



MICRO INSURANCE

Insurance to improve people's lives

Agenda



1. Foreword
2. Definition of micro insurance
3. Building inclusive financial systems for micro-insurance:
 - 3.1 Micro level: clients, insurers and intermediaries
 - 3.2 Meso level: support infrastructure
 - 3.3 Macro level: policy, regulatory and supervisory
4. The situation in Africa in a nutshell with examples from West Africa
 - 4.1 CIMA region
 - i Togo: MAFUCECTO
 - ii Benin: l'Africaine Vie
 - iii Côte d'Ivoire: Allianz-UNACOOPEC
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5. The actuarial profession in micro insurance and in Africa
6. Conclusion

1. Foreword



« The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector... Together, we can and must build inclusive financial sectors that help people improve their lives. »

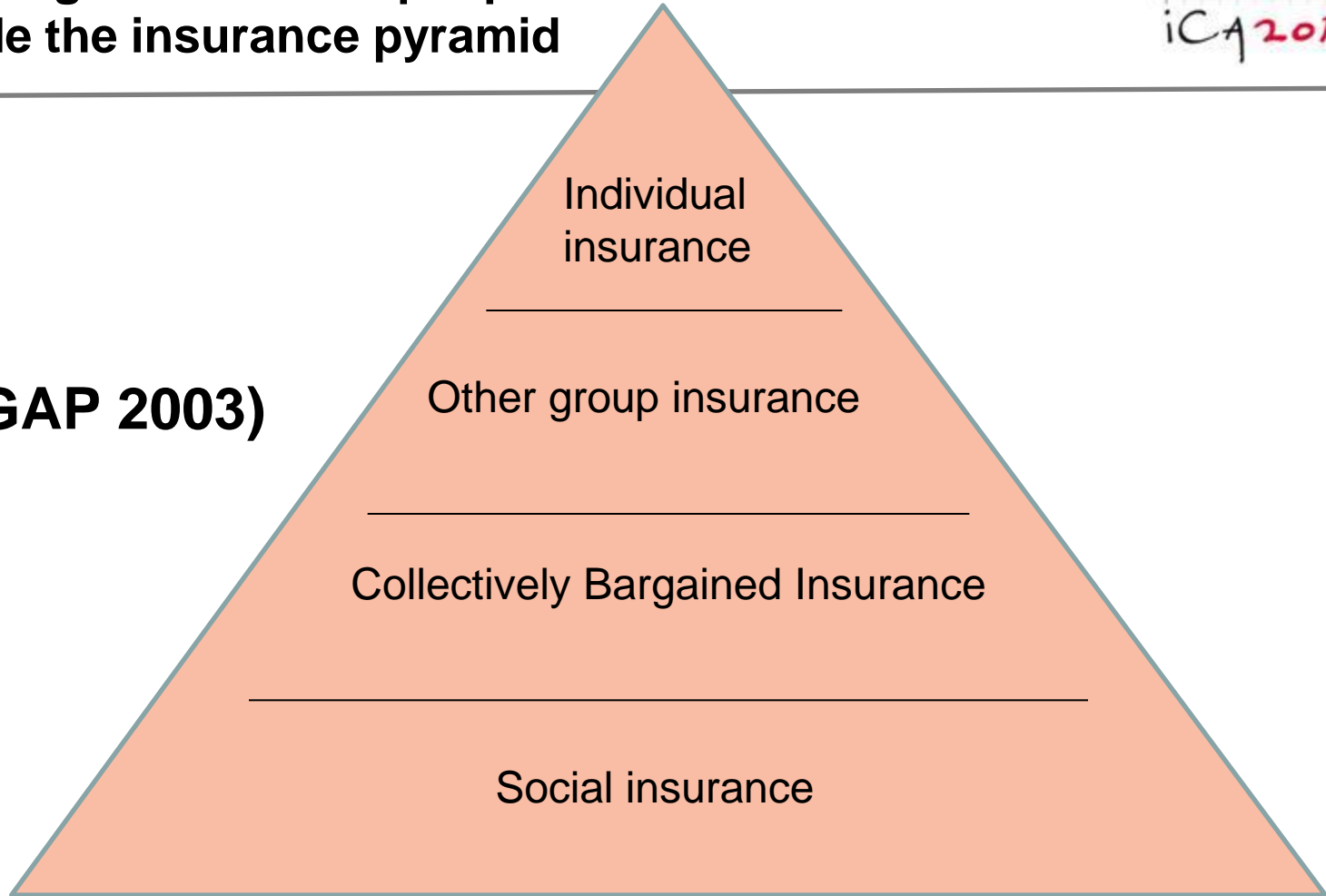
Former UN Secretary-General Kofi Annan, 29/12/2003, following the adoption of 2005 as the International Year of Microcredit

This designation has also helped to raise global awareness of the pivotal role that more inclusive finance can play in achieving the UN Millennium Development Goals.

