

financial & private sector development

# MONITORING MICROINSURANCE TRENDS GLOBALLY –

*GLOBAL DATABASE ON MICROINSURANCE DATABASE*  
([www.microinsurancedatabase.org](http://www.microinsurancedatabase.org))

**6<sup>th</sup> International Microinsurance Conference**  
**9 – 11 November 2010**  
**Manila, Philippines**



THE WORLD BANK



# Table of Contents

- Methodology
- Data Collection -- Data Points and Response Rate
- Data Collection Strategy
- Data Review Process
- Data Analysis
- Presentation of Charts and Website



# METHODOLOGY

- No. of Countries Covered
- No. of Respondents
- Definition – Criteria 1
- Definition – Criteria 2
- Other Criteria
- Questionnaire Format

Survey Questionnaire

- Six
- 161 (detailed quantitative data)
- Products specifically designed for low income clients
- Quantitative – annual premium lesser than 4% (health), 2% (life) and 1% (property) of GNI PPP
- Social security programs not covered; one subsidized program from India was included
- On-line (12%) and Excel based format with 5 questions (88%)

# What Data Did We Collect?

<b>Data Points Planned To Collect</b>	<b>Reasons For Success / Failure</b>
<b>Institutional Information</b>	Readily available
<b>Age of MI Operations</b>	Readily available
<b>No. of Product Types Offered</b>	Had to emphasize the difference between product types and products
<b>Total No. of Lives Covered Across Product Types</b>	Readily available
<b>Gross Premium Collected Across Product Types</b>	Made it easy by requesting aggregate information for each product type
<b>Gross Claims Paid Across Product Types</b>	Required consistent follow-ups
<b>Type of Sale Transaction -- Mandatory or Voluntary</b>	Readily available
<b>Premium and No. of Lives Contribution Per Delivery Channel For Each Product Type</b>	More effort, education, follow-up as contribution across channels was difficult to obtain
<b>MI as % of Traditional Business</b>	Easy to get; also can be calculated based on industry data
<b>Distribution Cost</b>	Couldn't collect due to problem of disaggregation, also based on response rate decided to keep survey simple
<b>No. of Policyholders</b>	Was not relevant as single group policy but no. of dependants information was collected
<b>Net or Earned Premium / Claims</b>	Majority of them didn't have 'Net' data

