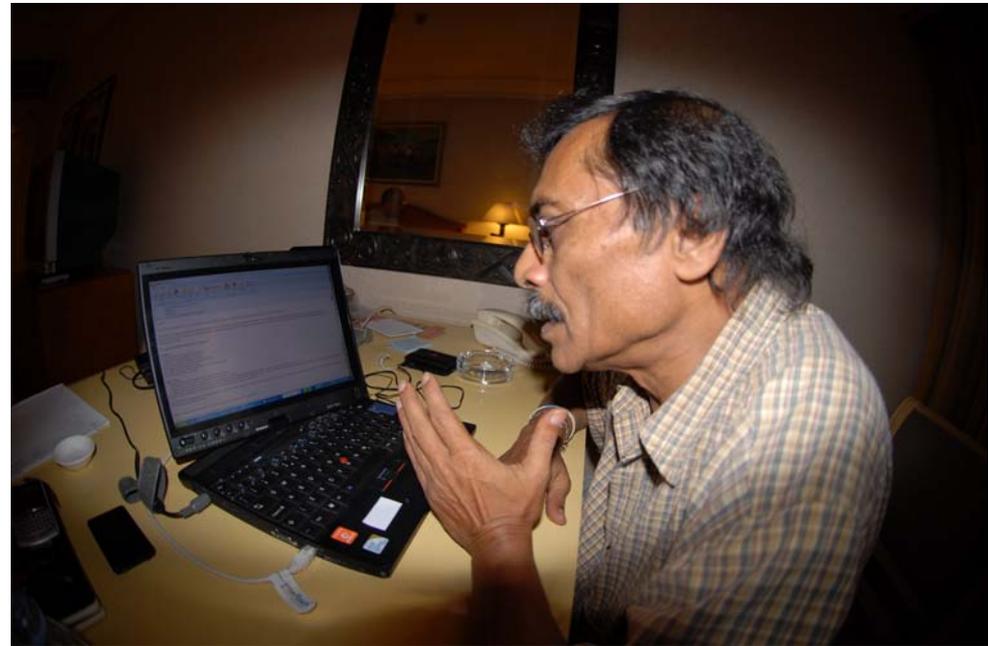


Proactive claims servicing

Claims payment - The litmus test for MicroInsurance!

November 2010

Dipankar Mahalanobis



6th International Microinsurance Conference
9-11 November 2010 - Hotel Intercontinental, Manila, Philippines

Assisted by Mark Pettifor

The importance of claims

- To engender trust and confidence for our target market we need to translate the promise of insurance into reality with claims paid:
 - In a reasonable time
 - With minimal fuss
- We must endeavour to pay claims and not hide behind exclusions
- ALL Losses should translate into claim payment - our clients do not understand legalese
- Underwriting has to be at source and not at the point of losses

This presentation

- Two real-life examples:

- Uganda

- What inefficient claims settlement can lead to



- Philippines

- Continuous claim service monitoring is a key preventative and curative method to improve the justifiably tarnished image of the industry and the sector



MicroEnsure's Ugandan experience



- July 2007 signed agency partnership with Ugandan Insurance company
- Claims service was 'good' and 'stable'
- Early 2008, competition came to the Ugandan insurance sector - the product was upgraded
 - Funeral was added
 - Property damage including fire and allied perils was added - covering up to outstanding loan
 - No average clause
- Claims increased significantly
- January 2009, Insurance company changed management, a proposal to increase premium was put forward to cover claim costs
- **February 2009, the devastating Market fire occurred**

MicroEnsure's Ugandan experience



- All Insurance companies providing micro insurance through MFIs were financially impacted
- MicroEnsure was the first insurance intermediary on site
- Within two weeks, MicroEnsure reported 243 claims to the Insurance company
- The Insurance company switched to 'investigation' mode, investigating all claims
- After six months less than 50% had been paid
- By February 2010 (**one year after the fire**) they had completed investigations - 224 claims were paid, 19 were denied



