Meas Sophea sits on the Krang Lahiong town council in Cambodia. She works for a microfinance group that provides rice farmers with insurance.
In October 2005, the Munich Re Foundation organised a landmark event when it brought 90 experts to Schloss Hohenkammer to discuss the provision of insurance for low-income policyholders. This became the first of ten (and counting) annual international conferences that have rotated around the world each year, from Latin America to Africa to Asia.

Craig Churchill
As Chair of the Microinsurance Network, it has been my honour to collaborate with the foundation in organising the conference agenda and selecting speakers. Together, the foundation and the network have created an anchor event on the calendar around which many other agencies organise complimentary activities, including policy forums for insurance supervisors, academic seminars, and an innovation forum for practitioners.

Much has changed in the microinsurance world in the past 10 years. At the first conference, we focused on the basics, such as how to collect premiums from people with limited cash flows, and how to sell insurance to people who had never had it before. Most of the experiences at that time were from NGOs, community mutuals, and microfinance institutions. Insurance companies were sometimes involved, but usually as passive partners. Sometimes they adapted their products or processes, but often not going far enough to make them relevant for this target market.

I do not think anyone who attended that first event expected that we would still be having conferences in 2014. We certainly could not have imagined that we would be talking about distributing insurance through mobile phones, specialised insurance regulations, the role of associations to support market development, or using weather stations and satellites to determine if claims should be paid. Indeed, microinsurance has come a long way in the past decade and has grown sharply.

Today, in many countries, the insurance industry is no longer just an observer, but rather is a driver in the microinsurance revolution as it introduces new technologies, collaborates with alternative distribution channels, and reformulates processes to be relevant for the majority of the population in emerging markets. Not only is microinsurance an opportunity for insurers to access and establish new markets, but the innovations required to serve these markets can have a positive impact on their core business as well.

The annual International Microinsurance Conference has made a major contribution to this rapid evolution. From conversations that I have had with insurers, regulators and other stakeholders across the globe, they often mention conference participation as an important turning point for them, where they had an “aha” moment that influenced their thinking and their approach.

The fact that many people return year after year is a formidable testament to the power of these events. Even though the conference content has moved on to many new topics and issues, we still keep coming back to the fundamentals because we keep learning how to make the basics work better.

One of the issues that remains true today as it did in 2005 is the duality of microinsurance, combining the social and commercial dimensions. This duality remains very much a tension today, most commonly articulated as the balance between client value and viability. But fortunately we do not have to have a trade-off between these dimensions; a number of examples are emerging that represent win-win scenarios, where providers have made modifications to improve viability or value, and had a correspondingly positive impact on the other dimension as well.

This duality is also manifested in public-private partnerships (PPPs) between governments and the insurance industry — for example on health, agriculture and disaster risks. Through PPPs the insurers can serve as an ally for the government to achieve public policy objectives, while at the same time increasing the flow of premiums and expanding market share.

The development impact of insurance is not just seen at the household level, but also within the economy as a whole. By managing and diversifying risks, insurance enables entrepreneurs to make higher risk, and higher return investments, thus stimulating growth. We see this, for example, coming from studies on agriculture insurance, where small farmers who are insured are willing to make more investments, in fertiliser or cultivate larger plots, which result in higher incomes, and therefore contribute to breaking the vicious cycle of poverty.

Insurance has the power to change people’s lives, to protect their health and their assets, and to give them peace of mind to make investments for the future. Through their work, the Munich Re Foundation and the Microinsurance Network are making valuable contributions to enhance the availability of quality insurance for the working poor, which also benefits their communities and their countries.
Microinsurance protects poor people in employment against risks. Solutions for small farmers are offered in Africa and Asia. The picture shows a rice farmer in Cambodia.