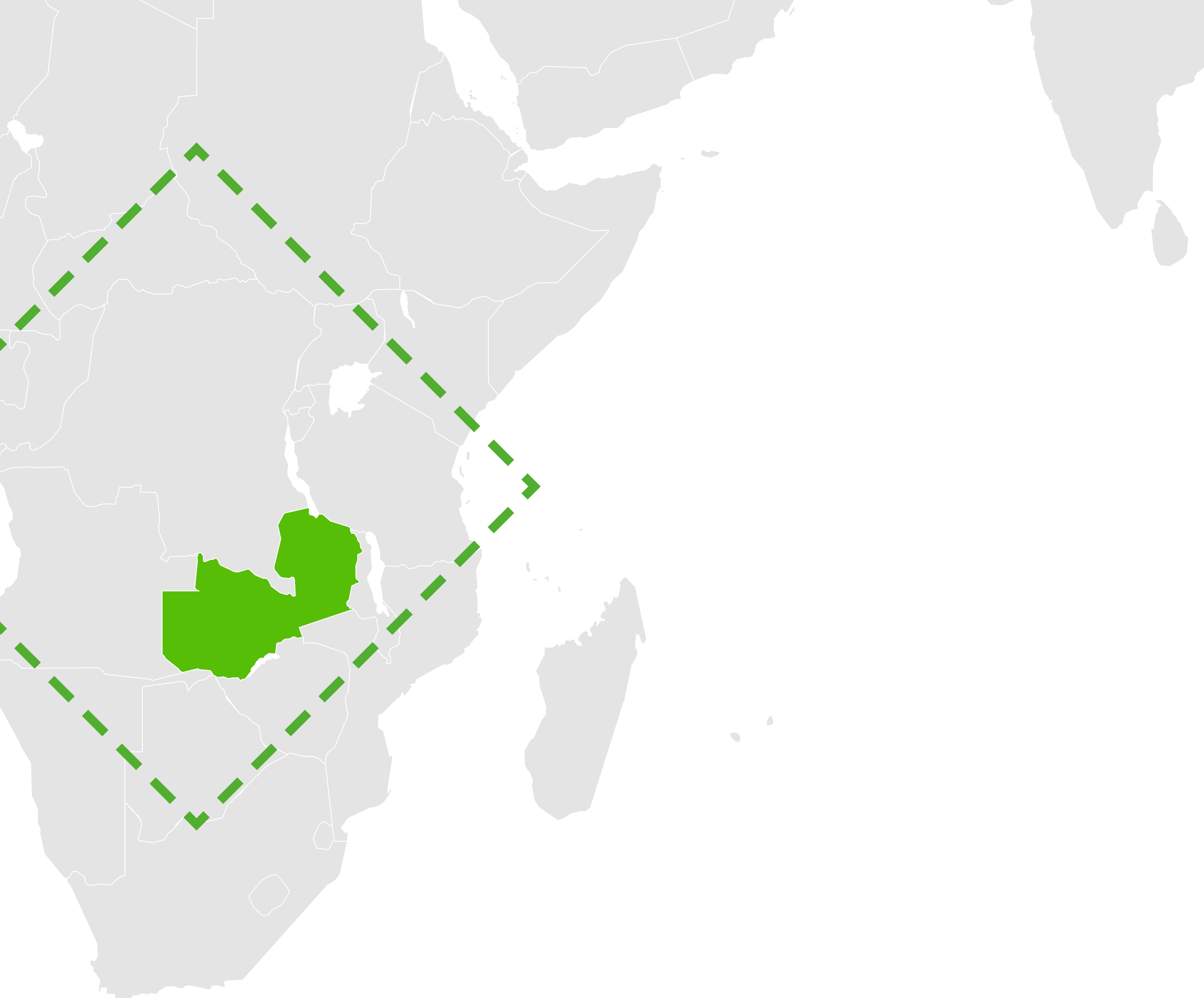
Report

Inclusive Insurance for Emerging Markets

14th International Microinsurance Conference 2018

6—8 November 2018
Lusaka, Zambia



Edited by
Zahid Qureshi and Dirk Reinhard

Conference documents and presentations are available online at:
www.inclusiveinsurance.org

Links:

Munich Re Foundation
www.munichre-foundation.org

Microinsurance Network
www.microinsurancenetwork.org

TAG – Microinsurance Technical Advisory Group
https://tagzambia.org

This report is the summary of the 14th International Microinsurance Conference that took place in Lusaka, Zambia, from 6 to 8 November 2018.

As the styles of the sessions varied, so too do the styles of the individual summaries. Readers, authors and organisers might not share all opinions expressed or agree with the recommendations given. These, however, reflect the rich diversity of the discussions.

Contents

Foreword

In the recent past, different stakeholders have become cognizant of the distinct and growing role of microinsurance especially in responding to the vulnerabilities faced by those at the lower end of the pyramid. These are exposed to the greatest risks vis-à-vis earthquakes, floods, drought, disease and crime, yet they are the least protected by insurance. Evidence suggests a strong correlation between vulnerability and poverty, and microinsurance seems to hold out the promise of breaking a part of the cycle that ties them together.

As the microinsurance agenda continues to gain ground especially in emerging markets, current issues that stakeholders face seem to oscillate around affordability and inclusiveness, simplicity and clarity in documentation, accessible processes, and building trust among target clients.

In 2017 at the 13th International Microinsurance Conference (IMC) in Peru, when Zambia was announced as the next host, we were excited at such a rare privilege especially that we were going to host the IMC barely a year after our government made a gigantic, record breaking policy decision of introducing compulsory weather index insurance (WII) to beneficiaries under the farmers input support programme (FISP). This move has since seen over one million farmers covered under this WII programme. In the 2017/2018 farming season over US$ 5.86m was paid out in claims under this programme. It is such political will that will accelerate the development of inclusive insurance, particularly climate risk insurance, one of the key topics at the conference.

The Technical Advisor Group on Microinsurance of Zambia (TAG) was extremely honoured and privileged to host the 14th IMC in partnership with local partners, the Munich Re Foundation and Microinsurance Network. The conference attracted over 492 delegates from various countries and provided a platform for knowledge and best-practice sharing on making microinsurance a reality for the financially excluded. The quality of delegates that attended was exemplified in the presentations and discussions which ranged from microinsurance product development, scaling up of microinsurance to regulatory issues; insights which are contained in this publication.

A key highlight of the conference was a field trip by delegates for some hands-on experience of MLife’s distribution models, micro-entrepreneurs and enterprise associations. Mlife, one of the leading life companies in Zambia, has been in partnership with the Zambia Federation of Associations of Women in Business (ZFAWIB) providing low-cost funeral insurance services since 2016.

The successful hosting of this event was made possible by support from various individuals and organisations. While it is not possible to mention everyone, allow me to convey my gratitude to Dirk Reinhard, Vice Chairman of the Munich Re Foundation for the unwavering belief and support, the Pensions and Insurance Authority – the regulator of insurance in Zambia, Financial Sector Deepening Zambia, the insurance industry in Zambia and all other partners who sponsored the conference. I would also like to thank the Local Organising Committee for their dedication and commitment to ensuring that the conference was successfully hosted. Let me end by wishing the organisers of the 15th IMC in Bangladesh the very best.

Shipango Muteto, Chairman of the 14th IMC Organising Committee

Lusaka, March 2019

1 — Shipango Muteto, Chairman of the 14th IMC Organising Committee

1

Acknowledgements

The 14th International Microinsurance Conference was the fifth IMC to take place in Africa. For many years, representatives of the Zambian insurance industry represented by the Technical Advisory Group (TAG) had expressed interest in hosting the conference. We were therefore very glad that the event finally took place in Lusaka to share knowledge and experience as well as to support the development of inclusive insurance in Zambia. The strong presence of participants from the country was a clear indication of how important this topic is for the insurance industry.

The great success of the 14th IMC would not have been possible without the hard work of the TAG and the Zambian Organising Committee. I would like to express special thanks to Shipango Muteto, Chairman of the 14th IMC Organising Committee and all its members. There was an unprecedented number of top executive management insurance representatives actively involved in the Organising Committee. Some of them have been involved with the IMC for quite some time. Christabel Banda, Managing Director of ZSCI Life and former Executive Director of the Insurance Association of Zambia, started the organisational process nearly two years ago. And Agnes Chakonta, Managing Director of Madison Life, participated in the very first IMC in 2005. This strong link with the Zambian insurance industry guaranteed that the topics discussed at the conference were actually relevant for the country.

A special thank-you also goes to Registrar Martin Libinga, as well as Namakau Ntini for the outstanding support of the Pensions and Insurance Authority, and to the Insurers Association of Zambia, represented by its President Paul Nkhoma.

The conference would not have been possible without Financial Sector Deepening Zambia, that not only supported the event but also has played a key role in the development of inclusive insurance in Zambia over many years. We would like to thank Betty Wilkinson, Mauwa Lungu and Lemmy Manje for their hard work over many years now, and certainly in supporting the IMC. Furthermore, we would like to thank GIZ on behalf of BMZ for funding this conference report as well as for their contribution towards the content of the conference.

I would also like to thank other content partners and supporters of the 14th International Microinsurance Conference – A2ii, CEAR, Cenfri, CGAP, CGIAR, GIZ on behalf of BMZ, ILO's Impact Insurance Facility, IAA, IPA, the MicroInsurance Centre at Milliman, Microinsurance Master, the World Bank and Women's World Banking.

The 14th International Microinsurance Conference brought together some 450 attendees from 57 countries. My thanks go to them for sharing their knowledge and experience. On behalf of the organisers, I would also like to thank the members of the Conference Steering Committee. This event would not have been possible without its work in identifying suitable speakers and presentations from the large number of applications submitted for the conference.

Furthermore, I would like to make special mention of the team of rapporteurs and authors led by Zahid Qureshi – who volunteered and summarised the key messages and lessons from the various sessions of the 2018 conference. In addition, I would like to extend my thanks to the Munich Re Foundation conference team – Thomas Loster, Torsten Kraus and Julia Martinez – as well as the staff of the local event management agency.

A special thank-you goes to Doubell Chamberlain, Chairman of the Board of the Microinsurance Network, and the entire team of the Network's secretariat for its great support. At the same time, I would like to welcome Katharine Pulvermacher as the new Executive Director of the Microinsurance Network. The 2019 conference on Inclusive Insurance for Emerging Markets, the 15th International Microinsurance Conference, will take place in Bangladesh. Together with the Bangladesh Insurance Association, we are looking forward to the next event, set to take place from 5 to 7 November in Dhaka.

Dirk Reinhard, Vice-Chairman
Munich Re Foundation, Germany,
Chairman of the Conference Steering Committee

Munich, March 2019

2 — Dirk Reinhard, Vice-Chairman, Munich Re Foundation, Germany, Chairman of the Conference Steering Committee.

2

> “Partners are not only external stakeholders, but also internal teams. Buy-in from top management is fine, but the one from operational teams will keep you running.”

Marième Ba
Head of Emerging customers,
AXA Mansard


3


4

3 — Emanuel Kwenda, President of the Insurers Brokers Association of Zambia and

4 — Krishnaswamy Rajagopal, Managing Director Prudential Life Assurance Zambia, sponsor of the conference, welcomes the participants.

5


6

5— Representatives of the Local Organising Committee and the Steering Committee of the 14th IMC. Left to right: Christabel Banda, Managing Director, ZSIC Life; Namakau Ntini, Manager – Policy and Analysis, PIA-Zambia; Thomas Loster, Chairman, Munich Re Foundation; Mauwa Lungu, Project Manager – Inclusive Insurance, FSDZ; Shipango Muteto, Chairman of the Organising Committee of the 14th IMC; Nkaka Mwashika, Executive Director of the Insurers Association of Zambia; Dirk Reinhard, Chairman of the Steering Committee of the IMC and Vice-Chairman of the Munich Re Foundation; Agnes Chakonto, Managing Director, Medison Life; Lemmy Manje, CEO, FinProbity Solutions; Webster Twaambo, Executive Head – Branch Operations, Professional Insurance; Brian Manchinshi, Manager, ZSIC Life; Katharine Pulvermacher, Executive Director, Microinsurance Network; Richard Leftley, CEO, MicroEnsure; Peter Wrede, Senior Financial Sector, Specialist, World Bank; Denis Garand, President, Garand & Assoc.; Lorenzo Chan, President, Pioneer Life; Doubell Chamberlain, Managing Director, Cenfri; Craig Churchill, Head, ILO’s Impact Insurance Facility.

6 — Full participation of the more than 450 participants from over 50 countries until the very last session.

Agenda 5 November 2018

Pre-conference workshop: Climate risk insurance

Hosted by GIZ, MCII and the ILO

This workshop, a collaboration between GIZ, MCII and the ILO, was an opportunity for information exchange and for open discussions about the role of insurance, both its weaknesses and strengths. It included country case studies and discussions on implementation of policies and lessons learned from recent experiences. This helped to facilitate the open exchange of information and provided real-life examples of the challenges and rewards of using insurance as a tool for adaptation. Bringing together various stakeholders, the workshop discussed the success factors, challenges and lessons being learned in building resilience in vulnerable communities and enterprises.

Pre-conference workshop: Seizing opportunity through risk management

Hosted by the IAA

The session was of value to supervisors, insurance practitioners who are involved in the development of products and/or management of product provider's risk, and suppliers of actuarial skills. The attendees learned about the key drivers of risk for inclusive insurance products and providers of such products. The attendees also equipped themselves in applying the risk assessment tool in different contexts and determining appropriate business decisions in response to risks identified. Ultimately, the attendees were equipped with a flexible set of tools that they can use to solve their own risk management problems, or rather a set of rigid risk management instructions.

Academic pre-conference workshop in microinsurance 2018

Hosted by CEAR

The Center for the Economic Analysis of Risk (CEAR) organised an academic pre-conference in conjunction with the 14th International Microinsurance Conference. The pre-conference attracts researchers to present major findings and participate in panels on recent developments in research methods, to understand risk management choices of the poor.

Pre-conference: Promoting cross-country knowledge exchange & regulatory dialogue

Hosted by MEFIN

MEFIN, or the Mutual Exchange Forum for Inclusive Insurance, is a network of insurance regulators and supervisors in Asia working for peer-to-peer exchange of knowledge and experiences within the insurance industry. MEFIN currently has seven member countries, who are the insurance supervisors from Indonesia Otoritas Jasa Keuangan (OJK), Mongolia's Financial Regulatory Commission (FRC), Nepal's Beema Samiti, the Philippines' Insurance Commission (IC), Securities and Exchange Commission of Pakistan (SECP), the Vietnam Insurance Supervisory Authority (ISA) and the Insurance Regulatory Commission of Sri Lanka (IRCSL). The Network implements programmes that provide mutual benefit to the members in advancing inclusive insurance solutions, targeted especially at the low income and informal sectors. MEFIN started as a knowledge exchange platform in 2013 and transformed into a Network in 2016.

Pre-conference workshop: Innovate for climate risk insurance

Hosted by GIZ, MCII and the ILO

By Pranav Prashad

The workshop focused on sharing good practices seen under the ACRI+ project of GIZ and MCII, and was designed to spur on promising ideas to help advance the application of climate risk insurance (CRI) in different sectors, such as renewable energy, cities, and MSME parks.

Over the last 10 years, increasing recognition of climate risk insurance (CRI) and its added value within an Integrated Climate Risk Management (ICRM) approach has reflected growing acceptance of the role of insurance. But insurance is no panacea! Its contribution towards risk reduction and resilience depends on the quality of the insurance tool and whether it has been designed to respond efficiently to the needs of the ultimate beneficiaries. Besides, evidence gathered thus far is mainly from the agricultural sector, microinsurance schemes in particular. More work is needed on synergies with other risk-financing tools, critical infrastructure, and its benefits to other phases in the risk management continuum.

With that in mind, the workshop also sought to explore different supporting tools that can better help decision-makers and planners implement CRI in their national strategies, and possible funding sources for CRI application and approaches.

For better adaptation and improved resilience

The workshop used several interactive formats to explain the concepts and receive feedback from attendees – which are summarised below:

Box 1

A game was played by the attendees to highlight the need to manage the risk of a disaster by means of an integrated transfer solution such as insurance. The focus was on how its use can make communities more resilient, ensuring that natural hazards never turn into disasters. Such an approach has several parts – that include prevention, addressing residual risk, preparedness response and recovery (see Figure 1).

The game focused on investments, risk reduction and insurance, and various measures that individuals and governments can take for improving resilience, including

- risk analysis
- risk reduction
- pre-disaster financing
- emergency management
- providing relief
- post-disaster financing
- rehabilitation and improved building-back

7 — Participants of the workshop playing a game to develop the best risk management strategy for a fictional hotel business on an island.

8 — Left to right: Mathias Range, Head of Projects/Senior Advisor, GIZ; Antonis Malagardis, Program Director, GIZ-RFPI, Philippines

7

8

Figure 1
Integrated climate risk insurance approach for building resilience

Source: Range, Mathias. Presentation "Importance of climate risk management for better adaptation and improved resilience." 14th International Microinsurance Conference 2018

Innovations to match consumers' needs

Contract farming and "bundling and aggregation" are two ways of integrating risk management in primarily agrarian communities.

There is growing appreciation that **contract farming** organisations can help build a sustainable business model enabling all involved to potentially benefit from insurance:

- Farmers feel "safer" when taking the risk of entering into a cash-crop delivery contract and investing in their businesses.
- The contract farming operator has lower side-selling and a stronger loyalty of farmers.
- The insurer is able to reach the underserved segment of smallholder farmers – through their contract farming organisations.

Amongst these farmers, there is demand for insurance products beyond agriculture – life insurance, health and hospitalisation benefits, and even support for school fees.

Use of appropriate technology can improve value for farmers through better product design and delivery.

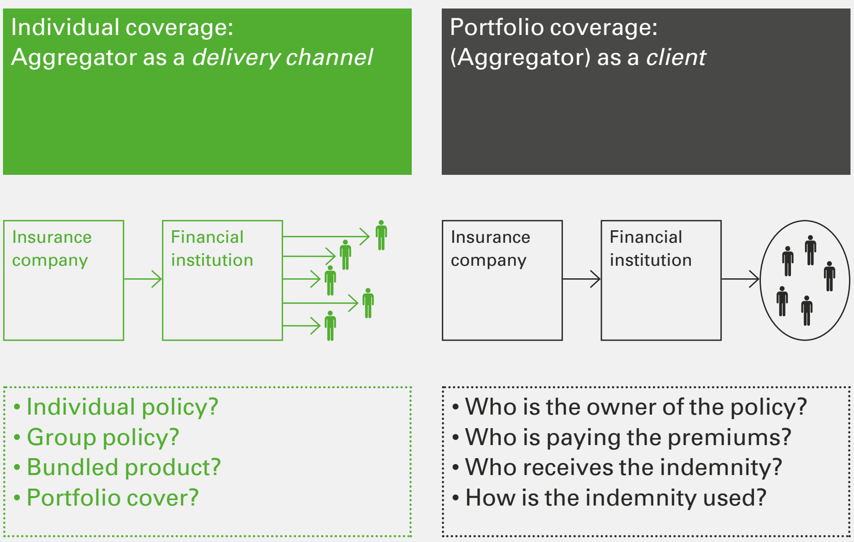
Bundling and aggregation

Insurance can be bundled, with both financial and non-financial products already being used by farmers. Such bundling can help provide "insurance experience", which can build trust and make insurance tangible. In addition to contract farming organisations, aggregators providing such products and services range from farm input providers to credit organisations, as well as farmer or crop-based associations and farm output buyers. For insurers, they offer an opportunity both to "sell to" them group insurance and to "sell through" them coverage for their members or purchasers of their products (see Figure 2).

Bundling and aggregation can help insurers build scale, but they need to make sure an aggregator explains the insurance product well and gives the right people access to cover as well as the claims service. Another challenge can be product design, ensuring that the risks faced by smallholder farmers in addition to aggregators are covered. At times, budget and operational considerations of the aggregators, rather than the needs of farmers, can drive coverage.

Nevertheless, by including insurance in a bouquet of services offered and delivered to members, customers as well as communities can be instrumental in developing their resilience to cope better when faced with disasters.

Figure 2
Aggregator as a channel or buyer of insurance



Source: Prashad, Pranav. Presentation "Bundling of insurance products"
14th International Microinsurance Conference 2018

Pre-conference workshop:
Innovate for Climate Risk Insurance

Integrated methodology

The workshop then addressed the use of integrated climate risk methodology in different sectors, which faces both direct and indirect risks. The risks include physical damage, supply chain disruption and flooding. The methodology presents opportunities for improvement.

In Morocco, new insurance solutions linked to phases of the disaster risk management (DRM) cycle were developed for **MSMEs**, local authorities and private sector partners. These were combined with other risk management measures to synergise and leverage spill-over effects between the different approaches.

Insurance can be the bridge within each phase of the disaster risk management cycle to better assist businesses, individuals and governments in strengthening in a systematic manner their resilience on micro, meso, and macro levels. Integrating insurance into the different phases will increase the effectiveness of preventive measures, relieving budget constraints and strengthening resilience.

For **implementing agencies**, developing solutions can cut across different work streams. For example, in China for **urban development**, the work encompasses urbanisation, reconstruction, finance, disaster risk management, resilience and critical infrastructure.

Depending on their roles in the climate risk management cycle, government, business, individuals and communities are engaged with corresponding adaptation measures and equipped with stronger capacity to prevent, reduce or cope with climate risks, including through response plans and strengthened preparedness mechanisms.

For the **renewable energy sector** in Barbados, the ICRM approach is being used to develop a roadmap to ensure that existing and future energy generation, transmission and distribution are climate- and disaster-resilient.

Similarly, for the **agriculture sector** in Ghana, the focus is on preparing for adverse events through comprehensive contingency planning, limiting risks using climate-smart agriculture techniques, preparing for alternate livelihoods wherever required, and transfer of residual risk through agriculture insurance and sovereign risk-transfer solutions.

Sources of finance and partnerships for CRI

The private sector on its own and in partnership with the public sector can raise funds for CRI, from sources such as the Green Funds, Social Investments and Impact Investments. All stakeholders working together from the beginning of any project helps to ensure adequate buy-in. PPP models sometimes suffer from lack of ownership as each side waits for the other to "lead", so role clarity is important.

There is a perceived keenness to fund technical assistance for projects rather than to provide direct funds. Funds available should provide relevant information about their priorities. And those seeking funds should cultivate skills in developing proposals which can show the return on investment (ROI) to the private sector investors.

9 — Pranav Prahad from ILO's Impact Insurance Facility introducing the workshop goals.

9

Interactive tools

The **DRM toolbox for climate risk insurance** in the agriculture sector is an overview of relevant action for all DRM phases and tools for managing weather/climate events in the agriculture value chain. The toolbox

- highlights the **role of insurance** for DRM – mutual benefits of CRI and DRM (all levels);
- assists in **identifying gaps** and how to integrate CRI into DRM;
- **complements** other DRM guidelines/ publications;
- allows users to **"pick & choose"** according to their priorities (not everything has to be done); and
- applies to all levels of stakeholders, assisting with expected outputs.

Another tool is **awareness raising through volunteers**. Its use in the Caribbean demonstrated the importance of communicating with customers in the local language as well as the use of visuals and films to explain complex topics such as insurance and the various steps for DRM. Training these volunteers is important and they require adequate support material to convey the right messages in a meaningful manner.

The **Economics of Climate Change Adaptation (ECA)** is a tool offering flexible quantification of cost-effective climate adaptation measures for a variety of projects and sectors. This tool can also provide orientation for governments and initiatives when considering how best to protect vulnerable populations from different climatic hazards.

Advancing Climate Risk Insurance plus (ACRI+) website:
http://www.climate-insurance.org/projects/advancing-climate-risk-insurance-acri/

MCII:
http://www.climate-insurance.org

GIZ:
https://www.giz.de/en

ILO's Impact Insurance Facility:
www.ilo.org/impactinsurance

Lessons learnt

- Insurance can play an important role in disaster and climate risk management.
- A disaster risk management approach integrating risk transfer solutions includes prevention, addressing residual risk, preparedness, response and recovery.
- Bundling of insurance with other financial and non-financial services, along with aggregators such as contract farming organisations, can help build scale.
- Consumer understanding and mechanisms to provide education continue to be the big hurdles in responsible expansion of insurance and DRM methodologies.
- Preparing for adverse events includes comprehensive contingency planning, limiting risks using better production techniques, and transfer of residual risk through insurance.

Pre-conference workshop: Seizing opportunity through risk management

Hosted by IAA

By Shamim Ashraf

The session discussed the key drivers of risk for inclusive insurance products and providers of such products. It introduced risk assessment tools in different contexts and determined appropriate business decisions in response to the risks identified.

The IAA/IAIS has jointly created a risk assessment toolset in response to a question that emerged around the limited actuarial skillset in emerging markets: "What does proportionality mean for actuarial skills?". The underlying paper and tool are designed to provide key stakeholders (not necessarily actuaries) with a risk framework to follow, to produce a risk assessment of new/existing insurance products. The session focussed on supervisory and industry use of the tools presented.

The session was split into two parts:

A) An overview of the risk framework paper and workings behind the Excel-based tool produced by the IAA and IAIS.

B) A hands-on group exercise evaluating the inherent risks underlying the launch of a hypothetical new product using the Excel-based tool described to the audience from part A.

Risk framework

The framework is split into two key components:

1) Product risk
2) Provider risk

Within each of these sections, a number of sub-sections are listed for the user's consideration. For each sub-section, a relative risk weighting is selected (based on importance to the user of that item relative to the other items on the list) and a corresponding risk score of 0–4, with 0 indicating "non-relevant" and 4 "high risk". The multiplication of these two items then provides a "weighted risk score", which when added for all sub-categories gives an overall risk number (see Figure 3).

Figure 3
Framework – product risk assessment

Type of product: Composite Credit Life & Hospital Cash

	Product feature	Risk weight		Risk weight (converted to %)	Risk score (0, 1, 2, 3 or 4)	Weighted risk score (= risk weight x risk score)
1	Client insurance awareness and product understanding	High	4	18%	4.00	0.73
2	Sum insured: amount and predictability	High	4	18%	3.00	0.55
3	Insured event: frequency and predictability	Moderate	2	9%	3.00	0.27
4	Data: availability, quality and suitability	Moderate	2	9%	4.00	0.36
5	Product feature: coverage term, deductible, exclusions, waiting period, guarantees, etc.	Moderate	2	9%	1.00	0.09

Source: Bowman, Nigel. Presentation "Seizing Opportunity Through Risk Management." 14th International Microinsurance Conference 2018

The sub-sections covered within the product risk and provider risk components are listed below.

1) Product risk assessment

a) Client insurance awareness and product understanding
b) Sum insured: amount and predictability
c) Insured event: frequency and predictability
d) Data: availability, quality and suitability
e) Product features: coverage term, deductible, exclusions, waiting period, guarantees
f) Moral hazard, adverse selection
g) Fraud potential
h) Reserving complexity
i) Very large losses, cat events, e.g. systemic events
j) Other product features (user may add further items here)

2) Provider risk assessment:

a) Product design capability – design, prototype
b) Documentation
c) Sales, marketing, consumer education, underwriting
d) Customer admin, claims, dispute process
e) Technical insurance management: reserving, data collection, reinsurance
f) Operations: audit, finance, regulatory compliance, technology, relationship management
g) Staff: technical insurance dealings, skills, training, etc.; and
h) Other (user may add further items here)

The group was then asked to complete the above template in a case study.

10 — Nigel Bowman, Chair of IAA Microinsurance Working Group, introducing the practical risk assessment process for inclusive insurance providers and supervisors.

10

Pre-conference workshop:
Seizing opportunity through risk management

Case study

Participants were split into two groups representing the insurance industry as well as supervisors. Each group was provided a fictional case study covering the potential launch of a new hospital cash insurance product in the fictional country of "Nambia".

The aim of the exercise was to interrogate the Excel-based risk assessment template and see how it can be used to facilitate risk assessment in reality.

It became clear that the tool itself – as intended – is best used for guidance and not to be prescriptive. The fundamental design of the tool is to facilitate discussion among users, including overlaying risk mitigation measures on areas identified as falling out of the user's originally set risk appetite. This may for example require risk mitigation actions to increase current actuarial/supervisory capacity.

The session provided a great opportunity to test the tools, and to share ideas and learnings across a number of markets. It became clear that risk assessment is very subjective. But going through the process helps one think about the problem and discuss the underlying issues. Ultimately, following such a framework creates a risk control cycle as shown in Figure 4 below that – when followed – will aid the user in identifying the areas where an actuarial skillset is called for.

Lessons learnt

- The IAA/IAIS toolkit is intended as guidance to help the user formulate the inherent risks. It is not intended to be prescriptive.
- Risk assessment is very subjective. Cross-referencing answers from 2 or 3 individuals completing the template independently is ideal.
- Both supervisors and providers need to complete the risk assessment process, and not necessarily the actuaries within their organisations.
- The use of actuarial skills should be proportional to the level of risk identified and corresponding gaps an actuary can assist in mitigating.
- The risk assessment process is iterative and should be repeated at regular intervals, e.g. annually.

Figure 4
Risk control cycle

Source: Bowman, Nigel. Presentation "Seizing Opportunity Through Risk Management." 14th International Microinsurance Conference 2018

For more information, go to:
https://www.actuaries.org/IAA/Documents/Publications/Papers/MIWG_Assessing_Risk_Inclusive_Insurance_Paper.pdf

Academic pre-conference workshop: How financial diaries can complement survey data effectively

Hosted by CEAR

By Laura Montenbruck

In conjunction with the 14th International Microinsurance Conference, the Center for the Economic Analysis of Risk (CEAR) organised an academic pre-conference workshop. The aim of this seminar was to show how financial diaries add important information to administrative and classical survey data and thus help us to better understand the financial decisions and risk management strategies of the poor. In this context, three different research projects were presented.

Cash constraints and intertemporal choice

The "Financial & Health Diaries[1]" project combined yearlong weekly interviews on respondents' finances and health status to investigate the interplay between cash constraints, enrolment in health insurance, health shocks and financial lives amongst Health Insurance Fund target populations in rural Nigeria and Kenya. For the Kenyan sample of 120 dairy farmers, the project explores the effect of cash constraints and health shocks on the decision where to sell milk: to a dairy cooperative, paying farmers higher prices for their milk, but deferring these payments until the middle of the next month; or to milk vendors at local markets, who pay immediately but offer lower prices.

The researchers find that dairy farmers earn an increased share of their dairy income from the local market in weeks that follow a period of lower income from milk production and other income-generating activities, and in weeks with uninsured health shocks. Thus, farmers earn relatively more income from the local market when cash-constrained. Farmers not only sell a greater quantity of milk at the local markets, they also receive a higher price for their milk at these local markets when they need cash, suggesting that informal milk vendors help farmers manage their financial needs. Health shocks do not affect dairy sales to the cooperative amongst farmers with health insurance, suggesting that cooperatives could provide insurance to stabilise the supply of milk delivered to the cooperative.

Financial diaries had an essential role in generating these results. They allowed identification of different patterns depending on week of the month and season, consistent with the hypothesis that farmers use the local market to manage their cash flows when they are in need of cash. They also recorded a lot more of the variation in cash in hand than surveys could potentially record and, providing high-frequency panel data, the diaries allow controlling for confounding time-invariant characteristics.

Portfolios of the poor

Portfolios of the Poor (see Box 2) summarises a number of projects that use financial diaries to provide a deeper understanding of the actual challenges of the poor, their preferences and their decision processes. Whereas researchers often jump to conclusions from simply interpreting survey data, the diaries are used to have a closer look at underlying patterns.

Box 2

"Portfolios of the Poor: How the World's Poor Live on $2 a Day[2]" tackles the fundamental question of how the poor make ends meet. It leverages findings of financial diaries studies in Kenya, India, Mexico, South Africa, Tanzania, Mozambique and Pakistan. The groundbreaking work can link an understanding of household financial management to the business case for services that help address some of the most significant challenges that low-income families face.

11 — Daryl Collins (right), CEO, Bankable Frontier Associates, United States, keynote speaker of the academic pre-conference session.

12 — Glenn Harrison, C.V. Starr Chair of Risk Management & Insurance, Robinson College of Business, Georgia State University, United States

11

12

1
The Diaries project was conducted by the Amsterdam Institute for International Development with funding from the PharmAccess Foundation

2
Authored by Collins, D., Morduch, J., Rutherford, S., & Ruthven, O., the book was published in 2009.

Academic pre-conference workshop:
How financial diaries can complement survey data effectively

The so-called hunger season[3] is just one example of the need to examine the underlying patterns. It is obvious that smallholder farmers do not get enough food in that part of the year. But why is that so? And does simply providing food make the difference? Figure 5 shows how various aspects add up to a vicious cycle. In Mozambique for example, the rainiest months of the year are associated with the hunger season. It is a difficult period not only due to a lack of food, but also due to weather-related health problems, poor variation in diet, and lack of work due to transportation problems associated with rain. Some of these problems could be tackled with a health insurance product.

Diaries also allow us to better understand when informal risk management works and when it fails. In the case of sickness, relatives are often not willing to help out with large amounts of money for treatment, as they can't predict the length and extent of the disease and are afraid of extensive future payments. However, in the case of death, suddenly much more money becomes available as people understand the finality of such a payment. This help however only comes when it is too late to save a person's life. Whereas funeral costs can apparently be covered by informal security nets, formal insurance might be needed for diseases.

This approach underscores the importance of looking behind the scenes to understand the issues of the poor in depth. Only this can lead to targeted solutions. In the case of insurance, it allows us to design suitable, context-specific products that meet the needs of the poor.

Portfolios of the Atlanta Poor

In contrast to many other projects, the CEAR Portfolios of the Atlanta Poor project focuses on poor and low-income households in the context of a rich country, the USA. It aims at increasing the understanding of risks and uncertainties faced by the working poor, as well as their preferences and risk management strategies. A combination of survey data, diaries and experiments is used to investigate these aspects in detail.

