Learning Journey

The Rural Bankers Research and Development Foundation of the Philippines

Developing a distribution network for cost-efficient mainstreaming of microinsurance access

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Project basics

About the project

With the launch of its National Microinsurance Strategy in January 2010, the Philippines became a role model for an intelligent approach to creating an enabling environment for microinsurance, in which all relevant government entities and stakeholders were coordinated. Rural banks with their country-wide network of 2,700 branches in 85 per cent of municipalities were recognized as a strong promotion and distribution platform. They were formally allowed to act as agents to market, sell, and service microinsurance on behalf of insurance companies. The Rural Bankers Association of the Philippines (RBAP) has been an important advocate for rural banks since 1955 and has contributed to the formalization of their new role in microinsurance.

In the Philippines’ National Regulatory Framework, microinsurance is defined as a financial product where premiums do not exceed 5 per cent of the lowest non-agricultural wage in Metropolitan Manila (that is, US$ 0.47 daily or US$ 11.60 per month) and guaranteed benefits do not exceed 500 times the same daily wage, or an annual maximum of US$ 4,700. Microinsurance contracts should state benefits and terms clearly and be easily understood in English or Filipino; documentation requirements should be simple and premium collection in line with the cash flows of the insured parties.

Although some rural banks had been providing insurance (especially credit life) before, substantial capacity building, awareness raising, and supportive infrastructure are necessary to help them provide quality microinsurance efficiently to clients.

This project allowed the Rural Bankers Research and Development Foundation, Inc. (RBRDFI) (the technical arm of RBAP) to help rural banks become licensed microinsurance agents. On an ongoing basis, RBRDFI helps rural banks become familiar with and comply with the relevant banking and insurance regulations. RBRDFI also helps the insurance industry to recognize the needs of low-income households and to provide more suitable insurance products in response. The successful completion of this project produced the following outputs:

1. A licensing and accreditation system for rural banks to sell microinsurance
2. A capacity-building manual and kit to improve the insurance knowledge of the staff of the rural banks
3. An insurance literacy programme for clients of the rural banks
4. An online inventory of regulated and approved microinsurance products available to rural banks
5. An SMS-based customer feedback system.

### Project summary

**Project name:** Developing a distribution network for cost-efficient mainstreaming of microinsurance access  

**Project start date:** July 2010  
**Duration:** 30 months  
**Country:** Philippines  
**Product:** Market making: Supply facilitation and demand stimulation for microinsurance
Project updates

Key indicators

The following are the key performance indicators for the project as of December 2012:

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training sessions conducted</td>
<td>20</td>
</tr>
<tr>
<td>Rural bank staff members trained and certified</td>
<td>436</td>
</tr>
<tr>
<td>Rural banks trained and qualified for licensing</td>
<td>197</td>
</tr>
<tr>
<td>Rural banks licensed as microinsurance agents</td>
<td>37</td>
</tr>
<tr>
<td>Rural bank branches offering microinsurance</td>
<td>370</td>
</tr>
<tr>
<td>Microinsurance partners in online inventory</td>
<td>9</td>
</tr>
<tr>
<td>Products in online inventory*</td>
<td>8</td>
</tr>
<tr>
<td>Persons with microinsurance bought through banks</td>
<td>543,508</td>
</tr>
</tbody>
</table>

*A few products have yet to be added to the inventory

What is happening?

Research and development

The project started slowly because of delays in hiring key staff and the need to clarify with the Insurance Commission (IC) and the Bangko Sentral ng Pilipinas (BSP) requirements and procedures to guide RBAP through the microinsurance agent licensing and accreditation process. While agency circulars allowing MFIs and rural banks to sell and service microinsurance had been released, there were not yet specific guidelines for licensing and accrediting rural banks as agents. Close ties with agency heads revealed that the national Microinsurance Technical Working group (MTWG) (led by the Department of Finance and including the IC and the BSP) was likely to finalize the guidelines only in the latter part of 2010.

