

Explaining Insurance: Implementing Consumer Education in CARE-India's Insure Lives & Livelihoods Program

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The Financial Access Initiative is a consortium of researchers at New York University, Harvard, Yale and Innovations for Poverty Action.

Acknowledgements

We thank R. Devaprakash, C. Kumar, R. Devabalan and Meera Sundarajan of CARE-India for the many open conversations on which this report is based.

We are grateful to the ILO's Microinsurance Innovation Facility and the Microinsurance Network for financial support, as well as to the Micro Insurance Academy for their partnership in the conceptualization phase of this study, and for their logistical support in carrying out the study in India.

Members of the Micro Insurance Network Working Group on Insurance Education provided comments on earlier versions of this report; we thank Michal Matul and Sarah Bel (Microinsurance Innovation Facility), Peter Wrede (Aga Khan Agency for Microfinance) and Véronique Faber (Appui au Développement Autonome) and Dr. Iddo Dror (Micro Insurance Academy) in particular.

The **Financial Access Initiative** is a consortium of leading development economists focused on substantially expanding access to quality financial services for low-income individuals. Launched with a \$5 million grant from the Bill & Melinda Gates Foundation in late 2006, the Initiative is housed at the Wagner Graduate School of Public Service at New York University. The Initiative is led by Managing Director Jonathan Morduch (New York University), Director Dean Karlan (Yale University), and Director Sendhil Mullainathan (Harvard University). www.financialaccess.org

Housed at the International Labour Organization's Social Finance Programme, the **Microinsurance Innovation Facility** seeks to increase the availability of quality insurance for the developing world's low income families to help them guard against risk and overcome poverty. The Facility was launched in 2008 with the support of a grant from the Bill & Melinda Gates Foundation. www.ilo.org/microinsurance

The **Microinsurance Network** is a member-based network of different stakeholders. It provides a platform for information sharing and stakeholder coordination with the aim to promote the development and proliferation of insurance products for low-income persons. www.microinsurancenetwork.org

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Introduction

On December 26, 2004, an earthquake in the Indian Ocean triggered a tsunami that struck hundreds of coastal communities in India, mainly in the southeastern state of Tamil Nadu. CARE India, an affiliate of CARE International, launched a Tsunami Response Program to provide the affected communities with shelter, water, sanitation, psychosocial care, and livelihood promotion activities. While working with these communities CARE was struck by their vulnerability to shocks and their lack of access to appropriate risk protection tools. CARE felt that microinsurance could be an effective risk management tool for these communities, and consequently launched a microinsurance program in Tamil Nadu, Insure Lives and Livelihoods (ILAL).

While microinsurance can provide much-needed risk management mechanisms to vulnerable low-income households, it is a tool that is widely under-supplied and under-utilized.¹ Insurers that want to expand into this sector face a range of challenges. Supply-side challenges include a limited understanding of target populations' risks and needs, the difficulty of pricing a product with low premiums and high transaction costs, and the problem of finding a suitable delivery channel. These are major hurdles, but progress is being made.

Insurers face another key challenge that may seem surprising, or at least somewhat ironic: low demand.² Reasons for low demand might be that the products on offer are ill-suited to the needs of the households, or simply too expensive. But there is growing concern that this is not all. Demand has been found to be low even for relevant products offered at actuarially fair prices.

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1. Dercon, Stefan, and Martina Kirchberger. 2008. "Literature Review on Microinsurance." ILO Microinsurance Paper No. 1.

2. Karlan, Dean, Jonathan Morduch and Sendhil Mullainathan. 2010. "Take-up." Financial Access Initiative Framing Note.

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Managing risk is a clear need for poor and low-income households, but unlike credit and savings, formal insurance is a new concept. Even though households engage in informal risk management strategies that are, in principle, similar to formal insurance,³ households are unfamiliar with the language and structure of formal insurance products. Limited, if any, prior experience with formal insurance means that potential clients do not immediately understand the value proposition of insurance, which results in low demand. In this context, insurance education can make an important difference.

Insurance education can be thought of as a continuum of approaches. On one end, purely educational programs teach risk management and insurance concepts to encourage communities to adopt proactive risk management strategies. On the other, commercial marketing schemes designed to sell insurance policies focus mainly on specific product details.

By itself, neither of these options is sufficient when dealing with communities that have little experience with insurance. While information about risk management and insurance concepts is important, so is the ability to put it to use. The most effective education programs provide participants with new information encourage changes in attitudes and behavior and then enable households to act on the changes. The ability to act on information immediately makes participants more likely to retain knowledge and to sustain new behaviors. These programs have a broad, long-term perspective where the targeted behavior is the adoption of proactive risk management strategies, and purchasing an insurance policy is one among several possible strategies.

CARE took this broad, long-term approach with its ILAL program. In terms of product take-up, CARE's program has been a success. Eighteen months after they initiated microinsurance operations, CARE's field partners had insured 130,000 households, 90% of which were first-time users of insurance. But, CARE is clear that their objective was not just to distribute policies. Though CARE designed and offered specific products, their ultimate objective was to improve communities' risk management abilities by improving their understanding of insurance. CARE emphasized demand creation—the idea that clients' understanding of the value of insurance is more relevant than whether they ultimately purchase a policy. This emphasis, backed by voluntary enrollment and program content dedicated to risk management broadly, distinguishes their approach from pure commercial marketing.

Though CARE designed and offered specific products, their ultimate objective was to improve communities' risk management abilities by improving their understanding of insurance.

3. Financial Access Initiative. 2009. "How Do the Poor Deal with Risk?" Financial Access Initiative Brief.

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CARE's experience presents useful lessons for organizations trying to develop and implement an insurance education program. CARE found that understanding its communities' existing knowledge and past experiences with insurance was essential to developing both appropriate insurance products and the education program. Since these communities had limited experience with insurance, it was important to repeat central concepts and to keep messages simple.

Other lessons pertain to working with diverse delivery channels. CARE worked with twenty-six distribution partners to impart insurance education and distribute products. These partner non-governmental organizations (NGOs) were embedded in the communities. They acted as the intermediary between clients and Bajaj Allianz, the insurer, and were responsible for front office operations, including enrollment, client education, and claims facilitation. (Appendix 1 includes details on the organizations.)

CARE found that training intermediaries was critical. CARE made early investments in building the capacities of its partners and followed initial trainings with frequent meetings to monitor the program on a continuous basis. Through these efforts, CARE was able to maintain consistency, enforce quality, and at the same time provide flexibility to encourage distribution partners to think creatively.