Providing insurance to people outside the insurance pyramid



(CGAP 2003)



2. Definition of micro-insurance

- **Insurance for low-income people**
- **Insurance with small benefits**
- **Insurance involving low levels of premiums**
- **with:**
 - Simple, easy understood contracts
 - Little UW
 - Few if any exclusions
 - Simple claim process while still controlling for fraud
 - ‘New collection’ modes
 - Multi-task intermediaries
 - Often community or group pricing

2. Definition of micro-insurance (cont)



Business model: the underlying business model is ‘social’ business where solving social problems is motivating the business instead of maximizing profits (Muhammad Yunus founder of micro-credit)

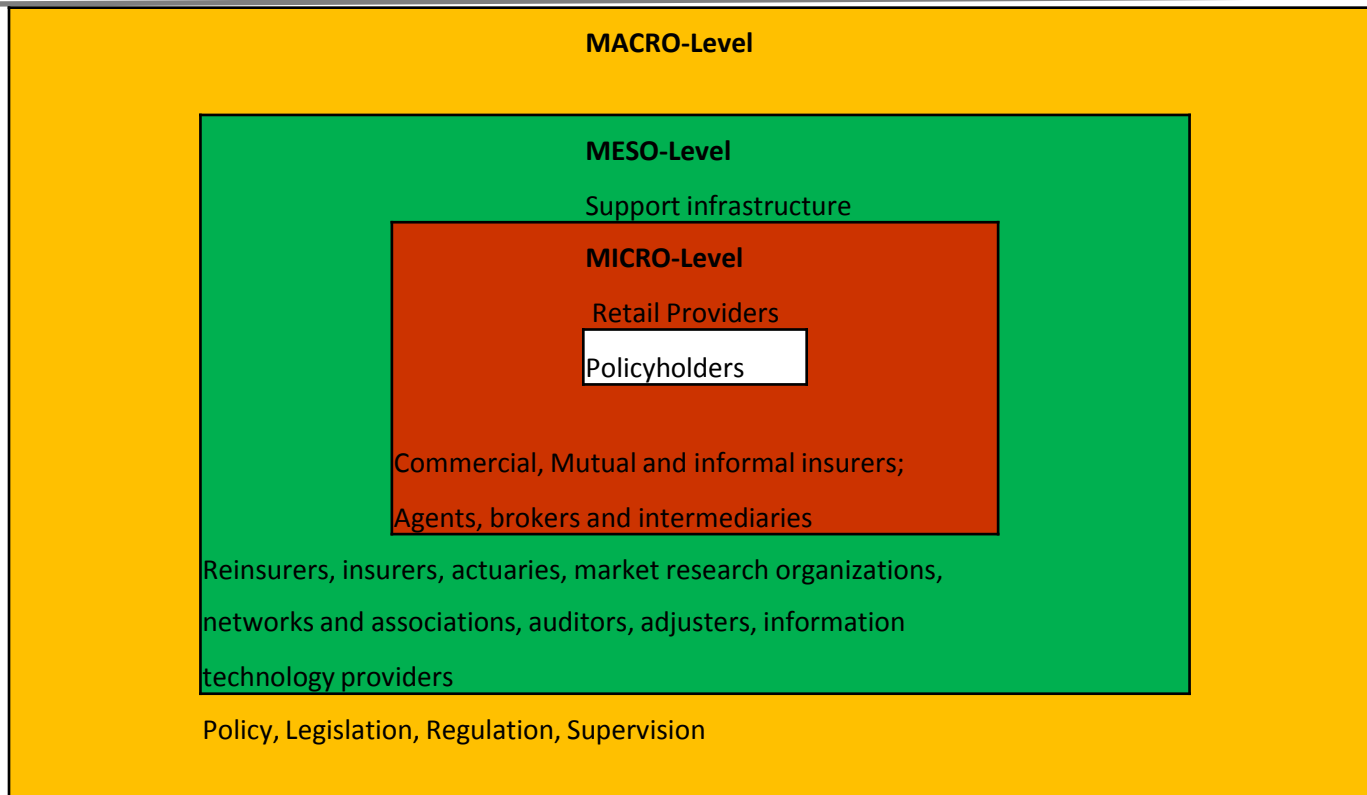


MI products (should) have a low(er) return on equity

PS: Micro-insurance is not...

- A national insurance or a social programme
- Simply a low level of insurance cover
- ‘Assurances populaires’
- Funded by a general loan loss provision

3. Building inclusive financial systems



Source Michael J. McCord (Micro-insurance center)

Main findings of each level are as follows:

3.1 Micro level: clients, insurers, intermediaries



Entry point	Recommendations on Short-term support (by priority)	Recommendations on Long-term support (by priority)
<ol style="list-style-type: none"> 1) Training 2) Research 3) Product development 4) Awareness creation 	<ol style="list-style-type: none"> 1) Begin training of delivery channels and insurers 2) Assist in product development 3) Collect research findings from existing projects 	<ol style="list-style-type: none"> 1) Identify and implement innovative marketing strategies 2) Develop methods to promote further appreciation of microinsurance 3) Assist in expansion of quality, quantity and type of delivery channels

3.2 Meso level: support infrastructure



Entry point	Recommendations on Short-term support (by priority)	Recommendations on Long-term support (by priority)
<ol style="list-style-type: none">1) Market education2) Technology and infrastructure3) Training4) Data collection5) Industry dialogue	<ol style="list-style-type: none">1) Develop training curriculum2) Conduct ToT and use trainings at micro level as practice for training3) Begin to research effective market education opportunities	<ol style="list-style-type: none">1) Develop market education partnerships and strategies2) Expand training to back office, management, and others3) Assist with integration of planned actuarial data into effective use in pricing