To push forward on rural bank microinsurance licensing and accreditation, a draft training programme was developed by RBAP through its Microenterprise Access to Banking Services (MABS) Program. This was later shared with the Philippine Life Insurance Association (PLIA), which agreed in principle to endorse the draft to the MTWG, of which it was a member. The PLIA’s President agreed to support RBAP’s bid to apply for RBRDFI accreditation with the IC as a microinsurance training provider. The PLIA and the IC shared the view that outsourcing the required training to RBAP would alleviate the burden on MFIs to respond to the increased demand for agent accreditation training over the coming years. However, consultations with the IC revealed that it was only prepared to accredit training providers in the first quarter of 2011, when the guidelines were to be released.

While RBAP was challenged by the lack of clear regulatory guidelines, it was learning how to capitalize on its strengths to advance this project; given that one strength was its social capital, RBAP made use of extensive communication. Consultations with key people in regulatory agencies, even through informal means, proved an effective way to communicate the needs of RBAP members to increase capacity for the provision of microinsurance access.
Meanwhile, RBAP continued to assist rural banks’ transition from unregulated to regulated providers of microinsurance. Tools were developed to guide banks towards increased regulatory compliance, client registration, claims facilitation, and performance data monitoring.

The pilot

Although the role of IC-approved training provider for microinsurance for the rural bank sector was initially envisaged as a joint one with the PLIA, RBAP later decided to instead engage the support of its individual partner insurers. Not all members of the PLIA were prepared to venture into microinsurance and this impeded the signing of the memorandum of agreement to formalize the PLIA’s support for RBAP’s microinsurance advocacy and activities. A meeting was instead initiated by RBAP to convene its individual partner insurers and the heads of the IC and the BSP to present a signed statement of support for RBAP-proposed microinsurance training framework and the accreditation of RBAP’s research and training arm, RBRDFI, as training provider for rural banks that wished to qualify as institutional microinsurance agents. While the PLIA was unable to collectively support RBAP, key members of the association, now relegated to heads of its newly formed Microinsurance Committee, opted to enter into formal agreements to support RBAP.

RBAP-RBRDFI was granted accreditation by the IC soon after the show of support by RBAP partners. RBAP immediately launched the approved 3-day microinsurance agent training programme. This involved a mandatory 2-day training on the fundamental concepts and principles of (micro)insurance (Basic Microinsurance Training), followed by the 1-day Product Mastery Training course led by the bank’s selected partner insurer.
As agent training progressed, different approaches were tested, and more interactive and audiovisual elements included (for example the “treasure pot game”). Standardized tools such as checklists and forms were developed to simplify the licensing process, as the authorities could handle standardized templates more easily.

As RBAP conducted the 2-day Basic Microinsurance Training courses, it also continued with the series of consultations with the IC and the BSP, which eventually resulted in RBAP mapping out the flow of the microinsurance agent licensing and accreditation process for rural banks:

The Microinsurance Agent Licensing Application Flow

BSP – Bangko Sentral ng Pilipinas
BOD – Board of Directors
AOI – Articles of Incorporation
MI – Microinsurance
IC – Insurance Commission

(Some banks already had existing partnerships with commercial insurers. In such cases, they were informed of the option to stay with their partner on the condition that the company procures the appropriate provider authorization and product approval from the IC.)
The following T-R-A-C-S summary emerged as the best way of explaining the licensing process detailed in the previous diagram, and of overcoming confusion around the process:

**T-R-A-C-S** Compliance Process

RBAP developed the TRACS Compliance Process for the rural banks

RBAP provided a collective voice for the sector by creating awareness and spurring action among regulators. Among other things, it presented licensing challenges experienced by rural banks and insurers. For instance, as some banks had concerns about pending compliance issues given BSP audit visits, they hastily submitted their applications without following RBAP turn-key approach to licensing, with poor results for their applications. Such incidences caused confusion in the sector, which RBAP communicated to regulators, effectively highlighting an urgent need for clearer regulations to guide rural banks.

