

Summaries

6th International Microinsurance Conference

9–11 November 2010, Manila, Philippines

Hotel Intercontinental

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Parallel session 2, Academic Track - Demand Issues

Jing Cai, UC Berkeley, USA

Determinants of micro-insurance adoption: evidence from a field experiment in rural China

Summary

This paper studies take-up determinants of an agricultural insurance product provided to rural households in China through a series of randomized experiments. The experiment is carried out in two counties in the capital city of Jiangxi province, Nanchang. The sample contains 432 natural villages (21,898 households) in total. The experiment is composed of three sub-experiments: the price experiment, the social network experiment, and the contract choice experiment. From this project, we want to learn the price elasticity of the demand for insurance, whether social network can be used as an effective way to improve insurance knowledge diffusion, and whether the take-up rate can be raised through offering a menu of contract rather than a single one.

Here is the design of the experiment. First, in the price experiment, we estimate the effect of price on the household demand of insurance by randomly assigning eight different levels of prices to different households. Second, in the social network experiment, in each natural village, we invite a randomly selected group of households to attend an intensive information session about the product that we offered, and then we test the effect of attending information sessions on households' adoption decisions and the spillover effect of the session, i.e. whether farmers with more closely related friends attended the session are more likely to purchase the insurance. Furthermore, we try to separate some channels of social network including social learning, conformity and trust through additional experiments. Third, in the contract choice experiment, we offer a menu of contracts, ranging from low premium and low payout to high premium and high payout, to a randomly selected group of households, and compare the take-up rate among those households to that of households who are facing a single contract. From this design we can see whether offering farmers more choices can satisfy their heterogeneous demands better and thus improve the overall take-up rate. Preliminary results show that insurance take-up is very sensitive to price; Attending the information session improves take-up rate significantly, and social learning is an efficient way of diffusing insurance knowledge and improving the overall insurance understanding; Offering a menu of contract increases the take-up rate by more than 50% and is the most cost-effective way to improve microinsurance take-up.

Key messages

1. The take-up rate of micro-insurance is very sensitive to price, so providing government subsidy is one way to improve the take-up rate.
2. Offering insurance information session can enhance farmers' understanding of insurance, and the insurance knowledge provided during the session can be effectively diffused to more farmers through social network.
3. Providing a menu of contracts can satisfy farmers' heterogeneous demand better and is a cost efficient way to raise the overall take-up rate.

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Andrew Zeitlin, University of Oxford, UK

Education, Prices and Peers in the Promotion of Composite Microinsurance: Evidence from a Randomized Controlled Trial in Kenya

Summary

To date, efforts to extend insurance to developing-country poor have often encountered significant challenges (Cole et al. 2009), including low rates of take-up and renewal, and adverse selection. This paper investigates the effectiveness of three mechanisms – top-down education, peer-to-peer marketing, and prices – in addressing these challenges, based on a randomized controlled trial in the marketing of a composite health insurance product in rural Kenya. This is a context in which the above challenges are particularly salient: not only have take-up and renewal rates been low in similar Kenyan populations, but anecdotal evidence suggests that adverse selection problems are severe. To address these issues, this project, funded by the ILO's Microinsurance Innovation Facility, has undertaken a cluster-randomized controlled trial among the population of 90 tea-growing centers. (A further 60 centers serve as control, but will not be used in this paper). Tea growers in one third of these centers have received a 'pure' marketing treatment, providing information about the health insurance product only. In the second treatment arm, tea growers have also taken part in an extensive educational program. And in a third treatment arm, tea growers were given an added financial incentive to register their peers—a peer-to-peer marketing campaign. Finally, these cluster-level treatments were cross-cut with individual-level price variation. Following a baseline survey, an initial phase of marketing activities was undertaken in May 2010, with the first phase of applications to be completed by the end of July, 2010. The paper will report findings from this first phase of take-up. We look not only at the comparative effectiveness of these treatments on demand, but on the selection of clients induced by each, using baseline measures of the risk profile of potential clients collected at baseline. In so doing, the paper will contribute to existing evidence on the role of education, marketing and price on the totality and composition of demand for health insurance.

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Parallel session 3, Case studies - Agriculture

Francesco Rispoli, IFAD, Italy / Niels Balzer, UN WFP, Italy
The Potential for Scale and Sustainability in Weather Index Insurance

IFAD was created over 30 years ago to tackle rural poverty, as a key consequence of the droughts and famines of the early 1970s. Since starting operations in 1978, IFAD has invested US\$11.3 billion in low-interest loans and grants that have helped some 350 million poor rural women and men increase their incomes and provide for their families. IFAD is an international financial institution and a specialized United Nations agency.

Summary

The International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP) are working together through the joint Weather Risk Management Facility (WRMF) to better prepare and protect poor farmers against the adverse effects of weather shocks.

The facility has assessed a range of weather index-based insurance initiatives around the world to learn more about how to bring such schemes to scale and sustainability. The reviewed pilot programmes have demonstrated the potential of index insurance as a risk-management tool. Emerging evidence suggests that WIBI can serve as an additional effective, market-mediated solution to promote agricultural development, as well as to help protect the poorest against weather shocks and make disaster relief more efficient. To achieve these benefits, a number of key design and implementation principles have emerged which are discussed in the WRMF publication 'The Potential for Scale and Sustainability in Weather Index Insurance'.

The presentation will distil the eight key principles for scalability and sustainability of weather index-based insurance from the study, using illustrative examples from worldwide pilots. It will also endeavour to demonstrate implementation lessons from WFP and IFAD's own experiences with pilots in Ethiopia and China.

Key messages

1. Weather index-based insurance can be one effective tool to support rural poor people in the event of weather shocks.
2. Create a proposition of real value to the insured, and offer insurance as part of a wider package of services.
3. Build the capacity and ownership of implementation stakeholders.
4. Promote enabling legal and regulatory frameworks.
5. Graft onto existing, efficient delivery channels, engaging the private sector from the beginning.

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Ashutosh Shekhar, CIRM/IFRM, India

90,000 livestock in Vizianagaram! A case study of addressing moral hazard and transaction cost through a Community Based Livestock Insurance Scheme

The Centre for Insurance and Risk Management (CIRM) is a technical assistance provider and action research centre for microinsurance. The Centre’s mandate revolves around facilitating the incubation of innovative ideas in insurance and risk management for vulnerable sections of the community. The Centre works closely with the government, insurers, MFIs, NGOs, multilateral agencies and the academia, to pilot potentially viable, replicable and scalable models of microinsurance.

Summary

Livestock insurance is quite expensive and its reach to the poor is negligible, except when linked to government schemes. Even after more than 30 years of government efforts, out of world’s largest cattle pool, only 7% of cattle are covered under insurance. In addition, even though new insurers have entered the market, most are unwilling to offer livestock insurance due to perception of huge losses.

The major challenges in livestock insurance business is the incidence of moral hazard (frauds) and insurers highlight that more than 25% of the claims settled are fraud cases. In such a case Community Based Model (CBM) comes as a rescue. CBM helps to reduce moral hazard and transaction cost. CBM helps to reduce false claims, documentation, and cost of insurance including the transaction/time cost and potential risk. One such example is Loan Protection Scheme by Vizianagaram District Poverty Initiatives Project (DPIP) in Andhra Pradesh (AP), India. Loan Protection Scheme for livestock is run by community which has incidence rate of 2% as compared to country average of 4%!

Program is the collaboration of different stakeholders such as the community (for governance and management along with money pooling), government (state and District Rural Development Agency-for initial fund and implementation assistance) and technical assistance providers. It has helped to empower the rural poor by developing and strengthening self-managed group model grassroots organizations.

Salient features of the program:

1. Scheme is run by a federated SHG structure with close monitoring from the community itself which is the owner of fund generated by pooling of money.
2. Processes are diluted with highly decentralised system for implementation. Though the decision structure for final disbursement of claim is kept centralised.
3. Total performance of LPS can be summarised as

	2006-07	2007-08	2008-09	2009-10
Enrolment	3519	4756	48675	90035
Claims received	96	120	327	
% age of claims	2.73	2.52	0.67	

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The program was successful in reducing the frauds that arise due to moral hazards. Community supervision and vigilance have been instrumental in this factor. Programme is overall a success and it shows its impact in terms of cost, where the cost of overheads as well as running expenditure were kept at the minimum, to ensure the sustainability of the scheme (Rs. 6 per head) and making it replicable in many other areas in India where initial infrastructure is available. Some of the largest insurers want to replicate the same model throughout the country.

Key messages

LPS is a successful program because of its

1. Simple processes with very less turnaround time (within a week payment is done to the group member) and negligible cost of administration (Rs. 6/head),
2. Strong community ownership resulting lesser frauds and building trust among community members,
3. Women empowerment as all group members are women. They are now a part of decision making process.

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Parallel session 5 – New Distribution Channels

Anja Smith, Cenfri, South Africa

Introduction to new distribution channels

The Centre for Financial Regulation and Inclusion (Cenfri) is a non-profit research centre, established in March 2008 with support from the FinMark Trust. Cenfri's mission is to support financial sector development and financial inclusion through facilitating better regulation and market provision of financial services. We do this by conducting research, providing advice and developing capacity building programmes for regulators and market players operating in the low-income market.

Summary

The last 3-4 years have seen a dramatic increase in new, innovative approaches to distributing microinsurance.

