



Inclusive Insurance

2021 and Beyond

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ASSOCIATION OF INSURERS AND REINSURERS OF DEVELOPING COUNTRIES

- A non-governmental and non profit making entity established to develop an expand international collaboration in Insurance and Reinsurance.
- Aim is to strengthen the insurance market in developing countries and to foster inter regional cooperation especially in the area of micro and inclusive insurance.
- Also aims to promote Insurance Education and Research
- Foot Prints in several continents: Africa, Asia, Latin America, Caribbean, and Europe
- Holds Bi-annual International Congress

Members of AIRDC

Present Members:

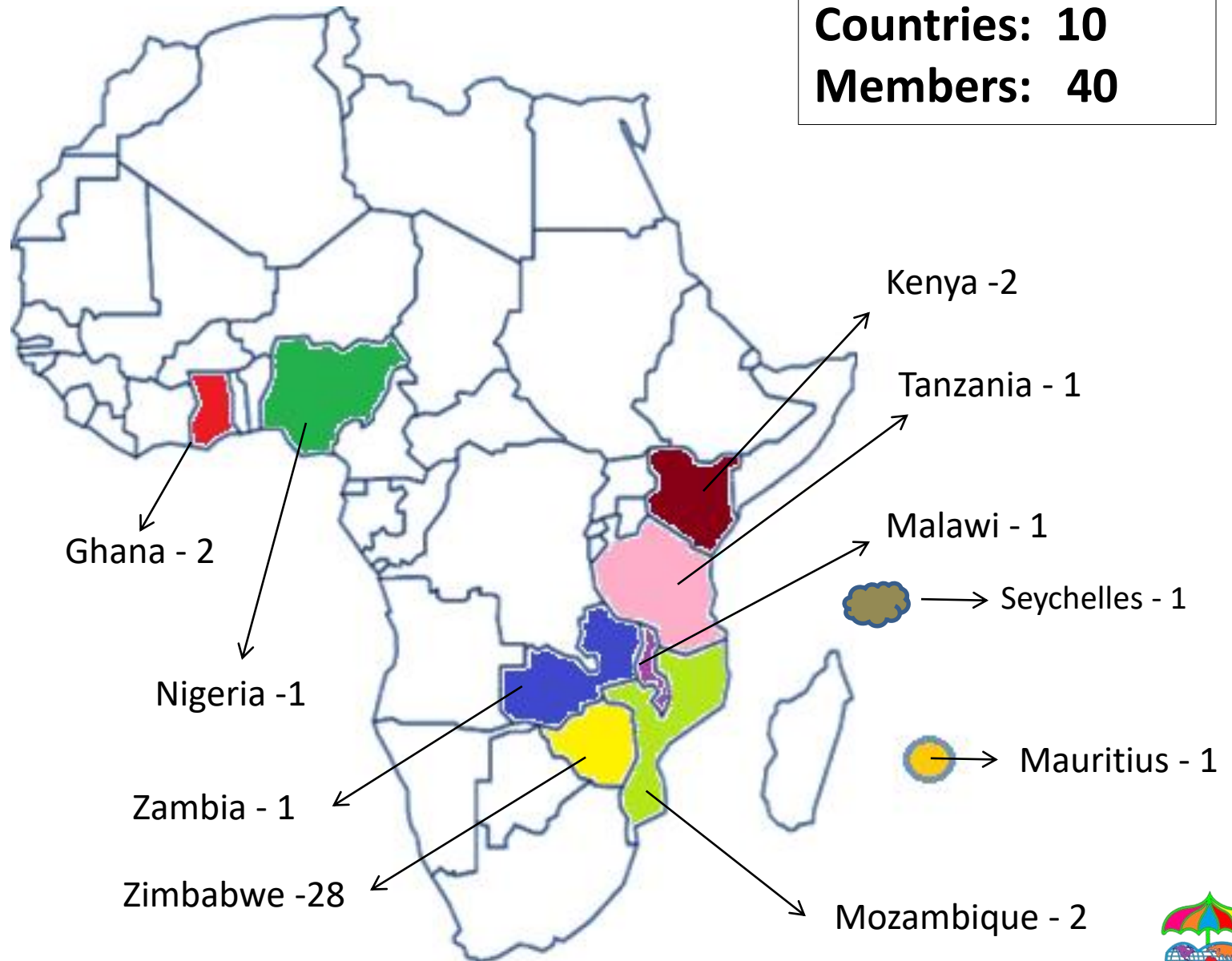
132 members from
31 member countries

- Africa : 40 members
- Asia : 88 members
- North America : 2 members
- Other countries : 2 members

