

Summary



March 23-25, 2021 Digital Edition

INCLUSIVE INSURANCE BUSINESS MODELS FOR AFRICA

6th Eastern and Southern Africa Regional Conference on Inclusive Insurance

The Landscape of Inclusive Insurance in Mozambique



Headlines

Coverage



11% formally insured

6% informally insured

Products



8 insurers providing **Funeral insurance**

7 providing **Credit life**

4 insurers providing **Personal accident**

2 insurers providing **Crop insurance**

2 insurers providing **Hospital cash**

Business engagement

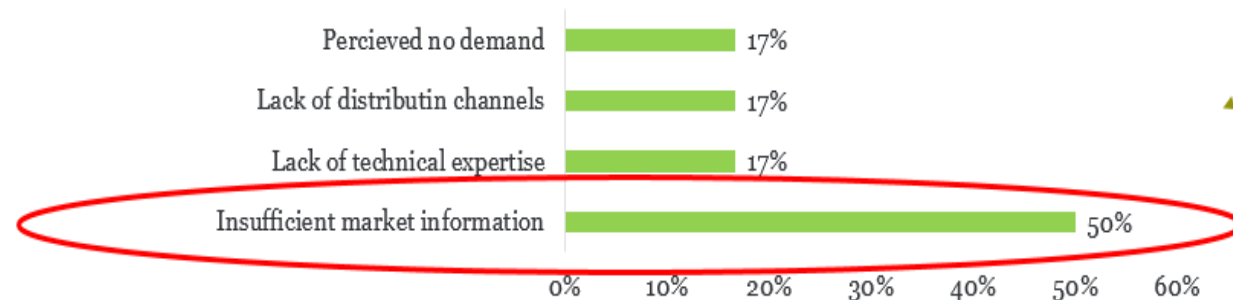


15 companies surveyed

8 have inclusive insurance products

7 do not have inclusive insurance products

Why some insurers are not doing inclusive insurance business?



- Microinsurance in Mozambique **small but growing**; there are a lot of **untapped opportunities**.
- Industry players **recognize market and regulatory barriers** that need to be addressed.
- More **investments required in market research**, data analytics and customer centric product design.

Disaster Risk Financing and Agricultural Insurance



How to get from thousands to a million

Floods, droughts and storms are dominant in sub-saharan Africa. Depending on rainfed agriculture is the beginning of problems.

- Convince the government – **PPPs**
- **Access to data**
- **Understand what farmer wants -> respect local culture**
- No insurance culture - **educate**
- Align policy objectives (ministry of finance and agriculture etc.) -> Conducive regulatory environment
- Allow more than one company to participate
- Define the target correctly
- Establish a robust monitoring and evaluation framework


Integrated approach

- > Understand risk and invest in prevention
- > Micro, meso and macro solutions

Overview of WII- Gaza and Tete

| Locations | Number of Registered Farmers | Premium per Farmer (USD) | Sum Insured per Farmer (USD) | Total Gross Premium of Scheme (USD) | Total Sum Insured (USD) |
|--------------|------------------------------|--------------------------|------------------------------|-------------------------------------|-------------------------|
| Changara | 985 | 15 | 96 | 14,775 | 94,560 |
| Chibuto | 651 | 15 | 102 | 9,765 | 66,402 |
| Chokwe | 767 | 15 | 116 | 11,505 | 88,972 |
| Total | 2,403 | | | 36,045 | 249,934 |

- **Underwriter of Weather Index Insurance Product**
- Covers 1,000,000 FISP farmers for risk of drought (early and late dry spell) and excessive rainfall

| |
|---|
|  Rwanda |
| Cost of production/ investment - includes the input costs (e.g. seeds, chemicals and fertilizer) and some standard labour cost |
| Maize – 8.25%; Rice – 7.08%; Irish Potatoes – 8.0%; French Beans – 8.0% and Chilli – 8.0% |
| Yes (40% of the premium is subsidized) |
| Across the country |
| Active participation – premium subsidy; setting operational guidelines; awareness building; risk pool strategy (reinsurance) etc. |
| <ul style="list-style-type: none">• Since inception (over 3 seasons)• 25,000+ Ha of land insured• ~ 100,000 farmers got insurance policy• Loss Ratio in the 1st year was over 100% - this created a good impact right at the inception of the programme |