The phenomenon of "passive" distribution models, which rely on the use of client aggregators, physical footprint and the absence of person-to-person interaction in the insurance sales process, was first identified in South Africa. At the time, it was thought that this type of microinsurance distribution model is the result of a greater emphasis on minimising distribution costs for microinsurance products. However, the existence of a number of different alternative distribution models in Colombia and Brazil (utility and supermarket models) indicate that totally passive models are likely to be a result of restrictive market conduct regulation (as present in South Africa), rather than commercial and marketing considerations. Alternative distribution models in Colombia and Brazil rely on client aggregation and physical footprint to first establish client contact and to inform a more targeted marketing approach to clients, after which agency sales forces are used to actively sell insurance products to potential clients (thus becoming an active sales process).

Besides conclusions on the efficiency of "passive" models compared to more "active models", alternative distribution models in South Africa, Colombia, Brazil, Kenya, India and the Philippines add to a growing body of information on non-traditional microinsurance distribution approaches and their likely success. This allows us to draw conclusions on which type of models are best suited for which type of microinsurance products, which models are likely to offer lower distribution costs and what these emerging models imply for the future of microinsurance distribution in a more commercial environment.

Key messages

1. Although passive distribution models may seem like a lower cost approach to microinsurance distribution, the absence of an active sales force may lead to lower take-up rates.
2. Passive distribution models relying on cell phones for premium activation and payment may in fact lead to higher commission costs.
3. New categories of intermediaries such as retailers and supermarkets raise questions about whether they can be true intermediaries or are simply payment collectors.

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Barbara Magnoni, EA Consultants, USA

Understanding Global Migration and Remittances and how these link to Microinsurance

EA Consultants is a development consulting firm founded on the principle that economic development should be inclusive of all sectors of an economy. We believe that this can be achieved by providing these groups with greater access to finance, markets and social protection.

Summary

In 2006 the international remittance market was estimated to be approximately US\$300 billion, more than the amount of developing aid flowing to developing countries. Some of this money is channeled into development activities through religious institutions or community organizations, but the majority goes directly to the families of migrants to support basic household needs, such as rent, food and school fees. Migrants and their families tend to find themselves in positions of extreme vulnerability, generally working in the informal sector and unable to access basic social safety nets in their host or home countries. A death in family, sickness or other emergency that requires a significant cash outlay can quickly eat up any savings or assets a migrant has, threatening their ability to provide for their families in the short and long-terms. Microinsurance can help low income households manage these risks and protect their businesses, homes and livelihoods. They require simple, accessible, low cost products, yet finding a means to pay for these products and low cost channels to distribute them is a challenge. Tapping into existing money transfer systems that are already working with this population may help microinsurers to overcome both this distribution and funding issues so often encountered with microinsurance products.

EA Consultants is currently conducting a research study for the ILO's Microinsurance Innovation Facility with the objective of exploring existing and potential links between migration, remittances and insurance, framing the topic and detailing the opportunities and challenges for microinsurers interested in developing remittance-linked microinsurance products.

We propose to present the findings of this research at the conference, including examples from Pioneer Life in the Philippines, BancoSol in Bolivia, and Banorte in Mexico among others. We will focus on three main models for insuring migrants and their families back home: Home, Host and Hybrid. The Home model relies on the provision of microinsurance by risk carriers based in the migrants' country of origin. These typically market their services through migrants' family members in the home country and often have direct or indirect links to money transfers. Host based models are typically "downscaling" experiences of traditional insurers in developed or host countries where migrants live. They provide products that offer coverage for the migrant but don't cover the risks of the migrants' family back home. A small number of hybrid models have emerged, which aim to provide coverage for risk across borders. These face legal and regulatory constraints among other limitations but have the potential for having the greatest impact on reducing the migrants' risks across borders.

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Key messages

1. Products for migrants should be designed with their home and host country needs in mind as migrant risks are transnational.
2. Legal and regulatory restrictions are among the most limiting factors in offering microinsurance to migrants, constraining product development, delivery, payments channels and claims processes.
3. Microinsurance can be an interesting option for insurers in developed countries interested in serving migrants.

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Huijing Yang, PICC, China

Case Study on Channel Establishment of Micro-Insurance Project in PICC

PICC P & C, as the largest non-life insurance company in mainland China, was established by the People's Insurance Company (Group) of China in July 2003, with a registered capital of RMB 11.1418 billion. The Company once was the People's Insurance Company of China, which was founded by the People's Bank of China in 1949. In 2008, the Company's premium income has exceeded RMB 100 billion, listing itself as the 10th largest public non-life insurance company in the world.

Summary

From March 2009 to end of 2009, PICC Property and Casualty Company Limited (PICC) got through first phase operation of Migrant Worker's micro-insurance project smoothly. At this phase, PICC chose five branches as pilot branches, including Chongqing, Guangdong, Sichuan, Hubei and Zhejiang branch. During phase 1, the premium reached \$376,522, and the educated population hit 671, 150.

At present, there are over 200 million migrant workers in China and the demand for micro-insurance is gigantic. On the contrary, the development of micro-insurance is still far from sufficient, for the lack of distribution channel, the low-level of insurance education and the short of specific products. According to the middle and long term development strategy of PICC, our project is making effort to seek government support for the project, meanwhile, inspecting and selecting new distribution channels. Through phase 1, PICC have enhanced and developed our channel plan. Through spreading the consumer education and improving the marketing, the project can then grasp target clients, and adjust the marketing product development strategies. Furthermore, through establishing service and technology platform, perfecting risk management measures, the project can resolve the deep-rooted problem for sustainable development.

There are two key factors for the project, one is to lower channels' cost, and another is to manage the risk. To solve these problems, PICC has set up channel evaluation system for migrant workers' micro-insurance by designing channels scoreboard and collecting data from pilot branches to evaluate selected channels periodically. Through balancing effectiveness and efficiency, PICC can choose the best channel in pilot branches, and then combine risk management plan with different channels.

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Approach to case analysis, this article summarizes three distribution channels: Individual agents, authorized agents and direct sale channel. As data shown, authorized agent is the main channel, and the branch who takes multiple channels strategy began to reveal potential business momentum. Besides, this article also concludes three develop models and analyzes the strength and weakness of them, which include "State Full-funded Model", "State Partial-funded Model", and "Pure Commerce Model". Through case study, this article also discusses and proposes the optimal plan for channel solution by comparing premium, commission, activity, and efficiency among channel. In 2010, PICC will continue to deepen relationship with local government, classify market in inflow and outflow area, evaluate channel risk, design different channel management method, and enrich marketing measures. Meanwhile, we will increase Xinjiang, Jiangxi and Hebei Branch as another three important pilot branches. Most importantly, we will promote micro-insurance project to less-developed area in northwestern region of China.

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Mariana Torres de Urquidi, Banco Compartamos, Mexico

To every challenge there is an innovative solution, for sustainable microinsurance products

Banco Compartamos operates through social networks and a business model which generates social, economic and human value. It offers products as working capital credits with 1,529,195 clients in the first trimester of 2010 with a 52% of coverage ratio in voluntary life insurance products.

Summary

Based on the 7 years of experience on microinsurance, we've faced innumerable challenges to achieve having sustainable microinsurance products.

Some of the challenges we have faced are: 1. Organizational Prevention Culture: How to raise awareness on prevention and microinsurance products in a Microfinance institution that was focused on working capital credits. 2. How to prove to the insureds the real needs on the bottom of the pyramid in a country where only a 3% of the population is insured, and the potential market for the insurers was focused on the top of the pyramid. 3. Making all the staff sensitive to the importance of microinsurance, with the problem in the retention ratio. 4. Breaking paradigms in the bottom of the pyramid such as, insurance products doesn't work, they never pay, the small letters, they are only for rich people, etc.

In 5 years of testing different products, models, training strategies, etc, some solutions that had helped us make front to these challenges are:

1. A lot of work at the field, to make the sale force and the insurer take and feel part of the development process.
2. Having the ability to talk in the same language with insureds, regulators, sale force and clients.
3. Monitoring the insurance operations as separating data.
4. Having a right compensation model to the sale force.
5. Establishing a special training methodology named DOC Training Methodology, based on demonstrate, observe and correct.
6. Having a communication strategy where we published some of the performance indicators to all the organization daily and monthly.

Implementing this solution at Compartamos has helped us to reach many goals that we were expecting from the insurance products and the impact of some of the solutions that were implemented, could be summarized in the result of this indicators: 52% of the portfolio of Compartamos clients are willing to pay voluntary for a life insurance product. 64.22% of renewal rate ratio, this indicator is the one that show the institution the value of offering MIS products and the importance of giving a quality service because this products are having a direct impact in the retention indicator.

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An average of 11 days total for a beneficiary to receive a payment the event occurred. Once the client deliver the death certificate (they get 9 days in average), at the next 48 hours they received the payment. 78% of our clients really think that being insured represents a benefit to their families 41% of the beneficiaries who claimed benefit amount, and were not part of Compartamos, have asked for a loan, to also have the opportunity to have an insurance product
The only way we had to show off the real impact to offer MIS product, is measuring the difference of being or not being insured. That has gave us credibility, and has awakened the interest of the institution to promote growth on the goals and the diversification in MIS business

Key messages

1. Have the ability to understand the clients' needs and transform them in reality as SIMPLE MIS products.
2. Never stop asking questions, always be near to the clients, institution members, competitors, partners, to be able to add value to the products and to find innovative solutions to every challenge that is presented.
3. Having a good communication strategy will help to generate awareness and continuing developing innovative and sustainable products.

