



Expert Forum: Microinsurance in Africa

Module 1: Microinsurance in Africa and Product Evolution

Welcome!

We will begin shortly

Housekeeping Items

- ✓ Today's Expert Forum is scheduled to last 1 hour including Q&A



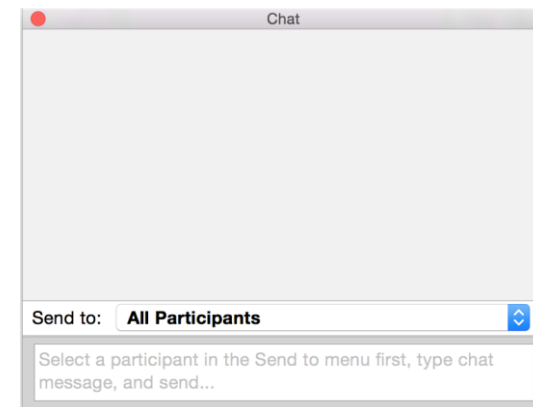
- ✓ To ensure the highest quality of experience, all participants will be muted

- ✓ QUESTIONS can be submitted via the "Chat" feature

OR



- ✓ "Raise Hand" icon to speak
- ✓ Lower Hand and mute after
- ✓ Slides and a recording of this presentation will be circulated after we conclude
- ✓ Message the organizers for any issues
- ✓ Don't forget to fill out the survey that appears automatically after the Forum



Unleashing the full potential of Africa's financial sector

G8 INITIATIVE

- Launched in October 2007
- AfDB hosts the Secretariat since September 2008



David Ashiagbor
Coordinator
MFW4A

STRATEGIC GOALS

- To be the reference financial sector development knowledge hub on Africa
- To provide a vibrant financial sector development networking platform on Africa
- To be a key voice on financial sector development in Africa

MICROINSURANCE NETWORK

The global platform for insurance in emerging markets

> 80
INSTITUTIONS

300
EXPERTS

> 30
COUNTRIES

- **Highlight** the role of **insurance for development**
- **Advocate** for fair and **proportionate regulation**
- **Promote** the microinsurance **business case**
 - **Engage** the **insurance industry**

Connect. Participate. Influence



- ✓ **New initiative of the Microinsurance Network**
- ✓ **Interactive discussion between microinsurance experts on key emerging topics**
- ✓ **We want to hear from you!**

- ✓ **Be sure to register for upcoming Expert Forum Series Modules:**
 - **Module 2 | 24th March, 13:00 GMT**
 - **Module 3 | 14th April, 13:00 GMT**

Expert Forum: Microinsurance in Africa

Module 1: Microinsurance in Africa and Product Evolution



Michael J. McCord
President
MicroInsurance Centre

THE LANDSCAPE OF MICROINSURANCE IN AFRICA



World Map of Microinsurance

Expert Forum
3 March 2016

Michael J. McCord
MicroInsurance Centre, LLC

Definition of Microinsurance

✓ **Developed specifically for low-income people**



✓ **Risk carrier: managed based on insurance principles – govt cannot be sole risk carrier**



✓ **Affordability – modest premium levels**





Key Figures



Identified lives
covered

2011

44.4 M
(4.4%)

2014

61.8 M
(5.4%)



Premiums
(2014 USD)

387M

756M



29%

Overall comparable
increase in lives
covered for the 3-
year period (2011 –
2014)

63%

Comparable growth
in premiums

Over 200 providers reported microinsurance activities
from 36 countries in the African region

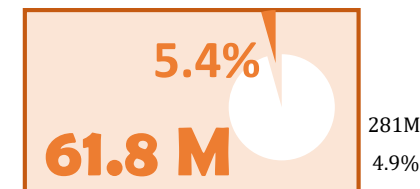
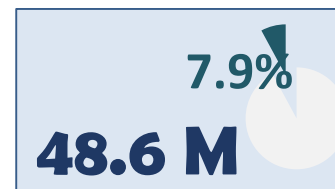
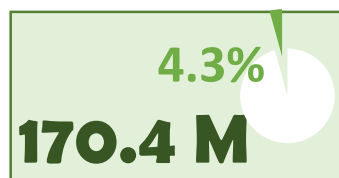
Premiums