Such a broad approach to insurance education has practical implications. Funding is challenging and requires organizations to make significant upfront investments. CARE was able to initiate the program by entering into a partnership with Allianz SE. Allianz provided a significant upfront investment for CARE to develop the ILAL program.⁴ The global insurance conglomerate provided an initial investment of €500,000 (US\$ 734,699) for the entire ILAL program. The three-year grant covered program expenses such as product development. A portion of the grant went towards the education program and related activities, such as training distribution partners and producing educational and promotional materials. CARE contributed an estimated €375,000 (US\$ 551,025) of its own resources to ILAL, comprised mostly of labor and infrastructure expenses allocated to the program. These expenses included human resources for program management and other technical expertise, tools and systems supplied to NGO partners, and support for insurance education and monitoring and evaluation. It was important for CARE to partner with an insurance company that could provide both upfront investment in the form of funding and act as a commercial partner in the provision of specially designed insurance products and services.

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4. Exchange calculations at 0.68055 €s to the US\$ (8 October 2009).

CARE always emphasized the need for cost control with its partners. CARE provides sub-grants to its partner NGOs to build their capacity to act as microinsurance agents and provide initial and ongoing client education. CARE monitors the use of the sub-grants and encourages partners to operate efficiently. In addition to the sub-grants, partners use service revenue based on policy sales to fund education related expenses. The service revenue is 15% to 20% of the premium, which contributes to the partner NGOs' ongoing operational costs including client education. Up to now, this revenue has not proven sufficient to cover program costs, especially when partners want to expand to new areas or develop new insurance products, as these activities require the development of new educational materials. It is possible that this issue will be resolved as the program reaches scale. However, if the service revenue is not able to meet program costs the education program may need to be scaled back in the absence of further outside funding.

In other organizations, scaling insurance education back has meant restricting the program to product-specific information. This begs the larger question: who should fund insurance education when returns lag behind investments, or when returns might never catch up with investments? Insurers, insurance associations, donors, distribution channels, governments and regulators all may have an interest in promoting insurance education, but the responsibility does not clearly belong to any party.

The rest of this study walks through the various stages of the insurance education program and explains the decisions and strategies employed by CARE and its partners. Section two provides a brief overview of the ILAL program. Section three reviews the insurance education program's content and section four reviews delivery channels. CARE's approach to building the capacity of its NGO partners is the topic of section five, and section six discusses CARE's plans for measuring the performance of its insurance education strategies.

Program Development

CARE initiated its microinsurance program, Insure Lives and Livelihoods (ILAL), as a response to the tsunami of 2004 (Box 1 outlines the program timeline). Since microinsurance was new to the communities with which CARE was working, CARE started with a slate of questions. What were the main risks facing households? What were the clients' needs and capacities? Did clients have any knowledge or prior experience with insurance? To answer these questions, CARE commissioned a feasibility study to map

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BOX 1: ILAL PROGRAM TIMELINE

2004	December	Tsunami
2005-2006		Baseline research
2007	January	Grant from Allianz
	February-November	Product design with Bajaj Allianz (finalized mid-year) NGO partnership inquiries and development
	December	Foundation Program for CEOs and PCs
2008	January	Basics program for field officers
	February	Program implementation begins
	May	Communication program for PCs and field officers
	December	Advanced Training Program for PCs
2009	December	Allianz grant ends

the communities' risks, needs, and paying capacities. The goal of this study was to profile the different risks faced by communities and to prioritize these risks. CARE also conducted a baseline study to understand the communities' familiarity with and attitudes towards insurance. These studies were carried out across four districts of Tamil Nadu.

The detailed needs assessment was an important tool for CARE's collaboration with the insurer, Bajaj Allianz, to develop customized insurance products. When Bajaj Allianz first approached CARE as a partner, the insurer wanted to use their existing, IRDA-compliant⁵ microinsurance products. The CARE team used the results of their baseline studies to make informed recommendations about product specifics like risks covered and premium size, and ultimately persuaded Bajaj Allianz to develop new products for the ILAL program. Their push for customized products stemmed from their belief that the right products would be essential to the long term success of the program: policies poorly-suited to the communities' needs wouldn't be renewed, because they wouldn't be used.

CARE and Bajaj Allianz offer two life insurance policies, two general insurance policies, and one health insurance policy. The details of these products are described in Appendix 2.

ILAL is a voluntary program. CARE and its NGO partners wanted to give communities choices—whether to buy insurance, and which kind or kinds

5. Insurance Regulatory and Development Authority, the insurance industry regulator in India.

of insurance to buy. CARE believed that if clients chose the products themselves, they would be more likely to value and renew them. Offering voluntary enrollment meant that CARE and its NGO partners had to work hard towards creating demand. Because insurance was new to the communities, households needed to first understand basic insurance concepts before they could make educated decisions about a specific product's value proposition.

The challenges related to creating demand gave CARE's baseline studies another purpose. Designing and implementing education for demand creation requires an understanding of communities' existing knowledge and past experiences. For concepts to be integrated into a client's knowledge bank, they need to relate to what she already knows. By finding out what clients already knew and thought about insurance, CARE was able to design an insurance education program that started by filling gaps in foundational knowledge, and then constructed new ideas on this foundation.

Content

Most evaluations compare outcomes for a treatment group, which receives CARE worked with Bajaj Allianz and its NGO partners to design comprehensive program content that included four components: 1) risk education, 2) insurance education, 3) product education, and 4) product logistics and practicalities (details are outlined in figure 1). CARE considered all of these topics to be indispensable to its aim of creating a culture of insurance, and was deliberate about including all of them in the program design.

CARE's comprehensive approach aligns with one of the fundamental principles of adult learning: learners can only accommodate new material when they already have related information in their long-term memory.⁶ Merely introducing an insurance product and its features to a community with little to no prior exposure to insurance does not amount to education, as clients will be unlikely to remember what was discussed. In order for information to be remembered, it needs to be comparable to what learners already know. Thus, laying a foundation is critical to teaching foreign concepts. In microinsurance education, that foundation is dual, with risk management as the bricks and financial literacy as the mortar.

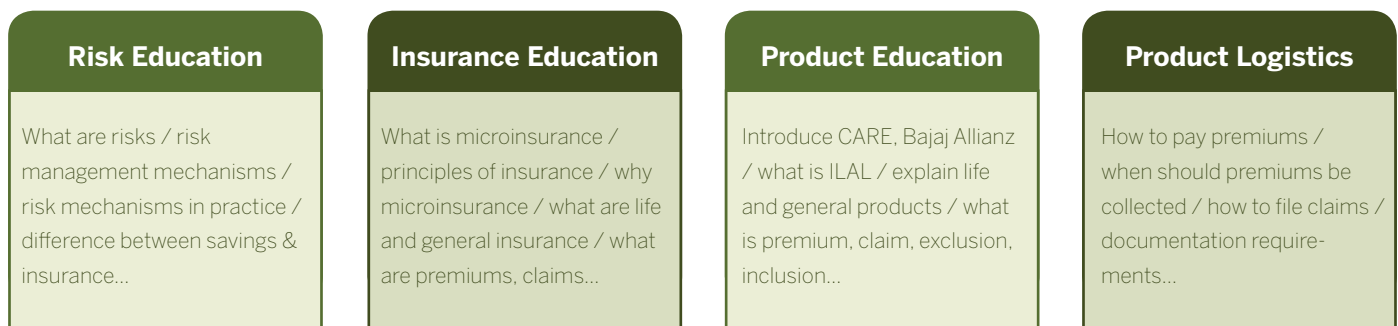
The field officers commenced the program with a discussion about risk. They helped clients to appreciate the difference between manageable and unmanageable risk, how much they were currently spending to manage risks, and the impact of that spending on their household budgets. The

Designing and implementing education for demand creation requires an understanding of communities' existing knowledge and past experiences.

