Inclusive Insurance
LANDSCAP
E
Mozambique 2020



Presentation Outline



- Objectives and approach
- 2. Country Context
- **3.** Key findings
- 4. Conclusions
- 5. Recommendations

Objectives and approach



Conduct a detailed landscape study of inclusive insurance

state of the market

successes

challenges

industry perspectives

potential drivers

Stakeholder aspirations

Recommendation for market development and acceleration



Structured questionnaire administered to insurance companies

- The study is designed to provide key performance indicators of inclusive insurance (microinsurance) in Mozambique including but not limited to:
 - Number of polices offered through inclusive insurance products
 - Coverage of inclusive insurance products
 - Types of inclusive insurance products
 - Variety of risks covered by inclusive insurance products
 - Premiums collected for all-inclusive insurance products
 - Number and types of distribution channels engaged in inclusive insurance
 - Claims ratios of inclusive insurance
- The study also captures industry perspectives on:
 - Demand
 - Supply
 - Enabling environment and ecosystem
- Due to Covid, data for the landscape study was collected electronically with a few virtual interviews.

Defining Inclusive Insurance



- Inclusive insurance refers to appropriate and affordable insurance products for the unserved and underserved population segments, with a particular emphasis on the vulnerable and low-income people. This term inclusive insurance is interchangeably used with the term 'microinsurance'; though inclusive insurance is more embracing.
- In this study **inclusive insurance** refers to:
 - Insurance products developed intentionally to serve low-income people.
 - Insurance products currently serving low income consumers.





Headlines



Coverage



11% formally insured6% informally insured

Business engagement



15 companies surveyed

 $oldsymbol{8}$ have inclusive insurance products

7 do not have inclusive insurance products

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

Distribution



5 insurers using brokers and agents

3 insurers using insuretechs

2 insurers using Mobile Network Operators

3 insurers using financial institutions

2 insurer using cooperatives and associations

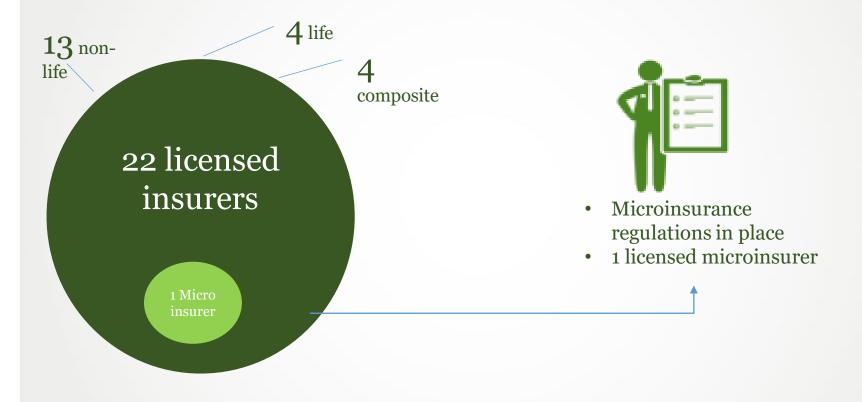
1 insurer using a community based organisation

