

A world map where the landmasses are formed by a dense collection of small human icons. The icons are primarily light blue, but the African continent is highlighted in a golden-yellow color. The background is a light, textured blue and white.

The Landscape of Microinsurance Bridging Gaps, Building Futures

“Breaking Myths, Unlocking Opportunities”

International Conference of Inclusive Insurance (ICII), October 2024

"We would like to extend our sincere thanks to all the sponsors who made this study possible. Your support has been instrumental in advancing the microinsurance landscape."



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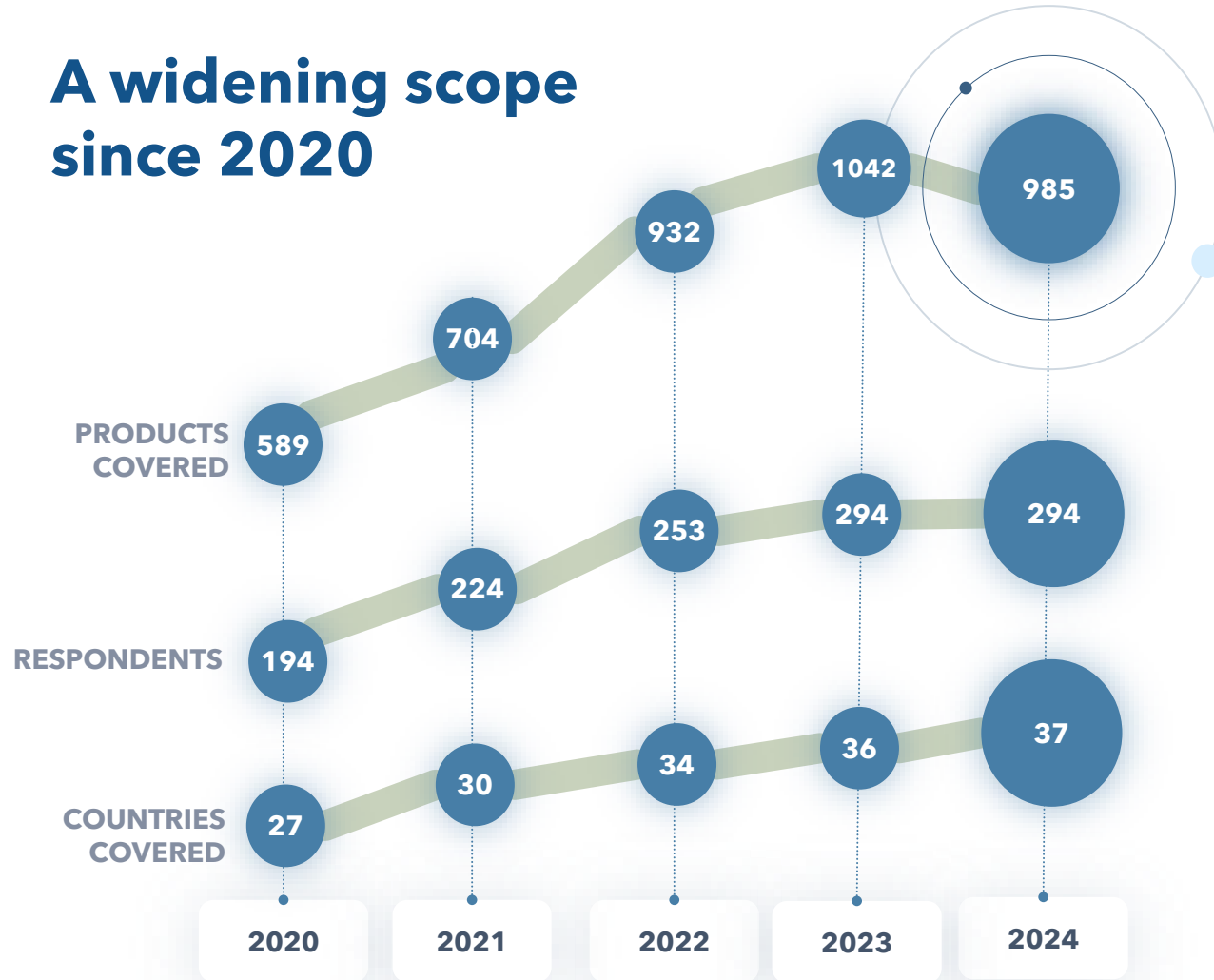
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BARENTS RE

