

# The business case of the Co-operative and mutual models in Inclusive Insurance – DHAN Federation Mutuals

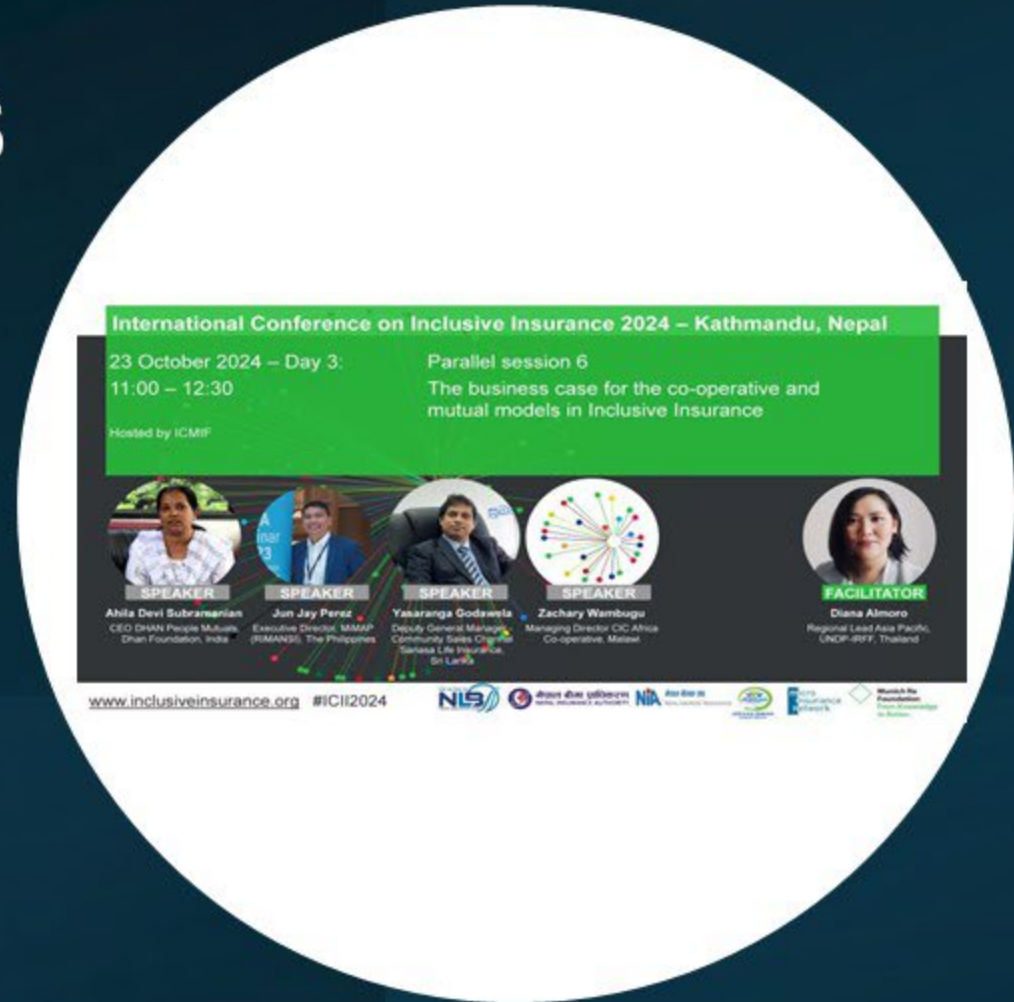
Parallel Session 6

International Conference on Inclusive Insurance

23.10.2024

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## Approach

- Non-Profit
- Working in INDIA for 27 Years
- Thematic Interventions starting from Pilots to promoting Subsidiary Institutions
- Promoting Sustainable People Institutions
- Mainstream Collaboration



## Building Mutuality for Poverty Eradication DHAN's Approach



Promotion of Community based People Institutions at various level & nesting them as effective Social Capital with Community Leadership

### Building Social Capital



#### Mainstream Collaboration

Stakeholders Engagement & Effective Collaboration between supply system & enabling system helps to build a strong demand

#### Thematic Intervention

Thematic Intervention fuels the process of poverty eradication & sets the agenda for people institution based on community needs & wisdom.