6. Lovell, Bernard. 1980. *Adult Learning*. New York: Halsted Press.

second phase presented different ways to manage risks proactively and efficiently, including savings and insurance. In the third phase, field officers introduced the ILAL products and contextualized them by discussing how they were relevant to the risks clients and their families actually faced. The fourth and final phase covered logistics. Field officers defined the features of the insurance products they were offering, like the premium collection and claims processes. They explained how to pay premiums, and under what circumstances a claim was and was not admissible.

Figure 1: Content areas for ILAL education



Certain content areas were particularly challenging for the ILAL team to communicate. Some topics needed to be emphasized and repeated. One such topic was claims conditions. It was important that clients understood the conditions under which claims were valid because the claims process can create opportunities for conflict, especially when clients misunderstand conditions.

Another challenge was differentiating between savings and insurance. In this case, the challenge stemmed from communities' past experiences with insurance. In India, the large public insurer, Life Insurance Corporation (LIC), has an extensive network of agents in rural areas, and while most ILAL clients did not hold policies from LIC, they were generally aware of the product features. LIC offers endowment policies which pay a lump sum upon the policyholder's death or, crucially, at maturity if the policyholder is still alive. For clients who receive payment at maturity, it seems as though they are reimbursed for a policy that they did not use. ILAL clients familiar with this scheme were frequently confused by the difference between the LIC product and the policies offered by Bajaj Allianz, so field officers had to take care to distinguish between the two. While this partic-

ular issue is specific to India, the lesson can be generalized. Organizations offering microinsurance can anticipate confusion or misguided assumptions by finding out what experience with and preconceived notions about insurance target clients have. Explicitly addressing how their product is different from others up front can preempt conflict down the road.

Risk pooling was also a key message. It was important for field officers to help clients understand that even when they do not file an insurance claim, their premium was benefitting someone else. The idea that their money was contributing something to a family that suffered a tragedy gave clients a sense of well-being and mutuality.

Delivery

CARE and their NGO partners delivered insurance education through a variety of channels using multiple tools. The NGOs chose the delivery channels through which they would engage with clients. Although they made these decisions autonomously, they had some direction from CARE, most concretely through a business plan development tool. CARE created this tool for its NGO partners for practical use, but also to emphasize the importance of cost controls. NGOs used the tool to map what kinds of delivery channels would allow them to reach clients in the shortest time. Table 1 summarizes the different delivery channels used by the NGO partners.

Many NGOs decided that Self Help Groups (SHGs) represented the shortest possible route to clients and started their outreach efforts there. It was a natural entry point, since the NGOs and SHGs were accustomed to working together.

Field officers attended the SHG meetings and presented the risk management, insurance, ILAL product, and financial literacy content they had learned from CARE. In addition to presentations, field officers engaged clients with role play and music. At Avvai (one of the NGO partners), field officers split SHGs into smaller groups and had each small group represent a different product. The small groups then presented their products: what kind of risks they cover, why they are important, and what their value is. This approach inspired friendly competition between groups. Field officers also used music to hold clients' attention and sometimes to convene meetings—one or two people would start singing, and other group members would hear them and come over to join.

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Table 1: Generalized summary of ILAL delivery channels for Insurance education

CHANNEL	DESCRIPTION	OUTREACH	PROS	CONS	COSTS
Workshop training	Group based trainings, e.g. with local self help groups (SHGs), professional and religious associations, and Panchayat Raj Institutions (PRIs)	Limited by the number of groups with which the NGO already has connections / extent to which it can build new relationships	SHGs are a pre-existing channel— path of least resistance to communities	Easy to merely address the group instead of actively working to engage members, might be difficult to expand beyond existing relationships	Transportation
Training of leaders	Workshops with leaders of SHG federations	Broad, via dissemination from federation leaders to constituent SHGs	Expansion beyond existing networks	Federation leaders may have inadequate understanding of lessons to effectively relay them to SHGs	Transportation
Mass media	Print and broadcast media, such as newspapers and radio	Broad in principle, but limited in practice	Broad exposure, limited time commitment	Messages make it to target audience less than anticipated, no feedback mechanism	Payment for advertisement space or time
Village- and block-level mass awareness campaigns	Gatherings where ILAL staff set up booths to teach visitors about risk management and insurance, and to sell insurance policies	Broad – 300 people attended each campaign, on average	Engaging, good for raising awareness	Efforts do not lead to significant policy sales	Transportation, payment for space and materials, payment to performers in cultural programs

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To improve outreach, CARE pushed their NGO partners to go beyond SHGs and explore other routes. For example, they suggested identifying other groups to work with, like local farmers associations and faith-based groups. They also suggested training the leaders of SHG federations, who could then disseminate the information within their federations. This approach kept costs low, but it created another degree of separation between the lesson planners and the trainees. Some of the NGO partners had their own innovations. CREED, for example, decided to involve the local government units, Panchayat Raj Institutions (PRIs), in the communities where it worked and presented the consumer education material in that forum. Involving local authorities potentially has a multiplier effect, since community leaders often act as centers of influence.

NGO intermediaries also conducted mass awareness campaigns. While partners who advertised in local newspapers abandoned the practice because it didn't reach enough of the target audience to justify the cost, partners who set up village- and block- level mass awareness campaigns found this approach to be effective. These campaigns involved setting up festivals that were a one-stop shop for insurance. After a kickoff meeting, community members visited four exhibitions set up by the NGOs. The first stall provided information about risk, the second involved a presentation on available products, the third discussed enrollment and claims procedures, and the fourth was an enrollment station where clients could pay the premium and sign up for the policy they wanted. The materials for these booths were transportable, so field officers could carry them on their backs and set them up anywhere. The NGO partners also organized drama performances at these exhibitions that showed accident scenarios with and without insurance. Field staff maintained a presence in the communities and were able to follow up with participants and clarify information presented during the campaigns.

CARE covered the costs of these mass awareness campaigns, and provided guidance on how to conduct them. Since the NGOs partners were deeply rooted in their operational areas, it was relatively easy for them to set up these exhibitions. Average attendance was around 300 people. The festivals were resource-intensive, which put pressure on the NGOs to sign up new clients at the event.

