

Summaries

5th International Microinsurance Conference

3–5 November 2009, Dakar, Senegal

Hotel Le Méridien Président

www.microinsuranceconference2009.org



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Plenary 1, Round table – Challenges of microinsurance in Africa

Yoseph Aseffa, ILO, Ethiopia

The landscape of microinsurance in Africa – Key findings

1. Introduction:

The ILO Mission in Microinsurance, global agenda and the particular focus areas in Africa

2. Government policy and regulatory framework

2.1. The Policy environment:

- Government awareness of the special needs of the poor around Africa, existence of policy, comparative awareness and support for MI as compared to MFI and other financial sector players
- Samples of government support for financial services for the poor
- Relevance of appropriate MI government policy to poverty eradication
- International cooperation mechanisms available to governments in developing national policy
- Specific dangers arising from absence of adequate government policy

2.2. Regulatory, Supervisory framework

- The level of regulatory, supervisory development in Africa
- Position of Insurance Regulation relative to regulatory settings of other financial sector players (banks, MFIs)
- What are the alternative MI regulatory/supervisory tools and best practices?
- Inter-relationships of regulation and specific impact by other governmental agencies (e.g. Health regulation)
- The IAIS recommendations and experiences of other regional regulatory frameworks
- International assistance and processes in developing sustainable and adequate regulation for Microinsurance. (Leave to A2II to elaborate)

3. The Microinsurance potentials in Africa

3.3 The demand side:

Not adequately explored, needs not sufficiently identified, inadequate awareness; nearly non-existent information and education. However, the continent has good examples of market potentials via social organizations, NGOs, MFI's, Coops, women's organizations, labour unions, farmer's organizations, sme traders, church groups, other affinity groups. Potential differs depending on level of education and awareness of the poor, types of entrepreneurial spirit and social inter-dependence. Need to draw a catalog of demand per sector, community and economic activity. What have we learned through ILO's exposure in selected African countries, what has the survey shown? What lessons can be shared to other countries that wish to develop MI business?

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3.4. The supply side:

MI differentiation from other types of insurance - reach, pricing, products, distribution, etc.

The MI providers:

Informal: Social, MFI, affinity groups, traditional organizations. These can serve to highlight level of demand; but their products are not actuarially assessed for fit, pricing, value. They have contributed well to meet the real needs of their communities, but their products, pricing and exposure could be improved through regulation and TA. What can be done to improve in these areas?

Formal: Insurers: Fairly new phenomenon, traditional insurers have not been aware of the relevance of this market, its huge development potentials and its basis for accelerated growth of the national economy from within. Existing insurers are inadequately prepared to embark on MI, for a number of reasons including, lack of in-house capability to develop products; inadequate networking capability and spread to reach the huge populations in high density and rural communities where they do not customarily have local presence; MI in many ways new product that requires new thinking, innovation, outlook, and marketing. MI requires a different mind set and analytical tools, but using same mathematical assumptions. Help is available, experience is being built around the world, and ILO can be one of the channels of redistribution of such experience. Other contributing factors include ICT network within a specific country, availability of government and regulatory support in making MI feasible. Reinsurance and co-insurance can play a significant role in consolidating national and regional MI development by making expertise and capacity available, especially for catastrophic accumulations of risk that can be exposed to natural hazards such as climate change, floods, earthquakes and other risk factors such as fire, business failure risks, death and disability.

Who is a Microinsurer?

- The interest of the poor at heart; willing to toil to serve and make sense of insurance for its future growth and development; willing to embark on a voyage to new territories, locations, and clients;
- Open mind about distribution channels, and willing to think laterally.
- Investing in the poor: doing well by doing good, securing everyone's future, including the insurer's.

The MI products: These are more or less homogeneous risks and differ very little in terms of character from one community or country to the other; however finer details are in the consumers social and economic networks and available infrastructure. MI is very much a generic product except for health, which is significantly affected by availability of national health schemes, level of development of delivery institutions and people's outlook of the health risk.

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4. What will help MI take-off and develop?

Favorable government policy, tax incentives, facilitation of awareness and education
Organized regulator that works with the different stakeholders
Proper definition of MI risks at national level and determination of standards for service, distribution, overheads, products and commitment
Cooperation at national and sub regional levels, expert assistance at various levels
Adequate seed money for education and awareness, product development, infrastructure development, IT, and training
Forum for information and experience exchange.
Etc

5. Conclusion: Is Africa ready for MI?

Large market base, great growth potentials, the FUTURE for tomorrow's insurance industry, good means of mobilization of resources, and adequate outlet for government initiatives aimed at uplifting the standard of living of their peoples. Good politics, good returns, best means of providing security and advancement for the working poor. MI is not a welfare support but a great tool for real growth generated from within. (Refer to specific survey findings)

Do we have the appropriate government policy and regulations?

Do we have the required MI infrastructure?

Do we have MI insurers ready to go?

Do we have international support to empower markets to embark on MI adequately?

Great area for international cooperation, coordination of efforts and different institutions being able to sponsor an aspect of MI development.

Are we aware of international best practices, and what help we can get to reach there?

Education and training for the insurance industry, awareness and education for the MI consumers

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Plenary 2, Health - Linking microinsurance to national health insurance

Marcia Metcalfe, Microfinance and Health Protection, Freedom from Hunger, USA

*Extending healthcare coverage to the poor through private/public linkages:
Lessons learned from CARD Bank, Philippines*

Organisation Description

Founded in 1946, Freedom from Hunger's mission is to bring innovative and sustainable self-help solutions to the fight against chronic hunger and poverty. Freedom from Hunger is a pioneer in the design and dissemination of integrated financial services and lifeskills training and related products and services that equip the rural poor to escape poverty and achieve household food security.

Summary

Social health insurance provides important financial protection for the poor, but persistent barriers have limited reach and take-up by informal-sector workers and families.

Others, including ISSA and ILO-STEP, have described the typology and potential of linkages between social health insurance and community-based social protection schemes provided by credit unions, cooperatives and MFIs, to combine complementary strengths to successfully and efficiently extend coverage. But in practice, how have these linkages worked and what have they accomplished? Do they increase access and reduce financial vulnerability for the poor? Can effective interfaces be created to assure that the benefits of providing the insurance program outweigh the costs to the MFI? And do these linkages help social health insurance programs progress towards their goal of universal coverage? This presentation will share findings on these and other questions about the opportunities and challenges of linking MFIs and social health insurance drawn from the experiences and impact evaluation of the link between the Center for Agriculture and Rural Development (CARD), a Philippine based MFI, and the Philippine social health insurance scheme.

Since 2007, CARD, a successful MFI with over 700,000 members, has partnered with and enrolled clients in the National Insurance Program of the Philippines (PhilHealth). CARD observed that poor health and incidents of illness were often major factors threatening the financial security of MFI clients. Information from exit interviews and loan officers suggested that poor health was a factor in client drop-out and repayment problems, and in-depth market research indicated that clients were especially in need of health insurance to reduce their vulnerability to unexpected health shocks. Private insurance options were expensive and often not available. Although CARD provides other insurance products, they recognized that managing a "stand-alone" health insurance product required different skills and capacities. The objective of partnering with PhilHealth is to achieve a "triple-win" with greater financial and health protection for MFI clients; improved business performance and market position for CARD; and reduced

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administrative costs, less member turnover, and increased enrollment for PhilHealth.

After two years, CARD has enrolled 10,000 clients in PhilHealth, providing access to hospital benefits for over 50,000 individuals. CARD has been working with Freedom from Hunger to collect and analyze comprehensive qualitative and quantitative impact data on client satisfaction, retention, loan size, repayment rates, use of health services, and the costs and benefits to the MFI. These results, along with CARD's experience with educating clients and managing the interface with PhilHealth, reveal important benefits and potential for MFI and insurance scheme linkages as a sustainable strategy to extend health insurance coverage to the poor.

Keynotes

1. Public-private linkages can mitigate some of the persistent barriers to extending health insurance to the informal sector.
2. These linkages also provide mutual advantages to MFIs, other community-based social protection programs, their clients, and to public and private insurance schemes seeking to reach the poor.
3. MFIs, and similar organizations have unique strengths and competencies that can be leveraged to improve the promotion, enrollment, retention, and use of health insurance by the poor.

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Plenary 2, Health- Linking microinsurance to national health insurance

Arleth Cristina Mercado Arias, Gestar Salud, Colombia

How can health microinsurance link with social security systems?

Organisation Description

Gestarsalud is the association of responsible health companies that work in the subsidiary health regime with more than eight million affiliates. It makes technical representation within public and private organisms in the local and international environments. It participates in the search of health public policies. Generates analysis and research in the insurance model as it strengthens the collective property of the responsible health companies.

Summary

In Colombia health for the poor is guaranteed within a mandatory insurance system that for poor people is financed by the government who defines the benefits, the value paid to the insurance companies and the operation rules. Due to the poverty conditions there wouldn't be a possibility of realistic complementary systems like macro insurances, because the benefits plan tend to cover the pathologies with a bigger impact in health and the benefit of people.

Considering the option of micro insurances as an option denominated in our country as complementary plans, to cover other pathologies in people who has payment capability. In this case they perfectly match our social security system. In rural areas the net offer of Colombia is basically public, but there are zones with difficult access a little capability of resolving, and that public net is for which we are sending the proposal to mobile units of attention with the strategy of primary attention.

The payment of a capacitating unit for a group of affiliates is the mechanism used to ensure the health of poor at low prices, which allows the EPS a better negotiation capacity with the fee lenders, in standards of opportunity and the development of processes that are needed like auditing.