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Parallel session 6 – Protecting the poor against natural disasters

Devabalan Rajagopalan, CARE, India

Property insurance for protecting poor against natural disaster

CARE is one of world's leading international development aid agencies helping the poor communities across seventy countries globally. CARE India has been working in India for 59 years; CARE India mission in India is to facilitate lasting change in well being and social position of vulnerable groups, especially women and girls. CARE India works with various stakeholders to confront the unequal power relations and discriminations.

Summary

Natural disasters are increasingly becoming a predictable phenomenon and undermining chances of insuring basic risk needs of the low income communities like household properties. Vast majority of the people living below poverty line and socially discriminated communities in India often found to live in low lying areas are prone to flooding. Even though the cost of the dwelling units are not expensive as it is built with mud walls and covered with thatched roof, the families earmark substantial amount of their annual household income towards its maintenance and repairs. Apart from natural disaster, fire accidents also pose major threat to the poor families. CARE and Allianz introduced Micro insurance services in the aftermath of 2004 Tsunami in coastal districts of Tamil Nadu.

A demand and risk assessment study was conducted to understand risk patterns and the needs of the local community. The study revealed that property coverage is the most desired risk need. Based on the findings of the study, products were designed to provide basic coverage against, accident related death, treatment, disability, wage loss and coverage for household properties. CARE bundled property insurance with regular accidental and health insurance policies and distributed as bundled product. In November 2008, coastal villages of Cuddalore and Nagapattinam were badly affected by NISHA cyclone and Allianz paid 434 Million Rupees to compensate the loss of 14405 households.

The compensation considered to be the largest single claim event in the history of micro insurance benefited over 28% of the total clients enrolled under this scheme. While analyzing the profiles of beneficiary majority of them found to be socially discriminated group, and it was widely acknowledged by the beneficiaries that it was indeed useful for them to repair and rebuild their huts. In order to expedite the claim settlement process, the insurer decided to use the services of local NGO staff considering the geographical spread and enormity of efforts required to visiting every household for inspection of damages. The field staff of the NGO partner supported the insurer in damage assessment besides certifying the event of the damage. Realizing the importance of continuing with household coverage for low income communities, both CARE and Allianz realized the need for expanding geography of the operations beyond coastal districts to spread risks with non coastal districts.

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CARE expanded the operations in to three more adjacent districts of current operational areas, considering past history and vulnerability of the geographical areas, Allianz reprised the premiums of the insurance plans by almost 300% higher in order to make it sustainable besides restructuring the product. The project so far distributed over 30,000 insurance plans with the revised pricing in six districts. Even though revision of premiums affected the enrollments but majority of the users renewed agreements when they were informed of it.

Key messages

1. Coverage for property insurance should be bundled with other life and non life related risks.
2. Train the NGO field team on damage assessment especially during the natural calamity.
3. Expansion of project operations in to new territory which has lesser exposure to natural disaster. Insurer should consider reinsuring beforehand.
4. Revision of premiums based on risk exposure of the operational areas.
5. Client education, sensitize the community members on the importance of household coverage.

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Jiang Tong, National Climate Center, China

Weather index-based insurance in China: The challenges of dealing with data

The China Meteorological Administration (CMA) is a public service agency under the State Council and provides meteorological information to the top government bodies and authorities to facilitate their decision-making processes. It provides public meteorological service and technical support to the Chinese experts involved in the Inter-Governmental Panel on Climate Change (IPCC) and the United Nations Framework Convention on Climate Change (UNFCCC).

Summary

Challenges arise when designing weather index-based microinsurance: density of weather stations, data availability, disparity of population density, reliable economic loss data, and multiple-trigger risks. In 2008, the German Technical Cooperation agreed with the China Insurance Regulatory Commission to implement a project on weather-index based insurance in China. The China Meteorological Administration is responsible for delivering expertise on meteorological data. This paper introduces the challenges and practical solutions in obtaining respective weather and loss data in China and in defining a trigger. It presents the case study for typhoons in Fujian province, as it has been heavily hit by typhoons over the last years resulting in large-scale economic losses. Weather data is collected for the period 1961-2009.

A thorough analysis of the observed weather phenomenon reveals what weather parameters need to be observed and at what frequency: in the present case typhoons require collection of daily wind data and daily precipitation figures. The next step is to collect economic loss data. It is important to combine weather data and past direct economic loss data to determine the trigger, i.e. when a given weather event becomes costly. In Fujian, wind speed and maximum daily precipitation data were overlaid with the direct economic loss data. It was found that economic losses were very high (with typhoon damages getting costly) when the maximum daily precipitation and the maximum daily wind speed during a typhoon event were high at the same day. In Lianjiang county, whenever the maximum precipitation exceeds 110mm and the maximum wind speed exceeds 16m/s at the same day high economic losses are triggered. Based on the estimated thresholds, a six-year return period for the trigger was determined.

It remains a challenge to obtain comprehensive, reliable and harmonized loss data (e.g. on county-level or area-averaged). Weather events might have direct impact (e.g. typhoon) or lead to reduced agricultural output several months later (e.g. spring drought). This is why data had to be collected from various sources such as Ministries, sometimes very costly, or in time-consuming field trips in order to include the local knowledge on the economic losses and their relation to the weather risk. This allowed us to cross-check the information in a Geographical Information System with land-use maps.

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Multiple-correlations of neighboring weather stations were determined to establish back-up stations which are able to provide data if the primary station fails to provide data during a typhoon event but clients claim an insured event. Generally, the homogeneity of data has to be checked. Change of station's location or instruments might affect time-series. Weather data might have to be interpolated between stations of different altitude. Without knowing how and when economic losses occur, it is impossible to identify the respective risk in the time series.

Key messages

1. Importance of combining weather data and past direct economic loss data to determine the trigger.
2. Collecting comprehensive, reliable and harmonized loss data remains a challenge.
3. One of the solutions is to multiply the sources and take local knowledge into account.

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Parallel session 7, Client education – Insurance literacy
Hosted by the MiN-Insurance Education Working Group

Aurore Lambert, GRET, Cambodia
Insurance Literacy for factories' workers

GRET is a professional solidarity and international cooperation association. In 4 continents, our actions aim to increase the incomes of populations, reduce their vulnerability, improve their access to quality infrastructures and develop their ability to be heard. GRET is active in Cambodia since 1987 in several fields and has developed 2 micro-insurance schemes, SKY, especially in the urban area that covers 52,000 people and HIP, a health insurance for garment workers.

Summary

HIP is a voluntary health insurance scheme launched for salaried workers by the GMAC (Garment Manufacturers Association in Cambodia) and GRET a French NGO. Its objective is to provide an adequate solution to address the needs of both the workers (improve health status and reduce vulnerability and hardship in case of illness) and the employers (healthy workforce improves productivity). It also contributes to the development of the national social security's policy and procedures (the National Social Security Fund in particular), and paves the way for the industry stakeholders to understand and appreciate the importance of investing in private and public health. Cambodian garment workers are a particular target presenting low literacy, high number of people and very little time available outside of working hours. Therefore HIP has developed specific communication tools and strategy. Based on experience, a variety of supports and messages has been developed and the mobilization of many stakeholders has been promoted, among them workers' representatives. Results are quite good at this stage since it reached initial enrollment rates around 45% and low drop-out rates under 20%.

Key messages

1. Make communication attractive to get workers participation.
2. Involve social partners - workers' representatives - in the follow-up process to build trust.

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Viviene Pearson, SAIA, South Africa

Financial literacy in the low income market: What works and what does not. Practical experience from the South African Insurance Association, as evaluated by the International Labour Organisation.

The South African Insurance Association (SAIA) represents the short-term insurance industry in South Africa. It is a representative body for the industry.

Summary

The South African short-term insurance industry has been active in the financial literacy education field, especially in the low income market, since 2004. The SAIA, on behalf of the industry, has spent many millions of rands on at least three national projects per year. The SAIA has implemented different types of projects. The International Labour Organisation has recently evaluated the SAIA consumer education strategy, and the impact of the different projects implemented per annum, and the results of this evaluation will be available in June. The SAIA would like to share the information on cost versus benefit of the different types of projects implemented since 2004, as evaluated by the LOA, with the conference attendees.

Key messages

1. It is important to have a consumer education strategy.
2. It is important to implement different types of consumer financial literacy projects, in order to test cost versus benefit.
3. Learning from the past, and adapting for the future.
4. Sharing of information is important.

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Parallel session 8 - Life Insurance

Rob Rusconi, Tres Consulting, South Africa
Savings and insurance: lessons from the leaders

Tres Consulting is a sole-proprietor research and consulting firm that focuses on government policy in the areas of pension provision, social security and related public- and private-sector markets.

Summary

Several life insurance companies have developed non-lapsable endowment products or savings plus life insurance products that are intended to provide the poor with better value than typical endowment products. In addition, savings-led insurance products seem to be better placed to attract clients than stand alone ones as low-income people shop around for safe ways of storing money.

This study provides an opportunity to take stock of existing efforts to combine savings and insurance by assessing a number of initiatives across the developing world. It aims to develop a typology of savings-linked insurance products, analyse the efficiency and value-for-money or the case studies, identify common challenges and set out a number of practical ways in which these challenges have been overcome.

The study aims to be as practical as possible, providing advice to others considering similar ventures and showing them that, while success is possible, pitfalls need to be avoided with care.

Key messages

1. Saving is valuable and important to the poor.
2. Insurers have a part to play in facilitating access to savings products, by combining them with their core skill of providing insurance.
3. A number of challenges need to be overcome to make these products both valuable to customers and viable to providers.

