

Summary

Microinsurance Conference 2007

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**Munich Re
Foundation**
From Knowledge
to Action



Parallel Session 10 – Group versus individual insurance Analyzing the options

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Mutual/Cooperative versus Commercial Insurers:

Impact on Administrative Costs in West Africa

In the traditional insurance industry, mutual/cooperative insurers have always differed significantly from commercial insurers in the way products are sold, managed, processed, etc. However, do these differences actually affect the value returned to policyholders in the final analysis and if so, how? Which approach should be given priority in a poverty context?

Canadian insurance data tends to show that the mutual/cooperative form of insurance may return more value to policyholders. However, such a comparison must be made with caution. The traditional forms of insurance sold in America and Europe by mutual/cooperatives or by commercial insurers often differ greatly in their nature and purpose, as well as in the time periods and the risks covered.

Today, West Africa provides a more suitable environment for comparison of these two approaches to providing coverage. Similar products have been launched in similar environments by mutual/cooperatives and by commercial firms.

This session will explore and quantify the differences in administrative costs between microinsurance schemes managed by mutuals/cooperatives and similar plans managed by commercial insurers.

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