

Determinants of Microinsurance Adoption in Micro-Enterprise Settings

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Abstract: This paper scrutinizes the determinants modeling micro-enterprise's engagement with microinsurance, highlighting how micro-entrepreneurs navigate risk under conditions of economic vulnerability. The study demonstrates that microinsurance functions as a financial arrangement and as an institutional presence shaping decision-making and future expectations, situating adoption within broader structures of constraint and possibility. Rooted in the anthropology of hope (Appadurai, A. , 2004) and the theory of aspirations (Ray, D., 2006), the study delves into microinsurance within histories of mutual aid, solidarity, and development finance. The findings illustrate that entrenching microinsurance within credit systems, mobile-service ecosystems, or business-related social rituals, such as funeral associations, provides modest but meaningful security that shapes the emotional contours of entrepreneurial life. These mechanisms enable MSEs to access protection and envision possibilities for resilience. The paper suggests that microinsurance maneuvers at the intersection of economic volatility, moral frameworks, and aspirational dynamics. By reshaping economic citizenship and assigning individuals responsibility for managing vulnerability, microinsurance becomes embedded within a broader politics of aspiration (Appadurai, A. , 2004); (Ray, D., 2006), where futures are imagined, negotiated, and quietly secured.

Keywords: *Microinsurance, Adoption, Determinants, Financial Inclusion, Risk Perception, Aspirations.*

1. Introduction

In an era marked by sharp economic uncertainty, microinsurance has emerged as a vital mechanism delivering a measure of protection to populations traditionally excluded from traditional financial systems. Articulated for microenterprises, microinsurance typically provides limited coverage for life, health, agriculture, or property through simplified and accessible products and distribution channels. Initial definitions, such as those presented by Churchill (2006, emphasise proportional premiums, clarity of terms, and alignment between products and client risk profiles. The International Labour Organization (ILO, 2017) further stresses affordability, ease of employment, and accelerated claims processing, ensuring that microinsurance responds to the constraints of financially vulnerable populations. Within international development discourse, microinsurance is presented as a remedy to persistent insecurity, yet beneath its technical architecture lies a deeper question: what determinants shape whether low-income microenterprises adopt microinsurance and how do these determinants intersect with broader social, cultural, and institutional forces?

In this study, the primary unit of analysis is the microenterprise (MSE), defined as a small income-generating business unit operated by a micro-entrepreneur in low-income contexts. While prior literature often focuses on household adoption, this paper concentrates on microenterprises as economic actors navigating risk within fragile market environments.

This paper conceptualises microinsurance not simply as a financial instrument but as a technology of social and political governance. Institutional logics shape implementation by individualizing risk, disciplining aspirations, and defining security in line with market-oriented

development agendas, thereby raising questions about whose interests microinsurance serves and which futures it enables or constrains.