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Martin Hintz, Allianz Life, Indonesia

The 65 million dollar baby - A micro-endowment success story

Allianz Life Indonesia is a subsidiary of Allianz SE, a leading international insurance group. Allianz Life Indonesia has launched its first microinsurance product in 2006 and has continuously expanded its microinsurance product range and distribution network since then. Currently, 20% of the company's customer base come from microinsurance.

Summary

The aim of the proposed Allianz presentation is to report on a microinsurance success story. It is the story of a commercial micro-endowment insurance that has reached over 3,4 million customers in India since 2008 and generated US\$ 65.2 million in premiums in 2009 alone (Indian Financial Year). Moreover, the product is currently being adapted and launched to the Indonesian market as well. The presentation provides an example of a significant scale-up of microinsurance on an international scale. It is meant to convince even microinsurance skeptics of the business potential of microinsurance. The presentation starts with analyzing the underlying customer need. According to microinsurance market research in many developing countries regarding, there is a strong concern among low-income families for financing their childrens' education as well as for safeguarding the tenuous economic situation of the family. To satisfy this need, BajajAllianz Life insurance in India has designed a micro-endowment product that provides life insurance and also includes a savings component. This voluntary group insurance product was introduced to the Indian market in April 2008, under the name Swayam Shakti Suraksha. With a premium of € 0,60 per week over a period of five years, customers receive € 220 in case of natural death and € 565 in case of accidental death. If unclaimed, the cash value is refunded with interest after five years. To ensure an efficient distribution, BajajAllianz is working with SKS Microfinance. SKS is the largest microfinance institution (MFI) in India and one of the fastest growing MFI in the world. SKS' strong network has allowed BajajAllianz to quickly bring the product to scale. Until December 2009, Swayam Shakti Suraksha had sold over 3,4 million policies and generated US\$ 65.2 million in premium income in the 2009 Indian Financial Year (April to March).

Looking for ways to enlarge its customer base, BajajAllianz went beyond MFIs and is now distributing Swayam Shakti Suraksha through the milk cooperative of the Punjab State (MILKFED). The dairy unions take care of most of the intermediation. Their staff have received in-depth product training and can explain the product to farmers. They also collect premiums directly when milk payments are disbursed. Since early 2010, the product has been sold to almost 400,000 members of Punjab MILKFED.

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Based on this experience, Allianz Life Insurance in Indonesia is now adapting the proven concept of Swayam Shakti Suraksha to the Indonesian context, for example by adding additional benefits such as critical illness and hospital cash riders. Pilot launch in Indonesia is scheduled for September 2010. Moreover, right from the start, the Indonesian project is accompanied by donor-funded longitudinal social impact research. At the November Microinsurance Conference, more details on the Indian success story and first results from the Indonesian implementation and baseline study can be shared.

Key messages

1. Satisfy the strong need for micro-savings, especially for education financing.
2. Replicability of the concept - the Indonesian example.
3. Scalability of a simple distribution system.
4. The importance of integrating social impact research right from the start.

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Parallel session 9 – Driving down cost – Process mapping for increasing efficiency in Microinsurance business processes

Hanna Schommer, GTZ, Ghana

Process Mapping: A Tool for Increasing Efficiency in Microinsurance Business Processes

GTZ is a federally owned organisation which works worldwide in the field of international cooperation for sustainable development. GTZ's core competency is capacity development for partner organisations and people around the world. The MicroInsurance Centre is an organization based in the USA dedicated to creating partnerships between regulated insurers and appropriate delivery channels to provide specially designed and managed insurance products to the low-income markets around the world.

Summary

Operational efficiency is a key element for offering affordable microinsurance products. We believe that improving on operational issues is a key concern for microinsurance providers and development partners around the world. Process Mapping is a technique to describe business processes visually.

A visual representation of processes allows for easier analysis and development of better alternatives. To our knowledge, not many practical case studies exist in this area. Therefore, we are proposing a session (or potentially a longer workshop) on the operational issues around delivering microinsurance products.

The MicroInsurance Centre has developed a toolkit to make process mapping accessible to microinsurance practitioners. GTZ Ghana is currently testing this toolkit in collaboration with the MicroInsurance Centre in their work with Donewell Life Company Ltd. The aim is to assess Donewell's processes of premium collections and claims payments and providing recommendations for making these processes more efficient. More practical tests of the toolkit will follow in the second half of 2010.

Background: Since Autumn 2008, GTZ Ghana and The MicroInsurance Centre have worked together to develop a Feasibility Study and to organise training courses for the insurance industry in Ghana. Recently, the MicroInsurance Centre has been supporting GTZ Ghana during a mentoring programme with selected microinsurance providers. The goal of the mentoring programme is to increase the capacity of our partner institutions with respect to product delivery and customer satisfaction.

Key messages

1. Process Mapping is a powerful tool to visualize the flow of documents and decisions in business processes. It helps to understand how business is done and how new processes can be designed.
2. Process Mapping enables a business to detect inefficiencies, understand and simplify its processes, reduce costs and adds value to its operations.
3. A successful process mapping exercise depends on commitment by management, an open and critical dialogue with management and staff and extensive field research.

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Parallel session 10 - Developing national microinsurance strategies

Brigitte Klein, GTZ, Germany

Consumer Protection - a public-private task to achieve sound market development

The German Technical Cooperation (GTZ) is a government agency in charge of implementing development projects on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). In the area of financial systems development, GTZ/BMZ implement bilateral projects in many countries as well as sector-wide projects.

Summary

Consumer protection measures are important for market development as poor households are often financially illiterate, and rarely have any insurance experience. A lack of transparency and competition in the insurance market prevents them from drawing comparisons. Dubious actors offer overpriced products, delay the processing of claims, or misappropriate the premiums. In the case of life insurance policies that are sold with microloans, the insured are often unaware that there is insurance cover. Misinformation and fraud dilute interest in insurance and destroy trust. That the insurance client when paying his premium in effect advances funds for a promise makes it difficult to sell insurance policies to the poor.

As insurance markets develop and deepen, one of the key issues for the fair, open and efficient operation of these markets is the protection of consumers' rights. Poor policyholders need the capability (literacy) to accurately understand (transparency) the terms and conditions of their insurance policies. They need to be sure that they are treated fairly, and that they buy true value (fair services). Finally, they need to be in a position to take action if the terms of contracts have been violated (complaints, recourse).

Effective customer protection is characterised by a transparent product offer in terms of prices, services and rights, the prompt settlement of claims, accessible redress all options in case of conflict, trustworthy and healthy providers, and guarantee programmes for the insured in the eventuality of the insurer suffering a financial collapse.

Consumer protection frameworks are to ensure free flow of truthful information in the market place. They are also to prevent business that engage in fraud or unfair practices from gaining an advantage over competitors and need to provide additional protection for the weak and those unable to take care of themselves.

The insurance supervisor is in charge of protecting the insured. As for the low-income segments, some countries have adopted policy or regulatory changes geared toward facilitating access while protecting policyholders, others are on their way of doing so. Insurance supervisors globally are challenged to screen and adopt their regulatory and supervisory frameworks, and coordinate with other actors in the financial sector - public and private. Broad-based implementation of an effective consumer protection framework requires that the approaches and lessons learned are well understood by both the authorities and industry players.

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Session objectives:

- (1) Present regulatory areas where policyholder protection can be implemented.
- (2) Present studies of two countries where policy and regulations (Philippines and Ghana) have been adapted and innovations are being tested.
- (3) Propose intervention areas at the different levels of the financial system for the various actors.

Key messages

1. Objectives of consumer protection are transparency, fair treatment and fair services, and effective recourse and grievance mechanism.
2. Consumer protection is a policy task of the insurance supervisor to which other actors need to contribute.
3. Consumer protection regulation can create a barrier for access; regulation therefore needs to be proportionate.
4. Consumer protection for low-income insured requires innovative and consequent approaches, and small steps can yield big results.

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Lemmy Manje, ILO/Finmark Trust, Zambia

Multi-sector stakeholder engagement and local ownership; Microinsurance development strategy and process in Zambia

International Labor Organization (ILO) is a United Nations agency. ILO's Social Finance department has a number of interventions that support the development of microinsurance around the world (www.ilo.org/socialfinance).

FinMark Trust is an independent trust whose business is controlled by five trustees from countries in Southern Africa. FinMark Trust's mission is summarized in the slogan: "Making financial markets work for the poor".

Summary

Microinsurance provision in Zambia is still at infancy stages. Over time, the microinsurance products have remained narrow and closely linked to microcredit as mandatory insurance products for microfinance clients. In 2009, following a comprehensive review of the Zambian microinsurance market conducted by Cenfri, with funding from the International Labour Organization, FinMark Trust and UNCDF, a steering committee and multi-stakeholder technical advisory group to spearhead a microinsurance development strategy were formed. The major pillars of the microinsurance strategy for Zambia are multi-stakeholder engagement, local ownership, profiling of targeted consumers, client education, capacity building, promotion of sound business practice and creation of a favorable regulatory environment.

The stakeholders involved in this process include government, private sector, financial services industry associations, regulatory authority and other support organizations including donor representatives. The process works on the basis on an action plan, developed and monitored by the multi-stakeholder technical advisory group. The process will culminate in the launch of the microinsurance strategy and campaign under the theme, 'Insurance for all'; an affirmation of insurers' commitment to serve low-income groups.

The microinsurance development strategy for Zambia outlines demand-side and supply-side interventions aimed at stimulating and increasing the provision of insurance services to the low-income market segments. The strategy follows a logical flow of interventions on both the demand and supply of microinsurance; including market assessments, business opportunity awareness, capacity assessments of insurers and potential alternative distribution channels, capacity building, financial education and microinsurance product awareness. The strategy also provides learning opportunities for insurers and other insurance industry stakeholders through microinsurance pilot projects and thematic workshops on international and local perspectives and best practice on microinsurance delivery.

