

MAFUCECTO

Togo

CGAP Working Group on Microinsurance
Good and Bad Practices
Case Study No. 25

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Good and Bad Practices in Microinsurance

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1. A **series of case studies** to identify good and bad practices in microinsurance
2. A **synthesis document** of good and bad practices in microinsurance for practitioners based on an analysis of the case studies. The major lessons from the case studies will also be published in a series of **two-page briefing notes** for easy access by practitioners.
3. **Donor guidelines** for funding microinsurance.

The CGAP Working Group on Microinsurance

The CGAP Microinsurance Working Group includes donors, insurers and other interested parties. The Working Group coordinates donor activities as they pertain to the development and proliferation of insurance services to low-income households in developing countries. The main activities of the working group include:

1. Developing donor guidelines for supporting microinsurance
2. Document case studies of insurance products and delivery models
3. Commission research on key issues such as the regulatory environment for microinsurance
4. Supporting innovations that will expand the availability of appropriate microinsurance products
5. Publishing a quarterly newsletter on microinsurance
6. Managing the content of the Microinsurance Focus website:
www.microfinancegateway.org/section/resourcecenters/microinsurance

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The views expressed in this paper are those of the authors alone.

Acronyms

ACECA	Association des Coopératives d'Épargne et de Crédit d'Afrique (Association of savings and credit cooperatives in Africa)
ADA	Appui au Développement Autonome
CFA	Communauté Financière Africaine (African financial community)
CIDA/ACDI	Canadian International Development Agency (Agence canadienne de développement international)
CIF	Centre d'innovation financière (Centre for Financial Innovation)
CIMA	Conférence Interafricaine des Marchés d'Assurances (InterAfrican Conference on Insurance Markets)
COOPEC	Coopérative d'épargne et de crédit (Savings and Credit cooperative)
DID	Développement international Desjardins
DSF/DFS	Desjardins Sécurité financière (Desjardins Financial Security)
FUCEC	Faîtière des unités coopératives d'épargne et de crédit du Togo (apex organization of the Togo savings and credit cooperatives)
MAFUCECTO	Mutuelle d'assurance de la FUCEC-Togo (FUCEC insurance mutual)
MASPF	Ministère des Affaires Sociales et de la Promotion de la Femme (Minister of Social Affairs and Women Promotion)
MSOP/POAS	Membership and Specialized Organizations Program (Programme des organisations associatives spécialisées)
RCPB	Réseau des caisses populaires du Burkina Faso (Apex organization of the Burkina Faso savings and credit cooperatives)
RPC	Régime de prévoyance crédit (Credit insurance plan)
USAID	United States Agency for International Development
WOCCU	World Council of Credit Unions

Executive Summary

Modern insurance initially appeared in Togo around the 1960s. From that time on, authorities began adopting various legislative and regulatory measures to allow and encourage local and outside initiatives to start up activities in this field. In 1995, major legislation governing insurance, the *Code de la Conférence Interafricaine des Marchés d'Assurances* (CIMA) was ratified by several countries in West Africa including Togo. The treaty introduced a single shared legislative framework and strict operating rules for all insurance companies in the signatory countries.

Since the end of the 1960s, the Government of Togo has been offering basic social security programs to its salaried workers including a family coverage plan, a work accident prevention plan, a worker compensation plan and a pension plan for government workers. It also encourages businesses and households to join health and retirement plans by offering tax incentives. Also, recently efforts have been made to encourage the sectors of the economy involved in the fight against poverty. For the moment, there is no direct action affecting microinsurance but everything indicates that measures will be taken soon.

In 1989, FUCEC (Faîtière des Unités Coopératives d'Épargne et de Crédit du Togo), the apex organization of the savings and credit cooperatives in Togo, decided to set up a mutual firm, MAFUCECTO, with the mission of providing adapted and personalized life insurance products to the cooperatives of the network (COOPEC). However, because expenses levied upon COOPEC to participate in the program were too heavy, the structure was never able to involve all service outlets and this allowed competing insurers to enter the network.

In 2003, a desire to improve services and partner satisfaction led FUCEC, in collaboration with CIF, the West African financial innovation centre,¹ to completely reorganize MAFUCECTO and introduce and experiment with new procedures and products. The test was part of a joint project initiated in 2002 by 5 network partners in 4 neighbouring countries under CIF's supervision and with technical assistance from the Canadian organization, Développement International Desjardins (DID), and the European organization, Appui au Développement Autonome (ADA) from Luxembourg. The project goal was to set up an insurance company for the subregion to provide common insurance products for the 6 networks under a new insurance plan entitled RPC (*Régime de prévoyance crédit*).

For the moment, only one product is offered. It covers or reimburses the loan balances and pays an additional benefit of 100 000 CFA francs (US\$189) in the event of death or total and permanent disability of the borrower. The clientele is composed of COOPEC members and the insurance is mandatory for all borrowers. The company reserves the right to refuse to cover individuals who do not meet minimum insurability requirements (a short eligibility questionnaire must be filled out).

¹ The Centre d'innovation financière is a cooperative corporation held by six cooperative networks in West Africa: the RCPB in Burkina Faso, FUCEC in Togo, FECECAM in Benin, Nyèsigiso in Mali, Kafo Jiginew in Mali and PAMECAS in Senegal.

The product is sold by loan officers who receive ongoing training from MAFUCECTO. Throughout the process, COOPECs are the interface between insured members and MAFUCECTO and are remunerated consequently. Administration is kept as simple as possible in order to facilitate operations of non-computerized COOPECs. The premium is paid in full upon loan approval. A reimbursement is made if the contract is terminated before maturity.

Before MAFUCECTO's reorganization, information management was relatively inefficient. It was hard to obtain accurate data quickly. The lack of information hindered sound management of insurance activities and explains the low rate of participation by the COOPECs. Since the launch of the new plan, deployment is proceeding at a good pace with performance indicators exceeding expectations. A simple system for collecting data was set up and major progress has been observed for the product, the way it is managed, and its acceptance by the clientele.

After testing is finished and rolled out in all COOPECs, MAFUCECTO will examine the possibility of extending the range of products offered to its members. Examples of products it may offer in the near future include deposit insurance and supplementary insurance.

1. The Context

Table 1.1 Macroeconomic Data

GDP (US\$ billions)	1,759
Population (millions)	4.9
Population density per km ²	86.4
Percentage urban / rural population	64.9 (rural) 35.1 (urban)
GDP/capita (US\$)	323.3
GDP growth rate	3%
Inflation	4%
Exchange rate (current, X currency per US\$1) ²	528.29
PPP (Purchasing Power Parity) GDP per capita	1,600
Infant mortality (per 1000 live births)	79
Under five mortality (per thousand)	140
Maternal mortality (per 100,000 live births)	980
Access to safe water (% of population)	51
Health expenditure as % of GDP (public/private/total)	Public 1.1 Private 9.4 Total PPP 163
Health expenditure per capita (US\$)	163
Doctors per thousand people	0.08
Hospital beds per thousand people	5.1
Literacy rate	53

1.1 Role of the State in Insurance

Togo, along with other African nations, only became familiar with insurance as a way to protect individuals and their possessions after achieving independence. Before that, some embryonic forms of risk mutuals already existed in local communities in the form of mutual aid and assistance.

Also, insurance in its modern form was available only on a very reduced scale. It was often provided by large firms in metropolitan areas that had opened agencies to allow colonists and certain local executives to insure motor vehicles.

Insurance really only developed in Togo after 1960. Since then, public authorities have been adopting a certain number of legislative and regulatory provisions to govern the sector in order to allow local and foreign initiatives to operate.

The first legal text, which served as the foundation for the control and organization of Togo's insurance market, was **Order N° 36/12 dated 12 August 1968** with application decree **n°69/119** that came into force **June 2, 1969**.

² This exchange rate will be used in all calculations of current figures in this paper.

This law governed insurance until **April 19, 1995** when Togo ratified the treaty setting up a sub-Saharan integrated insurance organization, the *Industrie des Assurances dans les pays africains au sud du Sahara*, signed July 10, 1992 in Yaoundé, Cameroon. A major instrument prescribed in the treaty is the unified legislative code for all the signatory countries. It is designated the Code of the *Conférence Interafricaine des Marchés d'Assurances* (CIMA Code). The code came into force in Togo on **August 11, 1996**. The unified legislation governs insurance contracts, indemnity methods for accident victims, operations of corporations, obligations incumbent on general agents and brokers, and an accounting plan. The requirements in the code governing insurance operations are relatively rigid.

From the point of view of insurance operations, the code institutes two distinct types of insurance societies: life and general insurance (liability, fire, automobile).

Regarding ownership, a distinction is made between insurance companies and mutuals. The minimum amount of owner equity is also specified. For companies, it was set at 500 million CFA francs (US\$946,450) and for mutuals, the minimum funds needed for start-up was set at 300 million CFA francs (US\$567,870). For this reason, MAFUCECTO, originally certified under the Order dated 12 August 1968 with an establishment fund set at 30 million CFA francs (US\$56,787), needs additional funds to comply with CIMA legal requirements.

All insurance activities in Togo are currently operating under the scope of this unified legislation. Public authorities in Togo still intervene in the insurance and savings sector by implementing specific legislative provisions inspired either by the CIMA code or by the desire to encourage certain sectors deemed favourable for development. As an example, The **Finance Law dated January 1, 1993** provides tax exemptions applicable to complementary retirement insurance and capitalization operations in order to encourage household savings. However, life insurance is not yet exempted.

1.2 Regulation and Supervision

Current regulation in the insurance sector in Togo, as we have noted above, is regional. It refers to the CIMA treaty to which are attached the legislative text, the mission and the by-laws of the national insurance agencies. This is a compendium of measures to which the governments have subscribed to organize and control their respective insurance markets. Togo, after adhering to and ratifying the convention, then introduced all the provisions required under the treaty into its own domestic legislation.

Supervision of the Togo insurance market is provided by CIMA authorities. However, there are local insurance inspectors who help carry out CIMA's mandate. These inspectors perform preliminary studies of the documents produced by insurers to be sent to CIMA authorities, they gather statistical reports periodically produced, and they review the product filings that the legislation has made mandatory. Furthermore, the inspectors assist the existing companies in their efforts to comply with regional regulatory requirements. They are also involved in supervising insurance intermediary activities, especially general agents and brokers.

