

Mutual insurance

- DHAN's experience

DHAN Foundation

Development of Humane Action

Purpose :

- * Mothering of Development Innovations for poverty reduction
- * Promoting Institutions to reach scale
- * Human Resources Development

Programmes of DHAN Foundation

- * Kalanjiam Community Banking Programme
- * Vayalagam Tankfed Agriculture Programme
- * Information Technology for Poor
- * Rainfed Agriculture Development
- * Working with Panchayats
- * Tata DHAN Academy

Genesis and evolution of insurance in DHAN's micro finance programmes

- 1992 Funeral expenses
- **Rural : Appanthiruppathy**
 - **Urban : Tiruppathy**
- 1995 Livestock insurance in collaboration with mainstream insurers
- 1997 Community based life risk management programme in Kadamalai, Appanthiruppathy and Alanganallur

Genesis and evolution of insurance in DHAN's micro finance programmes

2000 Community based health risk management programme in Kadamalaigundu

LIC JBY

2001 Coverage under the products of private insurance companies

Genesis and evolution of insurance in DHAN's micro finance programmes

2002 LIC – KSSSY

2004 Rainfall indexed crop insurance in Natrampalli & Tirumangalam

2005 Community based life risk management programmes in Pudur & Gangai

First federation mutuals of the nation registered at Gangai

Genesis and evolution of insurance in DHAN's micro finance programmes

- 2005 Funeral expenses & emergent hospitalisation expenses in 20 federations
Old age people risk solutions at Appanthiruppathy
- 2006 Mutual solutions in 12 federations - 9 federations have evolved whole life mutual solutions
Crop Mutual solutions in Tirumangalam

People Mutuals

People institution promoted by federations of poor

Separate entity to implement the insurance programme for poor members organised by DHAN Programmes

Promoted through collaboration between NOVIB, RABO Bank Foundation and Interpolis, Netherlands

Development policy of People Mutuals

Providing social security through the concept of mutuality.

Sustaining development through livelihood intervention efforts by providing cover against risks and vulnerabilities

Ensuring prompt and adequate support after the happening of a risk.

Purpose of People Mutuals

- To protect the livelihoods of poor by safeguarding against risks and vulnerabilities
- To do policy advocacy towards mutual insurance.

Approaches of People Mutuals

Approach I

- Facilitating community based insurance programmes at federations and ensuring viability and sustainability of them
- Mutual solutions to problems
- Insurance literacy is a prerequisite

Approach II

Linking mainstream insurance providers with poor

Philosophy of People Mutuals

- Mutuality is the basis of community based insurance programme
- Zero levels of anti selection and proper underwriting in mutual solutions
- Affordable price due to minimum operational cost
- Collaboration where experience is minimal
- Graduation from life to health, assets and then pension

Intervention strategies

1. Insurance literacy to people
2. Capacity building of stakeholders
 - Training to leaders and people staff
 - Technical training on insurance to professionals
 - Sensitization programmes to insurance company officials

Intervention strategies

Contd....

3. Pro poor product promotion and development
4. System development
 - Software
 - MIS
 - Insurance administration
5. Linkage building with mainstream insurers
6. Policy advocacy for mutual insurance

Member Administration

Member administration commences from member enrollment till the contribution amount reaches the federation mutuals

Member Administration

Functions	Role of Kalanjiam
Selection of eligible members	Only eligible members are enrolled Responsibility: Group leaders
Application with proof is obtained	Obtention Responsibility: Field staff
The eligible contribution is collected	Collection Responsibility: Field Staff
The Contribution amount reaches the federation through cluster with in 3 days	Remitting Responsibility: Group leaders
Member base line creation	Collection of data Responsibility: People staff
Member enrollment	Enrolling all eligible members Responsibility: Governance

People Mutuals

Social Security initiative of DHAN Foundation

Member Administration

Functions	Role of Federation Mutuals
Selection of eligible members	Ensuring by cross checking & test check Responsibility: Federation Mutuals President, Associate
Application with proof is obtained	Verification Responsibility : Field Staff
The eligible contribution is collected	Verification Responsibility: Field Staff
The Contribution amount reaches the federation through cluster with in 3 days	Ensuring Responsibility: Federation Mutuals president
Member base line creation	Monitoring and consolidation Responsibility: Federation Mutuals Associate
Member enrollment	Ensuing all eligible members are covered Responsibility: Governance

People Mutuals

Social Security initiative of DHAN Foundation

Member Administration

Functions	Role of People Mutuals
Selection of eligible members	Capacity building, literacy programme to members, training to leaders & people staff Systems evolution and putting in place Ensuring the eligibility a members and proper application and appropriate contribution are collected Collecting MIS, consolidation and monitoring
Application with proof is obtained	
The eligible contribution is collected	
The Contribution amount reaches the federation through cluster with in 3 days	
Member base line creation	Technical support Ensuring collection of data from all federations and creating a data base for calculating mortality and morbidity rates
Member enrollment	Periodical review

People Mutuals

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Product Administration

Product administration commences from the receipt of application and contribution amount by the federation mutuals.

