



INDEX BASED LIVESTOCK
INSURANCE PROJECT



INDEX BASED LIVESTOCK INSURANCE SALES REPORT 2011

PROJECT IMPLEMENTATION UNIT

**ULAANBAATAR
2011**



CONTENTS

I.	List of the completed activities during the LRI sales.....	3
II.	LRI 2011 sales season.....	5
	• Sales results of Bayankhongor, Uvs, Khentii, and Sukhbaatar aimags	9
	• Sales results of Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags involved in the IBLIP, 2010	12
	• Sales results of Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags involved in the IBLIP, 2011.....	15
III.	Sales results of the insurance companies	18
IV.	LRI Special purpose loan.....	22
	Summary	24



Tables and graphs

Table №1. IBLI 2011 sales season process	3
Table №2. Number of LRI insured herder households and premium amount, 2011	6
Table №3. Number of involved livestock in the IBLI (by species of the livestock and aimag).....	7
Table №4. Average sales number of per insurance agent, premium income and average premium amount a herder household paid (by aimag, 2011).....	8
Table №5. Number of insured herder households, comparative amount to the sales 2010 of the deposited premium income at the LIIP (Bayankhongor, Khentii, Uvs, and Sukhbaatar aimags)	10
Table №6. Number of insured herder households, comparative amount to the sales 2010 of the deposited premium income at the LIIP (Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags)	12
Table №7. Number of insured herder households, deposited premium income ratio for the LIIP (Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags)	15
Table №8. Sales number of insurance companies, premium income amount (by aimag and insurance company, 2011)	18
Table №9. Number of insured herder households, comparative amount to the 2010 sales of premium income (by insurance company).....	19
Table №10. Number of agents who sold LRI or nothing (by aimag and insurance company)	20
Table №11. Number of insured herder households, ratio for amount (by insurance company).....	21
Table №12. Number of herders who took the LRI loans.....	22
Table №13. LRI premium loans volume	22
Table №14. Average of LRI premium loans.....	23
 Graph №1. Number of herder households involved in the RLI product	5
Graph №2. Premium income of the LRI product /in Tg Million/.....	6
Graph №3. LRI insured herder households ratio for herder households of aimag	7
Sales results of Bayankhongor, Uvs, Khentii, and Sukhbaatar	
Graph №4. Number of herder households involved in the LRI (from 2006 – 2011).....	9
Graph №5. Number of herder households involved in the LRI (by insurance company and aimag, 2011	9
Graph №6. Deposited premium income of the LIIP from 2006–2011(in Tg Million)	10
Graph №7. Number of LRI insured livestock (by thousand heads, from 2006 – 2011).....	11
Graph №8. Premium income in Tg Million (by insurance company and aimag, 2011).....	11
Sales results of Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags	
Graph №9. Number of LRI insured herder households (From 2010 – 2011).....	12
Graph №10. Premium income in Tg Million (from 2010 – 2011)	13
Graph №11. Number of LRI insured herder households (in Tg Thousand, from 2010 – 2011).....	13
Sales results of Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags	
Graph №12. Number of herder households who were involved in the LRI (by insurance company and aimag, 2011)	14
Graph №13. Premium income, in Tg Million (by insurance company and aimag, 2011).....	14
Graph №14. Number of LRI insured herder households (from 2010 – 2011).....	15
Graph №15. Number of LRI insured livestock (by thousand heads, from 2010 – 2011).....	16
Sales results of the insurance companies	
Graph №16. Number of herder households involved in the LRI (by insurance company and aimag, 2011)	16
Graph №17. Premium income, in Tg Million (by insurance company and aimag, 2011).....	17
Graph №18. Premium income of insurance companies, ratio for amount	18
Graph №19. RLI premium income (by aimag and insurance company, 2011).....	19
Graph №20. Number of insurance agents who sold the LRI or nothing (by insurance company)	19
Graph №21. Number of insurance agents who sold the LRI or nothing (by aimag)	20
LRI Special Purpose loans	
Graph №22. LRI Special Purpose Loans volume	23



I. List of the completed activities during the LRI sales

Following IBLI sale's activities taken place in 2011 according to the "Amended and Restated Development Credit Agreement" and "Project Implementation Manual" signed between the GoM and IDA:

Table №1. IBLI 2011 sales season process

Date	Activities
Sep-Dec 2010	<ul style="list-style-type: none"> • Updates for the LRI sales season 2011 were defined. • Dornod, Dornogobi, Dundgobi, Uvurkhangai, Khovd and Khuvsgul aimags selected to be involved in the IBLIP. • RLI premium rates for new aimags, including Dornod, Dornogobi, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul were estimated. • The IBLIP MIS has updated for 2011. • Insurance companies that participate in the IBLI sales season for 2011 were selected and 4 insurance companies that participated in 2010 IBLI sales season were reselected. • Sales duration for 2011 season was approved to last from April 15th to -July 15th. • Sales plan for 2011 completed. • IBLI 2010 software version has closed and its sales database has sealed. • 2010 interest rate calculation agreement for LRI reserve pool made with State Bank and Khas Bank.
Jan 2011	<ul style="list-style-type: none"> • LRI principles and operation guidelines' information designated for insurance company trainers, soum staffs, insurance agents, and local administrations were updated.
February	<ul style="list-style-type: none"> • "Livestock Risk Insurance" handbook were drafted and distributed to the insurance companies and stakeholders. • Experience exchange meeting held among the best IBLI insurance agents. • "Lunar Calendar" was drafted, printed, and distributed to herders whom included 2010 LRI.
March	<ul style="list-style-type: none"> • The LRI contract updated. • Insurance transaction sheet, certificate, and stamp designs which would be used for the LRI sales season 2011, were developed and printed. • LRI and regular insurance agents' certification exam taken place by representations of the PIU and FRC; therefore, 804 insurance agents were issued of the LRI certifications, certificates of 180 insurance agents were extended, and total of 984 insurance agents were allowed to work during LRI sales season 2011. • LIIP accounts for insurance premium allocation were opened in new Dornogobi, Dundgobi, Khovd, Khuvsgul, Uvurkhangai, and Dornod aimags' soumons, and "Service Agreement for IBLI Aimags/Soums Accounts" made with Khan Bank was amended. • Training session for insurance company trainers was organized.
April	<ul style="list-style-type: none"> • The IBLI cooperation agreement was signed between the participating insurance companies and PIU. • Insurance policy sheets, certificates, and stamps were delivered to the insurance companies and completed the sales season preparation. • LRI sales season of 2011 as long with insurance sales activities started in the rural areas. • Published ads materials including posters, brochures, booklets, and newspapers were printed and distributed. • In order to increase sales, provide fast service to herders whom wanted to be included in LRI, and to decrease distribution costs of the insurance companies, feedbacks from herders received by call lines of 9100-0770 and 98070770, which were reported to the PIU aimag branches and insurance agents. • 2011 IBLI MIS version developed. • In order to boost the IBLI sales in 2011, improve the qualification of sales reports, and strengthen monitoring, the PIU aimag branches assigned to deliver weekly sales reports; therefore, sales reports executed and delivered to the stakeholders duly.



	<ul style="list-style-type: none"> • In order to boost the sales of the 2011 season and review the sales progress aimags' coordinators worked in the field. • The Amendments on the "LRI Premium Loan Agreement" its procedures, and "Cooperation Agreement to Discount Insured Herders" granted by Khan Bank were signed.
May	<ul style="list-style-type: none"> • The IBLI participation fee of insurance companies deposited to PIU account. • The IBLI sales registry software copies installed on insurance company branches of each aimags that involved in the project and the software trainings were conducted. • Thereof with the decree by Government Implementing Agency (GIA) indicating soums' Deputy Governors and Animal Husbandry Production Technology, Reproduction Registration Specialists (AHPTRR) of the DVAR terms of reference required to include IBLI tasks, trainings among Deputy Governors and the AHPTRR Specialists of the DVAR held. • In order to increase the sales rate, aimags' PIU coordinator for training, advertisement, and research visited to the herders households and held the meeting sessions.
June	<ul style="list-style-type: none"> • With regard to conducting the mid-year livestock census with sample survey methodology, sample survey methodology training conducted jointly with the NSO. • The mid-year livestock census was conducted on the sample survey methodology in the 15 aimags that projects are on going.
July	<ul style="list-style-type: none"> • Reports of 2011 mid-year livestock census and sample survey were consolidated. • 2010 compensation calculation of LRI insured herders was calculated on the project MIS. • The IBLI sales season 2011 was closed upon the field workshops in the project implementing aimags. • Sales database of the local insurance company branches sealed and MIS closed. • LRI premium income started to be deposited to the PIU account.
August	<ul style="list-style-type: none"> • Compensation transfers to the LRI insured herders in 2010 started. • Sales database of the aimags downloaded.
Sep-Oct	<ul style="list-style-type: none"> • Matching 2011 IBLI sales against participating insurance companies and estimating actual premium of IBLI stakeholders is in a process.

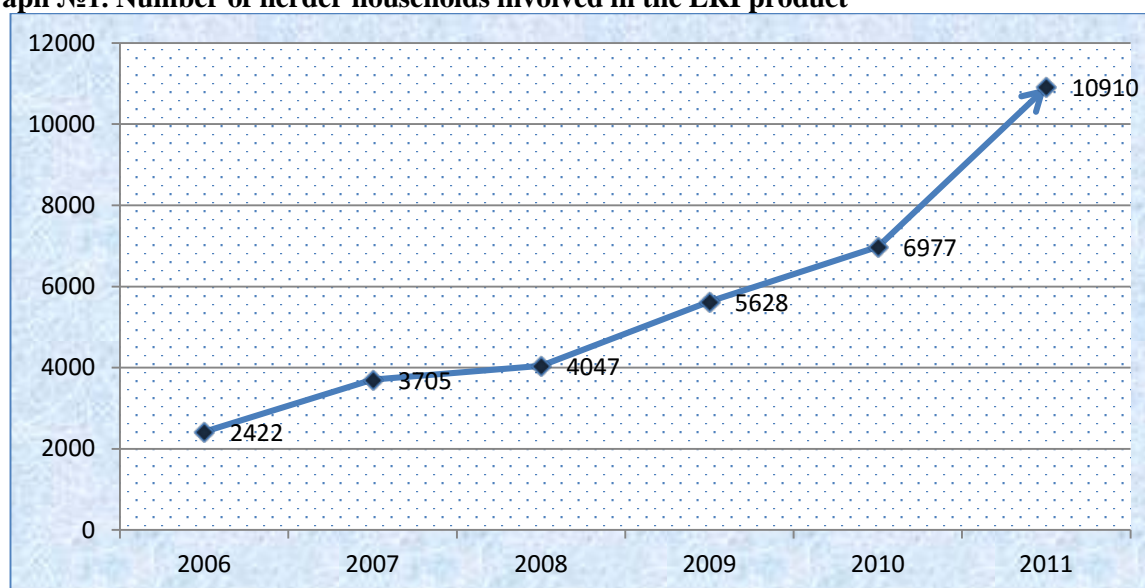


II. LRI 2011 sales season

Since the 5th IBLI sales season started in the total of 251 soums of Bayankhongor, Bulgan, Gobi-Altai, Darkhan-Uul, Khentii, Zavkhan, Sukhbaatar, Selenge, Uvs, Uvurkhantai, Dornogobi, Dornod, Dundgobi, Khuvsgul, and Khovd aimags on April 15, the participating insurance companies Bodi, Mongol, Tenger, and Practical Insurance made the LRI contract with total of **10,910 herders**, sold LRIs of **Tg 847,3 million**, and deposited **Tg 565,3 millions** at the LIIP until July 15, 2011. As it compared with the LRI sales of 2010, sales income rose by Tg 224,6 million or 36.1% and total number of the insured increased by 3,933 herders or 56.4%. Total of 984 insurance agents of the 4 insurance companies were certified during 2011 sales season, 766 of whom worked activity, whereas 218 agents' sales were inadequate down to zero. The IBLI premium income composes 0.01% of GDP of Mongolia.