1.3 Insurance Sector in Togo

After 1968, the insurance sector in Togo literally exploded in terms of the number of actors and total business. The market is currently driven by ten insurance companies; seven of which offer general (liability, fire, automobile, etc.) insurance, while three offer life insurance. **MAFUCECTO is not yet included in this figure.** Except for one insurer that is exclusively a national private firm, all were all set up using mostly foreign capital.

The total revenues of the insurance market in **2005** are estimated to be about **17 billion CFA francs (US\$32 million)**. Claims have been reasonable despite the social and political crises Togo has experienced since 1990.

Table 1.2 Insurance Industry Basics

Issues	Observations
Name of insurance regulatory body	Ministère de l'économie et des finances through the Direction Nationale des Assurances
Key responsibilities of the regulatory authority	Deliver licences to insurance companies, inspect and supervise their activities
Minimum capital requirements for insurance license	300,000,000 CFA francs (US\$ 567,870)
Other key requirements for an insurance license	Submit a certification application containing a general presentation along with legal, technical and financial information.
On-going capital requirements for an insurance company	A solvability margin equal to, at minimum, 5% of actuarial provision.
Other key requirements for regulatory compliance	Comply with all provisions prescribed by CIMA code
Number of regulated private insurers	10 private insurers
Value of annual premiums of regulated private insurers	17 CFA francs in 2005 (US\$32 million)
Number and type of other regulated insurance organizations	30 general agents and 18 brokers
Number of reinsurers (if any)	1 reinsurer in Togo, CICA RE

Mandatory insurance policies include automobile insurance and maritime insurance for imports, which are in theory obligatory for individuals and businesses located in Togo. However, only 45% of vehicles are actually insured. Therefore, despite the fact that insurance has been present in Togo for a while now, it has not yet become customary.

Intermediation in the insurance sector in Togo is highly developed. The market currently has eighteen brokers and nearly thirty general agents who act for specific companies.

1.4 Government Social Programs

The Government of Togo cares about the social security protections covering its inhabitants. The first government social program was adopted in 1956 under legislation that set up a family support plan for salaried workers in Togo. In 1964, another law set up an insurance plan for employment injuries and occupational illness.

In 1968, legislation was adopted establishing a pension plan to complete the range of protection offered. The administrative and legal operations were embryonic and relied on the *Caisse des Retraites du Togo*. Order n°39/73 dated 12 November 1973 unified these various plans into a social security code.

The Government created agencies to manage the social security plans: the *Caisse Nationale de Sécurité Sociale* to insure agents working in the private and semi-private sector against risk related to work accidents and disabilities and a *Caisse de Retraite* to manage the retirement plan of the government employees. These two institutions are involved within their respective jurisdictions in: old age security pensions, death benefits, family benefits, maternity benefits and other types of coverage. The government goes further by encouraging businesses and households to subscribe to various forms of private insurance, especially health and additional retirement plans through tax breaks.

The Government plays a major role in providing social security for its citizens. It should be recognized however that the limited means available to the State, and the lack of resources on the part of households, means that much remains to be accomplished in the field of social security.

1.5 Brief Portrait of Microinsurance in Togo

Microinsurance in its current design and organization is not yet operational in Togo. But some microfinance structures have recently been attempting to introduce it into their organizations. In other words, the concept is becoming known. Public authorities will probably establish the provisions required to regulate it in a near future.

Authorities in Togo have recently undertaken efforts to promote sectors involved in the fight against poverty. A national commission to promote microfinance has been set up with assistance from donor agencies. Microinsurance is one area in which the commission is expected to intervene. In other words, the attitude of the Government vis-à-vis microinsurance is highly positive. Efforts are not yet sufficiently advanced to be properly assessed, but the enthusiasm shown leads one to believe that suitable incentives will be established to make it develop.

2. The Institution

2.1 History of FUCEC-Togo

FUCEC-Togo (Faîtière des unités coopératives d'épargne et de crédit du Togo) is an apex organization for most savings and credit cooperatives in Togo. It enjoys national coverage.

Savings and credit cooperatives of Togo

A savings and credit cooperative (known as a COOPEC) is a free and voluntary association of individuals united by a specific common bond (e.g. professional, residential) who decide to pool their savings to make loans using the accumulated funds. This is essentially a cooperative financial intermediary that, on one side, mobilizes the owners' (members) financial resources and, on the other side, lends out these funds. The funds used for issuing loans in the COOPECs come mainly from members' savings.

The COOPEC savings and credit cooperatives began when an American missionary initiated the first cooperative in 1969 in a village in the southwestern part of the country (a coffee and cacao growing region). He had observed the lack of organization among farmers in managing their income. From 1975-1979, the network experienced a period of crisis brought on by a drop in farmer income, lack of suitable training in management/accounting in the COOPECs, and insufficient delivery of services.

Expansion and consolidation

Cooperatives leaders were clearly conscious of the situation and undertook a revitalization campaign. A project was negotiated with the Global Project Office in the United States with assistance from the ACECA (*Association des Coopératives d'Epargne et de Crédit d'Afrique*).

The main goals of the project were to provide training in management, accounting and credit. Moreover the project also aimed at the creation of a national association of savings and credit cooperatives in Togo. Its success produced FUCEC-Togo (*Fédération des Unions Coopératives d'Epargne et de Crédit du Togo*) in 1983; its mission was to contribute to the economic and social well being of individuals and communities through the creation of COOPECs.

The federation was born out of the need expressed by the COOPECs to have a structure to provide shared-cost services such as inspection, refinancing, education, training, technical assistance, computerization and representation.

The success of the Global Project Office led the World Council of Credit Unions (WOCCU) to approve two five-year development plans of the *FUCEC-Togo* financed by USAID (United States Agency for International Development). The plans, the first of which ran from 1983 to 1988, and the second from 1988 to 1993, were designed to assist the consolidation of

the network. At the end of the second plan, an intermediary 2-year plan was negotiated with WOCCU to assist the federation to become self-financing.

For reasons linked to social and political troubles in September 1994, USAID stopped funding the WOCCU assistance to FUCEC-Togo. After the withdrawal of support, budget measures were taken and services reorganized in the federation to allow it to continue providing services to base COOPECs. The intent was to avoid having the withdrawal of external grants signal death for the savings and credit cooperatives in Togo.

In June 2001, FUCEC-Togo adopted a business plan to reorganize and turn around its operations. One main aspect was resizing the network from 152 to 68 COOPECs by June 2004 through a process of amalgamation and liquidation, without reducing outreach or accessibility of services.

MAFUCECTO insurance mutual

In 1989, FUCEC-Togo set up its own structure to provide coop members with death benefits coverage. It was named MAFUCECTO, the *Mutuelle d'Assurance de la FUCEC Togo* and was certified under Order N°098 /MEF /DA the same year.

This structure did not unfortunately achieve participation by all COOPECs due to the high fees charged. Premiums were paid directly by COOPECs as a percentage of loan totals. From a member's point of view, insurance coverage was not visible. The COOPECs felt the product was an additional expense without any true added value for customers. As a result, competing insurance companies penetrated the COOPEC network. Moreover, the 3 M CFA franc coverage ceiling per member had not been indexed as initially promised, which further encouraged COOPECs to sign contracts with competing insurance companies. Consequently, the development of the mutual was hindered considerably.

In the autumn of 2003, a study undertaken in collaboration with the *Centre d'Innovation Financière* (CIF)³ examined the requirements to relaunch MAFUCECTO and identified critical factors required for viability and sustainable development.

The study led to the insurer's complete reorganization in the autumn of 2004. Key changes included the products offered, distribution network, plan management and organizational structure. MAFUCECTO and FUCEC-Togo are implementing these new procedures. In partnership with the CIF, DID and ADA, this project was designed to professionalize microinsurance practices in the 6 savings and credit mutualist networks that are members of the CIF and reach 1.5 million families.

Consequently the work done at MAFUCECTO during this project is the subject of this case study.

³ The CIF is a cooperative corporation owned by networks of SACCOs. It was set up in 2002 on an initiative by DID and six cooperative networks in West Africa: the RCPB in Burkina Faso, FUCEC in Togo, FECECAM in Benin, Nyèsigiso in Mali, Kafo Jiginew in Mali and PAMECAS in Senegal. The CIF is responsible for developing and testing financial products for its network partners. The CIF carries out research and development of financial products adapted to local conditions such as the loan insurance plan described in this case study.

Table 2.1 Insurance Organization Basics

Issues	Observations
Legal structure	Mutual insurance company
Registration status	Registered
Regulation status	Regulated
Start of corporate operations	1989
Start of microinsurance operations	1989
Core business	Loan insurance coverage
Target market – core business	Loan insurance in case of death or total permanent disability
Target market – insurance business	All members of FUCEC-Togo network
Geographic area of operation	Complete territory
Development, marketing, or servicing policies with other institutions	Insurance plans are sold through the COOPEC. They collect relevant data during the application process or payment of claims and transmit this information to MAFUCECTO
Reinsurance provider, provider type	SCOR Vie / Réassureur Vie
Reinsurance type	Proportional surplus reinsurance

Table 2.2 Insurance Organization Basics - Trends⁴

	2005	2004	2003	2002
Total assets (US\$)	447 677 085	298 226 724	240 425 029	220 677 522
Annual budget (US\$)	n/a	n/a	n/a	n/a
Total capital	30 000 000	30 000 000	30 000 000	30 000 000
Total number of potential clients (COOPEC members)	185 523	173 323	156 167	154 551
Total number of microinsurance policyholders (COOPEC)	41	31	30	27
Total number of microinsurance insured lives	13 983	20 424	14 129	8 018
Number of microinsurance staff	3	1	1	1
Staff turnover (%)	n/a	n/a	n/a	n/a
Number of policyholders / microinsurance staff (%)	14	31	30	27
Microinsurance marketing costs	n/a	n/a	n/a	n/a

2.2 Organizational Development

Structure

To avoid management errors made in the past at MAFUCECTO, FUCEC-Togo decided to monitor reorganization very closely. Upper management at FUCEC-Togo wanted and still wants the mutual to fulfil its obligations to clients and the government. As a result, the

⁴ Until December 2004, there was no distinct MAFUCECTO budget. The equity capital of the MAFUCECTO is held by the FUCEC-Togo. To date, there has been no dividend paid. In addition to the staff shown here, there are 4 additional resources from the FUCEC-Togo that support and help perform the operations of MAFUCECTO. Furthermore, there are approximately 280 loan officers from the COOPEC who participate actively in the activities of selling and marketing insurance products. Starting in 2005, the number of microinsurance insured lives only consider the ones covered under the new insurance plan that was implemented at the end of 2004.