As a collective force, RBAP successfully voiced concerns about the definition of microinsurance clients. Previously, microfinance clients only referred to the microfinance borrowers of banks. Hence, microinsurance was limited to rural banks with microfinance programs. BSP Memorandum No. 2011-027 (issued in May 2011) expanded the definition of microfinance clients to include individuals with microcredit or microdeposits, and other existing clients classified by the bank as poor or low-income (or with an annual household income of 206,000 pesos (PHP) or less (approximately US$ 4,825)). With the expansion of the definition of microfinance to include micro-depositors and any low-income clients of the bank, practically all rural banks can now apply to become licensed microinsurance agents. From a regulator’s perspective, this makes microinsurance more inclusive as it becomes more accessible to a broader range of rural bank clients. For rural banks, this issuance opened the opportunity for non-microfinance banks to offer microinsurance to clients who qualify as low-income.

Feedback from trained rural banks revealed that (social) communication expertise, and advertising, was as important as insurance technical expertise when it came to engaging potential clients for
microinsurance. The original target of improving 15,000 clients’ insurance literacy proved overly ambitious by this point. RBAP gathered the partner insurers’ material to analyze its appropriateness. RBAP recognized the increasing urgency of seeking out communication specialists for the development of insurance literacy materials more appropriate to the low-income market. RBAP therefore later engaged a specialist to help design communication materials to aid rural banks in microinsurance promotion.

Most pilot banks were not accredited for mobile-phone-based banking, and delays with this component of the project were expected. In addition, there were some doubts about clients’ uptake of SMS-based information.

Replication and first roll-out phase

Some 145 rural banks were trained by RBAP between January and October 2011; of these, 22 were licensed by the IC as microinsurance agents 14 were authorized by the BSP, and 45 rural banks were in various stages of the licensing process.

In February 2012, the IC publicly reported that over 3 million microinsurance policies had been sold in the Philippines in 2011, an impressive result for the new microinsurance regulation and the enabling environment it created.

In May, 419 staff from 192 rural banks had been trained and had succeeded in the subsequent exam. Microinsurance was at that point offered by 130 branches of rural banks. A total of 380,000 insured parties (115,000 principal insureds and 265,000 dependents) were covered by four microinsurance providers partnering with RBAP with products approved by the IC. This came very close to the project’s aim of 400,000 by April.

Forms for the licensing process are available online at http://www.microinsurance.rbap.org/resources/downloadable-forms-materials/#. RBAP’s online inventory of microinsurance products (http://www.microinsurance.rbap.org/insurance-products/find-a-microinsurance-product/) lists cover details of eight products, while the microinsurance partner inventory provides details of seven insurers and two brokers who are partners of RBAP (http://www.microinsurance.rbap.org/partners/find-a-microinsurance-partner/).
Second roll-out phase

By the end of December 2012, the continuing efforts of RBAP to educate rural banks to become licensed microinsurance agents had resulted in a total of 20 batches of rural bank microinsurance trainees, comprised of 197 banks and 436 bank staff.

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Post-training assistance services provided by RBAP assess rural banks’ commitment and capacity to follow through on microinsurance agent licensing. As of the end of 2012, of the 197 trained rural banks, 132 (67 per cent) were prioritized for licensing and capability-building assistance. This step ensured more effective and efficient provision of technical assistance.

RBAP also recognized that getting BSP approval of the amended articles of incorporation for inclusion of microinsurance as a secondary purpose and registering this with the SEC is a tedious process that has prevented some banks from completing their microinsurance agent licensing. The law requires rural banks to amend their articles of incorporation (AOI), submit the proposed amendment to the Insurance Commission and the Bangko Sentral ng Pilipinas for approval and endorsement, and register the amendment with the Securities and Exchange Commission. Before 30th June 2012, banks were allowed to apply for a license while processing the approval and registration of their amended AOI. RBAP requested the Insurance Commission to extend its deadline for the submission of SEC-registered amended articles of incorporation for new agent applicants and renewing agents. Unfortunately, the IC upheld the compliance requirement. Some banks new to microinsurance now perceive this as an entry barrier, while those already licensed are forced to cope with the penalties for delayed renewal of licenses.

