



# Tanzania Access to Insurance Diagnostic- Key market trends

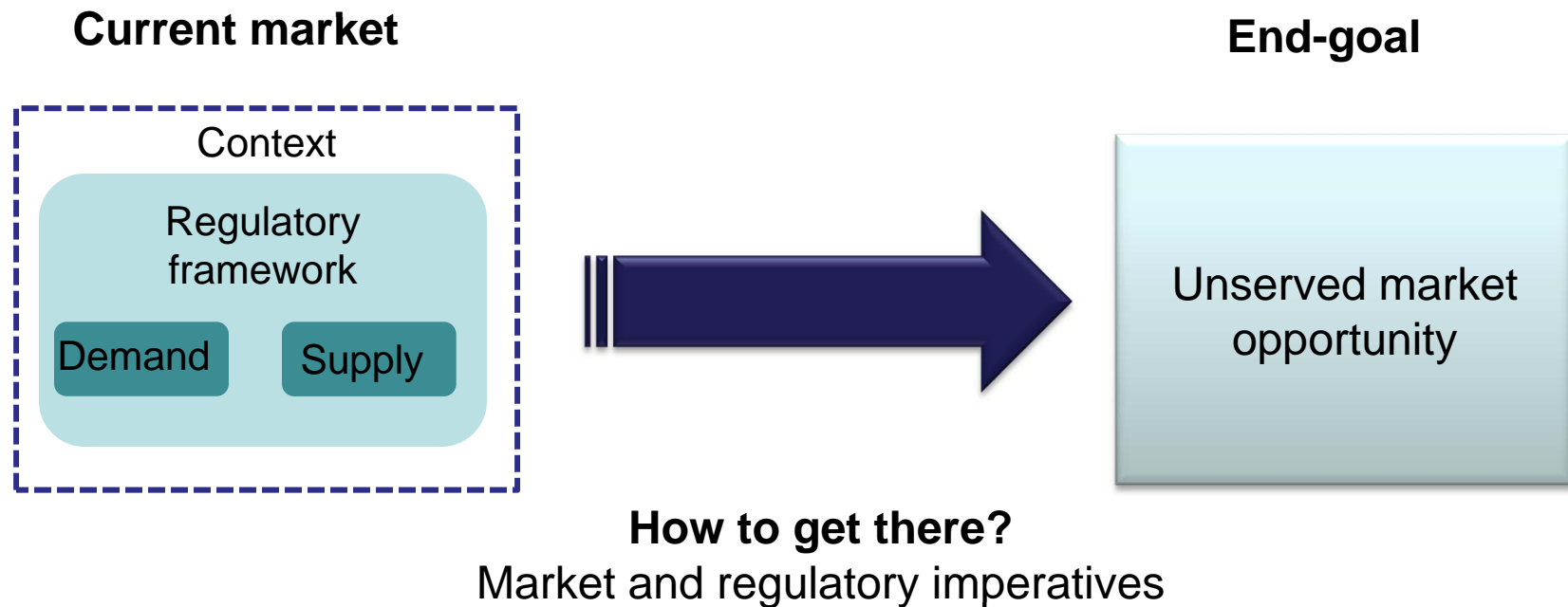
8<sup>th</sup> International Microinsurance Conference  
Dar es Salaam, November 2012

