

Summary

Microinsurance Conference 2008

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Centro De Convenciones y Exposiciones
Cartagena, Colombia



Plenary 3 – Insurers going down market

Olivier Barrau, Alternative Insurance Company, Haiti
Credit/life insurance

The alternative insurance company A.I.C and Fonkoze (the largest MFI in Haiti) two respected leaders in their fields became the first to introduce a micro insurance program in Haiti. The insurance program is offered through the Fonkoze network, and covers its entire portfolio indistinctively when new loans are contracted. A.I.C has developed and introduced an insurance product that while fulfilling the clients' needs also responds to the needs of the MFI. The insurance product currently in place only covers in case of death. With the solidarity group structure of Fonkoze, this insurance product offered secures the group should one of its members die. It repays the balance of the loan, and an indemnity to the victim's family to cover some of the funeral expenses. The groups then are still eligible to renew their loans with Fonkoze and progress. This product is offered free of charge to the borrowers, as Fonkoze is currently absorbing all premium cost for the insurance coverage. The coverage offered to the Fonkoze clients stays in affect for the entire year following the disbursement of the loan, giving them an additional six months window to benefit from the indemnity payment even after having repaid the entire loan. The objective of such product is to give to a much bigger portion of the population access to insurance products which will make them less vulnerable to uncertain risks they might face in their lives. This bold initiative of A.I.C and Fonkoze has taught clients the importance of protecting the wealth they create with their loans and insure that it is not lost if death hits their family. With the help of insurance as a financial tool, low income population should have more money at hand for investment purposes which should stimulate the Haitian economy. As we gather feedback from the Fonkoze clients, it is made clear the concept of insurance is accepted and understood amongst the general population. With such positive feedback, we are now ready to introduce the second phase of our micro insurance program. The clients will have the chance to choose additional benefits to accompany the basic life insurance in place. This product will not only repay the balance of their loan, but will also guarantee a financial aid to the victim's family attributed to the children's education and food for a period of one to two years. A basic life insurance will also be made available for the entire family. This product represents a way to build loyalty amongst the clients, and Fonkoze's renewal rate. This product also represents a way for clients to promote and maintain their social and economic growth with the loans received. Being the first of its caliber in the Caribbean, this program will also contribute to the country's economy as it limits the level of vulnerability. Such innovative program helps A.I.C play its social role, as it gains access to a market that could not be reached before.

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Key messages:

The innovative program is to help the general Haitian population change from a culture of "GOD will prevail" to a culture of prevention, offer a professional and sustainable micro insurance product to low income individuals managed by trained professionals, help build trust and acceptance of this new concept, offer a financial tool to promote social and economic growth, and protect wealth that has been built

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