



# The CARD MBA Business Model

Pioneering Microinsurance in the  
Philippines

AOA Study Visit  
August 2-3, 2016  
CMDI

# CARD Mutually Reinforcing Institutions (CARD MRI)



# Milestone

YEAR	MILESTONE
1994	<ul style="list-style-type: none"><li>☑ Members Mutual Fund (MMF) was established by CARD for the loan redemption in case of death of member-borrowers.</li><li>☑ CARD also offered basic life insurance program.</li></ul>
1997	CARD offered a monthly pension of Php 300.00 - 600.00 for life after member's 65 <sup>th</sup> birthday for only Php 2.50 weekly contribution.
1998	<p>Upon assessment of the pension plan, a member would contribute for 2 years just to cover one month of pension benefit.</p> <p>The institution was at risk because CARD was responsible for pension payment. And fulfilling its obligation to members would 'decapitalize' CARD and may lead to potential bankruptcy.</p>
1999	<p>On September 9, 1999, CARD Mutual Benefit Association was born to manage the Members Mutual Fund (MMF).</p> <p>It is registered as non-stock, non-profit legal entity owned and managed by the members.</p>

# Business Model

## Partner Agents:

- MFIs
- Banks
- Cooperatives

**CARD MBA**

# Business Model

**MICROFINANCE**

**MICROINSURANCE**

**HEAD OFFICE**

**MAIN OFFICE**

**CLUSTER**

**REGIONAL OFFICE**

**REGIONAL OFFICE**

**AREA**

**CLUSTER**

**UNIT**

**PROVINCIAL OFFICE**

**CENTER**

**MBA COORDINATORS**



# CARD MBA as MI-MBA Model

1. Promotes member's sense of ownership and involvement

2. Delivers the Microinsurance program thru the Microfinance Network

3. Sharing the technology to other MFIs and cooperatives thru BOAT (Build-Operate and Transfer) Program

4. Pioneered the 1-3-5 Day Target in Claims Settlement, a distinctive advantage of CARD MBA that ensures efficient claim validation and settlement.

5. Offers innovative, affordable and accessible products

# Synergy

*There must be a natural fit between the Microfinance and Microinsurance operation of an organized group.*

**AND**

*There must be perfectly align operational policies of the Microfinance and Microinsurance programs of an organized group.*

*In order to attain a certain degree of*

**SYNERGY**

*between Microfinance and Microinsurance operation*

$$1 + 1 = 3$$

# Microinsurance

The Insurance Commission of the Philippines defines “MICROINSURANCE”:

1. as the insurance business activity
2. provides specific insurance products that meet the needs of the low-income sector for:
  - 2.1. risk protection and
  - 2.2. relief against distress or misfortune.



# Microinsurance

## “ MICROINSURANCE PRODUCT ”

is an insurance policy where:

- a. the amount of contributions, premiums, fees or charges, computed on a daily basis, **does not exceed seven and a half percent (7.5%) of the current daily minimum wage rate** for non-agricultural workers in Metro Manila which is Php 466.00 as of April 1, 2015:

$$\text{Php } 466.00 \times 7.5\% = \text{Php } 34.95 \text{ per day } (\$0.78)$$

$$\text{Php } 34.95 \times 7 = \text{Php } 244.65 \text{ per week } (\$5.44)$$

- b. the maximum sum of guaranteed benefits is **not more than one thousand (1,000) times of the current daily minimum wage rate** for non-agricultural workers in Metro Manila.

$$\text{Php } 466.00 \times 1,000 = \text{Php } 466,000.00 (\$10,356)$$

# Products and Schemes

All microinsurance providers shall ensure that:

- a. the contract provisions can be easily understood by the insured;
  - b. the documentation requirements are simple; and
  - c. the manner and frequency of premium collections coincides with the cash-flow of the insured.
- 

Any existing and/or new MBA shall be considered wholly engaged in microinsurance if:

- a. It only provides microinsurance policies to its members;
- b. It has at least twenty thousand (20,000) member-clients [previously 5,000 only].

