

7th Eastern & Southern Africa Regional Conference

MSME INSURANCE

PRESENTED BY
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Hollard.



WHO ARE THE MSMES?

- MSME stands for Micro, Small, and Medium Enterprises.

The enterprises are classified into two divisions.

1. **Manufacturing enterprises** – engaged in the manufacturing or production of goods in any industry
 2. **Service enterprises** – engaged in providing or rendering services.
- The classification is further based on the following variables;- Total fixed investments, sales turnover, legal status and number of employees.

Micro

1 to 10
employees

Small

11 to 50
employees

Medium

Up to 100
employees



- ▶ MSMEs face many risks; however, they can be segmented in different types depending on the sectors, such as:
 - i. Agriculture – Crop Failure
 - ii. Manufacturing – Fire, damage to property damage, Business Interruption
 - iii. Wholesale & Retail – Property damage, floods, theft.
 - iv. Services – Health Related to the health of from their employees, funeral expenses.
- ▶ MSMEs often suffer from a lack of knowledge on how best to use financial services, how insurance works, or what risks they should seek insurance coverage for.
- ▶ It is also very common for them to underestimate or disregard certain critical risks, e.g. by settling in disaster-prone areas or failing to comply with safety standards.

Risks faced by MSMEs

A woman in traditional African attire, including a white headwrap and a patterned top, stands in a field. A dark red rectangular box is overlaid on the image, containing the text 'MSMES PRODUCTS' in white.

MSMES PRODUCTS

Life and Credit life products

Personal Accident and Funeral products

Property Insurance

Business interruption

Houseowners/holders

Health products/hospital cash

Crop and livestock



INSURANCE PRODUCTS THAT ARE APPEALING TO MSMEs

Products that are Customer-Centric

This can be achieved by adopting a framework for understanding financial risks faced by the MSMEs

Human Centered Design Approach

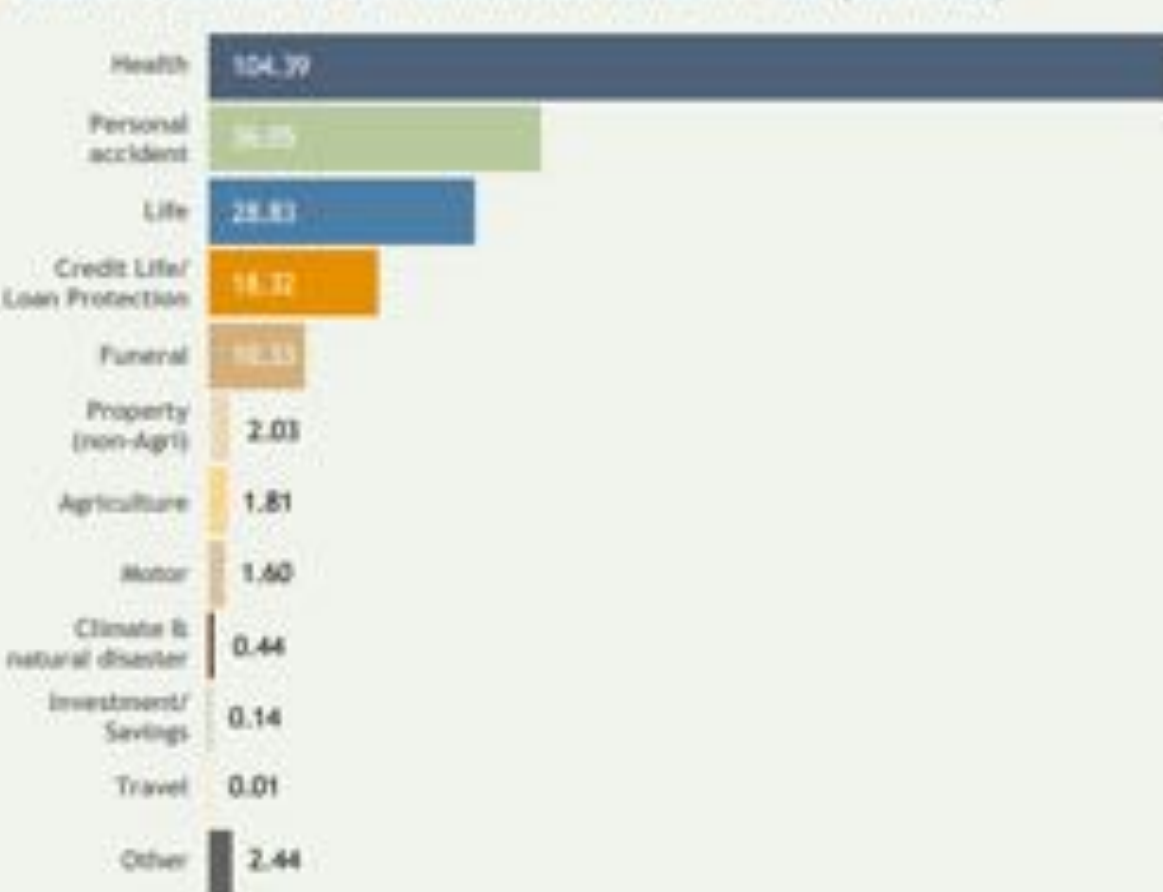
- Segmenting the target market.
- Market Research – Focus group discussions, Personal interviews.
- Designing the product and doing a prototype
- Testing the product
- Pilot the product and Roll out the Product.

Target Personal Needs

The most appealing product for the MSME's is a product that will target their personal needs and their business needs .

What products have been successful?