MicroEnsure's Ugandan experience



- Borrowers assets were devastated, with their claims being delayed (or not paid) they could not restart their business, or qualify for another loan
- Many borrowers went out of business causing irreparable economic and financial loss
- This also totally discredited local belief in microinsurance in general from borrower to client (MFI) to broker
- The client (MFI) lost a lot of renewal business
- The broker lost the account as it lost its credibility in the eyes of the client
- As agent for the Insurance company, the effect on MicroEnsure's reputation was extreme
- MicroEnsure ceased operating in Uganda July 2010

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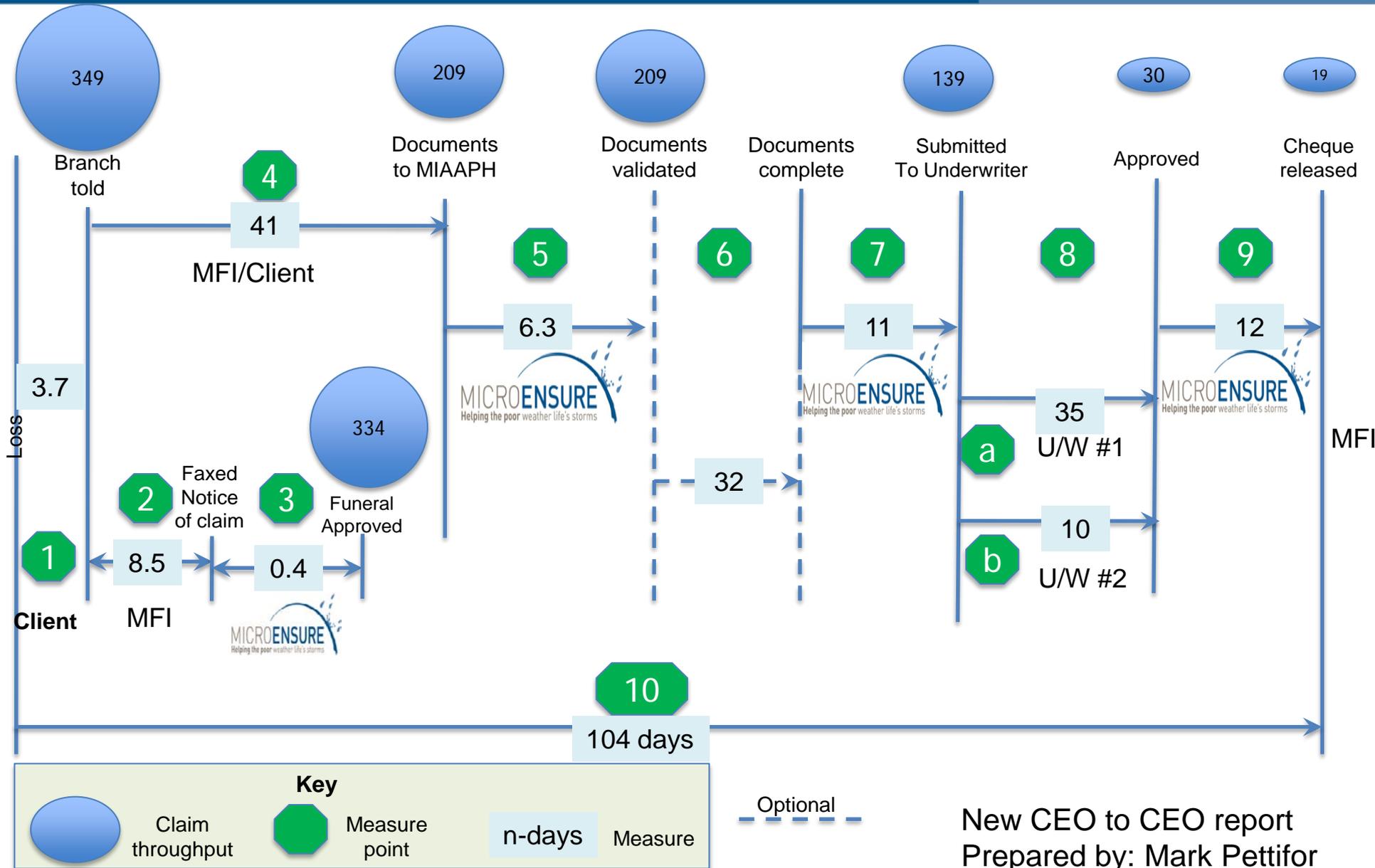
MicroEnsure Philippines claims experience