Asia: 2012

LAC: 2013

Africa: 2014

**Lives
covered**



**Gross
written
premiums
(USD)**



829 M

828 M

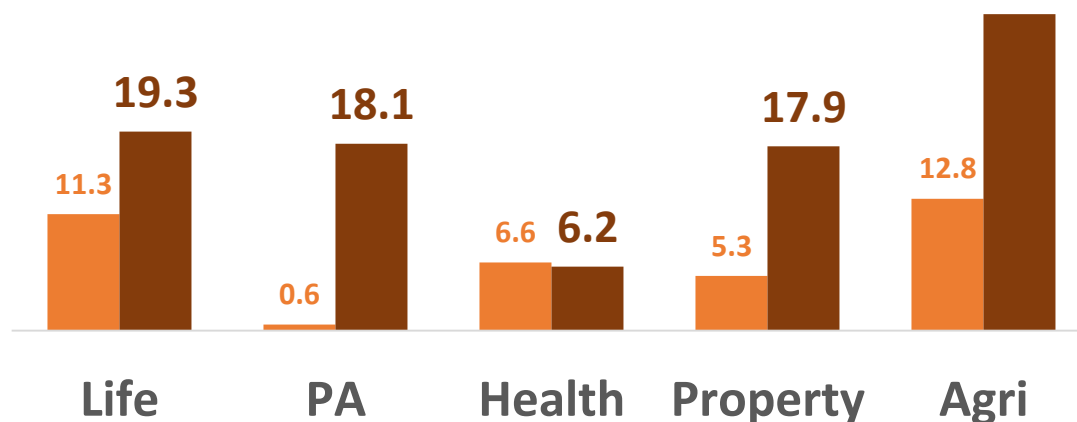
756 M

2.3B

