



INDEX BASED LIVESTOCK  
INSURANCE PROJECT



**INDEX BASED LIVESTOCK INSURANCE  
SALES REPORT  
2006**

**THE PROJECT IMPLEMENTATION UNIT**

**Ulaanbaatar  
2006**



## I. Activities under IBLI 2006 Sales season

The Project Implementation Unit had implemented following activities in accordance with the “Development Credit Agreement” and “Project Implementation Manual” for the period of Sales Season of IBLI in 2006.

**Table №1. IBLI 2006 Sales Activities**

Date	Activities
September, 2005	<ul style="list-style-type: none"><li>• Requirements to participate IBLI 2006 Sales season and project background were introduced to domestic insurance companies;</li><li>• International consultant on IBLIP implementation was selected and contracted.</li></ul>
November-December, 2005	<ul style="list-style-type: none"><li>• The selection of participating insurance companies for the IBLI 2006 Sales season was conducted and Mongol Daatgal, Tushig Daatgal and Prime Daatgal companies were selected.</li><li>• Proposals and necessary updates on IBLI 2006 Sales season were developed;</li></ul>
January, 2006	<ul style="list-style-type: none"><li>• IBLI manual for insurance agents, soum staffs and local governors were prepared;</li><li>• IBLI training for the trainers of the participating insurance companies were organized.</li></ul>
February, 2006	<ul style="list-style-type: none"><li>• The IBLI cooperation agreement has been signed between participating insurance companies (Mongol Daatgal, Tushig Daatgal, Prime Daatgal) and PIU;</li><li>• The “DRP Rules” and “Procedures for certifying insurance agents” were prepared and approved by the Project Steering Committee (PSC);</li><li>• Transaction sheets, agents certification, stamps were prepared and published;</li><li>• Insurance agent training and certification materials were developed;</li><li>• Khaan Bank was selected and contracted as a financial intermediary for the IBLIP implementation.</li></ul>
March, 2006	<ul style="list-style-type: none"><li>• Working group which is in charge of agent certification was established under PIU in conjunction with MoF and FRC and totally 144 agents were certified;</li><li>• IBLI Transaction sheets, stamps, agent certifications were delivered and given to participating insurance companies;</li><li>• Published advertisement such as Poster, brochure, leaflet and IBLI Manual were printed and spread to pilot soums;</li><li>• Prepaid GIC from participating insurance companies were deposited on LIIP account for IBLI 2006;</li></ul>
April. 2006	<ul style="list-style-type: none"><li>• IBLI 2006 Sales season was opened in all 56 pilot soums and insurance agents had started to sale IBLI products;</li><li>• Related to the start of new Sales season, necessary guidance and instruction were provided to insurance companies, insurance agents and soum staffs;</li><li>• IBLI Data keypunching software was installed all insurance companies and their aimag branches;</li><li>• Face to face promotion started in all pilot aimags;</li><li>• IBLI 2006 premium accounts were opened in all pilot soums through Khaan</li></ul>

