

Microinsurance: Building IT Capacity

Offering microinsurance requires the effective collection, use and storage of confidential client information. Efficient IT systems are essential for success.

Health microinsurance not only provides a crucial financial safety net for low-income families, especially women, but also can be a profitable value-added offering for institutions who implement it properly.

*In 2006, Women's World Banking designed and launched **Caregiver in Jordan**, a health microinsurance product that offers simple, affordable and relevant solutions for low-income clients, especially women. Since then, they have worked with network members in Peru, Egypt, Morocco, and Uganda to create similar health insurance products that respond to the needs of women and institutions. For more information on building IT capacity or other aspects of building a successful microinsurance product, see [**Health Microinsurance: An Inclusive Approach**](#).*

Information technology (IT) bottlenecks are a common challenge that institutions face in delivering health microinsurance. Very often, IT obstacles result from a lack of thorough planning and prioritization. Financial institutions and insurers have to record and access a large amount of client information. IT systems provide the means to effectively manage and use this data. There are four IT components crucial to a successful microinsurance operation:

1. **Policy administration systems** that capture client information for the insurance policy. Efficient systems should identify and capture only the fields needed for the product, and avoid duplicating information.
2. **Claims administration systems** to track claims at various stages, from reporting to final settlement (i.e., date of admission, date of

discharge and illness). In shared operating models, where the financial institution owns the relationship with clients and handles part of the claims, this system also transfers information between the financial institution and the insurer.

3. **Finance administration systems** to deal with the flow of premium and claim payments. This system also helps track operational turnaround times for each process.
4. **Monitoring and Evaluation systems** to compile and report key metrics through the institution's management information system (MIS). This can be manual (for institutions introducing a new product) or automated (for mature programs).

Parameters such as monthly premiums, tax or benefit levels should be integrated into the MIS. The more flexible this module is, the easier it is to make future adjustments in the product and processes. It is helpful to have the ability to download meta-information, such as the dates claims were filed, sent or paid, which can be pulled into the performance management dashboard. It can also be used to prepare fraud analysis metrics.

Exception Reports are designed prior to rollout and scaling of the product. These reports are usually prepared manually and they help flag certain process risks (defined by the criteria set out initially) and allow the project team to make course corrections. Sample criteria could be "clients in arrears on their premium payment," "claims in backlog per branch," "all claims that are unpaid with the insurer for more than 5 days," "all claims received at specific branches."

Almost all client data handled by the IT system is sensitive and personal in nature. It is important to set clear boundaries around data ownership between the financial institution and the insurer. It is also important to build robust infrastructure and policies around data security, integrity and access for client protection, as there are reputational risks involved should there be a data security breach.

Case Study: Lead Foundation's IT Overhaul

Lead Foundation piloted *Caregiver* in November 2015 and rolled it out to all 18 branches around the country.

Lead's senior management considers microinsurance one of its core products provided to every loan client. Lead intends to scale up microinsurance and provide enhanced benefits (such as family coverage) to strengthen their competitive advantage. Because this product is central to Lead's offerings, they needed to build internal capability to manage operations as they scale. This required a massive overhaul of their IT infrastructure.

Women's World Banking and Lead identified three core areas for IT investment:

- Enrollment data entry module
- Claims management
- Monitoring and Evaluation

Lead piloted *Caregiver* using a shared operating model, where insurers manage claims processing. Lead integrated a data entry and claims module into their MIS prior to the pilot to ensure smooth operations. Because Lead has an in-house IT team, they were able to save about 50 percent of the development and IT consultancy costs for the organization.

Monitoring and evaluation on the other hand, is a more gradual process. Since the institution intends to move into a fully owned model, Women's World Banking recommended that the project team begin with manual, spreadsheet-based dashboards. While time-consuming, it allowed Lead to build internal capacity for processing and analyzing insurance KPIs.

As the pilot wound down, Women's World Banking and Lead developed an IT roadmap for the transition from a manual dashboard system to a fully integrated IT system that serves their data entry, claims management, and monitoring needs.