The analysis of risk aversion within the context of vulnerability is one important part of the project. Using a lottery experiment, the researchers investigate whether vulnerability increases risk aversion, a hypothesis that has shown to be true in various settings where income is used as a proxy. However, a broader definition of vulnerability using several other indicators shows a more differentiated picture.

Figure 5
Stylised example of vicious cycle related to the hunger season

Source: Collins, Daryl. Presentation "CEAR Pre-Conference in Microinsurance." 14th International Microinsurance Conference 2018

3
The hunger season owes its origin to tribes in western Kenya which often name their children after the seasons in which they are born: Nasimiyu (the hot, dry season), Wamalwa (brewing season) and most common of all, Wanjala, the "hunger season" when, if there is a poor harvest, a farming family's crop stockpiles start to run out., The season generally runs, varying in length from country to country, from April to September.

In the experiment, which allowed the participants to choose between a safe and a risky option to win money from a lottery, 62 % actually choose the risky one. An in-depth analysis of this result shows that attitudes towards risk depend much on the composition of a household. Families with a solo head of household are in general more vulnerable to shocks as they depend on the income of a single person and cannot share risk. Whereas risk aversion in such households increases with the number of children, it decreases with the number of adults. When resources become scarce in a given household of this type, households become more risk-taking if they are composed of many adults. The opposite is the case if there are many children in the family. Decreased risk aversion is consistent with anecdotal observations that poor households are more inclined to buy lottery tickets with high, but unlikely, prizes.

These results give important insights into how the poor working population deals with uncertainty and thus serve as a basis for understanding where insurance can help them to do so in a more efficient way.

Lessons learnt

- Diaries complement survey and administrative data and help us to better understand the risk decisions of the poor.
- They provide an added value allowing customised, context-specific insurance products to be designed.
- However, it is important to not only focus on insurance take-up, but rather on consumer surplus to efficiently help the poor.

Pre-conference workshop: Promoting cross-country knowledge exchange and regulatory dialogue

Hosted by MEFIN/GIZ-RFPI

By Mandargua Tsegmid and Dante Oliver Portula

The session brought together African and Asian public and private insurance stakeholders, who shared insights into promoting inclusive insurance markets across countries through peer-to-peer platforms.

The **Mutual Exchange Forum on Inclusive Insurance Network (MEFIN)** countries (Indonesia, Mongolia, Nepal, Pakistan, the Philippines, Sri Lanka and Vietnam) have a combined microinsurance client outreach of about 75 million people. The Philippines, Indonesia and Pakistan have the biggest outreach at 34 million, 22 million and 16.8 million respectively[4], as of June 2018. Financial institutions are the dominant distribution channels. MNOs and utility companies are additional channels used in the Philippines, Indonesia and Pakistan. The main drivers for market development in the region are the (proportionate) microinsurance regulatory frameworks and national strategies that enable private insurers and intermediaries to participate actively in the market.

Box 3
MEFIN Network Structure and Functions

Regional Steering Committee (RSC)
The RSC provides strategic direction to the Network. It develops policies in line with the goal of MEFIN as a platform for effective and efficient exchange of knowledge and experiences for the promotion of inclusive insurance markets in the region.

Created and supervised by the RSC, the **Technical Working Groups** (TWGs) currently encompass Regulation and Supervision (TRS), Business Models (TBM), Capacity Building (TCB) and Knowledge Management (TKM).

The RSC is supported by a **Secretariat**. Composed of technical specialists of GIZ RFPI Asia Program, the Secretariat provides content, technical and administrative backing to the RSC – especially in the implementation and monitoring of the Work Plan of the Committee and of the Technical Working Groups.

The MEFIN Network conducts regular **Public Private Dialogue (PPD) forums** (about 3 per year).

Source: mefin.org/about.html

The MEFIN Network was formed in May 2013 as a peer-to-peer group of regulators with assistance from the GIZ RFPI Asia program. MEFIN transformed into a Network in February 2016 (see Box 3 for details of the MEFIN structure). To **deepen knowledge sharing** and **capacity building** on microinsurance in the industry, five leading private microinsurance entities in the Philippines founded **MEFIN Incorporated** on July 2017. MEFIN Inc. aims to address financial sustainability of the MEFIN Network to institutionalise knowledge exchange activities and the PPDs. Sustaining and attracting new members to the network remains a challenge however as some existing members lack the motivation to invest in it.

13

14

15

13 — Left to right: Dirk Reinhard, Vice-Chairman – Chairman of the Conference Steering Committee, Munich Re Foundation, Germany, Katherine Pulvermacher, Executive Director, Microinsurance Network, Luxembourg; Dante Portula, Senior Advisor, GIZ-RFPI, Philippines; Antonis Malagardis, Program Director, GIZ-RFPI, Philippines

14 — Mandargua Tsegmid, Senior Officer at Financial Regulatory Commission of Mongolia, welcoming the participants on behalf of the chair of the MEFIN-platform.

15 — Luc Noubissi, Senior Insurance Specialist, CIMA, Cameroon

4
Source: Data compiled by GIZ RFPI Asia, Secretariat of MEFIN Network

Established in 2009, **Zambia's Technical Advisory Group (TAG)** conducts market facilitation initiatives such as stakeholders' coordination, advocacy, industry capacity building, consumer education and knowledge management. TAG has been spearheading implementation of the microinsurance development strategy for Zambia for nearly 10 years. Challenges confronting TAG include lack of buy-in/participation of some insurers to the activities of TAG, financial constraints of players for product development and education, delayed enactment of regulations, and lack of peer-to-peer engagement. These challenges have provided key lessons:

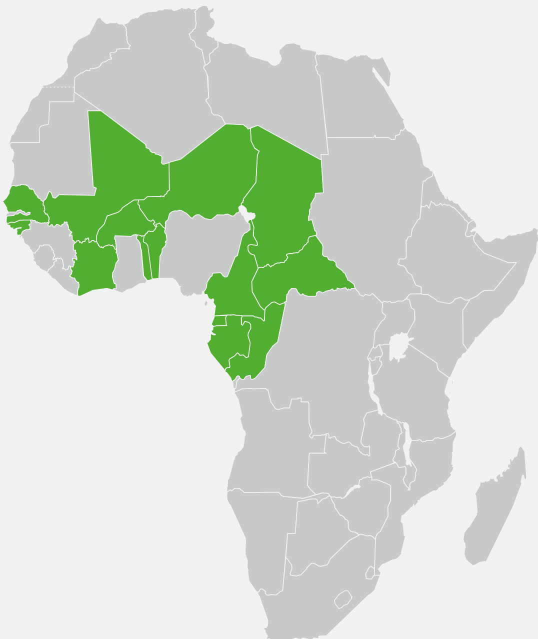
- A multi-stakeholder platform is key to the coordination of microinsurance in an emerging market such as Zambia.
- Involvement of the regulator helps.
- Local ownership with public-private partnership is a working strategy.
- Support from development agencies with a financial inclusion agenda is important.
- It can take several years to get a platform such as the TAG to be institutionalised in the industry.

CIMA (la Conférence Interafricaine des Marchés d'Assurances) ensures that single insurance legislation is adopted and applied across the 14 member countries in West and Central Africa (see Figure 6). Its member jurisdictions have a combined population of 160 million, 60 % of which is considered low-income, and insurance penetration is on average 1 %.

CIMA's governing body, the Council of Ministers, overseas a Supervisory Commission which is responsible for enforcing regulations, issuing an opinion which conditions licence approval, sanctioning insurance companies, and ensuring policyholders' protection. The Supervisory Commission is supported by a General Secretariat which prepares all the work of the Council of Ministers and the Commission. It makes proposals for amendments to the legislation, and conducts offsite and onsite examinations. Another body in the CIMA's structure is the group of National Authorities, which serve as relays to the action of the Commission in member countries, supervise contracts, rates, production and claims, collect statistics from the industry, and supervise intermediaries and technical experts.

Figure 6
CIMA's member jurisdictions

Benin
Burkina Faso
Cameroon
Central African Republic
Chad
Republic of Congo
Equatorial Guinea
Gabon
Guinea-Bissau
Ivory Coast
Mali
Niger
Senegal
Togo



Source: Noubissi, Luc. Presentation "CIMA sub-regional's platform on peer-to-peer exchange of insurance supervisors". 14th International Microinsurance Conference 2018

Pre-conference workshop: Promoting cross-country knowledge exchange and regulatory dialogue

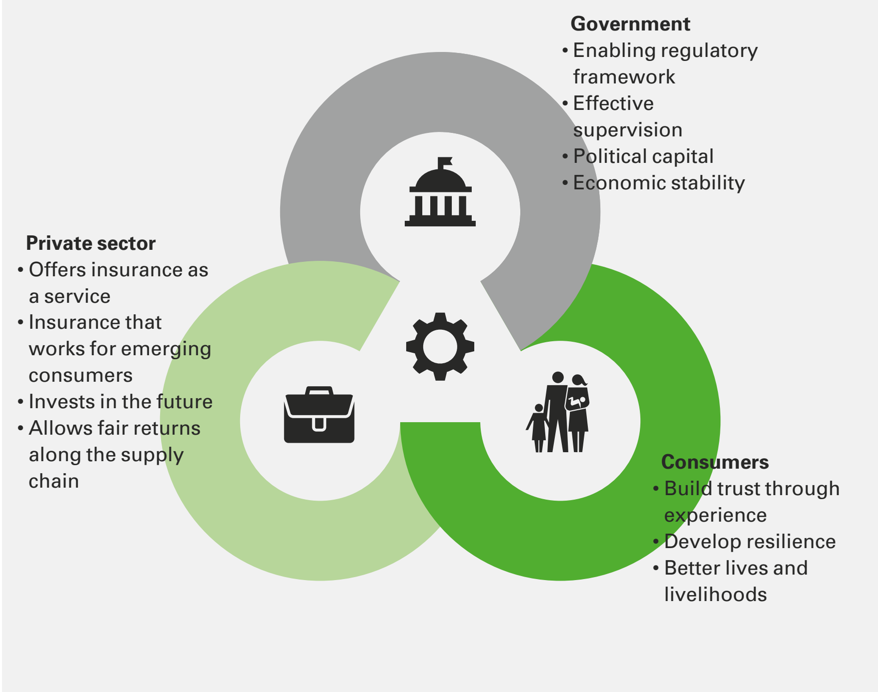
According to the latest "Self-Assessment and Peer Review" (SAPR – developed by IAIS), the CIMA region generally has a "supportive" regulatory environment and practices in the SAPR assessment areas of supervisory mandates and licensing. Moreover, CIMA scores "largely supportive" in the assessment areas of proportionate regulations, and supervisory powers and responsibilities. Challenges however lie in the areas of enabling regulations, and state of the market and state of regulations which are rated "not supportive".

To address the gaps, the SAPR recommended the following:

- The supervisor needs to have the authority to extend its powers to all parties.
- Multiple authorities involved in supervision should work in harmony.
- Adequate exchange of information is needed between supervisors.
- The supervisor's staff needs to have adequate skills and knowledge of technology.
- The supervisor should exchange information with other authorities.

Representatives of the **Microinsurance Network (MiN)** pointed out that making insurance markets work for the poor requires effective partnership between all stakeholders, which in turn means aligning incentives amongst the private sector, government and consumers (see Figure 7).

Figure 7
What can (and must) be done



Source: Pulvermacher, Katharine. Presentation "Why are we here and where are we going?". 14th International Microinsurance Conference 2018

Lessons learnt

- Networks can serve as a strong basis for addressing pertinent issues of the insurance sector, opening regulatory dialogue and, consequently, tackling country-specific issues.
- A multi-stakeholder platform is key to the coordination of microinsurance in emerging markets. Regulators' engagement is necessary, and support from development agencies with financial inclusion agendas is important.
- Platforms like MEFIN can contribute towards market development by supporting an enabling regulatory framework, peer-to-peer learning and dialogue.
- The industry should contribute towards policy and regulatory reform. It has a crucial role – communicating the changing business environment – in informing national priorities, policy directions, regulation and supervisory practices. However, aligning the short-term business interests of industry players with the need to participate in peer-to-peer exchanges is a persistent challenge.
- A strategic approach is needed to sustain network platforms. Financial sustainability is a recurring challenge.
- Enabling proportionate regulation is crucial to the development of inclusive insurance.

Agenda

6 November 2018
Morning sessions

Pre-conference: Impact Insurance Forum

Hosted by the ILO´s Impact Insurance Facility

The ILO’s Impact Insurance Facility celebrated its 10-year anniversary in 2018. Over the last ten years, the organisation has grown and changed with the industry. This year’s forum was an opportunity to take stock of where we are, what we have learnt over the past ten years and how these lessons will shape coming years of impact insurance.

Pre conference: Research development workshop

Hosted by IPA and CGIAR

IPA and CGIAR convened a half-day research development workshop to explore opportunities for innovation with our network of researchers. The goal of the workshop was to generate dialogue between researchers and microinsurance providers to learn how they can work together to design, implement and evaluate innovative, evidence-driven insurance products that have business potential and show promise for social impacts. This was also using the launch of a CGIAR learning platform on agricultural insurance, but they explored research questions for all types of insurance products, including those covering health, funeral and weather events.

ILO's Impact Insurance Forum
Inclusive insurance: the past, and the next 10 years

By Camyla Fonseca

The 2018 ILO Forum focused on "10 years of Impact Insurance". In two plenaries, it examined how the inclusive insurance market has evolved over the past decade in terms of products, clients, distribution channels, partnerships and technology, as well as lessons that the ILO's Impact Insurance Facility and its partners have learnt over this period. The morning ended with a third plenary discussion on how these lessons will shape the next 10 years of impact insurance.

Product evolution

This plenary focused on the evolution of inclusive insurance products over the past 10 years.

In South Africa, Old Mutual has experienced failures as well as successes in reaching out to the low-income segment, learning the importance of having a clear understanding of the market and the opportunities to develop partnerships.

Old Mutual – Pay When You Can

Number of people insured:
2,374 individuals

Insured risks:
Funeral

Premium range:
From ZAR 49.95 (US$ 3.60) to ZAR 219.95 (US$ 16) per 14 months

For Old Mutual, the funeral product has been a success given the broad outreach through burial societies, funeral parlours and administrators.

SANASA – Agriculture insurance

Number of people insured:
4,069 individuals (paddy), 2,705 individuals (tea)

Insured risks:
Drought and excess rain for paddy and tea

Premium range:
LKR 300 (US$ 1.65) to LKR 3,000 (US$ 16.45) per season (paddy), LKR 300 (US$ 1.65) to LKR 5,000 (US$ 27.42) per month (tea)

Sanasa's experience in Sri Lanka led to the company opting to not bundle products as a way of reaching scale, but rather to invest in awareness campaigns through aggregators and agricultural societies. As a result of Sanasa's clear rural engagement, the number of policies sold has largely increased.

16


17


18

16 — Craig Churchill, Head, ILO's Impact Insurance Facility, Switzerland, opening the session.

17 — Thembisa Mapukata, General Manager: Innovation Digital & Direct Channels, Old Mutual, South Africa

18 — Richard Leftley, CEO, MicroEnsure, United Kingdom

Pioneer –
Pioneer Motor Protect

Number of people insured:
over 355,000 individuals

Insured risks:
Motorcycle repair, personal accident, hospitalisation

Premium range:
PHP 1,150 (US$ 22) per annum

In the Philippines, Pioneer has gained experience in developing more complex insurance solutions (see Figure 8). A good example is its solution for Motortrade – a leading motorcycle dealer in the country – through an approach that includes six elements: product, price, place, people, promotion and process. Today, this initiative protects more than 355,000 customers.

Technology for building scale, time and cost efficiencies

This plenary discussed ways technology can be a catalyst for scaling up insurance operations by bringing about time and cost efficiencies.

The growth of MicroEnsure (UK) provides insights on the evolution of mobile phone-based technology and mobile network operators as a distribution channel for simple insurance products. Its experience in Pakistan demonstrates how life and health insurance products can be scaled up and how mobile insurance can evolve from loyalty-based "free" insurance to target-based insurance. The process also involves the use of airtime and mobile wallets to make premium payments and claims.

MicroEnsure –
Telenor Pakistan Mohafiz

Number of people insured:
1.53 million individuals (cumulative)

Insured risks:
Life

Premium range:
Free linked to airtime usage

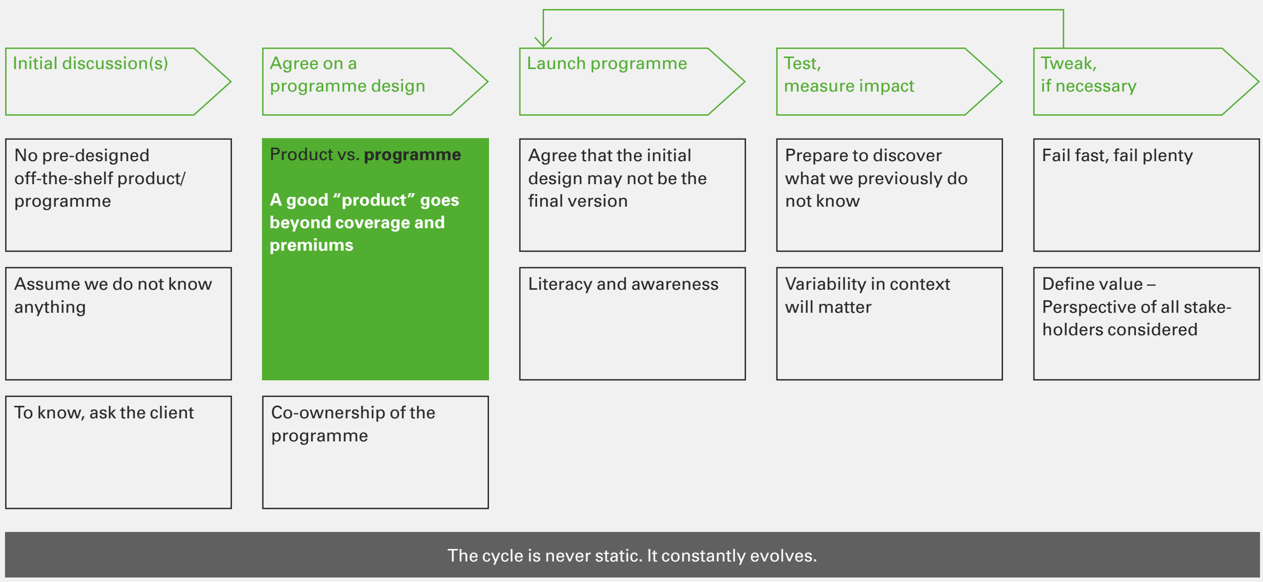
MicroEnsure –
Jazzcash Pakistan Sehat Sahulat

Number of people insured:
30,000 individuals

Insured risks:
Hospitalisation and accidental medical reimbursement

Premium range:
PKR 999 (US$ 7) per annum

Figure 8
Product development approach



Source: Chan Jr, Lorenzo. Presentation. "Product evolution: The Pioneer approach." 14th International Microinsurance Conference 2018

ILO's Impact Insurance Forum
Inclusive insurance:
the past, and the next 10 years

In India, HDFC ERGO's products and processes have used different technologies to overcome challenges related to outreach, trust, affordability and simplicity – hand-held tablets and point-of-sales devices for example for data capture at the customer location, and real-time transfer to the company's server via GPRS and policy issuance through relevant applications.

HDFC Ergo – Group Hospital Cash

Number of people insured:
105,000 individuals

Insured risk:
Hospitalisation

Premium range:
INR 250 per life

HDFC Ergo – Crop insurance

Number of people insured:
2.1 million individuals

Insured risks:
Fall in yield

Premium range:
2% to 30% of sum insured depending on crop and geography. Sum insured ranges from INR 15,000 (US$ 213) to INR 150,000 (US$ 2,130)

HDFC Ergo – Cattle insurance

Number of cattle insured:
10,680 cattle

Insured risks:
Death

Premium range:
5.75% to 16% of the sum insured. Sum insured ranges from INR 25,000 (US$ 355) to INR 75,000 (US$ 1,065)

MCII's project in the Caribbean uses satellite-based technology and data for developing triggers for index products for wind speed and excess rain. These parameters are combined with mobile phone technology to send out text alerts and warnings as well as announcing pay-outs, wherever applicable.

MCII – Livelihood Protection Plan

Number of people insured:
cumulatively over 750 individuals

Insured risk:
Excess rainfall and high wind speeds

Premium range:
JMD 6,600 (US$ 51) to JMD 66,000 (US$ 517) per annum


19

19 — The interactive ILO's Impact Insurance Forum at the IMC has a long tradition and has been again well attended.

What will the next 10 years look like? Trends in products and technology

Panellists followed by the audience looked into emerging trends in products, data and technology, regulation and the impact of social issues on the future of insurance for the low-income market.

The world is getting wealthier (with one billion expected to enter the consuming class by 2025) and riskier (climate change, shared economy and changing nature of asset ownership amongst younger consumers). New kinds of products, such as usage-based and on-demand insurance, are emerging and would work well for the low-income segments as they should be simpler, cheaper and easier to sell. The biggest disruptor for the insurance industry will be the entrance of digital platforms. Unlike MNOs, they can aggregate large groupings of consumers and small businesses in ways not previously possible.

Most emerging markets are too nascent for data to be sufficient enough for any serious analytics. Although each country is on its own developmental time frame, for most countries it will be more than 10 years before financial services reach a sophisticated stage. New products will certainly be developed, but the needs are unpredictable. For insurance, it will not be possible to leapfrog the evolution of product types, and the types of products that emerging markets will adopt will be similar to those in developed markets. With rising incomes, expectations will likewise rise: as populations rise above subsistence level incomes, they usually demand better health care and better educational opportunities for their children. Insurance products will need to meet these needs.

Lessons learnt

- Client-centricity: over the past decade, providers have recognised that the low-income market is heterogeneous, and that they will succeed only if the market is segmented into relevant subsets, and products are tailored to the characteristics of each segment.
- Continuous improvement: once products are in the market, the next step is to figure out how to make them better for customers, the distribution channel and the insurer. Often, technologies create opportunities to improve products and processes, but not all improvements are driven by technology.
- Distribution: unless insurers are looking to serve the market directly, they need to partner up with distribution channels, and pay them enough to make it work. Ideally, the insurer will co-create products with the channel for that channel's client base.
- Training: the key to success is making sure the people selling insurance are properly trained, and believe that it is important. With embedded or mandatory insurance, if clients (or beneficiaries) do not know they are insured, long term benefits will not happen.
- Claims: making claims processes work better for clients without increasing fraud is vital. One way for example is to allow clients to use WhatsApp to deliver claims documentation to shorten the claim processing time.
- VAS: value-added services are a way of improving the value of insurance products so that policyholders get something, like pharmacy discounts or weather information, even if the insured event does not happen.

20 — Left to right: Doubell Chamberlain, Chairman of the Board, Microinsurance Network / Cenfri, South Africa; Lisa Morgan, Technical Officer, ILO's Impact Insurance Facility, Switzerland; Andrew Thorburn, Founder, GBG Development Fund, United States

20

IPA and CGIAR Research Development Workshop
Aiming for products with business potential and social impact

By Danielle Moore and
Rebecca Rouse

Innovations for Poverty Action (IPA) and the Consultative Group on International Agricultural Research (CGIAR)'s Climate Change, Agriculture, and Food Security programme joined forces to bring together researchers, donors and practitioners in a half-day research development workshop. The goal of the workshop was to generate dialogue between researchers and insurance practitioners to learn how they can work together to design, implement and evaluate innovative, evidence-driven insurance products that have business potential and show promise for social impacts.

Following an introduction calling for increased collaboration between practitioners and researchers to improve microinsurance products, two presentations were made on the state of the evidence on microinsurance and open questions for further research.

How should agricultural insurance respond to climate risk?

Uninsured smallholder farmers faced with a loss of income due to a climate shock engage in **suboptimal coping strategies**, such as cutting food consumption, reducing human capital investments and selling productive assets. In addition, smallholder farmers who face considerable uninsured risk and who account for most of those living in extreme poverty often engage in low-yield, low-variability agriculture practices, with **little investment in farm inputs**, to avoid loss in case of a weather-related shock.

The design of weather index insurance products needs to **take into account the high cost of distribution in rural areas**, the **effect of basis risk** (i.e. the possibility that farmers suffer a loss but do not receive a payout) on demand among farmers, and **service quality**, so that lower yields actually lead to higher claims and payouts.

Three promising innovations from the agricultural research community were presented that could address these issues. First, **fail-safe contracts** with audits reduce basis risk by allowing farmers to request audits when the index fails (see Figure 9). However, the cost of implementing audits, resulting delays in payouts and potentially limited farmer engagement and participation present challenges to this model.

Figure 9
Fail-safe contract design with audits

Source: Adapted from Flatnes, Carter and Mercovich (2018), presented at ICAE 2018

Picture-based insurance could address some of the challenges associated with fail-safe contracts by reducing information asymmetries and leveraging farmers' smartphone ownership for cost-effective monitoring. An initial evaluation in India found that picture-based insurance reduces basis risk and increases demand for crop insurance.

Thirdly, feeding agronomic data on crops into the modelling of index products can predict weather-related production losses, again reducing basis risk.

A key open research question is how crop insurance can be integrated into broader risk management strategies to avoid crowding out risk reduction and climate adaptation practices. One possibility is to bundle crop insurance with credit for risk-mitigating technology.

State of the evidence and research gaps in consumer protection

Appropriate consumer protection has three components – transparency, recourse and fair treatment. It is central, not only in ensuring the financial well-being of the poor, but also in building trust for commercially successful insurance products to emerge. **Behavioural biases and limitations in financial literacy lead consumers to focus on the short-term cost of premiums over the long-term benefit of a policy. On the supply side, insurers undermine trust and cause high consumer turnover** by selling insurance as an ancillary financial service for profit, misaligned incentives between brokers and consumers, limited communication directly with consumers, and failure to pay.

Innovations in disclosures (i.e. how information is presented) offer an opportunity to improve trust, though improvements in financial literacy are also needed. A key open research question is what mechanisms for handling complaints and formal dispute resolution procedures are effective at improving trust and consumer retention.

21

22

23

21 — Nellie Moore, Program Manager – Financial Inclusion, Innovations for Poverty Action, United States, introducing the program of the workshop.

22 — Participants of the session discussed the state of the evidence on microinsurance and open questions for further research.

23 — Rahab Kariuki, Managing Director, ACRE Africa, Kenya

IPA and CGIAR Research Development Workshop

Aiming for products with business potential and social impact

Key research questions

Implementing organisations were grouped with researchers to discuss the key issues concerning microinsurance, including consumer demand, service quality, gender inclusivity, distribution channels and broader risk management strategies. Participants had an opportunity to briefly introduce their insurance model, and together the groups identified the key research questions they would like to answer, concrete ways in which answering those questions could inform their work, the information they would need to do so, the challenges in collecting and analysing that information and potential solutions to those challenges.

Some key open research questions emerged from these conversations. Firstly, how does informal insurance affect women's take-up of formal insurance, and how can products be designed so they don't disrupt existing social support networks? Secondly, how can agricultural insurance be bundled with other products and services, such as extension advisories, risk-mitigating technology and other types of insurance? Thirdly, how can insurance providers ensure quality and simplify claims processes when working with brokers and other types of distributors? And finally, what distribution channels can increase take-up amongst rural low-income households?

IPA and CGIAR collaborated in facilitating these discussions and are now following up on potential evaluations after the workshop. Follow-up activities include connecting interested practitioners with relevant IPA country offices, matching interested practitioners with researchers, and/or supporting partners in securing donor funds for research.

Lessons learnt

First, there is a need for increased collaboration between researchers and practitioners to identify innovations that can improve the design and delivery of inclusive insurance.

Another lesson from the session was that customer demand is a limiting factor in low and middle-income countries, due to a lack of trust and the possibility of no payout even when a loss occurs (i.e. basis risk).

In order to address basis risk problems, innovations in auditing and monitoring for weather index insurance products should be developed and tested.

To increase consumer trust and customer retention, there is a need for more research on effective disclosure and complaints and recourse mechanisms.

Insurance providers interested in testing their products for welfare impact can follow up with IPA and CGIAR to explore options for impact evaluations.

Agenda

6 November 2018
Afternoon sessions

Opening ceremony

Geoffrey Chirwa
Chairman, TAG
Zambia

Thomas Loster
Chairman, Munich Re Foundation
Germany

Martin Libinga
Registrar, Pensions and Insurance Authority (PIA)
Zambia

Dr. Emmanuel Pamu
Permanent Secretary for Budget and Economic Affairs, Ministry of Finance
Zambia

The landscape of microinsurance in Africa

Katherine Pulvermacher
Executive Director, Microinsurance Network
Luxembourg

Keynote: How do low-income people need to protect their present and their future?

Daryl Collins
CEO, Bankable Frontier Associates
United States

Plenary 1

Why does insurance matter for development?

Hosted by the Microinsurance Network

Rowan Douglas
CEO Capital Science & Policy Practice, IDF/Willis Towers Watson
United Kingdom

Mathieu Dubreuil
Microinsurance Consultant, World Food Programme
Italy

Shilpi Shastri
Microinsurance specialist, Women's World Banking
United States

Peter Wrede
Senior Insurance Specialist, World Bank
United States

Facilitator

Craig Churchill
Head, ILO's Impact Insurance Facility
Switzerland

Opening ceremony

Some 450 delegates from 57 countries attended the 14th International Microinsurance Conference 2018.

When a microinsurance country diagnostic was conducted **in Zambia in 2009, only 3.8 % of the adult population reported having insurance** besides the mandatory pension and vehicle insurance , 64.4 % of the population was living with or under the equivalent of US$ 1.90 per day[5], and financial inclusion of the adult population was at 23 %.[6] "We have travelled a long way since then," said Geoffrey Chirwa, chairman of the Microinsurance Technical Advisory Group (TAG), one of the local hosts of the conference. For one thing, he added, **Zambia now has two million microinsurance policyholders, some 25 % of the adult population**. "Various sessions of the conference will update other numbers and indicators to show our notable microinsurance development journey."

The importance of inclusive insurance regulation in achieving this growth cannot be overestimated – a factor also reflected in the steady increase in the participation of insurance authorities in the conference over the years. Martin Libinga, registrar of Zambia's Pensions and Insurance Authority (PIA), highlighted **the importance of insurance in economic development** and in managing risks by small and medium entrepreneurs. Enactment of the new insurance law, to take place in early 2019, he added, will be the base for immediate issuance of microinsurance regulations. "These are two ways in which the PIA is facilitating further market development."

The government, in addition, is implementing the National Financial Inclusion Strategy (NFIS), in which microinsurance is a fundamental pillar, said Dr. Emmanuel Pamu, permanent secretary Budget and Economic Affairs of the Ministry of Finance, addressing delegates on behalf of the Minister of Finance. "There are also other plans and platforms that the government is implementing and supporting, like the Farmer Input Support Programme (FISP), a public-private partnership covering over one million farmers with weather index insurance."

Dr. Pamu added that **the Ministry of Finance recognises the importance and leadership of the TAG**, now registered as an insurance association that coordinates the microinsurance agenda in the country, and of the PIA as well as development agencies like Financial Sector Deepening (FSD) Zambia. These institutions have supported the government and "have seen market players becoming more willing to step out of their boardroom and interact with different market segments to design customer-centric insurance products."

Thomas Loster, chairman of Munich Re Foundation, said that the conference was a global gathering but with a distinctive African flavour. Indeed, out of the 450 delegates from 57 countries, 200 are from 20 African countries. "This is **the second largest conference held in Africa**. But, indicative of the conference's value, it has attracted a number of delegates from very far away, such as Fiji and Brazil."

24 — Geoffrey Chirwa, Chairman, TAG, Zambia

25 — Thomas Loster, Chairman, Munich Re Foundation, Germany

26 — Martin Libinga, Registrar, Pensions and Insurance Authority (PIA), Zambia

27 — Dr. Emmanuel Pamu, Permanent Secretary for Budget and Economic Affairs, Ministry of Finance, Zambia


24


25


26


27

5 "Towards a strategy for microinsurance development in Zambia: a market strategy and regulatory analysis". Cenfri and ILO, December 2009

6 World Bank Statistics

Africa, compared to the developed regions, has progressed in the use of technology in surprising ways, Mr. Loster added. "For example, 700 million electronic wallets are in use here. But improvements are needed in process management and reducing costs with the use of mobile wallets, and technology in general. Whilst it is positive and encouraging to see more and more people covered with inclusive insurance, it is important to keep working on market development to understand the gaps and challenges – i.e. why some products are still not available, and how climate change will worsen the situation of vulnerable people. Last year was one of the costliest from natural disasters."

All of these challenges cannot be tackled by the insurance industry alone, Mr. Loster said. "More collaboration amongst governments, industry and donors is required."

Mr. Loster also acknowledged the collaboration with TAG in organising the conference and noted the many years of close cooperation with the Microinsurance Network (MiN).

Katherine Pulvermacher, Executive Director of the MiN, recalled the evolution of the Network into a platform for meeting and sharing knowledge amongst a community of experts, bonded by the belief that it is important and possible to give insurance to the most vulnerable populations. She acknowledged and thanked the Government of the Duchy of Luxembourg for supplying the core funding of the MiN during its 10 years of existence. Amongst current projects sponsored by MiN is a landscape study on Zambia that is going to be presented during this conference, she said. "This study uses a new methodology specifically around data collection (the why, who and how) and the new country profile sheets now include annual general economic data that will be a part of the broader 2018 Landscape Study of Microinsurance in Africa."

Last to address delegates in the opening session was keynote speaker Dr. Daryl Collins, co-author of "Portfolios of the Poor: How the World's Poor Live on $2 a Day." (see next page).

Inclusive insurance in Zambia: keys to success

Sector coordination and a dedicated coordinator are critical for success.

- Market development is not easy. Multiple stakeholders are needed.
- Capacity building and innovation support are key to convert pilots into scalable business models.
- Consumer education and customer-centric insurance solutions for the targeted market are a must.
- The microinsurance value chain is dynamic and requires regulatory backing.
- Microinsurance is a key part of a financial inclusion strategy.