# Products and Services

## 1. Life Insurance Program

A **Php 15.00 weekly contribution** (USD 0.34), premium for **life insurance coverage** of member and legal dependents with **Total Permanent Disability (TPD)** plus **Accidental Death Rider** and **Motor Vehicular Accident Hospitalization (MVAH) Benefit**.



**RETIREMENT SAVINGS FUND (RSF)**

*Sa iyong pagreretiro, pondo ay sigurado.*

**Php 5.00** Weekly contribution  
Maximum benefit:  
Total contributions plus interest earned



**BASIC LIFE INSURANCE PROGRAM (BLIP)**

*Todo-todong benepisyo sa bawat pamilyang nakaseguro.*

**Php 15.00** Weekly contribution  
Maximum benefit: Php 100,000.00

## 2. Retirement Fund (RSF)

Administered fund intended for members' retirement with **Php 5.00** (USD 0.11) weekly contribution and be availed in lump sum at an optional retirement age **65- 70 yrs.**

# Products and Services

## LOAN REDEMPTION FUND (LRF)

*Pagseguro sa puhunang hiniram,  
LRF ang katuwang.*

**1.5% LRF** ✓  
Fee per annum  
Maximum benefit:  
Principal Amount



## 4. Golden Life Insurance Program

**70 years old and continuing members** from the Basic Life Insurance Program [BLIP]. Members shall be entitled to Refund of Contributions and Retirement (RSF) Benefit and shall be given the option to enroll to the program. Members are eligible until **100 years old**.

## 3. LRF - Plus

Gives full loan protection to member-borrowers in times of death, expanded by an Auto-LOAD rider in case of Total and Permanent Disability and MVAH benefit due to vehicular accident.

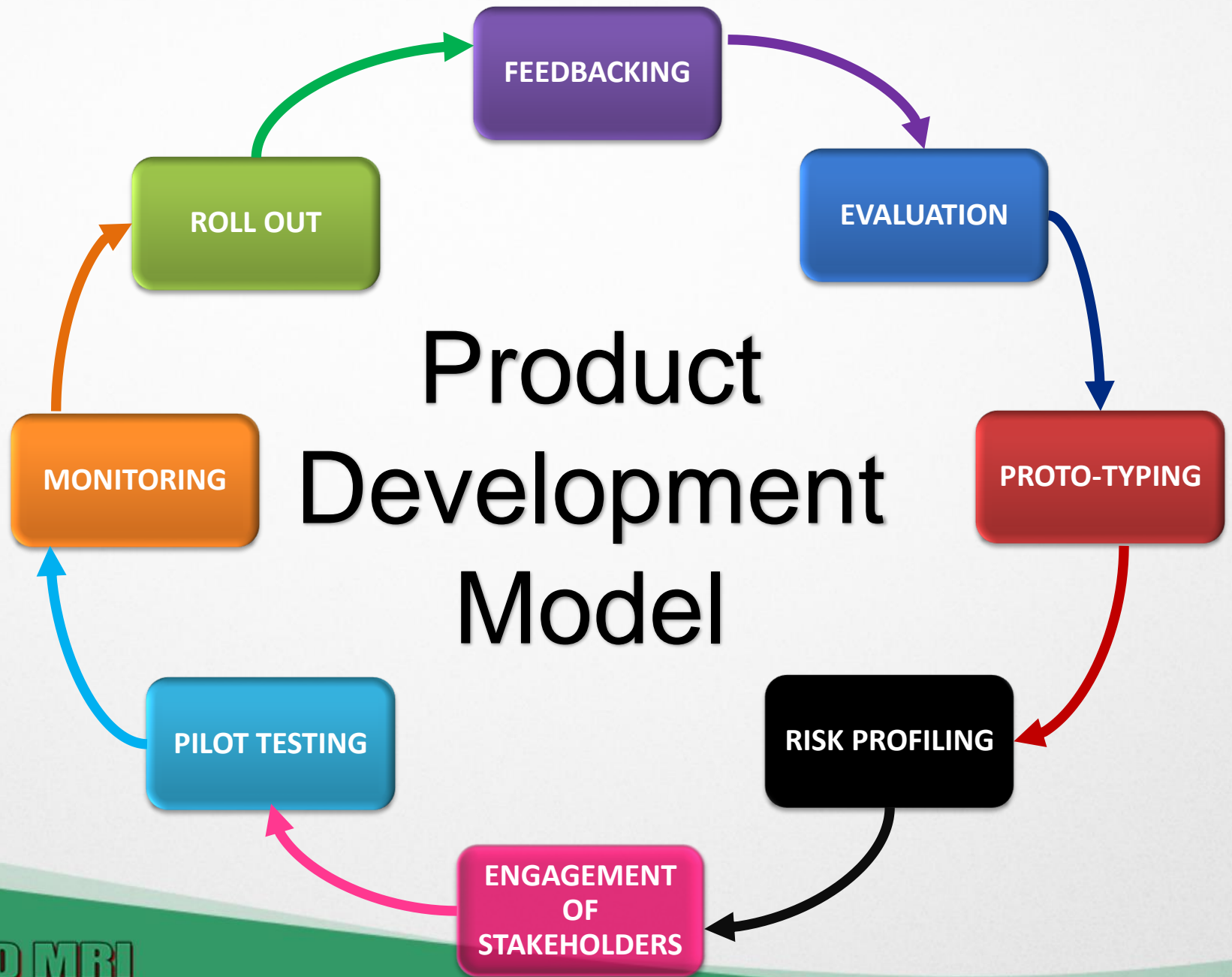
## GOLDEN LIFE INSURANCE PROGRAM (GLIP)

