



International
Labour
Office

CASE BRIEF:

SAJIDA FOUNDATION

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Product name: Nirapotta

Location: Bangladesh

Description: A comprehensive microinsurance programme, which is mandatory for SAJIDA's microfinance borrowers. It covers the principal member and up to five family members with the following:

- Health insurance** reimburses clients for in-patient healthcare with fixed cash benefits ranging from US\$ 6.25 to US\$ 37.5. The benefits cover on average 30 per cent of the clients' costs. In addition, two SAJIDA hospitals offer normal deliveries and cataract operations free of charge, as well as other treatments at a reduced price. Other value-added services are offered by community health workers (*Bondhus*).
- Loan and life insurance** cancels the outstanding loan balance (up to US\$ 487) and provides a cash benefit of US\$ 50, in the event of the client's death.
- Fire insurance** provides a cash benefit of US\$ 125 in the case of fire.
- Education scholarships** provide an average of US\$ 6.25 per month to students from age 11 onwards.
- Legal aid** provides legal consultation services and referrals.

Premium: Varies according to duration of loan. US\$ 4 for 1-year loans, US\$ 0.50 per additional member over five

People covered: More than 500,000

SAJIDA designed its insurance product to cover the most important risks faced by its clients. SAJIDA ensures that clients understand and benefit from it through tangible benefits and thorough client education. The first ten minutes of weekly client meetings with loan officers are focused on client education. Furthermore, SAJIDA's community health workers (*Bondhus*), located in each branch, perform basic health check-ups, give health advice, identify pregnant mothers and children at risk, and help clients use the health insurance. Therefore, even clients who never make a claim can benefit from the product.

ACTING ON CLIENT VALUE

"SAJIDA is like a tree that I have seen grow over the years, and I am under its shade and I feel protected." (SAJIDA client in Keranigong)

SAJIDA made significant changes to its insurance product in 2012 after conducting a careful examination of the value of the product. SAJIDA used the PACE tool from the Microinsurance Innovation Facility to systematically identify opportunities to improve client value. The PACE tool helps providers analyze and improve value across four dimensions: product, access, cost, and experience. SAJIDA made changes across all these dimensions and *Nirapotta* now offers much better value than it did two years ago. The diagram on the next page shows how the previous and current versions of *Nirapotta*

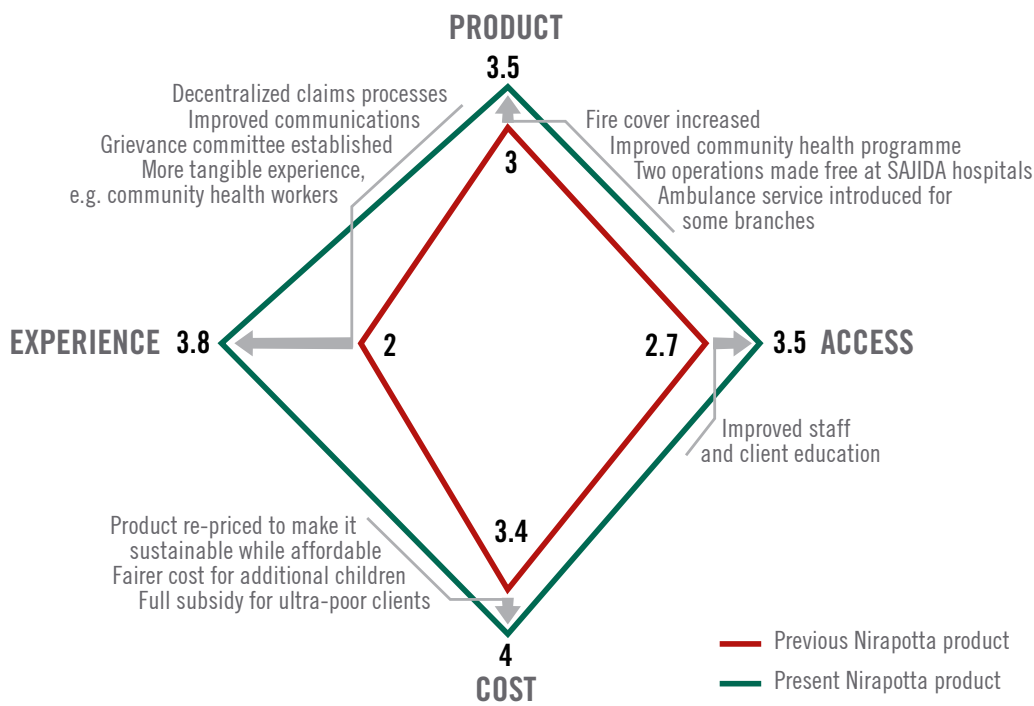
were rated according to the PACE tool, and shows the changes which were made.¹

