disaster

recovery site; a third operates on a cloud-only architecture without a physical backup. Each company is, in effect, most advanced in exactly the areas its peers have neglected, which points less to strategic differentiation and more to the ad hoc, resource-constrained nature of digital investment decisions so far. What is consistent across all three is that vehicle insurance, specifically third-party cover, has independently emerged as the first product line each company plans to digitize, a convergence that the NIA should treat as a practical signal for where phased digital rollout standards could be set most effectively.

The compliance assessment against the NIA IT Guideline reinforces this picture of genuine but uneven progress. Micro life companies, particularly Crest Micro Life and Liberty Micro Life, demonstrate notably stronger governance culture and public IT disclosure than their non-life counterparts. No company across either segment, however, has disclosed data center specifications in its annual report, maintained a public record of expired policies on its website, or provided full IT department head contact details as required. Quarterly proactive disclosure under the Right to Information Act was absent from all four micro non-life companies. These are not trivial omissions, they are precisely the transparency mechanisms that allow policyholders, investors, and the regulator to assess the digital resilience and accountability of each institution.

The recommendations emerging from this assessment are organized around five priorities. First, IT governance and internal capacity must be structurally reinforced, with a minimum staffing baseline mandated by the NIA and a shared digital infrastructure platform explored as a cost-effective solution for companies whose scale does not yet justify individual large-scale IT investment. Second, client-facing digitization must be accelerated through phased but time-bound milestones, with online policy issuance and end-to-end digital claims processing treated as regulatory performance indicators rather than aspirational targets. Third, payment integration must go beyond bank-linked gateways to encompass mobile wallets, recognizing that a significant share of the target client base is unbanked and that the Bangladesh experience with bKash offers a directly applicable model. Fourth, client-side digital literacy must be treated as a structural investment priority, not an afterthought, with companies required to track and report on policyholder digital engagement as a simple, meaningful metric of progress. Fifth, cybersecurity must be elevated from an individual company concern to a sector-wide baseline standard, with the NIA issuing adapted minimum requirements and tracking annual IT audit compliance as a routine supervisory function.

Nepal's micro insurance companies are not starting from scratch. The foundations are laid, the momentum is real, and the regulatory intent is clearly in the right direction. What this assessment reveals is that the next phase of the sector's development will be determined less by whether companies want to digitize and more by whether the structural conditions, adequate IT staffing, reliable payment infrastructure, shared platforms, clear regulatory milestones, and a client population equipped to engage with digital tools, are put in place to make meaningful digitization possible at scale. This pilot assessment is intended as a first step toward building that enabling environment.

Background

Nepal has historically suffered from critically low insurance penetration, with the vast majority of its population, particularly those in rural, remote, and mountainous regions, having no access to any form of financial protection against risk. Traditional insurance products were too complex, expensive, and inaccessible for low income households. Recognizing that this left millions of people vulnerable to poverty inducing shocks such as illness, death, crop failure, and natural disasters, the Government of Nepal and its regulatory bodies identified micro insurance as a strategic tool for both financial inclusion and poverty alleviation. Development institutions such as the United Nations, the World Bank, and the Asian Development Bank had long highlighted micro insurance's potential in securing poverty alleviation, and Nepal's policy direction gradually aligned with this global consensus.

This recognition was given legal force through the Insurance Act, 2079 (2022), which replaced the outdated Insurance Act, 2049 (1992) and introduced a modern, comprehensive framework covering the entire insurance sector, including life, non-life, micro, and reinsurance. Chapter 8 of the Act is dedicated entirely to micro insurance. Section 75 establishes a statutory obligation for every licensed insurer to undertake micro insurance business aimed at serving low-income, indigent, and marginalized communities, while Section 76 goes further by creating the legal space for dedicated micro insurance companies whose sole purpose is to serve these underserved markets. It is under this provision that Micro Life Insurance and Micro Non-Life (General) Insurance companies were licensed and began operations. The framework is further strengthened by the Insurance Regulation, 2081 (2025), which reinforces policyholder protections and corporate governance standards across all categories of insurance.

The Nepal Insurance Authority (NIA), established as an autonomous regulator under Section 3 of the Insurance Act, 2079 (2022) and operating under the Ministry of Finance, is mandated under Section 5 of the same Act to promote micro insurance and expand access for low income populations. Initially, the NIA directed existing life and non-life insurers to issue micro insurance policies as part of their broader portfolios. However, this approach did not achieve the intended reach or penetration. Consequently, the NIA granted operating licenses to seven dedicated micro insurance companies to exclusively conduct micro insurance business, allowing for more focused service delivery. All such companies are also required to register under the Company Act, 2063 for formal incorporation.

The intended beneficiaries of micro insurance in Nepal are clearly defined in both law and policy. Section 75 of the Insurance Act, 2079 (2022) explicitly targets low income individuals, indigent people, and backward class communities. More broadly, this includes rural and remote populations without access to traditional insurance, women in informal and subsistence economies, farmers and agricultural workers exposed to crop and weather related risks, daily wage earners in the informal sector, and marginalized groups including Dalits and indigenous communities. The underlying policy intent is to ensure that financial protection reaches those who are most economically vulnerable, positioning micro insurance as a direct instrument of Nepal's broader poverty reduction and social protection agenda.

The emergence of these companies has coincided with a wider expansion of digital financial infrastructure in Nepal, including rising mobile and internet penetration and strengthened national payment systems. This has created a meaningful opportunity for micro insurers to reach their target population without depending entirely on costly physical branch networks. However, the insurance sector as a whole has lagged behind other financial industries in fully adopting digital tools, and micro insurers face particular constraints given their limited resources, lean IT teams, and a client base

that itself faces barriers of digital literacy and connectivity. It is within this context, an industry still defining its digital foundations, that the Nepal Insurance Authority commissioned this study to assess the current digitization status of micro insurance companies operating in the country.

1.1. Objective and Scope of the Study

The primary objective of this study is to assess the current digitization status of micro insurance companies in Nepal, with a focus on understanding the extent of technology adoption across core operational functions and identifying the key constraints limiting further digital progress across the sector.

Specifically, the study aims to:

- Document the digital systems and tools currently in use by micro insurance companies across key functional areas, including KYC and policy issuance, premium collection, technology and server infrastructure, claims processing, client servicing, and staff and agent training.
- Identify and categorize the constraints and bottlenecks, whether technological, financial, human resource related, regulatory, or client side, that are limiting further digitization within these companies.
- Compare the digital maturity of micro life and micro non-life insurance companies to identify shared challenges as well as differences in digitization approach and progress across the two segments.
- Draw lessons from regional best practices, particularly from the more mature micro insurance markets in India and Bangladesh, to contextualize Nepal's digitization journey and identify applicable strategies.
- Provide actionable recommendations to inform the Nepal Insurance Authority's regulatory and developmental priorities in building a more inclusive, efficient, and digitally enabled micro insurance ecosystem.

In terms of scope, the study covers all seven licensed micro insurance companies in Nepal, comprising three micro life and four micro non-life insurers, with primary field data collected from five of these companies through structured Key Informant Interviews. The study also includes the perspective of the Nepal Insurance Authority as the sector regulator, as well as an IT solutions provider with direct experience developing customized digital systems for an insurer in Nepal. The scope is limited to assessing digitization at the institutional and operational level; it does not extend to a detailed financial performance analysis, actuarial review, or assessment of individual product pricing, though relevant contextual data on premium collection and market performance has been referenced where useful in framing the findings.

1.2. Methodology of the Study

This study adopted a mixed-method, primarily qualitative approach to assess the current digitization status of micro insurance companies in Nepal. The research design combined desk research with primary data collection through Key Informant Interviews (KIIs) and internal team discussions, allowing for both a contextual understanding of the regulatory and market environment and direct, firsthand insight into the operational realities of the companies under study.

Desk Research

The study began with extensive desk research to establish the regulatory, legal, and market context within which Nepal's micro insurance companies operate. This included a review of the Insurance Act, 2079 (2022), the Micro Insurance Directive, 2079 (2022) and its first amendment ,2080 (2023), Digital Insurance Policy Guidelines, 2081 (2024) and related regulatory documents issued by the Nepal Insurance Authority (NIA), as well as secondary sources such as industry reports, news coverage, company websites, and published studies on micro insurance in Nepal and comparable South Asian markets. Desk research also informed the comparative case study component of this report, drawing on documented experiences from India and Bangladesh to contextualize Nepal's digitization journey within a broader regional landscape.

Key Informant Interviews (KIIs)

Primary data was collected through structured Key Informant Interviews conducted with a range of stakeholders directly involved in or knowledgeable about Nepal's micro insurance ecosystem. These included:

a. **Five micro insurance companies:** Field interviews were conducted with five of Nepal's seven licensed micro insurance companies, comprising two micro life insurance companies and three micro non-life insurance companies. These interviews focused on understanding each company's current digital systems and processes across key operational areas including KYC, policy issuance, technology infrastructure, claims processing, staff and agent training, and the specific bottlenecks each company faces in advancing digitization further.

b. **An IT solutions provider:** A separate interview was conducted with a Nepal-based IT company that has developed a customized digital application and software system for an insurance company in Nepal. This perspective offered valuable insight into the technical, operational, and resourcing challenges involved in building and deploying insurance-specific digital solutions in the Nepali market, complementing the insurer-side perspective gathered from the micro insurance companies themselves.

Internal Discussions and Data Triangulation

Findings from desk research and field interviews were further refined through internal team discussions, where preliminary observations were reviewed, cross-checked, and triangulated against multiple sources to ensure consistency and accuracy. This iterative process helped identify common themes and bottlenecks across companies, distinguish company-specific challenges from sector-wide constraints, and ensure that the conclusions and recommendations presented in this report are well grounded in both primary and secondary evidence.

1.3 Limitations of the Study

It is important to note certain limitations of this study. The findings are based on the information shared voluntarily by company representatives during interviews and may not capture the complete technical or operational picture of each institution. Additionally, while five of the seven licensed micro insurance companies were covered, the remaining two were not directly interviewed, and their digitization status has been inferred where possible from available secondary sources. Given the relatively recent establishment of Nepal's standalone micro insurance sector, the findings of this study should be read as a snapshot of an evolving industry rather than a static assessment. This assessment should inform a larger study to incorporate aspects that this assessment was not able to address. Further a deep dive of the specific digital tools that have been adopted by micro insurance companies is necessary to understand the technical barriers for digitization.

Similarly, given the limited timeframe available for this assessment and the fact that many micro insurance companies are still at an early stage of their digital transformation journey, this study does not seek to provide an exhaustive assessment of all aspects of digital readiness. Rather, it offers an initial baseline of the current state of digital preparedness. A more detailed study of micro insurance sector digitization can build on the findings of this digital readiness assessment to further examine the intersection of insurance and technology and identify opportunities for accelerating digital transformation.

Furthermore, the findings of this study alone cannot provide the complete picture of digitization and digital tool adoption in the insurance sector as only micro insurance companies were targeted. In order to understand the digitization status of the entire insurance sector, a much larger study needs to be conducted. The findings from this assessment can be a stepping stone to carry out a comprehensive digital readiness and digitization assessment of the entire insurance industry of Nepal.

Status of Micro Insurance Companies in Nepal

The micro insurance sector is at a nascent stage. While the concept of micro insurance was established more than a decade ago in 2071 BS by the first Micro Insurance Directive, 2071 BS, it was only after the enactment of the Insurance Act, 2079 BS and the Micro Insurance Directive, 2079 BS that standalone micro insurance companies were established. Prior to this, conventional insurance companies were carrying out micro insurance businesses. Although micro insurance business flourished after its introduction by the first micro insurance directive in 2071BS, conventional insurance companies struggled to meet the target set by the Government that 10 percent of the total business must be micro insurance.[1]

In November 2022 AD, the Nepal Insurance Authority granted pre-approval to seven dedicated micro insurance companies, three for life insurance and four for non-life insurance, with one company selected from each of Nepal's seven provinces[2]. These licenses were issued out of 31 companies that had applied, following the NIA's "Guidelines for the Establishment and Registration of Micro Insurance Companies, 2079," which also fixed the minimum paid-up capital for all such companies at NPR 750 million[3]. However, the rollout of operations was gradual rather than immediate. As of April 2023 AD, four months after the initial licensing, only two of the seven companies, Guardian Micro Life Insurance and Nepal Micro Insurance, had received final operating approval, while the remaining five were still completing the registration and licensing process[4].