1 insurer using a retail shop



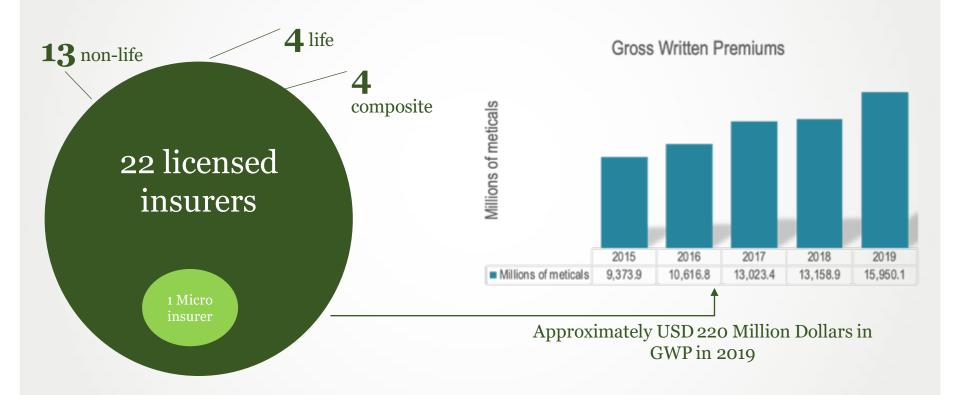
Country Context: Market Players





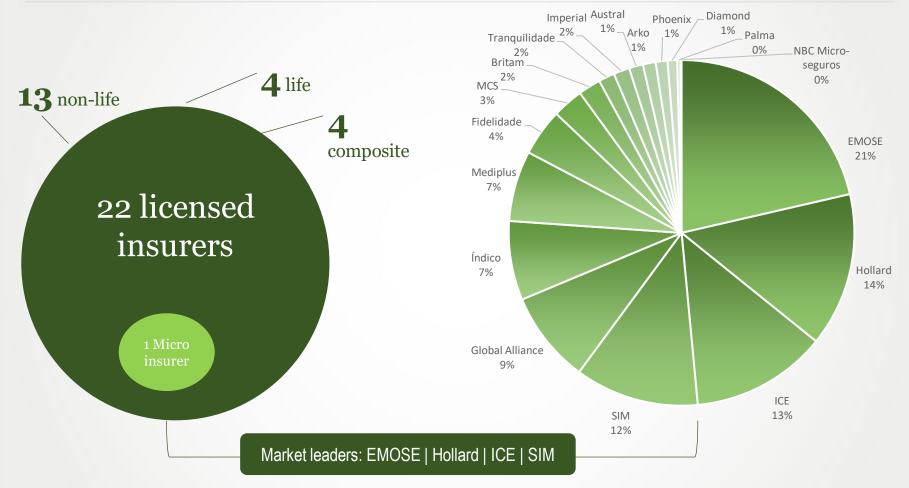
Country Context: Financial Performance





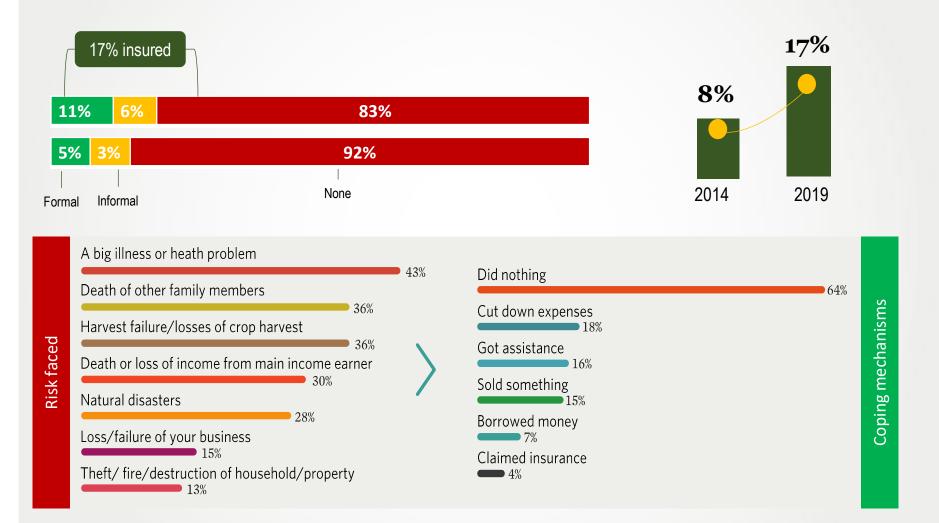
Country Context: Market Share





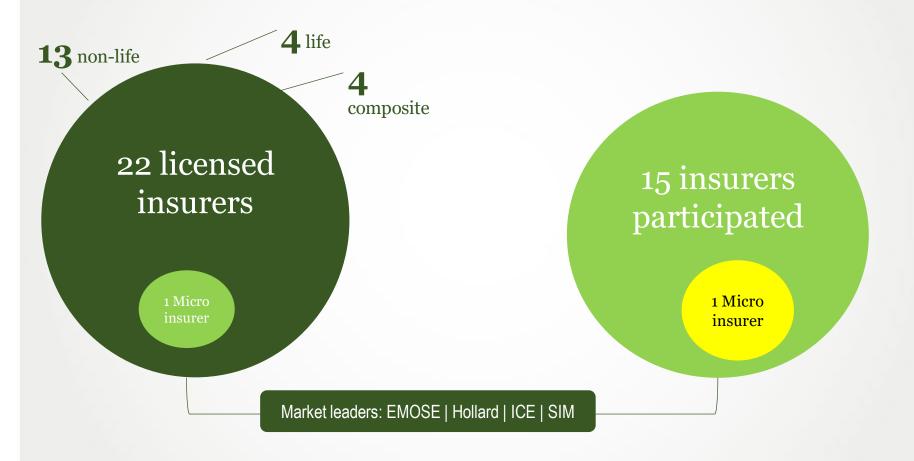
Country Context





Country Context: Participation in the Landscape FSDMo



