

Microinsurance Learning Sessions Egypt, 2016

Making a Business Case for Microinsurance



**Munich Re
Foundation**
From Knowledge
to Action

Key challenges

1. Low premium and high transaction costs per client
2. Low and irregular income: volume is a key
3. Lack of insurance knowledge
4. Lack of infrastructure
5. Insurance illiteracy
6. Ensure client value
7. Lack of data
8. Regulation



Some myths...

“MI policyholders can’t afford to pay premiums”

Many pay far more for informal risk management

“MI is just conventional insurance sold with small premium amounts per risk”

Downscaling reflects a lack of understanding the market

Source: Craig Thorburn, CGAP/Worldbank

Microinsurance in Africa - Summary

Microinsurance in Africa

More than 200 providers from 36 of the 54 countries in the region reported microinsurance activity

USD 647 million in microinsurance premiums

5.4% of total population covered

61.9 million total people insured*

- 46.4 million – Life
- 13.1 million – Accident
- 16.4 million – Credit life
- 8.4 million – Health
- 4.5 million – Property
- 1.1 million – Agriculture**

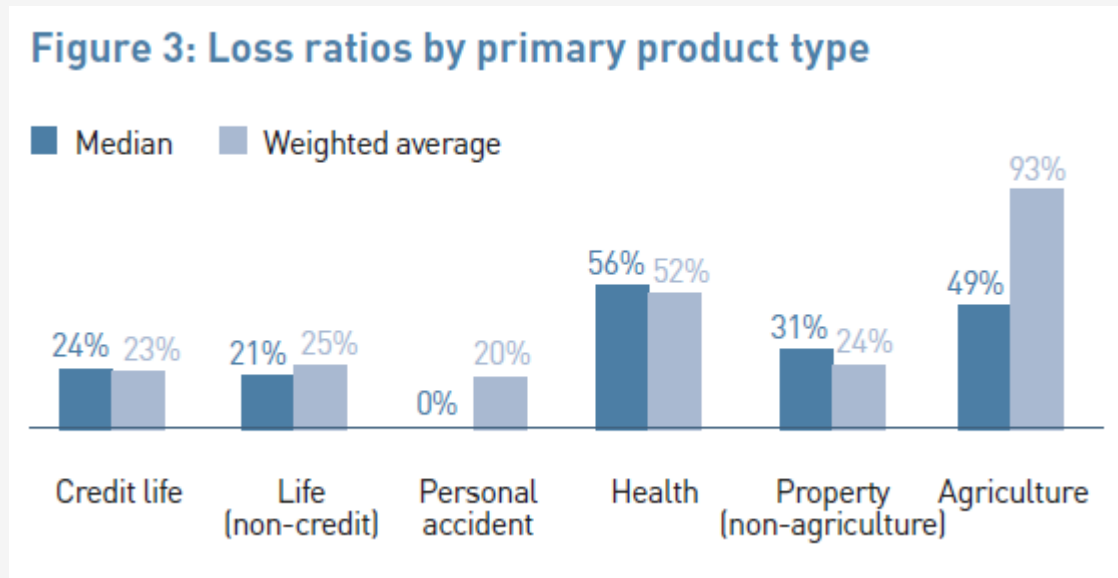
* Note that the volume of coverage by product type adds up to more than the total covered lives, reflecting that many products are offered as riders and add-ons to a primary microinsurance product. Thus many people are protected against more than one type of risk.

** Agriculture covers include government-subsidised insurance programmes, which were excluded in the 2011 study.

Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Africa 2015, p.3

Premiums and Claims

Loss ratios by primary product type



Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Africa 2015, p.6

Microinsurance in LAC 2013 - Summary

Microinsurance in LAC 2013

94 providers from 21 of the 32 countries in the region reported microinsurance activity

- USD 828 million in microinsurance premiums
- 7.9% of total population
- 200+ identified products
- 48.6 million total people insured*
 - 32.5 million - Life
 - 20.9 million - Accident
 - 19.7 million - Credit Life
 - 7.6 million - Health
 - 2.2 million - Property
 - 2.2 million - Agriculture**

* Note that the volume of coverage by product type adds up to more than the total covered lives, reflecting that many products are offered as

