



# Strategies for Sustainability

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## Investments

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- The case studies did not say much
- Principal reason for insurance company failure
  
- Require asset-liability matching
- Diversification of assets



## Reserves

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- Long term guarantee requires and actuary to certify
- Mostly training on UPR, IBNR, basic reserves required



## Profit distribution

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- Increase benefits!
- Scholarships
- Not to much profit to distribute



# 1. Cross Subsidize higher income to lower income markets

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- Brac, Grameen, VimoSEWA Scheme III, Delta Life, Tata AIG

## Advantage

- Sustainable sooner
- Volume

## Disadvantage

- Different delivery channel
- Drift to higher profit market



# 2. Endowment fund investment income

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- Grameen, VimoSEWA

## Advantage

- Provides stability

## Disadvantage

- Who funds
- Risk of endowment
- Does not support growth



## 3. Offer credit linked protection

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- MUSCCO, TYM, SPANDANA, CARD MBA Advantage

- Provides some benefit, quickly and easily

Disadvantage

- Is this protection for MFI only?
- Only available to debtors
- Does not create disciplined insurer



## 4. Mandatory coverage

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- Life savings Columna, MUSCCO, La Equidad, and perhaps Yeshasvini

Advantage

- No adverse selection, reduced cost

Disadvantage

- Benefit amount restrained
- May not meet need



## 5. Health ins Benefit Cap

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- Grameen Kalyan, Brac, VimoSEWA, Karuna Trust,

### Advantage

- Contains cost, no need for reinsurance

### Disadvantage

- The large cost items drive family to poverty



## 6. Health ins Cover major claims

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- Yeshasvini, UniMicro

### Advantage

- True insurance, premium is low

### Disadvantage

- The amount spend to save one person with a heart operation could have saved 100 children with preventive care focus



## 7. Focused management

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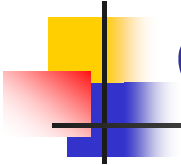
- TUW SKOK, La Equidad, AssEF

### Advantage

- Establish skills prior to expanding

### Disadvantage

- May take time to reach broader market and need



## 8. Rely on inexpensive distribution system

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- Via MFI creditor insurance

### Advantage

- Cost effective, easy

### Disadvantage

- May not build up skills to tackle harder coverage



## 9. Reinsurance

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- Yashiru

### Advantage

- Remove catastrophic claims, and other unmanageable risk

### Disadvantage

- Reinsurance is not the magic wand
- Requires established well managed organizations



## 10. Permanent government subsidy

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- Yeshasvini

### Advantage

- Makes plan viable sooner

### Disadvantage

- Requires long term commitment
- Subject to political interference



# 11. Good Management

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## Advantage

- Develops sound footing

## Disadvantage