

Index Insurance Training

Key performance indicators

KPIs for client value for distribution channels

KPIs	FORMULAE OF KPIs	RELEVANCE OF KPIs	EXAMPLE BENCHMARKS FOR MONITORING
1. Expected business case for aggregator	<ul style="list-style-type: none"> - Quantitative description of the business case, e.g. 10% commission, reduction in NPL by 5% etc. - Qualitative description of what business impact the aggregator expects. 	Important for there to be a clearly defined business case for the aggregator before the product is launched.	<ul style="list-style-type: none"> - 10% commission, 10% admin fee; - Profit share arrangement; - Expected reduction in credit risk, increase in farmer take-up rates etc.
2. Aggregator/distribution channel's business metrics	<ul style="list-style-type: none"> -Reduction in side-selling; -Increase in loans taken up; -Reduction in Non-Performing Loans (NPL); -Increase in input sales/signing up farmers; -Reduction in default rates etc. 	Very important from the perspective of viability for the aggregator.	Varies by value chain/country. Generally, these KPIs should be discussed and agreed upon with the aggregator before starting the partnership and then reviewed/discussed regularly, including quantitative analysis of these KPIs.
3. Number of aggregators met with	Number of aggregators/distribution channels with whom the insurer has met in face-to-face meetings.	Agriculture insurance requires very extensive marketing and client engagement on a continuous basis. This metric is an indicator.	Not a fixed rule, but as a benchmark, at least ten aggregators should be actively engaged with, seasonally, 6-2 months before the season commences.
4. A variety of aggregators engaged with	Type of aggregators/distribution channels with whom the insurer has launched products with.	A range of distribution channels is recommended to diversify concentration risk by crop or type of channel.	<p>Not a fixed rule but should ideally include at least 2-4 of the following types of channels:</p> <ol style="list-style-type: none"> 1. Banks 2. Micro-finance Institutions 3. Contract farming 4. Outgrower schemes 5. Input suppliers 6. Farmer organizations 7. Digital channels