*Presented by:*  
Hennie Bester

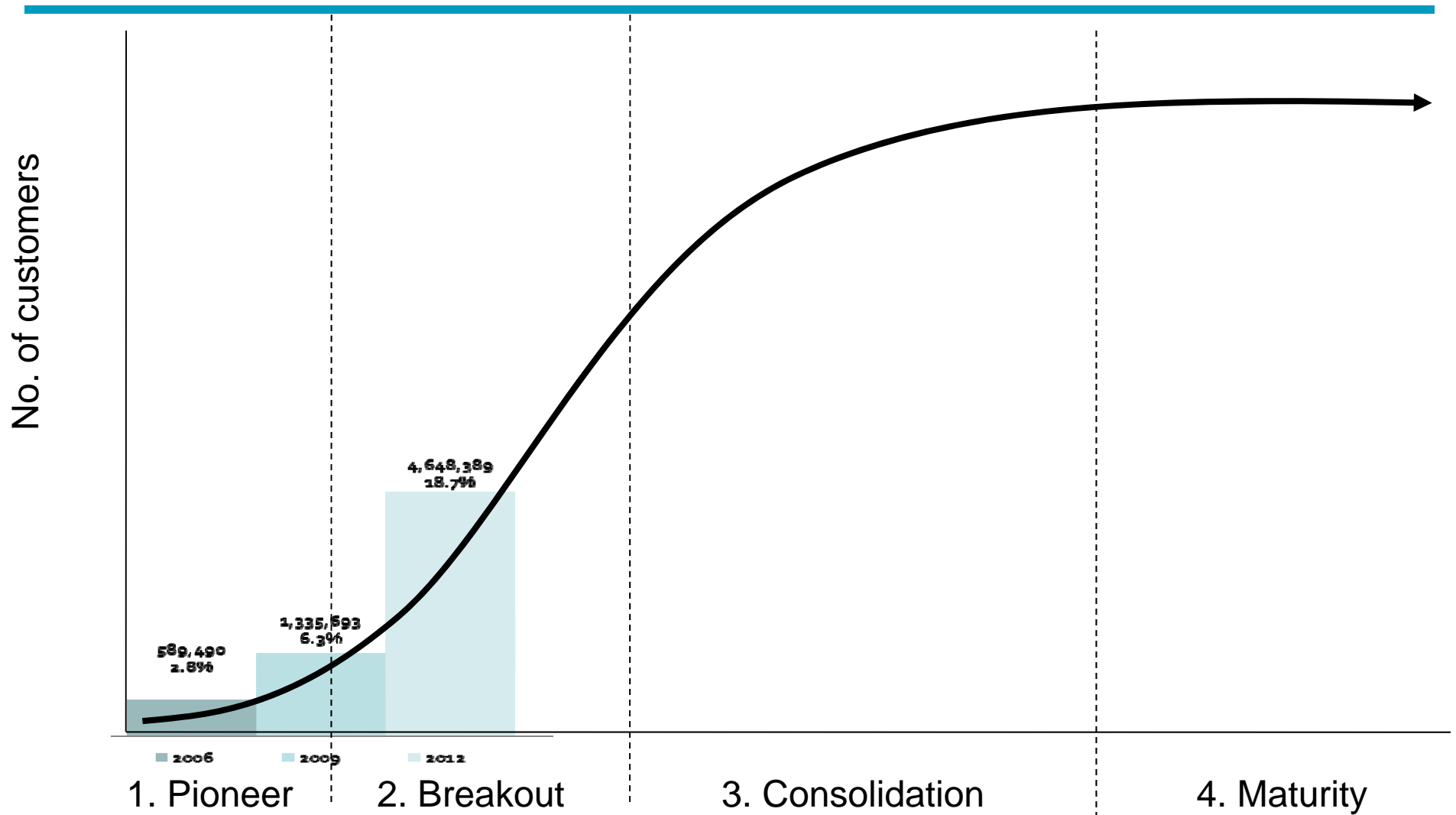


# What is a diagnostic?

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# From pioneer to breakout stage



# Main drivers of microinsurance uptake growth

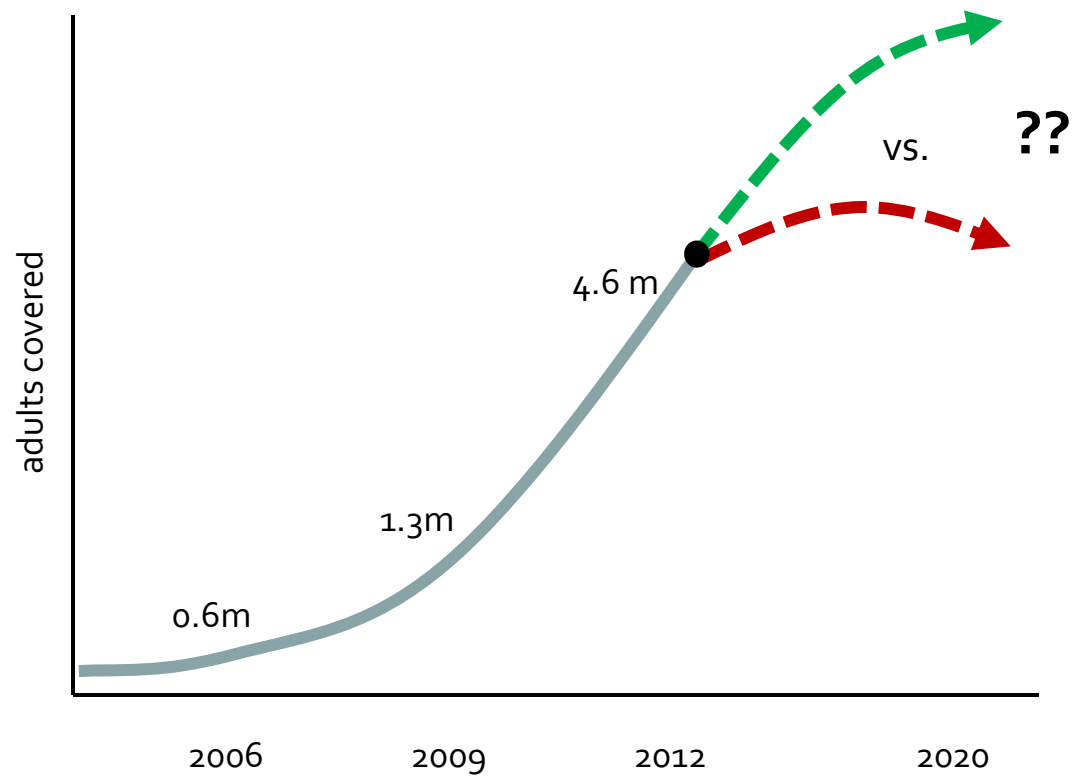
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- Embedded products, most of them with a life component
- Conspicuous in their absence in low-income market :
  - Agricultural insurance
  - Private health insurance