The technology used as an administrative support is important to decrease operative expenses of the insurances, in the case of processes of attention, the technology can be supported with telemedicine, to be used in zones of difficult access, anyway the advances in support technology are not included in the benefit lists, and they impact in a bigger expense because in Colombia health is a fundamental right.

The sketch of health mandatory insurance minimizes the moral risk and the adverse selection, all in all as the resources aren't enough we can include only illnesses that do not unbalance the operation.

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Keynotes

1. The guarantee on health attention of poor population is the State responsibility.
2. The micro insurance takes payment capability. It applies as a strategy to facilitate health covering in people with paying capability.
3. Mechanisms that allow scale economy and a bigger capacity of negotiation are truly convenient to make it more homogeneous and decrease the costs of the guarantee.
4. For poor people models should establish intervention model risks emphasizing in P &P.

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Session 2, Health – Health mutals

Maxime Prud'Homme, Société de coopération pour le développement international (SOCODEVI), Canada

The experience of the Mutuelle de santé régionale de Sikasso (MUSARS) in Mali

Organisation Description

SOCODEVI (Société de coopération pour le développement international) is a Canadian network of cooperatives and mutals that shares technological expertise and know-how with its partners in developing countries with the aim of creating, protecting and spreading wealth. We establish and provide support for cooperatives and mutals whose principal objectives are to offer high-quality services and increase the wealth of their members. Website: www.socodevi.org

Summary

The presentation will comprise a study of an actual case. The experience of the Mutuelle de santé régionale de Sikasso (MUSARS) in Mali will be the subject of a presentation covering the risks treated in Topic 1: 1) Recommended strategy to ensure the mutual's survival; 2) Risks and challenges encountered in relation to the population's willingness to subscribe to and receptiveness to the health insurance product; 3) Links to the Mali state health insurance system; 4) Measures taken by the mutual to come to terms with offering limited health cover; 5) Action taken to offer an affordable health insurance product; 6) Technology support needed for the mutual to function. The presentation will illustrate the lessons learned from its experience since it was launched in 2005 and will put forward the current thinking of those involved in the project as regards possible ways of overcoming restrictions and certain difficulties that have not yet been resolved.

The Mutuelle de santé régionale de Sikasso (MUSARS) provides members of Kafo Jiginew, the Mali mutual savings bank union, in the Sikasso region with affordable protection against health risks that also improves their access to health care. The initiative was launched in 2005 following an eighteen-month planning period that preceded the mutual's creation. During this period, partners were identified, the feasibility study was conducted, the implementation plan for the mutual was prepared, sources of finance were sought and the start-up organisation was determined. MUSARS has now been in operation for two years and has several partners: the Kafo Jiginew microfinance network, the Union technique de la mutualité malienne (UTM), the SSQ-Mutuelle de gestion (Canada), the Mutuelle assurance des commerçants et industriels de France (MACIF) and the Société de coopération pour le développement international (SOCODEVI). MUSARS aims to become organisationally and financially independent by 31 December 2013. To achieve this, it intends to have more than 46,000 insureds by that date.

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Keynotes

1. The importance of promotion and education in health insurance.
2. The importance of long-term commitment to development of this sector.
3. Qualified personnel is scarce and a great deal of effort must be devoted to education and training.
4. The quality of the synergy between the partners – microfinance, other mutuals and the state – is a key success factor for a mutual.

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Session 2, Health – Health mutals

Sophy Fall, Caritas Mauretania, Mauretania

Dar-Naïm community mutual, Nouakchott, Mauritania

Organisation Description

The national statistics office in Nouakchott, Mauritania (Office national des statistiques – ONS) is a research and service centre organising studies throughout the country, mainly relating to demography and the health of the population. I have been the President of the Dar Naïm health mutual since 2003 and am responsible for managing all of its activities.

Summary

The Dar Naïm community mutual was established on 11 January 2003 and enjoyed a spectacular start, signing up 14,000 members in its first year. However, the number of contributing members then began to decline steadily, despite a gradual improvement in the benefits package, leading to a massive fall in membership, and the mutual needed to draw on its reserves to break even in 2006 and 2007.

As a result, the decision was taken to increase contributions and joining fees. In 2006, the joining fee rose from MU 200 to MU 300 and the monthly contribution from MU 50 to MU 60. These increases did not have the desired effect.

At the end of 2007, a study was carried out to analyse the socio-economic and institutional factors that might favour or restrict the mutual's development.

The results of the study enabled the causes of the mutual's stagnation to be better understood and it was clear that change was unavoidable – a new era began.

The recommendations arising out of the study were to: 1) intensify information and awareness campaigns, 2) improve the collection of contributions and 3) rationalise the mutual's administration and make it more transparent.

The objectives for 2008 are to increase the number of members paying their contributions, reach break-even again and increase market penetration. To achieve these objectives, it was necessary to move from monthly to annual contributions and to introduce a door-to-door approach to distributing information and increasing awareness.

Those entrusted with this task on the ground were given training and a document summarising the main messages to be spread. They made a series of visits to people's homes.

Two supervisors were given the task of monitoring the quality and content of communication and the methods used.

Benefits were offered to encourage people to opt for an annual contribution: existing members receive a discount of one month's contribution and the probation period is reduced for new members.

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To increase efficiency, various controls are carried out: 1) flow of funds, 2) use of healthcare and 3) use of the various services and cooperation with service providers.

The information campaign had a considerable effect: the contribution collection rate rose from 37% in 2007 to 65% in 2008 and the ratio of contributions to care costs increased from 85% to 105% in the same period.

The results achieved encouraged the mutual's members to adopt the principle of an annual contribution at their General Meeting in March 2009. Community-based social protection.

Keynotes

1. Monthly contributions are very onerous to administer if they cannot be deducted directly from members' salaries.
2. A high collection rate improves a health mutual's financial situation more than any increase in contributions.
3. A study can provide the trigger for new dynamism.

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Session 2, Health - Health mutals

Aparna Dalal, The Financial Access Initiative, USA

Using Health Insurance to Improve Quality of Care

Organisation Description

The Financial Access Initiative (FAI) is a consortium of researchers at NYU, Yale, Harvard and Innovations for Poverty Action focused on finding answers to how financial sectors can better meet the needs of poor households.

FAI aims to frame key questions about the financial lives of the poor, to test innovative solutions that can expand financial access, and to generate and communicate evidence that informs important policy decisions.

Summary

Poor households face many informational challenges while accessing health care. While access to health care, as measured in number of facilities and doctor visits, has improved for low income households around the world, the actual quality of care, as measured by accuracy of the diagnosis and treatment, remains low. Poor households are particularly disadvantaged because their limited financial capacity might affect their ability to access high-quality providers, and also because doctors might put in less effort because of the patient's limited capacity to pay for treatment.

Can access to health insurance overcome these challenges and improve the quality of care available to poor households? Insurance can improve care in two distinct ways – first, insurers can enforce service quality by providers that are visited by poor households; second, insurers can provide access to higher-quality providers which might have been off-limits previously because of resource constraints.

This is the primary research question behind a study by The Financial Access Initiative and the Micro Insurance Academy. The study reviews the experience of members of two microinsurance schemes in India as they seek health care for a specific treatment. The experience of the insured members is then compared to a similar group of uninsured individuals.

The study examines the quality of care through a structure, process, and outcome framework. Structure - the study examines overall infrastructure and the availability of staff and equipment. Process – the study evaluates the accuracy of the diagnosis and quality and steps of the curative process. Outcome – the study examines the patient's health seeking behavior, their satisfaction with the process and the outcome of the treatment.

Quality of care is assessed through key informant interviews and focus group discussions with insurers, doctors and hospital administrators, patients and accompanying family members. Tools such as hospital checklists, patient files, patient satisfaction surveys and providers skills evaluations are used to supplement the qualitative information.

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The study is currently in the implementation stage. Data collection runs from June to August and analysis will take place in September. Results will be available for the conference.

Keynotes

We will present findings to the following five questions -

1. Does insurance provide access to better quality providers?
2. Does access to health insurance affect a patient's health seeking behaviour?
3. How do patients think about quality of care? What quality dimensions are important to them?
4. What specific features of insurance policies (example, established network of providers) affect the quality of care?
5. Do health providers treat insured patients differently than the uninsured?

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Session 3, Academic track - Impact of microinsurance

Ralf Radermacher, Microinsurance Academy, India

What do we know about the impact of microinsurance?

Organisation Description

The Micro Insurance Academy is an Indian Charitable Trust dedicated to training, research, and advisory services for microinsurance units (MIU) serving the poor. With our staff of 40 Indian and international experts, we support our clients in concept development, capacity building of management and executive staff and provide technical assistance all along the implementation of microinsurance. We engage in research to enhance the available knowledge in the sector and improve efficiency of MIUs.

Summary

We assume that micro health insurance entails that (potential) clients must pay a premium; when the decision to join the insurance is voluntary, a key issue is how much clients would be willing to pay for insurance. We inquired about the willingness of low income households in rural India to pay for health insurance.

We

used the 'descending bidding game' method to investigate WTP levels per individual, under the condition that the entire household must join.

This presentation is based on the findings of these studies; we calculated the relative and absolute levels of WTP; we analyze the parameters influencing WTP for health insurance (bi- and multivariate analysis) and share our insights, which could be relevant for extending micro health insurance in rural India.

Keynotes

1. The poor are willing to pay for health insurance.
2. Willingness to pay differs across locations, both in relative and in absolute terms.
3. There is a limiting nominal value of WTP, which means that poorer households would invest a larger share of their income than richer households in paying health insurance premiums.