**Mutuality builds Sustainability**



# Profile of the Policy Holders



Poor Women



Farmers



Landless



Fisherman



Elders



Indigenous/Tribal



Daily wage earners



MSME



Street Vendors



Service Sector



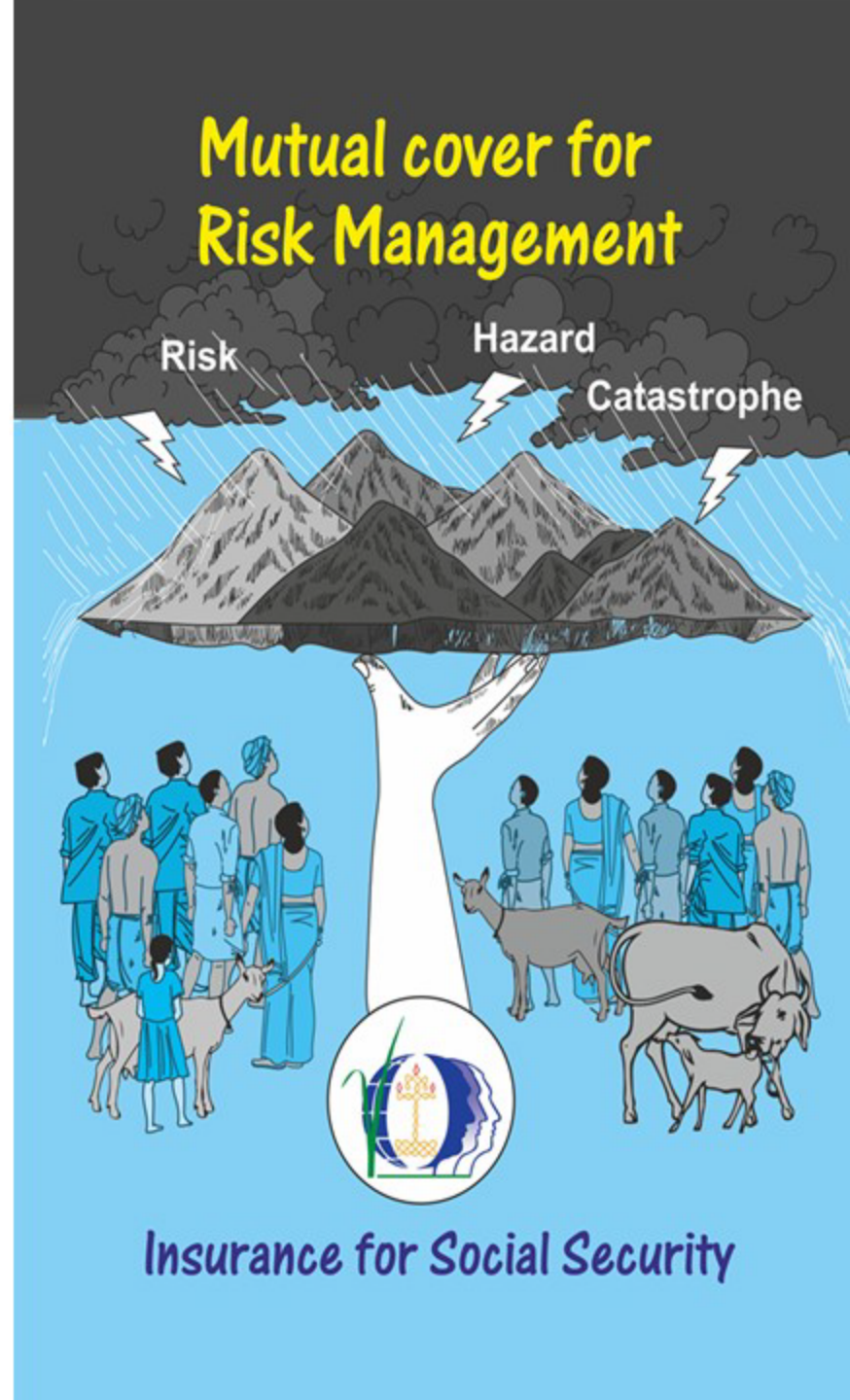
# DHAN's Strategy Towards Sustainable Mutual Insurance

## Community insurance involving

- Need based solutions evolved through community organizations
  - Covering the entire life, Funeral expenses
  - Health Assistance - Incidental cost, virtual wellness centre, early diagnosis , outreach camps
- Affordable premium and simple processes
- Financial soundness by way of transferring part of the risk through backup insurance with insurance companies and reinsurance arrangements
- Residual surplus being used for risk prevention measures
- Credibility and trust

## Mutual Insurance Solutions for Scaling up

1. Life Mutual Program for all irrespective of upper age limit
2. Health Mutual program for secondary health care
3. Livestock Mutual
4. Crop Mutual



## DHAN Micro Insurance - Dashboard

Life Insurance Policies	:	9.3 Million
Health Insurance Policies	:	6.0 Million
Crop Insurance Policies	:	4.4 Million
Livestock Insurance Policies	:	66152
Pension	:	3.0 Million