Building on Churchill (2006), the study situates microinsurance within broader frameworks of market expansion and institutional governance, showing that adoption depends not only on household characteristics but also on product architecture, regulatory arrangements, and delivery mechanisms. Three complementary theoretical lenses guide this inquiry. The first is the anthropology of hope (Appadurai, A., 2004), which emphasizes the role of imagination and expectation in shaping agency in marginalized communities. The second is aspirations theory (Ray, 2006), which shows how material deprivation reduces what individuals perceive as attainable or worth pursuing. The political economy of insurance locates microinsurance within regimes of governance and risk discipline, revealing how technical instruments can reproduce social hierarchies. Accordingly, the analysis treats adoption as a contextual practice shaped by institutional design, trust, legitimacy, and aspirational capacity rather than as a purely rational response to risk. The study synthesizes empirical and policy literature, drawing on Churchill for supply-side and governance dynamics and on ILO frameworks for regulatory and consumer protection benchmarks. Quantitative studies typically emphasise income, education, and exposure to shocks (Cohen, M., & Sebstad, J., 2006), (Radermacher, R., Wigand, M., & Ruchismita, R., 2010), whereas this analysis foregrounds additional determinants such as aspiration, expectation, trust, and institutional framing (Matul, M., Dalal, A., De Bock, O., & Gelade, W., 2010). Through this approach, microinsurance is conceptualized as more than a financial inclusion instrument. This paper develops a theory-driven critical synthesis of microinsurance adoption, showing how uptake emerges from the alignment of institutional legitimacy, temporal orientation (hope and aspiration), and delivery architectures. While existing studies identify determinants such as income, education, risk exposure, and financial literacy, they often treat adoption as the outcome of discrete and measurable variables. By contrast, this study reconceptualizes adoption as a relational and temporally embedded process. Integrating the anthropology of hope and aspirations theory into the political economy of insurance allows the analysis to explain not only whether microenterprises adopt microinsurance, but under what institutional and symbolic conditions it becomes meaningful, legitimate, and imaginable as a future-oriented strategy. In doing so, the paper moves beyond behavioural or supply-demand explanations and provides a multi-layered interpretive framework for understanding uneven uptake. By foregrounding institutional legitimacy, temporal orientation, and delivery architectures, the study explains why similar products generate divergent uptake across contexts, thus offering a structural explanation for uneven adoption patterns.

The remainder of the paper unfolds as follows. Section 1 reviews the literature on microinsurance adoption and identifies the main determinants discussed in previous research. Section 2 develops the conceptual framework that integrates the anthropology of hope, aspirations theory, and the political economy of insurance. Section 3 outlines the methodological approach used to analyze the literature. Section 4 presents the determinants emerging from the thematic synthesis, while Section 5 interprets these findings through a critical theoretical lens. The conclusion summarizes the main contributions and implications of the study.

2. Literature review

To understand microinsurance as a political and moral technology, it is essential to move beyond its financial functions and analyze the assumptions it embeds about risk, responsibility, and futurity. Microinsurance not only mitigates misfortune but also shapes how people understand uncertainty and which futures they imagine as possible. Drawing on the anthropology of hope, the theory of aspirations, and the political economy of insurance, this

paper examines how microinsurance governs vulnerability by structuring risk, expectation, and control in contexts of chronic uncertainty.

The anthropology of hope, as articulated by (Appadurai, A. , 2004), brings attention to the delicate force of imagination in the lives of those who have long been marginalized. Hope is not merely an affective state but a cultural capacity to imagine alternative futures. While microinsurance appears to support this capacity by offering protection against specific risks, it simultaneously constrains it by defining which uncertainties are insurable and which remain excluded. In doing so, microinsurance reframes what is considered manageable, legitimate, or worth anticipating. For populations excluded from formal protection systems, imagination becomes a space where possibility and obligation intersect, and microinsurance, while promoting resilience, subtly shapes the boundaries of reasonable hope.

Aspirations theory, especially as developed by (Ray, D., 2006), deepens this view by showing how poverty compresses the horizon of what individuals perceive as attainable. Hope is not merely an emotion but a culturally shaped capacity to imagine future possibilities. Microinsurance appears to support this capacity by offering protection against specific risks, yet this support is inherently limited. By defining which uncertainties are insurable, it narrows the horizon of the future to actuarially legible events. In doing so, microinsurance reshapes how individuals evaluate what is manageable and worth planning for, fostering resilience while simultaneously delimiting the boundaries of reasonable hope.