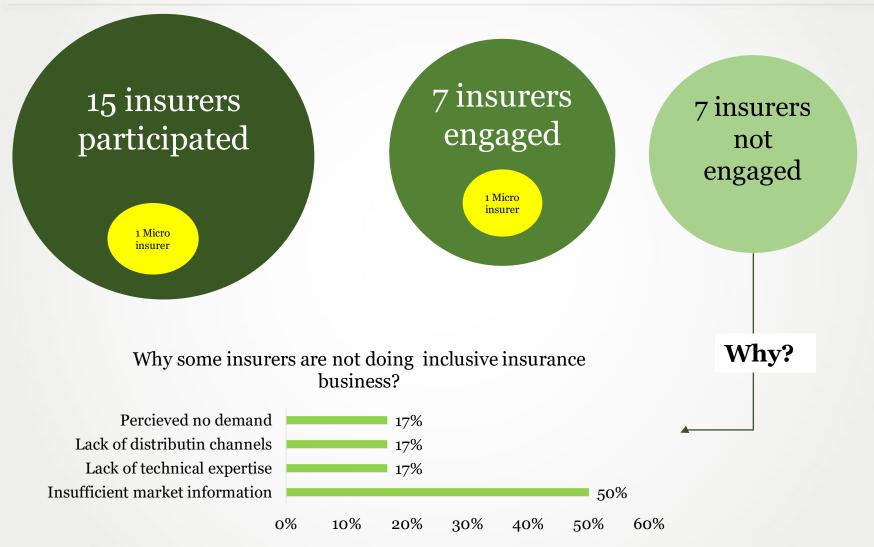






Business engagement

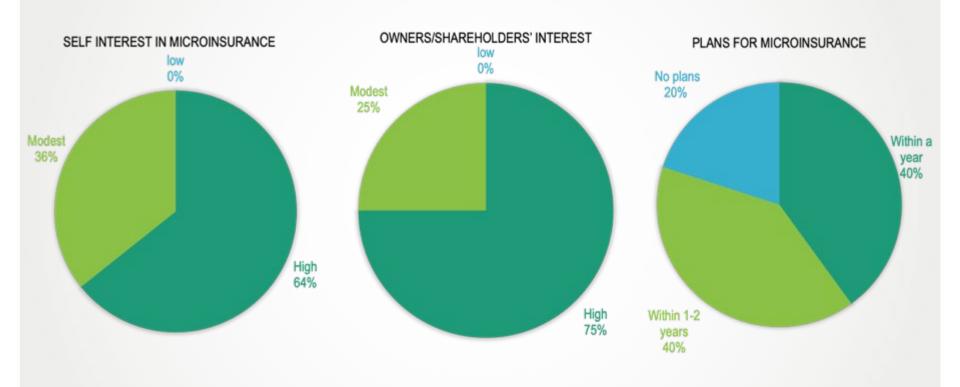






Interest in inclusive insurance





Business engagement



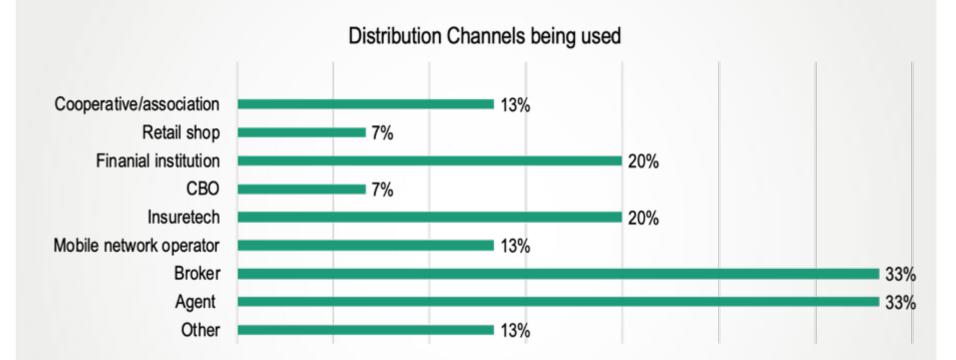


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Distribution Channels



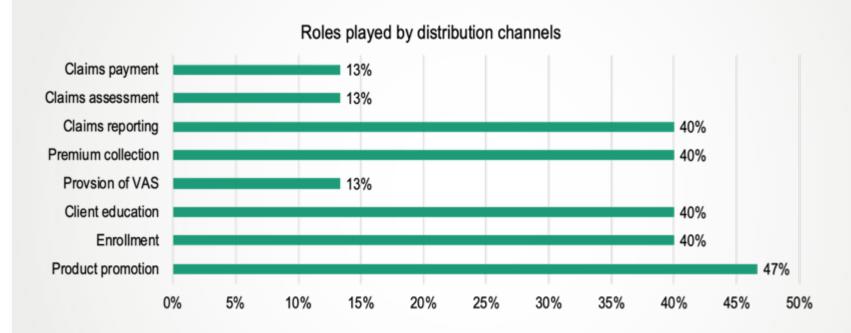


Unconventional channels are still highly untapped



