



The Economic and Social Benefits of Mutual Microinsurance

By:

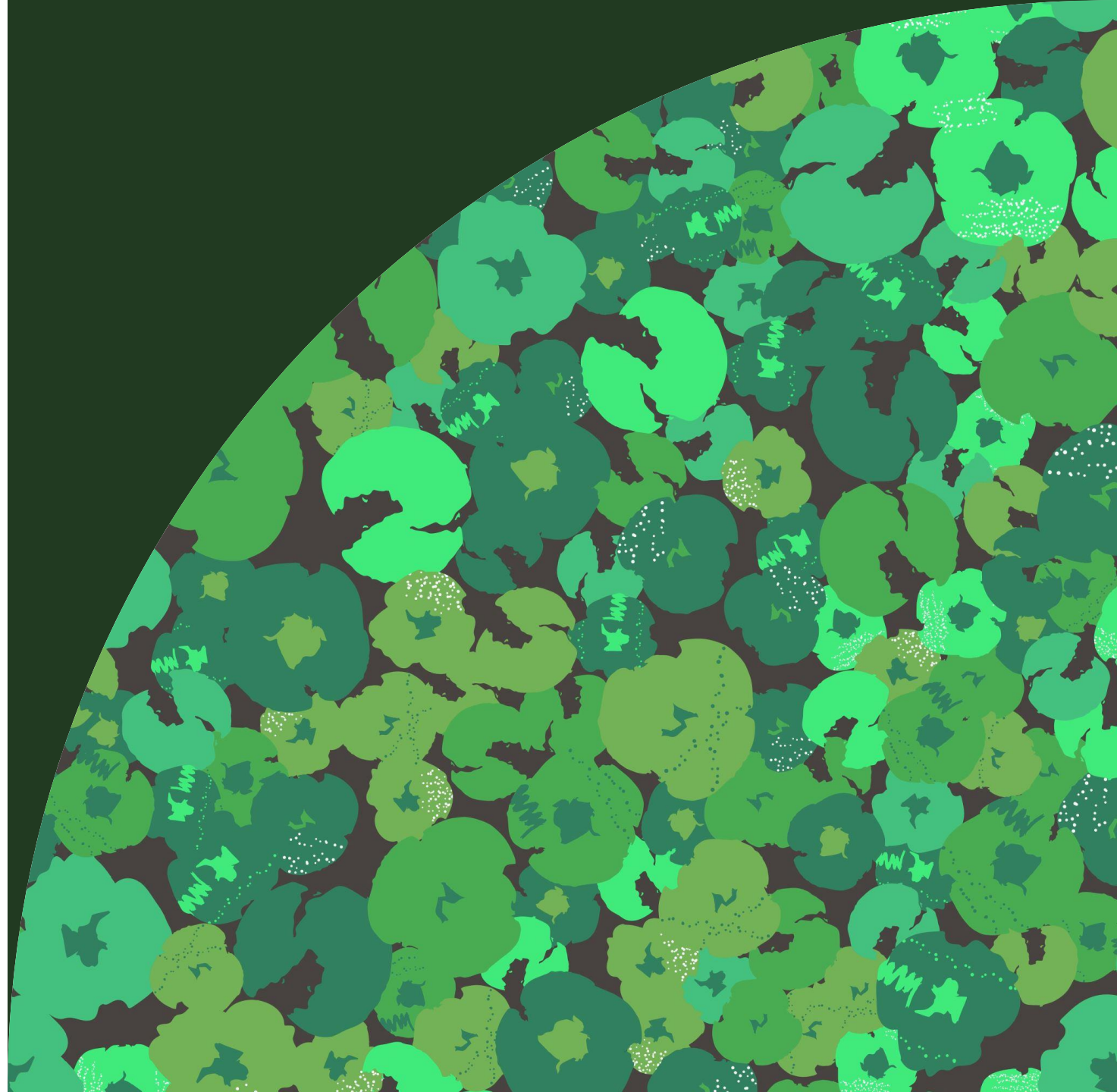
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'mutuality among mutuals'

12*24*48



Outline

- The Association of Mutual Microinsurers
- The Microinsurance MBAs
- Ecosystem of Financial and Non-Financial Services for Members
- Economic and Social Benefits of Mutual Microinsurance
- Mi-MBA Pandemic Response

MiMAP (RIMANSI)