The political economy of insurance offers a third lens, situating microinsurance within broader structures of governance and power. Insurance is not a neutral instrument but a mechanism through which risk and responsibility are distributed. While narratives of empowerment and inclusion surround microinsurance, it can shift responsibility for security from institutions to individuals while leaving structural sources of vulnerability largely intact. In this sense, microinsurance operates simultaneously as protection and governance. Taken together, these perspectives frame microinsurance as both a market-based solution and a socio-political intervention, one that reshapes subjectivities, structures temporal horizons, and normalizes futures while marginalizing others. To link this theoretical framework to the question of adoption, attention must turn to the determinants shaping decision-making. While quantitative studies emphasize income, education, or risk exposure, such variables only partially explain uptake. Adoption is not a purely rational response to uncertainty, but a socially embedded practice shaped by trust, legitimacy, and perceived fairness. The literature indicates that credibility of providers, relational trust within communities, and the design of delivery systems play a central role in shaping acceptance or resistance. Determinants therefore extend beyond economic or psychological determinants and reflect historically situated imaginaries and institutional configurations that shape how people interpret and engage with microinsurance.

The following table ‘Tableau 1’ offers a synthesis of determinants identified in the literature. Although schematic, this framework does not present a mechanical list of determinants; instead, it maps the economic, social, institutional, and symbolic terrains through which microinsurance adoption becomes possible or impossible.

Table 1: Determinants of microinsurance adoption in the literature,

Category	Determinant	Representative Sources	Description
Socio-economic	Income stability, liquidity, education	Cohen and Sebstad (2006)	Determines ability to pay premiums and understand product terms
Risk-related	Exposure to shocks, past crises	Dercon et al. (2012)	Greater vulnerability increases perceived value of insurance
Behavioral	Trust, perceived fairness, expectations	Matul et al. (2010)	Trust in the provider and belief in timely claims shape uptake
Social	Peer influence, norms, social capital	Radermacher et al. (2010)	Community networks legitimize or discourage adoption
Institutional	Product design, simplicity, delivery channels	Churchill (2006)	Accessibility and relevance determine usability and appeal
Regulatory	Consumer protection, policy transparency	IAIS (2007, 2010)	Clear rules increase confidence and reduce fear of fraud

Source: Author's compilation based on the literature

3. Conceptual Framework

Understanding the determinants of microinsurance adoption requires moving beyond linear models that reduce decision-making to a limited set of household variables. Although income, education, and risk exposure are frequently invoked, such indicators obscure the social, imaginative, and political forces through which uncertainty is experienced and insurance is interpreted. This study therefore advances a conceptual framework that treats adoption as an emergent process shaped by the interaction of future-oriented imaginaries, socially embedded aspirations, and the institutional and political structures governing insurance provision.

The first domain draws on the anthropology of hope, which foregrounds the imaginative labour required to act under chronic precarity. In such settings, hope is not an abstract sentiment but a practical orientation, a fragile craft of navigating fragmented services, unstable livelihoods, and cyclical shocks. Appadurai's insight (2004) that the capacity to aspire is a cultural resource, unevenly distributed and eroded by poverty, provides a critical entry point into understanding microinsurance adoption. Decisions to adopt microinsurance depend critically on how individuals perceive the future, as open or foreclosed. A shared interpretive framework connects trust in providers, claim credibility, product relevance, and awareness in shaping microinsurance engagement. While microinsurance promises security, it may also delimit what people consider feasible, orienting individuals toward actuarially predictable pathways rather than structurally transformative possibilities.

The second domain draws on aspirations theory, which situates decision-making within socially constructed aspiration windows. Aspirations do not reflect idiosyncratic preferences; reference groups, community norms, and moral economies actively shape them and define what people perceive as meaningful and attainable within a given context. Ray's work (2006) demonstrates how material scarcity compresses the bandwidth available for long-term consideration, restricting the ability to evaluate tools like insurance. Determinants such as willingness to pay, product comprehension, and financial literacy therefore signal deeper processes, including the internalization of scarcity and the constraining of perceived opportunity sets. While microinsurance may expand aspirational horizons by buffering shocks, it can also

institutionalize individualized notions of responsibility, framing resilience as a personal obligation rather than a collective entitlement.