*Programa para sa mga retirado,  
ginintuang buhay ay nakaseguro.*

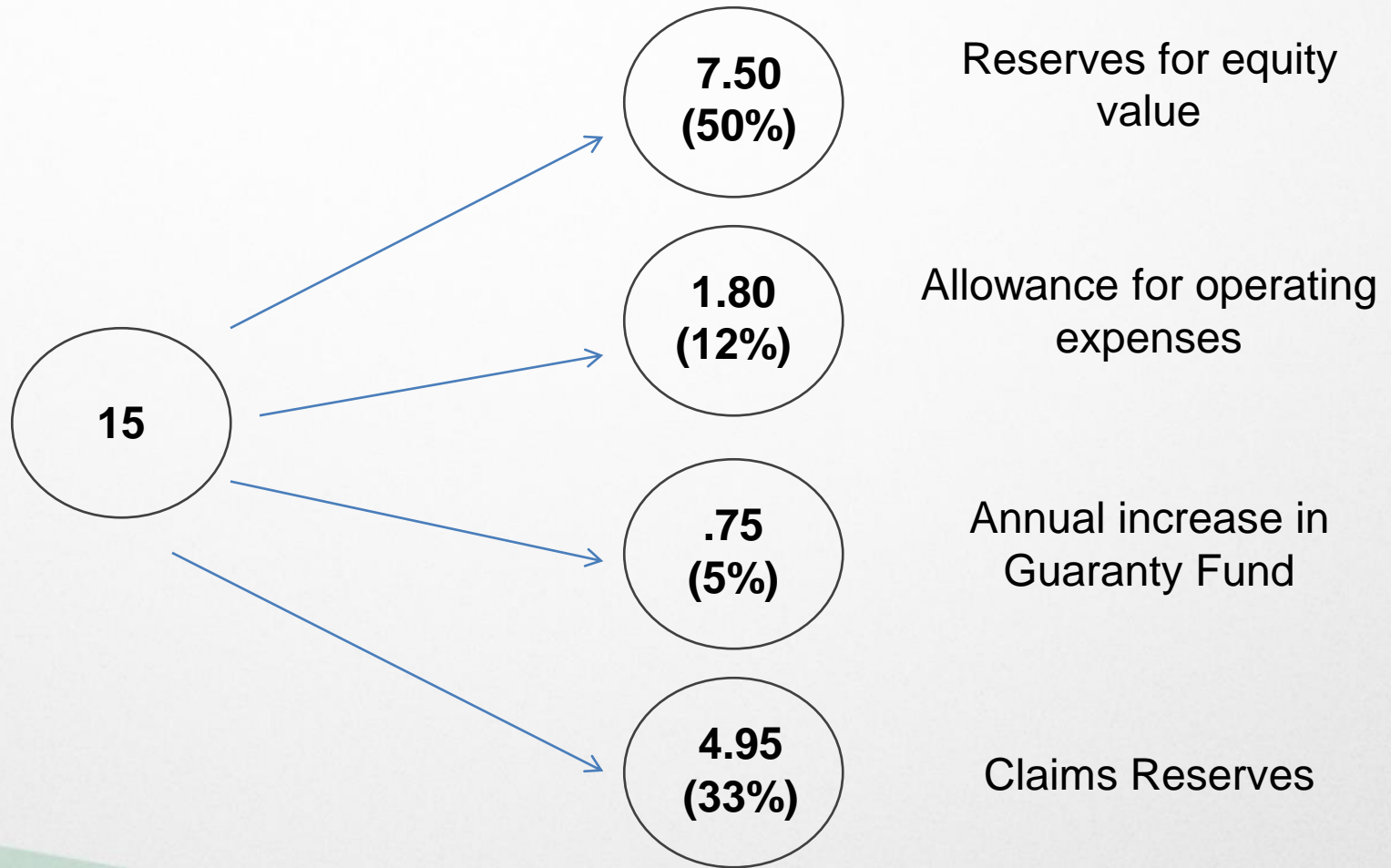
**Php 100.00** ✓  
Weekly contribution  
(OPTION 1)  
Maximum benefit:  
Php 50,000.00