A collective, multi-disciplinary effort for the only source of primary data on microinsurance

A widening scope since 2020



- **Primary research, based on voluntary disclosures by 294 insurance providers**
- **Supervisors and associations** supported data collection in 20 countries
- 29 primary research collaborators
- 11 experts interviewed **and 8 case studies**
- **11 review committee members**
- **30 Landscape BPG Members**

Why today's session matters

The microinsurance industry is full of potential, but there are common myths and misconceptions holding it back. **The 6 myths we'll attempt to debunk with data:**



Microinsurance offers limited business opportunities and scalability



There's Not Enough Information or capacity to grow Microinsurance



Microinsurance can't drive financial inclusion



Reaching the target population is challenging



Regulation is a constraint for microinsurance development



Some risks are just uninsurable, or unaffordable

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MYTHBUSTERS

The Myth Master



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Myth 1: Microinsurance offers limited business opportunities and scalability



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How long do you estimate it takes for a microinsurance product to reach scale?

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How long do you estimate it takes for a microinsurance product to reach scale?

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The protection gap: microinsurance remains vastly scarce

% of target people covered



13%
APAC



8.2%
Africa

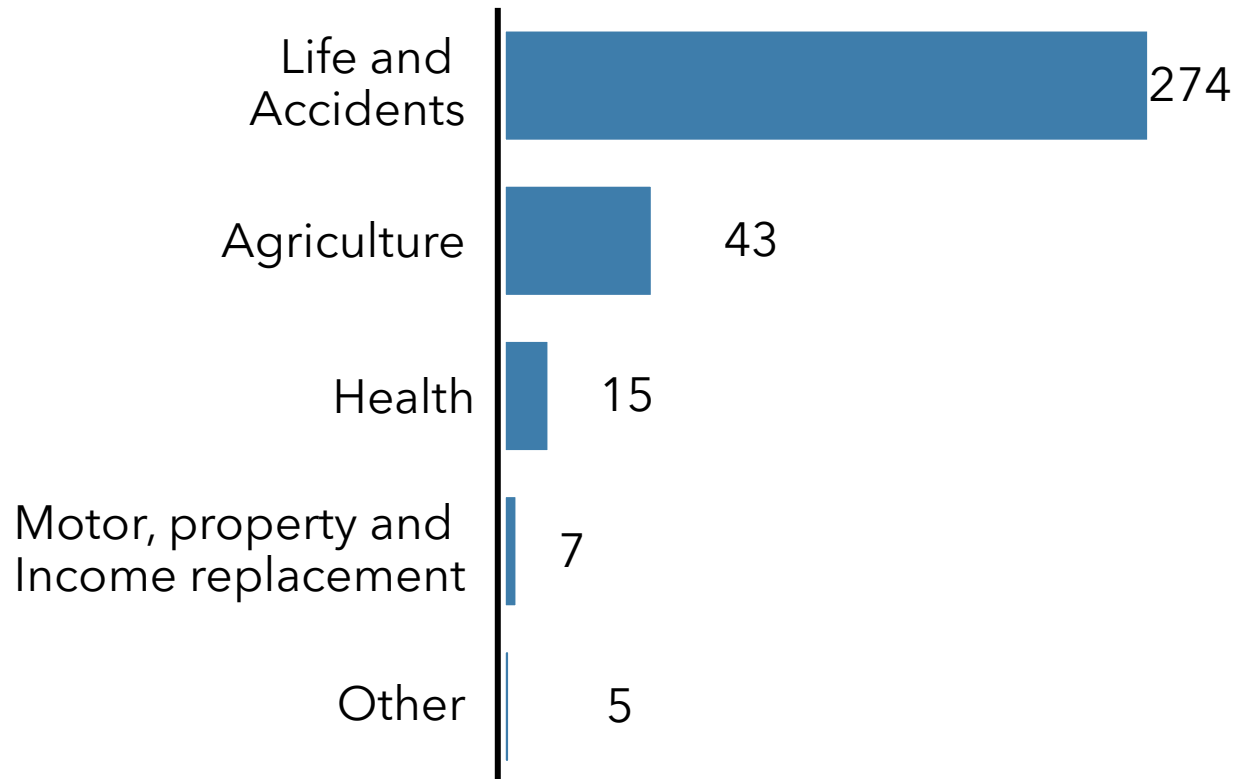


9.2%
LATAC

- **344 million people covered in 2023**
- 268.2 million people covered in APAC
- 38.1 million people covered in AFRICA
- 37.3 million people covered in LATAC
- The microinsurance market has experienced significant growth over the last three years, particularly in **Asia and the Pacific** and **Africa**.

