



# Micro-insurance: A Business Case

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**giz** Deutsche Gesellschaft  
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**+** SCBF



Women's World Banking <sub>1</sub>

# Who We Are



Global Non-profit

Women's World Banking is the global nonprofit devoted to giving more low-income women access to the financial tools and resources essential to their security and prosperity.



Over 35 years of experience

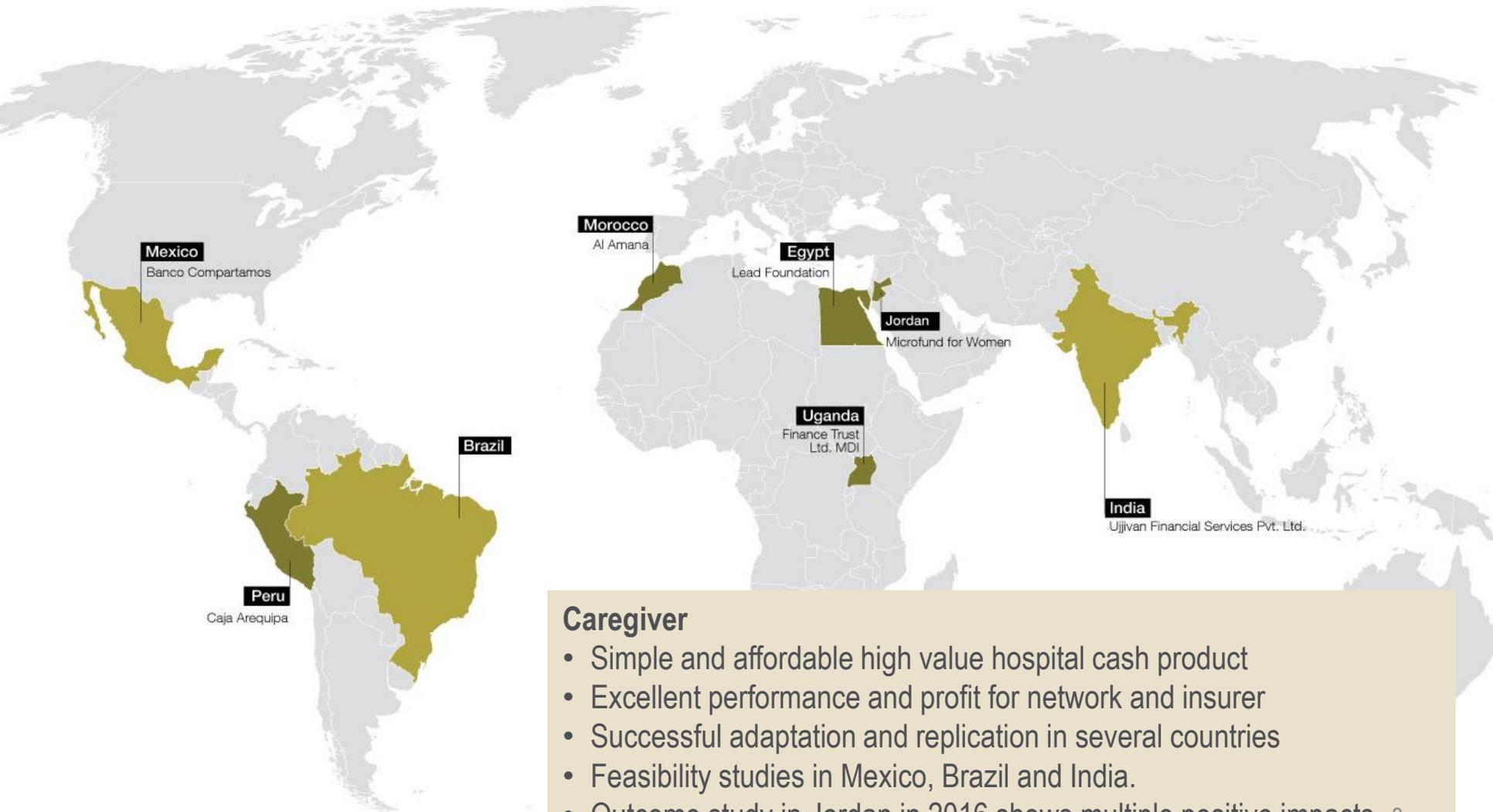
For more than 35 years we have worked with financial institutions to demonstrate the benefit of investing in women as clients, and as leaders.