**Php 50.00** ✓  
Weekly contribution  
(OPTION 2)  
Maximum benefit:  
Php 25,000.00





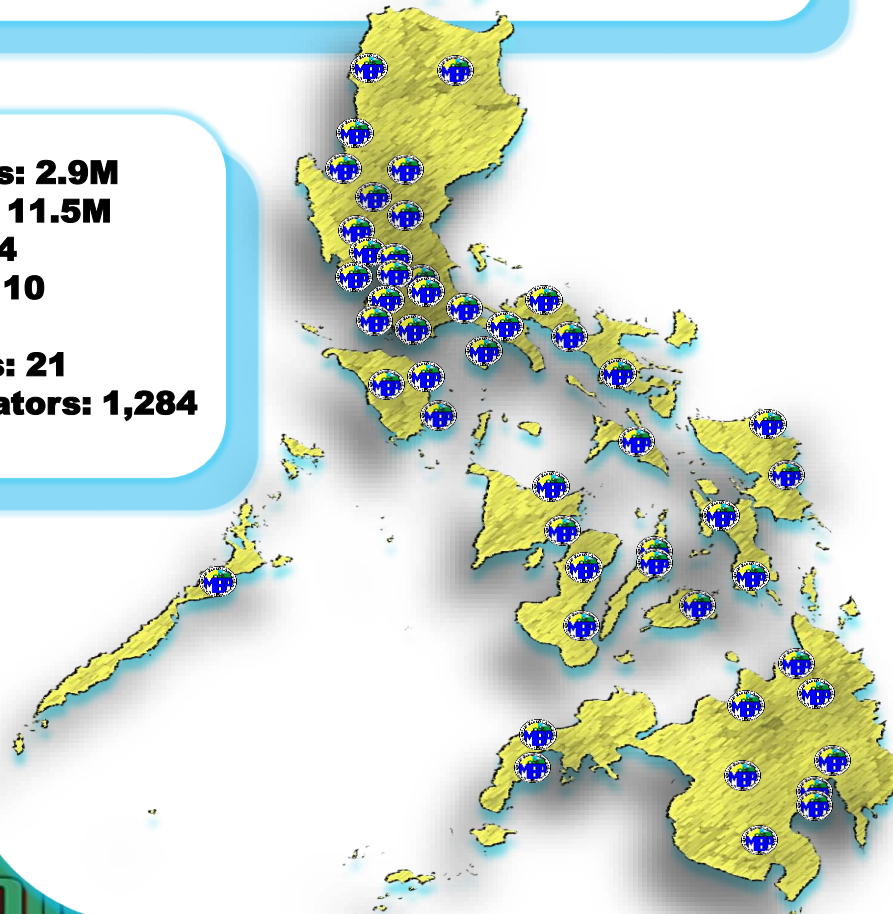
# Anatomy of Basic Life Contribution



# The Operation and Outreach

**Establishes Provincial Offices for easy access of the members in claims settlement and information dissemination.**

**Members: 2.9M**  
**Insured: 11.5M**  
**Region: 4**  
**Cluster: 10**  
**PO: 49**  
**Partners: 21**  
**Coordinators: 1,284**



