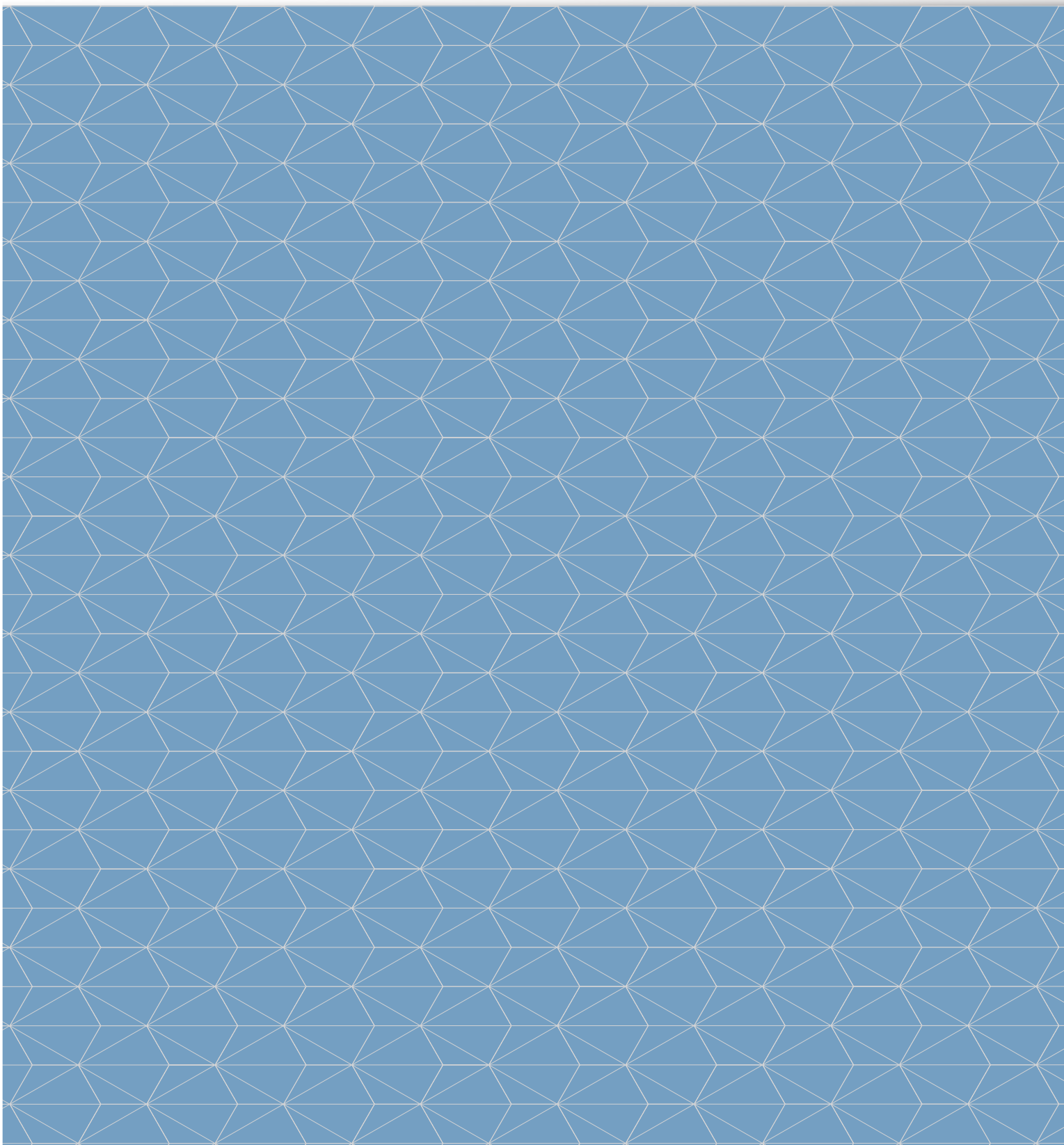


# COMMERCIAL INSURERS IN MICROINSURANCE



micro  
insurance  
network

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# COMMERCIAL INSURERS IN MICROINSURANCE

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MARIE-AMANDINE COYDON  
AND VÉRONIQUE MOLITOR

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# SUMMARY

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Commercial insurance companies sell - either directly or indirectly - the majority of microinsurance products.<sup>1</sup> This study was carried out by the Microinsurance Network in 2010 to understand incentives and long-term perspectives for their involvement in the low-income market, as part of the Network's efforts to share lessons learnt and promote good practices.

The authors, Marie-Amandine Croydon and Véronique Molitor, asked the top 50 insurance companies from the Forbes "The Global 2000 Insurance"<sup>2</sup> list whether they are involved in microinsurance and if so, what those activities are as well as what their view on the perspectives for microinsurance is. In addition, five local insurance companies that are significant stakeholders in the microinsurance sector were added to the survey.

Twenty-four contacts have completed the survey and were generous with their time by being available for follow-up phone interviews. The study sample is composed of:

- 20 insurance companies;
- 2 insurance and reinsurance brokers;
- 2 reinsurance companies.

These companies are all involved in microinsurance by selling microinsurance products directly or indirectly in collaboration with public and private partners, for example, MFIs.

The ten key findings are:

1. Based on the initial desk study, it can be estimated that at least 33 of the 55 targeted companies are involved in microinsurance activities, of which 24 have participated in this study.
2. The survey respondents provided microinsurance cover for more than 27 million lives in 2010, which represents about 20% of the currently served low-income insurance market.<sup>3</sup>
3. The main reasons for the survey respondents to get involved in microinsurance are to access new markets, guided by financial profit expectations, and/or by corporate social responsibility and brand concerns. In some countries, the regulatory body or government encourages the insurance companies to serve the low-income market.
4. The majority of survey respondents are involved in microinsurance in Asia, and especially in India and China. In South America, Brazil and in Africa, South Africa are both also very active countries. Often, a local office or the headquarters is based in the targeted country.
5. Life, endowment products, accident and credit insurance are the most common products and represent in total 66% of all products reported by the survey respondents.
6. The survey respondents state that the main difference between microinsurance and their regular insurance products is the lower premium/benefit ration and the trend towards implementing less exclusion.
7. The survey respondents in general collaborate with local partners with regard to development and distribution of microinsurance products. Some of these partners are obvious, such as microfinance institutions, some are less so, like utility providers, the key criteria being closeness to the target population.
8. The key challenges when entering this new market are listed as follows: High client acquisition costs, lack of insurance awareness and demand, inadequate distribution infrastructure and lack of data.
9. Nevertheless, the survey respondents can already note some benefits from their microinsurance activities. They are, or are expected to be, tangible, like profits, as well as intangible, like brand recognition.
10. The majority of the survey respondents consider that microinsurance business will grow by more than 100% within the next 3 years. This will be due to improved learning and prolonged experience, rise in insurance awareness and more and more governments recognising the important social role insurance plays. The vision is that costs will go down and product design will be improved. Therefore, survey participants tend to commit more resources to this new sector and very much perceive microinsurance as not only a social service but also a profitable business.

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<sup>1</sup> Microinsurance Centre, 2007: "The Landscape of Microinsurance in the World's 100 Poorest Countries", download at [www.microinsurancecentre.org/UJ/..%5CUploadDocuments%5CLandscape%20study%20paper.pdf](http://www.microinsurancecentre.org/UJ/..%5CUploadDocuments%5CLandscape%20study%20paper.pdf)

<sup>2</sup> The Forbes list is compiled based on market value and by country, industry, sales, profit, and assets. The list used for this study was published on 21 April 2010; [www.forbes.com/lists/2010/18/global-2000-10\\_The-Global-2000\\_IndName\\_12.html](http://www.forbes.com/lists/2010/18/global-2000-10_The-Global-2000_IndName_12.html)

<sup>3</sup> Lloyd's 360° Risk Insight – Insurance in developing countries: exploring opportunities in microinsurance

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The authors, Marie-Amandine Croydon and Véronique Molitor, have asked the top 50 insurance companies from the Forbes "The Global 2000 Insurance"<sup>5</sup> list, whether they are involved in microinsurance and if so, what those activities are as well as what their view on the perspectives for microinsurance is. In addition, five local insurance companies that are significant stakeholders in the microinsurance sector were added to the survey.

## METHODOLOGY

A survey consisting of 34 questions was sent to 55 commercial insurance companies. The questions address existing microinsurance schemes - for example, volume of microinsurance activities and information about product types - as well as the participants' views and challenges faced in this new market.

For the purpose of this study, microinsurance is defined as "a means of protecting low-income households against specific risks in exchange for a regular payment of premiums whose amount is proportional to the likelihood and cost of the relevant risk."<sup>6</sup> The categorisation and the information provided by the participating companies are self-reported.

From the 55 companies contacted, 24 agreed to participate. They completed the survey and were generous with their time by being available for follow-up phone interviews.<sup>7</sup>

The study sample is composed of:

- 20 insurance companies;
- 2 insurance and reinsurance brokers;
- 2 reinsurance companies.

These companies are all involved in microinsurance by selling microinsurance products directly or

indirectly in collaboration with public and private partners, for example, MFIs.

