

PROTECTING THE WORKING POOR



International
Labour
Office

ANNUAL REPORT 2009



MICROINSURANCE INNOVATION FACILITY

MICROINSURANCE INNOVATION FACILITY

PROTECTING THE WORKING POOR

ANNUAL REPORT 2009

Copyright © International Labour Organization 2010
First published 2010

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications. Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

ISBN 978 92 2 123050 2 (print)
ISBN 978 92 2 123051 9 (web pdf)

Also available in French: *Rapport Annuel 2009* (ISBN 978 92 223050 1), Geneva, 2010;
and in Spanish: *Informe Anual 2009* (ISBN 978 92 2 323050 0), Geneva, 2010
ILO Cataloguing in Publication Data

Compilation and production: Kay Sayce, Words at Work, London, UK; *Design:* Paprika, Annecy, France; *Cover photograph:* ILO

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers. The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office of the opinions expressed in them. Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval. ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org. Visit our website: www.ilo.org/publns

CONTENTS

FOREWORD	1
<i>Juan Somavia, Director-General, ILO</i>	
INTRODUCTION	2
<i>Craig Churchill, Team Leader, Microinsurance Innovation Facility, ILO</i>	
THE MICROINSURANCE INNOVATION FACILITY	8
– Innovation Grants Programme	11
– Innovation grant beneficiaries	16
– Consulting and Capacity Building Programme	31
– Research Programme	36
– Dissemination	41
Developing regional strategies	44
Working with the Microinsurance Network	45
Publications and other resources	46
Facility Steering Committee	50
Facility team	51
FAQs about the Facility	53
Acronyms and abbreviations	56

"As we gain greater clarity around the demand and the complexities for micro health insurance, the Microinsurance Innovation Facility will play a key role in supporting catalytic projects aimed at deepening and strengthening the potential for sustainable impact."

Cheryl Scott,
Senior Advisor, Global Health Program, Bill & Melinda Gates Foundation



© Munich Re Foundation

FACILITY MILESTONES, 2009

- January** Call for applications for innovation grants (Round 3)
- February** The first 11 research grants approved
Facility staff attend FANAF General Assembly in Côte d'Ivoire
- March** Facility's first *Annual Report* is published
Facility staff attend a World Bank microinsurance conference in Uganda
Meeting with the Gates Foundation to review Facility's communication strategy
Facility signs contract with IIE to administer its fellowship programme
- April** Rupalee Ruchismita replaces Donald Canning on the Facility Steering Committee
Meeting of the Facility Steering Committee; 18 innovation grants approved
Round 3 grantees informed, and negotiations on grant details started; Round 4 postponed to December
- May** Facility team retreat
Microinsurance expert for Africa appointed, attached to ILO Regional Office for Africa
Facility staff organize a microinsurance seminar for the IAA meeting in Estonia
- June** Call for applications for research grants
Facility sponsors its first study tour, involving BRITAK, Kenya and ICICI Prudential, India
Facility organizes a microinsurance workshop in Kenya for East African cooperatives
Facility staff attend the Regional Microcredit Summit in Colombia
- July** Facility staff attend the Asian Insurance Review conference in China
Facility develops a booklet for its Fellowship Programme
Two new staff join the Facility
- August** Facility's first strategic partnership is established, with CIRM in India
Facility organizes an introductory microinsurance workshop in Ethiopia
Facility organizes a workshop in Brazil with its consumer education grantees
Review of the Facility's Technical Assistance Programme strategy
- September** Workshop to review Facility's health microinsurance strategy
Death of José Navarro, Facility's Grant Officer, while on mission in Peru
Third thematic study completed, on gender and microinsurance
- October** Technical Assistance Programme becomes the Consulting and Capacity Building (CCB) Programme
Facility staff attend the Concertation Forum for West African mutual health organizations, in Cameroon
- November** Meeting of the Facility Steering Committee
Innovation Forum for Facility's grantees, Fellows and technical assistance providers
Facility staff attend the 5th International Microinsurance Conference in Senegal
A microinsurance Fellow organizes a field visit to SKS, India for IAA members
Fourth thematic study completed, on the microinsurance landscape in Africa
Facility's first two Briefing Notes published
The second group of research grants (10) approved
Facility staff attend Lloyd's roundtable on microinsurance in UK and European Microfinance Platform in Luxembourg
- December** Call for applications for innovation grants (Round 4)
Facility staff attend the EISA microinsurance conference in Egypt
Facility staff attend the REDCAMIF forum in Panama on microinsurance in Central America
Facility staff attend the CIRM/UNDP National Microinsurance Conference in India

FOREWORD

The year 2009 saw unprecedented turbulence in financial markets globally. Looking ahead, the contraction in demand will lead to a substantial destruction of jobs and rising vulnerability for the working population and their families in most countries, poor or rich.

The ILO is facing up to the challenges ahead. The Global Jobs Pact adopted in June 2009 by a strong tripartite global consensus presents policy options to protect jobs, stimulate demand and consolidate social protection systems. Tax-based transfers, contribution-based social security and voluntary supplementary precautionary savings and insurance are all part of this package.

The ILO recommends to its member states policies that have demonstrated their effectiveness. What works and what does not is often difficult to tell, given the differences in domestic market and policy configurations worldwide. For this reason, the ILO is committed to building up a sound knowledge base from which to extract policy recommendations.

The ILO's Microinsurance Innovation Facility contributes in a significant way to the generation of this knowledge. It explores risk management solutions to protect low-income people's assets, health and lives. It creates the opportunity to analyze synergies and complementarities between public and private initiatives that ultimately seek to make finance more social, serving the needs of the real economy. Indeed, one of the more intriguing developments in the field of microinsurance is the emergence of public-private partnerships where governments join forces with the private sector to cost-effectively provide affordable benefits to vulnerable and disadvantaged households.

I am pleased to present the Facility's second *Annual Report*. It highlights, as never before, work that is relevant to millions of the working poor.

As usual, any noteworthy initiative is the fruit of imaginative partnerships and 'thinking out of the box'. In this spirit, I wish to express the ILO's appreciation to the Bill & Melinda Gates Foundation for their support, partnership and inspiration.



© ILO

A handwritten signature in dark ink, which appears to read 'Juan Somavia'.

Juan Somavia
Director-General, International Labour Office



© Facility

INTRODUCTION

CRAIG CHURCHILL

Team Leader, Microinsurance Innovation Facility
International Labour Office

Microinsurance is intended to protect the working poor, particularly those working in the informal economy. Often, poverty alleviation efforts focus on boosting incomes, building assets or creating jobs – all of which are important objectives. But these efforts must be balanced with a corresponding intervention on the protective side. Even families who are breaking out of poverty can be left destitute by the financial burden of serious health problems. Severe weather can wipe out a family's crop and leave them with nothing to eat until the next harvest. The death of a breadwinner can force children out of school and into the labour market. Microinsurance has the potential to help low-income families cope with these and other risks for the cost of an affordable premium.

Microinsurance is not really new. Some of today's insurers got their start in industrial life insurance in the 19th and 20th century, selling small-premium policies to workers at the factory gates. Many of them also started as mutual insurers, owned by their policyholders; they existed to help their member-owners manage risks and make it through tough times. Microinsurance today is essentially a back-to-basics campaign, to help insurance become relevant again for the people who need it the most.

Through research, capacity building and innovation grants, the ILO's Microinsurance Innovation Facility is encouraging this back-to-basics approach by helping microinsurers, broadly defined, to refine product design and operational mechanisms to suit low-income households.

The key issue is access. Not everyone wants to use insurance to manage risk, which is understandable and acceptable so long as they have access to insurance. There are at least four dimensions to the concept of access that need to be addressed:

- *Relevance:* Are the products designed to meet the needs of the target group?
- *Geographic access:* Is insurance available in locations that are convenient for the working poor?
- *Intellectual access:* Do low-income people understand how insurance works and are they aware of the key features of insurance products?
- *Affordability:* Is the price of the product low enough to be affordable, and are the premium payments structured to coincide with the household's cash flow?

If these four dimensions are addressed, we expect that an insurance product will experience significant uptake and retention.

STATUS OF THE FACILITY

After almost two years of operations to promote access to insurance, the Facility is on track to make a major contribution. Through three rounds of innovation grants we have provided grants to 37 organizations or consortia that are experimenting with improved products, alternative institutional models or consumer education strategies. We feel fortunate to have attracted many types of microinsurance players – international and local NGOs and cooperatives, insurance companies and associations, and other key stakeholders – and have been impressed with their professionalism and commitment.

The Facility's primary objective is to learn: to learn how to provide better insurance coverage to more low-income people, to learn how to develop an insurance culture among the poor, and to understand the extent to which the working poor can benefit from insurance as a risk management tool. The innovation grantees are therefore seen as action-research partners, who learn by doing and are willing to share their lessons so that others can build on their successes and avoid repeating their mistakes.

We are also actively stimulating learning by commissioning studies and offering research grants. We are encouraged by the upsurge of interest in the topic in academic circles. In our second round of research grants we received 78 proposals, up from 60 in the first round. The collaboration with the *Journal of Risk and Insurance* at the 5th International Microinsurance Conference in Senegal this year highlighted the popularity of the topic among academics. We hope that their engagement will further contribute to enhancing the development of accessible insurance.

Our capacity-building programme to develop new microinsurance experts really took off in 2009. We have now supported 13 Fellows helping to develop microinsurance schemes while enhancing their own expertise under the tutelage of a mentor. We have also enabled 23 emerging microinsurance experts to participate in consulting assignments with one of the Facility's designated technical assistance providers through our 'joint missions'. Not only is the demand from prospective microinsurance consultants growing, but we are also beginning to see the fruit of our labours as a new generation of microinsurance experts emerges.

Clémence Tatin-Jalerin (*front right*), a microinsurance Fellow, during the study tour she organized for International Actuarial Association members to SKS, India's largest microfinance institution, in November





© Munich Re Foundation

"Microinsurance can protect the working poor and small enterprises that are the building block of the hopes of any developing country for social advancement and economic development."

Charles Dan,
ILO Regional
Director for Africa

We have had less success with our technical assistance grants, partly because there has not been significant demand for them and partly because organizations that require assistance generally need more than a short-term intervention. Consequently, we have restructured these grants into a broader Consulting and Capacity Building Programme, which will enable us to provide more in-depth support to fewer organizations. In the Round 4 call for applications we are also inviting requests from organizations that are seeking capacity building support.

TRENDS AMONG OUR INNOVATION GRANTEES

The motivations of our innovation grantees are quite divergent. Some focus mainly on a social agenda to help the working poor manage risk more effectively. Others are more motivated by prospective profits at the 'bottom of the pyramid'. The Facility is interested in supporting organizations across this 'motivation continuum' because we believe the answer lies somewhere in between. An organization with a purely social motive will disappear quickly if there is not an underlying business model that will support the efforts over the long term. Similarly, a purely profit-maximizing approach is unlikely to succeed in promoting an insurance culture among the poor. Low-income households are rightly sceptical of the motives of commercial insurers who might quickly discontinue a product if the claims ratio exceeds specified thresholds.

The ILO is interested in finding the right balance, an approach that leverages the community's familiarity with the target group, while also benefiting from the technical expertise of the insurance industry. Consequently, several of the Facility's grantees, especially those involved in health microinsurance, are consortia that combine the best of both worlds. For example, in India, Swayam Shikshan Prayog (SSP) is testing a hybrid approach where a community fund covers outpatient expenses, while inpatient care is underwritten by an insurance company. The CARE Foundation, also in India, is using a tele-medicine

approach to extend insurance coverage to the rural areas, where the Foundation is providing outpatient benefits that can supplement the Indian government's Rashtriya Swasthya Bima Yojana (RSBY) hospitalization scheme.

Similarly, in Kenya we are supporting the Cooperative Insurance Company (CIC), which is collaborating with an international NGO, the Swedish Cooperative Centre, and the National Hospitalisation Insurance Fund (NHIF) established by the Kenyan government. By coordinating their efforts we hope that they will be able to extend better insurance benefits to large numbers of previously underserved households over the long term.

Facility team members Jeanna Holtz (back row, centre) and Pranav Prashad (front row, far left) visiting one of the CARE Foundation clinics in India



© Facility

Despite these exciting innovations, the Facility wants to do more to support the development of health microinsurance, which is the highest priority for many low-income households and yet, from the supply side, the toughest nut to crack. Consequently, with support from the consulting firm McKinsey, we conducted 30 key informant interviews and a roundtable discussion to better understand the challenges and potential solutions. Many thanks to those of you who participated in this process as it has helped us to shape our priorities and processes for Round 4. We hope that the grantees that emerge from this upcoming application will enable us to make a significant contribution towards improving access to better health insurance for more low-income households.

Several of our grantees are exploring links between insurance and remittances. In the Philippines, for example, Pioneer Life is collaborating with churches and schools to form savings clubs so that they can put some of the money being sent home by migrant workers into savings and life insurance. Similarly, Seguros Futuro in El Salvador is experimenting with a remittance-linked insurance product that covers the death and repatriation of a migrant worker.

We now have a critical mass of grantees working on agriculture insurance, including various types of index-linked products. Grantees in India and Sri Lanka are piloting various approaches to protect farmers against too much or too little rainfall, and poor yields. We hope that these grantees will generate some valuable learning about how to make agriculture insurance work for smallholders. The innovations with livestock insurance, such as IFFCO-Tokio General Insurance (ITGI) in India using radio frequency identification (RFID) chips to reduce fraud, and the International Livestock Research Institute (ILRI) using satellite technology in Kenya to monitor grasslands available for livestock feeding, are particularly interesting developments.

As mentioned earlier, a key aspect of facilitating access is ensuring that clients understand what they are buying. Low-income people should be in a position to make well-informed decisions about whether to purchase insurance. More knowledgeable purchasing decisions lead to greater influence over the design and quality of products and services accessed. To address this issue, the Facility emphasized consumer education in Round 3, and selected three new grantees to work on this issue. In these projects in Brazil, Colombia and Kenya, national insurance associations are actively involved, which we hope bodes well for the long-term promotion of consumer education. As consumer education campaigns demonstrate results, including higher client enrolment and renewals, we expect that members of the insurance association will see the benefits and support ongoing investments in consumer education activities.

Microinsurance requires providers to reconsider how products are structured, marketed, delivered, accessed and documented. It requires significant efficiencies through simple products, procedures and non-traditional delivery channels and perhaps through front and back office technologies. Although several of our grantees, including Max Vijay in India, Alternative Insurance Company (AIC) in Haiti and Union des Assurances du Burkina Vie (UAB) in Burkina Faso, are testing technological solutions, we expect to have a fifth and final round of innovation grants that will focus on achieving scale and efficiency.



© Facility

"The poor have proven to be viable economic citizens, so long as you can tailor products to suit their needs. It will only be a matter of time before this becomes a viable and sustainable commercial market."

Alex Bernhardt,
Assistant Vice
President,
Guy Carpenter
& Company

MICROINSURANCE AND PUBLIC POLICY

For innovations to succeed, they need a supportive environment, which is why the ILO is proud to sponsor the recently launched Access to Insurance Initiative (A2II) (see Box 1). Because of the economic crisis, policymakers and regulators in many emerging markets are rightly focusing on promoting stability and security in their financial sectors. In the process, however, there is often insufficient attention paid to widening access to financial services. A well-regulated financial sector that serves less than 20% of the people and firms in a country will not be effective in promoting economic growth, facilitating business transactions and trade, and bringing transparency to private sector operations. A complementary focus is required to expand access to financial services, and remove policy, infrastructure and legal barriers to that expansion.

In most countries, regulation or special recognition for microinsurance might not be necessary; waiting and learning from the industry and from other jurisdictions could be a better approach for policymakers and supervisors than quickly regulating without a clear understanding of microinsurance within the country or of good-practice approaches that are slowly emerging at the global level. Yet even without specific regulations, supervisors can use their authority to encourage strong insurers to expand into the low-income markets. The A2II programme will work with supervisors and industry stakeholders in several countries to find an appropriate path towards inclusion in the insurance markets that balances consumer protection with the maintenance of financial stability.

The Facility looks forward to collaborating with A2II to promote an enabling environment for our grantees and other microinsurance stakeholders.