Far from being limited, microinsurance is constantly innovating to cover the most pressing risks in underserved communities

People covered by product (millions)

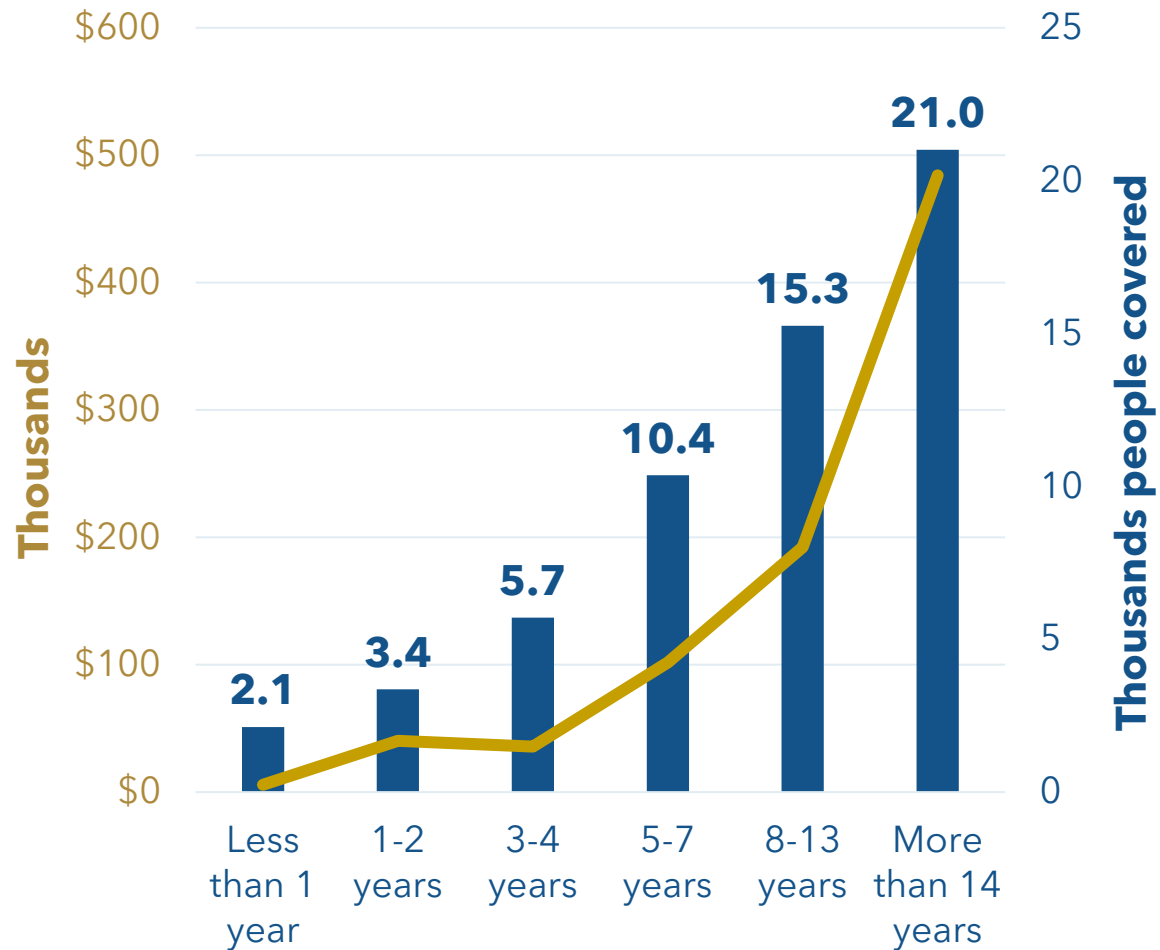


Other highlights

- The market offers over **13 product lines**, including life, health, personal accident, and specialized products like agricultural and business interruption insurance.
- **Health microinsurance is growing**, with coverages like hospital cash and telemedicine services emerging.
- **New distribution partnerships** are expanding microinsurance to underserved communities.