## METHODOLOGICAL LIMITATIONS

The data and information in this report were self-reported by the companies throughout the survey. Although the information was discussed and double-checked during follow-up phone calls, the authors cannot be liable for its accuracy.

It was sometimes difficult to access microinsurance-related data as this data is often not separated from the general data or is only available at local office level. In some cases, the authors received information from subsidiaries, which was not consolidated by data at the company's headquarter level.

The authors are aware that different definitions of microinsurance exist and some that are generally categorised as microinsurance products might be defined differently in some countries. In India and China, for example, the term "microinsurance" stands for "rural insurance" based on the assumption that the majority of people living in rural areas are poor.

Furthermore, the term "microinsurance" might not be applied outside the development sector and has been perceived as a standard product line for a specific target audience. Some respondents made the point that they sold "microinsurance" products in the past, like insurance policies for factory workers in the early 20th century for example. Microinsurance, interpreted as "protection for the poor", is an old concept but with a new name and a new purpose. The term was first used in the 1990s when the microfinance sector sought to diversify its services and although such programmes still exist today in Europe, it is now more applicable to new schemes in developing countries.<sup>8</sup>

Finally, the data information with regard to number of lives covered is, in a few cases, based on the number of policies issued as some companies keep track of policies rather than lives covered. It is thus likely that the definite number of lives covered by the participating companies is higher than the one stated in this study.

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<sup>4</sup> Microinsurance Centre, 2007: "The Landscape of Microinsurance in the World's 100 Poorest Countries", download at [www.microinsurancecentre.org/UI/..%5CUploadDocuments%5CLandscape%20study%20paper.pdf](http://www.microinsurancecentre.org/UI/..%5CUploadDocuments%5CLandscape%20study%20paper.pdf)

<sup>5</sup> The Forbes list is compiled based on market value and by country, industry, sales, profit, and assets. The list used for this study was published on 21 April 2010; [www.forbes.com/lists/2010/18/global-2000-10\\_The-Global-2000\\_IndName\\_12.html](http://www.forbes.com/lists/2010/18/global-2000-10_The-Global-2000_IndName_12.html)

<sup>6</sup> Refer to [www.microinsurancenetowork.org/keywords.php](http://www.microinsurancenetowork.org/keywords.php)

<sup>7</sup> Refer to Appendix 1 for company information. Seventeen companies did not respond and 13 preferred not to participate. Reasons given were time constraints and lack of available information.

<sup>8</sup> More about the historical origins of "microinsurance" at [www.microinsurancenetowork.org/history.php](http://www.microinsurancenetowork.org/history.php)

# INVOLVEMENT IN MICROINSURANCE

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The majority of the Top 50 commercial insurance companies are involved in microinsurance. Among the Forbes list, **at least 33 companies** are involved. Among the 10 highest ranked ones, 8 provided microinsurance services in 2010.<sup>9</sup>

The majority of the 24 survey respondents have been involved in microinsurance since 2005. In 2010, they already insured more than 27 million lives - a number that shows a 100% increase over the previous year. Taking an estimate from 2007 that over 135 million people are currently covered by microinsurance<sup>10</sup>, one could conclude that the respondents made up **20% of the market share**.

In addition to commercial insurance companies, other stakeholders are offering products directly to low-income households; these include non-governmental organisations, cooperatives, and microfinance institutions. These products are often unregulated and linked to credit schemes.

It is estimated that 4 billion people worldwide are living on less than 4 USD per day and 83% of the survey respondents believe, or tend to believe, that microinsurance is a determining factor in improving the lives of low-income households.

This means though that today only 5% of this group are covered so far and a lot more outreach needs to be done.

## REGULATION AND SUPERVISION OF MICROINSURANCE

The following countries have already implemented specific microinsurance regulations: India, Mexico, Peru, Philippines, Taiwan, and China; other countries are in course of implementing such regulations: for example, South Africa, Ghana, and Brazil.

India was one of the first countries in the world to have introduced specific microinsurance regulation. The Indian regulatory body obliges commercial insurance companies to offer a certain percentage of insurance products to the rural and social market segments. For life insurance, this could be up to 20% and for non-life, up to 7% of their gross premium income. In addition, Indian insurance companies are obliged to offer up to 55,000 policies to the social segment. Companies failing to fulfil these targets can face financial penalties and in the event of repeated breaches, they may ultimately lose their licence.<sup>11</sup>

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<sup>9</sup> See Appendix 1 for more detailed information

<sup>10</sup> See MicroInsurance Centre, 2007, [www.microinsurancecentre.org](http://www.microinsurancecentre.org)

<sup>11</sup> "Micro-Insurance regulation in the Indian financial landscape", Micro-Credit Ratings International Limited, M-CRIL, March 2008

## MOTIVATION FOR INVOLVEMENT

The respondents stated their involvement in microinsurance is mainly driven by the objective to **invest in new markets** and by **financial profit expectations**; both being in line with the business logic of a commercially oriented company.

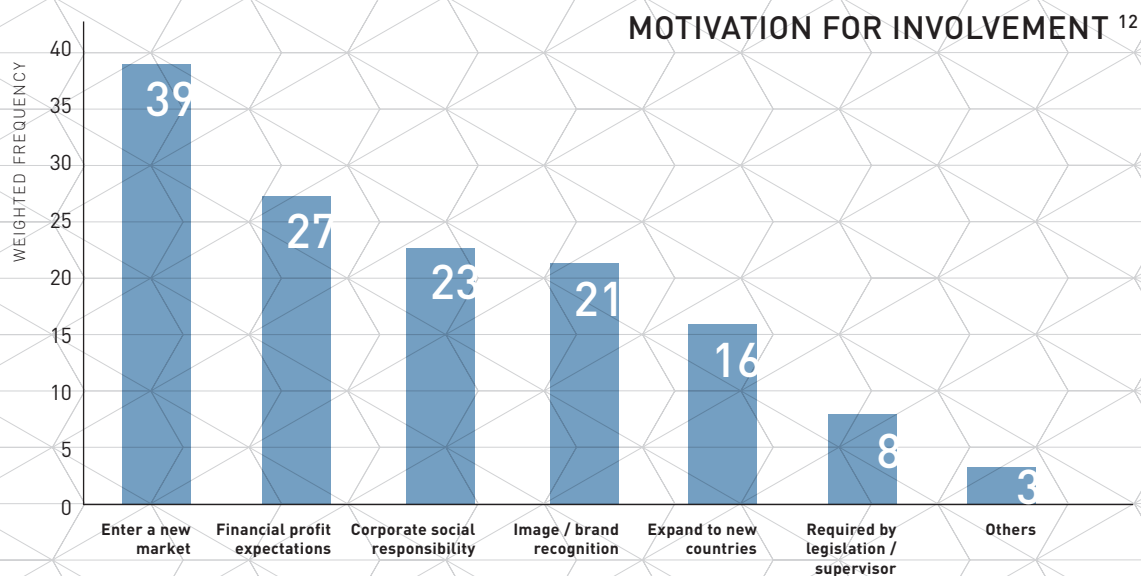
Microinsurance is perceived as a long-term strategy with 50% of the respondents believing that microinsurance is profitable. Only 4.17% think that microinsurance will not become profitable within the next three years.

The third and fourth reasons to get involved in microinsurance given by the survey respondents are corporate social responsibility and image and/or brand recognition. Since the financial crisis, commercial companies are again putting more weight on company values and ethical and

social considerations are important not only to investors, but also to clients. Corporate social responsibility and social image go hand in hand, and, based on the results of this survey, this shift in approach is also reflected in the attitude of the insurance industry.

The existence of mandatory regulation, which requires the insurance companies to reach out to the low-income markets, is also a driving factor. For example, Indian regulatory insurance law compels local insurance companies to offer insurance products to the rural and social sectors.

Commercial insurance companies that are not involved in microinsurance mentioned that the main reasons for not doing so were: Insufficient size of the market, lack of internal expertise for this specific market, and a need to focus on other target markets.



<sup>12</sup> The companies were asked to prioritise by ranking three objectives by order of relevance. The top ranked objective was given 3 points, followed by 2, then 1.

# MICROINSURANCE SUPPLY TRENDS

The supply of microinsurance products by the survey respondents has **increased in the past five years**, which coincides with the fact that most companies got involved within this time frame.