Box 1 THE ACCESS TO INSURANCE INITIATIVE (A2II)



Sponsored by the IAIS, CGAP, BMZ, FinMark Trust and the ILO, the A2II is a global programme designed to strengthen the capacity and understanding of insurance supervisors, to facilitate their role in expanding access to insurance markets, and to support the implementation of sound regulatory and supervisory frameworks consistent with international standards. The sponsors believe that this is

an important strategy for reducing poverty because insurance supervisors and policymakers can play a key role in promoting the development of more inclusive insurance markets, which can then have a critical function in mitigating welfare losses.

THE FACILITY TEAM

We have expanded the team at the Facility this year, adding Pranav Prashad (from India) and Miguel Solana (from Mexico) to strengthen our capacity and improve our outreach. We had the extremely unfortunate experience of losing a valued member of our team, José Navarro, who died unexpectedly from an illness while on an assignment in Peru in September. We are hiring a replacement for José, although he is quite irreplaceable. We are also recruiting a Knowledge Officer

to help us manage the volumes of information that we receive from grantees and capacity-building partners, and package it into the lessons that we look forward to sharing with the emerging microinsurance industry.

In 2009 we also benefited from the contributions and enthusiasm of several interns. I want to extend my appreciation to Ahmed Camara, Job Harms, Carys Hughes and Francesca Randazzo for their hard work.



Lastly, we had the good fortune to meet with many of our grantees, Fellows and technical assistance providers in November 2009, just before the 5th International Microinsurance Conference in Senegal, and it was an excellent opportunity to get to know one another better and share experiences. We used the opportunity to solicit feedback from these key stakeholders about the Facility, and we received many excellent suggestions on how we can improve, particularly with regard to strengthening learning processes, streamlining reporting and facilitating knowledge sharing, which we will act on. Besides the many suggestions, there was also clear and consistent feedback about the high quality and commitment of the Microinsurance Innovation Facility team, which certainly reinforces my own perception, but was very encouraging to hear. Many thanks to those who participated in the Innovation Forum and we look forward to organizing it again in 2010.

Caroline Phily,
one of the
Facility's Grant
Officers (centre) in
conversation with
Marie Batiennon
from UAB and
Mathieu Dubreuil
from Planet
Guarantee during
the poster session
at the international
conference in
Senegal in
November

THE MICROINSURANCE INNOVATION FACILITY

Risk is part of life. For the millions of low-income families in developing countries who lack the ability to manage risk, the consequences of adverse events can be devastating. Floods can overwhelm rural households, destroying homes and livelihoods; crops can fail, leaving farmers unable to feed their families; and the death, disability or illness of a breadwinner can leave a family vulnerable and destitute.

The modern concept of microinsurance was developed in the late 1990s, and growing interest in its potential as a mechanism for social protection and poverty reduction led to the launch of the ILO's Microinsurance Innovation Facility in 2008, with funding from the Bill & Melinda Gates Foundation. The Facility team was recruited from both the non-profit and commercial sectors, and it developed a strategy to provide answers to three core questions:

- To what extent can insurance products help low-income families to manage risk?
- What products are appropriate for the working poor and how do you provide them?
- How do you develop an insurance culture among the poor?

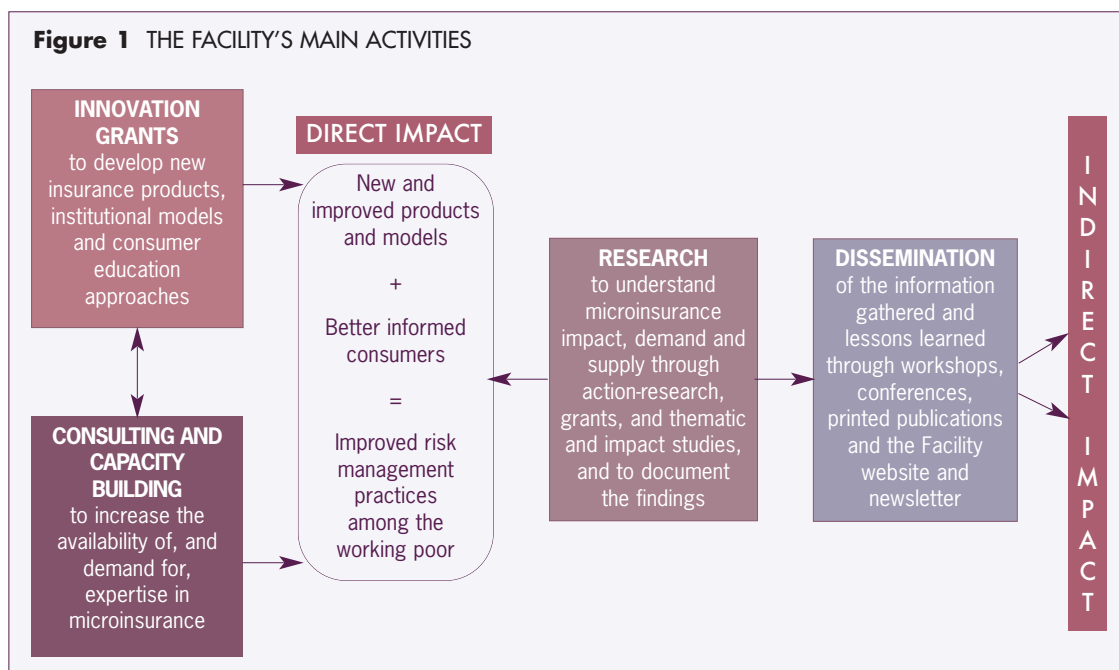
Box 2 THE VISION OF THE ILO'S MICROINSURANCE INNOVATION FACILITY

We believe that:

- Low-income people should be able to benefit from valuable insurance services and make informed choices to manage risk
- Increasing access to insurance and creating a better understanding of its value will help reduce vulnerability and poverty among low-income people
- Creating an insurance culture enables low-income people to appreciate the utility of insurance and demand better quality services

The Facility has four sets of activities, all revolving around learning and knowledge sharing, and geared towards extending better insurance coverage to the working poor. These activities focus on:

- providing **innovation grants** to institutions to help them test new models and approaches that offer better insurance products to low-income households in developing countries
- **building capacity** by increasing the availability of expertise in microinsurance and creating greater demand for that expertise
- supporting **research** to identify successful approaches and assess the impact of insurance on low-income policyholders
- disseminating **information** and lessons learned to key stakeholders

Figure 1 THE FACILITY'S MAIN ACTIVITIES

The four activities work together (see Figure 1). To implement them, the Facility acts as a catalyst, encouraging agencies to collaborate with each other to learn more about microinsurance and to strengthen their capacity to develop and deliver microinsurance products on a significant scale. These agencies include:

- **risk carriers** such as insurance companies, semi-formal microinsurers and federations of microinsurance schemes
- **delivery channels** such as NGOs, cooperatives, labour unions, employer associations, banks, insurance brokers and health care providers
- **insurance industry** players such as claims processors, technical assistance providers, training institutions, insurance associations, research agencies, information technology (IT) providers and database management services
- **researchers** working in institutes, networks, universities and local resource centres

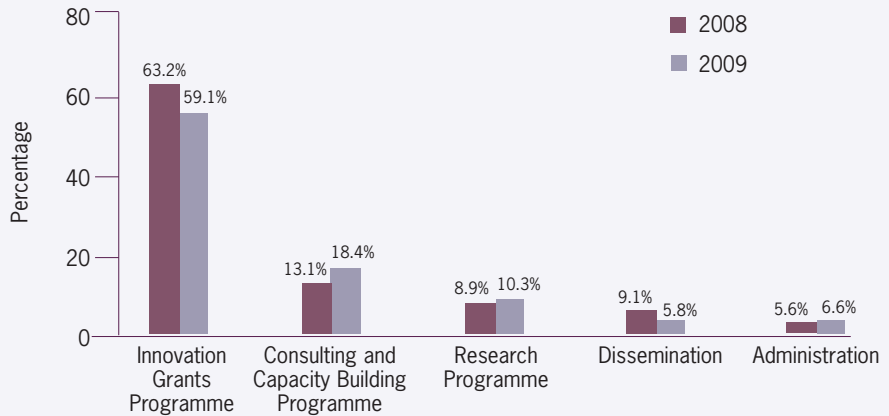
Awareness of the Facility within the insurance and development communities increased significantly in 2009, not only because many more institutions became involved in our activities, but also because we actively raised the Facility's profile through press coverage, publications, participation in microinsurance events and networks, and visits to current and potential partners around the world.

In response to growing demand, the Facility has made some adaptations to increase its relevance and effectiveness. The Innovation Grants Programme, for



"Microinsurance is the furthest frontier of insurance. People are still working out how to get distribution right and how to keep costs low. There may be another technological leap in the next few years that will bring costs even lower and allow us to go out into the market and sell to individuals."

Richard Leftley,
President and CEO,
MicroEnsure

Figure 2 EXPENDITURE (%) ON FACILITY ACTIVITIES, 2008 AND 2009

example, introduced a small grant category with a shorter, easier application process (see page 11). The Technical Assistance Programme changed its name to the Consulting and Capacity Building Programme and developed a strategy for delivering tailor-made advisory packages, rather than one-off technical assistance services (see pages 31-35). We have also modified our approaches for different regions (see page 44), including hiring a regional expert in Africa and establishing a strategic partnership in India (see page 14).

Box 3 FOR MORE ON OUR ACTIVITIES...

This *Annual Report* provides an outline of our activities. For more detail on what we do, please go to our website, www.ilo.org/microinsurance, or contact us at:

- Consulting and capacity building: microinsuranceccb@ilo.org
- Dissemination: microinsurancemedia@ilo.org
- Innovation grants: microinsurancegrants@ilo.org
- Research: microinsuranceresearch@ilo.org

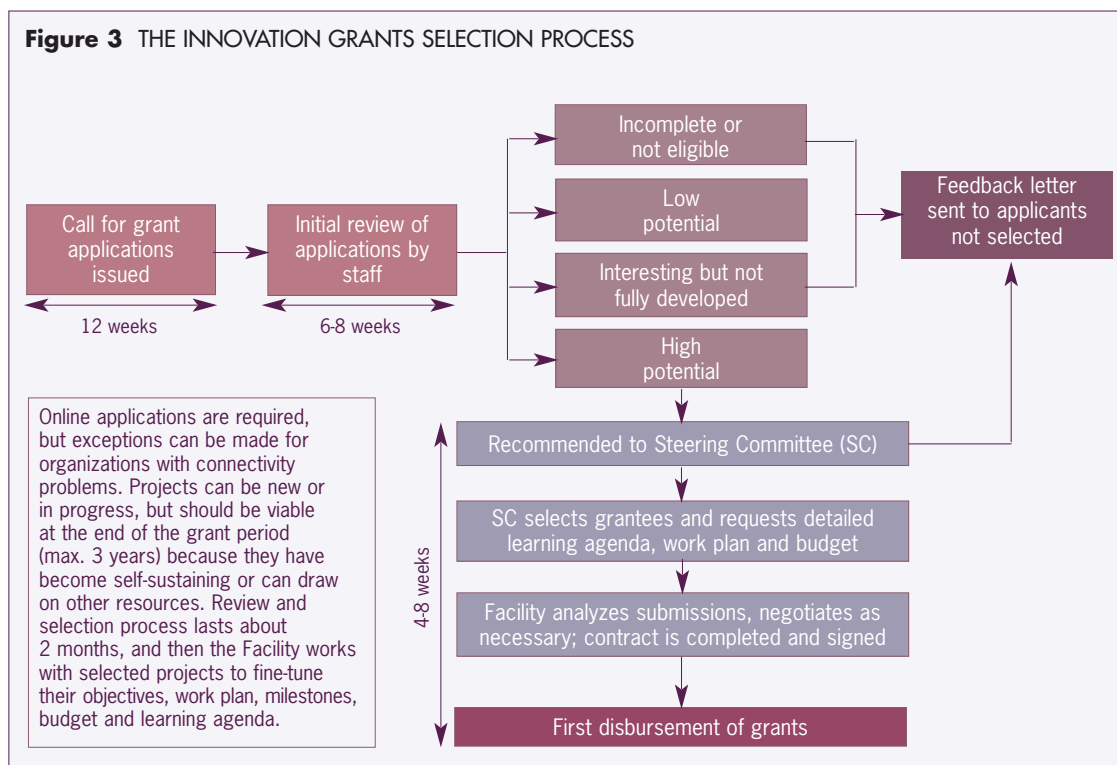
INNOVATION GRANTS PROGRAMME

Developing and delivering insurance products that are not only affordable and appropriate for low-income households in developing countries, but also attractive for insurance providers, requires considerable investment. The Facility's Innovation Grants Programme was launched to support efforts to create viable microinsurance products and to encourage demand for them among the working poor.

By the end of 2009 we had issued four calls for grant applications. The two calls in 2008 – Round 1 in March 2008 and Round 2 in August 2008 – attracted 207 applications from more than 40 countries and a wide range of organizations (see Figure 4). More than US\$6 million was awarded to the 18 applicants who successfully completed the selection process that year.

The first call for applications in 2009 (Round 3) attracted 150 applications. We attribute this increased response to greater awareness of the Facility, to the simplified online application process and, notably, to a new feature in the programme – small grants, which accounted for 104 of the applications. This feature was introduced to make it easier for organizations that were not seeking large sums to apply, as the proposals do not need to be as detailed as those for

Figure 3 THE INNOVATION GRANTS SELECTION PROCESS





© Facility

The grantees meeting in November, held during the international conference in Dakar, Senegal

the large grants. The overall quality of the applications improved as well, so that the Steering Committee approved the same number of projects in Round 3 as were approved in Rounds 1 and 2 combined.

The Round 3 applications included 30 proposals focusing on consumer education, a topic that has emerged as a major issue (see Box 4). Three were approved, and we held a 2-day workshop with these grantees in August to strengthen their project design by including components on consumer protection and on monitoring and evaluation.

The Facility's Steering Committee did not manage to approve many projects on health insurance, although there were more proposals for this type of insurance than for any other. This is a complex area of insurance in which the supply of suitable products lags seriously behind demand, and so we developed a strategy to clarify what we are looking for and a new process to design better quality health insurance proposals in Round 4 (see Box 5).

Box 4 FOCUSING ON CONSUMER EDUCATION

Most low-income people are unfamiliar with the concept of insurance, and many have a negative view of insurance companies and their products. Current work on developing microinsurance products therefore needs to be complemented by efforts to develop effective consumer education approaches.

In Round 3, we selected several projects that sought to explore the impact and cost-effectiveness of consumer education, partly by comparing product uptake and retention in areas where there had been consumer education campaigns with areas where there had not.

In August, the Facility organized a consumer education workshop in Brazil to fine-tune the project designs submitted by CNSeg, FUNDASEG and Microfinance Opportunities, as well as to share experiences with Round 2 grantee Freedom from Hunger (FFH), external experts and representatives from regulatory bodies and trade unions. Workshop topics included designing and implementing education campaigns, informing consumers about their rights, persuading insurance providers of the value of consumer education, and designing institutional partnerships to support consumer education activities.

We are involved in several insurance education activities. The Facility is represented on the Microinsurance Network's working group on insurance education and, with the Network, we contributed to a survey on consumer education. We have also commissioned a thematic study and a long-term impact study on consumer education (see Box 12) and are working closely with FFH on developing a module for health microinsurance consumer education and assessing its impact among the working poor.

Because of the large number of projects that were accepted in Round 3, the Facility's Steering Committee recommended postponing the next call for applications (Round 4) to December 2009. This postponement reflected a transition for the programme – from grant making to grant management. It also enabled us to assess the status of our current portfolio of grantees before adding a new batch, and it gave us time to apply lessons learned since the programme started, including:

- developing new project monitoring and evaluation strategies (including formulating performance indicators; see Box 8)
- simplifying the grant application and review process, involving more reviewers and, in some cases, using reviewers with particular expertise in the subject of the proposal (e.g., the CGAP Technology Fund reviewed technology-oriented applications, and some agriculture-based proposals were reviewed by the International Fund for Agricultural Development [IFAD] and the World Food Programme [WFP])
- being more proactive in encouraging particular organizations to apply for grants, rather than waiting for them to apply
- preparing the Round 4 call which, unlike previous calls, had three separate application routes: health microinsurance innovations; other insurance innovations; and capacity building
- spending more time visiting our grantees (an activity that is proving crucial to the success of the programme) and building strategic partnerships (see Box 6)

Box 5 PROMOTING HEALTH MICROINSURANCE

In response to the need for more and better health insurance products for low-income households, in 2009 we conducted a series of interviews with key health microinsurance informants (e.g., researchers, practitioners, consultants, providers). The participants expressed excitement about the recent momentum in health microinsurance, but reinforced the view that it is inherently more complex than other types of insurance, citing such problems as insufficient scale, deficient operating models, funding problems and limited documentation of impact.