Despite the relatively young age of these standalone companies, current data reveals a significant imbalance in market presence between the new micro insurers and the conventional insurance companies that continue to offer micro insurance products alongside their regular business. According to a study by the Nepal Insurance Authority titled "Micro insurance Regulation, Outreach Expansion and Impact Enhancement in Nepal," of the total life micro insurance premium collected, the 14 established conventional life insurers accounted for nearly 75 percent of premiums and over 80 percent of total insured risk amount, while the newly established standalone micro life insurers collected only a small fraction of the market. The pattern is reversed in the non-life segment, where new standalone micro insurers have outperformed conventional insurers significantly, collecting over 98 percent of non-life micro insurance premiums and covering over 90 percent of insured risk[5].

The sector continues to face structural challenges in achieving its intended outreach. Industry stakeholders surveyed under the Micro Insurance Directive, 2080 BS reported that several regulatory provisions remain unclear, creating confusion that hinders effective implementation[6]. Newly established micro insurance companies also continue to grapple with weak public trust, low consumer awareness, and high operating costs, with the Chief Executive Officer of Guardian Micro Life Insurance and President of the Nepal Micro Insurers Association noting that convincing people to purchase insurance, even those who understand its value, remains one of the sector's most persistent challenges[7].

1 Dhungel, P., Wiedmaier-Pfister, M. 2025. Microinsurance Regulation in Nepal: Fostering Access and Impact. Nepal Insurance Authority (NIA). 2025.

2 Investopaper. 2022. 7 Micro-Insurance Companies Receive Approval For Operation. November 28, 2022.

3 Fiscal Nepal. 2022. Insurance Board call public notice for license of micro insurance companies. August 26, 2022.

4 myRepublica. 2023. NIA fixes threshold of micro life-insurance coverage at maximum of Rs 500,000. April 10, 2023.

5 Nepal Insurance Authority. Microinsurance Regulation, Outreach Expansion and Impact Enhancement in Nepal. As cited in: Clickmandu. 2026. Nepal's microinsurance push still missing its target communities. May 24, 2026..

6 Clickmandu. 2026. Nepal's microinsurance push still missing its target communities. May 24, 2026.

7 Clickmandu. 2026. Nepal's microinsurance push still missing its target communities. May 24, 2026.

Table 1 List of Micro Insurance Companies in Nepal

SN	Company Name	Headquarters	Registered	Licensed by NIA	Operations Started
A. Micro Life Insurance Companies (3)					
1	Guardian Micro Life Insurance Ltd.	Biratnagar, Morang	Dec 2022 AD	Apr 2023 AD	Jul 2023 AD
2	Crest Micro Life Insurance Ltd.	Birendranagar, Surkhet	Jan 2023 AD	Apr 2023 AD	2023 AD
3	Liberty Micro Life Insurance Ltd.	Pokhara, Kaski	Jan 2023 AD	2023 AD	2023 AD
B. Micro Non-Life Insurance Companies (4)					
4	Nepal Micro Insurance Co. Ltd.	Bharatpur, Chitwan	Dec 2022 AD	Apr 2023 AD	May 2023 AD
5	Protective Micro Insurance Ltd.	Dhangadhi, Kailali	2023 AD	Apr 2023 AD	Apr 2023 AD
6	Star Micro Insurance Co. Ltd.	Janakpur, Dhanusa	2023 AD	2023 AD	Oct 2023 AD
7	Trust Micro Insurance Co. Ltd.	Tilottama, Rupandehi	2023 AD	2023 AD	Mar 2024 AD

2.1. Overall Micro Insurance Sector

Nepal's micro insurance sector, though nascent, has demonstrated impressive growth momentum since standalone companies commenced operations in 2023 BS. In the non-life segment specifically, data released by the Nepal Insurance Authority shows that the non-life insurance business grew by 12.93 percent in the first four months of FY2082/83 BS, with large non-life companies posting an average growth rate of 12.42 percent, while micro non-life insurance companies experienced a significantly stronger surge of 40.18 percent, growing at more than three times the rate of their conventional counterparts. On the life side, the three micro life insurance companies collectively generated a premium income of NPR 855.6 million by the third quarter of FY2081/82 BS, with year-on-year growth recorded across all three companies. Taken together, this trajectory across both segments points to a sector rapidly gaining traction and beginning to tap into the significant unmet demand for insurance protection among Nepal's low-income and rural populations.[8]

2.1.1. Current Economic Status of Micro Insurance Companies in Nepal

As the micro insurance sector is new and the seven micro insurance companies have been in operation only since the last three years, the current economic status might not reflect the true potential of

8 https://www.cgap.org/topics/collections/access-to-insurance-initiative

the companies, rather the current status which is a growing phase for all these companies. Table 2 illustrates the current economic status of the seven micro insurance companies.

Table 2: Current Economic Status of Micro Insurance Companies in Nepal

Figures in NPR Million

SN	Name	FY 2081/82		FY 2080/81		FY 2079/80	
		Total Income	Net Profit/ Loss	Total Income	Net Profit/ Loss	Total Income	Net Profit/ Loss
1	Crest Micro Life Insurance Ltd	388.73	22.71	132.02	12.65	15.02	4.49
2	Guardian Micro Life Insurance Ltd	470.86	40.76	86.65	2.23	16.45	1.80
3	Liberty Micro Life Insurance Limited	328.00	16.64	76.38	7.61	5.86	2.95
4	Nepal Micro Insurance Company Limited	145.58	1.66	71.82	0.523	16.78	4.20
5	Protective Micro Insurance Company Limited	130.24	0.254	60.59	0.711	15.05	4.29
6	Star Micro Insurance Company Limited	124.96	5.33	53.93	1.76	8.43	4.40
7	Trust Micro Insurance Company Limited	116.27	4.64	41.72	6.18	5.01	2.71
	Total	**1,704.63**	**91.98**	**523.12**	**31.66**	**82.61**	**24.85**

The financial data presented in the table above has been compiled from multiple sources to ensure the most current information available for each company. For fiscal years FY2079/80 and FY2080/81, figures for all seven companies have been sourced directly from their respective published annual reports, which are audited and publicly available on company websites. For FY2081/82, the data collection approach varied by company due to differences in annual report publication timelines at the time of this study. Annual reports for FY2081/82 were available and used for Guardian Micro Life Insurance, Liberty Micro Life Insurance, and Protective Micro Insurance. For the remaining four companies, namely Crest Micro Life Insurance, Nepal Micro Insurance Company, Star Micro Insurance Company, and Trust Micro Insurance Company, FY2081/82 annual reports had not yet been published at the time of data collection. For these companies, the figures represent the cumulative financial performance extracted from their most recently published quarterly financial disclosures, which are unaudited interim figures submitted to the NIA. Readers should therefore note that the FY2081/82 figures for these four companies may be subject to minor revision upon publication of their final audited annual reports.

The financial data reveals a sector that has grown at a remarkable pace across all three fiscal years, with total income across all seven micro insurance companies rising from NPR 82.61 million in

FY2079/80 to NPR 523.12 million in FY2080/81, and further to NPR 1,704.63 million in FY2081/82, representing a more than twentyfold increase over three years. This trajectory reflects the rapid scaling up of operations following the initial licensing and establishment phase, as well as growing market penetration across all seven provinces. Among the micro life companies, Guardian Micro Life Insurance recorded the highest total income in FY2081/82 at NPR 470.86 million followed by Crest Micro Life Insurance at NPR 388.73 million and Liberty Micro Life Insurance at NPR 328.00 million. In the micro non-life segment, Nepal Micro Insurance led with NPR 145.58 million followed by Protective Micro Insurance at NPR 130.24 million. Profitability has also improved consistently across the sector, with total net profit rising from NPR 24.85 million in FY2079/80 to NPR 31.66 million in FY2080/81 and NPR 91.98 million in FY2081/82, indicating that most companies have moved beyond the initial loss making phase typical of newly established insurance institutions and are now generating sustainable returns even as they continue to invest in expanding their operational and digital infrastructure.

2.2. Premium Performance

2.2.1. Micro Life Insurance

Micro life insurance companies operating in Nepal earned a total of NPR 855.6 million in insurance premiums by the third quarter of FY2081/82 BS (Q3, 2025 AD), according to data released by the Nepal Insurance Authority. Guardian Micro Life Insurance led the market with a premium income of NPR 325.8 million, followed closely by Crest Micro Life Insurance with over NPR 322 million, and Liberty Micro Life Insurance with NPR 207.7 million.

In the first two months of FY2082/83 BS, the sector continued its upward trajectory, with Crest Micro Life and Guardian Micro Life each recording NPR 56.3 million in premium collection, reflecting a neck-and-neck competitive dynamic between the two leading players.[9]

Table 3: Micro Life Insurance- Market Snapshot

Company	Q3 FY2081/82 BS Premium (NPR)	Market Share (within micro life)
Guardian Micro Life Insurance	325.8 million	38.1%
Crest Micro Life Insurance	322.0 million	37.6%
Liberty Micro Life Insurance	207.7 million	24.3%
Total — Micro Life Sector	**855.6 million**	**100%**

(Source: Nepal Insurance Authority / BeemaPost, May 2025)

2.2.2. Micro Non-Life Insurance

Total premium collection from the four micro non-life insurers reached NPR 825.87 million in FY2081/82 BS, with individual company performance as follows: Nepal Micro Insurance collected NPR 215.06 million, Protective Micro Insurance NPR 228.09 million, Star Micro Insurance NPR 184.04 million, and Trust Micro Insurance NPR 198.67 million.[10]

9 https://www.globaldata.com/store/report/nepal-insurance-market-analysis/

10 Nepal Insurance | Micro Insurance

Table 4: Micro Non-Life Insurance- Market Snapshot

Company	FY2081/82 BS Premium (NPR)	Market Share (within micro non-life)
Protective Micro Insurance	228.09 million	27.6%
Nepal Micro Insurance	215.06 million	26.0%
Trust Micro Insurance	198.67 million	24.1%
Star Micro Insurance	184.04 million	22.3%
Total — Micro Non-Life Sector	825.87 million	100%

(Source: Fiscal Nepal, March 2026)

2.2.3. Growth Highlights

Among individual micro non-life insurers, Protective Micro Insurance grew by 51 percent, Star Micro Insurance expanded by 33.20 percent, and Nepal Micro Insurance by 22.40 percent in the first four months of FY2082/83 BS. As of the end of Kartik, Protective Micro Insurance had the highest premium collection in the micro non-life category at NPR 96.9 million. Industry observers attribute the strong performance to growing demand for affordable risk coverage in rural areas, improved insurance literacy, and targeted policies encouraging financial inclusion.[11]

2.3. Context Within the Broader Insurance Market

According to the Nepal Insurance Authority, the life insurance business covers 60 percent of the total insurance market based on insurance premiums, with Bagmati Province accounting for 48.44 percent of total business across life and non-life insurance industries. This geographic concentration of conventional insurance in Kathmandu further underscores the relevance of the province-based micro insurance licensing model, which is specifically designed to bring insurance services to the six provinces that remain significantly underserved by the mainstream insurance sector.[12]

11 https://www.cgap.org/topics/collections/access-to-insurance-initiative

12 https://www.globaldata.com/store/report/nepal-insurance-market-analysis/

Micro Life Insurance Companies

Micro life insurance companies in Nepal were established with the primary objective of extending life insurance coverage to low-income, rural, and financially excluded populations who have historically been unable to access conventional insurance products. Licensed by the Nepal Insurance Authority (NIA) under the legal framework, these companies are mandated to serve marginalized communities, daily wage earners, smallholder farmers, women in informal economies, and individuals in remote geographical areas. Their core service offerings include micro term life insurance, endowment and savings-linked plans, group life insurance, and accident and health coverage, all designed with low premium thresholds and simplified policy terms to suit the financial capacity and literacy levels of their target clientele. The overarching establishment objective is not merely commercial, but developmental: to promote financial security, build a savings culture, and reduce the economic vulnerability of Nepal's underserved majority.