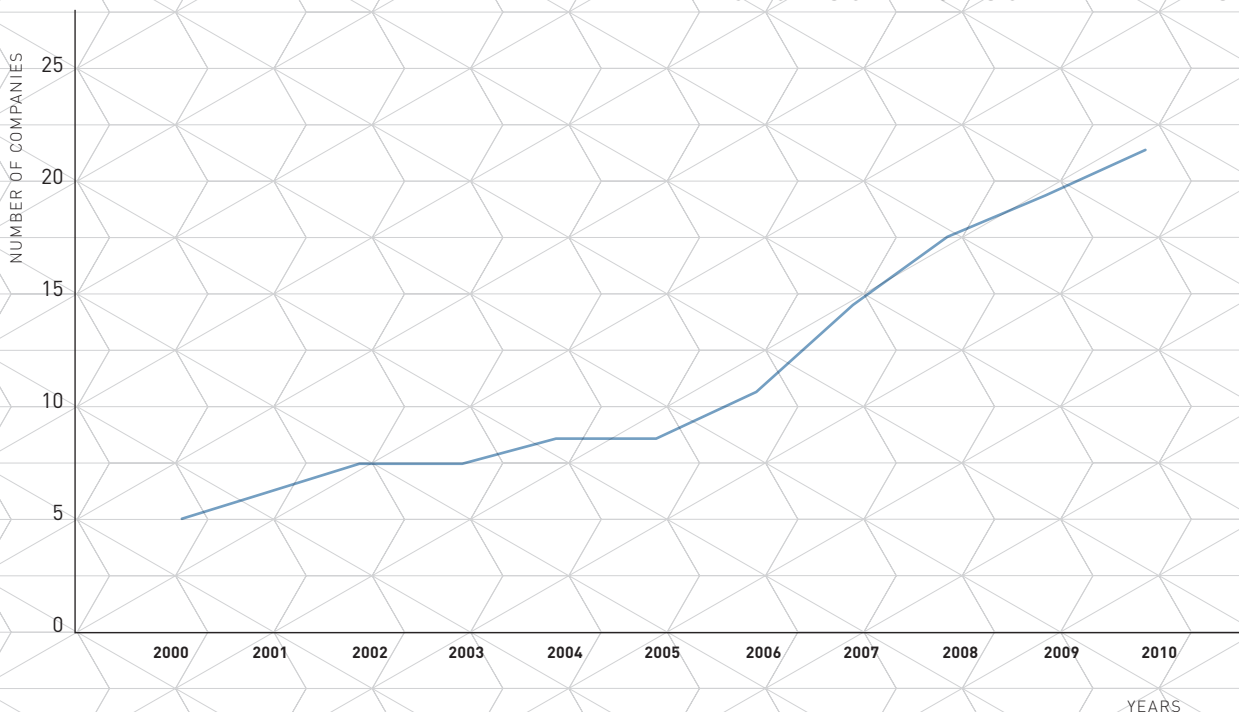
Only a few companies have been involved in serving the low-income market for more than five years. Chartis, for example, has provided credit insurance for microcredit since 1988 or Hollard, which has offered legal expense insurance to low-income South African people since 1985. Property and Casualty Company Limited (PICC) pointed out that they have been insuring people living in the Chinese rural areas since 1949.

The share of microinsurance in the overall insurance policy portfolio remains difficult to assess due to the fact that microinsurance policies are not always separately accounted for.

The survey respondents expect profit growth from microinsurance activities in the next two years, and the majority considers that business activities in terms of offer and demand will grow by **more than 100% within the next 3 years**. This growth is thought to be due to several factors:

- The increase in experience levels, which will result in cost reduction;
- The development of new products with improved design is facilitated;
- Insurance awareness will be greater;
- The recent tendency of governments to recognise the benefits of microinsurance in fulfilling social targets will continue.

MICROINSURANCE SUPPLY TRENDS



# GEOGRAPHICAL DISTRIBUTION

The majority of the survey respondents target the microinsurance market in Asia, especially India, China and Indonesia. The main reason for this is the large numbers. For example, one third of the world's poorest population are estimated to live in India. The World Bank estimates that 28% of India's population are living below the poverty line<sup>13</sup>, with more than 800 million people living in rural areas. In comparison with other countries, the microinsurance market and distribution network are relatively well developed. China also represents a large market, with more than 745 million people living in rural areas.

The number of insured persons corresponds to the number as indicated in the survey. However in some cases, the survey respondents stressed that they were only able to provide the number of policies as an indication of the volume of their business. In real terms, the coverage is probably larger than the one indicated in this graph, and one can assume that it would vary greatly if splitting up voluntary and compulsory schemes.

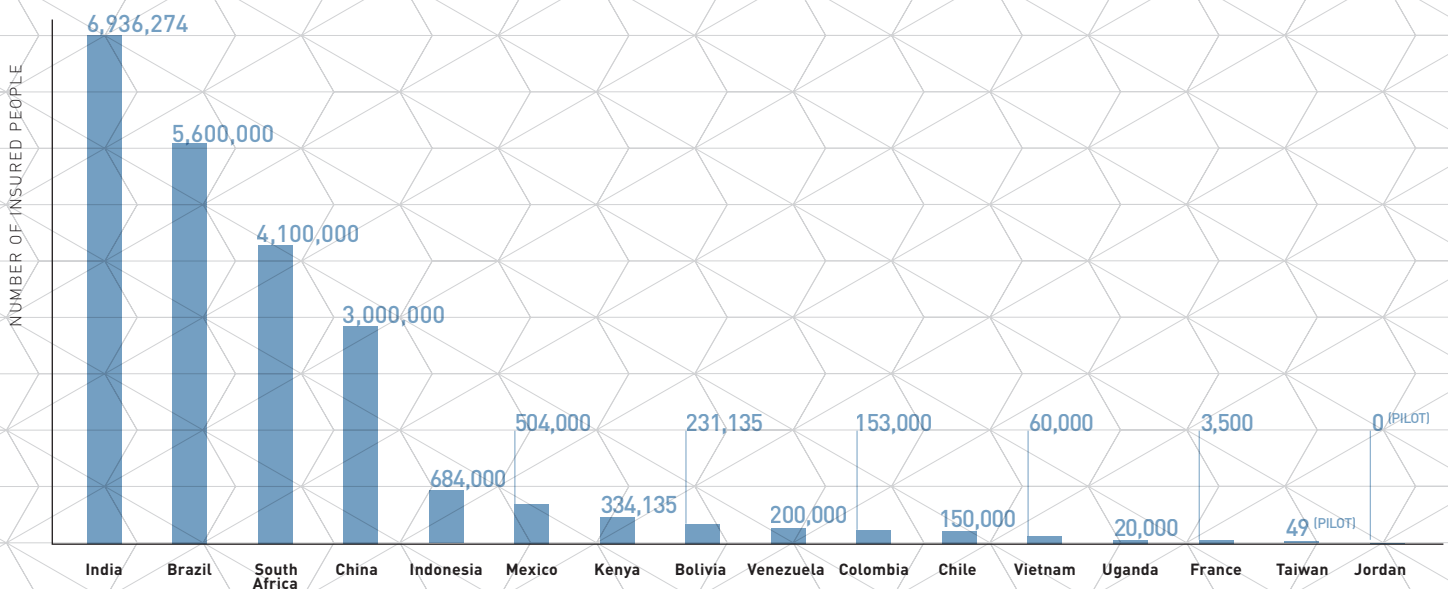
In South America, Brazil appears to be the leading country with 5,600,000 insured persons and South Africa leads the African countries with 4,100,000 insured persons. The respondents have indicated

that the microinsurance market in South Africa has a high demand for microinsurance products, especially with regard to funeral and burial insurance, as well as legal expenses insurance. The latter product is unique in the world as it is based on the cultural and historical context of South Africa; the black population were formerly strongly discriminated against in the courts.

The survey respondents have highlighted the involvement of the government as an enabling factor, which encourages and facilitates their contributions. The respondents stressed the need for governments to be more involved, like for example, in Brazil, Vietnam and the Philippines.

The survey participants tend to be involved in those countries where a local office is present. This **opportunistic approach** allows for a quick launch of new products and efficient use of local resources. Nevertheless, additional countries are also being targeted based on the objectives of their project partners or as a development strategy. For example, Zurich Financial Services supports Women's World Bank (WWB) with partners in Jordan, while Hollard, based in South Africa, is also active in neighbouring African countries.

INSURED PERSONS PER COUNTRY FOR RESPONDENTS



<sup>13</sup> The national poverty line as defined by the World Bank is the income level below which people are defined as poor. The definition is based on the income level people require to buy life's basic necessities—food, clothing, housing — and satisfy their most important socio-cultural needs. It is also called the subsistence minimum. The poverty line changes over time and varies by region. The official national poverty line is determined by a country's government.