The ILAL team decided that they needed tangible promotional materials to help raise awareness and document product features for clients' reference. When insurers and nonprofits collaborate on microinsurance, it is common for the insurer to take responsibility for creating these materials.

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Promoting its products is part of an insurance company's normal business, so it is likely to have resources and systems available to create brochures relatively quickly. Bajaj Allianz and CARE, however, came to a different agreement. CARE took the lead in developing ILAL posters, brochures, and flip charts, while Bajaj Allianz bore the costs. CARE had a comparative advantage in its familiarity with the clientele. By leveraging this strength, the partners were able to complete the project more quickly, and it is likely that the end results were better-suited to the clients.

The materials developed by CARE were simple, user-friendly, and primarily picture-based. These included brochures for distribution to clients and flipcharts for field officers to use during their trainings. The flipchart explained the different types of ILAL products, the different sums insured for each product, enrollment processes, the documentation needed for enrollment, excluded diseases under health insurance, the client's role and responsibilities in the claims process, the broader claims process, and the documentation needed for making a claim. It documented product features in detail, down to the level of defining a hospital. Field staff at both CREED and Avvai reported that the flipchart was useful as a reference material, especially in the early stages of the program when the products were new not only to clients but to staff as well.

Beyond serving as reference, the flipcharts CARE created were also a sort of lesson plan for the third, product-focused phase of client education. They provided field officers with an obvious way to sequence information, which simplified their task somewhat. Additionally, field officers reported that the pictures on the charts encouraged questions from clients.

CARE also developed posters to be displayed in high traffic areas. One poster set out the differences between saving—something familiar to people in target communities—and insurance. Another showed in pictures what could happen to an uninsured accident victim. This poster was matched by another that showed the same scenario with an insured victim. To create interest in the ILAL program and anticipation around it, some of the NGOs hung the first poster, then waited a week before hanging the second one beside it.

Another delivery tool that was popular among the partner NGOs was cultural programs like songs, drama, and puppet shows. Field officers at CREED attested that cultural programs like songs and dramas were “much more effective” at generating interest than simply talking to clients. The field officers would get together as a group to write lyrics

about insurance themes and set them to music, and the songs had recognizable tunes, borrowed from well-known films, for example. Dramas were performed for larger audiences by small teams of 10 to 12 members of local Self Help Groups. The field staff at Avvai, however, reported that in their experience, cultural programs create awareness only—the audience did not generally retain the details of the presentation.

CARE recently completed a film on microinsurance for the communities. The drama uses an accidental death covered by the ILAL General Insurance product to convey the message that “insurance isn’t an expenditure, it’s a wise investment.” Its script was developed to address some of the common questions field officers hear in a culturally appropriate way.

In spite of these efforts, field staff at both CREED and Avvai reported that clients still had questions when they needed to file claims. With NGO staff to walk them through the process, this was not a serious problem in the ILAL program. It does demonstrate, however, that educating clients isn’t a substitute for other customer support systems.

Capacity Building for Intermediaries

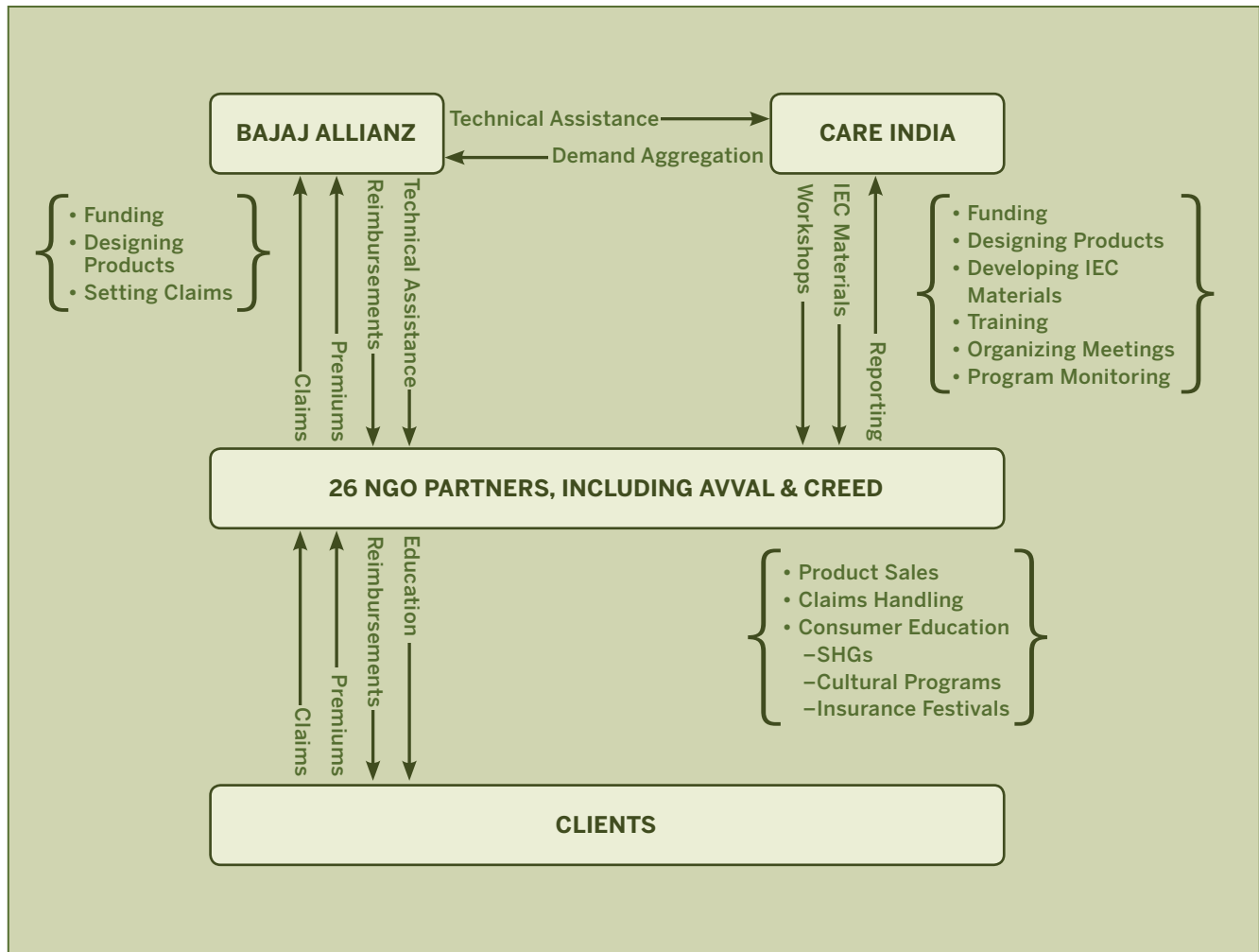
Defining content and delivery channels form the crucial initial phases of creating an effective education program. Training staff so that they understand the concepts and communicate them effectively is the next major challenge. For CARE, training NGO staff was fundamentally important as they were the main link between clients and Bajaj Allianz. Figure 2 illustrates the division of responsibilities between CARE, Bajaj Allianz and the NGO partners.

