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INSURING AGAINST RISKS IN LABOUR MIGRATION: EXPERIENCES OF BANGLADESHIS AND POLICY IMPERATIVES

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Abstract

Theorists who consider labour migration as a risk-sharing strategy often overlook the fact that migration may generate newer forms of risks of losing livelihood, land and capital. Unlike most wealthy countries, where risks to household income are minimised through credit markets or governmental programmes, in poor countries like Bangladesh, these institutional mechanisms for managing risks are imperfect, absent, or inaccessible to poor families. Private insurance policies are often beyond the means of most migrant households. Consequently, migrants rely heavily on the support of their extended family, friends and society when incur losses in migration. Nonetheless, these informal mechanisms of managing risk are neither guaranteed nor cost-free and they often require investment of remittances in economically unproductive cycles. It is within this context that the article investigates the nexus between migration-risk-insurance beyond its familiar analysis by New Economics of Labour Migration. It argues whether labour migration can serve as a risk-sharing strategy depending on designing and implementing a comprehensive insurance policy for the migrants to avoid anticipated risks. To this end, the article suggests forming a public-private-partnership, in which private sector will cover migrants with affordable insurance packages and the state will assume a greater facilitating, monitoring and coordinating role.

1. Introduction

Tajul[1] (38) of Monpur village went to Singapore in 1998 leaving behind his parents, wife, two children and an unmarried brother Alam (25). Tajul managed

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[1] Pseudonyms have been used in this paper for the villages and all the participants with a view to maintain their anonymity and confidentiality.

to send a visa for Alam in 2000. With the migration of two able persons, the household became solvent but completely dependent on remittances. The brothers used to work as construction labourers in Singapore. It was 2001 – an inauspicious year for the family. A mishap in Singapore altered Tajul's life. He went to rescue a young girl from danger, who was playing in front of a huge hosepipe. Rather than being hailed as a rescuer, he was accused of kidnapping and adultery and sentenced to three years' imprisonment in Singapore. A few days after this incident, Alam died from a severe accident in the workplace. The accident happened a few months before his planned visit to home. During his regular conversation with the family, he told them about a TV and many other gifts that he had bought to bring back home. However, following his death, the family received nothing but Tk. 20,000 (US$ 235) as compensation from the Bangladesh government. Tajul was in prison and the family had no way of recovering Alam's belongings and insurance money from the employer; everything was allegedly misappropriated by his colleagues. These two incidents had a disastrous impact on the family. Alam's death devastated his parents. Unable to bear the shock, the father died within months. The economy of the household also faced a severe challenge. Tajul's wife managed to get by on the compensation the family received from Alam's death and by borrowing from neighbours, until Tajul found his way home. She sent her children to her parents, who were living in the same village. Tajul returned home in 2004 and never went back.

Tajul's neighbour Sikder (27) of Jhumpur village migrated to Libya in 2009 with a job in a factory. The farmer family had little savings and hence it had to borrow Tk. 250,000 (US$ 3,000) from relatives. The only cultivable land (.2 acre) was also mortgaged to the neighbours to accumulate money for this purpose. Even with irregular payment received from his employer, Sikder managed to remit Tk. 150,000 (US$ 1,800) in 19 months, which was vital for the survival of his parents, two children and wife. The family was hoping to pay off all its debt in next few years from Sikder's earning abroad. The sudden outbreak of the deadly civil war in Libya, however, shattered all hopes. As the situation was getting worse, Sikder decided to leave Libya. Taking a perilous journey of eight days, he finally arrived home in February 2012. His employer escaped the scene even before the employees got a chance to ask him for their due payments. Consequently, Sikder lost his nine months' salary (US$ 2,500) to the employer and returned home empty-handed. Like other Libyan returnees, he received Tk. 50,000 (US$ 600) from Bangladesh government's welfare fund. To him, the money was helpful but too little to bear the cost of another migration. Now Sikder works as a day labourer. The household has not only returned to its pre-migration state, but is also suffering from a huge debt crisis.

Tajul, Alam and Sikder are no exceptions; examples are abound of rural low-income Bangladeshis who persistently try to diversify the pattern of household earnings and activities through short-term migration abroad, but end up with accident, disability and unemployment. The Libyan crisis alone has resulted in sudden unemployment and return of around 40,000 Bangladeshis in 2011-12.[2] As the opening cases illustrate, there is almost no insurance coverage for migrants[3], although they serve as the life-line of the country. More recently, remittances reached a record of US$ 11 billion contributing 13.65 per cent of Bangladesh's GDP.[4] It is apt, therefore, asking, what formal insurance and protection measures are offered by the state and the market to safeguard the migrants from unintended consequences such as health hazards, accidents, unemployment and disability? To what extent migrants can accrue the benefit of the formal protections available to them? What are the informal measures that migrants and their families adopt to insure themselves against the risks or to mitigate the crisis? What measures should be taken to offer formal insurances to the migrants?