# MICROINSURANCE PRODUCTS

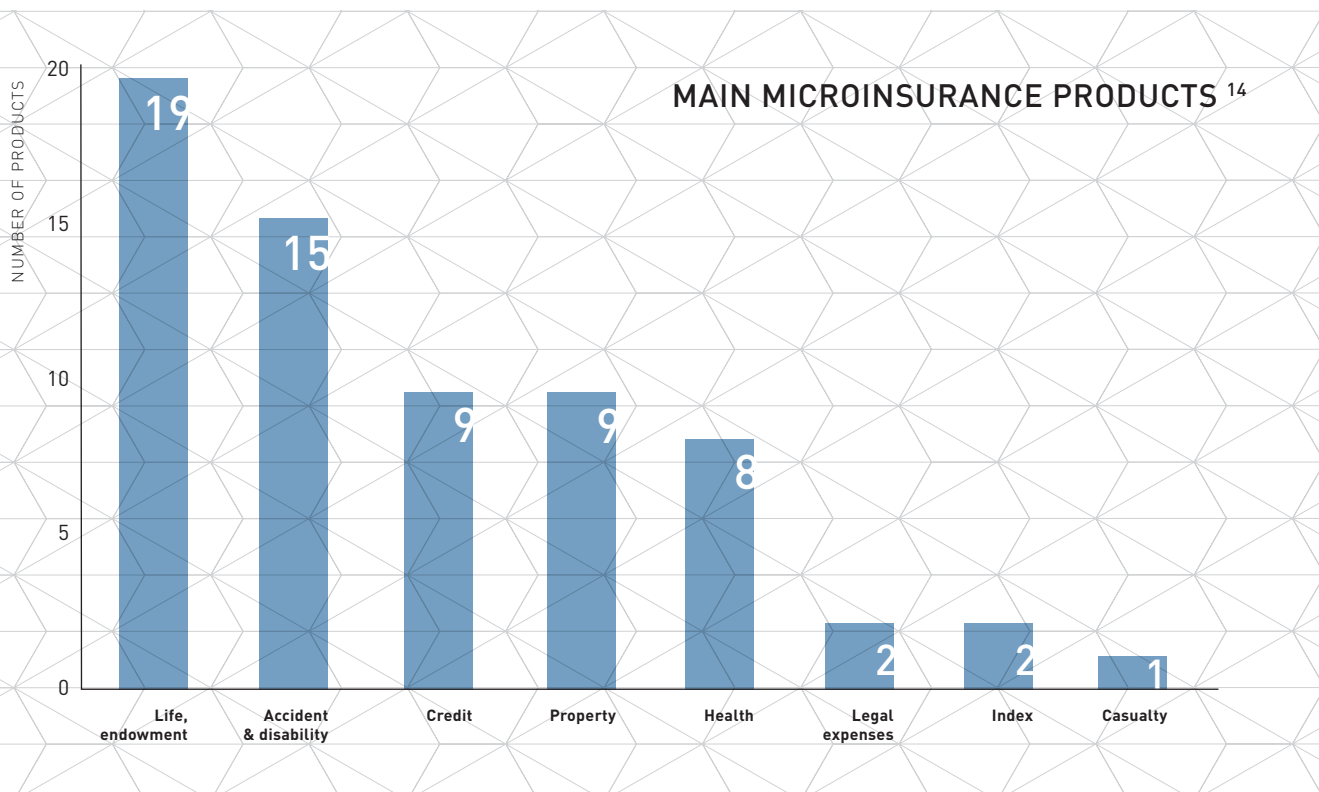
The most common risks covered by the survey respondents are **life, endowment, accident and credit insurance**, which represent 66% of the risks covered by the products analysed. These insurance products involve a relatively low administrative burden, and are easily adjusted to correspond to the financial means and demands of low-income households. The benefits usually consist of a lump sum payment.

Many survey respondents offer **combined products**, which always have a life or personal accident cover as a basis, and are often combined with health insurance or property insurance. Compared to credit life or accident insurance, health insurance and property insurance are difficult to implement, mainly due to high claims handling costs and volumes. To combine these products with less complex products is a way to facilitate their implementation and might be a successful formula, considering that demand for health coverage is very important in most countries.

Many of the microinsurance products are linked to **microcredit** and distributed in partnership with a microcredit provider or microfinance institution (MFI), which already serves the target population through its own distribution network.

Considering the fact that low insurance awareness and thus reluctance to buy insurance is perceived as a challenge, 72% of the accounted products are voluntary or non-compulsory policies. The compulsory products are usually linked to credit or financial services, which require a subscription.

With regard to supply diversification, it is notable that since 2005 different types of coverage were added such as casualty insurance and health insurance. Nonetheless, the emphasis on life, accident and disability products has been prominent for the past ten years.



<sup>14</sup> This study includes information about 42 different products. The combined products are accounted for each of their components. "Index" insurance indicates a type of coverage, not a line of business, like for example Property or Life, but as the category is often used in microinsurance, it was interesting to see how many products would be listed as such. We asked for individual and group contracts but information was not conclusive.

## PRODUCT FEATURES

The commercial insurance companies were asked in this survey to list the factors that distinguish their microinsurance products from the regular business line: Level of premiums and benefits; exclusions; general costs and loss ratio.

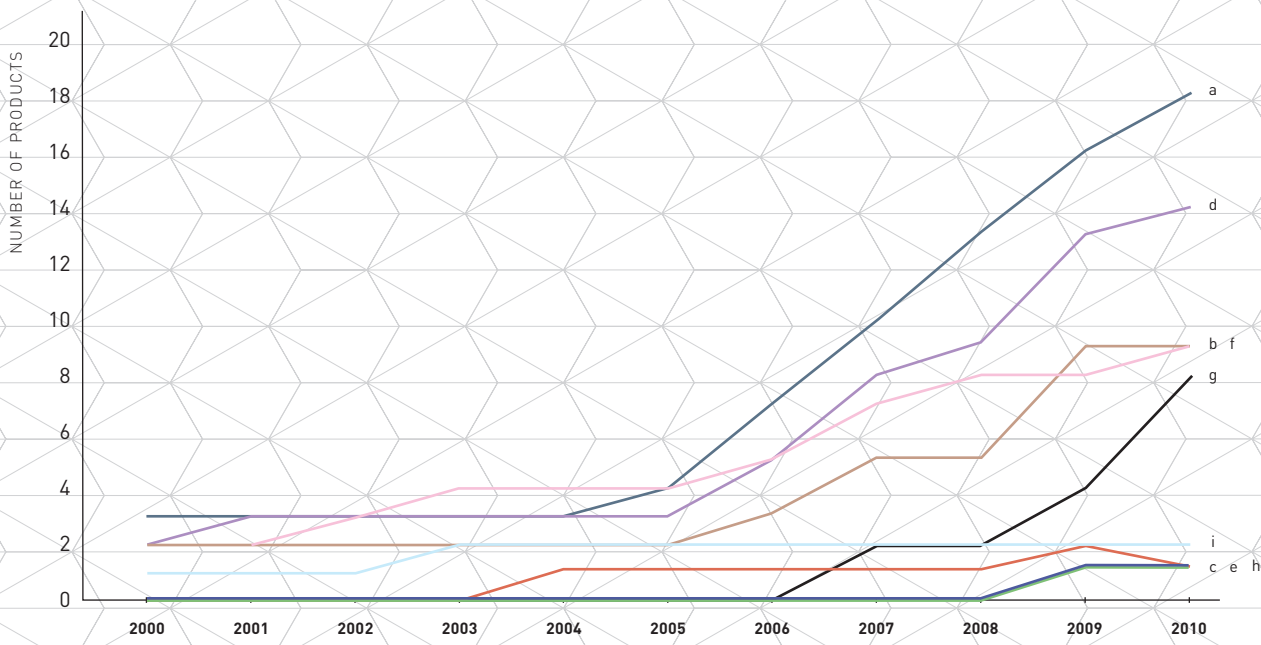
Twenty six of 42 products taken into account in this study disburse lower benefits than regular insurance products, whereas 10 of them promise higher benefits. This is remarkable, considering the fact that all of these products encompass **lower premiums**. It can be assumed that the ratio between benefits and premiums in microinsurance is typically of less importance than that for regular insurance policies.

More than one third of these products have **less exclusion** than traditional insurance products. For

example, Zurich Financial Services do not screen for pre-existing conditions in the hospital indemnity insurance product in Jordan. This helped to market the product and adapt it to the needs of the target population. Health certificates are often difficult to organise and the resources needed to manage this process are often disproportionately high with regard to the risk and benefit covered. Minimum and maximum age limits for policy holders are applicable for 74% of the reported products.

There was no apparent trend with regard to difference in product costs: About one third of the respondents estimate them to be higher for microinsurance than for standard insurance products, one third the same and the last third to be lower. The same is true with regard to the loss ratio. The survey respondents estimate that about half of the products have the same loss ratio as other insurance products.

## TREND PER MICROINSURANCE PRODUCT



a Life, endowment

b Property

c Casualty

d Accident & disability

e Index

f Credit

g Health

h Pension

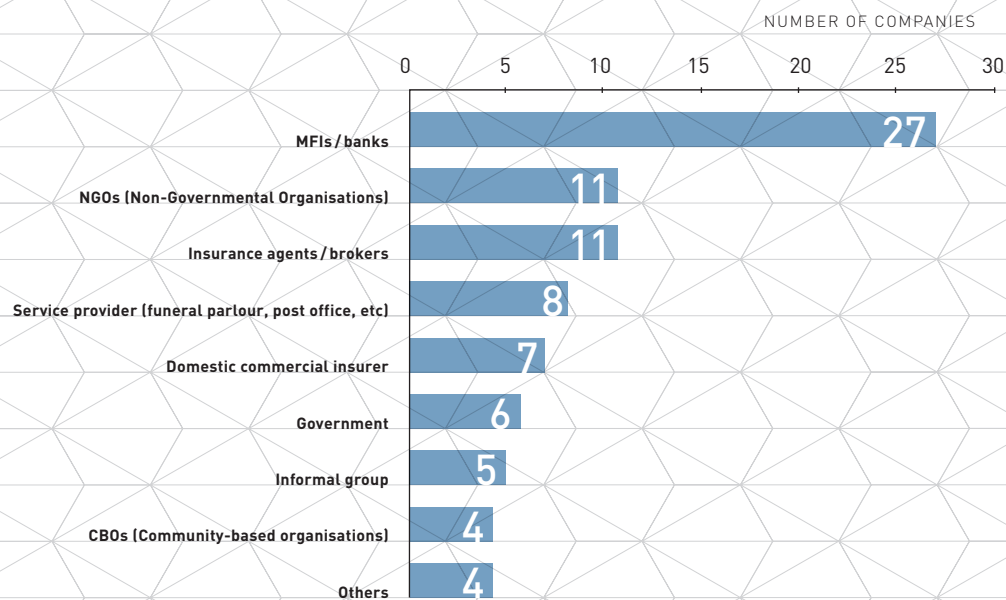
i Legal expenses

# MICROINSURANCE PARTNERSHIPS

All the survey respondents work together with **local partners** for knowledge exchange; operations, such as policy administration, product design, actuarial calculations; and distribution of the products. Only four respondents use a fronting solution and are interfacing with the customer.

