

Summary

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Session 2 – Role of reinsurance in promoting microinsurance

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Role of the reinsurance industry in the microinsurance product development in Latin America & Caribbean

A brief overview about the reinsurance's sector activities in the product launch for lower income classes in Latin America and the Caribbean will be given. The reason of involving the reinsurance industry is usually not capacity, but know how building is of special interest for local insurers, as they do not have access to data bases as their multinational competitors. Furthermore smaller and midsized insurance companies do not count often with sufficient human resources to design new products.

Also it has to be considered that each new product launch bears many risks especially the risk of innovation. Either the board of director, shareholders/owners or the legal institutions (.e.g. superintendence) often delay or even reject a new product at the end of this time consuming process. By forming a team with international experts, who provide their international knowledge all these risk can be reduced and time frame can be reduced.

Based on our business practice the constant review of the product net is necessary during the product development process. Many good product ideas failed in the past as especially pricing, premium payment and distribution channels have not been focussed enough. Same example of weaknesses of existing products in Latin America and Caribbean will be given and how the insurance sector can profit from other industries (e.g. mobile providers).

Key messages:

1. Know how and Risk Transfer are provided by Reinsurance Industry
2. Product design must consider the particular living conditions of the target group
3. Traditional distribution channels have to be replaced by new ones
4. Product Pricing and Flexible Premium Payment are essential

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