Three standalone micro life insurance companies currently operate in Nepal: Guardian Micro Life Insurance, headquartered in Biratnagar, Crest Micro Life Insurance, headquartered in Birendranagar, Surkhet, and Liberty Micro Life Insurance, headquartered in Pokhara. Each company was selected to represent a specific province under the NIA's province-based licensing approach, with the explicit intent of decentralizing access to insurance services beyond Kathmandu and other urban centers[13]. All three companies were required to maintain a minimum paid-up capital of NPR 750 million, a threshold set deliberately lower than that required of conventional life insurers, in order to make market entry feasible for institutions whose business model depends on small-value, high-volume policies rather than large premium contracts[14].

The products these companies are permitted to offer are tightly defined by regulation to keep them within reach of low-income households. Under the Micro Insurance Directive, 2080 BS, life insurance policies must carry a maximum coverage of NPR 500,000 to be classified as micro insurance, ensuring that the product category remains distinct from, and complementary to, conventional life insurance offerings[15]. Within this ceiling, micro life insurers are permitted to offer whole-life, term-life, endowment, and other life insurance products tailored to short premium-paying terms and simplified underwriting requirements. However, the insurers can only offer non-par products and cannot introduce profit sharing (bonus) product as of now[16]. The NIA has further mandated that claims under micro insurance policies be settled within 21 days, a significantly faster turnaround than is typical in the conventional insurance market, reflecting the regulator's emphasis on building trust and improving the client experience for first-time insurance buyers[17].

Despite their developmental mandate, standalone micro life insurers continue to operate in a market still dominated by conventional insurers offering micro-equivalent products. According to a Nepal Insurance Authority study, of the total life micro insurance premium collected nationally, the 14 established conventional life insurers accounted for nearly 75 percent of premiums and over 80 percent of total insured risk, while the three newly established standalone micro life insurers together collected

13 Investopaper. 2022. 7 Micro-Insurance Companies Receive Approval For Operation. November 28, 2022.

14 Fiscal Nepal. 2022. Insurance Board call public notice for license of micro insurance companies. August 26, 2022.

15 myRepublica. 2023. NIA fixes threshold of micro life-insurance coverage at maximum of Rs 500,000. April 10, 2023.

16 Nepal Insurance Authority, Circular for Micro Life Insurance Companies [Circular number 105 (2080.81), Indication Number 1807]

17 .....

a comparatively small share of the overall market[18]. This gap underscores the early-stage nature of the standalone micro life insurance industry and highlights why building public trust, expanding distribution networks, and improving product awareness remain central priorities for these companies as they work to fulfill their founding objective of reaching Nepal's underserved population.

3.1. Current Status: Micro Life Insurance

Guardian Micro Life Insurance Limited, registered on December 26, 2022 AD and licensed by the NIA on April 10, 2023, is Nepal's first ever micro life insurance company, commencing operations on July 7, 2023. The company is headquartered in Biratnagar, Morang, and positions itself as a digital-first insurer. FY2080/81 BS was Guardian's first full year of operations, during which it launched a total of four products and reported a Gross Premium Earned (GPE) of NPR 36 million, approximately 65 percent of which was contributed by micro term policies and 35 percent by non-participating endowment policies[19]. The company reported a net profit of NPR 2.23 million during FY22081/82 BS, supported primarily by income from investments, while small scale of operations coupled with high administrative costs in the initial year resulted in underwriting losses. Guardian has since expanded its product portfolio to include a child plan: the Bal Samriddha Laghu Beema Yojana alongside its core term and endowment offerings, and operates a mobile application available on both iOS and Android platforms.[20]

Crest Micro Life Insurance Limited, headquartered in Birendranagar, Surkhet and representing Karnali Province, has emerged as one of the stronger performers in the micro life segment in terms of financial growth. Crest's total insurance premium income surged from mere 35 thousand in its first year of operations to NPR 84.27 million in FY2081/82 BS, representing extraordinary year-on-year premium growth. The company reported a profit after tax of approximately NPR 13 million for FY2081/82 BS over a total asset base of approximately NPR 614 million, and further generated a profit of approximately NPR 11 million during the first nine months of FY2082/83 BS over a total asset base of approximately NPR 942 million as of mid-April 2025 AD.

Liberty Micro Life Insurance Limited is headquartered in Pokhara, Kaski, and represents Gandaki Province. The company was registered on Poush 17, 2079 BS and obtained its micro life insurance business license from the NIA on Ashwin 19, 2080 BS, with operations inaugurated at its New Road office in Pokhara by the Chairman of the Nepal Insurance Authority. Liberty has been operational since November 2023 AD, and for FY2082/83 generated a net profit of approximately NPR 16.6 million on a total asset base of NPR 572 million.

Taken together, the three micro life insurance companies reflect a sector that is young but growing, with each company carving out a distinct operational identity within the same regulatory framework. All three operate with a paid-up capital of NPR 525 million against the regulatory minimum of NPR 750 million, indicating that capital build-up remains ongoing for all players. Despite being young institutions, the consistently rising premium income across all three companies each fiscal year reflects a sector gaining momentum, a clear indicator of the significant unmet demand for life insurance protection among Nepal's low-income and rural populations that these companies are only beginning to address. However, as ICRA Nepal's ratings of all three companies consistently note, limited operational track records, high initial administrative costs, scalability constraints, and competition from 14 mainstream life insurers that also offer small-ticket life products remain common

18 Nepal Insurance Authority. Microinsurance Regulation, Outreach Expansion and Impact Enhancement in Nepal. As cited in: Clickmandu. 2026. Nepal's microinsurance push still missing its target communities. May 24, 2026.

19 Annual Report 2080.81

20 Guardian Micro Life Insurance, gmli.com.np). Cmli + 2

challenges across the segment. The sector's long-term viability will depend on how effectively these companies expand their distribution reach, build public trust, and leverage digital tools to serve their target population at sustainable cost.

3.2. Products Offered: Micro Life Insurance

Guardian Micro Life Insurance offers the broadest product range among the three companies. Guardian Micro Life Insurance offers micro term plans, micro endowment plans, and micro group plans through its diversified sales network. In addition, Guardian also offers an endowment micro life insurance product that combines insurance coverage with a savings component, and a whole micro life insurance policy that provides coverage throughout the lifetime of the insured as long as premiums are regularly paid. The company has also recently added a child plan : the Bal Samriddha Laghu Beema Yojana to its portfolio.

Crest Micro Life Insurance, offers a wide range of insurance products from traditional life insurance to health insurance and accident insurance, tailored to the unique needs and budgets of Nepali families and individuals. Its specific product lines include a Micro Term Insurance Plan, with health and accident coverage available as complementary options for policyholders. Crest's product portfolio includes term micro life insurance, endowment micro life insurance, and a money-back plan, with additional health and accident coverage options.[21]

Liberty Micro Life Insurance focuses on micro term life insurance up to 20/25 years to be renewed each year, savings plans, and group insurance options designed to meet the specific needs of rural and semi-urban clients, with a commitment to promoting regular savings habits alongside protection coverage. It also has an Endowment Plan that provides guaranteed return. Liberty's product portfolio is predominantly term-based, with term insurance accounting for approximately 72 percent of total gross premium in FY2082/83, including foreign employment term business from the pool at approximately 44 percent, with the remaining share contributed by credit-linked and institutional products

In summary, across all three companies, the core product categories in the micro life insurance space are: micro term plans for pure protection, micro endowment plans for protection and savings, micro group plans for cooperatives, microfinance institutions, and organizations, whole life micro plans, child plans, and accident/health riders , all subject to NIA-regulated coverage caps to keep them affordable for the target low-income population.

3.3. Digitization Status: Micro Life Insurance

3.3.1. Findings from KIIs: Micro Life Insurance

The digitization level of the two micro life insurance companies are to some extent similar yet differ in some aspects. Table 5 shows a summary of the digitization level and status of Liberty and Crest Micro Life Insurance companies.

Table 5: Digitization level of Micro life insurance companies

Dimension	Liberty Micro Life Insurance	Crest Micro Life Insurance
1. General Information		
Headquarters	Pokhara, Kaski	Birendranagar, Surkhet

21 GuruFocus, XNEP:CREST). Sharesansar + 2

Years in Operation	~3 years (est. 2023 AD)	~3 years (est. 2023 AD)
Number of Branches	23 branches	Not specified
Agent Network	2,000+ agents	Not specified
2. Policy Issuance & KYC		
Online Policy Purchase	Yes — via mobile app & website	Yes — via website, iOS & Android app
Online KYC	Yes — fully online	Yes — fully online
Digital Policy Document	Policy number sent via SMS	Digitally signed; physical copy from branch
SMS Notifications	Yes — policy number dispatch	Yes — payment reminders & alerts
3. Technology Infrastructure		
Server Setup	Cloud-only (no physical server)	Data Center (DC) + Disaster Recovery (DR) site
Backup Locations	Cloud backup — Kathmandu & Butwal	Cloud + physical hard drive (every 3 months)
Physical Server	No	No (DC/DR, not traditional server)
Firewall / Security	2-firewall system (vendor-provided)	Not specified
IT Support Model	Remote support from Kathmandu HQ	Not specified
IT Team Size	1 person	Not specified
4. Claims Processing		
Claims Channel	Online (document submission digital)	Dual — online (app/web) + in-person
Physical Verification Required	Yes — verification step is physical	No — fully online option available
Claim Status Tracking	Not mentioned	Yes — available online
Claim Settlement Time	Not specified	2–3 business days
5. Staff & Agent Training		
Training Frequency	Monthly sessions for all branches	2–3 times per month + ad hoc sessions
Training Delivery	Centralized — from Head Office	Internal IT/digitization training
Staff Digital Literacy	Not specified	Employees & agents are digitally literate
6. Key Constraints & Challenges		
Primary Constraint	1-person IT team; payment gateway issues	Client-side digital literacy gap
Secondary Constraint	Coordination delays; manual intervention	Technology gap & budget limitations

Regulatory Constraint	New products require NIA approval	Not specifically mentioned
7. Future Plans		
AI / Advanced Technology	Planned — within next 5 years	Not mentioned
Expansion Plans	Ongoing branch coverage	Closing technology gap (strategic priority)

Note: *Digitization status of Guardian Micro Life Insurance Company is not known as consultation meeting with the company was not possible.*

Both Liberty Micro Life Insurance and Crest Micro Life Insurance have established a comparable foundation in their core digital operations. The two companies share several common capabilities: both offer fully online KYC, enable policy purchase through mobile applications and websites, and use SMS to keep clients informed. On the infrastructure side, Liberty operates on a fully cloud-based server setup with no physical servers, maintaining backup sites in both Kathmandu and Butwal, and secures its system with a vendor-provided two-firewall arrangement. Crest takes a more layered approach, operating a formal Data Center and Disaster Recovery site, supplemented by physical hard drive backups conducted every three months reflecting a more conservative data security posture. Both companies conduct regular digital training for their staff and agents, with Crest running sessions 2–3 times per month alongside ad hoc training, while Liberty conducts centralized monthly sessions for all 23 of its branches.

Where the two companies show notable similarity is also in their claims processing and document management practices. Both Liberty and Crest have digitized the initial stage of claims, covering intake and document submission, while retaining some physical steps in the process. Crest goes further by offering a fully online claims pathway with a settlement time of 2 to 3 business days and online status tracking. Liberty's digital claims process is more limited, as physical verification is still required at a later stage. On the documentation side, both companies operate a hybrid model. Crest issues a digitally signed policy document upon purchase but requires clients to visit a branch to collect the original physical copy. Liberty similarly sends the policy number via SMS while physical documentation remains part of the process. Overall, both companies have made meaningful progress in digitizing client facing processes but neither has achieved a fully paperless end to end experience.

Despite these strengths, both companies face significant constraints that limit further digitization. Liberty's most critical constraint is its IT team of just one person, which severely restricts its capacity to develop, maintain, or expand digital systems, compounded by issues with payment gateway reliability and the coordination delays that arise from multi-party processes. Crest's primary challenge lies not within the organization but on the client side: the limited digital literacy of its target population in rural and semi-urban areas remains the biggest barrier to full digital adoption, alongside the financial cost of bridging its existing technology gap. Looking ahead, Liberty has articulated a plan to integrate AI technology within the next five years, while Crest has identified closing its technology gap as a key strategic priority, suggesting that both companies recognize the need for continued investment in their digital capabilities to effectively serve their target populations. The digitization maturity heatmap provides an overview of the digitization level, adoption and gaps of the two micro life insurance companies.