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Session 3, Academic track - Impact of microinsurance

Syed Abdul Hamid, University of Dhaka, Bangladesh

Can micro health insurance reduce poverty? Evidence from Bangladesh

Organization Description:

Institute of Health Economics, University of Dhaka, Dhaka, Bangladesh.

Summary

This paper examines the impact of micro health insurance on poverty reduction in rural areas of Bangladesh. The research is based on primary data collected from the operating areas of Grameen Bank during 2006. We used the following indicators to understand poverty status in details: household income, stability of household income, investment in productive assets and head count index of poverty measurement. The results show that micro health insurance has a positive association with all these indicators, but the evidence is not strong.

Keynotes:

1. Micro health insurance
2. Poverty reduction
3. Grameen Bank

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Session 3, Academic track - Impact of microinsurance

Munenobu Ikegami, International Livestock Research Institute, Kenya

Dynamic Effects of Index-based Livestock Insurance on Household Intertemporal Behavior and Welfare

Organisation Description

International Livestock Research Institute (ILRI) works at the crossroads of livestock and poverty, bringing high-quality science and capacity-building to bear on poverty reduction and sustainable development.

Summary

Index-based insurance attracts attention from development agencies as a tool for reducing vulnerability of agricultural households and increasing their welfare (Barnett, Barrett and Skees (2008), Barnett and Mahul (2007)). Previous economic analyses show that index-based insurance is effective when asymmetric information between insurance companies and the insured is large, transaction

cost are high, and basis risk is small. In quantifying the positive effects of index-based insurance, the previous studies are not sufficient since they do not take into account household's intertemporal decisions such as asset accumulation and occupational change. Index-based insurance reduces household's income fluctuation by partially offsetting poor realizations of its agricultural income and increasing welfare defined as expected (ex ante) utility from consumption. Other positive effects of index-based insurance includes improved production incentives. Since the household faces reduced risk in agricultural production, the household would invest more in agricultural productive assets and increased productivity and income. In addition, when the household is hit by poor realizations of agricultural income, index-based insurance could prevent households from selling productive assets for consumption smoothing which may decrease productivity and income earning capacity in the future.

This second effect could be especially large if the target households face an environment which generates poverty traps. Barrett, Carter and Ikegami (2008) show potentially large returns to social protection programs which provides as assistance to the household which is hit by negative economic shock and falling into poverty traps and they name such an assistance as productive safety net. If the household faces such a poverty trap environment and index-based insurance works as a productive safety net, the dynamic effect would be large.

In this paper, we will quantify the effects of index-based insurance on household behavior and welfare including not only the direct effects of reduced income risk but also the indirect effects of household responses to reduced risk and reduced negative income shock by applying household asset accumulation model.

Consistent with evidence on the pastoral economy of Northern Kenya, on which the analysis of index-insurance is based, we model household asset accumulation in a poverty trap environment. The household can generate income

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by either livestock or non-livestock activity. The income generating activity through livestock is riskier but more profitable than the non-livestock activity. Because of this non-convex production technology, there can be the threshold in the amount of livestock under which the household gives up accumulating livestock and obtaining more profits. In such an economic environment, index-based livestock insurance can decrease poverty by reducing risk and negative shock of the income generating activity through livestock.

Keynotes

1. Microinsurance has dynamic positive effects on households welfare, which would be larger under poverty trap.
2. Microinsurance can be a "productive" safety net, which prevents households from falling into poverty traps.
3. Index based insurance is a solution for moral hazard, adverse selection, and high transaction costs of microinsurance but should be designed well to minimize basis-risk.
4. A household intertemporal decision model can show a structure of the dynamic effects and quantify the effects.

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Session 5, Health - Financing mechanisms for health

Adam Dramane Batchabi, ILO, Benin

Solidarity between those working in the informal economy and workers in small and medium-sized enterprises (SMEs) with a view to providing access to a health insurance product: the MSS

Organisation Description

The campaign for social security and health insurance for all is run by the STEP programme of the ILO's social security department, which supports the expansion of social protection through persuasion and technical assistance provided to the authorities, employee and employer organisations and the civil society. It also provides technical support for the establishment and management of community-based social protection schemes.

Summary

The Mutuelle de Sécurité Sociale (MSS) in Cotonou is a social mutual aimed at the informal economy established at the government's initiative in 1999. It is administered by committees made up of elected members from the member associations. A standard monthly contribution of FCFA 850 per person is needed to finance the health insurance offered, which covers a wide range of services (primary and secondary health care). However, to make the product accessible to self-employed people able to afford only small contributions, the mutual opened up membership to other categories, notably workers in SMEs, who pay a higher contribution according to a scale, and the monthly contribution for the self-employed was fixed at FCFA 600 per person, with cover being the same for all categories of member. The mutual is managed professionally by salaried staff who use special management software.

Keynotes

1. Insurance product distributed through socio-professional associations
2. Solidarity between people in the informal economy and workers in SMEs
3. Fair contributions in a health microinsurance scheme
4. Professionally managed health microinsurance scheme

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Session 5, Health - Financing mechanisms for health

Pascale Le Roy, Consultant, France

Third Party Payment Mechanisms in health microinsurance in developing countries – Lessons learned on design and management

Organisation Description

Independent consultant working for the Microinsurance Innovation Facility and STEP programme in ILO.

Summary

To provide real value for the poor, health insurance schemes need to limit the amount of cash insured members have to pay/advance when they use health care services once they have paid their premium. As long as this is feasible, health microinsurance schemes can effectively alleviate financial barriers to health care by setting-up a third-party payment (TPP) mechanism with selected health care providers.

With a third-party payment mechanism patients covered by a health microinsurance scheme are not required – at the time health services are consumed – to pay for health expenses covered by the scheme; they pay only a deductible or co-payment, if any. The health microinsurance scheme (the third party) pays the health facility for the expenses it incurred on behalf of the patient. Different methods of payment can be negotiated between the health microinsurance scheme and the selected health providers (reimbursement based on fee for service, on case, prospective payment based on expected cost per capita, etc.).

Setting up a third party payment mechanism is a standard design feature for many health microinsurance schemes such as the "Mutuelles de santé" in West Africa but may be less frequent in some other contexts. As the number of health microinsurance schemes is growing and more and more schemes would like to set up TPP to develop cashless solution for their insured members, the microinsurance innovation facility and STEP programme in ILO as well as the Microinsurance Network's working group on health insurance, are conducting a study to consolidate existing experience in terms of design and management of viable TPP in health microinsurance schemes in developing countries.

This study will adopt a practice-based approach with selected case studies of health microinsurance schemes from Africa, Asia and Latin America. It will present different options for TPP, lessons learnt and solutions developed with regards to: contracting, provider payment mechanism, quality of care monitoring, claim management, etc.

Keynotes

The study will be completed at the end of August 2009 and key messages will be available at that time and presented during the conference.

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Session 5, Health - Financing mechanisms for health

About Diagne, TransVie, Senegal

Promoting cost-sharing between workers and employers

Organisation Description

Transvie is a mutual non-profit-making organisation with national headquarters and local sections. It is managed at national level by a board of directors with a supervisory board and at local level by section committees. It has technical staff at national and local levels. A four-year development plan has been prepared with the help of the ILO/STEP programme, which has provided Transvie with monitoring and evaluation software.

Summary

Transvie is a social mutual in Senegal created at the instigation of workers in the road-transport sector, who included the issue of social protection in their list of demands at the end of 2004. It commenced operations in 2008 as a mutual that will in time operate throughout the country. Its target population drawn from the road-transport sector is estimated at 423,000. It offers a health insurance product including a wide range of services that provides 70% cover at the primary level and 90% at the secondary and tertiary levels. The standard contribution of FCFA 7,200 (for a six-person household) is covered by the employer and the employee, with the latter paying the larger share. Transvie benefits from a communal spirit that has enabled it to enjoy a high collection rate without the need to suspend cover for members whose contributions are overdue. It is currently considering extending its range of services. Its organisation and operations conform to the regulations governing social mutuals in the WAEMU (West African Economic and Monetary Union) approved by the ministers responsible for social mutuals.

Keynotes

1. Solidarity between employers and employees (shared payment of contributions)
2. Standard contribution and advantages for group membership
3. Strong communal spirit and solidarity among informal road-transport workers
4. Cover for beneficiaries whose contributions are overdue

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Session 6, Academic track – Demand for Microinsurance

Susan Steiner, GIGA, Germany

More than just credit: Household demand for (micro)financial services in rural Ghana

Organisation Description

The GIGA German Institute of Global and Area Studies, formerly the German Overseas Institute, is a Hamburg-based research institute focused on political, economic and social developments in Africa, Asia, Latin America, North Africa, and the Middle East.

The GIGA is the largest German research institute for area and comparative area studies. It is also among the largest in Europe.

Summary

This paper argues that the study of the demand for financial services in developing countries leaves out part of the story if it looks at only one of the three elements of the so-called finance trinity—that is, savings products, loans, and insurance—as is largely done in the literature. In contrast to previous research, this study assumes that households' choices for any of these services are strongly interconnected. Therefore, the paper simultaneously estimates the determinants of household demand for savings, loans, and insurance by applying a multivariate probit model to household survey data from rural Ghana. On the one hand, the estimation results confirm the common finding that poorer households are less likely to participate in the formal financial sector than better-off households. On the other hand, there is empirical evidence that the use of savings products, loans, and insurance depends not only on the socioeconomic status of households but also on various other factors, such as households' risk assessment and past exposure to shocks. In addition, trust in the providing institution and its products appear to play a key role.