3.3 Macro level: policy, legislation, regulation, supervision



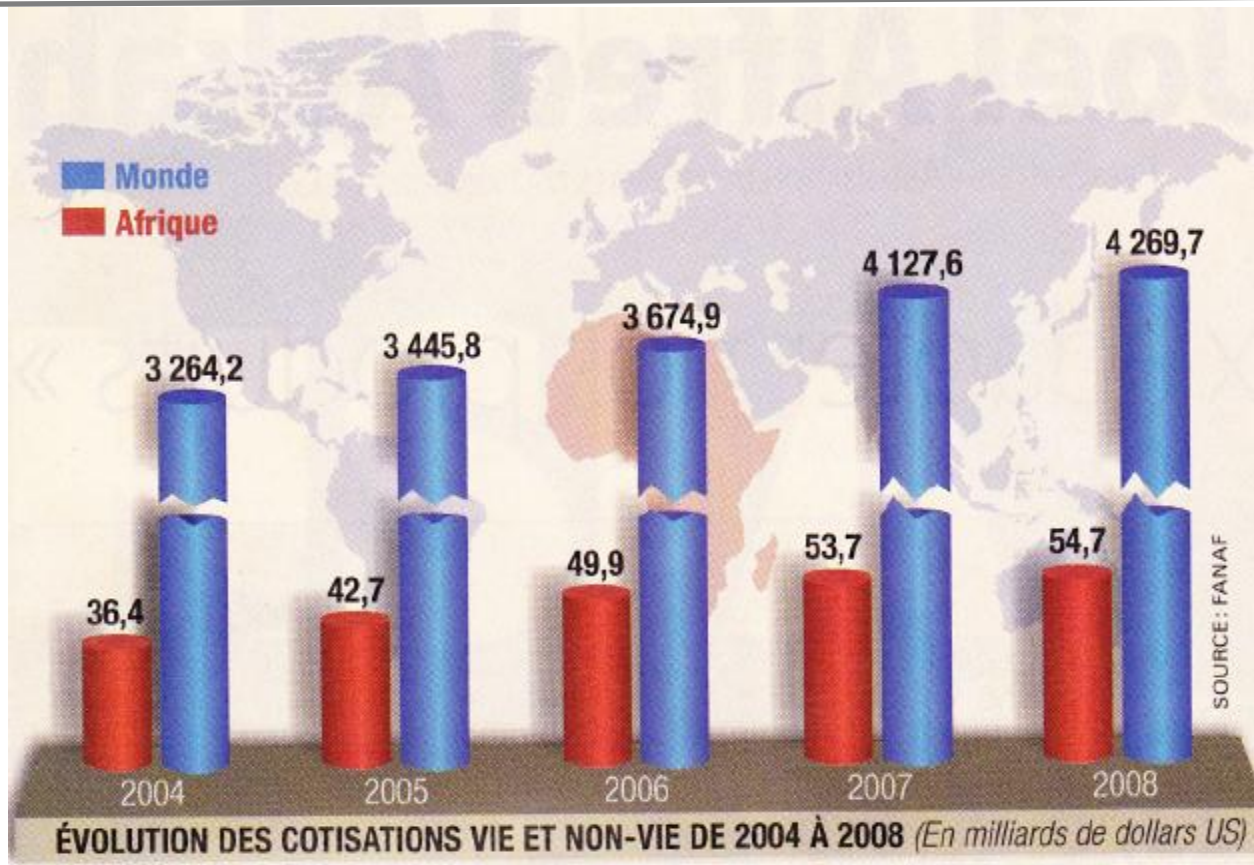
Entry point	Recommendations on Short-term support (by priority)	Recommendations on Long-term support (by priority)
<ol style="list-style-type: none"> 1) Regulation development 2) Support regulatory and supervision body 3) Policymaker support 4) Insurance literacy 5) Stakeholder dialogue 	<ol style="list-style-type: none"> 1) Establish insurance regulations review team to build microinsurance into the regulations 2) Develop stakeholder dialogue 3) Develop a strategy for policymaker support 4) Integration with consumer protection policy framework 	<ol style="list-style-type: none"> 1) Specific regulations for microinsurance 2) Guiding the policy dialogue 3) Improve consumer protection for microinsurance 4) Adjustment of supervisory systems 5) Integration microinsurance into the financial sector policy framework

4. The situation in Africa



- Over 1 billion population of which 60% lives with less than 2 US\$/day.
- Almost 90% of all Africans have no social security
- High rate of illiteracy (ca. 40%)
- Insurance penetration: 5 à 6% if one excludes South Africa
- Insurance premium income = 3,6% African GNP
- Tontines business (Susu collectors) is relatively widely spread
- 14,7 million people have micro-insurance or 2,6% insurance penetration of targeted market
- Main products: funeral insurance, credit life, health, agriculture, assets protection

4. The situation in Africa (cont.)

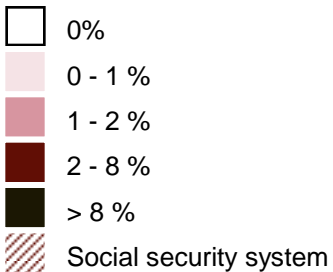


Source: Jeune Afrique – N° 2560

Mapping of microinsurance in Africa



% poor with microinsurance



The situation in Africa (cont)

