Use of mobile technology in enrolment and claim settlement of cattle insurance -- Tata AIG

About the Project

**Project Name:** Use of mobile technology in enrolment and claim settlement of cattle insurance -- Tata AIG

**Type of Facility Project:** Microinsurance innovation grantee

**Country of Operation:** India

**Region:** Asia and the Pacific

**Sub Topics:** Data analysis and processing, Client interface, Renewals, Claims, Enrollment, Mobile network operators, Agriculture, Transaction processing

**Type of Risk Carrier:** Regulated insurance company

**Type of Distribution Channel:** Direct sales, own agent network

Organizational Overview

Tata AIG General Insurance Company Ltd is a joint venture between the Tata group and AIG, the American International Group. Started in 2001 as one of India's first private insurance companies, Tata AIG seeks to leverage the broad market base of the Tata group in India with the international insurance and financial services expertise of AIG. Today, Tata AIG provides a range of general insurance solutions to individuals and corporations that are distributed through channels like agents, brokers, banks, and combined with direct channels like telemarketing, digital marketing, and worksite marketing. For the year 2010-11, Tata AIG achieved a premium income of around US$265 million.

Project Description

Cattle insurance in India faces both supply and demand side challenges which have affected the growth of the market. High claims ratios (due to adverse selection and fraud) and operational expenses (for identification and enrolment) affect the profitability of the portfolio. As a result, insurers continue to focus on credit-linked large pools of bank financed cattle to reduce operational expenses involved in acquiring new business. Product innovations have therefore been minimal and voluntary de...

Beneficiaries

The project's target beneficiaries are small and marginal cattle-owners in the rural areas of states of Gujarat and Uttarakhand who are dependent on cattle as a primary or secondary source of income. The project aims to enrol 20,000 cattle-owners. These beneficiaries will be enrolling their cattle in cattle insurance schemes supported by the Government of India through the district-level Livestock Development Boards. The Livestock Development Boards will subsidize the premium by 50 per cent.

Learning Agenda

- Can mobile technology increase efficiency in enrolment and claims processing in high volume areas and remote areas?
- How does mobile technology impact the client experience across districts with different volume of policies and/or remoteness?
- How effective is mobile technology in reducing fraud?

Project Status

**Key Performance Indicators**

The total cattle insurance portfolio in the company declined over the project period. Overall premium reduced from about INR 200 million (US$ 4 million) to about INR 80 million (US$ 1.4 million) in around 3 years. One reason for this is that TAGIC has been reducing its participation in government subsidized livestock insurance over last few years. The government reduced the upper limit of premium rates under this scheme from 4.5 per cent to 3 per cent. The insurer felt this rate was too low to be sustainable and progressively reduced its participation in the scheme, leading to overall decline in portfolio size.

**Project Updates**

The section summarises the activities of the project over the last three years and the changes in the cattle portfolio of the company. Cattle insurance is a constituent of TAGIC's rural insurance portfolio. Its product features, total portfolio, distribution channels and various processes are discussed. Product...
TAGIC offered a standard cattle insurance product which insured the loss of an animal due to death by: accident (including fire, lightning, flood, inundation, storm...).  

**Project Lessons**

**On vendor selection** Explaining user requirements to vendors for new interventions is a time consuming process. As this was a new kind of initiative, software vendors took additional time. Furthermore, the prices quoted by vendors were high compared to the budget and TAGIC had to launch a second call for proposals. Negotiations with the vendors were lengthy and finally an agreement was reached with a smaller vendor, Mobileware, which specialized in...  

**On technology** Technology implementation has to be combined with training and adapted to local conditions to ensure proper understanding and use. Considering the target audience (the local sales teams and tagging vendors) of this application and their difficulties working in English, Tata AIG decided to re-launch the application in vernacular languages. The Marathi version has been launched and used in Maharashtra. Insurers need to consider field re...  

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**Date of last update:** March 2015  

Source URL: http://www.impactinsurance.org/projects/lessons/mobile-technology-cattle-insurance  

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