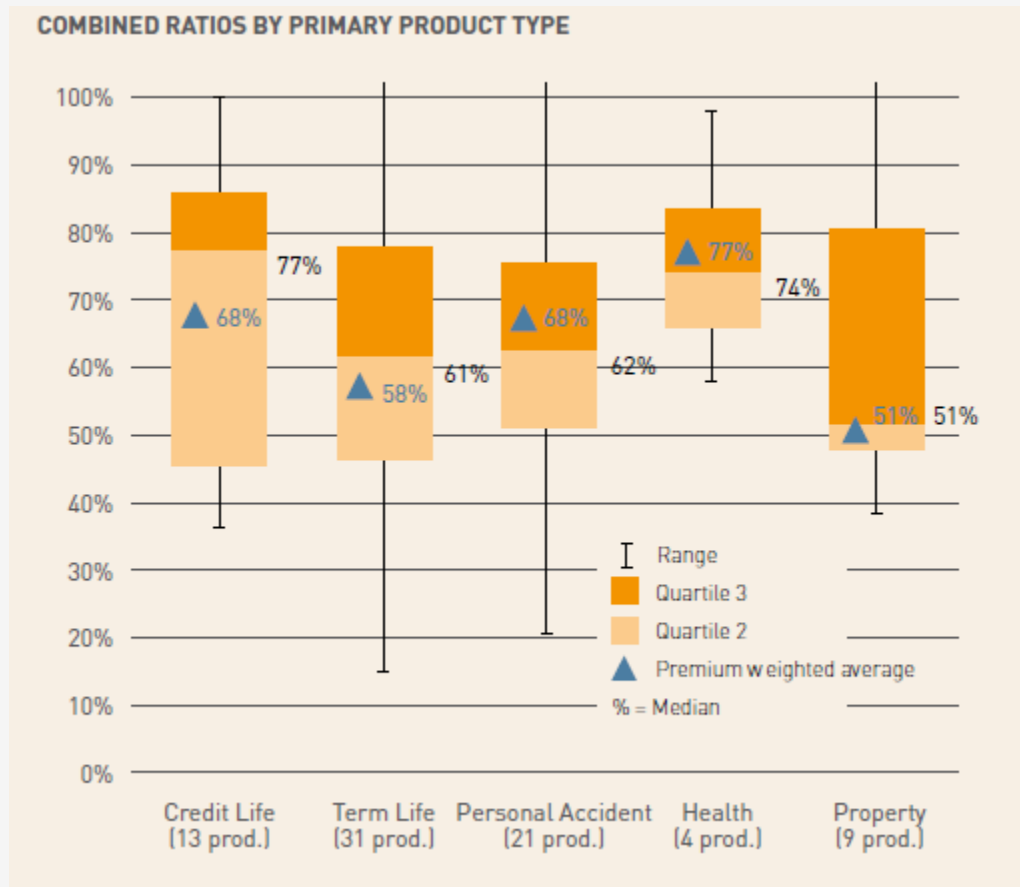
Source: Munich Re Foundation /

MIN: The Landscape of

Microinsurance in Latin America and
the Caribbean 2015

Business Case

Combined Ratios by Product Type



Note: Combined ratio is the summation of claim ratio, commission rate, and administrative ratio, and were only calculated if all three data points were provided. Combined ratios are believed to be a sufficient indicator of profitability in microinsurance, as in most cases other elements affecting profitability – such as premiums ceded or invested income – are negligible.

Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Latin America and the Caribbean 2015

The landscape of Microinsurance in Asia and Oceania

Key numbers (2012)

- 228 providers
- 507 total products

Number of policies		Million
	Life	83.9
	Health*	29.2
	Accident	77.8
	Property	7.7
	Agriculture*	23.8

Total: Approx. 170 million are covered with microinsurance
*excluding governmental schemes

Source: Munich Re Foundation / GIZ: The Landscape of Microinsurance in Asia and Oceania 2013