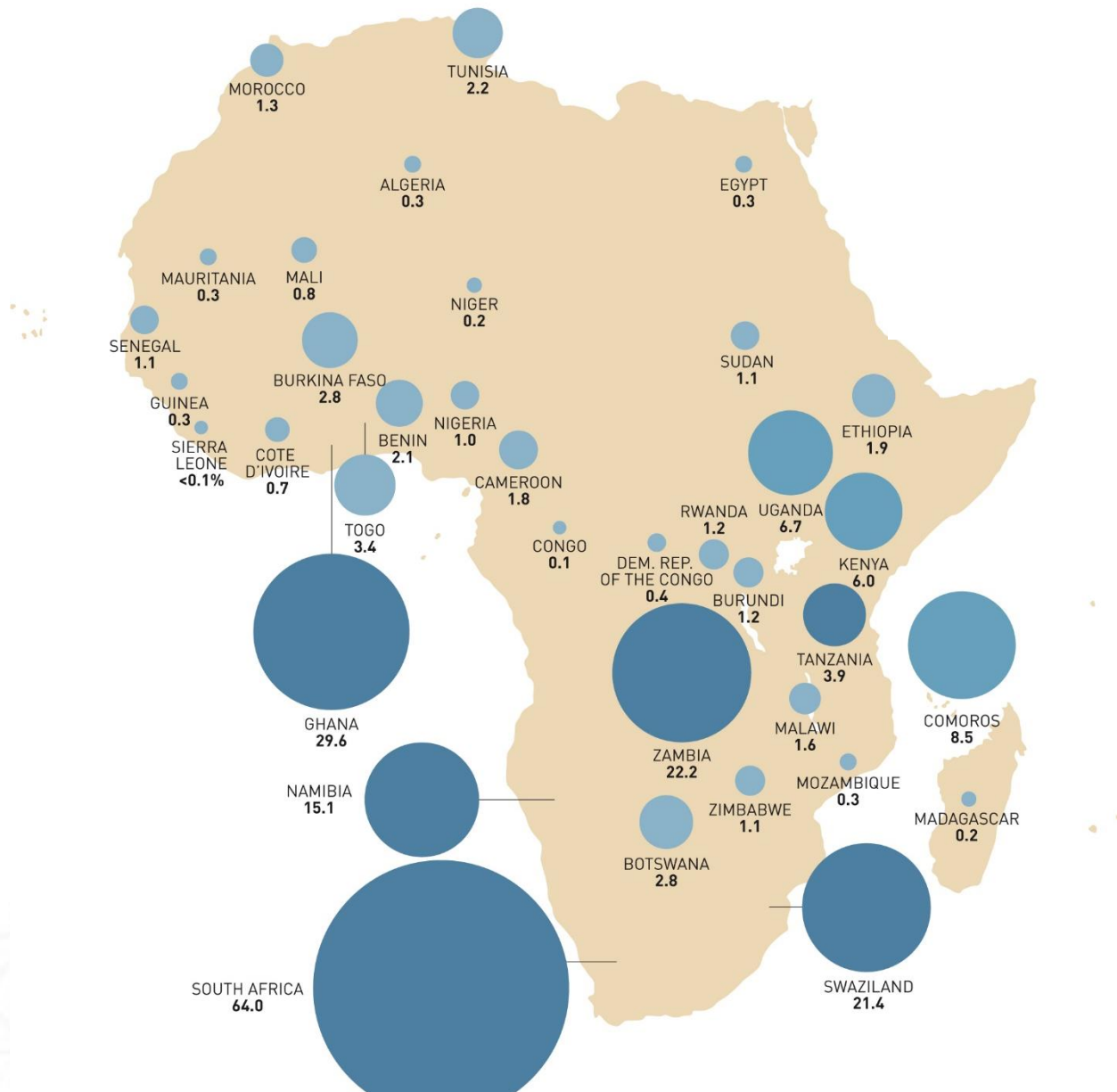
**Avg.
premium /
life (USD)**

■ 2011
■ 2014

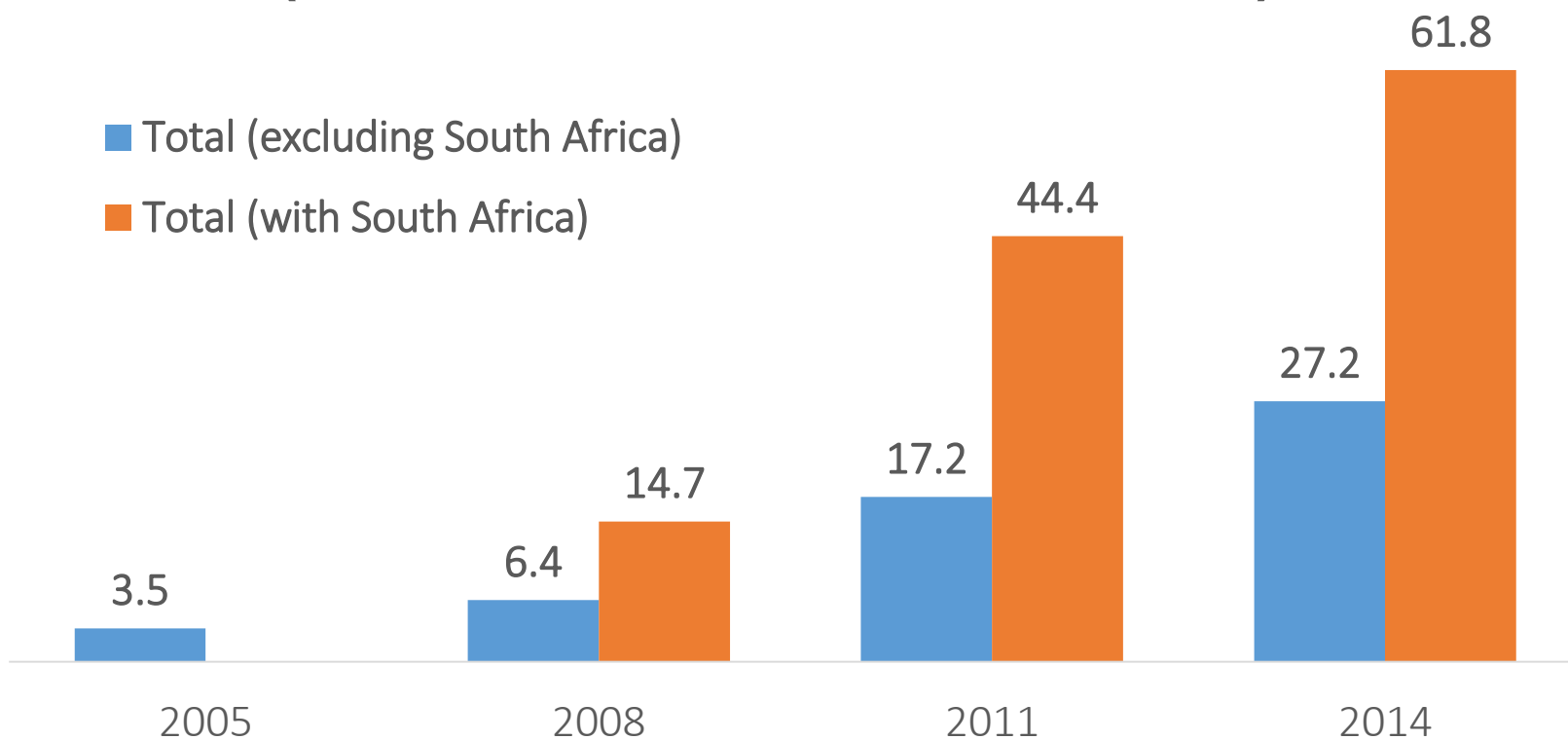
Africa: Avg premium / life (USD)



