Microinsurance
Making insurance work for the poor
What is microinsurance?

People on low incomes are extremely vulnerable to risks such as floods, droughts, illnesses or death. Microinsurance aims to protect poor populations from specific perils in exchange for regular premium payments proportionate to the likelihood of the event and the cost of the risk involved.

Microinsurance is generally intended for individuals working in the informal economy who have been ignored by mainstream commercial and social insurance schemes or who have simply had no access to the appropriate products.

What products are offered?

Microinsurance can cover a variety of different risks, including illness, death and property loss – basically any risk that is insurable. Many microinsurance schemes started out as credit life schemes, complementing existing microfinance products. Covers for risks related to natural disasters, however, are still relatively scarce.

What are the main issues?

Despite the fact that microinsurance serves a huge, untapped market, it faces a variety of problems. Even today, only a small percentage of the four billion people considered to be poor have access to insurance. But the demand is huge. Experts estimate the number of potential microinsurance clients to be over four billion.

Further issues involved are low premiums and high transaction costs per client, a lack of infrastructure and insurance knowledge, insurance illiteracy, low and irregular incomes and a shortage of data.

What do we do?

The fight against poverty plays an important role in our work. To complement micro savings and micro credits that successfully help people out of poverty, microinsurance is an important tool in preventing people from falling back into poverty. Together with our partners, we host the world’s largest platform for exchanging knowledge and experience, the International Microinsurance Conference. Local “Learning Sessions” tailored to country-specific topics complement the IMC and allow local experts to be part of the international community of microinsurance experts. The Microinsurance Compendium Vols. I and II, jointly published with the ILO, offer the basis for a microinsurance education curriculum, and “The World Map of Microinsurance” with its “Landscape Studies” provides the industry with key market data and trends.

This publication is a summary of our microinsurance programme and our achievements of the past ten years. We would like to thank all our partners and our team, who contributed to the Munich Re Foundation’s microinsurance programme, and we hope to continue our fruitful cooperation also in the future.

Dirk Reinhard
Vice-Chairman of the Munich Re Foundation, Chairman of the Conference Steering Committee
International Microinsurance Conference
Making insurance work for the low-income market

About the International Microinsurance Conference
In collaboration with the Microinsurance Network, Munich Re Foundation organised the first annual International Microinsurance Conference in 2005. At these conferences, representatives from NGOs around the world and from development aid organisations as well as regulatory, supervisory, policy and insurance industry experts meet to exchange information and views, and discuss the challenges involved in extending insurance to low-income households.

The diversity of the participants from over 50 countries each year is a factor that makes the International Microinsurance Conference stand out from other such events. With around one third of the participants representing insurance and reinsurance companies, brokers and other industry professionals, the conference has furthermore become a major event in this industry. The fact that more than 20 regulatory authorities from countries around the world are represented at each of the conferences is most significant. This growing interest on the part of the governments demonstrates how the benefits of microinsurance for low-income populations are gradually being recognised at the highest levels.

The International Microinsurance Conference is hosted in a different country on a different continent each year. To achieve the maximum possible impact for the hosting country, the conference is usually hosted jointly with the national insurance associations and the insurance supervisory authorities.

The mission of the International Microinsurance Conference is to
— Provide a non-profit platform for all stakeholders to present and discuss issues, policies and state of the art solutions for efficient and sustainable microinsurance products;
— Promote the development and proliferation of good-value insurance for low-income people;
— Raise awareness of the demand for microinsurance and its potential;
— Provide opportunities for the microinsurance community to progressively develop shared visions and create new partnerships.
Ten conferences at a glance

1st International Microinsurance Conference 2005, Munich, Germany
Around 100 selected experts from international organisations, non-governmental organisations, development aid organisations and the insurance industry discussed the main findings of some 20 case studies on microinsurance operations around the world. The first conference was opened by the former CEO of Munich Re and Chairman of the Board of Trustees of the Munich Re Foundation, Dr. Hans-Jürgen Schinzler.

2nd International Microinsurance Conference 2006, Cape Town, South Africa
At the first International Microinsurance Conference to be held in Africa, the publication entitled “Protecting the poor – A microinsurance compendium”, jointly published by the ILO and Munich Re Foundation, was presented to the public.