**Total- 21 Million Policies**

**390 Million USD Premium**

**More than 100000 Volunteers as Insurance Leaders @ Grassroots**

## Recent Insurance Initiatives towards Climate Change

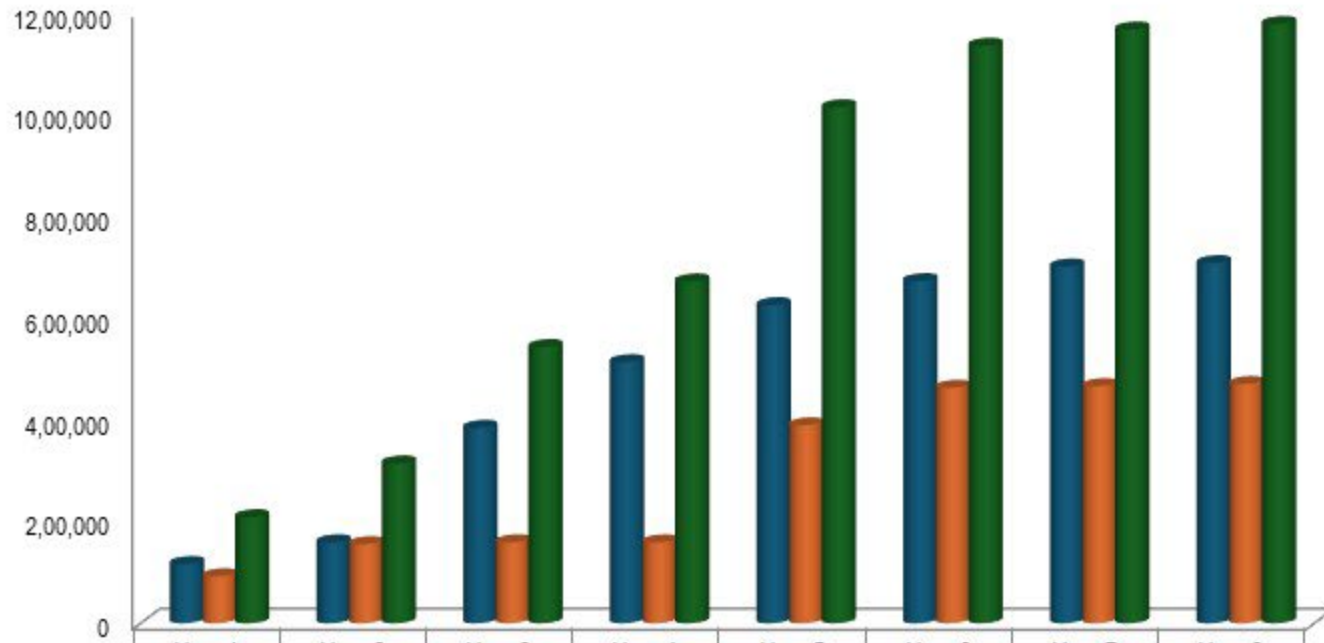


- Weather Parametric based Crop - 30290 | Claim to 3981 Farmers | 1.36 Million
- Mutual Livestock Insurance - 75000 | Claim to 404 Farmers | 0.6 Million
- Co- Insurance with HDFC, Future General li