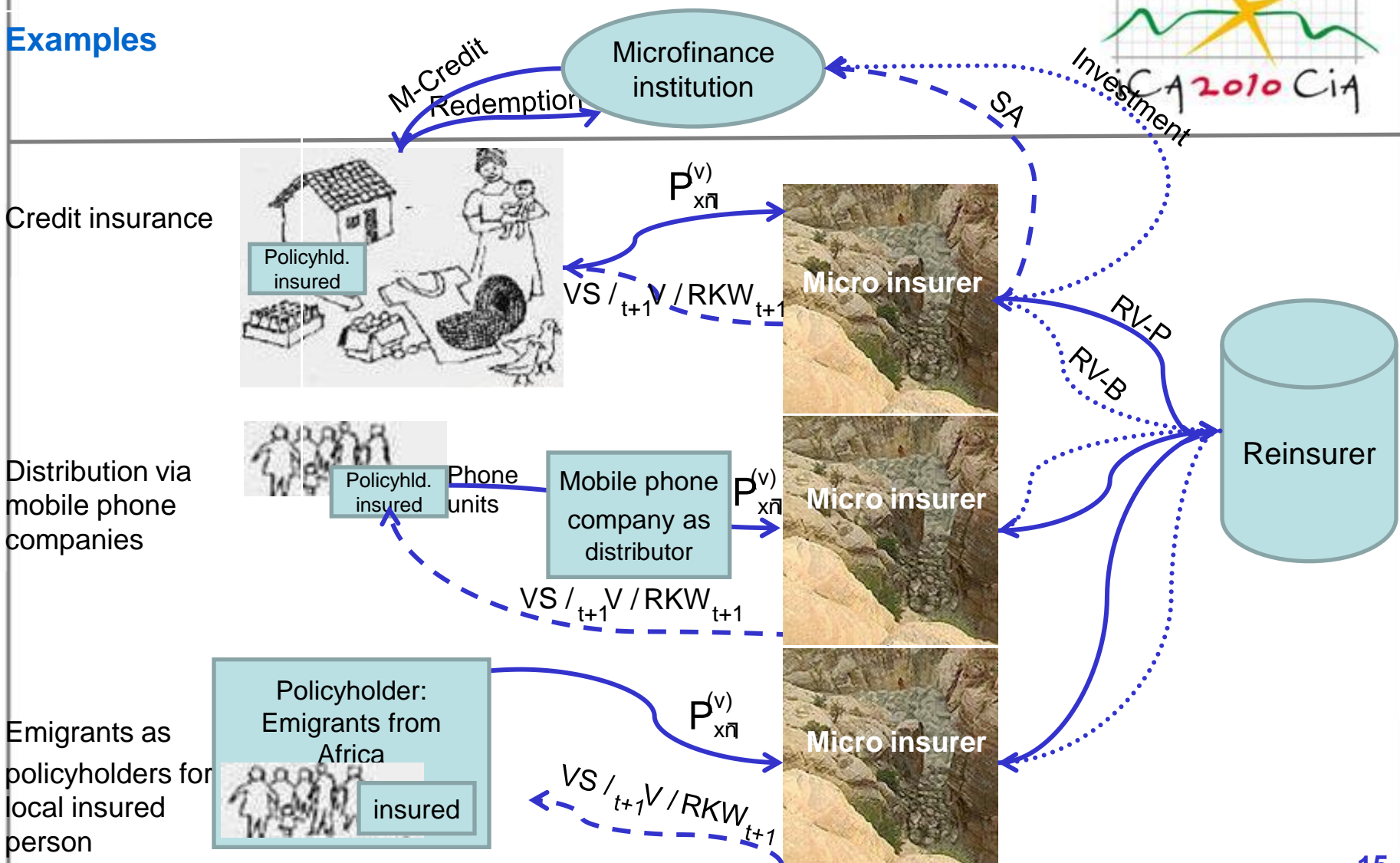
Informal sector and village population



Possible business models for micro life insurance and potential development in Africa – Step 1



Examples



Possible business models for micro life insurance and potential development in Africa – Step 2

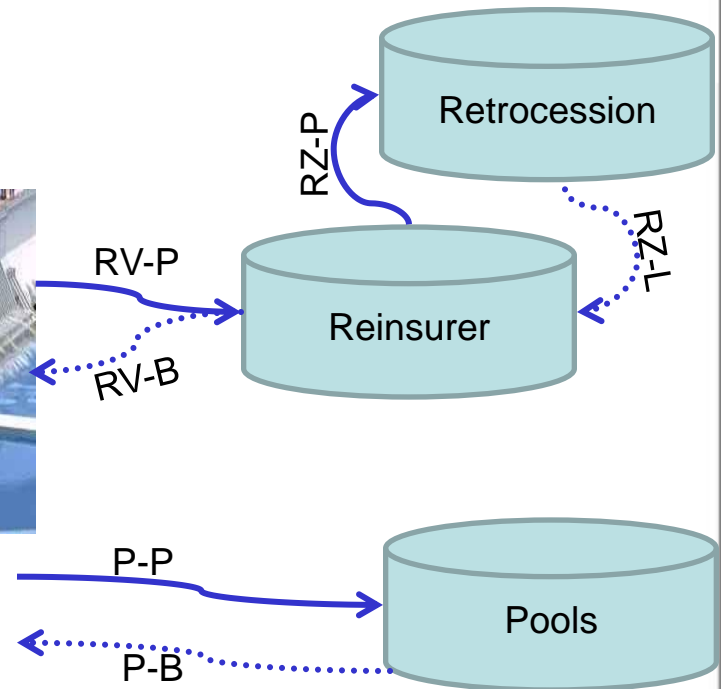
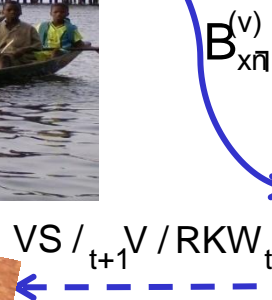
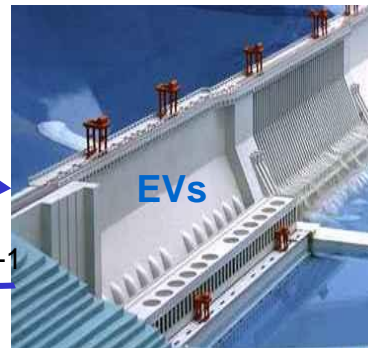