Diverse Partners

Headquartered in New York, Women's World Banking works with 38 institutions in 27 countries with a reach of 16 million women to create access to finance on a greater scale than ever before.

# Current insurance footprint



## Caregiver

- Simple and affordable high value hospital cash product
- Excellent performance and profit for network and insurer
- Successful adaptation and replication in several countries
- Feasibility studies in Mexico, Brazil and India.
- Outcome study in Jordan in 2016 shows multiple positive impacts

# Defining the business case



**The business case** for micro-insurance is the intersection of four goals: First, creating a client centric product that meets her needs and those of her family: Health and long term goals (e.g. education)



Second, an **affordable, high value** Product (premium < 5% loan repayment, 7 days pay-out, factor 15-30 on per diem). It is simple to understand and simple to use.



Third, a **distribution channel** who considers that micro-insurance will improve their service and provide a market differentiator. They are willing to take on a part of the operations to minimize costs.



Finally, **the product must** fill a gap in the current insurance market (e.g. 60% out-of-pocket Egypt). Micro-insurance schemes can be financially sustainable. Success will foster newcomers the insurance market.

# Case study Egypt

*Mohamed*

## IL Client

- is married, with 6 children
- lives in Ashmoun (rural), Egypt
- has a grocery shop (30 EGP/daily sales)

## His health problem

- Kidneys. He went to a public hospital and paid 35 EGP for the analysis. This is a special case as his expenses were covered by the state. He spent 5 nights in the hospital and had to spend 20 days at home after being dismissed by the doctor.

## His total expenses: 950 EGP

- Roundtrip transportation to the public hospital: 15 EGP
- Analysis and sealed documents: 35 EGP
- Medicine: 150 GP
- 25 days of lost income: 750 EGP



Hemaya paid him 1000 EGP within 5 days  
Loan Size: 4000 EGP/year; Premium: 14 EGP/month



# Success factors

## Status-quo

Don't mix up regulation and market practice.  
Challenge the attitude "we have never done that before".  
Go step by step. Prioritize issues.

## Insurer

Sometime you win, sometimes you learn. Learn and win with the insurer.  
Maximize synergy and efficiency gains by shifting operations to distributor.  
Transparency in financial performance, build capabilities on both side.

## Pilot

Plan carefully but test product in a pilot environment.  
Allow for 6-9 months to remove operational weaknesses & ensure sustainability.  
Prepared roll-out through focus on efficiency gain.





# Challenges

## Client value

Client education – make sure clients have a good understanding of product.  
Define key 3 messages to use the product and that clients should remember..  
Track client value through focus groups and phone surveys.

## Financials

Create the discipline to track performance including IBNRs.  
Force internal cost tracking on an on-going basis  
(shared salesforce, issue resolution, client service).

## Sales pitch

Mindset leap: Value of product in the pay-out. Explain benefits first, not premium.  
Celebrate claims as a story and sales event.  
Track and reward your salesforce performance.