The local partners are predominantly **microfinance institutions, banks** and **non-governmental organisations, insurance agents and brokers**. Some survey respondents collaborate directly with local governments that might be involved in the distribution process or cover part of the risk, through a public fund.

## MICROINSURANCE PARTNERSHIPS <sup>15</sup>



<sup>15</sup> Figures indicated correspond to the number of survey respondents cooperating with each type of partner. Each participating company had the possibility to indicate several partners with whom it cooperates. Partners regrouped under the label "others" include, for example, local offices of development agencies.

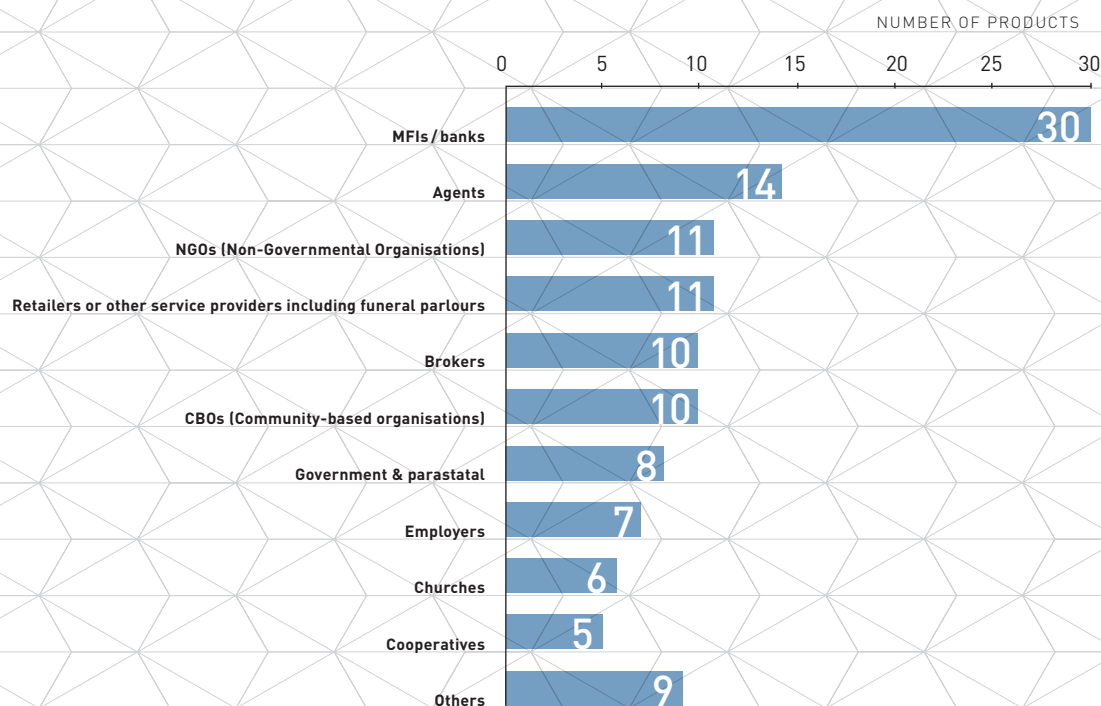
# DISTRIBUTION CHANNELS

Commercial insurance companies that participated in this study diversify their distribution channels for delivering microinsurance products. The selection of a specific distribution channel is based on its proximity and the trust relationship to the low-income market, as well as cost efficiency; the main challenge being outreach and growth.

The survey respondents demonstrate their ability to be **innovative** and work together with agents, NGOs, retailers, brokers, community-based organisations, governments, employers and churches.

**Microfinance institutions, banks and cooperatives** are, nevertheless, the preferred distribution channels as they have already established networks and are close to the target market. This is confirmed by the question about preferred partnerships.

## DISTRIBUTION CHANNELS <sup>16</sup>



<sup>16</sup> The figures correspond to the number of products distributed through each distribution channel. The volumes of sales per distribution channel were unavailable. Each product may be distributed through different distribution channels at the same time. Within the category "others" direct distribution by the insurance company itself, associations, utility companies and self-help groups were quoted.

# MICROINSURANCE INVESTMENTS

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Commercial insurance companies that participated in this study stated that involvement in microinsurance requires a firm commitment, which often translates to human resources rather than huge financial investments. Microinsurance is a new business line but not every respondent saw the need to set up a complete new product line; an approach, which helped to keep investment costs relatively low.

The majority of the survey respondents invested less than USD 1,000,000 but plan to **increase investments within the next couple of years**. Some respondents made a one-off investment for product development, and do not expect any

additional costs in the future. This estimate does not take into account any expenses related to the distribution.

As already shown earlier, most survey respondents don't perceive microinsurance to be a separate business line and staff members are often in charge of other activities in addition to microinsurance. Nonetheless, two-thirds of the survey respondents indicated that more than 10 people are already involved in microinsurance activities and even foresee hiring **additional staff**. In some cases, a specific department at the headquarters has been set up for microinsurance activities.

# MARKET CHALLENGES

The survey respondents were asked to list the key challenges they faced when initiating microinsurance activities.

Although the initial financial investment was not perceived as an obstacle, the **ratio of high costs compared to the low return due to smaller premiums** is seen as a challenge. The high costs are in general made up of **high acquisition costs** as the policy holders are often living in remote areas and are not reachable by the usual distribution networks such as insurance brokers. Becoming **sustainable** and reaching a balance between premium income and expenses is a real challenge for any microinsurance provider.

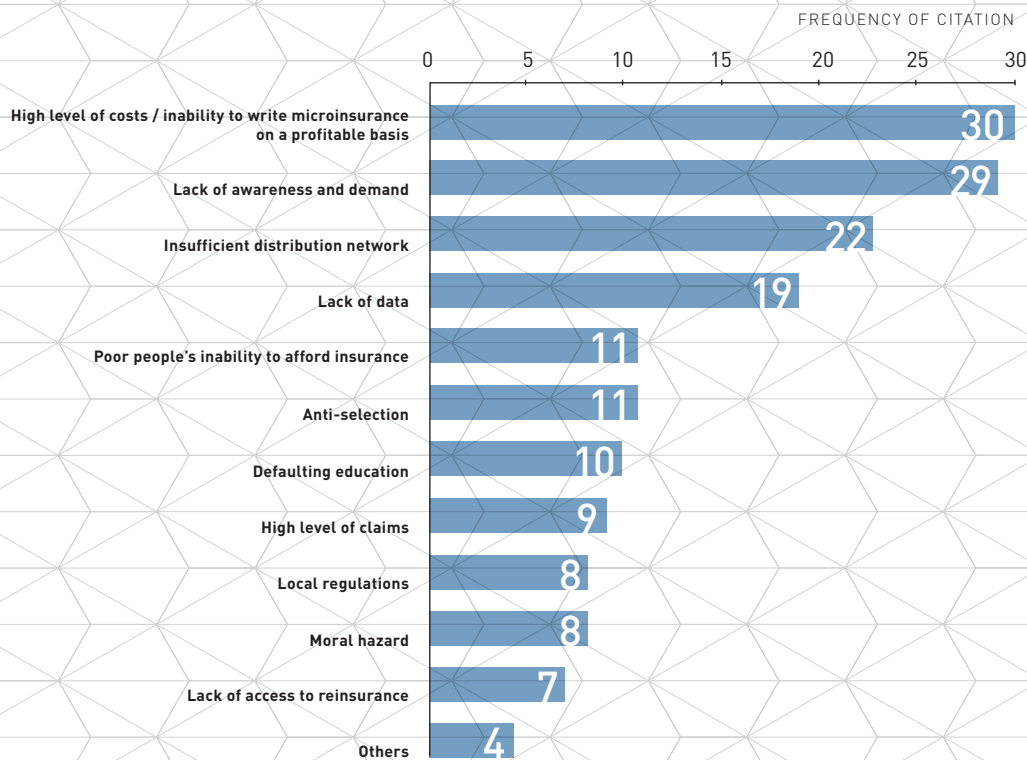
The **lack of insurance awareness** is also seen as a challenge and translates into a relatively low demand for microinsurance services. Commercial insurance companies, directly and through their partners, need to engage in the provision of insurance education, which represents an additional cost but if carefully linked to marketing efforts can be very powerful.

