

Advanced centre for Skill and Knowledge on Mutual Insurance - ASKMI



ASKMI

Tata-Dhan Academy
DHAN Foundation
Madurai

Background

Micro insurance is gaining popularity as an important financial tool to help the poor in coping with their risks and vulnerabilities. The poor face many risks which make them further vulnerable, often one adding to the other. There is an increasing recognition of poor households' need for protection against risks. Micro insurance reduces the vulnerability of poor households and increases their ability to take advantage of opportunities. Also, it reduces the impact of household losses that could exacerbate their poverty situation, thus playing a vital role in curbing poverty becoming incremental in nature.

From time immemorial, the poor have developed variety of indigenous systems and practices of coping mechanisms against risks. However, in the recent years provision of access to financial services has been the most noteworthy development in addressing risks of the poor households. But savings and credit products have certain limitations. Insurance services extend the coping capacity of the poor to a next level of leverage complementing the role of savings and credit and providing synergistic effect. They provide greater economic and psychological security to the

poor besides offering potential for profitability and sustainability of microfinance programmes. In response to this, in India and elsewhere, many of the microfinance institutions (MFI's) and NGOs have added insurance into their product portfolio as a complementary tool to include poor people in the social protection net.

Insurance industry in many of the developing countries is experiencing rapid and sweeping changes with decentralisation and privatisation.

Mission: To advance and Promote insurance for the poor in Asia

While it has provided the opportunity for better products and services, diversity and choice to the well-off segments of the society, but, with respect to the poor, the existing micro insurance schemes do not address their needs. To overcome this imbroglio, community based mutual solutions are being developed. Many field experiments have proven the feasibility of applying the concept of mutuality in delivering micro insurance services to the poor that are appropriate to meet their requirements.

A wide spectrum of institutions including the governments, commercial (re)insurers, international organisations, NGOs and MFI's have begun experimenting with ways to provide

micro insurance. There is a need to promote and up-scale such experiments and their successes to expand their benefit basket providing comprehensive coverage including covariant production and market risks. The sector needs incentives and investments in large scale to promote, design and development of innovative products that would cater to the diverse needs of the poor.

Genesis

Knowledge of practices, good and bad, across the developing countries in Asia can not only foster the development of the micro insurance sector, but also can accelerate the process. It is in this backdrop, Tata-Dhan Academy, a development education institute, promoted by DHAN Foundation, a pioneering not-for-profit development organisation in India has endeavoured to set up the Advanced Centre for Skill and Knowledge on Mutual Insurance (ASKMI). DHAN Foundation has over two decades of rich field experience in furthering mutuality amongst the poor communities through its various programmes. The 'Kalanjiam Community Banking Programme' is one of the largest community based self-help initiative of DHAN Foundation, which has an outreach of well over 300,000 poor women as members.

For more than a decade, the federations of Self-Help Groups (Kalanjiam, as they are called) have added micro insurance into their portfolio as part of the services rendered by them. Many of them have attempted and proved the feasibility of applying the concept of mutuality in delivering micro insurance services to their members. In 2003, these federations have come together and promoted the

'People Mutuals', an exclusive organisation that could strive to promote mutual insurance as a concept and practice among the federations. The Netherlands based 'Oxfam Novib' and 'Rabobank Foundation' extended financial support while 'Interpolis' provided the technical assistance. Some of these federations have already set up mutual insurance programmes with the technical assistance of Micro Insurance Association Netherlands (MIAN), all of

VISION

- Premier Knowledge centre for addressing the risks and vulnerabilities of the poor in Asia.
- Aims to become an internationally acclaimed institution.
- Complement theory and practice of insurance through research, capacity building, collaboration and dissemination of knowledge
- Create an enabling environment through policy advocacy

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which have exhibited initial successes and a lot of potential to cater to the diverse needs of the poor. The experience has to be documented and taken to relevant stakeholders for learning and contextualisation. Further research on this is also warranted in advancing the concept and practice. This is not an experiment in isolation. There are many such similar experiments occurring in diverse contexts, each of which could offer rich learning for the other and potential new entrants.

ASKMI, the specialised centre at the Academy would endeavour to foster the process of advancing the practice of micro insurance through appropriate knowledge management systems and processes that include research, documentation, publication, training, education, policy advocacy etc. ZLM, a mutual insurance company in the Netherlands, has been generous in extending financial support to the establishment of ASKMI within the Academy. MIAN is providing guidance and support for nurturing the Centre. Oxfam Novib, RABO Bank Foundation and Interpolis have also added to the support. ASKMI would draw on the strengths of 'People Mutuals' and would collaborate with other MIAN partners in Asia and other interested stakeholders towards realising its purpose.

Vision

Populations, households, and individuals face various risks that can plunge them into poverty, so societies have to take steps to reduce their vulnerability and to cope with the effects when shocks occur. Poor are more vulnerable and have inadequate coping mechanisms. Access to insurance services would play a critical role in complementing their coping capacity. ASKMI would strive to maximise the coverage of access to insurance services to the poorest to enable creating inclusive societies that are equitable and just in nature. ASKMI will be guided by the following vision;

- ASKMI will be a premier knowledge centre for addressing the risks and vulnerabilities of the poor in Asia focusing on mutual insurance.
- ASKMI aims to become an internationally acclaimed institution spearheading solutions building on indigenous coping mechanisms of poor against risks.



