

## Microfund for Women Pilot of Caregiver Product – Pilot Review Note

Date: Aug 19<sup>th</sup> 2010, updated Sept 7<sup>th</sup>, Sept 15<sup>th</sup>

This is a summary note of the findings of the review (conducted by MFW/WWB) of the caregiver Pilot program. The pilot program for the Caregiver Hospital Cash product was launched on 11<sup>th</sup> April 2010, firstly in Ruseifeh branch and later in Irbid Branch on 6<sup>th</sup> June 2010. Both branches effectively used the same process (operational, marketing, training etc). The purpose of this review is to evaluate the pilot against the protocol (set before launch) and provide information for a possible decision to roll out to the full Branch network of MFW.

The Caregiver product is a Hospital Cash product paying 10JD per night in Hospital with a corresponding premium of 1.1JD per month. The product was launched as a mandatory product alongside Tadamon (group) and Tatweer (Individual) loans. The product has no exclusions for pre-existing illness but has some other basic general exclusions.

### 1. Performance Indicators

The table below details the KPI's (as specified in the pilot protocol) at 31 August 2010

<b>KPI's (from Pilot Protocol)</b>				
<b>Item No</b>	<b>Name</b>	<b>Obj Target at end of test</b>	<b>Result at 31Aug2010</b>	<b>Notes</b>
0	Policies and Claim Numbers	3283 policies	2117 policies, 37 claims	Policies below target due to delayed launch of pilot and late start in second branch. Claim numbers below projected - refer Item 4 below
1	Loan Rejection (a)	<2.5%	Nil	Some resistance to Mandatory product from minimal number of clients (<10), which is overcome by fuller explanation from Loan Officer and Group peer pressure
2	Claims Rejection	<5%	8%	3 claims rejected due to Fraud. Policy terminated for these clients
3	Claim Duration (b)	<15 days	12.5 and 6.4	Duration from discharge to lodged largely due to recovery period. Average time from lodge to settlement close to target (some claims with incomplete papers adding to delay)
4.1	Claims Ratio (c)	50-65%	37%	Limited data and exposure to date but early indications are that frequency and claims ratio well below expected
4.2	Claims Frequency	Pricing: 21% pa	13.3%	
4.3	Hospital Stay Length	Pricing: 3.4days	3.2	
5	Systems Efficiency	Fully automated for premiums and information	On Target	Insured listing sent weekly, premium reconciliation and fund transfer on target. Refer to 2.3 for details
6	Marketing Effectiveness	Marketing Tool implemented	On Target	Refer to 2.4 for details
7	Training Effectiveness	Training assessment tool implemented	On Target	Refer to 2.5 for details
8	Expense Ratio (d)	<100%	58%	Cumm Expenses to date are 58% of Cumm Income (incl Grant). Monthly fee not yet sufficient to cover ongoing expenses, projected to be so after full roll out (excess funds will cover shortfall until then)

#### Notes

- (a) Loss of clients due to client rejection of Riaya policy.
- (b) Up to 10 days from event to claim, up to 5 days from claim to settlement. Tracked through claim monitoring tool
- (c) Total claims costs not unduly low or high (pricing expects 60%)
- (d) Total direct costs by month are less than the amount paid to MFW as fees.

## 2. Key findings

### 2.1. Client feedback

We conducted a survey of 50 clients to evaluate the *perceptions* of the clients about the product, and consequently identify gaps and recommend corrective measures. The questions referred to **4 categories**: policy terms, claim process, marketing and communication, general opinion of the clients. Both pilot branches were represented in the survey and the sampling was done on 3 main criteria: loan type, branch and enrolment date. The survey was completed via personal interviews conducted over the phone with a focus on lessons learned.

#### *Findings:*

- About the product:
  - Good basic knowledge of product; benefit and premium and the claims process.
  - Good knowledge of the claim papers required but none know to include medical diagnosis
  - Limited or no knowledge of the general exclusions.
  - Mixed feedback on Brochure (about half people read it)
- About the pilot project generally:
  - Tadamon (group loan) clients generally have better knowledge and appreciation of product than Tatweer clients (individual loan)
  - No major difference in findings by the 2 pilot Branches

#### *Follow up and next steps*

- Findings were shared with MFW management and with Network Managers, Branch Managers and loan officers (“LO”).
- For LO it was emphasised to ensure the client is informed of need for medical diagnosis on hospital papers and need for original papers and to inform clients of general exclusions and to strongly encourage them to read the brochure
- Brochure is being re-designed - see marketing notes
- Training for new branches will include this feedback and emphasise key points – see notes on Training.