While the content of the consumer education program was well-defined, styles and channels of delivery were left up to the NGOs to choose for themselves. To maintain education quality and ensure that NGO partners were able to fulfill their responsibilities, CARE provided NGO staff with initial training, on the ground support, and regularly-scheduled meetings that served as opportunities to ask questions and discuss progress and challenges.

CARE managed its partner NGOs’ intermediation by facilitating their communication with Bajaj Allianz and by building their staffs’ capacities to undertake the range of responsibilities assigned to them. It developed training programs for NGOs almost entirely in-house, and it engaged in substantial pre-planning to customize programs to the capacities and

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Figure 2: Working relationships between partners in the ILAL program



needs of trainees. CARE's first step in designing an intermediary training program was to ask the CEOs and ILAL Program Coordinators at their partner NGOs what they thought they should know. As Table 2 shows, the training programs started with basics and paid special attention to communication strategies. Appendix 3 includes further information on the specific topics covered during these programs.

CARE spent most of its time in the field while the program was being launched, visiting the NGO partners and helping them get the program off the ground. During this stage, the team kept track of common questions

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Table 2: CARE's capacity building programs

PROGRAM	AUDIENCE	LENGTH
Foundation Program	CEOs & PCs	3 days*
Basics Program	FOs	1 day
Intermediation (IRDA mandated)	CEOs & PCs	2 days
Communication Program	FOs	1 day
Advanced Program	PCs	2 days
Management Program	PCs	1 day

CEO = Chief Executive Officer PC = Program Coordinator FO = Field Officer
* CEOs attended 1st day only

In the Communication Program, CARE sought to find a balance between micromanaging partners' approaches and making sure they thought about all the different elements required for effective consumer education.

and concerns from both NGO staff and the communities. It adapted these topics into a list of Frequently Asked Questions and responses, which it distributed to the partner NGOs. CARE also used observations from the field, along with issues revealed at monthly meetings, to design follow-up trainings.

In spite of these efforts, CARE faced a major challenge four months into the program. The CARE team recognized a pattern: NGO intermediaries were struggling with their communication strategies. The field officers knew what messages to communicate, but had little guidance about how to communicate those messages. As a result, their approaches were ad-hoc and often had room for improvement.

To address this issue, CARE organized a follow-up program for field officers on communication strategies, skills, and tools. In the Communication Program, CARE sought to find a balance between micromanaging partners' approaches and making sure they thought about all the different elements required for effective consumer education.

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CARE's role in the Communication Program was suggestive, not prescriptive. Its main function was to organize field staff and start the conversation about communication. The program facilitator encouraged field officers to think creatively without losing sight of sustainability, but left concrete recommendations and final strategies to the participants. This consultative training strategy was born out of CARE's recognition that its partner NGOs had cultivated different approaches to delivering services and different dynamics in the communities where they worked. Ultimately, they were better positioned to speak to what would and would not work for them.

Additionally, CARE shared basic principles for communicating with the target clientele: keep messages simple and culturally appropriate, and ground them in real life examples whenever possible. Field staff at Avvai and CREED found information about how to discuss sensitive topics and about how to talk to individuals, small groups, and larger groups to be particularly useful.

CARE organized monthly meetings at the district level with Program Coordinators and local representatives from Bajaj Allianz. These meetings were a cost-effective way to address misunderstandings and operational issues, like disagreement about whether a certain form had been submitted. The meetings helped Program Coordinators build relationships with their local counterparts at Bajaj Allianz, which allowed local problems to be solved locally, avoiding the inefficiency of channeling every communication through central managers. The meetings seem to be effective: one member of CARE's ILAL team estimated that 90 percent of the minor issues that arise during the handling of claims are resolved at these meetings. CARE also organized quarterly meetings with the NGOs' CEOs, to review the proceedings of the past three monthly meetings and discuss any broader problems and solutions.

The financial support CARE provided to its NGO partners relates to enrollment. In the ILAL program, a significant amount of consumer education activities took place in conjunction with product distribution. Field officers assumed the role of distribution agents, and were also chiefly responsible for educating clients. Their compensation included a base salary and additional commission based on policy sales, which served as a financial incentive.

In general, under commission-based incentive schemes it is more lucrative (in the short term, at least) for agents to convince clients to buy the products, and then move on to persuading a new group of potential

clients. Thus, there is a potential tension between the principle of demand creation and field officers' incentives. CARE managed this tension by taking an active role in the delivery of the ILAL program, meeting with Program Coordinators monthly and making frequent visits to the field to supervise consumer education efforts. CARE also complemented the financial incentive by recognizing standout workers in meetings and inviting them to staff training sessions to speak about the strategies that had worked for them. Together, CARE's focus on education for demand creation, field presence, and non-financial incentives counterbalanced the financial incentive to sell as many insurance policies as possible. Field officers' incentives are an area that CARE hopes to evaluate systematically in the future.

Through continuous and open dialogue with its NGO partners, CARE realized that the NGOs were facing an unanticipated challenge. The NGOs' staff was accustomed to thinking of themselves as altruistic and the communities they served as beneficiaries. When they took on the role of insurance distribution agents, the communities became paying customers with certain expectations and entitlements. Typically the shift in the dynamic between NGOs and the communities they served was subtle, but it did not go unnoticed. Preparing them for it upfront would have helped staff navigate the unfamiliar situation.

The observation that money changes relationships aligns with insights from behavioral economics on the influence of fees,⁷ and more generally the differences between exchange relationships and communal or altruistic relationships.⁸ In microinsurance, the different effects of charging a positive price could play out in several different ways, so until they are better understood insurance providers and their partners at least should keep them in mind when trying to account for the success or failure of consumer education programs, and should prepare field agents accustomed to providing zero-cost services for the change in dynamics that charging a fee will bring.

Measuring Performance

CARE conducts periodic monitoring and evaluation activities. At their monthly meetings and periodic training programs, field officers and Program Coordinators do self-evaluations and peer evaluations. However, CARE realizes that this is not sufficient since failures typically don't emerge from self-evaluation.

The observation that money changes relationships aligns with insights from behavioral economics on the influence of fees, and more generally the differences between exchange relationships and communal or altruistic relationships.

7. Gneezy, Uri, and Aldo Rustichini. 2000. "A Fine Is a Price." *The Journal of Legal Studies* 29 (1): 1-17.

8. Fiske, Alan Page. 1992. "The Four Elementary Forms of Sociality: Framework for a Unified Theory of Social Relations." *Psychological Review* 99(4): 689-723.