Since 2006, number of the insured herder households and premium income had been steadily growing. Graph 1, 2 shows growth of the number of herder households involved in the insurance and premium income.

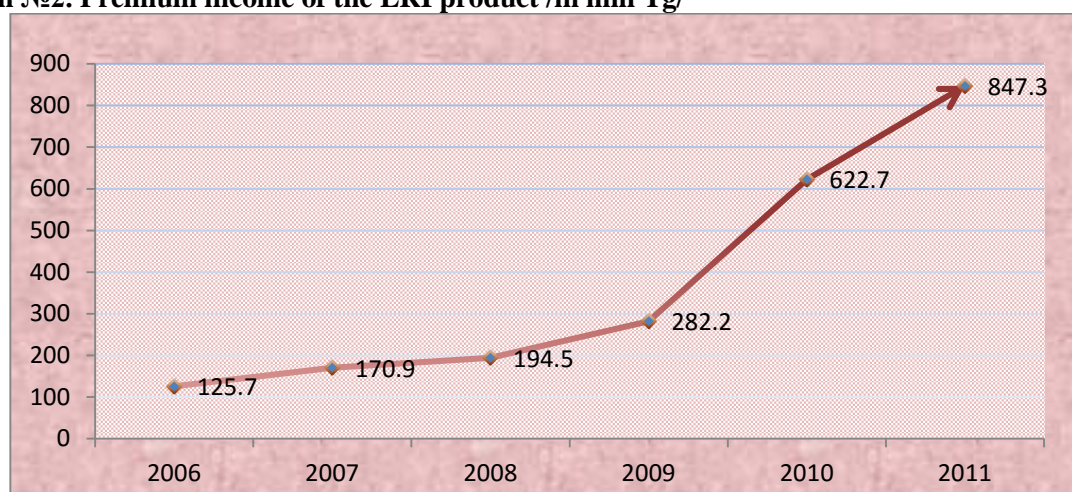
Graph №1. Number of herder households involved in the LRI product ¹



¹ The number of herder households involved in the insurance from 2006-2009 and sales income have been considered as the number of herder households involved in the BIP and DRP and total income of the BIP and DRP.



Graph №2. Premium income of the LRI product /in mill Tg/²



Premium income and number of insured herder households of the project implementing 15 aimags as follows:

Table №2. Number of LRI insured herder households and premium amount, 2011

№	Name of aimag	Number of insured herder households	Premium amount herder paid
1	Bayankhongor	2,613	217,358,310
2	Bulgan	170	10,612,047
3	Gobi-Altai	1,116	91,275,698
4	Dornogobi	378	40,866,571
5	Dornod	269	32,759,925
6	Dundgobi	135	20,085,213
7	Zavkhan	907	52,029,634
8	Uvurkhangai	128	12,569,358
9	Sukhbaatar	854	96,850,045
10	Selenge	310	15,712,992
11	Uvs	2,637	128,942,444
12	Khovd	231	28,149,712
13	Khuvsgul	417	24,090,429
14	Khentii	685	66,088,389
15	Darkhan-Uul	60	9,945,555
Total		10,910	847,336,322

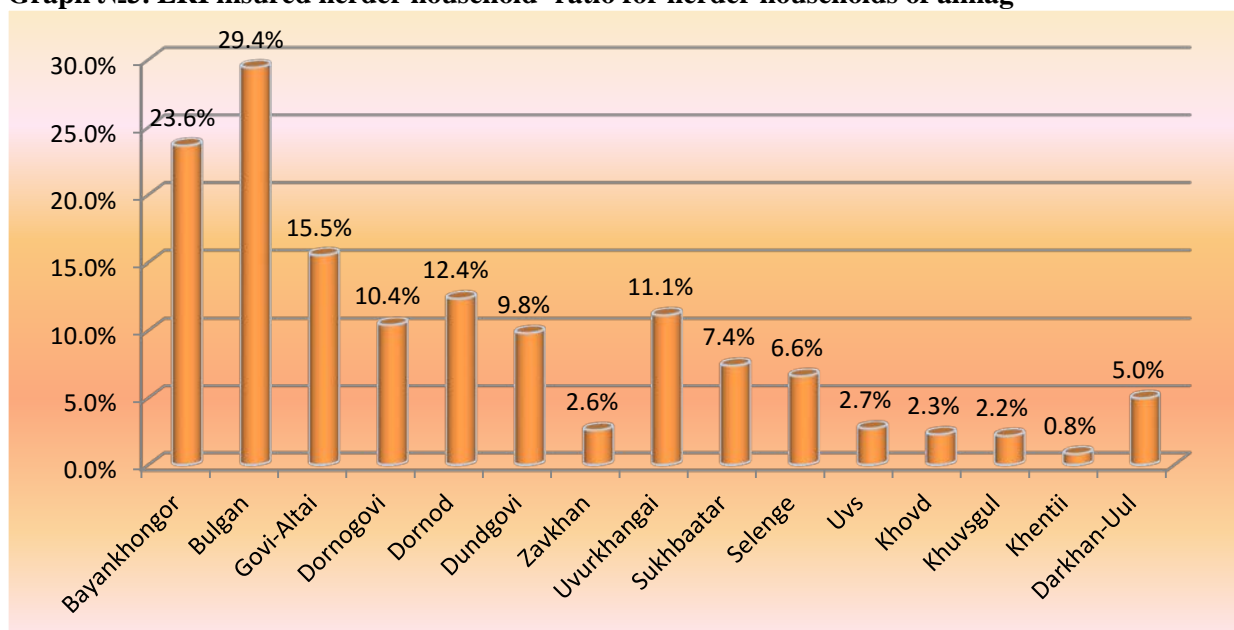
Total sales of Tg 847, 3 million were made at the 15 aimags, were Bayankhongor, Uvs, Khentii, and Sukhbaatar aimags earned 60,1%, Darkhan-Uul, Selenge, Bulgan, Zavkhan, and Gobi-Altai aimags earned 21,2% and remaining 18,7% made by Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags which joined to the project since 2011. **Graph№3** shows the maximum number of herder households or the 2,637 insured their livestock in Uvs aimag, which makes 29,4% of the total herder households of Uvs aimag. Herder of Bayankhongor aimag paid the highest level of premiums or Tg217,4 million, which makes 25,6 % of the total premium income. For sale results of the insurance companies, 39,8% of the total herder households by Mongol Insurance, 24,7% is by Bodi Insurance, 24,1% is by Tenger Insurance, and 11,4% is made by Practical Insurance.

² The number of herder households involved in the insurance from 2006-2009 and sales income have been considered as the number of herder households involved in the BIP and DRP and total revenue of the BIP and DRP.



There are 119479 herder households in the project implementing 15 aimags by 2011, including 10,910 number of herder households or 9,13% that included in the LRI. The ratio of herder households of per aimag as follows:

Graph №3. LRI insured herder household' ratio for herder households of aimag



Totally 1,553,927 heads of livestock of the 15 aimags were involved in the LRI, which makes 6.3% of 24.6 million livestock in the 15 aimags.

Table №3. Number of involved livestock in the IBLI (by species of the livestock and aimag)

№	Name of aimag	Number of insured herders					Total
		Sheep	Goat	Cattle	Horse	Camel	
1	Bayankhongor	68,337	272,072	16,642	7,313	240	364,604
2	Bulgan	7,169	4,973	2,375	930	0	15,447
3	Uvurkhangai	4,747	7,033	274	401	12	12,467
4	Gobi-Altai	26,616	99,329	474	573	757	127,749
5	Darkhan-Uul	3,572	3,762	1,110	312	0	8,756
6	Dornogobi	15,549	45,317	3,558	2,066	30	66,520
7	Dornod	24,484	13,631	4,247	3,713	131	46,206
8	Dundgobi	4,625	10,089	512	1,371	32	16,629
9	Zavkhan	95,727	61,307	1,524	1,489	194	160,241
10	Sukhbaatar	72,805	71,534	16,025	6,781	35	167,180
11	Selenge	20,978	18,492	5,614	316	0	45,400
12	Uvs	151,097	161,658	7,751	2,045	209	322,760
13	Khuvsgul	24,742	17,081	4,462	1,543	50	47,878
14	Khovd	13,765	28,685	644	732	189	44,015
15	Khentii	40,097	47,257	13,111	7,404	206	108,075
Total		574,310	862,220	78,323	36,989	2,085	1,553,927

37% of the total livestock involved in the 2011 were heads of sheep, 55,5% of which heads of goats, 5% of heads of horses, 2,4% were heads of cattle, and 0,13% of heads were camels.

In 2010, there were Tg2559,4 billion value livestock counted in the final-year livestock census, where project implementing aimags' livestock valued to Tg1851,2 million.



A herder being involved in the LRI has advantage to choose livestock values from 1-100% voluntarily. Selected values of the herders who insured their livestock reached to Tg 28, 4 billion, which makes 1, 5% of the total livestock values of the 15 aimags.

Table №4 shows average sales number of per insurance agent, premium income, and average premium amount a herder household paid. Average premium amount of 2010 a herder household paid was Tg 89,258 million, which dropped down to Tg 77,666 million in 2011. It represents an increase of interest of herder to insure their livestock, however, it is observed less ability for them to select high value and pay premium. Average premium amount a herder household paid is the highest in Dundgobi aimag or insured livestock of Tg 148,779 million.

Table №4. Average sales number of per insurance agent, premium income and average premium amount a herder household paid (by aimag, 2011)

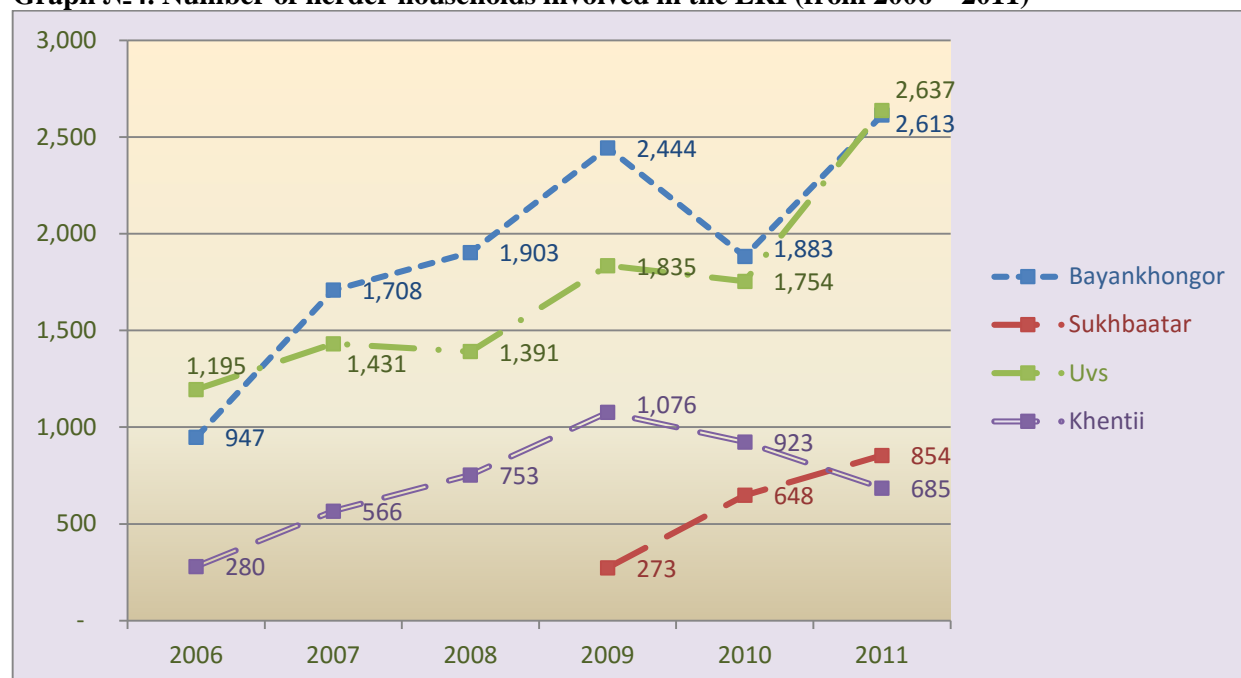
№	Name of aimag	Number of insurance agents who made sales	Average sales number of per insurance agent	Average premium income of per insurance agent	Average premium income a herder paid
1	Bayankhongor	98	27	2,217,942	83,183
2	Bulgan	16	11	663,253	62,424
3	Gobi-Altai	71	16	1,285,573	81,788
4	Dornogobi	21	18	1,946,027	108,113
5	Dornod	21	13	1,559,996	121,784
6	Dundgobi	22	6	912,964	148,779
7	Zavkhan	81	11	642,341	57,365
8	Uvurkhangai	30	4	418,979	98,198
9	Sukhbaatar	70	12	1,383,572	113,408
10	Selenge	30	10	523,766	50,687
11	Uvs	66	40	1,953,673	48,897
12	Khovd	21	11	1,340,462	121,860
13	Khuvsgul	45	9	535,343	57,771
14	Khentii	52	13	1,270,931	96,479
15	Darkhan-Uul	11	5	904,141	165,759
Total		655	17	1,293,643	77,666



