



INDEX BASED LIVESTOCK INSURANCE PROJECT



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LIVESTOCK RISK INSURANCE SALES REPORT 2012

PROJECT IMPLEMENTATION UNIT

ULAANBAATAR CITY
2012



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I. List of the completed activities during the LRI sales season 2012

In accordance with the “Amended and Restated Development Credit Agreement” for IBLIP signed between the Government of Mongolia (GoM) and International Development Association, “Project Implementation Manual”, and IBLIP work plan, the following activities have been completed under the LRI sales 2012:

Table 1. LRI sales process

Date	Activities
Sep-Dec 2012	<ul style="list-style-type: none"> • Updates for the LRI sales season 2011 were identified. • The IBLIP was introduced at national level. Arkhangai, Bayan-Ulgii, Umnugovi, Tuv, Govisumber, Orkhon aimags, and 9 districts of Ulaanbaatar city were selected to be added in the IBLIP scale up. • IBLI MIS 2012 was upgraded. • 5 Insurers for LRI sales season 2012 were selected, which are the insurers for 2011 and Monre Daatgal LLC. • LRI sales season 2012 was determined to start on April 01 and finish on June 30, 2012. • LRI sales plan 2012 was developed. • The IBLI MIS 2012 was closed, and LRI sales data 2011 was locked. • Interest Rate Estimation Agreement for LRI reserve pool 2011 was made with the State bank and Khas Bank.
Jan-Feb 2012	<ul style="list-style-type: none"> • Information of the handbook of LRI principles and operations for trainers of insurers, soum officers, insurance agents, and local administrations was updated. • Experience-exchange meeting for IBLI best insurance agents of Bodi Daatgal, Mongol Daatgal, Tenger Daatgal, and Practical Daatgal companies was held. • Representatives of the PIU and FRC took a test to certify general insurance agents. • Handbook of “Livestock Risk Insurance” was developed and distributed to insurance agents and the stakeholders. • Lunar Calendar 2011 for herders covered by the LRI was published and distributed to herders.
Mar	<ul style="list-style-type: none"> • LRI premium rates for sales season 2012 were determined. • LRI policy was refined. • Forms of the transaction sheet and certificate for LRI were developed, published and distributed to insurance agents via the PIU aimag branches. A decision was made that insurance agents shall not use stamp during the sales season 2012. • A test to certify insurance agents to sell LRI and general insurance was taken by representatives of the PIU and FRC, and total 1348 insurance agents were certified to work during the LRI sales season 2012. • LIIP account for collecting insurance premiums was opened newly in each soum of the IBLIP 3rd scale up aimags (Arkhangai, Bayan-Ulgii, Umnugovi, Tuv, Govisumber, and Orkhon aimags). • IPFs of the insurers participating in the LRI sales 2012 were deposited into the PIU account. • Training for trainers of the insurers was conducted. • The IBLI Cooperation Agreement was signed with the participating insurers.
Apr	<ul style="list-style-type: none"> • LRI sales season 2012 started. • The published commercial materials such as, poster, brochure, booklet for insurers, and newspaper were printed and distributed.



	<ul style="list-style-type: none"> • For the purpose of providing an opportunity to herders who are willing to participate in the LRI and decreasing delivery costs of insurance agents, IBLIP call center (9100-0770, 98070770) received feedbacks of herders. The feedbacks were reported to the PIU aimag branches and insurance agents. • The upgraded IBLI MIS 2012 was reviewed and accepted. • The PIU obliged its aimag branches to send weekly sales data in order to promote the LRI sales season 2012, to improve quality of sales data, to strength supervision of the PIU at sales process. Thus, sales data was sent to the stakeholders in due time.
5-p cap	<ul style="list-style-type: none"> • LRI sales registry software was installed at PCs of insurer-branches and PIU branches of aimags, where software training was conducted. • Training on IBLI was conducted for Vice Governors and LVBU officers of all soums of new 6 aimags. • The PIU aimag branches worked in soums to promote LRI sales 2012 and to supervise a sales process.
6-p cap	<ul style="list-style-type: none"> • In regards to the decision on conducting mid-year livestock survey, training on sample survey methodology was conducted, in collaboration with the NSO. • Agricultural Census was conducted by using the sample survey in 21 aimags, in collaboration with the NSO.
7-p cap	<ul style="list-style-type: none"> • Mid-year livestock survey and sample survey data was consolidated from the Agricultural Census 2012. • Payout amount for the herders covered by the LRI in 2012 was estimated on the IBLI MIS. • LRI sales season 2012 was closed in all aimags. • Sales database of local insurer branches was closed or locked. • LRI premium income started being deposited into the account.
8-p cap	<ul style="list-style-type: none"> • Payouts for herders insured in 2011 under the IBLI policy proceeded via Khan Bank. • LRI sales database of aimags was locked.
9-11-p cap	<ul style="list-style-type: none"> • Payouts for herders covered by the LRI in 2011 under the IBLI policy were completed. • Adjustment of LRI sales 2012 with the participating insurers and estimation of actual IBLI participation fee are in process.