Microinsurance can be financially sustainable, scale is a matter of time

Average People Insured and Premiums Collected



Patience and sustained investment are key to building successful microinsurance portfolios.

- Microinsurance **can be financially sustainable over time** by achieving sufficient scale.
- Microinsurance products in the study reached a **median value of over 10,000 people**, with some products like credit life and funeral insurance covering over 29,000 people.
- Microinsurance products typically take **3-4 years to reach significant growth**.
- As products mature, both the number of customers and premiums collected increase significantly.

Myth 2: There's Not Enough Information or capacity to grow Microinsurance



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***Are you familiar with
the Landscape of
Microinsurance study
before today?***

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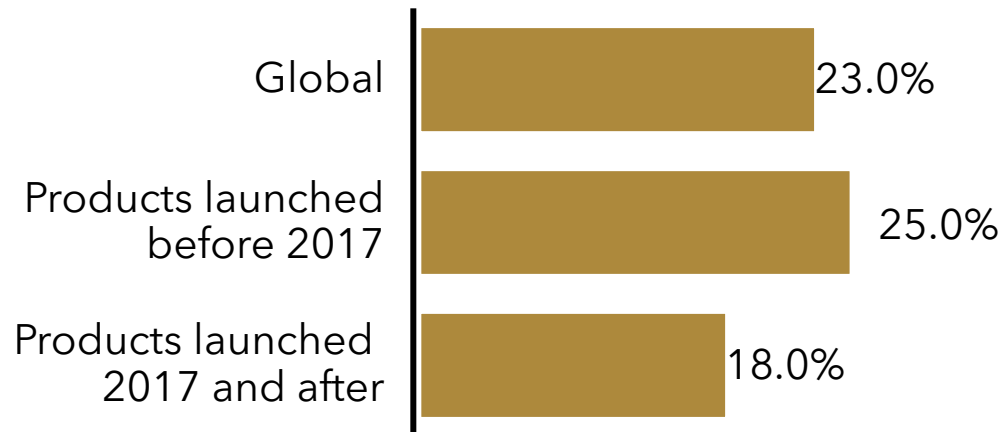


Are you familiar with the Landscape of Microinsurance study?

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The moment of truth: claims at the heart of insurance's value

Claims ratio (% of premiums collected, median)



Turn around time (days, median)

Customer
view

15
days

Insurer's
view

8
days

Value lies not only on paying a claim, also on the overall experience and time to pay