Microinsurance coverage ratios by country



Microinsurance total outreach in Africa (identified lives covered, millions)



PRODUCT EVOLUTION



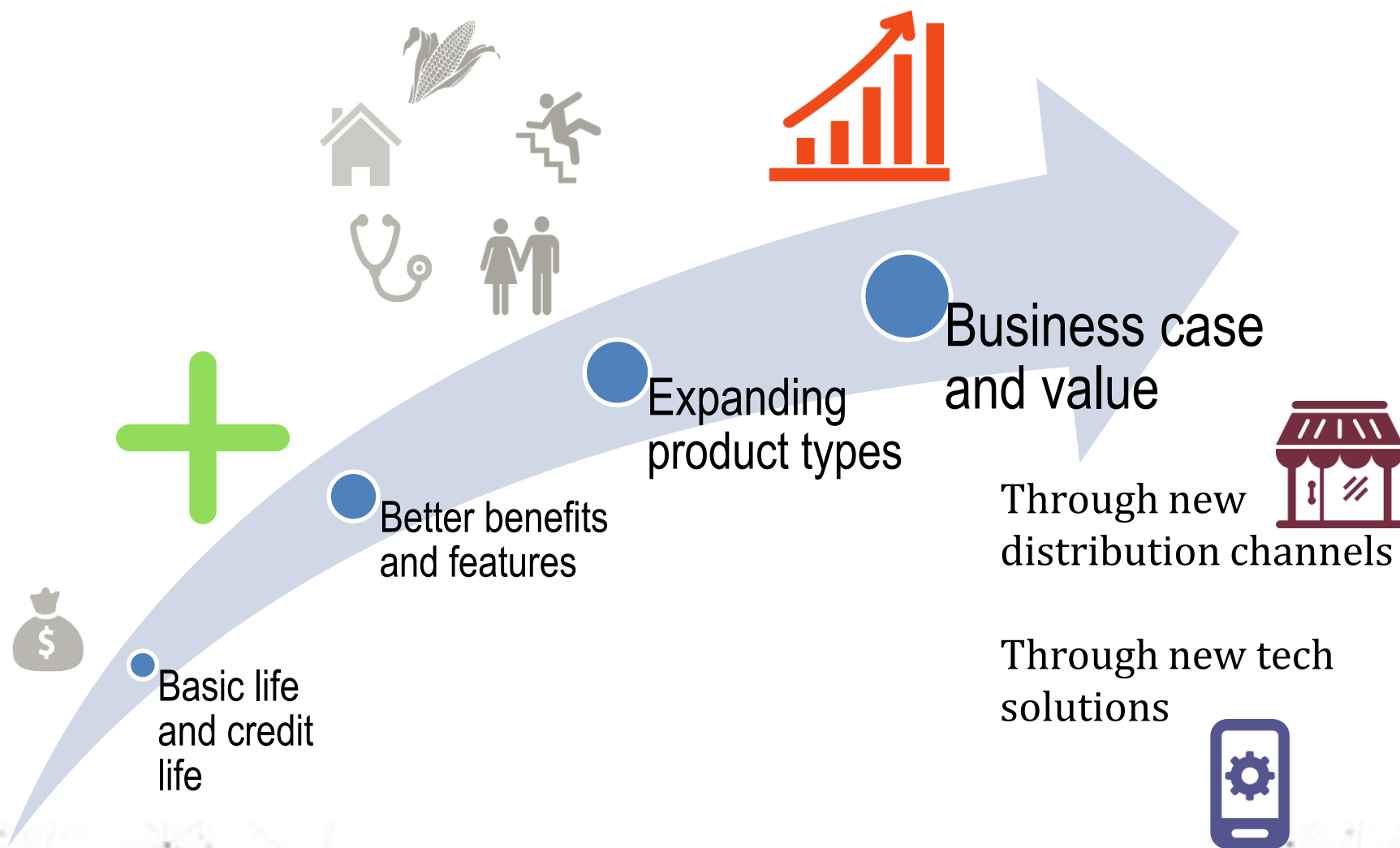
micro
insurance
network

Q: Is product evolution a deliberate part of your microinsurance strategy?