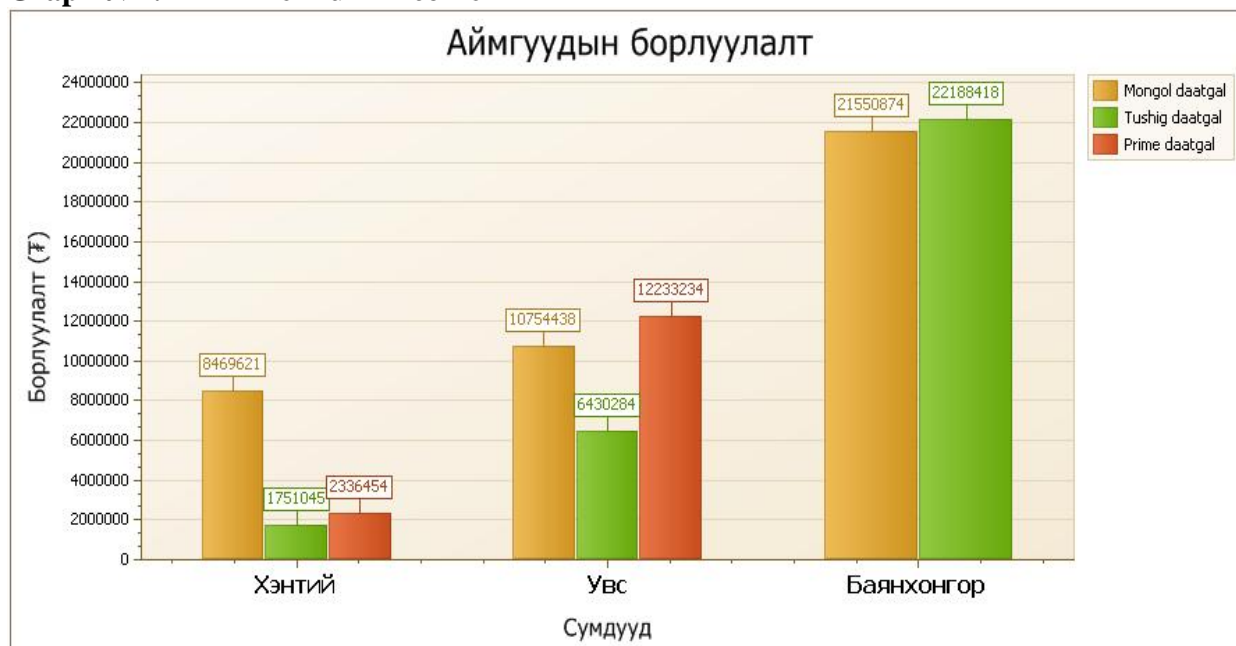


	Bank.
May, 2006	<ul style="list-style-type: none"> <li>• IBLI Software version of 2006 was developed;</li> <li>• Cooperation agreement was signed between Khas Bank, Mongol Post Bank and PIU on discounted loan policy to insured herders;</li> </ul>
June, 2006	<ul style="list-style-type: none"> <li>• Training on IBLI 2006 Software was organized.</li> </ul>
July, 2006	<ul style="list-style-type: none"> <li>• IBLI 2006 Sales season was closed;</li> <li>• Sales data keypunching software at pilot aimags were locked.</li> </ul>
August, 2006	<ul style="list-style-type: none"> <li>• IBLI 2006 indemnity payments were distributed to herders through Khaan Bank;</li> <li>• IBLI 2006 premiums were collected and deposited in LIIP account.</li> </ul>
September, 2006	<ul style="list-style-type: none"> <li>• PIU is reconciling premium accounts, transaction sheets with participating insurance companies.</li> </ul>

## II. IBLI 2006 Sales Season

From the start of IBLI second Sales season in 1st of April 2006 and till to the end 10<sup>th</sup> of July 2006, totally 2410 herders bought IBLI (BIP and DRP) and premium amount reached 86.0 million MNT.

**Graph №1. IBLI Premium Income**



### Bayankhongor Aimag

Number of policyholders has reached 947 herders. This represents 8.3% of herder household, 39.2% of total policyholders in 2006. Mongol Daatgal and Tushig Daatgal companies operated in Bayankhongor aimag and premium amount totaled with 43.7 million MNT which was 51% of IBLI 2006 total premium.



**Table №3. Number of Policyholders and Premium amount (Bayankhongor aimag)**

Bayankhongor Aimag		Mongol Daatgal		Tushig Daatgal		Total	
		Sales amount	Number of Policyholder	Sales amount	Number of Policyholder	Sales amount	Number of Policyholder
1	Bayankhongor	227,749	10	492,194	17	719,943	27
2	Baatsagaan	484,247	13	46,575	1	530,822	14
3	Bayanbulag	2,546,490	48	747,707	14	3,294,197	62
4	Bayangovi	187,250	5	206,625	5	393,875	10
5	Bayanlig	439,521	9	3,252,068	69	3,691,589	78
6	Bayan-Ovoo	3,717,041	77	0		3,717,041	77
7	Bayan-Undur	206,250	2	3,033,422	36	3,239,672	38
8	Bayantsagaan	2,794,292	43	0		2,794,292	43
9	Bogd	0		2,051,372	50	2,051,372	50
10	Bumbugur	950,831	35	498,953	30	1,449,784	65
11	Buutsagaan	236,404	2	258,504	2	494,908	4
12	Galut	3,883,223	100	3,936,160	92	7,819,383	192
13	Gurvanbulag	598,428	15	0		598,428	15
14	Jargalant	2,578,313	29	736,119	11	3,314,432	40
15	Jinst	513,097	11	24,380	2	537,477	13
16	Zag	0		254,063	3	254,063	3
17	Ulziit	466,651	22	675,256	13	1,141,907	35
18	Khureemaraal	1,304,068	43	3,065,157	85	4,369,225	128
19	Shinejinst	0		849,900	18	849,900	18
20	Erdenetsogt	305,751	10	2,066,964	25	2,372,715	35
<b>Sum</b>		<b>21,439,606</b>	<b>474</b>	<b>22,195,419</b>	<b>473</b>	<b>43,739,296</b>	<b>947</b>

There were 22 agents from Mongol Daatgal and 18 agents from Tushig Daatgal covering all soums.