2011 Sales Results of Bayankhongor, Uvs, Khentii, and Sukhbaatar aimags

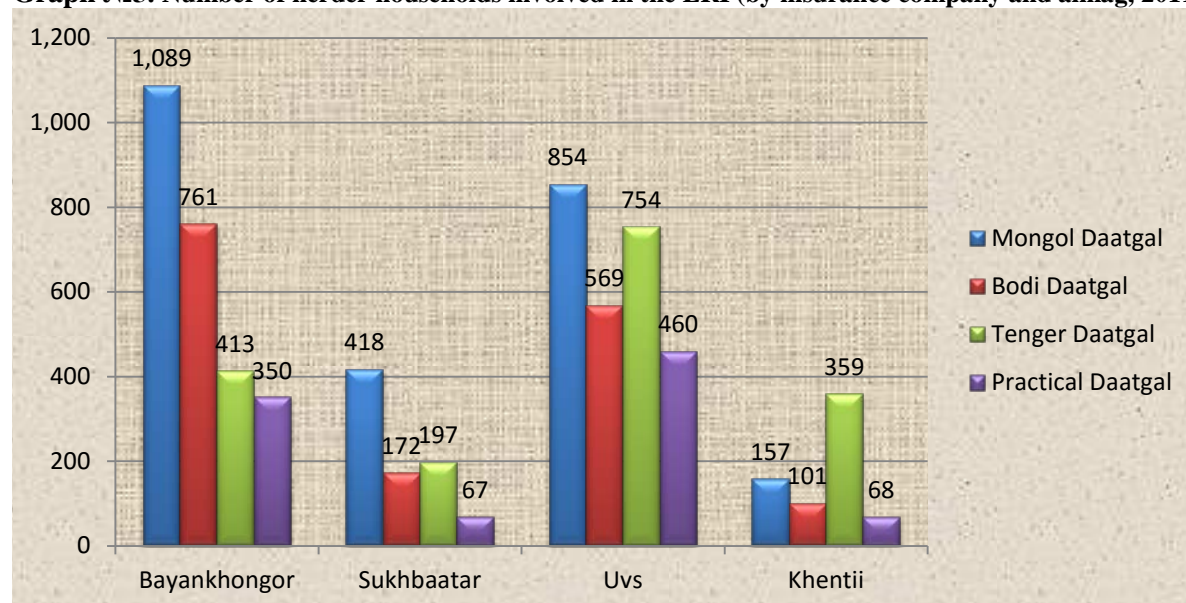
2011 sales results shows that the herders of Bayankhongor, Uvs, and Khentii aimags involved in the project since implementation of the IBLIP which started in 2006, and of Sukhbaatar aimag involved in it since 2009 not only have broad knowledge of the IBLIP and its benefit but also they received indemnity payments of the livestock insurance. The participating insurance companies Bodi insurance, Mongol Insurance, Practical Insurance, and Tenger Insurance started their sales in Bayankhongor, Uvs, Khentii, and Sukhbaatar aimags covering total of 6789 herder households, which makes 62, 2% of the total insured or sales of Tg509,2 million, where Tg339,9 million was deposited to the LIIP, or 60% of the LRI sales income of 2011.

Graph №4. Number of herder households involved in the LRI (from 2006 – 2011)



Comment: The number of herder households involved in the insurance from 2006-2009 considered as the number of herder households involved in the BIP and DRP.

Graph №5. Number of herder households involved in the LRI (by insurance company and aimag, 2011)





In Undurkhantai soum of Uvs aimag, there are 580 herder households, 778 herder household that have livestock, in which 670 households or 100% herder households insured their livestock, and 11,6% of the households who have livestock insured their livestock indicates the involvement of this soum is the highest among the 251 soums of the 15 aimags where the project has implemented.

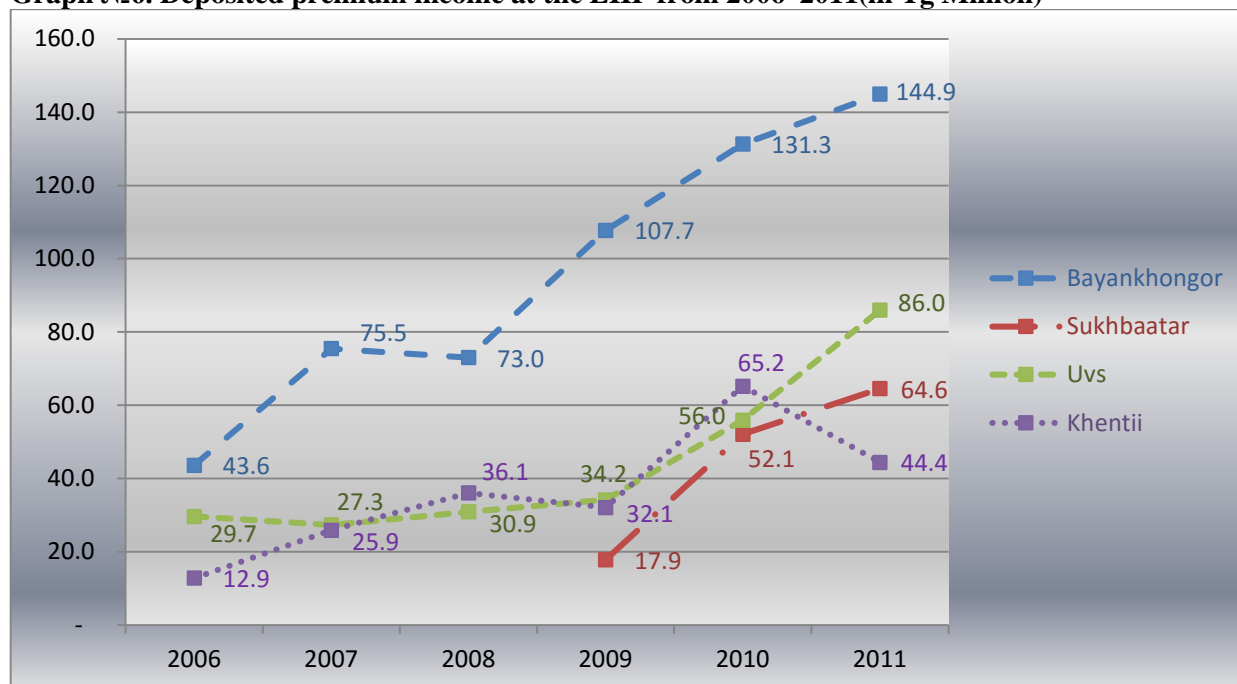
Table №5. Number of insured herder households, comparative amount to the sales 2010 of the deposited premium income at the LIIP (Bayankhongor, Khentii, Uvs, and Sukhbaatar aimags)

№	Name of aimag	Number of insured herder households	Ratio for herder households	Growth of sales number	Number of insured livestock	Amount of the LRI	Premium amount a herder paid	Growth of premium amount
1	Bayankhongor	2,613	23.64%	38.8%	364,604	144,905,617	217,358,310	10.4%
2	Uvs	2,637	29.42%	50.3%	322,760	85,962,775	128,942,444	53.6%
3	Khentii	685	9.82%	-25.8%	108,075	44,438,987	66,088,389	-31.8%
4	Sukhbaatar	854	12.36%	31.8%	167,180	64,566,697	96,850,045	23.9%
		6,789	20.02%	30.4%	962,619	339,874,076	509,239,188	11.6%

The Table №5 shows as 29,4% of the total herder households of Uvs aimag was involved in the insurance, which represents the highest point of involvement among the 15 aimags, compared to the number of herder households insured in the previous it increased by 50,3%. For deposited premium amount at the LIIP, Tg144, 9 million the herders of Bayankhongor aimag paid was deposited, which indicated the highest point. Number of herders of Sukhbaatar aimag who insured their livestock increased by 31,8% than the prior year's, but number of herders of Khentii aimag who were involved in the insurance and premium amount dropped.

Graph №8 shows annual growth of premium amount of Bayankhongor, Uvs, and Sukhbaatar aimags. Decrease of premium income of Khentii aimag and number of herder households is relevant to the pleasant summer of this year and no case of indemnity payment was in the aimags.

Graph №6. Deposited premium income at the LIIP from 2006–2011(in Tg Million)



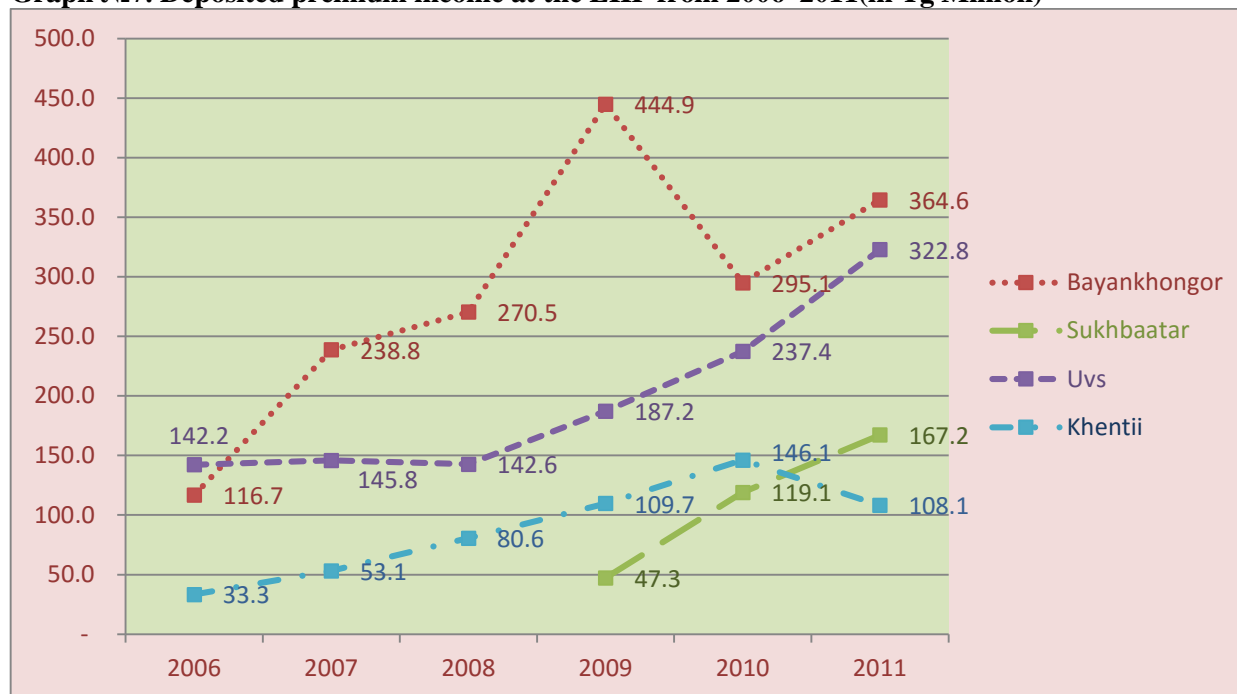
The premium income of the years 2006-2009 has been considered as the total income of the BIP and DRP.