II. 2012 LRI SALES

During the 7th IBLI sales season in 330 soums of 21 aimags and UB 9 districts, starting on April 1, 2012 and finishing on June 30, 2012, the project participating insurers, such as Bodi Daatgal, Mongol Daatgal, Mongol Daatgal, Tenger Daatgal, Practical Daatgal, and Monre Daatgal signed the LRI policy with **15988 herders**, made sales of **MNT 1.5 billion**, and invested **MNT 998.4 million** into the LIIP account. Sales income increased by MNT 650.4 million (76.7%), the insured take up increased by 5,079 herders (46.5%) compared to the LRI sales for 2011. 813 of 1,344 licensed insurance agents actively worked, but 531 of who made no sales in the sales season 2012. Total LRI premium income contributes 0.01% of GDP in Mongolia and 3.5% of gross total insurance premiums at the insurance industry.

Number of herders who bought the LRI product and premium income has been going up steadily since 2006. Graph 1, 2 shows the number of insured herder households and premium income growth.



Graph 1. Number of herder households who bought the LRI product ¹



Graph №2. Premium income of the LRI product /in MNT million/²



The below are premium income and the number of insured herder households of 15 aimags under the project implementation:

¹ Number of insured herder households and sales income for 2006-2009 has been considered as the number of herder households covered by the BIP and DRP and total income of the BIP and DRP.

² Number of insured herder households and sales income for 2006-2009 has been considered as the number of herder households covered by the BIP and DRP and total income of the BIP and DRP.



Table 2. Number of herder households covered by LRI, total insured livestock value, and premium amount (2012)

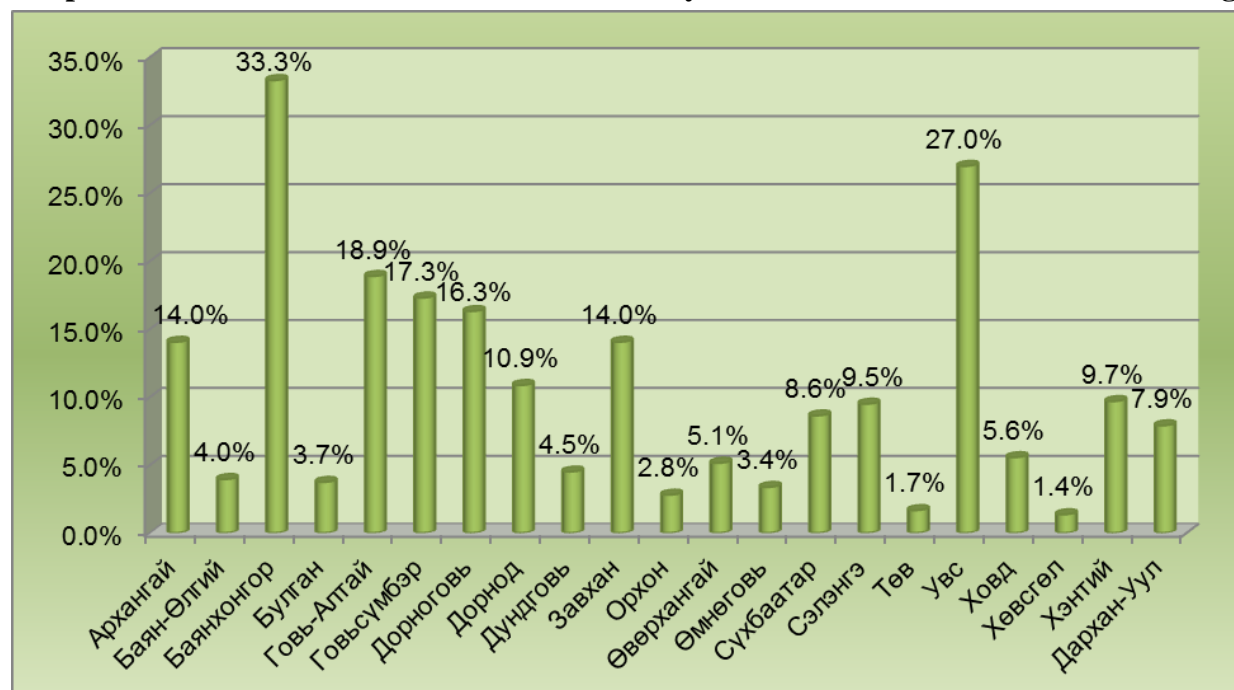
No	Aimags	Herder households covered by LRI	Total insured livestock value	Premium amount paid by herders
1	Arkhangai	2,061	3,373,779,809	151,554,042
2	Bayan-Ulgii	369	992,036,079	26,038,192
3	Bayankhongor	3,579	6,019,524,329	351,067,337
4	Bulgan	272	796,351,472	22,265,964
5	Govi-Altai	1,321	3,811,809,562	140,047,124
6	Govisumber	91	950,278,050	29,824,736
7	Dornogovi	570	2,899,168,891	61,375,308
8	Dornod	443	1,394,950,786	38,997,798
9	Dundgovi	269	1,178,895,883	56,935,484
10	Zavkhan	1,171	2,304,375,071	96,035,248
11	Orkhon	35	128,588,019	4,577,637
12	Uvurkhangai	759	751,633,940	40,931,236
13	Umnugovi	183	272,579,988	13,112,764
14	Sukhbaatar	590	1,965,262,655	83,912,825
15	Selenge	400	1,166,790,072	19,177,321
16	Tuv	158	853,123,888	27,944,769
17	Uvs	2,329	6,852,927,757	165,908,181
18	Khovd	456	1,899,062,233	50,769,383
19	Khuvsgul	204	636,530,756	22,687,717
20	Khentii	624	2,038,462,158	74,923,621
21	Darkhan-Uul	104	1,228,340,500	18,666,443
	Total	15,988	41,514,471,899	1,496,753,128

