
4th International Microinsurance Conference

5–7 November 2008
Centro De Convenciones y Exposiciones
Cartagena, Colombia
www.microinsuranceconference2008.org



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Summary

Microinsurance Conference 2008

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Cartagena, Colombia



Side Event

CGAP Working Group on Microinsurance ,
Performance Indicator Sub-group
Performance Indicators for Microinsurance.

The CGAP Working Group on Microinsurance has set up a Performance Indicator Sub-group that works to develop standard key performance indicators for microinsurance, improving comparability of schemes for enhanced performance and greater transparency.

This side session will inform you about the activities of the Sub-group and the importance of microinsurance evaluation.

Nine key principles and ten key indicators that are applicable to all microinsurance providers, irrespective of legal structure, environment, delivery model and type of microinsurance product offered, were agreed upon by providers and experts through two workshops (2006 – 2007) and a process of feedback and testing from those who are involved in microinsurance.

This year, regional workshops for microinsurance providers, were held in India and Peru, another one is planned for Senegal. One of the main objectives of these workshops is to enhance the skills and capacity of management in interpreting ratios, analysing financial trends, positioning themselves within the industry and identifying key areas of risk to mitigate. More workshops are planned for 2009.

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Side Event

Global Information on MicroInsurance GIMI

A presentation of the GIMI (Global information on MicroInsurance) and GESS (Global Extension of Social security) will be given in English and Spanish with a focus on the content provided on the platforms (documents, databases, thematic pages, etc.); the relevance of such platforms for microinsurance practitioners will be explained (e.g., to be more visible, to share knowledge and collaborate with other professionals) and how to use the websites. We will also briefly present the ACYM platform which is a similar interactive website, focused on Latin America.

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Microinsurance Innovation facility

Strengthening microinsurance through innovation and capacity building.

The ILO's Microinsurance Innovation Facility was established in 2008 to support the extension of quality insurance to protect millions of low-income people in developing countries. As a learning initiative, the Facility aims to understand better how low-income people can use insurance to manage risks, what insurance products are appropriate for this market and how to provide them.

The Facility will present its main activities to expand microinsurance:

- giving grants to institutions to devise and test innovative approaches to providing better insurance products to the low-income market
- supporting the development of technical assistance providers and encouraging the demand for technical assistance

The side event will focus on:

- how to apply for an innovation or a technical assistance grant?
- how to become a designated technical assistance provider?
- testimonials from some Facility's grantees selected during the first round of the Innovation Grants (May - July 2008)

For more information, please contact us at microinsurance@ilo.org

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Side Event

Micro Insurance Academy, India

Involving customers in benefit package design - Choosing Healthplans All Together (CHAT): a new and improved way to reflect client preferences in insurance packages.

One of the major challenges that the microinsurance sector faces is how to design "relevant" insurance packages: packages that reflect the priorities of clients and are thus acceptable rationing options for the people who must pay the premium.

To address this issue, the Micro Insurance Academy and its partners, notably the National Institutes of Health (USA), developed a simulation tool called "CHAT" ("Choosing Healthplans All Together") that allows variably educated populations who are inexperienced with health insurance, to design health benefits, within the limits of willingness to pay (in India this means a premium of about \$1 per household per month).

CHAT is a game-like tool which is simple and free-of-charge to use. It creates transparency and introduces democratic choices – breaking the monopoly of insurance companies (though CHAT can also be used by insurance companies) on this crucial part of designing health insurance, and integrating it in habitual health financing options. Even illiterate and innumerate people can participate in CHAT, and decide on the composition and price of their health insurance. The process enables the local community to make better use of local knowledge and customs through which many individuals share responsibility for effectiveness of the insurance.

CHAT brings to market a process that enables the primary beneficiaries, communities at the "bottom of the pyramid", to assert an interest in health insurance that disrupts the established "take-it-or-leave-it" approach to marketing health insurance products. By involving communities in benefit package design, the link between premium and benefits becomes much more acceptable and coherent to poor communities, and the complex concept of health insurance becomes less threatening. To the best of our knowledge, CHAT is the first and only such process in developing countries.

As health insurance penetration is increased, out of pocket spending (the least efficient form of health financing) is reduced, shifting towards the more efficient prepayment and pooling mechanisms.

In 2008, following field experience with the initial CHAT tool and analysis of the results and the process, a revised and improved version (so-called CHAT 2.0) has been elaborated; it enables participants to increase or decrease their health budget (the previous version was played with a pre-determined health budget). The new version has also been adapted to the possibility of "en-bloc" affiliation of communities, by playing a "village CHAT" to be held in the village square.

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The presentation will demonstrate the dedicated training tools that have been developed by the MIA to accompany CHAT and make it fit into a holistic insurance provision process.

Key messages:

- Designing insurance packages can be fun and games!
- Involving clients in benefit package design is possible, and can reduce transaction costs and increase relevance of packages.
- With the right tools, even illiterate & innumerate persons can design insurance packages, and this involvement increases the penetration of microinsurance in markets that are hard to reach otherwise.

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Micro Insurance Academy,
Side Event

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Side Event

Planet Guarantee

Created in August 2007, PlaNet Guarantee (PG) is a subsidiary of PlaNet Finance (PF) Group dedicated to the promotion and the development of microinsurance schemes. Recently registered as an Insurance Broker, PlaNet Guarantee work on the following axes related to microinsurance:

Planet Guarantee is offering Technical assistance for PlaNet Finance operations towards Microfinance Institutions: PG brings consulting services to Planet Finance group in order to disseminate microinsurance models through the Planet Finance's offices channel.

