



THE MICROINSURANCE INNOVATION FACILITY

Catalyzing protection of the working poor

The poorest are typically hit the hardest by disasters such as earthquakes, floods, drought, disease and crime – and yet millions of low-income households do not have access to appropriate insurance products. Indeed, insurance industries in many countries are not fulfilling their potential to support economic development and job creation. It is estimated that approximately 4 billion individuals lack insurance coverage.

Microinsurance is a rapidly evolving field with a great capacity to help the world's poor manage their risk of large losses. The extension of insurance to low-income households provides a way to integrate financial inclusion and social protection, thereby benefiting not only the working poor but also their communities and countries. The Microinsurance Innovation Facility extends social protection to persons excluded from insurance and helps low-income-families in the developing world to be protected from risk and to find a way out of poverty.

FACTS AND FIGURES

Partners:

Bill & Melinda Gates Foundation;
the Z Zurich Foundation;
and the Munich Re Foundation

Beneficiary countries:

Over 30 countries across Africa, Asia, Latin America and the Caribbean and the Middle East

Timeframe:

2012 – 2015

Budget:

Bill & Melinda Gates:
USD 34 million
Zurich:
CHF 3 million
Munich Re:
USD 150,000

THE RESPONSE

The ILO's Microinsurance Innovation Facility was launched in 2008. Generous support from the Bill & Melinda Gates Foundation, the Z Zurich Foundation and Munich Re has made it possible to dramatically expand the outreach of insurance services to low-income households and enterprises, strengthen insurance providers, and ensure that better risk management practices are more widely available.

The Facility inspires and encourages new approaches to cover unmet needs. In so doing, it not only stimulates product and process innovations within potential and existing risk carriers, but also has an impact on the types of services offered and the delivery

channels chosen. Such innovations can be integrated into the entire range of operations; for instance, they can be related to the client interface, the processing of applications, and to claims and renewals.

The Facility's goals are generally achieved by providing innovation grants – as well as technical assistance, research and the dissemination of good practices.

With more than 65 grantees throughout Africa, Asia, and Latin America, the Facility is a critical knowledge hub that gathers specific experience gleaned from a multitude of pioneers, and shares their successes and challenges with a wide audience of parties.

RESULTS

In 2007, 78 million low-income persons were covered by microinsurance in the poorest 100 countries of the world. Since then, this coverage has expanded dramatically; by 2009, the figure had risen to 135 million, and it was estimated to be close to 500 million in 2012. Alongside this development, the number of the world's 50 largest insurance companies providing microinsurance rose from 7 in 2005 to 33 in 2011.

The Facility has made significant progress since its inception in 2008:

- It has provided 65 innovation grants (ranging from USD 50,000 to USD 150,000) to organizations across the globe, which have developed and tested new microinsurance products, distribution channels, models and strategies for low-income people.



"We believe it's crucial to our long-term business success to play our part in delivering sustainable, long-lasting solutions to important and relevant economic, social and environmental challenges... it is important to underpin our commitment to corporate responsibility and actively support the development of better insurance services for the less fortunate"

Martin Senn,
Zurich's Chief
Executive Officer
and Chairman of the
Foundations's Board

These grants have played a critical role in rectifying market failures, and helped bridge the chasm between the capacities of the insurance industry and the needs of the working poor. For example, thanks to a call for proposals that the Facility launched in October 2010 (one of many biannual calls), support was provided for 14 innovations. One of these grants alone led to the development of a health insurance service for workers with a premium of just USD 5 per year.

- It has improved the capacity of 57 individuals and organizations through fellowships, mentoring, technical advisory and consultancy services, and information-sharing events;
- It has supported 35 research papers engaging academics on critical issues – a comprehensive list is available at: www.microinsurancefacility.org/publications;
- It has developed an online Knowledge Centre that tracks the progress of key microinsurance practitioners, and aggregates and disseminates lessons learned among organizations striving to find answers to similar questions;

Based on the above experiences and inputs from over 50 relevant authors, the Facility published Volume II of Protecting the poor: A *microinsurance compendium* in 2012. Working in partnership with the Munich Re Foundation and the Microinsurance Network, this seminal volume pulls together a wide and unique assortment of recent practices and emerging ideas in microinsurance from across the globe, and serves as an invaluable resource for policy-makers, insurers, academics and NGOs.

The Facility is currently focusing its efforts on dramatically expanding access to better insurance services, accelerating the adoption of good practices by key stakeholders, and enlarging its partnerships. Through its 'Quality at Scale' programme (2014-18), the ILO will directly or indirectly reduce the vulnerability of more than 100 million low-income persons.

For more information on the activities of the ILO's Microinsurance Innovation Facility, please see: www.microinsurancefacility.org.



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BENEFITS OF PARTNERING

Microinsurance providers:

- Can learn from each other's experiences and capitalize on individual strengths in order to accelerate the process of achieving quality at scale.
- Gain access to the Facility's expertise and extensive experience. The Facility works with and receives technical inputs from the industry's best experts on key frontier issues, and partners can access tailored support from field facilitators to make things happen, including coaching and project management.
- Become part of a select community of practice that is pushing the frontier of microinsurance globally, and gain greater recognition as an innovator in the field of microinsurance.
- Gain greater exposure to breakthroughs in the industry, which feature prominently in ILO and international publications and events.