Insurance often has a **bad reputation**, as benefits are only available if something dramatic happens, and prejudices are usually reinforced by word of mouth. Stories about benefits not being paid out or being long-delayed are often heard. The insurance agents or company need to build up trust and make it easy to claim as well as deal with claims swiftly.

The **distribution of microinsurance products** is also as a major challenge as infrastructures are often not set up yet. Innovative partnerships with partners that are close to the target population, like retailers, churches, or community-based groups, are essential but also time-intensive, as partnerships need to be managed.

The survey respondents state that the **lack of available data**, which is needed for risk assessment and premium calculations, is another significant challenge when entering this market. Some participating companies mentioned that they had to make a choice between a conservative approach in the absence of valuable data and a more risky "trial and error" method.

MICROINSURANCE MARKET CHALLENGES <sup>17</sup>

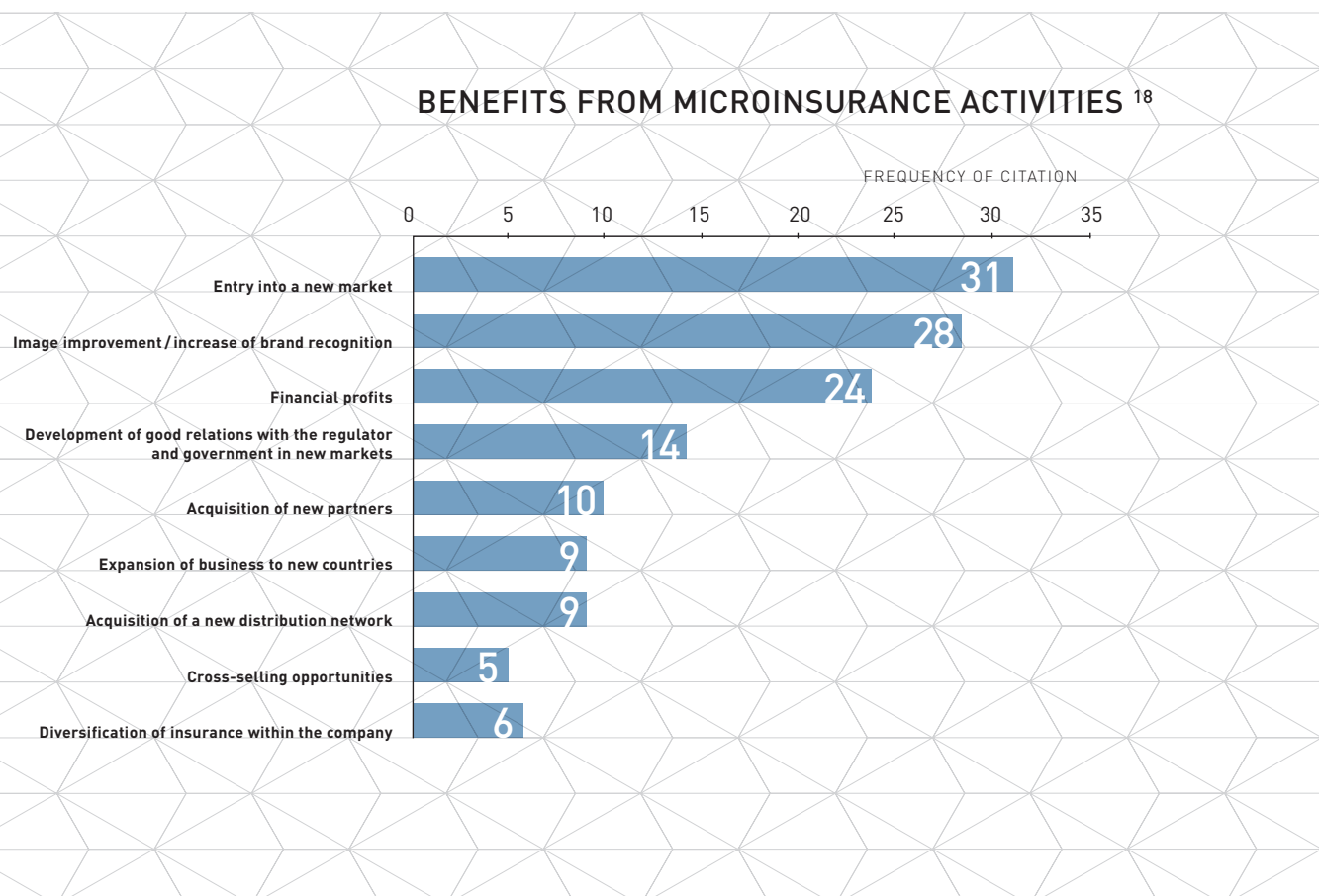


<sup>17</sup> Several responses were possible. The numbers indicated correspond to the frequency of citation. Challenges included under the label "others" are: Cash collection, providing premium receipts in the field, timing of payment, getting regular premiums and finding new partners. "Lack of expertise in microinsurance" and "Language barrier" were both cited four times each as well.

# BENEFITS FROM MICROINSURANCE ACTIVITIES

The survey participants were asked about what benefits they expect from their microinsurance activities. Adopting a long-term view, sustainability is important to achieve. The survey respondents stated that 29 out of the 42 analysed products are already financed completely by their premiums. Despite the many challenges, 57% of the survey respondents do believe that microinsurance is profitable and all but one believe that **profitability** will be achieved in the next three years.

Intangible benefits are almost as significant as financial profits or as the highest ranked **entry into a new market**. Several respondents say that **brand awareness increased** through the involvement in microinsurance, which will, together with the other listed benefits, contribute to the sustainability of the activities.



<sup>18</sup> This question requested the participants to rank the three main benefits from microinsurance activities by order of significance: a value of 3 has been given to the first benefit mentioned by each company, a value of 2 for the second benefit, and a value of 1 for the last.

# CONCLUSIONS

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The involvement in microinsurance by commercial insurance companies, which have contributed to this study, is in general a recent development. In the past few years, this development has been accelerated and microinsurance activities have increased as well as diversified.

This study concludes that commercial insurance companies tend to partner with other stakeholders such as MFIs, NGOs, and governments. Both the development of distribution channels and awareness-raising activities with these partners are essential for outreach and growth.

The results of this study demonstrate that the commercial insurance companies are committed to this new market, where they perceive tangible as well as intangible benefits. Through the increased involvement and based on lessons learned, one can presume that microinsurance services for low-income households will become more competitive and affordable.

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# OVERVIEW OF REPORTED MICROINSURANCE ACTIVITIES (APPENDIX 1)<sup>19</sup>

	INSURED LIVES	GEOGRAPHICAL FOCUS	MAIN PRODUCTS OFFERED	MAIN PARTNERSHIPS
ACE Seguros S.A.	4,800,000	Brazil	Accident & disability	Domestic commercial insurer, power companies, cards companies, large broker platforms, telecom companies, etc
Allianz SE	6,000,000	India, Indonesia, Côte d'Ivoire, Madagascar, Senegal, Cameroun, Egypt and Columbia	Endowment, credit life and personal accident	Local MFIs (SKS Microfinance, Women's world banking, ...), dairy cooperatives, community based organisations
AON Bolivia S.A.	175,000	Bolivia	Pension, death and disability, vehicle, health	Domestic commercial insurer, MFIs, health services providers
Assicurazioni Generali s.p.a	N/A	N/A	N/A	N/A
AXA	20,000	France, Mexico, India	Life, health, property, credit	Domestic commercial insurer, NGO, MFIs, service providers
Bradesco Seguros Previdência*	500,000	Brazil	Accident & disability, capitalization	Local MFIs, brokers
Cathay Financial	49 (pilot)	Taiwan	Accident & disability	N/A
Chartis	630,000	Indonesia, India, Uganda	Life & hospital, livestock, credit accident & disability	MFIs, domestic commercial insurer, community based organisations, brokers & agents, government
The Co-Operative Insurance Company of Kenya Limited*	642,250	Kenya	Credit, health and accident & disability	Public insurance fund, MFIs, community-based organisations, churches
CNP	1,500	France	Accident & disability	Domestic commercial insurer, foundation
Fortis	43,573	India	Credit life	NGO, MFIs

<sup>19</sup> Companies marked with a \* are those which are not part of the 50 largest companies of the insurance sector according to the Forbes 2000 ranking, but were added for the purpose of reference. Information given in this table is based on the data provided by the companies and have not been verified independently.