Digitization Maturity Heatmap

The digitization maturity heatmap illustrates the digitization stages of the two micro life insurance companies.

Table 6: Digitization Maturity Heatmap- Micro Life Insurance Companies

● Fully Digital	◪ Partially / Partially Digital	○ Not Digital / Gap	— Not Specified

Category	Dimension	Liberty Micro Life Insurance	Crest Micro Life Insurance
1. Policy Issuance & KYC			
Policy & KYC	Online Policy Purchase	● **Fully Digital**	● **Fully Digital**
Policy & KYC	Online KYC	● **Fully Digital**	● **Fully Digital**
Policy & KYC	Digital Policy Document	◪ **Partially / Partially Digital** Policy no. via SMS	◪ **Partially / Partially Digital** Digitally signed; physical copy from branch
Policy & KYC	SMS Notifications	● **Fully Digital** Policy number dispatch	● **Fully Digital** Payment reminders & alerts
2. Technology Infrastructure			
Technology	Server Setup	● **Fully Digital** Cloud only	● **Fully Digital** DC + DR site
Technology	Data Backup	● **Fully Digital** Cloud — Kathmandu & Butwal	● **Fully Digital** Cloud + physical hard drive (every 3 months)
Technology	Firewall / Security	● **Fully Digital** 2-firewall, vendor-provided	— Not Specified
Technology	IT Team Capacity	○ **Not Digital / Gap** 1-person IT team	— Not Specified
3. Claims Processing			
Claims	Digital Claims Channel	◪ **Partially / Partially Digital** Online intake only	● **Fully Digital** Online + in-person option
Claims	Physical Verification	○ **Not Digital / Gap** Still required	◪ Partially / Partially Digital Reduced but present
Claims	Claim Status Tracking	● **Fully Digital** Available online	● **Fully Digital** Available online
Claims	Settlement Turnaround	— Not Specified	● **Fully Digital** 2 to 3 business days
4. Staff & Agent Training			

Training	Training Frequency	◐ **Partially / Partially Digital** Monthly sessions	● **Fully Digital** 2 to 3 times/month + ad hoc
Training	Staff Digital Literacy	● **Fully Digital** Employees & agents digitally literate	● **Fully Digital** Employees & agents digitally literate
Training	Agent Digital Readiness	◐ **Partially / Partially Digital** 2,000+ agents trained; client gap remains	◐ **Partially / Partially Digital** Agents trained; client gap remains
5. Key Constraints			
Constraints	IT Resourcing	○ **Not Digital / Gap** Single IT person	◐ **Partially / Partially Digital** Not specified
Constraints	Client Digital Literacy	○ **Not Digital / Gap** Rural client gap	○ **Not Digital / Gap** Biggest barrier identified
Constraints	Budget for Technology	○ **Not Digital / Gap** Cost-saving constraints	○ **Not Digital / Gap** Technology gap & budget limit
6. Future Plans			
Future	AI Integration	◐ **Partially / Partially Digital** Planned within 5 years	— Not Specified
Future	Technology Expansion	◐ **Partially / Partially Digital** Ongoing branch coverage	◐ **Partially / Partially Digital** Closing technology gap — strategic priority

3.3.2. NIA Compliance Assessment: Micro Life Insurance Companies

As part of this study, a compliance assessment of the official websites of all seven micro insurance companies was conducted against the disclosure requirements set out under Section 6(1) of the Beema Samiti IT Guideline, 2076, which mandates a total of 22 specific information categories that licensed insurance companies are required to make publicly available on their websites. This assessment provides a proxy indicator of each company's digital transparency and client facing information readiness, an important dimension of digitization that goes beyond internal operational systems to reflect how effectively companies use their digital presence to serve and protect policyholders.

The assessment revealed significant variation in compliance levels across the seven companies. Among the micro life insurers, Crest Micro Life Insurance demonstrated the strongest compliance followed by Liberty Micro Life Insurance and Guardian Micro Life Insurance. Among the micro non-life insurers, Nepal Micro Insurance and Protective Micro Insurance were in top disclosure, while Star Micro Insurance and Trust Micro Insurance recorded significantly lower disclosures, indicating substantial gaps in their public digital disclosure. Across all seven companies, certain requirements were universally absent. No company maintained a list of expired or discontinued policies as

required under Section 6(1)(j), and the proactive quarterly disclosure required under Section 6(1)(t) in compliance with the Right to Information Act was only fulfilled by three companies, namely Guardian, Crest, and Liberty. Similarly, a functional feedback mechanism with submission, storage, and escalation capability as required under Section 6(1)(v) was largely absent, with most companies offering only a basic contact form as a substitute.

These findings suggest that while micro insurance companies have made meaningful progress in establishing a digital presence and meeting core informational requirements, compliance with the more demanding disclosure obligations, particularly those related to financial transparency, policy lifecycle information, and grievance redressal, remains incomplete across the sector. The NIA may wish to consider issuing compliance reminders or guidance notes specifically targeting the universally absent requirements, as well as establishing a structured monitoring mechanism to track and enforce website disclosure standards across all licensed micro insurers on a periodic basis.

Table 7: NIA Website Disclosure Compliance Assessment: Micro Life Insurance

Requirement Section 6(1) of Beema Samiti IT Guideline, 2076	Guardian	Crest	Liberty
Website	**gmli.com.np**	**cmli.com.np**	**libertymlife.com.np**
(a) Address, phone, fax, email, map & photo visible on opening	•		•
(b) Site map	•		•
(c) Vision, mission, goals and objectives	•		•
(d) Board of directors name, photo, appointment date	•		•
(e) Senior management / departmental heads photo & details	•		•
(f) Information officer name, photo, position, contact, email	•		•
(g) Citizens' charter	•		•
(h) Branch addresses, contact, email & photos	•		•
(i) Policy portfolio classification	•		•
(j) Expired / discontinued policies	×	×	×
(k) Active agent details license date, Board code, insurer code	•		•
(l) Surveyor details name, license no., issue & renewal date	×	×	×
(m) How to purchase insurance process	•		•
(n) How to file a claim process	•		•
(o) Fraudulent claims list of persons / institutions	×	×	×
(q) Premium calculator	•		•
(r) Reinsurance details (treaty & facultative)	•		•
(s) Audited financial statements last 5 years (only available for 3 years after establishment)	•		
(79/80, 80/81, 81/82)	•		
(79/80, 80/81) missing - 81/82	•		
(79/80, 80/81, 81/82)			

(t) Proactive disclosure quarterly (RTI Act)	•		•
(u) FAQs for policyholders and stakeholders	•		•
(v) Feedback mechanism submit, store, escalate to senior official	~	•	×

Legend: • **Available** ~ **Partially Available** × **Not Found** **N/A Not Applicable**

3.3.3. Bottlenecks for Digitization: Micro Life Insurance

- IT teams are extremely lean, in some cases comprising only a single person, severely limiting the capacity to build, maintain, or scale digital systems across multiple branches
- Payment gateway instability persistently disrupts digital transactions, affecting operational reliability across the agent and client interface.
- Multiple parties are involved in core operational processes, causing coordination delays and forcing manual intervention at various workflow stages
- IT support for branch networks is managed remotely from head / province offices, creating a significant capacity and response bottleneck
- New products developed by companies require regulatory approval from the Nepal Insurance Authority before launch, slowing down product innovation and digital product rollout
- Physical verification is still required at later stages of the claims process despite digital intake, preventing a fully online end to end claims experience
- Physical document collection at branch level is still required even after digitally signed policies are issued, indicating incomplete process digitization
- Client side digital literacy is a critical barrier, as the target population in rural and semi urban areas often lacks the skills or confidence to use digital platforms independently
- A significant technology gap exists between the companies' current digital capabilities and the level required to fully serve their target market
- Financial budget constraints limit investment in new systems, infrastructure upgrades, and technology gap closure
- The broader target population of low income and rural clients presents inherent structural challenges for digital adoption that go beyond what any single company can address alone
- Full end to end digitization remains a work in progress, with both companies still operating hybrid models that combine digital and physical touchpoints across key service areas

3.3.4. Future Plans for Digitization: Micro Life Insurance

Both micro life insurance companies acknowledge that their current level of digitization is still evolving and have identified further technology investment as a strategic priority. There are plans to integrate artificial intelligence into core operations within the next five years, reflecting an awareness of where the industry is heading globally. Closing the existing technology gap is also recognized as a key priority, with both companies committed to improving their digital infrastructure and service delivery. Overall, the future direction points toward reducing reliance on physical and manual processes, improving client facing digital touchpoints, and building the internal technical capacity needed to sustain and scale digitization over time.

Micro Non-Life Insurance Companies

4.1. Current Status: Micro Non-Life Insurance

The micro non-life insurance sector, similar to the micro life insurance sector, is a new segment in the country's insurance industry. The sector was established under the provisions of the Insurance Act, 2079 (2022) with the objective of expanding insurance access among low-income households, smallholder farmers, informal workers, micro, small and medium sized enterprises (MSMEs) and other underserved populations. Following a competitive licensing process, four micro non-life insurance companies received approval in November 2022 and were granted operating licenses during 2023, subsequently commencing commercial operations in the same year. The four micro non-life insurance companies, Nepal Micro Insurance Company, headquartered in Bhartpur, Chitwan, Trust Micro Insurance Limited, headquartered in Butwal, Star Micro Insurance Limited headquartered in Janakpur, and Protective Micro Insurance Limited headquartered in Dhangadi were established reflecting NIA's objective of promoting geographically balanced insurance penetration across Nepal and primarily offer products tailored to the needs of low-income and vulnerable populations.

Each company has been established by maintaining a minimum paid-up capital of NPR 750 million, the capital threshold established by the NIA to ensure financial stability while remaining proportionate to the relatively small-ticket, high-volume nature of micro insurance business. Although these companies are still in the early stages of operation, they have established stable financial foundations, with assets primarily invested in fixed deposits and other low-risk financial instruments to preserve capital and meet solvency requirements. All four companies have continued to expand their operations, branch networks, and investment portfolios while gradually increasing their underwriting activities in rural and semi-urban markets.

The four insurers primarily offer products tailored to the needs of low-income and vulnerable populations, including livestock insurance, crop insurance, property and household insurance, personal accident insurance, small business insurance, and other simplified insurance products designed to provide affordable financial protection against common risks. Unlike conventional insurance companies, micro insurance products are subject to regulatory limits on the maximum sum insured and are characterized by simplified underwriting procedures, lower premiums, and streamlined claims processes to improve accessibility and affordability. While the exact coverage limits differ depending on the product category and are prescribed through the NIA's micro insurance directives, the overall regulatory framework is designed to ensure that these products remain focused on serving financially vulnerable segments rather than competing directly with conventional insurance offerings.

However, an overlap in the insurance industry does exist as conventional insurance companies are also permitted to market micro insurance products. While Nepal's four licensed micro non-life insurance companies were established with the primary mandate of serving low-income households, smallholder farmers, informal workers, and other underserved populations, they do not possess exclusive rights to offer micro insurance products. Conventional non-life insurance companies are also permitted to design and market products that fall within the characteristics of micro insurance, including affordable livestock, crop, personal accident, property, and other low-premium insurance products, provided they comply with the regulatory provisions and product guidelines issued by the Nepal Insurance Authority. As a result, Nepal's insurance market currently exhibits an overlap between specialized micro insurers and conventional insurers operating in the micro insurance space. The principal distinction therefore lies not in the products themselves, but in the institutional mandate and business model: micro insurance companies are established exclusively to serve the low-income and

underserved market segment, whereas conventional insurers maintain broader commercial portfolios while offering micro insurance as one component of their overall business. This overlap can create competitive pressures, especially for newly established micro insurance companies trying to find their space in Nepal's insurance industry.

4.2. Products Offered: Micro Non-Life Insurance

The four micro non-life insurance companies offer similar products yet differ among the wideness of their products. The comparison table below presents the products, differences and coverage offered by each company in each category.