Keynotes

1. rural financial markets
2. demand for financial services
3. household behaviour
4. Ghana

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Session 6, Academic track – Demand for Microinsurance

Christiane Ströh, Free University of Berlin, Germany

Remittances, bancarisation and the demand for formal and semi-formal insurance schemes

Organisation Description

Christiane Ströh is lecturer at Free University of Berlin where specific courses on microfinance are offered within a wider range of courses on development economics.

Summary

"A good share of rural households borrow, many more save, but all seek to insure against the vagaries of life. In the view of the virtually complete absence of formal insurance markets and social security systems accessible by the poor [...], they use a multitude of measures to reduce the likelihood or impact of risks, either through ex-ante or ex-post measures for smoothing income, consumption or both" (Zeller/ Sharma 2000: 162). Among different risk-management strategies, financial services constitute only a part of the mechanisms of dealing with shocks related to relevant risks. Besides strategies like conservative production decisions of farmers or multiple employments, financial services and devices can help low-income households to cope with risks. Poor households thus use a variety of different money management arrangements for "insuring risks" consisting in borrowing, lending, saving and taking part in insurance societies such as burial societies or buying (micro)insurances. Furthermore, remittances could be one of the risk mitigating mechanisms. Indeed, in the literature on remittances it is argued that they act as insurance, for example, against losses faced after a natural disaster. We therefore investigate how the fact that a household receives remittances influences the use of formal and informal insurances.

We study this question empirically using data from the FinScope survey conducted in South Africa. In South Africa, the most widely insured incident are funeral costs. Households either buy a formal insurance or become member of a burial society which provides an informal/ semi-formal protection. Remittances can have two effects on the use of insurance. First, they can be an alternative mechanism to cope with this risk. This, ceteris paribus, reduces the use of formal and informal insurances. Second, remittances increase the income of the household and thereby allow it to buy formal or informal insurances. Therefore, the analysis also considers the fact of being banked and/ or transferring the remittances through formal channels and the implications of bancarization on the kind of risk coping mechanism applied.

We show that the use of formal insurances increases in income. However, the use of informal insurances hardly depends on income. With respect to remittances, the use of formal insurances increases significantly but the use of informal insurances decreases. Once we control for income, the use of informal insurance is hardly affected. Furthermore, we find that education (given a certain

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income level) has a significant positive effect on the demand for formal funeral policies. In contrast, having visited at least high school reduces the probability of belonging to a burial society. The same is true for living in urban areas. The banking status also is important for the individual's insurance decision. Zeller/ Sharma (2000): "Many borrow, more save, and all insure [...]", in: Food Policy, Vol. 25, No.2, 143-167.

Keynotes

1. The demand for informal insurance is largely independent of income but it declines
2. with increasing education.
3. Remittances increase the use of formal insurance but decrease the use of informal
4. ones (to a much lower degree if controlling for income).
5. The higher a household perceives risk the more likely it uses formal insurance and
6. the less likely it uses informal insurance. Thus, trust in informal insurances is
7. limited.
8. Remittances are substitutes for other informal types of insurance.

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Session 6, Academic track – Demand for Microinsurance

Kelly Bidwell, Innovations for Poverty Action, Ghana

Addressing agricultural risks: Review of ongoing microinsurance field experiments

Organisation Description

Innovations for Poverty Action (IPA) is a nonprofit organization that creates and evaluates approaches to solving development problems, and disseminates information about what works and what does not to policymakers, practitioners, investors and donors around the world. Our effectiveness as an organization depends upon the accuracy and usefulness of our evaluation results. We rely primarily on randomized controlled trials (RCTs) to achieve the highest quality results.

Summary

Previous research has shown that returns to investments in agriculture can be high. For example, Udry and Anagol (2006) show that the real return to capital in Ghana's informal sector is high, with annual returns ranging from 205-350% in pineapple cultivation, and 30-50% in established food crop cultivation. However, many farmers do not take-on what seem to be profitable investments. What is constraining them to do so? In Ghana, where 52% of Ghana's population lives in rural areas and 44% of the rural population lives below the poverty line, a majority of whom are small scale farmers, this question is of particular importance.

One possible explanation is that farmers are capital constrained, and lack access to credit. Farmers could also be risk averse and reluctant to undertake certain investments for fear of facing unforeseeable weather patterns, crop failure and being unable to repay loans. In such a scenario, developing appropriate insurance mechanisms and financial products for this sector is crucial. What are the main constraints to investment in agriculture, and what insurance products will be the most effective?

In order to understand those barriers, and help develop effective insurance products, IPA is conducting an experimental study in rural areas of Ghana, led by Yale researchers. In 2009, Innovations for Poverty Action designed a ground-breaking rainfall insurance product in Northern Ghana. Six months of in-depth research and close consultation and partnership with the Ministry of Food and Agriculture and Presbyterian Agricultural Service, led to the development of a rainfall insurance product which is simple and easy to understand. Using a randomized design, IPA marketed the product to a sub-set of farmers in order to study its impact on farmers' investment behavior and well-being. In the coming two years the current study will be expanded to allow for analysis of appropriate pricing of the rainfall insurance product and for an examination of impact and demand overtime as knowledge, trust and prices change. The insurance product will again be provided for free to a random selection of the sample, and also marketed for a nominal price and the actual market price. Capital will be provided to a random selection of the sample as well, allowing for further differentiation between the effect of capital constraints and risk aversion on farmers investment decisions.

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This randomized experiment will seek to answer the following questions:(i)how insurance products and capital shocks impact farmers' investment decisions, distinguishing between the affects of risk aversion and of capital constraints on farmers' behaviour (ii) how elastic to price demand for rainfall insurance is and what pricing is most appropriate and effective at maintaining demand for agricultural insurance.

The presentation will review existing experiments looking at the effects of price and other factors on demand for insurance and will present the preliminary results.

Keynotes

1. Lack of appropriate mirco insurance products for agricultural sector
2. Challenge of designing and marketing insurance product for poor farmers
3. Great potential to decrease risks, lessen the impact of shocks and increase investment
4. Price matters and hinges on appropriateness of product and effectiveness of marketing, understanding farmers sensitivity to price and demand for product is key
5. Importance of answering questions and addressing these challenge with rigorous research

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Plenary 3, Linking microfinance with Microinsurance – How can microfinance be a driver for microinsurance?

Craig Churchill, ILO, Switzerland

Dos and don'ts: Microinsurance recommendations for microfinance institutions

Organisation Description

The International Labour Organization is a specialized UN agency that promotes social justice and decent work for all. With workers and employers participating as equal partners with governments in its governing organs, the ILO formulates international labour standards such as freedom of association, the right to organize, collective bargaining, abolition of forced labour and equality of opportunity.

In 2008, the ILO launched the Microinsurance Innovation Facility thanks to a grant from the Bill & Melinda Gates Foundation. By providing grants, advisory services, conducting research, and disseminating good practices, this global Facility endeavours to:

- Support the development of valuable insurance products for low-income and rural households;
- Encourage the emergence of institutional models and partnerships that effectively deliver insurance to large volumes of low-income households;
- Promote market education to help low-income consumers appreciate the utility of insurance and identify high value products.

The ILO's interest in microinsurance comes from two perspectives. On the one hand, microinsurance is a means through which social protection can be extended to excluded populations, such as workers in the informal economy. On the other hand, the ILO is also concerned about the social effects of the financial market, which often excludes the working poor who only have their labour as capital. Consequently, for the ILO, microinsurance enhances access to social protection and promotes inclusive insurance markets.

Summary

Microfinance institutions are an important delivery channel for microinsurance, but perhaps they could be more effective. To encourage more effective on the topic engagement by MFIs, his presentation will cover the following four themes:

1. Should an MFI offer microinsurance?
2. If so, through what institutional structure?
3. If they partner with an insurance company, how can they manage that relationship effectively?
4. What products should the MFI offer?

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Keynotes

MFIs are just one channel through which insurers can reach the low-income market, but they are an important channel that should be utilized more effectively. If MFI managers understand basic insurance concepts, and structure their engagement with insurance more strategically, they can benefit themselves and their clients.

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Plenary 3, Linking microfinance with Microinsurance – How can microfinance be a driver for microinsurance?

Arman Oza, Quadrant Consultants Pvt. Ltd., India

Converging Micro-finance and Micro-insurance - Possibilities, issues and Challenges

Organisation Description

Quadrant Consultants was set up in September 2007 to develop consulting practice in the three broad areas of risk management, micro-insurance and training. On the micro-insurance side, we have taken up projects for NGOs and funding agencies in the areas of micro-insurance programme review, product development, community risk assessment and training. On the risk management side, we have worked for Small and Medium Enterprises handling their insurance portfolio.

