



Vol. I

August 2008

Welcome to the MIA Newsletter!

Welcome to the first edition of Micro Insurance Voices: the Micro Insurance Academy's (MIA) quarterly newsletter. Within just one year, the MIA, a Delhi-based charitable trust, has grown into a leading contributor to the field of microinsurance in training, research and advisory services. Our core principles of Subsidiarity, Solidarity & Mutuality, and Sustainability ensure that community-based and community-led microinsurance units will be able to flourish, independent from external support or external conflicting interests. People matter! None of our work would be possible without the hard work of our staff. Our team is recruited locally and largely comprised of talent born and educated here in India.



In this issue:

MIA celebrates one year of protecting livelihoods with micro insurance | Strategic alliance for Nepal formed with Save the Children | **MIA announces the 2nd annual Reinsurance School** | MIA & Cooperative Development Foundation (CDF) join hands to promote Cooperative-Based Micro Health Insurance | **GTZ commissions MIA for research on collective action** | MIA develops innovative range of training tools | **WOTRO-Funded Research Project to Upscale Demand for Health Insurance among the Poor in India** | May we introduce: Insights from Professor Kumar

MIA announces the 2nd Annual Reinsurance school

One of the first activities launched by MIA after inauguration was to conduct the first-ever Reinsurance School for Microinsurance Schemes. Although the concept is new, last year’s interactive workshop attracted broad participation from Indian and International NGOs, cooperatives, micro insurance units, and micro finance institutions considering expanding services into microinsurance. The sessions were conducted by leading experts in the field, such as Sandeep Asthana from RGA, Dr. Nishant Jain from GTZ, Anshuman Anand and Vikas Sharan from Watson Wyatt, Mike Ashurst from ICMIF, as well as MIA’s in-house researchers and trainers. The feedback given by the participants last year was very positive on the need for this training and on its content.

Following the success of last year’s Reinsurance School for Microinsurance Schemes, the MIA will hold the 2nd edition of the “Reinsurance School for Microinsurance Schemes” on 15-17 October 2008 at the India International Center in New Delhi, India.

The Reinsurance School aims to demystify reinsurance for people engaged in, or supportive of, sustaining micro insurance units. The focus of the event is on presenting reinsurance as a powerful risk management tool for micro insurance units. The topic is presented, in addition to a few background lectures, through interactive sessions and case-studies that illustrate the scope of reinsurance in a micro insurance context, and provide an understanding of the structure of reinsurance contracts. The Reinsurance School is designed for managers of community-based micro insurance schemes, micro insurance promoters and managers of NGOs & MFIs contemplating launching their own micro insurance scheme. For further details and to register, contact info@mia.org.in or visit <http://www.microinsuranceacademy.org/School>.



MIA & Cooperative Development Foundation (CDF) join hands to promote Cooperative-Based Micro Health Insurance

In May of this year, the Cooperative Development Foundation (CDF) and the Micro Insurance Academy (MIA) conducted a Promoter Training for CDF staff as part of an exciting new project to bring micro health insurance to poor communities that are affiliated with CDF in Warangal and Karimnagar districts of Andhra Pradesh, India. This training was preceded by an MIA-facilitated Initiation Workshop, in which CDF and a number of CDF promoted cooperatives decided to launch the Swakrushi Cooperative Based Health Insurance Scheme (SCOBHIS) for their members. Coverage under SCOBHIS will be extended gradually, and within a few years will reach more than 500,000 poor persons living in some 300 villages in the districts of Warangal, Karimnagar, and Medak. CDF decided to add health insurance to its existing mutual life insurance offerings available since 2000;

and the MIA will support this activity with training and promotional materials. The CDF-MIA collaboration will continue over the next few years, until such time that the number of individuals insured under the SCOBHIS scheme reaches defined targets.

For more information on the work of CDF visit:
<http://www.sahavikasa.coop/default.htm>

For a short video on the promoter training with CDF, please visit
<http://www.youtube.com/microinsurance>



Illustrating the value of risk-pooling through the interactive game of treasure pot



Participants view presentation on using interactive tools, such as treasure pot



Local partners engage in Facilitator training

Recent MIA evidence-based publications:

The Micro Insurance Academy regularly publishes evidence-based findings relating to micro health insurance in India and elsewhere. The full text of all recent publications can be accessed free of charge from our website www.microinsuranceacademy.org/publications. These include:

Cost of Illness: Evidence from a Study in Five Resource-Poor Locations in India,

Micro Health Insurance: The Quest for a Balance between Different Interests of Healthcare Providers, Clients and Insurers

Social capital and microinsurance - Insights from field evidence in India

Micro Health Insurance in India: Pointers for Progress.