28 — Over 450 participants from 57 countries attended the conference

29 — Katherine Pulvermacher, Executive Director, Microinsurance Network, Luxembourg presenting preliminary results of The landscape of microinsurance in Africa study 2018.

28

29

Keynote
Inclusive insurance should focus on important and destabilising risks

Keynote presentation by Dr. Daryl Collins, CEO, Bankable Frontier Associates (BFA), a firm specialising in using finance to help low-income people

Dr. Daryl Collins made a compelling case for microinsurance by sharing stories of families interviewed for the Kenya financial diaries.

The financial diaries is a methodology to obtain multi-dimensional qualitative and quantitative data on the lives of low-income households. Researchers make visits twice a month during one year to families randomly selected. During these visits, the researcher asks questions about their financial activity and their life events. The result is good information on income, expenses, risk faced, and the many transactions that the poor undertake to make ends meet (borrowing from neighbours and banks, saving under the mattress, credit in kind, support from the community and family, savings in ROSCAs, etc.). This methodology was recorded and described in ***Portfolios of the Poor: How the World's Poor Live on $2 a Day***, a book co-authored by Dr Daryl Collins, along with Stuart Rutherford and Jonathan Morduch.

Contrary to common beliefs, the poor use many financial tools, albeit the majority linked to informal networks and family. The Kenya study revealed more than 10 sources of income, including agriculture, casual work, side businesses, support from communities, remittances, family support, loans and savings. They need to use all of the possible (or available) sources of income, mainly because expenses are steady (when there are no unexpected shocks) but income is highly volatile.

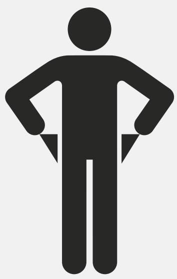
One important risk that looms like a Sword of Damocles is health issues and illness. Analysis of the overall expenses of a typical family indicates that health spending is not overwhelming. Approximately, 5 median days of income equivalent to KES 1,073 (US$ 12.60) with an average of KES 3,962 (US$ 47) are consumed by health costs during one year. Risks happen however and they seriously affect their livelihoods.

This was illustrated by several cases exposing the nature of the risks and coping mechanisms; these cases also show that if insurance had been in the equation, the situation could have been less stressful.

Figure 10
Financing shocks – Most often, the family needs to help

George

Median monthly HH income: KES 9,155 (US$ 108)



George could manage with the medium-sized costs associated with his wife's sickness, but his ability to cope alone was soon exhausted:

First bill: KES 3,000 (US$ 35)
Had KES 1,000 on hand, left KES 2,000 in arrears and paid a couple weeks later.

Second bill: KES 8,000 (US$ 94)
Asked for a loan from chama (KES 5,000/US$ 59), sold pig & chicken (KES 4,000/US$ 47), received from friend (KES 1,800/US$ 21)

Third bill: KES 30,000 (US$ 353)
Friends and family supported.

Funeral: KES 50,000 (US$ 588)
Friends and family supported. (Son stole an extra KES 10,000 (US$ 118) sent to him to get body released from hospital)

Source: Collins, Daryl. Keynote address "BFA Presentation." 14th International Microinsurance Conference 2018

One case in Kenya was that of Molly who developed a severe headache. She went to an eye hospital and paid KES 1,700 (US$ 20). She was still feeling sick, and so went to another clinic and paid the equivalent of US$ 4.70. Treatment didn't work and she had to go to yet another clinic with a cost of US$ 8.20. Finally, she had to go to Kenya National Hospital. The bill was for KES 11,500 (US$ 135). This illustrates the alternatives the poor have to face in the absence of insurance: they go to places they can afford, and eventually end up where they should have started if only they had had insurance.

Another case was about a family coping with almost 10 different sources of income from George and his wife, who suddenly had to face a dire situation. It illustrates how the community and friends can help, acting as de facto insurers. Judith, the wife, fell sick and eventually died. The expenses incurred by the family are explained in Figure 10.

The case illustrates the help family and the community give, which is idiosyncratically more important when there is a big event than when those affected need to cope with "minor" events (like going to the urgent care centre). In George's case, the community was generous. However, there are cases in which the community is also affected and cannot give all the support needed. Thus, having insurance is a formal safety net that could be explored more.

Finally, the team that undertook the Kenya financial diaries study measured the risk aversion and loss aversion of the families interviewed. This was done holistically; in one game the families were given the option to decide between receiving a certain amount or playing games that only had a 50 % probability of winning. The answer showed that more than 60 % of the participants chose the certain amount, which means they are highly risk-averse. In another game, the participants were given the choice of playing or not playing, knowing that when playing there was a 50 % possibility of winning or losing. The results were the same: almost 60 % of the people were loss-averse.

In conclusion, the poor have many ways of managing their money and risks. The effective access and use of insurance can help them cope better when facing risks; they would not need to sell assets, decrease their savings or get more and more into debt. However, there is no insurance that covers all the broad risks the poor face. Insurance should then focus on the most important and destabilising of risks.

30 — Keynote speaker, Daryl Collins, CEO, Bankable Frontier Associates, United States

30

Plenary 1

Why does insurance matter for development?

Hosted by the Microinsurance Network

By Maria Victoria Sáenz

The plenary used the UN's Sustainable Development Goals (SDGs) as the framework to analyse links between microinsurance and development. The goals are part of the 2030 Agenda for Sustainable Development which the United Nations adopted in 2015. There are 17 SDGs[7], which are an urgent call to all countries – developed and developing – to address through global partnerships. The plenary presented specific cases dealing with the relationship of inclusive insurance and SDGs 2,3,5,8 and 13.

SDG 2: Zero hunger

This goal includes implementation of resilient agricultural practices that increase productivity and production; so increasing the income of small-scale producers as well as their food security.

To contribute towards this goal, the World Food Programme (WFP) is supporting smallholder farmers **with disaster risk reduction programmes, integrated with micro, meso and macro schemes**. Insurance is considered a transfer modality. On micro level, farmers can pay the premium with their labour, by implementing risk reduction measures. Progressively, the increase in productivity and income generation allow the introduction of cash contributions. The main feature in these schemes is that insurance is not the only tool employed; it acts jointly with risk prevention programmes, savings groups and, in general, the financial inclusion tool. Most of the programmes are oriented towards really vulnerable and food-insecure households and are implemented in partnership with other institutions and using multiple tools.

Figure 11 illustrates the road from food insecurity to sustainability, with insurance just a link in a chain of tools.

7
No poverty, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry. Innovation and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production, climate action, life below water, life on land, peace, justice and strong institutions, and partnerships for the goals.

8
FCS is a proxy indicator of household food security calculated using the frequency of consumption of different food groups consumed by a household during the 7 days before the survey. There are standard weights for each of the food groups that comprise the food consumption score.

Figure 11
From food insecurity to sustainability

Source: Dubreuil, Mathieu. Presentation "Food Security and Livelihoods." 14th International Microinsurance Conference 2018

By using its M&E (monitoring and evaluation) system, the WFP was able to measure some results (see Box 4) confirming an overall improvement in food security conditions.

Box 4
Impact of WFP in Malawi based on the M&E system

Number of households with acceptable food consumption score (FCS)[8] increased from 58 % to 89 %.

Dietary diversity improved: households with low dietary diversity halved and households with medium dietary diversity increased by 35 %.

Participants increased their capacity to save.

The participation of women has increased from 34 % to 50 %.

SDG 3: Good health and well-being

This goal includes financial risk protection, access to quality essential health-care services and to safe, effective, quality and affordable essential medicines. Discussing this particular SDG involves issues like universal health care (UHC).

Despite many efforts, UHC remains elusive. The World Health Organisation estimates that, as of 2015, around 3.5 billion people had access to essential health care, implying that half of the world's population lacks coverage. In each of the health care programmes in Kenya, the Philippines, Pakistan and India, there were partnerships with the private sector (mainly in technology and insurance) for the design of biometric cards, of prepaid medicine, of a maternal passport and many other solutions.

The fact remains however that the world has not achieved UHC. Some of the programmes have achieved partial results due, amongst many reasons, to lack of information, regulation and resources. In many cases, there is no inclusion of the informal sector, in others the programme is meant only as a way to give more access to the poor but not necessarily to achieve UHC.

Nevertheless, there is a belief around the possibilities of micro-health insurance to improve the access of vulnerable populations to healthcare, develop more suitable services and provide education in health prevention.

SDG 5: Gender equality

One of the most important reasons for the financial insecurity of vulnerable populations is health-related risks. On top of this, a large percentage of the female population is part of the informal sector, which rarely has access to health services or insurance. These women often de-prioritise their health. Even if in some cases they have access to some form of health or insurance protection, it rarely covers maternity risks. Mainstream services do not generally include women,

31

32

33

31 — Rowan Douglas, CEO Capital Science & Policy Practice, IDF/Willis Towers Watson, United Kingdom

32 — Shilpi Shastri, Microinsurance specialist, Women's World Banking, United States

33 — Left to right: Peter Wrede, Senior Insurance Specialist, World Bank, United States; Mathieu Dubreuil, Microinsurance Consultant, World Food Programme, Italy; Craig Churchill, Head, ILO's Impact Insurance Facility, Switzerland

undermining their empowerment as useful and productive persons.

With this in mind, Women's World Banking has designed an inclusive health insurance product called "Caregiver", that is being implemented successfully in Jordan, Egypt, Peru, Mexico, Morocco and Uganda. It is a simple hospital cash product that addresses the most important financial pressure faced by low-income women entrepreneurs: health emergencies and loss of income as a result of missed work due to hospitalisation. The product pays a fixed amount per night of hospitalisation and has no exclusions (maternity and pre-existing conditions are covered from the outset). Beneficiaries are free to use the claims amount in any way that best fits their emergency cash-flow needs.

The Caregiver programme has reached over 1.3 million women and has covered 2 million lives over a period of 12 years, with over 120,000 claims paid. Outcome studies conducted by Women's World Banking, using the gender empowerment framework, demonstrate positive changes in women's lives across multiple dimensions due to their increased access to financial safety nets provided by the Caregiver programme.

SDG 8: Decent work and economic growth

Almost all of the microinsurance activities fall into this agenda. Indeed, the insurance theory of change implies that SMSEs are more motivated to take risks and invest in more productive activities if their risks are transferred and covered. However, there is no proof this is the case.

What it has achieved, though not globally, is strengthening of the capacity of financial institutions to expand their services to the "missing middle," those not micro but not yet medium-sized enterprises. In other words, there is still a gap to plug with services focusing on small and medium enterprises.

SDG 18: Climate action

To achieve the indicators set for this SDG, it is necessary to integrate climate change into national policies, to promote education around this issue and to strengthen and promote resilience on all levels. Insurance as the framework par excellence of managing risks has an active role to play.

As with all other SDGs, partnerships are an important aspect of the implementation of programmes to combat climate change (see Figure 12).

Figure 12
Examples of public-private partnerships created for combating climate change

IDF Insurance Development Forum

- Public/private partnership led by the insurance industry and supported by international organisations
- Officially launched by leaders of the United Nations, the World Bank and the insurance industry in 2016.
- Aims to optimise and extend the use of insurance and its related risk management and investment capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks.

African Risk Capacity

- Specialised Agency of the African Union (AU). Established 2012
- Sovereign risk pool designed to provide immediate financial response for drought
- Triggered by a parametric index developed with the World Food Programme, based on staple crop rainfall requirements
- Help Member States improve their capacities to better plan, prepare and respond to extreme weather events and disasters and to assist food insecure populations.

Source: Douglas, Rowan. Presentation "SDG13: Take urgent action to combat climate change and its impact." 14th International Microinsurance Conference 2018

Lessons learnt

- Insurance cannot be a standalone product in the pursuit of SDGs. It is only a tool to be used in conjunction with other tools.
- Achieving UHC and having a climate change agenda are primarily the responsibilities of governments; without their participation, there will be no success.
- Well-designed inclusive insurance programmes in the private sector, aligned with the needs and aspirations of vulnerable people, can help governments and institutions achieve the SDGs in a meaningful way.

Agenda

7 November 2018
Morning sessions

Plenary 2

Role of digital platforms in inclusive insurance markets

Hosted by Cenfri

Richard Leftley
CEO, MicroEnsure
United Kingdom

Amolo Ng'weno
East Africa Regional Director for Bankable Frontier Associates
Kenya

Adrien Lebegue
Business Development Director, Zhong An
China

Facilitator

Doubell Chamberlain
Managing Director, Cenfri
South Africa

Parallel session 1

The landscape of inclusive insurance in Zambia

Hosted by the TAG

Towards an inclusive insurance sector in Zambia; strategy and journey

Lemmy Manje
CEO, FinProbity Solutions
Zambia

Towards an inclusive insurance sector in Zambia; landscape and market experiences

Mauwa Lungu
Project Manager for Inclusive Insurance, FSDZ
Zambia

Towards an enabling regulatory environment; regulation and principles

Titus Nkwale
Deputy Registrar, Pensions and Insurance Authority (PIA)
Zambia

Facilitator

Shipango Muteto
Chairman, 14th IMC Organising Committee
Zambia

Parallel session 2

Distribution

More than Digital plus Traditional – building disruptive business models to improve insurance penetration in Kenya

Indira Gopalakrishna
Digitisation and Innovation Lead, Equity Insurance Agency
Kenya

Cebuana Claims RAPIDO: Making microinsurance matter when it matters the most

Jonathan D. Batangan
First Vice President and Group Head, Cebuana Lhuillier Insurance Solutions
The Philippines

Online Rural Kiosks – Distribution Beyond Mobile

Balachandran M K
Vice President, HDFC ERGO GIC LTD
India

Facilitator

Richard Leftley
CEO, MicroEnsure
United Kingdom

Parallel session 3

Process matters! Health microinsurance cases

Hosted by Milliman

Saurabh Sharma
General Manager – Microinsurance, Britam
Kenya

Hadil Abdelkader
Head of Emerging Customers & Public Affairs, Axa Life
Egypt

Michael Weilant
Principal and Consulting Actuary, Milliman
United States

Facilitator

Michael J. McCord
Managing Director, Micro-Insurance Centre at Milliman
United States

Parallel session 4

Academic research in agricultural insurance

Bundling weather index-based crop insurance and credit in Senegal: effects of mandatory versus voluntary product integration on take-up

Mame Mor Anta Syll
Research Coordinator, University Gaston Berger
Senegal

Farmer Recollection and Remote Sensing in Weather Index Insurance for Agriculture in the Developing World: an Ethiopia Case Study

Bristol Powell
Senior Research Staff Assistant, IRI Columbia University
United States

Facilitator

Glenn Harrison
C.V. Starr Chair of Risk Management & Insurance, Robinson College of Business, Georgia State University
United States

Plenary 2

Role of digital platforms in inclusive insurance markets

Hosted by Cenfri

By Kay Tuschen

This plenary hosted by Cenfri looked into the potential and limitations of mobile platforms in providing inclusive insurance. They have carved out a distinct role in the insurance market development curve. How best could this role extend to the smaller markets of inclusive insurance? China provides an example of the power of a partnership model teaming an insurer, a tech firm and an e-commerce giant, while Africa's market reveals huge potential, yet is untapped due to a lack of smartphone usage and platforms at scale.

How platforms can change the market development curve

At the outset, the plenary posed the question: "Why are we talking about platforms?". The answer lies in a close look at the insurance market development curve (see Figure 13) showing the spread of life insurance. Insurance penetration increases with rising income levels.

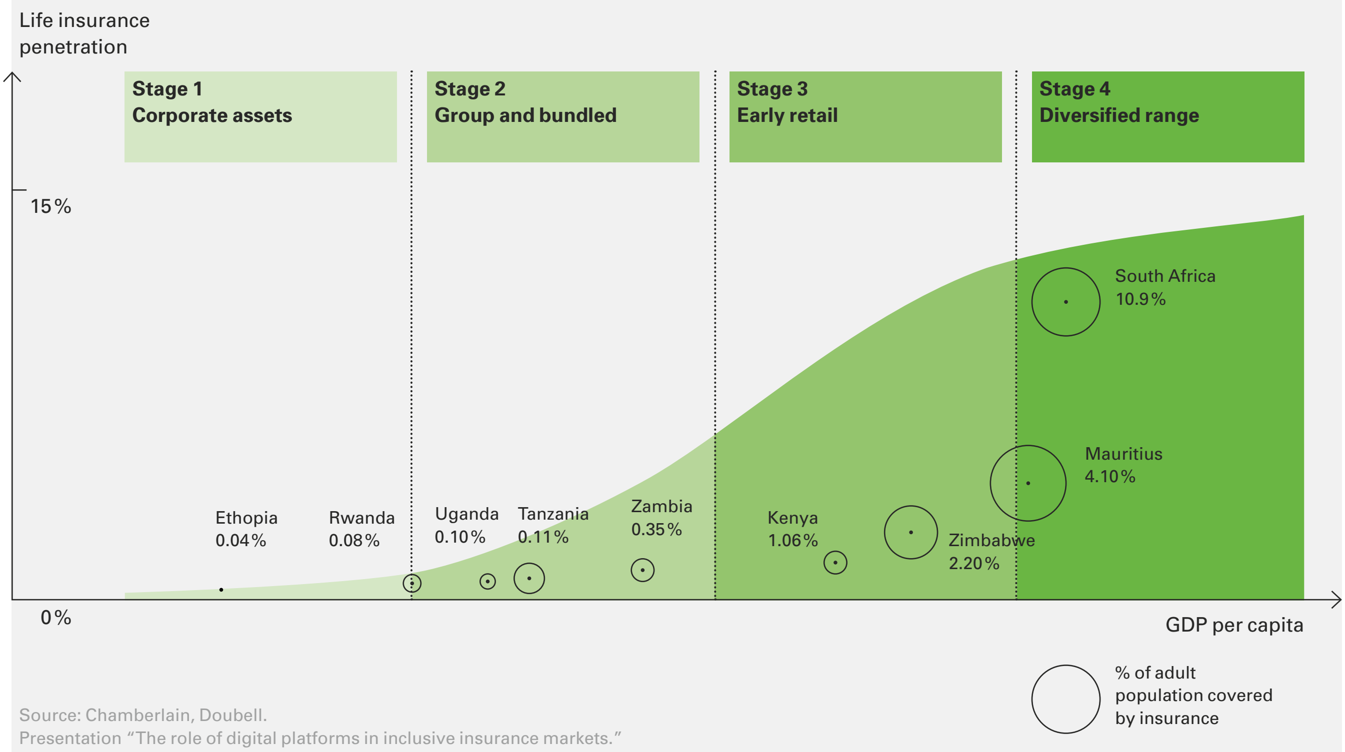
In Stage 1 in very low-income countries, most of the insurance cover originates from corporate assets. In Stage 2, in countries with slightly increasing income levels, more and more cover is sold in bundled products, e.g. credit life insurance. The third stage's insurance market is mainly driven by early retail models, selling simple and cheap policies, while in the fourth and last stage, the market diversifies into a broad variety of more complex policies. The introduction of more mobile platform solutions will increase returns, especially in Stages 2 and 3. Beyond that, it will also shift the border between these stages to the left, meaning that early retail models could be established on lower average income levels. If platforms are successfully applied to inclusive insurance, insurance penetration as well as returns would be expected to be higher at the same GDP per capita. Cenfri believes that platforms need to be discussed not for their own sake but because they bear the potential of increasing insurance penetration in developing countries.

A role model for partnership

In 2013, Zhong An was founded as the world's first online-only insurance platform – and it has experienced tremendous growth since. Three Chinese companies – insurer Ping An, internet company Tencent and e-commerce giant Alibaba – joined forces to build a new player in the online insurance market. By 2017, they counted more than 430 million policyholders, holding a total of 5 billion policies. The company calls itself a technology enterprise, with more than half the employees being engineers.

A four-step approach is at the core of Zhong An's success. Firstly, the platform needs to generate traffic – which can be achieved through attractive offers as well as interesting content. Secondly, data from this traffic has to be used to create new, customer-pleasing products, which can be put to scale in a third step. Fourthly and lastly, the scale gained, in combination with an efficient platform, is used to monetise the success of the platform.

Figure 13
Insurance market development curve



Source: Chamberlain, Doubell.
Presentation "The role of digital platforms in inclusive insurance markets."
14th International Microinsurance Conference 2018

Africa's market: have mobile platforms arrived?

Cenfri has found 284 online platforms active in Africa, four out of five developed in the region, with 49 offering financial services and 24 insurance. The main difference between Chinese mobile platform Zhong An and the African market is that the latter has many more but smaller platforms in different countries. The market is very segmented with lots of niche products solving specific problems (see Figure 14).

In such a market, the way people use their smartphones is one of the key obstacles to overcome. There is huge untapped potential. Smartphone usage is rising, but only every fifth smartphone owner is an active platform user. An issue often faced is that people own old smartphone models with an outdated operating system, and their phone's memory is either full or too small in general for modern platform applications.

As in other markets, people in Africa do not simply wake up with the desire to buy insurance cover. Even those who are using platforms and airtime payment models would rather spend their money on ringtones than on insurance if the product design is not attractive enough or the product is not presented to the customer properly. Insurance providers have failed to incentivise their consumers to buy paid insurance models after offering free cover to open the market. Nevertheless, they have succeeded with free insurance campaigns providing insurance cover for millions of people.

The well-developed mobile payment sector in East Africa represents big potential for platform solutions. Moreover, new solutions like Facebook Marketplace, that is gaining global power, and the introduction of WhatsApp payment in India, are interesting and promising developments. Both these platforms already have the traffic and thus the market power to reach billions of consumers.

Lessons learnt

- Mobile platforms explore a large untapped potential of new customers.
- Partnership models between players from e-commerce, insurance and mobile communication are a promising development.
- The development of more mobile platform-driven, inclusive insurance solutions imposes significant challenges on regulators to provide an enabling environment.

34 — Left to right Richard Leftley, CEO, MicroEnsure, United Kingdom; Amolo Ng'weno, East Africa Regional Director for Bankable Frontier Associates, Kenya, Adrien Lebegue, Business Development Director, Zhong An, China

35 — Doubell Chamberlain, Managing Director, Cenfri, South Africa

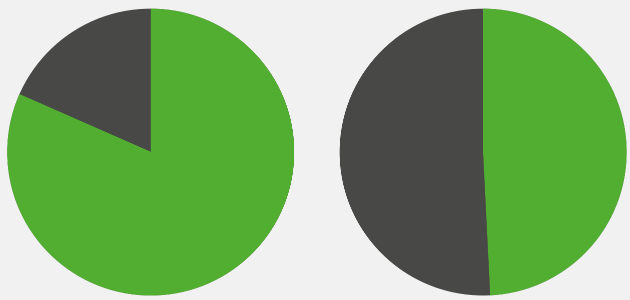
34

35

Figure 14
Mobile platform applications in Africa

Services identified in total: 284

Financial services platforms: 49



- Locally owned
- Internationally owned

- Offering insurance
- Other financial services

In six countries:
- Ghana
- Kenya
- Nigeria
- South Africa
- Tanzania
- Zambia

In six categories:
- Shopping
- Freelancing
- E-hailing
- Logistics/courier
- Rentals
- Other

Source: Chamberlain, Doubell.
Presentation "The role of digital platforms in inclusive insurance markets."
Graph: Tuschen, Kay.
14th International Microinsurance Conference 2018

Parallel session 1

The landscape of inclusive insurance in Zambia

Hosted by TAG

By Maria Victoria Sáenz

Up to a decade ago, microinsurance in Zambia was mainly credit life distributed by MFIs to about 100,000 low-income borrowers. Recent studies put the number of people with one or more microinsurance product at more than 2 million. The session hosted by the TAG tracked this roadmap, covering the intervention strategy, stakeholder engagement, supply and demand stimulation, and regulatory initiatives.

Box 5
Facts on microinsurance in Zambia 2017

Microinsurance gross written premium – US$ 24.7 million (out of a total of US$ 191.5 million for the industry).

Microinsurance lives covered – 2.2 million, with the Farmer Input Support Programme (FISP) covering almost 1 million.

Microinsurance lives covered as % of the low and middle-income population: 37 %.

Source:
Microinsurance Network (MiN) 2018

Stakeholder engagement

Although Zambia has the potential market size and indicators (see Figure 15) to nurture an inclusive insurance sector, one factor stands out in helping to accelerate the sector's development: effective engagement and participation of all key stakeholders.

In 2009, when FinMark Trust, Cenfri and ILO undertook a market and regulatory study, their first recommendation was to create a platform for dialogue and coordination amongst the different stakeholders. It led to the formation of the microinsurance Technical Advisory Group (TAG) as the stakeholders' platform, with public and private sectors represented. It spearheaded the process of developing a strategy and action plan, researching distribution opportunities, stimulating demand and supply, initiatives for an enabling regulatory framework, and alignment to a broader financial inclusion agenda.

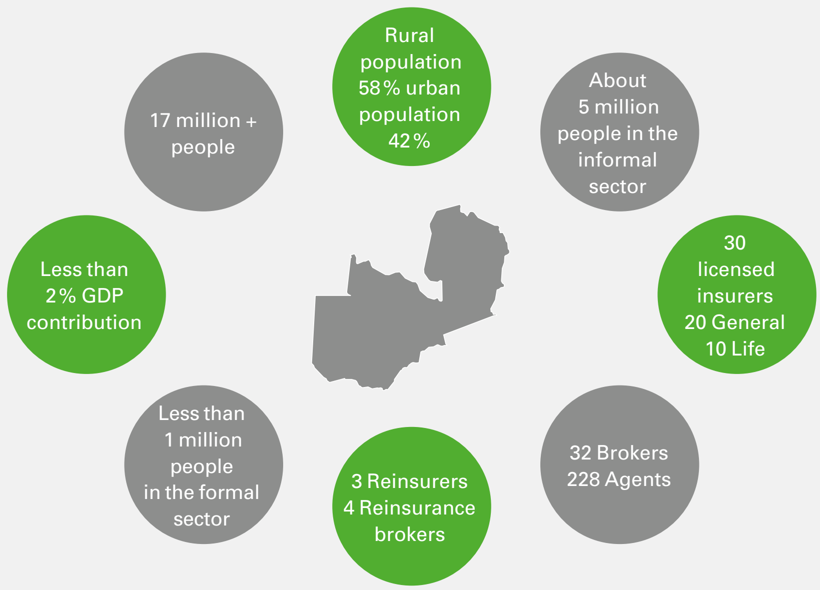

36


37

36 — Lemmy Manje, CEO, FinProbity Solutions, Zambia

37 — Titus Nkwale, Deputy Registrar, Pensions and Insurance Authority (PIA), Zambia

Figure 15
Country context



Source: Yondela Lungu, Mauwa. Presentation "Towards an Inclusive Insurance Sector in Zambia: Landscape and Market Experiences." 14th International Microinsurance Conference 2018

Over a decade – from its roots in the country diagnostic study to its registration in 2018 – a number of milestones marked its progress (see Figure 16, 17, and Box 5). No definitive figures can be attributed to TAG for the growth of the sector. But the value of its contribution is truly reflected in the results of the recent market studies showing an overall growth of the industry. Despite all setbacks, the number of low-income people with some sort of insurance cover exceeds two million.

Figure 16
Microinsurance market development roadmap 2009–2017

Country diagnostics study	**Steering committee and TAG established**	**Coordinator recruited**	**Country strategy/ action plan**	**5-year strategy developed**	**TAG registered**
July 2009	Aug 2009	Nov 2009	Jan 2010	Jan 2017	Aug 2018

Source: Manje, Lemmy. "Towards an inclusive insurance sector in Zambia: Strategy and Journey," 14th International Microinsurance Conference 2018.

Figure 17
Microinsurance coverage trend 2009–2017

2009	2013	2014	2015	2016	2017
< 100,000	1 million	3 million	1 million +	1.6 million +	2 million +
Credit life 95 %	Credit life 64 %	Credit life 20.4 %	Credit life 73 %	Credit life 65 %	Credit life 44.7 %
Life/funeral 5 %	Life/funeral 35 %	Life/funeral 79.4 %	Life/funeral 20.8 %	Life/funeral 28 %	Life/funeral 5.7 %
	Ag insurance 1 %	Ag insurance 0.2 %	Weather index 5 %	Weather index 5 %	Agri 49 %
				Hospital cash 1 %	Pers. accident 0.4 %
				Pers. accident 1 %	Other 0.2 %

Source: Lungu, Mauwa. "Inclusive Insurance Landscape Zambia," 14th International Microinsurance Conference 2018


38


39

38 — Mauwa Lungu, Project manager for Inclusive Insurance, FSDZ, Zambia

39 — Shipango Muteto, Chairman, 14th IMC Organising Committee, Zambia

Parallel session 1
The landscape of inclusive insurance in Zambia

Putting regulation into place

In Zambia, the Pensions and Insurance Authority (PIA) serves as the insurance regulator. It has been an active member of TAG and provides the regulatory perspective on microinsurance issues. The PIA follows the general guidelines of the International Association of Insurance Supervisors (IAIS) and follows the Protocol on Finance and Investment (FIP) of the Southern African Development Community (SADC), which aims at harmonisation of policies amongst member countries.

The microinsurance regulation is not yet in place in Zambia. The enactment of an insurance bill that includes microinsurance regulation is expected in 2019 however.

The proposed regulations include:

- benefit limits for long-term or general insurance cover to be classified as microinsurance;
- the definition of benefits;
- a cooling-off period and a maximum term of 12 months besides allowing certain waiting periods;
- a new dedicated microinsurance licence (pending terms and how agents and aggregators are defined);
- bundled products and alternative distribution channels;
- requirements for risk management and competence of intermediaries and mis-selling to ensure consumer protection

Lessons learnt

- In microinsurance markets evolving rapidly, a constant overview and identification of gaps in knowledge, access and opportunities are necessary.
- Inclusive insurance development requires combined effort from the private and public sectors in agreeing on the definition of business and short/long-term strategies.
- Although insurers have a positive view of the microinsurance sector, they consider the level of demand to be medium. The lack of awareness of insurance and of financial literacy amongst low-income people is a major hurdle to overcome.
- The insurance regulator must remain a constant partner and continue to monitor regulations, adapting them to ever-changing conditions and growth of the market.

Parallel session 2 Distribution

By Kay Tuschen

This session demonstrated that distribution remains one of the most pressing challenges to achieving viability for inclusive insurance solutions. It cited two cases where the combination of existing structures and innovative approaches had helped overcome the last mile hurdle in a cost-efficient way. It also foresaw tremendous growth to be gained from using mega platforms like Facebook and WhatsApp.

How do we get our insurance product into customers' hands? This question is still one of the most pressing and least solved in the inclusive insurance market. Distribution is often the last thing on the table when it comes to developing insurance products. A properly developed distribution strategy has the power to overcome many of the multiple challenges that insurers are facing in Africa. These include:

- Microinsurance companies are relatively small
- Regulation is still pushing agent sales instead of enabling digital channels
- Incomes are low, usage of mobile wallets is only high enough in Kenya
- Airtime deduction models are often not allowed.

Over the last decade, distribution models have shifted from the traditional individual agent to digital and business-to-business (see Box 6).

Box 6
Inclusive insurance distribution models

Individual agents
In this traditional way to sell insurance policies, the agent visits villages to promote and sell insurance products. For microinsurance products that are generally small and generate low profit margins, this model fails to reach the required scale.

Digital
Using a digital distribution platform is a low-cost solution to offer products to customers. It also allows the insurance provider to gain regional scale and to reach consumers in remote areas. One issue is that platforms often fail to attract the interest of potential customers.

B2B
In this model, existing networks of banks and mobile network operators are used to distribute the products. Payments are collected through the channel of the partner. One downside is that paying the partner for network provision can decrease profits significantly.

B2B2C
In this twist to B2B, the partner is used for providing a sales channel but sales themselves are typically driven by a call centre. It has the potential of higher sales but the additional cost can diminish profit margins.

Digital+traditional: the BAT approach

Kenya is known for having the most advanced mobile payment system in Africa. The introduction of M-PESA has been one of the biggest disruptions in the financial services market for decades. The Equity Insurance Agency took advantage of this development. In a threefold approach, it developed an omni-channel distribution strategy called the BAT approach (see Figure 18) for its Rizki scheme – combining the benefits of bank branches, agency networks and technology.

Rizki scheme – Equity Insurance Kenya

Number of people insured:
192,560

Insured risks:
Hospitalisation

Premium range:
US$ 17 to US$ 75 per annum

Equity's branch business had become expensive and unpopular amongst customers because they were used to buying bank products online but were forced to walk to their branch to buy insurance. So the focus for branches was shifted to MSMEs – by building a reward system to incentivise sales in the sector.

The agency network turned out to be the key to reaching the masses. By offering affordable financial services in the more than 35,000 shops, even very remote customers can be reached. It is a benefit that the agents are typically shops already serving local communities and well-established in the villages. The network is on-boarding 100 customers every day.

40

41

40 — Left to right: Balachandran M K, Vice President, HDFC ERGO GIC LTD, India; Jonathan D. Batangan, First Vice-President and Group Head, Cebuana Lhuillier Insurance Solutions, Philippines; Indira Gopalakrishna, Digitisation and Innovation Lead, Equity Insurance Agency, Kenya

41 — Richard Leftley, CEO, MicroEnsure, United Kingdom

The technology pillar of the strategy is set to attract technology-aware customers who buy self-service products. The cost-to-income ratio is only 10 % for this service, compared to 35 % for branch sales. Seamless integration of the mobile platform into the core sales system allows agent shops to concentrate on selling products and increasing sales. By combining the benefits of the three pillars – branches, agents and technology – Equity Insurance has created a competitive ecosystem.