Support MFIs to select microinsurance projects and raise awareness of microentrepreneurs: PG helps MFIs to select and to implement standardized microinsurance models considering the demand side: there is no medical selection, and there are few exclusions (consequences of AIDS, malaria, bird flu are covered), a profit sharing scheme is designed to benefit for the MFI and for the microentrepreneurs,

Provide Technical Assistance to Insurance and Reinsurance companies to develop the microinsurance market to fill the gaps and the lack of skill of the MFIs as regards insurance and risk management and give necessary capital to absorb the product and the management adaptation costs.

Undertakes the overall management processes on behalf of the insurance company: memberships, claims management, premium calculations, insurance and reinsurance reporting, MFI staff training, ...

Transfer the insurance management to the MFI : PG will train the MFI staff (accounting department, field officers, ...) so that the MFI could handle memberships, pay claims in 48 hours and make relevant reporting.

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At the moment, PG is implementing Credit Life product in 6 countries (Senegal, Cameroun, Ivory Coast, Madagascar, Egypt, Sri Lanka) through 10 MFIs that cover about 150 000 microentrepreneurs. The credit life scheme guarantees the MFI's portfolio in case of death following disease or accident and disability following accident of the borrower. The insurance company repays the **seed capital** from which the MFI receives the outstanding capital and the microentrepreneur receives the difference between the seed capital and the outstanding capital. Microentrepreneurs' families and MFIs are both beneficiaries of the insurance.

Concerning health products, PG is launching a **health mutual insurance** in Benin which objective is to set up the basics of a health insurance for microentrepreneurs and their families. The mutual institution will promote and distribute the scheme through MFIs' networks, which is a particular efficient distribution channel.

PG is also working on new microinsurance product such as **hospitalization plan, retirement scheme and crop insurance.**

During the side event, two representatives of Planet Guarantee will present PG's approach to develop microinsurance, the products developed and to be developed, and the added-value of this approach.

PlaNet Guarantee
13 rue Dieumegard, 93 400 Saint-Ouen France Tel. +33 (0) 1 49 21 26 26 / Fax +33 (0) 1 49 21 26 27
www.planetfinance.org
SAS au capital de 100 000 euros – R.C.S 500 820 089 Bobigny
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Side Event

United Nations Environment Programme
Finance Initiative
Innovative financing for sustainability

I. Background

The United Nations Environment Programme Finance Initiative (UNEP FI) is a public-private partnership between UNEP and the global financial services sector which seeks to embed environmental, social and governance thinking and action within financial institutions and across capital markets.

The UNEP FI Insurance Working Group (IWG) is an alliance of leading insurers committed to embedding sustainability in their strategies and operations as an integral part of their corporate responsibility. The IWG believes that integrating environmental, social and governance factors into core processes, products and services is material in enhancing long-term company value, and contributes to sustainable development. The IWG collectively defines this strategic approach as “sustainable insurance”, consistent with the triple bottom line of people, planet and profit.

II. Session Outline (provisional)

Title

Mainstreaming Microinsurance, Natural Catastrophe Insurance and Risk Financing Solutions

Description

The UNEP FI Insurance Working Group will launch its report entitled:

Macro to Micro: Insuring for Sustainable Development
Linking Microinsurance, Natural Catastrophe Insurance & Risk Financing (MNR) Solutions

Report Aims

- Link and establish the business case for innovative MNR solutions in developing countries
- Help develop MNR strategies for the financial services sector and illustrate how financial institutions (e.g., insurers, banks, investors, and microfinance institutions) can work together
- Articulate the key roles of regulators and policymakers
- Understand the collective impact of MNR solutions on sustainable development

The report is integral to the long-term UNEP FI Insurance Working Group initiative to develop “Principles for Sustainable Insurance”, which will establish a sustainability framework for the insurance industry and a global network of insurers proactively addressing sustainability issues by pooling resources and sharing best practices, complementing the UN Principles for Responsible Investment (<http://www.unpri.org>).

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Session

- Presentation of the aims, scope and key findings of the report
- Panel discussion on key microinsurance issues for commercial insurers, as well as the interrelationships between microinsurance, natural catastrophe insurance mechanisms (e.g., pools), and innovative risk financing instruments (e.g., catastrophe bonds)
- Question & answer segment with the audience

Speakers

- Raven Smith, Director, American International Group, USA
- Toon Bullens, Cooperative Insurance & Innovation, Achmea (Eureko B.V.), The Netherlands
- A senior executive from Allianz (Germany or Latin America)
- Butch Bacani, Asset Management & Insurance, United Nations Environment Programme Finance Initiative, Switzerland

III. UNEP FI Insurance Working Group Member Institutions

1. Achmea (Netherlands)
2. Allianz SE (Germany)
3. American International Group (USA)
4. AXA (France)
5. Folksam (Sweden)
6. HSBC Insurance Brokers (UK)
7. Insurance Australia Group (Australia)
8. Interamerican Hellenic Life Insurance (Greece)
9. Lloyd's (UK)
10. MAPFRE (Spain)
11. Munich Reinsurance Company (Germany)
12. Norwich Union (Aviva) (UK)
13. RSA Group (UK)
14. Storebrand (Norway)
15. Swiss Reinsurance Company (Switzerland)
16. The Co-operators Group (Canada)
17. Tokio Marine & Nichido Fire Insurance (Japan)
18. XL Capital (Bermuda)

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