The article[5] is an attempt to answer the above questions. Taking Bangladesh as a case, the article revisits the migration-risk-insurance nexus beyond its popular theoretical models with the intention of identifying the policy imperatives. Primary information for this particular research derives from author's ethnographic fieldwork in two migration-intensive villages in greater Comilla region of Bangladesh during 2006-2007. Qualitative data from 110 selected migrant households of these two villages was collected repeatedly over a period of one and half years using different tools such as basic household survey, participatory observation, informal interviews, case studies and genealogies. Visits have also been paid to the selected households during 2008-2012 to spot the changes within the household and the community at large. Relevant officials of Bureau of Manpower, Employment and Training (BMET) and government and private insurance companies were also consulted to get a holistic view of the issues concerned.

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[2] The World Bank, "Bangladesh: A Helping Hand in a Crisis", 2011, available at www.worldbank.org.bd/WBSITE/Externalcountries/southasia, accessed on 01 June 2012.

[3] A temporary or short-term international labour migrant has been defined by the *1990 UN Convention on Protection of Rights of All Migrant Workers and Members of their Families* as a person who is employed or was employed or will be employed in a country of which s/he is not a citizen; s/he stays in the country of employment in specific job contracts for a short duration which may be subject to renewal and s/he is obliged to return to the country of origin upon completion of their contracts.

[4] Tasneem Siddiqui and Motasim Billah, *Labour Migration from Bangladesh 2011: Achievements and Challenges*, Dhaka: RMMRU and MJF, 2012.

[5] This is a revised version of the paper "Informal Insurance and Protection in Overseas Labour Migration: The Role of Family and Social Relations in Bangladesh" presented by the author in the *First NRB Manpower Development and Opportunities Conference-2009: A Third Approach to Nation Building* organised by Scholars Bangladesh and Human Capital Development Ltd. on 02-04 July 2009, Dhaka. The paper was immensely benefited from the discussion and comments made by the state functionaries, high officials of the public and private insurance companies and civil society members attending the session.

Large scale social surveys are certainly necessary in migration research since it is only through such studies that the relative importance of different phenomena, the distribution of characteristics and the relationship between variables can be ascertained. However, the very methodological design of a large scale survey is often oversimplified and not able to capture the indirect, community-wide impacts of migration.[6] Moreover, a paper like this which aims at understanding the underlying social, cultural and economic dynamics and consequences of labour migration can hardly rely on data and information gathered solely through a survey. By following an anthropological approach, instead, the author intends to elucidate how the risks in migration look like 'from the inside out and from the ground up'.[7]

The article is arranged in five sections. After the introduction, the second section presents a conceptual framework on migration, risk and insurance. The next section sets the scene by providing a brief overview of overseas labour migration from Bangladesh, risks perceived by migrants at the local level, state policies and conditions of insurance market in Bangladesh. Building on ethnographic data, the fourth section highlights the ways risks are managed by migrants and their families without the intervention of the state and the market. The concluding section makes policy suggestions about formulating a proper insurance regime for migrants.

2. The Nexus between Migration, Risk and Insurance

Risk is an irreducible element of the recurrent geographical movement of people across state boundaries, which forms one of the main features of our time.[8] The regular usage of the term 'risk' denotes the probability of danger or loss in any action. In discussing the migration-risk nexus, however, the article mostly relies on the sociological and anthropological understanding of 'risk'. The recent sociological literature on risk grew out of concerns over the dangers to human health and the environment presented by new technologies. Noted sociologists Beck[9] and Giddens[10] have treated risk as a distinctive feature of late modernity. In contrast to the generalisation of Beck and Giddens, anthropological framings of risk proposes a social and cultural theory of risk by claiming that

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[6] Edward J. Taylor, "The new economics of labour migration and the role of remittances in the migration process", *International Migration*, Vol. 37, No. 1, 1999, pp. 63-88.
[7] Caroline Brettell, *Anthropology and Migration: Essays on Transnationalism, Ethnicity and Identity*, Walnut Creek: Altamira Press, 2003, p. 43.
[8] Stephen Castles and Mark J. Miller, *The Age of Migration: International Population Movement in the Modern World*, Basingstoke: Macmillan Press Ltd., 2003.
[9] Ulrich Beck, *Risk Society: Towards a New Modernity*, London: Sage Publications, 1992.
[10] Anthony Giddens, *Modernity and Self-Identity: Self and Society in the Late Modern Age*, Cambridge: Polity Press, 1991.

how people choose which risks to take and which is to avoid is a reflection of social organisation.[11] Caplan combines both the sociological and anthropological approaches by noting, "an analysis of risk needs to incorporate an awareness of dimensions of power, including agency, control and resistance."[12] Such framing is often more useful in understanding the small scale, often 'interpersonal'[13] calculations and management of risk, as this article attempts.

The other term, which will pervade the article, is 'insurance'. In economic sense, insurance in relation to risk management is commonly understood as a strategy to deal with uncertain loss through its equitable transfer from one entity to another in exchange of payment.[14] The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's promise to compensate the insured in case of a personal financial loss. Studies[15], however, reveal that rather than relying on the state or the market, households in low-income countries deal with economic hardships through social insurance arrangements between individuals and communities in a number of ways, i.e., drawing on savings, selling physical assets, relying on reciprocal gift exchanges, or diversifying into alternative income-generating activities. In analysing the importance of insurance in the pursuit of migration, this article considers both the economic and social dimensions of insurances.