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Initial experiences and emerging lessons include the following:

- (1) While industry level support is critical, to get responsiveness from the private sector, the individual firm level is equally important;
- (2) In a very weak financial market, with very low consumption levels of formal financial services, financial education is critical to influence financial behavior and consumption patterns of low-income groups;
- (3) A multi-stakeholder driving body is critical for a concerted microinsurance development process and strategy.
- (4) Private sector responsiveness can be very challenging where insurers are not willing to embrace innovative and non-traditional strategies to address market challenges;
- (5) Even with a supportive regulator, lack of a regulatory framework for microinsurance or rules of engagement can be a potential barrier to private sector responsiveness.

Key messages

1. The strategy for developing microinsurance requires both supply- side and demand-side interventions.
2. Multi-stakeholder engagement, local ownership, financial education and private sector responsiveness are critical in a microinsurance strategy.
3. Microinsurance provision does require a high level entrepreneurial spirit among insurers.
4. In the absence of specific microinsurance regulations on microinsurance, insurers would still require legal assurance to support their investments.

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Christine Hougaard, Cenfri, South Africa

A winning strategy? Notes on the country experience so far in developing microinsurance

Cenfri is a non-profit think tank, established with FinMark Trust support and based at the University of Stellenbosch's Business School in Cape Town. Cenfri's mission is to support financial sector development and financial inclusion through facilitating better regulation and market provision of financial services. We do this by conducting research, providing advice and developing capacity building programmes for regulators, market players and other parties operating in the low-income market.

Summary

Microinsurance development faces significant challenges that may require a collective effort between government and other stakeholders to overcome. A coordinated, inclusive, domestically driven microinsurance development process may be called for, but where do you start?

The presentation will explore the process through which individual country stakeholders are coming together to invest their joint efforts in developing the insurance industry and microinsurance in particular. It is based on evidence from a number of countries that have embarked on such processes - whether through an explicit strategy or otherwise - and includes: Brazil, Colombia, Ethiopia, India, Kenya, Philippines, South Africa, Zambia. There are no template solutions and each country needs to tailor a solution that meets its domestic circumstances and resources. The presentation will, therefore, focus on the high level questions and issues that need to be considered when starting such a process, and reflect on the experience so far. Particular attention will be paid to the development path in countries that have followed the process, taking into account that, ultimately, the way in which the market develops is rarely the result of a single, deliberate and designed process, but rather the sum of various deliberate and organic processes as well as their intended and unintended consequences.

The core building blocks will be the answers to the following questions:

1. Are deliberate and collective strategies always necessary? The experience of countries like Colombia suggest that the insurance regulator does not always have to lead the process but would this have been possible if regulatory barriers were higher? Would Colombia have benefited from a more collective process?
2. What comes first? Is it the commercial sector that extend outreach to the low-income markets, informal players that fill the gap often left by the commercial sector or regulators drafting regulation?
3. Who are the stakeholders? Microinsurance development involves some less-typical stakeholders like agricultural value chain organisations, client aggregators and other representative of consumer networks. What role do these stakeholders play and what benefits can they derive from and bring to the collective process?

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4. Who takes the lead? Can market players lead the process? When should regulators take the lead and what are the challenges of being both developer and supervisor?
5. What could a deliberately designed country process look like?
6. How long does it take to catalyse a microinsurance market? "Catalysing change" is a donor buzz-word but how long does it really take? The front-runners suggest that "catalysing" may have to be measured in decades.

Key messages

1. Country strategies need to fit the local context and resources.
2. Deliberate strategies are essential when barriers require collective action but coordinated efforts will in all cases benefit development.
3. Market information is critical particularly covering those not currently served by the formal market.
4. Regulators do not always lead the process and different parties may lead on different issues.
5. Catalysing development takes a long time.

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Parallel session 11, Academic Track – Impact of microinsurance

Seyed Hamid, University of Dhaka, Bangladesh

Evaluating the Health Effects of Micro Health Insurance Placement: Evidence from Bangladesh

The Institute of Health Economics (IHE), University of Dhaka, pioneered the development of health economics in Bangladesh in 1998, which is the only health economics teaching and research institute in South-Asia.

Summary

We examine the impact of micro health insurance placement on health awareness, healthcare utilization and health status of microcredit members in rural Bangladesh, using data from 329 households in the operating areas of Grameen Bank. The results are based on econometric analysis conditioned on placement of the scheme, and show that placement has a positive association with all of the outcomes. The results are statistically significant for health awareness and healthcare utilization, but not for health status and these findings are potentially important for the expansion and replication of micro health insurance.

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Daniel Stein, London School of Economics, UK

Paying Premiums with the Insurer's Money: Insurance Decisions In a Repeated Interaction

Summary

Rainfall Index Insurance was introduced to India in 2003 with great fanfare, but has so far failed to gain much traction with consumers. There are two competing explanations for this. First, it could be due to lack of knowledge and experience with insurance by potential customers. If this is true then the market will improve as people start to witness payouts and understand how insurance works. On the other hand, it could simply be that the products as designed and priced are not meeting the needs of customers. This paper looks at the dynamic nature of rainfall insurance purchasing decisions, specifically looking at whether receiving an insurance payout induces a greater chance of purchasing insurance again the next year. If customers re-purchase insurance after receiving a payout, and if this has positive spillover effects to their friends and neighbors, this would indicate that customers find value in the products and the market will eventually improve.

Using three years of customer data from the Indian micro-finance institution BASIX (around 20,000 customers), I find that receiving an insurance payout is indeed associated with a 10-20% increased probability of purchasing insurance the following year. However, this effect is driven by people who received large payouts. Also, people living in the same village who did not receive a payout are not more likely to purchase the next year, casting doubt on the existence of spillover effects.

These empirical results conform with the predictions of a loss aversion model where premiums paid after receiving an insurance payout are perceived as decreasing these previous gains as opposed to a true loss. I find no support for other potential mechanisms, such as previous weather directly affecting insurance decision or insurance payouts increasing trust in the insurance companies. Overall, low repurchasing rates even after payouts suggest that current rainfall index insurance products are likely to continue struggling in their current form.

Key messages

1. The rainfall index insurance market in India is struggling.
2. Repeat buying is very low, even after someone receives a payout.
3. Friends and neighbors who witness insurance payouts are not more likely to purchase insurance in the future.
4. Adverse weather events by themselves also do not spur insurance buying.
5. Rainfall Index Insurance products need to improve before they will be widely popular.

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Akhil Behl, CIRM/IFMR, India

Impact evaluation of Health Microinsurance through RCT: Two interventions targeting better renewal rates and health outcomes

The Centre for Insurance and Risk Management (CIRM) is a technical assistance provider and action research centre for microinsurance. The Centre's mandate revolves around facilitating the incubation of innovative ideas in insurance and risk management for vulnerable sections of the community. The Centre works closely with the government, insurers, MFIs, NGOs, multilateral agencies and the academia, to pilot potentially viable, replicable and scalable models of microinsurance.

Summary

This study focuses on the research undertaken at two sites of two innovative experiments which address the following thematic sector challenges:

- 1) Lower renewal/take-up rate.
- 2) Improvement of health related outcomes: Health expenditure and productivity.

At the beginning, this study explores the causal relationship and hypothesis behind lower take-up/renewal rate and impact of a provider driven out-patient health microinsurance on out-of-pocket health expenditure of low income households.

Conceptualizing the above problems from Indian scenario, this paper talks about two innovation pilots and both of them try to intervene in out-patient level of health care to seek answer of the above challenges. Both the projects are ongoing in nature and final outcome is yet to be observed, but this paper explains two probable solutions and Randomized controlled trial based impact evaluation research strategy to test the impact of both the interventions.

Calcutta Kids project:

Hypothesis: The non-claimants do not see value for a health microinsurance scheme as he sees no added benefit of being an insured. Thus lack of incentive for the clients to continue with the scheme. This creates problem for the scheme in terms of sustainability. People will have greater incentive for renewal if an add-on service is offered to them at the out-patient level.

Intervention: Calcutta Kids (an NGO) work in an urban slum with their community health workers (CHWs). CK has been offering HMI to its beneficiaries since 2009. Now they have started an Out-Patient Counseling scheme (OPCS) for their insured clients. OPCS is an add-on service for the insureds and it consists of simple behavioural tips and health-awareness module.

Impact study: CIRM has designed the randomized controlled trial program to assess the impact of OPCS on renewal rate of the health MI scheme of CK. As CK had previous intervention in the community, a stratified randomization scheme has been developed which divides the insured population into two categories: Old beneficiary of CK with other scheme and Fresh insured clients.

Challenges: Possibility of compliance

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Expected outcome: A differential renewal rate between control (no-OPCS) and treatment (with OPCS) group of insured clients will show the impact of the intervention. We expect to observe some impact on health seeking behavior, health expenditure of the household and objective health parameters of the treated beneficiaries.

CARE project:

Hypothesis: Access to health care is a challenge in rural India. Provision of quality health care at village level with some health financing solution may have some impact on health related outcomes of LIHs.

Intervention: Health care at village level with community health workers of CARE loaded with a hand held device, facility of telemedicine and out-patient insurance scheme of CARE which covers the out-patient risk of the rural poor.

Impact study: A voucher based (instrumental variable) randomization scheme.

