This month, as we celebrate 5 years of the Facility [1], we are highlighting lessons on innovative distribution.

One key lesson is that distribution channels can be most effective when they become involved in more than sales and enrolment. This is particularly true for claims processing, because that is when clients experience the value of insurance.

Microfinance institutions (MFIs), still the most common distribution channel for microinsurance, usually play an active role in claims processing. Typical involvement includes assisting clients to complete forms and submit necessary documents. Some MFIs have gone further, implementing innovations such as:

**Claims advances for clients:** MFIs can advance a portion of claim payments to clients while claims are being processed. This helps clients with immediate needs, and reduces the need to borrow. For example, Prodem FFP in Bolivia advances a quarter of the benefit for life insurance within 24 hours after a claim is submitted, to cover funeral costs. In countries where regulation prohibits MFIs from paying claims directly, MFIs can advance funds in the form of a loan that is repaid when the claim is settled. For example, KGFS? personal accident coverage usually takes 15 to 30 days to settle. KGFS immediately provides a loan of US$ 100 to the client to meet urgent expenses and clients repay the loan once they receive the claim payment.

**Claims approval:** Another option is for an insurer to delegate authority to an MFI to adjudicate and/or pay certain types of claims. Typically, in a delegated claims arrangement the MFI will approve smaller or simpler claims, while the insurer approves larger claims, which may be more complex and carry greater financial exposure. For example, for Microfund for Women?S hospital cash product in Jordan, the MFI can approve claims for hospital stays of up to six nights; if clients are in hospital for more than six nights, the claim goes to the insurer for review and approval.

For more innovations in claims processing, see Microinsurance Paper 18: Pathways towards greater impact: Better microinsurance models, products and processes for MFIs [2].

For more on distribution, see our 5-year anniversary page [1].

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