# How Many Responded?

85%

RESPONSE RATE  
with all  
CORE FINANCIAL  
DATA

# Data Collection Approach

## What Worked Where?

AGGREGATOR  
APPROACH

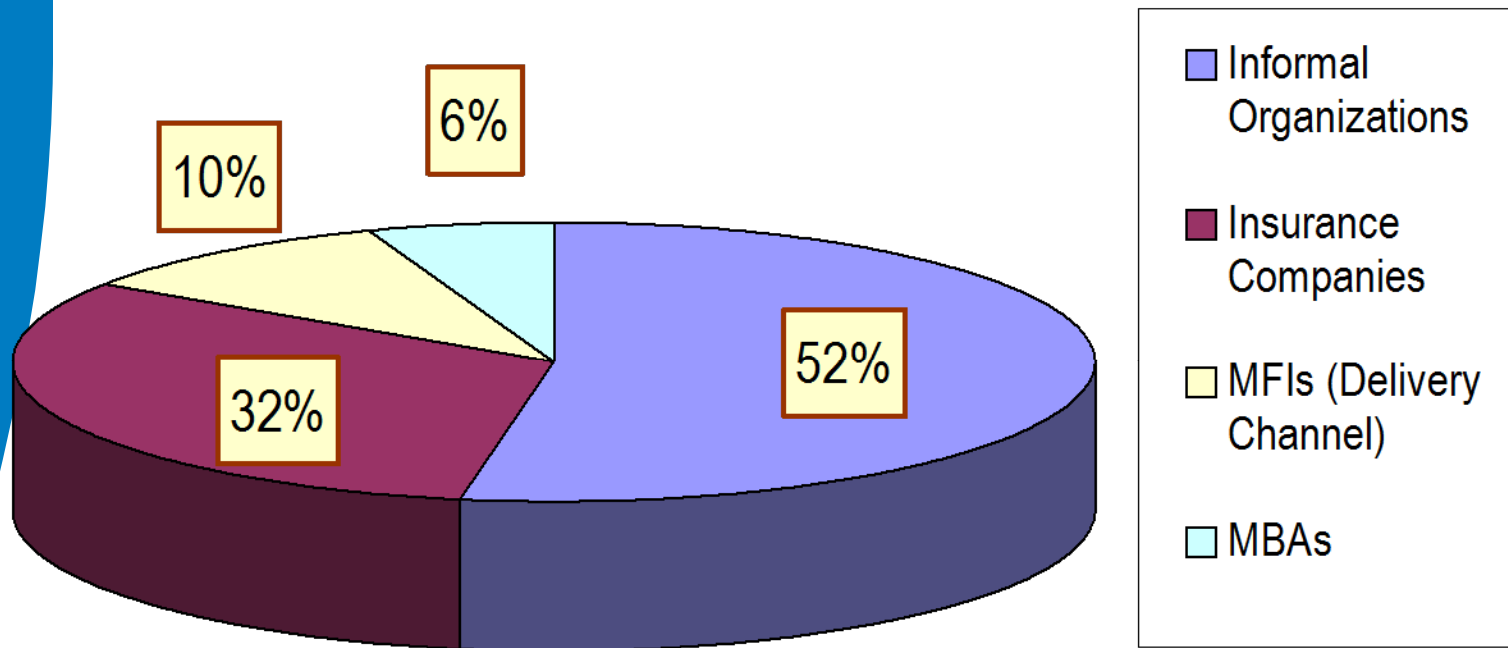
DIRECT APPROACH

COLOMBIA  
BANGLADESH

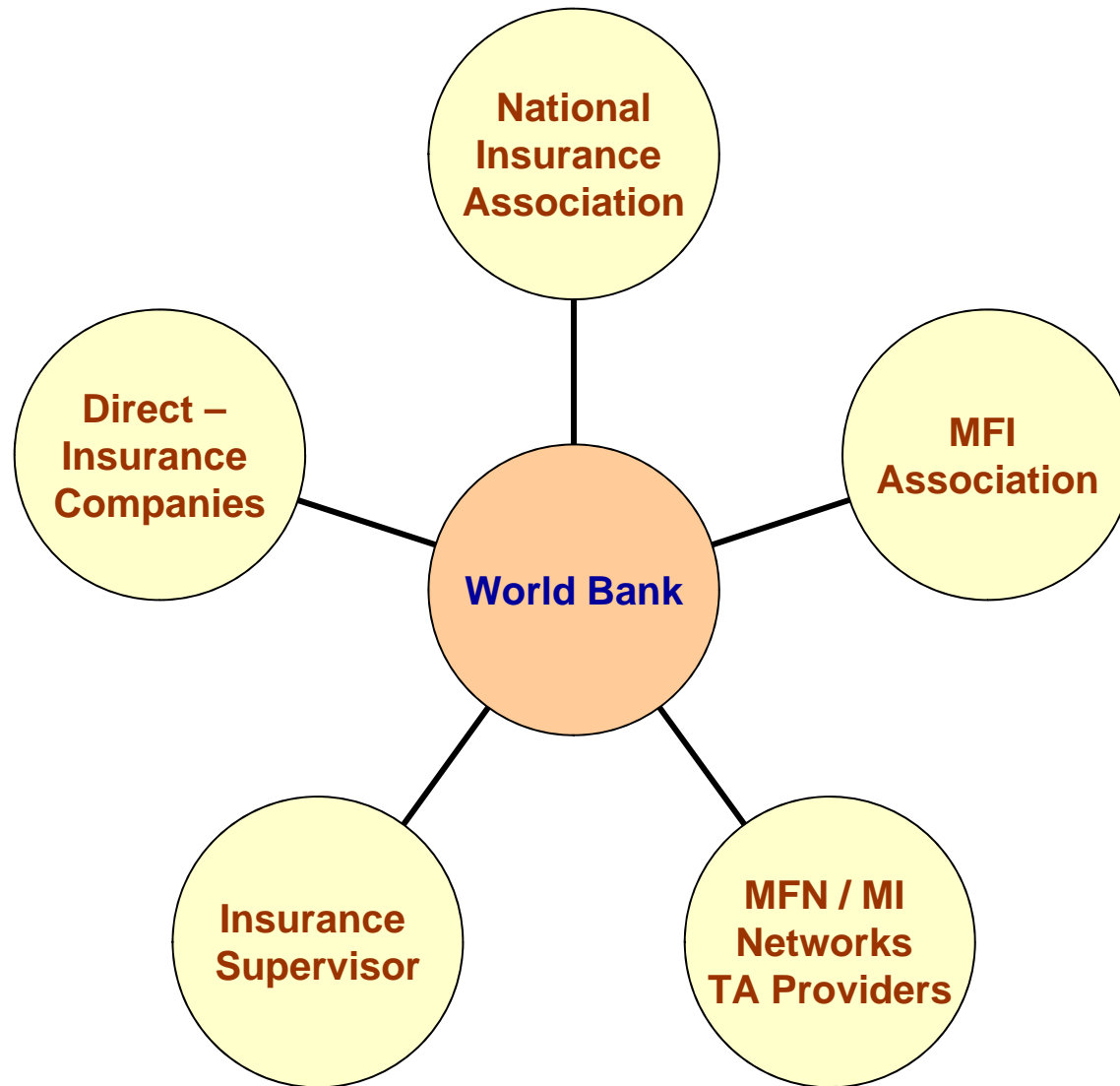
INDIA  
PHILIPPINES

PERU  
MEXICO

## DATA CONTRIBUTION BY DIFFERENT TYPES OF PROVIDERS



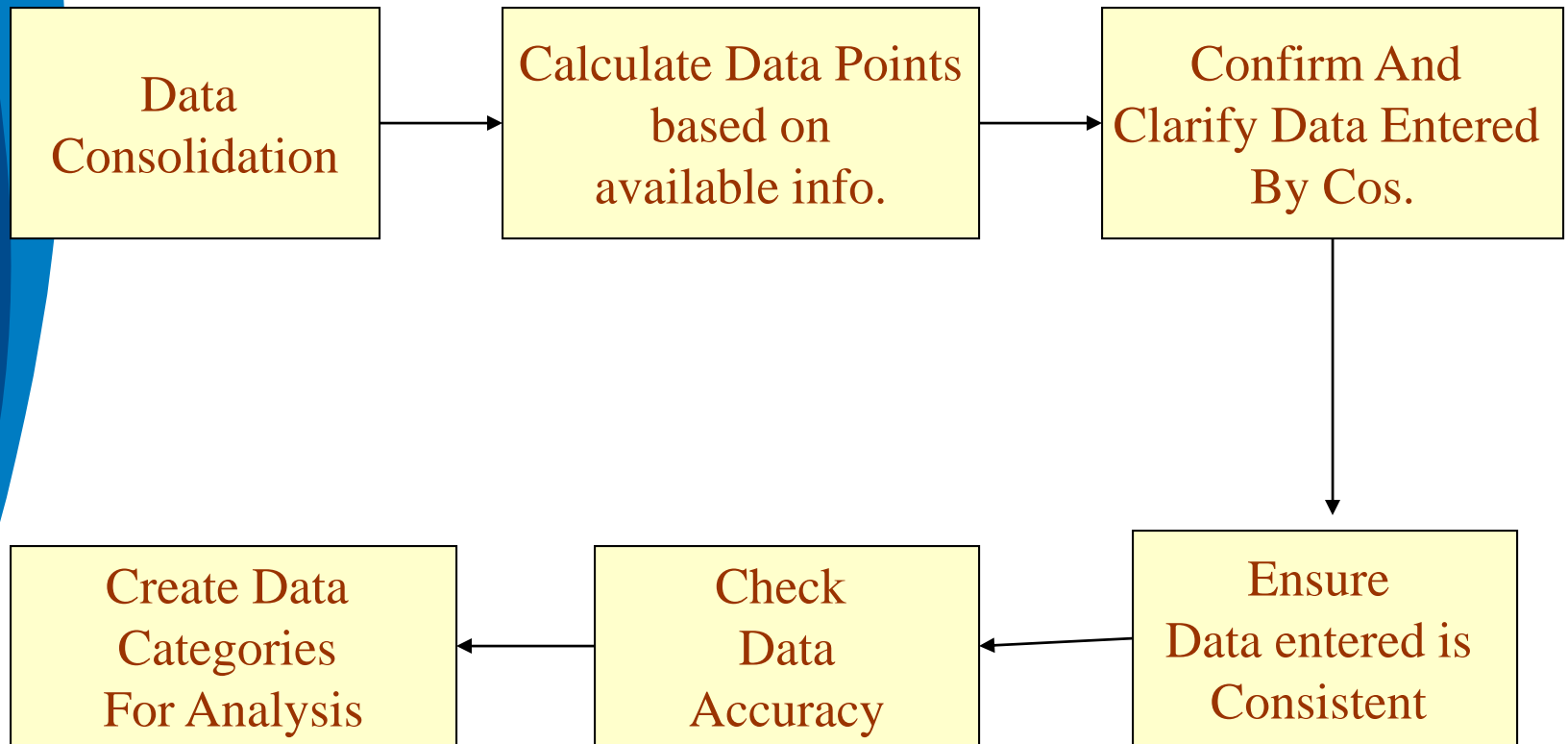
# Whom Did We Reach Out To?



# Directly Reaching Out – More Effective?

- Cos. readily expressed their interest and support when contacted due to World Bank's brand image
- Trust was easier to achieve because of Bank's insurance neutrality
- Many Cos. were convinced by the Bank's assurance of data confidentiality
- Response rate improved when competitor's participation was highlighted
- Higher efficiency – cost, time (35 days – 25 Cos.), single point contact (easier for contact and co-ordination)

# DATA REVIEW PROCESS



# DATA ANALYSIS

- **Provider**

- Age of MI operations and no. of products offered
- Market share of providers
- Growth in MI business

- **Product**

- Total product sales – no. of lives covered and gross premium
- Comparison of averages (premium received and claims paid) across product types
- Which product has maximum share of the total claims paid

# DATA ANALYSIS

- **Delivery Channel**

- Which channel contributes maximum in terms of value (premium) and volume (lives covered)
- Growth in contribution across years
- What product is predominantly sold by the channels

- **Type of Sale Transaction**

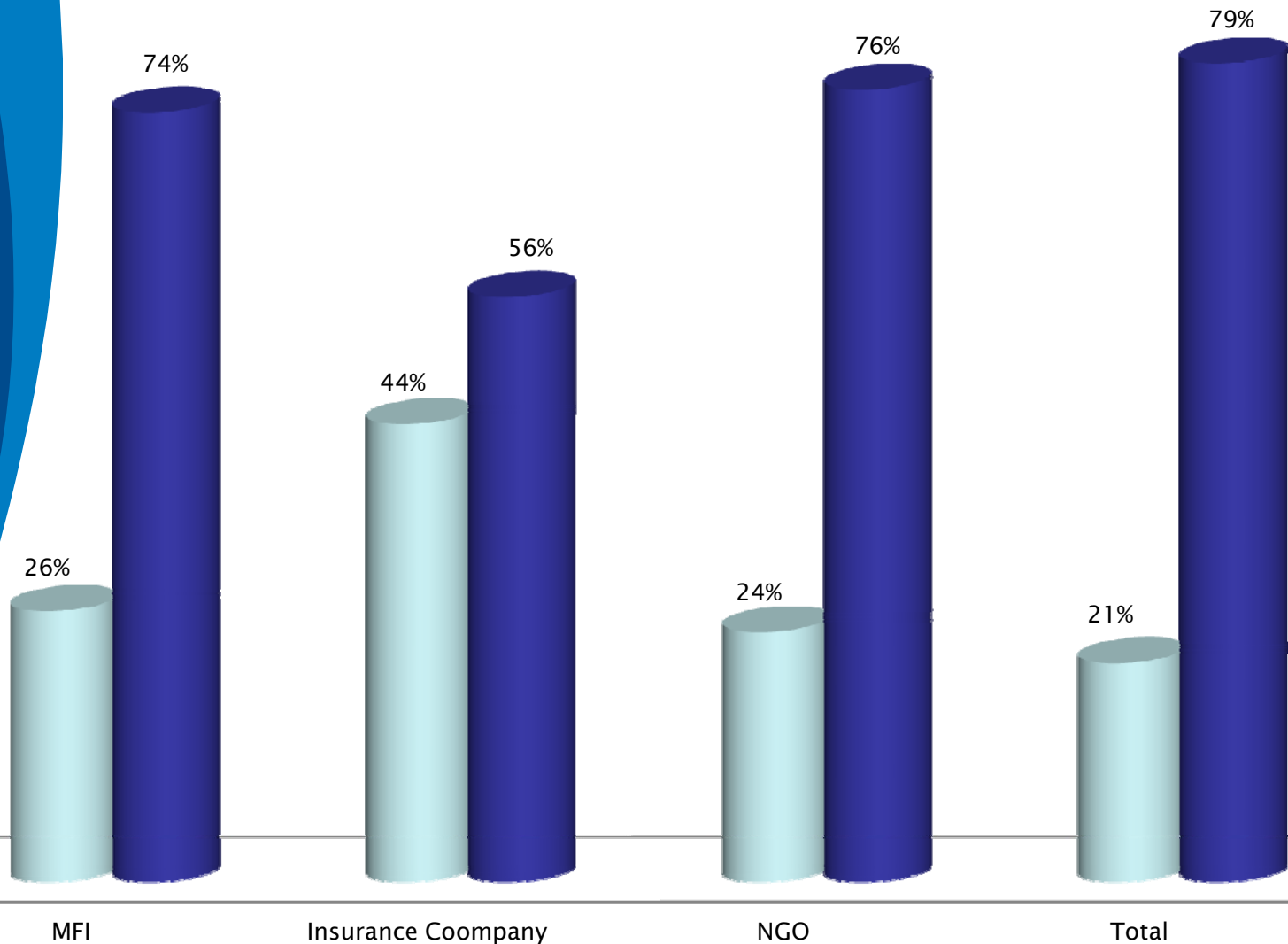
- What % of lives covered purchase MI on a voluntary basis

# PRESENTATION OF CHARTS AND WEBSITE



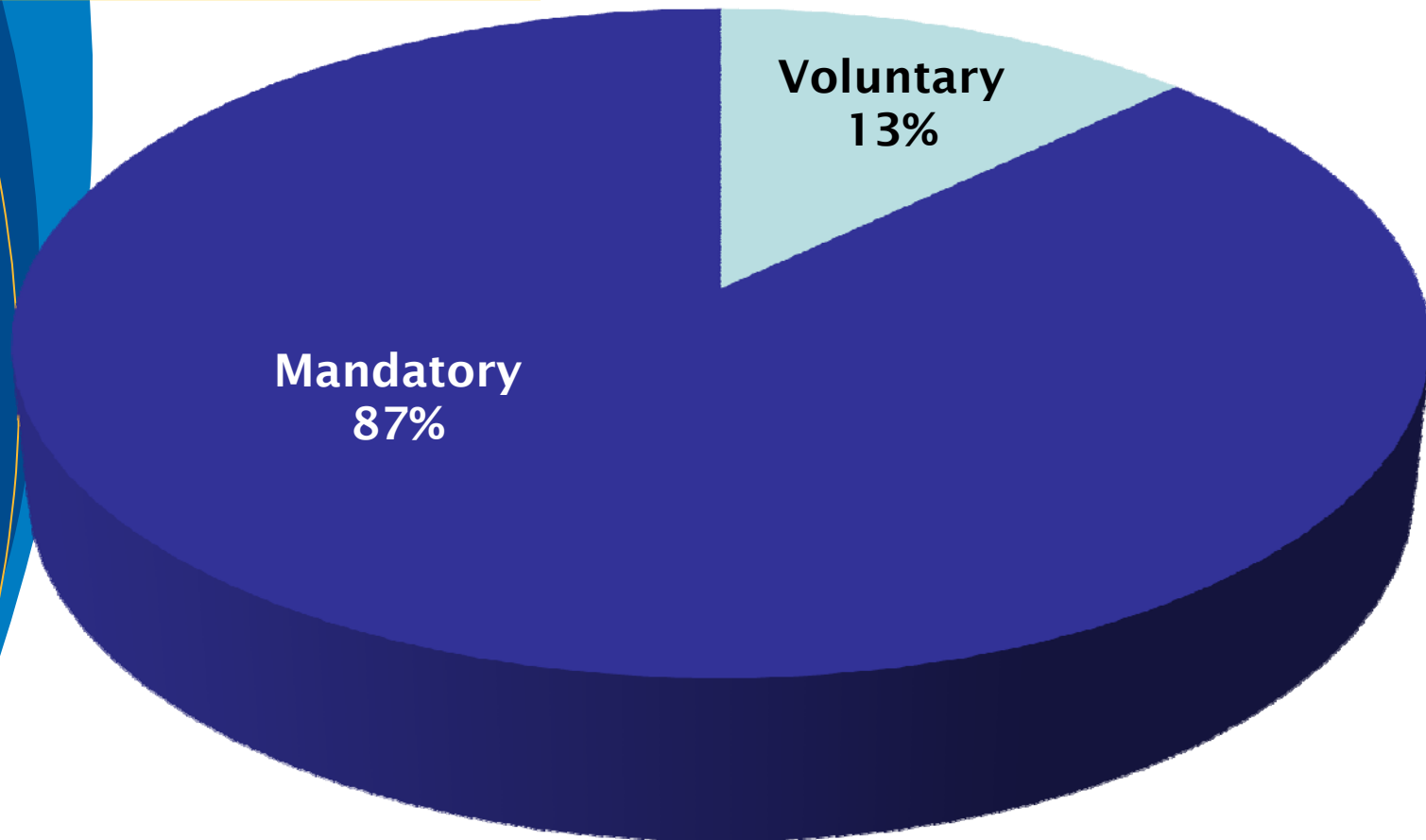
# BANGLADESH - Proportion of Rural vs. Urban Microinsurance Business by type of Insurance Carrier

