

**AMERICAS ASSOCIATION OF COOPERATIVE /
MUTUAL INSURANCE SOCIETIES INC.**

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July 26, 1999

Mr Larry Harms, Division Chief
Cooperative Development Program
BHR/PVC
U S Agency for International Development
320 Twenty First Street
Washington, D C 20523

Re Cooperative Agreement FAO-A-00-97-00015-00

Dear Larry

I enclose a Work Plan for Year Three of our Cooperative Agreement The period covered is from October 1, 1999 through September 30, 2000

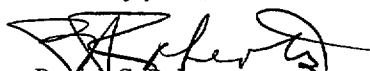
You will notice considerable similarity in our annual plans for the five-year period covered by our Cooperative Agreement Insurance is a long-term business that requires consistency in focus Education and training of managers, staff and boards of directors is a major emphasis in insurance development efforts throughout the world In year three, we will give attention to educating insurance regulators in our focus countries on how cooperative insurance societies provide financial protection to lower income, often rural segments of the population, neglected by traditional insurance companies

I would very much like to add Nicaragua as a focus country in year three Nicaragua has a cooperative and credit union movement that is searching for ways to expand their services to members The Americas Association can provide opportunities to them in developing an affordable member benefit program of financial protection in the event of death or disability of a member Similar programs by AAC/MIS members in Central and South America have been the basis for forming a number of successful cooperative insurance companies I would secure the consent of the local USAID mission that such an assistance program is consistent with the USAID country strategy Funding for supporting Nicaragua would be available by redirecting financial resources from our budgeted support for Bolivia

Cooperativa de Seguros Crucena, one of our focus companies in Santa Cruz, Bolivia has experienced frequent changes in the Manager and political differences in their governing Board of Directors This has resulted in our decision to limit support until a degree of stability returns and a permanent General Manager is appointed

If you have any questions, please let me know

Sincerely yours,



Patrick S Roberts
Vice President-Development

cc USAID/CDIE/DI, Washington, DC 20523-1802 ✓
Rosella Marshall, Grant Officer M/OP/A/FAO

**AMERICAS ASSOCIATION OF COOPERATIVE/
MUTUAL INSURANCE SOCIETIES INC**

Annual Work Plan for the Period October 1, 1999 – September 30, 20

Cooperative Agreement FAO-A-00-97-00015-00

Executive Summary

The Americas Association of Cooperative/Mutual Insurance Societies (AAC/MIS) is an association of 39 cooperatively oriented insurance societies in twenty-two North, Central and South America and Caribbean countries. These companies have joined together to promote cooperatively oriented, group-based insurance throughout the Americas. In addition, the member companies share their ideas and experience to better equip them to provide modern and competitive insurance protection for their members. Cooperatively oriented, group-based insurance is based on the principle of mutual self-help, democracy in ownership and governance, and equitable sharing of gains or losses among insured members.

The primary program of AAC/MIS is to promote cooperatively oriented group-based insurance by offering technical assistance and training opportunities to new and emerging member societies. In this work, the Association uses both its own funds and funds from government and private aid agencies.

The Association is providing targeted assistance to cooperatively oriented insurance societies in five focus countries:

- Bolivia – COOSEF formed in 1988 by the credit union federation
 - Crucena formed in 1975 by consumer cooperatives
- El Salvador – Seguros Futuro formed in 1994 by the credit union federation
- Guatemala – COLUMNA formed in 1989 by the credit union federation
- Honduras – FACACH and insurance department of the credit union federation since 1966
- Panama – Seguros FEDPA formed in 1993 by the credit union federation

Each of these companies remains profitable. With the exception of Crucena-Bolivia, each of the companies is experiencing growth. Developing new insurance services for their members, creating annual business plans & budgets and meeting local capital requirements remain the major emphasis in the coming year for each of the focus companies.