The third domain arises from the political economy of insurance, with Churchill's contributions (2006) highlighting how design choices, distribution channels, and regulatory environments shape the accessibility and moral logic of microinsurance. Insurance is never neutral; it reflects implicit decisions about what risks are worthy of protection, at what cost, and for whom. These decisions reveal underlying power relations and governance priorities. Determinants such as enrolment procedures, product simplicity, pricing structures, and regulatory safeguards are inseparable from the institutional architectures that render insurance accessible or alienating. While digital infrastructures may expand outreach, they can also generate new forms of exclusion, and public-private partnerships may extend coverage while shifting responsibility for insecurity from the state to individuals. Adoption thus reflects not merely household choice, but the conditions of participation structured by systems of provision.

By integrating these three domains, the framework conceptualizes adoption as a relational process emerging from the interaction of imagination, aspiration, and institutional power. At the individual level, emotional orientations toward the future, cultural interpretations of risk, and trust in institutions shape engagement with insurance. At the social level, networks, norms, and reference groups influence how insurance gains legitimacy or provokes resistance, underscoring the collective nature of adoption. At the institutional level, product design, pricing logics, regulatory arrangements, and development narratives structure which futures insurance makes viable or unattainable.

The framework underscores that the determinants of microinsurance adoption vary across contexts and reflect histories of insecurity, the symbolic force of hope, and governance logics embedded in market-based poverty interventions. Adoption marks a point where structural vulnerability meets financial rationality, as individuals negotiate the moral and political implications of enrolling in systems that promise protection while redistributing responsibility. This perspective treats microinsurance not merely as a financial instrument but as a political and moral technology and understands determinants not only as determinants of uptake but also as expressions of how power, aspiration, and vulnerability intersect in everyday life.

4. Methodology

This study assumes a qualitative, interpretive, and analytically driven methodology aimed at displaying the conceptual, institutional, and political foundations underlying microinsurance adoption in low-income contexts. Instead of generating new field data, the research builds upon a rigorous examination of existing scholarly work, policy documents, and practitioner insights. This paper cross-examines how actors frame, legitimize, and operationalize microinsurance across distinct epistemic and institutional environments, rather than assessing or foreseeing adoption quantitatively. The study reaches this through a critical reading of these materials. The analytic process is iterative and theory-informed, supported by qualitative data analysis software (NVivo)¹, which facilitates systematic coding, thematic clustering, and interpretive synthesis.

The methodology incorporates three harmonising strategies: documentary and literature-based analysis, critical synthesis of empirical evidence, and interpretive reading through political economy and aspirational frameworks.

¹ NVivo 14 was used solely as an organizational tool to support systematic coding and thematic analysis, enabling clear traceability of interpretive decisions throughout the qualitative research process.

a. Documentary and Literature-Based Analysis

This study assesses a qualitative, interpretive methodology anchored in a deep analysis of existing scholarly literature, policy documents, and practitioner reports on microinsurance. Rather than producing new empirical data, the study examines how actors frame, justify, and operationalize microinsurance adoption across institutional and theoretical contexts. The analysis follows an iterative, theory-informed process supported by NVivo, enabling systematic coding, thematic synthesis, and interpretation through political economy and aspirational frameworks.

The literature review was conducted using major academic databases, including Scopus, Web of Science, and Google Scholar. Keywords included “microinsurance adoption”, “microenterprise risk management”, “inclusive insurance markets”, “financial inclusion and vulnerability”, and “determinants of microinsurance uptake”. The review covered publications between 1994 and 2024 and included peer-reviewed journal articles, institutional reports (e.g., ILO, IAIS), policy papers, and selected working papers. Sources were selected based on their analytical contribution to understanding microinsurance adoption in low-income contexts. Abstract screening and thematic relevance criteria were applied to exclude purely descriptive documents lacking analytical depth. In total, 44 core documents were retained for in-depth qualitative coding and cross-comparative analysis. Only sources published in English and French were included.

b. Critical Synthesis of Empirical Evidence

While this research does not collect new field data, it conducts a structured re-analysis of existing empirical studies drawn from diverse geographic and methodological contexts. Key demand-side studies, such as Cohen & Sebstad (2006) and (Dalal, A., & Morduch, J. , 2010), illuminate liquidity constraints, cognitive burdens, trust deficits, and perceptions of fairness. Supply-side analyses, including (McCord, M. J., Steinmann, R., & Ingram, M. , 2012) and (Smith, A., & Smit, H., 2012), shed light on product features, delivery challenges, cost pressures, and operational models shaping microinsurance availability.

