

In Focus: Building Insurers' Capacity

Promoting Insurance in Ghana - PromIGH

Subject

The promotion of (micro-)insurance market development requires a joint effort of both the public and the private sector. While the public sector provides the enabling environment, outreach is finally driven by the business of the private sector. Awareness creation and capacity building among private insurers are thus crucial for fostering market development.

At the beginning of the programme's insurance activities, two training courses for insurance companies were organized together with Ghana's insurance supervisory authority, the National Insurance Commission (NIC), and the Microinsurance Centre (MIC). The purpose of the first training was to provide practical information to insurers about the fundamentals of microinsurance; the second training focused on the product development process. The courses highlighted the need for strengthening the capacity at the industry level. Therefore, microinsurance providers were given the chance to apply for an in-depth one-on-one mentoring programme, implemented by the MIC and facilitated by GIZ.

The Mentoring Programme

To reach its objective, namely, to improve the supply of demand-oriented microinsurance products and enhance insurers' microinsurance operations, the mentoring programme provided tailor-made technical capacity assistance to individual microinsurance providers. Key areas of support included:

- Product development and review
- Process mapping and optimization for premium collection and claims handling
- Training for staff and agents
- Strengthening partnerships and delivery channels
- Customer satisfaction and feedback structure

Project name	Promoting Insurance in Ghana (PromIGH)
Programme name	Programme for Sustainable Economic Development (PSED)
Project region	Ghana
Name of component activity	Mentoring Programme
Duration	2009 – 2019; current commission: April 2016 – March 2019
Cooperation	Microinsurance Centre (MIC)
Local partner	Local insurers: Star Microinsurance Services, SIC Life Company, Donewell Life Insurance Company, Vanguard Life Assurance Company
Target group	Insurance companies
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Four insurance companies were selected for the programme: Star Microinsurance Services, Donewell Life Insurance Company, Vanguard Life Assurance Company and SIC Life Company.

Distribution of Roles

Microinsurance Centre (MIC)

- MIC was responsible for providing expert advice in terms of direct advisory and back office support to the mentoring partners.



"Through the cooperation with the GIZ PromIGH project, we gained access to invaluable technical expertise: capacity building, research grant funds, insurance awareness tools, etc. This support has directly and indirectly culminated in the launch of several microinsurance products that are reaching previously untapped markets in Ghana."

Afua Boahemaa Donkor

Executive Director, Star Microinsurance Services Limited

- The specific design and contents of support were defined ex ante in a mutually agreed operational plan between MIC and the mentoring partners.
- During the programme, consultants of MIC cooperated with GIZ to develop, pilot-test and implement tools for the industry (open source).

Mentoring Partners – Insurance Companies

- The mentoring partners committed to providing the personnel and financial resources necessary for achieving the activities and objectives agreed upon in the operational plan.
- Furthermore, they were responsible for the provision of relevant information, data and access to operational areas of the company.
- Finally, each insurance company was expected to assign a “microinsurance champion”, i.e. a senior staff member promoting the topic of microinsurance at all organizational levels, and relevant staff members had to be available for on- and off-the-job trainings as agreed upon in the operational plan.

NIC and GIZ

- NIC and GIZ covered the costs relating to MIC’s assignment. GIZ provided administrative and logistical support to MIC and the mentoring partners and assisted MIC in supervising and monitoring the implementation of the activities defined in the operational plan.

Achievements

The success story of Star Microinsurance Services

Star Microinsurance Services Ltd. had just started its operations as a corporate agency to collaborate with two major Ghanaian insurance companies when they entered the mentoring programme in 2008. At that time, the company distributed one product (a funeral policy) and had no more than 500 clients. After completing the programme in 2012, the company reported 470,000 clients and distributed various types of policies (including credit life, funeral and savings-linked services) through more than 40 distribution partners.

Moreover, the programme was also instrumental in helping the company acquire a microinsurance fellow through the International Labour Organization’s (ILO) Microinsurance Innovation Facility.

Lessons learnt

- A frequent schedule for the visits by consultants at participating companies is necessary to enhance continued momentum. That is why the programme shifted from quarterly to monthly visits over time.
- A formal visit structure helps maintain focus and identify the roles of consultants and mentees.
- Mentoring is a process of guiding the mentee and not directly assuming tasks for the mentee to reach rapid outcomes. Although this strategy tends to have the potential for embedding skills and long-term capacity building in a company, it takes, of course, much longer to achieve concrete outputs.
- Senior level management support is crucial. A change of management can easily jeopardize successful completion of the programme. In one case the enthusiasm for the programme waned and the company finally left the programme after a change of management.

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