



Migration Linked Microinsurance

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Global Picture of Migrants' Remittances

- 214 million people lived outside their country of origin in 2010
- Remittance flows to developing countries approx. US\$347 bill in 2010
- Most remittances flow from developed to developing countries, and these are more likely to use formal channels
- Predominance in South Asia, former USSR & CIS, Mexico and S. America



Migration Linked Insurance Models

Home Country

- Migrant's family members are organized into savings clubs through the church
- Insurance policies are bundled with a savings card (SparxX) and distributed through the clubs
- Claims handled through Pioneer in Philippines

Host Country

- Migrants can also buy SparxX cards in Hong Kong through local Pioneer rep and pay in Hong Kong



Host Country

- Bankassurance model markets insurance to migrants with bank accounts, loans etc. in Spain
- Members are signed up at La Caixa branches and pay in branches

Home Country

- Claim through host country service if no one is able to claim in host country

USA

- Members are signed up through employers
- Premiums are paid through employers
- In-network medical care without prepayment

Mexico

- Discounted medical care with prepayment
- Claims and reimbursement handled in the US

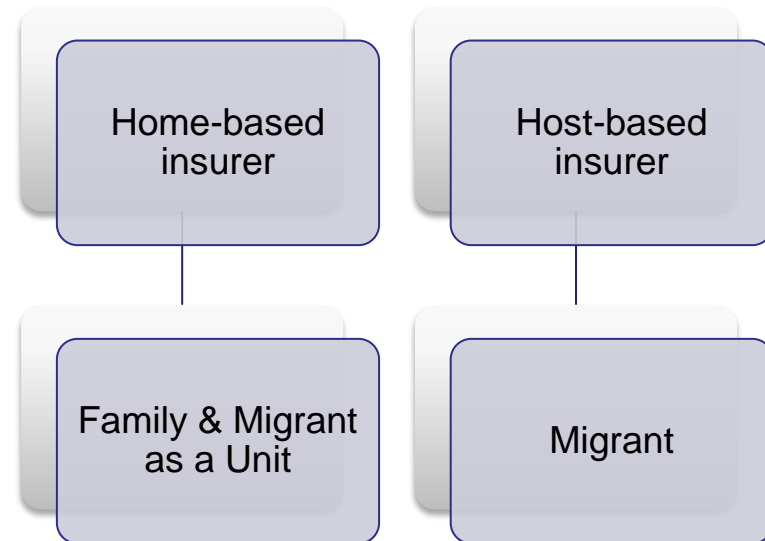
Phases of the Insurance Process





Product Development Process

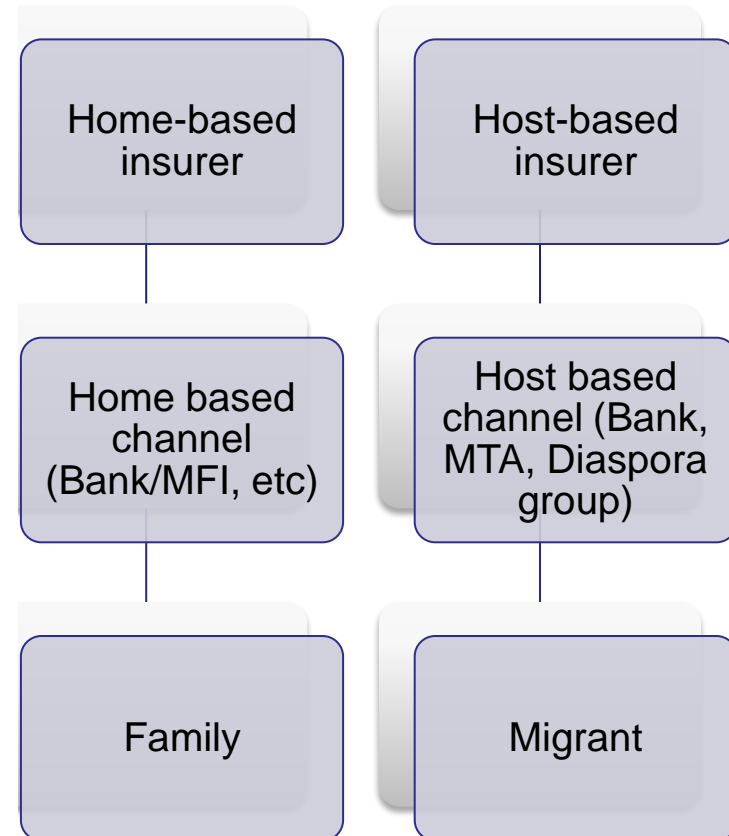
- Home-based models typically understand the migrant and their families through direct contact or by working with an agent
- Home-based models can cover the migrants' family's needs as well as the migrants
- Host-based models have shown less creative attempts to meet migrants' needs:
 - life/repatriation
 - disability (limited programs)