### Uvs Aimag

Number of policyholders was 1185 herders in Uvs aimag which is highest among pilot aimags. And this represents 12% of herder households and 49.1% of total policyholders in 2006. All three insurance companies operated in Uvs aimag and the Sales amount has reached 29.4 million MNT which was 34.3% of total Sales of IBLI in 2006.

**Table №5. Number of Policyholders and Premium amount (Uvs aimag)**

Uvs Aimag		Mongol Daatgal		Tushig Daatgal		Прайм Даатгал		Total	
		Sales amount	Number of Policyholder	Sales amount	Number of Policyholder	Sales amount	Number of Policyholder	Sales amount	Number of Policyholder
1	Ulaangom	924,358	20	142,706	5	120,169	27	1,187,233	52
2	Baruunturuun	106,684	9	0		223,647	12	330,331	21
3	Bukhmurun	32,000	1	0	0	139,446	9	171,446	10
4	Davst			140,240	9	434,817	30	575,057	39
5	Zavkhan	1,245,024	44	0		701,956	20	1,946,980	64
6	Zuungovi	2,499,137	71	239,891	5	1,031,370	23	3,770,398	99
7	Zuunkhangai	478,656	13	0		1,650,930	35	2,129,586	48
8	Malchin	805,050	47	570,965	36	223,200	7	1,599,215	90
9	Naranbulag	876,647	26	256,089	24	1,782,870	53	2,915,606	103
10	Ulgii			2,394,615	80	300,715	17	2,695,330	97
11	Umnugovi	854,828	39	0		1,498,383	50	2,353,211	89
12	Undurkhangai	414,540	14	947,694	50	1,417,730	50	2,732,864	113
13	Sagil	301,734	6	382,391	7	0		684,125	13
14	Tarialan	664,100	34	454,534	30	361,691	24	1,480,325	88
15	Turgen			7,326	1	1,285,448	35	1,292,774	36



16	Tes			58,720	45	198,670	50	257,390	95
17	Khovd	874,330	29	55,803	5	909,293	30	1,839,426	64
18	Khyargas	572,750	22	160,723	17	0		733,473	39
19	Tsagaankhairkhan	104,599	6	618,587	18	0		723,186	24
<b>Sum</b>		<b>10,754,437</b>	<b>381</b>	<b>6,430,284</b>	<b>332</b>	<b>12,280,335</b>	<b>472</b>	<b>29,417,956</b>	<b>1,184</b>

There were 25 agents from Mongol Daatgal 15 agents from Prime Daatgal and 16 agents from Tushig Daatgal covering all soums.

### Khentii Aimag

Number of policyholders was 279 herders in Khentii aimag. It represents 4.2% of herder household, and 11.5% of total policyholders in 2006. All three insurance companies operated in Khentii aimag and the Sales amount reached 12.5 million MNT which was 14.6% of total Sales of IBLI in 2006.