Select your answer:

- A. Yes**
- B. No**
- C. Not applicable**

Product Evolution



Flux of providers



Flux of products



Product evolution

Some characteristics indicating a move towards more valuable / complex products:



More **voluntary** products

➔ 58% in 2014 vs. 36% in 2011



More **bundled** products (more than one type of coverage)

➔ 45% in 2014 vs. 30% in 2011



More **health / property**

➔ Of the almost 100 products reported as launched since 2011, only 1 was purely a credit life product

Expansion of product types

Growth by type of products
(millions of lives covered)

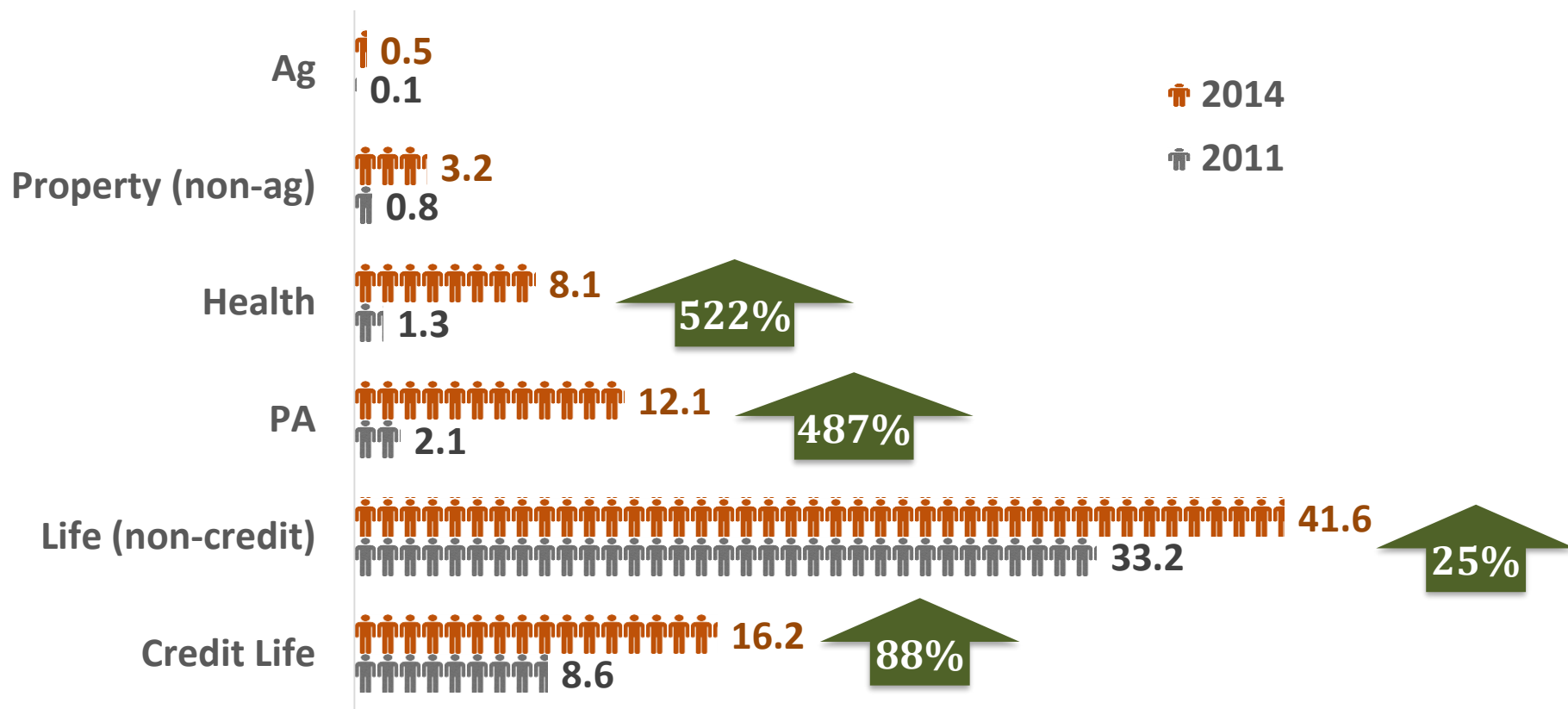


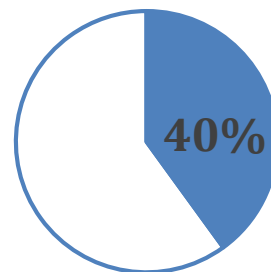
Figure represents comparable data only (companies reporting for both 2011 and 2014 and new market entrants)