Roles played by Distribution Channels

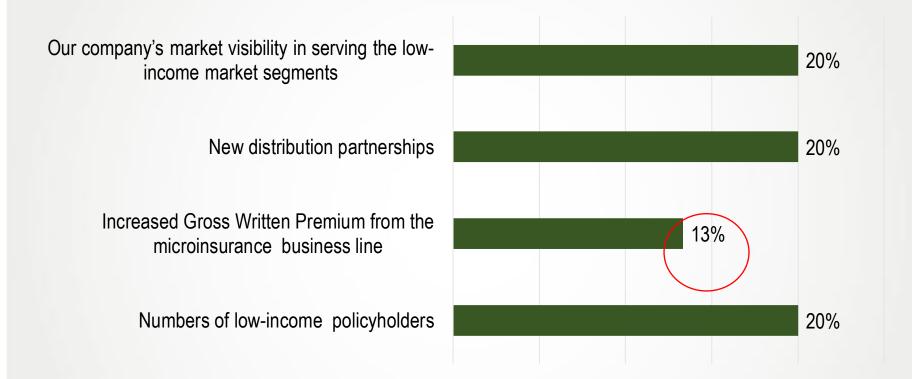




Most of the distribution channels mainly involved product promotion, client enrolment and education, premium collection and claims reporting.

Impact of introducing inclusive insurance



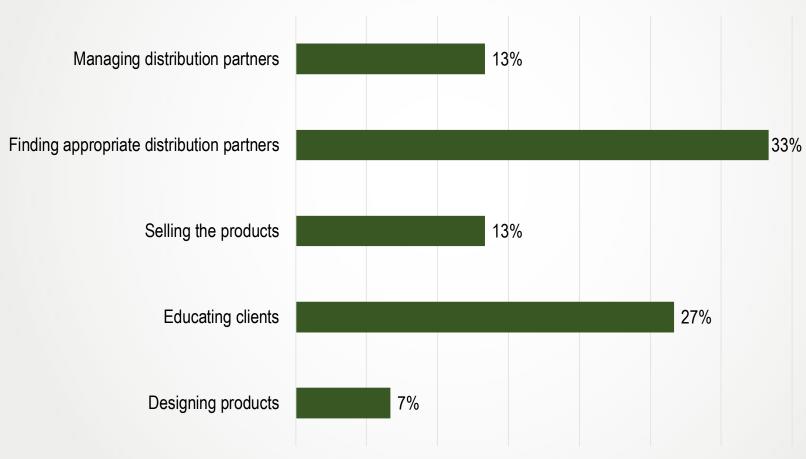


Increase in GWP is the least impact; to experience significant impact on the GWP, insurers need scale