At this point it is pertinent to delineate the relations between migration, risks and insurance. No other theory has highlighted the importance of insurance in migration as much as the 'New Economics of Labour Migration' (NELM) - a theory which emerged during the 1980s and the 1990s as a critical response to neoclassical and structuralist theories. A key insight of this new approach is that migration decisions are not made by isolated actors, but by larger units of related people such as families or households, in which people act collectively not only to maximise expected income, but also to minimise risks and to overcome constraints on household production or consumption attributable to failures in

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[11]Mary Douglas, *Risk Acceptability according to the Social Sciences*, New York/London: Russell Sage/Routledge, 1985; Mary Douglas and A. Wildavsky, *Risk and Culture: an Essay on the Selection of Environmental and Technological Dangers,* Berkeley: University of California Press, 1982.
[12] Pat Caplan, *Risk Revisited*, London/Sterling/Virginia: Pluto Press, 2000, pp. 25-26.
[13]Deborah Lupton, Risk, London: Routledge, 1999, p.14.
[14] See Christian Gollier, "To Insure or Not to Insure? An Insurance Puzzle", *The Geneva Risk and Insurance Review*, Vol. 28, Issue 1, 2003, pp. 5-24.
[15] See for example, Jonathan Morduck, "Between the State and the Market: Can Informal Insurance Patch the Safety Net?", *The World Bank Research Observer,* Vol. 14, No. 2, 1999, pp. 187-207.

insurance, capital, or consumer credit market.[16] In their attempt to explain rural-urban migration in the developing countries, Stark and Levhari,[17] in particular, point out,

> "... [A]n optimizing, risk-averse small-farmer family confronted with a subjectively risk-increasing situation manages to control the risk through diversification of its income portfolio via the placing of its best-suited member in the urban sector, which is independent from agricultural production".

Thus, according to NELM, labour migration implies one of the risk-managing strategies of families or households, who intend to diversify their resources such as labour, with a view to minimising the income risks. As opposed to neo-classical economists, who see migration as a response to wage differential between the sending and receiving countries, NELM demonstrates that migration may also take place in the absence of wage differential as long as the motivation behind sending family member abroad is not only income maximisation, but also income stabilisation through the flow of remittances.[18]

The NELM also conceives migration as a strategy to overcome various market constraints. According to the NELM theorists[19], in most developing countries, the capital and insurance market is imperfect and inaccessible to the poor section of the society. In this context, migration can be a household strategy to overcome such market constraints, since remittances enable households to invest in productive activities and to improve their livelihoods.[20]

The above analysis of "migration as a risk-sharing strategy" is of immense significance to the research on Bangladesh's labour migration, especially by low-income households. There is no doubt about the fact that labour migration has become an important livelihood strategy for a significant number of rural

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[16] Oded Stark and David Levhari, "On Migration and Risk in LDCs", *Economic Development and Cultural Change,* Vol. 31, No. 1, 1982, pp. 191-196; Eliakim Katz and Oded Stark, "Labour Migration and Risk Aversion in Less Developed Countries", *Journal of Labor Economics*, Vol. 4, Issue 1, 1986, pp. 134-149; Jennifer Lauby and Oded Stark, "Individual Migration as a Family Strategy: Young Women in the Philippines", *Population Studies*, Vol. 42, No. 3, 1988, pp. 473-486.

[17] Oded Stark and David Levhari, *op. cit.*, pp. 191-192.

[18] Robert Lucas and Oded Stark, "Motivations to Remit: Evidence from Botswana", *Journal of Political Economy,* Vol. 93, No. 5, 1985, p. 902.

[19] Oded Stark and David Levhari, *op. cit.*; Oded Stark and David Bloom, "The New Economics of Labor Migration", *American Economic Review*, Vol. 75, No. 2, 1985, pp. 173-178.; Edward J. Taylor, "Differential Migration, Networks, Information and Risk", in O. Stark (ed.), *Migration Theory, Human Capital and Development*, Greenwich: JAI Press, 1986, pp. 147-171; Edward J. Taylor and T. J. Wyatt, "The shadow value of migrant remittances, income and inequality in a household-farm economy", *Journal of Development Studies,* Vol. 32, No. 6, 1996, pp. 899-912.

[20] Oded Stark, "On the Role of Urban-to-Rural Remittances in Rural Development", *Journal of Development Studies*, Vol. 16, No. 3, pp. 369-374.

Bangladeshis who want to diversify and maximise their income and minimise the risks of losing land, livelihoods and income through labour migration. Labour migration is often more preferred than service and business which involve greater income risks.[21] Nevertheless, as this article highlights, labour migration generates newer forms of risks, which remain outside the purview of NELM.

The last decade, however, witnesses a growing number of literature on risks in migration which categorically focuses on three groups i.e. women, children and elderly. They assume that migrants and their households may be affected by one or more vulnerabilities at different stages in the migration process. Sabates-Wheeler and Waite[22] highlight different categories of vulnerabilities that migrants and their households at the sending end are especially prone to, i.e. temporal, spatial, socio-political and socio-cultural. The impact of temporal risk is not bound by time and hence it may affect more than a generation; it tells us among other things about how failed migration may put the future of migrants' children at stake. At the spatial level, risk may result from the remoteness of the main income earner. It contends that the long separation between husband and wife may have an impact on emotional lives of both. Studies[23] also show that male migration increases women's physical, economic and emotional risk and insecurity. In contrast, socio-political risks imply the risk of migrants to exploitation, illegality and lack of protection in the country of employment. Finally, at the socio-cultural level, vulnerability may arise from children's dropping out of school in response to the reduction in family labour, lack of adequate care of the elderly, increased workload of partners and so on.[24] This article, however, attempts to broaden the concept of risks in migration by highlighting the complexity of risks of life, livelihood and unemployment in migration.

