

# Improving efficiency and enhancing benefits

Denis Garand, FCIA, FSA  
[Denis@garandnet.net](mailto:Denis@garandnet.net)

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## Why Standards and indicators

- Guide to management
- Helps improve process
- “Think of the possibilities”

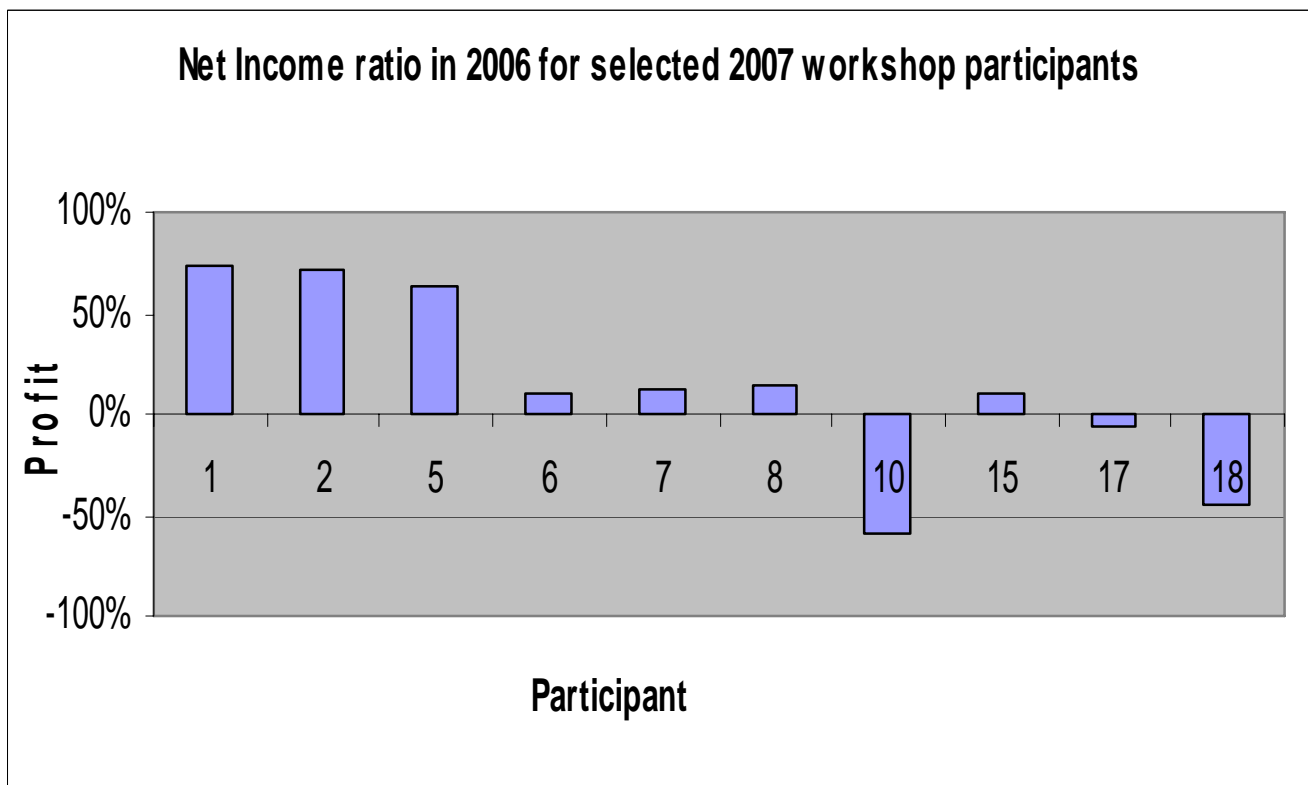
# Sources of Key indicators

- Experience in industry
- Regulatory ratios
- Rating agencies
- CGAP working group development

