

Summary

Microinsurance Conference 2008

5–7 November 2008,
Centro De Convenciones y Exposiciones
Cartagena, Colombia



Side Event

Micro Insurance Academy, India

Involving customers in benefit package design - Choosing Healthplans All Together (CHAT): a new and improved way to reflect client preferences in insurance packages.

One of the major challenges that the microinsurance sector faces is how to design "relevant" insurance packages: packages that reflect the priorities of clients and are thus acceptable rationing options for the people who must pay the premium.

To address this issue, the Micro Insurance Academy and its partners, notably the National Institutes of Health (USA), developed a simulation tool called "CHAT" ("Choosing Healthplans All Together") that allows variably educated populations who are inexperienced with health insurance, to design health benefits, within the limits of willingness to pay (in India this means a premium of about \$1 per household per month).

CHAT is a game-like tool which is simple and free-of-charge to use. It creates transparency and introduces democratic choices – breaking the monopoly of insurance companies (though CHAT can also be used by insurance companies) on this crucial part of designing health insurance, and integrating it in habitual health financing options. Even illiterate and innumerate people can participate in CHAT, and decide on the composition and price of their health insurance. The process enables the local community to make better use of local knowledge and customs through which many individuals share responsibility for effectiveness of the insurance.

CHAT brings to market a process that enables the primary beneficiaries, communities at the "bottom of the pyramid", to assert an interest in health insurance that disrupts the established "take-it-or-leave-it" approach to marketing health insurance products. By involving communities in benefit package design, the link between premium and benefits becomes much more acceptable and coherent to poor communities, and the complex concept of health insurance becomes less threatening. To the best of our knowledge, CHAT is the first and only such process in developing countries.

As health insurance penetration is increased, out of pocket spending (the least efficient form of health financing) is reduced, shifting towards the more efficient prepayment and pooling mechanisms.

In 2008, following field experience with the initial CHAT tool and analysis of the results and the process, a revised and improved version (so-called CHAT 2.0) has been elaborated; it enables participants to increase or decrease their health budget (the previous version was played with a pre-determined health budget). The new version has also been adapted to the possibility of "en-bloc" affiliation of communities, by playing a "village CHAT" to be held in the village square.

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The presentation will demonstrate the dedicated training tools that have been developed by the MIA to accompany CHAT and make it fit into a holistic insurance provision process.

Key messages:

- Designing insurance packages can be fun and games!
- Involving clients in benefit package design is possible, and can reduce transaction costs and increase relevance of packages.
- With the right tools, even illiterate & innumerate persons can design insurance packages, and this involvement increases the penetration of microinsurance in markets that are hard to reach otherwise.

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