Table 8: Micro Non-Life Insurance Companies' Products Comparison

Product Category	Micro Non-Life Insurance Companies			
	Protective Micro Insurance	Trust Micro Insurance	Star Micro Insurance	Nepal Micro Insurance (NMIC)
Two-Wheeler / Motorcycle	Yes – Comprehensive & Third-Party plans, plus Electric Two-Wheeler cover	Yes – covers motorcycle, scooter, e-bike/e-scooter	Yes – part of broader motor line	Yes – dedicated Two-Wheeler Insurance product
Private Vehicle (Car/Jeep/SUV)	Not explicitly listed as separate (commercial vehicle covered)	Yes – car, jeep, SUV, sedan, electric cars	Yes – mentions tractors, tempos, e-rickshaws	Yes – dedicated Private Vehicle product
Commercial Vehicle	Yes – Commercial Vehicle Insurance	Yes – under Motor Vehicle Policy (comprehensive/ third-party)	Implied under Motor Insurance	Yes – dedicated Commercial Vehicle product
Property / Home Insurance	Yes – Home Insurance & Property Insurance	Yes – Home and Property (fire perils)	Yes – Property Insurance	Yes – Property Micro Insurance
Burglary / Theft / Break-in	Yes – Burglary/ Home Break-in cover	Yes – Burglary Insurance	Yes – Burglary Insurance	Yes – Burglary/ Theft Micro Insurance
Personal Accident / Accidental	Yes – Personal Accidents & Group Personal Accidents	Yes – Accidental Insurance (covers death, dismemberment, injury)	Yes – Personal & Group Accidental Insurance	Yes – Accidental Micro Insurance
Health / Medical	Yes – Group Medical insurance	Listed under "Miscellaneous" (medical)	Not explicitly listed	Not explicitly listed as standalone

Agriculture (Crops/Farming)	Yes – Farming (govt. subsidized, 80%)	Yes – under Agriculture line	Mentions agricultural vehicles, not crop cover specifically	Not listed
Livestock	Yes – Livestock Insurance	Yes – under Agriculture line	Not listed	Not listed
Herbs	Yes – Herbs Insurance	Yes – under Agriculture line	Not listed	Not listed
Marine / Cargo	Yes – Air, In-Land, Overseas marine cover	Yes – Marine Insurance (cargo/overseas transport)	Not listed	Not listed
Engineering (CAR/CPM)	Not listed	Yes – Contractors All Risk & Contractors Plant/ Machinery	Not listed	Not listed
Group/ Corporate Plans	Yes – Group Medical, Group Personal Accident	Not explicitly named	Not explicitly named	Yes – NMIC Corporate Secure Plan
Student-Specific Plan	Not listed	Not listed	Not listed	Yes – NMIC Student Secure Plan

Protective Micro Insurance Company

Protective Micro Insurance offers a broadly published product catalogue, organized around four pillars: automobile, agriculture, property, and a miscellaneous marine/health bucket. The motor line distinguishes third-party insurance, which is legally mandated and covers only damage or injury caused to others, from comprehensive plans, which add own-damage, theft, fire, and natural disaster cover along with rider medical and personal accident benefits and a no-claim discount of up to 50 percent. At the same time an electric two-wheeler product is marketed separately, reflecting Nepal's growing EV market, while its commercial Vehicle policy extends to trucks, agricultural and forestry vehicles, tractor power tillers, tempos, e-rickshaws, and tricycles targeting a rural and informal-economy-oriented vehicle mix. Its agriculture segment is notable for being government-subsidized at 80 percent of the premium, covering farming, livestock and herbs. Protective also lists home and property insurance, burglary/home break-in cover, group medical and group personal accident insurance, and marine cover for air, in-land, and overseas cargo targeting MSMEs.

Trust Micro Insurance Company

Trust Micro Insurance, organizes its offerings into six segments: motor vehicle, agriculture, home and property, engineering, marine insurance, and a miscellaneous category. Its motor vehicle policy offers comprehensive or third-party cover for both private and commercial vehicles, including four-wheelers, cars, and two-wheelers such as motorcycles, scooters, and e-bikes/e-scooters. Agriculture cover spans crops, livestock, and herbs, while home and property insurance includes protection from fire. Trust is the only one of the four non-life micro insurance companies to offer an engineering

line, providing contractors all risk (CAR) and contractors plant & machinery (CPM) cover aimed at construction and infrastructure clients. Its marine insurance covers cargo and overseas transportation, and its miscellaneous category bundles burglary, accident, and medical cover; accidental insurance product specifically includes terrorism and group-risk cover (riot, strike, malicious damage, sabotage) at no extra premium. Trust frames its products around affordability and simplicity relative to traditional insurance, distributed through non-traditional channels such as microfinance institutions and cooperatives.

Star Micro Insurance Company

Star Micro Insurance, one of the newer entrants to the sector, centers its lineup on three core pillars: property, burglary, and personal accident insurance, which are also the three products featured on its homepage banners. Its motor insurance line accommodates a wide range of vehicle types including tractors, agricultural vehicles, two-wheelers, tempos, and e-rickshaws, again reflecting a rural and informal-economy-oriented vehicle mix. Burglary insurance covers losses from theft and break-ins, while accidental insurance provides financial protection for unforeseen injuries, supporting policyholders and their families against medical expenses and accidental disability; plan options include a personal accidental micro insurance variant.

Nepal Micro Insurance Company

Nepal Micro Insurance Company, the first non-life micro insurer to receive an operating license in Nepal has its product organized into eight named lines: two-wheeler insurance, commercial vehicle, private vehicle, property micro insurance, burglary/theft micro insurance, accidental micro insurance, and two specialty packaged plans. The NMIC student secure plan is a standout offering not seen at the other three companies. An accidental insurance policy tailored for school students that covers permanent and partial disablement, tuition fee protection, school bag and book replacement, ambulance costs, medical expenses, and psychological counselling support.

4.3. Digitization Status: Micro Non-Life Insurance

4.3.1. Findings from KIIs: Micro Non-Life Insurance

Based on consultations held with each company, the three non-life micro insurers Protective, Star, and Trust show meaningfully different levels of digital maturity, though all three share certain structural constraints: small IT departments, a heavy reliance on physical branch networks, and only partial movement away from paper-based and in-person processes. The comparison table below summarizes their current status across key digitization dimensions, followed by company-specific narrative detail.

Table 9: Micro Non-Life Insurance Companies' Digital Status Comparison

Dimension	Protective Micro Insurance	Star Micro Insurance	Trust Micro Insurance
Policy issuance	Issued in person; transactions and signatures are fully digital, but policy issuance itself is not yet online	Issued via agents for agri (cattle, fruits) and third-party vehicle insurance; agents also handle field verification	Not yet app-based; planned to begin with third-party vehicle insurance, the company's major portfolio

Claims process	Fully online	Basic/manual: client downloads and prints a claim form from the website, fills it by hand, photographs it, and sends it to the agent via WhatsApp or Viber	Not yet digital; planned to be requestable through the forthcoming client app
Mobile / web app	Non-life app not fully developed, unlike life insurance app, which is more advanced	Mobile app and web-based system in development, with offline data entry capability; initially for agent use, with client access planned later	Client-facing app planned for next fiscal year, for policy issuance and claims; initial rollout targeted at economically well-off, tech-friendly clients given limited digital literacy among the wider client base
Data center	Primary data center on physical infrastructure outside Kathmandu; not reliant on cloud storage; manual backups also kept on external hard drives	Cloud-based storage with Dish Home; no physical server in current practice	Both primary data center and data recovery center established, cloud-based; daily physical backups also generated
Data recovery center	Planned for next fiscal year, at a location outside Kathmandu	Data center in place; data recovery center not yet operational	Already established and cloud-based, alongside the primary data center
Cybersecurity	Private network infrastructure using Virtual Private Servers (VPS); access to critical systems restricted, with secure remote access via VPN when required	Firewalls in place	No cybersecurity framework implemented yet; planned for next fiscal year
NIA compliance / transparency	More or less compliant with NIA guidelines, with further digitization planned for the coming fiscal year	Transparency dashboard already launched (underwriting reports, claims details, quarterly reports); system designed so NIA can directly access claims and underwriting history	Transparency dashboard not yet set up; planned for next fiscal year as mandated by NIA

Payment methods		Mostly cash and cheque; limited online payment available only by visiting a branch/ counter	
IT staffing	1 dedicated IT staff member; remote troubleshooting from Kathmandu	2 IT staff members; remote troubleshooting from Kathmandu	Limited IT manpower
Branch / staff scale	41 branches, 100+ staff, all trained in Kathmandu before branch deployment	44 branches and extension counters, 100+ employees	30+ branches, 90+ employees (youngest company, ~2 years in operation)

Note: Digitization status of Nepal Micro Insurance Company is not known as consultation meeting with the company was not possible.

Protective Micro Insurance

Protective Micro Insurance has digitized the transactional core of its business: payments and digital signatures are fully in place, and claims can be filed and settled online. Policy issuance, however, still happens in person rather than through a digital channel. The company maintains its primary data center on physical infrastructure at an office outside Kathmandu, and is not reliant on cloud-based storage; regular manual backups are also kept on external hard drives as an additional layer of protection. A data recovery center, also located outside Kathmandu, is planned for the next fiscal year. Cybersecurity is supported through a private network using Virtual Private Servers (VPS), with access to critical systems restricted to authorized personnel and secure remote access available via VPN when required. The company describes itself as more or less compliant with NIA guidelines, with further digitization planned for the coming fiscal year. A notable gap is that the company's non-life insurance app is far less developed than its life insurance counterpart, which the company itself flags as a significant barrier. Branch staff are trained on the company's digital systems in Kathmandu before deployment, and technical issues are resolved remotely by a centralized IT team – though that team currently consists of a single dedicated staff member, serving more than 40 branches and over 100 staff nationwide.

Star Micro Insurance

Star Micro Insurance describes its digitization as being at a nascent stage. Policies are currently issued through agents for agriculture-related cover (cattle, fruits) and third-party vehicle insurance, which is capped at an invoice price of NPR 50 lakh; agents are also responsible for field verification at both the policy-issuance and claims stages. The claims process itself remains largely manual: a client must download a claim form from the company website, print and fill it out by hand, photograph it, and send it to an agent via WhatsApp or Viber, with payment typically made by cash, cheque, or limited in-person online payment at a branch counter. On the infrastructure side, Star stores its data on a cloud-based platform with Dish Home and has firewalls in place, but does not currently operate a physical server, and its data recovery center is not yet up and running despite a data center being in place. On the transparency side, the company is comparatively advanced: it has already launched a transparency dashboard covering underwriting reports, claims details, and quarterly reports, and its system is designed so that the NIA can directly access claims and underwriting history. Looking

ahead, Star is developing both a mobile app, which supports offline data entry where internet access is unavailable, and a web-based system, both intended initially for agent use with client access to follow. The company employs more than 50 branches and over 100 staff nationwide, but its IT department has only 2 employees, which the company identifies as a binding constraint on how far digital transformation can currently go.

Trust Micro Insurance

Trust Micro Insurance is the youngest of the three companies, having been in operation for only about two years, and its digitization plans are correspondingly the least advanced of the three. Policy issuance and claims are not yet available digitally; both are planned to move onto a forthcoming customer-facing app, to be launched primarily in the next fiscal year, beginning with third-party vehicle insurance, which the company identifies as its major portfolio line. Given limited digital literacy across its wider client base, the company plans to initially target the app at economically well-off, more tech-friendly clients rather than rolling it out universally from day one. On infrastructure, Trust is comparatively further ahead than the other two companies in one respect: it has already established both a primary data center and a data recovery center, both cloud-based, supplemented by daily physical backups. However, the company has not yet implemented any cybersecurity framework, and a transparency dashboard mandated by the NIA has not yet been set up on its website; both are planned for the next fiscal year. The company operates more than 30 branches with over 90 employees and identifies financials and IT manpower as its biggest constraints, alongside the need for timely staff training to support a successful rollout.

Across all three companies, a consistent picture emerges: digital maturity is strongest in back-office and transactional functions (signatures, payments in Protective's case, cloud infrastructure in Trust's case, transparency reporting in Star's case) but weakest in the client-facing front end, where policy issuance and claims still depend heavily on in-person, agent-mediated, or paper-based steps. Protective is furthest along on claims digitization specifically; Star is furthest along on regulatory transparency; Trust is furthest along on data center and recovery infrastructure, despite being the youngest company. None of the three yet has a fully self-service, end-to-end digital journey for non-life micro insurance clients. The digital maturity heatmap provides a clear picture of the three micro non-life insurances' digitization adoption and gaps in various dimension.

Digitization Maturity Heatmap

The digitization maturity heatmap illustrates the digitization stages of the three micro life insurance companies.