The article extends the NELM theory to suggest that even in a developing country like Bangladesh the extent to which migration may serve as a risk minimising strategy for the poor depends on migrants' capacity to minimise the risks involved in migration. While the NELM recognises labour migration as an insurer, it does not explain how migrants cope with the new risks of failed

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[21]Syeda Rozana Rashid, *Overseas Labour Migration from Rural Bangladesh: Livelihoods, Capital and Risk in Two Villages in Comilla*, Unpublished PhD thesis, University of Sussex, UK. 2008, pp. 188-192.

[22] Rachel Sabates-Wheeler and Myrtha Waite, "Migration and Social Protection: A Concept Paper", *Working Paper T3*, Development Research Centre in Migration, Globalization and Poverty, Sussex Centre for Migration Research, University of Sussex, 2003.

[23] Shahzada M. Akram and Khandaker R. Karim, *Security and Empowerment: The Case of Left behind Wives of Bangladeshi Migrant Workers*, Dhaka: Bangladesh Freedom Foundation, 2004.

[24] Michele R. Gamburd, *The Kitchen Spoon's Handle: Transnationalism and Sri Lanka's Migrant Housemaid*, Ithaca: Cornell University Press, 2000.

migration. In contrast, the article focuses on various forms of informal social strategies that migrants approve to deal with these risks since formal insurances are either unavailable or inaccessible. It, however, recognises that drawing on insurance arrangements between individuals and communities rather through publicly managed programmes or market provided schemes are neither guaranteed nor cost-free.[25] It is here that need for a well-planned and well-governed insurance and protection policy finds its logic in this research. Subsequent sections will analyse these issues in further detail with reference to Bangladeshi migrants.

3. The Context

According to an estimate of the BMET of the Government of Bangladesh (GoB), more than 7.7 million Bangladeshis have migrated in short-term labour contract from 1976 to 2011.[26] There is, however, no systematic data available on the number of returnees. The most common destinations include the UAE, Oman, Malaysia, Singapore, Saudi Arabia, Kuwait, Qatar, Iraq, Libya, Bahrain, Lebanon and South Korea. Statistically, 54 per cent of Bangladeshi migrants are employed in less skilled jobs, while 46 per cent of them are employed in various semi-skilled and skilled jobs as manufacturing or garments workers, drivers, machine operators, carpenters, tailors, masons and so on. Professionals, i.e., doctors, nurses, engineers and teachers comprise only 0.21 per cent of the total labour migrants.[27] Compared to the Gulf and South-East Asia, few Bangladeshis migrate to Europe, North America and Australia with work-visas. Ninety per cent of Bangladeshis living in the USA, Australia, New Zealand and Canada are students, professionals and skilled migrants. Unlike migration to the Gulf and South-East Asia, these developed countries are less likely to draw unskilled or semi-skilled Bangladeshi workers, except the UK where two-thirds of the Bangladeshi migrants work in the catering, retailing and restaurant sectors.

A socio-economic analysis suggests that the Bangladeshis who are employed in the Gulf and South-East Asia in skilled, semi-skilled and unskilled jobs do not belong to the "lowest per capita income" group, but they are too poor to insure themselves against any form of livelihood challenges. The context is one in which men migrate abroad to work in unskilled and semi-skilled jobs and women stay back in the villages to look after the households. Women comprise less than six per cent of the overseas migrant workers in Bangladesh. The opening cases indicate that migration helps migrant families to improve their capacity and

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[25] For a detail discussion see Geoffrey D. Wood, "Poverty, Capabilities and Perverse Social Capital: The Antidote to Sen and Putnam?", in I. A. Khan, and J. Seeley (eds.), *Making a Living: The Livelihoods of the Rural Poor in Bangladesh*, Dhaka: University Press Limited, 2005, pp. 1-18.

[26] Tasneem Siddiqui and Motasim Billah, 2012, *op. cit.*

[27] *Ibid.*

flexibility to fight against the risks of low income, it nevertheless generates new risks of failure and consequent chances of losing capital.

3.1. *The Local Context: Ideas about Risks in Migration*

Comilla is an area of Bangladesh with a high concentration of international labour migration.[28] Indeed, now-a-days it would be hard to find a village without inhabitants going to the Middle East and South East Asia. In October 2007, there were 110 migrant households in the study villages. Migrants to different destinations have increased gradually over time and the author recorded 191 journeys made by 152 people from 110 households of these study villages since the beginning of their migration history, suggesting that some people have made repeated trips abroad. Approximately 20 per cent of the migrants of the study villages have migrated three to five times to one or more destinations, each time with new jobs, whereas another 20 per cent migrated twice. Of the 191 journeys, around 60 per cent were made to the Gulf and 35 per cent to South East Asia and 5 per cent to the Western countries. Migrants stayed abroad on an average for six years.