In Round 4, the Facility will emphasize health microinsurance through a separate 'health track' for grant applications. This modified application process seeks greater pro-active contact with prospective partners, and uses a two-phase selection process that includes closer collaboration with selected organizations that might be eligible for larger funding than in the past.

Applicants will be asked to submit an expression of interest and then, if selected, will develop their proposals jointly with us, from which we will select four to six grantees. In Round 4 we will give priority to approaches that increase value for clients, especially through public-private partnerships, alternative financing mechanisms (e.g., savings coupled with insurance) or product innovations that improve efficiency and service standards.



© David de Ferranti

"This is the moment when many international donors are enthusiastic about trying to make headway with health microinsurance. For example, Rwanda went from a post-genocide state to more than 70% coverage – many countries are saying: 'Maybe we can do this too.'"

David de Ferranti,
President, Results 4
Development



© Munich Re Foundation

"There's a huge need for a demonstration project to showcase that health microinsurance can be profitable and sustainable."

Michael J. McCord,
President,
MicroInsurance
Centre

We visited more than 25 current and prospective grantees during 2009. We also organized a meeting with about 40 grantees and consultants during the 5th International Microinsurance Conference in Senegal in November (see Box 14).

Box 6 ESTABLISHING STRATEGIC PARTNERSHIPS

Strategic partnerships will assume growing importance in the way we operate. As the number of grantees and activities grows, it will become increasingly necessary to work closely with leading organizations across different regions to effectively implement activities and monitor grantees.

To date, the response from the Indian subcontinent to our work has been tremendous, and so it is fitting that our first strategic partnership should be with the Centre for Insurance and Risk Management (CIRM), an Indian organization. A Round 1 grantee, CIRM is a non-profit think-tank focusing on innovative product design and action-research to improve the effectiveness of risk management solutions among the poor.



© CIRM

Members of the CIRM Advisory Committee (left to right): Professor Bobby Srinivasan (President, IFMR), Craig Churchill (Facility Team Leader), Rupalee Ruchismita (Head of CIRM), Professor Kshama Fernandez (Head, IFMR Capital) and Professor Raghu Sundaramm (Finance Department, New York University)

Through our partnership with CIRM we hope to improve the understanding and sharing of innovations and initiatives emerging from the Indian subcontinent. CIRM will help the Facility implement the grants programme in the region, develop research strategies and build sector capacity.

An example of this collaboration concerns one of our Round 3 grantees, ITGI, which received assistance from CIRM to design an action-research component for its innovation project on livestock insurance. CIRM is bringing complementary skills to the project and will help ITGI to extract lessons to help it and the wider microinsurance community understand the impact of the new technology on efficiency and client value.

Box 7 PUBLICIZING THE INNOVATION GRANTS PROGRAMMES AND OTHER FACILITY ACTIVITIES

In conjunction with producing our newsletter, managing the website and publishing brochures, posters and our first *Annual Report* (see page 42), in 2009 we continued to build awareness of our activities through press coverage and participating in meetings and networks.

The August issue of the Brazilian magazine *Viver Seguro em Ação* covered our consumer education workshop (see Box 4) and there was also coverage that month in *Prosper*, ICMIF's newsletter, of our grant award to an El Salvadorean insurance company, Seguros Futuro. In October *The Pelican*, a newsletter for African insurance brokers, published an article we submitted on microinsurance. We also submitted an article to *Microfinance Insights*, which has a readership of more than 10,000 people in 150 countries, and we helped several journalists to write articles on microinsurance; they were published in *The Jakarta Globe*, in *Knowledge@Wharton* and in the Lloyd's newsletter.

In line with our efforts to publicize the Facility's work in the wider insurance community, a team member attended the FANAF General Assembly in February in Côte d'Ivoire and the subsequent issue of FANAF's newsletter, *L'Assureur*, carried an article on our work. Members of the team also spoke at events in Belgium, Egypt, Estonia, India, Luxembourg, Panama, Switzerland, Uganda, UK, USA and Zambia, and in June we had a stand at the Microcredit Summit in Colombia. At the 5th International Microinsurance Conference in Senegal in November we organized a range of promotional activities (see Box 14).

WIRTSCHAFT I
Die Mikrofinanz ganz groß
Lüxemburg breitet ein weltweites Standart.
Mikrofinanz: Die Krise und ihre Folgen

viver seguro em ação
O principal desafio de segurar foi o encontro que reuniu representantes de instituições do Brasil, Colômbia, Estônia, Índia e Quênia, na sede do CNPq, para discutir projetos de atuação de microseguros, a serem desenvolvidos com recursos da Organização Internacional do Trabalho, Viena, também, um recurso das principais atividades da Conferência e das quatro Federações - Fensig, Fensaf, Fensalv e Fensam.

Innovations to Insure the Poor
Even in developed countries, insurance is a complex product that many governments and private insurers struggle to provide to the poor. The microinsurance products that meet the needs of the poor require more elaborate effort and creativity. Craig Churchill of the Microinsurance Innovation Facility, at the International Labour Organization (ILO) notes some experiments and developments that are happening in the world of microinsurance.

MICROINSURANCE FOR REMITTANCE RECEIVERS IN EL SALVADOR
A PROJECT ENTITLED "Providing microinsurance to population receiving remittance in El Salvador" was presented jointly by Seguros Futuro from Guatemala, Seguros Rápido from Honduras, La Central de Cooperativas from Nicaragua, and Seguros Futuro from El Salvador to the Microinsurance Innovation Fund. This project met the criteria laid down by the ICG and a grant of USD 100,000 was approved at this initial stage for El Salvador only with the aim of replicating in other countries.

for families receiving remittances, mainly through savings and insurance instruments. It is to introduce an affordable microinsurance product meeting the financial needs of remittance recipients in the event of the death of the family member generating the remittances. (f) To provide the savings and low-cost insurance to more Salvadoran companies who pay the remittances with adequate insurance and processes to educate, promote, sell, receive and microinsure.

The project start date is June 2009 and will continue for three (3) at the end of a three year period, there should be between 10,000 and 15,000 persons insured, and more than 10,000 people should have received risk management education.

INNOVATION GRANT BENEFICIARIES

Details on the 2009 grantees are provided here; details on the 2008 grantees are provided in the *Annual Report 2008* and on our website. For an overview of all grantees to date, see Figure 4 (overleaf).

AFRICA

Centre de recherche médecine, sciences, santé et société (CERMES)

Institution type: Research organization

Country: Comores, Mali, Senegal

Duration: 3 years, from November 2009

CERMES is a science research unit specializing in health. It is associated with the Ecole des Hautes Etudes en Sciences Sociales at the universities Paris-V and Paris-XI. To strengthen the relationship between medicine, health and society, it brings together researchers from the social sciences (anthropology, economics, psychology, sociology), medical science and public health.

Project: Developing insurance products for migrants' families in their home countries

The project targets members of diasporas in France from the Comores (about 15,000 people), Mali (8,000) and Senegal (20,000). It will evaluate the feasibility of using migrants' money transfers to pay for health insurance for their families in their home countries. This will involve assessing the will of migrants to spend some of their income on insurance premiums and evaluating the capacity of organizations in the host and home countries to handle the transactions.

Learning

- Will migrant communities see insurance as a worthwhile use of the funds they send home to their families?
- Is there a model that can be developed for facilitating the payment of premiums from money transfers?
- What factors are likely to persuade migrants to protect their families through insurance products?

International Livestock Research Institute (ILRI)

Institution type: Non-profit research centre

In collaboration with: Equity Bank Ltd and UAP Insurance Company Ltd

Country: Kenya

Duration: 3 years, from January 2010

One of the Consultative Group on International Agricultural Research (CGIAR) centres, ILRI works in tropical regions, particularly in Africa and Asia. It focuses mainly on livestock market opportunities, the use of biotechnology to secure livestock assets, the evolution in livestock systems and the impact of livestock innovation on poverty. Equity Bank provides financial services in Africa, with long experience in microfinance, and UAP is one of the leading financial services groups in East Africa.



© Facility

"The penetration of insurance is very low in Africa and I believe microinsurance can take insurance closer to the people. Microinsurance, if we can get it right, is a win-win situation. It means insurers are doing more business [and for] low-income people I believe it will empower them."

Prisca Soares,
Secretary-General,
African Insurance
Organization (AIO)

Project: Piloting index-based livestock insurance

The project targets pastoralists in Kenya's Marsabit District, which has about 30,000 households and a livestock population of 120,000 cattle, 1 million sheep and goats, and 76,000 camels. It seeks to meet the pastoralists' need for strategies to manage climate-related risks and will test models for estimating livestock mortality using satellite technology to assess grassland depletion. The project will also use simulation games to enhance consumer understanding of insurance.

Learning

- What are the determinants of insurance uptake for pastoralists?
- Does insurance change households' economic decisions and welfare?
- What are the challenges and opportunities involved in marketing insurance to a relatively illiterate and ethnically diverse population in a remote region?
- How effective are various marketing tools in enabling pastoralists to make insurance investment decisions?



© IBU

Microfinance Opportunities (MFO)

Institution type: International NGO

In collaboration with: Association of Kenya Insurers (AKI)

Country: Kenya

Duration: 1 year, from January 2010

A microfinance resource centre that promotes client-led microfinance, MFO started operations in 2002. It designs and delivers a range of microfinance products and services that seek to address the needs and preferences of low-income households. AKI is the association for insurance companies in Kenya. Its main objective is to promote good business practices and to create awareness among the general public of the benefits of insurance.

Project: Consumer education in insurance

The purpose of this project is to expand the microinsurance market in Kenya by improving the risk management capacities of low-income people through an insurance education strategy. The project will use a two-pronged approach, underpinned by technical assistance from MFO. At the national level, AKI will lead the insurance awareness campaign, using mass media. At the retail level, microinsurance stakeholders (e.g., insurance companies, MFIs) will be encouraged to strengthen their ability to deliver financial education to the low-income market.

Learning

- How can MFO's Risk Management and Insurance training module be adapted to a participatory radio campaign?
- Can an insurance education radio campaign consistently attract a significant number of low-income listeners?
- What technical assistance is needed for microinsurers to deploy cost-effective insurance consumer education initiatives?

Figure 4 INNOVATION GRANTEES 2008–2009





© Facility

"We see the low-income market as the next growth point. If we're able to access customers at that level and keep them for life, we believe that is what Old Mutual should be doing from a commercial perspective and for the transformation agenda for the country."

Colette Patience,
Senior Project
Manager,
Old Mutual

Old Mutual South Africa

Institution type: Insurance company

Country: South Africa

Duration: 2 years, from November 2009

Established in 1845 in South Africa, Old Mutual provides a range of financial services, including wealth management, investment products, retirement savings, and life, disability and health insurance. It has operations in many other African countries, including Kenya, Malawi, Namibia, Swaziland and Zimbabwe.

Project: Delivering a broad spectrum of financial services

The project works with local community leaders to provide a range of relevant financial services to low-income, economically active individuals in rural and peri-urban areas. By collaborating with its two group companies – Nedbank, and Mutual and Federal – the project will create one-stop shops for financial services, including affordable, high-quality, easily accessible and sustainable risk management solutions for this market. Through the project, Old Mutual also aims to understand how to improve the financial literacy of the low-income market.

Learning

- How effective are distribution models that take account of community involvement, technology impact and the differences between rural and peri-urban environments?
- What is the financial behaviour of low-income households in relation to marketing and distribution models?
- What effect do consumer education programmes have on purchasing behaviour?

MIDDLE EAST / NORTH AFRICA (MENA)

MicroFund for Women (MFW)

Institution type: Local NGO

In collaboration with: Women's World Banking (WWB)

Country: Jordan

Duration: 18 months, from June 2009

MFW aims to harness the productive capacity of microentrepreneurs in Jordan, especially women, by providing them with financial and non-financial services. It currently serves about 40,000 clients. WWB is a global network of microfinance institutions in 29 countries, reaching more than 21 million microentrepreneurs, mainly women.

Project: Pioneering the Caregiver product

The project aims to develop an affordable health insurance product, Caregiver, to enable MFW clients to receive cash payments to help offset the cost of private health care facilities for emergencies and more serious illnesses. It was designed specifically to accommodate female policyholders, as women are typically the 'caregivers' for their families and have to take time off from work if a child, spouse or parent is ill.

Learning

- To what extent does insurance help protect savings in a household?
- How do clients use a supplemental cash product to meet non-insured health care costs?
- How do you market the voluntary component of an insurance product?
- What additional institutional capacity is needed to expand beyond credit-life products?
- How sustainable and replicable is the Caregiver insurance product?

ASIA

CARE Foundation

Institution type: Local NGO

In collaboration with: Centre for Insurance and Risk Management (CIRM)

Country: India

Duration: 3 years, from June 2009

With a mandate to make health care affordable and accessible through the appropriate use of technology, the CARE Foundation conducts research, provides specialized training, develops cost-effective medical products and provides health care to low-income populations. CIRM is a non-profit organization engaged in action-research initiatives with insurers, NGOs and regulators to design and promote innovative insurance products and improve understanding about risk-mitigating mechanisms (see Box 6).

Project: Insuring primary care: sustainable financing solution for rural primary health

Village Health Champions (VHCs) will provide health care services and offer voluntary health microinsurance in 50 villages (totalling about 100,000 residents). Supported by a primary health centre and a remote medical consulting team, and using handheld communication devices, the VHCs will focus on health education, illness prevention, assistance with referrals and transport to medical facilities, as well as on enabling villagers to make informed choices about health microinsurance. It is expected that overall treatment costs will be reduced through prevention, early diagnosis and timely care. Tele-monitoring will be used for quality control and for after-care service to prevent re-hospitalization.

Learning

- To what extent does technology enhance access to health care, facilitate claim processes, reduce costs and increase savings?
- How does the model ensure efficiency in terms of claims management, health care expenditure, operating costs and renewal rates?
- To what extent are VHCs effective in disease prevention and the promotion of healthy lifestyles?
- To what extent does the model contribute to health care delivery and client and provider satisfaction?

One of the Facility's Grant Officers, Pranav Prashad (far left), at a rain gauge installed by the Dhan Foundation, with staff from the Foundation

Dhan Foundation

Institution type: Local NGO

In collaboration with: People Mutuals

Country: India

Duration: 3 years, from June 2009

Founded in 1997, the Dhan Foundation aims to enhance rural development and scale up interventions to eradicate poverty across the country. People Mutuals is the insurance arm of Dhan, set up in 2003 to facilitate access to microinsurance among the organizations supported by Dhan.





© Leapfrog

"Microinsurance has two powerful effects. First, protective: it provides a safety net that doesn't exist at an adequate level in emerging economies. Second, enabling: there are many instances where poor people are too risk-averse to try a new business line or technology (such as planting a new crop or using drip irrigation) because failure could be devastating."

Andrew Kuper,
President, LeapFrog
Investments Ltd

Project: Adapting to climate change through crop insurance

The project targets small farmers who are vulnerable to weather irregularities. It aims to use weather-indexed location-specific crop insurance products as a tool to adapt to climate change. To stimulate demand and build capacity, farmers will be trained in drought and water-management issues, and local rain gauges will be installed to achieve greater precision.

Learning

- How do you insure different crops and determine the probability of individual crop risks, the loss associated with individual risks, and affordability?
- What factors determine the efficiency and effectiveness of crop insurance schemes?
- How do you optimize the placement and number of automatic rain gauges, and ensure that the rainfall recorded is accurate, reliable and representative of field conditions?

IFFCO-Tokio General Insurance Co. Ltd (ITGI)

Institution type: Insurance company

Country: India

Duration: 2 years, from August 2009

A joint venture between Indian Farmers Fertilizer Cooperative Ltd (IFFCO), serving more than 40,000 farmer cooperatives, and Tokio Marine and Nichido Fire Inc. of Japan, ITGI serves the insurance needs of low-income rural people across India. It is experienced in designing and distributing microinsurance through farmer cooperatives and cooperative banks.