Key messages

1. Add on services will incentivize the non-claimants for renewal in health microinsurance schemes.
2. Behavioral tips from community health worker will change health seeking behavior of people of low income households.
3. Technology leveraged quality health care at door step in villages will bridge the gap of absence of health infrastructure in rural areas.
4. Health financing solution of out-patient risk (low volume high frequency risk) for the LIH households.

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Parallel session 12 - Workshop on social performance indicators

Hosted by MiN-Performance Indicators Working Group

Anton Simanowitz, IDS, UK

Social Performance Indicators for Microinsurance

The Performance Indicators Working Group from the Microinsurance Network aims to provide tools for performance measurement to enhance performance and increase transparency. The main activities of this Working Group have been so far around financial performance indicators. The next step will be to look at social performance indicators.

Summary

In September 2010 the Performance Indicators Working Group from the Microinsurance Network will conduct a workshop with 20 microinsurance practitioners to define social performance indicators for microinsurance. During the Manila conference, the Performance Indicators WG would like to present the workshop report. With it, the microinsurance community will be requested to provide feedback in order to come to wide accepted social key performance indicators.

Context and justification

In 2006 and 2007 ADA and BRS in collaboration with the Microinsurance Network organised 2 workshops with more than 30 microinsurance practitioners from Asia, Africa and Latin America with the aim of sharing experiences and initiating discussions about measuring microinsurance performance. The workshops were concluded with the selection of 9 key principles and 10 key financial performance indicator.

One of the main requests voiced by the participants during those workshops was the development of social performance indicators for microinsurance. Based on the experience of the microfinance sector, where the focus was for a long time on financial performance only, the microinsurers argued it is important to develop a balanced view when analysing the performance of microinsurance operations, including both financial and social measures. This to reflect the nature of the microinsurance business, which is not about profit maximization, but about setting up risk mitigation mechanisms for the poor, who don't have access to regular insurance or social protection mechanisms.

Development of the social performance indicators

Within the Performance Indicators WG, it was agreed that the development of social indicators should be started off in 2010.

It is key that these social indicators will need to be practical focused for microinsurers as, unlike in microfinance, microinsurance is less donor or investor driven therefore applying social performance will not be easily made mandatory. Microinsurers need to see the benefits of these indicators to their organisation.

With this project, the objective is to identify social performance indicators by using the knowledge of social performance in microfinance that will be, to the some extent, tied in with the existing structure of financial performance indicators for microinsurance:

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- Intent and Design: What is the mission of the institution? Does it have clear social objectives?
- Internal Systems & Activities: What activities will the institution undertake to achieve its social mission? Are systems designed and in place to achieve those objectives?
- Output: Does the institution serve poor and excluded people? Are the products designed to meet their needs?
- Outcome & Impact: Have clients experienced changes in their social and economic situation? Can these changes be directly or indirectly attributed to institutional activities?
- Client Protection.

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Parallel session 13, Case studies – Health

Shailabh Kumar, Uplift India Assoc., India

Why community based health micro insurance makes better sense-Uplift Mutuals Model

Uplift India Association is a SEC 25 Not for profit Company which is one of the pioneers of community led health protection model in India. With about a 95,000 ongoing members and growing in India, Uplift has demonstrated that risk sharing models are possible provided they are democratically managed and technically sound.

Summary

If health micro insurance has to make sense for the target communities (effective) and be sustainable, it has to involve them as "prosumers" and access to health care proactively designed. The Uplift Mutuals model is an innovative example of how this can be done. Combining community participation from product design to claims management and a controlled access to multi layered health care network, Uplift has been able to demonstrate a sustainable health micro insurance product as well as access to quality health care that saves millions of rupees of its members in an environment where medical costs or treatment are not standardized.

In a landscape where more than 90% of health micro insurance is done with commercial insurers ,Uplift Mutuals innovation lies in designing a risk sharing product (as access to care, preventive health form part of the product) as well as the processes and systems that control moral hazard, fraud and make quality health care accessible to the poor families at discounted rates.

Uplift's target population are families in the unorganized sector bracket of India (living in ghettos) -mostly daily wage earners who generally have no access to social protection schemes. With a daily income of 2-6 USD for an average family of four, health is not their prime concern till a destabilizing event happens. While on one hand this leads the family into a further downturn financially, into further poverty (as they borrow or mortgage or sell), on the other timely access to quality care on reasonable prices remains a dream.

The Mutual model of Uplift addresses this by reaching out to such families through its member organizations who provide small business loans to families. Upon enrolling as a member the family not only shares its financial risks that maybe caused due to health events but also shares prevention and guidance services and a multi layered network of health care providers(more than 150 health care providers). The families for the first time get involved in a process of being able to manage their health. The outpatient network, the health check up camps, the health talks, the branch referral and guidance facility, the 24X7 helpline all provide the member with options to manage their health under medical guidance. Members have saved lakhs of rupees thanks to these systems.

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Key messages

1. For health micro insurance to be effective and sustainable target communities should be actively involved.
2. Health micro insurance for the poor has to have a strong element of health services as the poor also want value for money.
3. Community based health micro insurance can be scaled provided there is a technical support system in place and good democratic practices.
4. All stakeholders should show patience as community models take a while to be sustainable.

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Jennifer Hennig, GTZ, Germany

Private companies as distribution channels to strengthen micro health insurance schemes?

The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) is a federally owned organisation. We work worldwide in the field of international cooperation for sustainable development. Our mandate is to support the German Government in achieving its development objectives. We provide viable, forward-looking solutions for political, economic, ecological and social development. We promote complex reforms and change processes.

Summary

Micro health insurance schemes face a number of challenges such as a lack of broad outreach into the population, high administration costs and low insurance literacy rates among potential clients. Several micro health insurance schemes try to address these challenges through the instrument of group enrolment, often through micro finance institutions (MFIs), whereby MFIs act as distribution channels for the insurance scheme. The Government of Tanzania welcomes initiatives such as group enrolment in order to achieve their goal of extending the coverage of health insurance to members from the informal sector. The Community Health Funds (CHF), district-based health insurance schemes targeting the low income earners in the informal sector, are facing the above mentioned problems as well. The CHFs are testing MFIs as distribution channels, but a large part of the population, which cannot be addressed through MFIs, remains uncovered. Therefore, the CHFs are piloting the approach of private companies (e.g. dairy companies, tea companies) acting as distribution channels to strengthen the system of the CHFs and to reach a broader part of the population.

The whole process of engaging private companies into working with the CHF is facilitated and closely accompanied by a national network of CHFs, the Tanzanian Network of Community Health Funds (TNCHF). Its objective is to strengthen the CHFs, create new ones and offer continuous technical support to extend health insurance coverage to members in the informal sector.

This session will provide examples of private companies, such as the Wakulima Tea Company and the Rungwe Small Tea Growers Association (RSTGA), already acting as distribution channels for the CHFs. The Wakulima Tea Company requested support from the TNCHF to support the implementation of the CHF in Rungwe. The association benefits from a fair trade agreement through which the CHF premiums for the tea farmers and workers are funded. In other districts, the private companies are funding the premium for their (not formally employed workers) themselves as their voluntary contribution to social protection coverage or are only collecting the premium from their workers.

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The RSTGA is involved to some extent in the management of CHF activities in the district by virtue of their presence in the Council Health Service Board, the decision-making body of the CHF. The RSTGA has to date managed to enroll about 30,000 individuals. Among these 30,000 individuals are not only RSTGA-members, but also other persons in the district who joined the CHF as well because of the improved quality of health care services and because they saw the advantages of being members of the CHF.

First results will be given concerning the benefits this approach provided to each of the actors, to the CHF, to the companies and to the insured workers. Problems encountered will be discussed and first lessons learned drawn.

Key messages/Advantages

1. For the CHF: Outreach to a broader part of the population, lower administration costs, lower insurance education costs.
2. For the private companies: healthy workers, CSR.
3. For the insured: Improved quality of health care through improved funding and through collective voice.
4. For the government: Private companies in the formal sector take responsibility for workers in the informal sector, coverage of health insurance extended to members from the informal sector.

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Parallel session 14 - Claims Handling

Tara Sinha, SEWA Social Security, India

VimoSEWA's Cashless Hospitalization Claim Settlement System

National Insurance VimoSEWA Cooperative is a multi-state cooperative headquartered in Ahmedabad, Guajrat, India. VimoSEWA provides microinsurance services to poor women and their families in five states of the country. VimoSEWA started offering microinsurance in 1992 and has been a pioneer in the field. It currently provides insurance cover to over 120,000 individuals. The microinsurance products include life, hospitalization, accident and asset insurance.

Summary

VimoSEWA has been offering health microinsurance services to SEWA members since 1992. For many years, VimoSEWA's health claim reimbursement system required members to pay out of pocket at the time of hospitalization and get reimbursed later. It was found that poorer members faced greater difficulty in submitting claims and availing of the health insurance benefit. Barriers to claim submission included lack of funds and difficulty in getting the correct documents required for claim approval. Also, there was a significant time lag between the time the member was hospitalized and submission of claims documents to VimoSEWA. These barriers were confirmed through an impact study carried out in collaboration with the London School of Hygiene and Tropical Medicine between 2003 and 2006.

In January 2006, VimoSEWA introduced Prospective Reimbursement or Cashless Reimbursement System (CL) in Gujarat. Under this system, the member's family has to inform VimoSEWA as soon as she is hospitalized. On getting the intimation, an extension worker from VimoSEWA immediately visits the hospitalized person. She also meets the doctor and gets an estimate of the expected expenses. On completion of 24 hours in hospital, the hospitalized member is paid for all the expenses incurred up to that point. The remaining expenses are paid at the time of discharge.