Future:

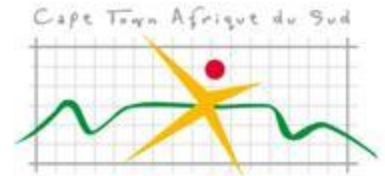
Development to life insurance with larger sums assured



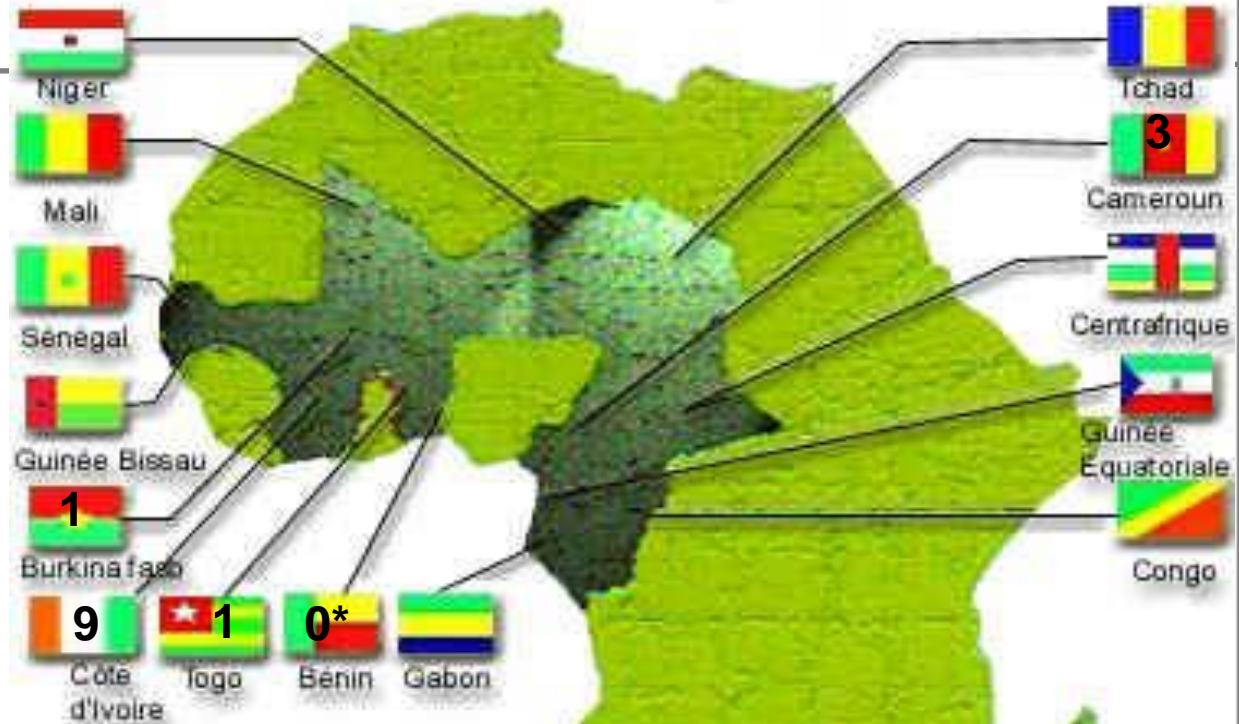
Large reservoir dams:



4.1 CIMA region



“CIMA “ stands for:
Conférence
Interafricaine
des **M**archés
d’**A**ssurance



- 14 African French speaking countries with:
- the same currency (Franc CFA),
 - the same insurance supervision and
 - a central regulatory body

CIMA region: recommendations and resolutions of FANAF Assembly October 2009



FANAF (Fédération des sociétés d'assurances de droit africaines) organized a conference on micro-insurance (22-23 October 2009):

- **Definition of micro-insurance: in function of the commercialized products and the amount of premiums and not in function of income of people**
- **The existing regulatory framework CIMA should be amended to incorporate micro-insurance characteristics and integrate new delivery channels**
- **The supervisory and legal framework for mutual health organizations in the UMEOA region should be studied and if necessary, dialogue between CIMA and public authorities**
- **Taxes should be lowered on insurance products**
- **The assembly recommends**
 - dialogue between IMF, NGO and insurers
 - dialogue to harmonize prices of medical acts
 - Development of new products in MI
 - Development of support infrastructure
 - Establishment of module 'micro-insurance' at the International Insurance Institute
- **Creation of steering committee for the follow-up of the recommendations of FANAF**