Growth – outreach and products

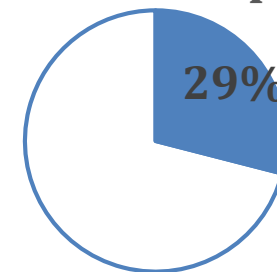


% of products offering some form of **health** coverage

Since 2011

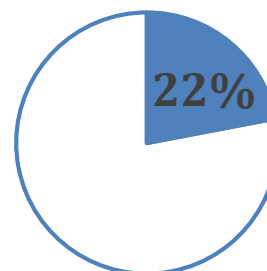


2011 and prior

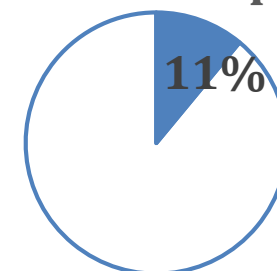


% of products offering some form of **property** coverage

Since 2011



2011 and prior



What do you think?



Q: What is the top factor that enables product evolution?

Select your answer:

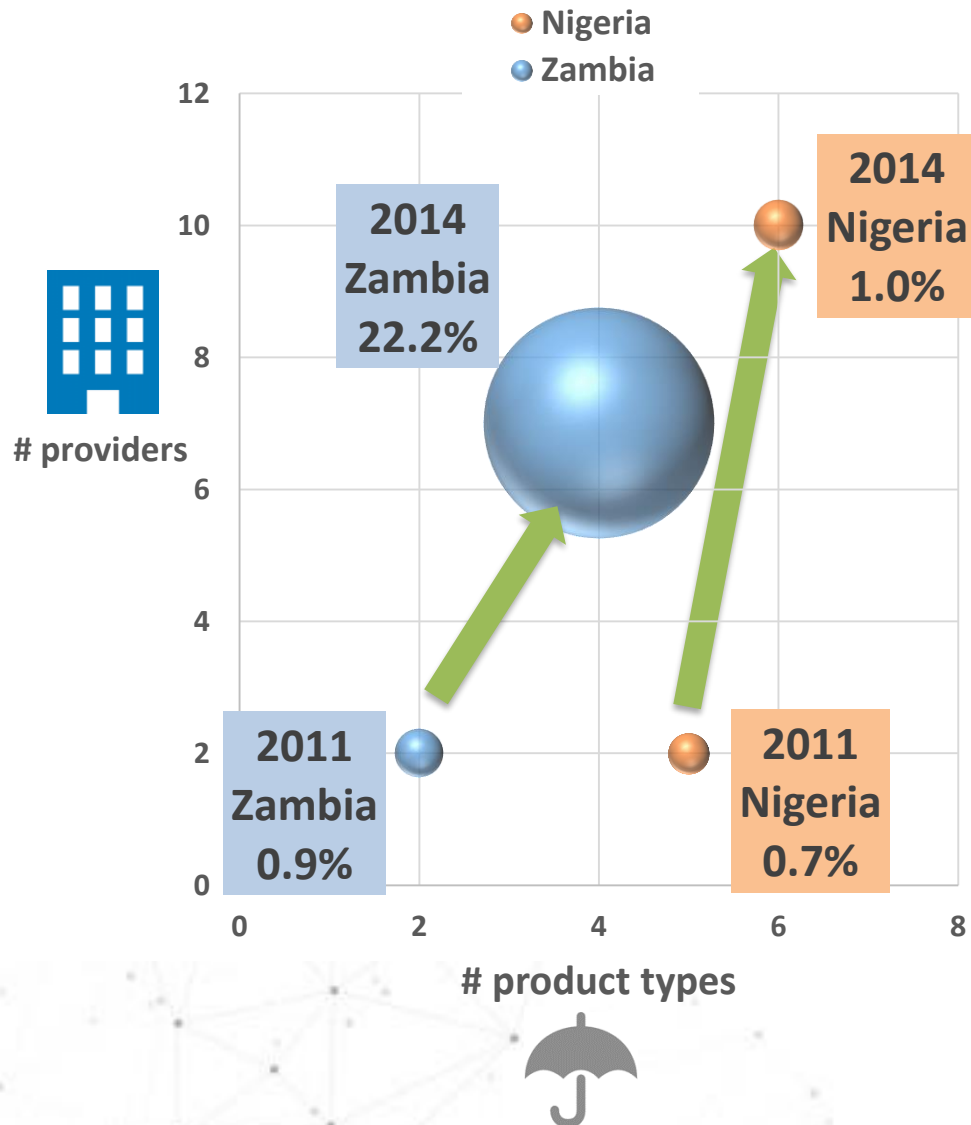
- A. Understanding of client needs**
- B. Market competition**
- C. Regulatory incentives**
- D. Innovative distribution channels**
- E. A clear business case**
- F. Capacity building for insurance providers**