## 1. Net Income Ratio

Net Income Ratio =

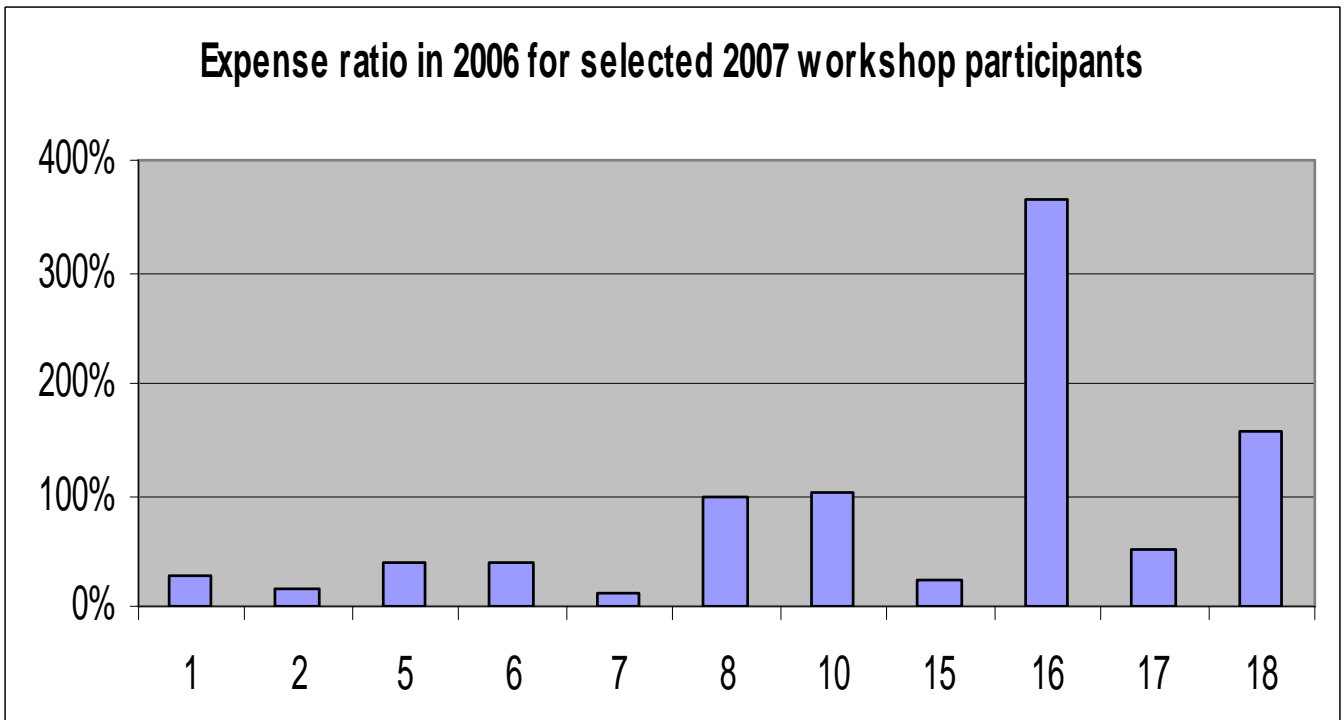
**Net Income / Earned Premium**



## 2. Incurred Expense Ratio

Incurred Expense Ratio =

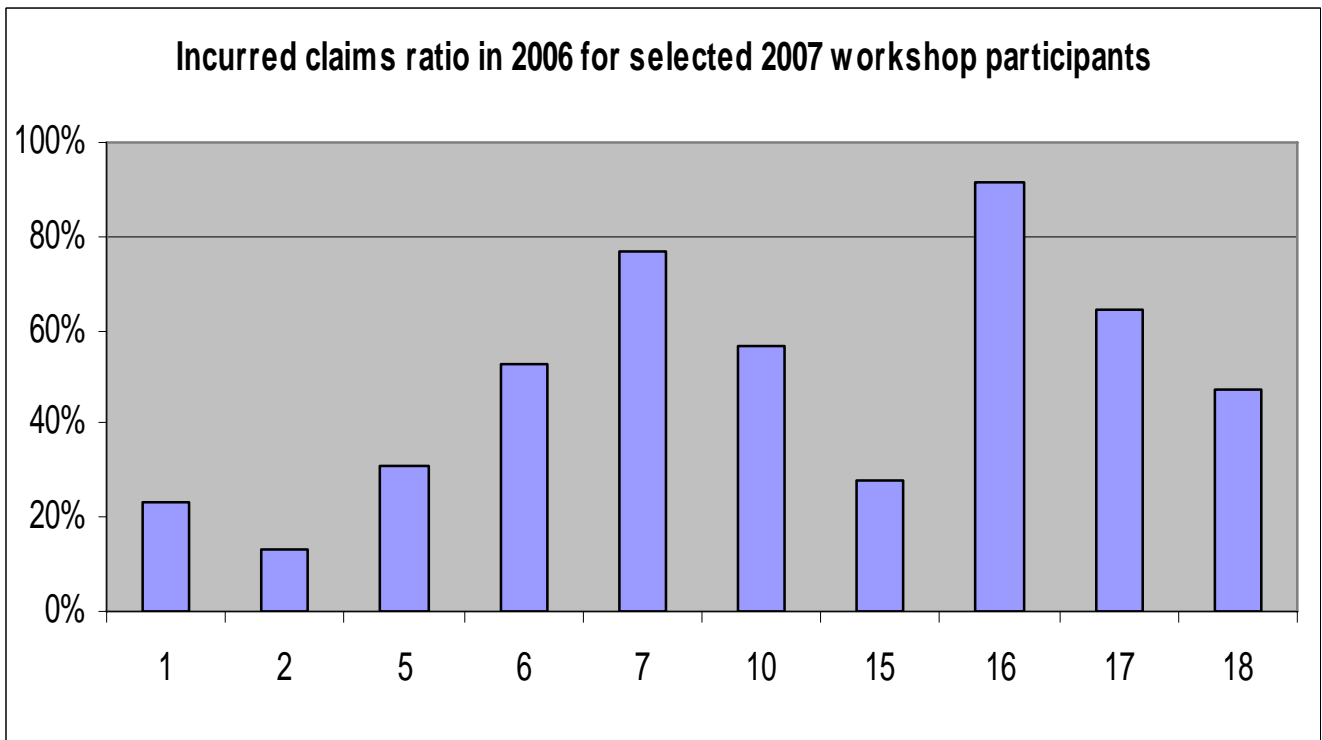
**Incurred Expenses / Earned Premiums**



### 3. Incurred Claims Ratio

Incurred Claims Ratio =

**Incurred Claims / Earned Premiums**



## 4. Renewal rate

Renewal Rate =

Number of Renewals / Number of Potential Renewals

# Renewal experience

- First measure of renewal
  - 24%
- Management takes action changes methods of communicating and how insured reached, results renewals approach 60%

