Cauri d’or - Automated daily collection of insurance premiums -- UAB [1]

About the Project

Project Name: Cauri d’or - Automated daily collection of insurance premiums -- UAB
Type of Facility Project: Microinsurance innovation grantee
Country of Operation: Burkina Faso
Region: Africa
Sub Topics: Other channels, Data analysis and processing, Premium collection, Savings-linked
Type of Risk Carrier: Regulated insurance company
Type of Distribution Channel: Direct sales, own agent network

Organizational Overview

The Union des Assurances du Burkina Vie (UAB Vie) is a long-established life insurance company with a 46 per cent share of the life insurance market as of December 2009. Since 2003, it has been the leader in the Burkina Faso life insurance market, which has four life insurance companies. UAB Vie has considerable experience in microinsurance.

Project Description

In 2003, UAB Vie launched a life microinsurance savings product aimed at the population in the informal sector in Ouagadougou. Although initially the product was a copy of traditional products offered by the company, it has evolved over time to adapt to the needs of the target group. The Cauri d’Or product has been highly successful among these groups, reaching as many as 15,000 beneficiaries during the pilot phase. The product consists of a contractual savings scheme and includes life and dis...READ MORE [2]

Beneficiaries

Expected target groups: Micro-entrepreneurs from local markets
Expected outreach: 200,000 clients

Learning Agenda

- How do clients benefit from a flexible product? To what extent does the product enable the poor to manage risks and build assets?
- To what extent do clients understand their insurance benefits if the product is bundled with daily savings?
- How can insurers build trust among low-income people? Do smart cards help?
- What is the added value of education?
- What is the added value of technology to increase outreach and efficiency (administration and productivity on the back end, fraud detection)?

Project Status

Key Performance Indicators

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<tr>
<th>Indicators</th>
<th>31/12/2007</th>
<th>31/12/2008</th>
<th>31/12/2009</th>
<th>31/12/2010</th>
<th>30/08/2012</th>
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<tbody>
<tr>
<td>Number of policies</td>
<td>9,706</td>
<td>11,234</td>
<td>12,793</td>
<td>15,403</td>
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<tr>
<td>Growth rate</td>
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<td>16%</td>
<td>14%</td>
<td>20%</td>
<td>-31%*</td>
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<td>Penetration rate</td>
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<td>0.75%</td>
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<td>Expense ratio</td>
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<td>6.1%</td>
<td>5.5%</td>
<td>4%</td>
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<td>Income ratio</td>
<td>-3.3%</td>
<td>-3.9%</td>
<td>-13.9%</td>
<td>-1.5%</td>
<td>-1.7%</td>
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</tbody>
</table>

Project Updates

As of December 2008 In the first phase of the project, UAB Vie finalized the agreement with the information technology provider responsible for supplying
the automated premium collection solution. It planned to equip all UAB Vie sales staff in the markets with POS units to allow direct information capture (subscription, payment, etc.) into the UAB Vie business software. The contract between UAB Vie and the chosen supplier involved the supply of POS units, smart cards, a printer to print custo...READ MORE [2]

Project Lessons

On the selection of a technology partner It is important to put in place a system to compare bids (invitation to tender, for example) before selecting a technical partner. This should not compare technical and commercial aspects, but also the candidates’ responsiveness and relational qualities. Having several bids strengthens the purchaser’s position in the negotiation of future commercial terms. One of the major problems between UAB Vie and its first pa...READ MORE [2]

On the technology solution Design of the solution It is essential to have an effective business software system before connecting “front end” technology. In the case of UAB Vie, the technical assistance mission recommended terminating the integration of the new information system developed for Cauri d’Or and to finalize the tests before proceeding with the implementation of automated premium collection solutions (through mobile phones or POS devices...READ MORE [2]

On the product Cauri d’Or clients do not have a long-term savings outlook, but rather, use the product for short-term objectives. Only 18 per cent of all subscribers between 2003 and 2011 were still subscribers in 2012. The mean policy renewal term is eight months, which illustrates the opportunistic character (need to invest in his/her business, savings for family events) of subscriptions to Cauri D’Or. Men make up 75 per cent of customers, and say that...READ MORE [2]

On the distribution method Customer focus groups revealed that distribution directly by UAB agents who come to customers is highly appreciated and helps to build trust in the company. It also means that traders do not have to leave their place of work, making daily transactions more feasible. Although economically viable, the use of insurance agents for daily collection makes it difficult to reach a mass market. At present, the direct cost of the sa...READ MORE [2]

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Date of last update: May 2013

Source URL: http://www.impactinsurance.org/projects/lessons/cauri-dor-automated-daily-collection-insurance

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