Manager Learning Workshops have proven to be an effective and cost efficient method of providing technical assistance on common subjects requested by each of the focus companies. Two such workshops were held during year two of this cooperative agreement. A computer-based Business Simulation Program developed by the International Cooperative & Mutual Insurance Federation was the subject of a three-day workshop in December 1998. A visit to the leading non-life insurance company of Puerto Rico Cooperativa de Seguros Múltiples which included a discussion on management style, relationships between management and boards of directors was the subject of a two-day workshop in April 1999. Due to the importance of both workshops, the General Manager and the Board President of each of our focus companies were invited to participate.

Two workshops, a repeat of the Business Simulation Program and relationships with insurance regulators are planned for year three.

Renewed collaboration with Societe de cooperation pour le developpement international (SOCODEVI) will continue to leverage USAID funds with CIDA funds in providing a full-time consultant based in Central America. This insurance consultant will provide targeted assistance to Seguros Futuro-El Salvador COLUMNA-Guatemala and monitoring Crucena-Bolivia to determine if further support is warranted.

AMERICAS ASSOCIATION OF COOPERATIVE/
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Annual Work Plan Activities

Cooperative Agreement No FAO-A-00-97-00015-00
Period 10/01/99 - 09/30/00

A	Program Purpose	Q1	Q2	Q3	Q4
	Strengthen cooperative insurance companies in six* Central and Latin American countries to provide greater financial security and reduce risks for low income people and microenterprises. The project goal is to increase the ability of these cooperatives to become self-sustainable and more profitable through improved management, expanded insurance products and increased marketing to cooperative members and the public. Contingent upon USAID approval, add Nicaragua* as a focus country.				
1	Design and develop innovative approaches to encourage development and growth of cooperative systems overseas				
	Sponsor managers of focus country companies to participate in AAC/MIS Conferences to build partner relationships between the focus company managers and provide information on capital issues, insurance statistics, insurance products, administrative procedures and other subjects of special interest for new and emerging insurance societies	X			
	Conduct two Manager Learning Workshops for all focus companies- Computer-based Business Simulation Program Relationships with insurance regulators	X		X	

Bolivia, El Salvador, Guatemala, Honduras, Panama and Nicaragua*

*Subject to USAID approval

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2	Amount of technical assistance, training and advisory services delivered to host-country partners				
	AAC/MIS full-time and part-time consultants will supplement company to company assistance on specific assignments concerning market definition, product design & pricing, underwriting, claims and administrative policies and practices	X	X	X	X
	Established member companies in Colombia and Puerto Rico will offer training opportunities and provide executive volunteers to supplement AAC/MIS consultants on proven marketing, sales and administrative practices	X	X	X	X
	Bolivia, El Salvador, Guatemala, Honduras, Panama and Nicaragua*				
3	Income-generating business linkages and methodologies introduced to ensure sustainability of local organizations and their programs				
	All focus country companies will participate in the Manager Learning Workshops	X	X		
	Insurance products developed by AAC/MIS consultants will be shared for potential use in other markets	X	X	X	X
	Bolivia, El Salvador, Guatemala, Honduras, Panama and Nicaragua*				
4	Number of long-term partnerships established with local cooperative partners to strengthen their capacities and their programs				
	Reinsurance provided by U S member companies, Nationwide, American Agricultural Insurance and other AAC/MIS and ICMIF member companies are negotiated on an annual basis				
	Bolivia, El Salvador, Guatemala, Honduras, Panama and Nicaragua*	X			

*Subject to USAID approval

3

Central American Companies, Seguros Futuro-EI Salvador, Columna-Guatemala, FACACH-Honduras and Seguros Fedpa-Panama have joined together in servicing each other's clients when travelling to other countries The group is also discussing common reinsurance protection for securing better terms with reinsurance companies X

5 Support of program development activities and services of indigenous cooperatives to meet the needs of local beneficiaries

Expanded insurance products developed for Columna-Guatemala and Seguros Futuro-EI Salvador will be considered by other focus country companies A review of life products for Seguros Fedpa-Panama will be made available to other focus country companies X X X X

6 Contacts made in host countries to implement policy changes and the development of a more positive climate for cooperative systems

The Chief of the Insurance Section of the National Commission on Banking and Insurance for Honduras, participated in our Manager Learning Workshop in Puerto Rico He will be included, along with other insurance regulatory officials from other focus countries, in the Business Simulation Workshop scheduled for December 1999 X