Urban Rural

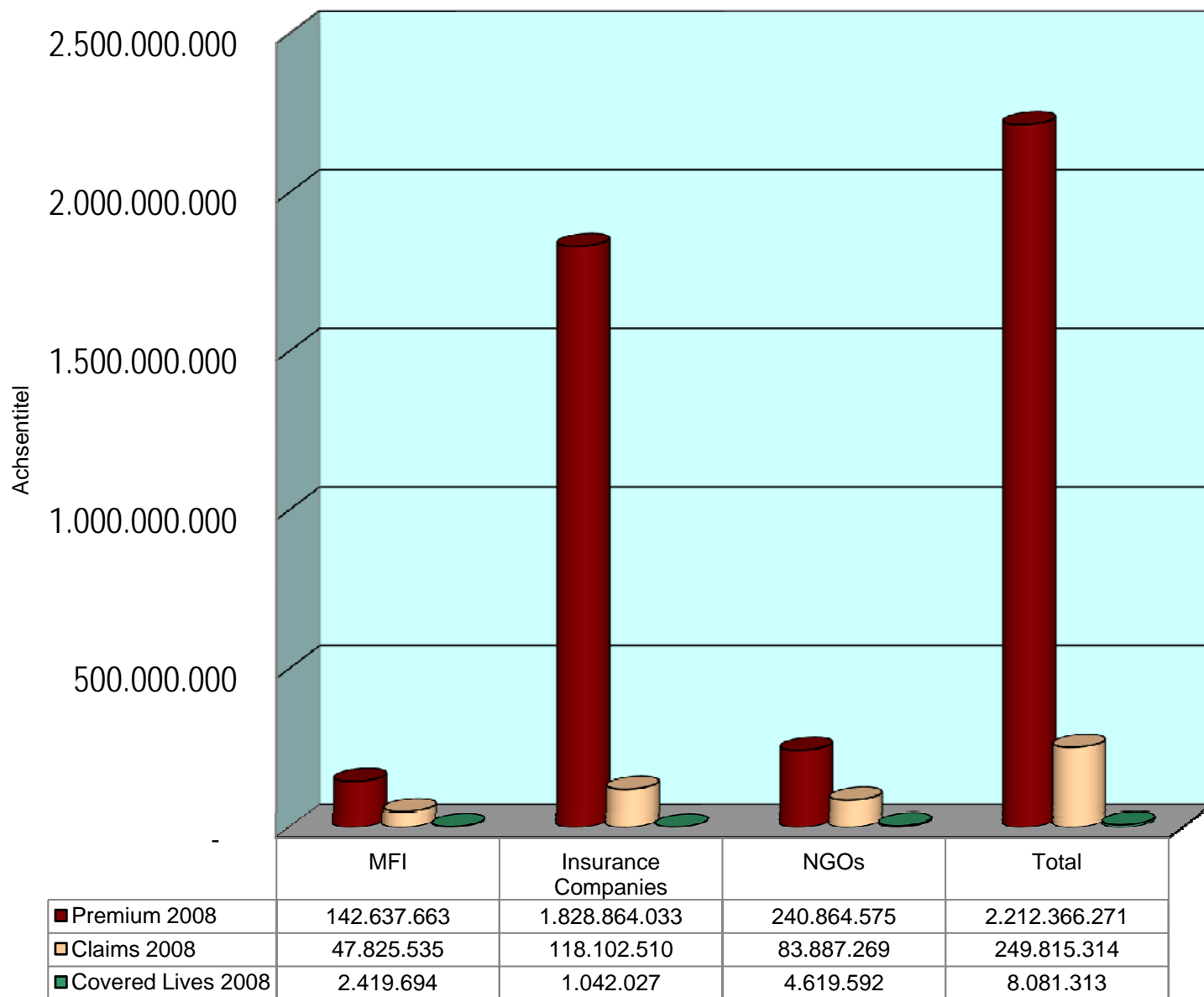


## BANGLADESH -- Type of Sale Transaction

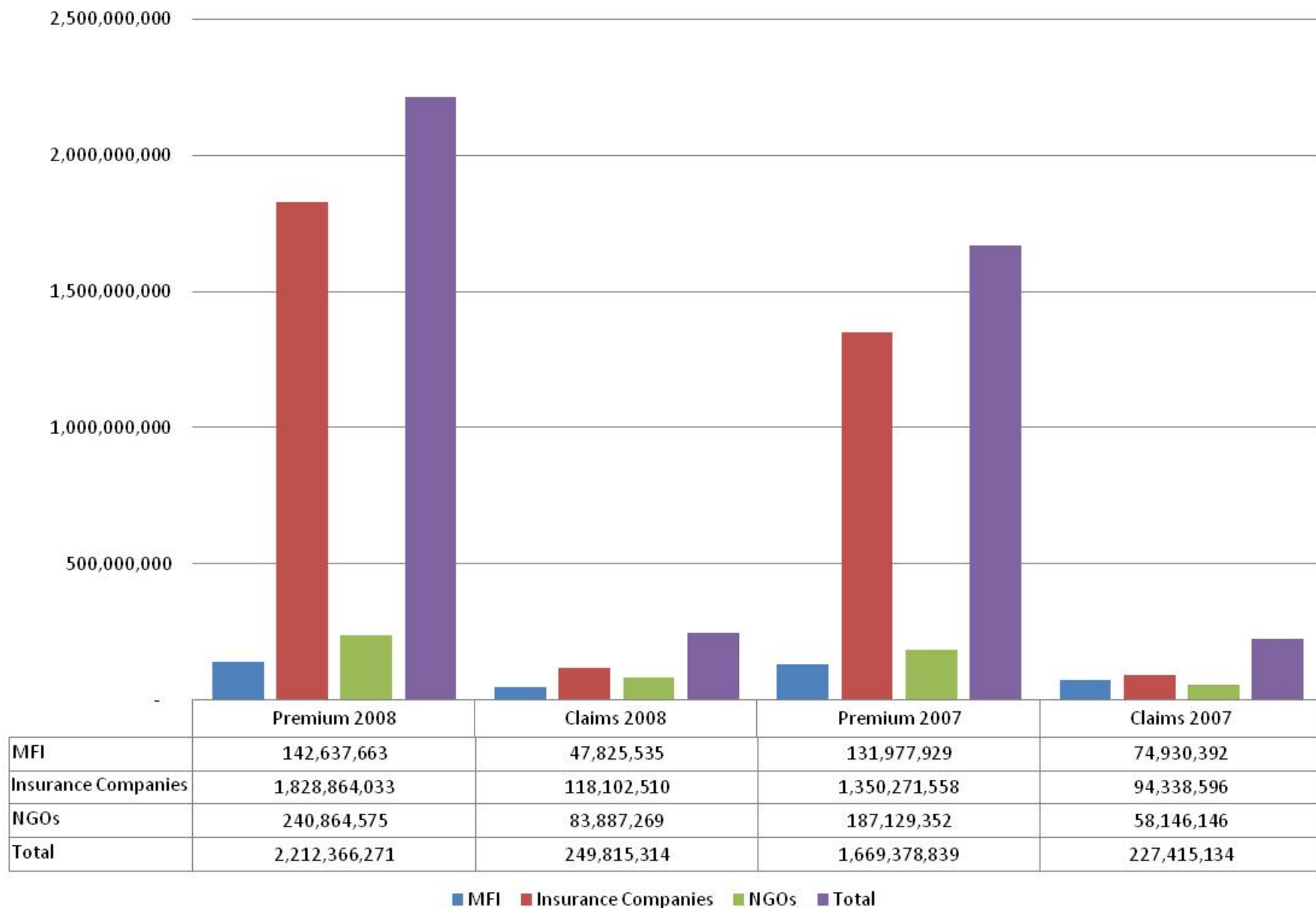
Percentage represents the Share of Lives Covered for year 2008



## BANGLADESH -- 2008 -- Market Share of Microinsurance Portfolio



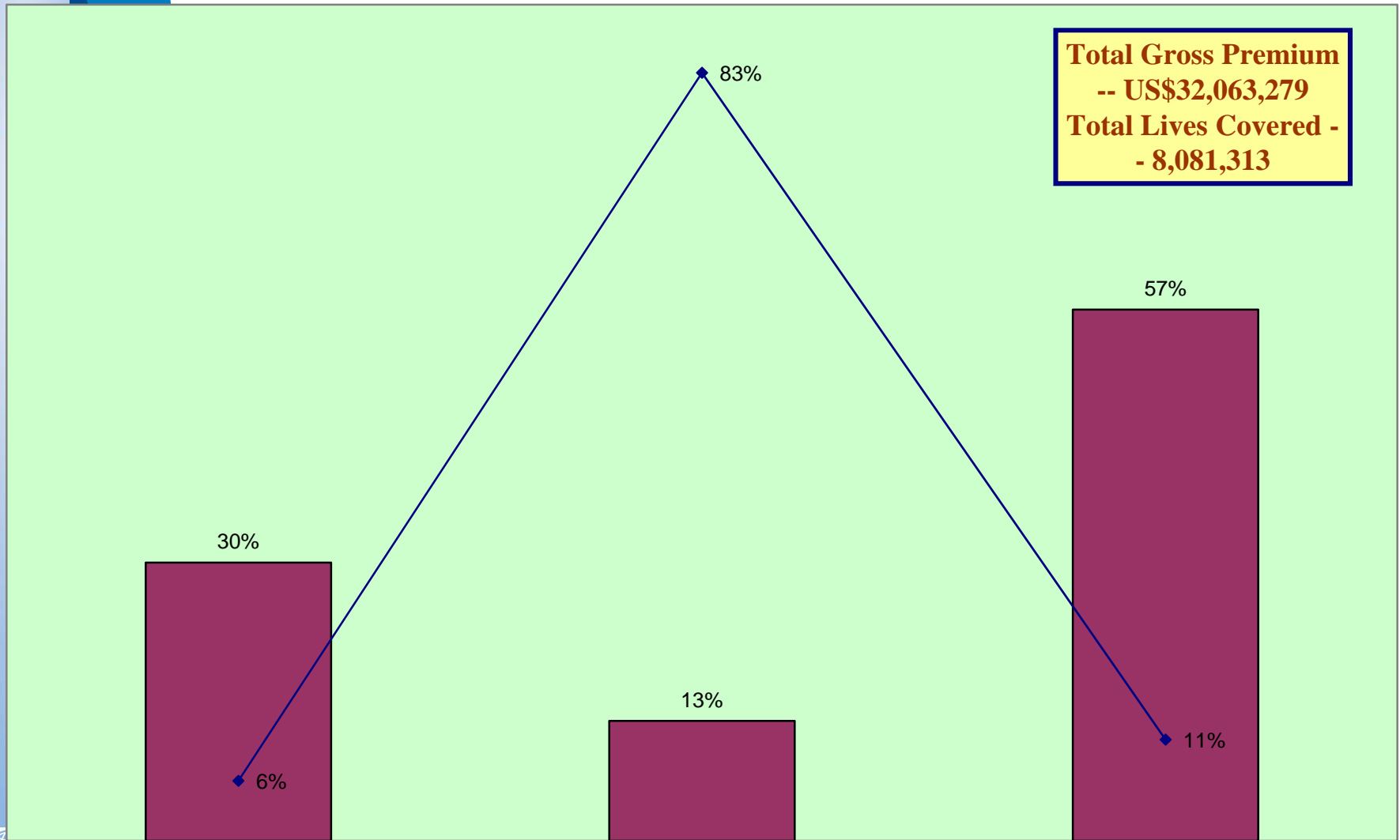
## BANGLADESH - Growth in Microinsurance Business