} Cost & distribution challenges

# What comes next?

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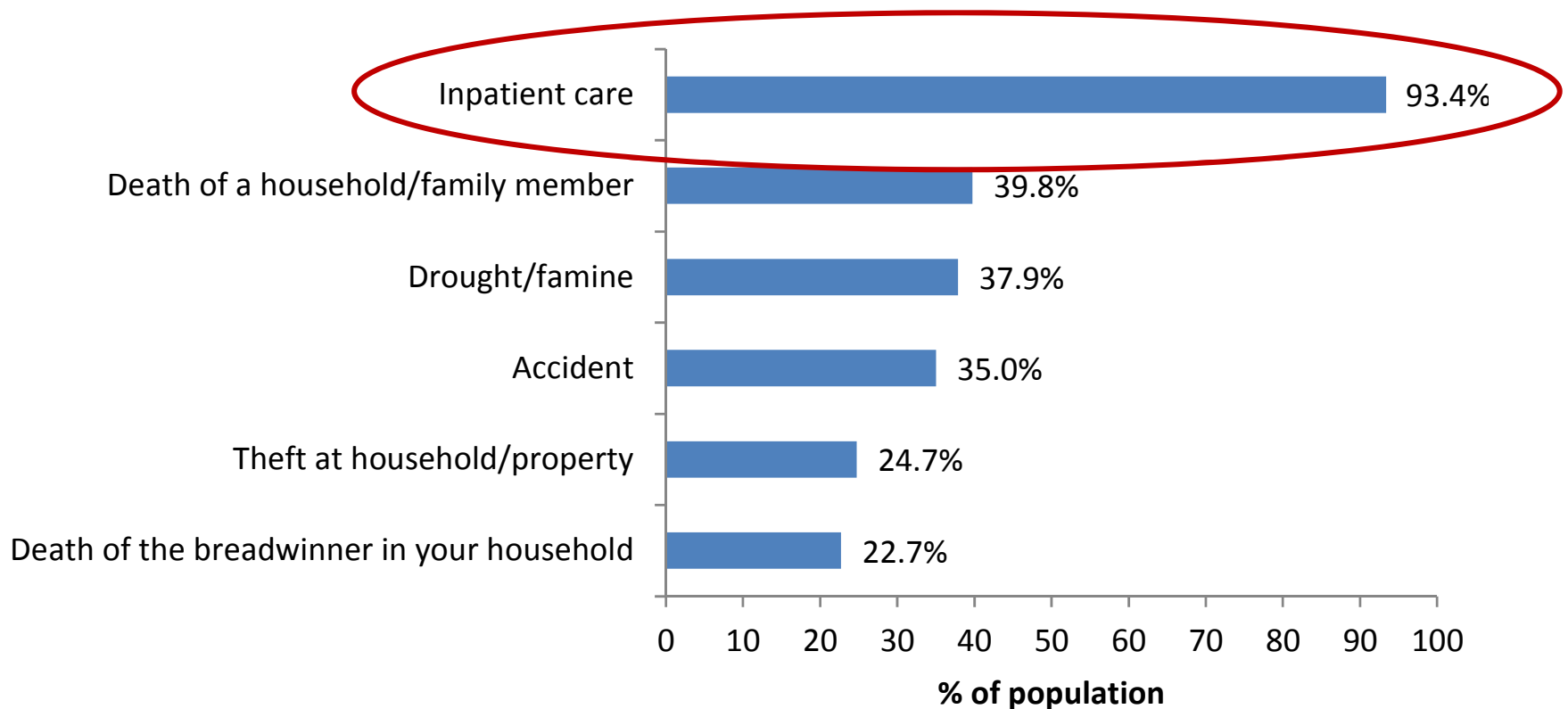
# Tipping point determinants