The study coded the pragmatic studies in NVivo by methodology, target population, risk type, and delivery modality, enabling cross-study comparison. Consequently, this investigation has exposed an enduring discord encompassing assumptions made by service providers, client interpretations, and the limited understanding of these concepts. Additionally, it has highlighted the presence of trust deficits that are associated with claims processes, and the existence of trade-offs between sustainability and inclusion. The synthesis adopts a critical rather than aggregative stance, attending to contradictions and asymmetries within the literature.

c. Interpretive Reading through Political Economy and Aspirational Frameworks

The concluding analytic stage employs a theory-based reconstruction rooted in the political economy of risk, the anthropology of hope, and the economics of aspirations. Foundational texts such as (Appadurai, A. , 2004) formulation of the *capacity to aspire*, (Ray, D., 2006) theory of aspiration formation under conditions of scarcity, (Carter, M. R., & Barrett, C. B., 2006) work on poverty traps, and (Morduch, J. , 1994) analysis of vulnerability were coded in NVivo to construct a parallel theoretical node structure.

Axial coding linked empirical and theoretical nodes to identify higher-order themes, including the moralization of resilience, the disciplining role of insurance, the compression of aspirational horizons, and the shifting of responsibility from state to individual. This interpretive approach situates microinsurance adoption within broader dynamics of power, temporality, and structural inequality, revealing how inclusion narratives both expose and obscure the political stakes of insurance.

d. Reflexive Orientation

The study adopts a reflexive approach that acknowledges the limits of secondary qualitative analysis. NVivo serves as an interpretive support tool rather than a source of objectivity, and the researcher's theoretical positioning informs the analytical process. While the methodology does not claim generalizability, it offers a critical, theoretically grounded examination of microinsurance adoption, highlighting determinants as expressions of aspiration, constraint, and institutional design.

This Table 'Tableau 2' can synthesize this analysis:

Table 1: Conceptual coding structure for the determinants of microinsurance adoption

Conceptual Domain	Key Determinants Identified in Coding	Interpretive Insights Emerging from Cross-Node Analysis
Imaginariness of the future	Capacity to aspire (Appadurai, A., 2004) perceived futurity, emotional orientation toward uncertainty, imagined value of protection	Adoption becomes possible only when individuals perceive a future <i>worth securing</i> . Hope acts both as motivation and as governance, subtly shaping which futures appear imaginable or legitimate.
Aspirational structures	Aspirational windows (Ray, D., 2006), reference groups, social norms, scarcity-induced limits to long-term thinking	Aspirations socially patterned; microinsurance may widen or compress the horizon of possibility. Uptake reflects not just affordability, but the internalised boundaries of what people consider achievable.
Institutional and political architectures	Trust in providers, legitimacy of schemes, governance logics, regulatory context (Churchill, 2006), information asymmetries	Institutions configured as responsible for managing risk. Adoption emerges at the intersection of legitimacy, trust, and the political repositioning of individuals as risk-bearing subjects.
Behavioural and socioeconomic determinants	Income volatility, liquidity scarcity, perceived risk salience (Cohen, M., & Sebstad, J., 2006), financial literacy, gendered exposure	These determinants operate through interpretive lenses shaped by aspiration and governance. Behaviour is not purely rational but mediated by emotion, scarcity, and lived experience.
Product, market, and regulatory features	Simplicity, affordability, clarity of terms, timeliness of claims, appropriateness of distribution channels, regulatory proportionality	Adoption rises where products resonate with local realities. Poorly aligned designs reinforce exclusions. Market logic and regulatory design together delimit who can meaningfully access protection.
Experiential and interpretive responses	Moral interpretations of protection, perceived fairness, testimonies of pay-outs, collective narratives of trust or betrayal	Experience either anchors insurance within moral economies of care or erodes it through disillusionment. Adoption is cumulative: shaped by story, memory, and social transmission.