EVOLUTION AT THE COUNTRY LEVEL



micro
insurance
network

Coverage ratios – 2011 to 2014



2011: Zambia and Nigeria

- Virtually identical coverage ratio and number of providers

2014:

- Zambia has a higher coverage ratio
- Nigeria has more providers, offering a diverse range of products

Observations from the landscape

- Nigeria is one or two years behind Zambia in terms of when insurers launched products
- Distribution constraints in Nigeria
- Automatic vs. voluntary

2011: Ghana and Tanzania

- Similar coverage ratios
- Ghana has twice the providers and products

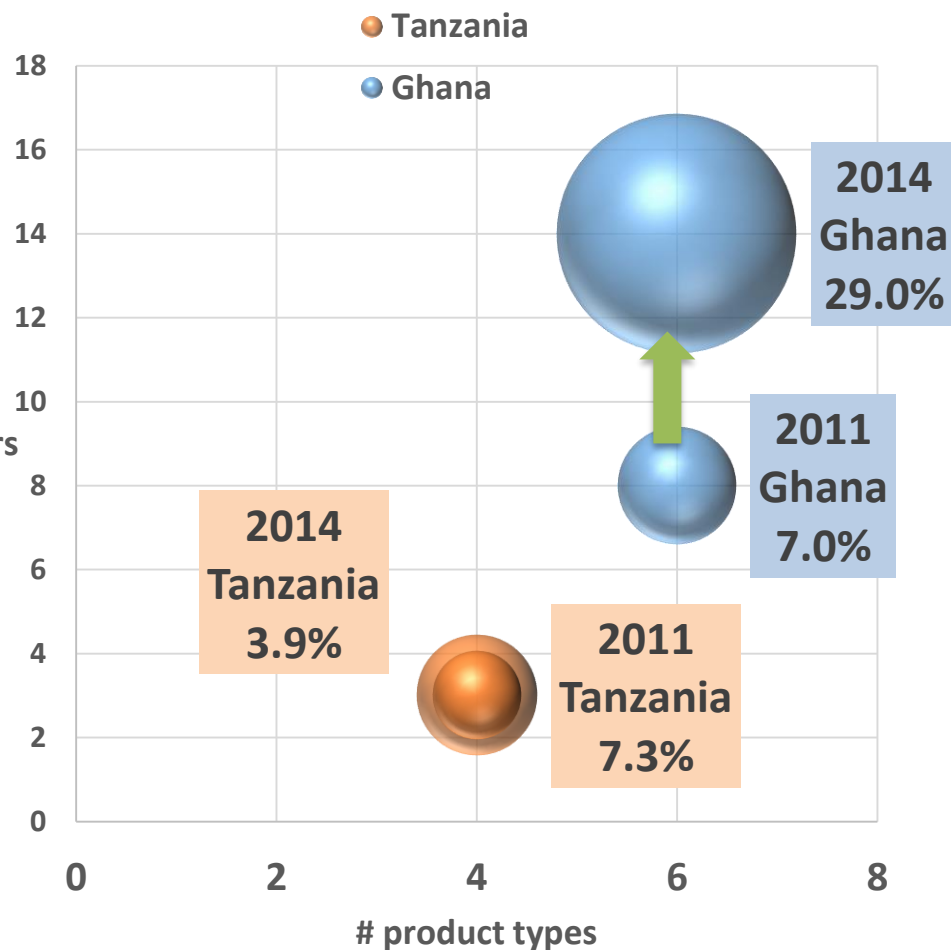
2014: Ghana has exploded, and Tanzania has declined...