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- Does the product offering speak to client needs, deliver value?
- Cracking the distribution code

# Health: a paramount demand-side need

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## Health: a paramount demand-side need

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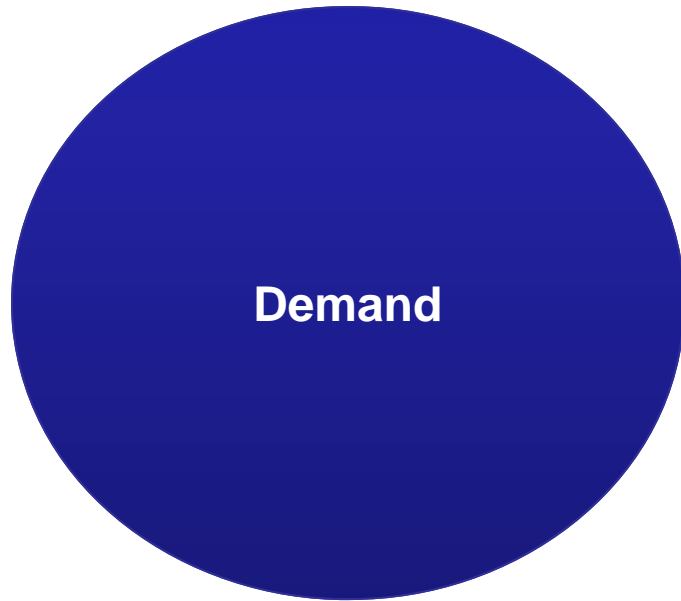
“When my child gets sick, I have to wait until I realize that by using tablets from the pharmacy he is not going to get relief. I need to wait in order to collect enough money to take him to hospital.

And in order to take him to hospital you need to cut off some important services for the family. You can sometimes tell your family that we have to reduce the number of meals per day.” (Group 13: non-insured men, urban Kilimanjaro - Moshi)



# Yet current health financing landscape fails those who need it most

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vs.



- **NHIF** – 2.5m 23 % claims ratio
- **NSSF** – 31 000 members
- **CHFs** – 534 000 members
- **Private/NGO CHIF** <1%
- **Commercial insurers** – 200 000

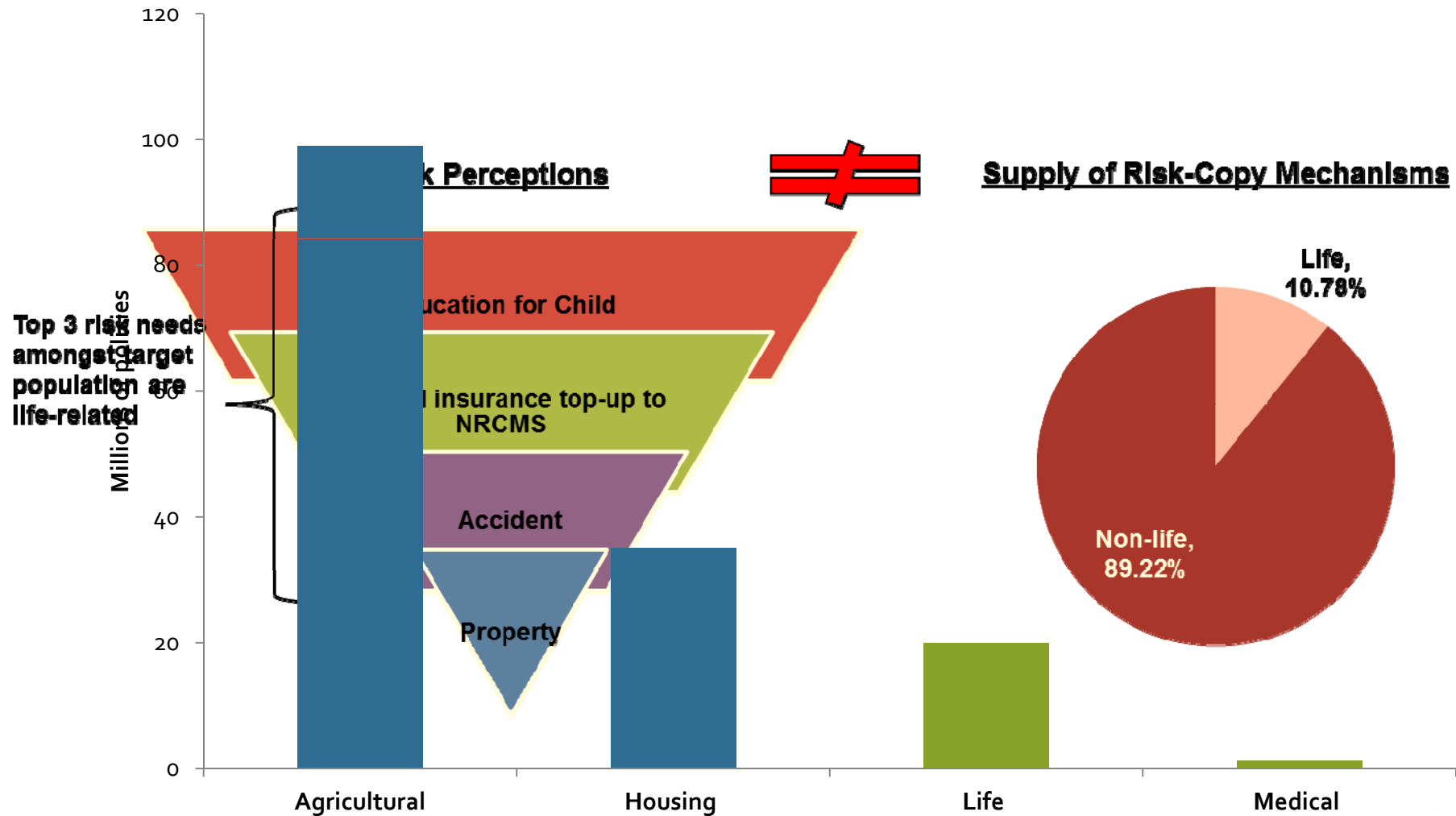
# Current offering unlikely to lead to positive market discovery