# Performance / Outlook



## CLIENTS

- 1.25m clients at April 2016
- Positive outcome

- Maximize usage



## PRODUCT

- Loss ratios 45-65%
- ~ 30,000 claims paid in 2015

- Product evolution



## INSTITUTION

- Improved service
- Financial Performance

- Increase efficiency

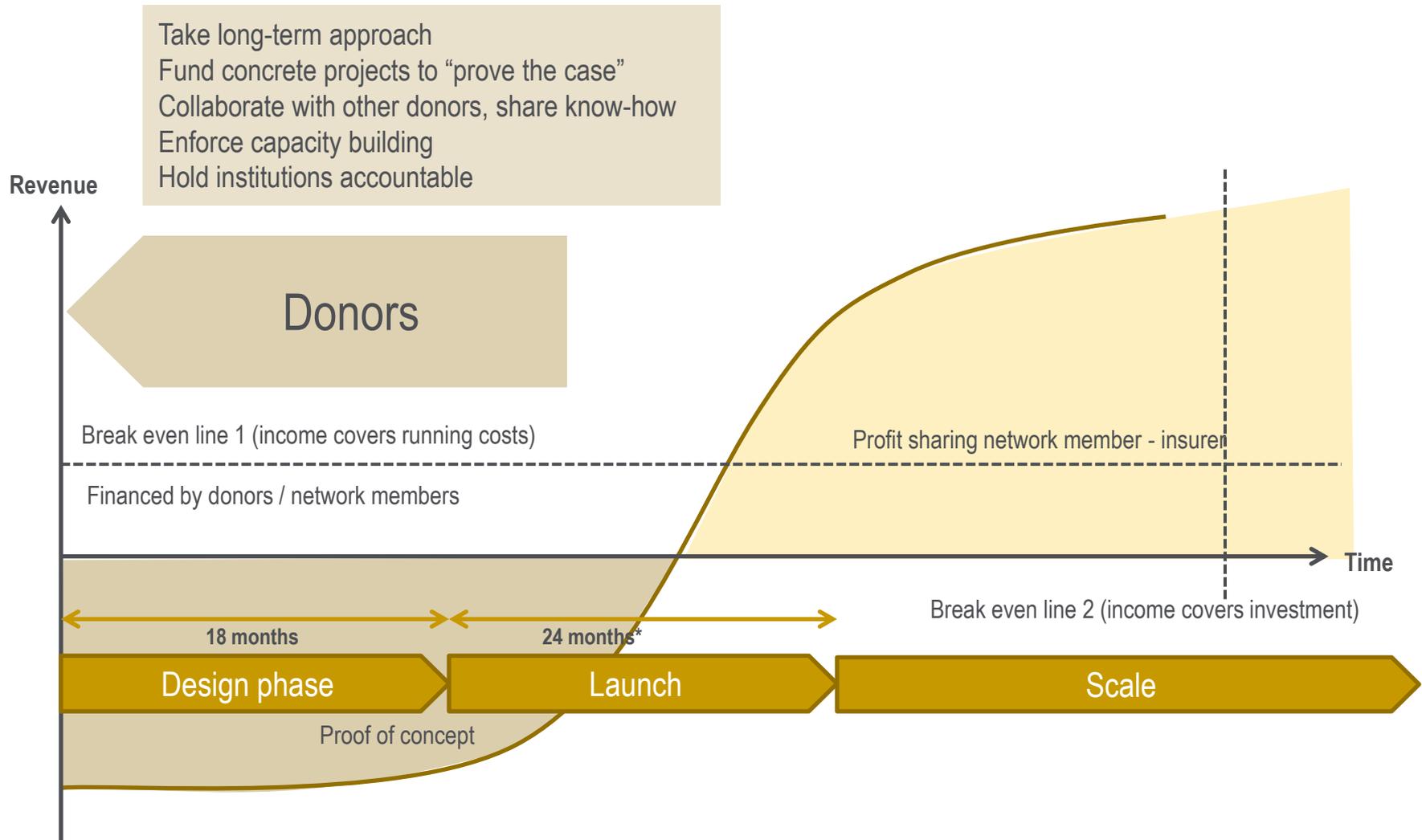


## MARKET

- Market changer

- More replication
- More players

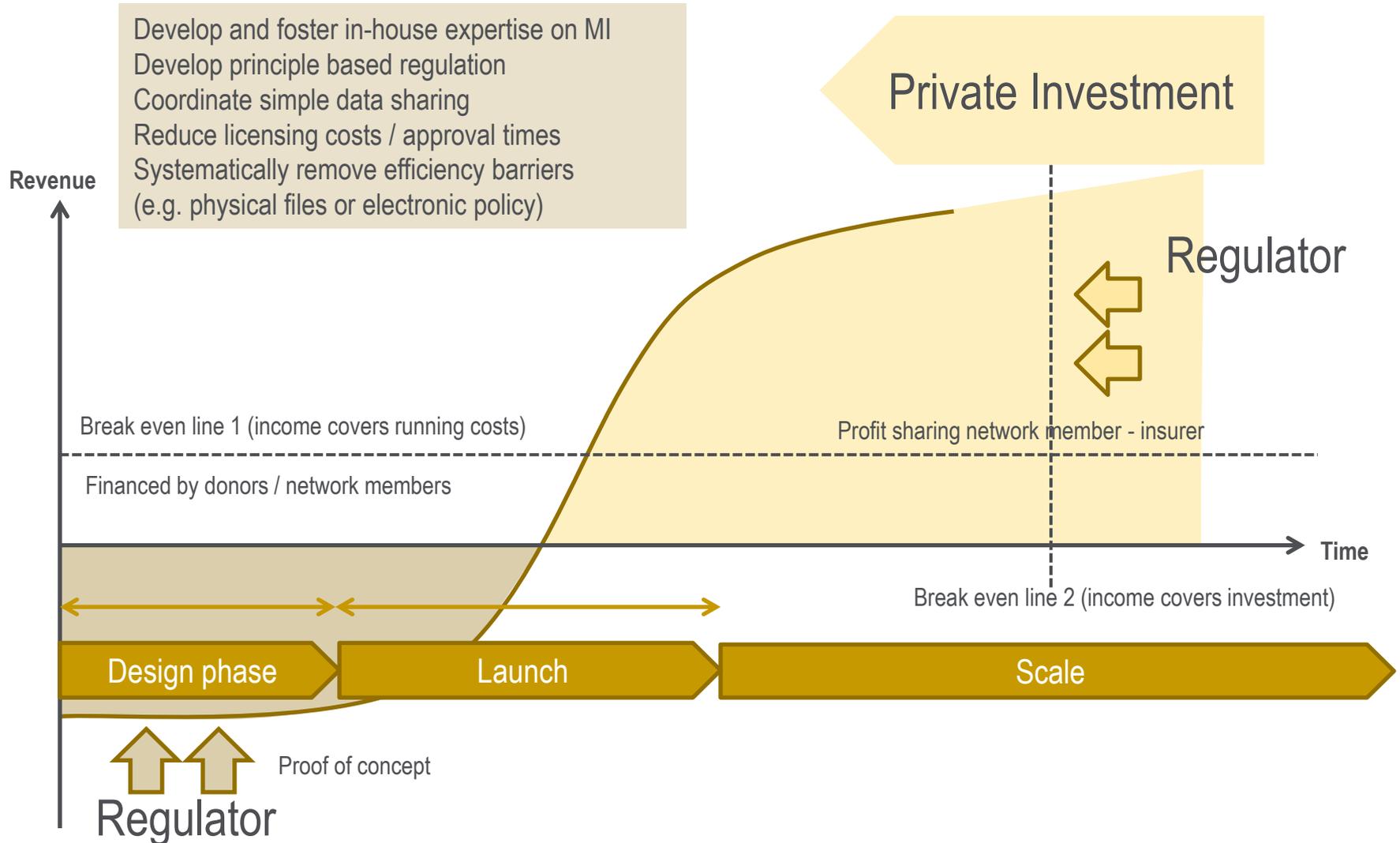
# Role of donors



\* Varies depending of project , product and client base size

This graph is not at scale and only illustrative

# Role of regulators



# Our Insurance Vision



With micro-insurance, low-income women can mitigate financial distress caused by unexpected events affecting their family's health. It can protect the first layer of assets they have created as they move out of poverty.