Total sales throughout 21 aimags was MNT 1.5 billion, of which 45,2% was in Bayankhongor, Uvs, Khentii, and Sukhbaatar aimags, 19,8% in Darkhan-Uul, Selenge, Bulgan, Zavkhan, and Govi-Altai aimags added in the project scale up in 2010, 18,2% in the 2nd scale up aimags, such as Dornogovi, Dornod, Dundgovi, Uvurkhangai, Khovd, and Khuvsgul aimags, and the remain 16,8% in last scale up 6 aimags, such as Arkhangai, Bayan-Ulgii, Govisumber, Umnugovi, Tuv, and Orkhon aimags. Graph3 shows that Bayankhongor has the highest number of sales, or 3,583 insured herder households that makes 33,3% of total herder households of the aimag. Therefore, herders of the aimag paid premiums at highest level (MNT 351,1 million), which contributes 23,4 of total premium income. As for the sales results of the insurers, 38,4% of total insured herder households represents by Mongol Daatgal, 20,2% by Bodi Daatgal, 25,4% by Tenger Daatgal, 14,4% by Practical Daatgal, and 1,6% by Monre Daatgal company.

As of 2012, 15,988 herder households (10,5% of total 152,980 herder households in 21 aimags) were covered by the LRI. The below is ratio of herder households in each aimag:



Graph 3. Ratio of herder households of covered by the LRI to herder households of aimag



Total of 2,461,702 livestock of 21 aimags was insured in LRI, which makes 6.8% of total livestock herds in Mongolia.

Table 3. Number of livestock covered by the LRI (by livestock species, aimag)

No	Aimags	Sheep	Goat	Cattle	Horse	Camel	Total
1	Arkhangai	208,333	97,290	39,692	30,350	62	375,727
2	Bayan-Ulgii	8,372	15,967	1,435	977	20	26,771
3	Bayankhongor	102,185	415,130	23,255	8,496	265	549,331
4	Bulgan	9,709	9,363	3,137	1,958	0	24,167
5	Govi-Altai	32,742	133,225	650	512	188	167,317
6	Govisumber	3,519	13,556	354	298	0	17,727
7	Dornogovi	10,006	64,067	5,071	1,798	109	81,051
8	Dornod	35,036	18,851	6,621	6,175	84	66,767
9	Dundgovi	17,411	22,107	1,337	3,147	139	44,141
10	Zavkhan	140,187	95,594	3,726	3,276	135	242,918
11	Orkhon	2,910	2,050	331	57	0	5,348
12	Uvurkhangai	35,639	46,725	1,484	2,114	79	86,041
13	Umnugovi	3,854	18,540	255	371	22	23,042
14	Sukhbaatar	57,796	71,794	12,936	6,578	41	149,145
15	Selenge	24,574	13,691	7,291	459	0	46,015
16	Tuv	9,760	7,944	1,342	1,127	23	20,196
17	Uvs	151,603	167,272	9,470	2,436	148	330,929
18	Khovd	23,714	33,792	1,392	780	139	59,817
19	Khuvsgul	14,821	7,507	3,734	507	0	26,569
20	Khentii	40,321	48,044	13,776	6,899	25	109,065
21	Darkhan-Uul	1,491	5,917	1,837	223	150	9,618
22	Total	933,983	1,308,426	139,126	78,538	1,629	2,461,702



7.9% of total insured livestock for 2012 accounts for sheep, 53.2% for goats, 5.6% for cattle, 3.2% for horses, and 0.1% for camels.

Table 4 represents the average sales volume per insurance agent, premium income, and the average premium amount paid by a herder household. Average premium amount paid by a herder household in 2011 was MNT 77,666 vs. it reached MNT 93,618 in 2012. Aimag with the highest volume of average premium amount paid by a herder household is Govisumber (MNT 327,744 of insured livestock value).

Table 4. Average sales number per insurance agent, premium income and average premium amount paid by a herder household (by aimag, for 2012)

No	Aimag	Number of insurance agents who sold insurance	Average sales number per insurance agent	Average premium income per insurance agent	Average premium paid by a herder
1	Arkhangai	66	31	2,296,272	73,534
2	Bayan-Ulgii	27	14	964,377	70,564
3	Bayankhongor	96	37	3,660,082	98,065
4	Bulgan	27	10	824,665	81,860
5	Govi-Altai	57	23	2,456,967	106,016
6	Govisumber	7	13	4,260,677	327,744
7	Dornogovi	27	21	2,273,160	107,676
8	Dornod	27	16	1,444,363	88,031
9	Dundgovi	33	8	1,725,318	211,656
10	Zavkhan	82	14	1,171,162	82,011
11	Orkhon	5	7	915,527	130,790
12	Uvurkhangai	39	19	1,049,710	53,867
13	Umnugovi	23	8	570,120	71,654
14	Sukhbaatar	50	12	1,679,069	142,294
15	Selenge	23	17	833,797	47,943
16	Tuv	27	6	1,034,991	176,866
17	Uvs	62	38	2,675,938	71,236
18	Khovd	42	11	1,208,795	111,336
19	Khuvsgul	30	7	756,257	111,214
20	Khentii	51	12	1,476,587	120,683
21	Darkhan-Uul	12	9	1,555,537	179,485
22	Ulaanbaatar	0	0	0	0
Total		813	20	1,841,045	93,618