Distribution / Technology



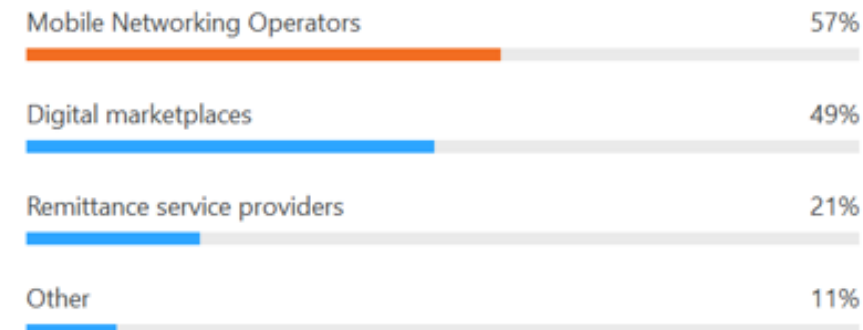
Learning from the study – views from the participants



- 5** insurers using brokers and agents
- 3** insurers using insurtechs
- 2** insurers using Mobile Network Operators
- 3** insurers using financial institutions
- 2** insurer using cooperatives and associations
- 1** insurer using a community-based organization
- 1** insurer using a retail shop

Source: FSDM 2020 – 6th ESARCII 2021

Most viable distribution channels



Challenges

- Different regulators (telecom, insurance, payment)
- Managing partnerships
- Usability / scalability