At this point, RBAP eased up on microinsurance training and focused on getting more banks licensed. Of the 132 priority banks, 77 banks (58 per cent) had already used RBAP’s licensing application services. Some 38 of these were granted microinsurance agent licenses by the IC, while 35 were granted authorization to sell by the BSP, with 30 successfully completing the process of registration of their amended articles of incorporation (AOI) with the Securities and Exchange Commission. An additional 42 rural banks had been granted a BSP “no objection notice” either through their own initiative or through RBAP. All were monitored as they went through the stages of their licensing application.
The following table shows the progress of rural banks assisted by RBAP in the licensing process for each phase of the project:

<table>
<thead>
<tr>
<th>Description</th>
<th>Piloting</th>
<th>Replication and 1st roll out</th>
<th>2nd roll out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trained Rural Banks</td>
<td>37</td>
<td>186</td>
<td>197</td>
</tr>
<tr>
<td>Licensed by the Insurance Commission</td>
<td>-</td>
<td>23</td>
<td>38</td>
</tr>
<tr>
<td>Authorized by the Bangko Sentral ng Pilipinas</td>
<td>-</td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td>Amended AOI registered with the SEC</td>
<td>-</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>Rural banks completing requirements for licensing</td>
<td>11</td>
<td>70</td>
<td>77</td>
</tr>
</tbody>
</table>

The end of December 2012 saw microinsurance coverage at a total of 543,508 lives insured (179,810 principal insureds and 363,698 dependents) by IC approved microinsurance products. This was 54 per cent of the 1,000,000 targeted for the period and a registered growth of 30 per cent from the previous year. The microinsurance products were distributed by a total of 370 rural bank units and provided by five commercial insurance companies partnered with RBAP.

RBAP continued to capitalize on training events, roundtable meetings, local federation events, and conventions to influence more rural banks to extend their insurance offerings from credit-linked to savings-linked microinsurance products in order to cover more regular bank clients as well as new ones. 2012 government data showed that there were approximately 1 million micro-borrowers serviced by rural banks. Rural bank micro-deposit accounts, which are deposits with an average daily balance of not more than PhP 15,000 are estimated at 4,756,047, a significantly larger market for microinsurance than just microcredit clients. Two microinsurance agent rural banks had already launched savings-linked microinsurance products on a voluntary basis. Progress on these was monitored with the aim of developing a replicable prototype for other rural banks.

The SMS-based client feedback communication system was also piloted in one rural bank in close collaboration with its partner insurer. A third-party solutions provider was engaged to integrate the SMS-based system into the partner insurer’s database management system. While the rural bank developed its mobile number database, RBAP assisted in developing the most appropriate SMS messages for enrollment, claims, and renewals. The system was only capable of sending of bulk notifications of MI enrollment. As the product was mandatory for microcredit clients, the responses generated from clients indicated a lack of awareness that they were covered by the bank’s microinsurance product, much less of its featured benefits. This prompted the rural bank to revisit and improve its information dissemination, education and communication (IEC) activities and materials with assistance from RBAP. Meanwhile, the partner insurer was enhancing its system to enable push and pull functionalities, most importantly, automated responses to client inquiries on claims status. RBAP also
installed an SMS-based communications system to aid its own efforts to disseminate information on its technical assistance services, training offerings, and research initiatives.

Promotional and instructional tools to aid rural banks launch microinsurance literacy activities for their microinsurance clients were developed with the assistance of international social-marketing specialists. An array of tools, including a poster, flipchart, flyer, and sign-up sheets, were created as prototypes for the rural banks. They were distributed as part of a toolkit at RBAP microinsurance training events, regional conventions, and national conferences. The toolkit was also used for simulation exercises and workshops employed during RBAP training on “Effective Marketing of Microinsurance” which was first publicly offered on January 2013. This module was designed to assist rural banks develop or enhance their IEC strategies for microinsurance. Messages were anchored around “financial protection for the family”. Initial field tests showed that this message resonated well with mothers, who were the main target segment for microinsurance.
Project lessons

On facilitating licensing and accreditation of institutional microinsurance agents

It may be insufficient for capacity building to target only implementers, without also focusing on decision-makers. Some trained banks did not follow the process explained during the training but applied for licensing and accreditation without the assistance of RBAP. One possible reason may be ineffective communication of RBAP services and licensing procedures by trainees to their supervisors and compliance officers. Also, trained staff might have not followed instructions because they were overwhelmed by the items for submission and what they perceived as a complex process.