- MicroEnsure began operations in the Philippines in 2007
- As at June 2010 4693 claims (representing \$6.6M USD) had been received across all classes
- Of these 90% had reached the various Underwriters and approximately 55% had been fully settled through the process
- Claims servicing was assessed as slow but difficult to measure using current systems - New TAT measures were introduced in June 2010
- After four months, the sample of throughput is represented on the next slide

Cebu - Life and funeral claims

New claims after matrix - 22 June to 20 October (4 months measurement)





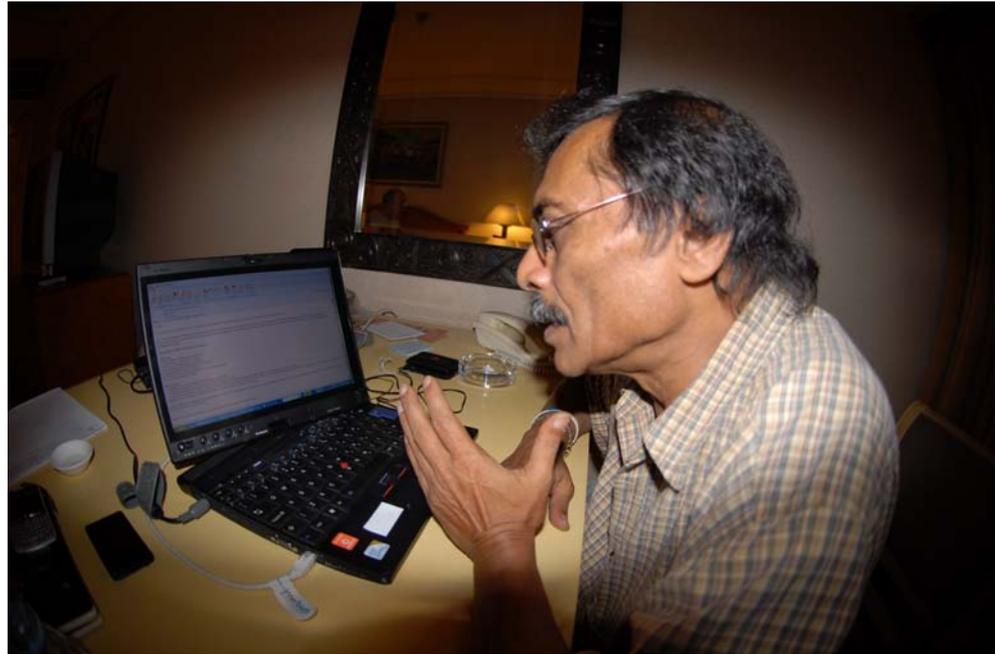
Improvements

- Underwriting considerations were simplified in negotiation with the underwriter, removing complexity of adjudication
- MicroEnsure, as intermediary and in the interests of client efficacy, has taken responsibility for end-to-end tracking of claims service
- The documentation requirements remain high but now tools are in place to track and address

Proactive claims servicing

- Our detailed analysis showed that claims monitoring cannot be an event
- Consistent and continuous monitoring is required to ensure our insureds are getting the value that they have paid for
- It is only through this approach that we can opine on positive outcomes in the quality of the lives of our insureds
- More often we celebrate by the numbers who have bought insurance .. the true litmus test lies in what has been the outcome?
- How has insurance affected the lives of people? And it is ONLY through claims that we can justify our efforts and our penetration.

Questions?



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