Project: Using electronic chip technology to reduce fraudulent livestock insurance claims

The project targets more than 25,000 poor farmers and their families who depend on livestock as a primary source of income. It aims to test a model to reduce fraud by using an identification device, based on radio frequency identification (RFID) technology, injected beneath the hide of the animal. This could benefit farmers in that a reduction in the number of claims will be reflected by lower premiums.

Learning

- To what extent can RFID technology reduce fraudulent claims?
- To what extent will farmers accept the new technology, and how will its introduction improve the value of livestock insurance for farmers?
- What is the impact of introducing the technology on costs, efficiency and profitability?
- Can RFIDs facilitate livestock management services so that the technology serves a broader purpose than just insurance?

Palmyrah Workers' Development Society (PWDS)

Institution type: Local NGO

In collaboration with: Centre for Insurance and Risk Management (CIRM)

Country: India

Duration: 3 years, from March 2009

PWDS implements development projects in Tamil Nadu aimed at improving the socio-economic condition of low-income communities by building the capacity of community organizations, linking them to mainstream resources and services, and influencing local and national policies. CIRM is a non-profit organization engaged in action-research initiatives to design and promote innovative insurance products (see Box 6).

Project: Mainstreaming access to insurance services for rural communities

The project targets rural families in the informal economy who lack access to social and health security. It will pilot a business model for creating access to insurance services for these communities. The model will seek to identify, strengthen and leverage existing relationships and channels and, starting with health, will develop a delivery system aimed at reducing the cost of sales, premium collection and claims servicing.

Learning

- What determines the demand for insurance?
- What is the impact of co-payments on the use of health care services?
- What product characteristics do clients consider valuable?
- How can microinsurance be delivered cost-effectively using a retail distribution model?
- How do you test the ability of local organizations to sell diverse financial services products and deliver a quality service?

Pioneer Life Inc.

Institution type: Insurance company

Country: Philippines

Duration: 3 years, from June 2009

Pioneer Life is a leading life insurance company in the Philippines. Its core business is to provide clients with financial options to secure what matters most to them, focusing on identifying their particular needs and providing products/services and distribution channels suited to their requirements.

Project: Combining financial education with microinsurance products

The project targets families of migrant workers – children and adult dependants. It combines financial and risk management education with a product linking savings with life and accident microinsurance and it will be implemented through schools and churches throughout the target provinces. A network of school coordinators and parish leaders will act as facilitators to promote the project and help with financial literacy training.

Learning

- What impact does the financial literacy training have on the attitude of the target group towards insurance and savings?
- How efficient is the church as a delivery channel?
- Which features of the microinsurance product are the most important to policyholders?



"All microinsurance programmes should aim to become viable since donor or government subsidies are only temporary."

Denis Garand,
President,
Denis Garand &
Associates

Prime General Daatgal Insurance LLC (PGI)

Institution type: Insurance company

Country: Mongolia

Duration: 18 months, from October 2009

Established in 2001, PGI is owned by XacBank, a leading microfinance bank, and Petrovis, a petroleum importer and distributor in Mongolia. It is one of the largest insurance companies in Mongolia and has been developing microinsurance products for low-income families since 2006.

Project: Providing the self-employed with health and accident microinsurance products

The project aims to increase the availability and scope of health and accident microinsurance products for low-income, self-employed people. PGI will initially



conduct market research in Ulaanbaatar, the capital of Mongolia, to understand this market. It will then design demand-driven microinsurance products, build in-house capacity, conduct an education campaign and train XacBank staff to market and distribute the products.

Learning

- What is the most efficient way of using the operational processes of financial institutions to reach a scattered population?
- Which communication media (mobile phones, radio, television, etc.) are most effective in consumer education?
- What is the optimal premium that will lead to the greatest uptake by clients?
- What services/products can be combined to meet the needs of the different low-income groups?

Rehabilitation and Development of the Landless (RADOL)

Institution type: Local NGO

In collaboration with: Development for Ideal Social Association; Integrated Community Development Association; People's Oriented Programme Implementation; Rural Reconstruction Foundation; Srizon Bangladesh

Country: Bangladesh

Duration: 2 years, from August 2009

RADOL's activities include providing microcredit services to low-income households. The other members of the consortium are all NGOs and, collectively, they operate in 38 districts in Bangladesh, providing financial services to more than 560,000 low-income clients.

Project: Developing inclusive insurance through an NGO/insurer partnership

The goal of the project is to provide affordable life insurance coverage to low-income households in Bangladesh. The consortium led by RADOL will work with a life insurance company to develop and deliver microinsurance products, drawing on the various areas of specialization of the NGOs and the insurance company. In the pilot phase of the project, two endowment products and two term insurance products, all with hospitalization cash benefits, will be offered in five villages. After 2 years an evaluation will be conducted and the project will be scaled-up.

Learning

- To what extent can the lack of awareness and the need for risk mitigation in the disaster-prone environment of Bangladesh be overcome through consumer education?
- How does the impact and adoption of microinsurance products vary under different economic conditions?
- How do you scale-up microinsurance in Bangladesh to reach the market penetration levels that microcredit has achieved?

Seemasahitha Sanasa Rakshana Samagama (Sanasa Insurance Company Ltd; SICL)

Institution type: Insurance company

In collaboration with: Development International Desjardins (DID); BASIX

Country: Sri Lanka

Duration: 3 years, from September 2009

Operating mainly as a service support organization for members of savings and credit societies (about 3 million people), SICL transacts insurance products in most areas of Sri Lanka. DID is part of the Desjardins group, a Canadian network of cooperatives offering a complete range of financial services to about 6 million members. BASIX is a group of India-based companies that promote sustainable livelihoods through the provision of financial services and technical assistance; in 2003, with ICICI Lombard and the World Bank, it piloted a weather insurance product.

Project: Developing index-based crop insurance

The project aims to provide farmers with an agricultural insurance product that will minimize the risk of income loss due to unfavourable weather conditions. It is based on testing and adapting a weather-based crop insurance model used in India and involves developing methodologies to streamline processes, improve delivery mechanisms and raise farmers' awareness of weather-based insurance.

Learning

- To what extent are farmers interested in insuring their crops, and what might prevent them from buying the insurance product?
- Which media channels (video, print, etc.) are most effective in building awareness of the product?
- To what extent does the distribution channel (cooperative vs. bank branches) affect a farmer's decision to purchase the product?

The Facility Team Leader, Craig Churchill, signing a grant agreement in Geneva with Prema Gopalan, Director of Swayam Shikshan Prayog, an Indian NGO

Swayam Shikshan Prayog (SSP)

Institution type: Local NGO

In collaboration with: Swasth India Services (SIS)

Country: India

Duration: 30 months, from June 2009

Operating in 10 disaster-prone areas in three States in India, SSP transforms disaster recovery processes into development opportunities by restoring livelihoods, setting up sustainable federations and enterprises, and addressing gaps in community development and local governance. SIS works with communities to implement health care projects aimed at low-income rural and urban households.

Project: Enhancing resilience in low-income households

The project targets women in low-income households in Maharashtra. It seeks to build resilience in these households by improving health care access and creating an economic safety net through grassroots women's groups. It will develop a hybrid model to provide insulation from high-cost health events through: member savings pooled to create a self-sustaining Community Health Fund (CHF); a group health insurance policy and 'cashless' access to hospital service; an easily understood and affordable product aimed at families; and



partnerships along the health value chain (doctors, hospitals, pharmacies, etc.), to increase affordability, quality and acceptability to clients.

Learning

- What are the ingredients of a community-based health microinsurance model that ensure it works for the poor?
- What makes community health and insurance partnerships work effectively for low-income clients?
- What economic and social impact do health microinsurance products have on low-income clients and their families (e.g., lower child mortality, improved health status of women)?

Weather Risk Management Services Ltd (WRMS)

Institution type: Insurance services intermediary

Country: India

Duration: 2 years, from July 2009

Through its pioneering work in developing the alternative agriculture insurance market in India, WRMS has enabled more than 250,000 farmers to access coverage under its various agriculture risk management services. The work focuses on developing and implementing a weather insurance contract, developing low-cost technology to reduce administration expenses and working with the government.

Project: Developing comprehensive risk management solutions for farmers

The project targets farmers and their families in the Howrah and Kamrup regions of north-east India. It seeks to help them generate sustainable income by minimizing the effects of weather shocks through financial and technological risk management measures. It will develop a hybrid index of weather and area yield to address farmers' critical risk management needs and will install automated weather stations to collect and disseminate weather data and facilitate the settlement of weather insurance claims.

Learning

- In what ways does a comprehensive risk management programme affect small-scale agriculture?
- What determines the demand for index insurance by small farmers and how can this demand be stimulated?
- How can index-linked insurance be made commercially viable?

LATIN AMERICA

Confederação Federação Nacional das Empresas de Previsões e Vida (CNSeg)

Institution type: Insurance association

Country: Brazil

Duration: 18 months, from January 2010

CNSeg, the Brazilian Insurance Confederation, brings together the most important players of the insurance industry in the country, coordinates political actions, elaborates strategic sectoral planning and conducts activities of common interest to the four

insurance federations: General Insurance, Private Pension & Life, Supplementary Health, and Capitalization.

Project: Changing the perception of microinsurance

The project is aimed at low-income households and small businesses. It seeks to increase awareness about microinsurance. The first step will be to conduct a pilot study in Santa Marta, a slum area in Rio de Janeiro, to assess attitudes towards insurance. It will disseminate information about insurance to the target audience through participatory communication channels and provide education using innovative and participative methodologies.



© La Positiva

Learning

- How cost-effective are the different media that can be used for consumer education?
- What impact do the various education tools have on the knowledge, skills, attitudes and risk management behaviour of low-income people?
- What would be an appropriate consumer education business model for an insurance association?

José Navarro (far right), one of the Facility's Grant Officers, and Lourdes del Carpio (centre) from the insurance company, La Positiva, meeting farmers benefiting from the company's microinsurance package in Peru

Fundación de Aseguradores Colombianos (FUNDASEG)

Institution type: Insurance association

In collaboration with: Federación de Aseguradores Colombianos (FASECOLDA); Servicio Nacional de Aprendizaje (SENA)

Country: Colombia

Duration: 3 years, from January 2010

FUNDASEG implements financial literacy programmes directed at low-income people to help them improve their livelihoods. Its activities include encouraging the Colombian insurance sector to commit to the poorest sections of society. FASECOLDA is the Colombian insurance federation and SENA is a public-sector body that promotes free professional training for low-income people.

Project: Promoting insurance literacy

The project will implement a financial literacy programme through public-private partnerships, aimed at training 27,000 people through workshops and a further 100,000 people through the mass media. The project will be developed in three phases: research to identify the mass media methods that best suit the target group; disseminating training materials through workshops and the mass media; and evaluating the impact of the various approaches.

Learning

- What are the benefits of financial education for the target groups?
- Does the programme change perceptions of risk and insurance, and how do you measure this change?
- Which approach, or combination of approaches, is the most efficient way to deliver financial education?
- Can a public-private partnership promote a sustainable insurance education programme?

Seguros Futuro

Institution type: Insurance company

Country: El Salvador

Duration: 3 years, from June 2009

Seguros Futuro is the first and only cooperative insurance company operating in El Salvador. It was established in 1996, offering family and asset protection through accessible products, including microinsurance. It receives technical assistance from the Canadian Cooperative Society for International Development (SOCODEVI).

Project: Improving access to microinsurance among remittance recipients

The project target group consists of people who receive remittances, mainly from family members in North America, via cooperatives or Seguros Futuro service points. The project will focus on fostering a risk management culture among the remittance recipients and developing an accessible microinsurance product that meets their needs in the event of the death of the migrant worker.

Learning

- To what extent do migrant workers and remittance recipients value life insurance?
- Is technology crucial in increasing the effectiveness of the service an insurance company offers?
- How effective is consumer education compared with traditional marketing approaches?
- Can insurers develop an effective supply process for microinsurance through financial cooperatives?

Zurich Brasil Seguros

Institution type: Insurance company

Country: Brazil

Duration: 3 years, from December 2009

Zurich Brasil Seguros is part of one of the largest insurance groups in the world. Established in 1982, it has offices in Sao Paulo, Rio de Janeiro, Curitiba and Porto and offers a wide range of financial services.

Project: Improving access to composite microinsurance products

The project focuses on a new insurance proposition, 'Pick 4 a Dollar', that involves selecting four pre-underwritten products (e.g., Personal Accident, Loss of Income, Hospital Cash, Homeowners) that are all priced at US\$1 per month. The client can pick one or multiple products at an increasing discount in the premium. The product will be sold through a range of alternative distribution channels such as utilities and retail stores catering for low-income people. The project is seeking to develop the product further and to find new ways of marketing and distributing it.

Learning

- Does a combined product proposition such as 'Pick 4 a Dollar' generate massification of microinsurance?
- Is the product sustainable for the company?
- What is the value of the combined product for low-income households?
- What is the purchasing behaviour of low-income households with regard to the different coverage options?



© María Victoria Sáenz

"The Facility has been a catalyst for the demand for microinsurance in Latin America. It has also contributed to the 'discovery' of entities with very low profiles that were developing innovative products. Thanks to the efforts of the Facility, the donors entering this market are finding a paved way. We just have to go forward, joining forces to become allies and learning from the experiences."

María Victoria Sáenz,
Senior Project
Specialist,
Multilateral
Investment Fund
(IADB)

GLOBAL

Freedom from Hunger (FFH)*Institution type:* International NGO*Region:* Global*Duration:* 2 years 8 months, from June 2009

Founded in 1946 and working in 17 countries in Asia, Latin America and West Africa, FFH seeks sustainable self-help solutions to hunger and poverty. Its activities include designing and disseminating integrated financial services and life skills training to help the rural poor achieve food security.

Project: Designing health microinsurance consumer education

The project targets the ‘chronically hungry poor’ who lack access to health insurance. It aims to develop a module that will give microinsurance providers an effective educational tool to help low-income people evaluate and access health insurance products. In the first phase, FFH will design and field-test an adaptable consumer education module; in the second, in collaboration with a health microinsurance scheme, it will evaluate the module’s impact.

The consumer education workshop in Brazil organized in August by the Facility (see Box 4); among the participants were representatives from FFH

Learning

- How do you develop a consumer health education module that incorporates generic information on the value of health insurance and can be widely replicated?
- Does delivering consumer health education using adult learning techniques measurably increase the knowledge of low-income consumers about health microinsurance?
- What is the added value of consumer education for insurance uptake and retention and for enabling consumers to manage the financial risks of illness and poor health?



Box 8 MEASURING PERFORMANCE IN MICROINSURANCE

Measuring performance in microinsurance is key to monitoring the sector's development and ensuring that the products developed meet the needs of targeted populations and enable institutions to be financially sustainable. Measuring performance requires analyzing and interpreting quantitative data.

The Microinsurance Network's Working Group on Performance Indicators aims to strengthen awareness of the need for performance analysis and monitoring and to develop the necessary performance measuring tools. The initiative has produced a list of 10 key performance indicators, grouped into four categories:

PRODUCT VALUE

1. *Net Income Ratio*: shows how profitable a microinsurance programme is
2. *Incurred Expense Ratio*: points out how efficient the delivery of microinsurance is
3. *Incurred Claims Ratio*: indicates how valuable the programme is to the insured

PRODUCT AWARENESS AND CLIENT SATISFACTION

4. *Renewal Rate Ratio*: helps to determine how satisfied the insured are
5. *Coverage Ratio*: determines the proportion of the target population that is covered by the microinsurance scheme at a specific point in time
6. *Growth Ratio*: reflects the growth of activity from one specific period to another

SERVICE QUALITY

7. *Promptness of Claims Settlements*: indicates time spent on settling benefits or time passed between the date of the event reported and the benefit payment
8. *Claims Rejection Ratio*: rates the proportion of claims rejected out of the total of claims reported

FINANCIAL PRUDENCE

9. *Solvency Ratio*: indicates how strong the insurance programme is
10. *Liquidity Ratio*: determines the amount of cash and cash equivalents in proportion to short-term obligations of the programme

The Facility uses these indicators in its learning analyses and, where applicable, requires its grantees to use them to assess the performance of their projects.