FUCEC-Togo director has been taking on overall management of MAFUCECTO until it reaches the desired level and quality of operations.

MAFUCECTO offices are in the same building as FUCEC-Togo. MAFUCECTO currently has three employees. A director of operations ensures that overall operations of the mutual are managed properly and two assistants provide support for operations, monitor the COOPECs, and maintain the accounts. Financial transactions involving insurance activities are performed by the FUCEC-Togo's chief financial officer. In addition, the FUCEC-Togo's director general designated a director on a CIF contract to ensure that MAFUCECTO management activities conform to the mandate granted.

MAFUCECTO constitutes a separate administrative unit that has the responsibility to:

- Negotiate and sign all reinsurance contracts
- Support and train the COOPECs and their staff
- Provide COOPECs with tools for sound insurance management
- Collect and manage insurance premiums
- Calculate remuneration for COOPECs and carry out payment
- Analyze claims and make payment to the COOPECs within the prescribed time limits
- Maintain an up-to-date register of paid and refused claims
- Maintain an up-to-date management information system
- Perform accounting tasks according to the CIMA accounting plan
- Set up technical equipment and report on its performance
- Prepare monthly and annual financial statements
- Audit a representative number of COOPECs once a year
- Monitor equity investments, reserves and liquidities
- Negotiate with external insurers for other insurance needs on behalf of all the COOPECs in the network

Management Expertise and Experience

Finding trained and skilled personnel in the field of insurance is possible but not always easy in Togo. Moreover, the notion of group insurance is less familiar than individual coverage. For example, the chief operating officer mostly has experience in the individual insurance market. Understanding the concepts, approach and functioning of collective insurance was transferred to him through coaching provided by DID during the project.

Most loan officers in the savings and credit cooperatives in the FUCEC-Togo network have little knowledge of insurance even though MAFUCECTO, which was set up to provide coverage for their members' assets and provide security for their loan portfolio, has been providing them with such products for over fifteen years.

Qualifications of MAFUCECTO staff

The staff is composed of a chief operating officer, a claims manager, a technical and commercial officer and an accountant.

- **The chief operating officer qualifications:**

- Masters Degree in Science and Technology and Business Management Techniques with an option in Marketing
- A professional diploma (*Etudes Supérieures Professionnalisées*) in financial and commercial management
- A certificate (brevet) as senior insurance technician
- Seven years of professional experience.

- **The claims manager qualifications:**

- A certificate (brevet) as senior insurance technician
- Three years of professional experience.

- **The technical and commercial officer qualifications:**

- A Bachelors Degree in science with several additional training sessions in marketing insurance products and courses in law
- Eight years of professional experience.

- **The accountant qualifications:**

- A professional certificate (*Brevet d'Etudes Professionnelles*) as accountant and comptometer operator
- Fourteen years of professional experience

Training

Training in insurance is very important, but is often insufficient or neglected. The CIF has therefore set up a training program designed specifically for current and future loan officers. The loan officers in the COOPECs have various training needs. First, they need to understand basic insurance principles to comprehend the plan's modalities and to assess borrower eligibility. They must also acquire knowledge of product features, enrolment procedures and follow-up for claims. They must be able to explain and sell the product in addition to mastering the operational tools to support the plan.

With assistance from the CIF, MAFUCECTO supports the COOPECs in training new employees in insurance. Moreover, it provides ongoing training to COOPECs' staff through regular follow-up sessions in the COOPECs or through brief training programs on specific topics related to the insurance plan.

Governance

The MAFUCECTO Board of Directors, which is the same as the board of FUCEC-Togo, is composed of elected members from the network. The board meets quarterly. It receives financial and performance reports from MAFUCECTO and ensures regular follow up of financial results. It ensures proper observance of protocols, policies, schedules and legal compliance. It proposes corrective measures when required and sees to their implementation. Again, support is provided by the CIF.

2.3 Resources

MAFUCECTO, housed in the FUCEC-Togo building, is well located. The insurer has modern equipment, such as computers and telecommunications services. The number of computers is sufficient for the moment and their performance adequate. Vehicles are shared with FUCEC.

2.4 External Aid

Since 2000, FUCEC-Togo has been receiving technical support from Développement International Desjardins financed mainly by the Canadian International Development Agency (CIDA) through the Membership and Specialized Organizations Program (MSOP) .

In 2003, FUCEC-Togo decided to restructure MAFUCECTO to truly enjoy the advantages of such an associated insurance company. It joined with Appui au Développement Autonome of Luxembourg and the CIF, which retained DID services for technical expertise. The experience has a sub regional impact and it should serve as a model to be replicated by other CIF members.

2.5 Risk Management of Products Offered

COOPEC members first use savings to protect against risk. Savings are a means to reduce vulnerability by compensating for irregular income. The needs and the reasons for savings change as household situations improve.

Ninety percent of the savings collected by the FUCEC-Togo COOPEC are current savings (sight deposits) that allow members to withdraw on demand. Liquidity is therefore an important criterion (considering that households may want to use their funds quickly in case of emergencies). However, liquidity needs must be managed, in terms of matching of funds, with the growing credit needs of members asking for larger loans and longer terms.

To be eligible for a loan, 20% of the requested loan amount must be secured in savings for the duration of the loan. Moreover, other types of collateral could be required, such as a mortgage on a residence or land. A new loan will be granted only after a current loan is reimbursed.

The goals for loan insurance are to offer coverage to COOPEC members for their assets and to protect the loan portfolio against accidents. This financial service helps reduce vulnerability in the face of potentially important claims with a low probability of occurrence. This product is complementary to the savings product and the emergency loan offered by the COOPECs, which are better suited to coping with small losses.

2.6 MAFUCECTO Profit Allocation and Distribution Policies

During the reengineering phase, the priority for MAFUCECTO was to consolidate operations, improve communications, and develop management systems. Success of the reorganization relied on the application of good management practices. Initially, profit will be

retained for capitalization and to constitute substantial reserves. Only once the reserves are adequate and the financial situation consolidated will the surplus be paid to the members (dividends).

According to new legislative provisions (CIMA code) in effect, the deadline for the Establishment Fund target of 300 million CFA francs is March 31, 2006. A decision was made that FUCEC-Togo would provide 40% of the amount with the remaining 60% coming from the other various COOPECs, in proportion to their respective assets. Ownership rights and profit will be allocated to these entities accordingly.

2.7 Institutional Policy on Investment of Reserves

The investment policy regarding reserves requires making low-risk investments to guarantee the sustainability of the plan and the payment of future benefits. Managing liquidities and investments (in terms of amounts and terms) is ensured by MAFUCECTO, but the investments are made by FUCEC-Togo.

2.8 Reinsurance

At inception, MAFUCECTO had a risk sharing agreement under which 10% of the risk was assumed by MAFUCECTO and 90% was reinsured. Reinsurance was assumed by CUNA MUTUAL (72%), CICA RE (13.5%) and AFRICA RE (4.5%). The reason and the date this agreement was dropped are difficult to identify.

Managers of FUCEC-Togo are aware that an insurance organization must demonstrate prudence in setting premiums and in the maximum amount of coverage it can support. MAFUCECTO is an insurance mutual that can assume risk up to a certain limit and must negotiate a reinsurance agreement for excess risk. Upon completion of financial projections it has been established that MAFUCECTO has a risk coverage capacity up to 10,000,000 CFA francs (US\$18,929). For additional coverage needs, an agreement has been signed with SCORE-VIE of Paris.

3. The Target Market

Table 3.1 Client Information Table

Issues	Observations
Targeted market of groups/clients	The market targeted is the same as that targeted by the COOPEC: women, men, youth, craftsmen, merchants, farmers, livestock producers, transporters, salaried employees, retirees, students, apprentices, etc
Current clients and reasons for deviations from targeted market	The target group is the same as that of the COOPEC. In addition, borrowers must meet certain minimum criteria for obtaining loans which means there are fewer borrowers than members
Specific groups excluded	Current exclusions are group borrowers (solidarity loans, group loans) and joint-responsibility associations.
General economic situation of clients	Varies greatly. Level of average savings for members is US\$226. Loans average US\$956.
Key economic activities of COOPEC members	80% of Togo's economy is based on agriculture.
% of COOPEC members working in the informal sector	A very large portion of members work in the informal sector.
Social characteristics of COOPEC members	Varies widely. In addition to a clientele that is mostly composed of farmers, other members are salaried workers: labourers, teachers, civil servants; 33% are women.
Geographic characteristics	COOPECs are present throughout all of Togo.
Nature of membership	Loan insurance coverage is mandatory for borrowers.
Methods for recruiting clients	New members are recruited by the COOPEC. Traditional methods are used: general meetings, special meetings, promotional campaigns, advertising posters, radio programs, newspapers.

3.1 Description of Social, Economic and Geographic Conditions

The MAFUCECTO clientele is made up of borrowing members from the 59 COOPECs in FUCEC-Togo. Due to their desire to provide accessibility for all, they do not address their services to specific clientele; members include women, men, youth, craftsmen, merchants, farmers, livestock producers, transporters, salaried workers, retirees, students, apprentices, etc. The COOPECs are also present throughout all of Togo. Women make up 33% of the clientele.

The introduction of the first COOPEC dates back 30 years and FUCEC-Togo enjoys a high profile and a dominant position among financial institutions in Togo. This creates a stable clientele for MAFUCECTO.

Agriculture is the main or only source of income for 80% of the total population. Natural conditions offer relatively favourable possibilities for agriculture (millet and sorghum, maize, manioc, beans, peanuts, yams, rice, cotton, coffee, cacao, edible palms). The farmers have very limited means, which is why credit is provided for agriculture. FUCEC-Togo finances rural activities through the COOPECs (agricultural loans for inputs, labour, etc.). It has also

instituted a specific program for rural credit. The industrial sector is limited mainly to manufacturing.