Table 10: Digitization Maturity Heatmap- Micro Non-life Insurance Companies

● Fully Digital	◪ Partially / Partially Digital	○ Not Digital / Gap	— Not Specified

Dimension	Protective Micro Insurance	Star Micro Insurance	Trust Micro Insurance
1. Policy Issuance & Claims			
Online Policy Purchase	○ **Not Digital / Gap** In-person issuance only	○ **Not Digital / Gap** Agent-issued	○ **Not Digital / Gap** Not yet app-based

Digital Signature	● **Fully Digital**	◪ **Partially / Partially Digital** Agent-mediated	○ **Not Digital / Gap** Planned via forthcoming app
Digital Claims Channel	● **Fully Digital** Fully online filing & settlement	○ **Not Digital / Gap** Manual form, printed, sent via WhatsApp/ Viber	○ **Not Digital / Gap** Not yet digital; planned via app
Field Verification	— Not Specified	◪ **Partially / Partially Digital** Agent-conducted, in person	— Not Specified
2. Technology Infrastructure			
Mobile / Web App	◪ **Partially / Partially Digital** Planned	◪ **Partially / Partially Digital** In development; agent-first, offline entry capable	◪ **Partially / Partially Digital** Planned next FY; client-facing
Primary Data Center	◪ **Partially / Partially Digital** Physical infrastructure, outside Kathmandu	● **Fully Digital** Cloud-based (Dish Home)	● **Fully Digital** Cloud-based, established
Data Recovery Center	○ **Not Digital / Gap** Planned for next FY	○ **Not Digital / Gap** No DR site in separate province, backup storage only	● **Fully Digital** Already established, cloud-based
Data Backup	◪ **Partially / Partially Digital** Manual backups on external hard drives	◪ **Partially / Partially Digital** Cloud only; no physical server	● **Fully Digital** Cloud + daily physical backups
3. Cybersecurity & Compliance			
Cybersecurity Framework	◪ Partially / Partially Digital VPS-based private network; VPN remote access	◪ Partially / Partially Digital Firewalls in place	○ **Not Digital / Gap** Not implemented; planned next FY
NIA Transparency Dashboard	◪ Partially / Partially Digital More or less compliant; further digitization planned	● **Fully Digital** Already launched; NIA has direct access	○ **Not Digital / Gap** Not yet set up; planned next FY
Payment Methods	● **Fully Digital** Fonepay/QR	● **Fully Digital** Fonepay/QR	— Not Specified
4. Staff Capacity & Training			
IT Team Capacity	○ **Not Digital / Gap** 1-person IT team	○ **Not Digital / Gap** 2-person IT team	○ Not Digital / Gap Limited IT manpower (1)

Staff Digital Training	⍰ **Partially / Partially Digital** Trained centrally in Kathmandu before deployment	⍰ **Partially / Partially Digital** Trained periodically and as needed	⍰` **Partially / Partially Digital** Trained periodically and as needed
5. Key Constraints			
Financial / Management	○ **Not Digital / Gap** Cited as primary barrier	○ **Not Digital / Gap** Cited as primary barrier	○ **Not Digital / Gap** Cost cited as constraint
Client Digital Literacy	— Not Specified Not raised explicitly	○ **Not Digital / Gap** Limited literacy + rural connectivity gaps	○ **Not Digital / Gap** Targeting tech-friendly clients first
Internal App Capacity Gap	○ **Not Digital / Gap**	— Not Specified	— Not Specified
6. Future Plans			
Digital Policy Issuance	⍰ **Partially / Partially Digital** Begin with third-party vehicle insurance	⍰ **Partially / Partially Digital** Phased: agents first, then clients	⍰ **Partially / Partially Digital** App launch next FY, starting with 3rd-party motor
Infrastructure / Security Build-out	⍰ **Partially / Partially Digital** Data recovery center planned next FY	⍰ **Partially / Partially Digital** Web/mobile system rollout to agents	⍰ **Partially / Partially Digital** Cybersecurity framework + transparency dashboard, next FY

4.3.2. NIA Compliance Assessment: Micro Non-Life Insurance

The assessment of the four micro non-life insurance companies against the disclosure requirements prescribed under Section 6(1) of the Insurance Authority (formerly Beema Samiti) IT Guideline, 2076 indicates a generally satisfactory level of compliance with the basic website disclosure provisions. All four insurers provide essential corporate information, including organizational profiles, contact details, branch information, policy portfolio classifications, procedures for purchasing insurance and filing claims, information officer details, and frequently asked questions. These disclosures facilitate public access to basic institutional and product information and contribute to greater transparency for policyholders and prospective clients.

However, compliance is less consistent for several governance, transparency, and customer engagement requirements. Nepal Micro Insurance, Protective Micro Insurance, and Trust Micro Insurance disclose details of their board members and senior management, while Star Micro Insurance provides only partial information. Citizens' Charters are available only on the websites of Nepal Micro Insurance and Protective Micro Insurance. Similarly, information relating to licensed agents and surveyors is absent from Star Micro Insurance's website, while premium calculators are available only for Nepal Micro Insurance and Protective Micro Insurance. Disclosure of reinsurance arrangements is also inconsistent, with Trust Micro Insurance not publishing such information.

There are also notable gaps in regulatory transparency and accountability. None of the four insurers publish information on discontinued or expired insurance products, although this may reflect the

absence of such products rather than non-compliance. More importantly, none of the insurers comply with the requirement to proactively disclose information on a quarterly basis in accordance with the Right to Information Act. Financial disclosure practices also vary considerably. Nepal Micro Insurance, Protective Micro Insurance, and Trust Micro Insurance have published audited financial statements, although statements for some fiscal years are missing, while Star Micro Insurance has only uploaded unaudited financial statements. In addition, mechanisms for collecting and escalating customer feedback remain weak, with no insurer providing a clearly verifiable feedback management system. Only Trust Micro Insurance appears to have a feedback mechanism, although its functionality could not be confirmed during the assessment.

Overall, the findings suggest that while the micro non-life insurers have established websites that meet most of the fundamental information disclosure requirements, significant improvements are needed in regulatory compliance, governance transparency, financial disclosure, and customer feedback management. Table 11 provides a breakdown of the website disclosure compliance assessment.

Table 11: NIA Website Disclosure Compliance Assessment: Micro Non-Life Insurance

Requirement Section 6(1) of Beema Samiti IT Guideline, 2076	NMIC	Protective	Star	Trust
Website	**nepalmicro.com**	**protective-micro.com**	**starmicro-insure.com**	**trustmicro-insure.com**
(a) Address, phone, fax, email, map & photo visible on opening	•		•	
(b) Site map	•		•	
(c) Vision, mission, goals and objectives	•		•	
(d) Board of directors name, photo, appointment date	•		•	
(e) Senior management / departmental heads photo & details	•		~	
(f) Information officer name, photo, position, contact, email	•		~	
(g) Citizens' charter	•		×	×
(h) Branch addresses, contact, email & photos	•		•	
(i) Policy portfolio classification	•		•	
(j) Expired / discontinued policies	×	×	×	×
(k) Active agent details license date, Board code, insurer code	•		×	
(l) Surveyor details name, license no., issue & renewal date	•		×	
(m) How to purchase insurance process	•		•	
(n) How to file a claim process	•		•	
(o) Fraudulent claims list of persons / institutions	×	•	×	•
(q) Premium calculator	•		×	×
(r) Reinsurance details (treaty & facultative)	•		•	×

(s) Audited financial statements last 5 years (only available for 3 years after establishment)	• (79/80, 80/81) missing - 81/82	• (79/80, 80/81, 81/82)	× (Unaudited statements posted)	• (79/80, 80/81) missing - 81/82
(t) Proactive disclosure quarterly (RTI Act)	×	×	×	×
(u) FAQs for policyholders and stakeholders	•		•	
(v) Feedback mechanism submit, store, escalate to senior official	×	×	×	**~ (Could not verify)**

Legend: • **Available** ~ **Partially Available** × **Not Found** **N/A Not Applicable**

4.3.3. Bottlenecks for Digitization: Micro Non-Life Insurance Companies

All three companies converge on a similar set of constraints. Financial limitations and top-level management decision-making are considered to be primary barriers alongside IT manpower. Limited IT staffing is a constraint at every company: Protective's IT department has a single dedicated employee, Star's has only two, and Trust has limited IT manpower, despite each company operating 30 to 50-plus branches and 90 to 100-plus staff nationwide. This creates a structural mismatch between the scale of branch operations and the capacity available to support and roll out digital systems.

Digital literacy is a second recurring bottleneck. Star notes limited digital literacy among both employees and clients, compounded by mobile and internet connectivity issues in rural and remote areas where much of its agricultural and vehicle insurance client base is located. Trust's decision to initially target its forthcoming app at economically well-off, tech-friendly clients, rather than its full client base, is a direct response to this same literacy gap.

Infrastructure gaps differ by company but are present across all three. Protective has yet to stand up its data recovery center and still relies on manual, physical backup methods (external hard drives) rather than a fully cloud-based architecture. Star has a data center but no operational data recovery center, and no physical server in current practice, leaving it dependent on a single third-party cloud provider. Trust has the most complete data center and recovery infrastructure of the three but has limited cybersecurity framework in place at all, which is a meaningful gap given that the other two companies have at least some protective measures (VPS/VPN at Protective, firewalls at Star). Taken together, no single company has solved every infrastructure dimension simultaneously; each is strongest in a different area and weakest in another.

4.3.4. Future Plans for Digitization: Micro Non-Life Insurance Companies

All three companies have concrete, if differently paced, plans for the next fiscal year and beyond. Protective intends to begin issuing third-party insurance policies digitally as its first step into app-based policy issuance, alongside completing its planned data recovery center outside Kathmandu and continuing to close the gap between its non-life and life insurance digital offerings. Star is pursuing a deliberately phased approach: rather than attempting a single full-scale digital transformation, the company plans to roll out its mobile and web-based systems first to agents, with the longer-term goal of extending access to clients directly, allowing both policy issuance and claims to eventually run through the same platform agents already use for field verification.

Trust's plans are the most front-loaded onto the next fiscal year specifically: the company intends to launch its customer-facing app for policy issuance and claims, starting with third-party vehicle insurance, while simultaneously implementing a cybersecurity framework and setting up the NIA-mandated transparency dashboard, both of which are currently absent. Trust's phased rollout strategy – targeting tech-friendly, economically well-off clients first – suggests the company sees broader client digital literacy as a multi-year challenge rather than something to be solved in a single product launch.

Read together, the three companies' future plans point toward a common destination – app-based policy issuance and claims, stronger cybersecurity and data recovery infrastructure, and NIA-mandated transparency reporting – approached via different starting points and sequencing. Vehicle insurance (particularly third-party cover) emerges as the common first product that two of the three companies (Protective and Trust) explicitly plan to digitize first, suggesting it may be the most tractable product line for digitization across the wider non-life micro insurance sector, given its standardized, relatively simple underwriting requirements compared to agriculture or property lines.

IT Guideline Compliance

Section 21 of the Beema Samiti IT Guideline, 2076 BS requires all licensed insurers to submit an annual IT report to the Nepal Insurance Authority (NIA) in the format of Schedule 1 within six months of the end of each fiscal year. Schedule 1 is a structured 10-item return covering the insurer's IT infrastructure, policies, systems, and key personnel.

This assessment attempts to verify whether the Schedule 1 IT items are disclosed in the publicly available annual reports of all seven licensed micro insurance companies in Nepal. The exercise is limited to what is publicly accessible : Schedule 1 is primarily a regulatory submission to the NIA and is not required to be published in the company's shareholder-facing annual report.

The table below (table 16) compares reports against each Schedule 1 item.