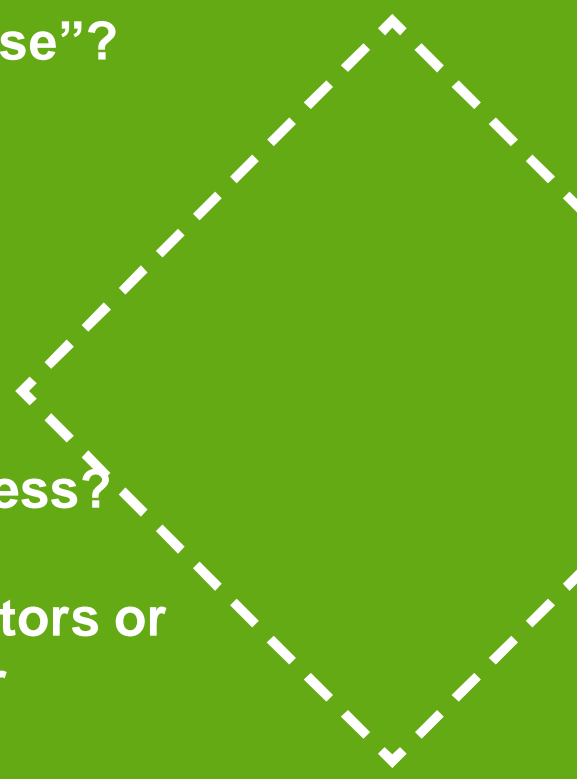
Microinsurance products

Aggregated claims ratios by product type

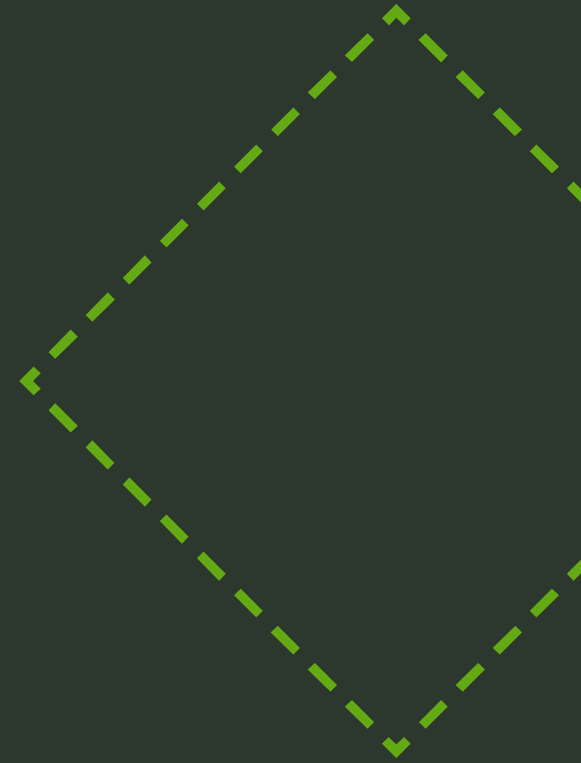
Product type	Number of lives insured in millions (only if both premiums and claims provided)	Premiums in US\$ m (only if both premiums and claims provided)	Claims in US\$ m (only if both premiums and claims provided)	Loss ratio
Life	60.3	199.6	179.9	90%
Health	15.5	59.8	47.3	79%
Agriculture	22.4	381,1	224,1	59%
Property	5.2	27.2	22.1	81%
Accident	75.7	128.4	155.2	121%
Total	181.6	797.2	628.7	79%

Source: Munich Re Foundation: The Landscape of Microinsurance in Asia and Oceania 2013, p.33

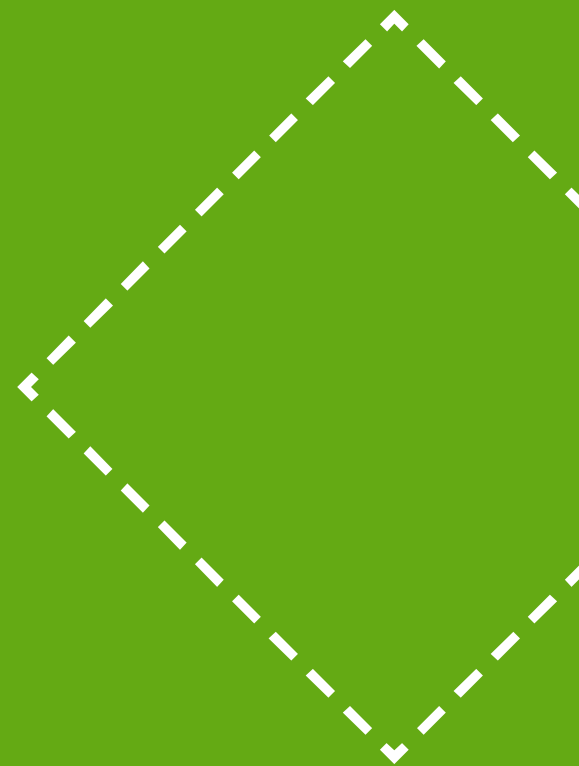
Guiding questions

1. How do you measure/define the “business case”?
 2. What were key success factors to make your microinsurance business a success?
 3. What were the most important challenges?
 4. How successful is your microinsurance business?
 5. How could other stakeholders such as regulators or donors help to promote the business case for microinsurance?
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Thank you
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Appendix: Background on mobile insurance