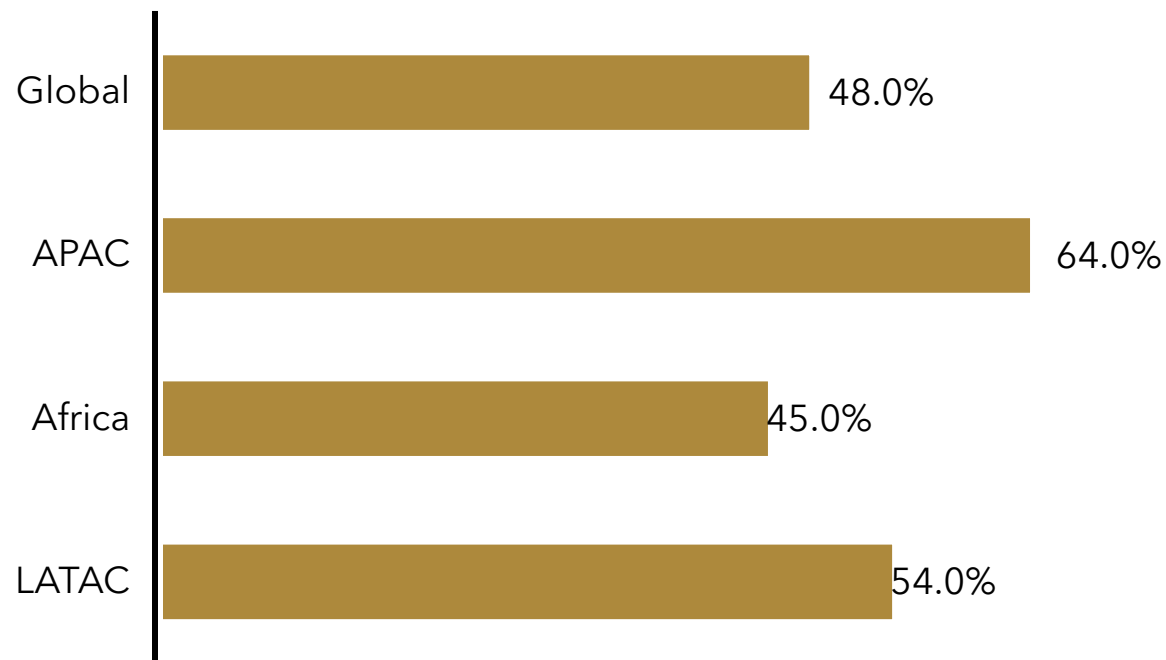
- **95% acceptance rate** for reported claims, reflects insurers' commitment to promptly addressing the needs of their policyholders.
- Multiple factors influencing claims ratios, **years in the market** is a significant one.
- The **cost of distribution** is another critical component in the price of microinsurance, ultimately affecting the claims ratio of a product.
- Product simplification, less documentation requirements, & technology can be significant enablers.

Microinsurance is evolving to better serve women by tailoring products and channels

Gender-specific data remains limited

45% of products provided information on gender

Median % of female policyholders



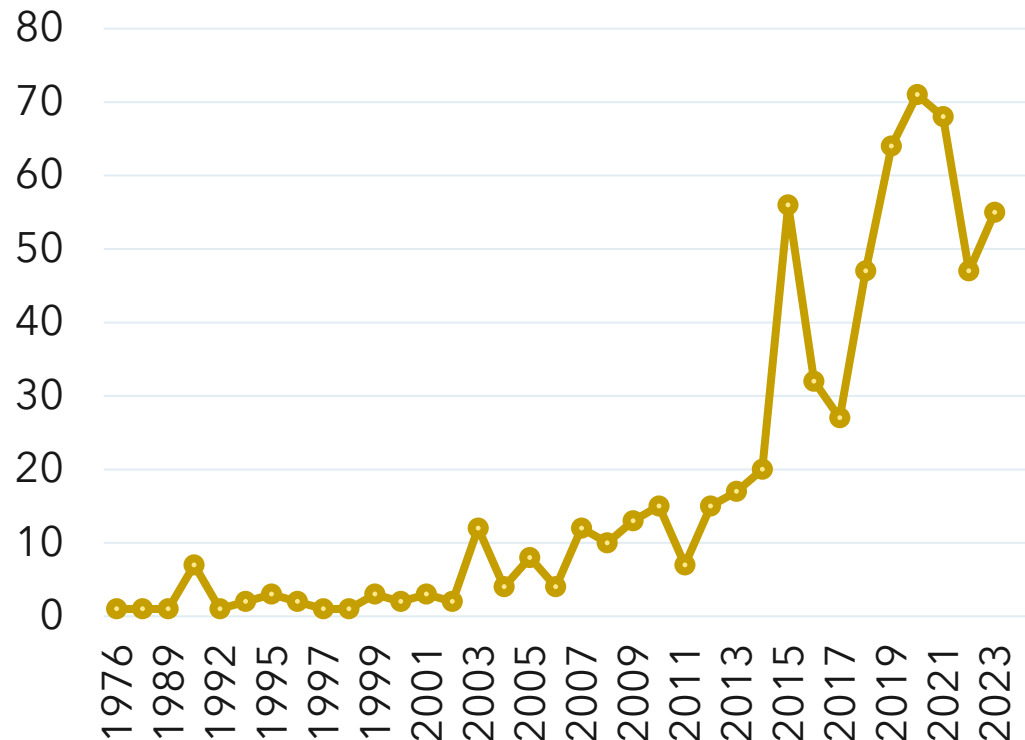
Key highlights

- Improving the collection of gender-disaggregated data is a priority for many regulators. For instance, **the FeMaMeter, launched by A2ii** aims to help insurers better serve women.
- **48% of policyholders and 49% of lives covered** are women where data was reported.
- Some products are **specifically designed** with women in mind, addressing their unique needs.
- Products distributed through **NGOs** have up to 70% female policyholders

The market is continuously expanding, with more products being launched every year.