People Mutuals

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Product Administration

Function	Role of Kalanjiam	Role of Federation Mutuals	Role of People Mutuals
Receiving applications and the relevant contribution amount	Submission to Federation Mutuals Responsibility: People staff and Governance	1.Verifying 2.Accounting in bank Responsibility: Federation staff and Secretary	Establishing systems & half yearly auditing
Issue of certificate of membership and handing it over to members with in 7 days.	Receiving the certificates from Federation mutuals and handing it over to members Responsibility: People staff and governance	Issue of certificates with in 3 days Responsibility: Secretary	Establishing systems
MIS on the programme	Submission of data Responsibility: People staff	Monthly to PM Responsibility: Secretary	Monitoring review and support Capacity building

Benefit Administration

Benefit Administration commences from the credit of contribution amount in the bank account

Benefit Administration

Function	Role of Kalanjiam	Role of Federation Mutuels	Role of People Mutuels
Reaching of the information of happening of a risk with in 24 hours to Federation Mutuels	Sending the message Responsibility: Group leaders	Acting on the message Responsibility: Governance	Establishing systems
Releasing funeral expenses of Rs.3000 with in 24 hours in case of death	Receiving the amount Responsibility: Group leaders	Disbursing the amount Responsibility: Governance	Establishing systems
Verification of benefit application & releasing benefit amount with in 30 days	Assistance in applying for benefit Responsibility: People staff and Group leaders	Processing the application Responsibilities: Governance	Establishing systems

People Mutuels

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Benefit Administration

Function	Role of Kalanjiam	Role of Federation Mutuels	Role of People Mutuels
Releasing the benefits and ensuring that it reaches the affected	Follow up Responsibility: Governance	Ensuring prompt benefits disbursement and due delivery. Responsibility: Treasurer	Establishing systems
Investment of funds	-	Appropriate investments to get optimum yield and maintaining adequate liquidity Responsibility: Treasurer	Establishing systems
Monthly report of the programme to Federation Board to People Mutuels	Submission of data Responsibility: People staff	Collection and consolidation of data Responsibility: Federation staff	<ul style="list-style-type: none">•Monitoring,•scrutiny•support•quarterly review•half yearly financial auditing

Challenges

- * Lack / inadequacy of data base
- * Lack of regulatory framework for mutual insurance
- * Absence of reinsurance facilities

View of Kalanjiam Hospital and DISHA Mobile Clinic



Community Health Insurance Programme: 2006 – 07 of KADAMALAI KALANJIA VATTARA SANGAM

❖ Membership

Family of 5 members (Women SHG member,
husband and 3 unmarried children)

No entry age limit.

❖ Premium

Premium amount - Rs.250 per family

- Rs.200 if coverage is only
for the member

Period of cover

- One year

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Community Health Insurance Programme: 2006 – 07 of KADAMALAI KALANJIA VATTARA SANGAM

Benefits

- Maximum claim amount: Rs.10000 per family per year.
- Reimbursement of 75% total expenses for primary, secondary and tertiary care subject to a ceiling of Rs.10000 per family.
- Reimbursement of primary health care expenditure from Community hospital with members' co-payment of 25% of total expenses.
- 75% reimbursement of secondary and tertiary care (PHILIPS-Disha and referral hospitals)
- Nine referral hospitals were identified at Bodi, Theni, Madurai and Ottanchathiram for secondary and tertiary care facilities.
- Wage loss compensation on account of hospitalisation in government hospitals @ Rs.75 per day for a maximum of 15 days.

Health care at Kalanjiam Hospital



Pharmacy at Kalanjiam Hospital



DISHA Vehicle – interior view



**Community Health Insurance Programme: 2006 – 07 of
KADAMALAI KALANJIA VATTARA SANGAM**

Exclusions

Individuals or members with chronic diseases.

HIV +ve

Catarract.

Launch : Year 2000

Coverage

2006: 12407

2005: 12845

2004: 11495

Thank You.....