3rd International Microinsurance Conference 2007, Mexico City, Mexico
The event attracted the interest of major insurance companies and marked the 10th anniversary of the International Microinsurance Conference. “The conference has made a major contribution to market development. During the past ten years, many participants reported that attending the conferences was a turning point for them, providing new ideas and approaches.”

4th International Microinsurance Conference 2008, Cartagena, Colombia
This event, the first to take place in Latin America, was attended by over 450 participants. Alvaró Uribe, then President of Colombia, opened the conference.

5th International Microinsurance Conference 2009, Dakar, Senegal
With participants from 63 countries, this conference was marked by an even greater diversity. Exhibition stands presenting the work of the Microinsurance Network members complemented the various opportunities for learning, sharing knowledge and information, and for networking.

6th International Microinsurance Conference 2010, Nairobi, Kenya
The event attracted the interest of major insurance companies and marked the 10th anniversary of the International Microinsurance Conference. “The conference has made a major contribution to market development. During the past ten years, many participants reported that attending the conferences was a turning point for them, providing new ideas and approaches.”

7th International Microinsurance Conference 2011, Rio de Janeiro, Brazil
Four hundred microinsurance experts from 52 countries attended the second conference in Latin America. Field trips before or after the event have become an important part of the conference agenda. They provide participants with the opportunity to talk to microinsurance professionals in the field and to understand the clients’ needs more clearly.

8th International Microinsurance Conference 2012, Mumbai, India
The event was attended by over 500 participants from 50 countries. It included an exhibition with over 20 Microinsurance Network members presenting their work.

9th International Microinsurance Conference 2013, Buenos Aires, Argentina
This event was attended by over 450 participants from 50 countries. Field trips before or after the event have become an important part of the conference agenda. They provide participants with the opportunity to talk to microinsurance professionals in the field and to understand the clients’ needs more clearly.

10th International Microinsurance Conference 2014, Mexico City, Mexico
The event attracted the interest of major insurance companies and marked the 10th anniversary of the International Microinsurance Conference. “The conference has made a major contribution to market development. During the past ten years, many participants reported that attending the conferences was a turning point for them, providing new ideas and approaches.”
Microinsurance

Programme overview 2005-2015

3rd International Microinsurance Conference 2007, Mumbai, India

In 2007, the International Microinsurance Conference took place in Asia for the first time. It consisted of approximately 20 plenary sessions and several smaller working group sessions. One in three conference delegates came from a private sector insurance company.

8th International Microinsurance Conference 2012, Dar es Salaam, Tanzania

The conference was honoured by the presence of H.E. Dr. Mohamed Gharib Bilal, Vice President of the United Republic of Tanzania, another clear sign of the high recognition received by the International Microinsurance Conference from the governments of the hosting countries. The event, which took place in Africa for the third time, brought together a record number of 590 participants from around 60 countries to discuss the challenges and opportunities in microinsurance.

9th International Microinsurance Conference 2013, Jakarta, Indonesia

The first “Landscape of Microinsurance in Asia and Oceania” study was published at this conference. Special sessions designed to meet specific needs – such as the Consultative Forum that provides a platform for regulators and the insurance industry – have become a key component of the conference.

6th International Microinsurance Conference 2010, Manila, Philippines

Some 520 participants from 50 countries gathered in Manila to talk about the latest trends and developments. This location had been specifically selected because the Philippines is a shining example of the successful establishment of microinsurance.

Outlook

11th International Microinsurance Conference, Casablanca, Morocco

12th International Microinsurance Conference, Colombo, Sri Lanka
The Microinsurance Network was originally established in 2002 as the CGAP Working Group on Microinsurance. Renamed the Microinsurance Network in 2008, it works with a broad range of stakeholders. All its activities are focused on the poor and people on low incomes, and on prioritising work and action that meet clients’ needs.
Discussions of the various sessions are summarised in a conference report. Conference reports are available in English.
Microinsurance Learning Sessions

The Learning Sessions have been complementing the International Microinsurance Conference since 2011. They are designed to address topics that are particularly relevant to a specific group of experts, country or region. They are aimed at reaching out to local representatives who do not have the resources to attend the International Microinsurance Conference. The events are organised jointly with international and local partners.