Each of these products represents a learning opportunity for the industry.

Number of microinsurance products launched by year



Other highlights

- The Landscape of Microinsurance collects information from nearly **1,000 microinsurance products** across 37 countries.
- Some microinsurance products have been in the market for years, leading to a significant accumulation of **practical experience**.
- As microinsurance products grow in scale and coverage, they **provide valuable data on customer behavior, claims process efficiency, and profitability**.

Myth 3: Microinsurance can't drive financial inclusion



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What is the most used premium payment method in microinsurance?

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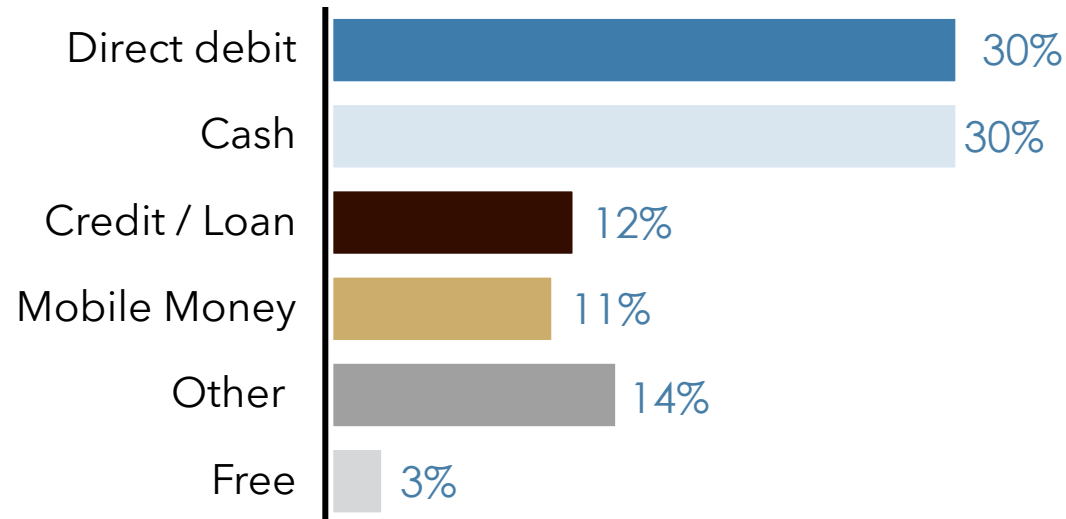
What is the most used premium payment method in microinsurance?

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A virtual circle: microinsurance depends on the broader financial inclusion ecosystem & vice versa

Despite growth of debit, cash is still widely used

% of reported products using each payment method



Most used method for products reported in each region



Other highlights

- **Cash and Direct Debit** are the most common payment methods globally.
- There are notable differences across regions. In **Asia**, nearly 50% of products use cash as a primary payment method. In **LATAC**, credit or loans are the second most common payment method.
- **Mobile Payments Growing:** Significant for microinsurance. In Africa, mobile money is significant, used for 15% of products.
- Direct debit and standing orders are the most used payment methods for **agricultural microinsurance**, accounting for 30% of cases.

Myth 4: Reaching the target population is challenging



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Which distribution channel would you prioritise to commercialise a microinsurance product?