Summary

While micro-insurance (MI) has been unequivocally acknowledged as an obvious extension of micro-finance (MF) - both at the conceptual and operational level, the global experience in this regard has not been very encouraging, so far. MFIs in general have not been able to fully grapple with micro-insurance. At best, most of the MFIs have ended up using MI only as a credit risk management tool for themselves. Rather than being pursued as a well thought-out business strategy, MI is most often pushed through the conduit of micro-credit. As a result, insurance becomes contingent upon credit and withers away as soon as debt is repaid. This paper purports to highlight the areas of convergence between MF and MI from a Community Risk Management perspective. Both address different areas of the risk quadrant and hence complement each other quite profusely. Micro-savings enable retention of risks that are low in frequency and severity. Savings are also required to finance risk control activities (like preventive healthcare) for high frequency risks. Micro-credit is an ideal tool for handling avoidance necessitated by high frequency high severity risks. Affordable credit is also a vital element in managing business risks. On the other hand, MI is the right strategy for low frequency high severity risks. Unless all these categories of risks are addressed effectively, a perceptible improvement in the risk profile of the community is never going to be possible. Improving the overall risk profile (poverty reduction) of the community (target customers) is not only desirable from a developmental angle but also makes better business sense as prosperity will only increase the utilization of financial instruments like credit and insurance, which means more business for the MFI. Such a holistic vision at the strategic level then needs to be coupled with synergizing operations. The paper also elucidates the need to devise integrated business models for MF and MI in order to attain viability of operations. Last, but by no means the least, the paper also points out areas of divergence between MF and MI. In order to be able to manage both the activities efficiently, the MFI also needs to understand the

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cultural differences between MF and MI. While MF (especially credit) typically enjoys substantial committed demand, MI calls for creation of demand. In plain words unlike micro-credit, MI has to be 'sold'. Moreover, the benefits of insurance being distant as well as contingent, there is always an element of aversion at the point of sale. Considerable effort on consumer education needs to go in to overcome these impediments. The congruence and incongruence between MF and MI need constant calibration in order to ensure harmony and cohesion. If this done, both will not only co-exist but will also support and promote each other as strong strategic business units. This will also augur true financial inclusion and bring in perceptible benefits to the communities.

Keynotes

1. MF and MI can not only co-exist but can be viable complements of each other.
2. It is essential to comprehend the conceptual convergence between MF and MI from a Community Risk Management perspective and devise congruent business models accordingly.
3. It is also equally essential to fully understand points of divergence and conflict between MF and MI and handle them carefully.

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Session 7, The African experience – How to reach the low income market

Janice Angove, Quindiem Consulting, South Africa

Experiences of traditional insurers in the microinsurance market in Southern and Eastern Africa

Organisation Description

Quindiem Consulting is the leading microinsurance actuarial consultancy globally, with 5 key practice areas: life insurance; nonlife insurance; regulation; financial inclusion & quantitative analysis. We provide extensive technical assistance around insurance for the low income market, advising numerous insurers & MIUs globally on MI products & strategy. We have also undertaken landscaping studies on microinsurance for the MicroInsurance Centre, ILO grantees, the AFD and other donors.

Summary

Despite the large proportion of poor people in Africa, at present there is relatively little microinsurance activity on the continent. There is vast potential for expansion for microinsurance in Africa, as seen through the rapidly increasing interest in the microinsurance market from commercial insurers, as it has become increasingly evident that microinsurance is more profitable than previously realised. Nevertheless the involvement of traditional insurers in the microinsurance market ranges from little or no involvement, to microinsurance forming an integral part of the expansion strategy of the insurer. In the South African insurance market traditional insurers have been providing funeral insurance to the low income market for over a century and there is widespread interest in the expansion of product offerings and services to the low income market. In the less developed insurance markets in other countries in Southern and Eastern Africa there is less extensive but growing involvement in microinsurance. Some traditional insurers are exploring ways of expanding into the low income market by expanding the product offering from the traditional credit life and funeral insurance products and using new distribution channels and marketing techniques.

This session explores the understanding, perceptions and experiences of traditional insurers from Southern and Eastern Africa in the sphere of microinsurance. We explore how traditional insurers are expanding their strategies and using new approaches to provide insurance to low income clients. The experiences of traditional insurers in the expansion into microinsurance are investigated, paying particular attention to barriers to moving down market, the need to change strategies and mindset to better understand the microinsurance market, and product design and distribution channels for low income clients. Traditional insurers' strategies for overcoming barriers and enabling factors opening up opportunities and creating growth in the microinsurance market are examined.

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In conclusion insights into country specific factors influencing the extent of the involvement of the traditional insurance market in microinsurance and opportunities for growth in each market are discussed.

Keynotes

1. Perceptions and experiences of traditional insurers expanding into the microinsurance market
2. Barriers to traditional insurers moving down market
3. Strategies and opportunities for growth for traditional insurers in the microinsurance market
4. Industry and country factors affecting microinsurance provision by traditional insurers

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Session 7, The African experience – How to reach the low income market

Charles Mutua Wambua, Swedish Cooperative Centre, Kenya

Marketing microinsurance products: Challenges and solutions

Organisation Description

Swedish Cooperative Centre (SCC) is a non-governmental organization founded in 1958 by the Swedish cooperative movement. The overall goal of SCC is poverty alleviation with the vision of "a world free from poverty and injustice". SCC does this by working in long-term development projects, implemented in cooperation with local organizations in the countries SCC operates in. By offering aid for self-help, SCC gives poor people tools to find a way out of poverty by themselves.

Summary

This paper/presentation seeks to expose the challenges often experienced when marketing microinsurance products. It highlights valuable lessons, drawn from the Kenyan experience that can provide some practical solutions to these challenges. There is always an eminent challenge to marketers, on how to change the thinking of "I need to get this sale," to "How can I get this prospect to talk about my product or service?" The reason behind this thinking is that when good talk goes around about a product – there is assurance for sustained sales growth since this is a sign of superior brand position in the market. But the challenge tends to be bigger for the microinsurance market due to the nature of the targeted customer groups. These notwithstanding, other factors related to culture, product design, services delivery and the peculiar characteristics of the microinsurance market, means that marketing of microinsurance products is not an easy task – it requires strategy and tact.

However, experience has began showing that incorporating certain principles and practices, has potential to give the impetus required for increased product sales for a viable microinsurance business.

Keynotes

We explore these lessons along the following subtitles:

1. Customer value - "Marketing is not the art of finding clever ways to dispose of what you make. It is the art of creating genuine customer value." (Philip Kotler). What is the customer's perceived value of the microinsurance product and how does it relate to the sales?
2. Branding the microinsurance product – From the customer perspective, a marketable product is flexible, it provides freedom of choice
3. Incentives along the value chain = growth
4. Closing the sales! Is there a formula?
5. Resources - Create a dedicated team for marketing, monitor the market response and make improvements.

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Session 7, The African experience – How to reach the low income market

Oumar Savadogo, Confédération des Institutions Financières de l'Afrique de l'Ouest, Burkina-Faso

What risk-management needs do the customers of MFIs have and how can they best be met? The experience of the members of the Confédération des Institutions de l'Afrique de l'Ouest (CIF) network

Organisation Description

The Confédération des Institutions Financières de l'Afrique de l'Ouest (CIF) is a group of six savings and credit cooperatives (FCPB in Burkina Faso, FECECAM in Benin, FUCEC in Togo, KAFO JIGINEW and NYESIGISO in Mali and PAMECAS in Senegal).

It was constituted by general assembly on 2 June 2007 in Ouagadougou, where its head office is located.

The Confederation took over from the Centre d'Innovation Financière, which had been established by the six networks and was dissolved on 30 April 2008.

Summary

MFI customers face risks that affect them personally and/or their assets. The absence of a scheme providing protection against these risks could render the customers vulnerable and hence jeopardise the financial stability of the MFIs. Protection schemes meeting these risk-management needs range from self-insurance to various classical forms of risk management (agreement with an external insurer, creation of an insurance company, etc.).

As the product offered by MFIs is credit, the Confederation (CIF) has since 2003 been conducting an action-research project aimed at providing an appropriate response to the risk of the death or full and permanent disability of borrowers on the basis of an inventory of credit-cooperative practice supplied by its partner networks. This led to two recommendations, namely to adopt professional practice and to establish a life insurance company licensed by the supervisory authorities in the CIMA zone (Conférence Interafricaine des Marchés d'Assurance) which will not only take responsibility for managing the first two risks, but also provide solutions to the other risk-management needs of MFI customers. Adoption of professional practice resulted in the adoption of a standard, uniform life-cover product for loans (cooperative credit scheme) and the introduction of innovations commensurate with the norms for the industry. The product is currently offered to customers throughout the CIF's partner networks.

Keynotes

1. Fight against vulnerability
2. Risk-management schemes in MFIs
3. Adoption of professional practice
4. Distribution channel
5. Separate management of microfinance and microinsurance operations

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Session 8, Health - Management issues

Denis Garand, Denis Garand and Associates, Canada

Pricing Micro Health Insurance

Organisation Description

Denis Garand, is an independent consultant, working for many organizations.

Summary

Many are attempting to price a health insurance. This session would focus on how to price health insurance with little or no data once a programme starts what should be tracked to monitor the health insurance. The proposed presenters are Denis Garand , Peter Wrede with AKAM, Raghuran Bommaraja of CIRM.

Keynotes

1. Developing expected claims and cost prior to starting a health insurance plan
2. Source of information available
3. What is required to monitor

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Session 8, Health –Management issues

Peter Wrede, AKAM, Switzerland

The importance of renewal, and the benefit of customer loyalty

Organisation Description

Operating in 13 countries, AKAM is a not-for-profit, non-denominational, international development agency. AKAM's primary objectives are to reduce poverty, diminish the vulnerability of poor populations and alleviate economic and social exclusion. It aims to help people become self-reliant and eventually gain the skills needed to graduate into the mainstream financial markets. This endeavour is

governed by principles of long-term sustainability, efficiency and financial discipline.

Summary

Given that health Microinsurance is still very new in many environments, most focus so far has been on the initial sale. However, our experience confirms unassailable logic that the renewal rate is the single most important performance indicator that correlates with sustainable growth. In addition to our two years of experience in Pakistan, we will present some cross program comparisons. As a case study, our findings will present why some people renewed policies offered and others did not renew, providing fresh insights into the micro markets expectations and behaviour. These reasons are also important to bear in mind for "mandatory" schemes, which have their own implicit "underwriting" effects (borrower groups "selecting the sick out"). Our presentation will discuss what remedies can be adopted to increase customer loyalty through post sales communication and how to address opportunistic and other undesirable behaviour in order to secure viability of health microinsurance schemes around the world.