## LUZON 1 CLUSTER

PANGASINAN  
BENGUET  
ILOCOS  
NUEVA VIZCAYA  
NUEVA ECIJA  
CAGAYAN  
TARLAC

## LUZON 2 CLUSTER

BATAAN  
BULACAN  
CAVITE 1  
CAVITE 2  
PALAWAN  
METRO MANILA 1  
METRO MANILA 2

## LUZON 3 CLUSTER

BATANGAS 1  
BATANGAS 2  
OCCIDENTAL MINDORO  
ORIENTAL MINDORO

## LUZON 4 CLUSTER

LAGUNA 1  
LAGUNA 2  
LAGUNA 3  
QUEZON 2  
MARINDUQUE

## LUZON 5 CLUSTER

ALBAY  
CAMARINES NORTE  
CAMARINES SUR  
QUEZON 1

## VISAYAS 1 CLUSTER

EASTERN SAMAR  
SAMAR  
LEYTE 1  
LEYTE 2

## VISAYAS 2 CLUSTER

BOHOL  
CEBU 1  
CEBU 2  
MASBATE

## VISAYAS 3 CLUSTER

CAPIZ  
ILOILO  
NEGROS OCCIDENTAL  
NEGROS ORIENTAL

## MINDANAO 1 CLUSTER

DAVAO 1  
DAVAO 2  
DAVAO DEL NORTE  
NORTH COTABATO  
SOUTH COTABATO

## MINDANAO 2 CLUSTER

AGUSAN DEL NORTE  
AGUSAN DEL SUR  
MISAMIS ORIENTAL  
ZAMBOANGA DEL NORTE  
ZAMBOANGA SIBUGAY

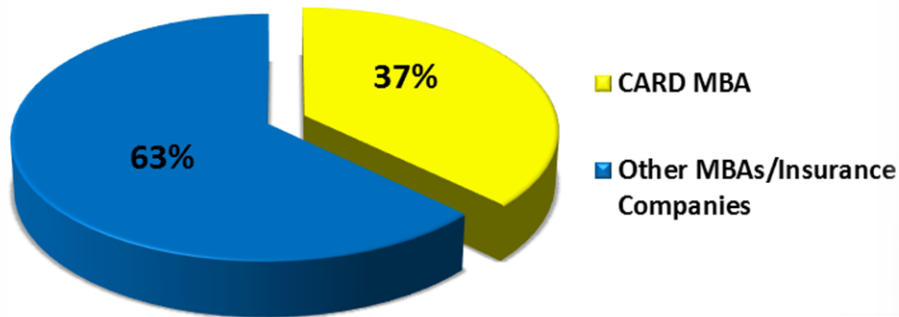


<b>LIFE (Insurance Provider)</b>	<b>NON-LIFE (Distribution Channel)</b>
<b>Basic Life Insurance</b>	<b>Sagip Plan – bundled calamity insurance</b>
<b>Credit Life (LRF Plus)</b>	<b>Kabuklod Plan – bundled insurance with fire coverage</b>
<b>Retirement Savings Fund</b>	<b>CARD Care</b>
<b>Golden Life Insurance</b>	<b>Burial Assistance Plan</b>

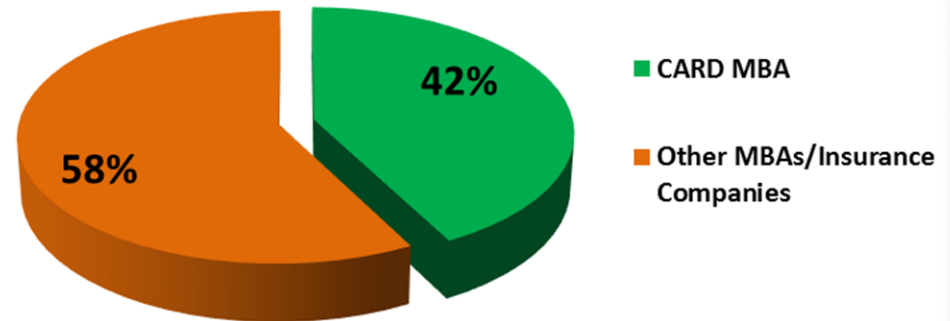


# Contribution to MI Industry

Contribution to MI Industry  
June 2016



Contribution to MI Industry  
December 2016



# Microinsurance – Overview

## Regional

**“One out of five Filipinos is covered by microinsurance (19.95 million), making the Philippines the country with the highest coverage in Asia.”**

COUNTRIES	PENETRATION
	RATE
Philippines	20.4%
Thailand	14.1%
India	8.9%
Bangladesh	5.1%