While there is a general lack of macro level research and data over how Bangladeshis perceive risks in migration, this ethnography suggests that about 43 per cent of the migrants have experienced one or more types of risks in migration (see Table 1).

Table: 1. Risks experienced in Migration

Sources of Failure	Numbers
Misappropriation of money by *Dalal*/kin/friends and losing capital abroad	12
Not being able to remit money due to unavailability of jobs/low wages/nonpayment	13
Deported for illegal entry or stay	8
Losing savings in migration related business	3
Returning empty-handed before the end of contract for illness/accidents/abuse/closure of the company	11
Total	47

Source: Based on a survey on 110 migrant households in the villages.

As the study reveals, some migrants pay for their journeys without being sure of their destination and date of departure, and wait for an uncertain period, risking their existing livelihoods. As Sikder's story epitomises, a failed migration

[28] Tasneem Siddiqui, *Transcending Boundaries: Labour Migration of Women from Bangladesh*, Dhaka: University Press Limited, 2001.

not only increases the risk of losing one's last piece of land but also the migrant's inability to pay back the loan. Many migrant families fall into a cycle of borrowing, since remittances are neither regular nor guaranteed. People borrow money from the same or another lender before paying off the earlier debt. One of the key informants, who was the wife of a migrant to Saudi Arabia, expressed her fear to the author that the people who lent her money for her husband's migration might come and break up her house, if she was unable to pay them back in time. Significantly, she was not as much worried about her house as she was with keeping up warm relations with her creditor kin. Returning the money in due time is all the more important because otherwise she might risk her relationships with future creditors.

In case of accident, death or illness of the migrants, the household depending on the remittances faces severe consequences. Releasing the compensation from the government involves repeated visits to the relevant offices and bribing, which is often beyond the means of the households already in peril. As Tajul and Alam's case illustrates widowed wives sometimes seek the help of their male kin. But again, this is not cost free. Sometimes the kin demands a large share of the recovered money causing conflict within the family.

Labour migration in Bangladesh also involves the risk of fraud. Sometimes people are sent abroad by intermediaries with a "false" visa. Some returnees informed that they were sent back by the immigration control authorities at the Dhaka airport, and some said they learnt about their false visa only after reaching the destination. Not only newcomers, but also many experienced migrants fall prey to such fraudulences and often end up in jail in the receiving country for travelling with false documents. Sometimes the local intermediary (commonly known as *Dalal*) himself remains unaware of the actual conditions of job, salary and living conditions abroad as he depends on his counterparts abroad.

There is also a high risk of misappropriation of money by acquaintances and middlemen in the Gulf and South-East Asia. The author came across at least 12 cases in two villages (under study) where migrants have lost a sizable amount of money given to the friend, relative or intermediary in the hope of using this to migrate to a better place, preferably to Europe. There are few instances, where the *Dalal* in the Gulf ran away with the money. One migrant in the study village lost Tk. 700,000 (US$ 8,200) in this process. A substantial part of the money was from selling land in the village; the rest he saved from his earnings in the Gulf. Another man informed that he lost Tk. 500,000 (US$ 5,900) as his "trusted" Bangladeshi friend sold his share in a furniture business to a local person in Oman whilst he was visiting his family in Bangladesh.

All the above-mentioned findings at the local level indicate that labour migration is a risky venture in Bangladesh, which demands state's intervention. In what follows, the article sheds light on government policies in this regard.

3.2 *State Policies to Manage Risks in Labour Migration*

International labour migration in Bangladesh is regulated by the Emigration Ordinance 1982 which empowers the government to make rules regarding all aspects of migration. Consequently, in 2006 the GoB framed and approved a Bangladesh Overseas Employment Policy (BOEP) stressing the need for the promotion of migration and increasing protection of migrant workers at home and abroad. The BOEP does not contain any separate section on the insurance policy of the migrants.[29] Instead, the issues of accident, disability and unemployment of the migrant workers are covered under its "welfare" section which pronounces state responsibility to make sure the proper collection and distribution of compensation from foreign employers/governments in case of accidents and deaths of migrant workers and provide grants in special cases.[30] It also affirms state's assistance in repatriation of dead bodies as well as arrested and imprisoned workers from abroad and providing medical support to the sick/disabled workers. The BOEP, however, fails to recognise the need for a comprehensive insurance policy for the outgoing migrants to deal effectively with the risks associated with health hazards, disability and sudden unemployment. While the national importance of labour migration is highlighted in the subsequent five-year plans and poverty reduction strategy papers (PRSP) of Bangladesh, the lack of a clear cut insurance policy certainly indicates a policy gap in managing and promoting the thriving sector.