Keynotes

1. Give to take.
2. Manage not only the transaction but also the customer relationship.
3. Remember the customer lifetime value.
4. Understand the role of solidarity and trust.
5. Harness technology to solve the customer's problems, not only yours.

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Session 8, Health –Management issues

Wei Zheng, Associate Professor, Peking University, China

Efficiency assessment of China's NRCMS and its implications for microinsurance in developing countries

Organisation Description

Vice Chair and Associate Professor, Department of Risk Management and Insurance, School of Economics, Peking University

Secretary General and Research Fellow, China Center for Insurance and Social Security Research (CCISSR), Peking University, Beijing, China

Summary

Health insurance is the key to provide people with protection against physical and financial losses caused by illness in many countries. However, in many developing countries, there are rarely any commercial health insurance provided to the low-income class, especially those who are living in rural areas and cannot afford the high premium. Many of these countries, such as China and India, endeavor to provide accessible and affordable health service to the poor.

Microinsurance offers a very attractive solution to this issue.

Since late 2002, the Chinese government began to build the New Rural Cooperative Medical Schemes (NRCMS), which are financed on the county level.

The main purpose of NRCMS is to improve the health care conditions in rural area and protect public health for the agricultural population, which is also the target of the typical micro health insurance program. Furthermore, the central government, the provincial government, and agricultural collectives play critical roles in financing the new scheme.

Based on the national data of NRCMS, we will apply cluster analysis and Data Envelopment Analysis (DEA) method, to study the comparative efficiency of NRCMS in different provinces and regions. Policy suggestion and implications to developing countries can be drawn from this paper.

Keynotes

1. Micro health insurance
2. New Rural Cooperative Medical Schemes
3. Cluster Analysis
4. DEA Method

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Session 9, Linking microfinance and microinsurance – Operational lessons and experiences

Ayandev Saha, ICICI Prudential Life Insurance Co. Ltd., India

Value Creation through bundling micro insurance with microfinance: Creating a Long Term Impact

Organisation Description

ICICI Prudential Life Insurance Co Ltd. is a joint venture between ICICI Bank Ltd., the largest private sector bank in India and Prudential Plc. U.K., one of the largest insurers in the world. ICICI Prudential has been serving the rural areas with a diverse portfolio of products so as to cater to the multiple needs of the rural populace. Over the past 8 years, the company has covered more than 2 million lives with presence in 22 states and a total partner base of more than 400.

Summary

Micro insurance protects poor against specific perils in exchange for regular premium payments. The coverage is typically bought in the context of loans made by Micro Finance Institutions (MFIs) and can provide protection in the event of death and/or hospitalization of the borrower. Lately, MFI business models are starting to shift from the purely credit life insurance product to various innovative insurance solutions. The main challenge associated with MI is to offer needed—and ideally comprehensive—protection at affordable premiums.

Presentation will focus on two types of risks – idiosyncratic (specific to the household) and covariate (common, e.g., drought, epidemic, etc.) that poor people faces across the globe. To combat these risks, the pro-active risk management strategies opted by the poor are storage of grains, savings, asset accumulation (especially bullocks), loans from regulated or non regulated institutions friends and relatives, etc. In spite of there being several coping strategies none work out to be sufficient for the poor to mitigate their risks. There are various ways and methods of handling these stressful conditions; however for the poor it's not possible to have a mix of these strategies or methods to mitigate these risks, due to affordability.

The credit availability made possible by micro finance institutions has positive effects that have today been proven; nevertheless; it reaches the poorest households with difficulty and remains powerless in the face of the idiosyncratic risks that weigh on household budgets. While credit effectively allows income generation, it is also desirable to act to safeguard income. It then seems necessary to combine two complementary products: credit and insurance. Providing micro financial services such as insurance products with savings and investment component built in it can be a tremendous opportunity, given the existing demand and the expanding market. It also in turn assures the guarantee of loan and smooth functioning of the microfinance line of business.

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In lieu of the above context presentation will focus on the relationships between the micro insurance and the microfinance in several developing and emerging countries. It will emphasize on the different linkages between micro insurance services and the products of microfinance Institutions. More particularly, examine how did insurers affect the activity of MFIs and insure the effectiveness of their products.

We will focus on how the increase and the development of micro insurance industry will stimulate the development and success of microfinance products while reducing the risk associated with these products.

Finally, through empirical studies, we will highlight how micro insurance programs in an emerging economy acts as a guarantor of microfinance industry and an appropriate tool for poverty alleviation and inclusion.

Keynotes

1. MFI business models shifting from the purely credit life insurance product to various innovative insurance solutions
2. Two types of risks – idiosyncratic (specific to the household) and covariate (common, e.g., drought, epidemic, etc.)
3. Providing micro financial services such as insurance products with savings and investment component built in it
4. Micro insurance programs acts as a guarantor of microfinance industry and an appropriate tool for poverty alleviation and inclusion

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Session 9, Linking microfinance and microinsurance – Operational lessons and experiences

Tewabe Aysheshim, Amhara Credit and Saving Institution (ACSI), Ethiopia
ACSI's move towards providing microinsurance services to the poor: Exploring opportunities and actual challenges

Organisation Description

Amhara Credit and Saving Institution is one of the largest MFIs operating in Ethiopia. Its establishment is traced back to the unique but unpleasant situation that the country was experiencing:--severe drought and famine were the underlining forces for ACSI to come into reality. It was initiated by a local NGO-ORDA. Later in 1997, it became a licensed MFI. Since then the MFI has been able to serve more than 1 million poor people with Credits, savings, and microinsurance services.

Summary

Amhara Credit and Saving Institution (ACSI) has been one of the emerging MFIs in Africa with impressive growth potentials and actual experiences. The MFI has been able to reach many poor people currently reaching above 710,000 credit clients and 400,000 voluntary depositors. Most credit clients (95%) are currently holders of the microinsurance policy of the institution. The impact of these credit, savings, and insurance services has also been (as is also evaluated by accredited external evaluators like IDEAS) very encouraging. In order to capitalize the past positive achievements, ACSI is now growing towards a fullfledged commercial Bank. A transformation plan is already going on. However, the content of ACSI's transformation has unique features as it considers the holistic approach that it can deliver to the poor, particularly to the rural poor. Such thinking and comprehensive plan is trying to see the whole picture of the MFI's actual and possible services and products with the purpose of broadening the service mix. Such attempt envisions sustainable benefits for the targeted poor. Recently and following this new transformation strategy, the MFI is working towards getting a structural wing for delivering microinsurance services to the poor, particularly to the rural poor, in a greater scale and content. It strategically plans to have a microinsurance subsidiary--spinning off the current micro(life)insurance services delivered to group borrowers into a separate microinsurance company. Clearly, there are both opportunities and challenges to this initiative. This proposal is prepared with the objective of exploring the key potentials available to the MFI in providing microinsurance services for the poor. Together, the proposal will also review actual past and current experiences of the MFI in microinsurance services provisioning.

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Keynotes

Are we adequate in identifying real challenges why microinsurance services for the poor are not flourishing in Africa? This report will present the unique gap and opportunities that the microinsurance sector in Africa is experiencing, taking the case in Ethiopia, particularly the experience of ACSI, one of the largest MFI in Africa. Opportunities versus actual performance gaps will be analysed carefully in order to explore new insights for boosting microinsurance services in the region.

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Session 9, Linking microfinance and microinsurance – Operational lessons and experiences

Mariana Torres Urquidi, Banco Compartamos, Mexico

Key clues for having a succesful MIS model in an MIF

Organisation Description

In 1990 commenced Compartamos as an NGO in 2006 was transformed as a comercial Bank and in 2008 Incorporated to the IPC. With 1,200,000 clients in the first trimester of 2009 and presence all over México offering savings, credit and insurance services.

The Compartamos´ s Philosophy is comprised of the following:

1. Mission, Vision and Values.2. Conduct code, those behaviors that encourage healthy relationships.3. Means of reporting non-compliance with the standards of conduct.

Summary

Base on the 5 years of experience in microinsurance of Compartamos, we are convinced that for Compartamos as a microfinance institution, offering insurance services to their clients has changed the priorities of the institution, forcing us to be aware of the real needs of the clients and to develop the necessary capacities to respond to those needs. These capacities could be summarize in:

1. Organizational Prevention Culture
2. Find the right partner
3. Be aware of developing SIMPLE products that guarantee a quality service to the clients
4. Training and sensibilization of the sale force

In 4 years of testing different products, models, training strategies, etc. what we found out is that the best way of developing a successful MIS product suited to a credit methodology is to be in the field, to make the sale force and the insurer take and feel part of the development process, that will help with the sensibilization of the insurer, to respond to the client needs and to accept totally different proposal for what they know as an insurance product; and the sale force, will take the product as theirs since they were the once that brought out the essential characteristics of the product that fits their clients needs.

Five years later we can prove that microinsurance products really make a difference in financial education and the quality of life for the clients. 30% of the portfolio of Compartamos clients are willing to pay voluntary for a life insurance product, 50% of those who buy one, renew it each 4 months this indicators are the ones that show the institution the value of offering MIS products and the importance of giving a quality service because this products are having a direct impact in the retention indicator.