Beyond mobile – online selling through kiosks

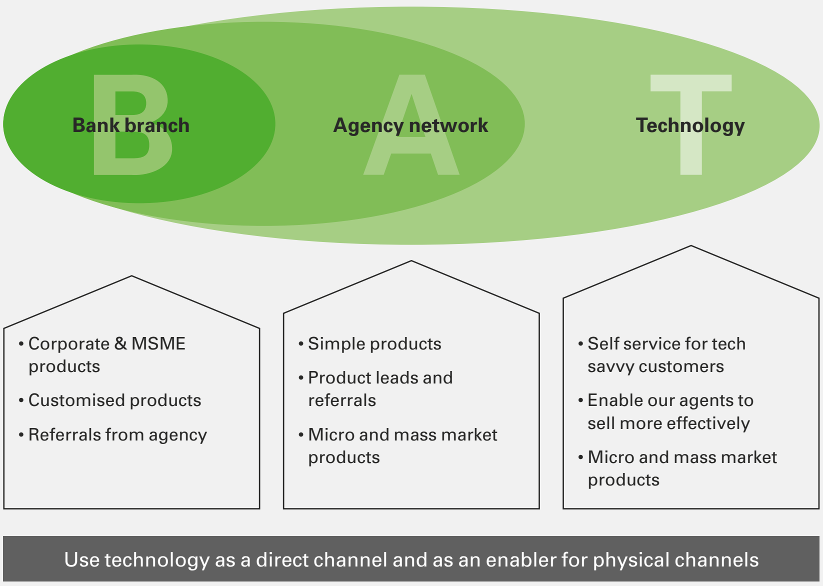
The challenge of the last mile is also tackled by two innovative approaches in India. In line with a digitisation campaign of the government, HDFC Ergo set up a public-private partnership to create a unique distribution model. The public campaign undertook a broad supply of eGovernment services through "Common Service Centres" (CSCs). More than 200,000 of these technically equipped kiosks are established across the country. HDFC Ergo has integrated an insurance distribution channel in this system and thus almost eradicated operational costs.

The future of distribution is as yet unclear, but it is promising. The integration of existing structures and innovative approaches can be highly successful. The role of mobile networks and super platforms like Facebook Marketplace and WhatsApp Payment is about to grow in importance over the coming years and these players might be kick-starting the next wave of growth for the industry.

Lessons learnt

- Since sales agents have proven to be too costly for microinsurance, developing new distribution channels has become a critical issue.
- The main challenge is to overcome the last mile to the customer.
- Partnership models either in a PPP or with existing distribution networks have proven to be viable.
- A distribution strategy should be developed and accounted for in an early stage of product development and not depend on hoped-for availability of any left-over revenues.

Figure 18
The BAT approach by Equity



Source: Gopalakrishna, Indira. Presentation "Digital + Traditional – Building disruptive distribution models to increase insurance penetration in Kenya." 14th International Microinsurance Conference 2018

Parallel session 3

Process matters! Health microinsurance cases

Hosted by Milliman

By Pedro Pinheiro

Asked what kind of insurance product would be most valuable to them, most low-income consumers all over the world tend to have the same answer: health insurance. This session hosted by Milliman discussed challenges faced by two insurers in providing health microinsurance, and strategies they adopted to overcome them.

AXA Egypt: hospital cash insurance

In Egypt, the low and middle-income population accounts for 96 % of the total[9]. With insurance penetration of 0.5 % – mostly life, accident and credit-life coverage – the country faces a huge protection gap for the health risk.

To develop a viable product that could help plug that gap, AXA Egypt conducted extensive research on demand and supply of private and public healthcare provision to low-income segments in different geographical areas. It also mapped the lifestyle of low-income customers to understand the perception of the value of different products and services, including innovative ideas such as telemedicine.

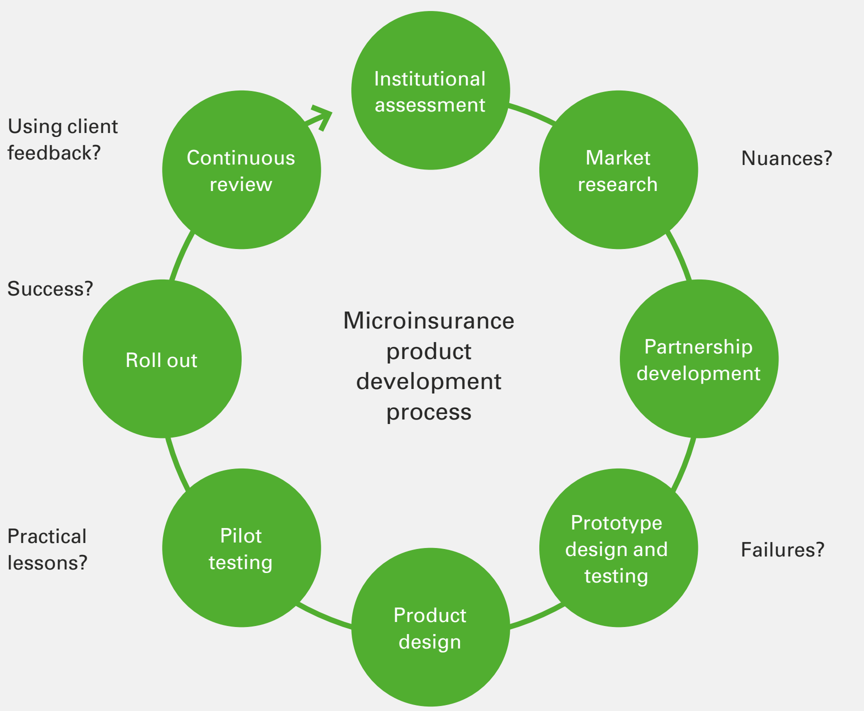
After the research, the insurer was able to pilot-test a hospital cash micro-insurance product with a lump sum coverage for surgery. The product relied on in-person consultations with a doctor on the MFI site, and on personalised outbound calls from the insurer to the customer to build trust in the telemedicine component.

Pricing of the product was a main challenge for its development. As is the case for most new micro-health products, there was no readily available data on relevant aspects for the actuarial calculation – the incidence rate of covered events, the average length of stay in the hospital, and the cost of services. Relying on data sources from Jordan and the U.S. as benchmarks, the actuaries had to develop their assumptions by adjusting data to the profile of Egyptian customers to be served.

While calculating the price, the actuaries learnt some approaches that defied conventional wisdom amongst insurance practitioners and helped keep the product simple and cheap for the customer. They analysed for example the impact of reducing waiting periods and extending maximum benefit periods on the overall increase in cost, and they found that taking the typical exclusions out of the policy would not amount to a relevant increase in incidence and, consequently, in cost.

Piloting the product instead of fully rolling it out after the research was crucial in ensuring more time to engage all stakeholders – from the insurer and the MFI. It also enabled adjusting processes according to the practical feedback from the field, in an iterative way (see Figure 19). When it was finally launched, the product was a success.

Figure 19
Product development is an iterative circular process that goes on forever



Source: McCord, Michael. Presentation "Process Matters! Health microinsurance cases." 14th International Microinsurance Conference 2018

9 Pew Research Center, 2011

Parallel session 3
Process matters!
Health microinsurance cases

Britam Kenya: simple inpatient coverage

Britam's journey in health micro-insurance provision also proves that product development is iterative. After learning from the first failures as a trailblazer in the health segment in Kenya, the company and its partner MFIs co-created a successful hospital cash product that relies on a network of more than 300 hospitals to provide coverage at the time when the patient is hospitalised.

> **SACCO Solution Britam Kenya**
>
> Insured risks:
> Inpatient, disability and death, last expense, credit life
>
> Premium range:
> KES 3,800 (US$ 37.40) to KES 5,600 (US$ 55.10) per annum

After assessing the pain points on the client´s journey, Britam transformed its comprehensive health insurance product, with inpatient and outpatient coverage, into a simple inpatient coverage product, with a fixed benefit per day plus an extra lump sum for hospitalisation due to surgery. This made the product simpler to under-stand for the customer and reduced both risk exposure and adverse selection.

Changes in processes – from enrol-ment to claims handling – were also key to achieving success. Instead of requiring the submission of physical KYC (know your customer) documents after an initial digital subscription, Britam implemented a fully digital enrolment process relying on Equitel KYC. Premium payment became easier for the customer. Instead of a large upfront payment, premium is now paid in small installments financed by the partner MFI. And the insurer has also started to use WhatsApp as a platform for fully digital and expedited claims processing.

Lessons learnt

Customer research should look for more than demographic traits. Under-standing customers' lifestyles and their context of healthcare provision gives the touch points to access the customer and to explain and sell the health microinsurance product.

Piloting and taking time to analyse outcomes of the product in real life before fully rolling it out are crucial for success.

Distribution partners must be involved in the co-creation of health microinsurance products that make sense to them and are relevant to their customers.

"Insurers must learn to look for more than expense ratios and loss ratios. We need to monitor quality ratios that can improve the service to our customers."

Hadil Abdelkader

42 — Saurabh Sharma, General Manager – Microinsurance, Britam, Kenya

43 — Michael Weilant, Principal and Consulting Actuary, Milliman, United States

44 — Hadil Abdelkader, Head of Emerging Customers & Public Affairs, Axa Life, Egypt


42


43


44

Parallel session 4 Academic research in agricultural insurance

By Laura Montenbruck

This academic session reviewed recent research in agricultural insurance. Investigators from the International Research Institute for Climate and Society (IRI) at Columbia University (USA) and from the University Gaston Berger in Senegal presented their work.

Farmer perception, recollection and remote sensing

A key component in the creation of efficient index insurance products is reliable and accurate data. There is a particular need for data on the occurrence of extreme weather events, such as droughts and floods. Researchers often rely on subjective data retrieved from their farmer surveys. This data is likely to be biased for several reasons. Farmers might simply not recall such shocks correctly, on account of cognitive challenges like anchoring, telescoping and recall delay (see Box 7).

Box 7
Cognitive challenges

Anchoring is a bias that occurs when individuals rely too much on a piece of information offered, the anchor, as orientation in a decision process.

Telescoping describes the displacement of events in time. Recent events might be perceived as more distant, and vice versa.

Recall delay means a time lag in correctly recalling information.

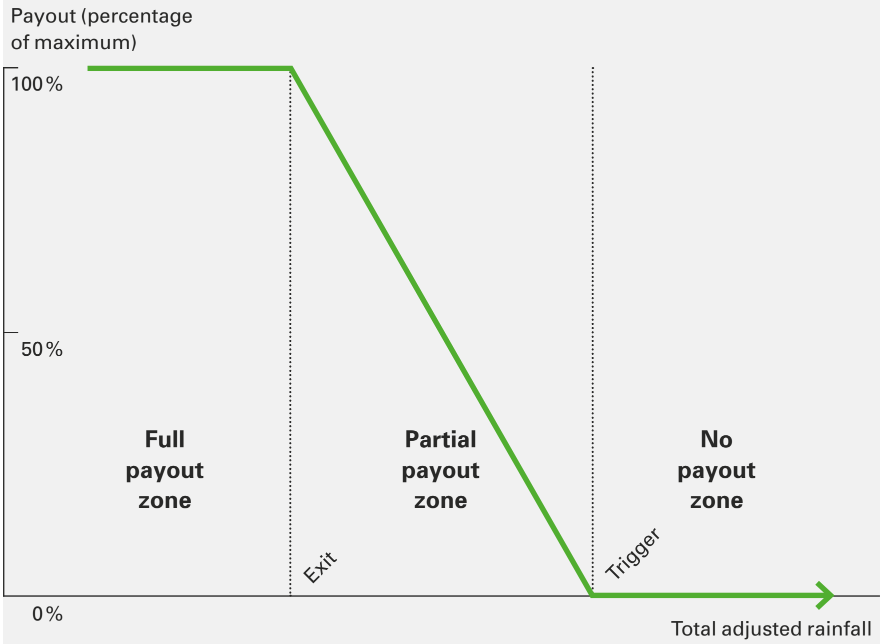
Sources: Janssen, Steve MJ, Chessa, Antonio G. and Murre, Jaap MJ. "Memory for time: How people date events." Memory & Cognition, 34(1): 138-147. 2006; Kahneman, D. "Thinking, fast and slow, Vol. 1." Penguin Random House UK. 2011

On the other hand, they might have an incentive to misreport in the expectation of higher payouts from insurance. These are just a few examples of how relying on survey data can leave researchers and practitioners with an inaccurate database.

To get an impression of how good or bad farmers' statements actually are, a team from IRI investigated farmer perception of long-term weather impacts in agriculture in the context of index insurance in the North of Ethiopia.

As the first part of their study, they used a participatory approach integrating farmers' ideas and needs, as well as expert knowledge, in order to design an adequate index insurance product. The resulting indexes then rely on satellite data and follow a simple model. A drought trigger indicates the start of a moderate drought and opens the partial payout zone. Payout increases with increasing severity of the drought and reaches its maximum of 100 % at a pre-determined exit point in terms of rainfall (see Figure 20).

Figure 20
Insurance payout mechanism



Source: Bristol Powell. Presentation "Farmer perception, recollection and remote sensing in weather index insurance: an Ethiopian case study." 14th International Microinsurance Conference 2018

Parallel session 4
Academic research in agricultural insurances

However, the technical feasibility of index insurance relies on being able to validate the remote-sensing data. This leads to the second part of the project, a comparison between satellite detected historical drought years and farmers' perception of severe drought years. 81 villages were therefore visited and farmers were asked to recall the most severe droughts within a certain time range. For a valid answer, the farmers within a community needed to have consensus on the most important events. Strategies of temporal and spatial aggregation were tested to see whether they could generate higher agreement between historical droughts identified by satellite data and droughts mentioned by farmers.

Using logistic regressions, the researchers compared several satellite-based indicators for droughts with farmer data, and three different types of forecast verification were used to interpret the results. In fact, farmer-reported droughts are reflected in multiple remote sensing data. This finding serves as evidence that bad farmer years are related to actual drought years. Additionally, spatial and temporal aggregation seem to improve farmers' predictions of droughts and thus reduce the bias of farmer survey data.

Mandatory versus voluntary product integration

A study in Senegal[10] investigated the determinants of index insurance take-up and the effect of bundling insurance with credit on the take-up. To identify causal effects, a randomised controlled trial (RCT) was used. In an RCT, people are divided into treatment and control groups, the former getting an intervention, the latter not. As the two groups are supposed to be equal in all other respects, the difference in certain indicators after intervention is interpreted as the treatment effect.

In this particular case, both the control and treatment groups were part of a cooperative that enables its members to access agricultural credit with the possibility of linking it with weather index-based insurance against rainfall variability. For the study, farmers were divided into three different groups. The first one was eligible for credit only if participants agreed on taking up insurance. To understand the benefits of the insurance, they received an incentive message. If they decided in favour of insurance, their chance of getting a credit was increased. For the second group, insurance was voluntary, all other parts staying equal. The third group could voluntarily enrol for insurance, but did not receive an incentive message and insurance take-up did not increase the chances of getting a credit.

45 — Bristol Powell, Senior Research Staff Assistant, IRI Columbia University, United States

46 — A full session reflecting the high interest for academic research in agricultural insurance.

47 — Glenn Harrison, C.V. Starr Chair of Risk Management & Insurance, Robinson College of Business, Georgia State University, United States


45


46

47

10
"Bundling Weather Index Insurance and Credit in Senegal: A Formative Evaluation of Contributors and Constraints to Take-up." Syll, Mame Mor Anta, et al. University Gaston Berger, Senegal. 2017

After the experiment, an additional survey was conducted to check whether preferences for or against insurance stayed the same. At this point, understanding of the interaction between insurance and credit was higher and there was no more fear of being denied credit.

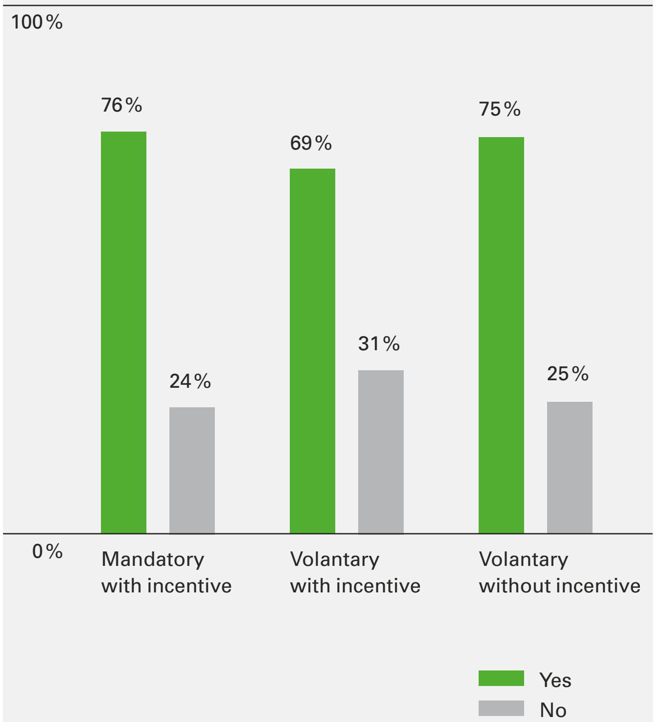
The results of this study show that there is a significant preference for insurance in the voluntary incentivised case as compared to the unincentivised case after the experiment (Figure 21). When insurance improves access to credit however, there seems to be no difference in take-up between voluntary and mandatory bundling (Figure 21 and Figure 22). What stands out though is that, in the mandatory group, 23 % of the farmers forgo credit and insurance, mostly because they do not want to take up insurance.

Even though this number decreases to 14 % in the verification survey, it is questionable whether mandatory bundling is an efficient way of improving the lives of farmers by forcing them into insurance, or whether it even weakens the position of farmers as they then have neither credit nor insurance.

Lessons learnt

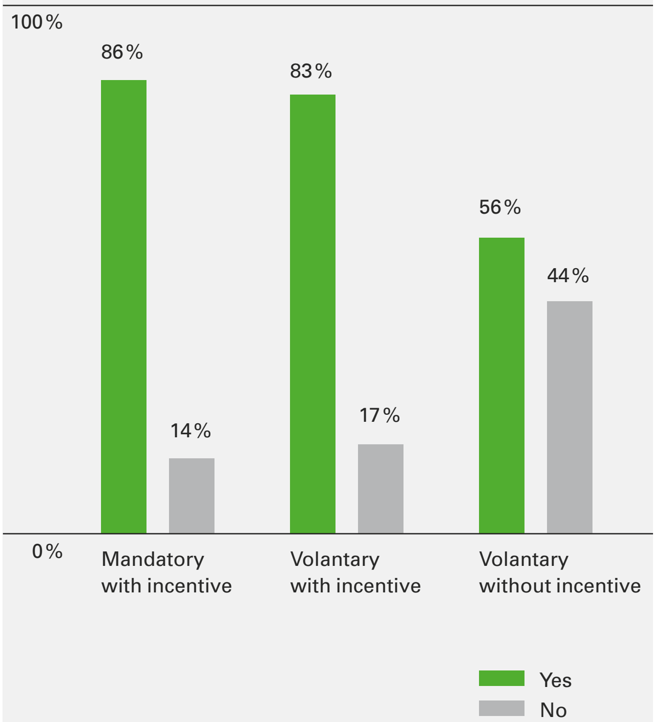
- Subjective data retrieved from farmer surveys is likely to be biased, particularly if there is an incentive to misreport in the expectation of higher payouts from insurance. Farmer predictions of extreme weather events largely agree with satellite data projections, validating remote-sensing.
- With an incentive of improving access to credit, voluntary take-up of insurance is higher than without the incentive and the same as for mandatory bundling. But faced with mandatory take-up, more than a fifth of farmers are likely to forgo both credit and insurance, especially if they do not understand well the added value of bundling.

Figure 21
Uptake decision of WII by group during the RCT



Source: Syll, Mame Mor Anta. Presentation "Bundling weather index-based crop insurance and credit in Senegal: effects of mandatory versus voluntary product integration on take-up" 14th International Microinsurance Conference 2018

Figure 22
Willingness to purchase WII by group during verification survey



Source: Syll, Mame Mor Anta. Presentation "Bundling weather index-based crop insurance and credit in Senegal: effects of mandatory versus voluntary product integration on take-up" 14th International Microinsurance Conference 2018

48

49

48, 49 — Interactive pre-conference sessions such as in the pre-conference workshop on climate risk insurance – a key component of the conference.

50 — Bert Opdebeeck, Founder, Microinsurance Master, Belgium and Rishi Raithatha, Analyst – Mobile for Development, GSMA, United Kingdom in the exhibition area of the conference.

51 — Meredith Lytle, Coordinator Community and Events at the Microinsurance Network's information booth.

"There is an urgent need to move the speed to harmonise how macro and micro level solutions are moving and reduce the duplication of efforts to address the growing demand for climate risk management solutions."

Richard Kyuma, Programme Coordinator,
Kenya Livestock Insurance Program (KLIP), Kenya

50

51

Agenda

7 November 2018
Afternoon sessions

Parallel session 5

Serving new market segments: What insurers are doing

Hosted by the ILO's Impact Insurance Facility

Marième Ba
Head of emerging customers, AXA Mansard
Nigeria

Indira Gopalakrishna
Digitisation and Innovation Lead, Equity Insurance Agency
Kenya

Paul Musoke
Director, Financial Institutions, FSD
Africa

Saurabh Sharma
General Manager – Micro-insurance, Britam
Kenya

Facilitator

Miguel Solana
Senior Technical Officer, International Labour Organisation
Switzerland

Parallel session 6

Partnerships for success in agricultural insurance

Hosted by the ILO's Impact Insurance Facility

Balachandran M K
Vice President, HDFC ERGO GIC LTD
India

Ashok Shah
Group CEO, Apollo Investments Limited
Kenya

Hailemelekot Teklegiorgis
Manager-in-charge – Financial Services, Ethiopian Agriculture Transformation Agency
Ethiopia

Facilitator

Pranav Prashad
Senior Technical Officer, International Labour Organisation
Switzerland

Parallel session 7

The business case for customer-centricity

Hosted by CGAP and the Microinsurance Master

Gilles Renouil
Director, Microinsurance, Women's World Banking
United States

Lorenzo Chan
President, Pioneer Life
Philippines

Antonique Koning
Senior Financial Sector Specialist, CGAP
United States

Facilitator

Bert Opdebeeck
Founder, Microinsurance Master
Belgium

Parallel session 8

Universal health

Hosted by ILO's Impact Insurance Facility

Lydia Dsane-Selby
Deputy Chief Executive – Operations, NHIA
Ghana

Christina Tümmers
Mobile Health Division Manager, BIMA
Ghana

Isaiah Okoth
Country Director, PharmAccess Foundation
Kenya

Facilitator

Lisa Morgan
Technical Officer, International Labour Organisation
Switzerland

Plenary 3

PPPs in the distribution of agricultural insurance

Hosted by the World Bank

Marième Ba
Head of emerging customers, AXA Mansard
Nigeria

Hailemelekot Teklegiorgis
Manager-in-charge – Financial Services, Ethiopian Agriculture Transformation Agency
Ethiopia

Humphrey Mulele
Manager Agriculture Specialities, Mayfair
Zambia

Saskia Kuhn
Advisor, GIZ
Germany

Timothy Gotora
Southern and Eastern Africa Country Engagement Manager, African Risk Capacity Agency Secretariat
South Africa

Facilitator

Sharon Adhiambo Onyango
Financial Sector Specialist, World Bank Group
South Africa

Parallel session 5

Serving new market segments: what insurers are doing

Hosted by the ILO's Impact Insurance Facility

By Pedro Pinheiro

In sub-Saharan Africa, insurers are struggling to create an overall understanding of insurance and its value proposition, whilst at the same time getting the product and marketing strategies right to attract new customers. This session hosted by ILO's Impact Insurance Facility showcased some success stories of how this is being done in practice.

FSD Africa is a market facilitator with the mission of creating lasting, positive change by making financial markets work better for the poor. It assists insurers in sub-Saharan Africa in bringing different stakeholders together to develop sustainable business models that cater to the unserved and underserved segments. Change management plays a big role in how FSD Africa pursues its mission, exemplified by projects in Nigeria and Kenya.

AXA Mansard eyes emerging consumers

After buying local insurer Mansard in **Nigeria**, that had been operating successfully in microinsurance for some years, AXA started to adjust its processes and product concepts to the local context in order to serve the emerging consumers market. The company's goal is ambitious: to help reach an insurance penetration of 40 % by 2020, starting from the current 1 % in 2018.

Having mapped its own processes and capacity and conducted comprehensive research into the target segment, AXA developed a strategy to offer value to customers as well as partners through insurance. The strategy was based on three main pillars:

1. **Products** which are simpler and more flexible – not just smaller;
2. **Partnerships** with players that a large number of customers trust; and
3. **Processes and IT** that enable a frictionless experience at low cost.

AXA Mansard has now launched two products with two different partners. The products have basic coverages, no exclusions and a short term. Claims are processed swiftly through alternative channels and systems are flexible to be integrated into those of partners.

The company seems to have taken the initial steps successfully on its way toward its goal.

AXA Mansard's EasyCare

Insured risks:
Inpatient, outpatient, surgeries

Premium range:
NGN 42,000 (US$ 115) to NGN 415,000 (US$ 1,140) per annum

AXA Mansard's Instant Plant

Insured risks:
Term life, renewable annually

Premium range:
NGN 1,000 (US$ 2.74) to NGN 15,000 (US$ 41) per annum

52

52 — Left to right: Miguel Solana, Senior Technical Officer, International Labour Organisation, Switzerland; Paul Musoke, Director, Financial Institutions, FSD Africa, Kenya; Marième Ba, Head of emerging customers, AXA Mansard, Nigeria; Indira Gopalakrishna, Digitisation and Innovation Lead, Equity Insurance Agency, Kenya; Saurabh Sharma, General Manager – Microinsurance, Britam, Kenya

Equity Insurance Agency's digitalisation

With the aim of improving insurance penetration amongst its bank's clients base, and also reaching new customers in Kenya, Equity Insurance Agency decided it had to go digital. The insurer had the vision of providing engaging and secure customer interactions across all digital touch points to create customer value and drive profitable growth. In order to implement that vision, it has gone through a substantial change process that relied on the design-thinking methodologies of prototyping and generating "minimum viable products", and it has now successfully launched an online selling platform.

EIA defined its digitalisation strategy by asking three fundamental questions (see Figure 23).

One of the main crossroads in the project involved the definition of the goal, whether it was to increase revenue or reduce cost. The agency also had to decide on the scope of digitalisation, whether it would focus on products or processes, and on the format, either building, buying or partnering to acquire the new technology. The decision was to digitalise sales first, to increase revenue through cross-sales to bank customers. The partnership format allowed the insurer to pilot and test the solution and learn about it before fully committing resources to it*.

Figure 23
Questions defining digitalisation strategy

Source: Gopalakrishna, Indira. Presentation "Serving new market segments: Equity Insurance Agency." 14th International Microinsurance Conference 2018

Britam's client-centric vision

Britam had been involved with microinsurance in Kenya for a few years, but it noticed that internally growth was slowing and externally there was a changing environment in the financial services landscape. Kenya is at the forefront of digitalisation of financial services and it has experienced a rise in emerging customers that previously had no access to insurance. So the insurer defined the vision of becoming an agile, client-centric and predominantly digital business unit to serve in a profitable and sustainable manner the population excluded from conventional insurance. In order to achieve that vision, the company rewired its microinsurance business unit to focus on a new segmentation of customers through faster, more tailor-made and collaborative product development processes. The company has been successful in automatising external processes and implementing a partner portal that reduces costs and improves efficiency in claims handling.

One of the main challenges in Britam´s change process was engaging internal teams and convincing employees that digital solutions would help improve their work and not necessarily result in retrenchment. Adopting a gradual approach and a constant feedback loop helped spread influence and get buy-in from the teams. In the end, the few employees whose functions were made redundant due to technological improvements were reallocated to new tasks.

Lessons learnt

- Treat the partner as a strategic stakeholder and clarify roles and responsibilities. Mind the language, refraining from calling the partner a vendor.
- The rules of successful business partnerships are a lot like the ones for a successful marriage. One chooses the partner, but the partner also needs to choose one. Be flexible, but not everything may be acceptable. Deliver what is promised, but also manage expectations.
- Integration – of internal and external processes and portals – is the biggest challenge in digitalising insurance selling. Unless one is able to manage the integration, the customer will not have a complete digital experience.
- Define a vision. Listen to customers. Co-create with partners. Prototype and secure quick wins. Go back and start over if necessary.

*Case brief Equity Insurance Agency: http://www.impactinsurance.org/sites/default/files/CB12%20-%20web_0.pdf

Parallel session 6

Partnerships for success in agricultural insurance

Hosted by ILO's Impact Insurance Facility

By Maria Victoria Sáenz

What helps a partnership in agricultural insurance to succeed? This session hosted by ILO's Impact Insurance Facility looked at cases in three countries for keys to success.

A PPP product platform

Agriculture is the basis of the economy, contributing almost 36.6 % to **Ethiopia**'s GDP and employing over 68 % of the population.

The Agricultural Transformation Agency (ATA) is a strategy and delivery-oriented government agency created to help accelerate the growth and transformation of the agricultural sector. Its Rural Financial Services (RFS) programme is implementing several projects, including microinsurance products like the Vegetation Index Crop Insurance (VICI). (see the product's profile box in Plenary 3).

The product is designed upon a partnerships platform, including:three insurance companies; MFIs and rural savings and credit cooperatives (RuSACCOs) as delivery channels; Kifiya, a technology service provider; a reinsurance company; the National Meteorology Agency providing the NDVI data; and ATA, leading and enabling the process.

Kenya: a private pool linked to a PPP

KENYA AGRIC INSURANCE POOL (KAIP)

Number of people insured:
582,504

Insured risks:
crops, livestock

Premium average:
KES 849.60 (US$ 8.35) per annum

In **Kenya**, by way of contrast, the partnership cited is for an agriculture pool. Agriculture there is also very important, with 75 % of people deriving their livelihood from it.

APA Insurance, an Apollo Group company, leads a private-sector partnership creating an agriculture pool that helps the government provide food security, risk mitigation and farmer income protection through its crop and livestock insurance plans. The two plans are administered as a public-private partnership with APA Insurance leading the consortium of private insurers. The main idea behind the pool was to put multiple insurers to work together instead of competing in a relatively unfamiliar business, and to learn from one another. The pool also facilitated reinsurance with higher net retention. The pool has 7 insurers and 5 reinsurers led by Swiss Re. It works in 20 counties (43 % of the country) where the crop and livestock insurance plans cover 0.6 million people (see Figure 24).

Figure 24
APA experience in agriculture insurance: a public-private partnership

Progress 2015–2018

- 7 insurers
- 5 reinsurers (lead by Swiss Re)
- 20 countries
- 0.6 mio insured
- KSh. 380 million premium received
- KSh. 675 million claims paid

Partners

Source: Shah, Ashok . Presentation "Agriculture Pool: Cooperation not Competition" 14th International Microinsurance Conference 2018

A national platform for multiple partnerships

Pradhan Mantri Fasal Bima Yojana (PMFBY), India's crop insurance scheme

Number of people insured:
48.7 million

Insured risks:
Fall in crop yields

Premium range:
2 to 30% of sum insured, depending on crop and area (sum insured varies from INR 15,000 (US$ 210.80) to INR 150,000 (US$ 2,108.80) per annum)

In **India** as well, the agriculture landscape is large, contributing 14% of the GDP and employing more than 50% of the workforce. A drain on productivity and income is the use of old and manual production techniques by 70% of small and marginal farmers.

The Pradhan Mantri Fasal Bima Yojana (PMFBY) is the government-sponsored crop insurance scheme. It employs an innovative mix of technology, premium subsidies and enrolment processes to provide insurance coverage to millions of farmers across the country. The scheme integrates multiple stakeholders on a single platform – central government, local governments, banks, brokers, vendors and other third parties (such as satellite imaging services and drones). It has reached more than 45 million farmers. The target is 60 million farmers by 2020.

PMFBY is mandatory for all farmers with a loan, and voluntary for non-loanee farmers. There are 100,000 bank branches and 125,000 Common Service Centres (CSCs) participating in the programme.

One challenge is to build the capacity of the financial institutions and intermediaries. Another is to market the product to illiterate farmers, which implies many training sessions on all levels. In addition, it is in the claims management process that partnerships become essential.

A feature of the programme adding to its trustworthiness is that claims management and assessment must be based on CCEs (crop cutting experiments). CCEs analyse and set the overall yield of a village or area. They are made regularly and randomly by individual states, with the mandatory participation of insurers. The states also facilitate the use of satellite imagery and drones, as well as other services such as monitoring, audits and surveys conducted by third-party providers or vendors.

Even insurers as large as HDFC ERGO, a company that has 237 people assigned to monitoring CCEs, find partnerships with vendors a must.

Lessons learnt

- Farmers may well generally understand the insurance system and recognise its need, but not all can afford the price.
- Index insurance cannot be standalone and has to be bundled with other financial products or subsidised by the government.
- Learn continuously from implementation – of the process as well as the risks in demand. Remain engaged with farmers.
- Awareness and understanding are key to changing the client's perspective – from seeing insurance as a cost to recognising its value as a benefit.
- The creation of an insurers' pool in the private sector increases their capacity to collaborate with the government in a PPP. Allocate specific areas to pool members to optimise resources.
- Distribution is a challenge, and partnering with aggregators helps produce results.
- A PPP's success is based on the trust and potential for scale that the participation of government provides.
- Dealing with large-scale programmes requires the most advanced technology available.
- Multiple local and regional partnerships in diverse and large geographical areas need a central point of focus, coordination and integration.

53

54

55


56

53 — Balachandran M K, Vice President, HDFC ERGO GIC LTD, India

54 — Ashok Shah, Group CEO, Apollo Investments Limited, Kenya

55 — Hailemelekot Teklegiorgis, Manager-in-charge – Financial Services, Ethiopian Agriculture Transformation Agency, Ethiopia

56 — Pranav Prashad, Senior Technical Officer, International Labour Organisation, Switzerland, facilitator of the session.