3.2 Major Risks, Vulnerability and Coping Strategy

In 1999, the social affairs branch of the MASPF *Ministère des Affaires Sociales et de la Promotion de la Femme* carried out a study dealing with social security measures. The Togolese define risk as the possibility of losing their goods, being indebted and losing their social status, income and productivity. They fear three specific risk factors:

- Death of a member of the family that could entail extreme economic consequences if the deceased was a main economic supporter of the family. Also, cultural norms impose costs for funerals that result in indebtedness.
- Damaged harvests and unemployment mean loss of income, sometimes provoking a loss of property as families attempt to maintain their level of consumption by dipping into their savings (or perhaps by selling their animals).
- Illness is greatly feared since it can cause loss of productivity and loss of property (used to pay for treatment).

There are also hidden risks whose effects are underestimated since their negative impact is not immediate or because they are considered to be just part of life or are simply not consciously perceived. Degradation of the environment, essentially through soil erosion and decreased fertility, has attained alarming proportions. There is a downward trend for the return on basic crops. High birth rates and dependency have a direct link to poverty and vulnerability in households as well as on a macroeconomic level. Gender discrimination is present in almost all aspects of daily life. Attitudes regarding respective roles and rights are slow to change and tend to worsen the vulnerability of women and children. Women run 30% of the country's households. HIV/AIDS is estimated to affect at least 8.5% of the adult population and is likely to grow exponentially. Most Togolese do not appear to understand the importance of the threat and authorities do not yet have all the means required to avoid an out-and-out catastrophe.

There is no particular strategy used by COOPEC members to deal with these risks. Evidently, they have recourse to their savings, request an emergency loan or sell their property. These strategies can make them even more vulnerable by impoverishing them.

3.3 Relationship between Risks and Services at MAFUCECTO

As of June 30, 2005, FUCEC-Togo had nearly 175,000 members and over 25,000 of them had obtained a loan that averaged US\$956.

The insurance coverage provided by MAFUCECTO is tied to death or total and permanent disability of the borrower. The coverage for the remaining balance of the loan frees the family from the financial obligation of the borrower, guaranteeing financial calm. At the same time, a supplemental coverage of 100,000 CFA francs (US\$190) is paid to the heirs to help them pay some of the expenses for the funeral and to reorganize the family budget. Both

are included in the same insurance contract protecting the assets accumulated by the borrower until the loan is fully reimbursed.

The coverage offered only covers the death or total and permanent disability of the borrower. If another member of the family dies, the COOPECs could grant an emergency loan to the family if their accumulated savings are not sufficient to meet resulting expenses involved. Note that members of the COOPECs and FUCEC-Togo have average savings of US\$226 as of June 30, 2005.

3.4 Familiarity with Insurance prior to Enrolment

Out of the 59 COOPECs affiliated with FUCEC-Togo, only 31 COOPECs had joined MAFUCECTO before its reorganization and testing of the new RPC loan protection plan. The plan functions somewhat differently from classic insurance plans. Subscribers are the COOPECs and the insured are the COOPECs' members. The low rate of subscription was mainly explained by the heavy fees (premiums) levied upon COOPECs, whereas they should normally have been transferred to the insured individuals. All the COOPECs in the network are now required to join MAFUCECTO and contribute to the sale of loan insurance, which has optimized the impact of the reorganization.

Although MAFUCECTO had been providing coverage services since 1989, members have little understanding of insurance since the process was, until recently, performed almost without their knowledge. As a result, COOPEC members, in general, have only a rudimentary grasp of insurance concepts.

4. The Product

Table 4.1 Product Details

	Product Features and Policies
Type of microinsurance	Loan insurance: Remaining balance protection in case of death or total and permanent disability. Product called RPC (<i>Régime de prévoyance crédit</i>) – Credit Contingency plan
Group or individual product	Group product
Term of coverage	Varies with duration of loan up to a maximum 5-year term.
Eligibility conditions	<ul style="list-style-type: none"> • Personal loans to individuals • Loans to entrepreneurs who are sole proprietors • Term ≤ 5 years. • Borrowers must be between 18 to 70 years of age • Able to work over the prior three (3) months at least • No health problems such as orders for future treatment or surgery or hospitalization that could prevent the borrower from working normally for more than one (1) month. • Have never received a payment for total and permanent disability and not have been refused previously by an insurer • Not be receiving a total disability pension at present.
Renewal conditions	Borrowers must qualify again for any new loans.
Voluntary or mandatory	Subscription to the RPC loan insurance plan is mandatory for borrowers for each loan.
Coverage	<ul style="list-style-type: none"> • Basic coverage of 100,000 CFA francs (US\$190) • Loan coverage: remaining balance due • No required minimum • Maximum amount is the loan balance.
Exclusions	<ul style="list-style-type: none"> • "Salary advance" type loans • Any joint or group loans • Any loan exceeding a 5-year term and loans to groups, associations and joint-responsibility enterprises • Death attributable to war, riot, insurrection, natural disasters, participation in a crime or attempted crime, suicide if it occurs during the first two (2) years of the loan term.
Premium	<p>Single fee charged to the COOPEC member:</p> <ul style="list-style-type: none"> • Rate set at 0.075% per month or 9 CFA francs (US\$0.017) per 1000 CFA francs (US\$1.89) of the loan per year • Fee of 1500 CFA francs (US\$2.84) for basic coverage • For loans with a single reimbursement payment at term, the 0.075% rate is multiplied by 1.5.
Fees – co-payment and deduction	<p>In case of early payment of loan, refinancing or loan default after 90 days, borrowers obtain a premium reimbursement:</p> <ul style="list-style-type: none"> • Balance of loan x 0.075% x number of remaining months • For single reimbursement loans, the 0.075% rate is multiplied by 1.5. • The amount to be reimbursed must be at least 1500 CFA francs (US\$2.84)

The RPC loan insurance plan is a contract between MAFUCECTO and each participating FUCEC-Togo affiliated cooperative. The RPC plan guarantees payment of indemnities and benefits. Members (borrowers in the cooperatives) are covered in case of death or full and permanent disability.

4.1 Partners

FUCEC-Togo is a member of the *Centre d'Innovation Financière* of West Africa, a cooperative corporation held by six cooperative networks in West Africa: RCPB in Burkina Faso, FUCEC in Togo, FECECAM in Benin, Nyèsigiso and Kafo Jiginew in Mali, and PAMECAS in Senegal. These networks have over 1.5 million members and nearly 500 base cooperatives. Under its mandate, the CIF develops and tests financial products for network partners. Professionalizing the RPC loan insurance plan tested at MAFUCECTO is part of that mandate.

MAFUCECTO also underwent reorganization based on CIF recommendations. The CIF was assisted by groups of international development partners and experts: the European group Appui au Développement Autonome of Luxembourg, KBC, an insurer from Belgium and the Canadian organization Développement International Desjardins in association with Desjardins Financial Security (DFS), an insurance firm. These groups have collaborated in developing a new product, new procedures and a management system for loan insurance. At the moment, efforts are being focused on a single product, but after its operation has been consolidated, other products will be introduced.

4.2 Distribution Channels

MAFUCECTO distributes loan insurance through the 59 COOPECs of the FUCEC-Togo network. The COOPECs, well established in their communities, have a good reputation. They achieve a high loan volume. As of June 30, 2005, there were 174,700 Togolese COOPEC members and 25,385 loans had been granted for an outstanding loan total of US\$24.3 million. This volume of loans, along with obligatory participation in the insurance plan for borrowers, ensures MAFUCECTO a good volume of business. Moreover, the presence of COOPECs throughout Togo and their regular activities provides MAFUCECTO with a significant, fast and sustained penetration.

The organizational structure of the COOPECs makes it easy to offer loan insurance. During the entire process, the COOPECs are the interface between the insured members and MAFUCECTO. Loan insurance is sold by the COOPEC loan officers. This avoids the establishment and management of a specific sales network and reduces costs. Conscious of the fact that insurance is not the main activity of the COOPECs, the product offered is simple to explain and easy to purchase, thus facilitating the task.

During the loan process, members requesting a loan must first meet the institution's requirements for capacity to pay. Their close proximity gives loan officers knowledge of the people in the community, facilitating validation of information provided by the member-borrowers. Loan insurance is mandatory for the borrower, but the MAFUCECTO reserves the right to refuse some members based on minimum eligibility criteria and an application form.

This procedure is simple to apply. The loan officer analyzes and determines the eligibility of the member for loan insurance referring to guidelines and a simple questionnaire. A medical certificate is required for loans of over 10,000,000 CFA francs (US\$18,929), which is a requirement made by the reinsurer. The eligible member names a beneficiary and the COOPEC files the completed insurance application form in the loan file according to the methodology of the institution.

This process ensures that members are informed about their coverage and their rights. Members are informed about coverage by COOPEC loan officers who provide the borrower with a signed copy of the loan insurance contract. The sales ability of the loan officers is maintained through on-going training by MAFUCECTO along with COOPEC staff meetings.

This distribution process is an effective way to reach a great number of individuals as well as a way to reduce promotion and marketing efforts since the clientele is to some extent already captive. Moreover, the coverage is available to a clientele that otherwise would not have had access to it.

4.3 Benefits

The reorganization process and the development of the new loan insurance program in Togo proceeded along the guidelines of a win-win-win relationship. Each party—the member, the COOPECs and MAFUCECTO—must obtain their due and feel that they have been treated equitably and adequately.

For members

First and foremost, members must be at the heart of the insurance effort. Although loan insurance had previously been viewed solely as protection for the COOPECs' loan portfolio, it should be seen mainly as providing coverage for members and their families. The products and services must be developed to meet the needs of all the members.

The coverage offered protects members' assets in the event of premature death or full and permanent disability. Members benefit from remaining balance coverage at the time of the accident, thus releasing the family from reimbursing the debts of a deceased borrower. Due to reinsurance agreements, there is no limit to coverage. Moreover the base protection of 100,000 CFA francs (US\$190) is paid to the heirs and thus contributes to a portion of the funeral expenses or to readjustment of the family budget. These protections free up the savings and assets accumulated for distribution to the heirs.

For COOPECs

Loan insurance protects the loan portfolio from risks tied to death or full and permanent disability of borrowers by guaranteeing reimbursement of the remaining loan balance. It also avoids the impact on family resources that would be contrary to the social goals pursued by COOPECs. In addition to improving the range of products offered while differentiating itself from the competition, this product diversifies sources of income since remuneration is paid to the COOPEC for its contribution to managing the subscriptions and claims.

For MAFUCECTO and FUCEC-Togo

The rehabilitation of MAFUCECTO through the process of reorganization and rollout of new insurance techniques throughout the network provided the conditions for sound, profitable and sustainable development in addition to contributing to the development of expertise in insurance.