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CARE plans to take up a systematic client awareness survey in the near future. In January 2009, CARE compiled detailed baseline information by combining data from their feasibility study with administrative data from ILAL and reporting by partner NGOs. Currently, the team is using this baseline data to select indicators to assess whether a person is familiar with product features, like key risks covered. They are also considering ways to assess clients' attitudes and beliefs. For instance, when the project was first rolled out, people believed that insuring someone's life would bring bad luck to that person. CARE wants to evaluate whether clients still hold this belief. To measure behavior and behavior changes, they plan to look at the rates of enrollment and renewal. A complete logic model of the ILAL program's hypothesized impact is shown in Appendix 4.

Within the education component of the program, the CARE team hypothesizes that a claims experience strengthens awareness about insurance, and mass awareness campaigns are more effective than other approaches at spreading awareness. They are selecting methodologies to investigate these hypotheses. The client awareness study will likely be qualitative, with field officers leading focus groups to gather information. They are thinking about comparing the level of understanding in villages that were affected by flooding from Cyclone Nisha (see Box 2) and villages that were unaffected by flooding to explore what, if any, difference experiencing a catastrophe made in clients' understanding. In addition, CARE wants to evaluate field officers' varied strategies and incentives, since they interface with the clients. Perhaps farther down the line CARE will do a client satisfaction survey.

BOX 2: CYCLONE NISHA

Cyclone Nisha hit the coast of Tamil Nadu in November of 2008, killing dozens of people and leaving thousands homeless. The extensive property damage that resulted affected 44 villages participating in the ILAL program. In a matter of days, Bajaj Allianz received more than 16,000 claims. This volume created significant administrative and financial burdens for the insurer, but they honored the valid claims.

As the CARE and partner NGO staff tell it, the cyclone was a turning point in the ILAL program. People saw with their own eyes the tangible benefits of insurance, transforming risk management lessons from concepts into possibilities. But Nisha also revealed weaknesses in the consumer education program. For example, some people with life insurance only did not understand that they weren't entitled to a payout for property damage. The experience taught CARE that risk management lessons are important, but not more important than providing clear and unambiguous information about products to clients.

While the number of policies sold by CARE's partners indicates success, it is not the isolated effect of the education program—indicators like sales and renewal rates do not discriminate between the effects of products and

education. Nor do they speak to the program's effects on attitudes and behaviors. If CARE wants to truly assess the value of the education program, it needs to better understand changes in clients' decision-making processes. Do people understand the insurance product and its value proposition? Are they buying or not buying the product after assessing its applicability to their own risks? To understand these questions, CARE will need to measure the attitude and behavior changes brought about by the ILAL products. CARE recently commissioned a study to evaluate their communication strategies, the effect of their insurance education program on attitudes and behaviors, and how the program could be strengthened.

These monitoring and evaluation efforts are essential to weighing the costs and benefits of the program. A plan is only as good as the information on which it is based. Without reliable data on past performance, it is hard to make accurate inferences about the future.

Finally, there is the question of net impact. To evaluate the impact of risk management education, the education has to be untangled from the products. Even if people do not buy the products, they may be engaging in better risk management strategies. CARE shares the view that net impact is a matter of risk management broadly, and not only insurance. Whether the education program enables clients to better manage risk and consequently improve their well-being is an important question for CARE to answer.

Key Lessons

There are a number of lessons for developing and implementing consumer education programs for microinsurance to be learned from CARE's experience. After nearly three years of developing and refining the ILAL program and a year in the field, CARE has worked through issues, identified strengths and weaknesses, and extracted principles on which they believe effective insurance education programs should be based.

Understand communities' existing knowledge and past experiences. Education for demand creation is about more than simply memorizing product details. For concepts to be integrated into clients' long-term memories, they need to relate to what they already know. When information is wholly new—as insurance is for communities with little if any experience with it—clients don't have a good, existing frame of reference. Thus, educators can encourage synthesis of new information and existing knowledge by providing a frame of reference for clients. To do

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so, they should start broadly by discussing the need for proactive risk management. They then should make explicit connections between insurance and the risk management strategies communities already use, like saving and credit. When educators take time to lay the foundation for understanding insurance, concepts will be more readily understood and remembered. Insurance will have a relevance it would lack in the absence of such a foundation.

Understanding communities also requires listening to them. By creating a feedback loop, CARE and its NGO partners were able to refine their communication tools and strategies based on emerging needs.

Training intermediaries thoroughly is a worthwhile upfront investment. Intermediaries and their field staff, in particular, interface with clients and are their main source of information, but they need to accommodate new information to execute their roles. In this context, their understanding of concepts and systems is essential and warrants more than perfunctory attention.

Customizing training programs to the capacities and needs of trainees is useful. CARE has already developed a framework for training intermediaries, but it plans to adapt the programs for each new batch of partners. Generalizing may save some time and effort up front, but it can translate into costs down the road. In general, it is better to invest time in training programs up front, during their development. That way, trainers of trainers can address all necessary points without straying too far from the planned agenda.

Even with substantial pre-planning, not every issue can be preempted. When issues do arise, open channels of communication between intermediaries and insurers allow problems to be dealt with swiftly. In the ILAL program, NGOs' Program Coordinators and Bajaj Allianz's local staff developed relationships through regular meetings. These relationships allowed local problems to be solved locally, avoiding the inefficiency of channeling every communication through central managers.

Finally, trainers should prepare intermediaries for a change in the nature of their relationship with the communities with which they work.

Allow flexibility and customization. CARE's experience demonstrates the need to find a balance between micromanaging partners' approaches and making sure they think about every aspect of consumer education.

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CARE maintained consistency in quality by meeting regularly with its NGO partners and requiring regular progress reports. Training shouldn't be used as an opportunity to prescribe intermediaries' approaches in detail. Rather, training is an opportunity to provide them with a comprehensive framework for developing consumer education strategies. The key is to steer intermediaries towards thinking about each element of an effective outreach strategy without telling them that they have to follow one approach or another. Basic information—about controlling costs and communication techniques, for example—is helpful, but being too specific can ultimately backfire by mandating approaches that don't align with intermediaries' existing capacities, systems, community dynamics, etc. Excessive specificity also can overload trainees with information and create confusion. Finally, flexible programs allow intermediaries to tailor their approaches to the client communities they work with.

Supplement information with workable tools. Providing intermediaries with information is good, but providing them with information and reference materials is better. CARE created IEC materials for client outreach, but these materials were also useful as documentation of product features for NGO staff.