Parallel session 7

The business case for customer-centricity

Hosted by CGAP and Microinsurance Master

By Kay Tuschen

This session hosted by CGAP and Microinsurance Master discussed four dimensions of customer centricity (see Figure 25): why becoming customer-centric is the first step; a customer-centric organisation listens to the customer; it designs insurance solutions from there; and it structures itself around customers and their evolving needs. The session also presented experiences from the market.

Over the last few years, financial service providers have increasingly understood that customer-centricity is "not a fluffy concept, but a business model." Microinsurance is an unknown product for most insurers, and low-income communities an unknown market segment. By developing a microinsurance offering centred around a good understanding of customer wants and needs, financial inclusion providers have demonstrated that customer-centricity is a viable business model that provides a high customer value.

Customer-centricity: rationale and process

Before applying any ideas of customer-centricity, every organisation needs to ask the question: "Why are we considering a customer-centric business approach?" The answer is twofold: customer-centricity provides value for customers as products are tailored to their specific needs. It also brings in value for the organisation: satisfied customers remain loyal and become the organisation's best ambassador, thereby reducing costs and boosting profitability. Pioneer Microinsurance in the Philippines accredits its growth (to 18 million microinsurance enrolments) to a large extent to its customer-centric business model.

In order to become customer-centric, insurers need to "learn to unlearn" and become better listeners to their customers. The core of customer-centricity is to understand the needs of potential customers and build insurance solutions from there.

Designing a customer-centric product is a constant and iterative process. It begins with building a prototype from customer insights, testing it as quickly as possible with targeted customers and adapting it further based on users' feedback, and then starting the entire process again. It is customers who know their lives best – the insurer needs to adapt to this, not the other way around.

To develop such an approach, an organisational structure centred around the customer is required. Microinsurance solutions are built from cross-functional teams that are supported by committed leaders.

Customer-centricity will play an important role as inclusive insurance continues to evolve and develop. It means giving customers a positive experience in their interactions with the organisation, and making customer satisfaction an integral part of the organisational culture and values. As CGAP says: "Financial service providers should think of customer-centricity over the long term as a means to achieve higher returns from a larger number of customers while at the same time achieving social objectives through increased financial inclusion."[11]

Figure 25
4 dimensions of customer-centricity

Why	Learn	Design	Organise
Why go customer-centric?	How to learn from your customers?	How to design customer-centric solutions?	What does it mean to become more customer-centred?

Source: Opdebeeck, Bert.
Presentation "The business case for customer-centricity."
14th International Microinsurance Conference 2018

11
"The Business Case for Customer-Centricity." CGAP, April 2017.

Experience from the market

Womens' World Banking finds that if a product is designed as customer-centric to women, it will most likely be attractive to men as well, although this would not work the other way around. It underlines the importance of listening carefully to the heterogeneous group of customers. Nevertheless, using customer-centricity does not mean doing whatever a customer asks.

Pioneer Insurance has been operating as customer-centric for around three years now and one of its learnings is that there is a difference between the expressed and actual needs of a customer. To design the perfect product, the actual needs must be identified.

CGAP has been working with Pioneer Insurance and six other financial inclusion providers worldwide to distil lessons and best practices for customer-centricity. These are bundled in the online customer-centric guide:

http://customersguide.cgap.org/

Lessons learnt

- A customer-centric approach to product design helps insurers understand the needs of prospects as well as customers.
- Applying customer-centricity brings gains in customer retention.
- For starting the change to a customer-centric business model, the first step is to understand why it would be beneficial for the company.
- When transitioning to customer-centricity, it is helpful to have an autonomous cross-functional team in the company that can pilot and kick-start the process.
- Developing a proper product requires iterative cycles – failure, requiring corrective action, is often a part of the process.

57 — Left to right: Lorenzo Chan, President, Pioneer Life, Philippines; Gilles Renouil, Director, Microinsurance, Women's World Banking, United States

58 — Bert Opdebeeck, Founder, Microinsurance Master, Belgium, facilitator of the session

59 — Antonique Koning, Senior Financial Sector Specialist, CGAP, United States

57

58

59

Parallel session 8

Universal health

Hosted by ILO's Impact Insurance Facility

By Laura Montenbruck

Universal health coverage (UHC) enables all people to use quality health services without financial hardship.[12] Key components of UHC are access, equity, quality and affordability. This session hosted by ILO's Impact Insurance Facility showed how two countries in Africa lead the way in establishing UHC. It elaborated on the challenges faced as well as strategies used to tackle them. It also suggested how basic UHC could be complemented by private insurance.

Mobile renewal

Ghana's National Health Insurance Scheme (NHIS) was set up in 2003 with the goal of introducing universal health care. Heavily subsidised by taxes, the scheme offers comprehensive health care to all the country's citizens. The scheme, distributed through 165 branches, attained a penetration of 40 % in 2014, which has stayed relatively constant since. However, the fact that people wait in front of registration offices with sleeping bags all night long to enrol shows that interest in health insurance is much higher than that. The problem seems not to be demand, but rather the complicated and time-consuming enrolment and renewal process.

National Health Insurance Scheme (NHIS)

Number of people insured:
11.2 million individuals

Insured risks:
health

Premium range:
GHS 7.20 (US$ 1.50) to GHS 48 (US$ 10) per annum

In 2017, with help from the ILO, NHIS started a project to digitalise the renewal process to accelerate population coverage. This project was piloted in two districts.

Digitalisation not only helped to make the renewal process more efficient, it also decreased the possibilities of fraud using non-biometric authentication via a code sent to the insurance holder's mobile phone. Figure 26 shows other benefits too.

The pilot project is a successful first step in making health insurance in Ghana universally accessible. It has shown the importance of involving members in the accountability process, and has provided an easy and cheap way to avoid fraud in the insurance sector. Based on these findings, NHIS will start working on a countrywide scale-up of the digitalisation process.

Figure 26
Benefits of the mobile renewal project

Operational efficiency

- **Reduction in operational burden** at district offices
- Significant **reduction in costs** relating to ICT infrastructure
- **Reduction in supply chain complexity** relating to printer ribbons and other ICT consumables

Better member experience

- **Improved member** renewal and registration **experience**
- **Reduced waiting times** at district offices

Increase in revenue

- **Higher revenue mobilisation**
- Digital collection methods **reduce pilferage**

Source: Dsane-Selby, Lydia. Presentation "The ILO/NHIA M-Renewal project in Ghana." 14th International Microinsurance Conference 2018

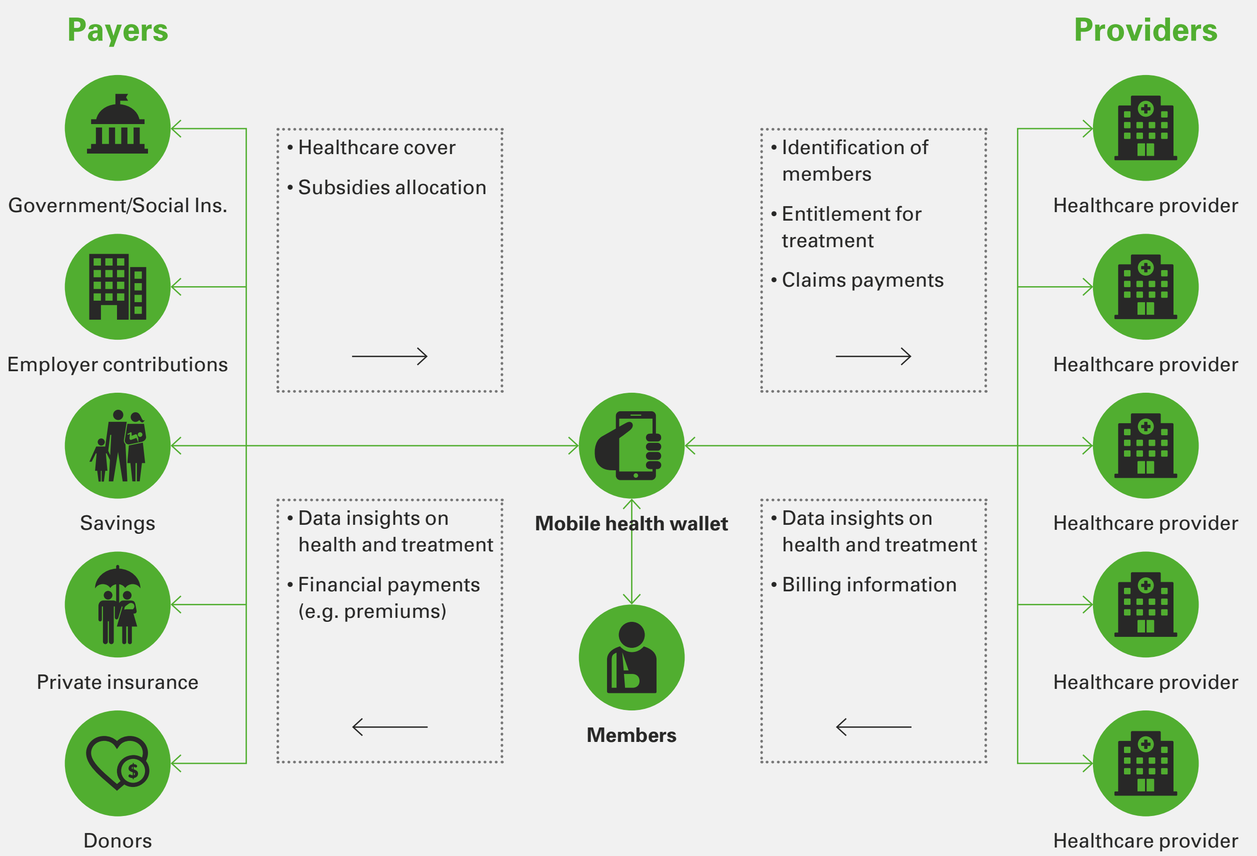
12
The World Health Organisation definition: "Universal health coverage (UHC) means that all people and communities can use the promotive, preventive, curative, rehabilitative and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship."

Mobile platforms

A similar project has been launched by PharmAccess in Kenya. M-TIBA is an online platform that aims at creating a single and transparent marketplace for health care financing and delivery. It connects payers and providers directly and processes payments via a mobile wallet. Patients can save into this mobile health wallet and contribute to their insurance. Likewise, subsidies can be allocated based on the socio-economic characteristics of the mobile wallet holder. Figure 27 visualises the multiple functions of M-TIBA.

M-TIBA offers a variety of benefits compared to offline health insurance schemes. To name a few, enrolment can be done online, access to care tracked and monitored, and transparency guaranteed by giving payers and stakeholders full access to the data. With a current total of 1.2 million users in Kenya, M-TIBA is an example of how health care can be made accessible to the most vulnerable and how different parties involved can work together to decrease their vulnerability.

Figure 27
Payment and provider mechanisms of M-TIBA



Source: Okoth, Isaiah. Presentation "Enabling Universal Health Coverage via a mobile platform." 14th International Microinsurance Conference 2018

Parallel session 8
Universal health

Complementing national strategies

BIMA is the largest private mobile insurance provider for low-income households in emerging markets. It offers comprehensible and affordable insurance with a special focus on accessibility. Access is not only a logistical question, but also one of creating an easy-to-understand product. Overall, BIMA provides service to more than 26 million customers in 15 countries. Its products range from life, accident and hospital, to mobile health insurance (see Figure 28).

Figure 28
BIMA insurance schemes

Life insurance	Accident insurance	Hospital insurance	mHealth
Protection for the family, providing future income if the insured customer passes away	Protection for the family if the insured customer is disabled, hospitalised or passes away as the result of an accident	Protection for the customer, providing a payout for each night that is spent in the hospital	Medical advice and consultation for the entire family + preventive health content
Premium US$ 0.40 / month	Premium US$ 0.40 / month	Premium US$ 0.40 / month	Premium US$ 0.60 / month
Cover US$ 215	Cover US$ 11 / night for, US$ 430 partial disability, US$ 1,060 accidental death disability	Cover US$ 7 cover / night at hospital (regardless of bill), maternity cover	Cover Unlimited teledoctor consultations

Source: Tümmers, Christina. Presentation "Private Insurance and Health Services – a Complementary Tool to National Health Strategies." 14th International Microinsurance Conference 2018

60

61

62

60 — Lydia Dsane-Selby, Deputy Chief Executive – Operations, NHIA, Ghana

61 — Lisa Morgan, Technical Officer, International Labour Organisation, Switzerland, facilitator of the session.

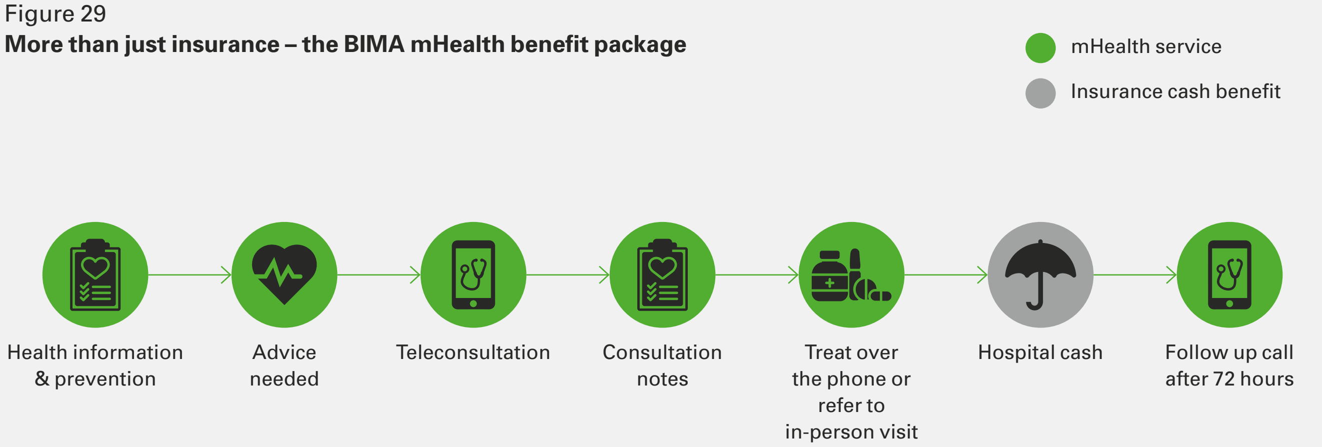
62 — Left to right: Christina Tümmers, Mobile Health Division Manager, BIMA, Ghana; Isaiah Okoth, Country Director, PharmAccess Foundation, Kenya

BIMA offers add-ons to public insurance and thus complements government schemes rather than crowding them out. An example of such complementarity is the mobile health insurance service, which provides clients with mobile medical advice and consultation, as well as preventative health content. It thereby not only reduces pressure on the health care system. It also tackles the problems of insufficient education and inadequate information, which sometimes result in inappropriate self-treatment. Mobile service makes consultation available immediately and can suggest adequate treatment before health conditions worsen. The combination of mHealth services and government health schemes illustrates how public-private partnerships (PPPs) can create added value in the health sector (see Figure 29).

Lessons learnt

- Mobile devices are an efficient way to make insurance accessible to the whole population.
- They enable on-line enrolment and renewal, track and monitor care, ensure transparency and prevent fraud.
- They are cost-effective and can provide additional services such as medical advice and consultation, thereby lowering pressure on hospitals and doctors.
- PPPs are a good way of joining forces to decrease the vulnerability of low-income households to health hazards.

Figure 29
More than just insurance – the BIMA mHealth benefit package



Source: Tümmers, Christina. Presentation "Private Insurance and Health Services – a Complementary Tool to National Health Strategies." 14th International Microinsurance Conference 2018

Plenary 3

PPPs in the distribution of agricultural insurance

Hosted by the World Bank

By Laura Montenbruck

Over the last decade, the evolution of agricultural insurance in Africa has been driven by the development of more efficient distribution channels and a gradual shift from using micro-level to more meso-level channels. There are a number of cases where PPPs have been leveraged in product distribution. This session hosted by the World Bank explored the reasons behind this recent development, achievements made and sustainable ways in which such partnerships can achieve greater impact.

Examples from Africa

Vegetation Index Crop Insurance, Ethiopia

Number of people insured:
14,561

Insured risks:
Weather variation/crop failure

Premium range:
ETB 300 (US$ 10.66) to ETB 5,000 (US$ 177.72) per annum

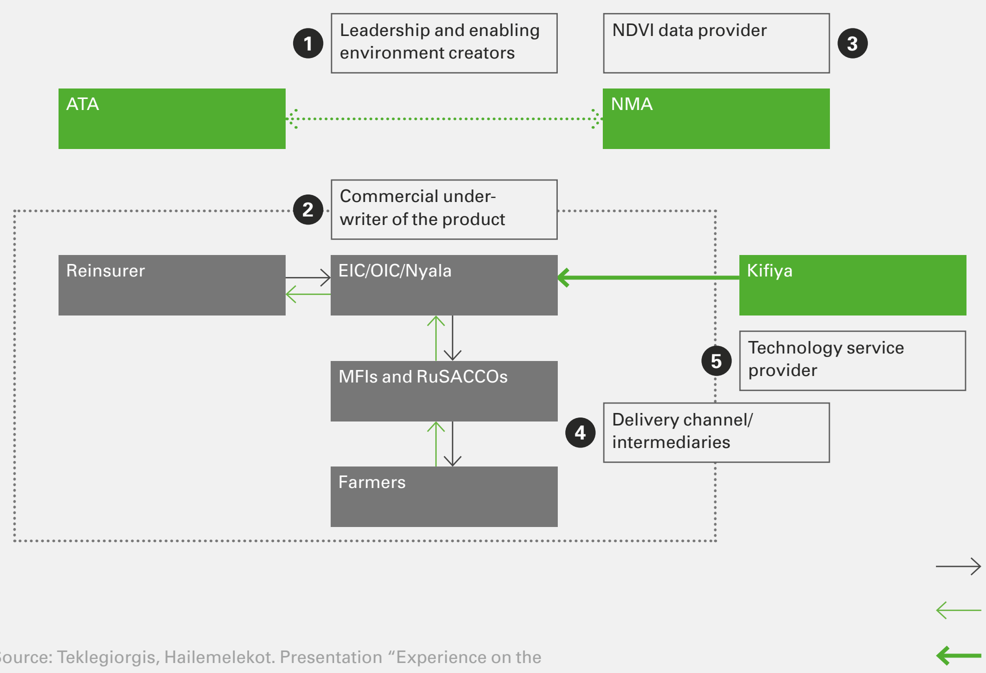
With a mandate focused solely on improving the livelihoods of smallholder farmers, an Agricultural Transformation Agency (ATA) has been driving the growth of **Ethiopia**'s agricultural sector for eight years (see ATA's introduction on page 52). To ensure that insurance protection reaches the broad mass of rural people, the ATA is pursuing three strategic recommendations:

- to increase access to input credit for smallholder farmers;
- to strengthen capacity of credit cooperatives;
- to improve access to crop insurance

In 2016, a vegetation index crop insurance product (see Figure 30) was developed by KIFIYA Financial Technology in partnership with three insurers. ATA's three priorities are aimed at increasing its distribution.

The insurance is based on inputs the smallholder farmers spent to produce their crops. Farmers are expected to pay a premium of 15 % of the total cost of inputs – such as fertiliser, basic seeds, herbicides and pesticides. ATA is making inputs available to farmers from cooperatives using a voucher system, designating MFIs and rural savings, and credit cooperatives (RuSACCOs) to handle the financial transactions for the sale of inputs in cash or credit.

Figure 30
Vegetation index insurance product flow



Numbers and acronyms in the figure identify ATA's strategic partners, including:

1. ATA (Agricultural Transformation Agency)
2. EIC (Ethiopian Insurance Corporation), OIC (Oromia Insurance Company), and NIC (Nyala Insurance Company)
3. NMA (National Meteorology Agency)
4. Microfinance institutions and rural ravings and credit cooperatives
5. Kifiya Financial Technology

Source: Teklegiorgis, Hailemelekot. Presentation "Experience on the implementation of index-based crop insurance in Ethiopia." 14th International Microinsurance Conference 2018

Capacity building and strengthening the partners and clients are key to distributing insurance and other financial services to smallholder farmers. Compared to commercial banks, RuSACCOs have gaps in liquidity, product offering, operational capability and efficiency in savings mobilisation. To address the gaps, ATA is applying a standardised capacity building programme and recommending enhancing the policy and regulatory environment.

ATA believes that **farmers know their risks and the need for protection**. But for standalone index insurance, the premium can become unaffordable; it should be bundled with credit and subsidised by government. In partnerships with the private sector and civil society, the government needs to take a proper lead and use technology to facilitate implementation.

OneStop Farmers Policy, Mayfair, Zambia

Number of people insured:
1.06 million

Insured risks:
Crop & livestock, fire, motor, accident and machinery

In **Zambia**, the PPP involves Mayfair Insurance, which has been providing cover to farmers under the government's Farmer Input Support Programme (FISP), the Zambia National Farmers Union and other organisations such as NWK Agri-Services (supporting farmer projects). Under its OneStop Farmers Policy, including the weather index insurance, Mayfair has paid out a total of US$ 800,000 in claims to farmers for crop failure due to unfavourable weather between 2014 and 2017. By early 2018, the policy covered 1.06 million farmers.

The key to successful distribution is **keeping the product design relevant to farmers' needs**. In addition to crop and livestock insurance, the OneStop policy provides other common covers, including fire, motor, accident and machinery. Together, the coverages help rural families build resilience to climate shocks. Mayfair believes **a PPP involving suitable aggregators facilitates access to products and makes it easier to achieve scale**. It keeps expenses down so the product does not become unattractive, and builds trust among farmers.

"We need to advocate to governments to implement climate risk funding mechanisms and help provide value for vulnerable people."

Timothy Gotora, Southern and Eastern Africa Country Engagement Manager, ARC, South Africa

63

63 — Left to right: Sharon Adhiambo Onyango, Financial Sector Specialist, World Bank Group, South Africa; Hailemelekot Teklegiorgis, Manager-in-charge – Financial Services, Ethiopian Agriculture Transformation Agency, Ethiopia; Humphrey Mulele, Manager Agriculture Specialities, Mayfair, Zambia; Timothy Gotora, Southern and Eastern Africa Country Engagement Manager, ARC, South Africa; Saskia Kuhn, Advisor, GIZ, Germany; Marième Ba, Head of emerging customers, AXA Mansard, Nigeria

Private sector can drive partnerships

AXA Global Parametrics

This AXA subsidiary has been focusing on the public sector and industries (e.g. covering solar panel farms in China against lack of sun), but is now expanding its scope to partnerships serving MSMEs and low-income individuals in 28 countries, with 40 % of revenues generated in Asia.

An objective of **AXA Global Parametrics**, launched in 2014, is "to help populations adapt to the consequences of climate change," in particular by building public-private partnerships and pushing for meso-based index insurance solutions to protect farmers against droughts and floods.

In Nigeria, AXA Mansard was a private-sector partner in the government initiative to develop a new insurance product to mitigate the impact and losses of agricultural yields and market price risks for smallholder farmers. The product, known as the NIRSAL Comprehensive Index Insurance (NCII), is designed to safeguard farmers against risks along the agricultural value chain and is offered by the Nigeria Incentive-based Risk Sharing System for Agricultural Lending, or NIRSAL.

Role of public organisations

The **African Risk Capacity (ARC)** was set up as a Specialised Agency of the African Union in 2012 to **respond to the impacts of extreme weather events** and natural disasters and serve as a continental disaster-risk financing mechanism (see introduction to ARC on page 78).

ARC's mandate is to help member states improve their capacities to better plan, prepare and respond to natural disasters, thereby protecting the food security of their vulnerable populations. Its value proposition is three-fold: strengthening National Early Warning Systems and risk profiling, a plan to respond early, effectively and efficiently to disasters by scaling up existing social protection programmes through a transparent and objective financing mechanism.

ARC – A model for risk financing

In 2014, ARC launched its financial affiliate, the African Risk Capacity Insurance Company (ARC Ltd) through a no-interest 20-year loan by the governments of Germany (KfW/BMZ) and the United Kingdom (DfID). Together, the ARC Agency and ARC Ltd comprise the ARC Group and, with governments, development partners and civil society as key stakeholders, it represents an effective public-private partnership model for natural-disaster-risk financing and management. So far, ARC has paid a total of US$ 36 million to member countries affected by drought, which has directly helped 2.1 million people and 1 million livestock.

The German Federal Ministry for Economic Cooperation and Development (BMZ) in 1999 set up the **DeveloPPP.de** programme to foster involvement of the private sector in development initiatives. Since then, 1,500 development partnerships have been established, which GIZ has helped implement. Two project examples:

A **strategic alliance with Swiss Re** to collaborate with governments to develop climate risk transfer instruments. In Africa, it has assisted public-private agricultural insurance schemes in Nigeria, Ghana, Uganda and Kenya. Amongst its findings are that index insurance programmes need to focus on improving financial literacy of smallholder farmers, providing better information on registration to avoid logistical problems, and making payout processes more efficient.

A PPP with NWK Agri-Services in Zambia to increase access to weather index and funeral insurance for farmers. The main aim of the partnership is to enhance smallholders' financial literacy and explain to them in detail how weather index insurance works. It draws on existing structures, agricultural extension staff and organisations in the cotton sector and works on developing their capacities to carry out training and awareness raising activities.

Lessons learnt

- A PPP should be a win-win-win arrangement – for customers, insurers and the government.
- Trust is a key component, so a PPP should not overpromise and underdeliver.
- To succeed, the partnership requires a strong lead by the government, an effective buy-in by the private sector, and good support from the field. It also requires a solid political, institutional and legal framework.
- Investment in financial and insurance literacy is crucial.

Agenda

8 November 2018 Morning sessions

Parallel session 9

Alternative client data for inclusive insurance

Hosted by insight2impact

Francisco Ceballos
Senior Research Analyst, International Food Policy Research Institute (IFPRI)
United States

Belhassen Tonat
General Manager / Non-Life, Munich Reinsurance Company of Africa
South Africa

Mia Thom
Technical Director, Cenfri
South Africa

Megan Lawrence
Managing Director of Customer, Strategy and Data Analytics, Hollard
South Africa

Facilitator

Herman Smit
Technical Director, Cenfri & i2i
South Africa

Parallel session 10

Insurance to support MSME development

Hosted by GIZ

Gregor Sahler
Advisor, GIZ
Germany

Maroba Maduma
Communications Executive, SA Taxi
South Africa

David C. Muchiri
Associate Director, Equity Insurance Agency
Kenya

Facilitator

Jeremy Gray
Engagement Manager, Cenfri
South Africa

Parallel session 11

Reaching smallholder farmers through contract farming

Hosted by GIZ

Agrotosh Mookerjee
Managing Director, Risk Shield Ltd.
Zambia

Milimo Mdimba
Operations Manager, NWK AgriServices
Zambia

Joseph Saiti
Intervention Manager, Malawi Oilseeds Sector Transformation
Malawi

Saskia Kuhn
Advisor, GIZ
Germany

Parallel session 12

Consumer oriented education in Ethiopia

Hosted by the World Bank

Janice Angove
Actuary, South Africa

Michael J. McCord
Managing Director, Micro-Insurance Centre at Milliman
United States

Facilitator

Craig Thorburn
Lead Financial Sector Specialist, World Bank
United States

Parallel session 13

When donor money runs out: Making MI commercially viable

Hosted by Women's World Banking

Amir Nafie
Deputy Executive Manager, Lead Foundation
Egypt

Mario Wilhelm
Head of Emerging Consumers, Swiss Re
Switzerland

Hans Ramm
Swiss Agency for Development and Cooperation (SDC)
Switzerland

Facilitator

Shilpi Shastri
Microinsurance specialist, Women's World Banking
United States

Parallel session 14

Synergies between macro and micro-level insurance

Hosted by InsuResilience / Microinsurance Network

Richard Kyuma
Programme Coordinator, Kenya Livestock Insurance Programme (KLIP)
Kenya

Mathieu Dubreuil
Microinsurance Consultant, World Food Programme
Italy

Timothy Gotora
Southern and Eastern Africa Country Engagement Manager, African Risk Capacity Agency Secretariat
South Africa

Facilitator

Raúl Fernández
Project Associate, Munich Climate Insurance Initiative
Germany

Parallel session 15

Creating access to trusted inclusive insurance

Peter McPherson
Managing Director, FijiCare Insurance Limited
Fiji

Pioneering Microinsurance in Bangladesh

Monirul Hoque
Deputy Manager, BRAC
Bangladesh

Oliver Ullrich
Senior Business Development, Allianz X
Germany

Facilitator

Denis Garand
Denis Garand and Associates
Canada

Parallel session 16

Scaling agri-insurance: Insights from research

Hosted by CGIAR

Berber Kramer
Research Fellow, International Food Policy Research Institute
United States

Rahab Kariuki
Managing Director, ACRE Africa
Kenya

Nathaniel Jensen
Economist, International Livestock Research Institute
Kenya

Facilitator

James Hansen
Research Scientist, International Research Institute for Climate and Society (IRI)
United States

Agenda

8 November 2018 Morning sessions

Plenary 4

InsurTech: Rising to the regulatory challenge

Hosted by A2ii

Hannah Grant
Head of Secretariat, Access to Insurance Initiative (A2ii)
Germany

Belhassen Tonat
General Manager / Non-Life, Munich Reinsurance Company of Africa
South Africa

Elias Omondi
Actuarial Associate, Insurance Regulatory Authority
Kenya

Facilitator

Craig Thorburn
Lead Financial Sector Specialist, World Bank
United States

Plenary 5

Conference closing and outlook

Key findings of the conference

Maria Victoria Saenz
Consultant/Rapporteur
United States

Inclusive Insurance 2030

Pravin Kalpage
Central Head of Life, Hollard
South Africa

The evolution of mobile microinsurance

Rishi Raithatha
Analyst – Mobile for Development, GSMA
United Kingdom

Welcome of the 15th IMC 2019

Nishith Kumar Sarker
Secretary General, BIA
Bangladesh

Closing remarks

Shipango Muteto
Chairman, 14th IMC Organising Committee
Zambia

Doubell Chamberlain
Chairman of the Board, Microinsurance Network
Luxembourg

Facilitator

Dirk Reinhard
Vice Chairman – Chairman of the Conference Steering Committee, Munich Re Foundation
Germany

Parallel session 9

Alternative client data for inclusive insurance

Hosted by insight2impact

By Laura Montenbruck

In this session, hosted by insight2impact, practitioners provided examples of the application of alternative data in insurance provision as well as opportunities and challenges. Alternative data can range from social media profiles, online platforms, call records and shopping data, to data and images from drones and satellites as well as smartphones. Used in the right way, such information can help improve the understanding of clients and the design of more efficient insurance products. Several such examples were introduced in this session.

Using credit bureau data to drive inclusive insurance

At Hollard, credit bureau and shopping data is used to better target customers. Potential customers in the South African market have a need for the products Hollard offers but often can't afford them and culturally there is also a phenomenon of difficulty in saying no to an offer provided. This results in more than desired product volumes which are not taken up.

To address this, a predictive propensity-to-pay model using bureau data was developed. When customers call the hotline, their phone numbers are matched to credit bureau data providing information on their ability to pay, and subsequent customer USSD engagements and dial strategies are used to optimise conversion. Through the propensity-to-pay model, Hollard is able to better target customers and not overburden those who cannot afford them, while optimising operational efficiencies.

Decreasing operational cost enables product pricing optimisation which results in updated products that are able to reach more customers. In another project, shopping data is being used to better understand the customer and the correlation between retail and insurance behaviour.

Smartphone use in crop insurance

Because of basis risk, index-based insurance may in some cases not compensate a farmer's actual damage. Sending an expert to the field for damage assessment is too costly. Is there a more cost-effective way?

64 — Francisco Ceballos, Senior Research Analyst, International Food Policy Research Institute (IFPRI), United States

65 — Belhassen Tonat, General Manager / Non-Life, Munich Reinsurance Company of Africa, South Africa

66 — Mia Thom, Technical Director, Cenfri, South Africa

67 — Megan Lawrence, Managing Director of Customer, Strategy and Data Analytics, Hollard, South Africa

68 — Herman Smit, Technical Director, Cenfri & i2i, South Africa, facilitator of the session

64

65

66

67

68

In a project in India, researchers from the International Food Policy Research Institute (IFPRI) implemented picture-based insurance (PBI) for farmers. Farmers download an application, take an initial picture of their field and repeat this process weekly from planting to harvest. A "ghost picture" in the background thereby helps them to take the picture from the same position and angle every time. GPS-tracking serves as confirmation. Experts evaluate the pictures and can thus adequately judge whether a loss has occurred and how large the loss is.

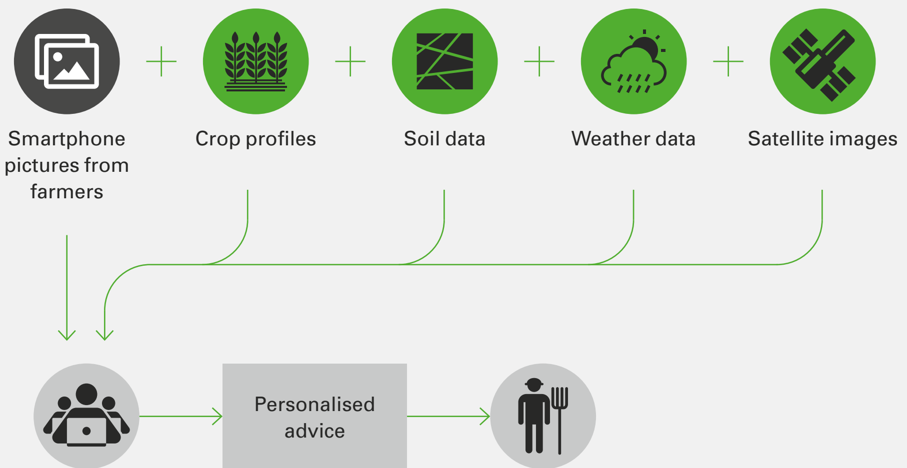
These pictures not only lower the cost of the claims process. They also speed up claims payment. Moreover, relating these pictures to secondary data allows giving farmers additional, personalised advice that can be sent directly to their phones (see Figure 31). As index insurance is still cheaper in various contexts, picture-based insurance could complement index-based insurance.