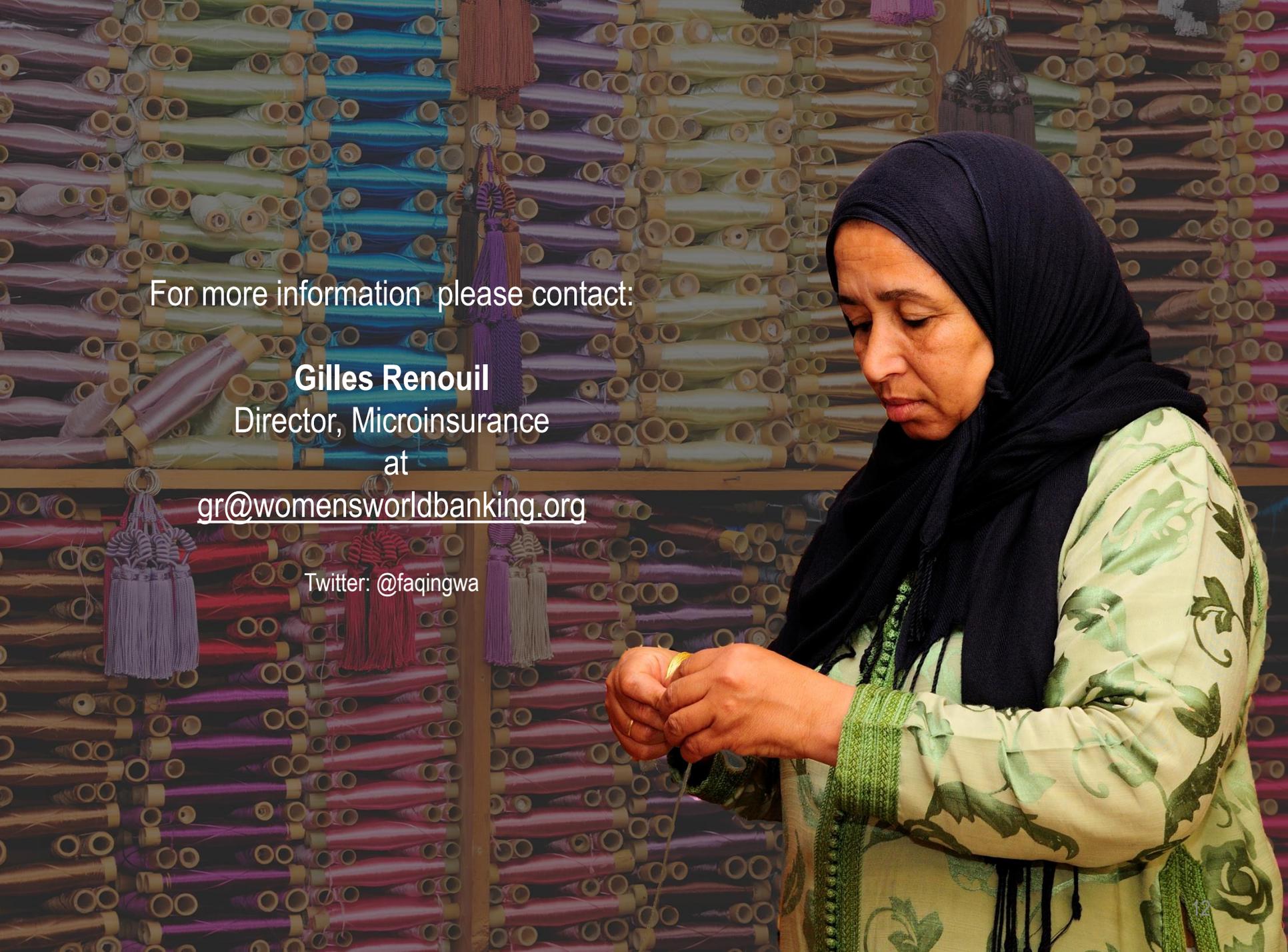


We believe that Insurance products can be designed in a way that creates meaningful value to clients and sustainable solutions to insurers.

With the support of



and  **SCBF**



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