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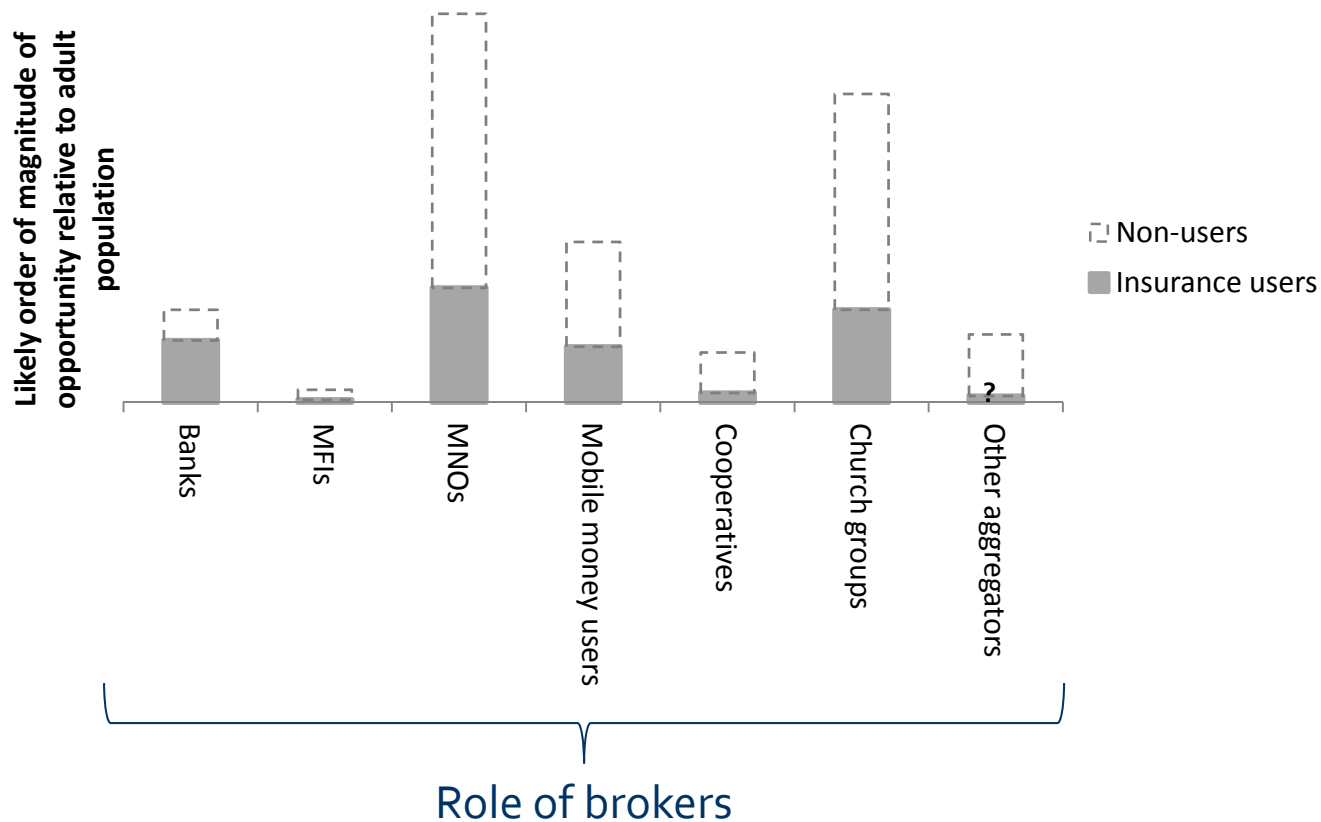
- People associate insurance with public insurance – shapes **perceptions**
- Word of mouth effect of past negative **claims** experiences
- Low awareness and value for **embedded** products
- Products not perceived as **available** and **appropriate**

