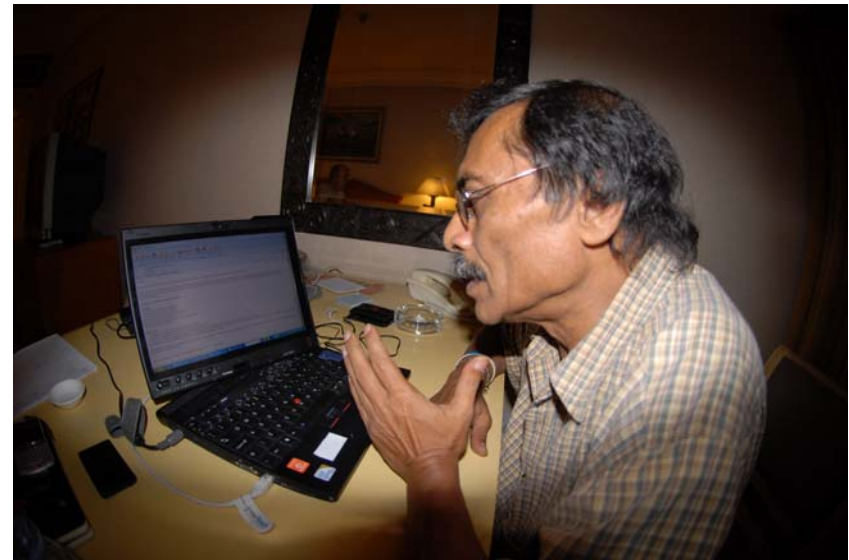


# Introduction to MicroInsurance

Claims processing, real-life issues  
Based on data 2007 and 2008

5 November 2009

Author: Dipankar Mahalanobis

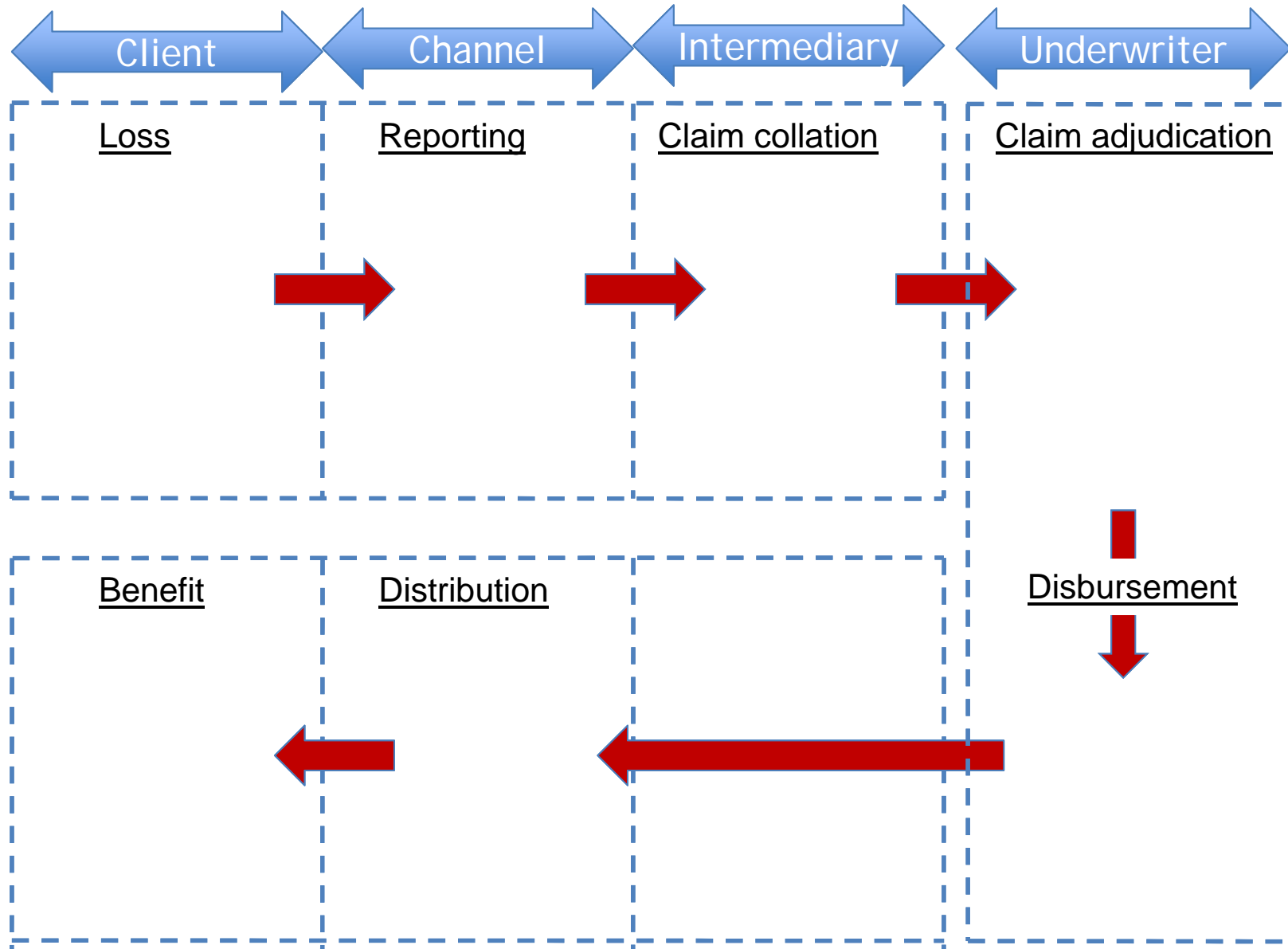


# The setting

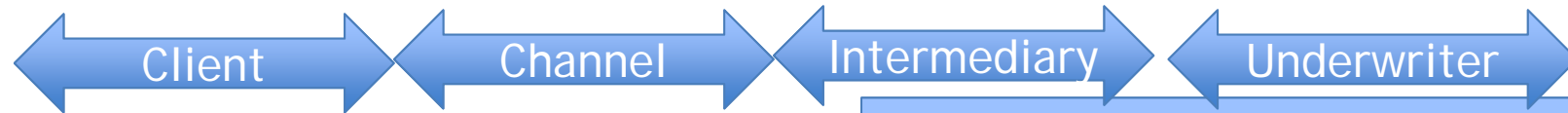
- This presentation is based on real-life MicroInsurance claims experience in Ghana, Philippines and Uganda during 2007 and 2008.
- It is based on sample information gathered and consolidated in March 2009, not a full audit of activities
- Insurance products involved were primarily funeral and life, with some property coverage

	<b>Philippines</b>	<b>Uganda</b>	<b>Ghana</b>
Year	Count	Count	Count
2007	284	80	64
2008	992	124	63

# Claim process overview



# Claim process - from loss to reporting



Loss

Reporting

Only passing on claims after joint accounts are paid up-to-date  
Lack of confidence Underwriters will pay  
Not seen as core business of MFI

Difficulty in obtaining source documents

- Unregistered death certificates
- Travel - Birth certificates far from home
- Cost - Government costs to obtain