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The benefits for an MFI to be involved in microinsurance is diversifying the business, having clients with a better financial education, giving the opportunity to the clients to be less vulnerable to the different risks they face each day, and to have presence not only with Compartamos clients but with their families (an example of this is that around 60% of the beneficiaries who claimed benefit amount, and were not part of Compartamos, they asked for a credit to have the opportunity to have an insurance product).

Being the delivery channel of microinsurance as a MIF institution is a great challenge to adapt the different methodologies of front and back office, that's why training (the sale force, the back office areas and the insurer members), becomes a clue to success.

The only way we had to show off the real impact for an MIF to offer MIS product, is to have the opportunity to measure the difference of being or not being insured (through a market survey of Compartamos clients that are insured, those who are not and non Compartamos clients with the same characteristics) that has gave us credibility, and has awakened the interest of the institution to promote growth on the goals and the diversification in MIS business.

Keynotes

1. In a microfinance institution, generating an organizational culture in terms of diversification, is critical for having a succesful model of linking microfinance and microinsurance
2. Having simple products, simple methodology, and an efficient claims process, have direc t impact in the MIF retention and loyalty indicators
3. "The client comes first" that´s the importance of being the delivery channel and gives a great value to the client, their family and the institution itself

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Session 10, Linking microfinance with microinsurance – Index based solution

Jason Hartell, GlobalAgRisk Inc., USA

A starter guide for NGO's and MFI's considering index-based microinsurance applications

Organisation Description

GlobalAgRisk specializes in developing innovative financial instruments for agricultural and weather risk management. This work includes designing, underwriting, actuarial analysis, and legal and regulatory advising to make new financial instruments viable in lower income countries. GlobalAgRisk is committed to improving access to financial services for the rural poor through innovative approaches for transferring weather risk.

Summary

Index insurance sold at a retail level for individual agricultural producers to protect against catastrophic weather risk has many features and concerns in common with traditional microinsurance. But there are also important differences which precludes a direct transfer of techniques. Against the backdrop of global climate change, many donor organization, NGO's and MFI's are looking to index insurance as one tool to manage climate risk for individuals as well as for financially exposed agricultural lenders. Before embarking on a costly project to develop index insurance, it is helpful for supporters to consider the preconditions for index insurance to work well and to consider the trade-offs between micro and meso products. Even if staff time and expertise is limited, it is helpful for organizations to identify the risk of interest and then consider whether the characteristics of that risk are consistent with the preconditions for index insurance.

While not a complete substitute for outside technical expertise, the benefits of systematically reviewing index insurance preconditions include helping the organization better focus its inquiry on the characteristics of a specific risk, gaining a sense of what infrastructure is needed, thinking more broadly beyond operational issues to legal and regulatory issues, and critically examining where risk transfer might best be initially applied—at the individual retail level or at the level of a risk aggregator.. These considerations will help an organization decide if it is wise to invest scarce resources in a formal feasibility study. Should the organization decide to move forward, the exercise will also help with planning for a pre-feasibility study since one important asset that local organizations often have is ready access to, and on-the-ground experience with, agricultural producers and other relevant institutions. This will greatly aid in the performance of a formal feasibility analysis.

The presentation begins by briefly looking at the ways in which index insurance and traditional microinsurance are similar and then outlines those areas where index insurance application is different and likely to be unfamiliar to

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microinsurance providers and practitioners. Next, the schematic of an index insurance feasibility study is presented by way of a case study of a recently completed analysis in Mali. The case will highlight how an organization considering an index insurance product can initially assess whether it is useful to move forward or not with a more formal feasibility study. The presentation concludes with a short discussion of situations when index-based approaches are not appropriate.

Keynotes

1. Index insurance as microinsurance has some operational characteristics that differ importantly from traditional microinsurance products.
2. Organizations would benefit by undertaking an in house review of the preconditions requirements for index insurance before investing in a formal feasibility study.
3. Index insurance is applicable in certain specific circumstances which may not fit the local situation and may not adequately address impacts of climate change at reasonable cost.

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Session 10, Linking microfinance with microinsurance – Index based solution

Alan Fuchs, University of Berkley, USA

Effect of weather insurance in developing countries' rural areas: Lessons for successful microinsurance models

Organisation Description

Graduate students at the College of Natural Resources, University of California, Berkeley.

Summary

In this paper we propose to undertake a comparative analysis on the effect of the recently introduced weather-indexed insurance on poor farmers' productivity, risk management strategies and financial access in Mexico and India. Weather-indexed insurance was first piloted in Mexico as a macro-level scheme in 2002 and in India in the state of Andhra Pradesh as a micro-level scheme in 2003. We hypothesize that weather-based insurance may have had a positive effect on farmers' productivity, risk management strategies and in the likelihood of seeking and obtaining productive credits. If farmers rely on risk management strategies such as producing low-risk yet low-profit crops, weather insurance may be able to correct this market failure and help farmers attain higher production efficiency. Moreover, farmers may be more willing to invest more and in better quality seeds and fertilizers. Even if they face a negative weather shock they will receive insurance indemnity payments whereas in its absence they would lose everything.

In terms of productive credit provision, we argue that in the Mexican case these two financial services –insurance and credit provision– complement each other: the introduction of index insurance in a region would lead to an increase in the number and amounts of productive credits acquired. Conversely, for the Indian case we consider the possibility that the two financial services turn out to be independent or even substitutes of each other: index insurance acquisition by a smallholder farmer does not increase the number or amounts of acquired productive credits. This apparent contradiction between BASIX's and Agroasemex's indexed-insurance provision resides on institutional differences: Since BASIX's clients must pay for insurance premiums –as opposed to smallholder farmers in Mexico– they must consider the opportunity costs to investments in undertaken insurance. Basis risk could partially explain why risk-averse farmers would find alternative investments more attractive. Similarly, indexed insurance is often poorly understood by farmers in India and the differences between an ex-ante risk-management tool and an ex-post coping tool not readily apparent for them.

The results of the paper will have important policy implications for policy-makers, insurers and microfinance institutions. First, it will shed light on possible effects of

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weather-indexed insurance on agricultural productivity, an important goal on its own. Furthermore, it will compare two different institutional approaches to a similar problem: on the one hand, a publicly provided, national scale macro type weather-indexed insurance focused on staple crops (maize, beans, rye and sorghum) in Mexico, and on the other, a privately administered locally based (Andhra Pradesh) micro type weather insurance focused on cash crops (groundnut and castor). This could provide valuable information as to which institutional arrangement works better for attaining similar goals.

Keynotes

1. Weather indexed microinsurance's success can be assessed in terms of productivity gains and increased access to other financial services
2. Indexed insurance's feasibility may be analyzed in terms of its relative scale (micro vs macro) and source (public, non-profit, private) of provision
3. Contingent on institutional settings, indexed insurance could act as a complement or as a substitute for credit provision
4. It is unclear ex ante, which institutional arrangement determines sustainability

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Session 10, Linking microfinance with microinsurance – Index based solution

Michiel Berende, Berende Consulting, The Netherlands

How microfinance could improve index crop insurance

Organisation Description

Michiel Berende is a member of the Microinsurance Network active in the Working Group on Capacity Building and the Technology Working Group. Michiel has experience in implementing IT projects in microinsurance, providing microinsurance trainings at grassroots organisations and completed “a scoping study on technologies for microinsurance” for ILOs innovation facility. Furthermore Michiel has provided consulting services for various international organisations active in microinsurance.

Summary

Microfinance is for farmers an important tool to improve food security. To boost food supplies in developing countries the Alliance for a Green Revolution in Africa (AGRA) has defined a number of goals which partly are enabled through microfinance;

- Improve crop varieties
- Increase soil fertility
- Put in place weather-index crop insurance
- Alleviate water scarcity and inefficient water use
- Build networks of rural farm supply retailers
- Enable resource-poor farmers to access the seed and fertilizer
- Invest in telecommunications, roads, irrigation, electricity & education
- Allow farmers to compete on the global market

To make these initiatives successful it is also important that information is being shared. Eureko, the holding for a group of insurance brands in Europe, expressed the importance of adequate data for successful crop insurance and is therefore looking for a way to overcome the issue of unavailable data. Together with Eureko initiatives to pilot index crop insurance have been made. Index insurance products have advantages over traditional crop insurance due to lower costs and the possibility of real actuarial assessment due to availability of crop-yield, weather and environmental data. In order for Index Crop Insurance to be accepted by farmers, extensive intelligence and research as well as reliable data are required. These information sources need to be trusted, reliable and available to all.

Crowd-sourcing can play a significant role in linking microfinance with microinsurance through the sharing of information.

There are plenty examples of microfinance organisations using cell phones for their programs in rural banking, loan distribution and repayments. In order to improve index crop insurance products microfinance communities will be a perfect group to investigate how to extend their use of mobile phones and these

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phones can be used for a technique called crowd-sourcing. The purpose is to make underwriting, monitoring, loss assessment and data collection less complex. Resulting in better, cheaper and more available products. Through crowd-sourcing reliable data can be provided in a large scale. The presentation will be about how microfinance communities can play a role to collect and distribute crop-related information through a technique called crowd-sourcing.