(i)Togo : MAFUCECTO



- **Mutuelle des Assurances de la Faitière des Unités Coopératives de l'Épargne et de Crédit du Togo (1989); 330 000 members (estimate end 2009);**
- **Goal: credit life insurance for members of the COOPEC;**
- **Reorganization in 2004 with help of Centre d'Innovation Financière (CIF – 2002); mutual company created by DID/DSF and 6 mutual regional networks; support and technical expertise from European partners (ADA and KBC) ;**
- **Facelift of credit life product with actuarial based rating structure; many trials but now product stable; the product is topped up with a fixed amount of 100 000 FCFA paid to the beneficiaries designated by the insured member; one unit rate applicable on loan amount (0.075% per month) plus level premium of 1500 FCFA;**
- **Monthly calculation of actuarial liabilities with simplified compound formula for monitoring purposes;**
- **2009: premium income approximately 522 millions FCFA ; 27 000 insureds; 90 millions CFA claims paid; (estimates) ; variation of actuarial liabilities not yet known (total AL end 2008 = 237 millions CFA)**
- **Capital increased to 800 millions CFA, requirement for mutual insurer in CIMA region**
- **Goal: creation of regional insurance group specialized in micro-insurance;**

Togo: MAFUCECTO



Lessons learned during re-organization:


- Insurance education of all involved persons (clients of COOPEC, agents in COOPEC, in back-office of insurer, management) by (micro)-insurance professionals;
- Strong engagement from FUCECTO and all member COOPEC'S to work with MAFUCECTO;
- Clear role definition of each partner (MAFUCECTO, FUCECTO, COOPEC) essential ;
- Choice of Beta-testing COOPEC's essential;
- Implementing according to agreed plan; continuous monitoring necessary;
- Set-up of separate administrative structure for the insurance operations, distinct from COOPEC;
- Software for administration and interfaces for data transfer between different partners should be up and running before going-live;
- Writing up of administrative procedures to ensure smooth functioning, especially regarding claim settlement to gain consumer satisfaction;
- The product innovation was very appreciated by the members of the COOPEC;
- The mandatory aspects made entire process easier;
- Understanding of the cultural differences by the (foreign) technical experts avoids errors on each aspect.

BUT.....

(ii) Benin: L'Africaine Vie



- MFI : l'Agence pour la Promotion et l' Appui aux Petites et Moyennes Entreprises, or PAPME (1993)
- PAPME offered as informal insurer 'credit life' through self insurance;
- Forced by CIMA authority, creation of PAPME Vie in 2008 and transfer of the 'self-insured' portfolio from PAPME to PAPME Vie
- Shareholders: PAPME (17,5%), first company of benin insurance market L'Africaine des Assurances (65%), Cica Re, and others.
- Change of name from PAPME Vie to L'Africaine Vie in 2009 to profit from established brand name .
- Products: credit life product to members of PAPME and other MFI's (150 million FCFA) and conventional life products to individuals and banks (450 million FCFA) – End of 2009
- Credit life rating: rates by age interval; UW as from 10 million CFA;
- Company faces administrative problems with MFI
- Innovation in product design: simplified funeral insurance; limited distribution as uncertain about alternative delivery channels;
- Life insurer is making small profits after two yrs in business (S/P = 5% on micro-insurance products) and hopes to become more profitable in third operation year.



**Assurance Obsèques
"Sans souci"**

CONDITIONS PARTICULIÈRES

ASSURANCE OBSEQUES "SANS SOUCI"

POLICE N°

CONSEILLER/APPORTEUR : TEL :

SOUSCRIPTEUR

Nom : Prénoms :
 Date de Naissance : Lieu de Naissance :
 Situation matrimoniale : Célibataire : Marié(e) : Divorcé(e) : Sexe : M F
 Adresse postale : Email :

ASSURÉ

Nom : Prénoms :
 Date de Naissance : Lieu de Naissance :
 Situation matrimoniale : Célibataire : Marié(e) : Divorcé(e) : Sexe : M F
 Adresse postale : Téléphones : Email :
 L'assuré déclare sur l'honneur être en parfait état de santé à la date de la présente souscription.

ATTESTATION D'ASSURANCE

- Garanties souscrites : Décès toutes causes. - Date de Souscription : Date d'échéance :
 - Age maximum de l'assuré à l'échéance du contrat : 65 ans - Délai de carence : Décès accidentel : une semaine ; Décès autres causes : 6 mois.

OPTIONS

		Bouquet Bronze	Bouquet Argent	Bouquet Or					
PROVISIONS EN VANTAGE	Transport de corps (Au BENIN)	Plafond : 100 000 FCFA							
	Traitement de corps	Plafond : 30 000 FCFA							
	Conservation de corps (maxi 30 jours)	Plafond : 100 000 FCFA							
	Mise en bière	Plafond : 30 000 FCFA							
Solde minimum payé par chèque (forfait cash)		240 000 FCFA	490 000 FCFA	740 000 FCFA					
Capital Total Assuré		500 000 FCFA	750 000 FCFA	1 000 000 FCFA					
Durée du contrat	2 ans	5 ans	10 ans	2 ans	5 ans	10 ans	2 ans	5 ans	10 ans
	15 000F	30 000F	60 000F	17 000F	35 000F	70 000F	20 000F	50 000F	100 000
Prime Totale		Vos choix (Mettre une croix)							

BENEFICIAIRES

Bénéficiaire(s) désigné(s) en cas de Décès : (soyez clair, précis et concis)

Le contrat est constitué de la notice d'information, des Conditions Générales et Particulières dont le souscripteur reconnaît avoir été mis en possession. Sont nulles toutes les modifications, suppressions ou adjonctions non revêtues du visa de l'Assureur.