1. Forty actuaries for forty billion clients: Microinsurance Learning Sessions London
   30 June 2011, London
   Actuaries play a key role in insurance. The British Actuarial Profession, together with Munich Re Foundation supported by the Microinsurance Network, held a one-day seminar on 30 June 2011 to showcase key developments in microinsurance. Insurance and actuarial experts discussed the challenges of providing insurance to the low-income market.

2. From knowledge to market: Microinsurance Learning Sessions Ghana
   22 to 23 May 2012, Accra
   Ghana is one of West Africa’s economic leaders. However, individuals and small businesses in this country are hardly covered by insurance. The National Insurance Commission of Ghana, in cooperation with the GIZ, organised the learning sessions in partnership with Munich Re Foundation and the Microinsurance Network to discuss new approaches to market development.

3. 1st research workshop on microinsurance
   7 December 2012, Mannheim, Germany
   The microinsurance workshop is a platform for researchers who work on various questions related to microinsurance. Researchers using either theoretical or empirical methods, including survey studies or experimental studies such as randomised control trials, were invited to join this platform.

4. Tapping market potential: Microinsurance Learning Session Nigeria
   10 to 11 September 2013, Abuja
   The potential for microinsurance in Nigeria is enormous. More than two thirds of its over 150 million citizens live below the poverty line. The National Insurance Commission (NAICOM) estimates the number of potential clients at 110 million people. One of the key questions of the first Learning Session event that took place in Nigeria was “How can technology help to reach this market”? Over 250 representatives from all stakeholder groups participated in the event.
Implications from the Landscape Studies: Microinsurance Learning Sessions Asia and Oceania, Philippines
3 to 4 July 2014, Manila

India and the Philippines are the world’s powerhouses in microinsurance. But what is the situation in the rest of Asia? What drives the market and what are the challenges? These and many other questions were discussed during the “Microinsurance Learning Session Asia and Oceania” in Manila. Lessons learned from the aftermath of Typhoon Haiyan played a special role during the event.

Promoting microinsurance in West Africa: Microinsurance Learning Sessions CIMA
8 to 10 September 2014, Douala

The regulatory body CIMA is the supervisory authority for insurance markets in its 14 West African member states. In 2012, CIMA released a specific and separate microinsurance regulation. These rules are now being phased in throughout the region. As part of this effort, the CIMA hosted the Microinsurance Learning Sessions in 2014. Around 350 insurance experts participated in the event.

Microinsurance business models for Africa: Learning Sessions Zambia, 9 to 12 March 2015, Zambia

More than 100 microfinance and microinsurance experts attended the first “Microinsurance Learning Sessions: Latin America and the Caribbean” in Guadalajara, Mexico. The learning sessions were part of the annual “FOROMIC” conference, the most important microfinance conference in the region, attended by over 1,800 participants.
Protecting the poor –
A microinsurance compendium

"Protecting the poor – A microinsurance compendium" is a co-publication with the International Labour Organization (ILO), Geneva, Switzerland.

The microinsurance compendium is the most important textbook in microinsurance today. With a total print run of over 13,000 copies, the book has gained interest worldwide. It is used in various training schemes and courses such as the Boulder Microfinance Training Programme.

former Chairman of the microinsurance Network and editor of the microinsurance compendium, Craig Churchill, head of the ILO’s Impact Insurance Facility, hands over the second Volume of "Protecting the poor" to Queen Maxima, UN Secretary-General’s Special Advocate for Inclusive Finance for Development.

Volume I –
Year of publication: 2006
This authoritative compendium brings together the latest thinking by leading academics, actuaries and insurance and development professionals in the field of microinsurance. The result is a practical, wide-ranging resource which provides the most thorough overview of the subject to date.
The book allows readers to benefit from the valuable lessons learned from a project launched by the Microinsurance Network to analyse operations around the world. Essential reading for insurance professionals, practitioners and anyone involved with offering insurance to low-income persons, this volume covers the many aspects of microinsurance in detail including product design, marketing, premium collection and governance.
It also discusses the various institutional arrangements available such as the community-based approach, insurance companies owned by networks of savings and credit cooperatives and microfinance institutions. The roles of key stakeholders are also explored and strategies for achieving the right balance between coverage, costs and pricing are discussed.
Languages: English, Spanish, French, Portuguese
Total print run (all languages): 7750