Strategic alliance for Nepal formed with Save the Children

MIA and Save the Children (USA) have created a consortium to introduce microinsurance to resource-poor communities in Nepal. The MIA and Save the Children signed a MoU last April, to launch community-based micro insurance project in Nepal, which will provide health, life and property insurance. The unique feature of this project is the intensive involvement of local communities in designing the microinsurance products and in operating the insurance system at grassroots level.

Last July, the consortium organized consultations on microinsurance with leading NGOs and microfinance institutions (MFI) in Nepal. In the course of these consultations, the NGOs & MFIs decided to jointly establish the Nepalese Microinsurance Coalition. Save the Children and the Micro Insurance Academy will jointly provide technical and other support to this coalition, with the view to enabling more than one million persons from poor communities in Nepal to launch their own microinsurance scheme.



Professor D. Dror discussed with members of the coalition the advantages of promoting micro health insurance in Nepal

MIA develops innovative range of training tools



Participants map their preferred health care providers

Over the past year, the Micro Insurance Academy had been developing and testing innovative training tools for developing capacity to implement microinsurance programs. The MIA provides its services to community-based schemes through a series of successive steps, each additional module building on previous learning to create desirable, sustainable, and cost-effective microinsurance units.

The MIA has developed a comprehensive set of training materials, delivered through 9 modules. The full set of modules provides communities with a complete understanding of the benefits that community-based micro health insurance schemes can bring. They also provide communities with the tools necessary to democratically and transparently govern and successfully maintain a health insurance scheme.

Choosing Health Plans All Together (CHAT) is one such innovative tool that MIA utilizes routinely in designing benefit packages reflecting the priorities of local communities. A short illustrative video clip was filmed during the adaptation process of this exciting tool in several locations in India, and you can see it through the internet by logging on to <http://microinsuranceacademy.org/chat>.

WOTRO-funded research project to upscale demand for health insurance among the poor in India



The MIA has been involved since April 2008 in collaborative research funded by WOTRO (a division of the Netherlands Organisation for Scientific Research focusing on development issues). The overall goal of this four-year research project is to upscale demand for health insurance (HI) among grassroots groups in India by developing a cost- & time effective methodology to design better products. The assumption underlying this research is that the key to elaborating attractive HI packages lies in identifying an optimum match between clients' needs for healthcare, available supply of healthcare and demand for HI. Our evidence-based studies in the last years led to the conclusion that there is no "typical micro insurance client". Since there are significant differences across locations in medical needs, solvent demand and supply of healthcare, it is critical to identify this optimum match based on local information. The feasibility of such an approach hinges on our ability to develop a cost effective, fast and simple method to close the information gap. Our immediate goal in this project is thus to develop a protocol for data collection and analysis of locally relevant data obtained from multiple sources, in conjunction with a series of key informant interviews (KII) with community leaders and health care providers, and focus group discussions (FGD) with community members.

Why is all this necessary? Because India is undergoing a rapid change in demography, in economical status, in social structure and in health-seeking behaviour (to mention just a few aspects), and this change varies across locations. Success in understanding the dynamics of socio-

economic change is essential for our ability to capture the pulse of a silently transforming rural and low-income India. This is also key to structuring meaningful insurance products that suit the conditions prevailing in the microinsurance space. Our insistent focus on enabling prospective clients to exercise choice when composing benefit packages (through CHAT) is also essential in achieving our goal.

In November 2008, MIA facilitators will carry out a series of CHAT simulation exercises in Warangal & Karimnagar districts of Andhra Pradesh, through which the clients will choose the benefits that will be included in their HI package from 1 January 2009.

The WOTRO research project includes three such waves, (in 2008, 2009 and 2010). At the completion of the project we expect to have elaborated a replicable step-by-step protocol that will guide the process of introducing viable community-based micro mutual HI that entails empowering and active participation of the target community, with minimum expenses. In line with the objectives and practices of MIA, the results of this research project will be disseminated through publications and conferences.

For more information, visit our website at <http://microinsuranceacademy.org/wotro>.

GTZ commissions MIA for research on collective action

The MIA is presently engaged in a study entitled “Using Community Dynamics in Pro-poor Insurance: Affiliating Communities En Bloc”. The study was commissioned by the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and is carried out in partnership with six NGOs in India. The main objective of the study is to analyze and understand ‘successful’ collective action examples in diverse geographies across India and different domains of activity. We seek to understand the underlying processes of ‘community dynamics’ that drives ‘success’ in each case, and gather how these features can be incorporated while providing community based microinsurance.

The research project aims to confirm insights on how to encourage en-bloc affiliation of entire communities into microinsurance. En-bloc affiliation promises many advantages for insurance, such as reduced transaction costs, faster expansion of insurance and easier access to information, as well as enhanced solidarity and lower adverse selection.

We will be reviewing successful examples of collective action in domains such as sanitation and supply of drinking water, grain banks, watershed development, solar power, etc., and apply both qualitative and quantitative research tools to study the processes through which collective action was facilitated by external agencies and factors and conditions under which they met with success. The results will be published in case studies and articles and are expected to be available next year.



