



# PERFORMANCE INDICATORS IN MICROINSURANCE: A HANDBOOK FOR MICROINSURANCE PRACTITIONERS

The Performance Indicators Working Group has published the “Performance Indicators in Microinsurance - A Handbook for Microinsurance Practitioners”, which describes a set of nine key principles and ten key financial performance indicators that are applicable to all types of microinsurance providers and products.

Together with the Microinsurance Factsheet, the handbook provides a toolkit for performance assessment for microinsurance, which in turn is part of larger initiative around performance indicators in collaboration with the GTZ. (See Project section: “Microinsurance Performance Indicators initiative”)

The handbook is divided into four main chapters each of which tackles issues in measuring performance in microinsurance, how to interpret and compare results and, a brief look into social performance. The handbook also includes a glossary and more information about the Microinsurance Factsheet.

## MEASURING PERFORMANCE IN MICROINSURANCE

Measuring performance requires the availability of quantitative data, which can be analysed and interpreted, and thus provides an overview of the microinsurance programme in question. Data accuracy and sound data collection principles are a basic requirement for any analysis to be representative and precise.

### THE TEN KEY PERFORMANCE INDICATORS

The ten key indicators focus on the financial viability of the microinsurance scheme and the efficiency of the different products. These indicators, once interpreted correctly, can allow organisations to take sound strategic decisions and manage their programmes independently.

There are four different categories to analyse:

- **PRODUCT VALUE**  
How efficient is the delivery of microinsurance? How valuable is microinsurance to the insured? Is the microinsurance product or program viable?
- **PRODUCT AWARENESS AND SATISFACTION**  
How satisfied is the insured? How well does the product meet the true need? How well developed is insurance awareness?
- **SERVICE QUALITY**  
How competitive is the product vis-à-vis other products or household risk management alternatives? How responsive is the service? How well does product fit the insured’s needs? How well does the insured understand the product?
- **FINANCIAL PRUDENCE**  
What is the insurer’s ability to meet future obligations? How readily can the insurer meet its short term expense and claim obligations?

The indicators are in a different order in the handbook and not yet bundled in categories. These changes will be included in the second version of this handbook, which will be available in 2010.

## THE NINE KEY PRINCIPLES

Before calculating microinsurance performance indicators, it is important to integrate a set of principles. These principles are not to be mistaken for the principles of insurance, but are principles of good management and a priori conditions for accurate performance measurement.

The nine key principles are:

- Separation of data
- Collection of relevant and accurate data
- Production of financial statements
- Calculation and setting up premium and claim reserves
- Efficient claims monitoring
- Clear investment policy
- Right technical insurance expertise
- Transparency
- Client focus

A couple of questions help to determine if these principles have been correctly implemented and the answers will help the programme managers to identify weaknesses or implement necessary improvements.

## MEASURING PERFORMANCE: INTERPRETATION ISSUES

This chapter focuses on some of the special considerations needed to be given in evaluating performance for certain products and models. Microinsurance programmes around the world are highly variable and differ with respect to products, modes of distribution, management capacity, and in numerous other ways.

## COMPARING APPLES AND ORANGES: THE ISSUE OF BENCHMARKING

This chapter introduces the subject of benchmarking and the benefits of comparing oneself to other organisations within the same sector.

## ASSESSING SOCIAL PERFORMANCE

This chapter explores this issue and the relationship between microinsurance and social protection.



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A second version of the handbook is planned to be published in 2010. An updated two-page "Performance Indicators for Microinsurance Practitioners – Summary Note" has been produced in 2009.

The handbook can be downloaded for free at: [www.microinsurancenet.org](http://www.microinsurancenet.org)

For more information, please visit our website or contact the Microinsurance Network secretariat.