7 Contacts made with USAID Representatives/Missions

AACMIS Vice President-Development has visited each of the local USAID missions, with the exception of Bolivia, in spring 1999 A copy of AAC/MIS semi-annual reports is shared with each of the respective USAID local missions X X X X
A visit to each USAID local mission to review the status of the respective company will be made in the coming year X X

B Program Purpose

To strengthen the capabilities of U S cooperative development organizations (CDOs) to support international development on a sustainable basis

1 Professionalizing management systems and technical capacity of U S CDOs to support cooperative development activities internationally

Recruitment of a full-time consultant for targeted assistance in El Salvador and Guatemala should be concluded in the first quarter

X

Spanish speaking actuarial expertise is being tested with two actuarial consultants who are members of the actuarial societies of the U S

X

Collaborative agreement with SOCODEVI and recently, the Swedish Cooperative Center, leverages AAC/MIS & USAID funds with CIDA & SIDA funds increasing our capacity to conduct support programs in the Americas

X

2 Building organizational commitment of U S CDOs and their membership to support international cooperative development activities

Three of the nine member AAC/MIS Board of Trustees are executives of U S member companies whose companies volunteer their time in support of cooperative insurance development

X

X

X

X

3 Number of volunteers engaged in support of program delivery in the field

Volunteer speakers, technical advisers, program manager, AAC/MIS Treasurer, Executive Secretary, Assistant Treasurer and Assistant Secretary

11

6

8

8

4	Efforts made to broaden the development resource-funding base of U S CDOs, and to enhance long-term sustainability of cooperative development activities overseas				
	Collaboration with SOCODEVI provides CIDA financial resources	\$50,000			
	ICMIF development contribution to AAC/MIS	\$30,000			
	Allnations development contribution to AAC/MIS	\$ 7,500			
	Collaboration with Swedish Cooperative Center	\$10,000			
	AAC/MIS member dues	\$90,000			
5	Project partnerships implemented with other U S CDOs				
	OCDC meetings with other U S CDOs	X	X	X	X
6	Monitoring and evaluation activities undertaken to document impact of program on host-country beneficiaries				
	The sustainability of insurance companies in focus countries will be monitored by AAC/MIS consultants during each visit	X	X	X	X
	Semi-annual reports on the number of employees, premium income and Capital/surplus will indicated growth stagnation or decline for each company	X		X	
	Conduct a mid-term evaluation with focus company officials to review impact of previous assistance programs – review future priorities and common assistance needs for any necessary changes			X	

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7	Outreach made to cooperative community and U S public, to increase awareness about cooperative development overseas				
	Report of development activities and status of focus country companies is Sent to U S member companies and the AAC/MIS Board of Trustees	X	X	X	X
8	Follow-up contacts made with overseas cooperative partners to strengthen organization capacities to ensure their sustainability				
	Overseas partner's semi-annual reports		X		X
	Manager Learning Workshops	X		X	
	AAC/MIS consultants & Vice President-Development monitoring and Identifying additional assistance needs				
	Bolivia, El Salvador, Guatemala, Honduras, Panama and Nicaragua*	X	X	X	X

*Subject to USAID approval

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Total Budget – Expenditures to date by Focus Country

CDO AAC/MIS Date July 26,1999

Cooperative Agreement #FAO-A-00-97-00015-00 LOP \$1,000,000

Focus Countries	Total Budget	Expenditures to 7/26/99	Anticipated Expenditure to 5/31/2002
1 Headquarters	\$200,000	\$71,000	\$200,000
2 Bolivia	\$240,000	\$57,000	\$141,000
3 El Salvador	\$141,000	\$65,000	\$149,000
4 Guatemala	\$141,000	\$82,000	\$156,000
5 Honduras	\$139,000	\$45,000	\$144,000
6 Panama	\$139,000	\$46,000	\$141,000
7 Nicaragua*		\$ -0-	\$ 69,000*
Total	\$1,000,000	\$366,000	\$1,000,000

*Contingent upon USAID approval to include Nicaragua as a Focus Country in year 3