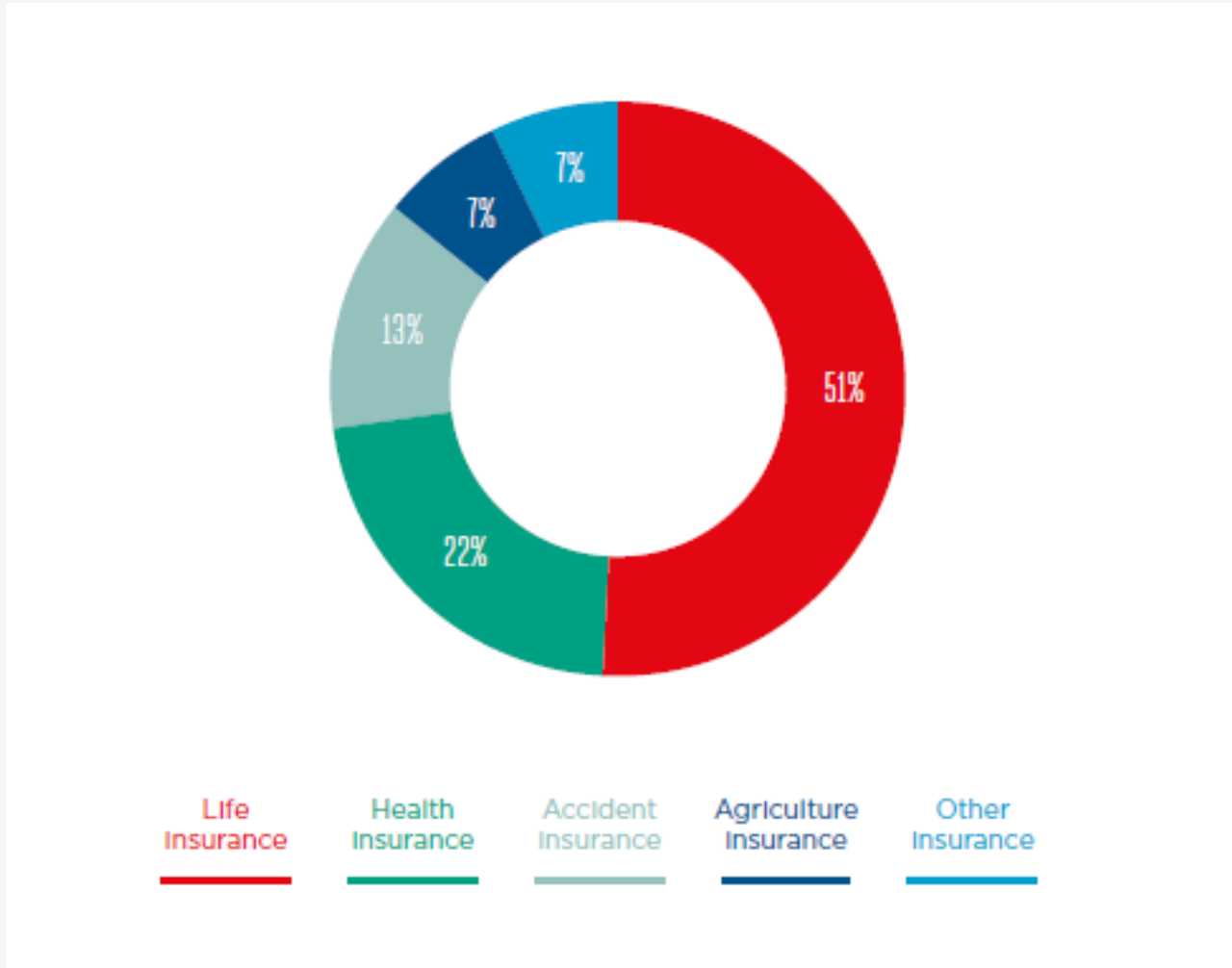
Three types of mobile insurance

Loyalty-based models encourage customers to spend a certain amount of airtime or keep a certain balance in their mobile money account to qualify for insurance (usually calculated on a monthly basis).

Premium models resemble more traditional insurance, where customers pay a premium for coverage. However, with mobile insurance, this may be monthly, weekly or daily payments, which differs from traditional yearly premium payments.

Freemium models are a combination of the two: customers can subscribe to loyalty-based insurance, and can increase their cover by paying a fee.

Overview of mobile insurance offering



Thank you
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