All payments given to migrant families under the "welfare" scheme are made from the Wage Earners' Welfare Fund (WEWF), generated by the mandatory contribution of outgoing migrants, interests earned from the deposit of licenses of recruiting agencies, 10 per cent surcharge of the fees collected through Bangladesh missions abroad, and personal and institutional contributions.[31] In case of the death of a migrant abroad, the family receives Tk. 200,000 (US$ 2,500) from the government. An additional Tk. 35,000 (US$ 400) is also paid for the transportation and burial costs. The wage earners' welfare fund provides assistance in forced repatriation in the event of illness, violence at work, contract violation, or non-existent jobs. During 2011-12, the returnee Bangladeshi workers from war-torn Libya were paid Tk. 50,000 (US$ 600) each from this fund as compensation for their sudden unemployment. The fund is also used for

[29] See Govt. of People's Republic of Bangladesh, *Bangladesh Overseas Employment Policy (BOEP)*, 05 November 2006, Registered No. DA-1, Bangladesh Gazette.
[30] Author's Interview with Dr. Nurul Islam, Director, BMET.
[31] RMMRU, "Wage Earners' Welfare Fund" (in Bangla), *Occasional Paper* 5, Dhaka: RMMRU, 2001.

court litigations in countries of employment, medical care for injured workers abandoned by their employers, and for conciliating disputes.[32]

Although the protection and welfare needs of the migrants have been reiterated in the policy and laws of the governments, in reality, migrants can accrue little benefits from these policies. Legal migrants are, at least, covered by a government welfare scheme. Migrants who went abroad illegally cannot even claim the above-mentioned insurances. The use of the WEWF has also become quite controversial. It has been pointed out that very little shares of the fund are spent on directly benefiting migrant workers.[33] It is often alleged that the committee in charge of regulating and managing the fund is not at all represented by migrants.[34] In other words, managing the critical aspect of insurance in migration through a vague "welfare" policy signifies state's inability to fully contribute to the causes of migrants.

More recently the state has made securing foreign employer's insurance compulsory for the Dubai and Jordan bound migrants of Bangladesh. This may have twofold repercussions on the migrants: firstly, aspirant migrants would find it difficult to secure an insured job and consequently migration to these countries may decline; secondly leaving the risk management on the employers means putting the migrants at the mercy of the employers. Realising compensation from foreign employer is all the more difficult when the migrants return home. In this context, it is important to explore whether migrants find it easier to insure themselves through the locally available public and private insurance companies.

3.3 *The Insurance Market for Migrants*

The last thirty years have witnessed a gradual growth of more than twenty public and private insurance companies in Bangladesh who offer insurances to individuals for managing the risks of health hazard, unemployment and disability. Most companies also offer saving insurances for education, marriage and retirement. As far as the migrant workers are concerned, the insurance market offers some special coverage to short-term and long-term migrants. An international private insurance company, for example, informed that migrants can cover themselves by insurances worth Tk. 30,00,000 (US$ 35,000) to 10,000,000 (US$ 118,000) depending on their migration period, assets and earning. In case of inability to pay the premium, the company insures the migrants up to 5 years.[35] While there is a general dearth of data on the use of these insurance schemes by migrants, the author got the impression from her village study that very few

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[32] Author's Interview with Dr. Nurul Islam, *op.cit.*
[33] RMMRU, *op. cit*.
[34] *Ibid.*
[35] Author's Interview with Mr. Abdullah Al-Soadd, Financial Associate, Metlife Alico, American Life Insurance Company, Dhaka.

migrants buy private insurances for themselves because of their inability and/or ignorance about these risk management strategies.

At different points in time, the state tried to link the outgoing migrants with the insurance market by making insurance compulsory for them. During 1995-96, a private insurance company named *Delta* covered around 330,000 migrant workers in this process.[36] However, the project was cancelled within a year of its inception. As reasons for discontinuation of this scheme, the company mentioned about inability of the migrants to continue with the premium, lack of coordination between the state and private sector and different needs of the migrant workers.[37]

In sum, neither the state, nor the market is fully capable to insure labour migrants against risks associated with migration. This brings us to the discussion of informal insurance strategies of migrants. Drawing on empirical evidences from two migration-intensive villages, in what follows the article examines the essence of ‘social insurance’ for low-income migrant households of Bangladesh.

4. Informal Risk Minimising Strategies

As migrants perceive it, “migration is a risk, yet one has to take the risk to earn a better living”. Indeed, migration is only one of the many arenas for low-earning people in Bangladesh who are forced to self- insure themselves with the help of the family, friends and the community at large.[38] In order to avoid risks involved in migration, households deploy both long-term and short-term strategies.

As a long-term and broader strategy migrant households usually keep many options open to them. Milon, a migrant to Oman from Jhumpur village, for example, sent his eldest son to South Africa at a cost of Tk. 300,000 (US$ 3,500). He also managed a visa for his son-in-law to the USA with the help of his neighbour. His wife told the author: “By the grace of Allah, we are self-sufficient. However, if required, both my eldest son and son-in-law send money”. Milon also bought two and a half acre of land which is usually given for sharecropping or cultivated by agricultural labour to ensure food security throughout the year. With a view to avoiding the risk of economic downfall after

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[36] Author’s Interview with Dr. Nurul Islam, *op.cit.*

[37] Discussion of the representative of the Delta Life Insurance at *the First NRB Manpower Development and Opportunities Conference-2009: A Third Approach to Nation Building*, organised by Scholars Bangladesh and Human Capital Development Ltd. on 02-04 July 2009, Dhaka.