Keep it simple, and repetition helps. CARE and its NGO partners found that certain topics needed to be emphasized and repeated. One such topic was risk pooling. Field officers at Avvai reported that explaining the value of life insurance is more difficult than talking about other kinds of insurance, because life insurance doesn't offer a tangible benefit to the insured. They needed to focus on how life insurance helps policy beneficiaries more than they had anticipated. Another topic that required extra focus was claims conditions. Insurance entitles policyholders to benefits under certain conditions, and if they misunderstand those conditions they could feel cheated when a claim is denied or, perhaps more troublingly, not take advantage of benefits to which they are entitled. CARE also took advantage of learning opportunities outside the education program. Settling claims publicly exposed other members of the community to the tangible value of insurance, which reinforced the messages communicated during the insurance education program.

CARE followed some basic principles for communicating with their target clientele. They kept messages simple and culturally appropriate, and grounded them in real life examples whenever possible. CARE shared these principles with their NGO partners, and field staff at Avvai reported that they appreciated training on communication techniques. Specifically,

they found information about how to discuss sensitive topics and about how to talk to individuals, small groups, and larger groups to be particularly useful.

Keeping clients engaged in consumer education programs tends to be a challenge. In general, the learning process is slow and repetition is key. Given the need to repeat messages, CARE and its partners found that varying delivery channels and tools helped keep the program interesting. When working with SHGs, field officers went beyond a simple lesson format. They broke the groups into smaller discussion sections, used role play, and integrated cultural programs like songs to get and keep clients' attention. Insurance festivals were another popular delivery channel that relied on cultural programs to communicate messages. According to the staff at Avvai, however, cultural programs create awareness only—for clients to retain product details, the information need to be presented very clearly.

Conclusion

The CARE story illustrates clear strategies that organizations can employ to effectively design and implement insurance education programs. By investing in capacity building, upfront planning, and careful implementation, CARE expanded outreach to thousands of low income households.

CARE's experience highlights two common challenges. The first challenge deals with sustainability. The program was successful in demand creation because CARE used its initial grant to make significant upfront investments in program development. Throughout the program's operation, CARE addressed the challenge of sustainability by encouraging its NGO partners to develop business plans based on grant support from CARE and complemented by service revenues. CARE and its partners, Allianz and Bajaj Allianz, are interested in reviewing the current business model to address the question of sustainability and to identify ways that the model could be evolved to deliver social impact at greater scale and with financial viability for the insurer.

Despite these efforts, sustainability remains an issue, for CARE and for most microinsurance education programs. Once the initial grant runs out will outside support continue to be needed to introduce new products or expand outreach to additional communities? Will the program be able to fund itself using revenues from product sales? Will scale allow the program

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to become sustainable? The basic question about initial investment also remains: given the potential lag between investment and return, which party is best suited to make the upfront investment?

The second challenge is around measuring impact. CARE wants to study its program's net impact since it believes that microinsurance is just one among many risk management strategies available to households. To assess the impact of their program on risk management, CARE realizes that they will need to measure indicators beyond product sales. CARE monitors socio-economic indicators of its clients and plans to conduct client awareness and client satisfaction surveys in future. Whether insurance education improves a household's overall risk management capabilities remains to be answered.

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Appendix 1: Background on Organizations

A1.1. CARE

CARE is an international humanitarian organization fighting global poverty, with a special focus on working with poor women. Its mission is to serve individuals and families in the world's poorest communities by promoting innovative solutions and advocating for global responsibility. CARE facilitates lasting change by strengthening capacity for self-help, providing economic opportunity, delivering relief in emergencies, influencing policy decisions at all levels, and addressing discrimination in all its forms. Programmatic areas include Agriculture and Natural Resources, Economic Development, Education, Emergency Relief, Health, HIV/AIDS, Nutrition, and Water, as well as Cross-Cutting Initiatives that span multiple sectors.

CARE was founded in the United States in 1945, but is structured today as a confederation of twelve national Members, each one an autonomous non-governmental organization and registered in a different country. Members coordinate and cooperate through the CARE International Secretariat. In their 2008 fiscal year, CARE Members reached more than 55 million people in 66 countries.

In every country where CARE operates, all programs and projects are implemented through a Country Office. The organization's Indian operations are well established – CARE has been working in India since 1950 and has 15 field offices across the country, in addition to its country headquarters in New Delhi. CARE's India Country Office, referred to subsequently as CARE India, is in the process of transforming into an autonomous Member NGO.

CARE India is engaged in a variety of programs related to disaster relief, health and nutrition, HIV/AIDS, livelihood protection and promotion, and education. Operations are frequently carried out in partnership with other organizations, which range from local NGOs to bilateral organizations to an insurance company, Bajaj Allianz. NGO partners typically receive both funding and technical assistance from CARE. In this sense, CARE can be thought of as a hybrid organization that is at once a donor and a program implementer.

A1.2. BAJAJ ALLIANZ

Bajaj Allianz General Insurance Company Limited and Bajaj Allianz Life Insurance Company Limited both registered in India with the Insurance Regulatory and Development Authority (IRDA) in 2001. The companies

are separate joint ventures between an Indian financial services company, Bajaj Finserv Limited, and a Munich-based global insurance conglomerate, Allianz SE.

Bajaj Allianz General had a capital base of Rs. 1.1 billion (US\$ 23 million) and issued 7.6 million policies for 26.5 billion gross written premiums in the year 2008-09.⁹ It is licensed to underwrite all lines of general insurance business, including health insurance, and has received a rating of iAAA from ICRA Limited, an associate of Moody's Investors Services, each of the past three years. The company has its Head Office in Pune and more than 240 satellite offices across India. Bajaj Allianz Life is also based in Pune. It has a capital base of Rs. 12.1 billion (US\$ 254.6 million) and issued 2.59 million life insurance policies in the year 2008-09, with a gross premium written of 106.2 billion.

Allianz Group companies are active in microinsurance. By the end of 2008, they had provided insurance coverage to nearly 2 million of the world's poor. 1.5 million of these microinsurance policies were extended by the Bajaj Allianz companies in India, which offer savings, property, life, credit life and health insurance products.

A1.3. CREED

CREED or the Centre for Rural Education and Economic Development, is a nongovernmental organization based in Chidambaram, a town in the southern Indian state of Tamil Nadu. Founded in 1987, CREED's mission is to empower target communities to become self-reliant. It pursues its mission through nine types of activities: Housing and shelter (and related water and sanitation); Livelihood finance and support; Disaster/risk management; Environment protection, Psycho-social care and support for the disabled; Child focus; Social equity; Health and nutrition; and Coordination and information.

A1.4. AVVAI

Avvai Village Welfare Society was founded in 1976 in Tamil Nadu, India. Its mission is to promote equitable and self-sustainable development in marginalized and disaster-affected communities. While its primary focus is on education, Avvai implements programs that address a range of issues related to children, women, the elderly, health, and livelihoods. Its operations cover two districts in Tamil Nadu and one region of Puducherry, the neighboring union territory disabled; Child focus; Social equity; Health and nutrition; and Coordination and information.

⁹ Exchange calculations in this section are at 47.7471 Rs to the US\$ (5 October 2009).