Selected livestock value of the herders insured their livestock in Bayankhongor, Uvs, Sukhbaatar, and Khentii aimags is Tg15, 4 million, which makes 2, 92% of the livestock value of these 4 aimags.

Totally 364,6 thousand heads of livestock were covered in the LRI in Bayankhongor aimag, indicates the highest point or compared to the total of livestock of the aimag it makes 18,6%. Value of the insured livestock is Tg4,2 billion, or 3,5% of the total livestock value of the aimag.

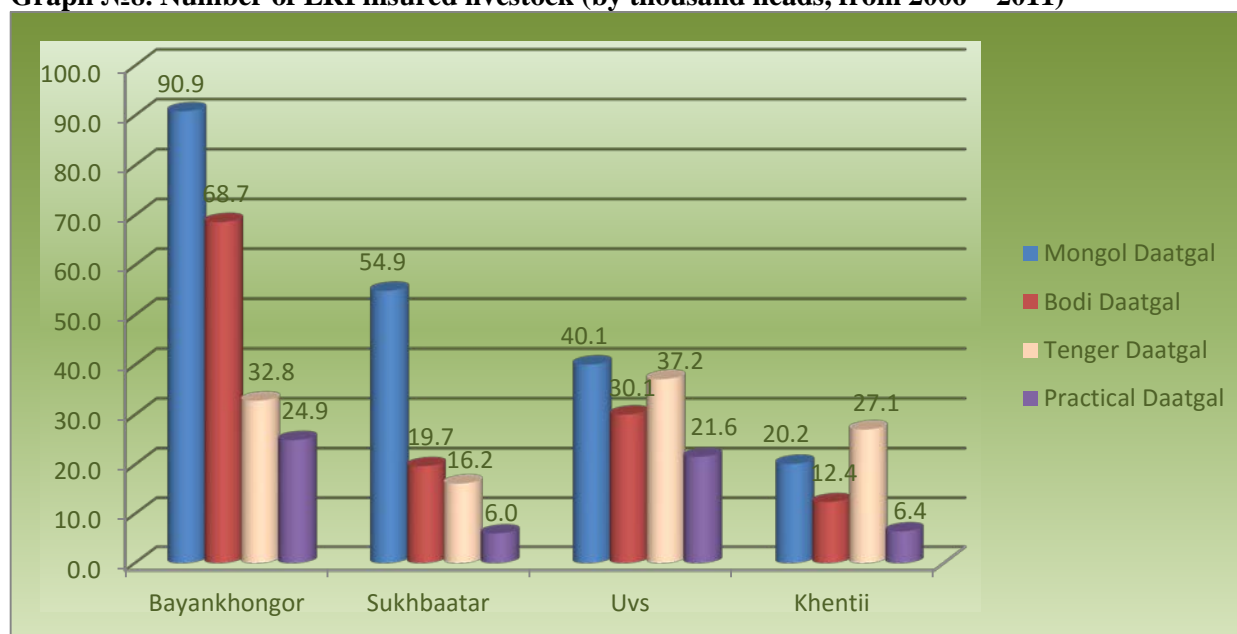
Graph №7. Deposited premium income at the LIIP from 2006–2011(in Tg Million)



Comment: The number of herder households involved in the insurance from 2006-2009 have been considered as the number of herder households involved in the BIP and DRP.

Whereas, insurance premium amount of the insurance company branches in the above aimags as follows:

Graph №8. Number of LRI insured livestock (by thousand heads, from 2006 – 2011)





Sales results of Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags involved in the IBLIP, 2010

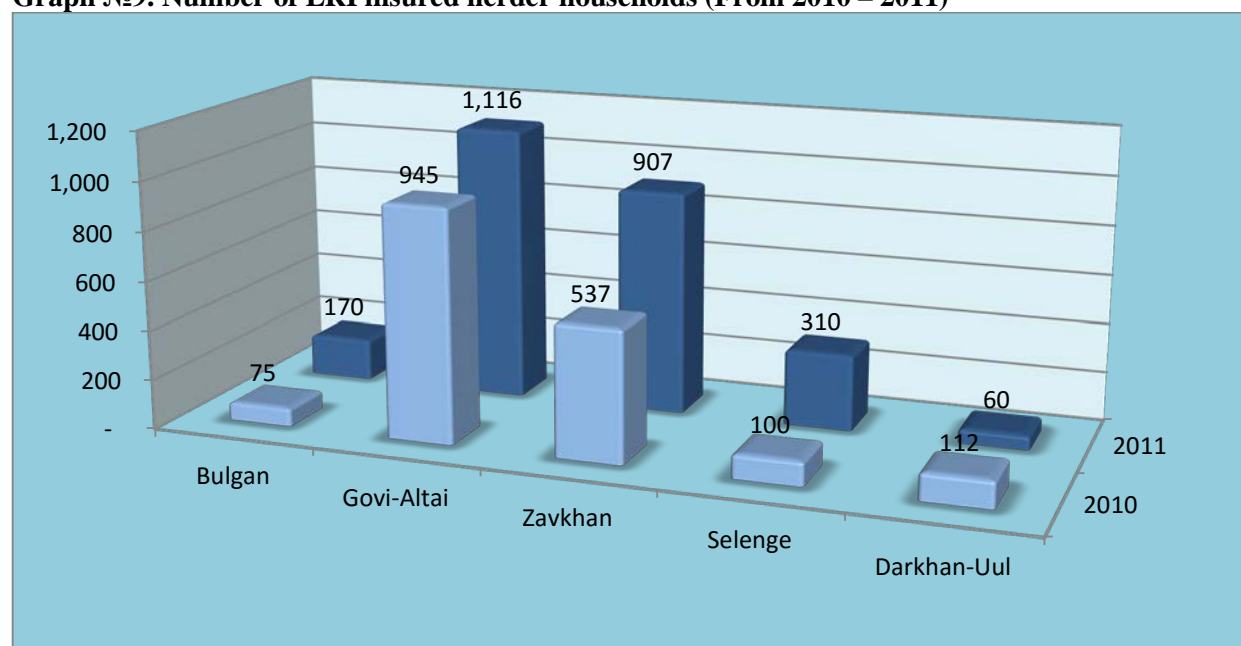
In accordance with the decision of expansion of the IBLIP nationwide after completion of its pilot period in 2009, Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags were added in the project areas 2010. Even though these aimags have involved in the project for 2 years, herders of these aimags have gained sufficient knowledge about IBLIP and tendency to involvement of the insurance has increased according to 2011 data. Bodi Insurance, Mongol Insurance, Practical Insurance, and Tenger Insurance companies made total sales of Tg179,6 million under the sales activities in Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags and deposited Tg119,7 million to the LIIP, which makes 21,2% of the LRI sales income of 2011.

Table №6. Number of insured herder households, comparative amount to the sales 2010 of deposited premium income at the LIIP

№	Name of aimag	Number of insured herder households	Ratio for herder households	Growth of sales number	Number of insured livestock	Amount of the LRI	Premium amount a herders paid	Growth of premium amount
1	Bulgan	170	2.28%	126.7%	15,447	7,074,698	10,612,047	-20.7%
2	Gobi-Altai	1,116	15.53%	18.1%	127,749	60,850,465	91,275,698	9.7%
3	Zavkhan	907	10.42%	68.9%	160,241	34,686,423	52,029,634	10.9%
4	Selenge	310	7.40%	210.0%	45,400	10,475,328	15,712,992	73.0%
5	Darkhan-Uul	60	4.98%	-46.4%	8,756	6,630,370	9,945,555	-32.6%
		2,563	8.92%	44.9%	357,593	119,717,284	179,575,925	7.3%

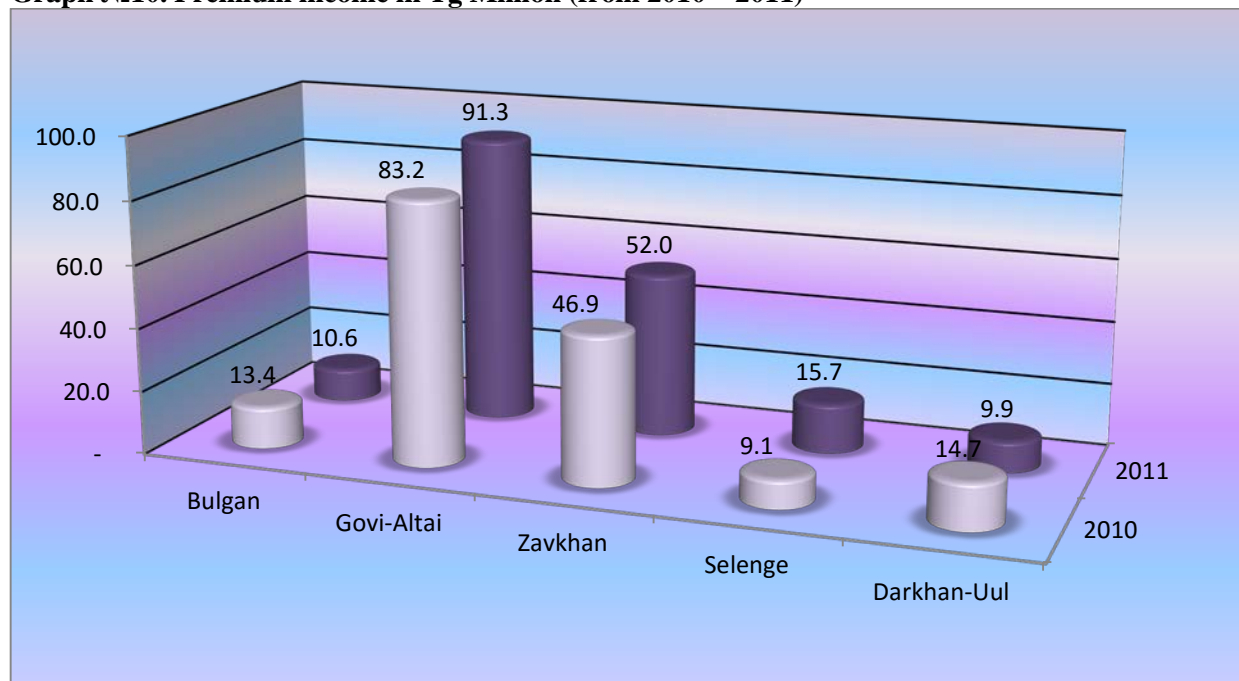
The table shows increase of sales income and number of herder households of Gobi-Altai, Zavkhan, and Selenge aimags, but it dropped in Darkhan-Uul aimag. Even though, sales income of Bulgan aimag decreased by 20,7% than 2010, number of insured herder households rose by 126,7%. It indicates more interest of the herders of Bulgan aimag to insure their livestock, however, less ability for them to pay high value of premium.