# BANGLADESH -- 2008 -- Contribution By Delivery Channels

■ Covered Lives    ◆ Premium

**Total Gross Premium  
-- US\$32,063,279  
Total Lives Covered -  
- 8,081,313**

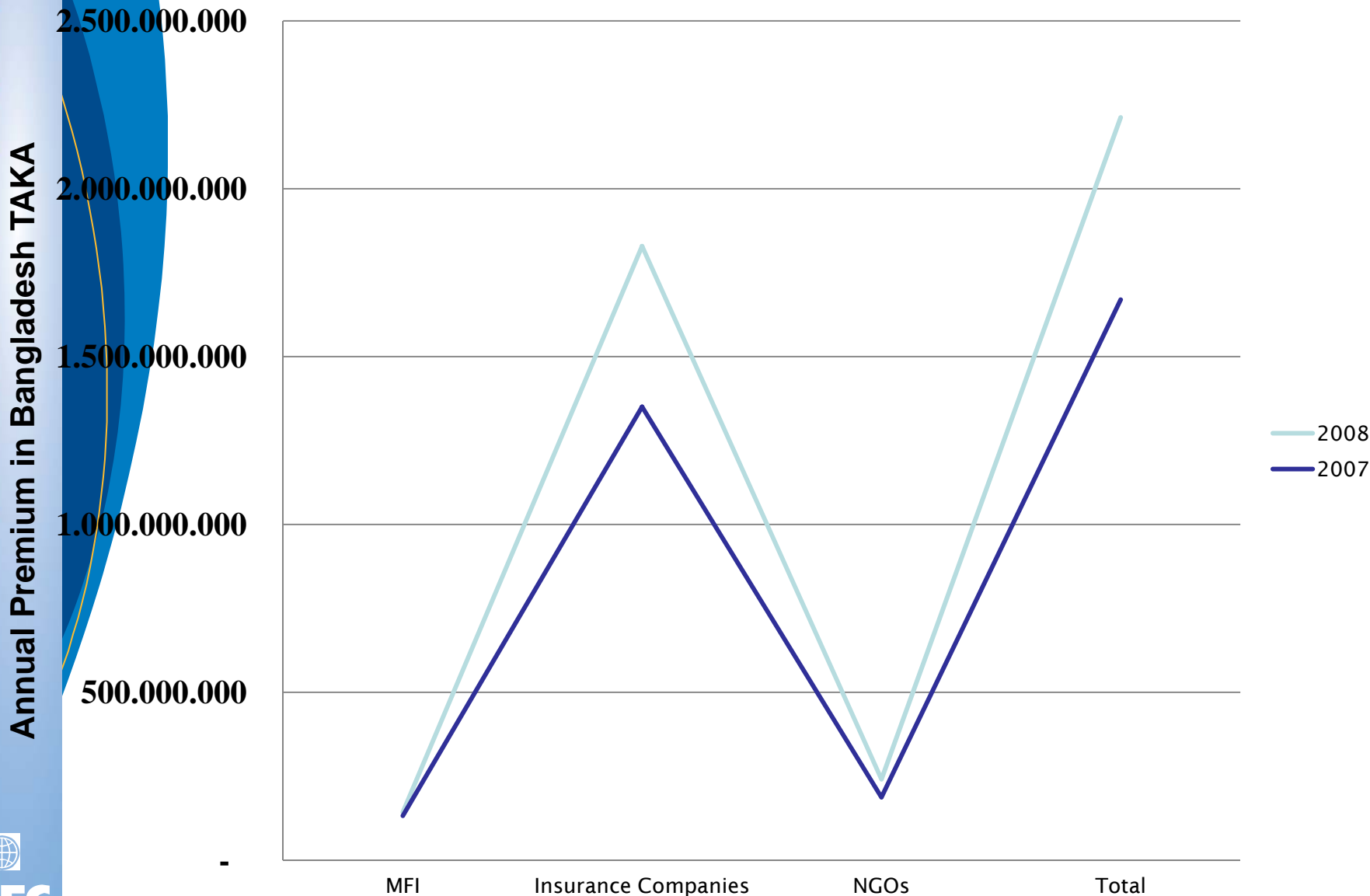


MFI

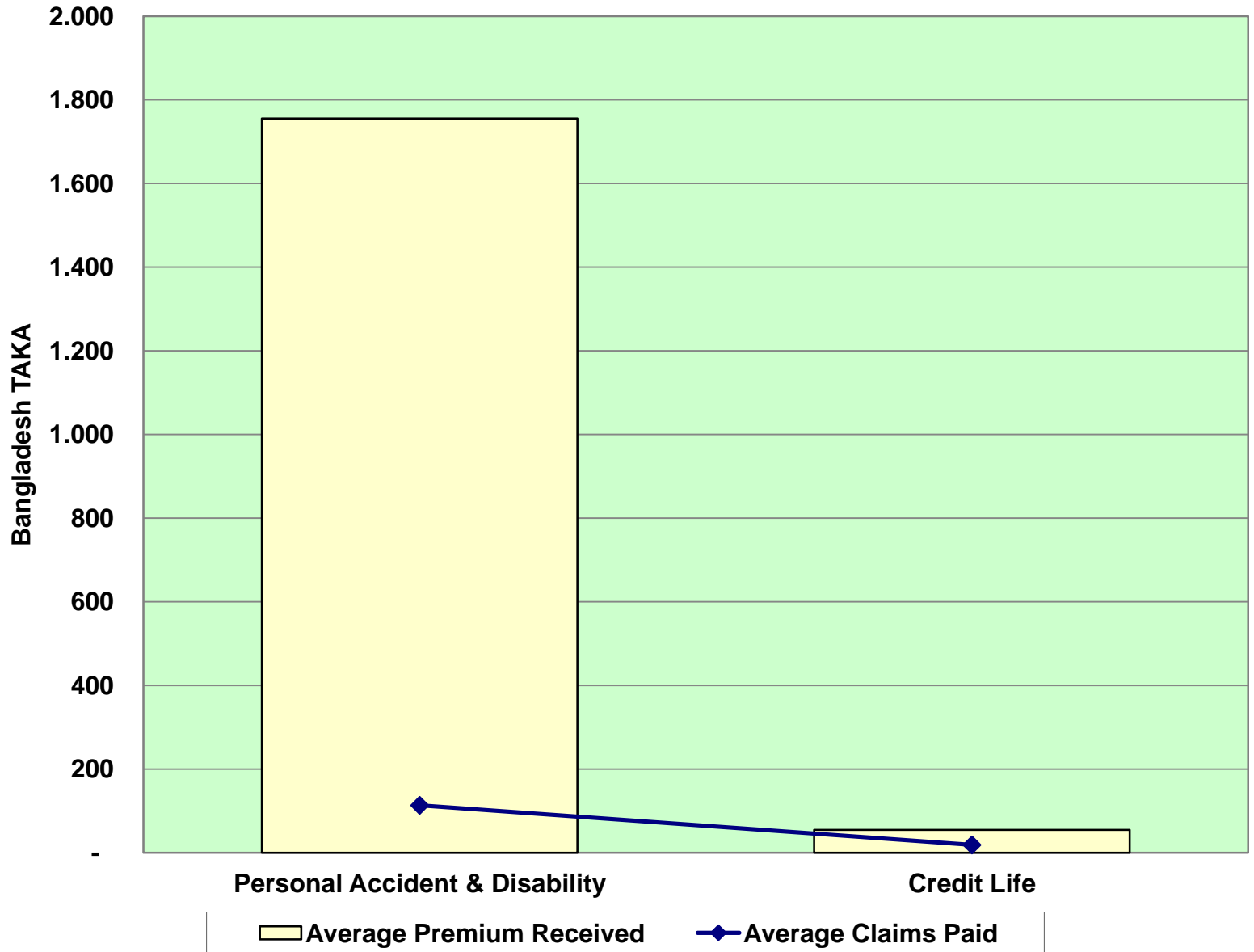
Insurance Companies

NGOs

# BANGLADESH - Growth in Premium Contribution by Channel



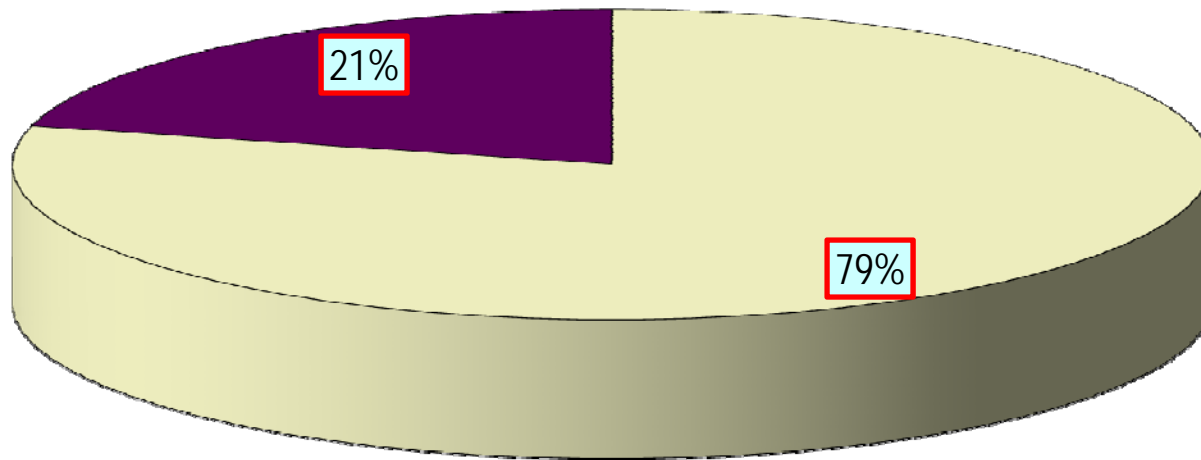
### BANGLADESH -- Comparison of Averages Across Product Types -- 2008