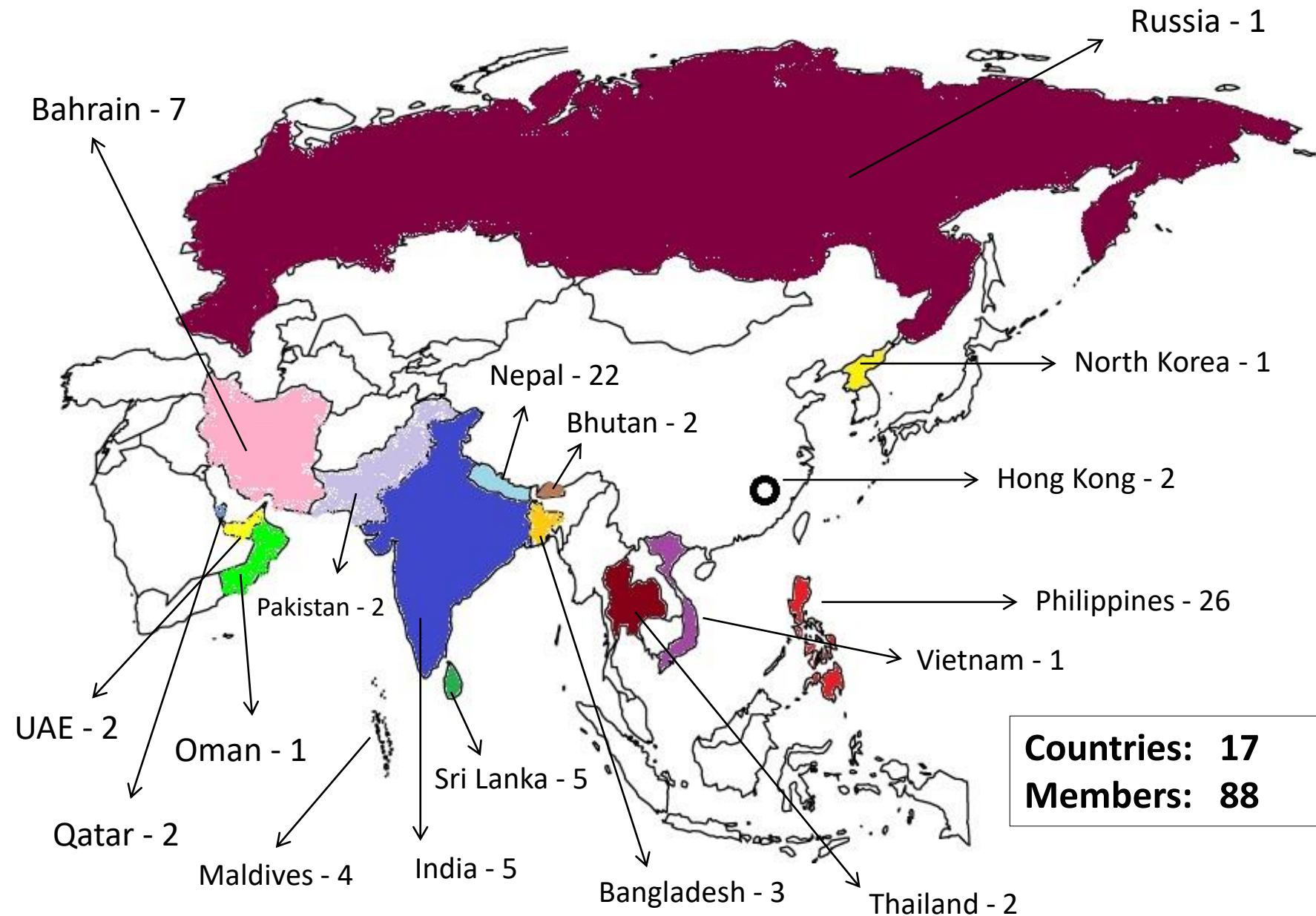
Permanent Secretariat : Philippines

*AIRDC Members in **AFRICA***

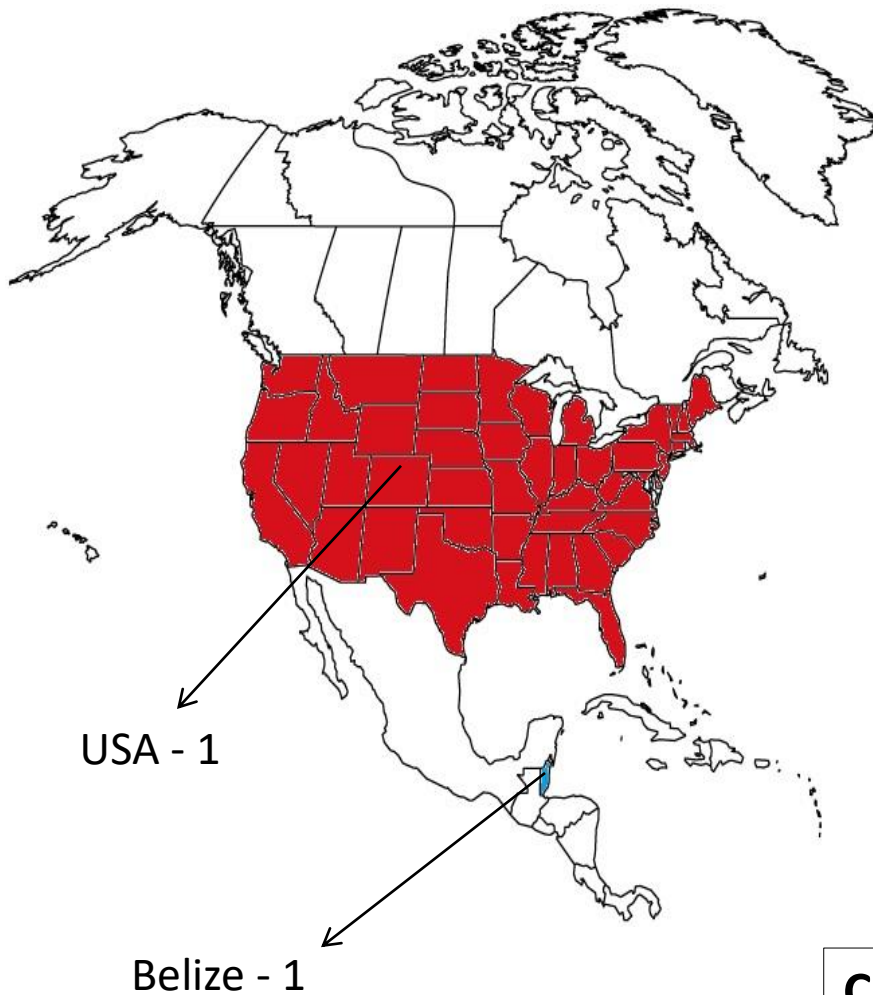
Countries: 10
Members: 40



AIRDC Members in **ASIA**



*AIRDC Members in **NORTH AMERICA** and **EUROPE***



Countries: 4
Members: 4

Inclusive insurance

The Philippines Example

- Premiums generated by the micro insurance sector hit **PHP9.12bn (US\$182m)** in 2019, 12% higher than the PHP8.14bn in 2018.
- The total number of individuals covered rose 16% to **45.13m** in **2019** from 38.89m in 2018.
- Mutual benefits associations (**MBAs**) accounted for the largest share premium production (PHP5.26bn or **57.6% of the sector's** total premiums and covered 25.66m people or 56.9% of individuals with micro insurance.