www.microinsurancecompendium.org

Volume II –
Year of publication: 2012
This second volume of “Protecting the poor” is a unique collection of recent practices and emerging ideas in microinsurance. It covers numerous innovations that have emerged in recent years to meet the challenges of providing insurance to low-income people, from new products and delivery channels to consumer education tools, while examining changes in regulations, providers and schemes.
As the microinsurance community dramatically evolves and millions more low-income households have access to better insurance coverage, this second volume will be an invaluable resource for policymakers, insurers, academics and NGOs.
Languages: English, Spanish, French, Portuguese
Total print run (all languages): 5600
Microinsurance across the globe enjoys growing interest from a variety of stakeholders, and related activities have multiplied in recent years. The study is aimed at providing an overview of the status and dynamics of the industry in the world.

The series of “Landscape of Microinsurance” studies began with a groundbreaking publication on the situation of microinsurance entitled “The Landscape of Microinsurance in the World’s 100 Poorest Countries” published by the Microinsurance Centre in 2007. It was followed by the first study on microinsurance in Africa published by the ILO in 2010.

In 2012, Munich Re Foundation, together with its partners the IADB, GIZ and Making Finance Work for Africa, in cooperation with the Microinsurance Network, revitalised the important landscape study research programme to provide better data on the status of microinsurance worldwide.

The Landscape of Microinsurance in Africa 2012
The study was jointly published by Munich Re Foundation and Making Finance Work for Africa. It updated and expanded the 2010 African landscape study. For the first time, this study included an analysis of the dynamics of microinsurance in Africa. The study was supported by the African Development Bank, ILO’s Microinsurance Innovation Facility and the Microinsurance Network.
Languages: English, French

The Landscape of Microinsurance in Asia and Oceania 2013
This first study on “The Landscape of Microinsurance in Asia and Oceania”, published by Munich Re Foundation and the GIZ-RFPI programme, filled in the blank spots in Asia on the “World Map of Microinsurance”. The publication marked a truly important milestone in the quest to improve access to insurance for low-income households. The findings assist in the development of local and regional strategies to increase outreach by identifying markets with a high potential for microinsurance.
Languages: English

The Landscape of Microinsurance in Latin America and the Caribbean 2012
The Landscape of Microinsurance in Latin America and the Caribbean was commissioned by the Multilateral Investment Fund, a member of the Inter-American Development Bank Group. This study also received the support of Citi Foundation and Munich Re Foundation. It was the first quantitative landscape study of Latin America and the Caribbean.
Languages: English, Spanish

The Landscape of Microinsurance in Latin America and the Caribbean 2014
This study is an update of the 2012 Landscape of Microinsurance in Latin America and the Caribbean publication. It is the first study that was jointly published as part of the new “World Map of Microinsurance” programme together with the Microinsurance Network.
Languages: English, Spanish

www.microinsurancelandscape.org
The World Map of Microinsurance (WMM) was initiated by Munich Re Foundation in cooperation with the Microinsurance Network and will be hosted by the Microinsurance Network. It is a platform for generating and sharing knowledge on the topic of microinsurance. It will host the data and analyses of significant landscape studies which will be displayed visually on an interactive world map. This map will serve as the centre of the platform and will help the user explore comprehensive data with a straightforward, user-friendly tool. The map will incorporate interactive data tools such as customisable graphs and tables for data comparison. Periodic posts on relevant issues and best/innovative practices in microinsurance will be released on this platform. The site will also offer national and regional profiles.

www.worldmapofmicroinsurance.org
Microinsurance coverage in Asia and Oceania 2012

The map displays the microinsurance coverage ratio of each country, indicating the total number of insured people as a percentage of the total population, and the absolute number of lives or properties insured. The darker colours indicate a higher coverage ratio, while the size of the grey circle within the country represents the absolute number of lives and properties covered.