Graph №9. Number of LRI insured herder households (From 2010 – 2011)



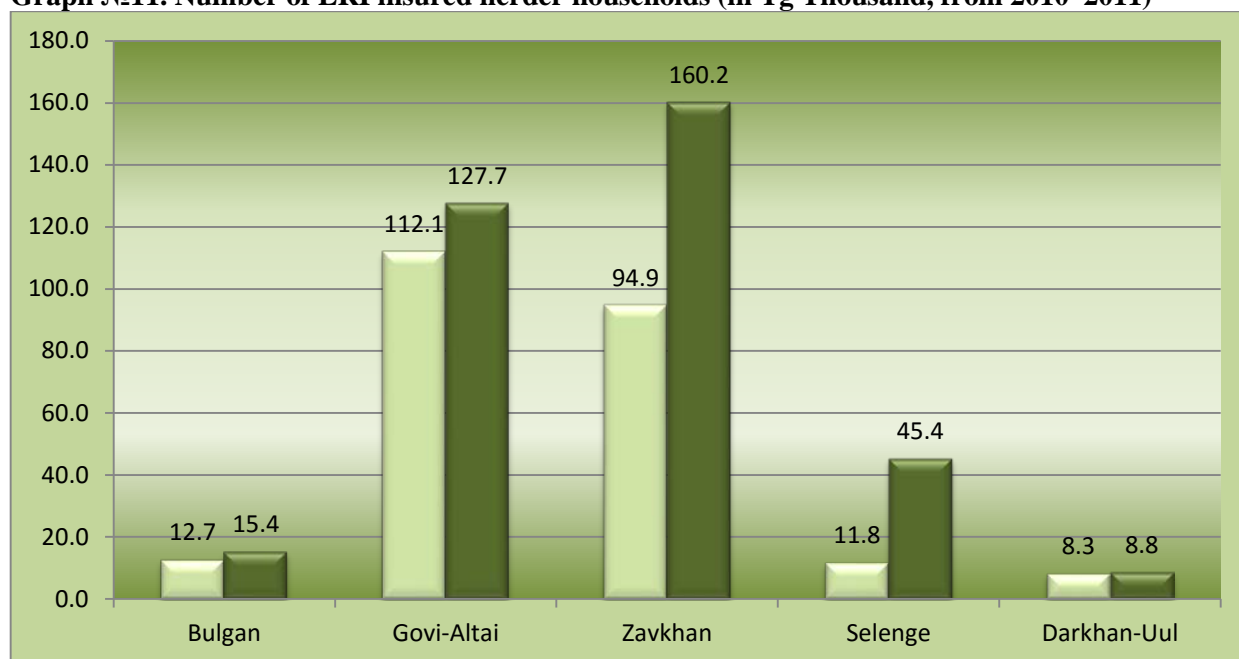


Graph №10. Premium income in Tg Million (from 2010 – 2011)



The graph №10 shown as indications of premium income growth of Gobi-Altai, Zavkhan, and Selenge aimags, but it dropped in Bulgan and Darkhan-Uul aimags.

Graph №11. Number of LRI insured herder households (in Tg Thousand, from 2010–2011)

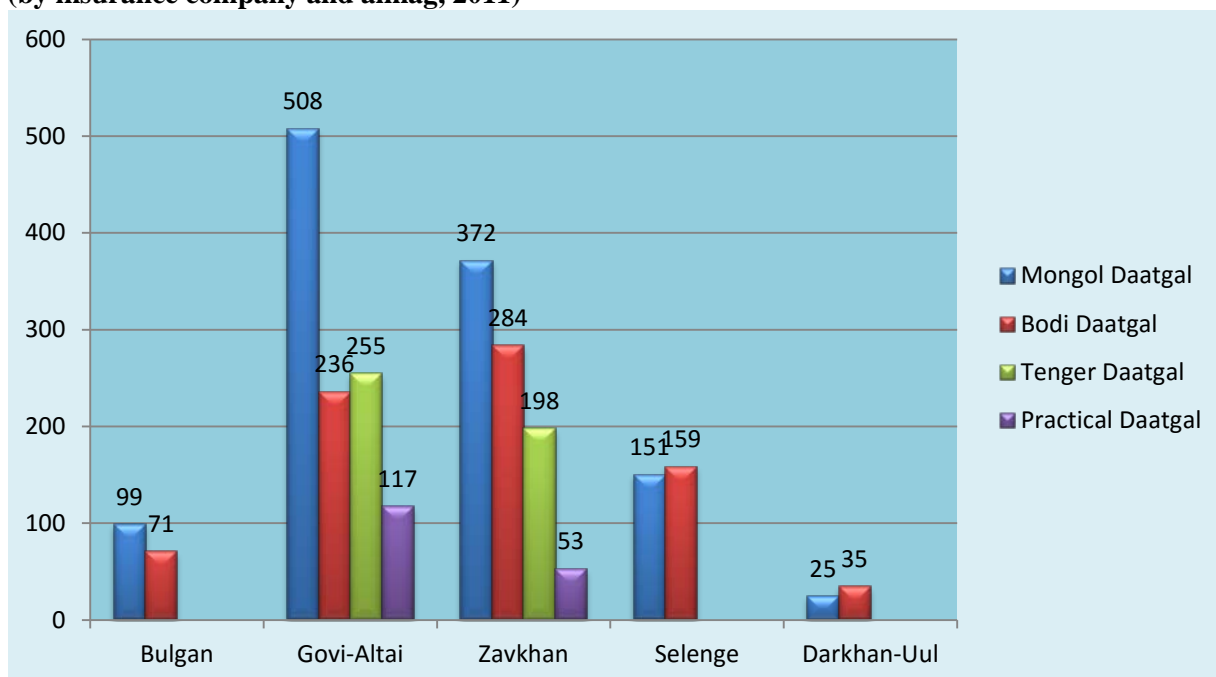


Selected livestock value of the herders who insured their livestock is Tg 6, 8 billion in Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags, which makes 1,1% of the livestock value of these 5 aimags.

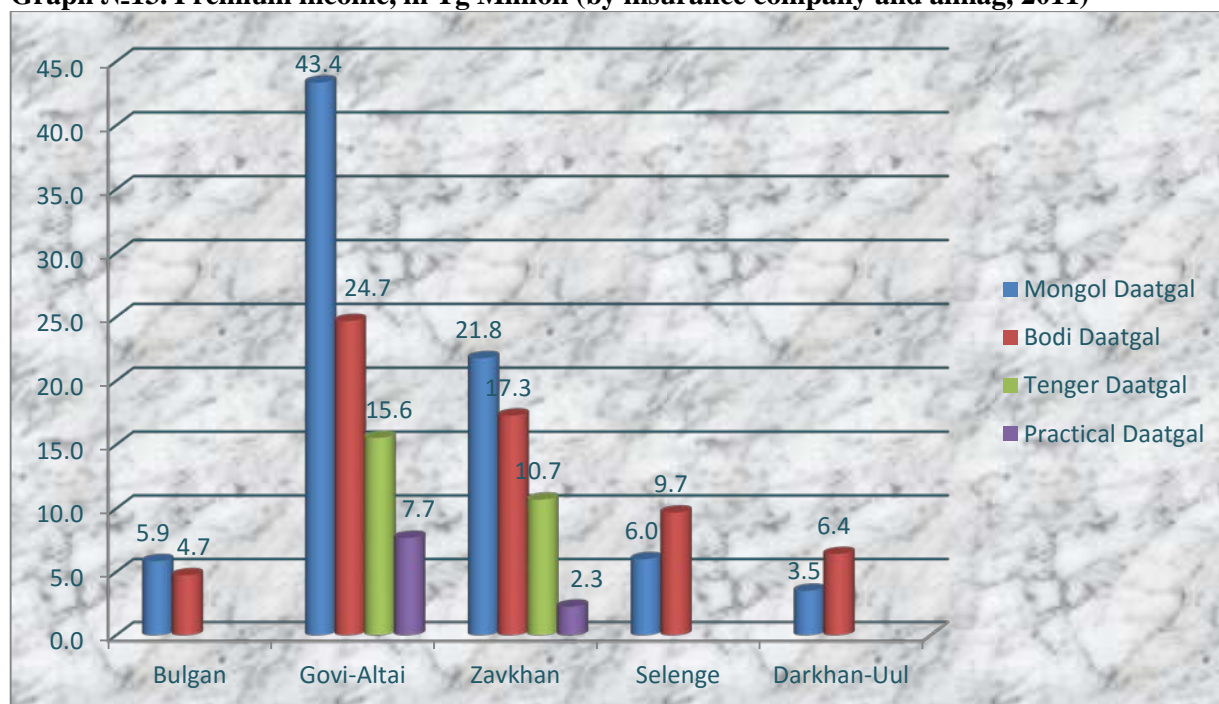


Whereas, insurance premium amount and number of insured herder households of the insurance company branches in the aimags as follows:

Graph №12. Number of herder households who were involved in the LRI (by insurance company and aimag, 2011)



Graph №13. Premium income, in Tg Million (by insurance company and aimag, 2011)





Sales results of Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags involved in the IBLIP, 2011

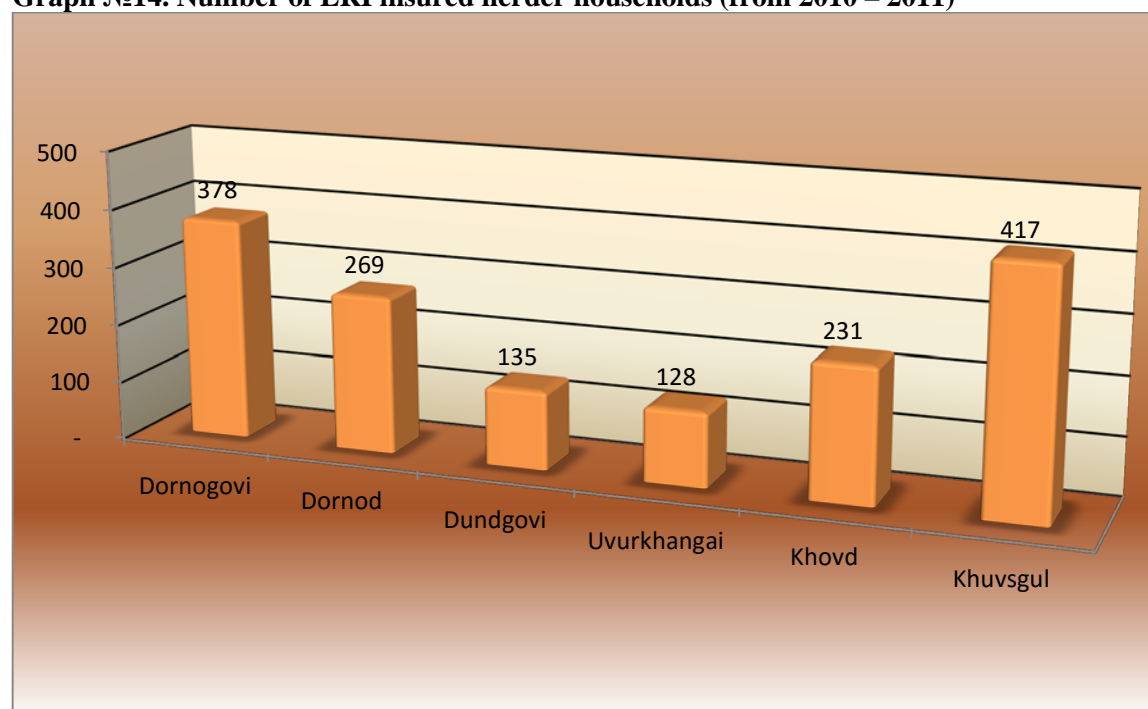
Since 2011 expansion of the project scope, Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags have joined in the project, total of project implemented aimag number reached to 15. Compared to the herders who have insured their livestock and received indemnity payments since 2006, herders of the new aimags have not sufficient understanding about the IBLIP and less confident at the insurance, which shown on the sales results in 2011. 15 branches of the Bodi Insurance, Mongol Insurance, Practical Insurance, and Tenger Insurance sold total of Tg158,5 million, and deposited Tg105,7million to the LIIP, in Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags which makes 18,7% of the LRI sales income of 2011.

Table №7. Number of insured herder households, deposited premium income ratio for the LIIP

№	Name of aimag	Number of insured herder households	Ratio for herder households	Number of insured livestock	LRI amount	Premium amount herders
1	Dornogovi	378	11.13%	66,520	27,244,409	40,866,571
2	Dornod	269	6.62%	46,206	21,839,950	32,759,925
3	Dundgovi	135	2.16%	16,629	13,390,142	20,085,213
4	Uvurkhangai	128	0.82%	12,467	8,379,572	12,569,358
5	Khovd	231	2.72%	44,015	18,766,475	28,149,712
6	Khuvsgul	417	2.59%	47,878	16,080,807	24,090,429
		1,558	2.89%	233,715	105,701,354	158,521,209

378 herder households were involved in the insurance of the 6 aimag currently involved in the project, which makes the highest ratio for herder households of the aimags or 11,1%.