Keynotes

1. Microfinance and agriculture
2. Integrate the knowledge of MFIs in the use of mobile phones for index based crop insurance
3. Improve environmental modelling and simulation models for crop insurance through microfinance communities
4. Crowd Sourcing for microinsurance

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Session 11, Academic track – Production and contract design

Martin Eling, Ulm University, Germany

The performance of microinsurance programs: A frontier efficiency analysis

Organisation Description

Ulm University, Institute of Insurance Science, Ulm, Germany

Summary

We use frontier efficiency analysis to evaluate the performance of microinsurance programs. Frontier efficiency techniques measure firm performance relative to 'best practice' frontiers comprised of the leading firms in an industry. These techniques have been applied in numerous insurance markets, but we are not aware of any research that has been undertaken to evaluate the efficiency of microinsurance programs. In our talk we will first describe the state of the art of performance measurement in microinsurance. We then introduce the efficiency methodology and show how to adjust the standard set of inputs and outputs used in efficiency measurement of commercial insurance to accommodate the social function that microinsurance providers have. In our empirical part we evaluate the efficiency of 21 microinsurance schemes, using data provided by the *Performance Indicator Working Group* of the *Microinsurance Network*. We will conclude our talk with policy implications and an outlook on some future research ideas.

Keynotes

1. Performance Measurement
2. Frontier Efficiency
3. Data Envelopment Analysis
4. Stochastic Frontier Analysis

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Session 11, Academic track – Production and contract design

John E. Murray, University of Toledo, USA

Asymmetric information and countermeasures in early 20c United States microinsurance

Organisation Description

Department of Economics, University of Toledo.

Summary

According to standard economic theory, asymmetric information characterizes many insurance contracts. Empirically, results have been mixed, with health economists finding such evidence but specialists in the economics of contracts generally not. Historical data from early 20c American microinsurance funds permits testing for effects of both asymmetric information and countermeasures employed by these small insurance funds. Such funds provided cash benefits during spells of ill-health for about a third of American workers at the turn of the twentieth century (Murray, Origins of American Health Insurance, Yale UP, 2007).

This paper takes a more direct approach to testing for asymmetric information in three ways. First, it tests for the presence of moral hazard and adverse selection in a straightforward kind of insurance contract. In short-term disability insurance, a cash payment to replace lost wages enabled sick or injured workers to take more time off work. Second, it avoids much of the endogeneity problems of recent studies because insured workers had no choice in their contract's premium and benefit structure. Third, insurers understood the importance of asymmetric information and included countermeasures in these contracts. This study concludes that evidence for the presence of adverse selection was stronger than that for moral hazard, but that both were present and that insurers' countermeasures against each effectively reduced claims.

Keynotes

- Voluntary membership in microinsurance fund attracted higher risks.
- Probationary membership period before benefit eligibility reduced claims.
- More valuable benefits induced more claims.
- Waiting period between claim and benefit payment reduced claim rates.
- Any use of countermeasure more important than its magnitude.

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Session 11 Academic track – Production and contract design

Kim Staking, Colorado State University, USA

Insurance theory and challenges facing the development of microinsurance markets

Organization Description

The paper begins with a statement of the problem facing insurers wishing to develop microinsurance markets and instruments and asks how the academic literature can be useful in addressing these problems. This is followed by a brief literature review of the finance insurance literature that is applicable to microinsurance. Three specific topics are developed along with suggestions for how these can be used to establish microinsurance markets and instruments. The first topic is an analysis of the impact of risk aversion on the demand for microinsurance given that multiple risks are present as well as the impact of uncertainty in multiple safety nets, The second topic explores the potential for market failure when risk classification is difficult (with a look at the resulting pooling and separating equilibriums). The final topic examines the underinvestment problems and how risk aversion in the absence risk transfer of may result in microentrepreneurs declining to invest in even high net present value projects. A corollary notes how this may likewise prevent the conversion from micro to small as the latter required the entrepreneur to move from a diversified portfolio of activities to a less diversified set of activities.

Summary

Microinsurance institutions and instruments have developed rapidly over the last decade, with policies covering tens of millions in the base of the economic pyramid for markets in Africa, Asia, and Latin America. Ranging from simple policies providing life or health insurance to complex policies covering catastrophic risks for small landholders, it is a market with proven potential which demands closer attention. Notwithstanding the development, microinsurance markets have received relatively little interest in the academy. This paper examines some of the critical elements of insurance theory that may help us understand the challenges facing microinsurance markets and how these markets can better serve the needs of their customers. These elements include: basic utility theory as it relates to the demand for insurance and the willingness to pay at the base of the economic pyramid; the analysis of how dealing with multiple sources of risk will impact the propensity to consume insurance; the formation of pooling and separating equilibriums when information regarding risks is limited; a unique twist on the underinvestment problem that arises at the base of the economic pyramid where entrepreneurs will not undertake positive net present value projects, and may be hampered in converting from micro to small enterprises, when there are significant levels of background risk; and methodologies that can be used to reduce the high loading costs associated with microinsurance.

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Microinsurance; Risk Aversion; multiple risk sources; separating and pooling equilibriums; safety net uncertainty; market failure, separating and pooling equilibriums, underinvestment; conversion from micro to small enterprise.

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Plenary 5 - Emerging issues and the way ahead

Cheryl Scott, Bill & Melinda Gates Foundation, USA

Recommendations to advance health financing

Organization Description

The Bill & Melinda Gates Foundation is based on a simple premise: all lives have equal value. Today, billions of people never have the chance to live a healthy, productive life. We want to help all people—no matter where they live—get that chance.

We know it can be done because this is a unique moment in history: Advances in science and learning are making it possible to solve complex problems like never before. If these advances are focused on helping people who have the most urgent needs and the fewest champions, then within this century billions of people will be healthier, get a better education, and have the power to lift themselves out of hunger and poverty.

Summary

There is increasing interest in how new microhealth insurance approaches might provide key opportunities for countries and donors as they reach toward Millennium Development Goals. The complexities of such a strategy and the opportunities it presents will be discussed.

Keynotes

- Microhealth insurance is one of the highest demand products within the microinsurance space.
- Most initial offerings address reducing financial health shocks by offering catastrophic, inpatient coverage
- There are many leading edge offerings sponsored by a wide array of sponsors: community based NGO's, insurance companies, micro finance institutions, mixed sponsorship models between private and public sector (to name a few).
- Health impact is best served by offering primary care coverage but demand and affordability issues create significant barriers
- Current barriers to uptake include insufficient scale, limited value proposition to the poor, complex and poorly understood operating models and funding challenges.
- Partnership types of models will be key in the future as healthcare has both a public set of demands and a set of private market dynamics that need to be addressed.

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Plenary 5 - Emerging issues and the way ahead

Doubell Chamberlain, Cenfri, South Africa

New frontiers in distribution: what can we learn from successes and failures?

Organization Description

The Centre for Financial Sector Regulation and Inclusion (Cenfri) is a non-profit think tank based in Cape Town. Cenfri's mission is to support financial sector development and financial inclusion through facilitating better regulation and market provision of financial services. We do this by conducting research, providing advice and developing capacity building programmes for regulators, market players and other parties oper

Summary

The proposal is to base this presentation on our current work on innovative distribution models in South Africa, our work in several other African countries as well as a global scan of innovative 'passive' distribution channels globally (e.g. through utility companies). The South Africa project focuses on doing an update after the first phase of innovative models entered the marke in the last 3 years. There were a number of innovative experiments, some successes and some failures. Much can be learnt by looking at the potential reasons for successes and failures.

In addition we can draw in some of the experience of our other African country studies on for example Zambia (where there are some interesting experiments). To this we can add an international element based on a project that we are just commencing with the ILO Microinsurance Innovation Facility and the MiN distribution working group. The focus of this work will be to look at the experience of passive distribution channels (e.g. the distribution of insurance through utility companies like Codensa in Colombia) internationally and what we an learn from that.

In all of the above the focus of the analysis will be to look at lessons from two angles:

How can insurance companies achieve take-up in a c ost effective manner?

How can regulators and market players insure that clients make informed decisions and are treated fairly by the intermediation process.

The presentation can be structured as a panel consisting of 3 presentations:

Framework presentation based on our research

Presentation by two insurers on their own models. Hollard (South Africa) have some very innovative experience they can speak to. African Life is experimenting with some interesting models in Zambia and we shall also be able to others in the course of our work.

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Plenary 5 - Emerging issues and the way ahead

Alexia Latortue, CGAP, France

Putting client protection at the heart of microinsurance

Organisation Description

CGAP is an independent policy and research center dedicated to advancing financial access for the world's poor. It is supported by over 30 development agencies and private foundations who share a common mission to alleviate poverty. Housed at the World Bank, CGAP provides market intelligence, promotes standards, develops innovative solutions and offers advisory services to governments, microfinance providers, donors, and investors.

Summary

Interest in microinsurance is increasing massively and this important financial service is finally coming out of the shadows of microcredit. The opportunities for reducing poor people's vulnerabilities and protecting them against life's myriad of risks are huge. In some ways, microinsurance could be considered socially responsible by definition. That was certainly the assumption with microfinance. However, as the industry expands, new players enter the low-income market, and regulation is far from perfect, it is important to take proactive measure to ensure that microinsurance providers treat their clients fairly and that they are protected from harmful products. The imperative to ensure poor clients are protected is perhaps even more urgent in microinsurance than in microfinance. There is great potential for unintentional harm as well as manipulation and abuse around pricing, benefits, and exclusions. This interactive session will place the Client Protection Principles within a broader responsible finance framework, and discuss how they translate to insurance (www.campaignforclientprotection.org). The goal of this session is to take a first crack at translating the Principles concretely into implementation for microinsurance.

Keynotes

1. Microinsurance providers should take concrete steps to protect their clients from potentially harmful products and ensure that they are treated fairly.
2. All stakeholders, including commercially orientated organisations, should agree to a "do not harm" principle to protect clients' interests/welfare.
3. Donors and investors supporting microinsurance schemes should identify practical ways of incorporating the Client Protection Principles into their due diligence and monitoring.

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