

# Organizational Development

**Craig Churchill and Shadreck Mapfumo**

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## Structure of the presentation

- 1) Organizational structure:** Where does microinsurance fit in?
- 2) Recruitment:** Who do you hire?
- 3) Training:** How do provide them with sufficient skills?
- 4) Compensation:** How do you reward staff?
- 5) Institutional culture:** How do you strike the microinsurance balance?



# 1) Organizational structure

- **Back office:** Diverse organizations should have a specialized department for microinsurance (e.g. Tata-AIG, VimoSEWA)
- **Frontline:** Specialists or generalists?
- **Accessing expertise:** The role of outsourcing
  - Partner-agent model
  - Yeshasvini and the TPA
  - TUV SKOK's outsourcing model



## 1) Organizational structure: TUV SKOK's outsourcing model

- **Brokerage** serves as the link between TUV SKOK (and other insurers) and the credit unions
- **Market research:** small studies in-house, big studies to a market research firm
- **Actuarial services:** moved from outsource to in-house
- **Investment management:** moved from in-house to outsource
- **Software development:** by an associated company
- **Sales:** retail by the credit unions; corporate sales by the brokerage



## 2) Recruitment

- **Frontline staff**
  - Policyholders as agents? (e.g. CARD, Tata-AIG)
  - For generalists, should insurance responsibilities affect hiring practices?
- **Back office staff:** Do you need technical or developmental expertise?



## 3) Training

- In general, frontline staff training is largely overlooked, especially with mandatory products
- If staff members do not understand insurance and are not sufficiently familiar with the products, policyholders won't understand it either
- Staff training remains one of the greatest areas for improvement
- Not a once-off exercise



## 3) Training

Frontline staff training should include:

- Basics of insurance
- Specifics of the products, policies and procedures
- Guidance on how to use marketing materials
- Techniques for responding to FAQs
- Orientation to the insurance operations' manual
- Customer service training
- Role play various scenarios
- An examination to ensure staff have a sufficient level of understanding



## 4) Compensation

- In providing an unfamiliar product to an uneducated market, there is a huge risk of mis-selling
- For voluntary insurance, how do you reward staff for achieving greater outreach without pushing insurance on people?
- Are commissions appropriate in microinsurance? Don't they just increase the price of the insurance to the customer?



## 4) Compensation

- **TUW SKOK:** a trip for 2 to Paris or Rome for 20 best sales agents
- **ServiPeru:** differentiated targets for different classes of agents
- **VimoSEWA:** experimenting with compensation linked to renewals, growth and family packages
- **Tata-AIG's Kharif Hungama**





**Kharif HUNGAMA**

Scheme Period: 10th June to 10th September 2005

No. of Issued Policies		Prize		
From	To	Option 1	Option 2	Option 3
400	800	5 Beetle Phone Instruments	5 Bags	5 Calculators
801	1200	4 Cameras	6 Lunch Boxes	6 Couple Wrist Watches
1201	1500	Mini Music System	8 Lunch Boxes	6 Irons
1501	2000	DVD Player	Mobile Phone	10 Chargeable Battery Lights
2001 and above		12 Foldable Travel Bags	9 Irons	3 Chargeable Battery cum Fan cum Radio

Only issued policies with quarterly or semi annual or annual mode of payment will be considered during the scheme period.

**TERMS AND CONDITIONS**

• Qualifier can be only in the categories as mentioned above. • No cash will be given in lieu of prizes. • All prizes will be given only on basis of issued Policies

• Policies that lapse and are cancelled during the free-look period will not be considered. • Queries with respect to qualification must be brought to the notice of the Distributions Operations - HO within 15 days from announcement of final qualification. • Only this scheme is valid for the period mentioned above. • Any other programme launched for this period stands null and void. • Tata AIG Life's decision will be final and binding.

All visuals are indicative. Actual prizes will be subject to availability.



**TATA AIG LIFE** A new look at life



## 4) Compensation

- **Question:** Which are more effective: sales commissions or sales competitions?
- **Question:** How to get frontline staff to pay sufficient attention to the sales and service of insurance policies when insurance is not their primary responsibility?



## 5) Institutional Culture

- Microinsurance strives for a culture that seeks both social and commercial objectives
- Need to overcome skepticism and build trust of a lukewarm market through:
  - Relationship building
  - After-sales service
  - Fast claims processing
  - Minimizing claims rejections



## 5) Institutional Culture

- **Question:** How can the institutional culture be used to minimize staff turnover?
- **Question:** In an organization that serves the poor and the not-so-poor, how does it ensure that the poor market segment gets sufficient attention?



Thank you!!!

**Craig Churchill**  
[churchill@ilo.org](mailto:churchill@ilo.org)

**Shadreck Mapfumo**  
[smapfumo@opportunity.net](mailto:smapfumo@opportunity.net)