The ILO is also supporting a World Bank initiative to build a global microinsurance database, including confidential information from risk carriers offering microinsurance products around the world. Facility staff met World Bank representatives three times during 2009 (in Washington DC in March, in Geneva in August, and in Dakar in October) to discuss the Facility's role in this process.

CONSULTING AND CAPACITY BUILDING PROGRAMME

The primary aim of our Consulting and Capacity Building (CCB) Programme is to build the skills needed to provide valuable insurance products to low-income households, both by increasing the availability of expertise in microinsurance and by creating greater demand for that expertise.

Known formerly as the Technical Assistance Programme, we changed the name and strategy of the programme in October 2009. The term ‘consulting’ was seen as more familiar in the private sector than ‘technical assistance’. Combining it with ‘capacity building’ better conveys our mission and strategy, which is based on offering tailor-made packages of advice and services to current and prospective microinsurance consultants, providers and practitioners, rather than one-off services. The CCB Programme has three main components: an Advisory Service, Professional Development, and a Resource Centre (see Figure 5).

For most of 2009, prior to the change in programme strategy, we continued to offer technical assistance grants, fellowships, joint missions, study tours and workshop participation as one-off services rather than as part of a package.

Awarded on a rolling basis, the **technical assistance grants** are used to purchase the expertise of microinsurance consultants. The grants are usually small, but their effect can be dramatic – US\$10,000 invested in improving service delivery could

Figure 5 THE CONSULTING AND CAPACITY BUILDING (CCB) PROGRAMME

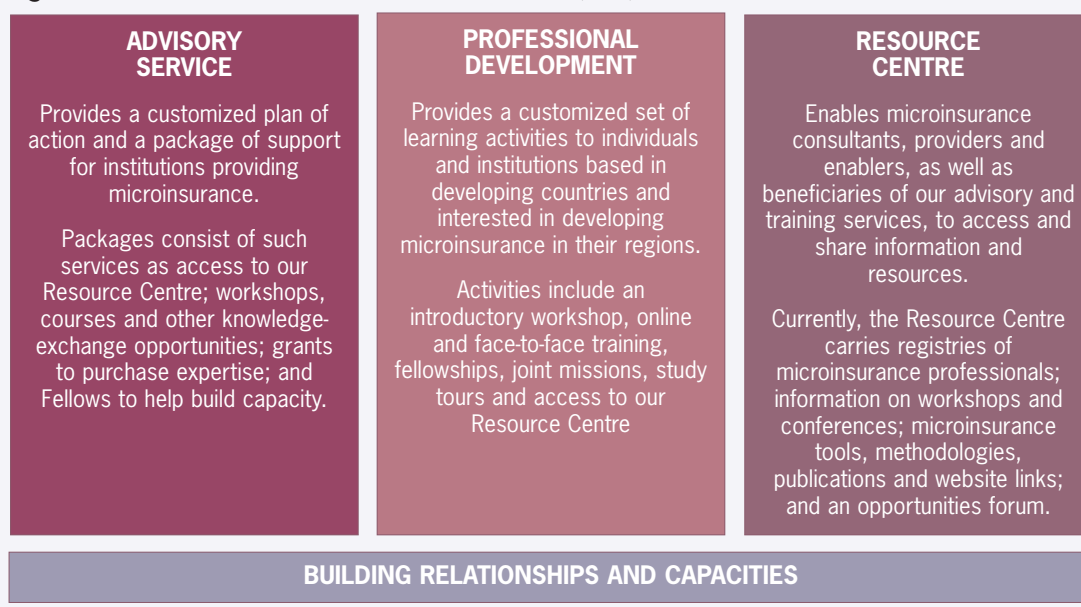


Figure 6 GRANTEES AND FELLOWS, CONSULTING AND CAPACITY BUILDING PROGRAMME, 2009

TECHNICAL ASSISTANCE GRANTEES			FELLOWS		
Recipient	Country		Fellow	Host	Country
AFRICA	BRITAK	Kenya	Job Harms	SCC/CIC	Kenya
	FANAF	Côte d'Ivoire	Josephine Muchwezi	MicroEnsure	Uganda
	KIOC	Kenya	Dofèrègouô Soro	CIDR	Benin, Comoros, Guinea
	PMS	Cameroon			
	Select Africa	South Africa			
	UAB	Burkina Faso			
MENA	CIC	Lebanon	Eamon Kelly	MFW	Jordan
ASIA	CIRM	India	Teresa Chen	MIA	India
	CEFI	India	Kelly Rendek	PGI	Mongolia
	Dhan Foundation	India	Clémence Tatin	CIRM	India
	NACCF	Nepal	Joyce Tong	UpLift	India
	PWDS	India			
	RADOL	Bangladesh			
	Sajida Foundation	Bangladesh			
	SRSP	Pakistan			
LATIN AMERICA	AIC	Haiti	Monica De Gyves	AMUCCS	Mexico
	INISER	Nicaragua	Manoj Pandey	Yasiru	Sri Lanka
	RFR	Ecuador	Paloma Perez	La Positiva	Peru
			Paola Romero	INISER	Nicaragua
			Elena Saiz	Seguro Futuro	El Salvador

A microinsurance consultant, John Wipf (*far right*), with staff and members of the Nepal Agriculture Cooperative Central Federation (NACCF)

create significant value for policyholders. The number of grants approved reached 21 in 2009, and the total sum granted was approximately US\$250,000, compared with US\$47,687 in 2008. A few of the grant recipients eventually became successful applicants in our Innovation Grants Programme.

Fellowships enable insurance professionals to gain hands-on experience in microinsurance by working onsite in a microinsurance programme under the remote guidance of a mentor and, at the same time, to build the institutional

capacity of the host organization. The assignments, all based in developing countries, last from 6 to 12 months. Two fellowships were awarded in 2008 and a further 13 in 2009, with 30% of the Fellows coming from developing countries (see Box 10). In late 2009, the microinsurance Fellows created their own online Community of Practice.

A **joint mission** assignment typically involves working with a mentor for up to 4 weeks, collecting data, analyzing microinsurance programmes and developing solutions to issues identified (see Box 11). The number of joint missions rose from three in 2008 to 20 in 2009.



Box 9 USING TECHNICAL ASSISTANCE TO DEVELOP MICROINSURANCE IN LEBANON

Commercial Insurance Lebanon (CIC-Lebanon) used a technical assistance grant awarded by the Facility to engage Marc Nabeth, a microinsurance consultant at CGSI (a French consultancy), to help them identify the insurance needs of low-income people in Lebanon and develop a pragmatic and sustainable microinsurance strategy.

The mission was divided into three phases:

- gathering information on insurance and microinsurance in Lebanon, and on the socio-economic context
- partnering with the Lebanese Association for Development, Al Majmoua (Lebanon's leading microfinance institution) to conduct a survey of its clients
- recommending strategic and technical requirements for a successful microinsurance initiative

The mission was completed by the second quarter of 2009, with preliminary findings shared at the Annual Conference of Sanabel (the microfinance network representing Arab countries) in May 2009.

CIC has gone on to develop loan, hospitalization and fire insurance products, and is planning to develop insurance training. The effort to better understand market needs and capabilities has reinforced the view that there is considerable potential in insurance companies and MFIs collaborating to develop and implement microinsurance schemes.

The success of this programme is attributable to the support of several of the microinsurance consultants in the Facility's registry, contributed their time and effort to mentoring the programme participants.

Study tours are visits between microinsurance providers with varying levels of experience in the sector, sometimes supported by a workshop, with the aim of facilitating information exchange and learning. In June, we supported a study tour to ICICI Prudential (India), which has long been involved in microinsurance, by the British-American Insurance Company (BRITAK), a Kenyan company needing assistance in delivering a product it has developed for small-scale tea farmers. Viewed as a great success by both ICICI and BRITAK, the study tour highlighted the need for consumer education.

Following a workshop in May in Estonia to introduce microinsurance to members of the International Actuarial Association (IAA), one of the microinsurance Fellows, Clémence Tatin-Jaleran, organized a study tour in November to SKS, India's largest microfinance institution, and a half-day workshop for members of the IAA.

A mentor, Arman Oza (at the head of the table) working with microinsurance Fellow Manoj Pandey (on his left) to finalize the Fellowship work plan for assisting the Yasiru Mutual Provident Society in Sri Lanka



One of the participants remarked that “it is quite impressive to observe big organizations deliver insurance effectively at the grassroots level.”

The CCB Programme convened two **workshops** in 2009. The first, in Kenya, organized with the International Cooperative and Mutual Insurance Federation (ICMIF) and COOPAfrica, gave cooperatives, insurers and organizations partnering with cooperatives an overview of products, models and consumer education approaches tested in developing countries. The second, in Ethiopia, focused on communicating with the low-income market and developing cost-effective microinsurance schemes; the participants included insurance companies and savings and credit cooperatives.

We also supported a microinsurance workshop hosted by the Egyptian Insurance Supervisory Authority (EISA), for Egyptian insurance companies; one of our joint mission participants, a pensions actuary from IBM, attended as an observer. Several small workshops were organized through our Regional Focal Point in Africa.

Box 10 FOLLOWING UP SOME OF THE MICROINSURANCE FELLOWS



Among those awarded fellowships in 2009 was Dofèrègouô Soro (*left*), a re-insurance expert from Côte d'Ivoire. Dofèrègouô was placed with the CIDR and conducted a case study on health microinsurance in Guinea and the Comores. During the 5th International Microinsurance Conference in Senegal, we interviewed him about his fellowship experience. “Microinsurance is for me something really innovative,” he said, “more dynamic than the commercial sector that has standard products and standard customers. I have learnt to work with communities, something you don't learn with commercial insurance; also, I have learned about key performance indicator mechanisms for health insurance and that doesn't exist in private insurance.”

We also interviewed Paloma Perez (*right*) who, prior to her fellowship, was working as an actuary for an insurance company in Madrid. She first read about microinsurance in an actuarial institute newsletter and decided she wanted to learn more about it. She applied for one of our fellowships and is now working with the IEP in Peru. She is considering pursuing a career in microinsurance. “I really think there is a big market for this. A lot of people need risk management guidance, the basics, how to deal with risks with their money, how to save a little bit for the future.”



In April, Clémence Tatin-Jaleran completed her 6-month fellowship in Bolivia under the guidance of Denis Garand, one of our microinsurance consultants; her work in Bolivia was reported in the Canadian newspaper, *The Chronicle Herald*. She requested another 12-month fellowship, and is now working with the CIRM, our strategic partner in India (see Box 6).

Box 11 EXPERIENCES OF SOME JOINT MISSION PARTICIPANTS

At the 5th International Microinsurance Conference in November we interviewed Roland Steinmann (*right*), a participant in our joint mission programme in 2009, about his experience. Now an independent microinsurance consultant, Roland worked on two missions in Vietnam, one to help IFAD and the Microinsurance Centre implement a microinsurance project and the other to help GlobalAgRisk develop plans for agriculture microinsurance delivery.

He said: “The Innovation Facility and the joint mission programme are really unique. It is a great opportunity to get hands-on experience. I do not really understand why more people do not do this. It is a great opportunity to learn about microinsurance, what it is and what difficulties technical assistance providers or consultants face.”

Another participant in the programme in 2009 was Oliver Zenklusen (*right*), who is a development economist and co-founded the Fair Trade Insurance Initiative. He helped evaluate a microinsurance handbook and a microinsurance product in Armenia, after which he wrote: “Risk solutions for the poor will be a focus of my work in the near future. While I can draw on my expertise in risk management in the financial sector and on development issues, the Facility’s Professional Development services allowed me to acquire invaluable first-hand experience in problem-solving for the low-income market.”



© Facility



© Oliver Zenklusen

RESEARCH PROGRAMME

The objective of the Facility's Research Programme is to explore the potential of microinsurance in helping the working poor manage risk, and to use this learning to address the challenges in developing and delivering microinsurance products.

Our learning agenda is divided into four main areas: i) client value and impact of microinsurance products; ii) demand for microinsurance; iii) supply of microinsurance; and iv) consumer education in microinsurance (see Table 1). We implement the agenda by:

- conducting action-research with innovation grantees to derive lessons from their projects
- providing research grants to academics to improve the understanding of microinsurance
- conducting thematic studies to fill knowledge gaps in microinsurance
- conducting long-term impact studies to assess the benefits of microinsurance
- establishing research partnerships to stimulate learning in microinsurance

We are now attracting top academics to work on Facility research projects and have established strong working relationships with several research groups. Pre-eminent among these is the European Development Research Network (EUDN), which links members of European development research institutions,

Table 1 THE LEARNING MATRIX

The Research Programme has drawn up a learning matrix to enable the Facility to analyze projects implemented by innovation grantees in terms of their contribution to learning about client value and impact, demand, supply, and consumer education. The learning agenda topics applied to projects are shown here, using three grantees as examples.

LEARNING AGENDA TOPICS

consumer education – content/channels/models		X		X
supply value chain	pricing and role of subsidies			
	delivery models – efficiency, client value and links	X		X
	agriculture insurance specifics	X		
	health insurance specifics		X	
	re-insurance			
	information technology			
	claims administration	X		
	marketing and awareness			X
	distribution – incentives, sales, collections	X		X
	product design	X		X
demand barriers	capacity to pay	X		X
	insurance literacy	X		X
	trust			X
	demand determinants / specific market segments	X	X	X
welfare impact	X			
outcomes and change of risk management behaviour	X	X		X
client value from and access to products	X	X		X

Box 12 LONG-TERM STUDY ON CONSUMER EDUCATION IMPACT

The CIC in Kenya is part of a consortium that applied successfully for an innovation grant in 2008 to launch a composite microinsurance product that they have developed. The product covers inpatient health care, accidents and funerals. The CIC's proposal included a consumer education campaign to build awareness of the product and the use of innovative channels to deliver it.

In September 2008 the Facility commissioned two EUDN researchers, Stefan Dercon and Jan Willem Gunning, to conduct a 3-year study on the impact of the consumer education campaign. The researchers are based at the University of Oxford and the Free University of Amsterdam, respectively, and are working closely with the consortium. The study is designed as a randomized controlled trial in which consumer education and related activities will be carried out among a randomly selected group of potential beneficiaries, with other potential beneficiaries being used as the control group. The study will help us determine how consumer education affected take-up of the product and how the target group – low-income households – benefited from microinsurance.

particularly in the field of development economics, with key development players in the rest of the world, including policymakers. EUDN researchers have an extensive background in investigating risk, poverty and vulnerability issues in developing countries, and several of them are now involved in the Facility's studies (for example, see Box 12).

Action research is a well-recognized way of enhancing learning. We invite innovation grantees to join our action-research programme both to improve the performance of their projects and to provide lessons that could be useful for the microinsurance sector. We offer them guidance on designing their own learning agenda and action-research framework, tools and advice on monitoring project performance, and assistance with documenting and disseminating their project results. To date, the lessons emerging from our partners in this programme have focused mainly on project management rather than microinsurance itself.

Our **research grants** programme was launched with the first call for applications in November 2008. We received more than 60 proposals, from which we selected 10 that addressed specific issues in our learning agenda and represented a good mix of topics, locations and methodologies. In response to feedback from some applicants that the grant amount (US\$10,000) was not sufficient to collect primary data, in the second call in June 2009 (see Table 2) we offered two large grants (US\$50,000 each) and eight smaller ones (US\$10,000 each). All grantees are expected to produce a paper on their study. The next round of research grants will be announced in March 2010, with the application deadline at the end of May 2010.

The purpose of our **thematic studies** is to fill knowledge gaps in microinsurance and explore cross-cutting issues. The studies usually take the form of desk studies, stocktaking exercises or case study evaluations. Once completed, they are published as part of our series of Microinsurance Papers (see page 46). By the end of 2009 four thematic studies had been completed:

- *Literature review on microinsurance*: reviews current research on microinsurance in order to identify knowledge gaps (published in 2008)
- *Technology for microinsurance*: catalogues information and communication technologies used or potentially useful in microinsurance (published in 2008)



© Stefan Dercon

"Most recent evidence suggests that many useful and low-priced insurance products are not taken up as much as would be expected by the poor. We need to understand better how to reach the poor, what to offer them and, in general, how to help them understand and trust micro-insurance and their providers."