# China example: Savings culture - disjuncture between supply and demand



# Where do the largest distribution opportunities lie?

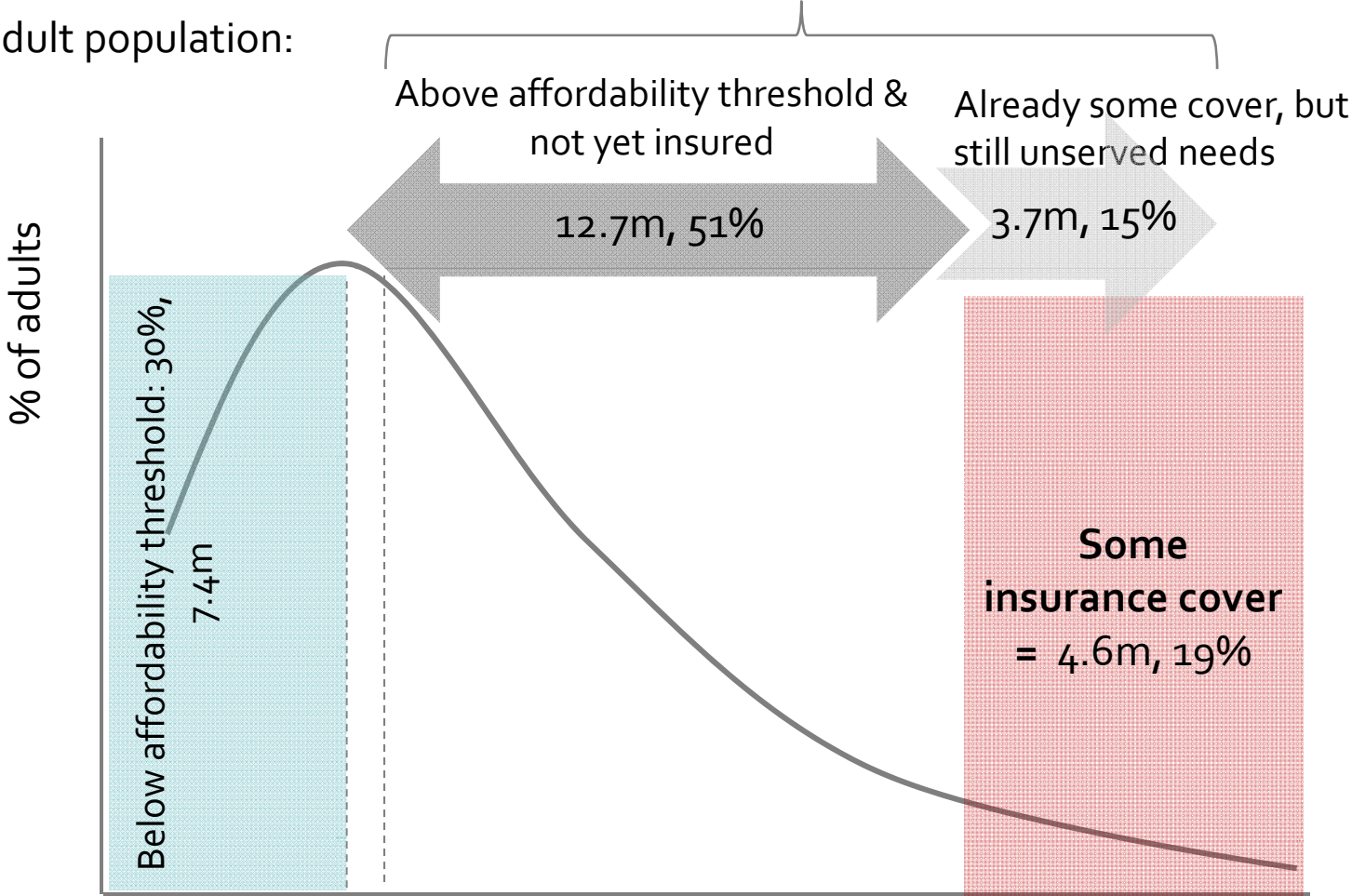
- Traditional distribution methods unlikely to grow MI market at scale, making alternative distribution a necessity
- Alternative distribution requires **viable** aggregators



