

# Navigating uncharted waters

Lessons so far and process guidelines for country-level  
microinsurance development strategies

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# About FinMark Trust & Cenfri

- Independent DFID-funded trust established in 2002
- Mission: “Making Financial Markets Work for the Poor” in Africa, but with specific focus on Southern African Development Community
- **Sponsoring partner of the Azii**
- Theme areas:
  - FinScope
  - Housing finance
  - Credit
  - Consumer financial empowerment
  - Rural and agricultural finance
  - Retail payment systems
  - Insurance
- Further information available at: [www.finmark.org.za](http://www.finmark.org.za) or [www.cenfri.org](http://www.cenfri.org)





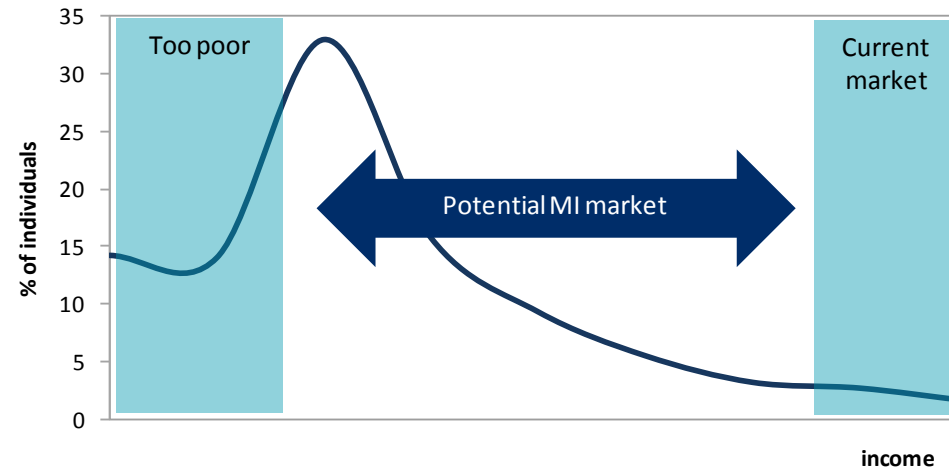
# Purpose

- I have to develop MI
  - **Why, what and how?** 
- Aimed at anybody thinking about MI development in a country or region
- Country experience so far, **not** prescriptive
  - **Departure points:**
    1. Make the shoe fit
    2. Don't go it alone
    3. Don't try to take on too much



# When does insurance turn micro?

- Low-income?
- Insurance vs. microinsurance?
  - Low premiums, low benefits
  - Group pricing, no underwriting
  - Renewable term cover
- Strategic implications
  - Different bottom line
  - Longer value chain



## Strategic questions:

### 1. What role could microinsurance play in your country?

- Improving welfare
- Catalysing critical services
- The bulk of the market is MI
- It's happening in any case

### 2. Why then have a collective effort?

- The dark side of MI
- Not there yet
- The sum is bigger than the parts

What?

# What does the MI ecosystem look like?



Value chain: functions & stakeholders?



