IFFCO-TOKIO General Insurance Ltd. (IFFCO-TOKIO) has made changes to the claims process for its credit-linked livestock insurance product which have not only reduced claims costs, but have also improved the client value of the product.

In the new process, the farmer calls the IFFCO-TOKIO representative (or his milk society that calls the IFFCO-TOKIO representative) when an insured animal dies. The representative visits the farmer within six hours of notification and verifies the claim with the help of the radio-frequency identification device inserted in the animal. Veterinarians accompanying the representative verify the cause of death of the animal. IFFCO-TOKIO bears all costs, including veterinarians' fees and post-mortem examinations. This is a major benefit for clients, who previously paid veterinarians fees costing 50 to 60 per cent of the annual premium. IFFCO-TOKIO was able to negotiate lower fees with veterinarians in return for higher volume business.

The changes have led to lower transaction costs for farmers and faster claims processing with IFFCO-TOKIO paying most claims between 8-30 days. IFFCO-TOKIO has also gained greater control over the process, reducing the chances of fraud. The claims ratio has fallen to 35 per cent (historic ratios were 150 to 300 per cent), resulting in a combined ratio of 118 per cent. The expense ratio of 84 per cent is expected to fall as the cost of technology decreases and scale is achieved.

For more on the experience of IFFCO-TOKIO, the identification technology and process changes see the new case study - [A case for livestock insurance](http://www.impactinsurance.org/publications/mp17).

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