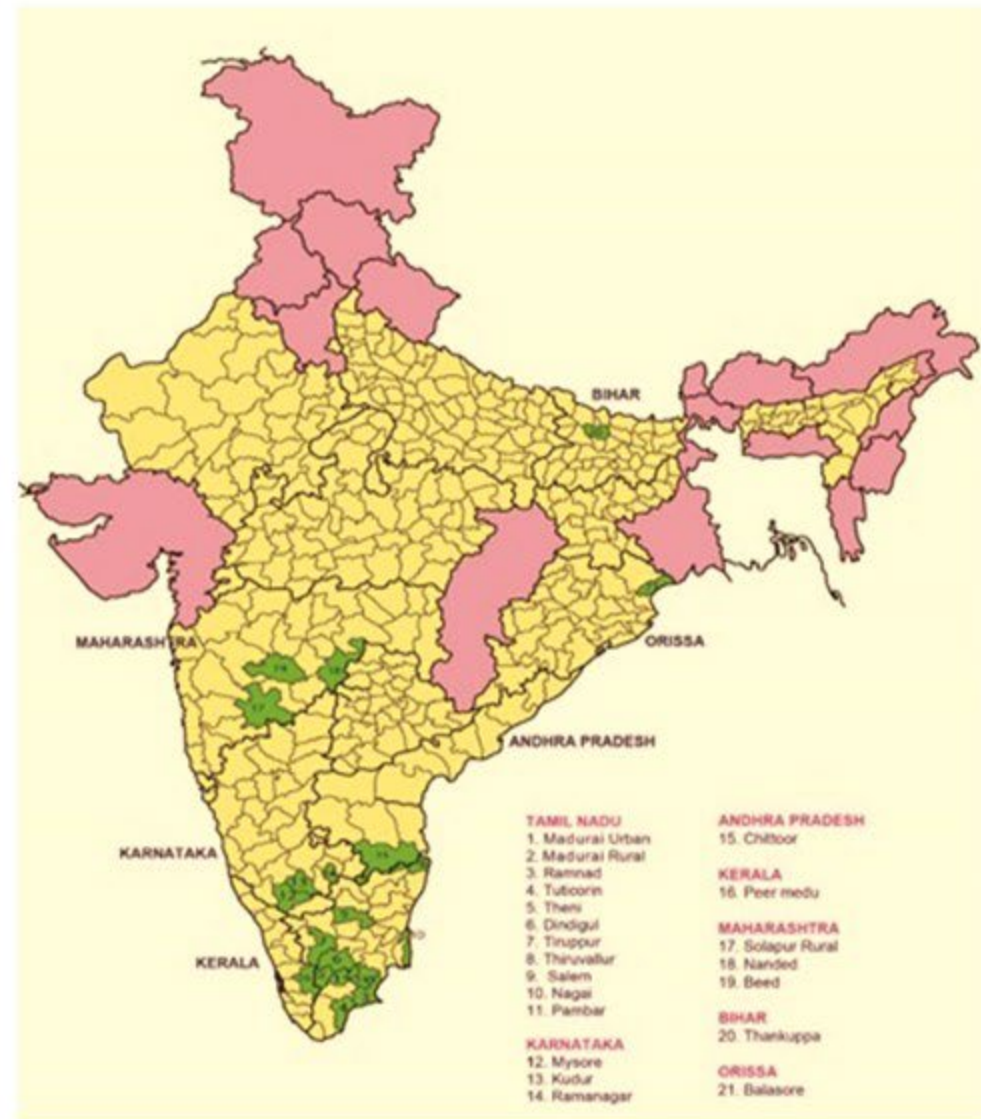
# Growth of Mutual Insurance

ICMIF Reach



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Life Mutuals	1,15,961	1,58,560	3,83,228	5,12,223	6,24,196	6,71,347	7,00,038	7,06,544
Health Mutuals	92,068	1,54,958	1,58,672	1,58,433	3,88,343	4,62,019	4,65,205	4,69,474
Total	2,08,029	3,13,518	5,41,900	6,70,656	10,12,539	11,33,366	11,65,243	11,76,018

Life Claim	440	530	692	1,402	1,501	1,194	2,045	718
Health Claim	12	1,739	598	320	528	435	450	164
<b>Total</b>	<b>452</b>	<b>2,269</b>	<b>1,290</b>	<b>1,722</b>	<b>2,029</b>	<b>1,629</b>	<b>2,495</b>	<b>882</b>





# Sustainability of Mutual Program

## 1. Financial Viability

- **Premium Pricing** - affordable to the community.
- **Reserves and Capital Adequacy**: Adequate financial reserves and build capital over time to strengthen solvency and reduce reliance on external financing.
- **Claims Ratio**: mechanisms to prevent fraud and overutilization of benefits.



## 2. Risk Management and Diversification

- **Comprehensive Risk Assessment**: implement strategies for risk reduction.
- **Risk Pooling and Reinsurance**: By pooling diverse risks (across regions, sectors, etc.), mutual programs can mitigate the impact of large claims



## 3. Community Engagement and Ownership

- **Member Participation**: Since mutual insurance is owned by its members, ensuring high engagement through participatory decision-making fosters trust and commitment. Member-driven governance leads to more transparent and accountable operations.
- **Awareness and Literacy**: Insurance literacy initiatives help communities understand the value of mutual insurance, increasing buy-in and participation. Educating members on their responsibilities helps reduce adverse selection and moral hazard.



## 4. Adaptability and Innovation

- **Product Customization**: offering tailored insurance products - Flexibility in terms and conditions is essential to meet the specific needs of various groups, such as women, farmers, and low-income households.
- **Technology Adoption**: Digital platforms streamline premium collection, claims processing, and member communication. The use of mobile technology or online platforms also helps in expanding reach to underserved populations, thus improving program scalability and sustainability.



## 5. Capacity Building

- **Capacity Building**: Continuous training of the program staff and leaders ensures effective management. Technical support from international mutual networks and experts can introduce best practices in governance, risk management, and operations.
- **Sustainable Behavioral Change Communication (SBCC)** focuses on changing perceptions, increasing understanding, and encouraging consistent engagement with insurance as a tool for risk management and financial protection.

**Thank You**