Non-awareness of coverage

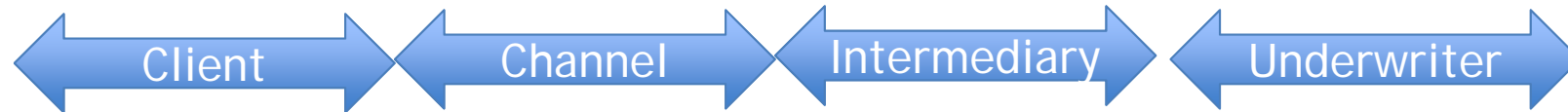
Documents lost in transit

Delays from Branch to Head office

Limited incentive to follow up claims

- Only covers next instalment

# Claim reporting to underwriter adjudication



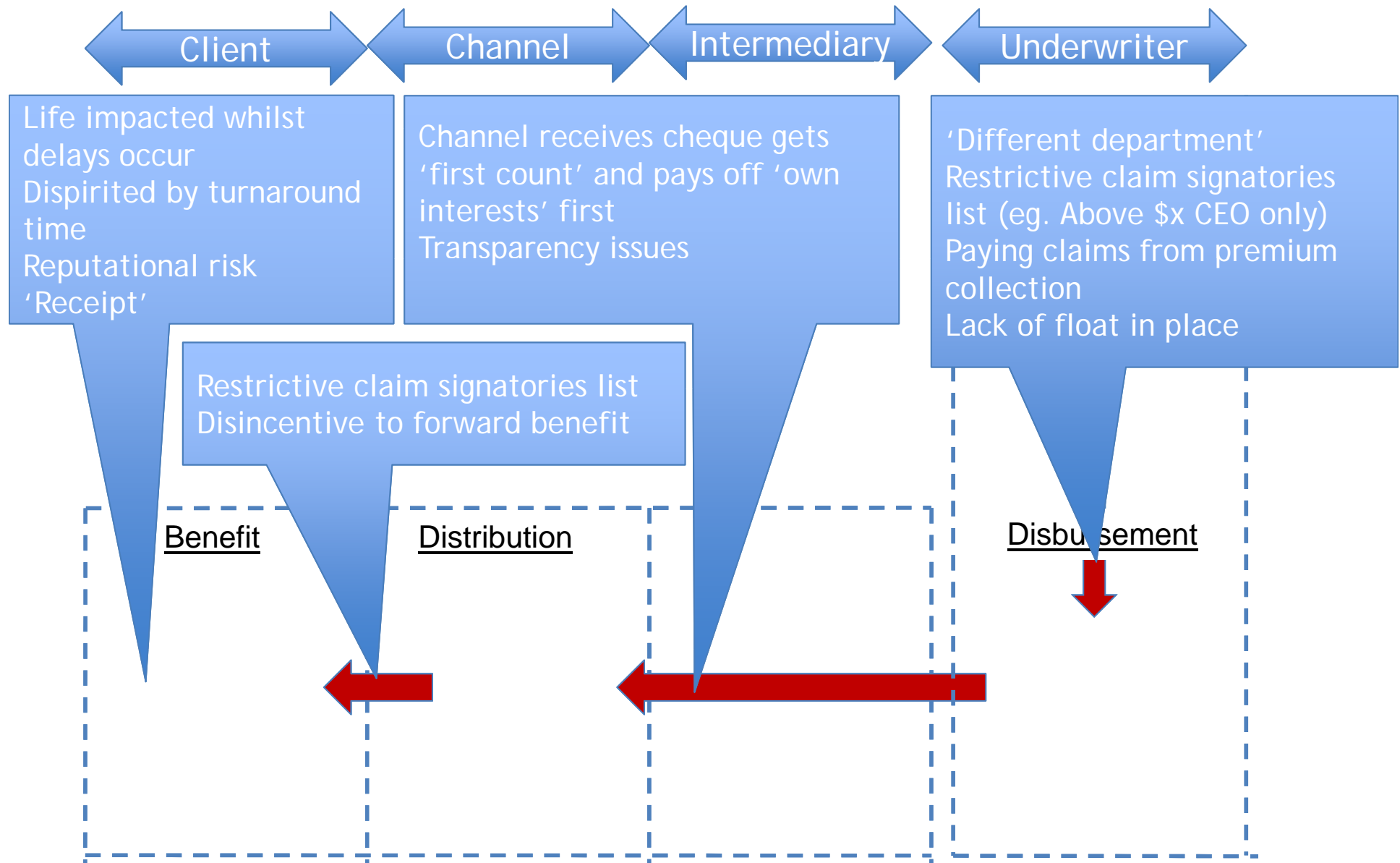
Claim collation

Claim adjudication

Over time various precedents are set by underwriters - complicating the collation process

Guilty until proven innocent - fraud/suspicion of fraud  
Tendency to initiate long lead-time investigations  
Restructured underwriting rules not communicated to client  
Non-micro approach to claim and documentation  
Slow moving organisations - eg state owned, non-competitive industry  
Late submission of documentation, lack of clarity around 'pre-existing conditions', 'illegitimate children'

# Claim adjudication to client payment




# Policy inception issues

- Policy inception issues affecting claims payment
  - Beneficiaries not stated on forms
    - Potentially leading to insurance company denials 'not on list of named insureds'
    - Occurs for spouses, dependents and 'members of group'
  - Non-traceability of premium remittances
    - Collected as part of loan payment
    - Not always traced, clearly allocated to policy and reconciled
    - Potentially leading to insurance company denials 'no proof of premium collection/coverage'
  - Lack of clarity on claim administration until example in place
    - Illegitimate children denied
    - Pre-existing conditions on life policies
    - Investigation finds deceased 'not actively working' at policy inception time

# Addressing issues

- Client training and awareness
  - Comic books, brochures
  - Regular visitation program
- Channel training
  - Client service in assisting document collation activities
  - Importance of claims process, as an encouragement for loans
  - Opportunity cost of monies 'suspended' whilst loss assessment is undertaken
  - Reputational risk of not processing claims
- Influencing Underwriter practices
  - Agreement to accept alternative documentation
    - Eg. 'religious leader' verification of death