4.4 Premium

Premium calculation

As of June 2004, MAFUCECTO has been setting its premium for remaining balance coverage at 0.075% per month of the loan amount, or 9 CFA francs per 1000 CFA francs borrowed per year. An additional premium of 1500 CFA francs (US\$2.84) is charged for the basic coverage of 100,000 CFA francs (US\$189.29). Since risk varies in proportion to the term of the loan, the premium calculation is equitable for all borrowers. There is only one premium and it is charged at the time of loan disbursement into the member's account.

Single premium = (0.075% X number of months X loan amount) + 1500 CFA francs

The COOPEC also offers loans with a single reimbursement payment at term. Because the loan balance remains the same during the term of the loan, it represents a higher risk. MAFUCECTO has adjusted the calculation of the premium while maintaining the simplicity of the calculation. For loans with one reimbursement payment, the single premium is multiplied by a factor of 1.5.

Premium rebate

A premium rebate is paid back to members in three situations: early loan reimbursement, loan refinancing or loan default after 90 days of non payment. In these situations, coverage ceases. Members are no longer covered for the period for which they paid a premium so MAFUCECTO reimburses the member an amount proportionate to the time remaining for a minimum of 1500 CFA francs (US\$2.84). The reimbursement of the premium equals 0.075% of the loan balance multiplied by the number of months remaining.

Premium rebate= (0.075% X number of months remaining X loan balance residual)

Rebates in force

A borrower may benefit from insurance coverage again by making full reimbursement of late payments within 90 days after coverage ceases. The calculation of the premium is then:

Reinstated premium = (0.075% X number of remaining months X loan balance residual)

Reimbursement is made only if the sum is greater than 1500 CFA francs.

4.5 Premium Collection

The system for collecting premiums is very simple and efficient. Several COOPECs are not yet computerized so it is important that administration be easy to perform manually. The organizational and operational structure of the COOPEC allows for simplification of the process.

First, the single premium is calculated by the loan officer who informs the member of the amount. Second, the premium is charged to the account of the member at the time of loan disbursement and is transferred to an accumulation account in the COOPEC account register books. Then the person in charge of loan insurance at the COOPEC fills out the register of insured loans. The COOPEC reconciles the loan insurance register on a monthly basis with the balance in the premium accumulation account. Finally, the COOPEC sends the register and transfers the balance in the premium accumulation account to MAFUCECTO which manages the plan.

At MAFUECTO, the main problem encountered so far involves previous methods for transferring premiums. The COOPECs continue to deduct their remuneration directly from the premiums, while MAFUCECTO should, according to the methods proposed, verify the accuracy of the registers received from the COOPECs, calculate and then pay back the remuneration quarterly to the COOPECs.

Figure 4.1 Schema of Loan Application Process:

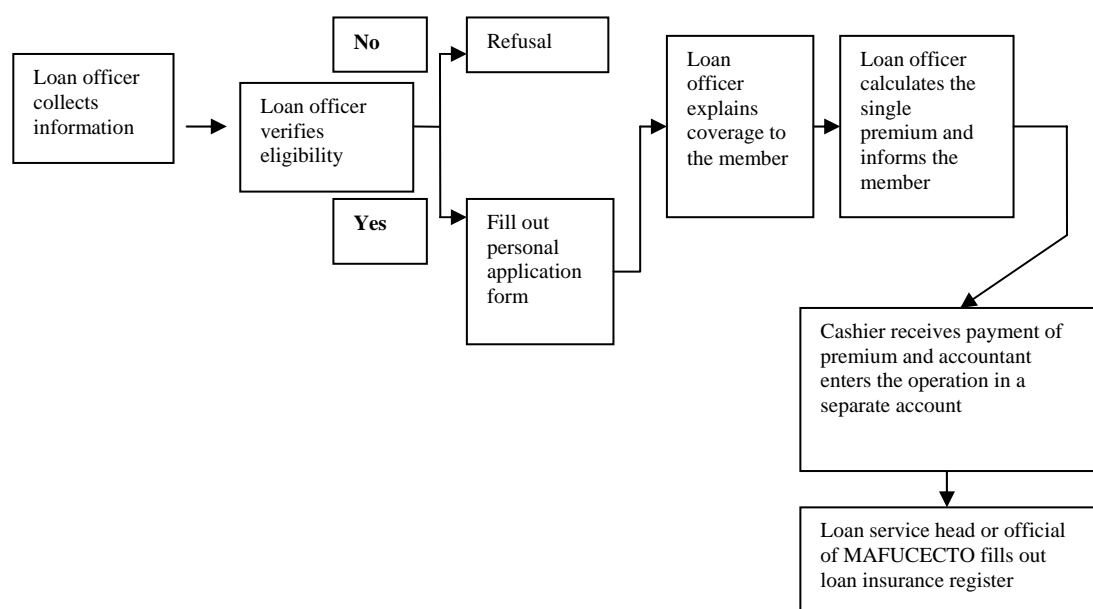
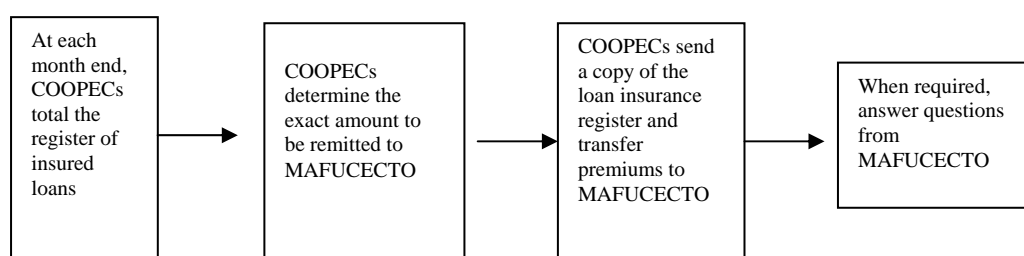
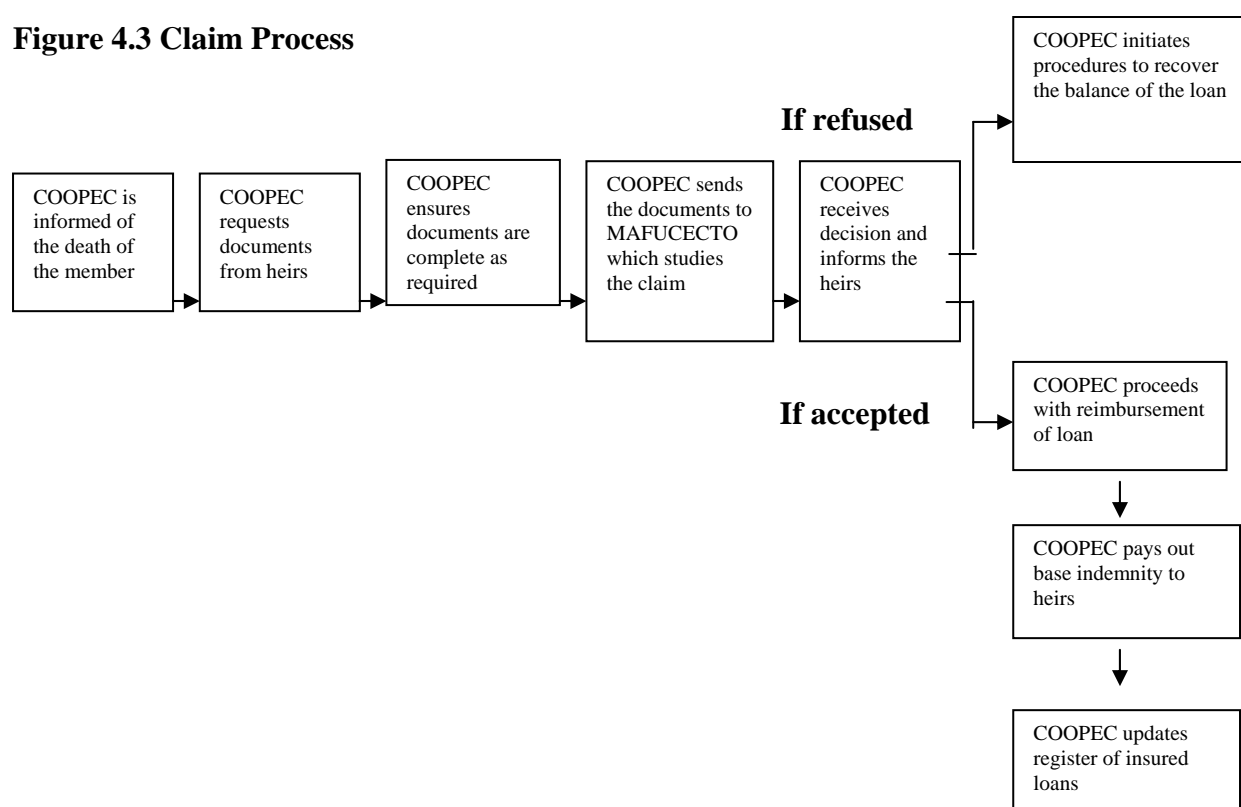


Figure 4.2 Schema of Transfer of Premiums from COOPEC to MAFUCECTO:

4.6 Claims Management

The parties involved in making claims are COOPEC members (in the case of total and permanent disability) or their heirs (in the case of a deceased member), the COOPEC itself and MAFUCECTO. Generally, the beneficiaries inform the COOPEC that a member is deceased. If the COOPEC is informed of the death of a member before being contacted by the beneficiaries, this could mean that they are not aware of the coverage or of their status as beneficiaries. In such cases the COOPEC may encourage the beneficiaries to initiate proceedings. It is in the interest of the COOPEC that the process be as quick as possible in order to regularize the loan. As indicators of efficiency, MAFUCECTO has set itself time limit criteria regarding the different procedures. The time separating the date of death and the submitting of the required documents to the COOPEC should not exceed 30 days.

After the documents have been submitted, the COOPEC verifies that all documents (see Table 4.2) are duly completed and then sends them to MAFUCECTO. This part of the procedure should not take longer than 15 days.