Technology, payments platform, product development

# What does the MI ecosystem look like?



## Other stakeholders?

- Associations, NGOs, donors, researchers, TA providers

# What does the MI ecosystem look like?



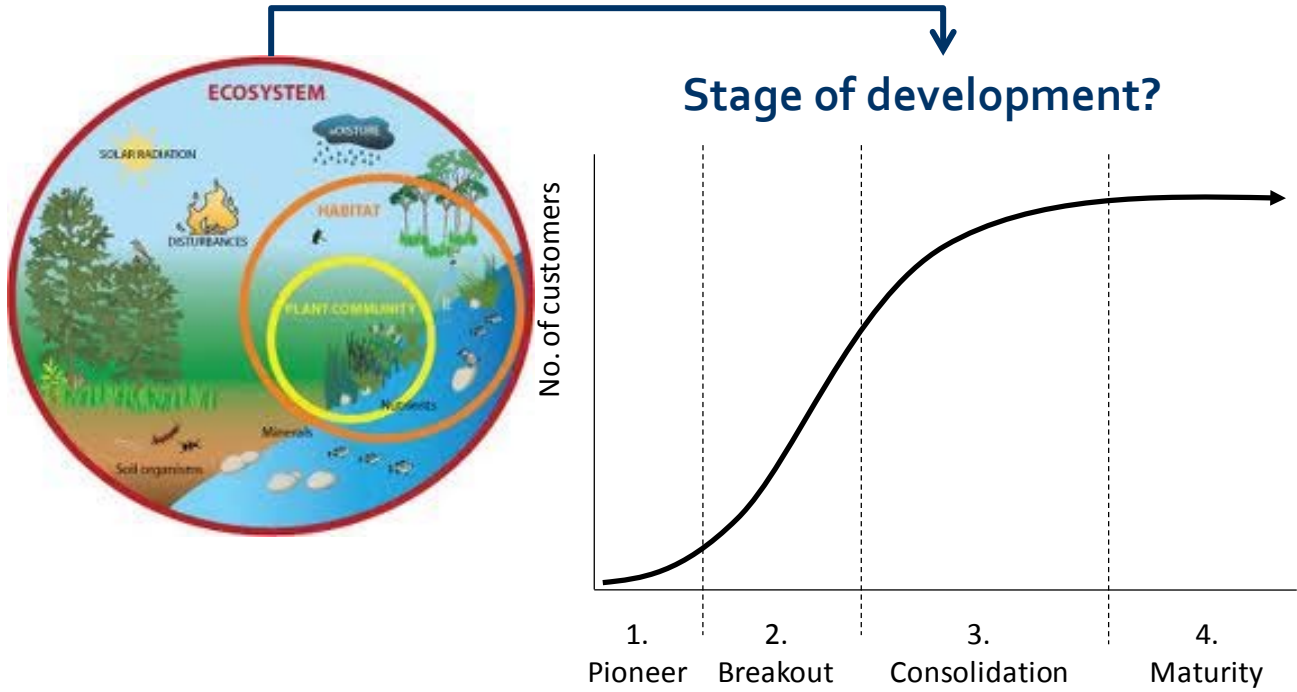
## The environment:

- Regulatory stakeholders?
- Context factors?
  - Income distribution, demographics, macro stability, culture