Remote-sensing devices for improved claims service

Munich Re Africa is working with remote-sensing devices to improve insurance products. In particular, drones are used to increase efficiency in claims assessment. When a claim is made, a drone flies out and takes pictures of the damage, which are then evaluated by an algorithm. This not only reduces management costs, as sending an expert to the site becomes redundant, but allows for immediate payment after loss assessment. In cases where the site is not directly accessible, for example after a fire, it also enables the insurer to assess the situation earlier and pay the loss sum right when it's needed. This is a huge success, especially in a low-income context, where immediate payouts can make an enormous difference for the lives of the poor.

A second project uses remote sensing in pipes to prevent or raise alerts about losses before or just as they are happening. These sensors measure water temperature and are able to tell whether a fire is about to break out in the next few hours or not. This might sound like an expensive prevention mechanism but, according to Munich Re, amortisation over time makes it affordable even in a low or middle-income context.

Figure 31
Added value of picture-based insurance



Source: Ceballos, Francisco. Presentation "Picture-Based Insurance – Smartphone Pictures for Affordable Crop Insurance." 14th International Microinsurance Conference 2018

Alternative data and the insurance value chain

A study carried out by Cenfri investigated the current applications of alternative data in insurance. Based on client interviews and an analysis of the value chain, it revealed that such data is mostly used in the areas of sales and product development. However, applications also emerge in other parts of the value chain: tailoring the premium collection, reducing risk behaviour, and decreasing costs in claims processing, etc. Insurers can thereby fall back on internal as well external data, such as credit history and social media profiles (see Figure 32). Combining the available information increases the understanding of customers and helps ameliorate their insurance experience.

Currently, many insurers are focusing on improving and understanding their own data before engaging in secondary data collection.

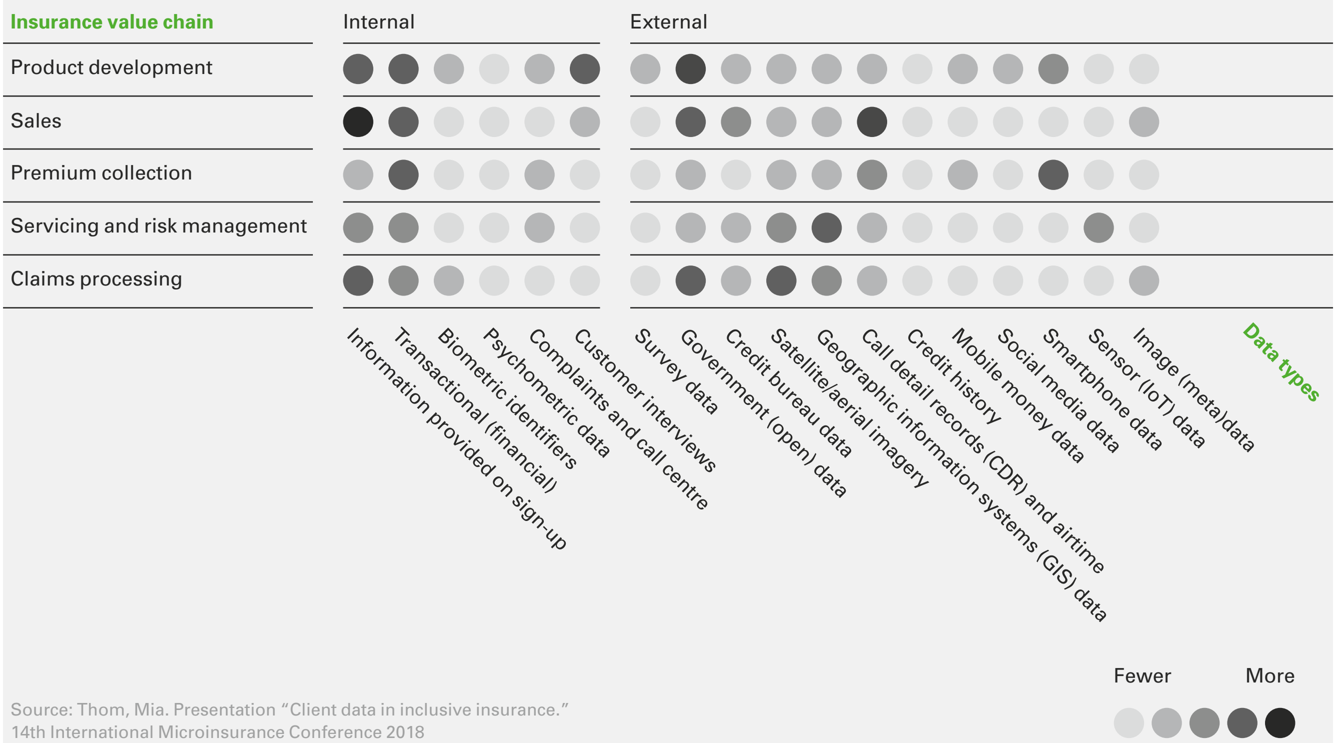
Important aspects here are the standardisation of customer data capturing and storage, as well as linking data systems to create single-customer views.

Alternative data can benefit both insurers and clients. Client-specific information allows more personalised risk pricing. As credit, savings and insurance are often used interchangeably, data can help insurers provide the most appropriate product. And it can decrease their administrative costs. Customers benefit from these improvements as well. The use of insurance experience and data as proxy collateral for credit scoring can decrease the price of insurance. And efficiency gains in processing claims can expedite payment. Two cautions however: data quality is heterogeneous, which can make the matching process complicated and inaccurate; use of alternative data can invade the privacy of customers and they should be informed of how their data is used.

Lessons learnt

- Alternative data can help identify the needs and wants of the excluded, in Africa and elsewhere.
- The value of alternative data in designing products depends on, amongst other factors, the cost of getting the data.
- Alternative data, used in the right context, can help reduce (management) costs of insurers, thereby making insurance more affordable and accessible to the poorer population.
- Alternative data must be used without violating the customers' right to privacy.

Figure 32
Data use in the insurance value chain



Source: Thom, Mia. Presentation "Client data in inclusive insurance." 14th International Microinsurance Conference 2018

Parallel session 10

Insurance to support MSME development

Hosted by GIZ

By Pedro Pinheiro

Micro, small and medium-sized enterprises (MSMEs) make up at least 90 % of businesses and more than 50 % of employment worldwide. While insurance is increasingly recognised as a valuable risk management tool for their development, insurers still face numerous challenges to offer products that are valuable, appropriate and affordable to that segment. This session hosted by GIZ discussed some of those challenges and two examples of how insurers are addressing them successfully.

Challenges of insuring MSMEs

Meeting the insurance needs of MSMEs requires a focused approach. Banks and traditional insurers often consider them too small in comparison to other businesses they serve. They are not able to provide MSMEs with customised products and services offered to larger entities. Microfinance institutions too are normally not able to address the diversity and complexity of MSMEs' operations, leaving them with no appropriate insurance coverage.

In fact, MSMEs are not a homogeneous group. They are commonly disaggregated based on their number of employees: roughly 1 to 9 for microbusinesses, 10 to 49 for small businesses and 50 to 250 for medium-sized enterprises. This wide range of classification fits a variety of operations, in many industry segments, with completely different value chains. An insurer seeking to navigate this complexity has to gather enough information about one segment and specialise to be able to develop a sustainable business model.

From red to green: minivan taxis cross the insurance hurdle

In South Africa, for a long time, the minivan taxis serving most of the workforce in large cities such as Johannesburg were kept on the margins of the insurance industry. Mostly run as one-man businesses, they had their risk assessed as individuals who often have no formal qualification to run a business, no formal job or no credit history. For a traditional insurer, these businesses would be considered almost uninsurable. This was keeping them out of the credit market as well. For insurance aggregator SA Taxi, this presented an opportunity.

In partnership with the minivan taxi industry association and an insurer, SA Taxi was able to dive deep into the business to develop a viable insurance product to cover the industry. Using GPS tracking devices, SA Taxi mapped all the different routes and measured their profitability, allowing for the risk to be assessed and monitored individually, which resulted in more affordable premiums.


69


70

69 — Left to right: Gregor Sahler, Advisor, GIZ , Germany; Maroba Maduma, Communications Executive, SA Taxi, South Africa; David C. Muchiri, Associate Director, Equity Insurance Agency, Kenya

70 — Jeremy Gray, Engagement Manager, Cenfri, South Africa

To achieve more efficiency and reduce the cost of claims in a segment with very high frequency, the insurer started to verticalise the value chain, importing spare parts for its own use and for retail, and opening its own mechanical shops. With an appropriate and affordable insurance coverage for their main asset, minivan taxi owners have gained more access to credit and the customers they transport are now also covered.

Reducing MSMEs' credit risk

After Kenya's regulator imposed a cap on loan interests in the country, the credit score requirements for customers to get their loans approved became stricter. For MSMEs which already found it difficult to keep an acceptable credit history, this meant getting pushed out of the credit market at once. To maintain their businesses, credit institutions had to find new ways of reducing credit risk.

For Equity Insurance Agency, insurance became a valuable tool not only for providing a guarantee for the loans, but also for providing coverage for the businesses and promoting better risk management by policyholders. The Agency relied heavily on the financial data already available on the 13 million bank customers within the financial group. It segmented them to offer insurance products that bundled the credit coverage with other coverages fitting the businesses' needs. The Agency thus shifted the insurable interest from the bank to the actual policyholder and gained its own customer base.

Lessons learnt

- MSMEs form a complex and diverse category of businesses that need to be addressed by insurers in segments. Understanding the business and drawing the line separating it from the individual running it is crucial for developing insurance products that are appropriate and affordable.
- Partnering with industry associations can be an effective way of gathering the information that insurers need to better assess the risk.
- Insurance can play important alternative roles for MSMEs in addition to the obvious risk transfer and coverage roles. It can improve risk management by requiring or encouraging mitigation measures. It can also spur investment in MSMEs, not only by facilitating access to standard credit, but also by allowing credit institutions to offer loans that better fit the needs of specific MSME segments.

Parallel session 11

Reaching smallholder farmers through contract farming

Hosted by GIZ

By Kay Tuschen

This session hosted by GIZ presented the business model of contract farming as a potential distribution channel for inclusive insurance. A role play demonstrated the business model pitfalls as well as advantages. Participants concluded that contract farming has great potential of mutual benefits for farmers, insurance providers, aggregators and agribusinesses.

Contract farming for smallholders typically involves an agricultural services firm (engaged in processing, marketing, even financial products) which agrees to supply inputs and provide technical and other assistance to them in return for the production and sale of an agricultural product at a specified price and time exclusively to the firm. The farmer commits to providing the commodity of a quality and in quantities set by the firm, and the firm commits to supporting the production and buying the commodity.

Farmers benefit from an assured market and easy access to inputs, resources and services, while the firm benefits from an assured supply for processing or for sale further along the value chain. But there are pitfalls for both: the firm may not buy the product at the expected price or in the agreed quantity; and the farmer may side-sell to another buyer or use the supplied inputs for purposes other than those intended.

According to the UN's Food and Agriculture Organisation (FAO), many governments and donors promote contract farming as part of agricultural development policies. However, there is a lingering concern about whether smaller farmers can benefit from these arrangements.

Add-on financial services, such as credit and insurance, help offset many of the disadvantages while benefiting farmers as well as the contracting firm.

From that perspective, contract farming follows the approach of product bundling and extends it. Farmers who buy inputs from agribusinesses also get the offer to either take up a loan and/or buy insurance against crop losses. Insurance premiums are either low or prepaid by the aggregator. In return, farmers sign up to only selling their product to the company or union that has offered the bundle. In this model, insurance providers partner up with the aggregator.

A win-win contract for cotton producers and agribusiness

In Zambia, more than half the working population is employed in agricultural production. Cotton is an important line of the sector. Heavy weather events such as irregular, insufficient and excessive rainfall, and droughts, lead to high annual crop losses across the whole market.

Many farmers produce on areas smaller than 5 hectares in size, and have a small collateral and low resilience to any kind of risk. Index-based weather insurance has become an important means of protecting them against crop losses.

71 — Agrotosh Mookerjee, Managing Director, Risk Shield Ltd., Zambia (right)

72 — Left to right: Saskia Kuhn, Advisor, GIZ, Germany; Joseph Saiti, Intervention Manager, Malawi Oilseeds Sector Transformation, Malawi; Milimo Mdimba, Operations Manager, NWK AgriServices, Zambia

71

72

Weather Index Insurance, NWK Agri-Services, Zambia

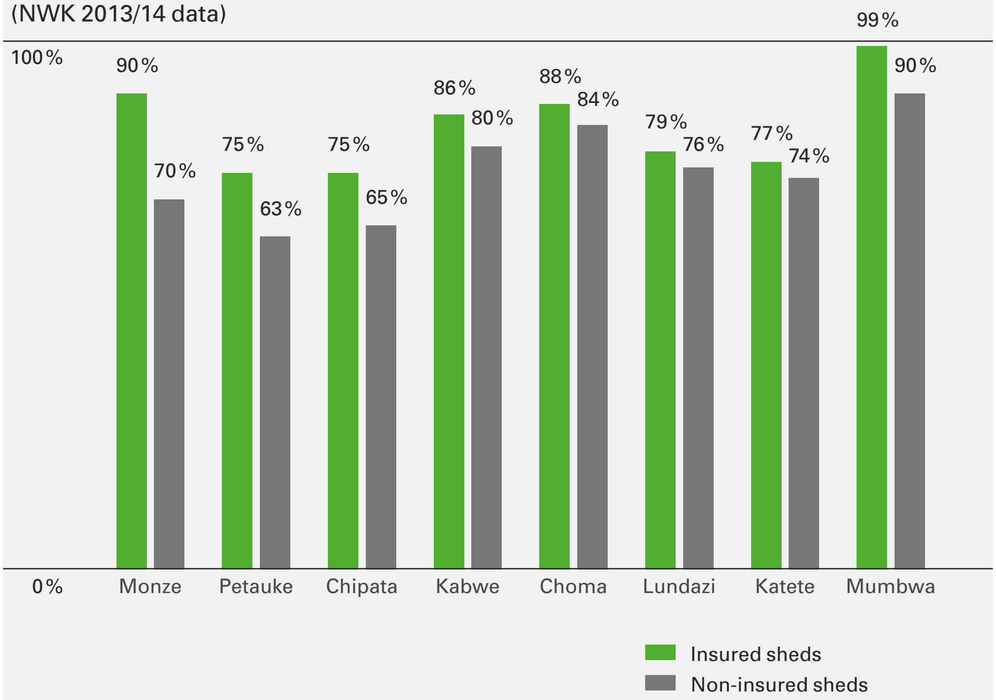
Number of people insured:
52,000

Insured risks:
Drought, excess rainfall, funeral

With assistance from GIZ, NWK AgriServices is offering weather-index insurance in an innovative contract farming framework. The insurance, based on satellite data, covers dry spells, droughts and excess rainfall, and is supplemented with funeral insurance. Farmers get the insurance offered in a bundle with seeds and fertilisers they need for production. NWK pre-finances the bundle and in return farmers agree to sell their yields to NWK at the end of the season. Sales revenues and potential insurance payouts are used to offset the outstanding loans and any surpluses are handed over to farmers. NWK also benefits from the offer as it has reduced side-selling.

In the 2015/16 season, 52,000 of around 70,000 small farmers in the targeted region decided to buy this bundle. Out of this group, 23,000 farmers received payouts totalling more than US$ 200,000 in 2016 after a large-scale drought. Having the additional security increased investments and overall cotton production among the contracted farmers. Repayment ratios of input credits increased by up to 20 percent (see Figure 33).

Figure 33
Credit repayment rates for the insured and non-insured in selected locations in Zambia
Insurance seems to incentivise farmers to repay their input credits (NWK 2013/14 data)



Source: Kuhn, Saskia. Presentation "Reaching smallholder farmers through contract farming." 14th International Microinsurance Conference 2018

Parallel session 11
Reaching smallholder farmers through contract farming

How to make contract farming work

The agribusiness contract farming model for smallholder cotton producers is being replicated in other sectors in Zambia and in Zimbabwe. And GIZ says it can be replicated by other contract farming operators around the world.

A well-functioning contract farming framework can lead to benefits for all partners involved. This is the key factor for success: Contract farming only makes sense when there are benefits for everyone – farmers, contractors, insurers and agribusinesses.

Quick claim handling is also an important means to building trust and recognition amongst farming communities. For them, the step from understanding a rather simple funeral claim to a complex index-triggered weather insurance claim is a huge leap. Nevertheless, having funeral claims paid successfully and seeing how it works for the neighbours is a big help in overcoming obstacles to buying more complex policies.

Setting the right incentives helps a lot in increasing take-up rates. A challenge often faced for microinsurance products is overcoming the take-up plunge after moving from premium-free products to paid policies. Very often, farmers did not realise their benefits in the free model, mostly because they were not aware they were insured. To overcome this, having well-handled claims visible in the communities has proven to be a good measure.

There are benefits for insurers too. They create a whole new distribution channel with low operational costs along with better opportunities to acquire new data on customers. Using the network of agribusinesses also facilitates monitoring, which results in a decrease of credit risk.

Mutual benefits make contract farming a sustainable business model when targeting smallholder producers with inclusive insurance: farmers benefit from insurance as they feel secure to take the risk of entering into a cash crop delivery contract and investing in their businesses; the contract farming operator benefits through lower side-selling, higher crop deliveries and a stronger loyalty of farmers; and the insurer is able to reach customers in remote areas it would normally not be able to serve because of high logistical costs.

Lessons learnt

- Contract farming is a business model that bundles the supply of inputs with credit and insurance products, as well as a binding purchase contract for the harvested crops.
- Contract farming can benefit agribusinesses, MFIs and insurance providers, as well as smallholder farmers.
- Experiencing claims and successful claim handling in their communities encourages farmers to buy insurance products.
- Financial literacy and awareness campaigns are important in ensuring farmers understand their commitments and potential benefits.

Parallel session 12

Consumer-oriented education in Ethiopia: What people want

Hosted by the World Bank

By Maria Victoria Sáenz

The session hosted by the World Bank illustrated how a market study and market education led to a better implementation of the National Financial Inclusion Strategy (NFIS) of Ethiopia.

The NFIS goal for microinsurance is ambitious: by 2020, 5 % of adults will report having an insurance policy. The government realises that despite advances in their supply, financial services still need more diversification and products designed to meet the needs of low-income customers.

As part of a project led by the World Bank (see Box 8), the government requested a thorough analysis of the market to update findings of the "Landscape of Microinsurance in Africa 2015,"[13], which depicted a very small market with less than 2 % of the population covered and only by credit life.

73 — Michael J. McCord, Managing Director, MicroInsurance Centre at Milliman, United States

74 — Craig Thorburn, Lead Financial Sector Specialist, World Bank, United States

73

74

Box 8

"Promoting Inclusive Insurance in Ethiopia", which addresses the strengthening of regulatory and supervisory frameworks for micro-insurance, supports the development of new microinsurance products, enhances the proportionality of the regulatory framework for market conduct and consumer protection, designs financial literacy programmes, and even proposes improvements for index-based insurance.

The National Bank of Ethiopia was clear: it wanted regulation compliant with the IAIS Application Papers and enabling microinsurance expansion. The analysis of the World Bank project would then provide the foundation for adjusting baseline structures to expand microinsurance products and services throughout the country, ultimately achieving the NFIS targets.

The project's demand-side study was led by the MicroInsurance Centre at Milliman. The team used a method-ology combining pre-survey focus group discussions (FGDs) to test survey concepts – a survey of almost 3,000 people. It also tested post-survey FGDs to clarify information from the survey, and dug deeper into market demand in areas that showed promise from the survey.

The locations and study participants representing the target market were selected randomly, in rural and urban areas. Box 9 shows some results of the focus groups and surveys.

Box 9

Characteristics and financial behaviour of respondents

75 % of men, 50 % of women literate

92 % of rural households depend on agriculture

20 % of households have no mobile

2/3 of households are 2 times above the food poverty line

7 % save regularly

50 % have borrowed in the last 5 years

15 % have never had insurance

80 % belong to an Edir[14]

49 % have never heard of insurance before, 41 % are not sure how it works and 25 % do not know where to find it: 6 % considered insurance too expensive, 6 % considered it compli-cated and inconvenient and 1 % thought they do not need insurance.

Using cash and savings is the most common coping strategy (60 % urban, 58 % rural), then donations or loans from family and friends (24 % urban, 20 % rural), then getting an additional job (4 % urban, 7 % rural), and finally borrowing from a SACCO, bank or moneylender (2 % urban, 3 % rural).

Based on the cost, losses, the likeli-hood of occurrence and the level of worry that different events cause, the three more important risks for urban people are illness in the family, transport or accident and damage to or loss of property; for rural people, the ranking is crop loss or damage, illness in the family and illness or death of livestock.

Source: McCord, Michael. Presentation "What people want: Investigating Inclusive Insurance Demand in Ethiopia." 14th IMC 2018.

13
The study published by the Munich Re Foundation and the Microinsur-ance Network is available at http://worldmapofmicroinsurance.org

14
Edirs are traditional community groups whose members assist each other socially and financially, specially in the case of a family member's death, when typically up to 25 % of the costs are covered by the Edir.

Parallel session 12
Consumer-oriented education in Ethiopia: What people want

With all the information retrieved, the team designed simple prototypes that were tested with focus groups (see Figure 34). The focus groups gave feedback on the value of the proposed benefits, how and where people would most likely pay the premiums, and their preferred way of receiving claims settlements. They also provided an understanding of their willingness to pay for the product. The feedback on insurance was positive, with up to 50 % of respondents willing to pay an actuarially sound premium.

The study served to pinpoint the framework for a technical group (insurers, SACCOs, MFIs and regulator) to work on microinsurance regulations. This working group received intensive training and was able to design three prototypes based on the market study results: credit life, hospital cash and term life that are innovative beyond the traditional products. MFIs, SACCOs and insurance agents would be the distribution channels.

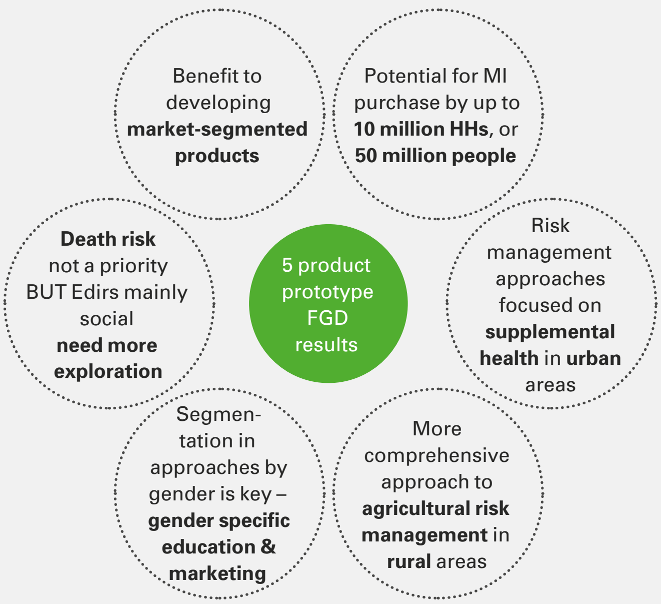
To allow products to really have an impact, the regulatory authorities approved an innovative approach:

1. Guidelines for fast-track approval of pilot products, exempting them from conventional regulations, and feeding information needed for the regulatory structure.
2. Design of a prototype policy document.
3. A technological platform to receive applications and make changes in real time.
4. A partnership among stakeholders to limit the approval process to 2 weeks.

Lessons learnt

- Common beliefs (like the importance of death as a risk and availability of mobile devices) must be tested before designing products based on them.
- Financial behaviour of respondents indicates that there is space for insurance, albeit with a strong emphasis on financial literacy given the lack of information about insurance.
- With a better understanding of the market, products as well as regulation can be improved.
- The regulatory process is as important as the administrative process.
- Technology has an important role to play in the implementation of an NFIS.
- A market study should be the entry point of national financial inclusion strategies, regulations and product design.
- Monitoring in real time the results of a product exempted from regulations is an innovative way to develop appropriate regulations.

Figure 34
Results from basic prototype testing



Source: McCord, Michael. Presentation "What people want: Investigating Inclusive Insurance Demand in Ethiopia." 14th International Microinsurance Conference 2018

Parallel session 13

When donor money runs out: Making MI commercially viable

Hosted by Women's World Banking

By Maria Victoria Sáenz

Most insurers believe that offering insurance to the low-income market is not viable. This session hosted by Women's World Banking discussed how to build customer-centric, commercially viable life and health insurance schemes using a responsive, data-driven optimisation approach to product development that achieved breakeven.

Government-sponsored health insurance programmes in Egypt are not easily accessible to the informal sector, comprised mainly of low-income women. Commercial insurance companies have also largely focused on the middle and upper-income segment and little innovation has been done to develop microinsurance solutions for the low-income segment beyond credit-linked insurance. Women's World Banking joined hands with Lead Foundation in Egypt to increase low-income women's access to formal health insurance.

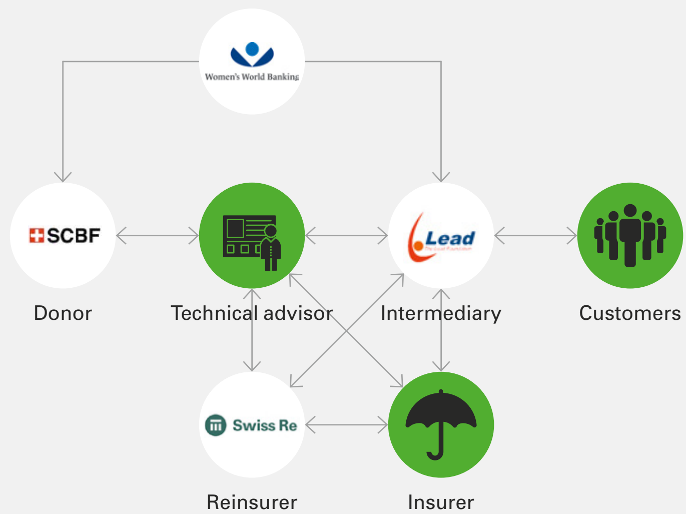
Lead Foundation is the second largest MFI in Egypt. There are currently over 200,000 active borrowers in its portfolio. Lead provides both group loans (US$ 50 to 700) and individual loans (US$ 170 to 2,800) to low-income women entrepreneurs. In addition to microcredit, Lead also provides life and health insurance to its clients.

With the technical advisory support from Women's World Banking in 2014, Lead started with the design of the Hemayet Lead insurance programme to provide affordable health and life insurance to its customers. The Agence Française de Développement provided critical funding support in the very initial phases, and later the Swiss Capacity Building Facility (SCBF) became a catalytic partner (see Figure 35).

Various stakeholders in the micro-insurance delivery model in Egypt

It took both Lead and Women's World Banking almost 16 months to get the pilot started. During these 16 months, the two organisations worked together to conduct customer research, develop a product prototype, circulated an RFP (request for proposal) to find the right insurance company and build Lead's capacity to become pilot-ready. The pilot was launched in November 2015 and after 6 months of the successful pilot, Lead scaled up the insurance operations and rolled out the programme in all the branches.

Figure 35
Various stakeholders in the microinsurance delivery model in Egypt[15]



Source: Shastri, Shilpi "When donor money runs out: Making MI commercially viable" 14th International Microinsurance Conference 2018

15
The dotted line represents the relationship of the technical adviser, in this case WWB. The technical adviser relates to all the partners, directly and indirectly. The straight blue line represents the direct relationship of each partner to its fellow partners. As WWB organised the scheme, it has relationships to all the partners, albeit on different levels.

Hemayet Lead Scheme

Number of people insured:
185,932

Insured risks:
Hospital cash that gives EGP 300 (US$ 17) per night of hospitalisation and life insurance equal to 3 times the loan amount disbursed.

Premium:
The average monthly premium is EGP 16 (US$ 1) for a low-income woman who may have a loan of EGP 3,500 (US$ 175).

Claims ratio of the programme is within the target range of 55 % – 75 %.

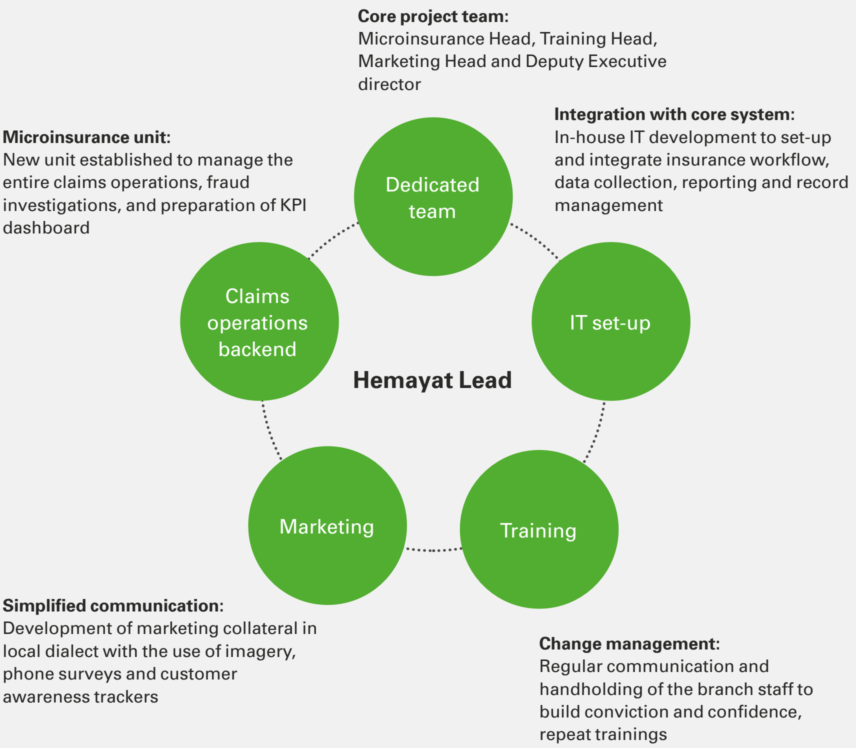
Hemayet Lead Insurance Programme is bundled with every loan. The insurance provides a hospital cash benefit of EGP 300 (~US$ 17) for each night an insured person spends in the hospital. There are no exclusions and all hospitalisation reasons are covered, including childbirth and pre-existing conditions. The life insurance sum insured is equal to three times the value of the initial loan. In the event of death of the loan customer, the insurance pays the family the sum insured, net of the outstanding loan, if any.

The successful implementation of the insurance programme required rigorous focus and investment from Lead (see Figure 36).

Lead took the responsibility of the bulk of the claims operations to ensure that customers get hassle-free claims settlement[16]. Donor money from SCBF and Visa Inc. was crucial in receiving the much-needed technical advisory for managing and upscaling the insurance operations.

As the programme started to demonstrate success, Women's World Banking brought in Swiss Re (a global reinsurance company) as a thought partner in the delivery to ensure a commercially viable product in the long term. Swiss Re has been able to provide critical support through data and insights on risk management, as well as technical knowledge around building commercially viable microinsurance programmes.

Figure 36
Lead's involvement



Source: Shastri, Shilpi Presentation "When donor money runs out: Making MI commercially viable." 14th International Microinsurance Conference 2018

16
SCBF Hemayet Lead Success Story. January 2018

With a strong focus on generating value for end customers, Swiss Re clearly sees the opportunity of the "missing middle" emerging clients. Its participation therefore came as a natural process, helped by the fact of outstanding technical assistance from and participation of the SCBF. For Lead, counting on Swiss Re was counting on sound and deep knowledge of risk management.


75


76


77


78

75 — Amir Nafie, Deputy Executive Manager, Lead Foundation, Egypt

76 — Mario Wilhelm, Head of Emerging Consumers, Swiss Re, Switzerland

77 — Hans Ramm, Swiss Agency for Development and Cooperation (SDC), Switzerland

78 — Shilpi Shastri, Microinsurance specialist, Women's World Banking, United States

Lessons learnt

Conditions to make a programme successful:

- **the customers** need a product that works for them,
- **the intermediary** must be fully committed and have the capacity to implement the programme,
- **the insurer** and **the reinsurer** must participate along with the rest of the stakeholders in the design of the project, and
- the expectations of **the donor** must be fully aligned with the objectives and capabilities of the project implementing agency.
- To achieve financial sustainability, the donor and technical assistance partners must be committed to upscale the MFI. They must have in mind that sometimes the process takes longer than planned.
- Careful planning, and monitoring and evaluating constantly, are key.
- The partners in Egypt were fully committed to sharing the same goals, despite each having an agenda (Lead: social mission and sustainability), Swiss Re (serving the missing middle or emerging consumer), SCBF (demonstration effect, generate a commercially viable project) and ultimately Women's World Banking (advancing women's financial inclusion).

Parallel session 14

Synergies between macro and micro-level insurance

Hosted by InsuResilience / Microinsurance Network

By Pedro Pinheiro

This session hosted by InsuResilience and the Microinsurance Network discussed how macro-level insurance solutions can interact with microinsurance to help governments manage climate change risk by incentivising pre-disaster preparedness and funding post-disaster recovery. Three initiatives were reviewed as part of an integrated framework that reaches vulnerable segments of the population that cannot afford microinsurance coverage.

Macro risk management tools for micro solutions

The African Risk Capacity (ARC) is a specialised agency of the African Union designed to provide insurance coverage for countries against drought events.

The three critical elements of its value proposition are the establishment of an effective National Early Warning System, an operational plan to respond to disasters that scales up existing social protection programmes, and an objective and transparent funding mechanism (see Figure 38). For the eight countries that have purchased an insurance policy, every dollar spent on drought response through ARC saves US$ 4.40 in traditional humanitarian assistance costs for people and livestock[17].

Africa Risk View is the technical engine of the ARC. It combines existing operational rainfall-based early warning models on agricultural drought in Africa with data on vulnerable populations to form a standardised approach for estimating food insecurity response costs across the continent. This information is critical for financial preparedness for drought and for providing the basic infrastructure needed to establish and manage a parametric risk pool and trigger early disbursements.