Often, trainees endorse microinsurance agent licensing issues to their bank’s compliance officer, who is typically familiar with BSP regulations. But, in the event that their compliance officer did not attend the RBAP 2-day Basic Microinsurance Training, the compliance officer would neither be familiar with insurance regulations, nor would he or she be properly educated about microinsurance agent application procedures. This has created confusion among some trained rural banks, and may even have caused their applications to be rejected in some cases. It is therefore very beneficial for banks to have compliance officers attend the training.

It was recognized that identification of bank staff to participate in the Basic Microinsurance Training course was not a challenge for rural banks with experience in microinsurance. But banks that were completely new to microinsurance required guidance in deciding who should attend the training. RBAP’s pre-training letters now assist banks in the appointment of their microinsurance officers, while the post-training letter addressed to bank presidents, provides a brief on how to begin the application for licensing.

When communicating and providing training about microinsurance, the degree of detail needs to be appropriate to the target audience, and resemble the intended communication with the end-client; simplicity and clarity are key. The licensing process flow is complex and long. Initially, this complexity was communicated in the training sessions, which guided participants through the flowchart’s three-track process. But RBAP learnt from feedback that it had to be explained in easier terms, and that providing step-by-step guidelines does not always work. Simplicity and clarity are keys to spurring action. Accordingly, banks were introduced to the T-R-A-C-S summary of the compliance process, and a simplified checklist of requirements. As a result, bank staff were less overwhelmed by the onerous requirements and procedures of the IC and the BSP.

On the capacity of rural bank microinsurance agents

A lot of behaviour change is required before rural banks will champion microinsurance beyond mandatory credit life. To achieve this, a smart approach to make them more comfortable with new products and processes should be complemented by increasing demand from clients. Many rural banks had been offering credit life (even before the new regulations required them to be licensed) to protect loan balances. Despite the developments in regulation that now allow rural and cooperative banks to sell and service microinsurance, not all rural banks are interested in becoming licensed microinsurance agents. Because of regulatory ambiguity in the past, some rural banks were able to sell insurance without a license. Others see the threat of additional workload rather than the opportunities
in microinsurance. Therefore the number of banks who submitted the agent license applications after the training sessions was not as high as expected.

The more progressive rural banks, on the other hand, have their sights set on enhancing their corporate brand more than the additional income that may be generated through microinsurance. Rural bankers that have a more holistic view acknowledged that microinsurance benefited their bank in terms of developing client loyalty, increasing competitiveness, and improving their image as a financial institution.

Persuading rural banks of the benefits of expanding insurance coverage to include their clients’ household members also requires changes in their mindset about clients’ demand. The number of MFIs offering microinsurance has been increasing rapidly and their clients’ awareness of microinsurance has improved. These clients now compare insurance products offered by different MFIs, and increasingly choose the loan provider depending on the microinsurance product they offer. But much still needs to be done to support this nascent trend and increase awareness of insurance among RBAP’s target market. Word of mouth has been one promising avenue, and RBAP also develops and disseminates testimonial stories (see for example http://www.microinsurance.rbap.org/guarding-the-poor-from-falling-through-microinsurance-3/), and is increasing the number of microinsurance champions among rural banks’ top management.

**On the most effective strategies to train the microinsurance sales force of rural banks**

**Agents themselves have to buy the insurance.** For bank staff to be effective members of the microinsurance sales force, they should personally recognize microinsurance as an effective financial risk management tool. The majority of participants in RBAP’s training sessions had not voluntarily purchased a life insurance policy. Some weren’t even covered by any (employee) group policy. But training frequently resulted in a positive response to the microinsurance products which insurers provide to bank employees as well as clients. To persuade bank staff to purchase insurance for themselves, three main messages are emphasized throughout the training via discussions and videos:

1. You are just as vulnerable to risks as your clients.
2. You can’t sell what you don’t understand.
3. Owning an insurance policy will lend you credibility as a microinsurance agent.

**When giving training on complex matters in evolving environments, focus is more effective than scale.** The significant changes experienced by (potential) microinsurance stakeholders in the Philippines during the last 18 months have created a challenging environment in which to build sustainable capacity among many organizations and individuals.