## 5. Promptness of claims settlement

<b>Interval</b>	<b>Number of claims</b>	<b>% of claims</b>
0 to 7 days		%
8 to 30 days		%
31 to 90 days		%
More than 90 days		%
	<b>Total # of claims</b>	<b>100%</b>

## 6. Claims rejection ratio

Claims Rejection Ratio =

Number of Claims Rejected / All Claims Reported

## 7. Growth ratio

Growth Ratio =

(Number of insured n – Number of Insured n-1) / Number of Insured n-1

## 8. Coverage ratio

Coverage Ratio =

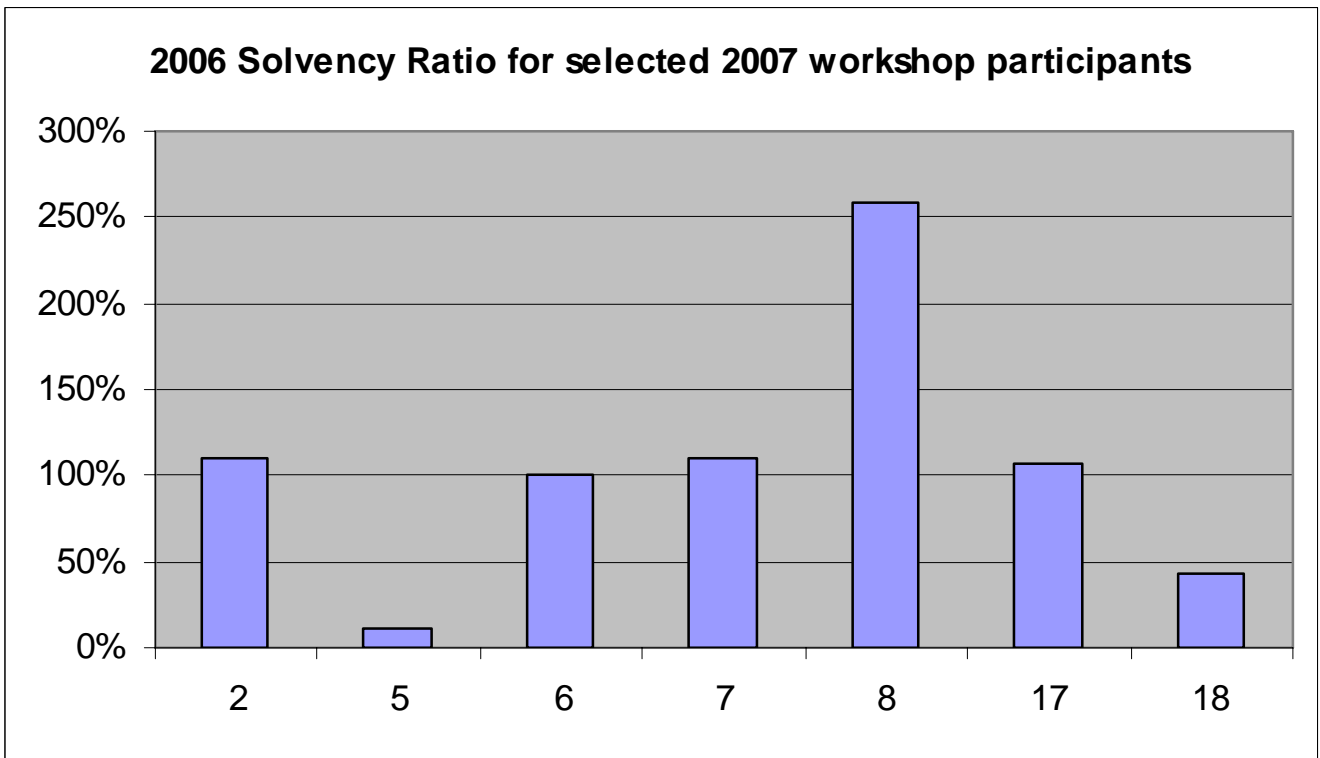
Number of insured n / Target population n

## 9. Solvency ratio

Solvency Ratio =

Admitted Assets / Liabilities





## 10. Liquidity ratio

Liquidity Ratio =

Available Cash or Cash Equivalents / Short-term Payables (3 months)

## 11. Social indicator

- To be determined

## Next steps

- Tool kit and handbook
- Comments from users on interpretation
- Ability to benchmark