Access to Insurance Initiative
A global programme for sound regulatory and supervisory frameworks

6th Consultation Call: 25 September 2014
“Successful Business Models in Microinsurance”

Michael J. McCord, MicroInsurance Centre
Afua Donkor, Star Microinsurance (Ghana)
Mariana Torres, Aterna (Mexico)
The Initiative is a partnership between:

- IAIS (International Association of Insurance Supervisors)
- CGAP
- BMZ (Federal Ministry for Economic Cooperation and Development)
- FINMARK TRUST
- ILO (International Labour Office)
- UNCDF
- ADB
- FIRST
- GMIN
- Making Finance Work for Africa
- Ministry of Foreign Affairs of the Netherlands

Hosted by:

- GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH)
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 and overview (Michael J. McCord)
   • Business models in microinsurance

2. Aterna, Mexico (Mariana Torres)
   • Aterna’s model
   • Model evolution
   • Supervisory considerations

3. Star Micro, Ghana (Afua Donkor)
   • Star Micro’s models
   • Model evolution
   • Supervisory considerations
1. Introduction

Mariana Torres
Executive Director
Aterna
Mexico

Michael J McCord
President
MicroInsurance Centre
USA

Afua Donkor
Executive Director
Star Microinsurance
Ghana
Business Models

• **Insurer**
  • Agency force – Delta Life (Bangladesh)
  • Group sales - Star Micro (Ghana)

• **Service provider**
  • MFI – Compartamos (Mexico)
  • Cooperatives / Credit unions – La Enmaculada (Belize)

• **Aggregator**
  • Retailers – Pep (South Africa)
  • Utilities – Codensa (Colombia)
  • MNOs – Prudential / BIMA (Ghana)

• **Consumers / Mutuals**
  • CARD MBA (Philippines)
  • Mutuelle de Sante (West Africa)
2. Aterna’s Model

- We are an insurance intermediary with the purpose of cultivating a prevention culture on the BoP
- We specialized on developing products that respond to the clients needs
- Our team has 11 years of experience on the microinsurance industry.

VALUE OFFER
PRODUCT
IMPLEMENTATION
OPERATION

INTERNATIONAL PARTNERS

PRINCIPAL PARTNERS

PRINCIPAL SUPPLIERS

INTERNATIONAL

GUATEMALA
PERÚ
USA

VALOR SOCIAL

4 million active policies
22% of the microinsurance market in Mexico
+ 8md benefit amount paid annually to +
6,000 beneficiaries in - 24 hours

VALOR ECONÓMICO

+ $30 MUSD on premiums
93% on client satisfaction

VALOR HUMANO

3 education campaigns focused on the awareness to the clients
100% of the sale force of our partners trained
Aterna’s Model evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Covered Lives (millions)</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2,614,528</td>
<td>-1,15%</td>
</tr>
<tr>
<td>2011</td>
<td>2,960,084</td>
<td>25,10%</td>
</tr>
<tr>
<td>2012</td>
<td>3,178,887</td>
<td>9,10%</td>
</tr>
<tr>
<td>2013</td>
<td>3,479,470</td>
<td>6,50%</td>
</tr>
</tbody>
</table>
Aterna Model: Supervisory considerations

• As broker
  • There is no legal figure for an MI broker

• Oversight
  • Interactions with supervisor through the insurance companies
  • Developing products issues
    • Process to get a product register
    • Documentation for claim processes
    • Pricing

• Multinational issues
  • The high cost to operate multinational
    • Local policies to adapt (In majority traditional insurance regulation at the lack of MI initiatives)
    • Different data request
3. Star Micro, Ghana Model

HODA

- Star Assurance
- uniCredit
- uniBank
- StarLife Assurance Co. Ltd.

Star Microinsurance Services Limited
Your tool for poverty alleviation
Figure 5: Star Micro covered lives and margin %, 2008-2012

- Covered Lives: 1.689, 6.933, 13.074, 674.340, 1.590.0
- Margin: -1234%, -214%, -127%, 7%, 3%

Legend:
- Diamond: Covered Lives
- Square: Margin
• Separate regulation for Microinsurance
  • Market Development
  • Consumer Protection
  • Stability
  • Soundness