	INSURED LIVES	GEOGRAPHICAL FOCUS	MAIN PRODUCTS OFFERED	MAIN PARTNERSHIPS
Guy Carpenter & Company, LLC	N/A	Global, mainly India	Excess of loss, prorata and parametric microinsurance	Partnerships formed on an as-needed basis
Hollard Insurance Group*	4,000,000	South Africa, SADC region	Legal expenses, burial & life, credit life	Local MFIs, agents, retailers, informal groups
If P&C Insurance Company	Not active	N/A	N/A	N/A
IFFCO Tokio (Tokio Marine, Nichido Fire Group)	2,956,691	India	Accident & disability, index, property	Cooperatives, MFIs, agents, government
Manulife Financial	60,000	Vietnam	Life, AD&D and hospital income	NGO
Mapfre Mexico	2,034,000	Mexico	Life, accident & disability	Local MFIs, media, retailers, brokers
MetLife	750,000	India, Chile, Brazil, Mexico	Life, credit, combined endowment, life and accident & disability	Local MFIs, cooperatives, utilities companies, retailers
Munich Re	N/A	Philippines	Index-based NatCat reinsurance	Cooperative, NGO
PICC Property and Casualty Company Limited*	3,000,000	China	Property, accident & disability	Local MFIs, agents, employers, government
Swiss RE	N/A	N/A	Life, Credit	N/A
TATA AIG Life Insurance Company Limited	81,670	India	Life	MFIs, NGO, self-help groups
Unum	Not active	N/A	N/A	N/A
Zurich Financial Services	2,000,000	China, Indonesia, Jordan, Mexico, Brazil, Chile, Venezuela, Bolivia, South Africa	Funeral, accident and sickness protection, Disability, Involuntary loss of employment, Credit Life, Term, legal expenses	Local MFIs, retailers, cooperatives

# LIST OF CONTACTED INSURANCE COMPANIES

## (APPENDIX 2)

<b>A</b>	
ACE (Argentina)	
ACE Seguros S.A. (Brazil)	
Aegon NV	
Aegon: Seguros Argos in Mexico	
Aflac	
Ageas (Fortis)	
Allianz SE	
Allstate Corporation	
AON Bolivia S.A.	
Assicurazioni Generali S.p.A.	
Aviva Life Insurance Company India Ltd.	
AXA Group	
<b>B</b>	
Bradesco Seguros Previdência	
<b>C</b>	
Cathay Financial	
Chartis (AIG)	
China Life Insurance Company	
China Pacific Insurance	
Chubb Insurance	
The Co-Operative Insurance Company of Kenya Limited	
CNP Assurances (France)	
<b>F/G/H</b>	
Fairfax Financial Holdings Ltd	
Guy Carpenter & Company, LLC	
Hartford Financial Services Group Inc.	
<b>I</b>	
ICICI Lombard General Insurance Company Ltd.	
ICICI Prudential Life Insurance Company Ltd.	
ING Group	
<b>L</b>	
Legal & General Group	
Lincoln National Corp.	
Loews Corporation	
<b>M</b>	
Manulife Financial	
<b>M</b>	
Mapfre Seguros Mexico	
Marsh & McLennan Companies Inc.	
MetLife Inc.	
Mitsui Sumimoto Insurance Group Holding Inc.	
Munich Re	
<b>O</b>	
Old Mutual Plc.	
<b>P</b>	
Pacifico Seguros	
Partner Re	
PICC Property and Casualty Company Limited	
Ping An Insurance	
Progressive Corporation	
Prudential Financial	
Prudential plc	
<b>Q/R</b>	
QBE Insurance Group Ltd	
Royal & Sun All Ins Group Plc.	
<b>S</b>	
Sampo, IF Sweden	
Samsung Fire & Marine	
SCOR S.A.	
Sompo Japan Insurance	
Standard Life Plc.	
Sun Life Financial Inc	
Swiss Life Holding	
Swiss Re	
<b>T</b>	
T&D Holdings	
TATA AIG Life Insurance Company Limited	
Tokio Marine Holdings Inc.	
Travelers Cos Companies Inc.	
<b>U/V/Z</b>	
Unum Group	
Vienna Insurance Group	
Zurich Financial Services	

# MICROINSURANCE PROFILES

Some companies that participated in the survey were happy to provide snapshots.

*"After 10 years studying the market, I do believe in a governmental subsidy model for claims ratio excess."*

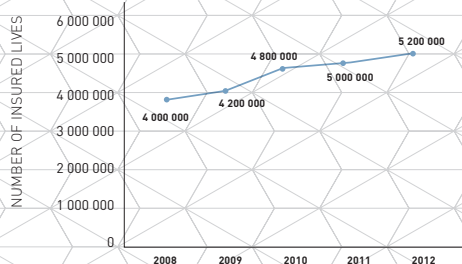
#### Size of microinsurance department

More than 10 persons between 2008 and 2010, no change planned until 2012.

**Microinsurance unit:** Headquarter ACE Seguradora S.A. (Brazil)

**Microinsurance products:** Accident & disability

**Target countries:** Brazil



**ace seguros**

**ACE Seguradora S.A.**

#### Core business:

Life and non-life insurance, reinsurance

#### Contact person:

Daniel Meneghin

Avenida Paulista, 1.294, 17th floor,  
São Paulo - Matriz, Brazil

#### Email:

daniel.meneghin@acegroup.com

*"As experience is accumulated, costs are driven down and higher sustainability is achieved."*

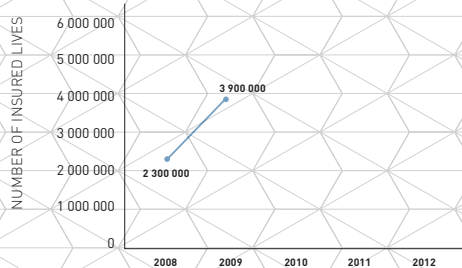
**Size of microinsurance department**

Two persons dedicated to microinsurance at headquarters, cooperating with people working partly on microinsurance projects in the local offices. In some local subsidiaries, there are additional Allianz staff members, who work full time on microinsurance.

**Microinsurance unit:** Headquarter Allianz SE (Germany); BajajAllianz (India); Allianz Indonesia (Indonesia); Colseguros (Colombia); Allianz Africa (Egypt, Senegal, Cameroon, Ivory Coast, Madagascar)

**Microinsurance products:** Endowment, life, agriculture insurance

**Target countries:** India, Indonesia, Colombia



**Allianz SE**

**Core business:**

Life and non-life insurance, reinsurance, asset management

**Contact person:**

Michael Anthony

Koeniginstrasse, 28, 80802 Munich, Germany

**Email:**

michael.anthony@allianz.com

*"The current insurance market will have to prove that it has the enabling capabilities to write microinsurance as a stand-alone product line and not simply as an extension of their other product lines."*

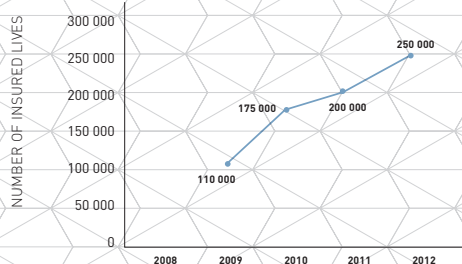
**Size of microinsurance department**

Less than 5 persons in 2008, between 6 and 10 persons in 2009 and 2010 and is foreseen to be more than 10 persons for 2011 and 2012.

**Microinsurance unit:** Aon Bolivia S.A.

**Microinsurance products:** Combined insurance including pension scheme and death & disability covers, vehicle insurance, health insurance

**Target countries:** Bolivia



**Aon Bolivia S.A.**

**Core business:**

Insurance broker

**Contact person:**

Jose Luis Contreras

Torre Lucia, Piso 3, La Paz, Bolivia

**Email:**

Jose.Luis.Contreras@aon.com

*"Microinsurance programmes will be the great potential increasing in insurance business in Brazil, and Bradesco Seguros e previdência wants to be leader in this segment in our country."*

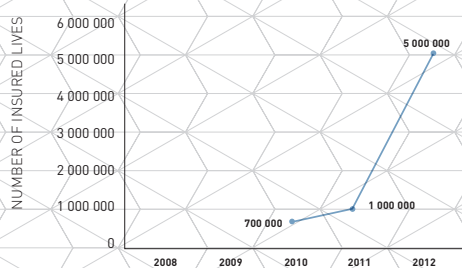
**Size of microinsurance department**

It has been constantly more than 10 persons between 2008 and 2010 and should stay above 10 persons for 2011 and 2012.

**Microinsurance unit:** Bradesco Seguros e Previdência Brazil

**Microinsurance products:** Accidental & disability, combined product, capitalization (Lottery)

**Target countries:** Brazil



## Bradesco Seguros

### Bradesco Seguros e Previdência

**Core business:**

Life and non-life insurance

**Contact person:**

Eugênio Velasques

Cidade de Deus, S/N Prédio Bradesco  
Vida e Previdência-2º Andar  
Osasco - Sao Paulo, Brazil  
ZIP CODE: 06029-900

**Email:**

5310.velasques@bradesco.cpm.br

**Size of microinsurance department**

More than 10 persons working for the microinsurance department around the world.

**Microinsurance unit:** Headquarters in the United States, regional offices in Uganda, India, Indonesia

**Microinsurance products:** Accidental & disability insurance, credit insurance, property insurance, combined insurance including hospital expenses, funeral benefit and family income protection.