Microinsurance coverage ratio:
percentage of the population covered by microinsurance

- No data
- < 0.1%
- 0.1–1%
- 1–5%
- 5–10%
- > 10%

Asia and Oceania 2012

China 0.88%
Vietnam 0.18%
Philippines 20.63%
Cambodia 1.98%
Thailand 13.94%
Indonesia 0.54%
Laos 0%
Myanmar 0%
Mongolia 0.66%
East Timor 1.49%
Bhutan 0.10%
Bangladesh 6.06%
Fiji 0.34%
Malaysia 3.71%
Nepal 1.24%
Sri Lanka 0.35%
Papua New Guinea 0%

500 km
Mexico and Colombia have the highest microinsurance density in Latin America, followed by Ecuador and Peru. A great backlog demand exists above all in the countries bordering the Caribbean.
A study on the development of microinsurance in Africa was presented at the conference ("The Landscape of Microinsurance in Africa 2012"). South Africa, Tanzania and Ghana take the pole positions; most of the insurance policies are held in these countries. However, market penetration is still low in many countries on the continent.

**Microinsurance coverage in Africa 2011**

<table>
<thead>
<tr>
<th>Country</th>
<th>Microinsurance Coverage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>54.5%</td>
</tr>
<tr>
<td>Namibia</td>
<td>55.6%</td>
</tr>
<tr>
<td>Botswana</td>
<td>12%</td>
</tr>
<tr>
<td>Swaziland</td>
<td>11%</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>0.23%</td>
</tr>
<tr>
<td>Mauritius</td>
<td>6.1%</td>
</tr>
<tr>
<td>Madagascar</td>
<td>0.08%</td>
</tr>
<tr>
<td>Mozambique</td>
<td>0.23%</td>
</tr>
<tr>
<td>Malawi</td>
<td>1.7%</td>
</tr>
<tr>
<td>Zambia</td>
<td>0.94%</td>
</tr>
<tr>
<td>Uganda</td>
<td>4.8%</td>
</tr>
<tr>
<td>Kenya</td>
<td>3.2%</td>
</tr>
<tr>
<td>Rwanda</td>
<td>0.12%</td>
</tr>
<tr>
<td>Burundi</td>
<td>1.1%</td>
</tr>
<tr>
<td>Tanzania</td>
<td>7.3%</td>
</tr>
<tr>
<td>Dem. Rep. Congo</td>
<td>0.32%</td>
</tr>
<tr>
<td>Congo</td>
<td>0.78%</td>
</tr>
<tr>
<td>Togo</td>
<td>3.1%</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>1.3%</td>
</tr>
<tr>
<td>Guinea</td>
<td>1.3%</td>
</tr>
<tr>
<td>Benin</td>
<td>2.3%</td>
</tr>
<tr>
<td>Ghana</td>
<td>7%</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1.7%</td>
</tr>
<tr>
<td>Niger</td>
<td>0.002%</td>
</tr>
<tr>
<td>Libya</td>
<td>0.0002%</td>
</tr>
<tr>
<td>Egypt</td>
<td>0.25%</td>
</tr>
<tr>
<td>Sudan</td>
<td>0.42%</td>
</tr>
<tr>
<td>Algeria</td>
<td>0.01%</td>
</tr>
<tr>
<td>Morocco</td>
<td>0.06%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>1.9%</td>
</tr>
<tr>
<td>Senegal</td>
<td>6%</td>
</tr>
<tr>
<td>Gambia</td>
<td>0.5%</td>
</tr>
<tr>
<td>Senegal</td>
<td>6%</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>0.02%</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>0.38%</td>
</tr>
<tr>
<td>Guinea</td>
<td>0.32%</td>
</tr>
<tr>
<td>Mali</td>
<td>0.73%</td>
</tr>
<tr>
<td>Mauritania</td>
<td>0.16%</td>
</tr>
<tr>
<td>Morocco</td>
<td>0.06%</td>
</tr>
<tr>
<td>Tunisia</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

**Microinsurance coverage ratio:** percentage of the population covered by microinsurance

- No data
- 0–1%
- 1–5%
- 5–10%
- 10–50%
- >50%

**Total lives and properties covered (in millions):**

- 0–0.1 million
- 0.1–1 million
- 1–2.5 million
- 2.5–5 million
- 5–30 million
The Munich Re Foundation is leading the world in microinsurance development. If it were not for the exchange of information and expertise at conferences organised by the MRF, the progress noted in the landscape studies would not have been possible.

Marco Antonio Rossi, CEO, Bradesco, Brazil, President of CNseg and FIDES