Source: Author's compilation based on the literature.

5. Determinants of Microinsurance Adoption

The NVivo-supported thematic analysis identifies key determinants of microinsurance adoption emerging from recurrent patterns and tensions across the literature. These determinants reflect the interaction of household behavior, institutional design, and political-economic structures, revealing adoption as a multi-layered and interdependent process rather than the outcome of a single factor:

- ❖ **Regulatory and institutional structures**
- ❖ **Insurer- and provider-level capabilities,**
- ❖ **Household- and community-level socio-economic realities**
- ❖ **Cultural, relational, and aspirational dynamics.**

The following structured results present each layer in turn, drawing on the coded categories, dominant patterns in the literature, and the crosscutting themes that emerged from the analytical framework.

a. Regulatory and Institutional Determinants

Regulation consistently appears as a key determinant of microinsurance adoption, influencing market incentives, product transparency, and consumer trust. Adoption is more significant where regulatory mandates are clear and proportionate, regulators are autonomous and credible, supervisory capacity is adequate, and frameworks allow flexibility and innovation. Whereas ambiguous mandates, weak oversight, political interference, and rigid regulation undermine confidence and produce products poorly aligned with low-income realities.

b. Provider-Side Determinants: Institutional Behaviour and Market Dynamics

The second layer of determinants relates to insurers, microfinance institutions, cooperatives, and digital intermediaries, whose stimulus encompasses further than product supply to institutional culture, operational practices, and modes of client engagement. The adoption hinges critically on the relevance of risk coverage, with low uptake frequently interrelated to misalignment between insured risks and those perceived as most threatening to livelihoods, particularly health shocks, funerals, crop losses, and income interruptions. Organizational culture also attests decisive: transparent and client-centered practices correlate with higher retention and trust, while opaque or exploitative behavior generates suspicion and disentanglement. Distribution further shapes adoption, as products delivered through trusted, socially embedded intermediaries consistently achieve higher commitment than those offered through distant channels. Together, these findings designate that provider behavior and institutional proximity shape demand as strongly as product design itself.

c. Household-Level Socio-Economic Determinants

The third layer of determinants concerns household-level restraints that mediate microinsurance adoption. The analysis demonstrates that income stability, rather than income level, is decisive, as irregular cash flows limit the ability to sustain premium payments. Adoption increases when payment schedules align with income cycles, allow micro-denominated or digital payments, and tolerate temporary lapses. Risk perception similarly shapes uptake, as microenterprises prioritize risks based on lived knowledge and communal memory rather than actuarial probability, with higher adoption following visible or recent shocks. Finally, financial literacy and institutional trust are critical: limited understanding or negative claims experiences significantly reduce enrolment. Low uptake thus mirrors a deep mistrust in institutions rather than dismissal of insurance itself.

d. Cultural, Relational, and Aspirational Determinants

The final layer of determinants related to the broader political-economic and sociocultural context of adoption. The analysis reflects that informal solidarity systems, such as ROSCAs, burial societies, and kinship-based support, strongly shape demand, as microinsurance must contend with mechanisms seen as more legitimate and relational. Adoption grows where these systems weaken due to migration or covariate shocks. Aspirations and future orientations further condition uptake: microinsurance becomes attractive when microenterprises perceive the future as improvable, while chronic deprivation inhibits demand for future-oriented tools. Finally, yet importantly, cultural and religious frames also exert decisive influence, as beliefs about fate, risk, and collective responsibility define acceptance, sometimes-overriding economic incentives or regulatory design. Individuals often conform to prevailing social norms not necessarily out of conviction, but due to social sanction and collective expectation. This underscores the importance of addressing structural environments rather than individual behaviour alone.

