

The landscape of microinsurance in Africa



**Munich Re
Foundation**
From Knowledge
to Action

29.8.2017

The Landscape of Microinsurance in... / The World Map of Microinsurance



www.worldmapofmicroinsurance.org
www.microinsurancelandscape.org

The World Map of Microinsurance (WMM)...



... will host data and analysis from significant landscape studies, which will be displayed visually on an interactive world map.

... will incorporate interactive data tools, such as customizable graphs and tables to compare data.

... will contain country and regional profiles

www.microinsurancenetwork.org/world-map-microinsurance

www.worldmapofmicroinsurance.org

Co-published by MiN and the Munich Re Foundation

Partners of the WMM



The Landscape of Microinsurance in Africa



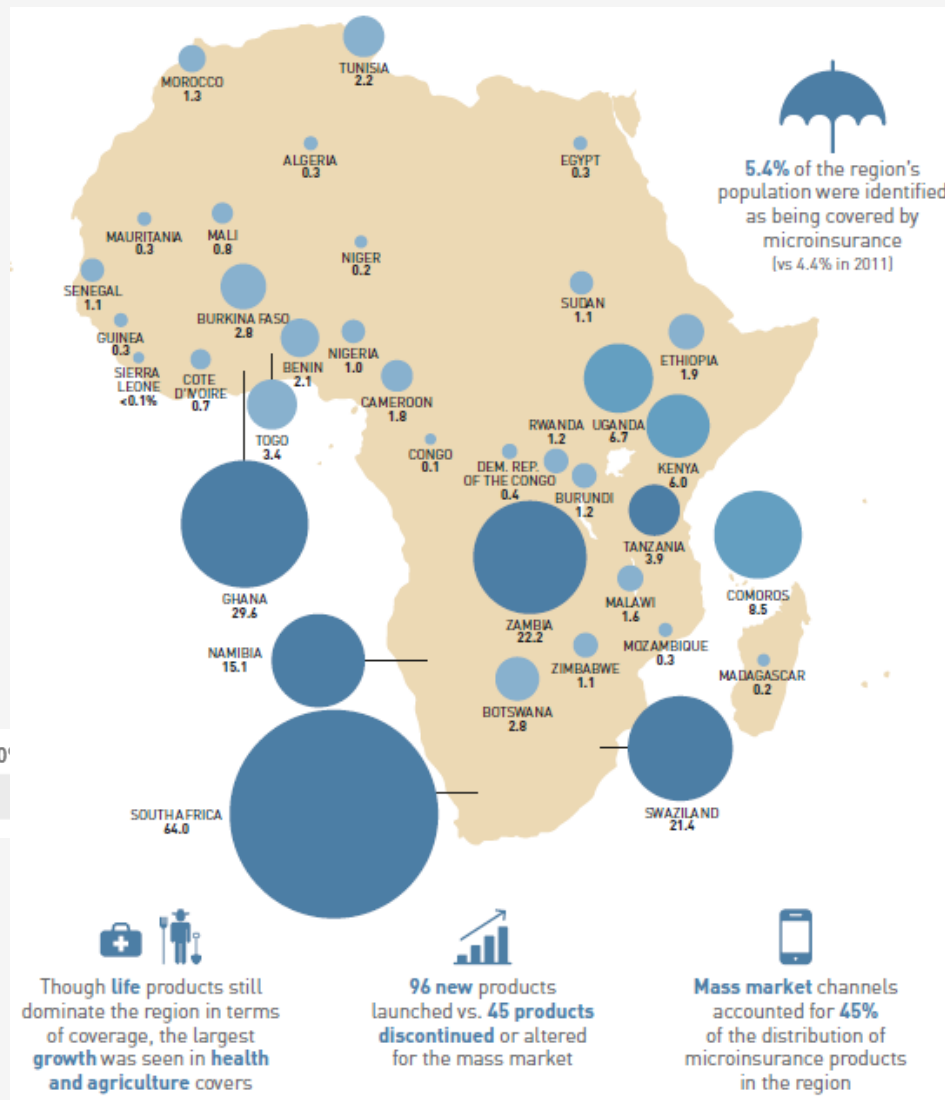
www.worldmapofmicroinsurance.org
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Definition of microinsurance

- A product is generally defined as “microinsurance” if it is modest in premium and coverage and meets the following four criteria:
- *Target population:* The product targets the low-income segment of the population, those who have so far been excluded from mainstream insurance offerings.
- *Business line:* Microinsurance can be found in all business lines, including life, accident and disability, health, property, and agriculture (crop and livestock).
- *Sales:* Microinsurance may be supplied by various stakeholders and through a variety of channel types.
- *Affordability:* The premium amount is commensurate with the income level of the low-income sector.