This facility is available at selected hospitals which are identified after keeping in mind considerations of member preference and quality and cost of care. VimoSEWA negotiates 'fair' rates with these hospitals and monitors quality of care.

Exceptions are made if the insured member has to be admitted in an emergency or if the member is under 18.

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Learnings

- The system had lead to improved member satisfaction, as claims are settled while the member is still in hospital.
- It has reduced indebtedness among the poorer members who used to take loans for hospitalization costs.
- It has resulted in better quality of care as VimoSEWA now maintains close relationships with the CL hospitals.
- It takes time for members (a couple of years) to successfully transit to the CL system from the previous system.
- Non-members who are hospitalized and observe this are motivated to join VimoSEWA.
- Two key variables for the system to succeed are i) competent extension workers who can communicate confidently and competently with the doctors and ii) a responsive claim scrutiny system that can quickly decide the admissibility of the claim.
- The CL system leads to a lower claim rejection rate. This is in part because fraud and moral hazard is reduced.
- The CL system has implications for the claims ratio, the claims rate and the cost of servicing claims. It thus has a direct impact on the financial sustainability of the microinsurance program.

Key messages

1. Poorer insured members find it difficult to arrange for hospitalization expenses.
2. Poorer insured members find it harder to compile documentation required for claims processing.
3. Cashless hospitalization in health microinsurance succeeds if it has a strong management system and competent field staff.
4. Insured members can be steered towards government and trust hospitals that offer quality care at lower cost.
5. Cashless hospitalization has implications for claims rate and claims ratio.

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Utpal Ray, Track 4 infotec, India
Use of Technology in Claims Processing

Track4 Infotec (T4) develops IT solutions for the Healthcare and Insurance segments. T4 has been developing these solutions for 20 odd years, starting as an in-house IT organization of a TPA, before becoming an independent organization. Track4 delivers its solutions on-site as well as on the SaaS model. T4 has successfully implemented their cutting-edge solutions for Claims processing with TPA in India, Africa, Sri Lanka, who are providing services to Insurance and micro-insurance organizations.

Summary

Conventional insurance models tend towards a hands-off approach and get involved only at the point of loss, often too late to control either the customer experience or the cost of treatment. Microinsurance must see itself as a development agenda and seek to not only Provide health insurance but health solutions to the buying public.

Microinsurers must seek to develop partnerships with caregivers and members to ensure a wholesome delivery.

The efficiency of the claims process is governed by the thoroughness exercised at scheme inception. Activation including enrolment, card issuance, appointment of providers, member education on how and where to access care needs to take precedence to ensure that members can access care and that ultimately claims will be paid.

The registration of members must be done prior to the inception/expiry date of the cover and minimise incidents of rejection. Each member must acquire the identification card in timely manner.

Use of smartcards and biometric system of managing data is critical in ensuring that fraud is reduced to a negligible level, timely notification to the insurer of liabilities as they occur , elimination of paperwork by having electronic submission of claims, shortening of processing by having electronic data being uploaded on a daily basis. The use of ICT will guarantee timely payments to providers which in turn will keep costs at agreed level as each party is able to meet obligations to suppliers and other stakeholders.

Member education is critical to ensure that benefits are well understood. This will help manage the expectations of members. Once members understand which conditions are covered, limits available and which providers to use, the incidences of rejected claims are reduced.

Providers remain a key link in the service delivery chain of healthcare. Providers get a chance to interact with the members on a daily basis and give feedback that can guarantee return custom for both the insurer and provider. All providers must have pre agreed terms with regard to conditions to be treated under the cover and the cost of each service rendered. This will reduce disagreements on what should have been treated and what should be charged.

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Capitation models should be pursued to manage the more common ailments and allow the providers the flexibility of treatment.

The coding of diseases is vital to an efficient claims process. Each region must standardise on the coding to be used that is simple and quick and one that takes into account the local conditions. The coding will assist in quicker settlement of claims. The cost negotiation must be linked to illness identified and coded. Any variances occurring can then be handled under exception reporting. Technology can assist in aggregation of data, analysis of costs and best practices.

Claims processors must give feedback to the product development teams so that any needs identified can be incorporated into the improved versions of products launched.

Key messages

Technology assists in strengthening the processes and controls involved in Claims processing, thus ensuring a better use of scarce resources and an improvement in customer satisfaction through better quality of service.

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Dubby Mahalanobis, MicroEnsure, Uganda

Providing service to the poor: how to meet needs and expectations through claims servicing

Summary

When we started to sell microinsurance products to the poor in 2001, we soon realised that we would be able to provide products that met the expectations of the poor in terms of price and coverage. In fact, comparing our formal products to their informal mechanisms for addressing risk showed us that formal insurance products were much better value for money; our concern was whether we could match the poor's expectations in terms of the speed that claims should be paid.

Over the last few years, MicroEnsure has managed to get claims payment speed to within 14 days in Africa and Asia but we periodically have issues such as in Uganda in 2009 with the Owino fire.

This presentation will start by looking at how products can be structured in terms of their wordings to ensure that the coverage itself enables claims to be paid quickly. Mr. Mahalanobis will then move on to explain how claims workflow processes can be structured to minimise time taken and reduce claims rejection rates. We will use a "good" example as well as a "bad" example to show how to do this effectively. The presentation will also touch on TPA systems required to manage health insurance claims effectively. We implemented health insurance in India in 2008 and are rolling these products out in Africa and Asia in 2010 with a strong focus on claims payments systems at the heart of our approach.

Key messages

1. Effective claims management starts with a simplified product. Complex products leads to complex claims processes.
2. How does the claims workflow affect the outcome? Examples of good and bad practice.
3. Specific focus on claims management within health which is more complex.
4. What is the role of the community in the claims process?

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Parallel session 15, Academic Track – Contract design issues

Ruth Hill, IFPRI, USA

Flexible insurance for heterogeneous farmers: results from a small scale pilot in Ethiopia

The International Food Policy Research Institute (IFPRI) is one of the 15 International Agricultural Centers that are members of a global agricultural research network, the Consultative Group on International Agricultural Research (CGIAR). IFPRI's role is to generate information and capacity related to agriculture and food policy in developing countries through the conduct of research and outreach in collaboration with governments, the private sector, civil society, and other research centers.

Summary

We analyze the effectiveness of a new approach in providing weather index based insurance products to low income populations. The approach is based on multiple weather securities rather than on a single insurance policy scheme. We define different weather events and for each one we create a weather security that pays a fixed payout only if the corresponding weather event comes true, otherwise there is a zero payout. Weather events are defined as different monthly rainfall intervals at a nearby weather station. Customers are free to buy different combination of securities in order to insure themselves against weather outcomes. In addition to eliminate loss verification costs and moral hazard and adverse selection problems the proposed weather securities have three innovative characteristics—simplicity, flexibility and inclusivity—that can encourage stronger take up rates than the ones observed for current weather index based insurance policies.

A theoretical model is developed to outline conditions in which weather securities could outperform crop-specific weather index based insurance policies and to provide predictions on determinants of demand. The model is a modified version of a standard neo-classical partial equilibrium model with quasi Arrow-Debreu securities. Numerical simulations are conducted under different scenarios for basis risk, liquidity constraints, risk aversion and market incompleteness. We also discuss the extent to which the proposed weather securities can better accommodate insurance demands than single policy schemes if customers' observable and non-observable characteristics are heterogeneous. Data collected during an experiment with 406 farmers in southern Ethiopia is then presented to suggest that the securities are well-understood and can fit heterogeneous farmer needs. Individuals were randomly selected to participate in the experiment as an individual or in a group, and were given the opportunity to purchase these securities from randomly allocated endowments. The experiment was conducted in real time with purchases made at the beginning of the season and payouts made at the end of the season.

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This paper uses the experimental data to document:

- (i) the evidence behind the design of these securities,
- (ii) understanding of securities among participants,
- (iii) transmission of information about weather securities among members of endogenously formed risk sharing groups, and
- (iv) the nature and manner of purchase decisions made.

Key messages

1. When farmers' characteristics determine how weather outcomes affect
2. Production, a weather securities approach is likely to be preferred over a single insurance policy scheme.
3. Susceptibility to rainfall risk varies across farmers and purchases of securities are heterogeneous as a result.
4. Understanding of securities was good, and information transmission was particularly high among members of risk sharing groups.

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Ingo Outes-Leon, Oxford University, UK

Insurance Training and Demand for Group Index-based Insurance in Rural Ethiopia

Summary

In this paper we analyze the effect of a training and learning exercise on demand for micro-insurance products. As part of a small pilot scheme in rural Ethiopia, we introduced index-based rainfall insurance products marketed to Iddir groups – pre-existing local informal funeral insurance societies – while at the same time carrying out insurance training exercises for farmers. While the policies introduced were all identical – i.e. interested individuals were asked to sign up to an Iddir contract –, we randomly assign Iddirs to two different types of training. Training exercise A explained general concepts of risk and insurance and explained the workings of the index-based rainfall insurance policies from the aspect of an individual farmer. While in training exercise B, we explained the same general concepts but emphasized the benefits and potentials of group insurance.

Innovative index-based weather insurance products have generated significant excitement among development practitioners and researchers alike. By solving issues of moral hazard and adverse selection but remaining relatively inexpensive, they hold a promise to rural households of affordable formal insurance (Hess et al. (2005), Skees (2008) and Skees and Collier (2008)). However, early field experiments introducing micro-insurance contracts in rural settings have found that demand for formal insurance is very low (Gine and Yang (2009), Cole et al (2009) and Gine, Townsend and Vickery (2007)).