Fait en quatre exemplaires à Le

LE SOUSCRIPTEUR À faire précéder de la mention « lu & approuvé » **L'ASSURÉ** **L'AFRICAINNE VIE**

L'Africaine Vie Bénin S.A. Société d'Assurance Vie au capital de 300 000 000 F. CTA entièrement libéré. RCCM : RH/C0407791518 INSAE : 2956601349351
 Entreprise régie par le code des Assurances CIMA Siège social: Eot 19 Patis d'Or, 01 BP 2040 Cotonou, Bénin Tel. (00229) 21 30 39 93 - 21 30 39 76.
 Fax: (00229) 21 30 02 91. E-mail: africainnevie@africainnevie.com - www.africainnevie.com

(iii) Côte d'Ivoire: Partnership UNACOOPEC - Allianz



Les avantages de COOPEC Solidarité

- La garantie financière d'Allianz Côte d'Ivoire Assurances Vie, filiale du N° 1 Européen de l'assurance et des services financiers.
- La densité du réseau des COOPEC : **1ère Institution de Micro finance en Côte d'Ivoire.**
- La simplification des procédures administratives à la souscription et en cas de décès.
- La liberté de choix des prestations offertes par les 2 plus grandes sociétés de pompes funèbres de la Côte d'Ivoire, dans la limite des sommes assurées.
- La limite d'âge : 70 ans à la souscription et 75 ans à la cessation des garanties.
- La facilité de paiement de la cotisation annuelle :
 - Fractionnement
 - Prélèvement automatique
- La double garantie Décès et IAD (Invalidité Absolue et Définitive)



Union Nationale des COOPEC de Côte d'Ivoire
11 Plateaux Vallon, Immeuble Fraké
04 BP 47 Abidjan 04
Tel : (225) 22 40 49 50 Fax : (225) 22 40 49 90



Immeuble Allianz
2, Bd Roume Abidjan Plateau
01 BP 1741 Abidjan 01
Tel : (225) 20 30 40 70 Fax : (225) 20 30 40 71

00020/000 0071



Allianz 
Avec vous de A à Z



Assurance Obsèques
COOPEC
solidarité

La sérénité dans la solidarité

Côte d'Ivoire: UNACOOPEC - Allianz



A la douleur du décès, s'ajoute souvent l'angoisse du financement dans l'urgence des obsèques à organiser.

Prévoir les obsèques

Dans nos traditions, la mort est un sujet délicat à aborder surtout quand il s'agit de nous-mêmes, de nos proches ou de ceux que l'on aime.

Pourtant, la souscription d'un contrat Obsèques permet de mieux profiter de la vie en évitant à nos proches les soucis d'une charge financière imprévue.

Prévoir le décès est donc un acte de prévoyance et de générosité.

Fonctionnement de COOPEC Solidarité

COOPEC Solidarité est un contrat Obsèques qui garantit en cas de décès de l'assuré :

- l'exécution de prestations en nature
 - cercueils,
 - traitement et conservation des corps
 - transfert de la dépouille mortelle
 - etc..
- le versement d'un capital au bénéficiaire désigné au contrat.

En cas d'Invalidité Absolue et Définitive, le capital total est versé à l'assuré.

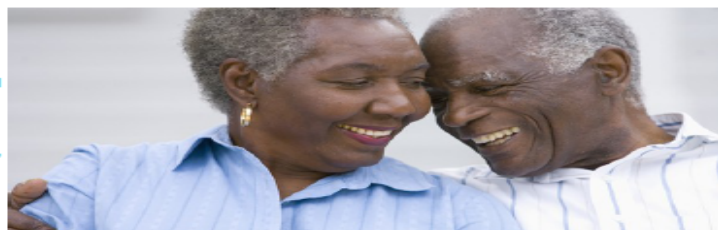
Une gamme de formules et d'options

COOPEC Solidarité prévoit pour chacun une formule et une option adaptées.

	Formules	Options			
		Social	Eco	Eco Plus	VIP
Cotisation annuelle (*)	Perso	7 500 F	15 000 F	22 500 F	30 000 F
	Famille	21 750 F	43 500 F	65 250 F	87 000 F
	Ascendant	12 500 F	25 000 F	37 500 F	50 000 F
Capital décès	En nature	350 000 F	600 000 F	900 000 F	1 200 000 F
	En espèces	150 000 F	400 000 F	600 000 F	800 000 F
Capital IAD	En espèces	500 000 F	1 000 000 F	1 500 000 F	2 000 000 F

La cotisation annuelle peut être fractionnée et versée par mois, trimestre ou semestre.

(*) à laquelle s'ajoutent 1 000 F de droits d'entrée payables une seule fois à la souscription



Qui peut souscrire ?

- Les personnes physiques titulaires d'un compte à la COOPEC.
- Les coopératives, mutuelles, associations ou sociétés sociétaires de la COOPEC pour le compte de leurs membres ou employés.

Comment souscrire ?

En remplissant un bulletin d'adhésion dans une agence COOPEC.

Qui peut être couvert par le contrat ?

- **Formule Perso**
Les personnes physiques sociétaires de la COOPEC.
- **Formule Famille**
 - Le sociétaire
 - Son conjoint
 - 3 enfants du couple âgés de 12 à 20 ans
- **Formule Ascendant**
Le père ou la mère du sociétaire ou de son conjoint.

Qui peut être désigné bénéficiaire ?

Le souscripteur désigne librement le bénéficiaire. En cas de décès de l'assuré, celui-ci percevra le capital complémentaire devant servir à l'organisation des funérailles.