- Advocate the mutuality model in microinsurance provision
- Association of 18 mutual microinsurers in the Philippines
- Combined 7.22m members insuring 26.71m Filipinos (2020)
- Delivers about 60% of the microinsurance market
- Shared mission: 12*24*48
- Member of ICMIF, AOA

Microinsurance Mutual Benefit Association

- Customer: primarily poor & low-income households
- Value offer: family life and health insurance; facilitate non-life insurance
- Customer Care: 1-3-5 day claim settlement from first notice
- Distribution channel: NGO MFIs, Co-ops, RBs
- Legal Framework: SEC-registered, IC-regulated, non-stock non-profit, owned and governed by members

The Ecosystem of Financial and Non-Financial Services for Mi-MBA Members

- Financial and non-financial services: microfinance and SME loans, savings, business development services
- Microinsurance products and services: life, non-life, health-related
- Health and education services: pharmacy, community health programs, scholarship and education programs for members and/or their children

Mutual Microinsurance and the SDGs

An impact assessment following Typhoon Haiyan








Key findings across the four groups (results of a significant majority)

	A1 (claimed)	A2 (did not claim)	B1 (insured after Haiyan)	B2 (never insured)
Recovery:				
Housing	Yes (1-6months)	Yes (1-6months)	Yes (1-6months)	Yes (1-12months)
Business	Yes (1-6 months)	Yes (1-3months)	Yes (3-12 months)	No
Financial Recovery	Yes	Yes	Yes	No
Means of recovery (in addition to work)	* Aid organisations * Insurance * Loans	*Aid organisations *Loans *Savings *Family & Friends	*Aid organisations *Savings *Selling assets	*Aid organisations *Government
House materials:				
Strong Roof	Yes	Yes	Yes	Yes
Strong Walls	Yes	Yes	Yes	No
Stoves	Gas	Gas	Gas	Open fire
Children back to school	Yes (1-3 months)	Yes (1 month)	Yes (1 month)	Yes (1 month)

Source: Gonzalez-Pelaez, A. June 2019 RTD.

Impact assessment: Summary of key results

Relevant SDG	How CARD MBA's activities relate to the SDG targets (expanded in Part 3)
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> *Low-income and under the poverty line members *Life-insurance pay-outs to protect the family after loss *Integrated microfinance and microinsurance *Members organised in community centres of up to 30 policyholders (136,830 community centres nationwide)
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<p>Available to CARD MBA's members from CARD microfinance:</p> <ul style="list-style-type: none"> *Free medical check-ups *Discounted medicines *Access to network of trusted healthcare providers *Partnership with government's social health care programme
 <p>4 QUALITY EDUCATION</p>	<p>Weekly community centre meetings on various subjects:</p> <ul style="list-style-type: none"> *Financial literacy and insurance, risk reduction and resilience *Mutuality and governance, credit advice and entrepreneurship *Health topics and 'One family, One graduate programme'
 <p>5 GENDER EQUALITY</p>	<p>Empowerment of women by becoming:</p> <ul style="list-style-type: none"> *Economic participants in their household through access to loans and insurance *Entrepreneurs and recipients of scholarships *Leaders in their community through volunteer positions in the mutual *Participants in institutional governance if elected to board of trustees
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> *Insurance pay-outs * Non-pay-outs benefits. Although CARD MBA's insurance is compulsory when accessing credit, and benefits of both are intertwined, surveyed policyholders identified the following changes as a result of belonging to the mutual: <ul style="list-style-type: none"> - Feeling more secure - Increased community support and collaboration - Improving financial knowledge - Improving home and assets - Improving knowledge on health risks - Improving disaster risk knowledge - Investing in business and employment - Paying for children's education - Understanding insurance and mutual sharing

Source: CISL. 2019. Mutual Microinsurance and the SDGs: An impact assessment following Typhoon Haiyan



CARD MBA collaborated with the Philippine regulator to advance a supportive regulatory environment for mutual microinsurance, from formalisation to ongoing improvements.