Figure 4.3 Claim Process

It is the responsibility of the operating officer at MAFUCECTO to verify the accuracy of the information supplied for calculating and paying indemnities. First, the director of operations verifies the presence of all the documents and the information concerning the borrower: eligibility for a loan, the cause of death or total and permanent disability and whether there are any false or erroneous statements. Supplementary documents or information may be required if any ambiguity exists. The investigations are usually facilitated by the knowledge that the COOPECs have of their community. Then the amount payable is determined. After analysis of the claim, a recommendation is made to the claims settlement committee (*Comité de règlement des sinistres*) made up of the MAFUCECTO director general and the FUCEC-Togo chief financial officer for a decision. After the recommendation has been accepted and the indemnity authorized by the committee, the COOPEC and heirs are informed of the decision and payment is made where required. Finally, the claims register is completed and documents archived. The process should not take longer than 15 days.

Finally the COOPEC, which acts as the interface between members and MAFUCECTO, proceeds with the reimbursement of the loans of deceased members, fills out the register for insured loans and remits the basic indemnity to the heirs as soon as it is received from MAFUCECTO.

Table 4.2 Claim Processing Details

Issues	Observations
Parties involved in claim settlements	Members, COOPEC, MAFUCECTO
Documents required to submit claim	<ul style="list-style-type: none"> • In case of death: civil status certificate with mention of death, a properly completed death benefit claim form, copy of the insurance application form, and loan amortization schedule • In case of total and permanent disability: medical certificate indicating cause of disability, a properly completed total and permanent benefit claim form, and a copy of the insurance application form. An evaluation by a medical expert may also be required.
Claim payment method	The amount of the remaining balance is paid directly to the COOPEC and the basic protection is remitted to the COOPEC which then pays the heirs.
Time allotted to submit claim after death or disability.	The heirs have 30 days to present a claim. If this time limit is exceeded it could mean that they are not aware of the coverage. The Coop should provide promotional materials to its members to increase awareness of the RPC loan insurance plan.
Time required to send claims by the intermediary	15 days are the acceptable maximum
Time required between claim and payment.	15 days are the acceptable maximum
Refusal rate on claims	0% to date

4.7 Risk Management and Control

Risk management is an important notion in the field of insurance. Adverse selection⁵ is a crucial risk to be managed in order to run profitable, sustainable and accessible insurance activities. The insurer must minimize the presence of uninsurable risks which could cause premiums to rise to inaccessible levels by chasing out good risk. Loan insurance offered by MAFUCECTO protects against this risk in several ways.

First, the mandatory character of the plan ensures a just proportion of good risks (since not just the high risk borrowers sign up) and brings together a large pool of insured individuals which results in a low claims rate and lower fees.

Eligibility rules regarding the ability to work avoid insuring aggravated risks at the time of application: the borrower/insured must be able to work over the previous three months, not being treated for illness, not having received an amount for disability or a disability pension and not have been refused previously by an insurer. At the same time, exclusions for the cause of death help avoid exposure to claims that could threaten disappearance of the plan by exposing it to multiple claims at once: war, riot and natural disasters. The plan also excludes death due to suicide or participation in an attempted crime or a crime.

⁵ Adverse selection arises from the dissymmetry of information between insurer and the potential insured individual. The potential insured individuals know their risk profiles better than the insurer who can only attempt to assess it. Cases of adverse selection occur when individuals only purchase coverage because they know their risk exceeds the assessment made by the insurer.

Second, the questionnaire in the application is completed with each new loan request and helps to eliminate uninsurable risks. In addition, a medical certificate is required by the reinsurer for loans exceeding 10,000,000 CFA francs (US\$18,929).

Third, the distribution network covers the entire country and thus lowers the concentration of geographic risks. The COOPECs lend to individuals and to businesses involved in various types of productive activities (retail, transportation, processing, agricultural production). Diversification of the clientele reduces risk. The limited terms and decreasing loan balances also lower MAFUCECTO's exposure to risk.

Finally, the characteristics of the COOPECs reduce risk. A first triage is made by imposing certain conditions for a loan. It is not to the COOPEC's advantage to lend to members whose state of health does not permit them to carry out productive activities. The collective nature of the COOPEC involves the solidarity of the members. A borrower who represents a high level of risk for the group is less inclined to ask for a loan or to provide false information. The close proximity and implication in their community of the COOPEC also helps with risk selection. The COOPEC staff generally know the people in the community and are aware of their state of health.

4.8 Marketing

Since the loan insurance is mandatory, promotion of the product is done using simple methods and with a small budget. Promotional activities are especially focussed on the COOPECs through the loan officers. A promotional brochure describing the product modalities and its advantages is placed at the disposal of the members and serves as a support tool for the loan officer sales effort. In addition, a promotional poster is displayed in COOPECs' public areas. The product promotion is also strengthened during staff meetings and among members during the annual general meetings.

MAFUCECTO is charged with maintaining the enthusiasm of the COOPECs' directors and loan officers for the sale of loan insurance. This is done through regular follow-up activities, administrative operations and activities and by providing suitable tools. To be equitable, stimulate sales and ensure sound management for loan insurance, COOPECs are compensated quarterly for their contribution. Respective remuneration is 5% (subscription) and 2% (claims) of the premiums collected.

4.9 Customer Satisfaction

Since loan insurance is mandatory for borrowers and since most have signed up only recently, it is difficult at this moment to measure the satisfaction of members for the service. However, comments have been collected regarding satisfaction with the product and the rates set.

Due to the low level of knowledge of insurance, members appreciate the information supplied during the interview with the loan officer, the information bulletin provided and the promotional brochure. The simplicity of the product facilitates understanding.

Members find the premium for the base protection modest considering the amount of the coverage and the advantages offered to their heirs when there is a claim. However, the premium for the loan insurance is perceived as too high for long-term loans (0.075% of the amount of the loan per month) especially when combined with the other fees attached to the loan. The reimbursement of the premiums in the case of changes to the term of the loan are perceived as equitable and thus encourage payment of the loan during the prescribed time limit. In contrast to expectations, the mandatory character of the plan is seen in a positive light by the members who consider it as a tool to help the COOPECs survive and an element that reassures the family in the event of a death or disability. It prevents them from having to find similar coverage. The questionnaire in the application brochure is appreciated because it excludes members who would expose the cooperative and MAFUCECTO to excessive risk.

The members mentioned that effectiveness of the plan is measured by the capacity of MAFUCECTO to meet its commitments to pay out indemnities within the time limits set and reimburse premiums when loan terms are modified.

5. The Results

5.1 Management Information

Prior to MAFUCECTO reorganization, management information was inefficiently organized. It was difficult to obtain reliable data quickly. This lack of reliable information hampered sound management of MAFUCECTO activities and contributed to the low rate of adherence to the plan by the COOPECs, producing dissatisfaction at FUCEC-Togo.

Since June 2004, as tools were being created, a simple data collection system has been developed and implemented in order to provide fast and reliable management information on the COOPECs' and MAFUCECTO's operations.

An entry is made in a loan register by the COOPECs after each loan is granted or modified. Each COOPEC assigns an employee responsible for maintaining the register and ensuring that the information is accurate and entered on a daily basis. On a monthly basis, the register is reconciled with the amount in the premium account at the COOPECs and the funds are transferred to MAFUCECTO. At MAFUCECTO, each indemnity payment is entered in the claims register.

In addition, a register for the specific remuneration to be paid to each COOPEC is completed on a monthly basis by MAFUCECTO and payment of the remuneration is made on a quarterly basis.

This management information is compiled monthly and presented in a performance report for each individual COOPEC. The performance report is a powerful tool for sound management of the plan. It has four types of indicators: growth, efficiency, viability and claims. A target is set for each indicator. As a result, MAFUCECTO has a portrait of the situation and can make decisions to remedy any identified deficiencies. For example, if the average age tends to increase in relation to the base model, the rates should be readjusted or the eligibility conditions changed. Since the data is available for each COOPEC, the source of any deficiencies can be quickly identified and customized action or follow-up can be taken. The performance report is produced quarterly for the MAFUCECTO board of directors along with recommendations from the director general. Each COOPEC receives a copy of its performance report monthly which is presented at the board meeting.

A guide for using the performance report has been produced to ensure uniform use and interpretation within the network and to obtain reliable and comparable results. Table 5.1 shows the contents of a monthly performance report produced by MAFUCECTO for the COOPECs.

Table 5.1 Contents of a Monthly Performance Report

Growth indicators	Efficiency indicators	Viability indicators	Claims indicators
Number of new loans	Time required for declaration	Remuneration for managing applications	Number of death claims
Volume of new loans	Time required to transmit data	Remuneration for managing claims	Monetary amount of death benefits
Number of outstanding loans	Time required for payment	Average age	Number of disability claims
Volume of outstanding loans		Ratio claims/premiums	Monetary amount of disability claims
Number of insured		Ratio # of claims / # of loans	
Volume of premiums			

5.2 Operating Results

The 2004 year (from June to November 2004) was a test period. Results from the test were as follows:

Table 5.2 Summary Results of the Experimentation

Item	Target	Results	Rate of completion
Number of loans	300	556	185%
Volume of loans	250,000,000	418,717,791	167%
Premiums collected	2,700,000	6,113,459	226%
Investment income	50,625	213,971	422%
Reinsurance premiums	-----	553,438	-
Number of claims	3	1	33%
Amount of claims	1,500,000	178,953	12%
COOPEC remuneration	210,000	314,621	150%
Reinsurance Commission	-----	166,031	-
Technical reserves	-----	1,610,378	-
MAFUCECTO administration fees	270,000	611,346	226%
Net Profit	770,625	3,224.725	418%

Results from the test justified rollout of the product throughout the COOPECs starting in January 2005. MAFUCECTO is still in a period of promotion in the FUCEC-Togo network since COOPECs are still in the process of joining to the new loan insurance plan.

At the end of 2005, the performance report presents the results for 36 COOPECs (out of 59 in the whole network). After 12 months of operations, 13 983 new loans were granted, 46% of them were for women. The efficiency indicators are well above those expected initially. The heirs submitted their declaration in 18 days on average (with the target being 30 days). The plan seems to be well known by members and their families

The COOPECs transmitted the indemnification demands to the MAFUCECTO within 3 days on average. MAFUCECTO analyzed the claims and responded to them in 7 days (with the targeted maximum delay being 15 days). In 2005, there were 66 deaths (of those, 15 were women) and one total and permanent disability (a man) for a total claim amount of 45 292

264 CFA francs (US\$85 732). These results are much better than expected. Furthermore, if one excludes from those payments the ones that were insured under the old insurance plan offered by the MAFUCECTO, these results become even more attractive (42 claims for a total indemnity of 22 518 160 CFA francs or US\$42 624).

