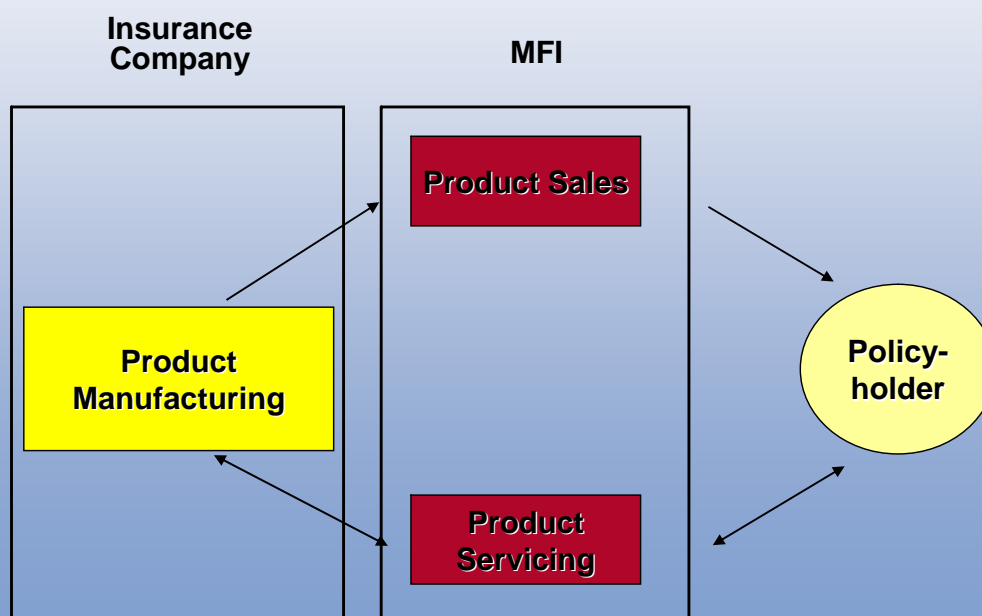


Institutional Options

Partner-Agent Model – General Aspects



Partner – Agent Model

Advantages

- Synergies are maximized because both the organizations can focus on their core business and expertise
- Fewer skills required for the agent than doing it oneself
- It reduces overhead cost of both the organizations, the NGO and the insurance company: NGO can use its infrastructure for collecting premium, etc.; insurer provide the expertise on product development etc.
- The insurer assumes all the risks
- NGO/MFI earns commission without risk, while insurer earns profits
- Legally recognized insurance companies that have adequate reserves, adhere to capital requirements, employ insurance professionals, and operate under the insurance law
- Insurer has access to reinsurance
- Scaling up of products possible through registered insurance provider
- Linkages to formal insurance business officially recognises microinsurance as an instrument of social protection

Partner – Agent Model

Challenges

- Both parties are dependent on the quality of the other
- Conflicts could emerge in the case of late claim settlement or rejections
- Products may not be fully appropriate to meet clients needs
- Contradicting interest of NGOs/MFIs: intention to provide maximum benefit to clients; however, too generous claim verification can lead to conflicts with the insurer and/or increase of premium

Strengthening the Partner-Agent Model

Some lessons:

- Investment in relationship building: regular interaction with insurance provider necessary
- Awareness raising about the requirements of both the organizations (and the clients)
- Institutional strengthening: only qualified MFIs/NGOs will be accepted by insurance provider and is in a position to negotiate favourable terms and conditions
- Assessing client satisfaction and assisting them in claim settlement is essential for renewals of contracts (for voluntary products)
- Consideration of gender perspective into product development
- Networking with other MFIs/NGOs improves the negotiation power vis à vis insurance provider
- Dialogue with regulators may officially recognise MFIs/NGOs as important actor in extending MI to the poor, define commissions, and strive towards consumer protection

Conducive conditions for Partner-Agent Model, e.g.

Political conditions

- Existence of insurance industry and flexible political conditions to enable insurance companies to develop customized products and procedures
- Enabling environment for civil society
- Commitment towards social protection for the informal economy by government

Institutional conditions

- Innovative and business approach of the organisation
- Institutional strategy incl. long term perspective of the organisation, ownership of the concept of micro-insurance, awareness of the complexity of insurance business),
- Professional and sufficient human resources and efficient systems and delivery channels
- Solid financial basis and financial performance
- Outreach (number of group members preferably > 5.000 and potential for expansion)