**Target countries:** Uganda, India, Indonesia



### Chartis

**Core business:**

Property insurance,  
casualty insurance

**Contact person:**

Krishnan Venkatachalam

175 Water Street, 26th floor,  
New York, NY 10038, USA

**Email:**

Krishnan.Venkat@chartisinsurance.com

*"As experience is accumulated, costs are driven down and higher sustainability is achieved."*

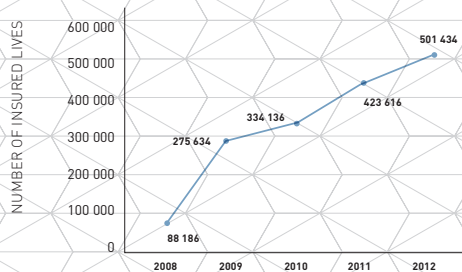
**Size of microinsurance department**

Is currently increasing from less than 5 people since 2008 to more than 5 as from 2011.

**Microinsurance unit:** Kenya, head office and branch offices

**Microinsurance products:** Credit insurance (linked to a loan), combined product: health, accident and disability

**Target countries:** Kenya



**THE CO-OPERATIVE INSURANCE  
COMPANY OF KENYA LIMITED**

**The Co-operative Insurance Co.  
Kenya Ltd**

**Core business:**  
Life and non life insurance,  
fund management, financial investment

**Contact person:**  
David K. Ronoh

P. O. Box 59485-00200,  
Nairobi, Kenya

**Email:**  
ronoh@cic.co.ke

*"Microinsurance is the provision of (non)traditional institutional reinsurance products and services attendant to the needs and particularities of the microinsurance market and/or protecting the underlying interests of the poor."*

**Size of microinsurance department**

One person dedicated full-time to microreinsurance; although the hiring of additional capacity is foreseen in 2012.

**Microinsurance unit:** Headquartered in the USA,  
Guy Carpenter & Company

**Microinsurance products:** Excess of loss microreinsurance,  
prorate microreinsurance, parametric, microreinsurance

**Target countries:** Global

**GUY CARPENTER**

**Guy Carpenter & company, LLC**

**Core business:**  
Reinsurance broking

**Contact person:**  
Alex Bernhardt

Address: 701 Pike Street, Suite 2000,  
Seattle, WA 98104, USA

**Email:**  
alex.bernhardt@guycarp.com

*"The role played by technology in enabling the delivery of microinsurance solutions in the targeted market is yet to be fully explored. However, cell phones create an ideal platform to address distribution challenges (i.e. cost and accessibility). In addition, retailers and other public institutions provide access to the market and should be considered when engaging with potential distribution partners"*

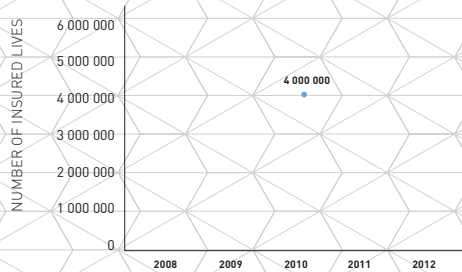
**Size of microinsurance department**

4 persons are actually dedicated to microinsurance and acting as a hub. Resources from other departments add up to more than 10 persons spending some of their time on microinsurance projects

**Microinsurance unit:** Hollard Alternative Distribution, Hollard Insurance Partners (Life and non-life) South Africa, Hollard Mozambique, Hollard Pakistan (Adamjee Life)

**Microinsurance products:** Legal expense insurance, combined product: burial and life benefits, credit life insurance

**Target countries:** South Africa and global



**Hollard Insurance Group**

**Core business:**

Life and non life insurance

**Contact person:**

Thabo Gumbi  
Hollard Campus, 22 Oxford Road,  
Parktown Johannesburg,  
South Africa

**Email:**

thabog@hollard.co.za

*"More regulators in various developing countries will start to "encourage" the development of microinsurance in the next 5 years."*

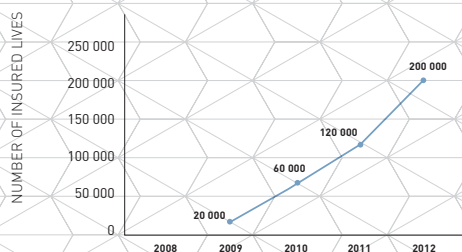
**Size of microinsurance department**

The size is increasing from less than 5 persons in 2009 to more than 10 in 2010 and for future years.

**Microinsurance unit:** Micro-Insurance Vietnam

**Microinsurance products:** Combined product: life, AD&D and hospital income

**Target countries:** Vietnam, (up from 2012 also Philippines)



**Manulife Financial**

**Core business:**

Life insurance

**Contact person:**

David Wong

48/F The Lee Gardens, 33 Hysan Ave,  
Causeway Bay, Hong Kong

**Email:**

david\_wong@manulife.com

*"The development of microinsurance depends on the government decision and the management level of commercial insurance companies in P.R.C., which could lead to a profitable and sustainable business for insurance line."*

**Size of microinsurance department**

There is no separate department or branch of business for microinsurance; however more than 10 employees overall in local branches are involved in microinsurance projects.

**Microinsurance unit:** Headquarter PICC Property and Casualty Company Limited (P.R.C.); all provincial branches (P.R.C.)

**Microinsurance products:** Property, vehicle, accident & disability

**Target countries:** People's Republic of China



**PICC Property and Casualty Company Limited**

**Core business:**  
Property and casualty insurance

**Contact person:**  
Yang Huijing (Michelle Yang)

Tower 2, No. 2 Jianguomenwai Avenue, Chaoyang District, Beijing 100022, People's Republic of China

**Email:**  
yanghuijing@picc.com.cn

*"Life, health and agriculture microinsurance can add a lot of value to low-income people. With regards to protecting low-income people against the financial consequences of natural disaster shocks, the implementation of risk-transfer mechanisms on an aggregate level (e.g. directly for governments, development organisations or MFIs) may be a more promising approach compared to the provision of pure natural catastrophe microinsurance products to individuals."*

**Microinsurance unit:** Swiss Re has a specialised business unit which is exclusively focused on the risk-management and risk-transfer needs of public sector clients (incl. governments, development organizations, foundations or NGOs).

**Microinsurance products:** Full range of products

**Target countries:** Global

# Swiss Re



**SWISS RE**

**Core business:**  
(Re-)insurance

**Contact person:**  
Reto Schnarwiler or Michael Schwarz  
Mythenquai 50/60,  
8022 Zurich, Switzerland

**Email:**  
Reto\_Schnarwiler@swissre.com or  
Michael\_Schwarz@swissre.com

*"Sustainability is the key."*

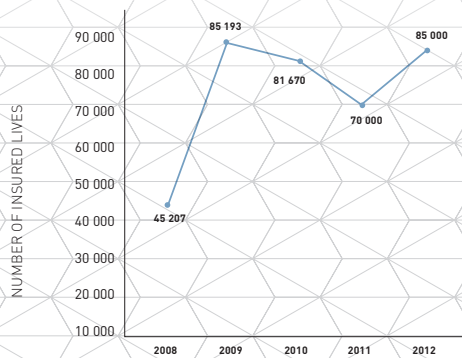
**Size of microinsurance department**

44 persons employed full time in 2010

**Microinsurance unit:** Rural and Micro Insurance channel (India)

**Microinsurance products:** Life

**Target countries:** India



***A new look at life***

**Tata AIG LIFE INSURANCE Company Limited**

**Core business:**  
Life insurance

**Contact person:**  
Giridhar P

No. 474, 6th block,  
80 Feet road, Koramangala,  
Bangalore 560 095, India

**Email:**  
giridhar.p@tata-aig.com

The Microinsurance Network, hosted by Appui au Développement Autonome (ADA), is a member-based network of organisations and individuals active in microinsurance. The mission of the Network is to promote the development and proliferation of good-value insurance products for low-income persons by providing a platform for information sharing and stakeholder coordination.

**FOR MORE INFORMATION ON:**

**Microinsurance Network:**

[www.microinsurancenetwerk.org](http://www.microinsurancenetwerk.org)

**Appui au Développement Autonome (ADA):**

[www.microfinance.lu](http://www.microfinance.lu)

Any feedback or comments can be sent to [info@microinsurancenetwerk.org](mailto:info@microinsurancenetwerk.org)

The Microinsurance Network would like to thank all of the insurance companies that took part in this study for their time and effort.

**Marie-Amandine Coydon** has been working as a lawyer in the insurance industry for more than 8 years. She contributed to the minutes of the 2010 International Microinsurance Conference and supports the Microinsurance Network secretariat with legal advice and review of French documents. Her interest in microinsurance is based on her conviction that the first goal of insurance is to protect vulnerable people from hazards; and thus makes it particularly adapted to the protection of low-income households.

**Véronique Molitor** is currently completing a master in "Entrepreneurship and Innovation" at the Luxembourg Business Academy, and has worked previously in international Hotel and Tourism Management, and PricewaterhouseCoopers. She became interested in microinsurance partly due to her involvement in the Social Business Laboratory (Grameen Creative Labs), and believes that innovative and tailored insurance products will in future provide security for low-income households around the world.