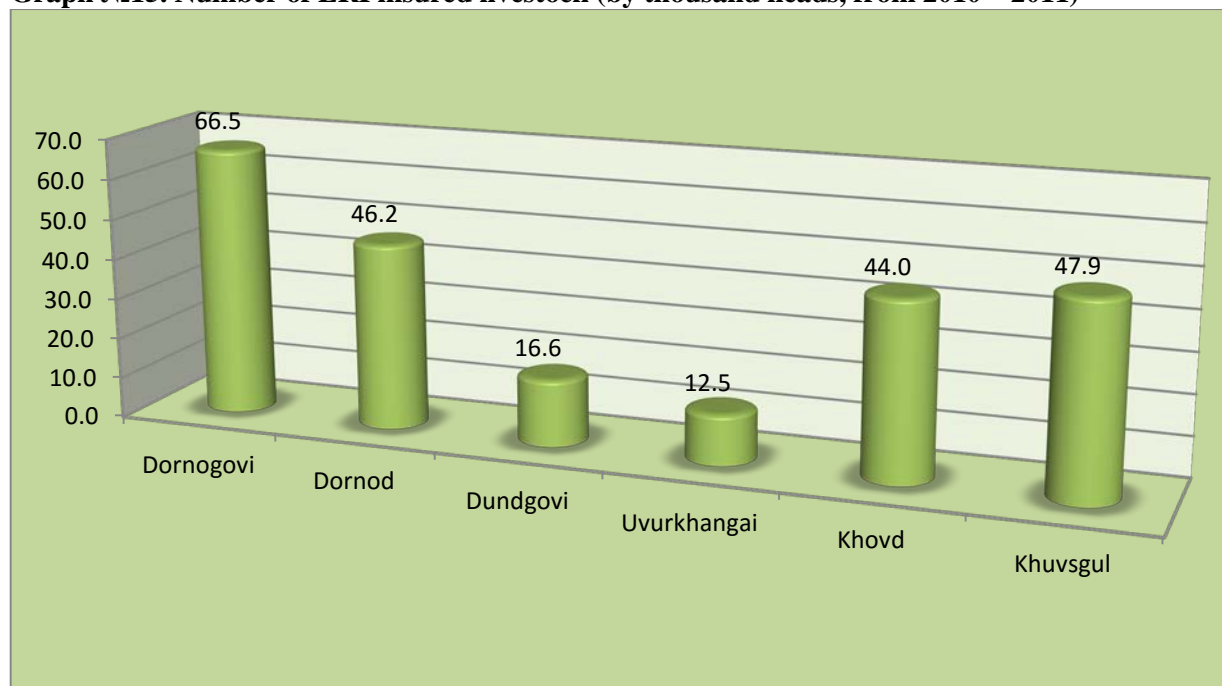
Graph №14. Number of LRI insured herder households (from 2010 – 2011)





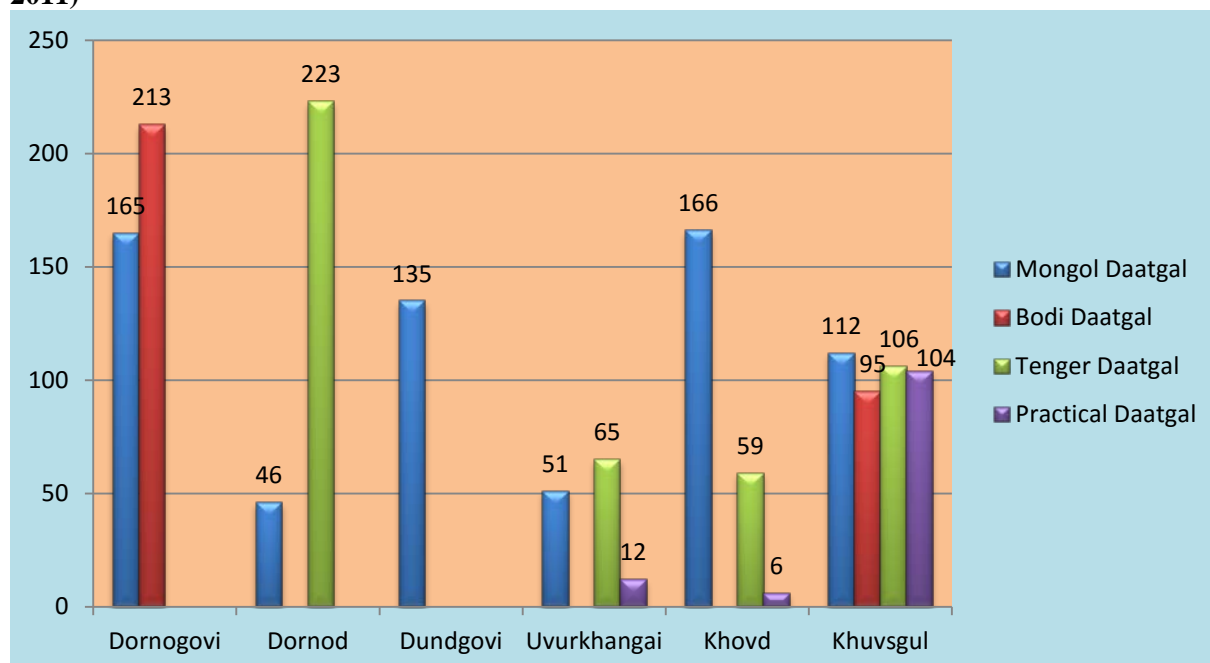
Selected livestock value of herders who insured their livestock in Dornogobi, Dornod, Dundgobi, Uvurkhangai is Tg6,2 billion, which makes 0, 9% of livestock value of these 6 aimags.

Graph №15. Number of LRI insured livestock (by thousand heads, from 2010 – 2011)



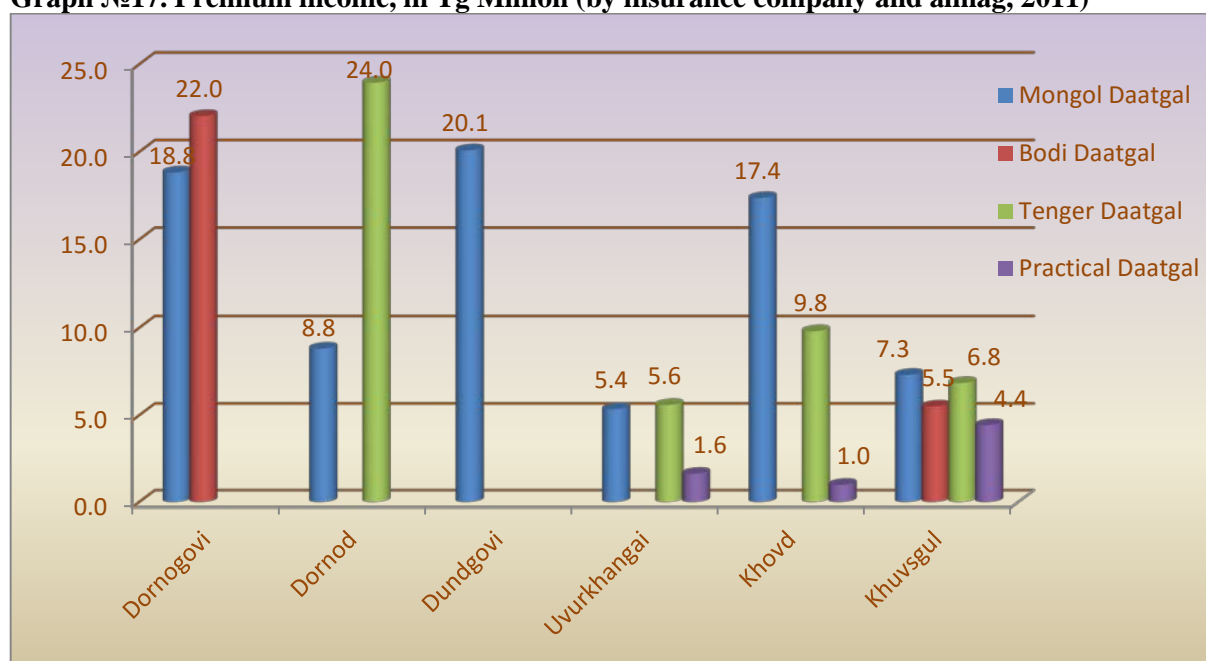
Whereas, number of herder households involved by the insurance company branches in the aimags and insurance premium amount are as follows:

Graph №16. Number of herder households involved in the LRI (by insurance company and aimag, 2011)





Graph №17. Premium income, in Tg Million (by insurance company and aimag, 2011)





III. Sales Results of the Insurance Companies

Totally 984 sales agents of the 15 aimags were certified to sell the LRI for the sales season 2011, total 655 /148 from Bodi Insurance, 259 from Mongol Insurance, 144 from Tenger Insurance, 104 from Practical Insurance/ of who worked effectively, but 329 of whom made no sales.

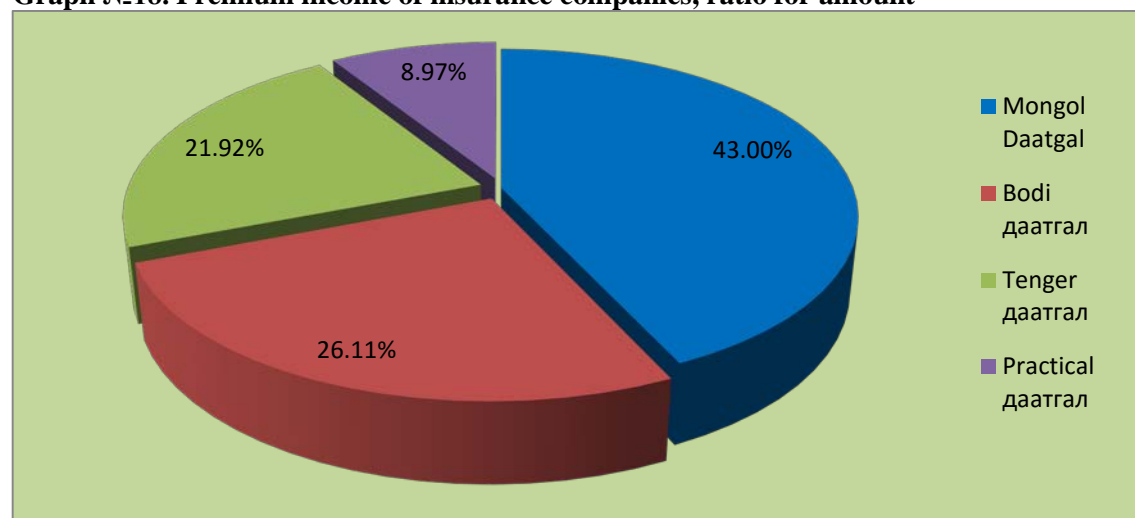
IBLI 2010 sales income amount can be shows by the participating company as follows:

Table №8. Sales number of insurance companies, premium income amount (by aimag and insurance company, 2011)

Company		Mongol Daatgal		Bodi Daatgal		Tenger Daatgal		Practical Daatgal		Total	
№	Name of Aimag	Number of insured herders	Premium amount herders	Number of insured herders	Premium amount herders	Number of insured herders	Premium amount herders	Number of insured herders	Premium amount herders	Number of insured herders	Premium amount herders
1	Bayankhongor	1,089	90,915,799	761	68,653,393	413	32,843,920	350	24,945,198	2,613	217,358,310
2	Bulgan	99	5,863,422	71	4,748,625					170	10,612,047
3	Govi-Altai	508	43,359,832	236	24,691,810	255	15,551,115	117	7,672,940	1,116	91,275,698
4	Dornogovi	165	18,826,475	213	22,040,096					378	40,866,571
5	Dornod	46	8,808,041			223	23,951,884			269	32,759,925
6	Dundgovi	135	20,085,213							135	20,085,213
7	Zavkhan	372	21,777,841	284	17,282,788	198	10,706,381	53	2,262,624	907	52,029,634
8	Uvurkhangai	51	5,352,117			65	5,593,206	12	1,624,035	128	12,569,358
9	Sukhbaatar	418	54,936,129	172	19,703,579	197	16,179,405	67	6,030,932	854	96,850,045
10	Selenge	151	6,017,877	159	9,695,115					310	15,712,992
11	Uvs	854	40,092,923	569	30,062,935	754	37,182,326	460	21,604,260	2,637	128,942,444
12	Khovd	166	17,365,785			59	9,802,862	6	981,065	231	28,149,712
13	Khuvsgul	112	7,312,603	95	5,504,707	106	6,844,178	104	4,428,942	417	24,090,429
14	Khentii	157	20,166,818	101	12,412,129	359	27,060,674	68	6,448,768	685	66,088,389
15	Darkhan-Uul	25	3,513,660	35	6,431,895					60	9,945,555
Total		4,348	364,394,536	2,696	221,227,070	2,629	185,715,952	1,237	75,998,764	10,910	847,336,322

Totally sales of Tg 847,3million were made in the period of the sales season 2011, 43% of which made by Mongol Insurance, 26, 1% by Bodi Insurance, 21,9% by Tenger Insurance, and 9% by Practical Insurance. Whereas, 39,8% of the total herder households involved in the insurance was from Mongol Insurance, 24,7% of which from Bodi Insurance, 24,1% from Tenger Insurance, and 11,4% from Practical Insurance.