Challenges faced by insurers



Challenges faced in inclusive insurance business operations





Capacity Building Needs







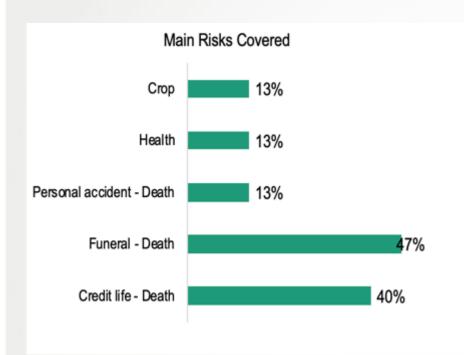


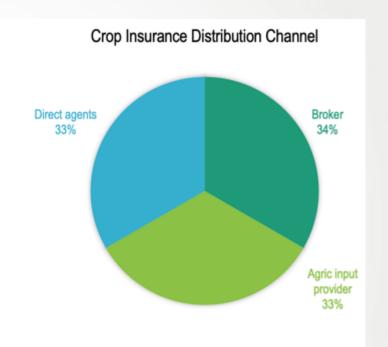












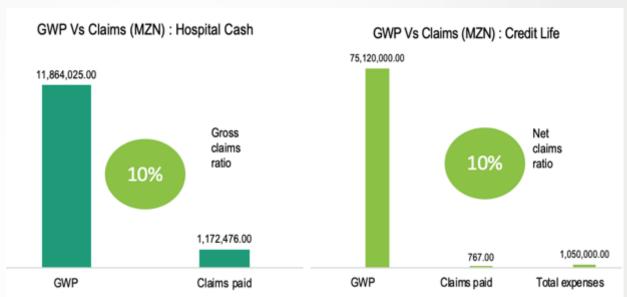
Growing variety of risk coverage for low-income market segments

Broadening distribution channels and business opportunities









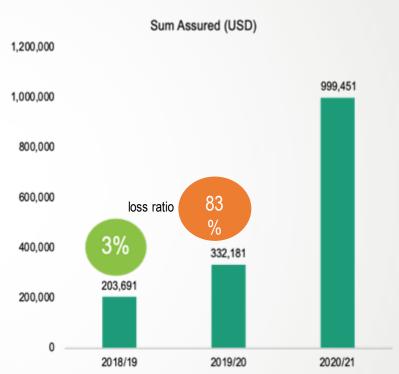
Insurers investing faster claims processing systems

The business case is there! Low claims ratios also point to an opportunity for value added services

















- MóvelCare is an electronic solution in the form of a microinsurance platform.
- First insuretech solution in Mozambique
- MóvelCare improving access to inclusive insurance products.



Industry Perspectives



ISSM Processes

Market information

ISSM support

ISSM is very supportive of microinsurance development in Mozambique





Strongly agree

Neutral

ISSM processes and procedures are appropriate for microinsurance





Agree

Neutral

Reinsurance

Getting reinsurance for microinsurance products such as agricultural and health microinsurance is very easy





Neutral



Agree

Disagree

Market information and data to help insurance companies design appropriate microinsurance products is readily available







Agree

Neutral

Disagree

Demand

Innovation

Insurance culture

Majority of people in Mozambique do not have an insurance culture





Strongly agree

Disagree

There is high demand for microinsurance products in Mozambique.







Agree

Neutral

Disagre

Most CEOs of insurance companies understand and appreciate the business case for microinsurance







There are a lot of innovations in microinsurance in Mozambique







Agree

Neutral

Disagree



Industry Recommendations



Support areas













Technology

Claims management systems

Market Research & Customer Centricity

Data (GPS, opportunities etc)

Training and technical assistance (Product design, risk analysis,

(Product design, risk analysis, pricing, distribution, business modelling)

Innovation Fund & Consumer education

Policy directives



Minimum Inclusive insurance business requirement



Subsidy for high risk products (agri/health)



Tax relief on inclusive insurance



Microinsurance regulation review



KYC requirements



AML requirements





Conclusions & Final Recommendations



- Microinsurance sector in Mozambique is in infancy stages but emerging
- There are a lot of untapped opportunities.
- Industry players aptly recognize market and regulatory barriers that need to be addressed to stimulate further traction.
- More investments required in market research, data analytics and customer centric product design.
 - Including gender analysis on clients.
- Microinsurance policy directives should align to end-user of inclusive insurance products.
- There is scope to improve data analytics and reporting on industry trends and opportunities.
 - Separation and in-depth analysis of insurance business classes;
 - Separation and in-depth analysis of inclusive insurance business from conventional insurance.
- Provision of comprehensive financial performance on inclusive insurance business by market players will assist in understanding the current size of this business (benchmark) and also guide the design and implementation of market development interventions.



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