Source: Munich Re Foundation / GIZ: The Landscape of Microinsurance in Africa 2012

Microinsurance in Africa - Summary



Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Africa 2015

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Microinsurance in Africa

More than 200 providers from 36 of the 54 countries in the region reported microinsurance activity

USD 647 million in microinsurance premiums

5.4% of total population covered

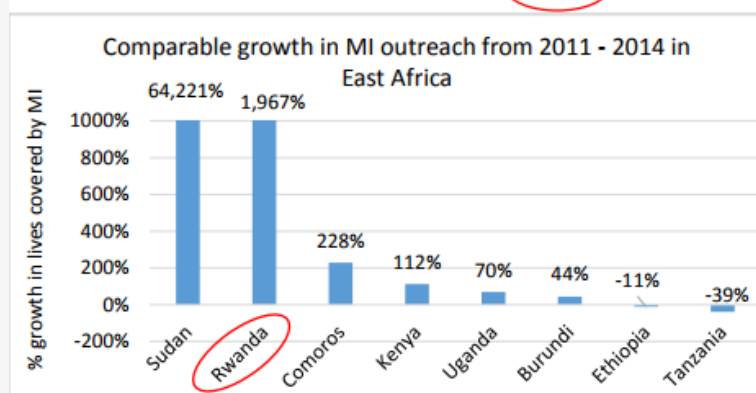
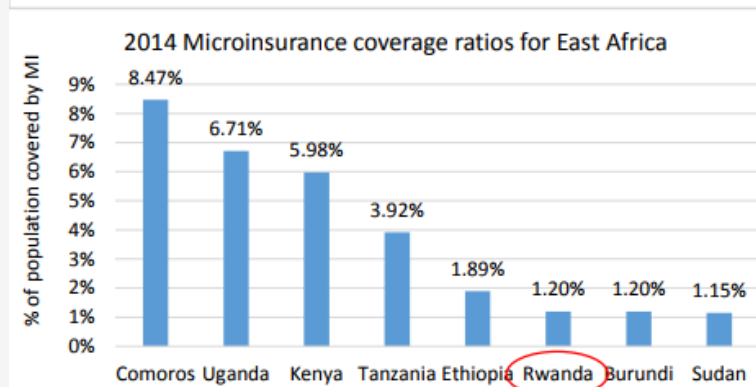
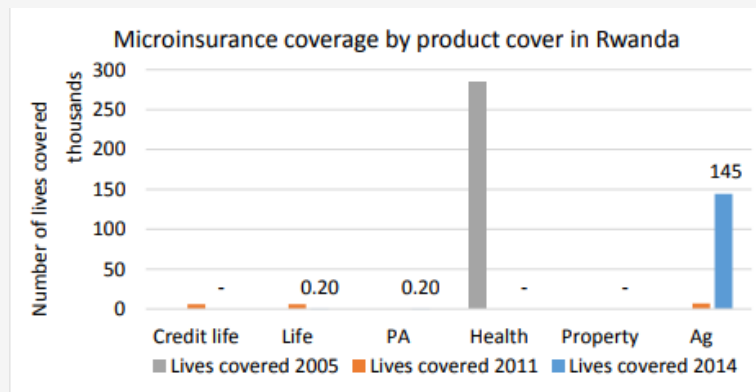
61.9 million total people insured*

- 46.4 million – Life
- 13.1 million – Accident
- 16.4 million – Credit life
- 8.4 million – Health
- 4.5 million – Property
- 1.1 million – Agriculture**

* Note that the volume of coverage by product type adds up to more than the total covered lives, reflecting that many products are offered as riders and add-ons to a primary microinsurance product. Thus many people are protected against more than one type of risk.

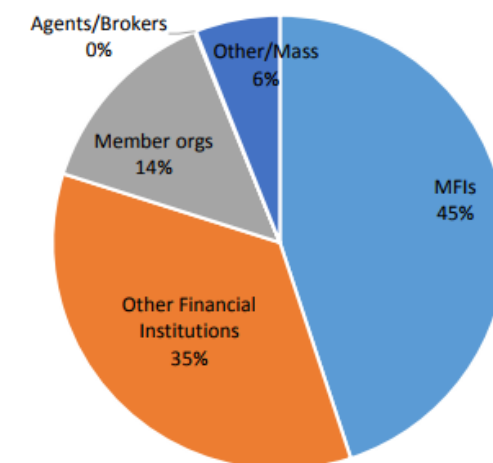
** Agriculture covers include government-subsidised insurance programmes, which were excluded in the 2011 study.