Table 12: Schedule 1 Compliance Comparison

S.N.	Schedule 1 Item	Guardian	Crest	Liberty	NMIC	Protective	Trust
1	Insurer name & address	✓ Present	✓ Present	✓ Present	✓ Present	✓ Present	✓ Present
2	IT policy	~ Partial	✓ Present	✓ Present	~ Partial	~ Partial	~ Partial
3	Data Center	× Not found	× Not found	× Not found	× Not found	× Not found	× Not found
4	IT Disaster Management Center	× Not found	✓ Present	~ Partial	× Not found	× Not found	× Not found
5	Official website	✓ Present	✓ Present	✓ Present	✓ Present	✓ Present	✓ Present
6	Official email	✓ Present	✓ Present	✓ Present	✓ Present	✓ Present	✓ Present
7	Insurance software	× Not found	~ Partial	× Not found	× Not found	~ Partial	× Not found
8	Insurance apps	~ Partial	✓ Present	✓ Present	× Not found	× Not found	× Not found
9	Other IT details	~ Partial	✓ Present	~ Partial	× Not found	× Not found	× Not found
10	IT Dept Head details	✓ Present	✓ Present	~ Partial	× Not found	~ Partial	× Not found

Taken together, the website disclosure compliance assessment under Section 6(1) of the Beema Samiti IT Guideline, 2076 and the annual report IT disclosure review under Schedule 1 of Section 21 paint a consistent picture of a sector that is making genuine but uneven progress in digital transparency. Micro life insurance companies, particularly Crest Micro Life Insurance and Liberty Micro Life Insurance, demonstrate a notably stronger commitment to structured IT disclosure than their non-life counterparts, reflecting both a more mature governance culture and a greater reliance on digital channels as core parts of their business model. Among the non-life segment, Protective Micro Insurance stands out for its specific software asset disclosures, while Star Micro Insurance and Trust Micro Insurance lag significantly behind on both dimensions assessed.

Several gaps are consistent across all seven companies regardless of their overall performance level. No company has disclosed data center specifications in its annual report, no company maintains a publicly listed record of expired or discontinued policies on its website, and no company provides full IT department head contact details as required under Schedule 1. These could affect the ability of policyholders, investors, and regulators to assess the IT resilience and accountability of each institution.

The actual Schedule 1 returns submitted to the NIA may contain significantly more detail than what appears in public annual reports, and website content is subject to change. The details of the information submitted to NIA by the micro insurance companies will need to be analyzed to completely understand the compliance of schedule 1.

Case Studies / Best Practices

Nepal's micro insurance sector is still in its early years of development, with standalone micro insurance companies having been licensed only since late 2022. As Nepal builds out the regulatory, technological, and distribution infrastructure required to serve its low income and rural population, it is instructive to examine how neighboring South Asian countries with structurally similar populations, similar geographic and infrastructural challenges, and a longer operating history in micro insurance have approached digitization. India and Bangladesh, both of which have pursued micro insurance and inclusive financial services for over a decade, offer relevant lessons, both in terms of what has worked and what continues to be a persistent challenge even in more mature markets.

6.1. India: Regulatory-Led Expansion and the Limits of Supply-Driven Growth

Regulatory Framework and Market Structure

India was among the earliest countries in the world to establish a dedicated regulatory framework for micro insurance. The Insurance Regulatory and Development Authority of India (IRDAI) Micro Insurance Regulations were first introduced in 2005 and significantly revised in 2015, with the explicit objective of developing the micro insurance market and making affordable insurance products available to the rural and urban poor. Under the 2015 regulations, the sum assured for any micro insurance product offering life, pension, or health benefits is capped at INR 200,000, a structure broadly comparable to Nepal's own coverage caps under the Micro Insurance Directive, 2080 (2023). Unlike Nepal, India has not relied primarily on standalone micro insurance companies; instead, micro insurance in India is largely distributed by India's 57 conventional life, general, and specialized insurers, working in partnership with intermediaries such as microfinance institutions (MFIs), self-help groups (SHGs), non-governmental organizations (NGOs), and cooperative societies.

Government-Led Digital Inclusion as a Distribution Backbone

The most significant lesson from the Indian experience is the role played by large-scale government-sponsored insurance schemes in driving adoption, particularly when bundled with existing financial inclusion infrastructure. The Pradhan Mantri Jan Dhan Yojana (PMJDY), India's flagship financial inclusion program, has been directly linked with insurance enrolment: as of April 2023, 66.76 percent of PMJDY account holders were enrolled in accident insurance, 31 percent in life insurance, and 10 percent in micro-pensions. This demonstrates that bundling micro insurance with an existing, trusted financial access point, in India's case a bank account, can dramatically outperform standalone insurance distribution efforts. Driven by these government schemes alongside growing private sector participation, the share of India's population covered under micro insurance rose from 20 percent in 2018 to 28 percent in 2022.

The Persistent Demand-Supply Gap

Despite India's two decades of regulatory effort, market penetration of voluntary, non-government micro insurance remains low. Outside of government sponsored schemes, micro insurance accounted for less than 1.8 percent of the life insurance market and 1.16 percent of the general insurance market as of 2019-20. Industry research attributes this gap to several structural issues that closely mirror the constraints identified during this study's interviews with Nepal's micro insurance companies: a weak rural distribution network, products designed for urban markets that do not match the short-term, low-ticket risks faced by daily wage earners and farmers, and claim settlement processes that are

widely perceived by intermediaries as cumbersome and complex. A 2022 industry survey found that Common Service Centres and rural agents consider insurance selling to be time-consuming relative to its returns, discouraging last-mile distribution effort even where infrastructure exists.

Key Takeaway: Technology as a Cost and Trust Solution, Not Just a Channel

Industry analysis of the Indian market consistently identifies four digitization-linked levers as essential to closing the demand-supply gap going forward:

a) simplifying product design for rural and low-literacy clients

b) digitizing claims servicing to build trust

c) expanding mobile-based onboarding to reduce distribution cost

d) using regional languages and simplified disclosures to improve comprehension at the point of sale

India's regulator has further opened the IRDAI Common Public Service Centre (CPSC) Regulations, 2019, which allow micro insurance products and government schemes to be distributed through point-of-sale persons operating out of common service centres, an explicit attempt to lower the cost of last-mile, technology-enabled distribution.

For Nepal, the implication is that digitization investment should be targeted not only at backend systems such as servers and KYC automation, which Nepal's micro life insurers have already made meaningful progress on, but equally at the client-facing layer: product simplicity, claims transparency, and trust-building through visible digital tools, since these are the areas where even a more mature market like India continues to struggle.

6.2. Bangladesh: Mobile Financial Services as the Engine of Micro Insurance Distribution

The bKash Model and Its Relevance

Bangladesh provides a relevant case study of how Mobile Financial Services (MFS) can serve as a scalable distribution platform for low-value, high-volume financial products, including microinsurance. Founded in 2011 by BRAC Bank, bKash was established to expand access to digital financial services in a country where a large proportion of the population lacked access to formal banking. Rather than relying on mobile network operators, bKash developed a mobile network-agnostic platform accessible through both USSD and smartphone applications.

Its bank-led, agent-based model has enabled the company to overcome last-mile access challenges by deploying a nationwide network of more than 300,000 agents who facilitate cash-in and cash-out transactions and connect digital wallets with physical cash. Today, bKash serves approximately 80 million verified users and has become Bangladesh's largest mobile financial service provider.

Initially focused on digital payments, including peer-to-peer transfers, merchant payments, utility bill payments, and mobile top-ups, bKash has progressively expanded its service offerings to include digital lending, savings, and microinsurance. By leveraging transaction histories, the platform supports digital microfinance by enabling the disbursement and repayment of small-ticket loans, particularly for users with limited access to formal credit.

bKash has also emerged as an effective distribution channel for microinsurance through partnerships with insurers and digital health platforms such as Milvik (BIMA Bangladesh) and Chhaya. Customers

can enroll in insurance products and pay affordable recurring premiums directly through their mobile wallets, while automated premium collection improves payment continuity and reduces administrative costs. In this model, bKash functions as the digital enrollment and premium collection platform, generating fee-based income without assuming underwriting risk.

The evolution of bKash demonstrates how an established digital payments ecosystem can progressively layer additional financial services onto a common digital infrastructure. Its extensive agent network, large verified customer base, and integrated digital platform have enabled it to expand financial inclusion while creating a scalable and cost-effective channel for delivering microfinance and microinsurance to underserved populations. This provides a useful model for countries seeking to strengthen financial inclusion through digital financial infrastructure.

Direct Application to Micro Insurance Premium Collection and Claims

Of direct relevance to Nepal's micro insurance sector, recent reporting on Bangladesh's micro insurance market identifies digitization, specifically the integration of Mobile Financial Services such as bKash, as the central solution to the distribution cost problem that has historically limited micro insurance growth. These platforms now allow Bangladeshi clients to pay insurance premiums as low as Taka 10 and to receive claim payouts directly into their mobile wallets, removing the need for physical premium collection or claims disbursement visits. This mirrors a constraint identified directly in this study, where one Nepali micro insurer noted that payment gateway integration remains a barrier to seamless digital transactions; Bangladesh's experience suggests that deeper integration with mobile wallet ecosystems, rather than only bank-linked payment gateways, may be a more effective channel for Nepal's low income, often unbanked rural client base.

Cost and Time Savings from Digitization

Empirical research on the digitization of Bangladesh's microfinance sector found that digitizing services can reduce client travel and wait time by as much as 75 percent, savings significant enough to be measured in terms of a day's worth of food for a family of five. This finding is a useful illustration for Nepal's policymakers and micro insurers of the tangible, non-financial value that digitization delivers to low income clients, value that extends well beyond administrative cost savings for the insurer itself and directly addresses one of the core objectives behind the establishment of micro insurance in Nepal: reducing the economic burden of accessing financial protection.

Constraints That Persist Even in a Mature Digital Market

Despite Bangladesh's relative success and maturity in MFS, the sector continues to face constraints that closely parallel those identified by Nepal's micro insurance companies during this study. Researchers studying the digitalization of Bangladesh's microfinance and MFS sector identify insufficient technological infrastructure, cybersecurity concerns, and low financial literacy among target clients as ongoing challenges, even after more than a decade of digital expansion. Notably, partnerships between MFS providers and microfinance institutions in Bangladesh did not always succeed: several attempts at integrating mobile wallets with loan and savings products struggled due to transaction limits and high cash withdrawal costs, and only succeeded after sustained investment in client-facing digital financial literacy efforts. This reinforces a finding consistent across both the Indian and Bangladeshi cases, and one already identified in this study's interviews with Nepali micro insurers: that client side digital literacy, not insurer side technology capacity, is frequently the binding constraint on digitization's impact.

6.3. Comparative Summary and Relevance to Nepal

Table 13: Comparative Summary of India, Bangladesh and Nepal's Insurance Sector

Dimension	Key Lesson for Nepal
Regulatory Approach	India shows that even a strong regulatory framework (since 2005) does not guarantee penetration without an effective distribution and trust-building strategy alongside it.
Distribution Backbone	Bangladesh demonstrates that mobile wallet integration, not just bank payment gateways, can resolve the premium collection and claims disbursement bottlenecks Nepali insurers currently report.
Government Bundling	India's PMJDY shows that bundling insurance with an existing trusted financial access point dramatically increases adoption versus standalone insurance distribution.
Client Digital Literacy	Both markets confirm that client side literacy and trust, not insurer technology capacity, remains the primary constraint, validating findings already seen in Nepal's micro life insurers.
Product Design	India's experience shows that products designed for urban markets fail in rural contexts; product simplicity should be treated as a digitization priority, not a separate workstream.

Taken together, the Indian and Bangladeshi experiences suggest that Nepal's micro insurance companies are at a similar starting point to where these neighboring markets stood roughly a decade ago, with comparable rural populations, comparable financial literacy challenges, and comparable infrastructural gaps. The clearest opportunity for Nepal lies in leapfrogging the slower, supply-driven phase that characterized India's early micro insurance expansion by directly prioritizing mobile wallet and payment integration, government scheme bundling where feasible, and sustained investment in client-facing digital literacy, alongside the backend digitization (cloud infrastructure, online KYC, and digital claims intake) that Nepal's micro life insurers have already begun to implement.

Recommendation

Nepal's micro insurance sector is the newest segment of the country's insurance industry, with all seven licensed standalone companies having commenced operations only since 2023. Despite their recent establishment, the companies assessed in this study have already laid meaningful digital foundations: online KYC, cloud-based server infrastructure, SMS-based notifications, and digital payment integration are broadly in place across both the micro life and micro non-life segments. The challenge ahead is not one of starting from scratch but of deepening, securing, and expanding what has already been built, while simultaneously addressing the client-side barriers that represent the binding constraint on the sector's ultimate impact. The recommendations below are organized across five thematic areas and are intended to be actionable for both the Nepal Insurance Authority as sector regulator, and for micro insurance companies themselves as operating institutions.