**Table №7. Number of Policyholders and Premium amount (Khentii aimag)**

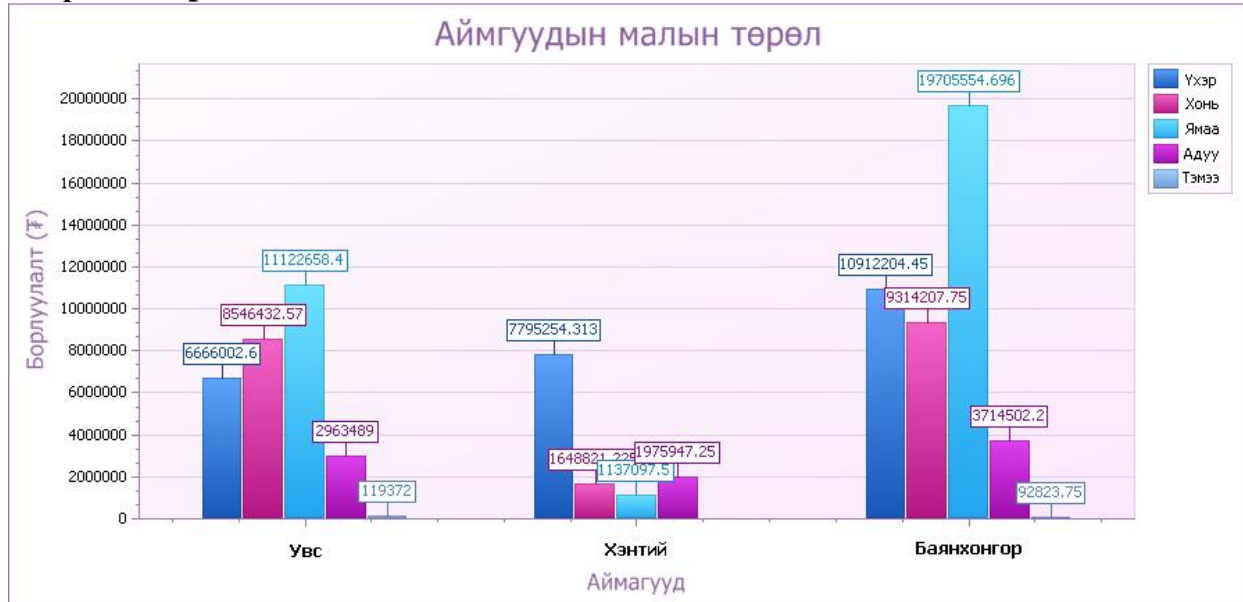
Khentii Aimag		Mongol Daatgal		Tushig Daatgal		Прайм Даатгал		Total	
		Sales amount	Number of Policyholder	Sales amount	Number of Policyholder	Sales amount	Number of Policyholder	Sales amount	Number of Policyholder
1	Batnorov	321,396	9	625,869	8	407,218	10	1,354,483	27
2	Batshireet	231,480	5	0		0		231,480	5
3	Bayan-Adraga	515,752	8	0		218,900	3	734,652	11
4	Bayan-Ovoo	1,975,453	35	120,317	2	0		2,095,770	37
5	Bayanmunkh	68,324	2	0		0		68,324	2
6	Bayankhutag	130,894	3	0		131,423	1	262,317	4
7	Binder	460,706	8	0		91,464	4	552,170	12
8	Galshar	747,381	12	20,528	1	26,560	2	794,469	15
9	Dadal	380,742	8	56,259	4	325,536	11	762,537	23
10	Darkhan	1,456,915	36	173,770	5	124000	1	1,754,685	42
11	Delgerkhaan			0		337,238	10	337,238	10
12	Jatgalkhaan	178,345	9	110,034	5	95,000	2	383,379	16
13	Murun	13,329	2	0		253,850	6	267,179	8
14	Norovlin	1,248,060	12	0		0		1,248,060	12
15	Kherlen	46,170	1	83,064	4	185,855	7	315,089	12
16	Umnudelger	15,000	1	121,028	8	440,716	4	576,744	13
17	Tsenkhermandal	679,675	21	440,178	8	0		1,119,853	29
<b>Sum</b>		<b>8,469,621</b>	<b>172</b>	<b>1,751,047</b>	<b>45</b>	<b>2,637,760</b>	<b>61</b>	<b>12,858,429</b>	<b>278</b>

There were 15 agents from Mongol Daatgal 14 agents from Prime Daatgal and 12 agents from Tushig Daatgal covering all soums.

In 2006, total number of livestock insured under the IBLI was 280 thousand of which 37% was goat, 30% cattle, 23% sheep, 10% horse and 0.1% Camel.



**Graph №2. Species under the IBLI**



### III. Insurance companies

In 2006, there were 144 certified agents of which 62 from Mongol Daatgal, 34 from Prime Daatgal and 46 from Tushig Daatgal.