We consider that group insurance could be a promising product design solution to low take up rates of index-based products. Group insurance can reduce the underlying basis risk through the fact that aggregate group losses are likely to follow more closely the index than losses experienced by any single member of the group. Another important aspect of group insurance contracts is that the responsibility of disbursement to individual claimants is transferred to the group. In indemnity-based insurance, to match individual claims with losses – and eliminate issues of basis risk – insurers are forced to incur in expensive loss adjustment activities. Index-based insurance combined with group-insurance can mimic indemnity-based insurance outcomes at a lower cost. Not unlike group-lending micro-credit, group-insurance can harness existing information flows in close-knit rural communities.

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Early information on expressed demand, suggests that of a total of 1000 trained individuals from 100 Iddirs, approximately 500 farmers, belonging to 25 Iddirs, expressed an interest in signing up for the policies. Using data from a baseline survey, we will be able to identify correlates of demand for rainfall insurance, and explore the impact of insurance training on take up. Furthermore, by exploiting the randomised component of the study, we will also explore whether emphasis on the group benefits of the insurance policies generates higher demand than training exercises with a focus on individual benefits.

Key messages

1. Can index-based insurance products be improved by linking them to pre-existing groups?
2. Are there real benefits to group-based micro-insurance in rural Ethiopia?
3. Do insurance training exercises increase the demand for insurance?

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Parallel session 16 - Monitoring microinsurance trends globally

Rupalee Ruchismita, CIRM, India

Maps of Micro Insurance: Creating a national databank of rural and micro insurance products as an online map(www.microinsurancemaps.com) and tool for policy makers, market and NGOs

The Centre for Insurance and Risk Management (CIRM) is a publicly funded technical assistance provider and action research centre for microinsurance. The Centre's mandate revolves around facilitating the incubation of innovative ideas in insurance and risk management for vulnerable sections of the community. The Centre works closely with the government, insurers, MFIs, NGOs, multilateral agencies and the academia, to pilot potentially viable, replicable and scalable.

Summary

While multiple experiments are attempting to scale micro insurance, there is no common sector databank to mine and track such information. MIX Market has demonstrated the value of financial data sharing and its catalytic impact on transparency in the market and enabling its growth.

'Maps of Micro Insurance' (www.microinsurancemap.com) is an effort to create a **sectoral** data warehouse which is easily navigable and publicly available to insurers as well as intermediaries like NGOs, MFIs and Cooperatives to compare and track micro insurance growth. In addition to being an industry tool reducing possibilities of reinventing the wheel by new insurers, it is targeted at regulators and policy makers to support better planning based on reliable data. It allows community agencies to compare insurance products to be able to negotiate for better services and product features.

This online tool collects data over years allowing tracking over years.

Micro insurance data is collected both from insurers; as well as intermediaries and mutuals. In addition to tracking data of the present micro insurance market the data warehousing effort extends to collecting 'risk' data like agriculture productivity, cattle valuation, hospitalisation rates etc. on a localised (district) basis to help develop more customised micro insurance products. This addresses the key barrier of sector data for insurers to provide better MI products.

At a very low initial set up cost, this effort can trigger regional growth and can be context relevant. This will also help track impact of policies and change MI policy making if it doesn't impact scale up and growth.

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The analysed data presently showcases:

- Risk specific analysis (various product lines – e.g. agriculture, livestock, life) regional penetration.
- Premium to payout ratio (indicative figure).
- Presence and effect of government sponsored initiatives on the insurance products.
- Basic and additional (innovative) features of rural and micro insurance products.

In addition, enabling data like:

- Premium calculators (at a district level) and agriculture productivity (with no additional design or data cost to client and insurer to offer weather index insurance contracts)
- Cattle valuation based on breed and region allowing easier assessment of risk and product design (to allow offering cattle insurance products)

The Maps also have

- Provider profiles
- It highlights best practices, challenges and potential solutions.

This publicly accessible data warehouse will address one of the key challenges inhibiting players from offering actuarially sound products. Such an effort can be pursued as a region specific solution worldwide, to act as a catalyst for micro insurance penetration. Similar to the MIX market model, on the longer term it is based on self reporting, the maintenance cost of which is very low and therefore a sustainable and scalable idea.

Key messages

1. The Micro Insurance Maps (www.microinsurancemap.com) as an 'one stop shop' allows spatial representation of MI penetration data to track and identify 'white spaces' for focused interventions.
2. This creates panel data and not a one time snap shot of the market.
3. Designing Premium Calculators, Cattle Valuation charts acts as a catalyser for MI penetration.
4. It has low maintenance cost and usability for many stakeholders.

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Vijaysekar Kalavakonda, World Bank, USA

Global Microinsurance Benchmark Database

The Insurance for the Poor Unit at the World Bank works on identifying new paths to delivering access to insurance services for the low income segment across the world.

Summary

The past five years as seen significant growth in awareness, interest and action among all interested parties in microinsurance. As a result of the increased participation, microinsurance in various forms has expanded to provide risk protection to low income clients across the world. However, the breadth, depth, and quality of this expansion are unclear. So, there is a need for a reliable and accessible on-line information platform that tracks the changes, gaps, and growth in product value, market size, financial and operational performance across different types of microinsurance providers.

An effort to fulfill the need led to the creation of a Global Microinsurance Benchmark Database. Born out of a collaborative effort of organizations like World Bank, MIN, and MiIF, Microinsurance Centre, Denis Garand Consulting, the first phase of the database was implemented by the World Bank. The objective of the database is to collect, analyze and report data with bias towards no model, methodology, risk carrier, delivery channel, nor products. With the above objective in mind, the Insurance for the Poor unit at the World Bank reached out to 161 microinsurance providers across six countries in the first phase of the project.

It is for the first time that different types of microinsurance providers shared valuable financial and operational data across product types. So, the team was successful in collecting data beyond credit life products and beyond a single delivery channel – MFIs.

The data points included the following:

- Outreach (incl. number of lives insured)
- Volume and value of Gross Premium (product-wise)
- Volume and value of claims paid (product-wise)
- Types of distribution channel and type of products retailed by different channel

Any database initiative can never be successful without diverse strategies for data collection. In Phase 1, a plethora of strategies were used like -- direct marketing using efficient on-line communication tools, piggy-backing on the expertise of national level insurance associations or microinsurance networks (e.g., FASECOLDA, Colombia, MICRA Philippines), and contracting local firms (e.g., INAFI, Bangladesh) which have adequate capacity and connections for reaching out to both formal and informal organizations.

Key messages

1. Global Database initiative benefits all actors in microinsurance, as it improves the understanding of quality and value of outreach, gaps and challenges.
2. Phase I of the initiative led by the Insurance for the Poor unit at the World Bank achieved 85% response rate from 190 respondents with the help of aggregators and direct approach.
3. Simple but significant financial and operational data was collected from formal and informal organizations.
4. Extensive analysis covering aspects like product diversification.

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Plenary 4, Round table – Is there profit serving the underserved?

Doug Lacey, Quindiem Consulting, South Africa

A Business Case for Microinsurance – Findings from a study on company experiences

Quindiem Consulting is a consultancy providing services in life and non-life insurance, regulation and microinsurance. We have been involved in landscaping studies on microinsurance, including the global study of microinsurance in the World's 100 poorest Countries. We provide technical assistance for business modeling, product development and pricing for microinsurance initiatives and developing training manuals for microinsurance. Quindiem is a LeapFrog Financial Inclusion Fund partner firm.

Summary

Despite an increasing interest in microinsurance there is still relatively low access to insurance amongst the low income market, with less than 3% of working poor having any insurance coverage at all. There is vast potential for expansion for microinsurance globally. One of the ways in which microinsurance is expanding is through commercial insurers that see the commercial benefits of expanding into the low income markets. With the growing interest of commercial insurers in the 'bottom of the pyramid', the question of profitable provision of products and services is of primary concern. The only way in which the industry will attract commercial insurers into the microinsurance market is if microinsurance initiatives are profitable and sustainable in the long term. It is therefore important to be able to better isolate the profit drivers of the industry by analysing the experiences of microinsurance initiatives.

Developing a sustainable microinsurance proposition depends on balancing three competing objectives:

- coverage (meeting the needs of large numbers of low income consumers);
- affordability (price and transaction costs for clients) and;
- costs (operating transaction costs for the insurer).

This session presents a framework for assessing the financial viability of microinsurance initiatives in within the context of these objectives.

The framework for exploring the profitability of microinsurance initiatives establishes quantitative measures to assess the financial results of microinsurance initiatives and investigates the underlying qualitative internal and external circumstances of the insurer that impact on the profitability of the initiative. The financial analysis explores key drivers of profitability including premium levels, policy volumes, distribution and marketing costs, other costs, claims costs, adverse events (e.g. multiple claims), and investment returns. In addition qualitative aspects, including the interplay between the internal structure and strategy of the insurer and environmental circumstances on the profitability of the initiative are investigated.

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This session will highlight the drivers of profit in microinsurance sector as well as the impact of the unique circumstances of an insurer on the profitability of the microinsurance business, providing insights into successful strategies and enabling circumstances for these insurers.

Key messages

1. Circumstances under which microinsurance initiatives can be profitable for commercial insurers.
2. Financial measures of the profitability of microinsurance initiatives.
3. Key drivers of the profitability of microinsurance initiatives.
4. Internal structure and strategy of the insurer and the environmental circumstances that impact on the profitability of microinsurance initiatives.

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