

Press release - 5 November 2009

5th International Microinsurance Conference



**Munich Re
Foundation**
From Knowledge
to Action

Microinsurance – The first option for the vulnerable to manage risks



The 5th International Microinsurance Conference in Dakar, Senegal, has been taking place this week with the aim of unlocking the full potential of microinsurance by addressing the most challenging topics such as health, access and product design. Microinsurance has been growing and expanding rapidly in recent years throughout the world but especially in Africa, said Craig Churchill from the International Labour Organization (ILO) and Chairman of the Microinsurance Network. “Over 14 million low-income people were covered by microinsurance at the end of 2008. Compared to a global landscape study conducted in 2005, this reflects more than an 80% increase for most African countries. This is substantial growth by any standard.”

The conference, organised by the Munich Re Foundation and the Microinsurance Network, involved nearly 400 microinsurance experts and practitioners who met to discuss trends and recent developments in cost-effective insurance for the poor. “With over 60 countries represented this year, the conference, held in Africa for the second time, is now truly the annual international meeting of microinsurance experts,” said Dirk Reinhard, Vice Chairman of the Munich Re Foundation and Chair of the conference organizing committee. “Experts usually think that Africa is the forgotten continent when it comes to economic development. But in the case of microinsurance, we are convinced that the conference participants will learn a lot from the experience in Africa, especially in the field of mutual health insurance.”

Microinsurance is facing many issues and one of them is the lack of reliable data. With this in mind the ILO's Microinsurance Innovation Facility presented a new Landscape Study of Microinsurance in Africa. This study found that 14.7 million people living under \$2 a day are covered by microinsurance in 32 African countries. This represents only about 2.6% of the population and differences among some African countries are quite significant. Senegal, for example, has just over 346,000 people covered (2% of the 14.7 million people covered on the African continent), while South Africa has 8.2 million (which represents 56%).

The study also found that Africa is dominated in terms of product by life insurance, while health insurance products cover only 1.9 million people. More positively, most of those covered enjoy comprehensive health packages with both in-patient and out-patient treatments. These packages, especially in Senegal, are predominantly delivered by health mutuals.

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“Health is a key issue regarding human rights and development, and this is the reason it has been selected as a key topic for this conference. Senegal has interesting and promising approaches, especially in the area of mutuals,” said Thomas Loster, Chairman of the Munich Re Foundation. “With many new initiatives at this conference I hope to see the conference and microinsurance grow. I also hope that microinsurance will soon no longer be known as micro, but macro.”

Microinsurance is not without its challenges, as Charles Dan, Regional Director Africa, ILO, correctly pointed out: “Indeed, there are still a number of important conditions that need to be put in place to enable civil society, cooperatives, microfinance institutions, and insurance companies to live up to their potential to extend sustainable protection to the working poor.”

Prisca Soares, Secretary General of the African Insurance Organization (AIO) concluded: “We need to go beyond talking and take concrete action. I see two major challenges. The first is education, but not only for the population; the providers too need to have a deeper understanding of the target market. The second is innovation. We need to think outside of the box and look at the needs of each individual population group, know their culture and customs, and it’s only by doing this that we will be able to offer good-value microinsurance products.”

About the conference and the organisers:

Initiated and organised by the Munich Re Foundation in collaboration with the Microinsurance Network, this is the 5th International Microinsurance Conference. This year’s conference is co-hosted with Conference Interafricaine des Marches d’Assurances (CIMA), the African Insurance Organisation (AIO), the Fédération des Sociétés d’Assurances de Droit National Africaines (FANAF), the World Bank/IFC, the Journal of Risk and Insurance, GTZ/BMZ and the International Labour Organization (ILO).

The Munich Re Foundation seeks to provide answers to overarching questions from a variety of perspectives in order to find sustainable solutions in the area of risk prevention. Questions concerning development are linked to risk management and poverty reduction.

Web: www.munichre-foundation.org

The Microinsurance Network is a member-based network of donor organizations, multilateral agencies, insurance and social protection providers, policymakers and academics. It provides a platform for information sharing and stakeholder coordination with the aim to promote the development and proliferation of insurance products for low-income persons.

Web: www.microinsurancenetwork.org

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