One example is SAJIDA's improved claims process. SAJIDA decentralized its claims process and implemented technology to make the process more efficient. The process is easy for clients, who can approach any representative of SAJIDA (a field officer, a member of the branch staff, or a *Bondhu*) to report a claim and receive help submitting the documents. It is the branch manager who checks the validity of the claim. Usually this can be done by analyzing the documents and speaking with the field officers and *Bondhus*. The branch manager uses a claims settlement tool to assess health claims. This is an online tool made up of questions with yes or no answers. The tool determines whether the branch manager should approve the claim, or forward it to the in-house medical doctor for approval. As a result of these changes, most claims decisions are now made in 10 days, compared to 25 days previously, when all claims were processed at the head office.

Why is SAJIDA able to consistently implement improvements? It largely comes down to two strengths: individuals within the management

¹ The PACE methodology rates products according to 16 sub-dimensions on a scale of 0 to 5, with 5 being the best score. Each sub-dimension falls under one of the four main dimensions, and contributes to the overall score for that dimension (also on a scale of 0 to 5). Not all of the 16 sub-dimensions carry the same level of importance and they are weighted accordingly.

A COMPARISON OF THE PREVIOUS AND CURRENT NIRAPOTTA PRODUCTS USING THE PACE TOOL



REINSURANCE: A NEED AND AN OPPORTUNITY

SAJIDA has a highly successful product, which it wants to offer to more people. But with more clients, it could not be confident that it would withstand a disaster without reinsurance. It is looking for a way to protect itself and its expanding client base.

There are no local reinsurers in Bangladesh. However, multinational reinsurers could access a promising opportunity by grouping together the risks of many microinsurance institutions in Bangladesh. And reinsurance would in turn further boost the growth of these schemes – benefitting the reinsurer, the microfinance institution, and its clients.

team specifically assigned to improve the product; and a culture of constant improvement among all management and field staff. This drive for improvement ensures that its PACE analyses result in tangible improvements for clients.

WHAT NEXT?

Nirapotta has evolved into a valuable mandatory product that serves the needs of typical SAJIDA clients. The next significant opportunity is to customize the product to specific clients segments. SAJIDA would also like to be able to offer the product to non-borrowers, but recognizes several barriers to doing so, including regulation and a need for reinsurance. Regulation of microfinance institutions currently only allows them to offer microinsurance to their members. Nonetheless, voluntary options are a step in the right

direction. Although the core cover would still be compulsory, clients would have to make a decision about their cover. This would increase clients' engagement and understanding, and therefore contribute to an insurance culture. Below is one proposal SAJIDA is considering.

This case demonstrates the potential of systematically analyzing client value and putting improvements into practice. As a result, SAJIDA has achieved the difficult task of delivering impressive value to clients through a mandatory composite product.

“SAJIDA has improved my life so much that I do not need the loans, however, I still borrow from them because I see them as my family and they provide additional services that I have used before – like Nirapotta.” (SAJIDA client in Keranigong)

PROPOSED OPTIONS FOR NIRAPOTTA		
Target group	Product adaptations	Cost
Ultra poor	No changes to health and life cover	US\$ 1.30 to US\$ 2.60
	Reduce fire cover	
	Remove education and legal benefits	
	Add hospital-cash benefits to help ultra-poor clients cope with loss of income and travel expenses as a result of illness	
Typical and better-off clients	Offer optional increased benefits for health, life, and fire cover when clients enrol	US\$ 4.50 to US\$ 5.80



Housed at the International Labour Organization's Social Finance Programme, the **Microinsurance Innovation Facility** seeks to increase the availability of quality insurance for the developing world's low income families to help them guard against risk and overcome poverty. The Facility was launched in 2008 with generous support from the **Bill & Melinda Gates Foundation** to learn and promote how to extend better insurance to the working poor. Additional funding has gratefully been received from several donors, including the **Z Zurich Foundation** and **AusAID**.

See more at
www.ilo.org/microinsurance