

Microinsurance market: Lessons from Peru

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Key figures on Peruvian microinsurance market -2023



5.3 million people covered



9 insurance companies



US\$ 64.1 million in premiums



68 microinsurance products



US\$ 8.6 million in claims

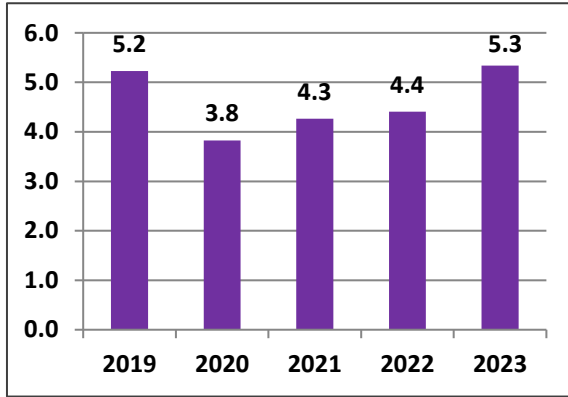


US\$ 12 average annual premium

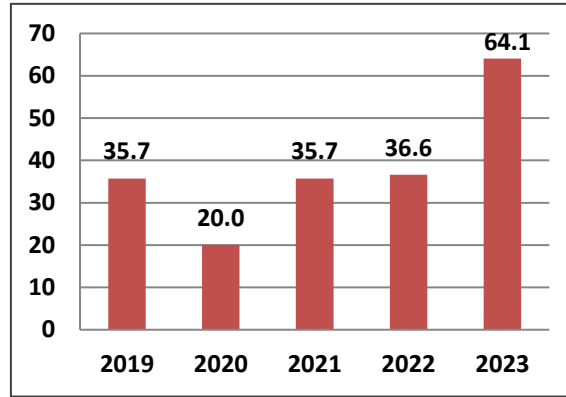
Estimated Microinsurance Penetration
(people covered / potential market) : **20%**



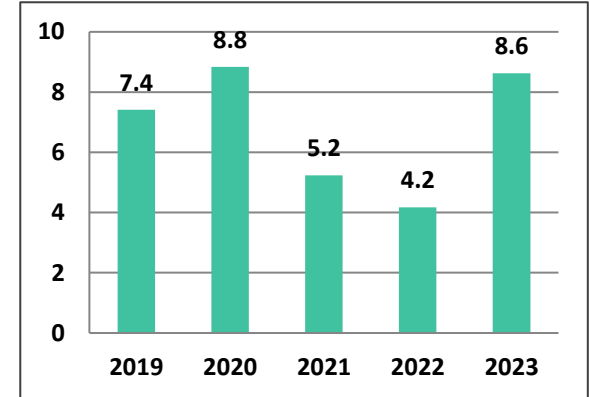
Evolution of People Covered (millions)



Microinsurance Premiums (US\$ millions)



Microinsurance Claims (US\$ millions)



Main distribution channel: Bancassurance and MFIs (> 90% insured people)

Claims ratio 2023 : 13.5%

Main Products according to # of People Covered

Robbery and assault 52%

Personal accidents 26%

Fire (property) 10%

Main Products according to Premium amount

Personal accidents 53%

Robbery and assault 25%

Individual life 6%

What has worked in the development of the market?

- Specific regulation on microinsurance, revised and improved through years (2007 – 2009 – 2016 – 2024). Active participation of the industry.
- Key role of MFIs as distribution channels for the target population.
- Government financial inclusion initiatives.
- Synergy through government actions targeting the same population (example: catastrophic agricultural insurance ≈ 800 k people covered).
- Development of new products and coverages.

What needs to be improved?

- Increase awareness on insurance role within target population.
- Trust about insurance companies within target population.
- Persistence of high commissions demanded by distribution channels.
- Greater boost to commercialization through digital channels or using MNOs.

General considerations

1. Joint effort is required from companies and regulators:
 - a. Good team
 - b. Solid strategy
 - c. Careful **implementation**
2. If you don't know your starting point, it is hard to know how far is your progress. **DATA rules.**
3. It is very useful to have demand studies and support supply side with regulatory efforts, but **beware of regulatory arbitrage.**
4. Microinsurance will develop amid many public policies initiatives aimed to the same population. **Weak social protection policies leave a huge window of opportunity.**



APESEG

Asociación Peruana
de Empresas de Seguros