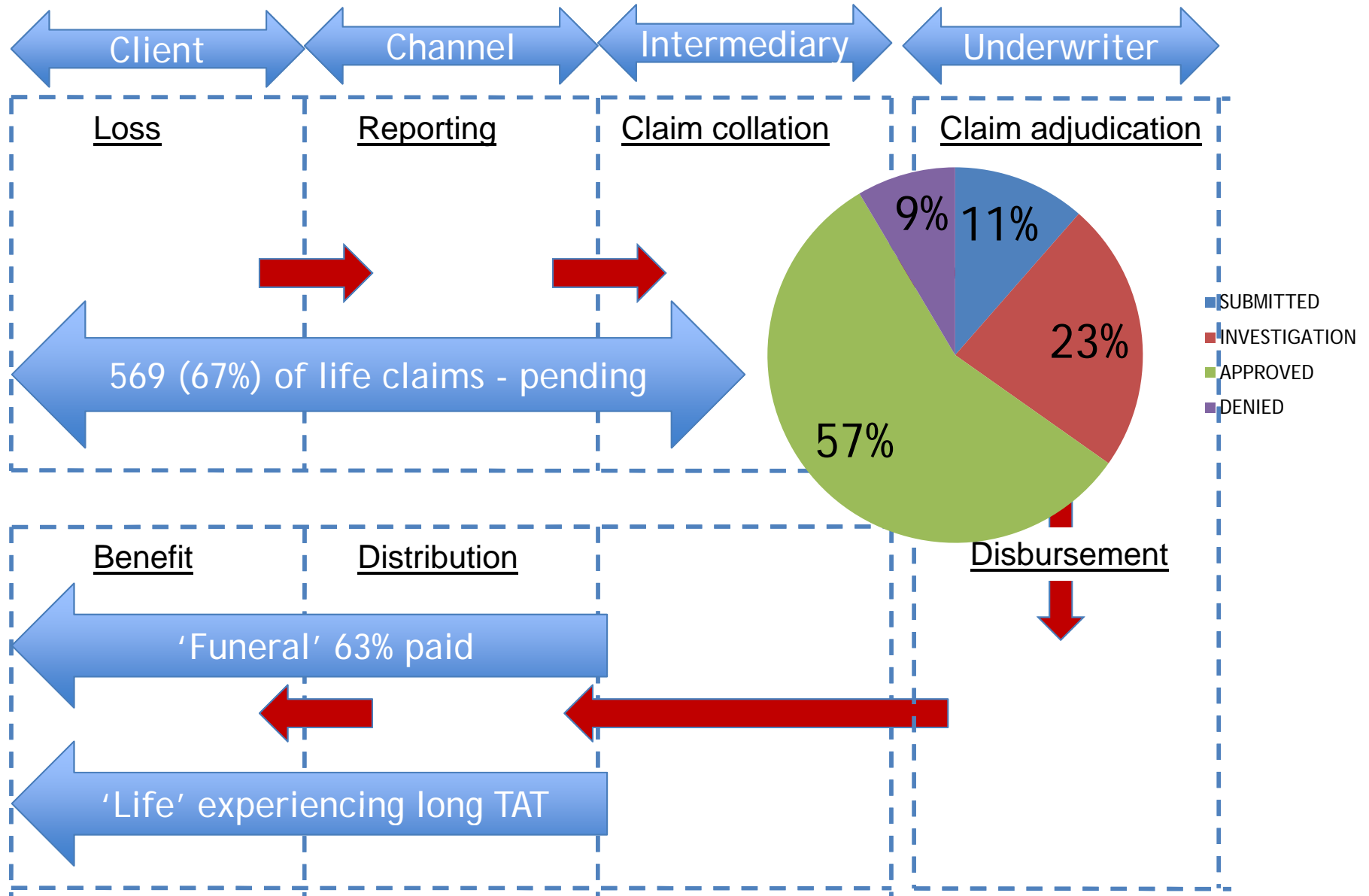
# A recent review of claims processing

- A new Underwriter (the previous one pulled out due to losses)
- Twelve months of coverage
- 869 claims - funeral and life

# Claims processing example

- Product is 'Funeral' and 'Life'
- Funeral payment
  - Is approximately 20% of benefit amount
  - Is paid by MFI based on 'pre-approval' by intermediary on behalf of underwriter
  - Experience has 63% of payments 'pre-approved' and paid
- Life payment
  - 67% of claims are 'pending paperwork' between the client and the intermediary
  - Weekly requests, and executive escalation path in place
- Influencing Underwriter practices
  - Underwriter is sending 23% of claims to 'pending investigation' with no reason (or investigation method) stated