Please refer to ppt (20100812\_Client\_Feedback\_JulAug2010) for full details.

### 2.2. Claims analysis & feedback

We conducted a survey of 20 claimants to collect their feedback and experience about the product, medical incident and the claims process. We also analysed the 37 claims reported as at end of August to identify trends and to compare to expected trends and assumptions. While the analysis is based on limited data we believe that it is enough to draw some basic observations and findings.

#### *Findings:*

- Claimants profile and experience
  - Claimant profile closely matches the insured profile: all female (as 96% of insured) married and Tadamon (Group Loan) clients
  - Only 2 claimants have been hospitalized more than once while insured or this year
  - Average hospital stay is **3.2 nights**, with 76% staying for 3 nights or less.

- Half of claims are for **pregnancy delivery**, these claimants being generally younger, stay in hospital shorter than the others but are relatively established clients of MFW
- 78% of claimants go to **Public** Hospitals, 16% to private and rest to Military. Average hospital stay is lower for private hospital.
- Typical duration to claiming is 13 days but time to delivery of cheque is **6 days**. Majority were happy with the speed of payment
- **Majority** of claimants were clear on papers required and the process to lodge a claim. Some with incomplete papers.
- 3 claims denied for **Fraud** – altered discharge date; Claim rejected and cover terminated.
- Claimant who checks out of hospital after midday will typically end up paying for an additional night.
- Claim Numbers
  - Limited experience but claim numbers are well **below** expected so far - running total is 65% of expected at end of August (partly due to low numbers in June). This will need to be monitored and factored into a pricing review. However, this gives some buffer in case of a significant increase in numbers over next few months.

#### *Follow up and next steps*

- To continue monitoring on a monthly basis of numbers, frequency, duration and hospital stay. Sharing of monitoring between MFW and ALM/Zurich.
- To discuss and agree a date and process for **full review** of pricing and product features - we propose in 4-6 months time.

Please refer to '20100907\_Claims review.ppt' for full details.

### **2.3. Process tracking**

Assessing the effectiveness of the 3 key operational processes namely; enrolments, claims management and financial flows. These 3 process were specified in process maps pre pilot launch (refer to ppt). The Actual process implemented was very close to that planned except for a number of minor changes as noted below;

#### *Enrolments:*

- No material difference to original process plan

#### *Claims Management:*

- Sending of scanned documents and text file to ALM for claims (original documents sent at end of week) – this was added to the process.
- ALM do not send a credit note (as planned) but a confirmation email and text file. The text file is uploading directly to MFW MIS in order to update status to approved for Finance to then prepare a cheque - this was a change to the process
- Issuing of Cheque: MIS amended to link directly with Finance system and MIS updated automatically when finance issue cheque.

#### *Financial Flows:*

- Use of email and text file rather than credit note for claims approval and processing – as noted above

- 2 sets of reconciliation prepared at MFW – in the insurance dept and at finance. These are reconciled internally before then reconciling with ALM. This occurs each month.
- Date of funds transfer is usually by 10<sup>th</sup> working day of the following month (not 5<sup>th</sup> as originally planned)
- MFW send a soft copy of bank transfer receipt note to ALM. ALM give verbal confirmation of receipt of funds

#### *Follow up and next steps*

- Require written confirmation of funds receipt by ALM
- Confirmation on ability of all parties (MIS and HR) to handle larger volume of enrolments, claims and financial flows once we move to roll out.
- Possibly simplify the financial reconciliation and move to quarterly for detailed reconciliation
- Need for dedicated person in branch to handle claims (as part of workload for admin person but **not** an additional person) - too much work for BM to deal with especially as claim volume increases
- Need for effective work-around for incomplete hospital papers and/or client need to retain original papers
- Consider possibility of pre-approval of small claims (1-2 nights) with MFW.

#### **2.4. Marketing effectiveness**

The client feedback survey was a key source for assessing effectiveness of the marketing materials. We also collected feedback from loan officers and branch staff during the pilot period.

Key Marketing Tools were a sales tool for loan officers, information (Take home) brochure for clients, promotion poster in the branch and promotion posters in the area around the branch.

We also issued a media release which was published in various Jordanian papers and put details of program on the MFW website (these are more a corporate brand development rather than marketing directly to clients).