Stefan Dercon,
Professor of
Development
Economics,
University of Oxford

Table 2 RESEARCH GRANTS, 2009

TITLE AND RECIPIENTS	COUNTRY	COMPLETION
Health insurance		
Microinsurance utilization in Nicaragua: the demand for and effects of insurance enrolment among informal sector workers (<i>Rebecca L. Thornton, Barbara Magnoni, Anne Fitzpatrick</i>)	Nicaragua	April 2010
Economic value of the willingness to pay for a community-based prepayment scheme in rural Cameroon (<i>Hermann P.P. Donfouet, Ephias M. Makaudze</i>)	Cameroon	June 2010
Barriers to accessing health care and the role of subsidized health insurance for farmers (<i>Aurélia Lépine, Alexis Le Nestour, Samba Mbaye</i>)	Senegal	July 2010
Understanding the effects of adverse selection and moral hazard on micro-health insurance (<i>Andreas Madestam, Erik Grönqvist</i>)	Kenya	December 2010
Joint liability and the demand for health insurance in micro-credit groups (<i>Judith Lammers, Wendy Janssens, Lucas Albani Katera</i>)	Tanzania	January 2011
Targeting the poor by community-based health schemes in Cameroon (<i>Fondo Sikod, Ibrahim Abba</i>)	Cameroon	January 2011
Does microinsurance help the poor? Evidence from the targeted health insurance programme in Vietnam 2004–2006 (<i>Tra Pham, Thong Pham</i>)	Vietnam	January 2011
Trust, literacy and demand for microinsurance in Senegal (<i>Philippe LeMay-Boucher, Olivier Dagnelie, Michel Tenikue, Mohamadou Sall</i>)	Senegal	February 2011
Integrating innovative health care provider payment systems into the expansion of community-based health insurance in Burkina Faso (<i>Paul Jacob Robyn, Ali Sié, Germain Savadogo, Aurélia Souares, Till Barnighausen, Rainer Sauerborn</i>)	Burkina Faso	June 2011
Demand impacts of introducing complex bundled microfinance loans in India (<i>Esther Duflo, Abhijit Banerjee, Richard Hornbeck</i>)	India	February 2012
Agriculture insurance		
Risk-modelling crop loss in Ghana (<i>James R. Jones</i>)	Ghana	January 2010
Does microcredit increase bonded child labour in the absence of microinsurance? (<i>Sayan Chakrabarty, Shahnaz Haque, Mohammad Pradhan</i>)	Bangladesh	April 2010
Remote sensing in agriculture insurance (<i>Mangesh Patankar, Gargi Upadhyay, Kunal Soni</i>)	India	May 2010
Experimenting with group microinsurance design (<i>Daniel Clarke, Rocco Macchiavello</i>)	Ethiopia	May 2010
Impacts of trust on agricultural insurance take-up (<i>Alain de Janvry, Elisabeth Sadoulet, Jing Cai</i>)	China	January 2011
Subjective probabilities and the demand for insurance (<i>Zaki Wahhaj, Ingo Outes-Leon</i>)	Ethiopia	January 2011
Risk preferences and demand for insurance under price uncertainty: an experimental approach for the coffee and cocoa farmers in Côte d'Ivoire (<i>Kouame Euphrasie, Aka Narcisse Komnenen</i>)	Côte d'Ivoire	February 2011
Examining under-investment in agriculture (<i>Robert Darko Osei, Isaac Osei-Akoto, Dean Karlan, Christopher Udry</i>)	Ghana	June 2011
Consumer education		
Financial literacy for weather insurance (<i>Shawn Cole, Sarthak Gaurav</i>)	India	April 2010
Impact of educational intervention on knowledge, attitude and willingness to pay for micro health insurance among low-income workers in informal sector in urban Bangladesh (<i>Jahangir Khan, Tracey Lynn Perez, Koehlmoos, Ziaul Islam, Rukhsana Gazi, Mohammad Khurshid Alam</i>)	Bangladesh	March 2011

- *Gender and microinsurance*: highlights issues to consider in order to make microinsurance more gender specific (completed 2009, scheduled to be published in 2010)
- *The landscape of microinsurance in Africa*: provides a detailed review of microinsurance in Africa (completed 2009, scheduled to be published in 2010; see Box 13)

Box 13 THE AFRICAN MICROINSURANCE LANDSCAPE

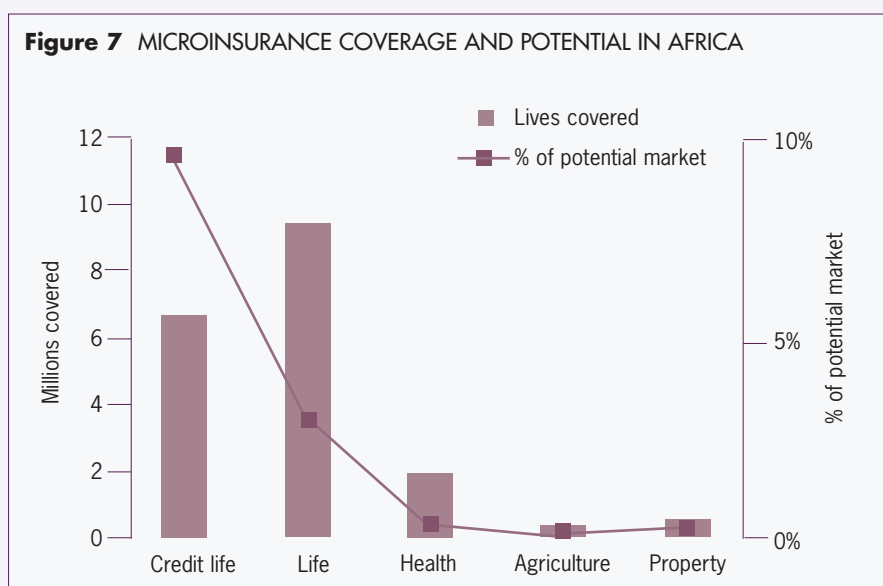
Following up on a survey of microinsurance in the world's 100 poorest countries conducted by the Microinsurance Centre, the Facility launched a study in May 2009 to obtain a detailed picture of microinsurance in Africa. It was carried out in collaboration with the Microinsurance Centre, the AIO, FANAF and the ILO's STEP Programme. An online survey was conducted to collect data from risk carriers, delivery channels and support organizations. Of the 252 organizations that replied, those with more than 5,000 lives covered (58 organizations, accounting for a total of 87 microinsurance products) were asked for more detail.

The study showed that 14.2 million low-income people (living on less than US\$2 a day) in 33 countries in Africa are covered by microinsurance products. Excluding South Africa, which accounts for 8.2 million of this total, this represents a significant increase of 70% since 2005. However, the survey also showed that:

- there is much less health, agriculture and property coverage (1.7 million, 80,000 and 400,000 people, respectively) than credit life and life coverage (8.1 million and 4.6 million, respectively)
- there is a significant regional imbalance, with Southern and Eastern Africa accounting for 9.1 million and 3.7 million people, respectively, leaving only 1.4 million people covered in Central, North and West Africa
- regulated insurers manage a far larger volume of policies than other types of risk carriers

Besides producing valuable findings, the study also played an important promotional role for the Facility, increasing contact with insurers across Africa and publicizing our work.

Figure 7 MICROINSURANCE COVERAGE AND POTENTIAL IN AFRICA





"Microinsurance has to be taken in the context of a long-term view. We are investing for the future and returns may not emerge in the short term... You invest, you have patience, you start small and grow and then 5 years on the positive results accrue."

Paul Jardine,
Group Chief
Operating Officer,
Catlin

The studies currently being conducted and due to be completed in 2010 are on third-party pay arrangements for health microinsurance, alternative distribution models, a stocktaking of consumer education methods, a review of health insurance challenges, behavioural economics implications for microinsurance, the business case for microinsurance, and an analysis of client value.

Our **long-term impact studies** seek to establish how, and to what extent, low-income households benefit from microinsurance. By the end of 2009 we had commissioned two impact studies. One involves the Swedish Cooperative Centre (SCC) and the Cooperative Insurance Company (CIC) in Kenya, part of a consortium that applied successfully for a Round 1 innovation grant to launch a composite microinsurance product; the study is being conducted by two EUDN researchers (see Box 12). The other study focuses on the welfare impact of a comprehensive health package being developed by an NGO in India, Swayam Shikshan Prayog (SSP).

DISSEMINATION

Having successfully created an identity for the Facility in 2008, and set up procedures and communication tools to build awareness of its existence and disseminate information about its goal and activities, in 2009 our work focused on three main areas:

- consolidating the communication strategy, including strengthening promotional and dissemination channels
- reaching beyond the microinsurance sector to the insurance industry in general, to encourage insurance companies to look at the potential of microinsurance
- building our capacity as a knowledge-sharing entity, based on encouraging microinsurance professionals to exchange information and providing access to information and resources generated by the Facility and our partners

The traffic on our website increased considerably, from 6,448 visits in the 6 months after its launch in August 2008 to a total of 45,303 visits by the end of 2009. The visitors came mainly from India, Europe and the USA, followed by Kenya, Mexico, Peru and South Africa; many of them now re-visit the site often and spend more time on it. We produced three issues of our newsletter, *Innovation Flash*, in English, French and Spanish, and are working on ways to increase its readership (e.g., by including items that stimulate feedback and including articles by key microinsurance players).

Among the promotional products published in 2009 were our first *Annual Report* and a leaflet on the Consulting and Capacity Building Programme. Press coverage included articles on the Facility in magazines, newsletters and newspapers in many

The screenshot shows the official website of the Microinsurance Innovation Facility, part of the International Labour Organization (ILO). The page layout includes a top navigation bar with links like 'About the ILO', 'Departments and Offices', 'Regions', 'Themes', and 'What we do'. A search bar is also present. The main content area is titled 'Microinsurance Innovation Facility' and describes its mission: 'Housed at the International Labour Organization's Social Finance Programme, the Microinsurance Innovation Facility seeks to increase the availability of quality insurance for the developing world's low-income families to help them guard against risk and overcome poverty.' It highlights the 'Innovation grants' program, which supports organizations in developing innovative microinsurance products. A specific announcement for the 'fourth round of innovation grants' is featured, noting a special emphasis on health microinsurance. The sidebar on the left provides quick links to various site sections, while the right sidebar offers a news service, a list of partners, and a link to a publication titled 'The landscape of microinsurance in Africa'.



Innovation Flash

Issue 4, September 2009

The Newsletter of the IO's Microinsurance Innovation Facility



International
Labour
Organization

CONTENT

- Innovation grants
- Technical assistance
- Research
- Facility news
- Microinsurance news
- Resources and events
- Opportunities

INNOVATION GRANTS

How to apply for the next innovation grants

The next call for applications will be announced in December 2009, with the application deadline in March 2010. If you have questions about the eligibility and selection criteria and the application process, contact microinsurancegrants@ilo.org. Also it's a good idea to check out our [innovation grant series](#).

Exchanging experiences on consumer education

The Facility organized a workshop on consumer education and protection in August with [Chiviso](#) in Brazil. The objective was to exchange information and foster links among grantees working on the topic. [IQNseg](#), [IFPA](#), [Fundaseg](#), [Microfinance Opportunities](#). The participants included some valuable resource persons from the [consumer education working group](#) of the Microinsurance Network and [Farm Radio International](#), as well as representatives from insurance supervisory bodies and trade unions in Brazil, Colombia and Kenya.

Who are our new grantees?

	Africa	Latin America and the Caribbean	Asia	Other
Institutional models	Old Mutual (South Africa)	Proteus (Peru)	PGI (Mongolia)	
Health			PWDS (India)	Worked for Women (Jordan)
Agriculture			IFCC (India)	
Life		Seguros Fátima (El Salvador)	RADOL (Bangladesh)	Freedom from Hunger (Ethiopia)
Accident				
Consumer education	Microfinance Opportunities (Kenya)	ONSEG (Brazil)	UN-CHARGES (Colombia)	

Grantee: In Focus - protecting the special needs of women

[Workfund for Women \(WFW\)](#) in Jordan and [Women's World Banking](#) are developing [Caregiver](#), an affordable health insurance product that should offset some of the critical costs borne by WFW's clients (mostly women entrepreneurs) in accessing public health care. Although every citizen has access to public facilities for primary health care in Jordan, research has revealed dissatisfaction with public health care, citing such problems as overcrowded environments, the absence of important medicines and a lack of professionalism among medical staff. The microinsurance product would provide hospital cash to help offset the cost of accessing private health care facilities for emergencies and more serious illnesses. Because women tend to be the family caregivers and therefore have to take time off work if a child, parent or spouse is ill, the product covers all family members.

TECHNICAL ASSISTANCE (TA)

First study tour in India

In 2007 Britak, a Kenyan insurance company, in partnership with the Kenya Tea Development Agency (KTDA), launched a new product that targets farmers. A subsequent review identified several problems, including the need for better sales force management and administrative processes. The Facility supported a study tour for key Britak staff to visit ICICI Prudential, an Indian insurer that has developed a product targeting tea plantation workers. From this experience, Britak is now focusing on recruiting locally-based staff to supervise service quality and is developing a consumer education programme to give front office staff and their customers valuable knowledge about the utility of insurance.

Supporting African co-operatives

To help the co-operative movement improve its members' access to relevant and affordable insurance products, ICNAP, the Facility and the IO's COOPAfrica jointly organized a workshop in Nairobi, Kenya in July. The aim was to provide selected co-operatives, insurers and other organisations partnering co-operatives with an overview of the sector and examples of products, models and consumer education approaches that have been tested in developing countries. In addition, through a one-on-one clinic, the participants identified their own technical assistance needs and what steps to take to meet these needs.

TA grants on request

A TA grant can be used to fill a gap in a microinsurer's skills or capacity. It helps microinsurers to purchase the expertise that they think they need to launch a project or consolidate an existing scheme. Several insurers and MFIs have already benefited from this type of opportunity. Check the [grantee profiles](#) and contact microinsurancegrants@ilo.org for more details.

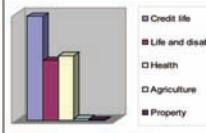
RESEARCH

A business case for microinsurance

Can insurance companies really operate profitably at the bottom of the human pyramid? This is an important question because, in many markets, the mass expansion of insurance for low-income people requires the commitment, technical expertise and capital of the insurance industry. The Facility is conducting a thematic study to analyze the business case for insurance companies providing microinsurance and to gain a better understanding of what products, and in what contexts, insurers can expect to generate profits.

African Landscape study

Preliminary results from this study indicate that more than 10 million low-income people benefit from some insurance in Africa. Life products (often bundled up with credit) account for a significant proportion of this. Health is also significant, but agriculture and property insurance remain marginal. The completed study will be presented at the Annual Microinsurance Conference in Dakar (3-5 November) and will be available in our [Publication section](#).



- Credit life
- Life and disability
- Health
- Agriculture
- Property

Apply for research grants

The Facility offers [small research grants](#) on a competitive basis for academics, particularly from developing countries, to analyze a range of microinsurance issues. Applications for these grants should be sent to microinsurance@ilo.org by 30 October 2009. For more detail on eligibility, take a look at the [3 grants](#) that were selected in February.

PUBLICATIONS

Protecting the Poor: A Microinsurance Compendium

published by the Munich Re Foundation and the IO, is now available in French and in Portuguese. Contact publications@ilo.org

Index insurance and climate risk: Prospects for development and disaster management

This publication from the International Research Institute for Climate and Society aims to bring state-of-the-art knowledge and practice on index insurance to a broader audience. The focus is on the potential of index insurance as a tool for development, climate change adaptation and poverty reduction through improved climate risk management and transfer. To download the issue, check [this website](#).

regions (see Box 7) and we took every opportunity to publicize our work at meetings around the world. This included attending the Fédération des Sociétés d'Assurances de Droit National Africaines (FANAF) workshop in Côte d'Ivoire, the International Actuarial Association (IAA) meeting in Estonia, and a conference organized by Lloyd's of London as part of our efforts to promote the Facility in the insurance industry in general.

In August we began using the social media site, LinkedIn, to provide a space for the microinsurance community to network with each other and to share information on initiatives, tools and methodologies. By the end of the year, our microinsurance group on LinkedIn had about 100 active members and had networked with more than 30 insurance-related groups, representing total of 60,000 members. Our experience with LinkedIn is likely to prove valuable when we start setting up our proposed Community of Practice sites.