How to support development

- **Cooperation among regulators**
- Reliable infrastructure, bring down costs

Inclusive Health Insurance Solutions



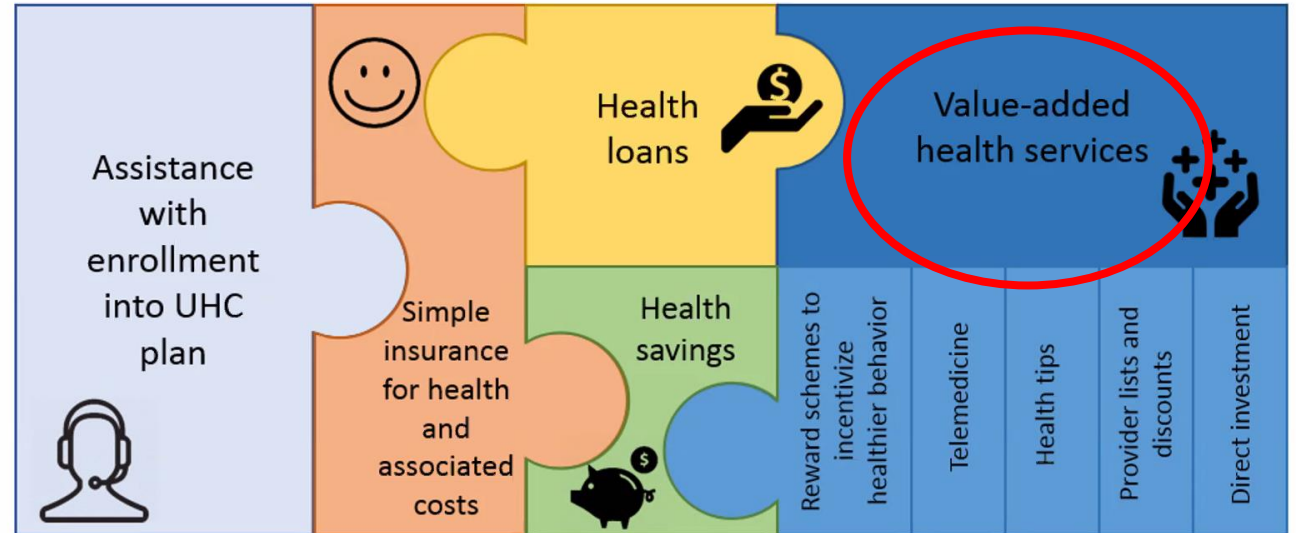
Be complementary – be successful

- Every country has a different scheme, understand country specifics
- Market-based, voluntary, comprehensive health microinsurance is not viable and has not reached scale.
- **Public health scheme needs to be in place.** Additional products can complement the public schemes, e.g. hospital cash has proven to be sustainable. - Find solutions beyond the hospital
 - -> cash example
- Women were disproportionately affected by the pandemic. Products need to be adjusted to meet their changing demands.
- Understand the willingness to pay
- In case it is mandatory, cover can be broader



„Total number of people that died from Covid-19 in 2020 is less than the number of people dying from Malaria in one month in Mozambique“ (Israel Muchena)

Integrated (risk management approach)



Source: ILO

Session 6: Inclusive insurance market development and consumer education



– ***about 10.2 million!***



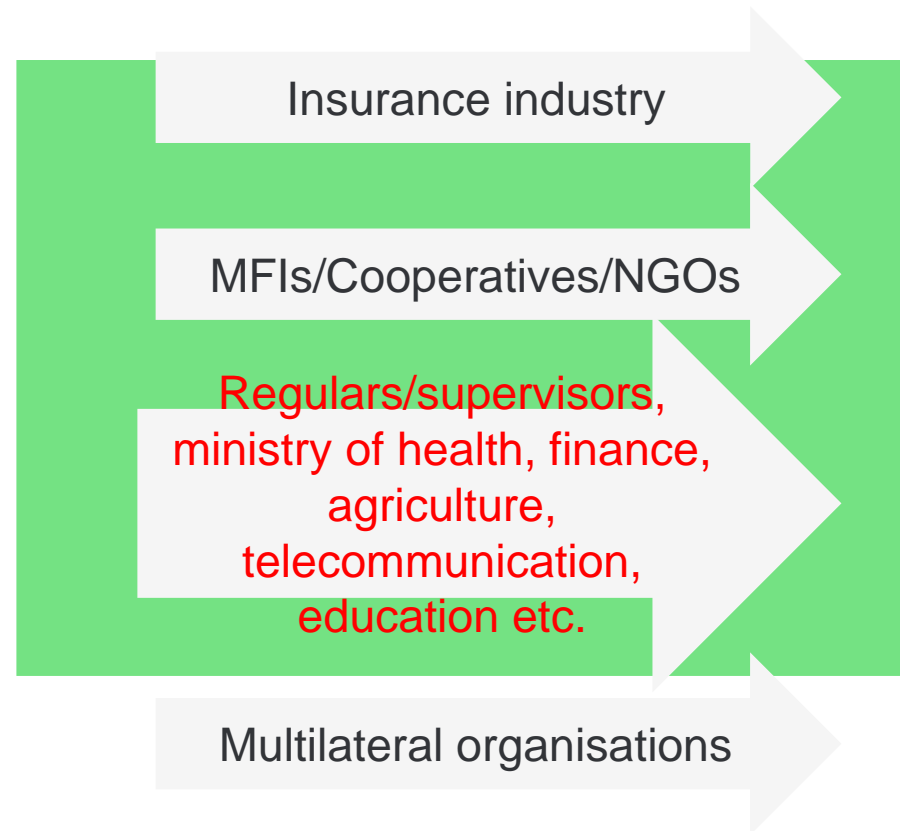
Barriers and how to overcome challenges



Who does what?