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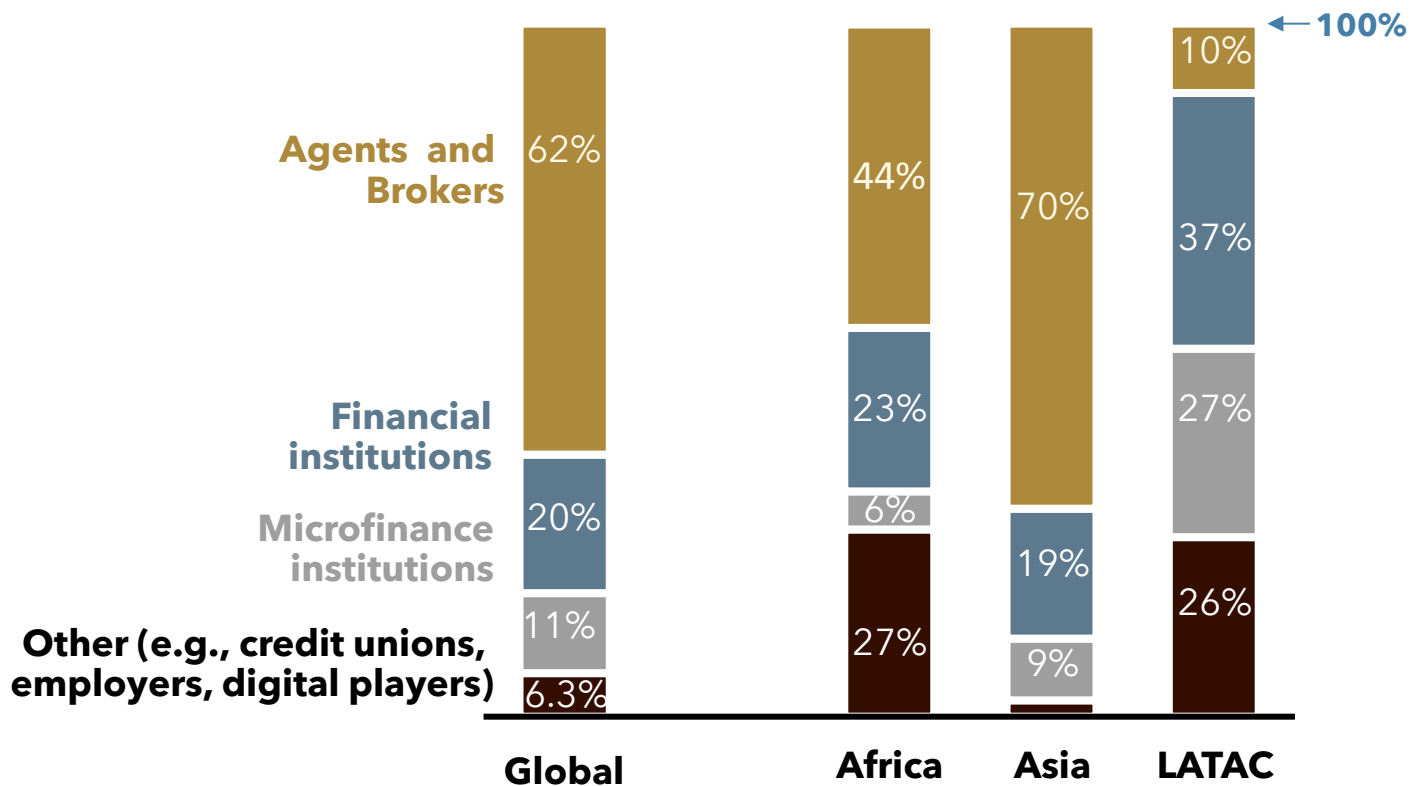


Which distribution channel would you prioritise to commercialise a microinsurance product?

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Beyond a channel: Partners can open doors to long-lasting impact and growth

**Insured people by distribution channel
(% over total people covered)**



Key insights

- **Traditional channels lead:** Financial institutions and brokers dominate distribution channels.
- **Digital channels** are gaining importance, particularly with mobile network operators (MNOs) in Africa.
- In **LATAC, distribution channels** for microinsurance **are more diverse**, involving healthcare facilities, cooperatives, and emerging fintech solutions.
- **Innovative partnerships:** NGOs and digital wallets extend microinsurance to underserved populations.

Myth 5: Regulation is a constraint for microinsurance development



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What is the most relevant role of the regulator in expanding microinsurance?