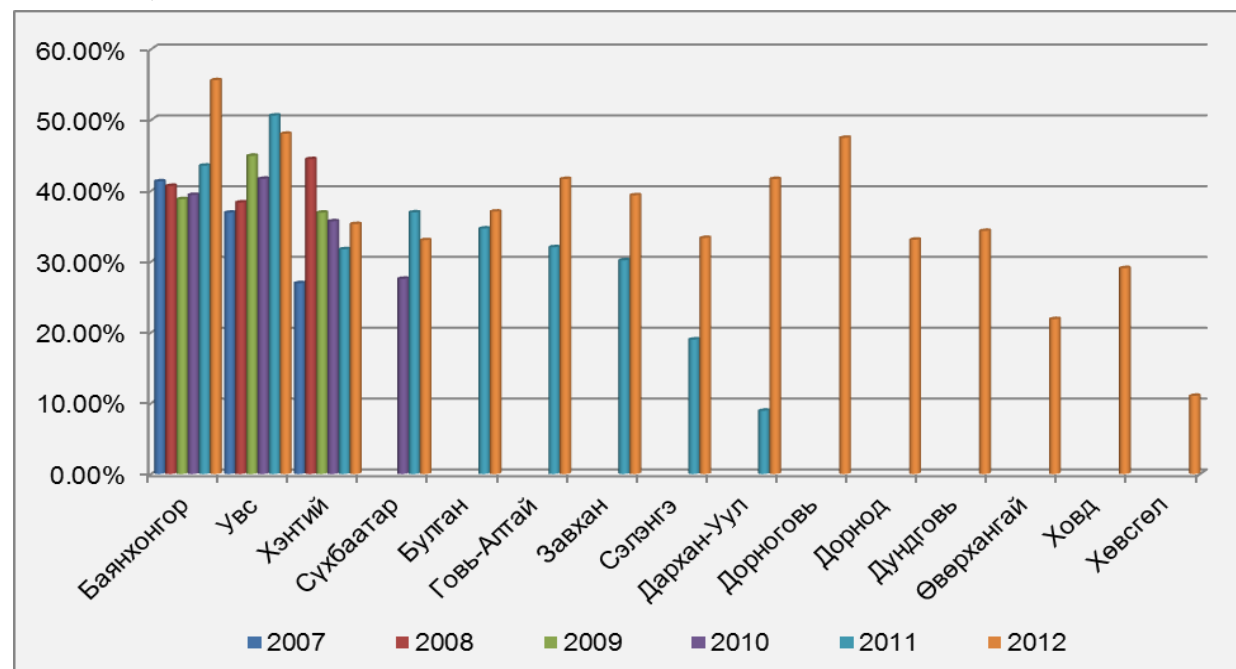
Retention rate of the insured is increasing year to year. 4674 herder households insured in 2011 were insured repeatedly in 2012, which accounts 43.1% of the insured herder households for 2011.



Table 5. Number of herder households insured for year to year retention, total insured rates (by aimags, for 2007-2012)

No	Aimag	2007		2008		2009		2010		2011		2012	
		QNT	Percent	QNT	Percent	QNT	Percent	QNT	Percent	QNT	Percent	QNT	Percent
1	Bayankhongor	391	41.33%	694	40.68%	738	38.82%	819	39.41%	819	43.54%	1447	55.61%
2	Uvs	441	36.90%	548	38.35%	625	44.93%	730	41.69%	884	50.63%	1251	48.04%
3	Khentii	83	26.94%	249	44.46%	275	36.91%	324	35.68%	291	31.73%	240	35.29%
4	Sukhbaatar							67	27.57%	239	36.94%	280	33.02%
5	Bulgan									26	34.67%	63	37.06%
6	Govi-Altai									302	32.03%	462	41.66%
7	Zavkhan									162	30.17%	350	39.37%
8	Selenge									19	19.00%	102	33.33%
9	Darkhan-Uul									10	8.93%	25	41.67%
10	Dornogovi											179	47.48%
11	Dornod											89	33.09%
12	Dundgovi											46	34.33%
13	Uvurkhangai											28	21.88%
14	Khovd											66	29.07%
15	Khuvsgul											46	11.03%

Graph 4. Ratio of the insured for year to year retention to total insured (by aimag, for 2007-2012)





III. Sales Results of Insurers

Total of 1344 insurance agents have been certified to sell the LRI product during the sales season 2012, 813 of who /151 of Bodi Daatgal, 317 of Mongol Daatgal, 173 of Tenger Daatgal, 150 of Practical Daatgal, 22 of Monre Daatgal sold the LR I product vs., 531 made no sales.