e. Cross-Determinant Dynamics: A Multi-layered Model of Adoption

The results specify that the determinants of microinsurance adoption do not function in isolation but interact in non-linear and mutually reinforcing ways. Regulatory clarity, for instance, strengthens provider credibility by reducing ambiguity around product rules, claims procedures, and consumer protection, which in turn enhances confidence among potential policyholders. Provider culture further mediates this process, as transparent and ethical practices shape household trust and influence how insurance is interpreted at the community level. Cultural norms also shape risk perception, influencing which shocks people regard as legitimate targets for insurance and how societies assign responsibility for risk. At the same time, income volatility conditions the relevance of regulatory flexibility, as microenterprises with irregular cash flows are more responsive to payment structures and rules that accommodate lapses, seasonal earnings, or digital transactions. These interactions establish that no single determinant explains adoption. Rather, it occurs from the contingent alignment of regulatory, institutional, Socio-economic, and cultural conditions. Microinsurance adoption is therefore multi-causal and context-dependent, ensuing only within a multidimensional ecosystem in which these elements reinforce rather than destabilize one another.

The following table ‘Tableau 3’ summarizes the multidimensional structure of microinsurance adoption by mapping the principal determinants identified at the regulatory, provider, household, and socio-cultural levels.

Table 2: Multidimensional structure of microinsurance adoption

<i>Level</i>	Determinants
<i>Regulatory</i>	clarity of mandate, autonomy, resources, innovation, proportionality
<i>Provider-side</i>	product relevance, organizational ethics, distribution channels
<i>Household-level</i>	income stability, risk perception, trust, literacy
<i>Socio-cultural</i>	informal solidarity, aspirations, national culture, moral economy

6. Discussion: Interpreting the Determinants Through a Critical Theoretical Lens

The results show that the determinants of microinsurance adoption extend far beyond issues of pricing, product design, or household economics. For micro enterprises, whose survival relies

on fragile cash flows, volatile markets, and unpredictable shocks, these determinants constitute an architecture that can either expand or coerce possibilities for continuity. Indulging these dynamics entails returning to the three theoretical lenses guiding this study, the anthropology of hope, the theory of aspirations, and the political economy of insurance.

a. Determinants as Technologies of Hope and Futurity

For micro-entrepreneurs, the future states a concrete space where business survival, debt, and household welfare lie together. The outcomes highlight that adoption is contingent on whether entrepreneurs view this future as open or foreclosed, echoing Appadurai's (2004) concept of the capacity to aspire. Where regulatory clarity and institutional credibility prevail, microinsurance works as a stabilizing anchor that shields both livelihoods and dignity. Where opacity and uncertainty dictate, it appears as another unreliable contract in an already adverse market. Regulatory and provider-level determinants thus maneuver as technologies of hope, shaping not only adoption decisions but also the horizons of futures entrepreneurs consider worth insuring.

b. Aspirational Determinants: How Poverty Reconfigures Decision Landscapes

Microenterprises work at the intersection of opportunity and constraint, and the results clarify that ambitions strongly redefine how entrepreneurs assess the contingency of microinsurance. Where aspirations remain restrained, insurance is seen as an extraneous luxury, secondary to immediate needs such as debt, rent, or volatile demand. Where aspirational capacity is higher, entrepreneurs view insurance as an axe that can forge continuity, protect accumulated gains, and reduce the risk of business failure.