# Identifying the market opportunity

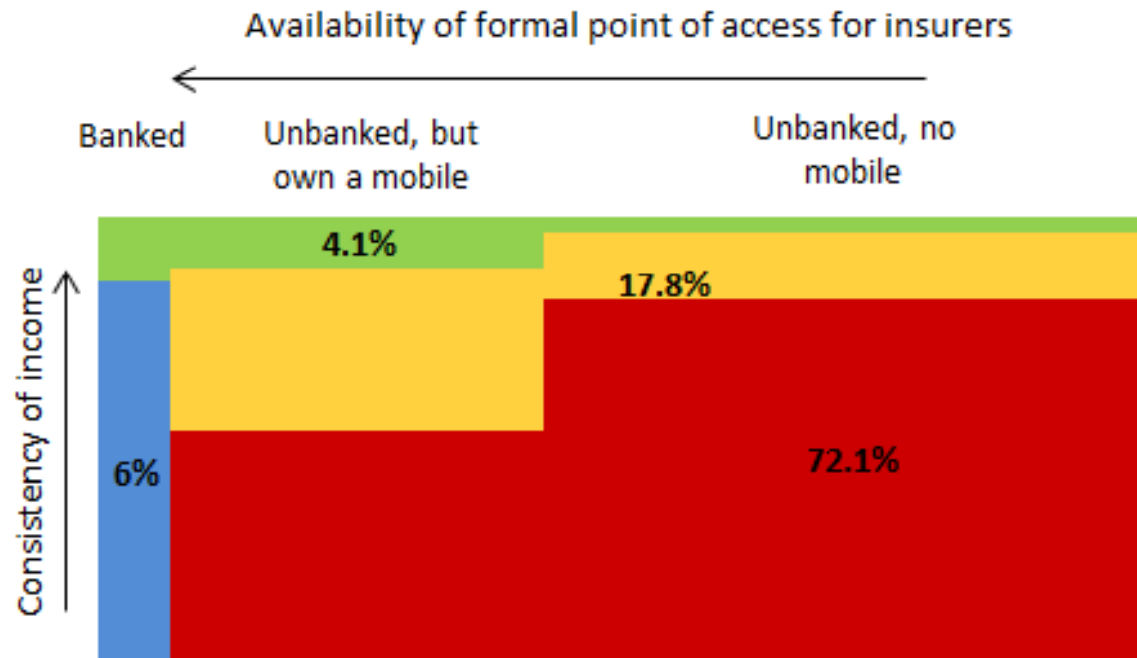
Potential MI target market:  
16.4m, 66% of adults

Total adult population:  
24.8m



Below basic needs poverty line: 34% of pop.