Graph №18. Premium income of insurance companies, ratio for amount





Graph №19. LRI premium income (by aimag and insurance company, 2011)

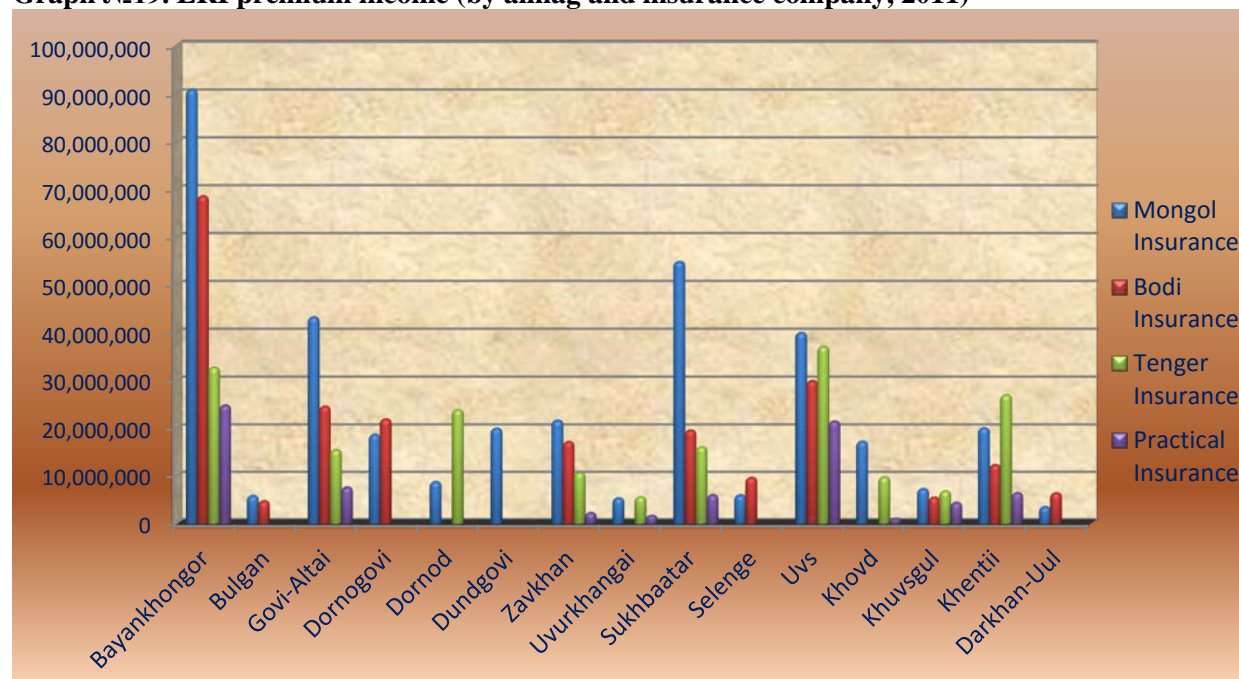
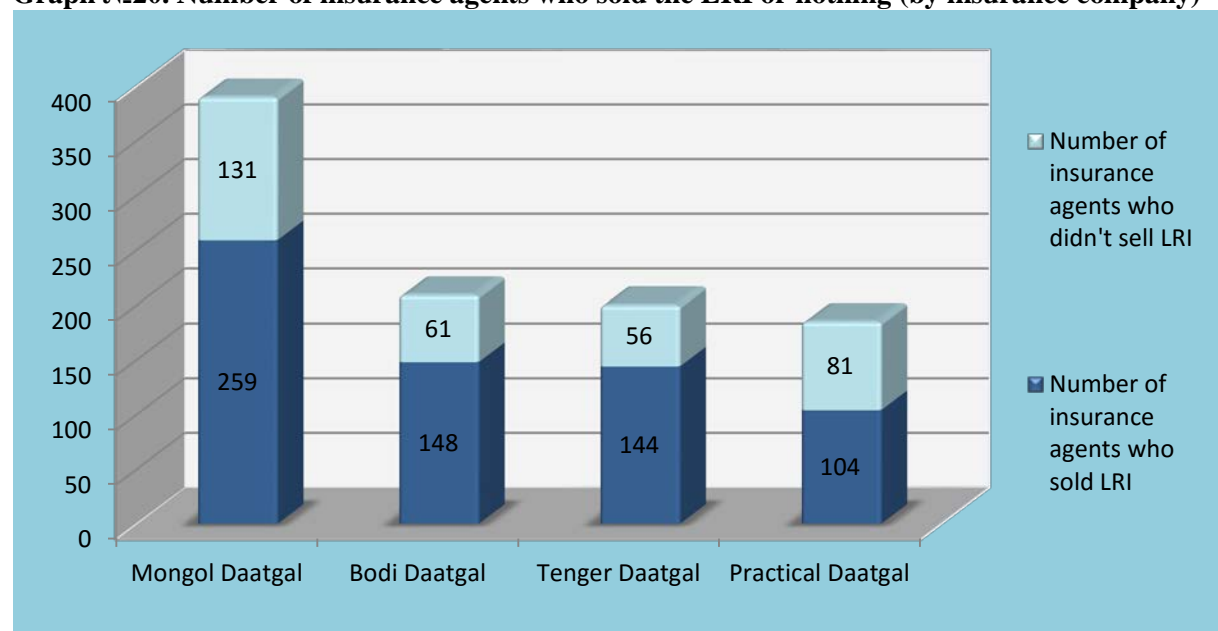


Table №9. Number of insured herder households, comparative amount to the 2010 sales of premium income (by insurance company)

№	Name of company	Number of insured herder households	Growth rate	Premium income	Growth rate
1	Mongol Insurance	4348	64.4%	364,394,535.95	44.4%
2	Bodi Insurance	2696	55.2%	221,227,070.46	27.4%
3	Tenger Insurance	2629	55.7%	185,715,951.60	43.7%
4	Practical Insurance	1237	36.4%	75,998,763.99	12.5%
Total		10910	56.4%	847,336,322.00	36.1%

Graph №20. Number of insurance agents who sold the LRI or nothing (by insurance company)



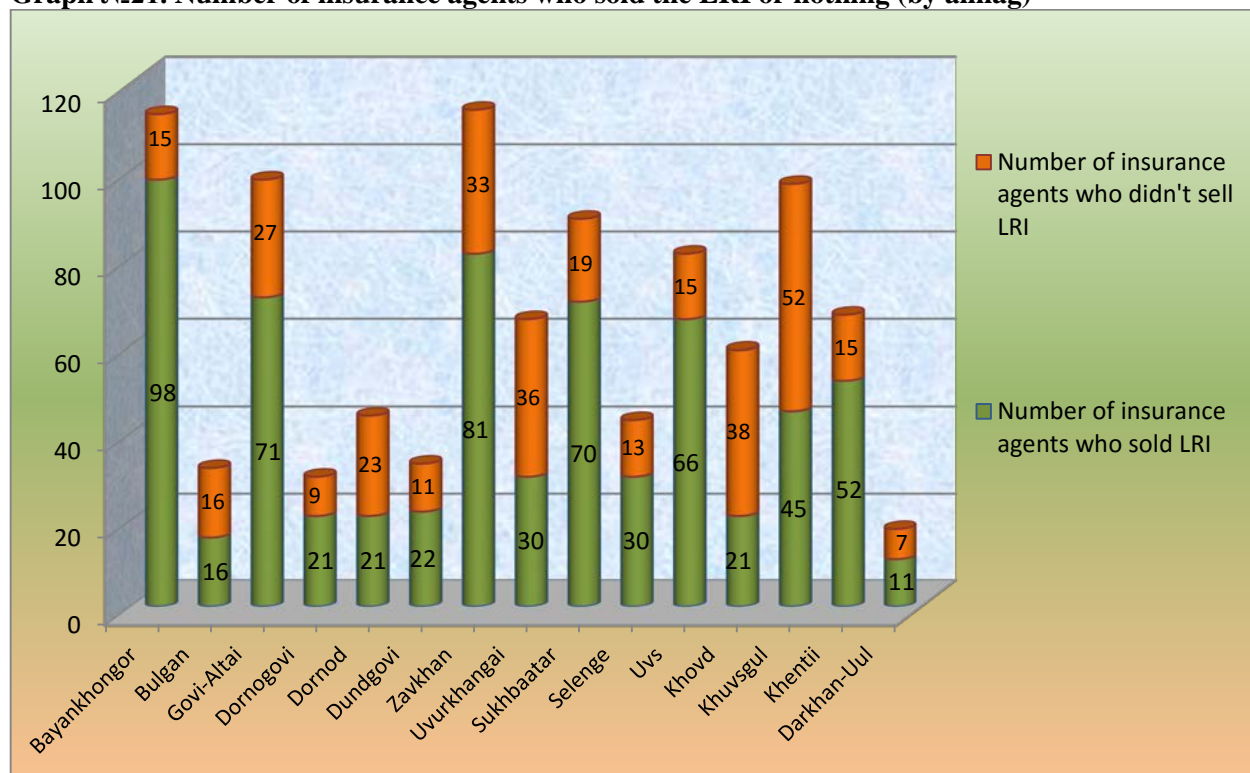


In total of the insurance companies, 655 insurance agents sold LRIs, but 329 ones sold nothing. If number of insurance agents who made the sales or nothing is shown by each aimag as follows:

Table №10. Number of agents who sold LRI or nothing (by aimag and insurance company)

Company		Mongol Insurance		Bodi Insurance		Tenger Insurance		Practical Insurance		Total	
№	Name of aimag	Who sold LRI	Who sold nothing	Who sold LRI	Who sold nothing	Who sold LRI	Who sold nothing	Who sold LRI	Who sold nothing	Who sold LRI	Who sold nothing
1	Bayankhongor	33	4	23	2	23	2	19	7	98	15
2	Bulgan	10	9	6	7					16	16
3	Gobi-Altai	27	12	14	3	19	5	11	7	71	27
4	Dornogobi	12	6	9	3					21	9
5	Dornod	9	21			12	2			21	23
6	Dundgobi	22	11							22	11
7	Zavkhan	27	7	23	7	20	7	11	12	81	33
8	Uvurkhanga	14	13			10	9	6	14	30	36
9	Sukhbaatar	27	6	15	7	12	3	16	3	70	19
10	Selenge	18	5	12	8					30	13
11	Uvs	18	4	18	4	14	3	16	4	66	15
12	Khovd	11	16			7	10	3	12	21	38
13	Khuvsgul	14	16	10	8	10	14	11	14	45	52
14	Khentii	12	1	12	3	17	3	11	8	52	15
15	Darkhan-Uul	5	0	6	4		3			11	7
Total		259	131	148	56	144	61	104	81	655	329