Table 6. Sales number of insurers (by aimag, for 2012)

No	Aimag	Mongol	Bodi	Tenger	Practical	Monre	Total
1	Arkhangai	726		720	615		2,061
2	Bayan-Ulgii	122	118	104	25		369
3	Bayankhongor	1,253	1,115	663	548		3,579
4	Bulgan	121	151				272
5	Govi-Altai	698	224	298	101		1,321
6	Govisumber	91					91
7	Dornogovi	177	305		88		570
8	Dornod	93		305	45		443
9	Dundgovi	214			12	43	269
10	Zavkhan	413	345	362	51		1,171
11	Orkhon	5	23			7	35
12	Uvurkhangai	302		288	169		759
13	Umnugovi	151		24	8		183
14	Sukhbaatar	262	140	109	79		590
15	Selenge	172	228				400
16	Tuv	107			51		158
17	Uvs	777	392	615	393	152	2,329
18	Khovd	136		228	54	38	456
19	Khuvsgul	121	23	45	15		204
20	Khentii	157	112	304	51		624
21	Darkhan-Uul	44	52			8	104
	Total	6,142	3,228	4,065	2,305	248	15,988

Mongol Daatgal accounts for 38.4% of total insured herder households followed by Bodi Daatgal 20.2%, Tenger Daatgal 25.4%, Practical Daatgal 14.4%, Monre Daatgal 1.6% respectfully.

2012 IBLI sales income is amounted as the following (by each insurer):

Table 7. LRI premium income of insurers (by aimag, for 2012)

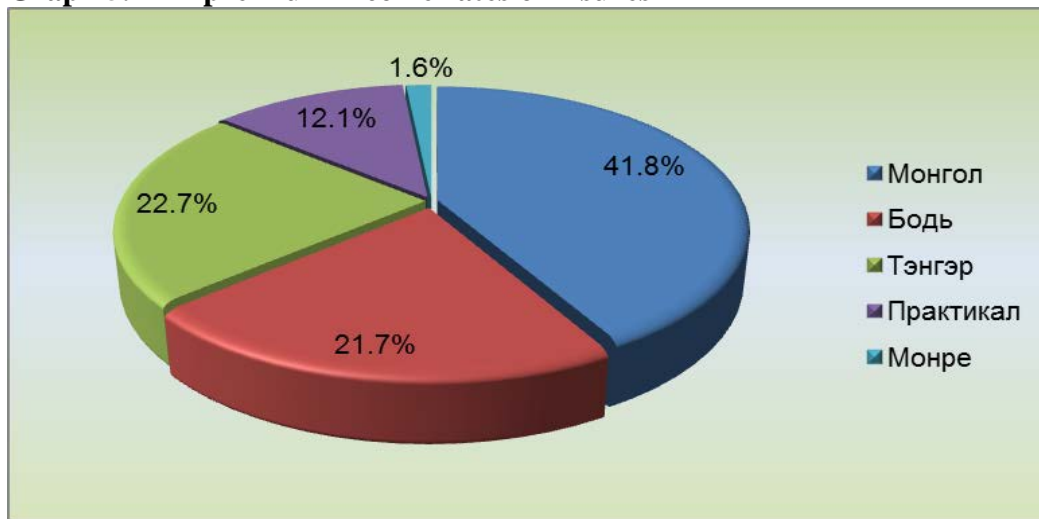
No	Aimag	Mongol	Bodi	Tenger	Practical	Monre	Total
1	Arkhangai	62,937,409		50,873,206	37,743,427		151,554,042
2	Bayan-Ulgii	7,122,867	7,550,819	8,936,681	2,427,825		26,038,192
3	Bayankhongor	128,524,286	110,259,117	64,702,524	47,581,410		351,067,337
4	Bulgan	9,892,121	12,373,843				22,265,964
5	Govi-Altai	58,982,812	33,261,804	40,798,915	7,003,593		140,047,124
6	Govisumber	29,824,736					29,824,736
7	Dornogovi	24,256,388	30,835,880		6,283,040		61,375,308
8	Dornod	12,079,655		22,927,330	3,990,812		38,997,798
9	Dundgovi	43,319,443			2,206,969	11,409,072	56,935,484
10	Zavkhan	32,123,715	31,990,601	26,722,273	5,198,660		96,035,248
11	Orkhon	837,111	3,457,794			282,733	4,577,637
12	Uvurkhangai	16,773,411		13,220,632	10,937,193		40,931,236
13	Umnugovi	11,536,320		1,188,711	387,733		13,112,764
14	Sukhbaatar	41,858,404	20,963,809	12,748,767	8,341,846		83,912,825
15	Selenge	8,955,329	10,221,992				19,177,321



16	Tuv	19,140,244			8,804,525		27,944,769
17	Uvs	54,802,148	34,695,201	42,921,193	27,730,577	5,759,063	165,908,181
18	Khovd	16,857,851		23,478,434	5,510,918	4,922,180	50,769,383
19	Khuvsgul	11,834,813	4,025,910	4,976,458	1,850,536		22,687,717
20	Khentii	28,223,928	14,771,826	26,159,275	5,768,592		74,923,621
21	Darkhan-Uul	6,503,090	10,746,118			1,417,235	18,666,443
22	Ulaanbaatar						0
Total		626,386,079	325,154,713	339,654,397	181,767,656	23,790,282	1,496,753,128

Total MNT 1.5 billion of sales was made in IBLI sales season 2011, of which 41.8% accounts for Mongol Daatgal, 21.7% for Bodi Daatgal, 22.7% for Tenger Daatgal, 12.2% for Practical Daatgal, and 1.6% for Monre Daatgal.