**Table №9. Sales amount by Insurance companies**

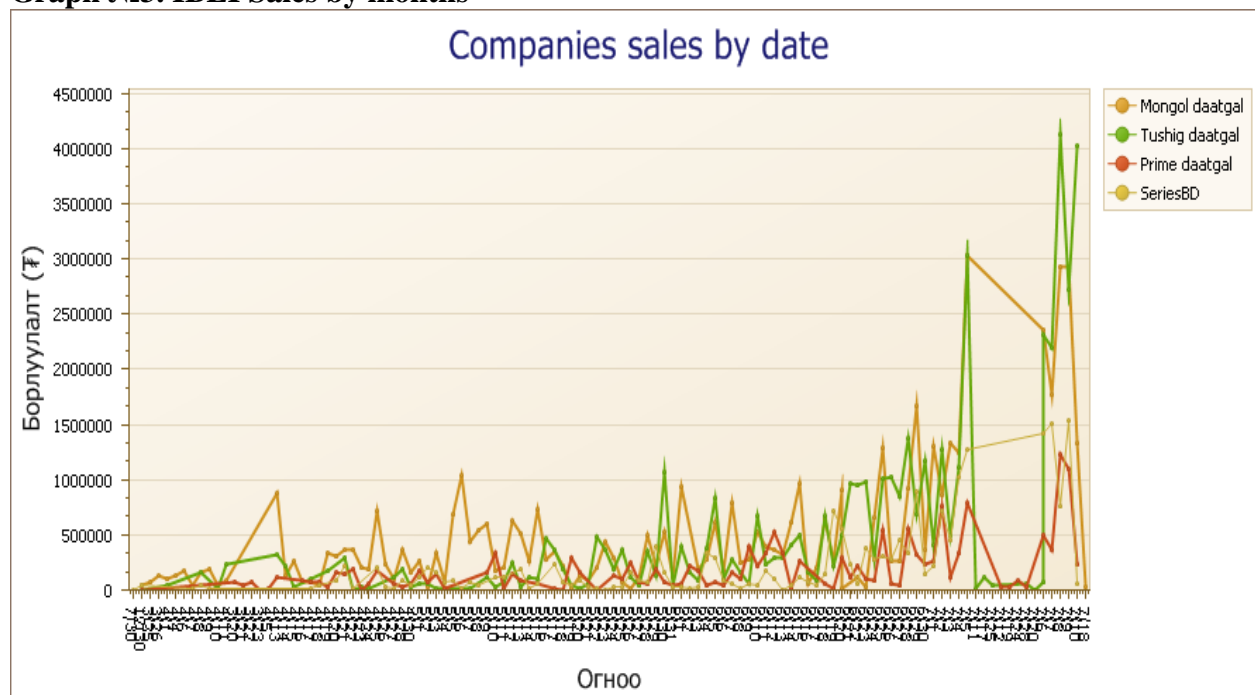
Insurance Companies	BIP Premium		DRP Fee		Total Premium	
	/MNT/	/Percent/	/MNT/	/Percent/	/MNT/	/Percent/
Mongol Daatgal	39627943	47.4%	1035720	43.2%	40663663	47.3%
Tushig Daatgal	29409747	35.2%	967000	40.4%	30376747	35.3%
Prime Daatgal	14525776	17.4%	392320	16.4%	14918096	17.4%
<b>Sum</b>	<b>83563467</b>	<b>100%</b>	<b>2395040</b>	<b>100%</b>	<b>85958507</b>	<b>100%</b>

**Table №10. Number of Policyholders by Insurance companies**

Insurance Companies	Bayankhongor Aimag		Uvs Aimag		Khentii Aimag		Total	
	/Num./	/%/	/Num./	/%/	/Num./	/%/	/Num./	/%/
Mongol Daatgal	474	50.1%	381	32.1%	172	62.3%	1027	42.6%
Tushig Daatgal	473	49.8%	332	28.0%	45	16.1%	850	35.3%
Prime Daatgal			472	39.7%	60	21.5%	533	22.1%
<b>Sum</b>	<b>947</b>	<b>100%</b>	<b>1185</b>	<b>100%</b>	<b>279</b>	<b>100%</b>	<b>2410</b>	<b>100%</b>



**Graph №3. IBLI Sales by months**



#### IV. IBLI Reserve funds

Estimation of Reinsurance cost, Actual GIC and GIC adjustment amount were computed by participating insurance companies.

Insurance Companies	Reinsurance cost	Rate of Reinsurance cost	Actual GIC	Prepaid GIC	GIC Adjustment
Mongol Daatgal	13,332,759.00₮	33.6%	15,314,157.00₮	20,000,000	4,685,843.00₮
Tushig Daatgal	11,419,222.00₮	38.8%	12,889,709.00₮	20,000,000	7,110,291.00₮
Prime Daatgal	5,460,419.00₮	38.6%	6,187,108.00₮	20,000,000	13,812,892.00₮
<b>Sum</b>	<b>30,212,400.00₮</b>	<b>100%</b>	<b>34,390,974.00₮</b>	<b>60,000,000</b>	<b>25,609,026.00₮</b>

#### Number of DRP only sales and DRP commission paid to agents.

Insurance Companies	DRP only sales	DRP commission	DRP Reserve Fund
Mongol Daatgal	400,760.00₮	97,360.00₮	938,360.00₮
Tushig Daatgal	480,960.00₮	135,520.00₮	831,480.00₮
Prime Daatgal	260,640.00₮	102,680.00₮	289,640.00₮
<b>Sum</b>	<b>1,142,360.00₮</b>	<b>335,560.00₮</b>	<b>2059480.00</b>

According to reserve funds estimation, there would be 30,212,400.00 MNT BIP reserve fund, 2059480.00 MNT DRP Reserve fund and 87738634.00 MNT LIIP account at the end of 2006 Sales season.