Graph №21. Number of insurance agents who sold the LRI or nothing (by aimag)





Number of herder households who were involved in the LRI is shown as each insurance company as follows:

Table №11. Number of insured herder households, ratio for amount (by insurance company)

Company		Mongol Insurance		Bodi Insurance		Tenger Insurance		Practical Insurance		Total	
№	Name of aimag	Herder households	Ratio	Herder households	Ratio	Herder households	Ratio	Herder households	Ratio	Herder households	Ratio
1	Bayankhongor	1,089	42%	761	29%	413	16%	350	13%	2,613	24%
2	Bulgan	99	58%	71	42%					170	2%
3	Gobi-Altai	508	46%	236	21%	255	23%	117	10%	1,116	10%
4	Dornogobi	165	44%	213	56%					378	3%
5	Dornod	46	17%			223	83%			269	2%
6	Dundgobi	135	100%							135	1%
7	Zavkhan	372	41%	284	31%	198	22%	53	6%	907	8%
8	Uvurkhangai	51	40%			65	51%	12	9%	128	1%
9	Sukhbaatar	418	49%	172	20%	197	23%	67	8%	854	8%
10	Selenge	151	49%	159	51%					310	3%
11	Uvs	854	32%	569	22%	754	29%	460	17%	2,637	24%
12	Khovd	166	72%			59	26%	6	3%	231	2%
13	Khuvsgul	112	27%	95	23%	106	25%	104	25%	417	4%
14	Khentii	157	23%	101	15%	359	52%	68	10%	685	6%
15	Darkhan-Uul	25	42%	35	58%					60	1%
Total		4,348	40%	2,696	25%	2,629	24%	1,237	11%	10,910	100%



IV. LRI Special Purpose Loan

Under collaboration with Khan Bank, LRI Special Purpose Loan were provided in the project implementing 15 aimags /Bulgan, Selenge, Darkhan-Uul, Khentii, Sukhbaatar, Gobi-Altai, Zavkhan, Uvs, Bayankhongor, Dornod, Dornogobi, Dundgobi, Khovd, Khuvsgul, and Uvurkhangai/ in the period of April 15-July 15, 2011, LRI premium loans of Tg 8,968,425.00 was granted to total of 50 herders through the local Khan Bank branches of the total 251 soums of the above aimags.

Table №12 Number of herders who took the LRI Special purpose loan

№	Aimag	Number of herders who were granted LRI special purpose loan	Loans amount from Khan Bank	LRI risk loaded premium	Administration cost of insurance company
1	Bayankhongor	3	309,565	206,377	103,188
2	Uvs	1	88,500	59,000	29,500
3	Khentii	23	4,519,503	3,013,002	1,506,501
4	Sukhbaatar	1	320,400	213,600	106,800
5	Bulgan	2	287,750	191,833	95,917
6	Selenge	3	495,000	330,000	165,000
7	Dornogobi	2	441,408	294,272	147,136
8	Dornod	10	1,305,101	870,067	435,034
9	Dungobi	5	1,201,198	800,799	400,399
Total		50	8,968,425	5,978,950	2,989,475

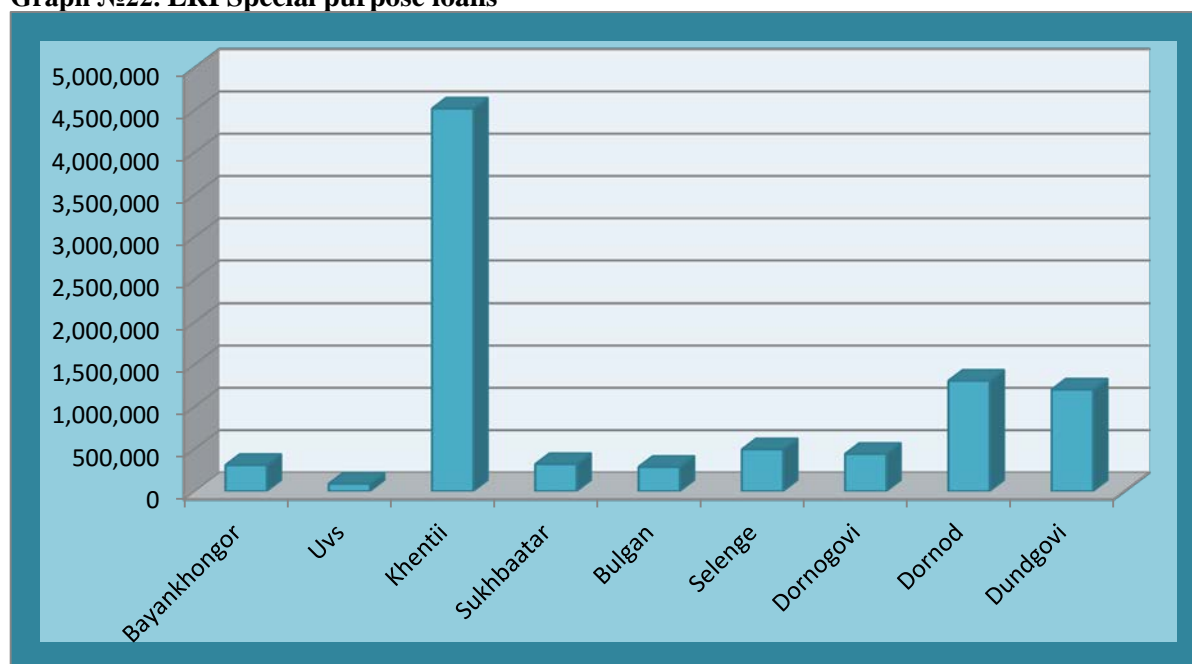
The loans the Khan Bank is granting were granted in Bayankhongor, Uvs, Sukhbaatar, Bulgan, Selenge, Darkhan-Uul, Gobi-Altai, and Zavkhan aimags last year. Number of herders who took loans decreased by 81% and special purpose loans amount by 71% compared to the number of herders who took the LRI premium loans and premium loans amount last year.

Table №13. LRI premium loans volume

№	Aimag	2009		2010		2011	
		Number of herders who received the LRI Special purpose loans	Special purpose loans amount from Khan Bank	Number of herders who received the LRI Special purpose loans	Special purpose loans amount from Khan Bank	Number of herders who received the LRI premium loans	Special purpose loans amount from Khan Bank
1	Bayankhongor	53	4,782,395	8	1,078,540	3	309,565
2	Uvs	7	391,446	3	201,780	1	88,500
3	Khentii	78	7,423,464	104	16,954,168	23	4,519,503
4	Sukhbaatar	4	95,438	24	3,502,239	1	320,400
5	Zavkhan	-	-	10	1,387,032	-	-
6	Gobi-Altai	-	-	12	2,214,850	-	-
7	Bulgan	-	-	8	1,457,125	2	287,750
8	Selenge	-	-	26	3,934,455	3	495,000
9	Dornogobi	-	-	-	-	2	441,408
10	Dornod	-	-	-	-	10	1,305,101
11	Dundgobi	-	-	-	-	5	1,201,198
12	Darkhan-Uul	-	-	2	257,250	-	-
Total		142	12,692,743	197	30,987,439	50	8,968,425



Graph №22. LRI Special purpose loans



If average of LRI Special purpose loans herders are receiving from the Khan Bank is estimated for 9 aimags where herders who received the Special purpose loans in 2011 it is Tg 79,368.50.

Table №14. Average of LRI Special purpose loans

№	Aimag	Average of LRI premium
1	Bayankhongor	103,188.3
2	Uvs	88,500.0
3	Khentii	196,500.1
4	Sukhbaatar	320,400.0
5	Bulgan	143,875.0
6	Selenge	165,000.0
7	Dornogovi	220,704.0
8	Dornod	130,510.1
9	Dundgovi	240,239.6
Total		179,368.5

The PIU has proposed for the Khan Bank to increase volumes of the LRI Special purpose loans. Thus the Khan Bank increased it up to Tg 400,000. Because herders would like to be insured with high values average premium amount went up than to the prior year. Staff of the Khan Bank has had less knowledge at the LRI and its Special purpose loans during sales season, which created problems for herders to take loans. Therefore, number of the herders who received the LRI Special purpose loans is low due to high number of herders who have herders' loans in local areas.

If every herder who insured own livestock is involved in the herders' loans according to the contract with the Khan Bank, interest rate is dropped by 0,02% than the interest rate being followed in the soum. Regarding to it, on October 31, 2011 the Khan Bank granted totally Tg 1, 4 billion of discounted loans to 753 herders who insured their livestock in 2011.



Summary

IBLI sales report 2011 has been made based on performance results in the period of the sale's season, sales results of the old and new aimags involved in the project, and sales results of the insurance companies. Totally Tg 847, 3 million of sales were made in the sales season 2011 and Tg 565, 3 million deposited at the LIIP. As it compared to the LRI sales 2010, as sales income increased by Tg 224, 6 million or 36.1% and number of the insured by 3,933 herders or 56.4%. Totally the LRI income makes 0, 01% of GDP of Mongolia. Premium income and number of the herders involved in the insurance increased constantly year to year, which indicates more interests of the herders to buy the insurance and also a proof on constancy of the IBLIP in the future.

6789 herder households of the old aimags such as Bayankhongor, Uvs, Khentii, and Sukhbaatar involved earlier in the project have been involved in the insurance, which makes 62, 2% of the total insured; sales of Tg 509, 2 million have been made and Tg 339, 9 million was deposited at the LIIP, which makes 60% of the LRI sales income 2011.

Totally 2,563 herders who insured their livestock in Bulgan, Darkhan-Uul, Selenge, Gobi-Altai, and Zavkhan aimags involved in the project since 2010, compared to sales season of the prior year, which increased by 44,9%, makes 23,5% of the total insured herder households in 2011. For premium income, sales of Tg 179, 6 million were made and Tg 119, 7 million was deposited at the LIIP, which makes 21, 2% of the LRI sales income 2011.

1558 herder households insured their livestock in Dornogobi, Dornod, Dundgobi, Uvurkhangai, Khovd, and Khuvsgul aimags, which makes 14,3% of the total herder households who insured their livestock; sales of Tg 158,7 million were made and Tg 105,5 million was deposited at the LIIP, which makes 18,7% of the LRI sales income 2011.

The herders of the aimags involved already in the project not only have a broad knowledge of the IBLIP but also received indemnity payments for their premiums. They realize the insurance efforts as well. However, the herders of the aimags involved newly in the project since 2011 have less knowledge of the IBLIP and less confident at the livestock insurance, which is obvious from the sales results. Therefore, there are few number of the insurance company branches in the new aimags and insufficient manpower and less skilled insurance agents, which was shown in the period of sales season.

43% of the sales income 2011 was made by Mongol Insurance, 26, 1% by Bodi Insurance, 21, 9% by Tenger Insurance, and 9% by Practical Insurance. 39,8% of the total herder households involved in the insurance was of Mongol Insurance, 24,7% of Bodi Insurance, 24,1% of Tenger Insurance and 11,4% of Practical Insurance.

Although the sales income of some aimags dropped than 2010's, number of the insured herder households went up, or when sales income increased by minor per cent number of the insured households increased much more. It shows interest of herders to insured their livestock is increasing; however, they are unable to pay their premiums with high values. There is a weak dependence between number of the herder households involved in the insurance and growth of premium rate. Average premium amount a herder household paid in 2010 was Tg 89,258, but it decreased to Tg 77,666 in 2011.

Total of 1,553,927 heads of livestock in the project implementing 15 aimags were involved in the LRI, which makes 6, 3% of 24.6 million livestock involved in the LRI through the 15 aimags. Selected livestock value of the herders who insured their livestock is Tg 28, 4 billion, which makes 1, 1% of the total livestock value, 1, 5% of the livestock value of the 15 aimags.