#### *Findings:*

- Loan officers did not find Sales Tool useful for them as interfered with their normal way of working and talking directly to the clients (the sales tool had a page for each step and required loan officer to go through each step one by one by flipping through the tool). We then prepared a laminated version of the brochure to be used as a replacement of the sales tool. About half of loan officers directly use the laminated brochure
- Mixed feedback on Brochure from clients; about half people read it which is fairly typical for a program at this stage of development. Positive feedback on use of pictures but wording could be clearer.
- No specific feedback on the Promotion Poster – generally positive feedback from branch staff and clients.

#### *Follow up and next steps*

- Investigate an alternative sales tool to laminated brochure before roll out
- Brochure being revised, with simpler language, slight re-wording and merging of wording. Current and new designer asked to prepare an alternative version of the brochure. This will be reviewed internally before any implementation.

- Posters will be replaced by a roll up to be used in each branch. The roll ups are used for other promotion and have been quite effective. Design of roll ups has been requested from designer – we will use current poster design but this will be extended for the roll ups.
- Continual update of program details and promotion on the website.
- Promotion of Riaya when digital signage is launched
- How to effectively communicate with clients after enrolment?
- Fraud claims: dealing with these and prevention of future ones – maintain a position of zero tolerance and convey this message to clients especially for new branches.

## **2.5. Training effectiveness**

The training for each branch was conducted in 3 stage's before launch in each branch. Each training session attempted to build on the knowledge from previous session and reinforce key points for loan officers. Training was interactive and encouraged discussion from LO and also used the marketing tools. Role play was used and found to be effective. For the second pilot branch we also were able to share experience from the first branch by the network manager and some loan officers.

The client feedback survey was a source for assessing effectiveness of the training. We also collected feedback from loan officers and branch staff during the pilot period. We also reviewed the enrolment process in action and interviewed loan officers regularly in first weeks post launch (in each branch) and monthly thereafter – this was to assess their knowledge of the product features and claims process and how it works in practice.

### ***Findings:***

- Some minor changes were made to the training slides before use in the second branch – to reflect experience of first training and actual LO knowledge in the first branch.
- Good knowledge by Loan officers of key features of program and these are communicated well to the clients
- Operational aspects implemented well with limited extra work (eg combined receipt)
- Some learnings on claims process by loan officers on papers required
- Generally LO had concerns about likely client reaction but actual in practice was positive and better than they expected and limited pushback by clients.

### ***Follow up and next steps***

- Use the same training process at roll out but will need to combine training of many branches to handle the volume
- Focus on LO & BM buy in and have LO from pilot branches to help in this training.
- More clarity on claims process in training and use of sample documents
- Share client and claimant feedback with LO during training for roll out

## **2.6. Communication & responsibilities**

Regarding communication and responsibilities of all the key parties involved in the program, namely; MFW, WWB, Al Manara and Zurich.

### *Findings:*

- Communication and responsibilities are evolving and moving towards fuller ownership of the program at the MFW level and the working relationship between MFW and ALM is developing.
- There is regular communication between MFW and WWB via email and phone calls, including a visit by Anna Gincherman in June.
- Communication between MFW and ALM has been on a formal monthly basis during the pilot. More regular communication occurs verbally or via email as per operational process (enrolments, claims and financial). Ad hoc meetings occur between MFW and ALM as needed to clarify or resolve an issue. These extra ad hoc meetings occurred on average about once a month.
- Communication between MFW and Zurich usually via email on an ad-hoc as needed basis.

### *Follow up and next steps*

- Clarity of roles and responsibilities of all parties
- Clarity around how communication between 3 main parties (MFW, ALM, Zurich) will occur in the future.

## **3. Reference material**

- **Pilot protocol** document, dated 12/4/2010 (Protocol and objectives v5\_12Apr2010.doc)
- **Policy document**, dated 5/4/2010 (CareGiver Policy Wording FINAL March2010.doc)
- **Policy schedule**, dated 11/4/2010 (policy schedule draft v9\_11April10.doc)
- **Process slides**, dated Feb & Aug 2010 (3 process slides\_v11 24Feb10.ppt, 3 process slides\_v12 16Aug10)
- **MIS specifications**, dated Feb & April 2010 (Mod Spec v2.2\_23Feb.doc, Mod Spec v6\_27Apr)
- **MOU** between MFW and Al Manara, dated 4/3/2010 (ALM MFW MOU to ALM v2\_04Mar2010.doc)
- **ILO reports** dated November 2009 & July 2010 (20091116 WWB-MFW Progress Report.doc, 20100719\_ILO 2nd Progress Report Final)
- **Pilot log** notes, of April, May and June 2010