

Innovation Flash

Issue 3, May 2009

The Newsletter of the ILO's Microinsurance Innovation Facility

INNOVATION GRANTS

Overwhelming demand for Innovation Grants

In Round 3, the Facility received [150 innovation grant applications](#), almost twice as many as for Round 2. The overall quality of the applications improved as well. Our independent Steering Committee approved 18 grants, doubling the Facility's portfolio of grantees.

Next innovation grants round

The [Steering Committee](#) has encouraged the Facility to take a short break from issuing new grants to allow us to support our grantees to launch their projects. This postponement will also allow prospective applicants more time to research and design their innovative solutions.

The **timing for Round 4** is revised as follows:

- Grant guidelines published in December 2009
- Deadline for submitting applications March 2010
- Decisions announced in May 2010

Consumer Education

During the 3rd round, the Facility received about 30 proposals from around the world that proposed developing effective messages and methodologies to raise awareness about insurance, and to analyse their impact on the understanding that low-income people have of insurance concepts and changes in risk management patterns. Three projects were selected that explore the role and cost-effectiveness of consumer education efforts carried out by insurance associations. The grantees proposed a selection of interesting education methodologies and evaluation models that should inform the industry on the cost-benefit of such campaigns.

TECHNICAL ASSISTANCE

The Facility provides [technical assistance \(TA\) grants](#) to microinsurance providers on a rolling basis. These small grants are used to purchase the services of the Facility's designated TA providers to address issues for which microinsurers lack expertise. The leverage of these grants can be quite dramatic. Ten thousand dollars invested in improving operational processes and service delivery for a struggling programme may lead to sustainability and create value for policyholders. Since the Microinsurance Innovation Facility launched its TA Grants Programme in mid 2008, we have awarded over USD 125,000 to support organizations in their microinsurance projects. Contact: microinsurancetechassist@ilo.org

A few examples of TA grants

What type of organization received a TA grant?	Where were they based?	What was the TA grant used for?
A maritime community welfare association	India	To develop a microinsurance strategy and conduct market research
A network of MFIs	Ecuador	To conduct market research, design microinsurance products and select a commercial insurance partner
A consortium of NGOs and commercial insurer	Bangladesh	To refine its partnership structure, conduct a quantitative demand study and validate its product design
A commercial insurer	Kenya	To assess its existing product, undertake a study tour and identify ways to improve its current microinsurance product
A mutual scheme	Cameroon	To assess their existing community health insurance schemes and identify a strategy to attain sustainability



Grantee: In Focus - Increasing access to health insurance coverage

[Freedom from Hunger](#) is working on a training module that will provide microinsurers, MFIs, and others organizations with an effective educational tool to enable the poor to make informed health insurance decisions.

Through the module, customers will learn how to evaluate, access, and utilize available health insurance products. The project has two phases. Freedom from Hunger will first design, develop, and field-test the consumer education module; and then demonstrate and evaluate its impact with an operating health microinsurance scheme. Research and evaluation activities will look at changes in consumer health-insurance knowledge; rate of enrolment or take-up; disenrollment; and ability of consumers to access covered services as measured by utilization.

Feedback from a Joint Mission

Donna Swiderek, a Canadian actuary, has worked in the cooperative sector for several years. Because of her keen interest in extending insurance protection in developing countries, she recently participated in a [series of Joint Missions \(JM\)](#) with Denis Garand and is now certified on the Facility's list of designated TA providers. Donna did a 2 week JM at MIME in Dhaka, Bangladesh and collected a few interesting lessons for those who want to get involved in microinsurance.



Rule 1: You need to enjoy field work because interacting directly with low-income clients is the only real way to find out if the products meet their needs.

Rule 2: Your work should support a double bottom line.

You'll get the industry with you, but more importantly you'll contribute to building trust among low-income people who tend to be wary of insurance because of exploitation in the past. Clients often hear stories of misrepresentation of policy benefits, agents only collecting the premium in the first year in order to collect their commission, and insurance companies disappearing. In these cases, clients have paid for something that remains intangible. All these stories spread like wildfire.

Rule 3: Reaching the members in an effective manner and providing them with appropriate education are key stepping stones. Distribution is the most costly aspect of microinsurance and a challenging one to manage, especially in the start up stage. Despite the additional costs, when selling insurance to low-income persons, it is critical to explain the concept of insurance and then to monitor the effectiveness of the awareness raising.

Rule 4: Think holistically and be patient! All elements of the system need to work together as a cohesive, yet flexible unit to address unexpected challenges and meet the needs of the people. To make microinsurance sustainable takes time. It will not happen overnight and there is no magic solution. This message needs to be emphasized to donors, regulatory agencies and organizations so realistic plans can be made during the infancy stages.

RESEARCH

New thematic studies

The Landscape of Microinsurance in Africa - a joint initiative of the MicroInsurance Centre and the Facility - should be completed in the 4th quarter of 2009. By providing data on microinsurance providers, products, operations and market trends, it aims to provide valuable information for insurers, NGOs, policymakers and other microinsurance stakeholders operating in the region.