| | Legal framework | Market research / Demand side information | Risk assessment (and reduction) | Data | Build infrastructure | Product design and development | Sales, servicing, claims etc. | Financial literacy / Education | (Smart) Subsidies / Funding | Advocacy / National financial inclusion strategy |
|---------------------------|-----------------|---|---------------------------------|------|----------------------|--------------------------------|-------------------------------|--------------------------------|-----------------------------|---|
| Governments | X | X | X | X | X | | | X | X | X X |
| Regulator and supervisor | X | X | | | X | (X) | | X | | X X |
| Donor organisations | X | X | X | X | X | | | X | (X) | X X |
| Industry/ Industry Bodies | | X | X | | X | X | X | X | (X) | X X |
| Intermediaries | | | | | | | X | X | | X |
| Delivery channels | | | | | | | X | X | | X |
| Service providers | | | X | X | | | X | | | X |
| Consumers / Clients | | | X | | | | | X | | X |

Country basis: Apply a multi stakeholder approach Develop a national (financial) inclusion strategy



Inclusive Insurance Coordinator / Advisory group



- **Develop a financial inclusion agenda**
- Create an enabling (regulatory) environment
- Knowledge sharing
- Best practices
- Research
- etc.

Increased access

More clients

Greater resilience

Better risk management

**Sustainable
economic
development**



1 NO POVERTY
How insurance helps to end poverty in all its forms everywhere

- Insurance provides a safety net for those using it, preventing families from falling (back) into poverty after experiencing a shock.
- Insurance provides an economic protection mechanism for all.
- Insurance sustains other development efforts.



2 ZERO HUNGER
How insurance helps to end hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Insurance fosters locally driven and sustainable food production by opening lending opportunities where there were none before, and by encouraging investment in enhanced agricultural practices.
- Insurance improves household food security by stabilizing the household's financial situation after a shock.
- Insurance helps people to respond and adapt to natural catastrophes, which otherwise can plunge them into greater poverty.



3 GOOD HEALTH AND WELL-BEING
How insurance helps to ensure healthy lives and promote well-being for all at all ages

- Insurance and social protection can play complementary roles to cover a range of household health care costs.
- Insurance improves health-care seeking behaviour.



5 GENDER EQUALITY
How insurance helps to achieve gender equality and empower all women and girls

- There are gender differences in risks faced by women and men.
- Insurance offers protection for women working in the informal sector who often fall outside the reach of public social protection schemes.
- Insurance protects women against the devastating effects of gender-related reproductive health risks.
- Insurance protects women from the financial impact of losing family members, helping women to retain their homes, sustain their businesses, continue education of their children, and generally maintain the financial stability of their household.



8 DECENT WORK AND ECONOMIC GROWTH
How insurance helps to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Insurance protects assets, thereby unlocking loans and other funds for investments by MSMEs.
- Insurance frees MSME's private funds for productive investment.
- Insurance supports the development of MSMEs by protecting them from losses due to risks related to business, natural disasters or other catastrophes.
- Insurance helps to avoid child labour related risk financing.



13 CLIMATE ACTION
How insurance helps to take urgent action to combat climate change and its impacts

- Insurance mitigates the effects of extreme weather events, thereby strengthening climate change resilience.
- Insurance complements and strengthens other climate change coping efforts.
- Catastrophe insurance protects a variety of stakeholders, from companies and infrastructure to the most vulnerable.

Be passionate !



„People stand in your way that think they the just do their job.“

- It is a business opportunity
- Understand your customers -> Capacity building
- Limited understanding of insurance
- Lack of trust
- There must be push from the top
- Find the right partners
- Develop PPPs for climate risk insurance
- Sort out the distribution
- Control costs
- Pay claims – show the value of insurance
- Be patient – it takes 5-10 years!
- Need engagement of everyone. All stakeholders!
- Access to data is key
- We have to go digital!
- Develop the right regulatory framework – regulators need to cooperate

-> Develop a national financial inclusion strategy that includes all stakeholders