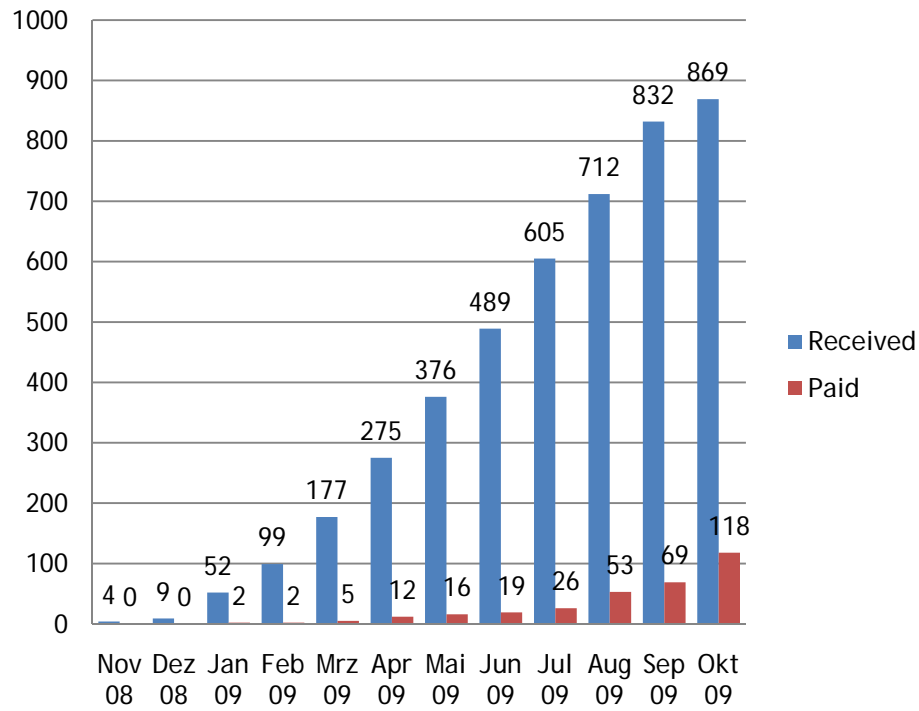
# Claim process overview



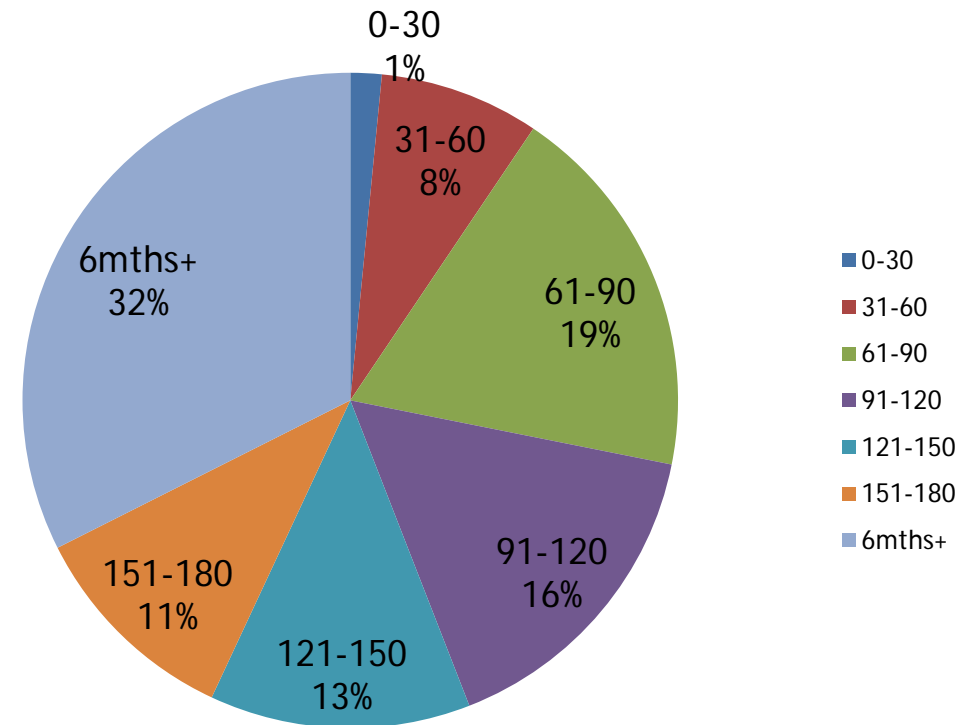
# Some statistics

## From claim receipt to 'life' payment

Cumulative by Month



## Ageing of the 'pending paperwork' claims



# Claims processing example

- Channel is not actively managing paperwork submission process
- Underwriter is not meeting TAT targets, and is sending a high percentage to 'investigation'
- Going forward
  - We need to address the 'lack of ownership' from end to end - client claim to client payment
  - Intermediary has 'encouraged' channel to hire two dedicated claims facilitators to 'fast-track' and the Help the end client

# Questions?

Claims processing, real-life issues  
Based on data 2007 and 2008

5 November 2009

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