Observations from the landscape

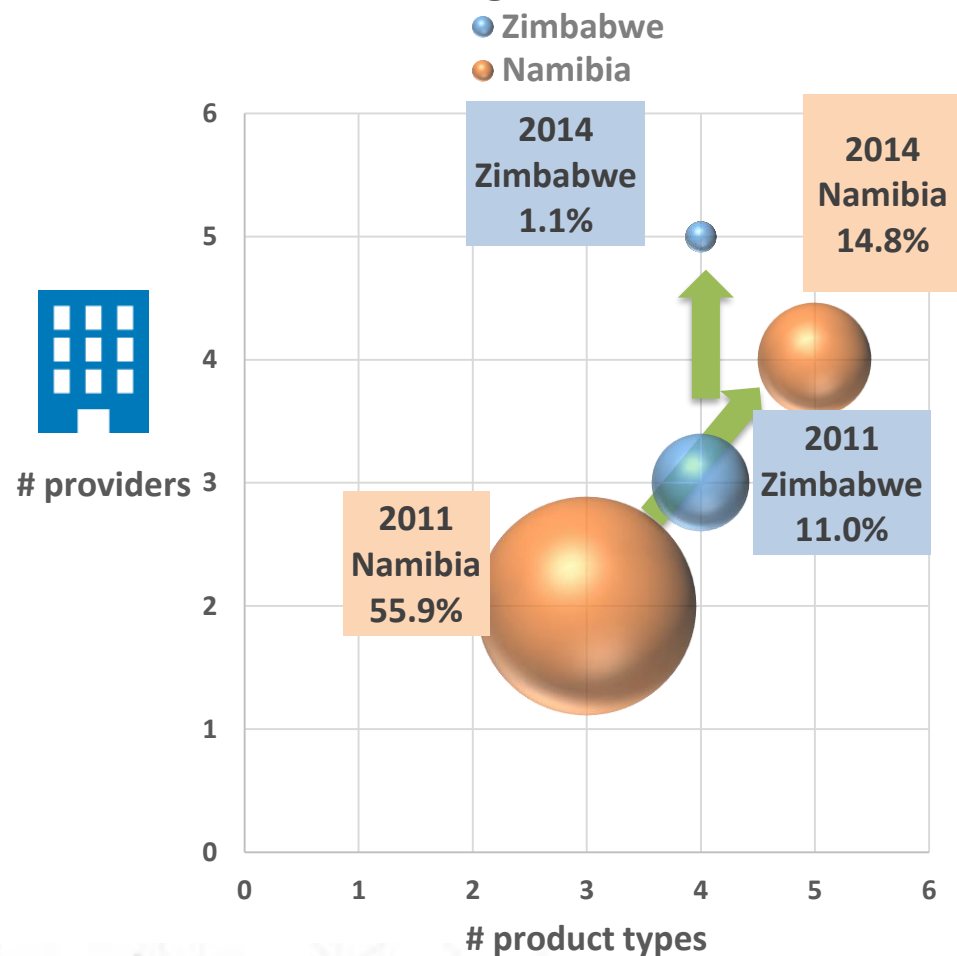
- One large provider dominated Tanzania's landscape
- Product diversity in Ghana has helped in provider evolution



Coverage ratios – 2011 to 2014



Coverage ratios 2011 - 2014



2011: Namibia and Zimbabwe

- Both high coverage ratios
- Both largely dominated by one provider / product

2014:

- Both dramatic declines in coverage
- **Yet both increased market participation by insurers**

DISCUSSION



Q: What difficulties have you experienced in implementing microinsurance product evolution, and how did you overcome them?

www.microinsurancenetwork.org/world-map-microinsurance

micro
insurance
network



In cooperation with



Implemented by





HOW TO JOIN

Contact:

info@microinsurancenetwork.org

Or apply online at:

www.microinsurancenetwork.org/member

BECOME A MEMBER

- Gain access to peers and influence best practices
- Share your expertise and get insights from experts
- Receive invitations to exclusive events
- Stay informed on the latest microinsurance news
- Shape our agenda and participate in decision-making

Connect. Participate. Influence



Expert Forum: Microinsurance in Africa

Module 1: Microinsurance in Africa and Product Evolution

Thank You!

Microinsurance Network

39 Rue Glesener
1631 Luxembourg
Tel: +352 262978

info@microinsurancenetwork.org

www.microinsurancenetwork.org

Making Finance Work for Africa

Immeuble CCIA, Rue Jean Paul II
Abidjan, Côte d'Ivoire
Tel: +255 20263567

secretariat@mfw4a.org

www.mfw4a.org