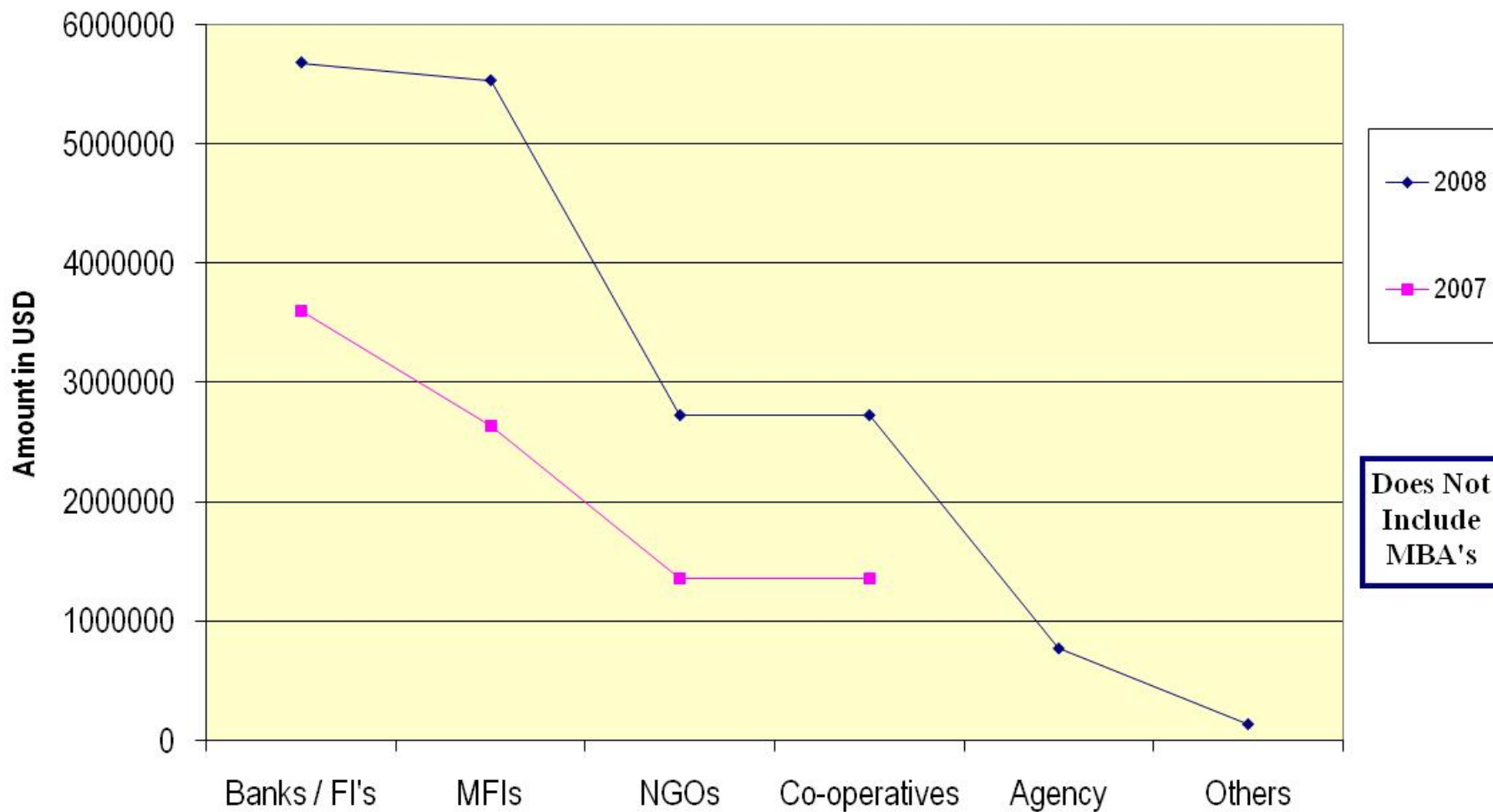
## Philippines -- Type of Sale Transaction

Percentage represents the Share of Lives Covered by Insurance companies for year 2008