Appendix 2: The ILAL Products

The life and general insurance policies offered through the ILAL program are outlined in tables 3 and 4, respectively.¹⁰ The duration of the products is one year, and premiums are paid up front. Life insurance is issued in batches to groups of at least 50 people, but the premiums and coverage amounts below are per person. The two life insurance policies are identical but for scale: the premium and payout limit are both twice as large for LIFE-20 as for LIFE-10. The general insurance policies offer eight benefits, and Option B includes a ninth, a per diem allowance for hospitalization up to five days. The general insurance policies also include an option to extend coverage to the insured's spouse for an additional sum.

CARE and Bajaj Allianz also developed a health insurance product for the ILAL program. They are experimenting with Health Mutuals, or group funds into which members pay annual health insurance premiums. Bajaj Allianz receives 35 percent of the premiums, and the group retains the remaining 65 percent. The group uses these funds to finance basic health needs that can be handled locally. In the event of a more serious—and more expensive—health problem, the group files a claim to Bajaj Allianz.

Table 3: Group-based life insurance products

	LIFE-10	LIFE-20
PREMIUM	50	100
COVERAGE	10,000	20,000
BENEFITS	Provides compensation in the event of the death of the insured due to any reason (excluding suicide in year one)	
ELIGIBILITY	Available to people 18-59 years old	
BENEFICIARY	Compensation is paid to the nominee, who is named by the insured at the time of enrollment	

Amounts are in rupees

¹⁰ The products have been modified somewhat since they were rolled out in 2007. Tables 1 and 2 outline current product features.

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Table 4: General insurance products

	OPTION A	OPTION B
PREMIUM FOR POLICYHOLDER ONLY	60	125
PREMIUM FOR POLICYHOLDER AND SPOUSE	90	200
BENEFITS & COVERAGE		
• Death due to accident	25,000	25,000
• Permanent total disability due to accident	25,000	25,000
• Loss of limb or eyesight due to accident	12,500	12,500
• Funeral expenses	2,000	2,000
• Educational grant to one child	5,000	5,000
• Hospitalization expenses arising out of accident and/or accidental injury	1,000	1,000
• Wage loss during hospitalization period due to accident	120/day for a maximum of 5 days	120/day for a maximum of 5 days
• Loss or damage to household and other assets kept in the home (excluding valuables and jewelry)	5,000	5,000
• Per diem health cash	NA	300/day for a maximum of 5 days
ELIGIBILITY	Available to people 18-69 years old	

Amounts are in rupees

Appendix 3: Capacity Building Programs

A3.1. DEFINING TRAINING PROGRAMS

Capacity building is an ongoing part of the ILAL program, but it started with a series of introductory training programs for key stakeholders at the NGO-level.

A3.1.1. Foundation Program

After partner NGOs were selected, CARE convened their CEOs and newly-designated Program Coordinators for a three-day Foundation Program on microinsurance. CEOs attended the program on the first day only, which presented fundamental information about risk management and insurance, without entering too much into the ILAL program's operations. Topics covered included an overview of the microinsurance sector, microinsurance regulation in India, risks faced by poor households and their risk coping mechanisms, product development, MIS and operational systems, and operational and financial sustainability.

The agendas for days two and three of the Foundation Program were designed to give Program Coordinators a more robust understanding of microinsurance, as well as training on the program's operational aspects. The Program Coordinators oversee ILAL operations at the NGOs they work for, and as point persons their role is critical.

During the pre-training consultation, Program Coordinators indicated that they had little if any previous exposure to microinsurance and wanted to know the basics: what it is, how it works, and what distinguishes it from traditional insurance. CARE's ILAL team agreed that Coordinators should have a thorough understanding of microinsurance to serve as a strong foundation for the program. With the help of speakers from insurance companies and other NGOs with established microinsurance programs, the team presented on customizing products, principles of microinsurance, delivery models.

Program Coordinators also learned about the operation of the ILAL program. They were acquainted with the tools and systems, e.g. for premium collection, that would govern the program's operation; accounting and financial management procedures; and the monitoring, evaluation and reporting requirements for ILAL. In addition, the Foundation Program included basic information on outreach and client education to help Coordinators think about how they would manage this part of their job.

A3.1.2. Basics Program

CARE conducted introductory training programs for the NGOs' field officers as well, the program's emissaries on the ground. Their training began with a one day introduction to microinsurance. This Basics Program familiarized field staff with types of risk and the relevance of microinsurance to low income households, and then addressed the basic principles of microinsurance, operational aspects like premium administration and claims management, and the products offered and their features.

The second half of the Basics Program was devoted to outreach and communication strategies. Field officers were familiarized with the ILAL Information, Education and Communication (IEC) materials, then given an opportunity to meet with their colleagues to discuss and prepare strategies. After the field staff from each NGO had a chance to develop a communication plan, they practiced their strategies in front of the larger group and received feedback on them.

A3.2. COMMUNICATION PROGRAM

The Communication Program started with a presentation on basic communication skills, like making eye contact, simplifying messages, illustrating points with actual cases, and using familiar language, in terms of both dialect and vernacular. CARE reinforced these ideas by inviting standout field officers to talk about the approaches they used. For example, one woman shared the following strategy for engaging groups: She would start Self Help Group (SHG) meetings by telling the group that she had very important information to share. Then she would tell a story about a woman in another one of the SHGs she worked with. This woman learned about the insurance plans offered by Bajaj Allianz and thought she and her husband, a taxi driver, should both be covered. She went home and told her husband about these new products and he gave her 200 Rs to buy a life and a general insurance plan with coverage for both of them. The woman decided to wait until the next group meeting to pay the premium and enroll in the program, but the next week, before the meeting, her husband had an accident and died.

The program proceeded to address strategies. The facilitator asked field officers about the messages they were using to teach clients about risk management and the ILAL products. He then asked about common responses to these messages—points of confusion or resistance from the clients – to get participants thinking about where they could improve their approach. The rest of the Communication Program proceeded much like the previous Basics Program: field staff met with their colleagues to pro-

pose new strategies and improvements to existing ones, then practiced their strategies in front of the group and received feedback.

A3.3. OTHER FOLLOW-UP TRAININGS

Program Coordinators received follow-up training as well. CARE designed an Advanced Program to build on the ideas developed in the Foundation Program, giving Program Coordinators a deeper understanding of micro-insurance as a business. Over the course of two days, Program Coordinators from each partner NGO reviewed the basic principles of microinsurance and learned about its distribution and delivery, product development, communication strategies, financial management, and operational and financial sustainability. Examples of specific topics covered include how microinsurance products are developed and priced, and how reinsurance can be used for microinsurance.

In addition, the Program Coordinators attended a separate Management Program to reinforce ILAL operational guidelines and procedures. The Management Program bundled financial management, marketing, and claims handling.

Appendix 4: ILAL Impact Logic Model

