

Access to Insurance Initiative

A global programme for sound regulatory and supervisory frameworks

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"Successful Business Models in Microinsurance"

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The Initiative







References

IAIS Application Paper on Regulation and Supervision of Inclusive Insurance Markets 2012

Synthesis Note 1: Evolving Microinsurance Business Models and their Regulatory Implications







- **1.** Introduction
- **2.** Common microinsurance business models
- **3.** Stages of market development
- 4. Example from South Africa: Hollard (Freedom Buthelezi)
- **5.** Distribution stages and client value





1. Introduction

True or False?

Insurers are in the business of paying claims	
Microinsurance is about corporate social responsibility	
Microinsurance helps low-income households to manage risks	
Microinsurance is only provided by small insurance companies	
Microinsurance should be subsidized	
Microinsurance belongs to the distribution channel	



1. Introduction

True or False?

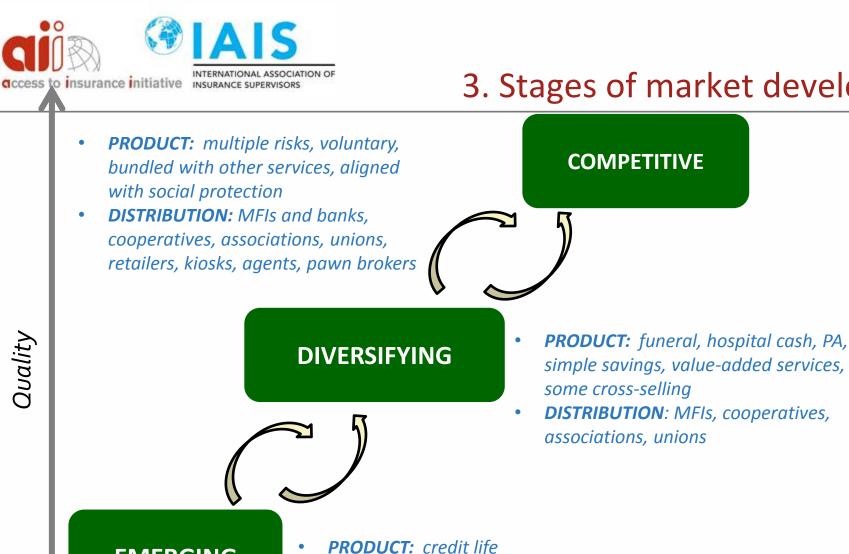
Insurers are in the business of paying claims	True
Microinsurance is about corporate social responsibility	False
Microinsurance helps low-income households to manage risks	True*
Microinsurance is only provided by small insurance companies	False
Microinsurance should be subsidized	Depends
Microinsurance belongs to the distribution channel	True*



2. Common microinsurance business models

- Bundled with a loan or other service
- Loyalty benefit or auto-enrolment
- Passive sales off the shelf
- Cross selling by a proxy sales force
- Individual and group sales by insurance agent (including call centres)





EMERGING

3. Stages of market developmen

Scale

DISTRIBUTION: MFIs



4. Example from South Africa







5. Distribution stages and client value

Stage 3: Individual Stage 1: **Stage 2: Voluntary** Sales **Compelled groups** groups \bigcirc \bigcirc Partnership Agency Compulsion • Tailored product • Client database Cost reduction meet consumer Convenience through subsidy needs Reduction in and potential Information to distribution cost saving on make informed product design/ choice sales cost • Cost to • High sales and • Low awareness distribution cost (autoremunerate enrolment) impacts partner • Product does • Product designed affordability not meet needs for partner, not of consumer consumer



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