Marketing and Sales

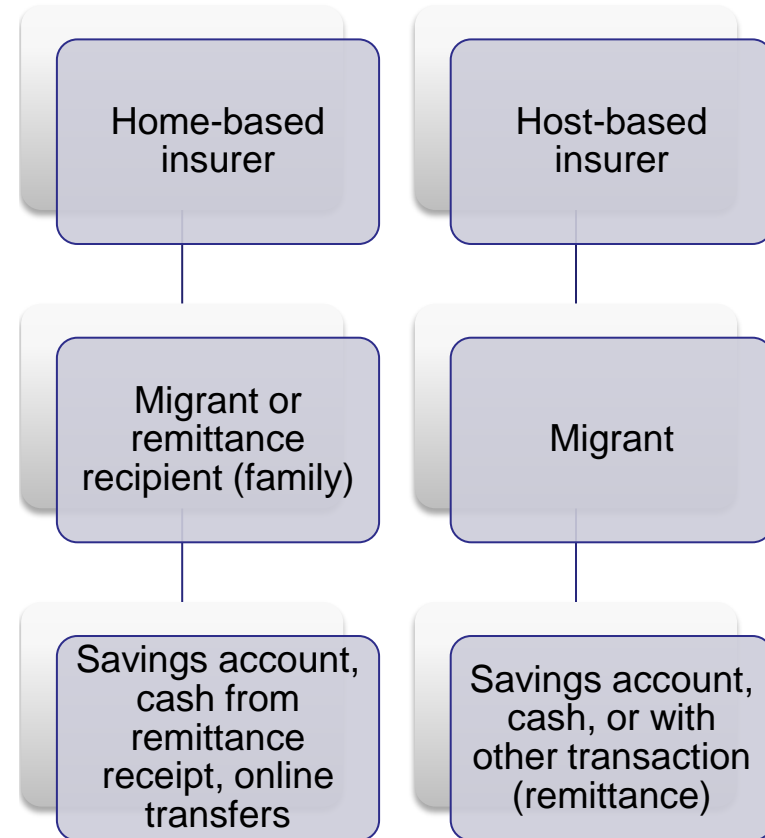
- Home-based models are limited by legal and regulatory restrictions that make it difficult for insurers and intermediaries to sell insurance abroad
- Home-based models can market through existing channels who are close to the population who work through families
- Host-based models can market to migrants in their host countries but face barriers:
 - Host-based models often must use licensed as brokers/agents
 - Challenge of obtaining signatures, documentation from migrants
 - Cost of delivery in host country can be high as few low cost channels exist





Premium Collection

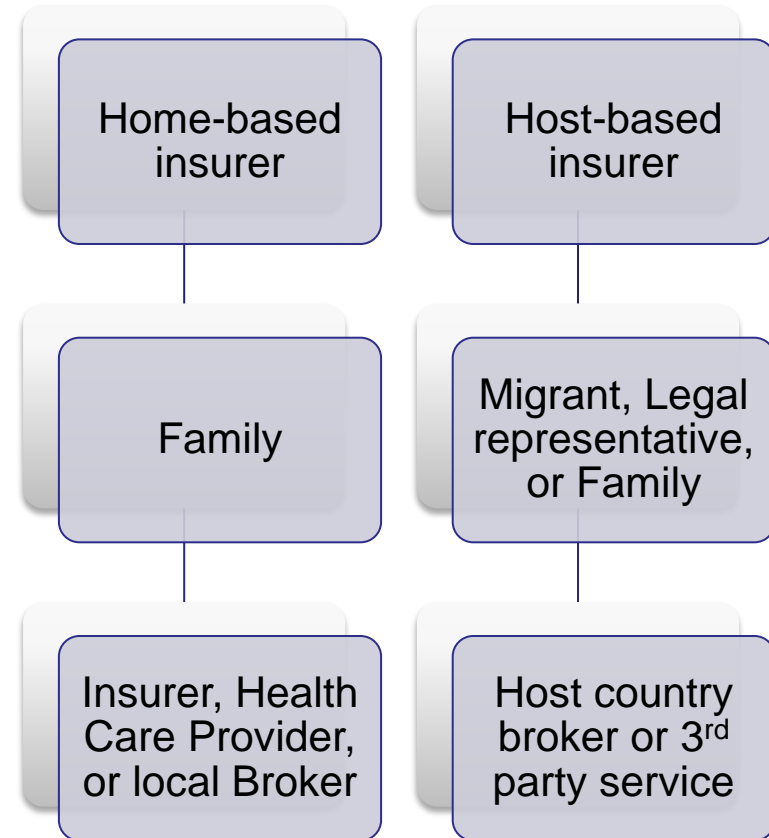
- Home-based models typically tap into a remittance received from migrant in cash or bank account
- Host-based models easier when migrants are banked. The MTA is otherwise the main transactional relationship
- Cost of remittance is important (Singapore-Bangladesh \$4.50 vs. Australia – Papua New Guinea \$43 for a \$200 transfer)
- Not all remittances are “smooth”
- Beginning to see online platforms or mobile phone services to facilitate payments- La Positiva/Western Union
- Antiterrorism and Money Laundering laws apply





Servicing and Claims Administration

- Issuing policies and paying claims across borders involves logistical difficulties
- Partnerships with service providers or brokers can facilitate administration
 - Banorte life and repatriation insurance for Mexicans in the US and Canada partners with a US repatriation company
- Host country claims can be difficult when a migrants' family is abroad
- Cross-border customer service and information-sharing is often weak
 - Indonesia requires migrant placement agencies to provide migrants with a package of insurance products, but many migrants are not even aware that they have insurance



What Next?

- Easier to scale up host models because they have fewer legal restrictions, larger markets (can market to migrants from any country), and can market directly to migrants
- Home models products can be more demand-driven, and can cover the risks of families on both sides of the border, but are challenged by legal and delivery hurdles that make efficient delivery difficult
- Need to explore more hybrid models with multinational firms on both sides of the border
- Greater effort to partner with MTAs are needed to tap into remittance flows
- Still need significant advocacy with regulators, insurers and other actors



Thank You



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