Less than 1% (91) of the insureds have been granted a loan greater than 10 M CFA francs (US\$18 929). However, these cases represent a much greater proportion in of the total portfolio: 18.65% of the amount outstanding (1 786 124 599 CFA francs or US\$3 380 954). Fifteen percent of the collected premiums have been transferred to the reinsurer. Only one claim was covered under the reinsurance treaty

5.3 Financial Results

Regarding the financial results, the collected premiums were 180 080 836 CFA francs (US\$ 340 874) in 2005 (see Table 5.3). The 36 participating COOPECs received a total compensation of 12 339 832 CFA francs (US\$ 23 358) for their contribution to the process. The reinsurer paid back to the MAFUCECTO a commission of 8 150 650 CFA francs (US\$ 15 635).

5.4 Reserves

The procedures for actuarial reserves have been established by two groups of experts and correspond to those used in the industry. They are designed to protect members and ensure professionalism. The reserves constitute a liability in the balance sheet set up to pay future benefits for insured members who have paid their single premium. The five recommended reserves are as follows:

- A reserve for premiums collected but not yet earned.
- A reserve for claims due and unpaid: corresponds to the total of all claims reported before the end of the year but not yet paid. It is assumed that these claims will be accepted and paid.
- A reserve for claims incurred but not yet reported: should be based on the actual experience regarding the average delay in obtaining information. To start, it will be equal to the premiums collected a month earlier.
- A reserve for unexpected fluctuations: should eventually be 2 times the average level of indemnities paid over the last three years. It should be set up by adding to reserves the equivalent of four months of premiums (or 1/3 of premiums collected) each year.
- A reserve for management fees: equal to 5% of the reserves for claims incurred but not reported and reserves for claims due and unpaid.

The reserves will be officially established in each of MAFUCECTO's financial statements but will in fact be produced each month for better monitoring. The data collected from year to year will provide statistics enabling the calculation of more accurate reserves. A ratio of reserves targeted at 20% is calculated annually.

Table 5.3 Key Results (CFA francs)⁶

	2006*	2005	2004	2003	2002
Net income (net of donor contributions)	n/d	n/d	57 856 180	25 475 719	38 614 758
Total premiums (value)	190 648 991	180 080 836	164 144 496	39 785 510	25 758 629
Growth in premium value	40 %	10%	313%	54%	n/d
Claims	20 944 518	42 875 016	14 293 051	16 888 715	9 680 871
Claims / total premiums (%)	11%	24%	9%	42%	38%
Administrative costs / premiums (%)	12%	25.3%	7.5%	n/d	n/d
Commissions / Premiums (%)	7%	6.85%	2.51%	0.00%	0.00%
Reinsurance / Premiums (%)	n/a	15.09%	3.09%	0.00%	0.00%
Reserves added for the period / Premiums (%)	46%	33.63%	17.83%	5%	6%
Net income added for the period / Premiums (%)	n/d	n/d	35.2%	64.0%	149.9%
Claims cost per total number insured	1063	1866	699	1 195	1 207
Growth in number of insured (%)	90%	n/d	45%	76%	n/d
Income earned from investment of premiums	n/d	n/d	n/d	n/d	n/d
Percentage of profit distributed	0%	0%	0%	0%	0%
Renewal rate (%)	n/d	n/d	n/d	n/d	n/d

* As of September 30, 2006. When there are comparisons, these are made with the same period, previous year

5.5 Impact on Social Protection Policy

Access of the disadvantaged to financial coverage plans can only be a positive development. The impact of the death of a family member on families can be disastrous and the coverage for borrowers softens the impact. At this point in time, it is difficult to produce quantitative results for the impact on members due to the short period of time for which data that has been accumulated. A formal assessment of the impact is slated for 2006 by the CIF.

⁶ Until December 31, 2005, the administrative charges relating to the MAFUCECTO were directly integrated with the financial results of the FUCEC-Togo. Before 2004, MAFUCECTO was not paying the COOPECs compensation for their work. For 2005, the premiums illustrated here are those collected during the period, not those acquired. The premiums are now paid fully upon issue of contract. Before 2005, under the old insurance plan, premiums were not paid fully at the time of issue; at the end of 2004, when the plan was changed, MAFUCECTO asked the COOPECs to pay in advance the premiums pertaining to the remaining contracts. That explains the huge jump in the amount of premiums from 2003 to 2004. The claims illustrated for 2005 include those paid for insured covered under the old insurance plan.

6. Product Development

The following steps were taken in chronological order in developing the MAFUCECTO RPC loan insurance product.

In 2003, a portrait of the practices used in certain networks of savings and credit cooperative associated with the CIF was carried out. These surveys were designed to document and assess insurance initiatives in four networks: in Burkina Faso, Benin, Togo and Senegal. The items addressed were the following:

- General conditions for loans and the volume of credit: minimum and maximum loans, terms, reimbursement modes, early reimbursement, age limits, joint loans, etc.
- Characteristics of current loan insurance products: Is a plan in place? What coverage is offered and what are the eligibility requirements? Are they mandatory plans? What pricing structure is applied? How can the mechanisms and operating modes, the management systems and information technologies be described?
- Management of existing loan insurance products: How are they managed? Is management separated from other financial intermediation activities? Is there a legal entity in place?
- In the autumn of 2003, a new product was configured for testing and it included a base amount.
- In February 2004, a project steering committee was set up with ADA and DID.
- In April and May 2004, procedures, financial projections and tools were developed
- In June 2004, a 6-month product and procedure test with FUCEC in Togo began.
- In September 2004, a first systematic follow-up was performed and adjustments were proposed.
- In February 2005, a joint mission with ADA was carried out to finalize the assessment of the test and start up a second test with the RCPB in Burkina Faso (Réseau des caisses populaires du Burkina Faso).
- In February 2005, FUCEC-Togo undertook rollout of a new plan throughout the COOPEC.

6.1 Development of Concept

MAFUCECTO results up to 2002 were below the targets set by FUCEC-Togo despite the fact that the legal environment and the required infrastructure were in place. In early 2003, FUCEC-Togo, a CIF member, agreed with the CIF to draw up a portrait of practices in the networks. FUCEC-Togo participated in the survey carried out to assess insurance initiatives initiated in four of the six CIF networks (Burkina Faso, Benin, Togo and Senegal). The survey dealt with general conditions for loans, amounts borrowed, characteristics, operational and management mechanisms for existing loan insurance products and institutional links.

The information collected made it possible to identify major deficiencies in the professionalism of practices and management. This was the impetus for CIF to propose development of a shared plan to its affiliated networks in order to share expertise and cost. The overall goal of the project was to professionalize microinsurance practices in order to

meet industry standards and comply with existing legislation. In other words, the project aimed to avoid intervention by supervisory authorities and to implement sustainable insurance activities to satisfy the coverage needs of members and base financial cooperatives.

Guidelines were set for the approach, product configuration, administrative procedures and the decision-making process. These guidelines were the basis for the following recommendations:

1. First and foremost, the insurance process must be centred on the members: Loan insurance is generally seen as protection for the savings and credit cooperative when it should be seen as protection for the members.
2. Win-Win-Win relationship: Each party (member-cooperative-federation) must obtain their due and feel they have been treated adequately and equitably.
3. Simplicity: Many savings and credit cooperatives are not yet computerized so it is essential that administration processes be uncomplicated. The relationship with members should be kept simple.
4. Rely on the networks' strengths and best practices.
5. Transparency: This principle applies as much to the relationship with the members as it does to the administration of the operations.
6. Insurance plans should have a high level of security and encourage stronger networking.
7. Insurance activities should foster better capitalization of the network.
8. In managing the insurance plan, networks should take advantage of the incredible strength of cooperation. Through solidarity, networks can obtain advantages and better conditions than each savings and credit cooperative could obtain on its own.

6.2 Product Design

Data collected during the survey provided valuable information for configuring the product. In the autumn of 2003, the DID/DFS expert group supporting the CIF configured a new product adapted to the needs of the targeted clientele for testing purposes. Partners were involved in the product design and MAFUCECTO was selected as the first testing site.

Reconfiguration of the plan was largely inspired by what is occurring in the insurance industry, especially product configuration, administrative procedures and plan management, which were created along the lines of Desjardins Group expertise through the efforts of its subsidiary Desjardins Financial Security (DFS). After 57 years of operations, Desjardins Financial Security, a leading insurer in Canada, continues to defend and apply cooperative values, which are the key to its success, outreach and profitability. In February 2004, a project steering committee, including ADA and DID, met to evaluate the product.

In May 2004, financial projections were established and several tools developed. A detailed plan for testing was designed that included the following elements: the product, financial aspects, marketing, administrative procedures, management information and the organizational structure (for distribution). Recommendations for each item were made and explained. A detailed testing plan has the great advantage of being a reference tool for testing and facilitates identification of the roles and responsibilities of the organizational structure to be set up. Table 6.1 shows the contents of the testing plan for the aspects affected.

Table 6.1 Components of the Testing Plan

Product	Financial aspects	Marketing	Administrative procedures	Management information	Organizational structure
<ul style="list-style-type: none"> - Eligibility Conditions - Start and end dates - Coverage provided - Limitations and exclusions - Types of loans covered 	<ul style="list-style-type: none"> - Pricing - Actuarial reserves 	<ul style="list-style-type: none"> - Information to members - Training - Mandatory participation of COOPEC 	<ul style="list-style-type: none"> - Specific agreements among parties - Separate accounting - Early repayment - Default on loan - Refinancing - Settling claims - Client services - Control 	<ul style="list-style-type: none"> - Separate accounting for insurance plan - Separate statistics: subscriptions, claims, loans, borrowers - Remuneration of COOPEC - Quarterly and annual financial reports - Administrative expenses - Income statements - Performance report 	<ul style="list-style-type: none"> - COOPEC - Federation - Monitoring committee

A list of success factors was also produced. The conditions for success were identified as follows:

- Being open and prepared to participate in testing.
- All those involved have all the information required.
- Regular follow-up communication (at least weekly) on an operational plan.
- An easy and effective communication system to obtain fast answers for the adjustments required during the process (Test Sites → FUCEC-Togo/MAFUCECTO → CIF/DID → DFS).
- Meeting all the commitments and modalities agreed upon for the test (avoid exceptions).
- All adjustments during the process must be validated and accepted by the test team.
- It is OK to make errors, as long as we learn from them.