[38] Syeda Rozana Rashid, “Capitalizing on Social Ties for Overseas Labor Migration: Findings from Bangladesh”, *Asian and Pacific Migration Journal*, Vol. 21, No. 1, 2012.

their return, many migrants prefer to take other household members abroad so as to replace them in order to maintain the flow of remittances. A number of migrants expressed their desire to retire from migrant life permanently once they had taken their sons abroad.

Social insurances appear all the more important when migrant households want to cope with everyday perils.[39] In the poorer migrant households, all men (and often women) left behind contribute to the family coffer – whether in the form of cultivation or wage labour. Subed (33) and Obaid (25) – two brothers – were in Saudi Arabia and Kuwait respectively during 2004 and 2005. Obaid went first and the seven-member family was more or less living on his earning abroad. When the family was interviewed by the author, it was in crisis. There had been no supply of remittances for a few months, since Obaid had lost his job and Subed had just reached the Gulf. In this situation, the household was surviving on the earning of the third non-migrant brother Zunaid (21). He was an auto trishaw driver. His earning at that period was crucial to cover the income deficit. Their mother was very hopeful that in due course, her two sons would recover from financial crisis and would be able to take Zunaid abroad. Like this household, in many households, cooperation and alternative earnings serve as useful tools to insure the family against the risk of low earning or no earning at all.

Remittances are often the single or the most important source of earning, yet the flow is unstable. Gulf migrants usually send money in a lump sum every two to six months. On average, they send Tk. 60,000 (US$ 700) per year in three or more instalments. On receiving the money, the family spends very carefully so that it lasts until the next instalment arrives. However, if, as often happens, due to sudden lay off, voluntary attempts to change jobs, irregular payment of salary, lack of banking facilities in the workplace or expenditure in the country of employment for further migration or business migrants fail to send money in time families run the risk of running out of savings. Subsistence production of rice and other crops provides a guarantee against such risk of food shortage due to unemployment or illness or injury to the main earning member. This is a way to cover the main foods for the year or at least the major part of the year.

Informal borrowing from kin, friends and neighbours is not a new phenomenon in Bangladesh.[40] Migrant families turn to be the largest beneficiary of this informal borrowing system. Whenever a family is in need of cash, it borrows a small amount from its relatives and neighbours. The money is

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[39] Syeda Rozana Rashid, "Migration for Livelihood: Social Protection Issues of Rural Bangladeshis", in C. R. Abrar and J. Seeley (eds.), *Social Protection and Livelihoods: Marginalized Migrant Workers of India and Bangladesh*, Dhaka: University Press Limited, 2009.

[40] See Clarence Maloney and A. B. S. Ahmed, *Rural Savings and Credit in Bangladesh*, Dhaka: University Press Limited, 1998.

refunded within few days or a month according to the convenience of both the borrower and the money lender. Usually, migrant families pay back the loan as soon as it receives remittances. In case of urgency of the money lender, the family borrows again from another source to pay back the first lender.

Protection of the left behind family of migrants is often guaranteed by the informal credit facilities available in the market. This is an informal system which is practiced by the shop owners with an aim to promote their sales. At the buyer's end, however, this appears as a risk minimising strategy, in the sense that at time of severe crisis of cash one can get access to basic needs such as rice and medicine. The whole system is based on mutual interest and trust that is rooted in common village identity.

Migrants' inability to access the insurance market does not point to an all out unpopularity and ignorance of rural Bangladeshis to insurance culture. Over the last few years, private insurance companies have expanded their networks in the villages to offer micro-insurance policies of different ranges. The primary target of these insurance companies is the rural women. Given the low earning of the people concerned, the life insurance schemes offered by these agencies range between Tk. 5,000-20,000 (US$ 60-235). The author got the impression that women are in general very interested in buying insurance policies since they find this a good way to save a lump sum for children's marriage, education and to cover them in the case of a sudden loss of household income. Often remittances are invested in buying small-scale insurance policies. In the context of high-income insecurity and lack of state support, these insurance policies inevitably add to household's capacity to manage economic portfolios.

As far as the risk of losing money to middleman (*Dalal*) is concerned, cheated would-be migrants often ask the help of the community heads (*Shomajprodhans)* to put pressure on local *Dalals* or kin through local arbitration (*Shalish*) to recover the money, implying that migrants have locally rooted safety provisions. In most cases, the cheated person cannot afford to run a court case. It is also difficult to prove the fraudulence of *Dalals* due to the lack of written evidence and witnesses of monetary transaction. Also the *Dalal* can bribe the police and escape. Considering this scenario, resorting to traditional village arbitration (*Shalish*) is rather convenient. Called upon by one or both the contending parties, village patrons and leaders listen to the arguments of the contending parties and declare a verbal verdict publicly. Although there is no binding rule to abide by the *Shalish*, the contending parties take it very seriously fearing humiliation and stigmatisation. Before the author's arrival in the villages, two *Dalals* had run away along with their families as they were convicted of misappropriation of money in *Shalish* and asked to return it to their clients. Although *Shalish* decisions or outcomes can be controversial and disputed, typically favouring the rich and the powerful, who tend to be the leaders of the

Shomaj groups or their close associates,[41] the migrant or aspirant migrant usually has an upper hand over the *Dalal* in a dispute settlement if both of them are from the same village. In most cases *Dalals* pay back either the whole amount or a portion of it in cash or he tries to send the person to some other destinations. Often the *Dalal* compensates the household by sending another member of the same family. Thus local dispensations deriving from *Shomaj* and *Shalish* are an important form of insurance for the migrants.

