

Summary

Microinsurance Conference 2007

13–15 November 2007, Mumbai, India



Plenary 2 – Improving efficiency and enhancing benefits Understanding the need for efficiency and customer value

Denis Garand, Consultant, Canada

Bert Opdebeeck, Belgian Raiffeisen Foundation, Belgium

The CGAP working group on microinsurance, with ADA and BRS, has developed preliminary indicators for microinsurance programs. Benchmarking is a vital function for any insurance organization and is an essential tool for management and boards to guide priorities to improve the organization or to reach objectives. When you can compare your results with previous set goals, historical data and/or similar programmes elsewhere it will help develop thinking on what is possible. In reviewing indicators they should be considered from the point of view of the client.

Prior to doing indicators we assume several key principles:

1. Separation of data
2. Collection of relevant and accurate data
3. Production of financial statements
4. Calculating and setting up premium and claims reserves
5. Efficient and continuous claims monitoring
6. Clear investment policy
7. Technical insurance capacity
8. Transparency
9. Client focus

The purpose of key indicators is to provide a quick overview of the different dimensions of an organization. If a problem is found with one indicator or more it would be wise for the microinsurer to drill down to better understand the issue prior to searching for the appropriate solutions. Additionally the direction of indicators from year to year is important.

The performance indicators selected are:

1. Net income ratio
2. Incurred expense ratio
3. Incurred claims ratio
4. Renewal ratio
5. Promptness of claims settlement
6. Claims rejection ratio
7. Growth ratio
8. Coverage ratio
9. Solvency ratio
10. Liquidity ratio

We are still working to develop a social indicator, suggestions would be welcome.

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Agenda

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A tool kit, consisting of a handbook and a Excel factsheet, will be available to help microinsurers calculate these indicators.

For more information and documentation refer to the site www.microinsurancefocus.org and navigate to the working group section on performance indicators.