Graph 5. LRI premium income rates of insurers



Graph 6. LRI premium income (by aimag/insurer, for 2012)

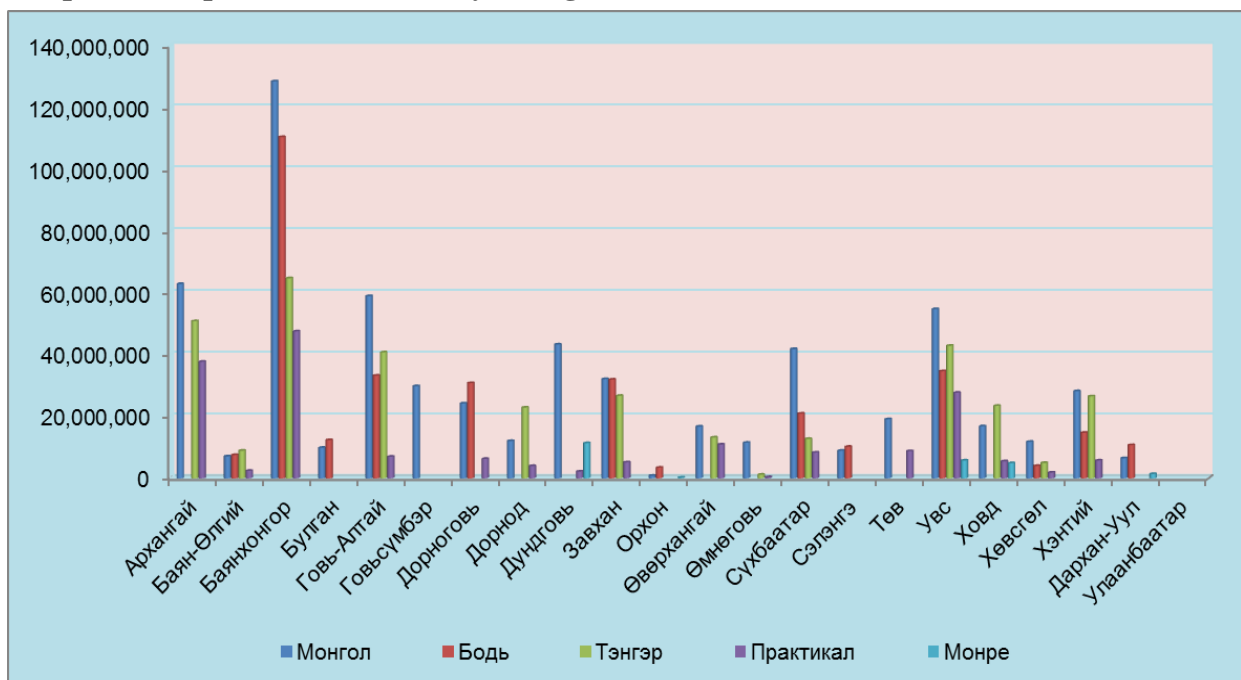
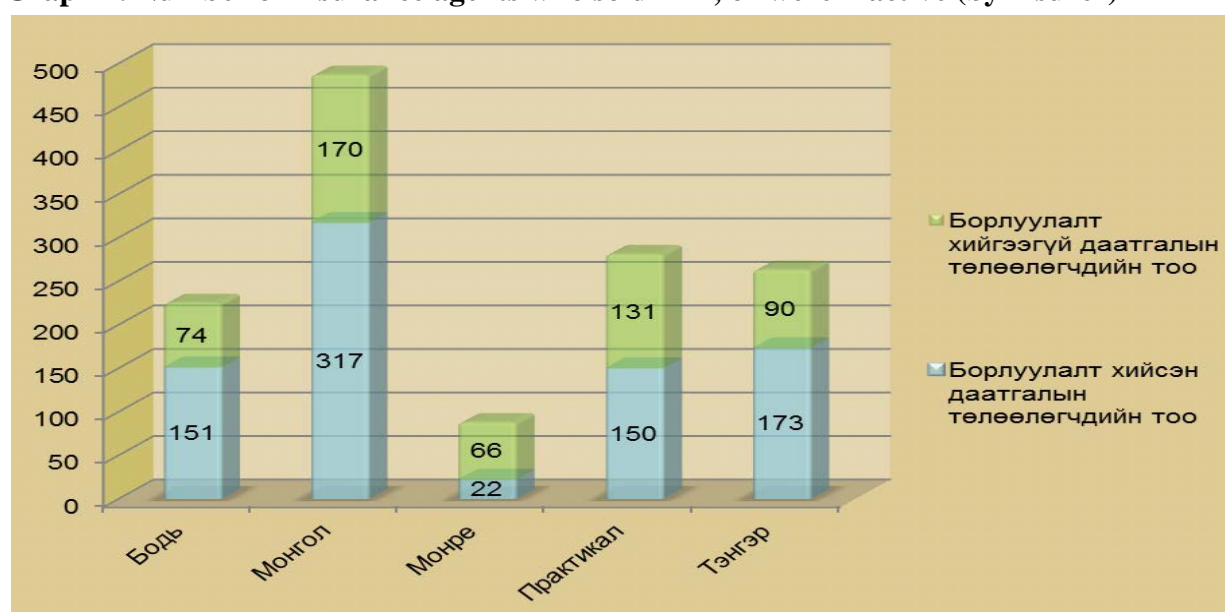




