



Proposed Standards and Indicators for Microinsurance

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Rational for Standards and Indicators

MI around the world is still in early stages of development. The main challenges still remain:

- Finding economical solutions for distribution, premium collection, claims settlement
- Access to quality service providers
- Affordable health care
- Relevant product design
- Accurate pricing
- Sound financial and risk management
- Enabling policy



Rational for Standards and Indicators

Standards and Indicators are expected to boost MI development:

- Enables benchmarking of MI relative to peers
- Framework and guide for development and business planning
- To increase chances of long term HMI sustainability



Requires discussion and development

Proposed set: 27 standards and 10 indicators in 8 categories

Goal is to maintain:

- less than 10 KEY INDICATORS, to measure viability
- A larger number of Standards to measure direction



A. MI Organizational Structure

SA.1 Separate MI operations

- MI needs dedicated management and accounting
- MI is not a sideline activity

SA.2 All HMI partners legally registered with respective regulator (s)

- Indian Partner-Agent model

Others?



B. Marketing and Distribution

SB.1 Clear communication of benefits, limitations, exclusions, etc.

SB.2 Clients know how to claim.

SB.3 Marketing messages are refreshed frequently.

SB.4 The MI sets target participation and renewal rates.

SB.5 Periodic surveys are conducted to determine client satisfaction.



B. Marketing and Distribution

IB.6 Participation Rates (PR)

IB.7 Renewal Rates (RR)

IB.8 Market diversity (no measure of this yet)



C. Financial Management and Viability

SC.1 Actuarial reserves are calculated properly.

SC.2 Income Statements, Balance Sheet, Cashflow Statements

IC.3 Adequacy of actuarial reserves (actual / required)

IC.4 Liquidity Measure (focus is on next 12 months)

IC.5 Solvency Ratio (Liabilities / Admitted Assets)



D. Risk Management

SD.1 Continuous monitoring

- Actual to expected claims
- Utilization trends by benefit category
- Anti-selection and moral hazard, etc.

SD.2 Reinsurance program in place (as applicable)

SD.3 Long term guarantees linked to actual investment returns

- applicable to long term savings products, endowment plans

SD.4 Annual MI modeling to detect developing trends



E. Investment Management

SE.1 Investment policy

IE.2 Asset quality and diversification

IE.3 Asset-liability matching for long term products



F. Operations Management

SF.1 MI is managing per the S&I and aims to maximize indicators

SF.2 MI reports to the HMI industry for S&I evaluation

SF.3 MI partners have 3-5 year strategic business plan

SF.4 Internal and external audits.



F. Operations Management continued

SF.5 MI staff training.

SF.6 MI sets service standards.

SF.7 Operations manuals are updated.

SF.8 MIS: Database design with actuarial input, Management reporting is used effectively, data managed as a resource.



G. Economics and Client value

IG.1 Expense ratios

IG.2 Incurred claims ratio

IG.3 Net income and sustainability



H. Impact and Community Outreach

- Not measured yet




I. Health care

- SI.1 Accreditation and audit of providers
- SI.2 Client satisfaction surveys (With respect to providers)
- SI.3 Negotiated tariffs for service
- SI.4 Treatment protocols
- SI.5 Health education based on most prevalent health risk
- SI.6 Link to primary care



Preliminary Rating of Case Studies

- Not all data in format required!
- Dealing with various formats of delivery and products
- Created weightings to measure key items
- Created target ratios
- Overall scoring



Institution	TOTAL	Standards	Indicators
ASSEF	86%	85%	89%
Yeshasvini	82%	83%	79%
CARD MBA	77%	78%	74%
SEWA	76%	84%	53%
Grameen Kalyan	70%	66%	79%
ServiPeru	64%	68%	52%
Karuna Trust	59%	52%	76%
Spandana	55%	48%	71%
Delta Life	46%	47%	32%
TYM	41%	37%	56%



Choosing indicators

- What are Key indicators?
 - Percentage of target population insured
 - Net income before grants and subsidies
 - Expense ratio



Next steps

- Develop consensus on KEY INDICATORS and STANDARDS
- Develop methodology of measuring
- Collaboration on developing technology for MI and to measure
- Create central repository



Conclusions

- Standards and indicators will help MI become viable and valuable for targeted populations
- Can be adopted overtime as capacity develops