Lessons from the Philippines

- **Conducive policy and regulatory environment is vital.**
- **Will of the Government is necessary to lead and advocate reforms.**
- **Capitalizing on the strong microfinance sector**
- **The multi-stakeholders' approach in market development provided rich opportunity for capacity building.**
- **Active role of government in project implementation facilitates donor coordination.**



CHALLENGES

- Due to the phenomenon of climate change, the Philippines is more exposed to extreme weather conditions and irregular weather patterns which affect mostly the poor.
- Must progress to much-needed micro insurance products
 - such as in Micro Health, Micro Agri and Micro Preneed.
- Explore diversity of distribution, specially on the use of mobile and web platforms.
- The MI market is dominated by few players mostly the big ones



Micro insurance in Nepal



Insurance Industry

- Relatively new:
 - The first insurance company of Nepal was established in 1947 AD then
 - A Govt. Company was established in 1968 AD.
- Nepal has a total of 40 insurance companies
 - 20 non-life insurance companies and 19 life insurance and 1 Reinsurance company
- Insurance Penetration is now at 18% and contribution is 2.6% of GDP




Contribution in GDP

- 27% from Agriculture (65% population)
- 27% from Remittance (2019)
- 13.50% from Industry
- 32.50% from Service sector



Beginning of Micro Insurance

- Crop & Livestock Directives 2013
- Micro Insurance Directives 2014
- Voluntary distribution of territory for Agri/Micro
- Formation of Pool



5% of Portfolio has to be Micro
75% Premium Subsidy



Non - Life

| Product | Carrier |
|---------------------|---|
| Weather based Index | MFI Co-operatives Individuals |
| Crop & Livestock | ” |
| Accidental Death | Mobile network operator Technical Service Provider |



Life

| Product | Carrier |
|--------------------------------|---|
| Micro Life | MFI Co-operatives Individual Agents |
| Extended Credit Life Insurance | ” |



Challenges :

- **Cost Efficient Distribution Channels**
- **Lack of insurance awareness**
- **Covid -19 and its impact**
- **Returnee Migrants**



Challenges :

- **Supply-driven market**
- **Limited Products**
 - Products are developed by Regulator hence Mkt needs are not quickly addressed.
- **Limited use of technology.**
- **Inadequate data base for Climate Change Insurance.**



Challenges :

- **Lack of Adequate Auxiliary Services**
 - Lack of health service providers, agriculture technicians, weather stations, etc.
 - TPAs
- **Building Trust**
 - Insurance is still not a priority.
 - Time lag in Claim settlement



Suggestions

- **Synchronize the definition of Microinsurance**
 - The different insurance products offered to low-income households are not formally defined as microinsurance products.
 - Certain agriculture insurance products that are being sold still do not fall under the microinsurance category
 - Formalize informal microinsurance products currently being offered by community-based organizations and MFIs.
- **Revise maximum sum assured of micro products**
 - Existing sum assured of microinsurance products might not be enough to cover the financial loss and loss of lives.



Suggestions

- **Make Insurance Affordable to Low-Income Households**
- **Continue Subsidies for Agriculture Insurance**





Suggestions

- **Promote new and innovative distribution channels such as MNOs, MFIs**
 - An example of innovation is Bima, a TSP offering mobile microinsurance products in different regions to introduce mobile microinsurance products for the first time in Nepal.
- **Design appropriate products based on the needs/demands of the low-income market**
 - Bundle products with other financial and non-financial products
- **Collaborate with Different Government Entities to Develop Infrastructure and Develop Required Human Resources**
 - As an example, increasing the number of weather stations would help expand the use of a recently developed weather index insurance product.



Suggestions

- **Increase Coordination amongst different stakeholders:**
 - Government
 - BFIs
 - NGOs/INGOs
 - Development Agencies
 - Local Government
- **Develop the Pool of Human Resources**
- **Form Pools**
 - to co-share risks and benefits