Our series of Microinsurance Papers, available in print and online, is growing, and we have added a new series of Briefing Notes (see pages 46-47). These are short papers on Facility research topics, including summaries of the longer Microinsurance Papers. We have also produced more than 30 videos of interviews with grantees and other microinsurance practitioners (see pages 48-49). We are compiling a glossary of microinsurance terms in English, Spanish and French in order to facilitate communication across the main languages used by our partners.

Box 14 THE 5th INTERNATIONAL MICROINSURANCE CONFERENCE IN DAKAR, SENEGAL

The 5th International Microinsurance Conference took place in Dakar, Senegal from 3 to 5 November. Hosted by the Munich Re Foundation and the Microinsurance Network, the event consisted of five plenary panel discussions on key topics, as well as smaller parallel sessions. More than 300 experts from around the world attended the event, including academics, policymakers and representatives from international development organizations, NGOs, and insurance and reinsurance companies.

Among the main themes of the conference were microinsurance in Africa and health microinsurance. In his opening speech, Charles Dan, the ILO's Regional Director for Africa, highlighted the need for the governments of developing countries to create regulatory frameworks for microinsurance and to formulate clear policies on financial inclusion for the working poor.



The Facility's Research Officer, Michal Matul (*left*), and Chief Project Advisor for Africa, Yoseph Aseffa (*second from left*), during the presentation of the report on microinsurance in Africa (see Box 13) at the conference

This annual conference provides the Facility with an excellent opportunity to interact with our partners and to promote our work and resources.

Before the conference, on 2 November, we organized a Microinsurance Innovation Forum for our grantees, Fellows and technical assistance providers. The forum included a poster session and was aimed at enabling the participants to share experiences and at building their ability to derive lessons from their work with the Facility that would be valuable both for them and for us. We took the opportunity to assess their interest in participating in Communities of Practice and after the main session divided them into smaller groups to discuss sales and distribution, client retention and the use of technology in microinsurance. The day ended with the participants providing feedback on the

Facility's services and how we could improve them. The forum was a great success, with the participants asking us to consider organizing such events more frequently.

Other Facility activities at the conference included:

- contributing to the working group sessions (the Facility is represented on most of the Microinsurance Network working groups; see page 45)
- having a stand where we displayed Facility publications and other resources, and provided information about our work to the many people who visited the stand
- recording the main presentations at the conference on video, and conducting interviews with key microinsurance players as well as with our partners (these videos and audio tapes are added to the resources we offer to the microinsurance community; see pages 47-49)
- holding the Facility's Steering Committee meeting, where the topics of discussion included the status of our current grantees, the next call for innovation grants, health microinsurance, thematic studies in the pipeline and the new CCB programme (see page 50).



Béatrice Guillemain, the Facility's Project Assistant, manning the Facility stand at the conference

DEVELOPING REGIONAL STRATEGIES

Microinsurance is developing at different paces and in different ways around the world. In response to this, we are designing approaches that balance our activities – innovation grants, capacity building, research and dissemination – according to the needs of each region and, where relevant, we are identifying strategic partners to help us implement these activities more effectively.

AFRICA

In a study of microinsurance in Africa, we identified 176 organizations providing insurance for more than 14.7 million low-income people, with Southern and Eastern Africa dominating the landscape (see Box 13). Commercial insurance is less active in francophone West Africa where microinsurance is dominated by community-based schemes. In general, there is a limited supply of health, agriculture and property insurance, suggesting great potential for microinsurance expansion in Africa and a significant need for capacity building. The presence of regional bodies such as the AIO and FANAF provides a good opportunity for us to promote our activities on the continent.

ASIA

There is a microinsurance boom in India because of a unique convergence of factors. The privatization of the insurance industry has led to the emergence of some high quality companies. The requirement that private insurers have a portion of their portfolios in the “rural and social sectors” has also helped, as has a supportive government, the large potential market for microinsurance and vibrant community-based organizations that have embraced the microinsurance concept. About 30% of innovation grant applications received by the Facility to date have come from India, hence the strategic relationship we established in 2009 with the CIRM (see Box 6).

Elsewhere in Asia there are pockets of innovation (e.g., the Philippines), but in general the Facility plays a promotional role, providing capacity building support and organizing exchanges to enable local insurers to pick up ideas from successes elsewhere. We hope the work of our current grantees in Bangladesh, China, Mongolia and Sri Lanka will encourage more innovations in these countries. Unlike Africa and Latin America, there are no regional insurance associations in Asia to serve as channels for our work, although the *Asian Insurance Review* has been helpful from a communications perspective.

LATIN AMERICA

The insurance industry in Latin America is well developed and has long been involved in microinsurance, particularly in higher-income countries. Microinsurance products tend to focus on life and personal accident and there has been considerable experimentation with distribution channels. We have received fewer grant applications from Latin America than from Asia and Africa, and our Grant Officers spent more time in the region in 2009 to try to address this. Another interesting characteristic of the region is the limited supply of microinsurance technical expertise. We hope to identify strategic partners to give us a presence in Latin America and help to create more microinsurance experts. We are currently collaborating with FIDES, the regional association of insurance associations, and the IADB to help us coordinate our grant-making and research efforts.

MIDDLE EAST/NORTH AFRICA (MENA)

There is very little microinsurance activity in the MENA region, but that might soon change. In 2009, for the second year in a row, the Egyptian insurance authorities organized a regional microinsurance conference and this appears to be generating results. The Facility has its first grantee in the region, in Jordan (see page 20) and we have been providing technical support to an insurer in Lebanon.



To help the Facility better understand the insurance landscape in Africa, we appointed Yoseph Aseffa, based at the ILO's Regional Office in Addis Ababa, as Chief Project Advisor for Africa; prior to joining the ILO, he was CEO of the AIO for 24 years, and thus well connected with supervisory authorities and insurance professionals across Africa

WORKING WITH THE MICROINSURANCE NETWORK

The Facility works closely with many partners to implement its activities. Among these is the Microinsurance Network, a membership association of donors, technical assistance providers, networks, researchers, practitioners and others involved in promoting microinsurance products for low-income households.

Hosted by Appui au Développement Autonome (ADA), a Luxembourg-based NGO specializing in microfinance, the Network's core activities include promoting microinsurance and generating discussion on emerging microinsurance issues, primarily through its working groups. There are currently nine working groups, focusing on: agriculture insurance; health insurance; social protection; capacity building; impact; performance indicators; regulation, supervision and policy; technology; distribution; and insurance education.

The Network was one of the first global players in microinsurance. It began life in 2002 as the Consultative Group to Assist the Poor (CGAP) Working Group in Microinsurance and in 2003 started documenting microinsurance experiences around the world. In collaboration by the Munich Re Foundation, it supported an international conference in 2005 to look at these experiences, attracting some 100 experts from development agencies and the insurance industry. It was renamed the Microinsurance Network in 2008, and continues to co-host what has become the annual International Microinsurance Conference (see Box 14).

The Microinsurance Network is coordinated by an Executive Committee and a Secretariat. Since 2002 the Committee has been chaired by Craig Churchill, the Facility's Team Leader, thus providing a strong link between the Facility and the Network and underpinning our cooperation in a number of areas, including:

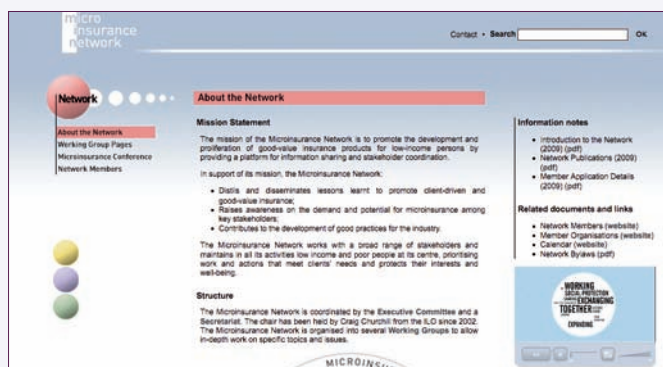
- publicizing each other's activities (e.g., the Network website carries our innovation grant announcements, while we help promote the annual microinsurance conference)
- carrying news on particular initiatives (e.g., the Network reported on the progress of our Africa microinsurance landscape survey [see Box 13], while we reported the launch of the Network's website in our newsletter in May)
- participating in each other's efforts to explore microinsurance issues (e.g., our team is represented on most of the Network's working groups, and our website and newsletter report findings emanating from these working groups)
- sharing information and mailing lists, and providing links to each other's websites



© Véronique Faber

"The Microinsurance Network and the Microinsurance Innovation Facility work together to promote insurance as a risk management tool for low-income households. The Facility's unique grant schemes give an immense impetus to the development of improved and more adapted insurance services to those who need them most."

Véronique Faber,
Secretariat
Coordinator,
Microinsurance
Network



The website of the Microinsurance Network (www.microinsurancenet.org) provides updated information on the latest news and trends in the sector. It also gives details about the Network's activities, publications (e.g., its newsletter and the Microinsurance In Focus series), members and working groups.

PUBLICATIONS AND OTHER RESOURCES

FACILITY PUBLICATIONS

Thematic studies

Dercon, S. and Kirchberger, M. 2008. *Literature Review on Microinsurance*. Microinsurance Paper No. 1 (EUDN/ILO)

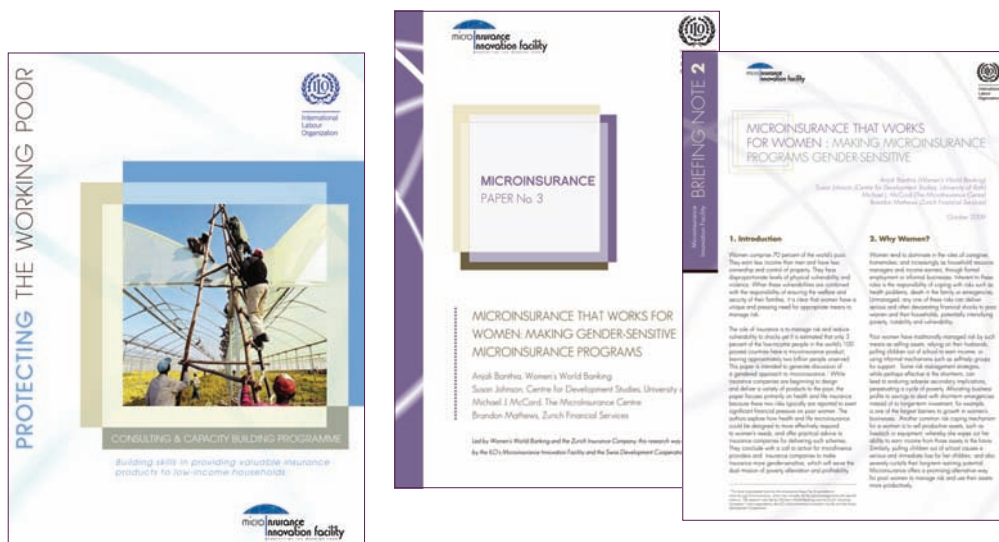
This paper provides an overview of the current state of research on microinsurance. Its key purpose is to identify knowledge gaps that deserve further investigation. It focuses on three core issues: the need for careful evaluation of the impact of microinsurance on the poor; the need to improve our understanding of the demand for microinsurance; and the need for more research on supply.

Gerelle, E. and Berende, M. 2008. *The Use of Technology in Microinsurance: Scoping Study*. Microinsurance Paper No. 2 (ILO)

This paper focuses on information technologies that are or could be applicable in delivering insurance services to low-income households. It classifies technologies according to their applicability to either front-office functions (e.g., client identification) or back-office functions (e.g., risk analysis and product design). Case studies illustrate how specific technologies have been applied at the different levels of the business.

Banthia, A., Johnson, S., McCord, M. and Mathews, B. 2009. *Microinsurance that Works for Women: Making Gender-sensitive Microinsurance Programmes*. Microinsurance Paper No. 3 (ILO)

When designing insurance products, it is critical to consider the differences in the preferences and priorities of different market segments, and this is particularly true of the preferences of men and women. Based on detailed research conducted by Women's World Banking, this study illustrates critical issues that need to be considered in order to make microinsurance more relevant for women and men.



Briefing Notes

Matul, M., McCord, M.J., Phily, C. and Harms, J. 2009. *The Landscape of Microinsurance in Africa*. Briefing Note No. 1 (ILO)

This study updates previous work by Roth et al. (*The Landscape of Microinsurance in the World's 100 Poorest Countries*, published by the MicroInsurance Centre in 2007) to provide a detailed picture of microinsurance in Africa. It reveals that there is a significant regional imbalance in insurance coverage and that, despite a considerable increase in coverage, it is still only about 2.6% of the Africa's total population (see Box 13).

Banthia, A., Johnson, D.S., McCord, M.J. and Mathews, B. 2009. *Microinsurance that Works for Women: Making Microinsurance Programs Gender-sensitive*. Briefing Note No. 2 (ILO)

This is a summary of Microinsurance Paper No. 3.

Other Facility publications

Microinsurance Innovation Facility. 2009. *Annual Report 2008* (ILO)

The Facility published its first *Annual Report* in March 2009. The report describes the Facility's capacity-building and knowledge-exchange activities in 2008 and provides details on the organizations that received grants during the year, as well as information on the Facility team and Steering Committee.

Microinsurance Innovation Facility. 2009. *Innovation Flash* (ILO)

Innovation Flash is the Facility's online newsletter, launched in 2008. It provides an overview of activities of the Facility's programmes, as well as news items and information on events, resources and job opportunities in microinsurance.

Microinsurance Innovation Facility. 2009. *Consulting & Capacity Building Programme* (ILO)

With the change in the structure and orientation of this programme, the Facility published a leaflet in September 2009 outlining the new components of the programme and including examples of programme activities.

FACILITY VIDEO RESOURCES

For more information on this material, see the Facility website

Presentations on microinsurance

(recorded during the International Microinsurance Conferences in 2008 and 2009)

2008

Educational outreach for index insurance: lessons from a pilot program in Peru (Steve Boucher, University of California)

Insurance education (Monique Cohen, MFO, and Alejandra Diaz, FASECOLDA/FUNDASEG)

Introduction to microinsurance, an historical perspective (Gabrielle Tomchinsky, Independent consultant)

Microinsurance, a tool for social and economic development (Olivier Barrau, AIC)

Microinsurance products and delivery channels (*Craig Churchill, ILO*)

Risk mitigation through innovation in channels and products (*Pranav Prashad, ICICI Lombard*)

Stakeholder perspectives (*Michael McCord, MicroInsurance Centre*)

2009

Dos and don'ts: microinsurance recommendations for microfinance institutions
(*Craig Churchill, ILO*)

Experiences of traditional insurers in the microinsurance market in Southern and Eastern Africa (*Janice Angove, Quindiem Consulting*)

Extending health care coverage to the poor through private/public linkages: lessons learned from CARD Bank, Philippines (*Marcia Metcalfe, FFH*)

How to enhance service for the clients: experiences from the WWB (*Anna Gincheran, WWB*)

Introduction to microinsurance (*Marc Nabeth, CGSI Consulting*)

Marketing microinsurance products: challenges and solutions (*Charles Mutua Wambua, SCC*)

Putting client protection at the heart of microinsurance (*Alexia Latortue, CGAP*)

Recommendations to advance health financing (*Cheryl Scott, Bill & Melinda Gates Foundation*)

Interviews with microinsurance professionals

EXTENDING MICROINSURANCE

Accessing rural clients through a strategic alliance (*Auri Carrasco Elespuru, La Positiva*)

Challenges and opportunities for microinsurance in Mexico (*Isabel Cruz, AMUCSS*)

Delivering insurance through community champions (*Noel Guzman, Pioneer Life*)

Empowering the delivery channels to reach our clients (*Lourdes Del Carpio, La Positiva*)

Expanding microinsurance to the masses (*Michael McCord, MicroInsurance Centre*)

Innovations in microinsurance in India (*Rupalee Ruchismita, CIRM*)

Partnering with microfinance institutions (*Luis Huerta Rosas, Seguros Argos*)

Understanding the market preferences in South Africa (*Colette Patience, Old Mutual*)

CREATING BUSINESS MODELS

Brokering for more efficiency (*Alex Bernhardt, Guy Carpenter*)

Diversifying our business and serving the poor (*Bipin Bhagwan, Hollard Insurance*)