RBAP learnt that considerably greater communication than anticipated is required to keep its constituencies updated, including continual emails, SMS blasts, and phone calls. Even training invitations sent out to rural banks and federations can indicate recent key developments in microinsurance regulation – microinsurance education begins with the training invitations when the purpose and agenda are explained to encourage banks to send staff to the training sessions or encourage federations to host training for their members.
But the training effect wears off among those who don’t act upon it soon. To make the best use of its resources, RBAP thinks that it would be better reduce the frequency of basic training sessions and focus on helping those banks which are already trained to become licensed and competent providers of microinsurance. It is expected that the example of these banks will draw in others. Assistance should also be directed towards banks with bigger numbers of branches/outlets since these are the ones likely to face more implementation issues.

The key to understanding microinsurance needs of clients is to DIG. The D-I-G (Discover-Interests-Get Solutions) exercise in the marketing module of RBAP’s Basic Microinsurance Training focuses on the need to generate information (through quick surveys, staff or client focus group discussions, and SMS communication) on what clients’ insurance needs are to ensure effective product development. The exercise stresses the cycle of getting market information, using this for product design, launching the product, and then going back to generating user information for continual product enhancements. When a bank decides to forgo market research and instead discusses product design with its insurers only, RBAP encourages them to at least get client feedback on the acceptability of the product and how to improve it.

**Talk using the language of your client.** The Basic Microinsurance Training course only teaches the fundamentals of insurance, how to comply with regulations, and the importance of customer education. It lacks specific tools and strategies to enable rural bank staff to market voluntary microinsurance effectively. To address this, RBAP teamed up with a social marketing expert to develop such tools. These tools are intended to wean rural banks away from the promotional tools and product-orientation materials developed for traditional life insurance clientele and too complex for the low-income market. Furthermore, these shall aid the rural bank sales staff to increase their clients understanding of how insurance works that will eventually lead to an increase in the sale or renewal of products that are linked with their microinsurance products.

The tools now complement the marketing training developed by RBAP for rural bank microinsurance agents. Instead of designing a Training-of-Trainers module on insurance literacy, an advance course in marketing is now being offered to rural banks. This is in response to the expressed need of the rural banks based on the needs assessment survey implemented during consultations and meetings.

**Rural banks engaged in microinsurance acknowledge that proper and continuous client orientation and education is key to making their microinsurance products and services relevant to clients.** In the series of success stories published on the website of the RBAP Microinsurance Initiative, one of the featured rural banks related challenges encountered in completing the client’s information sheet. These were addressed by consistent discussion of the policy and procedures and the importance of providing complete information for clients.

**RBAP sees that the rural bank microinsurance agents are looking into expanding their market for their microinsurance programmes.** Initially, microinsurance was offered to banks’ microfinance programmes. However, given the development in regulations, most significantly the expansion of the definition of a microfinance client, these rural bank microinsurance agents are now slowly expanding to other clients. Rural banks that traditionally linked their microinsurance offering to their group microfinance borrowers are now developing schemes to link the same microinsurance product to their individual borrowers, or to micro-deposit accounts. Micro-depositors still comprise the majority of clients served by rural banks nationwide.
Those working for the bank on the frontline (i.e. account officers, loan officers, tellers) have a vital role in ensuring service quality by establishing good relationships with their clients. They should be able to properly educate their clients about the features and benefits of their MI products. This can further increase a bank’s competitiveness in a community where NGOs and other MFIs also provide the low-income sector access to various financial services.

**On facilitating access to information of all market players and stakeholders**

The online resource portal dedicated to microinsurance has become an access point for information among microinsurance players in the rural bank industry, but to further enhance it, it is important to know your audience. The RBAP microinsurance website was created to serve as an access point for information essential in promoting microinsurance among partners, specifically that of the insurers and rural bank members. Such information include RBAP services as the technical assistance provider for rural banks’ microinsurance needs, product details of RBAP’s insurance partners and documentation of latest events and stories about the rural banks’ experience with microinsurance. When it was launched, the prime feature of the website is the comparative matrix of eight microinsurance products and the summary table of all of RBAP’s partner-insurers. These were designed to provide rural banks a glimpse of microinsurance products available in the market, perhaps select at least top three potential partners where a negotiation about a microinsurance partnership may begin.