Strengthen IT Governance and Internal Technology Capacity

The most consistently cited operational constraint across both micro life and micro non-life companies is the severely limited size of internal IT teams. With IT departments of one to two persons each managing 23 to 44 branches, companies face a structural mismatch between operational scale and technical support capacity that cannot be resolved through digital ambition alone. The following measures are recommended to address this:

- Micro insurance companies should establish a minimum IT staffing threshold of at least two to three dedicated IT personnel per company as a regulatory baseline, with the NIA incorporating this as part of its operational compliance review framework.
- The NIA should explore the feasibility of a shared digital infrastructure platform. This platform should have a common core insurance management system, shared data center, and disaster recovery service that all seven micro insurance companies can access on a cost-sharing basis. Given the similar scale and mandate of these companies, a shared platform would reduce capital expenditure on redundant infrastructure and allow IT resources to be concentrated at the platform level rather than duplicated across institutions.
- Companies should be encouraged to adopt formally documented IT governance policies covering data classification, access controls, incident response, and business continuity, in alignment with the NIA IT Guideline, 2076 (2019). Currently, no company has yet achieved full compliance with all provisions of this guideline.
- The NIA should issue sector-specific guidance for micro insurance companies on cloud provider selection, requiring that primary data centers be hosted with Nepal-registered providers and that disaster recovery sites be established in a geographically separate province, a requirement that at least two of the assessed companies have yet to meet.

Accelerate End-to-End Digitization of Client-Facing Processes

While back-office digitization like cloud infrastructure, online KYC, digital signatures is comparatively advanced across micro life insurers, the client-facing end of the service chain remains heavily dependent on physical and agent-mediated touchpoints. Across micro non-life insurers, even policy issuance has not yet moved online. The following actions are recommended:

- The NIA should set phased digitization milestones for micro insurance companies, requiring that online policy issuance be operational for at least the most standardized product lines, specifically third-party vehicle insurance, which two of the three micro

non-life insurers have independently identified as their first planned digitization target within the next fiscal year.

- Full end-to-end digital claims processing from intake and document submission through verification and settlement should be treated as a regulatory performance indicator. The NIA's 21-day claims settlement mandate under the Micro Insurance Directive provides a measurable anchor; companies should be required to report the proportion of claims settled digitally within this window as part of their annual disclosures.
- The NIA's transparency dashboard requirement, already launched by at least one company (Star Micro Insurance), should be enforced uniformly across all seven companies within the current fiscal year. The dashboard provides the regulator with real-time access to claims and underwriting data and is a foundational layer of digital accountability.
- Companies should rationalize the hybrid document model where digitally signed policies still require physical collection from branch level by enabling fully digital policy delivery via email or app-based download, removing the need for branch visits in the policy documentation step.

Deepen Payment Integration Beyond Bank Gateways

Payment gateway reliability was identified as a persistent operational constraint by multiple companies, with transaction failures disrupting service consistency for both agents and clients. The Bangladesh case study in this report demonstrates a highly relevant resolution: integrating mobile wallet ecosystems as the primary premium collection and claims disbursement channel, rather than relying solely on bank-linked payment gateways. The Nepali context where a significant share of the target client population is unbanked or underbanked reinforces this direction.

- Micro insurance companies should prioritize integration with Nepal's dominant mobile wallet platforms as premium collection channels alongside bank-linked QR and Fonepay integration, given that mobile wallets are accessible to clients who do not hold formal bank accounts.
- The NIA, in coordination with Nepal Rastra Bank, should issue guidance clarifying the regulatory treatment of micro insurance premiums and claim payouts processed through mobile payment platforms, removing ambiguity that may currently disincentivize wallet-based integration.
- The government should assess the feasibility of bundling micro insurance enrollment and premium collection with microfinance institutions, which already operate extensive rural networks and serve a broadly overlapping low-income client base, drawing on India's PMJDY experience, where linking insurance to a pre-existing trusted financial access point proved significantly more effective than standalone insurance distribution.

Address Client-Side Digital Literacy as a Structural Priority

Findings from this study confirm that client-side digital literacy, not insurer-side technology capacity is the primary constraint on the impact of digitization in micro insurance. Companies have appropriately begun rolling out digital tools to agents before clients; however, this alone will not deliver the access benefits that digitization promises for low-income policyholders.

- Micro insurance companies should conduct short, practical digital onboarding sessions for new policyholders at the point of sale, delivered by agents in the local language, covering basic app navigation, premium payment, and claims submission. This requires

no additional infrastructure and builds directly on the agent networks already in place.

- The NIA should require micro insurance companies to include a client digital literacy indicator in their annual reporting, such as the share of policyholders who have completed at least one digital transaction, creating a simple, trackable measure of progress without imposing significant additional compliance burden.
- Product design should be simplified as a precondition for digital adoption: products with clear, predictable terms and a single-step digital purchase process are more amenable to self-service onboarding by first-time insurance buyers. The NIA should explore a fast-track approval pathway for such digitally-native simplified products to reduce the current product approval lag.
- Companies planning app rollouts should begin with agents and digitally confident client segments, as Trust Micro Insurance has already proposed, and define a clear timeline for broadening access. This phased approach is a sound implementation strategy and should be recognized as such in NIA's supervisory assessment.

Strengthen Cybersecurity and Data Protection Across the Sector

Cybersecurity readiness across Nepal's micro insurance sector is at an early stage. One of the three assessed micro non-life insurers has no cybersecurity framework in place at all. As digitization progresses and the volume of policyholder data held in digital systems grows, the sector's exposure to cybersecurity risk will increase proportionally.

- The NIA should issue a sector-specific cybersecurity baseline for micro insurance companies, adapted from the existing NIA IT Guideline to reflect the scale and resource constraints of micro insurers, covering minimum requirements for firewalls, access management, and incident response protocols.
- All micro insurance companies should be required to conduct annual IT audits with findings submitted to the NIA within a defined deadline. The NIA should track audit completion as a routine supervisory indicator.
- Companies should transition toward cloud-based disaster recovery solutions, which are more cost-effective and operationally resilient than physical backup servers — particularly relevant for companies headquartered outside Kathmandu.

Annexures

Annex 1: Key Informant Interviews Sample Questionnaire (KIIs)

Q1. Can you describe the current level of digitalization in your company? Which functions (e.g., policy issuance, premium collection, claims, customer onboarding) are digital, and which remain paper-based?

- Do you use a core insurance management system? How long has it been in operation?
- Can it generate actuarial and financial reports?
- Is it accessible across all offices with user-specific access controls?
- Is data integrated across departments or managed separately?

Q2. How would you assess your company's IT infrastructure and its alignment with the Nepal Insurance Authority (NIA) IT Guideline?

- Is your core application hosted internally or externally? If cloud-based, is the provider Nepal-registered?
- Do you have a disaster recovery (DR) site in a separate province? What are your RTO and RPO?
- Have you conducted a formal gap assessment against the NIA guideline?

Q3. What have been the main challenges in adopting or expanding digital technologies in your company?

- Are the barriers mainly financial, technical, infrastructure-related, or regulatory?
- Have cost concerns delayed or prevented digital investments?
- Is the lack of microinsurance-specific digital solutions a challenge?

Q4. Can you share an example of a major digital system or tool your company has implemented? What were the results?

- Did it improve efficiency, reduce costs, or enhance customer service?
- What implementation challenges did you face?
- Have any digital initiatives been discontinued? Why?

Q5. How familiar is your company with the NIA IT Guideline (2076), and what is your current level of compliance?

- Which requirements have been easiest or most difficult to meet?
- Have you received any notices or penalties related to IT compliance?
- Have annual IT audits been completed and submitted on time?

Q6. How does your company manage cybersecurity and protect policyholder data?

- Have you obtained cyber insurance?
- Have you experienced any cyber incidents or data breaches? How were they handled?
- Do staff receive regular cybersecurity training?
- How are data classification and access controls managed?

Q7. What digital channels do you currently use for premium collection, claims payments, and customer services?

- What share of transactions are conducted electronically?
- Do you use electronic signatures?
- Does your website meet NIA disclosure requirements?
- Is your insurance system integrated with AML/CFT screening processes?

Q8. How is IT governance structured within your company?

- Is there a dedicated IT department? What is its staffing level?
- Do employees use official domain-based email accounts?
- Does your IT policy address information security and access management?

Q9. How have employees responded to digital transformation efforts?

- Were there areas of resistance to change? How was this managed?
- What digital skills training has been provided?
- What digital capability gaps remain?
- Has staff turnover affected digital capacity?

Q10. How ready are your customers to use digitally delivered insurance products and services?

- What proportion of customers have smartphones and internet access?
- Have you introduced digital channels such as apps, USSD, or digital onboarding? What was the uptake?
- What role do agents play in supporting customer adoption of digital services?

Q11. What are your company's key digital priorities over the next few years, and what support would help accelerate progress?

- Which business functions are the highest priorities for digitization?
- What support would be most valuable: financing, technical assistance, training, regulatory guidance, or shared infrastructure?
- Would a shared IT platform or common data center be beneficial for microinsurance companies?

Q12. Where is your core application server physically located, and how are third-party data center/hosting arrangements governed?

- Is the core application server kept at your head office?
- If data center, cloud, or disaster recovery services are outsourced, have you signed a purchase agreement and a non-disclosure agreement (NDA) with the service provider?
- How do you ensure the security of policyholder data when it is held by a third-party service provider?

Q13. How does your core system control transaction finality and individual user access?

- Does the system perform a day-end closing of transactions, and does it prevent entry, modification, or alteration of past (closed) transactions?
- Does every employee use a separate, individual login ID? How are user privilege levels

assigned, reviewed, and revoked?

Q14. Beyond general cybersecurity measures, how formalized is your security strategy and vendor risk management?

- Does your IT security policy explicitly define preventive, detective, and responsive strategies for cyber risk?
- How is physical and environmental security of IT infrastructure managed (e.g., server room access control, fire protection)?
- What controls are in place to protect against viruses and other malware?
- How do you identify and manage risks arising from outsourcing IT functions to third parties?
- Do you use only genuine (licensed) hardware and software, and how do you track and verify license validity?

Q15. What is the process and scope of your annual IT system audit?

- Is the audit conducted by an auditor licensed for IT auditing?
- Is the audit report submitted to the Board within six months of fiscal year-end?
- Does the audit scope cover user authorization, internal/external unauthorized access risks, database and transaction security, network/hardware security, disaster management status, and controls against unauthorized system access?

Q16. What does your disaster management plan cover beyond the DR site location and RTO/RPO?

- Does the plan include incident management procedures?
- Does it provide for backup of power supply, not just data and systems?
- How do you test and verify data completeness/integrity at the disaster recovery site?

Q17. Does your internal IT policy define strategic direction, and how are systems kept current?

- Does the IT policy set out both short-term and long-term IT strategies?
- How does your internal control system provide oversight of the platforms and systems in use?
- How often do you review and update IT systems, and how are employees/users informed of changes?
- When a software/system provider issues an update, how do you assess the impact on operations and scale up capacity if needed?
- Is a dedicated technical employee assigned to oversee the IT system, with clearly defined duties, responsibilities, and authority?

Annex 2: Stakeholder Interview

Table 14: List of Stakeholder Interviews conducted

SN	Name	Designation	Organization	Email
1	Saral Bista	Information Technology Head	Trust Micro Non-Life Insurance Company Limited	saral.bista@ trustmicroinsure.com
2	Sudhir Sharma	Head - HR & Admin Department	Trust Micro Non-Life Insurance Company Limited	info@ trustmicroinsure.com
3	Adhish Pradhan	Information Technology Head	Liberty Micro Life Insurance Company Limited	adhish.pradhan@ libertymlife.com.np
4	Devendra Dhital	Finance Head	Liberty Micro Life Insurance Company Limited	devendra.dhital@ libertymlife.com.np
5	Suman Rai	IT Head	Star Micro Non-Life Insurance Company Limited	suman.rai@ starmicroinsure.com
6	Anuj Singh KC	ICT Department	Protective Micro Non-Life Insurance Company Limited	anuj.kc@ protectivemicro.com
7	Prasanga Regmi	Head – Information Technology	Crest Micro Life Insurance Company Limited	prasanga.regmi@ cmli.com.np
8	Suman Kumar Rajbhandari	Project Manager	Ekbana Solutions	

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