

Summary

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Parallel Session 5 – Group versus individual insurance Experience from the field

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South Africa has a well-developed insurance and savings industry, providing services across much of the range of the socio-economic spectrum. This presentation describes the findings of a study into long-term contractual endowment saving products sold by insurers to low-income South Africans.

Demand-side surveys suggest that a number of customers either do not understand the features of the product or purchase it inappropriately. Supply-side analysis demonstrates the trade-offs that the designers of these products must weigh up in the areas of accessibility, charges and flexibility, suggesting that few products manage to meet the range of objectives sufficiently well. This is not helped by generally poor quality documentation to customers.

The research appears to suggest that individual products cannot succeed at the low end of the South African market, but there are models that deserve closer attention, incentivising distribution and designing products with the customer in mind.

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