Above-mentioned are just a few examples of how migrants deal with anticipated as well as unforeseen risks. Indeed, the extent to which migration may provide the migrant with a route to success depends largely on the capacity of the migrants and their households to build informal insurances with the help of family, friends and the society. Nonetheless, pulling out resources embedded in social ties and networks is not always an "unmixed blessing".[42] Research finds that mistrust, fraudulence, tension and conflict are as evident as cooperation and solidarity where people rely on social insurance.[43] Too much reliance on social insurance reinforces and reproduces the hierarchy and obligation within the household, wider family and the community, as a whole.[44] More importantly, building an 'informal social safety net' involves investing a substantial part of migrants' remittances in social events and activities, which could otherwise be spent in economically productive cycles.[45]

5. Conclusion and Policy Suggestions

Migration is broadly identified as a risk minimising strategy. This article, however, has broadened this concept by showing that migration may generate newer forms of risks of losing life, livelihood, land and capital for poorer people. Underlying the efforts to introduce the Bangladeshi case into the broader discussion on global migration is the suggestion that the burden of risk is unevenly distributed among the developing countries who are also major suppliers in the international labour market. While in most wealthy countries, risks to household income are minimised through private insurance and credit markets or government programmes, in poor countries like Bangladesh, these institutional mechanisms for managing risks are imperfect, absent, or

[41] See Shapan Adnan, "Departures from Everyday Resistance and Flexible Strategies of Domination: The Making and Unmaking of a Poor Peasant Mobilization in Bangladesh", *Journal of Agrarian Change,* Vol. 7, No. 2, 2007, pp. 183-224.
[42] Alejandro Portes, "Social Capital: Its Origins and Applications in Modern Sociology", *Annual Review of Sociology,* Vol. 24, 1998, pp. 1-24.
[43] Syeda Rozana Rashid, 2012, *op.cit.*
[44] *Ibid.*
[45] Syeda Rozana Rashid, "Overseas Labour Migration and Social Mobility: Strategising Informal Social Security by Rural Bangladeshis", *BIISS Journal*, Vol. 30, No. 3, 2009, pp. 297-313.

inaccessible to poor families. As this article reveals, Bangladesh lacks a well-functioning insurance policy for the migrants. Most of the times, migrants and their families find it difficult to access the existing facilities due to bureaucratic complexities. Private insurance policies are often beyond the means of most migrant families. More crucially, the funds that are required to cover any loss incurred in migration may also be difficult to borrow because the household lacks collateral to qualify for a loan.

It is not surprising, therefore, that migrants prefer to rely on kinship and social relations, which they consider not only as a culturally viable means to seek assistance but also as a great source of insurance. Obviously, all migrant families cannot deploy the afore-mentioned informal coping mechanisms equally, which is why stories of failed attempts abound.

Indeed, in a labour-rich but capital-poor country like Bangladesh, overseas labour migration would always be considered as one of the solutions for unemployment and the economic development of the country. However, the degree to which overseas migration can be a route to self-sustaining progress for people and the state depends largely on well-designed and carefully implemented formal protection and insurances, enabling migrants to avoid a vicious cycle of risk management through the informal safety net. Both the state and the market can contribute significantly to this end.

The Role of the State

It appears that managing migration risks through the Wage Earner's Welfare Fund is neither effective nor transparent. The state should introduce an affordable and comprehensive insurance policy which would allow migrants to insure themselves during and after return.

In this regard, the state may consider forming a Public-Private-Partnership (PPP) with private insurance companies operating in Bangladesh and abroad. This would also help the state to earn a significant amount of revenue. Simultaneously, the state should also create a congenial atmosphere, which would enable private insurance companies to come up with migrant-responsive insurance policies and encourage migrants to be the beneficiaries of these schemes. In other words, state should take a facilitating, monitoring and coordinating role to make migration a safer livelihood option.

Insurance abroad

In most cases, the insurance packages offered by the employer in the host country remain unclear to the migrant himself. Bangladesh missions abroad should play the key role in providing migrants all forms of support to realise the compensation from their employers in cases of accident, injury, disability, sudden lay off or death. This area demands deployment of skilled officials as well as allocation of resources by the government. More importantly, Bangladesh should also make special treaties with the host governments to ensure maximum welfare of its citizens abroad.

The Role of the Market

Labour migration can be a large business for private insurance companies. Identifying migrants as a special target group, they should introduce reasonably priced micro-insurance policies which will guarantee migrants against sudden loss of employment and further migration. Public and private insurance companies should reassess the marketability of their products before offering them to the migrants. With this regard, the public and private insurance companies should study migrants' needs first. They should learn from the effectiveness of the existing policies such as micro-insurance policies targeted towards rural women. Considering the demand, they should offer insurances on crop, small business etc. which will encourage migrants to invest their remittances in productive cycles.

Finally, successful operation of a formal insurance regime for the migrant workers of Bangladesh depends to a large extent on accountability and transparency of the state, marketability and efficiency of the private sector as well as information and knowledge based demands of the migrants.