PEOPLE COVERED IN ALL REGIONS BY PRODUCT LINE (MILLIONS)¹⁴



Africa

- i. Health Products
- ii. Funeral
- iii. Life
- iv. Credit Life

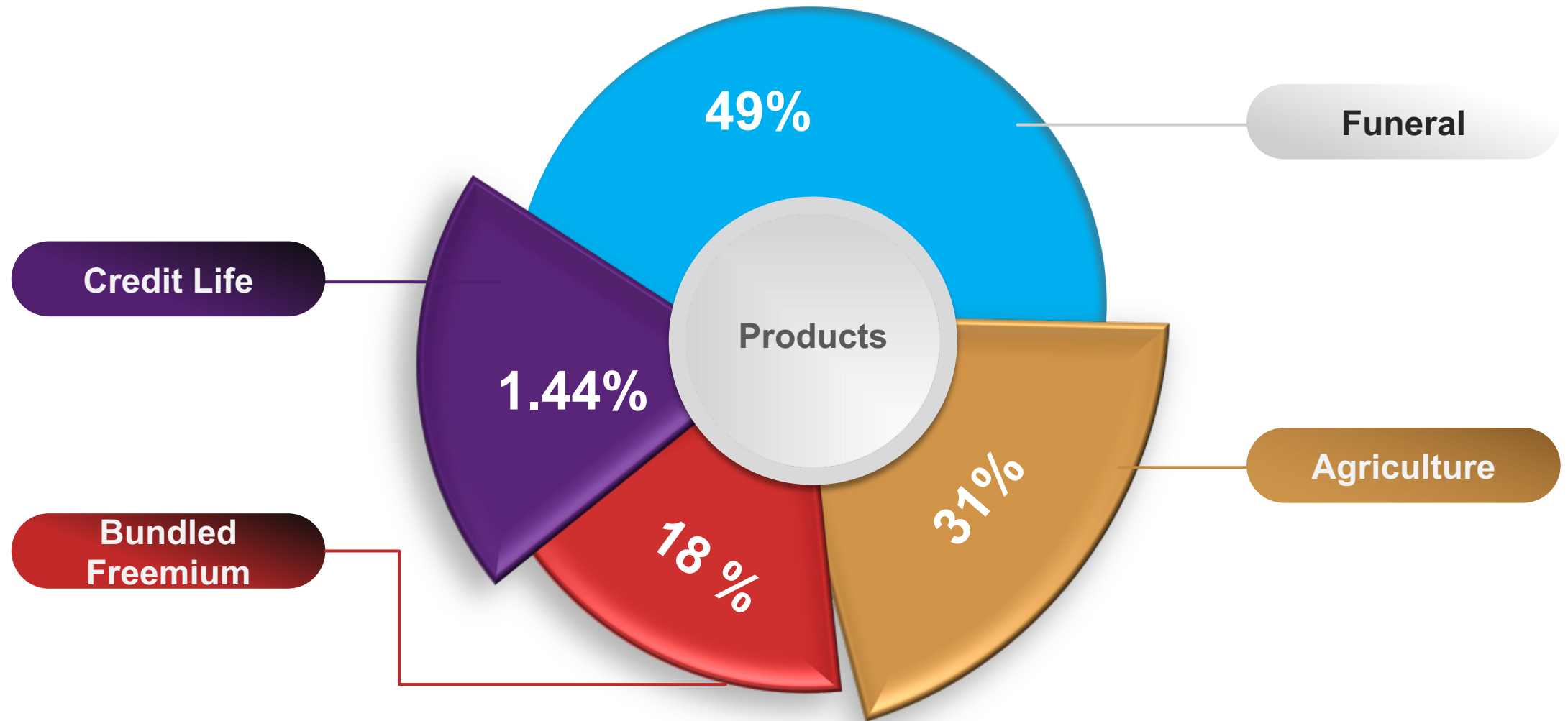
Asia, Africa, Latin America & Caribbean

- i. Health Products
- ii. Personal Accident
- iii. Life
- iv. Credit Life

Zambia:

- i. Funeral
- ii. Agriculture
- iii. Bundled Freemium (Life & Hospital)
- iv. Credit Life

SUCCESSFUL PRODUCTS IN ZAMBIA





LESSONS LEARNT IN THE BUSINESS FOR INCLUSIVE INSURANCE FOR THE MSMES



- i. Respond to a need – build and update solutions from a deep understanding of client needs based on Market Research
- ii. Design an assistance – Not an indemnity
- iii. Be there in times of need – design for high claims frequency and fast claims pay out.
- iv. Positive customer experience – Include Value Addition Services.
- v. Learn to Unlearn – Inclusive insurance requires a different approach from traditional insurance.
- vi. Design simple Products- Policies must have minimum exclusions.
- vii. Appropriate Distribution channels – Partners whom you share the same values with.

The future of our economy lies in the MSMES

MSMEs in emerging markets are widely believed to be the engine of growth across the globe

- i. MSMEs represent about 90% of businesses and more than 50% of employment worldwide; formal MSMEs contribute to 40% of GDP in emerging economies.
- ii. In Africa, MSMEs account for 38% of Africa's GDP and account for 70% of the region's employment.
- iii. MSMEs account for 70% of Zambia's GDP and 88% of the employment.
- iv. MSMEs employ a majority of the population and contribute significantly to economic growth.

You can't go
to the supermarket
to buy dog food
if you don't have a dog
at home

Violet Kapekele
ZSAC Life

microinsurance[^]master



THANK YOU

Holland.