Insurance Consumer Education - Review of Practice and Tools is a stocktaking exercise of current initiatives in risk-management and insurance consumer education to provide an inventory of tools and best practices for practitioners in the field. This is a joint initiative of the Microinsurance Network's working group on consumer education and the Facility. [More on this link.](#)

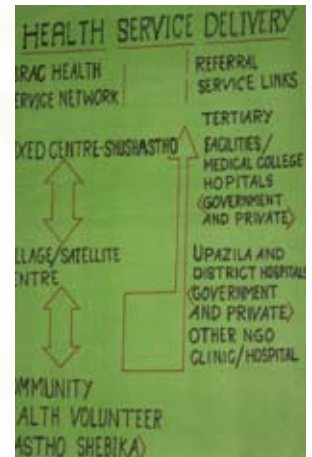


Research grantees

During the first round the Facility received more than 60 proposals for studies to be conducted in 25 developing countries. Eleven studies were eventually selected to join the facility's pool of researchers investigating topics such as index insurance, microinsurance and child labour, or the effects of adverse selection and moral hazard on health microinsurance. To read the synopsis of the projects, [check this link.](#)

Third-Party Payment Mechanisms in Health Microinsurance

The Microinsurance Innovation Facility, the [STEP programme](#) and the Microinsurance Network's working group on health insurance have launched a survey to identify the current claims models in health microinsurance schemes in Asia, Africa and Latin America. Preliminary results will be shortly announced on the Facility's website.



PUBLICATION

The [2008 report on the Annual Conference](#) sponsored by the Munich Re Foundation is now available.



Protegiendo a los pobres

The *Microinsurance Compendium* is now available in Spanish.

To access the online book store and purchase your copy, [click here.](#)

EVENTS

The [3rd Asian Conference on Microinsurance](#) will be held in Beijing on 22 & 23 July 2009. Its focus is on Microinsurance, an Attractive Growth Strategy in the Changing Economic Landscape. Contact Alda Yeo from Asian Insurance review (alda@asiainsurancereview.com).

The [1st All-Africa Insurance & Financial Services Annual Summit](#) 2009 will take place in Kigali, Rwanda, from 8 to 9 June 2009.

The **MENA Microfinance Conference** will take place on 26 & 27 October 2009 in Amman, Jordan including sessions on microleasing, microinsurance and microfinance housing. Contact Olha Vyshnevskaya at (olha@uniglobalresearch.eu) from Uniglobal Research.

NEWS

The Facility's team

[Yoseph Aseffa](#) has just joined the ILO. He will support the development and implementation of national microinsurance strategies in selected countries, beginning in Ethiopia and Zambia, a project supported by UNCDF. Yoseph used to head up the African Insurance Organization (AIO) and will help the Facility to connect effectively with the African insurance world.



[Job Harms](#), from the Netherlands, is doing an internship with the Facility for the next 3 months. He's involved in mapping microinsurance activities in Africa, as well as supporting other research activities at the Facility. Job obtained his BSc at the University of Utrecht, and is currently enrolled at the University of Amsterdam in a master degree in development economics. He's mostly interested in the behavioural economics of microinsurance demand.



The Facility has released its first annual report. To access the [soft copy](#), [click on the link](#).

MICROINSURANCE NEWS

You can check [the new website of the Microinsurance Network](#): it provides news on the sector and useful resources including publications from the Network and other microinsurance actors.

ADA and BRS have launched [microfact.org](#), an online platform which aims to strengthen microfinance and microinsurance institutions by promoting tools, including performance indicators.

[MicroEnsure](#) and [ParaLife](#) have been shortlisted for the 2009 *Financial Times Sustainable Banking Awards*, in the category 'Achievement for Basic Needs Financing'. The Award aims at recognising financial institutions that have shown leadership and innovation in integrating social, environmental and corporate governance considerations into their operations.

RESOURCES

Microinsurance Conference

We recorded some of the **presentations** of the Munich Re Foundation 2008 conference on microinsurance. If you want to understand the challenges of the sector better, its stakeholders and how it all began... [Watch this!](#)

Blogging on microinsurance

See this attempt to [share information](#) with a wider audience.

Podcast on Microinsurance

[ACCION](#) International

Principle Director, Monica

Brand, [interviewed Craig](#)

[Churchill](#) and discussed recent innovations being made in terms of microinsurance products, delivery channels, and supply gaps, as well as the challenges facing the advancement of the sector.



Microinsurance on Facebook

The [group](#) welcomes anybody engaged or interested in the area of microinsurance. It seeks to exchange knowledge, information and experiences.

OPPORTUNITIES

Microinsurance Activities

Coordinator

[PlaNet Guarantee](#) is looking for [a coordinator](#) to expand its activities (managing the business plan, finding new distribution channels, supervising back office activities and new product design). Contact: prives@planetguarantee.org



Project Manager

To expand its microinsurance activities, [Gret](#) is looking for [a manager](#) to supervise projects and research in the field of health microinsurance. Contact: [Madeleine Mboke \(mboke@gret.org\)](mailto:Madeleine.Mboke@gret.org)



Fellowship in Sri Lanka

The fellow will be placed at Yasiru Mutual Provident Society Ltd (Yasiru) in Pannipitya, a subsidiary of All Ceylon Community Development Centre that provides microinsurance to more than 10,000 members. Check the detailed [terms of reference](#) and apply by June 6th.

Fellowship in Pakistan

The [First Microinsurance Agency](#) (FMiA) is seeking to host a fellow in Karachi. The fellow's mission is to help implement an IT system that shall support FMiA's core processes handling data flows between local insurers, local distributors and other partners, in particular providers of health care services. [Apply by June 6th.](#)



Internship in Madagascar

Planet Guarantee is looking for an intern to help with a feasibility study in health insurance. Contact [Mathieu Dubreuil](mailto:Mathieu.Dubreuil@planetfinance.org) for more information (mdubreuil@planetfinance.org).

For all enquiries, please contact us at: microinsurancemedia@ilo.org