Emerging lessons for the industry, making microinsurance a sustainable activity
(*Thabo Gumbi, Hollard Insurance*)

Enhancing social protection through public-private partnership (*Charles Mutua, SCC*)

Getting the insurance industry on board (*Brandon Mathews, Zurich*)

Microinsurance, a clever bet to prepare tomorrow's customers base (*Antonio Cassio dos Santos, MAPFRE*)

Profitable business model in rural India (*Sameer Kwatra, ICICI Prudential*)

BUILDING ADMINISTRATIVE EFFICIENCY

Providing back-office support to the industry (*Richard Leftley, MicroEnsure*)

Reducing fraud through technology (*K. Gopinath, IFFCO-Tokio*)

Technology, outreach and efficiency (*Soumaila Sorgho, UAB*)

PROMOTING HEALTH MICROINSURANCE

Health microinsurance – an overview (*Denis Garand, Denis Garand & Associates*)

Improving health microinsurance cost effectiveness (*Gerry Noble, Microcare*)

STRENGTHENING POLICY AND REGULATION

Enabling the sector, a stepping stone for FANAF (*Papa Ndiaga Boye, FANAF*)

Improving the regulation of microinsurance (*Arup Chatterjee, IAIS*)

Microinsurance, a win-win situation for Africa (*Prisca Soares, AIO*)

The potential of microinsurance as a risk management tool for the poor (*Priya Jaisinghani, Bill & Melinda Gates Foundation*)

BUILDING CAPACITY

Bridging different cultures (*Marc Nabeth, CSGI Consulting*)

Consulting for microinsurance proves to be an exciting and a sustainable activity (*Roland Steinman, Independent consultant; formerly a joint mission participant*)

Feeling useful is the best reward (*Paloma Perez, Facility Fellow*)

Microinsurance: a promising alternative for young insurance professionals (*Dofèrègouô Soro, Facility Fellow*)

When actuaries meet both the industry's and the clients' needs (*Clémence Tatin-Jaleran, CIRM*)

DEVELOPING CONSUMER EDUCATION APPROACHES

Increasing insurance literacy through a multimedia campaign (*Alejandra Diaz, FUNDASEG*)

Promoting the value proposition of insurance education (*Ido Dror, Microinsurance Network Working Group on Consumer Education*)

FACILITY PODCASTS

Contextualizing the sector (*Monica Brand, ACCION International, interviews Craig Churchill, ILO*)

In exploration: China weather index agriculture insurance (*Presentation by GE Heyou, Guoyuan Agricultural Insurance Company*)

Microinsurance, a vital tool for the economic empowerment of women (*Brandon Mathews, Zurich Financial Services, interviews Mary Ellen Iskenderian, WWB*)

Weather index insurance in practice: insurers' experience (*Presentation by Pranav Prashad, ILO*)

FACILITY STEERING COMMITTEE

The Steering Committee advises the ILO on the Facility's operations. Its main responsibilities are to provide advice on the deployment of funds, to promote the Facility's activities and to recommend grant recipients to the ILO.

The Committee consists of technical experts primarily from outside the ILO, participating in a personal capacity. Its members currently include two actuaries, someone with experience in health insurance operations, a reinsurance expert, someone with a mutual/cooperative background, and a social protection expert. The term for members is 12 months, on a renewable basis.

At their meeting in Dakar, Senegal on 1 November 2009, the Committee discussed a range of issues, including:

- themes of the Round 4 innovation grants, including the health microinsurance strategy
- grantees' projects and performance indicators
- the Research Programme and lessons emerging from action-research activities
- changes in the Consulting and Capacity Building Programme
- strategic issues, such as staffing, regional strategies and decision-making guidelines

The Committee members in 2009 were:

Craig Churchill
Social Finance Programme, ILO

Gabriele Ramm
Consultant to GTZ

Denis Garand
Actuary and Independent Consultant

Rupalee Ruchismita (appointed in 2009)
CIRM

Richard Leftley
MicroEnsure

Evelyn Stark (replaced Priya Jaisinghani)
Bill & Melinda Gates Foundation

Brandon Mathews
Zurich Financial Services

John Woodall
Social Security Department, ILO

Amolo Ng'weno
Bill & Melinda Gates Foundation



© Facility

New member of the Steering Committee, Rupalee Ruchismita, Head of the Centre for Insurance and Risk Management (CIRM) in India, during a meeting of the Committee in April in Geneva

FACILITY TEAM

The members of the Facility team in 2009 were:

Craig Churchill
Team Leader

Sarah Bel
Communications and Public Information Officer

Béatrice Guillemain
Project Assistant

Heather Harris
Legal and Administrative Officer

Jeanna Holtz
Senior Grant Officer

Michal Matul
Research Officer

José Navarro
Grant Officer

Caroline Phily
Grant Officer

Pranav Prashad
Grant Officer

Miguel Solana
Technical Officer

Mary Yang
Technical Assistance Officer



© Facility

The Facility team: (back row, left to right) Craig Churchill, Miguel Solana, Mary Yang, Caroline Phily, Pranav Prashad, Béatrice Guillemain, Michal Matul; (front row, left to right) Heather Harris, Jeanna Holtz, Sarah Bel, Yoseph Aseffa

FUNCTIONAL, REGIONAL AND THEMATIC RESPONSIBILITIES OF THE FACILITY TEAM MEMBERS

FUNCTIONAL

Administration

H. Harris*, B. Guillemain

Communication

S. Bel*, B. Guillemain

Grants

J. Holtz*, S. Bel, M. Matul,
C. Phily, P. Prashad, M. Solana,
M. Yang

Research

M. Matul* and grant managers

Technical assistance

M. Yang*, J. Holtz, C. Phily,
M. Solana

REGIONAL

Africa

C. Phily*, Y. Aseffa, M. Matul

Indian subcontinent

P. Prashad*, J. Holtz, M. Matul

Latin America

M. Solana*, S. Bel

MENA

J. Holtz*, M. Solana

Other Asia

M. Yang*, J. Holtz, P. Prashad

THEMATIC

Agriculture

P. Prashad*, J. Holtz

Consumer education

S. Bel*, M. Matul

Health

J. Holtz*, C. Phily

Performance indicators

C. Phily*

Technology/market makers

P. Prashad*

* Team leader

Four interns supported the Facility's work:

Ahmed Camara

(January – July; from Guinea)

Developed a contact database for the Facility and participated in the African microinsurance landscape study

Job Harms

(April – September; from The Netherlands)

Participated in the African microinsurance landscape study

Carys Hughes

(July – December; from the UK)

Assisted with communication activities and prepared a strategy to extend the outreach of the Consulting and Capacity Building Programme

Francesca Randazzo

(June – September; from Italy)

Participated in the African microinsurance landscape study

The Facility also appointed Yoseph Aseffa as Chief Project Advisor for Africa (see page 44).



JOSÉ ANTONIO NAVARRO

It is with great sadness that we report the death of one of the members of the Facility team, José Navarro. José joined the team in October 2008 and died while on mission in September 2009. He was working with Confianza, a microfinance institution in Peru, to help them develop microinsurance procedures.

José was a wonderful colleague, fully committed to the improvement and expansion of microinsurance, and a strong believer that insurance should be an important option to enable the poor to manage risks. We miss his clear thinking and conviction, his technical expertise, and his kindness. He is survived by his wife Virginia and daughter Antonella.

Among those who worked with José in Latin America was Alejandra Diaz at FUNDASEG in Colombia, who wrote: "His departure will be a big loss for everyone who knew him; harnessing efforts to promote microinsurance will become a way of honouring him." Guillermo Aponte, at Centro Afin in Bolivia, said that "the Microinsurance Innovation Facility has lost a great professional and ourselves a great friend."

FAQs ABOUT THE FACILITY

What are the goals of the Microinsurance Innovation Facility?

The primary purpose of the Facility is to learn how insurance can best benefit low-income households and to what extent it can be implemented successfully by a variety of risk carriers, including insurance companies and civil society organizations. We achieve this goal by stimulating innovation, and then playing an active role in collecting, analyzing and disseminating the results of these experiences. Through collaboration with microinsurance providers, the Facility hopes to indirectly benefit millions of low-income persons across the developing world.

Why is the Facility housed at the International Labour Office?

The ILO's interest in microinsurance comes from two perspectives. First, microinsurance is a means through which social protection can be extended to excluded populations, such as workers in the informal economy. Second, the ILO is also concerned about the social effects of the financial market, which often excludes the working poor who only have their labour as capital. Consequently, for the ILO, microinsurance enhances access to social protection and promotes inclusive insurance markets.

How does the innovation grants process operate?

- We award innovation grants to support efforts to provide better microinsurance products to more low-income households
- Funding for innovation grants varies significantly depending on the project; to date, they have ranged from US\$20,000 to about US\$600,000
- Applications for less than US\$100,000 use a simplified application process that is intended to encourage more small to medium-sized organizations to apply for grants; applications for more than US\$100,000 go through a more rigorous review and selection process

What are the main innovations the Facility aims to support through grants?

We support innovative ideas to expand the insurance products most needed by low-income people, including health, life and assets; credit-linked products are given lower priority. Proposals are sought across three broad themes:

- Valuable insurance products that challenge conventional wisdom and exploit new technologies
- Institutional models based on new delivery channels and alliances in the profit and non-profit sectors
- Education approaches that integrate consumer education with product delivery

What does the Facility expect from innovation grant recipients?

- Achieving mutually agreed milestones in implementing the project and its learning agenda
- Regular and open communication, sharing of information, and timely submission of progress reports

- Participation in project analyses and in efforts to document and disseminate lessons learned
- Compliance with the terms of the Standard Grant Agreement, which includes clauses on intellectual property, financial reporting and project implementation

What kind of Advisory Services does the Facility provide?

Depending on the specific situation presented, the Facility's Advisory Service helps build the capacity of eligible organizations with a customized package of support services that might include a technical assistance grant, consultation, assistance through funded fellowships, training and/or participation in a study tour.

Who provides the assistance purchased with a technical assistance grant?

- The assistance is provided by a microinsurance consultant who is registered with the Facility (the registry is on our website)
- The consultants in our registry are identified through word-of-mouth by satisfied customers; they need sufficient microinsurance experience, three good evaluations from clients, and to be currently involved in providing microinsurance consulting services

What is the fellowship programme and who is eligible for it?

- The Facility funds a fellowship programme administered by the IIE. Fellows are not employed by the ILO; they are contracted by the IIE and matched with a host institute
- Professionals who are keen to apply their skills in the low-income market; typically, they need to have worked in a technical capacity in insurance for at least 3 years
- Applicants can be young, mid-career or retired, but must be able to spend 6-12 months working on a microinsurance scheme at the site of the host organization; they can be awarded a maximum of two fellowships

What does a Fellow do?

- Initially, a Fellow and his/her mentor conducts a preliminary assessment of the host organization's microinsurance scheme onsite or, if the mentor knows the organization well enough, remotely
- They then draw up a plan of action for the duration of the fellowship, and the Fellow works onsite, implementing the plan and contacting the mentor for advice when necessary
- Fellows are encouraged to keep a photo journal of their activities and lessons learned; interact with local communities and talk about microinsurance; attend the Facility's meeting for Fellows at the annual microinsurance conference; and connect prospective microinsurance providers with resources
- At the end of the fellowship, the mentor, Fellow and host organization reconvene to debrief and complete a full-circle evaluation

What does a joint mission usually entail?

- Joint mission participants work on an assignment with an experienced microinsurance consultant, who acts as a mentor during the mission
- An assignment typically involves offsite data collection and preliminary analysis, onsite investigation and offsite report writing
- An assignment lasts for 2-8 weeks; this can include 1-3 weeks of part-time involvement while offsite
- At the end of the assignment, a full-circle evaluation is conducted

Who can participate in the joint mission programme?

- Professionals who have worked in a technical capacity in insurance for at least 3 years and wish to apply their skills in the low-income market
- They need to be available to work onsite in a developing country for 3-8 weeks
- They need to be committed to pursuing a career in microinsurance



© ILO

What types of projects are funded by the Facility's research grants?

- Small research grants are offered on a competitive basis for academics and other individuals with a strong research background, particularly from developing countries
- We give priority to projects that focus on specific issues, apply rigorous methodology that can deliver credible evidence, and answer key questions in the Facility's research agenda in a way that would be useful for the wider microinsurance community

ACRONYMS AND ABBREVIATIONS

AIC	Alternative Insurance Company	IFFCO	Indian Farmers Fertilizer Cooperative
AIG	American International Group	IFMR	Institute of Financial Management and Research
AIO	African Insurance Organization	IIE	Institute of International Education
AKI	Association of Kenya Insurers	ILO	International Labour Organization
AMUCSS	Asociación Mexicana de Uniones de Crédito del Sector Social	ILRI	International Livestock Research Institute
BMZ	Bundesministerium Für Wirtschaftliche Zusammenarbeit	INISER	Instituto Nicaragiense de Seguros y Reaseguros
BRITAK	British-American Insurance Company	IT	information technology
CCB	Consulting and Capacity Building	ITGI	IFFCO-Tokio General Insurance
CEFI	Community Enterprise Forum International	KIOC	Kenya Orient Insurance Company
CEO	Chief Executive Officer	MENA	Middle East / North Africa
CERMES	Centre de recherche médecine, sciences, santé et société	MIA	Micro Insurance Academy
CGAP	Consultative Group to Assist the Poor	MFI	microfinance institution
CGIAR	Consultative Group on International Agricultural Research	MFO	Microfinance Opportunities
CIC	Cooperative Insurance Company	MFW	MicroFund for Women
CIDR	International Centre for Development and Research	MHO	mutual health organization
CIRM	Centre for Insurance and Risk Management	NACCF	Nepal Agriculture Cooperative Central Federation
CNSeg	Confederação Federação Nacional das Empresas de Previsões e Vida	NGO	non-governmental organization
DID	Développement International Desjardins	NHIF	National Hospital Insurance Fund
EISA	Egyptian Insurance Supervisory Authority	PICC	People's Insurance Company of China
EUDN	European Development Research Network	PGI	Prime General Daatgal Insurance
FANAF	Fédération des Sociétés d'Assurances de Droit National Africaines	PMS	Plateforme des Mutuelles de Santé
FASECOLDA	Federación de Aseguradores Colombianos	PWDS	Palmyrah Workers' Development Society
FFH	Freedom from Hunger	REDCAMIF	Red Centroamericana de Microfinanzas
FIDES	Federación Interamericana de Empresas de Seguros	RADOL	Rehabilitation and Development Organization for the Landless
FUNDASEG	Fundación de Aseguradores Colombianos	RFR	Red Financiera Rural
GTZ	Gesellschaft für Technische Zusammenarbeit	SCC	Swedish Cooperative Centre
IAA	International Actuarial Association	SENA	Servicio Nacional de Aprendizaje
IADB	Inter-American Development Bank	SEWA	Self-Employed Women's Association
IAIS	International Association of Insurance Supervisors	SICL	Sanasa Insurance Company Ltd
ICMIF	International Cooperative and Mutual Insurance Federation	SOCODEVI	Canadian Cooperative Society for International Development
IEP	Instituto de Estudios de Perú	SSP	Swayam Shikshan Prayog
IFAD	International Fund for Agricultural Development	STEP	Strategies and Tools against Social Exclusion and Poverty
		UAB	Union des Assurances du Burkina Vie
		UMSGF	Union des Mutuelles de Santé de Guinée Forestière
		UNDP	United Nations Development Program
		WFP	World Food Programme
		WRMS	Weather Risk Management Services
		WWB	Women's World Banking



Social Finance Programme – Employment Sector
International Labour Office (ILO)
4, route des Morillons
CH-1211 Geneva 22
Switzerland

Tel.: +41 22 799 6786
Fax: +41 22 799 6896
Email: microinsurancemedia@ilo.org
Web: www.ilo.org/microinsurance



International
Labour
Office



This is the second Annual Report of the Microinsurance Innovation Facility, launched in 2008 by the International Labour Organization (ILO) with the support of the Bill & Melinda Gates Foundation.

Microinsurance is a mechanism aimed at protecting poor people against risks – such as accidents, illnesses, death in the family, natural disasters and property losses – in exchange for insurance premium payments tailored to their preferences and capacity to pay.

ISBN 978 92 2 123050 2



9 789221 230502