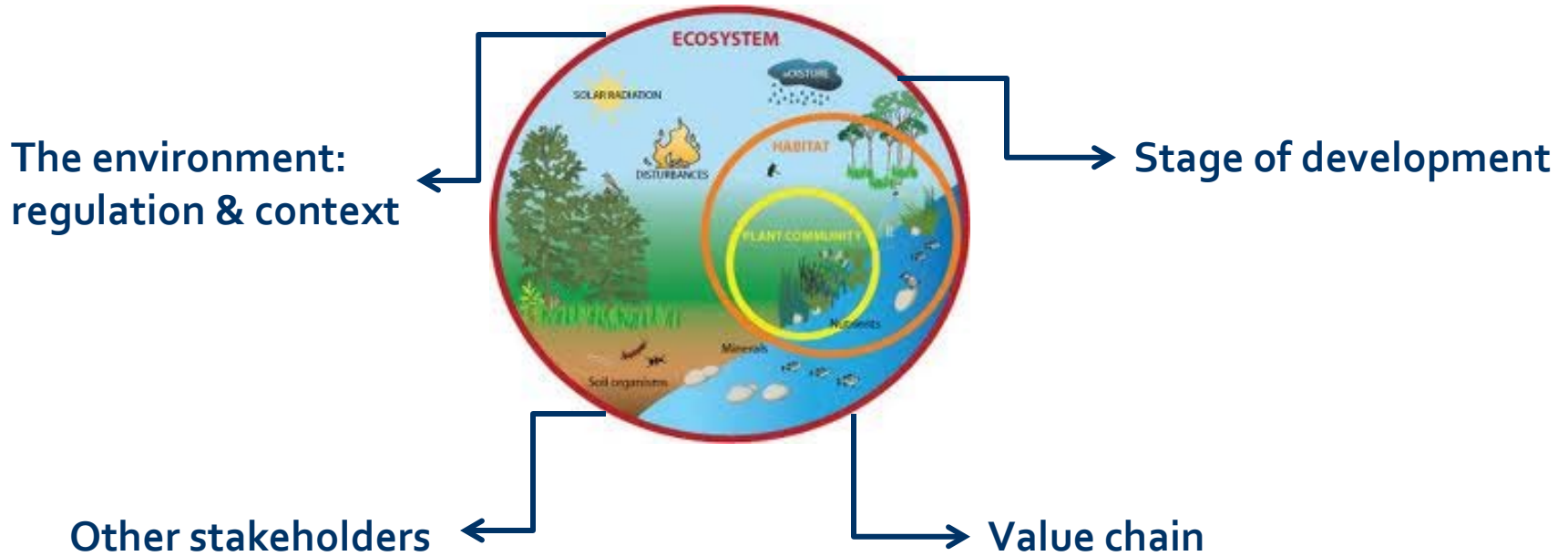




# What does the MI ecosystem look like?



# What does the MI ecosystem look like?





- Where are you heading?
  - Desired end-state
  - Strategic objectives, e.g.
    - Make microinsurance a policy & market priority
    - Promote a sound insurance sector
    - Support the development of alternative distribution channels
    - Support regulatory reform to accommodate microinsurance
    - Support supervisory capacity development
- Do you need an active strategy to get there?



# Designing a microinsurance strategy

- What process should you follow?



Decision to support MI development

Stage 1: "ready" Catalysing the debate & understanding the market			Stage 2: "steady" Devising the strategy			Stage 3: "go"
1. ID stakeholders & key individuals	2. Understand the market & regulatory framework	3. ID drivers, opportunities & barriers	4. ID strategic goals & interventions	5. Consider engagement process	6. Consider coordination platform	7. Implement strategy

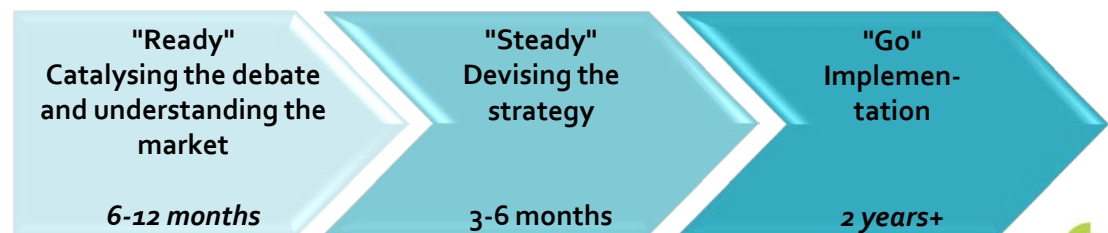
Outcome:  
MI development

# Key questions underlying the strategy

1. Do you need a formal definition?
  - E.g. for: dialogue & alignment, delineating a space in regulation, delineating the target market, facilitating support initiatives, government coordination
2. If so: how do you go about it?
  - Parameters: benefit/premium limit, simplicity, risk events, etc
3. Who takes the lead in implementing the process?
  - Coordination
  - Who can act as champions?
  - Is a neutral catalyst needed?

4. Who funds it?

5. How long does it take?





# From strategy to action



**Goal:**

- 

**Current state of the market:**

- 

	<b>Strategic objectives:</b>	<b>Action steps:</b>	<b>Responsibility:</b>	<b>Milestones &amp; timeline:</b>
<b>Key opportunities:</b> <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>				
<b>Key challenges:</b> Regulatory: <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul> Market: <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul> Context: <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>				
<b>Information gaps:</b> <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>				

# Example activities

## Trigger or support an inclusive regulatory process

- Support for policy statement
- Research to overcome identified barriers
- Enforcement/consumer protection concern
- Facilitating industry-supervisor dialogue
- Taking part in the international debate and forums
- Supporting further research

## Trigger or support a market response

- Developing industry codes and standards
- Exploring business model options
- Capacity building, workshops
- Seed funding for innovative pilots
- Generating quality information

## Create insurance awareness

- Design & implement cons education campaigns
- Developing common industry terminology
- Creating a call centre

# Thank you!

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