# Understanding the nature of the opportunity



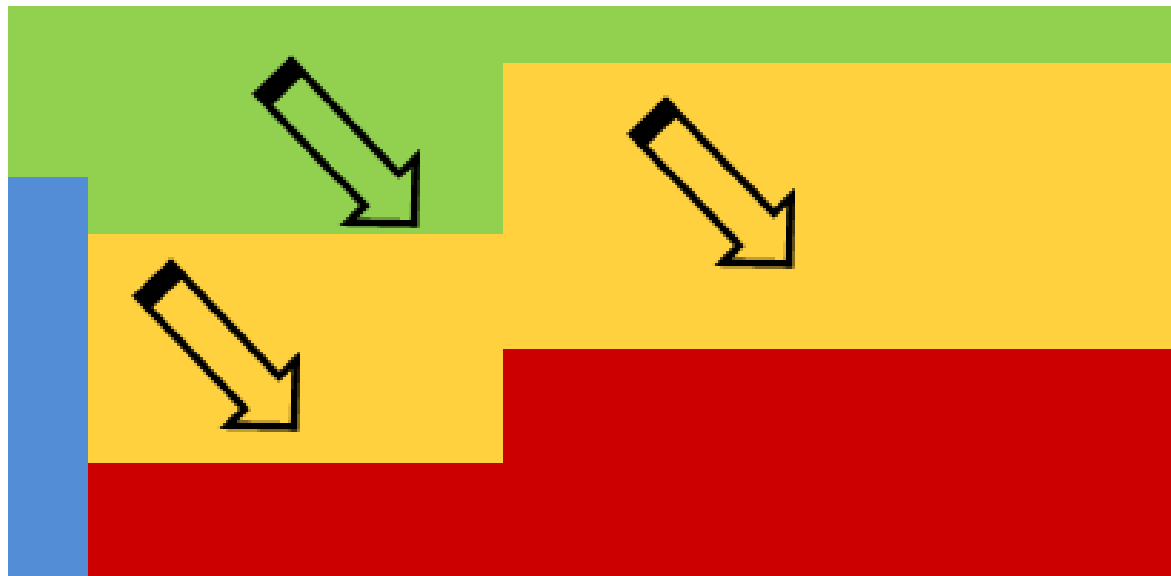
**Key:**

- Within reach: 864 185 individuals, 4.1% of adults
- Flexible premium: 1 265 694 individuals, 6% of adults
- Innovative distribution: 3 759 532 individuals, 17.8% of adults
- Hard to reach: 15 270 645 individuals, 72.1% of adults

# What has changed since 2009?

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- Usage: 6% → 19%
- 2 scenarios: *either way innovative response required*



**Scenario 2 - rapid rise in mobile penetration, some increase in banked status means that the segments have shifted - more now within reach, innovative distribution**

# Strategic imperatives

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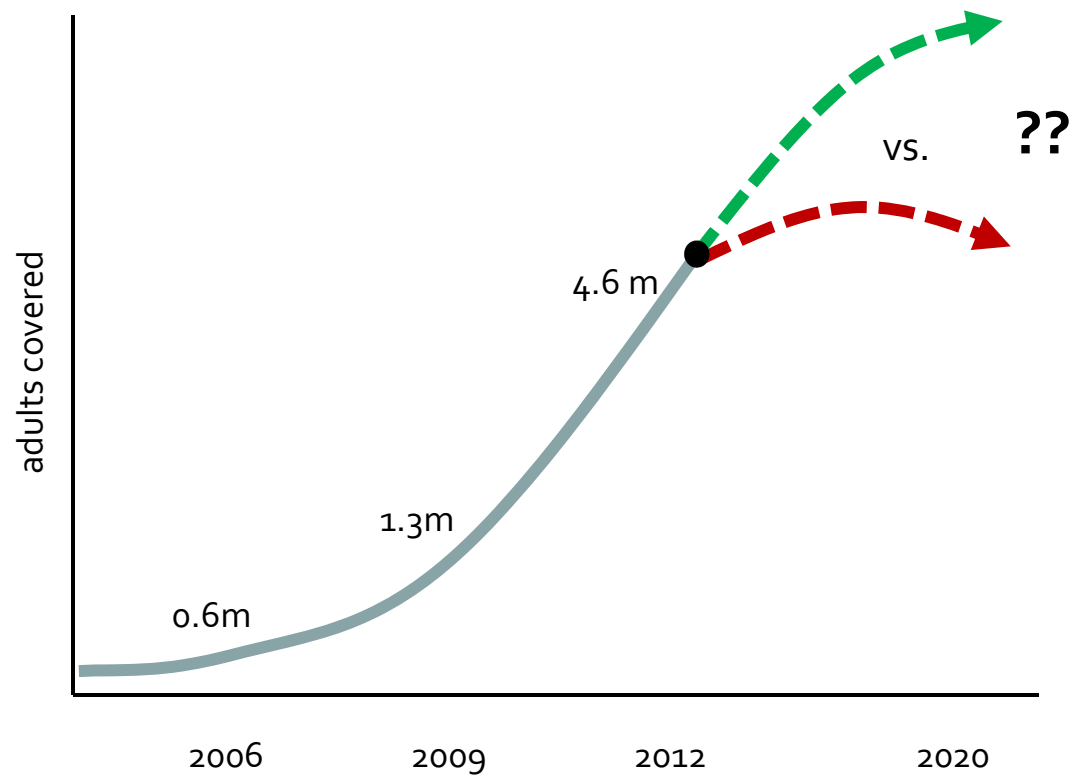
## Top-5 market imperatives

1. Creating a compelling retail business case
2. Building skills and capacity to trigger MI product innovation
3. Ensure positive market discovery
4. Educate customers through the sales process
5. Pursue strategic distribution partnerships



# The future is yours!

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# Thank you!

Any feedback or queries:

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