Figure 37
African Risk Capacity

ARC

African Union Specialised Agency

- Treaty-based organisation governed by AU Member States
- Sets continental standards for distaster risk management
- Provides: Early warning, contingency planning, climate finance
- Peer review and political oversight

LTD

Souvereign Risk Pool and Mutual Insurer

- Hybrid mutual insurer and financial affiliate of the Agency
- Membership comprised of African governments and capital contributors
- Performs risk pooling / insurance underwriting / asset management functions
- Interfaces with international markets for risk to achieve best coverage and pricing

ARC's impact

US$ 36,800,000 in payouts for early responses

> 2,100,000 vulnerable people assisted

> US$ 400 million in drought risk coverage provided

Source: www.africanriskcapacity.org, January 2019

Figure 38
ARC's method

Customised early warning
Africa Risk View is a state-of-the-art drought risk model and software that helps countries quantify their disaster rik and monitor drought impacts

Contingency planning
Africa Risk Capacity works with governments and incountry experts to create coordinated contingency plans before catastrophe strikes

Parametric insurance
Africa Risk Capacity disburses financing to fund pre-approved contingency plans to respond rapidly and predictably to disasters

Risk pooling and risk transfer
Employing innovative financing mechanisms, ARC Insurance Company Limited pools risk across Africa and transfers it to international risk markets

Source: www.africanriskcapacity.org

17 www.africanriskcapacity.org

Domestic insurance companies could benefit from the macro-level structure of Africa Risk View to inform underwriting and pricing decisions and use it as a validation system, thus developing better microinsurance products and enhancing their processes. For governments, Africa Risk View and other drought-modelling tools could be used as an early warning system and to inform public policy building and financial planning. The macro-level risk pools of ARC could also be used as a credit guarantee scheme to service micro-finance loan schemes in the event of a disaster.

Integrated climate risk management on meso level

For the World Food Programme, microinsurance is a fundamental part of an effective climate risk financing and response strategy. In its integrated approach (see Figure 39), microinsurance should complement the Forecast-based Emergency Preparedness for Climate Risks Fund (FbF) and *ARC Replica* mechanisms to optimise resources, impact and outreach.

ARC Replica is a macro-level insurance product offered by ARC Ltd to the World Food Programme and other humanitarian partners. The purpose is to expand climate risk insurance coverage and improve the emergency humanitarian response in vulnerable African countries. It matches the insurance coverage of ARC member states (Replicated countries) through a Replica policy, which is an index insurance contract proportionally mirroring the terms and conditions of the policy of the Replicated country. The limit is the amount of coverage taken out by the country itself.

With financial support from Germany and Denmark, ARC Replica is being piloted in Mali and Mauritania.

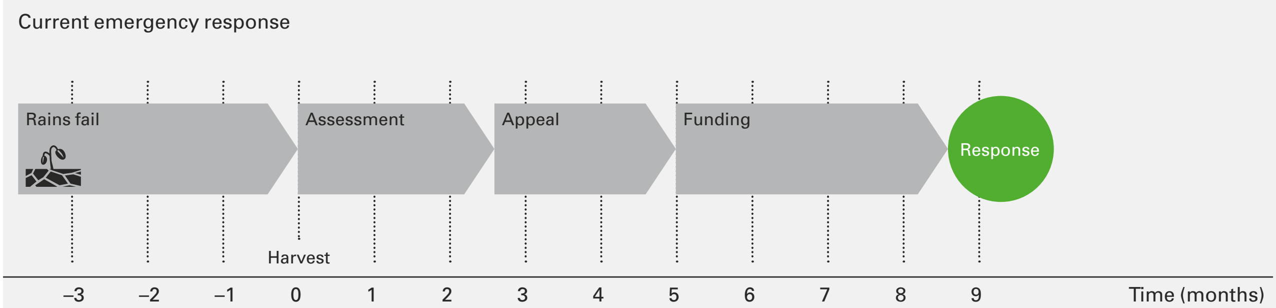

79


80

79 — Left to right: Timothy Gotora, Southern and Eastern Africa Country Engagement Manager, ARC, South Africa; Mathieu Dubreuil, Microinsurance Consultant, World Food Programme, Italy; Richard Kyuma, Programme Coordinator, Kenya Livestock Insurance Programme (KLIP), Kenya

80 — Raúl Fernández, Project Associate, Munich Climate Insurance Initiative, Germany

Figure 39
Changing the way response works – three complementary tools for WFP



Source: Dubreuil, Mathieu. Presentation "Integrated Climate Risk Financing and Management in WFP". 14th International Microinsurance Conference 2018

Parallel session 14
Synergies between macro and micro-level insurance

Whilst in the index-based ARC Replica, payouts are made to WFP based on the number of people affected, microinsurance directly pays out to households able to decide on the best way to apply the resources and rebuild their lives. The Replica system provides earlier support to finance a broad response plan compared to usual responses, whilst microinsurance is faster in reaching individual households with an effect on farmers' capacity to increase their investments. As a result, the macro-level mechanism tends to reach the lower bottom of the social pyramid, the ones who cannot afford microinsurance, who need unconditional transfers and who are hit the hardest by the economic consequences of natural disasters.

Reducing impact of droughts on micro level

The high frequency of droughts (one in every two to four years) is a major threat to Kenya's economic sustainability. From the total loss in GDP of about 2.8 % every year associated to drought events, 72 % is estimated to be related to livestock mortality.

The Kenya Livestock Insurance Programme (KLIP) is a public-private partnership that aims to improve climate risk management and reduce the impact of droughts on livestock farmers. It provides index-based insurance coverage that is triggered by satellite information on forage availability, at a subsidised premium. So far, it has paid out 6.87 million dollars in eight different Kenyan counties.

KLIP index-based insurance

Number of people insured:
37,034

Insured risks:
Livestock

Premium average:
KES 4,360 (US$ 42.80) per annum

Lessons learnt

- Macro-level climate insurance solutions can provide technological tools for risk assessment that can enhance microinsurance products and processes.
- Macro-level insurance mechanisms tend to reach the lowest level of the social pyramid, the share of the population that cannot afford microinsurance. Scaling up the synergies between the macro and micro levels ensures that every vulnerable person or household is covered.
- A PPP is an effective way of enhancing macro-micro synergies and mobilising the private sector to complement public initiatives.

Parallel session 15 Creating access to trusted inclusive insurance

By Kay Tuschen

This session summarised approaches to inclusive insurance solutions that are both well-funded and trusted by customers. "Credit Shield +" is a bundled credit life insurance offered by BRAC in Bangladesh. FijiCare is serving one of the most scattered markets in the world. And Allianz X has just increased investments in the FinTech and microinsurance sector globally.

The general concept of bundled credit life insurance is to sell a life insurance policy together with credit. The insurance covers the outstanding loan in case of death of the borrower. In some cases, funeral costs and payouts for relatives are also covered. Premiums are often paid through revenues from interest rates.

Bundling insurance borrowers need

The Bangladesh Rural Advancement Committee (BRAC) is one of the largest NGOs in the world, covering more than 5.6 million households with life insurance, microcredits and savings products. Nevertheless, microinsurance penetration in Bangladesh is around 10%. BRAC has set a goal of increasing this level with innovative products.

Credit Shield+, BRAC, Bangladesh

Number of people insured:
560,000

Insured risks:
Loan & savings, funeral

Premium range:
BDT 3 (US$ 0.035) to BDT 7 (US$ 0.083) per thousand BDT per annum

To create the "Credit Shield +" product, it followed the approach of understanding the risk first. One of the main limitations of typical credit life products in Bangladesh is that only the borrower is insured. In many cases, women in households take up a loan which is then redistributed among family members. Repayments originate from the household head's earnings. If this person dies, typical insurance policies would not cover it. So one of the features of "Credit Shield +" is that it covers not only the borrower but one additional person per household.

BRAC is applying this customer-centric approach because people have to perceive the product as a game-changer in their lives, as a way out of the poverty trap. Another example of BRAC's client proximity is the claim handling system. Through its mobile phone app, pictures of an ID card and a death certificate can be submitted, and funeral costs are paid within one day.

Insurance for the Fiji Islands

With 900,000 people living on 300 islands in the middle of the South Pacific, the Fiji Islands may be one of the most scattered markets in the world. To provide inclusive insurance for the islanders, a smart and innovative approach is needed.

FijiCare has taken up the challenge. Its bundled insurance cover has a combined limit of US$ 10,000 (US$ 1,000 for funeral, US$ 3,000 personal accident, US$ 3,000 term life and US$ 3,000 fire damage). The Fiji government and farmers' unions have become the biggest customers of FijiCare policies. By the end of October 2018, around 120,000 people were insured, more than 100,000 of them working for the government. The unions are currently paying the premiums for their employees and members.

FijiCare

Number of people insured:
120,000

Insured risks:
Funeral, accident, term life, fire


81


82

81 — Left to right: Denis Garand, Denis Garand and Associates, Canada; Peter McPherson, Managing Director, FijiCare Insurance Limited, Fiji; Oliver Ullrich, Senior Business Development, Allianz X, Germany

82 — Monirul Hoque, Deputy Manager, BRAC, Bangladesh

The challenge was to design a product suitable for customers spread over hundreds of communities and to make it practical to distribute and serve. It involved high development costs, which FijiCare deemed an investment. The goal for the bundled microinsurance was to offer benefits of both life and non-life covers and enable low-income families to cope with a range of events that can cause financial shocks. To create access, it was crucial to build collaborations with the government and unions and to receive support from the regulatory body to achieve the business volume. The next step will be introduction of an app, which will attract the even more remote people who are not organised under the umbrella of larger employers.

Strategy of a global player

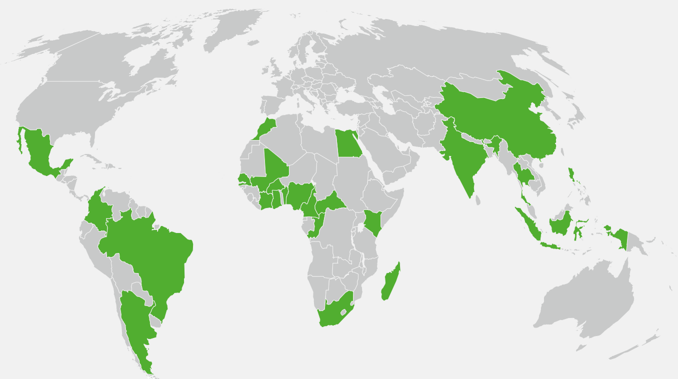
Well known as one of the biggest players in the insurance industry, the Allianz Group had little to do with developing countries until a few years ago, when emerging markets developed into key drivers of global premium growth. Although premium increases in advanced markets will still account for half of the overall growth for the next five years, emerging economies will become increasingly important from the global perspective. Allianz X, the digital investment and new business strategy unit of the Allianz Group, has been exploring new opportunities in many emerging markets (see Figure 40).

One of the most important deals Allianz X has struck is the investment of US$ 100 million in BIMA, the largest provider of microinsurance globally. Allianz X is now the largest strategic shareholder of BIMA, whose tech platform enables low-income families to access insurance in 14 emerging markets. This deal goes far beyond a simple investment. The unifying goal of both companies is to provide risk-management solutions for any kind of consumer who needs them. Allianz and BIMA have agreed to empower each other and to grow together. BIMA contributes the innovative digital business models, new distribution channels and emerging market expertise. Allianz, eyeing the so-called "next billion customers", has the reputation of a strong market leader, with the full range of insurance expertise and capital to develop whole new market sectors.

Lessons learnt

- Bundling of credit and life insurance needs to be customer-centric and include covers specifically needed.
- Introducing a new service is linked with many sunk costs in the development process, which can pay off in the long term.
- Access to remote and widespread clusters and communities can be facilitated and made feasible through partnerships with entities already engaged with them.
- While microinsurers continue steadily to achieve scale, well-heeled multinationals have the "next billion customers" in emerging markets in the crosshairs.

Figure 40
Emerging markets are a strategic focus of Allianz Group



Source: Ullrich, Oliver. Presentation "Allianz & BIMA: An example of an innovative digital partnership in emerging markets." 14th International Microinsurance Conference 2018

Parallel session 16

Scaling agri-insurance: Insights from research

Hosted by CGIAR

“Most of our initiatives would not be where they are if we hadn’t collaborated with research.“

Rahab Kariuki – ACRE Africa

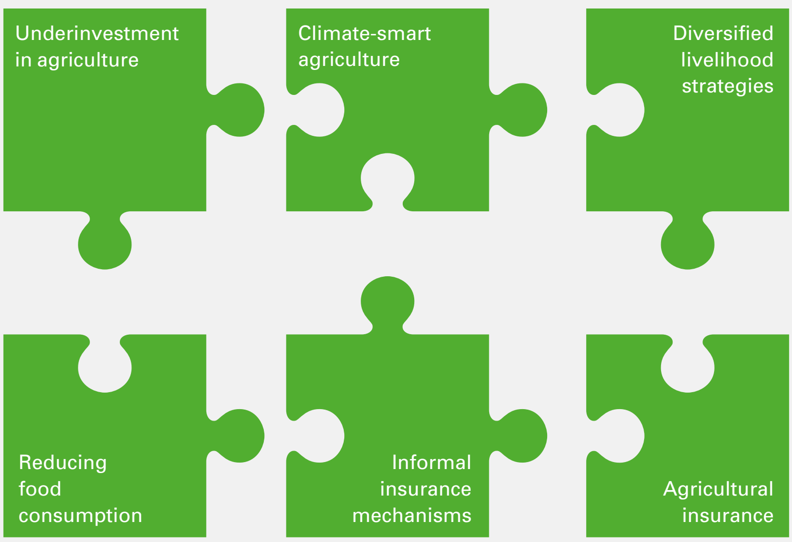
By Berber Kramer and Laura Montenbruck

Innovative solutions in insurance are important in creating the most suitable products for particular sectors and contexts. Synergies between research and practice can help properly define challenges that insurers face, as well as the needs of their clients. Research can add value in the design of new products and increase the overall efficiency of the insurance process. This session hosted by CGIAR, an agricultural innovation network, presented insights from research for scaling agricultural insurance, highlighting the opportunities for partnerships between the insurance community and agricultural researchers.

Looking for new ways to cover farmers’ needs

The session introduced the concept of insurance as one piece in a broader portfolio of agricultural risk management strategies. In the absence of sound instruments to manage risk, farmers are known to underinvest in production to minimise risk exposure, and reduce food consumption and other human capital investments to cope with shocks. Agricultural insurance should be designed to reduce reliance on these coping strategies, while promoting other risk management strategies such as climate-smart practices[18], informal insurance and diversified livelihood strategies to strengthen resilience (see Figure 41). CGIAR researchers are studying insurance innovations from this perspective – both in product design and distribution channels.

Figure 41
Agricultural risk management strategies



Source: Kramer, Berber. Presentation “Research for Scaling Agricultural Insurance: An Overview.” 14th International Microinsurance Conference 2018

18
According to the World Bank Group, climate-smart agriculture seeks to increase sustainable productivity, strengthen farmers’ resilience, reduce agriculture’s greenhouse gas emissions and increase carbon sequestration. It strengthens food security and delivers environmental benefits. Climate-smart agriculture includes proven practical techniques – such as mulching, intercropping, conservation agriculture, crop rotation, integrated crop-livestock management, agroforestry, improved grazing, and improved water management – and innovative practices such as better weather forecasting, more resilient food crops and risk insurance.

Parallel session 16
Scaling agri-insurance: Insights from research

Bundling drought-tolerant maize with weather index insurance

A partnership between seed companies, insurance providers and CIMMYT (the International Maize and Wheat Improvement Center) links drought-tolerant maize seeds with index insurance in Tanzania and Mozambique. In the event of a drought-related loss, the insurance product, purchased by seed companies, allows replacing the seeds farmers had bought so they can keep planting the stress-tolerant variety. Claims settlement is based on a drought index, triggering payouts, and an audit is conducted if many farmers complain about lack of compensation. A key challenge in this initiative is the timely delivery of inputs. The initiative also shows that research and piloting are critical for scaling, set to be the next step in this partnership (see Figure 42). To build a scalable project, it is important to have the right mix of partnerships, to start small, and to take action on the basis of evidence from research.

Collaborating to evaluate impact of innovations

The session also showcased how ACRE (Agriculture and Climate Risk Enterprise) Africa, a private for-profit insurance broker, works together with agricultural researchers. For ACRE Africa, researchers bring in analytical capacity that a start-up cannot accommodate in-house. Challenges to be addressed in such partnerships include differences in how businesses versus researchers treat ownership of intellectual property rights, and a business's time constraints to participate in research.

Successful partnerships included examples such as:

- the use of experimental games to increase understanding of basis risk in products with low versus high-resolution satellite imagery; and
- the use of smartphone pictures for assessing losses and monitoring crop health, combining ACRE's experience with Replanting Guarantees and research by the International Food Policy Research Institute (IFPRI) on picture-based insurance in India.

Driving a market-changing innovation

A key role of researchers in developing scalable agri-insurance is fine-tuning products. For its Index-Based Livestock Insurance (IBLI) programme, the International Livestock Research Institute (ILRI) went through several phases of product development. The IBLI product is now being used at scale by the governments of Kenya and Ethiopia in reducing their pastoralists' vulnerability to drought. It is based on a vegetation index, i.e. a measure of greenness shown through satellite remote-sensing.

Figure 42
The roles of the public and private entities engaged in the project

Source: Marenya, Paswel. Presentation "Bundling drought-tolerant maize with weather index insurance: public and private sector roles and responsibilities." 14th International Microinsurance Conference 2018

The project started with the objective of providing funds for asset replacement, which involved predicting livestock mortality based on historical livestock mortality rates from 10 years of data collected by ILRI. With the finding that, at the end of the rainy season, it was already possible to predict the risk of a drought, the product was able to transition into coverage for asset protection – meaning the product provides payouts earlier, so pastoralists can invest in keeping their animals alive during droughts.

Index-Based Livestock Insurance, Ethiopia

Number of people insured:
12,413

Insured risks:
Livestock

(See also the IBLI Kenya profile box in parallel session 14).

The Q&A part of the session produced some notable points:

Working closely with insurers and their clients can help researchers get better grounding in the reality of operationalising an insurance product. Research teaches practitioners the importance of documentation and knowledge management, preventing them from learning lessons already learned.

To help deal with human-caused climate change, insurance needs to improve coping with the residual risk after other mitigation options have been used. Insurance products can be designed with incentives to encourage risk reduction. An example is bundling insurance with climate-smart agriculture in India. Farmers are incentivised to adopt better agricultural practices, and insurance is subsidised on the condition of better practices. This not only lowers risk for the farmers, it can also increase their productivity.

A major obstacle to scaling insurance for smallholder farmers is the gap of information related to their needs, and behavioural economics could provide a deeper understanding of what they would like to get out of insurance. Research could help identify the value proposition for the farmer and other partners; a savvy product with a bad value proposition would never work. Finally, information about beneficiaries is also key. Electronic registration of the population could make both impact evaluation and distribution much easier.

Lessons learnt

- Insurance has a role, but within a portfolio of many risk management strategies, and insurance has more value as a complement to other strategies
- Research in partnership with practitioners can find solutions for insurance to be more effective and possible for scaling.
- Challenges need to be tackled within these partnerships, for instance different goals, priorities and intellectual property need to be discussed and managed well in such partnerships.
- There are still big challenges in how to connect with smallholder farmers in order to understand their needs and goals.

83 — Berber Kramer, Research Fellow, International Food Policy Research Institute, United States

84 — Rahab Kariuki, Managing Director, ACRE Africa, Kenya

85— Nathaniel Jensen, Economist, International Livestock Research Institute, Kenya

86 — James Hansen, Research Scientist, International Research Institute for Climate and Society (IRI), United States

83

84

85

86

Plenary 4

InsurTech: Rising to the regulatory challenge

Hosted by A2ii

By Pedro Pinheiro

Digital technologies are changing the insurance landscape by paving the way for new players and business models, bringing the potential to expand coverage faster than ever before. Whilst this exponential growth comes with enhanced efficiencies and lower costs across the product life cycle, it also brings new risks to consumers. This plenary hosted by A2ii explored how insurance supervisors can create environments that enable and encourage innovation, whilst at the same time protect consumers – and what lessons can be learned from around the world.

Benefits and risks: A2ii assessment

Digital technology is fragmenting the insurance market progressively. Distinct parties now provide different stages of the value chain, from product development to post-sale services and reinsurance. These different market players have unboxed the traditional insurance company's functions into several service providers, apps and software systems backed by self-learning artificial intelligence.

Emerging technologies come with benefits and risks to consumers that need to be considered by regulators in a proactive and responsive manner. Technology can help improve access to insurance by facilitating distribution. It can help providers in designing products that better fit consumer needs with premiums that are more affordable. And it can also help lower operating costs, increasing profitability and overall sustainability of the businesses.

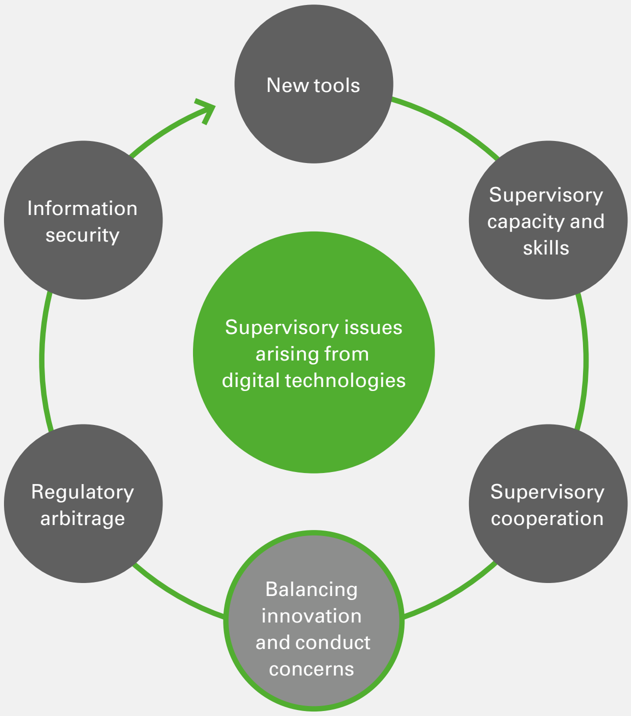
But technology can also make the customer feel more distant from the provider and further the lack of trust and image concerns so crucial to the insurance industry today. It poses serious privacy and cyber risk threats that need to be taken seriously by insurers and carefully monitored by supervisors. It reduces risk pooling by allowing insurers to target very specific demographics, thus potentially creating groups of financially excluded individuals, and it reduces transparency to the customer in an industry that is already struggling to be clearly understood.

Some of the key challenges supervisors face in this evolving scenario:

- developing new tools and skills for supervision of increasingly digitalised firms,
- improving their own supervisory capacity and skills,
- enhancing cooperation with financial and other authorities (e.g. the Data Protection Authority),
- safeguarding the supervisory parameters to prevent regulatory arbitrage,
- enhancing information security (see Figure 43)

Supervisors' guidelines are needed for appropriate and responsible use of new technologies to safeguard the fair treatment of customers and promote advice and services that are suitable and affordable for the customer.

Figure 43
Supervisory issues



Source: Grant, Hannah. Presentation "Insurtech: Rising to the Regulatory Challenge." 14th International Microinsurance Conference 2018

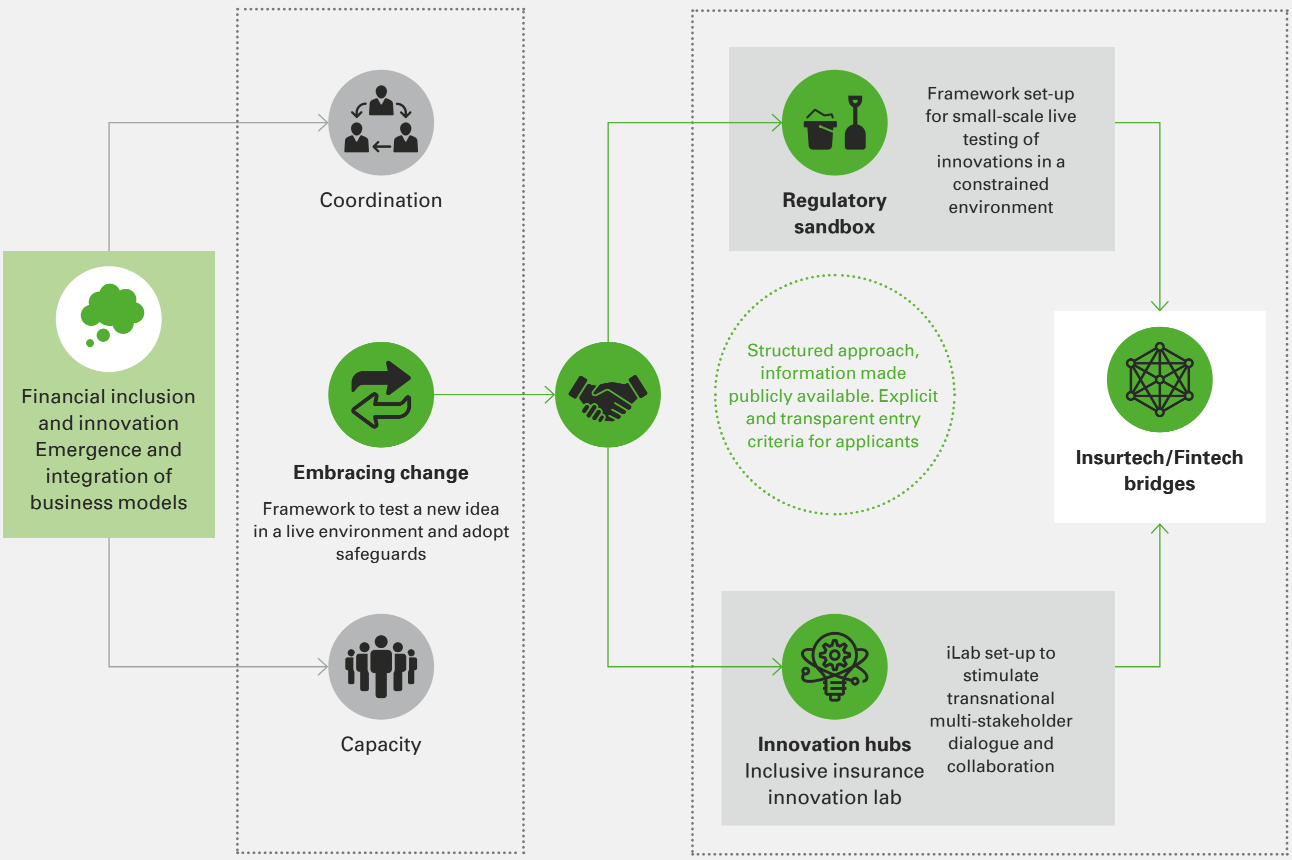
Kenya's approach: testing in a controlled environment

With the mandate of regulating and supervising one of the most thriving markets for digital financial innovation, the Insurance Regulatory Authority (IRA) of Kenya made a decision to embrace change and become a facilitator for innovation in the market (see Figure 44).

Focusing on promoting inclusive insurance for vulnerable people and businesses, the supervisor set up a regulatory sandbox[19] to test innovations in a constrained environment with clearly defined entry criteria and transparent information available to the public.

19 The Consultative Group to Assist the Poor (CGAP) defines a regulatory sandbox as "a framework set up by a regulator that allows fintech startups and other innovators to conduct live experiments in a controlled environment under regulator's supervision."

Figure 44
The Insurance Regulatory Authority of Kenya's roadmap for fostering innovation



Source: Omondi, Elias. Presentation "Insurtech: Rising to the Regulatory Challenge". 14th International Microinsurance Conference 2018

Plenary 4
InsurTech: Rising to the regulatory challenge

Regulatory sandboxes can have different features set by the supervisor in line with specificities of the local market and even of the segment in the focus of innovation. They may or may not include regulatory concessions, as some are simply an environment for testing. An example would be a new product or form of distribution under the traditional regulatory framework, but with closer monitoring by the supervisor to co-create solutions when issues arise.

Whilst regulatory sandboxes are a trend being increasingly picked up by insurance supervisors around the world, there are still fewer of them to use as benchmarks than banking ones.

Regulators who want to establish them should know that this approach to innovation is very resource-intensive and requires a lot of capacity from supervisors themselves.

Another noteworthy initiative of IRA was to set up an iLab – a hub for innovation that stimulates transnational multi-stakeholder dialogue and collaboration.

Lessons learnt

- Emerging technologies come with benefits and risks to consumers that need to be considered by regulators in a proactive and responsive manner.
- Supervisors must seek to find the balance between fostering technological innovation and ensuring appropriate market-conduct standards.
- Establishing regulatory sandboxes is an increasingly attractive approach to fostering innovation while ensuring some form of testing in a controlled environment.
- They enable the supervisor to co-create solutions with the insurer when issues arise, but require a lot of resources as well as a lot of capacity from the supervisors themselves.

“Regulators are sleeping beauties. If regulation is not done within a particular time, it will not be relevant“

Elias Omondi, Actuarial Associate, Insurance Regulatory Authority, Kenya

87 — Hannah Grant, Head of Secretariat, Access to Insurance Initiative (A2ii), Germany

88 — Belhassen Tonat, General Manager / Non-Life, Munich Reinsurance Company of Africa, South Africa

89 — Elias Omondi, Actuarial Associate, Insurance Regulatory Authority, Kenya

90— Left to right: Craig Thorburn, Lead Financial Sector Specialist, World Bank, United States; Herman Smit, Technical Director, Cenfri & i2i, South Africa


87


88


89


90

Plenary 5 Conference closing and outlook

The plenary began with a look back at highlights of the conference, then took a look ahead at the next decade of inclusive insurance development, by speakers from Hollard and the GSMA. These were followed by a welcome to next year's 15th conference, and closing remarks thanking all those whose hard work helped organise and stage the event.

91 — Maria Victoria Sáenz, Consultant / Rapporteur, United States (centre), presenting preliminary key findings of the conference on behalf of the rapporteurs team.

91

Selected key findings of the conference

Inclusive insurance in the digital economy

The development to watch is the partnership of e-commerce, insurer and mobile communication. And there is a need to ensure that digital platforms reach the low-income level.

Agriculture/natural disasters

In the wake of increasing frequency and cost of natural disasters related to climate change, vulnerable people can be protected effectively with synergies between macro, meso and micro levels of insurance.

New products/partnerships

Digitalisation can help to reach scale. BRAC for example, covering 5.6 million households in Bangladesh, offers Credit Shield+, insuring the borrower and an additional person, and using a mobile phone app to process claims in a day. A partnership to watch is Allianz investing nearly US$ 100 million in BIMA to empower each other in emerging markets with new digital business models and distribution channels.

Insurance for MSMEs

Segment the diverse category of businesses, draw the line between the enterprise and the individual running it, and facilitate access to credit and investment.

Innovative distribution and partnerships

A shift away from individual agents is leading to digital and business-to-business distribution: B2B (networks of banks and MNOs), and B2B2C (B2B plus a call centre). A notable partnership involves bundling climate-smart agriculture with insurance, with premium subsidies conditional on better environmental practices, lowering the risk for farmers and increasing their productivity.

Improving business processes

Use digital enrolment (instead of KYC documents) and WhatsApp as a platform for claims processing. Piloting and analysing outcomes in real life before rolling out a new product are crucial.

Consumer education

Common beliefs (like the importance of death as a risk and availability of mobile devices) should be tested in a demand study before designing a campaign in a financial inclusion strategy.

Role of insurance in development

Well-designed insurance schemes, aligned with the needs and informal coping mechanisms of vulnerable people, can help governments achieve the UN's sustainable development goals (SDGs). Zambia serves as a good example of increasing inclusive insurance to 2.2 million people – more than a third of its low-income sector – as part of overall development in 10 years.

An outlook on inclusive insurance 2030

Forecasting the state of inclusive insurance, one thing is certain: it will be in continuous flux, with opportunities and challenges to overcome. **Players not willing to change will be left behind.**

A significant unserved market will continue to present **a big opportunity**. It will call for a deep understanding of the fundamentals of inclusive insurance – simplicity, accountability, affordability and technology. Lack of trust in insurance amongst unserved low-income people will continue to be a major hurdle in insurers' efforts to be more inclusive. It will require insurers to be vigilant, making sure they practice what they preach.

To spur on demand and ensure effective supply, **the key will be innovation**. To modify existing products and design new ones, insurers must keep in mind the impact of changing demographics, including climate change, on customer needs. Marketing and distribution will require innovation across the value chains and true public-private partnerships where partners' values and objectives are aligned.

What it means for regulators and supervisors is that there should be no let-up in efforts to monitor markets and create enabling and positive environments.

The future of mobile microinsurance

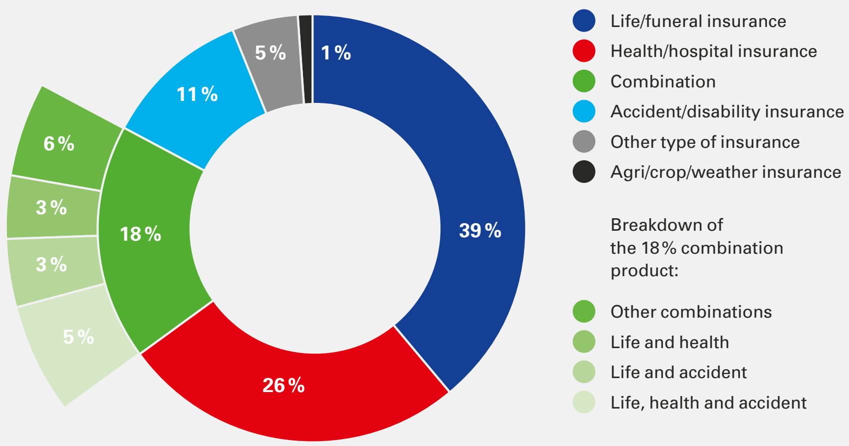
Inclusive insurance leveraging mobile channels has seen transformative growth. Mobile money is no longer just about making payments and sending money home. It is now used as a platform opening up access to other financial services and is part of complex delivery value chains for sophisticated products, including mobile microinsurance.

