

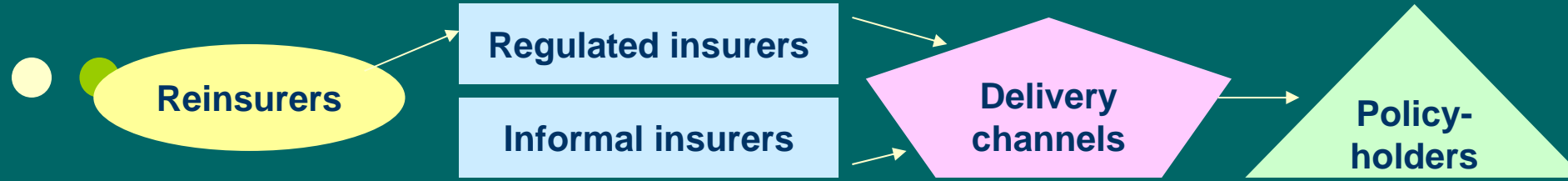


Introduction to Microinsurance: Stakeholder Perspectives

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Microinsurance Supply Chain



What they do	Reinsurers	Regulated insurers Informal insurers	Delivery channels	Policy-holders
Who they are in MI	<ul style="list-style-type: none"> •Multinational, •Regional, and •National reinsurers 	<ul style="list-style-type: none"> •Multi-national and domestic commercial insurers •Mutuals (professionally run) •CBOs •NGOs •Funeral parlors •Informal groups 	<ul style="list-style-type: none"> •MFIs and banks •CBOs •NGOs •Specialty agents •Employers •Governments •Retailers •Churches •Brokers 	<ul style="list-style-type: none"> •Individuals •Groups (for clients, members, employees, and others)

REGULATIONS and SUPERVISION – The foundation of sound consumer protection
SUPPORT STRUCTURES – actuaries, associations, adjusters, IT providers, others
DONORS – Strengthening the weak spots



Policyholders (the market)



- People do respond to “good” products
- Generally lack understanding of insurance and thus require knowledge and appreciation
- Education, marketing, policy documents MUST be simple and appropriate
- We need to help people link needs with insurance as an appropriate response

Successful microinsurance products must be



S.U.A.V.E.

- **S**imple – policies, conditions, marketing, procedures
- **U**nderstood – risk pooling, procedures, coverage
- **A**ccessible – purchase, premium payments, claims
- **V**aluable – matches needs, fair price and coverage
- **E**fficient – for insurers, delivery channels, policyholders

Delivery Channels



- They can create efficient and effective access to the low-income markets
- Interested in fee earnings, directly related cover, and customer value
 - Wide range of motivations
- “Agents” versus “Brokers”

Commercial Insurers



- Profitability AND corporate social responsibility
- Many are profitable especially with life products
- Need greater innovation in
 - Product design - SIMPLICITY
 - Processes
 - Controls
 - Systems
- New technologies are needed, seeing more innovation (E-zwich, cell phones, bar codes – how much can we expect from technology)

Mutual Insurers

- Several types
- Tend to be closer to members and can be better at responding to members
- Often social or family based
- Maybe identify means of aggregating smaller and informal mutuals so they can act as distribution channels rather than taking risk
- Requires a flexible balance between consumer protection and innovation
- Lessons to learn from them



Re-Insurers



- Strong interest in this market
 - Munich Re, Swiss Re, Paris Re, Interpolis Re, others
- Limited role with basic products
- Taking on a product development role
- As products increase in complexity interventions will increase
 - Index
 - Health
 - Property
 - Broad life cover



Regulation, supervision, and policy



- Creating an enabling environment for financial inclusion
- IAIS Joint Working Group
 - Issues paper
 - More than 20 supervisors are members
 - Case studies
 - Training of 35 with FSI
- Balancing consumer protection with innovation and flexibility (Consumer protection must not yield exclusion)
- Regulators and supervisors often have a development role
- Issues include: agents, definitions, composite products, special regulations for MI, policy level coordination
- MI regulations – Many different approaches
 - Peru, Mexico, Brazil, South Africa, India, Philippines
 - Several are working on MI regulation

Support Structures



- Insurance associations and institutes could be focal points for MI trainings and programming
- Insurance market education is lacking
- Weak information
 - Actuaries
 - Risk data
- Technology development and implementation
 - International consortium

Donors



- Donors are becoming very active, but still learning
 - ILO Microinsurance Innovation Facility
- Donors have a critical role in:
 - **research and development**
 - **Support infrastructure**
 - **Knowledge transfer**
- Investors are entering the field

DfID

CIDR

ILO Microinsurance
Innovation Facility

USAID

IDRC

IFAD

UNCDF

UNDP

Ford Foundation

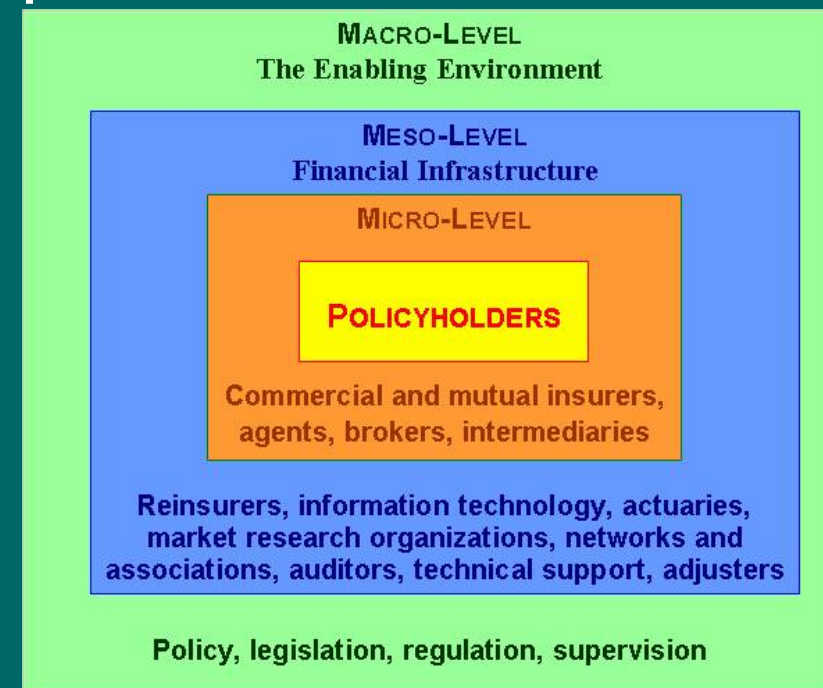
IFC

World Bank

ILO

Concluding thoughts

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- S.U.A.V.E Products
 - Simple, Understood, Accessible, Valuable, Efficient
- Insurers can be successful in this market
- Delivery channels need to represent their clients
- Support structures needed
- Enabling regulation
- Comprehensive approach
- Win-Win-Win



The MicroInsurance Centre

"Developing partnerships to insure the world's poor"



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