When information about microinsurance started to grow exponentially online, RBAP recognized the importance of sharing these lessons and experiences to its partners through the website. Thus, the website was enhanced to include international news and updates on the field. Realizing also that the website is an effective tool to communicate with the members, testimonials and success stories are collected to document the unique microinsurance experience of rural bank microinsurance agents. A site user survey shall also be installed to generate comments from market players and develop better understanding of the profile of the website’s users.

**On the role of RBAP-RBRDFI as facilitator among regulators, member banks and participating insurance companies**

The RBAP has become an essential link of the RB industry to the different public and private players of the microinsurance sector. RBAP continues to provide technical assistance to rural banks interested in developing their capacity as effective delivery channels of microinsurance through training, licensing services, demand research, information gathering for partnership building and other forms of technical assistance that a rural bank may require. The RBAP has also served as a “better services bureau” by ensuring that rural banks engaged in microinsurance are compliant with the regulations set by the BSP and the IC and that insurers prioritize installing systems that ensure quality services, particularly efficient claims processing. Data on microinsurance that is consistently and closely monitored by RBAP, are shared during meetings and conferences of industry players in the country. Initially, RBAP intended to gather aggregate data on insureds from both insurers and rural banks. However, due to inadequacy of the existing management information system (MIS) of insurers and rural banks, the effort to collect data from both has been challenging. More often than not, data on insureds pertinent to microinsurance would have to be extracted manually from their systems. Currently, data on insureds are collected from
the active microinsurance providers of rural banks and consolidation of such data still takes time to complete. Such data would have been very useful to monitor performance, particularly on the quality of service for microinsurance that is jointly delivered by the insurer and the rural bank. Consistent performance monitoring is valuable in evaluating existing partnerships, and may lessen a bank’s vulnerability to reputational risk. Moreover, RBAP serves as the point of contact for local and international players who want to learn more about the experience of rural banks as agents of microinsurance.

More importantly, it has become the voice of the rural banks for policies relevant to the sector. Through the conduct of roundtable meetings, rural banks and regulators are provided with a venue for dialogue, to discuss issues and collectively come up with solutions. The rural banks are also represented in the Technical Working Group (TWG) that formulated the draft of the Alternative Dispute Resolution Framework for microinsurance. The RBAP has provided information on actual experiences of banks in settling client disputes and the common practice of these banks in ensuring that its microinsurance provider and its clients are benefiting from the partnerships that is managed by the rural bank microinsurance agent.
Next actions

RBAP will follow up with rural banks whose staff have undergone agent training, to make sure that they take the next steps to become licensed and launch their microinsurance products and services. It will also roll out a microinsurance literacy campaign to ensure that the licensed rural banks and their staff can discuss microinsurance with clients.

Currently, microinsurance is mostly tied to credit; very few rural banks offer microinsurance on a voluntary basis. To prepare rural banks to sell voluntary microinsurance, RBAP will explore other ways to help them market microinsurance. RBAP will also develop a prototype microinsurance product that is linked to an individual’s micro-deposit account. Working models will be studied and documented for replicability and viability.

RBAP will also continue using the internet to provide rural banks and insurance providers with access to relevant information on microinsurance supply and demand. Tools and materials have been developed and will be accessible via the online RBAP Microinsurance Development Toolkit. User feedback will also be used to continually improve the website. Active participation of rural bank partners and insurers will also be fostered to ensure a continuous supply of feature articles on microinsurance initiatives and best practices.

The next phase of the project will also see the initial roll-out of the short messaging system (SMS) client-feedback systems to more rural banks. The launch of the pilot system should introduce SMS-based mechanisms for client access to microinsurance product information, claims status updates, promotional activities, and cost-efficient means of giving feedback on the quality of microinsurance products and services, thereby enabling product enhancements by providers. As more and more SMS solution providers emerge, insurance providers should have better options that may result in further technology adaptation and use.