



Micro Insurance Management by Mutual Health Organizations Operational issues



Background (of the presentation)

- CIDR's experience in promoting Mutual Health Organizations
 - Benin (1995): 27 MHOs, 21,000 insured, a network named « Alliance Santé ».
 - Guinea (1999): 25 MHOs, 15,000 insured, a network named « UMSGF ».
 - Tanzania (2001): 10 MHOs 7,000 insured, and Kenya (2000): 6 MHOs, 3,000 insured.





Background (of the presentation)

- Other types of community participation
 - Comoro Islands : « Village-based Social Security » ; automatic membership
 - Mali-Mopti : Articulation between a mutual health organization and an MFI (Nyeta Musow)
 - Uganda : Health insurance Scheme co-managed with a not-for-profit health care provider



Reasons for choosing mutual health organizations to manage micro health insurance in rural Africa

- The lack of existing organizations able or willing to manage micro insurance schemes in rural areas (MFI)
- The importance of social issues in membership dynamics (in the areas of intervention)
- The potential regulatory role of independent mutual health organizations over health providers
- The added value of an emerging social movement.





Issues related to the management of micro insurance products by an MHO

- The nature of insurance is to spread risks across as large a pool as possible.
- Dynamics of community involvement are difficult to organize particularly as they are remote from the social networks on which they are based.



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Issues related to the management of micro insurance products by an MHO

- The greater the impact of the services on households' lives, the stronger and more sustainable the participatory dynamics.
- Micro health insurance is often selective and only partially covers the eligible risks.



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Issues related to the management of micro insurance products by an MHO

- At first, simplified insurance management is conceivable in specific contexts.
- However, strict health insurance management is often necessary to ensure MHOs' long term sustainability.



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Issues related to the management of micro insurance products by an MHO

- Professional management of micro insurance systems quickly becomes indispensable.
- Which raises the following issues:
 - The distribution of technical and social powers and the reality of democratic governance.
 - A significant rise in intermediation costs



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Structuring principles in favour of member participation

1. Rooting the MHO in the (rural) pre-existing informal social fabric.
2. Remaining flexible when choosing the level of risk management
3. Consolidating primary MHOs within a regional network
4. Considering the primacy of social logic as a structuring principle of the mutualist movement.



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Management principles in favour of MHOs' viability

- Setting up small-scale premium collection mechanisms based on mutualist groups
- Decentralizing administrative functions as much as possible to the level of primary MHOs
- Adopting subsidiarity as the supporting principle for MHOs in risk management.
- Setting up an efficient external control

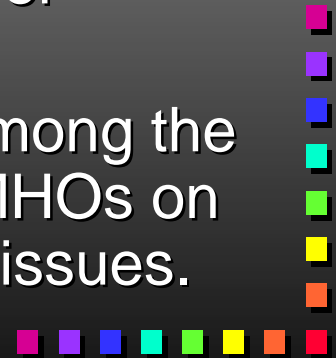


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Governance principles in favour of MHOs' sustainability

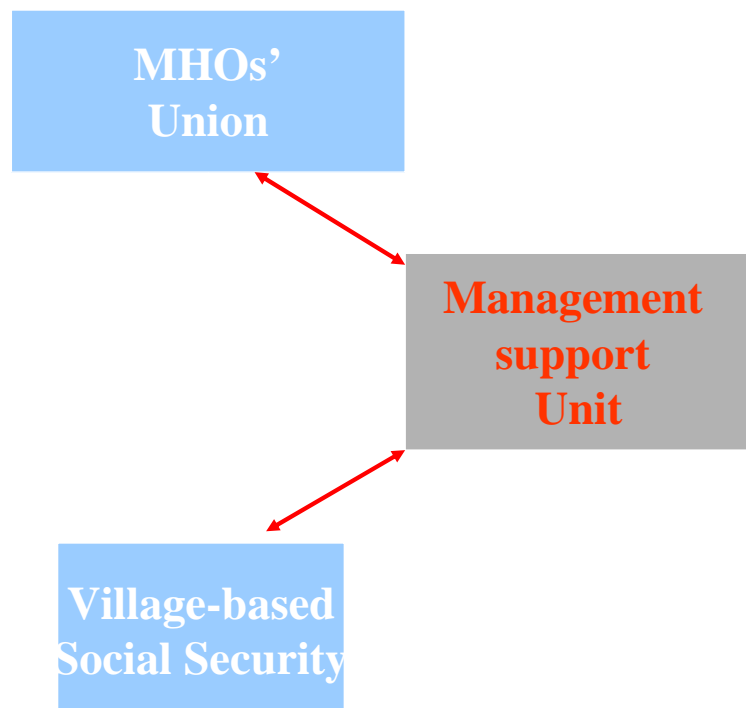
- Ensuring member representation through mutualist groups
- Producing technical information that can be used by non-professionals for decision-making purposes
- Cultivating social leadership among the staff providing support to the MHOs on management and governance issues.



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Network in the Comoros





Network in Guinea

MHOs' Union

Technical Unit

Secretary General

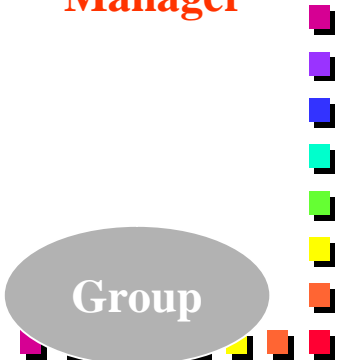
MHO Mutualist Manager

Mutualist Manager

Group

Group

Group



Network in Benin

Alliance Santé

Technical Unit

Secretary General

District Union

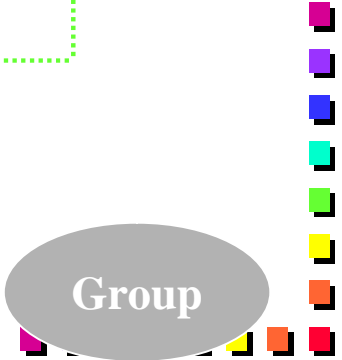
Mutualist field agent

MHO

Group

Group

Group





Conditions for MHOs' viability

- Providing the networks with technical and financial support
- Training member representatives and technical staff in how to exercise governance duties
- Taking advantage of the various organizational set-ups made possible by the mutualist status (technical or political union, federal guarantee system, linking, ...)

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The viability of rural MHOs' networks in financial terms

- In rural areas, when premiums do not go beyond €3/person/year,
- With a 15 percent levy to cover internal running costs and another 15 percent for externalised running costs,
- The networks' breakeven point is around +/- 60,000 insured.

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Conclusions

- Regardless of the management system, observed premium and membership levels for micro insurance are low.
- Mutualist governance is a determining factor for membership.
- The search for the most efficient management set-up is not so much a matter of enhancing voluntary work although it is a possible yet limited option, but more so a matter of increasing the technical, economic and social performances of the organizations that were set up.