This dynamic mirrors (Ray, D., 2006) argument that poverty narrows the horizon of what individuals deem possible. Contingents such as income irregularity mistrust of institutions, incomprehensible contract language, and weak distribution channels accentuate aspiration depression by strengthening the perception that formal financial systems are not made for people like **us**. Whereas transparent claims processes, embedded intermediaries, and flexible digital payment structures strengthen entrepreneurial aspirations by highlighting the feasibility of a stable outcome. For microenterprises, the determinants of microinsurance adoption therefore also contour entrepreneurial agency and ambition.

c. Determinants as Instruments of Governance: A Political Economy Interpretation

The findings indicate that barriers to microinsurance adoption reflect deeper structural tensions in the governance of microenterprises. While often outlined as a protective tool, microinsurance frequently shifts responsibility for risk from public and market institutions onto individual entrepreneurs. Where regulation, provider ethics, or supervision weaken, it operates less as collective protection and more as a mechanism for privatizing risk. Adoption thus emerges from tensions between commercial scalability and entrepreneurial security and depends on whether microinsurance complements or undermines existing informal solidarity networks.

d. A Multi-Level Determinants Framework: Beyond Linear Causality

The findings indicate that the determinants of microinsurance adoption operate not as isolated variables but as interdependent and mutually conditioning forces, giving rise to a multi-level framework that moves beyond linear causality. Adoption among micro enterprises emerges only when determinants align across regulatory, provider, household, and socio-cultural levels. A product that is relevant at the provider level requires, simultaneously, regulatory clarity, autonomy, and effective oversight to ensure credibility, income stability and trust at the household level to sustain participation, and cultural as well as aspirational resonance at the socio-cultural level to render insurance meaningful. In the absence of such alignment, improvements in any single dimension are insufficient to generate sustained uptake. This

perspective challenges dominant strands of the microinsurance literature that interpret low adoption primarily because of behavioural prejudices, limited financial literacy, or informational deficits. Instead, the findings point to systemic misalignments between institutional designs, market practices, lived economic realities and cultural logics as the principal explanation for uneven adoption patterns.

7. Conclusion

This study establishes that microinsurance adoption among microenterprises does not depend on narrow economic reasoning or product-level characteristics alone. Uptake surfaces from the interaction of regulatory frameworks, provider practices, household constraints, and socio-cultural contexts, each of which shapes how microenterprises perceive, interpret, and engage with formal risk protection. Microinsurance delivers meaningful outcomes especially when these layers converge to generate credibility, relevance, and trust.

At the institutional level, regulatory clarity, proportionality, and supervisory capacity decisively shape confidence in insurance systems. Vague mandates, weak enforcement, or political interference undermine legitimacy and foster perceptions of insurance as untrustworthy or extractive, discouraging participation. In contrast, transparent and proportionate regulatory regimes hint on fairness and stability, creating conditions under which microenterprises are more enthusiastic to engage with formal risk-sharing mechanisms.

Provider-side practices further exert conditioning in adoption by defining the relevance of covered risks, the transparency of claims processes, and the degree of amalgamation of distribution channels within local economic and social networks. Products that fail to reflect the everyday vulnerabilities of microenterprises or that rely on distant and untrusted intermediaries struggle to gain traction regardless of affordability. By contrast, socially embedded and ethically administered insurance acquires legitimacy and sustains participation.

Household-level constraints, including income volatility, liquidity cycles, and risk perception, define the capacity to process premium payments and the perceived effectiveness of insurance as a future-oriented tool. These restrictions deeply overlap with broader socio-cultural dynamics, such as informal solidarity mechanisms, moral economies, and aspirational orientations. Microenterprises benefit most from microinsurance when it complements existing support systems and when entrepreneurs perceive a stable and attainable future worth securing.

Taken together, these statements designate that microinsurance adoption projects systemic conditions in place of isolated individual choices. Institutional quality, market design, economic vulnerability, and cultural meaning jointly structure adoption outcomes. Efforts to expand microinsurance must therefore go beyond behavioral explanations and simple narrow policy fixes and instead follow a holistic approach that recognizes the complex institutional, social, and symbolic dynamics through which microenterprises confront risk and negotiate their economic futures.

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