New technologies are rapidly increasing the outreach of financial and insurance services for low-income customers. The global association of mobile network operators, GSMA, says that there are now 690 million mobile money accounts worldwide, most of them in developing countries. By mid-2017, mobile insurance had already reached more than 60 million people, an increase of 100 % within just two years. Mobile-enabled microinsurance providers now offer a diverse range of products (see Figure 45).

The first fully online insurer, Zhong An, is demonstrating the power of its distribution tool in China, and there is potential in Africa too (see Plenary 2).

However, regulation in many countries may slow the use of mobile technology, for example when providers are not allowed to use airtime to receive and make payments. The challenge mobile microinsurance poses for regulators is to strike the right balance between innovation and regulation.

Figure 45
Overview of mobile microinsurance products 2017



Source: Raithatha, Rishi. Presentation "The Evolution of Mobile Microinsurance." 14th International Microinsurance Conference 2018

Bangladesh to host 15th IMC

All participants are invited to attend the 15th International Microinsurance Conference to take place in Dhaka, Bangladesh, from 5 to 7 November 2019, announced Nishith Kumar Sarker, secretary-general of the Bangladesh Insurance Association.

Climate change will increasingly challenge low-income customers, many of whom depend on agricultural income vulnerable to natural disasters. The G7 promise of covering 400 million people with some sort of climate risk insurance is due shortly. The conference focus will be on "Coping with climate risk."

Closing remarks

Shipango Muteto, chairman of the local Organising Committee, paid tribute to and thanked partners and sponsors "for believing that we'll be able to host the conference"; participants, speakers and facilitators "without whose attendance the conference would not have taken place at all"; Munich Re Foundation and the conference Steering Committee "for the confidence and trust you had in us"; and Members of the local Organising Committee "for their hard work and dedication."

Remember the key takeaways from the conference, he said. "Design suitable products, create enabling regulatory environments, and pursue public-private partnerships."

Doubell Chamberlain, chairman, Microinsurance Network, said the conference was a great success. "Zambia, you have done phenomenally well. You have led and pursued microinsurance development in a way that I haven't seen elsewhere."

He lauded the partnership with the Munich Re Foundation over the years resulting in memorable conferences providing new insights for microinsurance development. "If there's one lesson to keep in mind now it is that you can no longer pursue scale at any cost."

Dirk Reinhard, vice chairman, MRF, and chairman of the Conference Steering Committee, thanked the board of the local sponsor, the Microinsurance Technical Advisory Group (TAG), for hosting the conference. "The expectations were high and we are overwhelmed by the interest and cooperation of some 15 organisations that got together to help stage the conference."

Once again the conference has proved that the low-income market can be served successfully. "I thank all participants for exchanging ideas and sharing their stories. It's a sign of the value of this international event that one person who attended the very first conference in 2005 is now the CEO of a company in Zambia."

92 — Pravin Kalpage, Central Head of Life, Hollard, South Africa

93 — Rishi Raithatha, Analyst – Mobile for Development, GSMA, United Kingdom

94 — Shipango Muteto, Chairman, 14th IMC Organising Committee, Zambia

95 — Doubell Chamberlain, Chairman of the Board, Microinsurance Network, Luxembourg

96 — Dirk Reinhard, Vice Chairman – Chairman of the Conference Steering Committee, Munich Re Foundation, Germany

97 — Nishith Kumar Sarker, Secretary General, Bangladesh Insurance Association, representing the hosting organisation for the 15th IMC taking place in Bangladesh


92

93

94


95

96

97

Field trip

Just click before going on a day trip – travel and burial insurance in Zambia

By Thomas Loster

From conference proceedings to practice: The 14th International Microinsurance Conference once again featured an excursion. Conference participants were able to see on the ground how insurance solutions are designed and accepted by customers. On 9 November 2018, we accompanied representatives from Madison LIFE to the central bus station in Lusaka.

Patrick Kasase Mumba is General Manager for Microinsurance at Madison Life Insurance in Zambia. He was the leader of the excursion and, to begin with, brought us to the Millennium bus station in the capital. There we met 42-year-old insurance broker Evans Ngosa. In the station it was hot, loud and muggy. Buses were manoeuvring into line, horns were sounding and all the diesel engines were rumbling. Evans waved us over to an area beside a waiting room with a pool table. He has been travelling around as a sales representative for MLIFE for 15 years. "I meet one of my main target groups here," he tells us. "Bus drivers. We have just launched a travel and accident insurance product (Madison Domestic Travel Insurance Policy)." The cover has been designed for anyone who travels – school pupils and students, business people and entire families – and, of course, professional drivers too.

"They are constantly on the move. I have 280 customers here," Evans told us. The cover is well graduated with a modular structure. Standard, silver, gold and platinum versions are available depending on the payment amount. The risks covered include accidental death, disability resulting from an accident, medication and hospital costs. "You can buy the policy for yourself or for a group. In the latter case, up to 10 people can be covered," he explained. "Or, of course, you can take out cover for the whole family." There is even a student rate. Spontaneous customers can insure themselves for a single trip or journey – or purchase permanent travel insurance. "A single trip costs 5 kwacha (roughly €0.40)," said Evans. The monthly premium for long-term cover is 60 kwacha (approx. €4.50) with a payment amount of 12,000 kwacha (approx. €925). For a monthly premium of 40 kwacha (approx. €3), you receive a payout in the event of a claim of 6,000 kwacha (approx. €460).

98

98 — At the central bus station, Patrick Kasase Mumba (left) from Madison Life Insurance in Zambia introduced us to Evans Ngosa (right), who looks after 280 customers in the station. Singhala Evans (centre) is a bus driver. He has a burial insurance policy and told us his story.

99 — Evans Ngosa patiently answers questions from participants on the excursion about the Tilitonse burial insurance and the new travel cover.

99

Tilitonse burial insurance – a real success story

"But our real hit is Tilitonse," the agent told us proudly. "Tilitonse" roughly translates as "we stick together". This burial insurance policy was launched in 2012, and by 2018 had attracted an astonishing 1.4 million customers. "We are very satisfied," said Evans, "but we want to achieve even more. Our next target is 1.7 million customers." What are the reasons for this impressive success? We talked to Singhala Evans, a bus driver and father, who swears by Tilitonse. He recently lost his daughter. "When my little one died it was a huge shock for the family. The pain of the loss was, and remains, extreme, but here in Zambia that is just one problem. The financial impact from deaths can take on incredible proportions," he explained. "I had Tilitonse, which was a great help, even though I had chosen much too low a sum insured. I got 1,000 kwacha (just under €60), just enough to pay for the coffin."

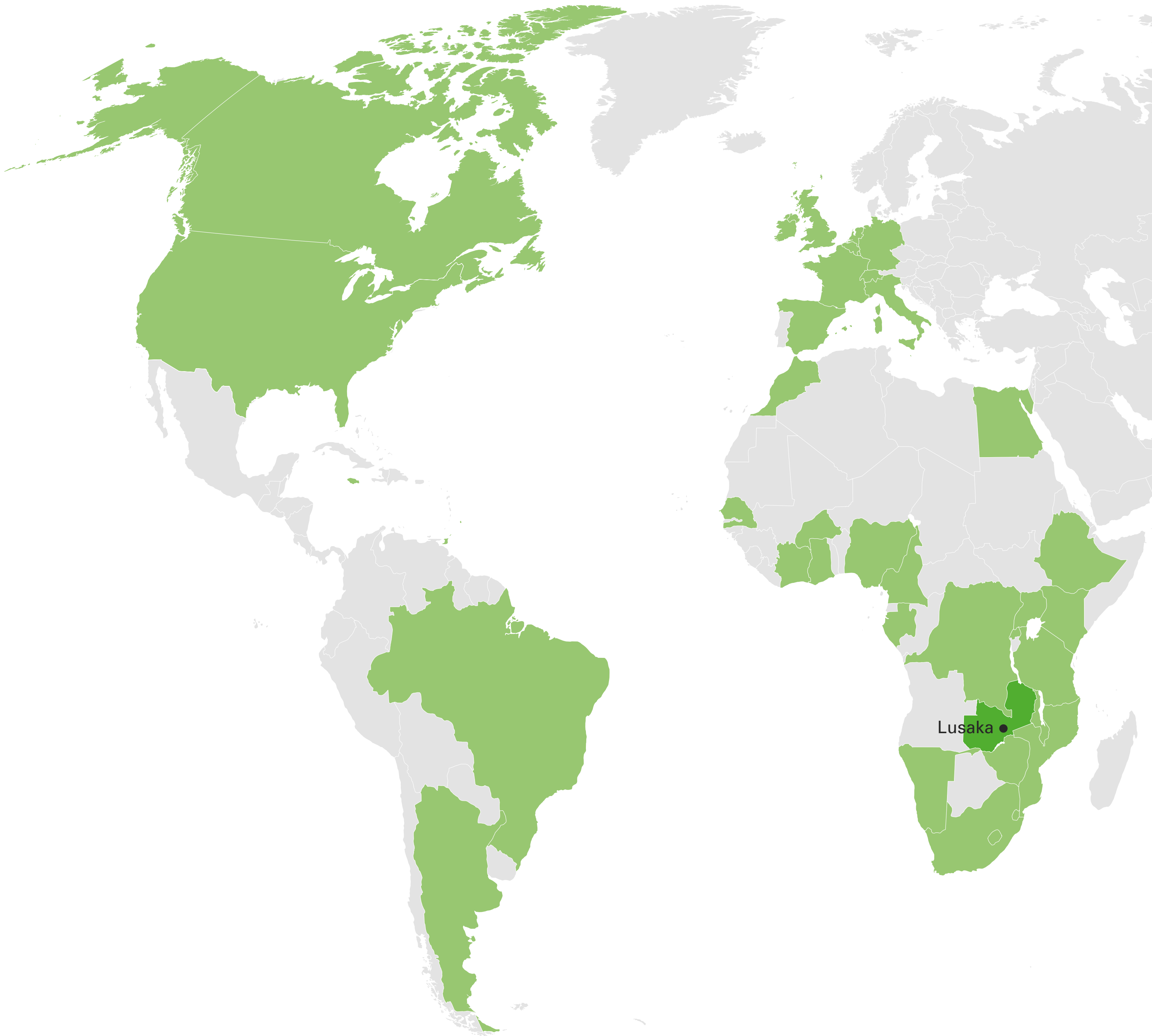
We noticed from talking to Singhala that people don't like talking about death and loss. "Of course everyone wants to have a decent burial," he said. "But here in Zambia, there is much more to it." The custom is to pay your last respects to the deceased, and to support the mourners in your home. A standard burial lasts three days, but if relatives who live far away attend, it can even go on for five days or more. Depending on the size of the family and the surroundings in which you live, it can easily involve several hundred guests. "You have to provide food to each guest twice a day," said Singhala, "and you need at least one bus for the journey to the cemetery. Each bus costs roughly 600 kwacha (around €45). And finally, the burial has to be solemn, dignified and properly organised. This can mean financial ruin, for poor families in particular."

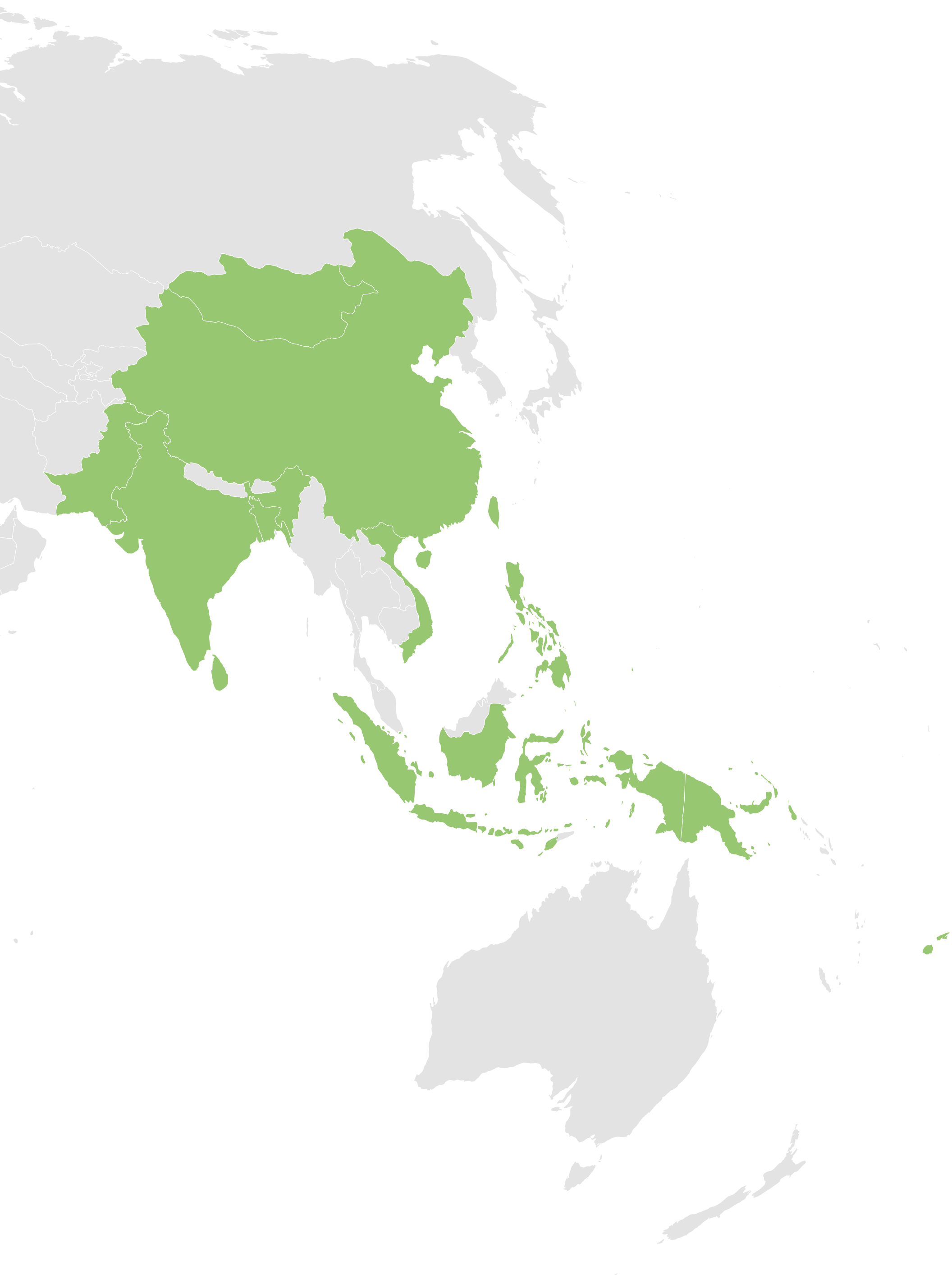
"Tilitonse is our central product," added Evans Ngosa, "and I can tell you why." Like the travel insurance, the product has a very modular structure, and can be customised for all kinds of family situations. It can even include children up to 18 years of age in individual age categories. "Prices start from 1 kwacha (approx. €0.07)," said Evans. A health check is not required. "Even the very elderly can be covered," he added, "up to the age of 85. But there are blocking periods for suicide or foreseeable death." The waiting period is generally six months. One of the great advantages with Tilitonse is straightforward claims processing, as well as the convenience of being able to take out cover using a mobile phone. You simply enter a short code on your mobile phone, and you are directly insured. Like everywhere else in Africa, the use of mobile payment systems (Mobile Money) is spreading here. And needless to say, Tilitonse is perfectly designed for this. The code is made up of the name, date of birth and sex of the insured person. Nothing more. A simple, free SMS is all you need to register new customers.

Patrick Kasase Mumba interrupted us to say that we needed to move on. "Tilitonse is a really good product," he declared. "We have an excellent claims ratio of around 25 %." He estimates that the annual premium volume is around 5m kwacha (approx. €385,000). As we take our leave, we asked him if he could remember any special cases. He nodded and said that there had once been a very unusual claim. "We had just registered a new customer, when a few hours later we heard that she had been killed in a road accident," he related. "There is no waiting period for accidents. We paid out the full sum insured within 24 hours. That was a huge help for the family."

Countries registered*

Figure 46





Argentina
Bangladesh
Barbados
Belgium
Bermuda
Brazil
Burkina Faso
Cameroon
Canada
China
Democratic Republic of the Congo
Ivory Coast
Egypt
Ethiopia
Fiji
France
Gabon
Germany
Ghana
India
Indonesia
Ireland
Italy
Jamaica
Kenya
Lesotho
Luxembourg
Malawi
Mongolia
Morocco
Mozambique
Namibia
Netherlands
Nigeria
Pakistan
Papua New Guinea
Philippines
Rwanda
Saint Lucia
Senegal
Singapore
South Africa
Spain
Sri Lanka
Swaziland
Switzerland
Taiwan
Tanzania
Trinidad and Tobago
Uganda
United Kingdom
United States of America
Vietnam
Zambia
Zimbabwe

* As of 6 November 2018

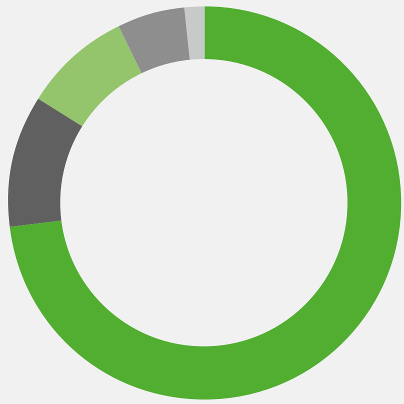
Registered organisations*

Argentina
International Food Policy Research Institute (IFPRI)
Bangladesh
Bangladesh Insurance Association (BIA)
BRAC
Guardian Life Insurance
Insurance Development and Regulatory Authority
Barbados
Munich Climate Insurance Initiative (MCII)
Belgium
BRS
CGAP
Microinsurance Master
Bermuda
Bermuda Monetary Authority
Brazil
CNSEG
Burkina Faso
Direction of the insurances of Burkina Faso
Cameroon
CIMA
Royal Onyx Insurance
Canada
Denis Garand + Associates
iD&Cs
China
Beijing Normal University
GIZ
Democratic Republic of the Congo
Autorité de Regulation et de Contrôle des Assurances (ARCA)
Egypt
AXA
Lead Foundation
Agricultural Transformation Agency
Oromia Insurance
Fiji
FijiCare Insurance
United Nations
France
AXA
MicroInsurance Network
Gabon
CIMA
Germany
Allianz
BIMA
GIZ
Munich Climate Insurance Initiative (MCII)
Munich Re
Munich Re Foundation
United Nations University
University of Mannheim
Ghana
Accra Metropolitan Assembly
BIMA
Esoko
GA West Municipal Assembly
Ghana Insurance College
GIZ
Ministry of Food and Agriculture – Dep. of Crop Services
National Health Insurance Authority
National Insurance Commission
Thought Centre
India
HDFC ERGO
International Rice Research Institute (IRRI)
Indonesia
World Bank
Ireland
Trinity College Dublin
Italy
Politecnico di Milano
World Food Programme
Ivory Coast
ILO
Making Finance Work for Africa
SUNU Assurances
Jamaica
National People's Co-operative Bank of Jamaica
Kenya
ACRE Africa
APA Insurance
BFA
Britam
CarePay
Co-operative bank
Equity Insurance Agency
Financial Sector Deepening Africa (FSD Africa)
FSD Africa
Insurance Regulatory Authority (IRA)
International Livestock Research Institute (ILRI)
International Maize and Wheat Improvement Center (CIMMYT)
Kenya Livestock Insurance Programme
Microsave Consulting
Pharmaccess Foundation
Pula Advisors
Swisscontact
Syngenta Foundation
Tecflax Solutions
WE EFFECT
Lesotho
Central Bank of Lesotho
Luxembourg
ADA
Microinsurance Network
Malawi
Malawi Oilseeds Sector Transformation
Malawi Union of Service and Credit Cooperatives
Medical Aid Society of Malawi
Mongolia
Financial Regulatory Commission of Mongolia
Morocco
Allianz
GIZ
Région Souss-Massa / REC / MCII
Mozambique
FSDMoc
Insurance Supervisory Institute of Mozambque
Seguradora internacional de Moçambique
Namibia
Namibia Financial Institutions Supervisory Authority
Netherlands
CreditAccess Life Insurance
GBG Fund
Oikocredit
Vrije Universiteit Amsterdam
Nigeria
AIICO Insurance
American International Insurance
AXA
Terragon Group
Pakistan
Jubilee Life Insurance
Pakistan Standards and Quality Control Authority (PSQCA)
Papua New Guinea
Office of Insurance Commission
Philippines
Card Pioneer Microinsurance Inc.
Cebuana Lhuillier Insurance Solutions
GIZ RFPI Asia
Pioneer Insurance & Surety Corp.
Rwanda
Access to Finance Rwanda
Falcon Insurance Services
Innovations for Poverty Action (IPA)
Prime Insurance
Radiant Insurance
Soras Vie
Saint Lucia
Dennery Co-operative Credit Union
Senegal
Fonds d'impulsion sur la Microfinance
ICRISAT
University Gaston Berger
Singapore
Georgia State University
South Africa
Absa Life
Access to Insurance Initiative
African Risk Capacity
Bennett Gould & Partners
Cenfri
Financial Sector Conduct Authority
Hollard Insurance
International Actuarial Association (IAA)
LeapFrog Investments
Munich Re of Africa
Old Mutual South Africa
Reinsurance Group of America (RGA)
SA Taxi
The Best Funeral Society
UN World Food Programme
University of Pretoria
UPENDO Africa
World Bank Group
Zingsure Zambia
Spain
Innovation for Poverty Action (IPA)
MCII
Sri Lanka
Ceylinco
SANASA
Swaziland
Financial Services Regulatory Authority
Swiss Capacity Building Facility
Switzerland
Access to Insurance Initiative
AIS
CelsiusPro
ILO's Impact Insurance Facility
Swiss Agency for Development and Cooperation (SDC)
Swiss Re
University of Lausanne
Women's World Banking
Taiwan
Asian Future Political Leaders Association
Financial Sector Deepening Trust
Insurance Regulatory Authority
National Insurance Corporation
The institute of finance management
TWG Microinsurance
Trinidad and Tobago
Employers Consultative Association
Uganda
Agricultural Business Initiative
Bank of Uganda
Finance Trust Bank
Financial Sector Deepening Uganda
United Kingdom
ALO Consulting Services
Glasgow Caledonian University
GSM Association
Insurance Development Forum (IDF)
International Fund for Agricultural Development (IFAD)
LeapFrog Investments
MiCRO
MicroEnsure
Shell Foundation
UK Department for International Development
University of Liverpool
Willis Towers Watson
United States of America
Bancable Frontier Associates (BFA)
Co-operative Development Foundation (CDF)
CEAR / Georgia State University
Columbia University
GBG Development Fund
Innovations for Poverty Action (IPA)
International Food Policy Research Institute (IFPRI)
International Research Institute for Climate and Society (IRI)
Johnson's Company
Illinois State University
Mercy Corps
MicroInsurance Centre at Milliman
Milliman
School of Architecture and Allied Arts
World Bank
Vietnam
International Center for Tropical Agriculture (CIAT)

Zambia
AB Bank Zambia
Advantage Insurance
African Grey Insurance
African Insurance Brokers
Alliance Ginneries
Aretech
Atlas Mara
Bank of Zambia
Barclays Life
BlackGold Insurance Brokers
Buttress Insurance Brokers
CEC Liquid Telecom
Cellulant Cooperation
Contractsure Services
Dairy Association of Zambia
Ebony Reinsurance Brokers
Emeritus Reinsurance
Financial Sector Deepening Zambia (FSDZ)
First National Bank
Focus General Insurance
Frepat Insurance Brokers
General Alliance Insurance
GIZ
Golden Lotus Insurance
Guardian Insurance Brokers
Guardian Reinsurance Brokers
Hollard
HOLLARD LIFE
Innovate Life Assurance
Innovations for Poverty Action (IPA)
Insurance Brokers Association of Zambia
Insurers Association of Zambia
Keepers Zambia Foundation
Kenya Reinsurance Broker
Leadway Insurance Brokers
Liberty Life
Madison
Magnet Insurance Brokers
Marsh
Mayfair Insurance
Metropolitan Life
Millenium Radio
Minet Zambia Insurance Brokers
Ministry of Agriculture
Ministry of Commerce
MInistry of Finance – Rural Finance Expansion Programme
Ministry of Gender
Ministry of Home Affairs
Ministry of Labour
MIRCS Insurance Brokers
Money FM
New Vision Newspaper
News Diggers Newspaper
NICO Insurance
NORWICH
NWK Agri Services
Pension and Insurance Authority
Phoenix Fm
Phoenix of Zambia Assurance
Prima Reinsurance
Professional Insurance
Prudential
Radio Christian Voice
Risk Shield Microinsurance and Actuarial Consultancy
Robert & Syls Financial Services
Rock Insurance Brokers
Rural Finance Expansion Programme
Sanlam
Savenda
SaveNet
SES
Sida
Solwezi Today
Spot on Insurance Brokers
Stanbic Insurance Broker
STRATEGICA Consulting
Tana Insurance Brokers
Technical Advisory Group (TAG)
Tenthplus
The Best of Africa
Ultimate Insurance
Uniturtle Industrial
University of Zambia
Veritus General Insurance
Vision Fund Zambia
World Vision Zambia
Zambia Associatioin of Pension Funds
Zambia Bureau of Standard
Zambia Daily Mail
Zambia National Broadcasting Corporation
Zambia State Insurance Corporation
ZEP-RE
ZSIC

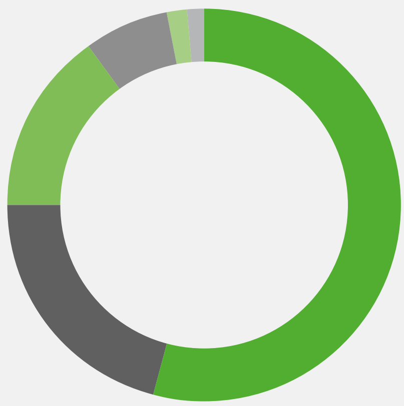
Zimbabwe
CBZ Insurance
First Mutual
Insurance and Pensions Commission
Insurance Council of Zimbabwe
Word Vision International

Figure 47
Number of registered participants per continent*



Africa	73.1 %
Europe	11.0 %
Americas	8.7 %
Asia	5.8 %
Ocenia	1.4 %

Figure 48
Type of registered representatives*



Insurance and finance industry	54.3 %
Donor agencies, development and international organisations	20.9 %
Government and regulatory bodies	15.0 %
Academics	7.0 %
Media	1.5 %
Other	1.3 %

* As of 6 November 2018

Acronyms

A2ii
Access to Insurance Initiative

ACRE
Agriculture and Climate Risk Enterprise

ACRI+
Advancing Climate Risk Insurance Plus

AI
Artificial intelligence

ARC
African Risk Capacity

ATA
Agricultural Transformation Agency

AYI
Area-yield index

BAT
Distribution involving bank branches, agency networks and technology

B2B
Business-to-business distribution

B2B2C
Business-to-business-to-call-centre distribution

BDT
Bangladeshi taka

BFA
Bankable Frontier Associates

BRAC
The Bangladesh Rural Advancement Committee

CCEs
Crop cutting experiments

CEAR
Center for the Economic Analysis of Risk at Georgia State University, USA

CGAP
The Consultative Group to Assist the Poor

CGIAR
Consultative Group on International Agricultural Research

CIMA
la Conférence Interafricaine des Marchés d'Assurances

CIMMYT
The International Maize and Wheat Improvement Center

CRI
Climate risk insurance

CSCs
Common service centres

DRM
Disaster risk management

ECA
Economics of Climate Adaptation

EGP
Egyptian pound

ETB
Ethiopian birr

FAO
Food and Agriculture Organisation

FbF
Forecast-based Emergency Preparedness for Climate Risks Fund

FCS
Food consumption score

FGDs
Focus group discussions

FIP
The protocol on Finance and Investment

FISP
Farmers Input Support Programme, Zambia

FSD
Financial Sector Deepening, Zambia

GDP
Gross domestic product

GHS
Ghanaian cedi

GIZ/BMZ
Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)/ Bundesministerium für wirtschaftliche Zusammenarbeit (German Federal Ministry for Economic Development Cooperation)

GSMA
The global association of mobile network operators

IAA
International Actuarial Association

IAIS
International Association of Insurance Supervisors

IBLI
Index-based livestock insurance

ICRM
Integrated Climate Risk Management

IFAD
International Fund for Agricultural Development

IFPRI
International Food Policy Research Institute

ILO
International Labour Organisation

ILRI
International Livestock Research Institute

IMV
Improved maize varieties

INR
Indian rupee

IPA
Innovations for Poverty Action

IRA
Insurance Regulatory Authority of Kenya

IRI
International Research Institute for Climate and Society

JMD
Jamaican dollar

KES
Kenyan shilling

KLIP
Kenya Livestock Insurance Programme

KYC
Know your customer

LKR
Sri Lankan rupee

MCII
Munich Climate Insurance Initiative

M&E
Monitoring and evaluation

MEFIN
The Mutual Exchange Forum on Inclusive Insurance Network

MFI
Microfinance institution

MNO
Mobile network operator

MSMEs
Micro, Small and Medium Enterprises

NCII
The NIRSAL Comprehensive Index Insurance

NDVI
The Normalised Difference Vegetation Index

NFIS
National Financial Inclusion Strategy, Zambia

NGN
Nigerian naira

NGO
Non-government organisation

NHIS
National Health Insurance Scheme, Ghana

NIRSAL
The Nigeria Incentive-based Risk Sharing System for Agricultural Lending

PBI
Picture-based insurance

PHP
Philippine peso

PIA
Pensions and Insurance Authority, Zambia

PKR
Pakistani rupee

PMFBY
Pradhan Mantri Fasal Bima Yojana, crop insurance scheme, India

PPD
Public-Private Dialogue

PPP
Public-private partnership

RFPI Asia
Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia

RFS
Rural Financial Services, Ethiopia

ROI
Return on investment

ROSCAs
Rotating savings and credit associations

RSC
Regional Steering Committee(of MEFIN)

RuSACCOs
Rural Savings and Credit Cooperatives

SADC
The Southern African Development Community

SCBF
The Swiss Capacity Building Facility

SDGs
Sustainable development goals

TAG
The microinsurance Technical Advisory Group, Zambia

TSP
Third-party service provider

TWGs
The Technical Working Groups (of MEFIN) on:
— Regulaion and Supervision (TRS)
— Business Models (TBM)
— Capacity Building (TCB), and
— Knowledge Management (TKM)

UHC
Universal health care

US$
United States dollar

USSD
Unstructured Supple-mentary Service Data

VICI
Vegetation Index Crop Insurance

WBI
Weather-based insurance

WFP
World Food Programme

WI
Weather index

ZAR
Zuid-Afrikaanse rand (South African rand)

Munich Re Foundation
Königinstrasse 107
80802 München, Germany
Letters: 80791 München, Germany
Telephone: +49 (0)89 38 91-88 88
Fax: +49 (0)89 38 91-7 88 88
info@munichre-foundation.org
www.munichre-foundation.org

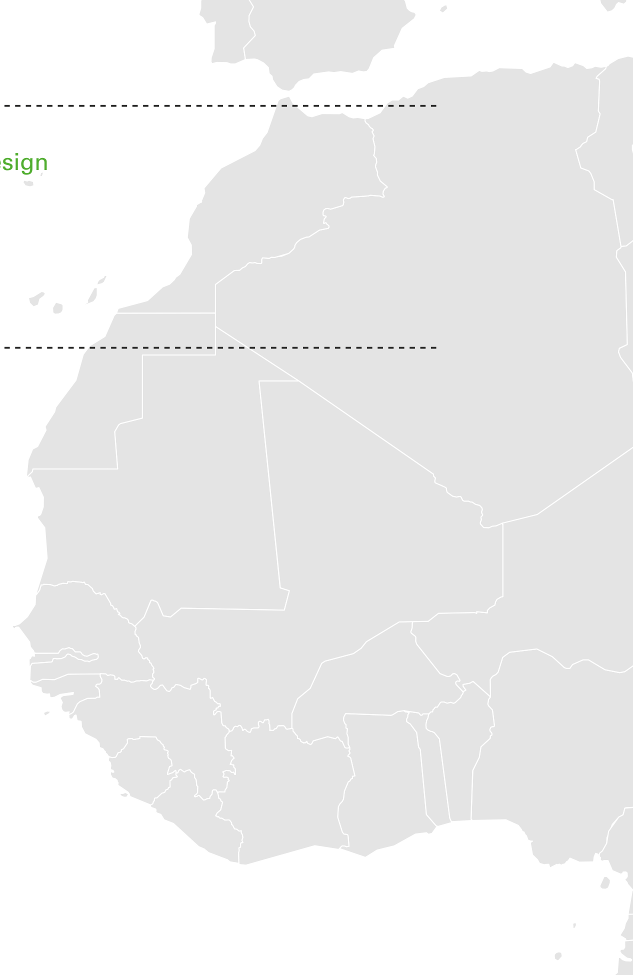
Order number
302-09151

Contact
Dirk Reinhard
dreinhard@munichre-foundation.org

Design
Keller Maurer Design, Munich

Lithography
Gold, Munich

Picture credits
Page 92/93: Thomas Loster
All others: TAG



"...market players becoming more willing to step out of their boardroom and interact with different market segments to design customer-centric insurance products."

Dr. Emmanuel Pamu,
Permanent Secretary for Budget and Economic Affairs,
Ministry of Finance, Zambia

Published by

Munich Re Foundation
From Knowledge to Action

In cooperation with

TAG Microinsurance Technical Advisory Group

microinsurance network

Content partners of the conference

This report has been supported by