Table 8. Number of insured herder households and comparative rate of premium income to 2011 sales (by insurer)

No	Insurer	Number of insured herder households	Growth rate	Premium income	Growth rate
1	Mongol Daatgal	6142	41.26%	626,386,079	71.9%
2	Bodi Daatgal	3228	19.73%	325,154,713	47.0%
3	Tenger Daatgal	4065	54.62%	339,654,397	83.2%
4	Practical Daatgal	2305	86.49%	181,767,656	139.3%
5	Monre Daatgal	248	-	23,790,282	-
Total		15988	46.56%	1,496,753,128	76.7%

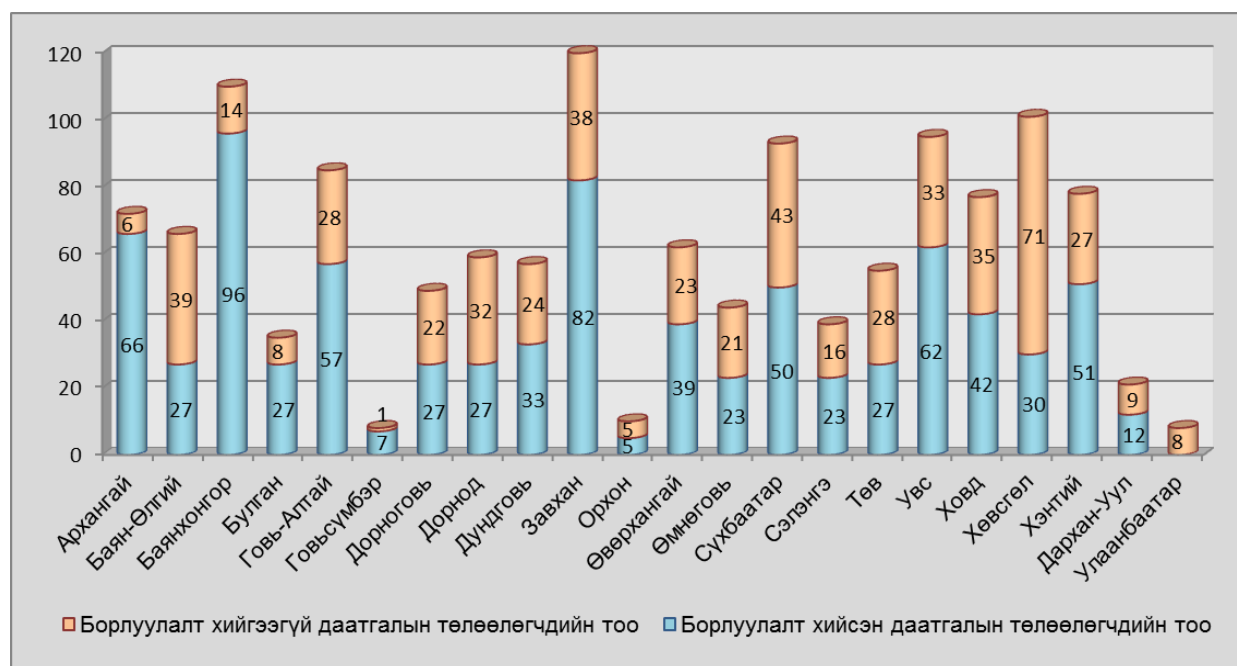
Graph 7. Number of insurance agents who sold LRI, or were inactive (by insurer)



Total 813 insurance agents of the participating insurers have made sales, but 531 insurance agents have made no sales. The below is the number of insurance agents who made sales, or made no sales by aimag:



Graph8. Number of insurance agents who sold LRI, or were inactive (by aimag)



The below is the number of herder households covered by the LRI (by insurer):

Table 9. Ratio for number of insured herder households

№	Aimags	Mongol		Bodi		Tenger		Practical		Monre	
		Qnt	Percent	Qnt	Percent	Qnt	Percent	Qnt	Percent	Qnt	Percent
1	Arkhangai	726	35.2%			720	34.9%	615	29.8%		
2	Bayan-Ulgii	122	33.1%	118	32.0%	104	28.2%	25	6.8%		
3	Bayankhongor	1,253	35.0%	1,115	31.2%	663	18.5%	548	15.3%		
4	Bulgan	121	44.5%	151	55.5%						
5	Govi-Altai	698	52.8%	224	17.0%	298	22.6%	101	7.6%		
6	Govisumber	91	100.0%								
7	Dornogovi	177	31.1%	305	53.5%			88	15.4%		
8	Dornod	93	21.0%			305	68.8%	45	10.2%		
9	Dundgovi	214	79.6%					12	4.5%	43	16.0%
10	Zavkhan	413	35.3%	345	29.5%	362	30.9%	51	4.4%		
11	Orkhon	5	14.3%	23	65.7%					7	20.0%
12	Uvurkhangai	302	39.8%			288	37.9%	169	22.3%		
13	Umnugovi	151	82.5%			24	13.1%	8	4.4%		
14	Sukhbaatar	262	44.4%	140	23.7%	109	18.5%	79	13.4%		
15	Selenge	172	43.0%	228	57.0%						
16	Tuv	107	67.7%					51	32.3%		
17	Uvs	777	33.4%	392	16.8%	615	26.4%	393	16.9%	152	6.5%
18	Khovd	136	29.8%			228	50.0%	54	11.8%	38	8.3%
19	Khuvsgul	121	59.3%	23	11.3%	45	22.1%	15	7.4%		
20	Khentii	157	25.2%	112	17.9%	304	48.7%	51	8.2%		
21	Darkhan-Uul	44	42.3%	52	50.0%		0.0%		0.0%	8	7.7%
	Total	6,142	38.4%	3,228	20.2%	4,065	25.4%	2,305	14.4%	248	1.6%