Malaysia	3.6%
Pakistan	3.0%
China	0.9%
Indonesia	0.5%
Vietnam	0.2%

# Microinsurance – Overview

## Regional

### Philippines ranks 3rd in global EIU financial inclusion ranking

Read more at <http://www.mb.com.ph/philippines-ranks-3rd-in-global-eiu-financial-inclusion-ranking/#OgyD4heVj5gildqQ.99>

According to the same EIU Global Microscope 2014 report:

- Microinsurance leaders are concentrated in Latin America and East and South Asia
- Philippines and India leads the region

Source: EIU (Economist Intelligence Unit). 2014. Global Microscope 2014. Enabling environment for financial inclusion. Sponsored by MIF/IDB, CAF, ACCION and Citi.

# Microinsurance – Overview

## Regional

### IC: RP's micro insurance coverage highest in Asia

•Written by [Ed Velasco](#)  
•Friday, 09 October 2015 00:00

The Philippines has the highest micro insurance coverage in Asia at 21.4 percent of the population, data from the Insurance Commission provided to The Daily Tribune revealed.

Countries next to the Philippines when it comes to micro insurance coverage are Thailand (14 percent), India (9.2 percent); Bangladesh (6.2 percent); Malaysia (3.8 percent) and Pakistan (3.1 percent).

### Philippines cited for microinsurance gains

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THE PHILIPPINES has the highest microinsurance coverage ratio in Asia and Oceania, with the industry advancing through product innovation, Munich Re Foundation said.

Individuals with microinsurance coverage made up 21.3% of the total Philippine population, making for 19.9 million insured, the reinsurer said in "The Landscape of Microinsurance in Asia and Oceania 2013."



*Thank you*