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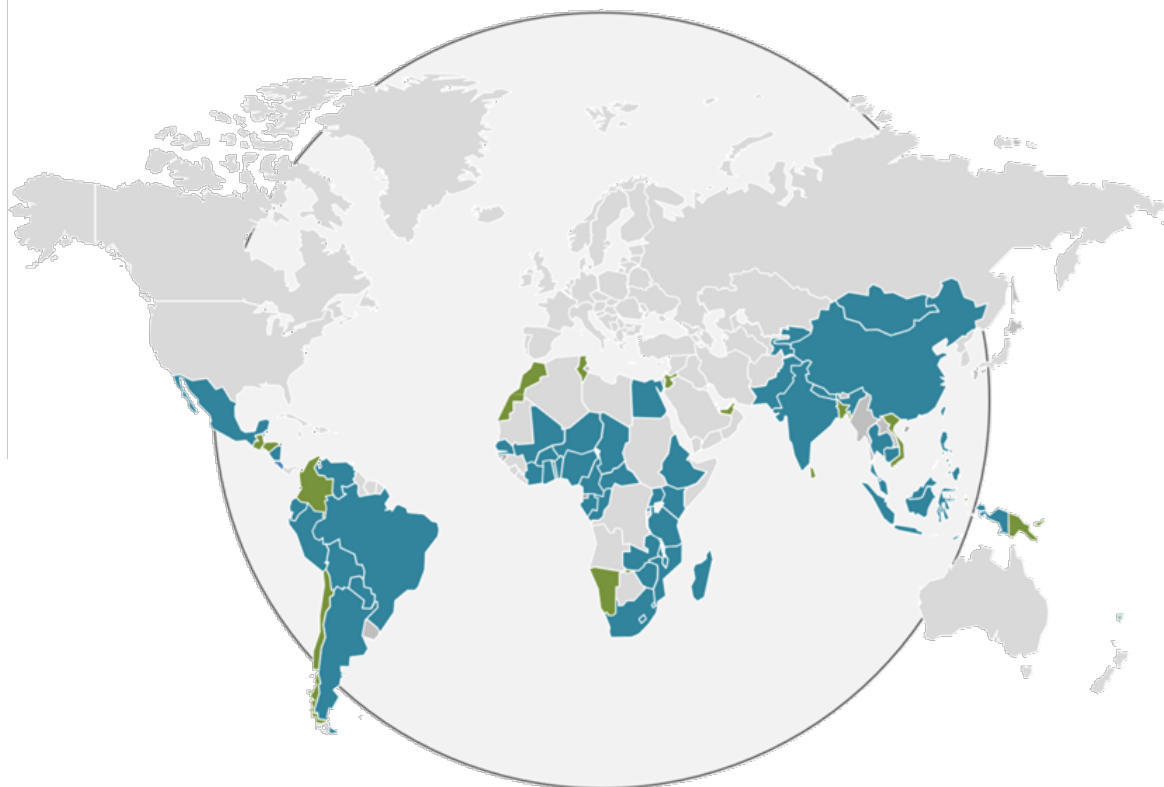


What is the most relevant role of the regulator in expanding microinsurance?

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Regulators are not just overseers; they are strategic allies driving an inclusive and dynamic market.

Microinsurance regulation world map



● countries **developing** regulation

● countries **with** regulation

Key insights

- Currently, **16 countries** are developing specific regulations for microinsurance, while **40 jurisdictions** already have some form of regulatory framework in place.
- Regulators are **actively collaborating** with the industry and international organization, where the regulatory process was **highly participatory**, involving insurers, cooperatives, and international bodies.
- Many regulators are promoting the use of **technology and innovation**, facilitating initiatives like regulatory **sandboxes** and open insurance

Myth 6: Some risks are just uninsurable, or unaffordable



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Donors and development agencies expand microinsurance for vulnerable populations.

**2 OUT OF 10
MICROINSURANCE
PRODUCTS ARE
SUBSIDISED**

**1 OUT OF 10
MICROINSURANCE
PRODUCTS ARE
DISTRIBUTED THROUGH
NGO**

Other highlights

- Donors and development agencies are increasingly focusing on addressing **climate risks** and enhancing **financial inclusion**.
- Long-term support from organizations helps **strengthen microinsurance markets**, especially in smaller, more vulnerable countries.
- Government and donor subsidies play a crucial role in making insurance products **affordable**.
- Investments are especially critical in regions with high poverty rates, where traditional funding sources may be scarce.

Help us build the knowledge base around
microinsurance !

For more information on the Landscape of
Microinsurance, and/or you are interested in helping
us in the next years,
**please connect with the Microinsurance Network
team.**



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