A list of prerequisites was also produced. Individuals were assigned responsibility for each prerequisite, and a date was set for completion. A grid for follow-up specified performance indicator measurements. Regular follow-up was carried out during testing; at one and a half, three and six months, the grid was completed. Future assessment will be performed on an annual basis by the CIF in order to adjust the product to the evolving needs of members and COOPEC.

The commitments made by the parties involved should be done formally. A contract between MAFUCECTO and the COOPECs describes in full detail the modalities of the plan and defines the responsibilities of each party. A membership bulletin was developed to set out COOPEC-member commitments for coverage: plan application form (information on the borrower, loan contract features), questionnaire on health status of borrower and borrower statement. On the reverse side there is a notice of coverage indicating all the product modalities, the coverage offered and claim procedures.

Each administrative procedure was documented and presented graphically to facilitate implementation. Tools were also developed to exploit information efficiently, easily and quickly. These tools included a register of insured loans, claims and remuneration paid to the

savings and credit cooperatives. Claim request forms for indemnities in case of death or total and permanent disability were drawn up in order to standardize claim procedures.

Communication tools were developed for marketing and product sales support. A poster and promotional brochure were produced for member information. A guidebook describing product modalities and offering examples of insurance calculations was produced for loan officers to help facilitate comprehension of the product.

6.3 Pilot Testing

A six-month test was held from June 1 to November 30, 2004 in the Novissi COOPEC in FUCEC-Togo. Systematic assessments were carried out after 1 month, 3 months and 6 months using the follow-up test assessment grid. In addition to noting what was appreciated along with the problems encountered, the follow-up missions helped sustain the interest and motivation of the team in carrying out the project.

During the pilot test, focus groups were organized to collect comments by borrowers who had received loans during the period being studied. Their comments contributed greatly to product appreciation and inspired adjustments made.

During the test period, no major changes were made to the product or to procedures. The pilot project and its results were deemed satisfactory and were more profitable than forecasted (with a net profit twice as high as expected). The experts were only informed of certain problems during the final assessment and they proposed solutions.

6.4 Rollout

A favourable climate towards reorganization was observed within the FUCEC-Togo network after MAFUCECTO's satisfactory results at the end of 2004 due to the impetus provided by the new product.

To prepare for the product rollout, two training seminars dealing with the loan insurance plan product's features and modalities were organized and conducted by MAFUCECTO. Initially 20 COOPECs, representing about 70% of the total business recorded by FUCEC-Togo's affiliated COOPECs were trained. Training continued later with the smaller COOPECs.

MAFUCECTO conducted a follow-up mission to the COOPECs to monitor progress. In the COOPECs engaged in product marketing and selling, some were applying the basic coverage as an option and others were only selling the loan insurance part. Training designed specifically for loan officers of these COOPECs made it possible to harmonize practices.

Other problems were encountered during replication:

- Late payments for premiums and delays in submitting registers
- Errors in calculating premiums
- Problems posed by calculating premium reimbursement in cases of deferred loans or full reimbursement of loans

- Deduction of remuneration perceived on premium rebates
- Difficulty with the registers and the order of payment between the COOPECs, MAFUCECTO and the accounting service at FUCEC-Togo
- Poor comprehension regarding total and permanent disability coverage during an illness (waiting period)
- Errors in the loan registers sent to MAFUCECTO.

These problems occurring during implementation can be explained by lack of experience or coaching or insufficient supervision. In some cases, they may be caused by resistance from COOPEC management or by inadequate training of COOPEC staff. The problems encountered may also be explained in part by the rapid deployment and the MAFUCECTO administrative structure that does not completely fit the recommendations.

6.5 Product Revision and Adjustment

In January 2005, a joint mission by ADA and DID was carried out for a final assessment of the test, make recommendations, carry out changes and plan deployment. The assessment identified the following issues:

- Certain modifications to be made to product modalities
 - Suppression of the coverage limit of 50% if a claim is made within 60 days after the plan starts
 - Extension of the eligible age from 65 to 70.
 - Adjust the definition of disability.
 - Readjust the questionnaire to determine eligibility. The list of illnesses bothered both members and loan officers. Moreover, the list did not seem appropriate to illnesses current in Africa such as yellow fever and typhoid. The insurance plan application form was redesigned with more discrete questions while still allowing high risks to be excluded. Proof of good health is required only for loans exceeding 10 million CFA francs (US\$18,929).
 - Addition of a surcharge to the premium for loans with a single reimbursement to take into account the supplementary risk they entail.
- A need for additional tools:
 - A performance report and explanatory guidebook for using it
 - Sales arguments and answers to member objections
 - A claims analysis guide
 - Training specifications
 - A training program
 - An implementation guide
- Lack of documentation regarding:
 - Designation of beneficiary
 - Right to premium reimbursement
 - Modification of terminology that causes confusion

7. Conclusions

7.1 Next Phases

FUCEC-Togo must modify its organization chart to make the MAFUCECTO insurance mutual a separate administrative unit with its own accounts. The MAFUCECTO board of directors will be composed of the same members as the FUCEC-Togo board while it awaits future orientations. Hiring two office workers will allow reorganization of the MAFUCECTO to allow better follow-up on insurance activities in the network.

Efforts were undertaken to further professionalize MAFUCECTO. Specific points included revising the by-laws, the obligation to raise the establishment fund to 300 million CFA francs (US\$567,870), and registering the general conditions and technical notes for the various products in compliance with the regulations prescribed under the CIMA insurance code.

After rollout has been consolidated, MAFUCECTO will study the possibility of improving the range of products offered to members to include other products such as deposit-insurance and supplementary insurance (insuring another member of the family).

Important key words will be: accuracy, appropriation and rollout. The major challenges include:

- Product challenges:
 - Successfully launch the product ensuring that it is understood and properly applied.
 - Have a successful financial planning to achieve profitability and accumulate capital.
 - Develop strategies and actions leading to increased use of reinsurance.
 - Start research on group loans.
- CIF members institutions challenges:
 - Succeed in the initial pilot tests by taking a structured approach and managing change to encourage a member-based approach and empowerment of the COOPEC.
 - Meet the major challenge of integrating a specialized service within the federations that will simulate the operation of an insurance structure with its management specifics and its own control mechanism.
 - Meet the challenge of training each staff member by designing simple and adapted tools.
 - Adapt support systems to obtain quality management information and impeccable accounting.

The general finding is that significant progress has been made in testing, especially in terms of the product and its acceptance by the clientele. As for the management structure, the

mechanisms are not completely in place (separate accounting, management information follow-up and structured training).

These advances are based on teamwork and commitment by all the institutions and their representatives. Deserving of mention are:

- the major contribution made by FUCEC Togo during the testing itself
- the involvement of all the CIF staff
- the support and expertise provided by European partners ADA and KBC
- the contribution made by DID/DFS and their technical assistance in providing support and expertise

As important factors for maintaining the network building effort, we can mention the fact that the partners have renewed their commitment:

- ADA/KBC, with financing from Luxembourg, has renewed the agreement for 2005 and 2006
- DID/DSF, with financing from CIDA, has extended support for 2005 and 2006

7.2 Lessons Learned and Conditions for Success

Additional lessons learned during testing and deployment:

- Integration and *joint existence* of financial intermediation and insurance activities at all levels of intervention in the network (from the COOPECs to MAFUCECTO) is a major challenge. Insurance and financial intermediation are two areas of business that are less similar than they seem at first sight. They involve an apprenticeship, the integration of several distinct notions and different forms of risk management.
- A *firm commitment* from the apex organization (FUCEC-Togo) and from the COOPECs is imperative from the outset of the test project and then during deployment. A signed contract between the parties is important.
- *Clear role sharing* and *appropriate remuneration* among the various stakeholders (MAFUCECTO, FUCEC-Togo, COOPECs) are essential for proper functioning and structure.
- A judicious choice for the *place and time for the test* has major impact on the success of introducing a new plan into the network. The director of the federation should take special care to identify COOPECs where the director is a leader who enjoys the challenge of new ideas, has the ability to mobilize his/her team and can manage change. The director must display leadership qualities with the COOPEC staff as well as among the other directors in the network. Moreover, test start-up during a period of lesser activity increases the openness of the staff to change. Their availability encourages integration of the changes required by the introduction of new methods of operation.
- Establishing and completing an adapted *implementation plan* is required. It must be oriented to the pace of deployment and the sequence of phases to carry out. A too rapid rollout carries major risk of failure. The loss of control of activities and procedures

destroys the credibility of the insurance provider and creates dissatisfaction affecting the confidence of both the COOPEC staff and the clientele. In short, activities should be broken down into smaller segments as a rule.

- The creation of an **administrative structure** distinct from other banking operations, organized, functional and efficient is of primary importance before product deployment and also before testing. Separate accounting is imperative.
- The lack of specialized workers requires a suitable **training program** adapted for each actor, which must be delivered before implementation begins.
- **Ongoing follow-up** after implementation is critical. Change requires a certain amount of time to be assimilated. It is important that the implementation plan include a period of post-implementation follow-up to strengthen the new behaviour.
- The complete range of **management tools** and administrative tools should be developed prior to testing for best results.
- The **knowledge of cultural differences** makes it possible to avoid errors and save time. Among the positive aspects, the facility with which the African clientele integrates and accepts the concept of insurance should be mentioned along with the solidarity that is already high among members of a same community and an integral part of shared values.
- Lack of knowledge and unfamiliarity with insurance among members along with certain cultural beliefs require taking a **special approach**. Talking of death is often taboo for the clientele and means bringing on bad luck. Requesting that a beneficiary be named means asking a member to deal directly with the idea of the member's death. This makes training for the staff all the more important for a suitable approach to the clientele.
- **Consumer confidence** in insurance products relies upon an efficient claims management: the insurer's ability to meet commitments. This element came into focus during focus groups in the Togo test. Moreover, members appreciated the transparency of the information provided when applying for the plan.
- The innovative **basic coverage** (100,000 CFA francs (US\$189.29)) was greatly appreciated by members who perceived it as offering a significant and important level of coverage for their families.
- The **mandatory character of the insurance** allows administration and selection procedures to be simple and thus reduces problems and associated costs.
- Maintaining and **standardizing** procedures and products within the networks is a much more complex task than it had seemed at first. Regularly scheduled and strict follow-up must be carried out in order to ensure that product features and the forms used stay the same.