IV. LRI premium loan and discounted loan issued to the insured

In collaboration with Khan Bank, the PIU issued MNT 10,505,606 of LRI premium loan to total 41 herder households via local branches of the bank from April 1 to June 30, 2012.

Table 10. Number of herder households who took LRI premium loan, and loan amount

№	Aimag	Number of herders who took LRI premium loan				Loan volume of Khan Bank			
		2009	2010	2011	2012	2009	2010	2011	2012
1	Bayankhongor	53	8	3	1	4,782,395	1,078,540	309,565	302,900
2	Bulgan	-	8	2	3	-	1,457,125	287,750	946,200
3	Govi-Altai	-	12	-	-	-	2,214,850	-	-
4	Dornogovi	-	-	2	2	-	-	441,408	550,888
5	Dornod	-	-	10	13	-	-	1,305,101	2,593,877
6	Dundgovi	-	-	5	8	-	-	1,201,198	2,907,180
7	Zavkhan	-	10	-	3	-	1,387,032	-	393,300
8	Sukhbaatar	4	24	1	-	95,438	3,502,239	320,400	-
9	Selenge	-	26	3	-	-	3,934,455	495,000	-
10	Tuv	-	-	-	2	-	-	-	650,785
11	Uvs	7	3	1	1	391,446	201,780	88,500	71,656
12	Khuvsgul	-	-	-	1	-	-	-	300,600
13	Khentii	78	104	23	5	7,423,464	16,954,168	4,519,503	1,340,720
14	Darkhan-Uul	-	2	-	1	-	257,250	-	247,500
15	Govisumber	-	-	-	1	-	-	-	200,000
	Total	142	197	50	41	12,692,743	30,987,439	8,968,425	10,505,606

The PIU has proposed to Khan Bank to increase amount of the premium loan. The bank raised the upper limit of the loan up to MNT 400.000. As herders were interested to select high insurance value, amount of the average premium loan went up compared to last year's. During the sales season, herders faced some problems to take a loan since the bank staff was not sufficiently aware of the LRI and its premium loan. Therefore, few herders took the LRI premium loan because a large number of herders have taken herders' loan.

When herders who insured their livestock take a loan under the agreement signed with Khan Bank, the bank discounts the loan by 0.02% of interest rate. As of the first 7 months of 2012, approximately MNT 1.4 billion of loan was issued to insured herders, and MNT 33, 3 million of interest rate was discounted.

Number of insured herder households who took discounted loan from Khan Bank, and loan amount (2012)

№	Aimag	Number of herders who took a loan	Loan amount
1	Arkhangai	3	7,000,000
2	Bayankhongor	272	589,900,000
3	Dornogovi	11	39,800,000
4	Sukhbaatar	136	303,600,000
5	Uvs	84	137,250,000
6	Khovd	2	1,500,000
7	Khentii	98	304,100,000
8	Govisumber	1	5,000,000
	Total	607	1,388,150,000



Summary

The IBLI sales report 2012 has been made according to performances and sales results made during the sales season 2012 and sales results of the insurers. Meanwhile, total MNT 1,5 billion of sales was made and MNT 998,4 million was deposited into the LIIP account. Sales income increased by MNT 650.4million (76.7%), insured take up rate increased by 5,079 herders (46.5%) compared to the LRI sales 2011. Take up rate of the insured herders and premium income is increasing steadily year to year. This represents that a large number of herders are interested to purchase this insurance product, the insurers have an opportunity to sell this insurance product and to take some risks, and the LRI is sustainable in the future.

The sales results of aimags revealed that herders of aimags selected early in the project not only were broadly aware of the IBLI, but also received LRI payouts. However, herders of new aimags for the project did not have insufficient information of the IBLIP and were unconfident in the IBLI. In addition, there are few insurer branches and not well skilled insurance agents in new aimags for the IBLIP.

Sales results of the insurers and ratio for total sales vary depending on the number of local branches of an insurer, livestock mortality rate in an aimag, and insurance agents' working experiences and skills at the IBLI.

In regards to the increased premium rates for sales season 2012, the average premium amount paid by a herder household was MNT 77.666 in 2011 increased to MNT 93,618 in 2012. Govisumber aimag has the highest volume (MNT 327,744) of the average premium paid by a herder household.

Total 2,461,702 livestock have been covered by the LRI, which contributes 6.8% of total 36.3 million livestock in Mongolia.

Herders' insured livestock value reached to MNT 41.5 billion, which makes 0.5% of total insurance values of the insurance industry of Mongolia.