4.2 Ghana : Present



- **Features of microinsurance landscape in Ghana:**
 - 6 commercial insurers offer micro-insurance products (160 000 insureds) + Credit unions (80 000 insureds) + informal micro-insurers + many to come
 - Mainly credit life products on mandatory basis
 - Delivery channels: Credit unions, susu collectors, rural banks, savings and loan companies and MF NGO; micro-insurance agents;
 - Consumer understanding limited
 - Current legal and regulatory framework: absence of provisions for micro-insurance
 - Unfairly competition from informal risk-takers
 - Other relevant policy and regulatory initiatives by MOFEP, BoG, MOTI

Ghana :Present and future



1. Favorable environment with remaining challenges

- Understanding that microinsurance leads to financial inclusion and poverty reduction
- NIC and BoG starting facilitating microinsurance
- Political will to promote microinsurance
- Development of knowledge is challenge
- Education of public needs private-public approach

2. Regulatory framework for insurance

- Present framework lacks microinsurance specific rules
- Decision by NIC to include microinsurance into new regulations
- NIC has been seeking support for this venture for which it has no expertise at present

3. Policy paper: « designing a legal and regulatory environment for microinsurance in Ghana » is drafted and will be discussed soon with NIC

Ghana: Event 2009 « financial literacy week »



Secure yourself for the future



You too can insure your family



Before signing an insurance policy, make sure you understand everything about the policy



Insurance is not only health insurance!
Find out which insurances are available and what you really need



Pay your small premium regularly to be able to handle future uncertainties



You have the right to talk to your insurance agent



Your spouse and children are protected if something happens to you



Renew your insurance. You can never be sure about the future



MINISTRY OF FINANCE AND ECONOMIC PLANNING

The ABC of MICROINSURANCE



5. The actuarial profession in micro-insurance



- **PRESENT SITUATION:** lack of technical know-how with regulated, formal unregulated and informal unregulated 'risk takers'.



- **Assisting in training programs (micro-meso-macro)**
- **Assistance in product development**
- **Rating and premium setting with little data including definition of proper contingency tables ; continuous checking of observations with assumptions**
- **Assistance in development and implementation of MIS;**
- **Development of reinsurance programs;**
- **Development of non-traditional partnerships;**
- **ETC.**



- **BUT ! Actuaries may not project 'blindly' occidental concepts in a different cultural / socio-economical environment...Preferably 'local' actuaries should work locally in micro-insurance.**

Actuarial landscape in Africa (excl. South Africa)



Full members IAA:

- Egypt: Egyptian Institute of Actuaries
- Ivory Coast: Institut des Actuares de Côte d'Ivoire,
- Morocco: Association Marocaine des Actuares,

Associated members of IAA:

- Benin: Association des Actuares Béninois
- Cameroon: Institute of Actuaries
- Ghana: Actuarial Society of Ghana
- Kenya: The Actuarial Society of Kenya,

Actuarial education (a.o.):

- Benin: Bs in Act. Sciences at Ecole Supérieure d'Actuariat: ESA,
- Cameroon: Institut International des Assurances, CIMA linked
- Ghana: Bs Act Sc at 4 universities
- Morocco: Formation organisée par AMA
- Senegal: In progress (in collaboration with Collegi d'Actuaris de Catalunya“, Spain

(NOT EXHAUSTIVE)




mongabay.com

source: IAA and own researches 30

6. Conclusion



- **Inclusive financial systems are slowly put in place so that all low-income persons have access to appropriate insurance services to enable them to manage risks, reduce their vulnerability and improve their lives.**
- **BUT depend upon the openness and willingness of governments to see this development as an instrument to reduce poverty.**
- **Even if this willingness is not apparent (or slowly moving), formal (micro-insurers and informal/unregulated insurers are establishing MI**
- **As know-how is locally missing, governments (may) use foreign aid to guide them and sponsor the MI development**
- **Actuaries, preferably local not remote, should promote the development and proliferation of good-value insurance products for low-income persons but should avoid '*l'art pour l'art*'; product innovation is not necessary...the products are already existing!**
- **Principal activities for actuaries: training (micro, meso and macro level), assistance in operations and IT**



The ABC of INSURANCE



The ABC of LOANS




The ABC of SAVING




FACT SHEET

Financial Literacy in Ghana

What is the goal?

As one of three sub-committees, led by the National Council on Financial Literacy, the Financial Literacy in Ghana sub-committee was set up to identify the key areas for financial literacy in Ghana. The sub-committee was established in 2008 and has since been working to identify the key areas for financial literacy in Ghana. The sub-committee has been working to identify the key areas for financial literacy in Ghana. The sub-committee has been working to identify the key areas for financial literacy in Ghana.

What is the current situation?

The current situation in Ghana is that financial literacy is low. This is due to a number of factors, including a lack of access to financial services, a lack of financial knowledge, and a lack of financial literacy. The current situation in Ghana is that financial literacy is low. This is due to a number of factors, including a lack of access to financial services, a lack of financial knowledge, and a lack of financial literacy.

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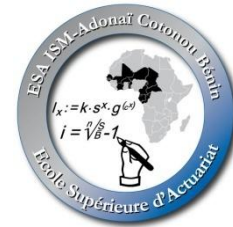
What are the recommendations?

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With the assistance of



Centre for International
Migration and Development
a joint operation of GTZ and the
German Federal Employment Agency



Solidarity-based banking and insurance in the developing world



Thank you!

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