- Mandatory
- Voluntary

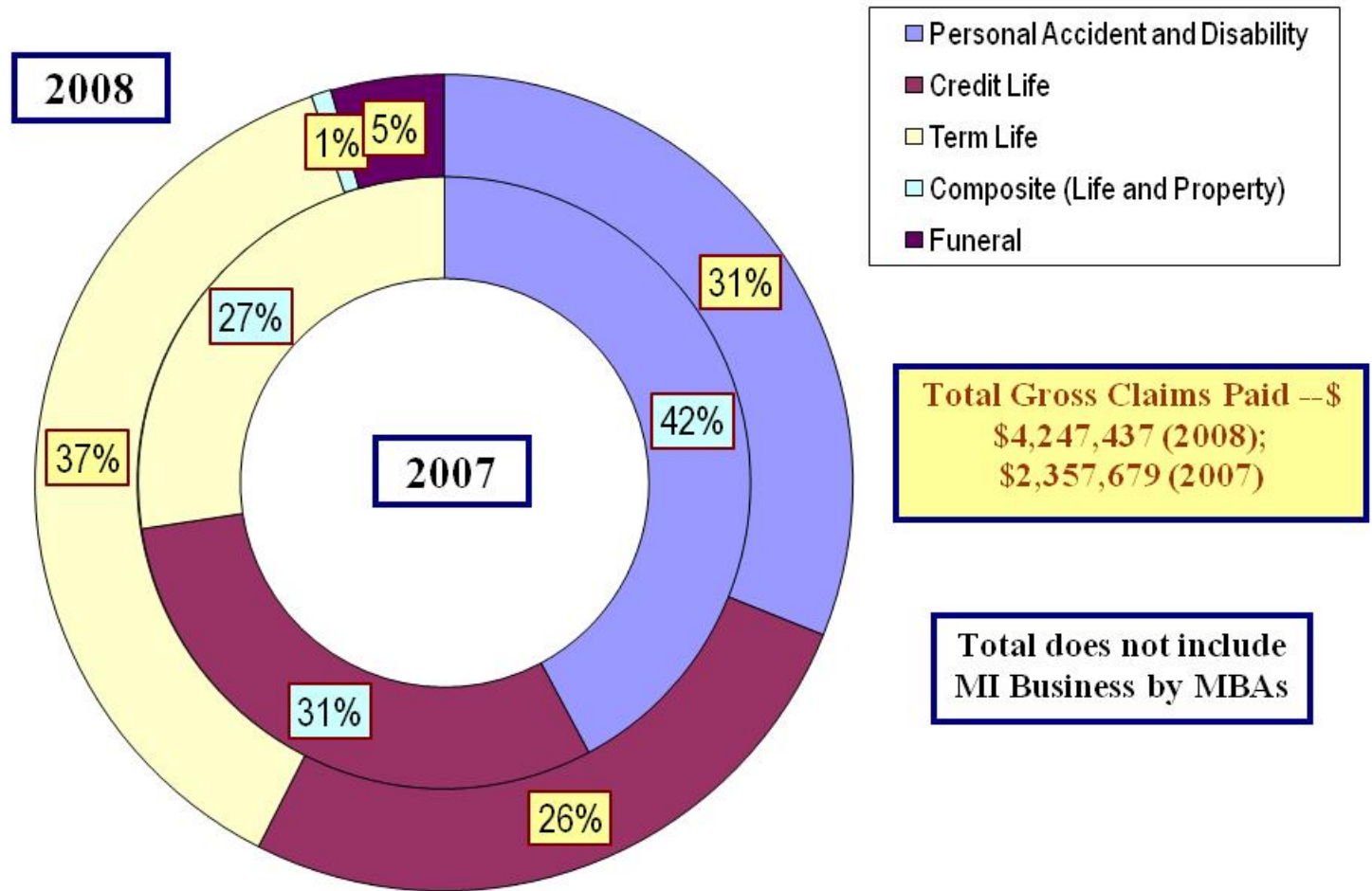


## Philippines -- Growth in Premium Contribution by Channels

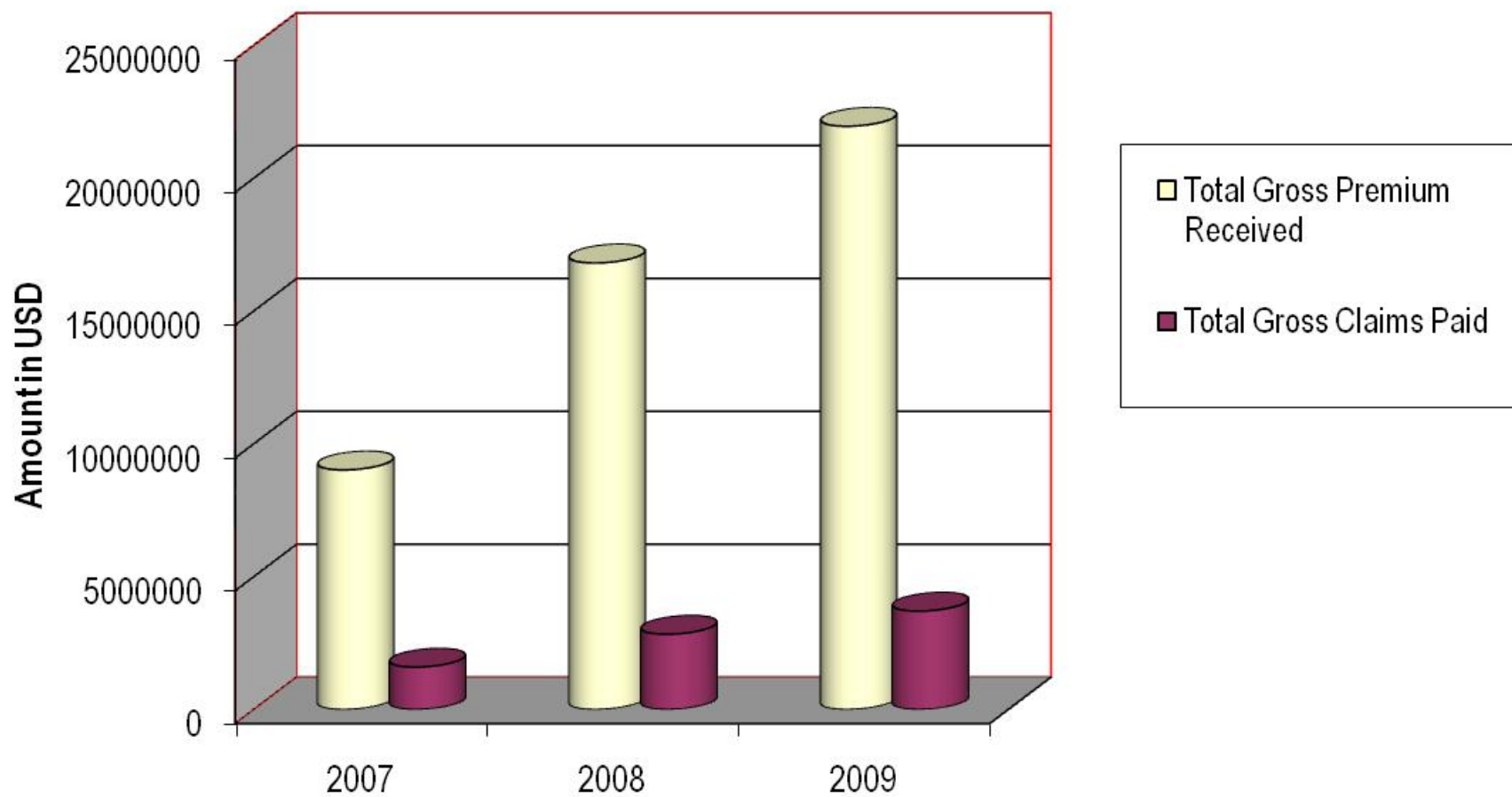


Does Not Include MBA's

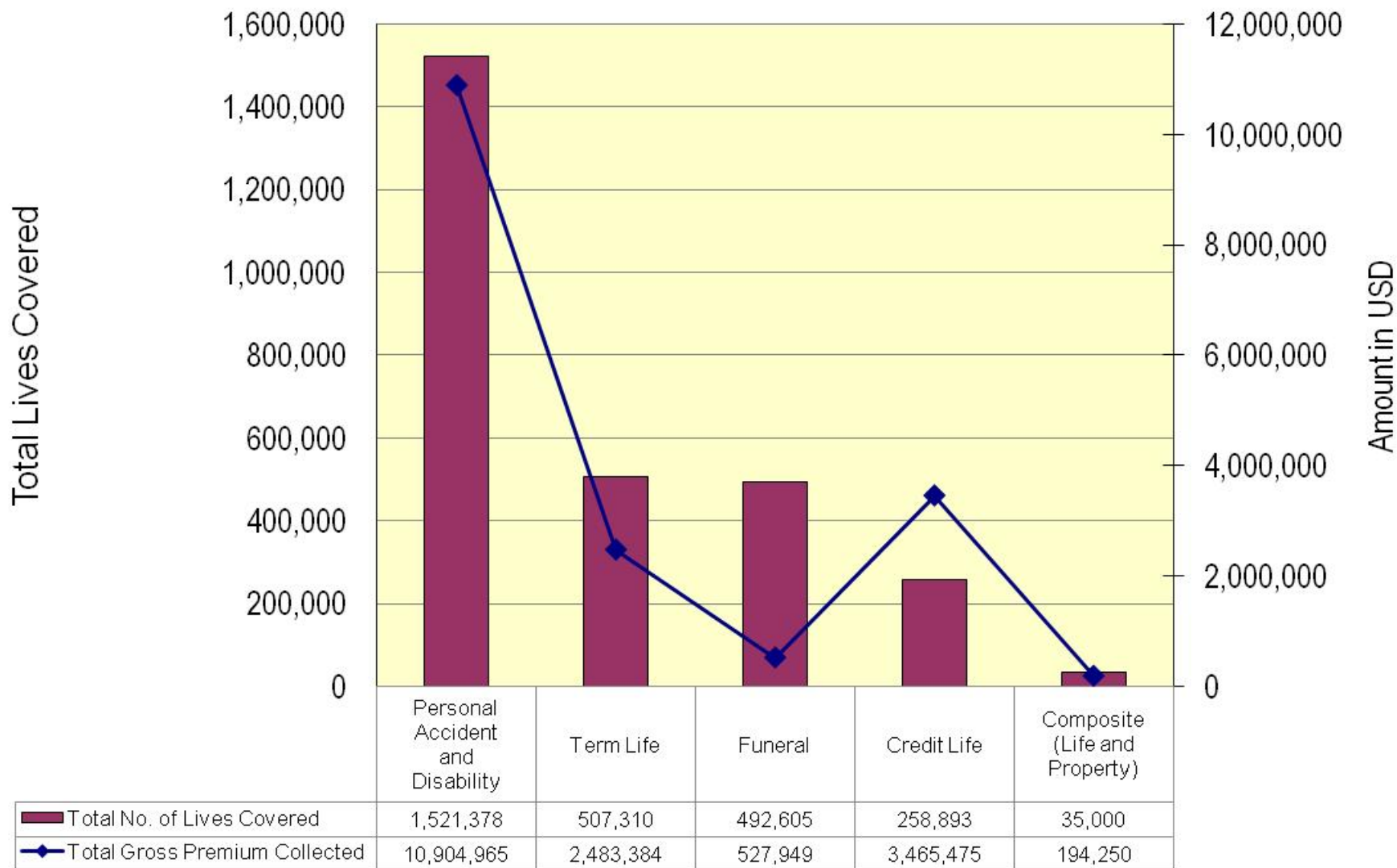
## Philippines -- Share of Total Gross Claims Paid Across Product Types



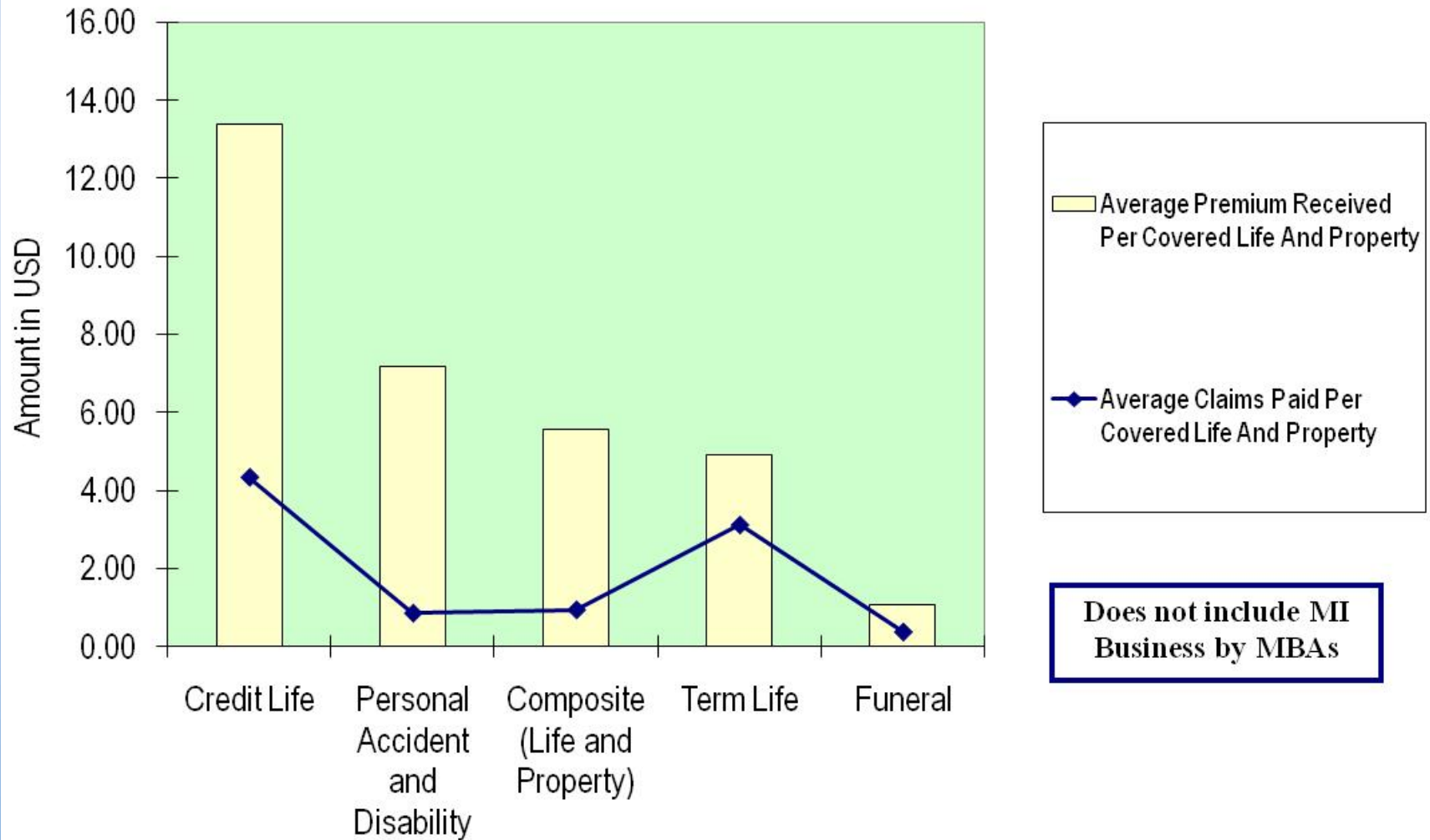
### Philippines -- Growth in Microinsurance Business -- MBAs



