

A woman wearing a red headscarf and an orange floral patterned shirt is looking towards the camera. She is in a market setting with several large white sacks filled with rice. The background is slightly blurred, showing other people and market activity.

Building Effective Partnerships between MFIs and Microinsurance Companies: Experience from the WWB Network

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Content

- Overview of Women's World Banking
- Demand for microinsurance by low income women entrepreneurs
- Insurance services by WWB network members and WWB's technical assistance
- Case studies from Asia and Latin America
- Keys to a successful partnership between MFIs and microinsurance companies

Women's World Banking: Global Footprint

New York:
Global Office

Europe,
Middle East
& North
Africa

- Bosnia-Herzegovina
- Egypt
- Jordan
- Morocco
- Tunisia
- Russian Federation

Asia

- Bangladesh
- India
- Indonesia
- Mongolia
- Pakistan
- The Philippines
- Sri Lanka

Central &
Latin
America

- Bolivia
- Brazil
- Chile
- Colombia
- Dominican Republic
- Mexico
- Paraguay
- Peru

Africa

- Benin
- Burundi
- Ethiopia
- The Gambia
- Ghana
- Kenya
- Nigeria
- Uganda

Women's World Banking: Mission & Impact

Mission

To expand the economic assets, participation, and power of **low-income women** and their households by helping them access financial services, knowledge, and markets.

Impact

- Largest network in microfinance, built over 30 years
- 40 microfinance providers
- 28 countries: 8 in Africa, 8 in LAC, 6 in Asia, 6 in EMENA
- 20+ million active clients, **74% women**
- \$4.2 billion in outstanding loan portfolio
- Average loan size of \$955

Our Clients' Demand for Microinsurance



Socio-Economic Profile

Age: Mostly 25-45

Marital Status: Mostly married

No. of Children: 3-5

Economic Activity: Mostly informal, home-based, trading food, clothes

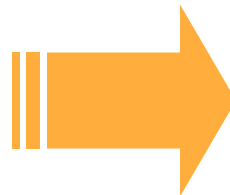
HH Disposable Monthly Income: \$30-700

Lifecycle Events & Risks

- Health
- Childbirth
- Death of Husband
- Divorce
- Domestic Violence
- Old Age
- Death

Current Risk Coping Strategies

- **Ex-Ante:**
 - Savings
 - Investing in property, children
 - Making risk-averse business decisions
- **Ex-Post:**
 - Borrowing money
 - Selling assets
 - Reducing HH expenses
 - Increasing income-generating activities
 - Drawing upon savings



Demand for Microinsurance

- Health insurance, including maternity and family coverage
- Life insurance for husbands and protection of children
- “Caregiver” insurance to cover losses of income

Insurance Offer by WWB Network Members

75% of Network Members offer microinsurance to their clients

Why do Network Members Offer Microinsurance?

- Meet a broad range of clients' financial needs → Increases client outreach, cross-selling and loyalty
- Improve financial security and health of clients
- Provide MFIs with an additional revenue source and added protection on their loan portfolios

Product Offering

- Dominated to date by less complex life insurance programs (mostly credit-life policies)
- Emerging health insurance programs
- Funeral insurance in Latin America, limited property insurance coverage

Modalities

- Mainly operated through partnership models, involving a broad range of institutions including global and domestic commercial insurance companies
- Limited private MFI-run insurance models

WWB Technical Assistance Support

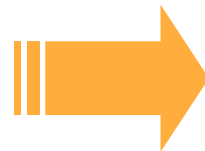
Support Network Members to introduce & implement health insurance programs

Technical Assistance

- Technical assistance to help network members introduce or improve health micro insurance

Strategic Partnerships

- Network-wide initiative in partnership with Zurich Financial Services Group in which WWB offers a caregiver health insurance program to help women clients and their families better cope with financial burdens associated with a medical emergency—loss of income, childcare, transportation, portion of medical costs.



The caregiver program to be launched by Microfund for Women in Jordan in November 2009.

Industry Leadership

- “Gender and Microinsurance” paper to be published in cooperation with ILO and ZFS in 2009.

Case Study from Asia: A Policy Too “Perfect?”

Policy Description

- Comprehensive health insurance policy via partnership between the MFI, insurance company, a network of private hospitals and primary clinics
- Voluntary coverage for the borrower and family: \$4 pp (ind.policy) to \$2.5pp (family policy)
- Comprehensive hospitalization coverage, including maternity
- Not covered: ambulance services, medications
- Cash-less system, cards to be issued for each policy holder
- Pre-authorization to be done by the insurance company within 2 hours after the patient enters the hospital.



- 4,095 policies sold through 6 branches
- 5,815 clients educated by the MFI staff (presenting the product and preventive health education)

Implementation (one-year period)

- One-two months delays in card issuance by the insurance rate
- Low utilization of primary care clinics (closed in evenings and weekends)
- Low utilization of hospital services (very few hospitals in the area, high transportation costs to get to hospitals, pre-authorization takes long time)
- No support for customers at hospitals, no help desk
- High out of pocket costs for medications and tests during hospital stays
- Lack of customer service by the insurance company

The program has been discontinued!

Lessons Learned

- **Tailor product to customer needs and payment capacity**
- **Ensure quality service by all parties and at each step**
- **Define clear partnership terms from the outset**
- **Ensure the program's viability**

Case Study from Latin America: Mutually Reinforcing Alliance

Policy Description

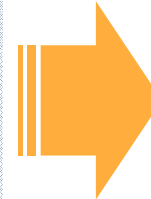
- Life insurance policy that includes coverage for death, permanent and total disability, serious illness, funeral assistance, education assistance.
- Provided to the MFI clients on a voluntary basis
- \$1.49 annual premium for up to \$3,009 coverage.



- Total of 108,873 policies sold in the three-year period

Implementation

- Significant renewal rates: 40% of clients renewal rate vs. 80% retention rate for microcredit
- High utilization: Number of claims quadrupled in the second year; claims rejection rate decreased.
- Continuous product refinement: expanded the list of serious illnesses covered.
- Clear accountability: Insurance Product Manager hired by the MFI to provide support to clients filing claims and assist field staff in promoting the policy.
- A bonus scheme incentivizing loan officers to sell insurance introduced.
- Comprehensive training for all MFI staff.



Lessons Learned

- **Design client-centric product, marketing and customer education programs**
- **Build MFI's capacity to provide microinsurance**
- **Ensure regular communication**
- **Identify accountable parties on both sides**

Keys to a Successful Partnership

MFIs

- Ensure fit with MFI's overall strategy and business model
- Assess against possible risks
- Create appropriate institutional capabilities
- Market effectively (incl. client education)



Insurance Companies

- Understand target population
- Tailor products to client needs and capacities
- Understand how MFIs operate
- Build internal buy-in

Shared Vision
Financial Viability for All Parties
"Fair" Sharing of Risks and Benefits
Effective Leveraging of Partners' Core Capabilities
Continuous Mutual Learning and Regular Communication