*CARD MBA's solidarity pillar:

- Members' education
- Disaster Relief Operation
- Scholarships
- Community Health Day
- Cash donations

*CARD MBA's "created to serve a defined group" pillar:

- Community centre volunteers: centre chief, treasurer and secretary
- MBA coordinators (approximately 2,000): community volunteers who validate claims
- Other community features identified in the survey were trust and feeling of members' interests being prioritised



*Typhoon Haiyan interventions:

- Pay-outs, fast claims validation
- Aid delivered through community networks
- Financial advice and claims moratoriums

*Disaster preparedness training to members

*Early warning messages to members



*Member ownership and governance

*Members elect the board of trustees




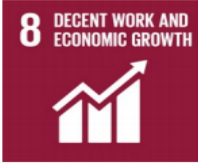
*Members participate in policymaking through satisfaction surveys

*Members give weekly feedback on products and services in centre meetings






Partnerships are paramount to CARD MBA's development across regulation, distribution networks and capacity building.

Indicators for insurance operations to demonstrate their contribution to relevant SDGs

SDG	INDICATOR		CARD MRI-CARD MBA
	SOURCE	IMPACT INDICATOR	
 <p>1 NO POVERTY</p>	SPIfM	% insured below the poverty line % insured above retirement age	35% 0.3%
 <p>4 QUALITY EDUCATION</p>	ICMIF 555	% attending customer Education Meetings	80–90% (as monitored by the CARD MRI's training Institute in charge of coordinating Credit with Education) – CARD MRI, 2019i
 <p>5 GENDER EQUALITY</p>	SPIfM	% females insured (policyholders)	75.9%
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	FPIfM and CARD MBA's data classification	<ul style="list-style-type: none"> * Average expense ratio * Average claims ratio * Renewal ratio * Annual growth ratio of active members * Annual growth ratio of insured * Promptness of claims settlements * Claims rejection ratio * Risk-based capital ratio * Solvency ratio 	(data in table in page 28 and Annex 1)

Source: CISL. 2019. Mutual Microinsurance and the SDGs: An impact assessment following Typhoon Haiyan

	SPIfM	<p>(Measuring mutuals' pillars of solidarity and created to serve a defined group)</p> <p>Social investment ratio</p> <p>% of volunteers contributing to the business (MBA coordinators, community centre chiefs/treasurers/secretaries)</p>	<p>1.18% of CARD MRI gross income</p> <p>7% of total CARD MBA membership</p>
	N/A	Early warning texts	Cascade system (page 33)
	<p>-----</p> <p>SPIfM</p>	<p>(Measuring mutuals' pillars of democracy, member ownership and not for profit)</p> <p>% of the organisation owned by the members</p> <p>-----</p> <p>Complaints ratio</p>	<p>CARD MBA:100%</p> <p>CARD MRI: Total % of CARD MRI owned by CARD MBA (figures in page 26)</p> <p>-----</p> <p>Newly created Customer Relations Unit and weekly centre meetings</p>

To support national regulatory development and implementation, indicators have been developed by the A2ii and ILO via regulatory impact studies in the Philippines and Peru (page 19 of this report). CARD MBA's work with the Philippine Insurance Commission was also covered in the study. These indicators could be placed in SDG 10, for the measurement of effective financial regulation (*Target 10.5: Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations*).

Conclusions

- Mutual micro-insurance services can be shown to support SDGs in normal circumstances and times of crisis.
- CARD Group's interdependence of microfinance and microinsurance generates sustainability.
- A Resilience System: Recovery from Typhoon Haiyan illustrates key roles of mutual microinsurance (payouts and non-payouts).
- The mutual benefit association model enhances long term resilience of marginalized populations.
- Supportive insurance regulation is fundamental to enable low-income services that support financial inclusion and economic resilience for these markets.

Mi-MBA Pandemic Response

- Mi-MBA staff classified as frontliners especially for claims processing
- Extension of grace period; continued to pay claims and fix overhead costs
- Use of unassigned surplus: i.e. free basic life coverage for a year
- Extension of policy/equity value loan to members
- 'E-kumustahan' (emphatic listening and show of concern) sessions for staff and members
- Ease claims requirements and settlements: use of FB messenger for document submission; remittance centers and virtual wallets for payment of benefits
- Distribution of hygiene kits, health information campaign, relief packs
- Support for work-from-home set up for staff

Mi-MBA Performance in 2020

- Membership up by 5%, individuals insured by 7%
- Contributions & premiums down by 18% (Php 873 M)
- Increase in claims benefits paid by 12%
- Total number of claims paid up by 2%
- Php 4.46 M average amount of claims paid everyday
- 183 average number of claims paid everyday