For more information on En-bloc affiliation or the Collective Action research project, visit our website at www.microinsuranceacademy.org/collective_action

May we introduce. . . Insights from Dharmendra Kumar, Lead Trustee

In each edition of *Micro Insurance Voices*, we will be bringing the perspective of someone from the microinsurance community. In this inaugural issue, we are featuring the words of Professor Dharmendra Kumar, Lead Trustee Sarvajnan Unnati Bodhini (SUB) Charitable Trust, which is hosting the Micro Insurance Academy as its project.

Could you tell us about your background?

To tell you about myself, I have had a career of 36 years with Life Insurance Corporation of India, where I retired as executive director. I then chose to go to academics, first with the National Insurance Academy, Pune and then as Professor & Dean (Insurance) at the Birla Institute of Management Technology (BIMTECH), Greater Noida. There, I had the opportunity to edit the “India Insurance Report 2005” publication, which was the first of its kind in the country.

Why did you decide to lead the creation of the MIA?

In 2005, during an international actuarial conference in Delhi, I met Prof. Dr. David Dror and was deeply impressed with his zeal to pursue his dream of community based micro health insurance for resource poor people in developing countries. He mentioned his (then) upcoming research in India as part of a Europe-India Cross Cultural Program (ECCP), and the idea was very dear to my heart, as it was in line with Gandhiji's teaching of education and empowerment of village communities to make them self-reliant. We collaborated on the ECCP study, notably through a study period hosted at BIMTECH, and once the project was completed, we felt that a dedicated institution to support such schemes was needed. Together with my co-trustees Shri Sanjeev Bhanot & Shri Rahul D. Reddy, I thus created Sarvajan Unnati Bodhini, the charitable trust that administers the Micro Insurance Academy. We appointed Prof. Dr. David Dror, a global thinker and a local innovator at the grassroots level, as founder chairman, and work jointly now to help communities manage risk from the ground up.

What is your vision for the MIA?

The MIA was created as a not-for-profit entity dedicated to evidence-based studies, capacity building and technical assistance to micro insurance units serving the poor. The objective is to build the human capacity that makes insurance function as a relevant and affordable service for resource-poor communities. The Academy started with four committed people and today, as we celebrate the first anniversary of our inauguration we are proud to have more than two dozen dedicated staff members and volunteers. These men and women, whether researchers, trainers, development officers etc - mostly from India but also from abroad - are



Professor Kumar addresses the audience at the MIA inauguration

working with us to further our mission, and seeing their work, both in Delhi and in the field, I am confident that our mission is quickly transforming from dream to reality.

The overwhelmingly positive response to our message, particularly amongst our partners on the ground (whether in Andhra Pradesh, Orissa, Rajasthan, Madhya Pradesh, Uttar Pradesh and beyond), encourages us in our work. We are committed to do what we can to help put in place systems and processes to improve the lives of the millions at the bottom of the pyramid that currently do not have access to relevant and affordable insurance. It is also heartening to note that these responses and requests stem not only from our own country, but also from neighboring and distant lands.

Finally, my hope is that the message of the MIA will permeate throughout the community-spread in India, which consists of 233'606 Panchayats, 6094 Taluka Panchayats, 543 Zila Panchayats - covering some 2.6 million elected representatives (out of which some 1 million women) working at grassroots level amongst village communities. We can strive to move hand in hand for the accomplishment of our mission of better health and development - in India and perhaps beyond the frontiers.

MIA celebrates one year of protecting livelihoods with micro insurance!

On August 20, 2007, the Micro Insurance Academy held its inaugural ceremony in New Delhi. The launching of the MIA was widely attended by local and international NGOs as well as other stakeholders concerned with the health and empowerment of poor communities. More than fifty attended the event held at the MIA office.

The inaugural address, given by Ms. Ela Bhatt, founder of Self Employed Women's Association (SEWA), highlighted the need and timeliness of the MIA and its services, and predicted the rapid success and expansion we are now experiencing. Mr. G.C. Chaturvedi, head of National Rural Health Mission, India's flagship programme on rural health, also attended in support of this initiative and highlighted the importance of microinsurance as a means for increased access to care and financial protection.



Ela Bhatt, of SEWA, Professor Dharmendra Kumar, MIA Lead Trustee, and Professor David Dror, MIA Chairman at the MIA Inauguration.

“We need organizations such as MIA to promote microinsurance in all corners of our country”

-Ela Bhatt, Founder of SEWA

Contact us:

Micro Insurance Academy (MIA)
D-127, Panchsheel Enclave
New Delhi -110017
India

Phone: +91 11 4174 9101
Fax: +91 11 4174 9102

www.microinsuranceacademy.org



Mr. G.C. Chaturvedi, Head of National Rural Health Mission