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- ASKMI will complement theory and practice of insurance through research, capacity building, collaboration and dissemination of knowledge.
- ASKMI will create an enabling environment through policy advocacy for effective access to insurance services to poor.

Mission

In tune with the vision and purpose of the Academy, ASKMI would contribute to enabling the Academy in becoming the 'Centre of Excellence' in development education, training and research. ASKMI would work with the mission to 'Promote and advance insurance for the poor in the world. ASKMI would strive to advance the knowledge of practices in providing insurance services including mutual solutions for the poor to enable them becoming more resilient to varied risks and vulnerabilities. In order to realise the mission, ASKMI would employ multiple approaches and programmes that include research, documentation, capacity building, besides knowledge pooling, creation and dissemination. The major goals of ASKMI are;

- Facilitate building, sharing and disseminating of knowledge on good and bad practices on micro

insurance in general, and mutual insurance in particular across the field practitioners and other stakeholders.

- Shape and guide the promotion of insurance for the poor in the world through action research, reflective practices, policy advocacy and building the capacity of practitioners.
- Collaborate with various stakeholders to advance the knowledge and field practices on insurance for the poor in the world.

Programmes

The core activities of ASKMI would include research & development, capacity building through training and education, policy advocacy and networking



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among practitioners. The Centre would focus on the global context. The details of the activities are;

Knowledge building & Dissemination: ASKMI would undertake various studies and action research to understand and build knowledge from present practices and to explore areas for advancement of practices that would contribute to the growth and development of micro insurance sector in the world. The Centre would promote collaborative research with academic and research institutions and international development organisations. It would facilitate research and thesis work by the students of reputed academic institutions. It would lay a special emphasis on documentation of the field experiences in diverse contexts.

Capacity building: The Centre would focus on identification of needs, design and development of appropriate training programmes for different stakeholders of the micro insurance sector, with a thrust on field practitioners. The client system would include demand stream comprising people organisations, development organisations and communities, supply stream comprising NGOs, MFI's, commercial insurers, governments and

enabling stream comprising the governments, regulators and policy makers. Both generic as well as customised programmes would be developed and offered by the Centre to meet the varying needs of the sector. The programmes would focus on building knowledge and perspectives on technical aspects of micro insurance, and skills in designing, developing and administering micro insurance programmes. The Centre would also design and develop courses primarily for educating the students, faculty and practitioners enabling them to obtain specialisation in micro insurance in order that these resources are available for the sector in future.

Policy Advocacy: The Centre would play a critical role in policy advocacy to promote insurance for the poor with a particular focus on mutual insurance in various countries across the globe. As part of this effort it would organise policy seminars, workshops, capacity building events; undertake



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research, document field experiences, and publish through appropriate media. The Centre would constitute a resource pool of experts for consultation and strategic guidance for advancing the mutual insurance initiatives in the world.

Networking among field practitioners: The field practitioners need to share the knowledge and build on each others' experiences for which a network will be promoted among practitioners in the world. The Centre would facilitate knowledge building workshops and

seminars among field practitioners. Such a network will be affiliated to the established global mutual insurance associates for further sharing and learning. The Centre would facilitate interactions among them that would lead to advancing of knowledge and enhancement of the field practices.

ASKMI envisages building partnerships and collaborating with like-minded and interested stakeholders in furthering its purpose and objectives.

For further details, please contact

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Overview of DHAN Foundation

DHAN Foundation works with about 700,000 families in 11 states of India, striving to improve the lives and livelihoods of vulnerable communities by helping to organize themselves and bring themselves out of poverty and address their various development needs. The interventions are spread across urban, rural, coastal, and the tribal contexts.

Frequent disasters hinder development by reversing the benefits gained thus far. The 2004 tsunami's devastating impact on the coastal population provided DHAN Foundation an opportunity to work closely with affected communities on a large scale and understand the effects and long term impacts of such disasters first hand. More than a decade of grassroots experience of DHAN shows that droughts and floods are the frequently occurring disasters which perpetuate poverty. These situations have compelled DHAN to look at and address these issues on a long term basis.

Tata-Dhan Academy

Tata-Dhan Academy is a pioneer institute in the field of development management education. The Academy grooms and nurtures young graduates as development professionals for development action by providing them with the relevant attitude, skills and knowledge. DHAN Foundation established the Tata-Dhan Academy in 2000; Sir Ratan Tata Trust (SRTT) extended its strategic seed support to help position the Academy as a Centre of Excellence in Development Management. The Academy offers a two-year-full-time Programme in Development Management (PDM) and a number of short duration Development Management Programmes (DMPs). Also the Academy takes up research, documentation and consultancy services. The other specialized centre in the Academy is ASKMI, the Advanced Centre for Skill and Knowledge on Mutual Insurance.