### Philippines -- Product Sales 2008 Insurance Companies

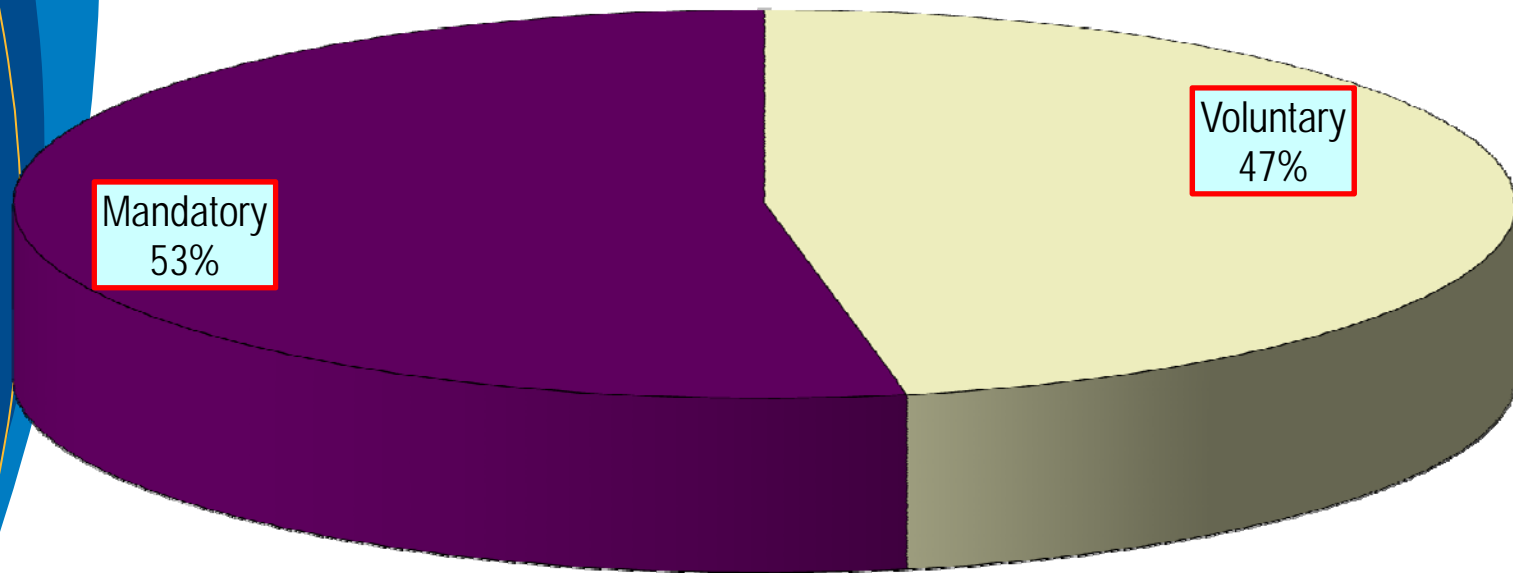


## Philippines -- Comparison of Averages Across Product Types -- 2008

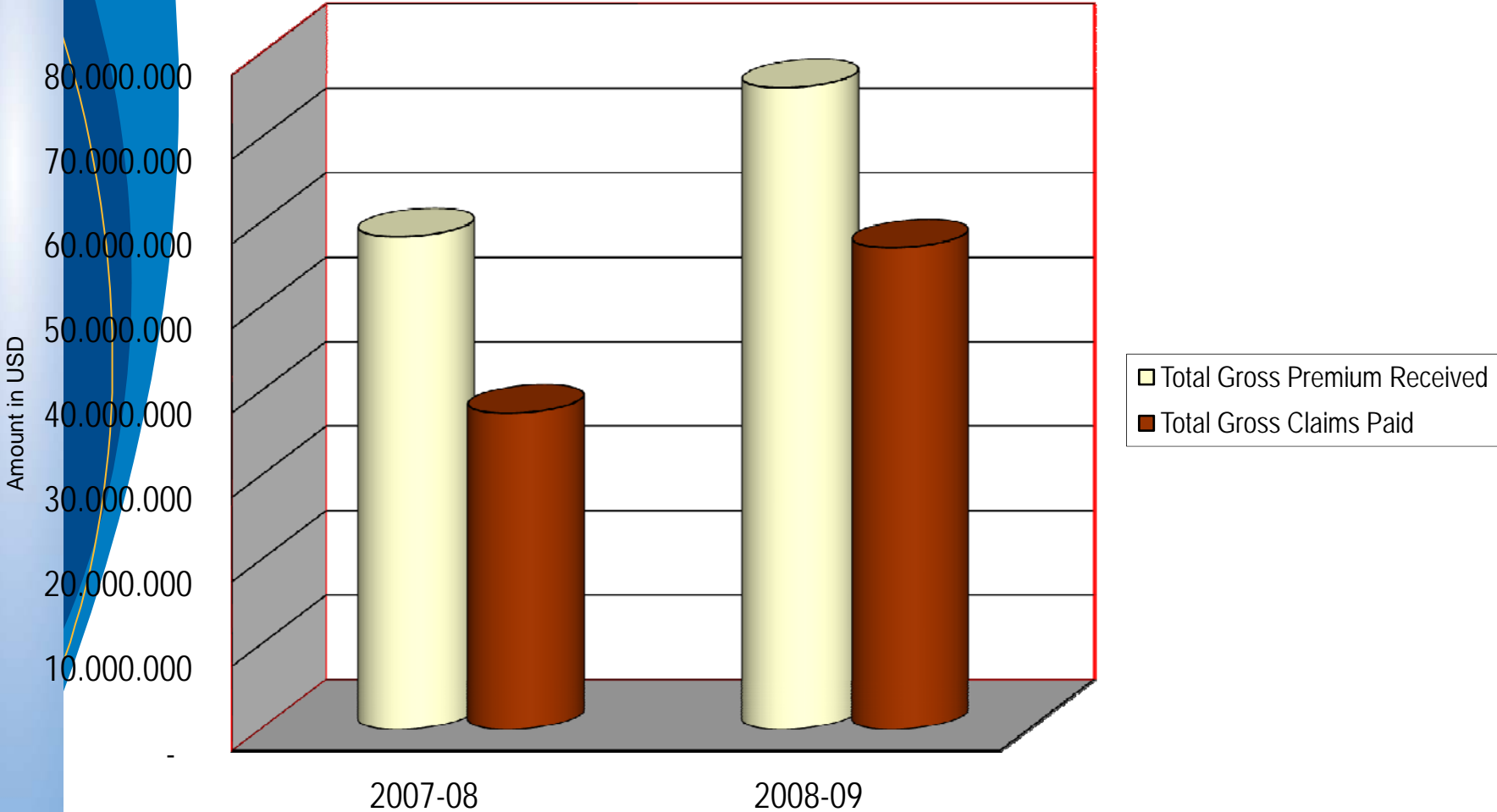


# INDIA -- Type of Sale Transaction

Percentage represents the Share of Lives Covered for year 2008-09



# INDIA -- Growth in Microinsurance Business



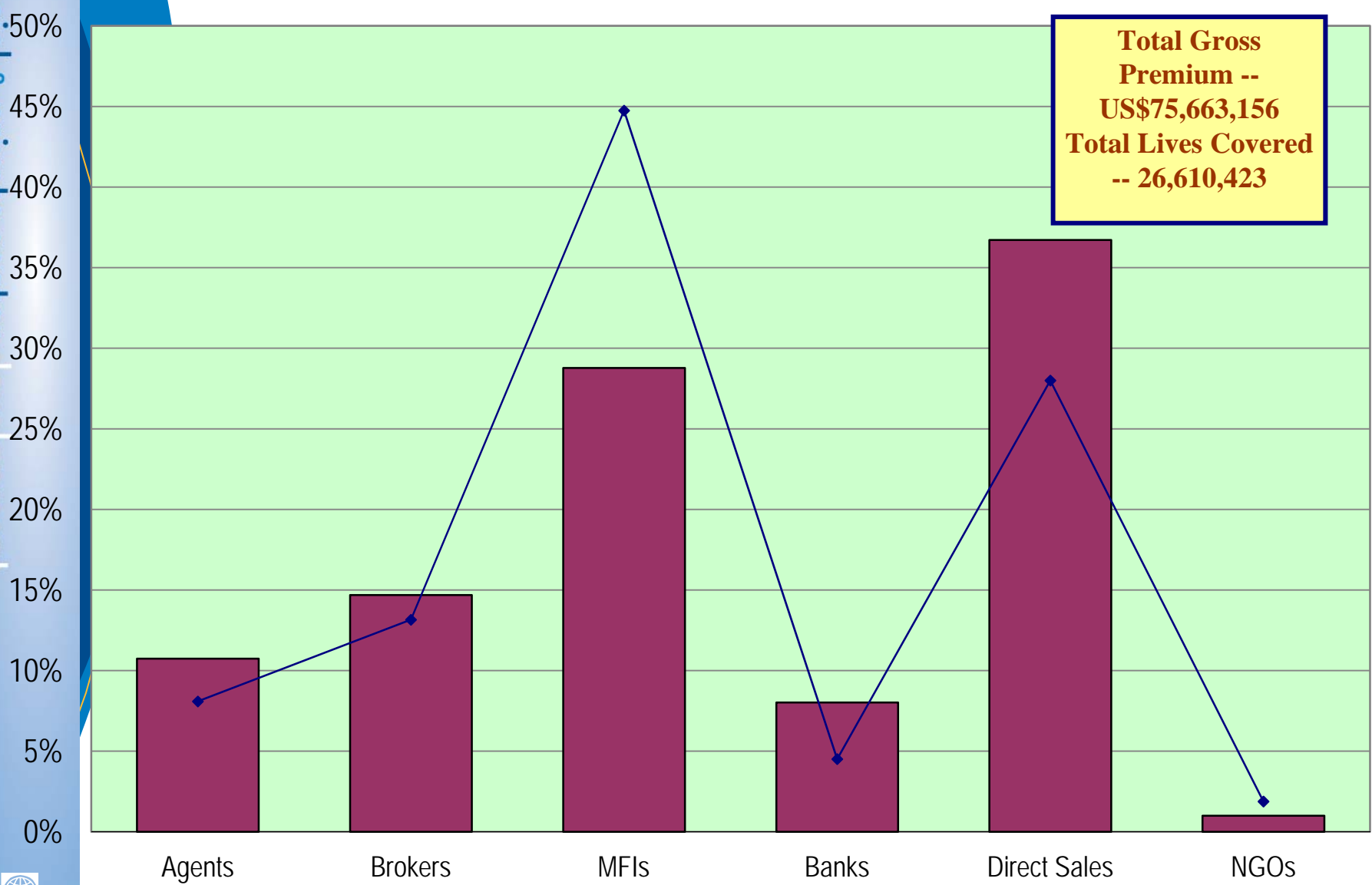
financial & private sector development



# INDIA -- 2008-09 -- Contribution By Delivery Channels

**Total Gross Premium -- US\$75,663,156**  
**Total Lives Covered -- 26,610,423**

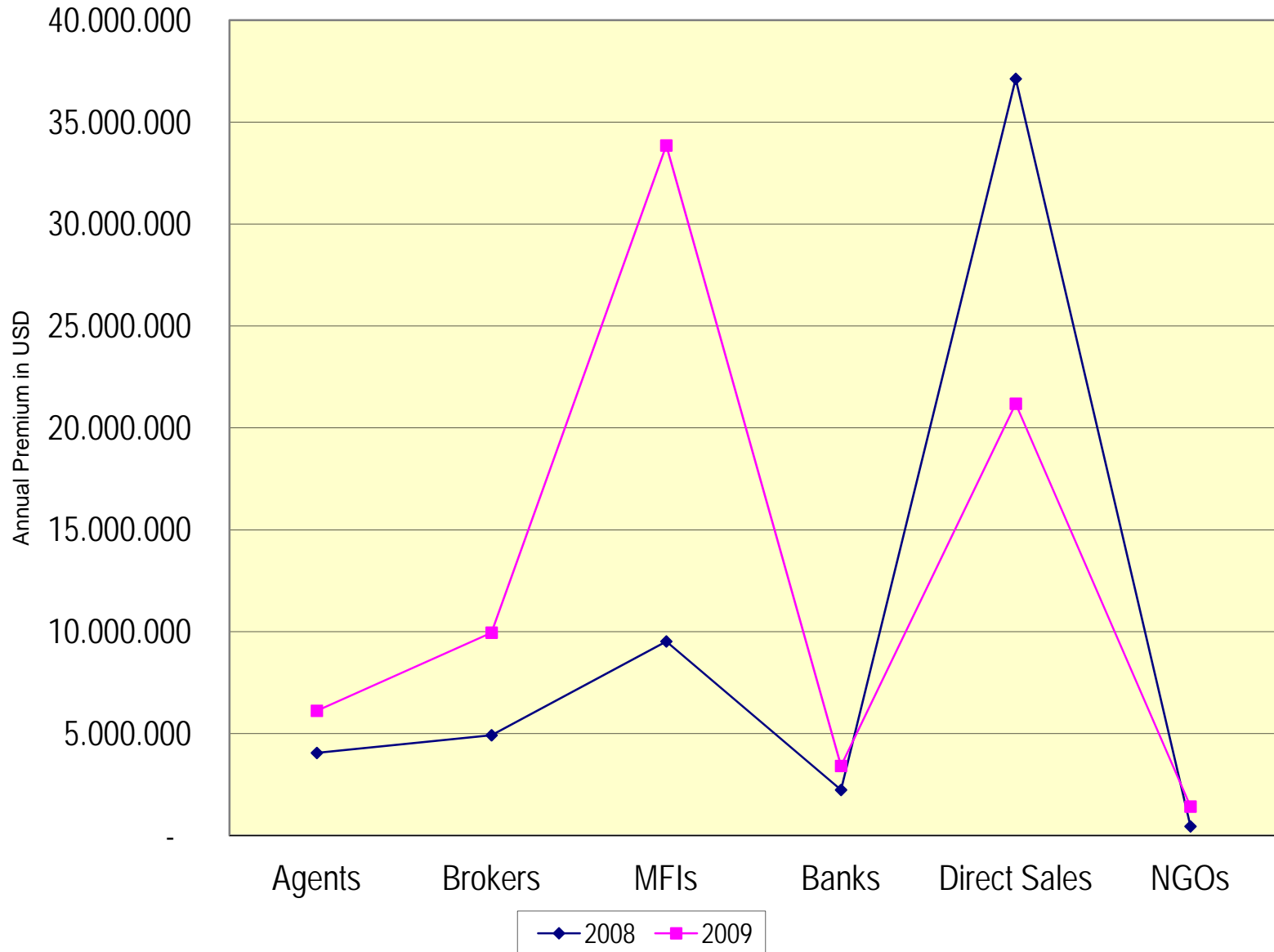
financial & private sector development



■ % Share of Gross Premium Contribution    ◆ % Share of Total Lives Covered



INDIA -- Growth in Premium Contribution by Channels in 2007 -08 and 2008-09



# How Do We Benchmark?

- **Identify peer groups like –**
  - Age, delivery channels, institutional type, premium volume, product diversity, outreach, region, target market, type of sale transaction
- **List the categories and define the criteria for these categories under the peer groups**
  - Age – Market Entrant, Young, Experienced (and criteria would be no. of years of operation)
- **List the indicators for comparison across peer groups**
  - Financial Indicators like claims incurred ratio, growth ratio, Outreach indicators like coverage ratio, average premium received per covered life to GNI PPP

[www.microinsurancedatabase.org](http://www.microinsurancedatabase.org)



# Website – Phase II Example (Choices defined by User)

## About this site

This Website provides data on the cost of sending and receiving small amounts of money from one country to another. Called remittances, these international transfers are often initiated by migrant workers. The aggregate cash flows and the number of participants are enormous. In fact, the [World Bank estimates](#) that remittances totaled \$433 billion in 2008, of which \$328 billion went to developing countries, involving some 192 million migrants or 3.0% of world population. The money received is an important source of family (and national) income in many developing economies, representing in some cases a very relevant percentage of the GDP of the receiving countries. The site covers 167 "country corridors" worldwide. The corridors studied flow from 23 major remittance sending countries to 83 receiving countries, representing more than 60% of total remittances to developing countries.

The research and publication of remittance pricing worldwide serves four important purposes: benchmarking improvements, allowing comparisons among countries, supporting consumers' choices, and putting pressure on service providers to improve their services. The World Bank enjoys a leading role in much of the global work on remittances and has supported a number of initiatives in the field. [Learn more...](#)

## How much does it cost to remit?

From  To

Find out by selecting sending and receiving countries below:

Select sending country

Select receiving country

## Least costly "country corridors" (\$200):

« Previous | Next »

Least costly **Australia** corridors:



## The most and least costly "country corridors":

Country Corridors	Average cost in US\$
<b>Top 5 (least costly):</b>	
Singapore to Bangladesh	4.89
Singapore to Philippines	6.10
United States to Ecuador	6.93
United States to Peru	8.02
United States to El Salvador	8.22
<b>Bottom 5 (most costly):</b>	
South Africa to Zambia	35.95
South Africa to Malawi	35.94
Australia to Papua New Guinea	35.20
	34.47

## What's new

In September 2009, Remittance Prices Worldwide published new data for the second time since the site was launched in September 2008. Several new features have been added. [Read More](#)

## Featured websites

- [General Principles for International Remittance Services](#)
- [World Bank Payment Systems and Remittances](#)
- [Bank for International Settlements](#)
- [Western Hemisphere Payments & Securities Settlement Forum](#)
- [Commonwealth of Independent States Payments Initiative](#)
- [World Bank's Migration and Remittances Team](#)

# Website - Phase II Example (Interactive Map)



# ADDITIONAL INFORMATION

## DATA REVIEW AND ANALYSIS



# Data Review Process Explained...

- **Data Consolidation**

- Consolidate data from 70 Excel worksheets

- **Data Point Calculation**

- Calculated Gross Premium (GP) based on avg. premium per client / lives covered, if information on GP was unavailable
- Calculated the different delivery channel's contribution to lives covered and premium across 34 MI providers as info was given only in %
- Calculated the premium contribution by each delivery channel across product types
- Converted all premium and claims amounts to USD using a constant exchange rate

# Data Review Process Explained...

- **Confirm And Clarification**

- Amounts entered were in local currency
- That gross claims paid was not understood as sum assured amount
- Some product types were ambiguous so clarification sought
- If 'other' delivery channels are used then clarity is sought on the type

- **Consistent and Accurate**

- Total, growth and ratio checks were done to ensure numbers were accurate and consistent across years

- **Categorization**

- Created four different categories for analysis within each country
  - 1) Provider 2) Delivery Channel 3) Product 4) Type of Sale Transaction

# What More Can We Analyze?

## • Comparison Across Countries

- Test the relationship between average age of operations and breadth in outreach (both lives covered and no. of products offered)
- Comparison of market penetration vs. potential across countries
- Comparison of average premium received as % of the GNI PPP across countries
- Growth in MI business across countries
- What % of total MI business across six countries is sold on a voluntary basis
- Which delivery channel is predominantly used across six countries for selling MI products

# What More Can We Analyze?

- **Hypothesis Questions**

- If providers offer products at a price lower than the average, is the up-take better?
- Do providers have higher growth in outreach, if the gross claim paid to gross premium ratio is higher?
- Do providers with more years. of experience price products better so in return the claims ratio is higher?
- Are product delivered by MFIs priced lower than average premium and have higher claims ratio?
- Is volume or value of business higher, if product is sold by many channels vis-à-vis a single channel?

# What More Can We Analyze?

- **Microfinance Vs Microinsurance**

- Comparison of insurance coverage vs. no. of borrowers among the top MFIs in four countries
- Value and Volume of MI business in comparison to Total Gross Loan Portfolio

- **Comparison Across Provider Types**

- Comparison of breadth in outreach, product diversity, and value of MI business and claims payment across providers
- Which provider type is growing at a faster rate?

- **Peer Group Analysis Table**

## Global Database Experience -- World Bank Remittance Prices Database

- Data Access – Online, can download reports in excel formats
- Main Users – Customers, researchers, NGO's, Government Organization
- Governance – Finance & Private Sector Development Vice Presidency
- Roll out time – 6 months
- Cost – \$250,000 consulting firm plus 10 World Bank staff
- Dissemination – press conference, press releases, group discussions with migrants in Miami



## Global Database Experience -- World Bank Private Participation Infrastructure Database

- Covers 4100 project contracts in 4 sectors (energy, telecommunications, transport, water)
- Data Collection –
  - Agency -- Consulting firm and WB Research Team
  - Providers – Publicly available news sources
- Data Verification – legally enforceable contract so easy to verify
- Data Points – 30 aspects including investment commitment, project status, type of contract, project duration, capacity, technology, etc



# Global Database Experience -- World Bank Private Participation Infrastructure Database

- Data Standardization –
  - Projects in Low and middle income countries & from 1984-2007
  - Private parties have at least 25% participation in project contract
- Data Access -- Online, can download reports in excel formats
- Data Users – Government policy-makers, consumer representatives and donor community
- Governance -- WBG -- Infrastructure Economics and Finance Department and Public-Private Infrastructure Advisory Facility
- Cost – 20-30% WBG funds, Rest – Trust funds
- Staff – 7 consultants, 1 staff



# Global Database Experience -- World Bank Doing Business Report

- Ranks 181 countries on 10 topics related to ease of doing business
- Data Collection –
  - Agency – Bank staff
  - Providers -- 6700 local experts including lawyers, business consultants, accountants etc
  - Process – Country visits, conference calls, written correspondence
- Data Verification – verified with laws in each country
- Data Standardization – Academic advisors help design a survey which uses a standard business case



## Global Database Experience -- World Bank Doing Business Report

- Data Points – Covers 10 topics like starting a business, getting credit, paying taxes etc
- Data Access – Online, easy to download report
- Governance – Presentation to WB Board, IEG Review
- Cost – Entirely in-house (45 Bank staff), No consulting firm, data providers work on pro bono basis
- Roll Out – 1.5 years (some topics developed, first report – 51 countries)



## What Can World Bank Offer

- Strong brand name recognizable throughout the developing world
- Expertise and know-how from setting up and maintaining five global databases on a sustainable basis
- Experience in ensuring confidentiality of sensitive financial information of more than 2000 enterprises in 141 countries
- Work at the policy, regulatory and operational levels in insurance sector in developing countries
- Unbiased towards models, methodology, insurer, delivery channels and products



# What Can World Bank Offer

- **Technology Advantages –**
  - Existing infrastructure, licenses, hosting capacity
  - Experience working with five global databases
    - programming, designing user interface application, customized tools and multi-lingual websites
  - Cost Advantages – Ability to leverage existing resources
  - Effective protection against hackers, malware and other intrusions
  - Ongoing investments in content management tool
  - Data collected online is scanned for compliance with standards set by the Office of Information Security
  - Website maintenance support

THANK YOU