Country profile Rwanda



Rwanda: Key Figures	
MI coverage (millions of lives/properties covered, 2014)	.145
MI coverage ratio (% of 2014 pop. covered by MI)	1.20%
MI coverage comparable growth from 2011 - 2014	1,967%
Total population (2014, millions)	12.1
Number of MI providers reporting to landscape study	2
Total identified MI written premium 2014 (USD)	7,140
Total insurance industry written premium 2014 (USD)	118,500,000
Total identified MI written premium 2014/Total insurance industry written premium 2014	.006%

Lives covered by distribution channel in Rwanda



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Source: http://www.microinsurancenet.org/sites/default/files/Rwanda_Country%20Profile.pdf

Key takeaways (Rwanda)

MI outreach in Rwanda remained low (as of 2015) reaching only 1.20% of the total population

- The country did experience considerable growth of nearly 2,000% (second highest in the East African region) since 2011.
- This growth can be attributed to a single Ag weather index product.

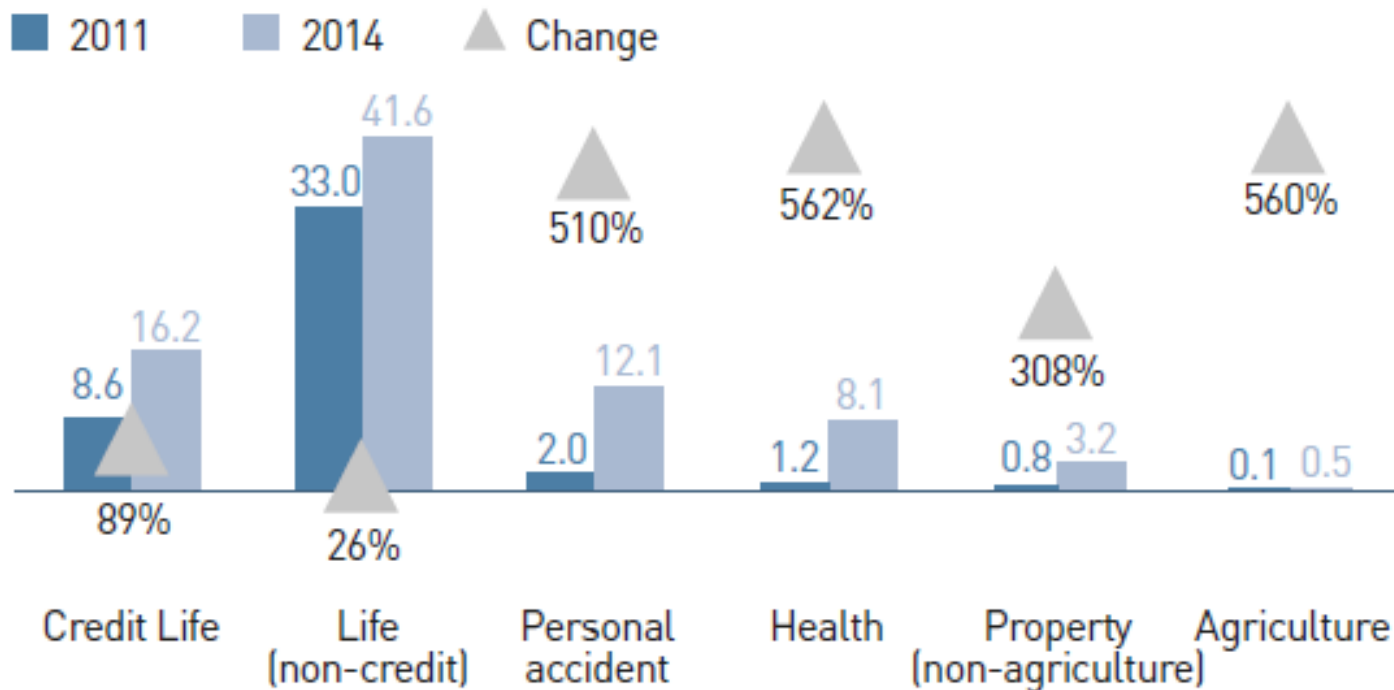
Distribution

- MFIs reach 45% of lives covered,
- other financial institutions reach 35%,
- member organizations account for 14%,
- and the remaining 6% are reached primarily via mass and other channels.
- Agents and brokers do not reach a significant number of clients.

Microinsurance growth in Africa

Growth by type of product

Figure 1: Growth by type of product (millions of lives covered)



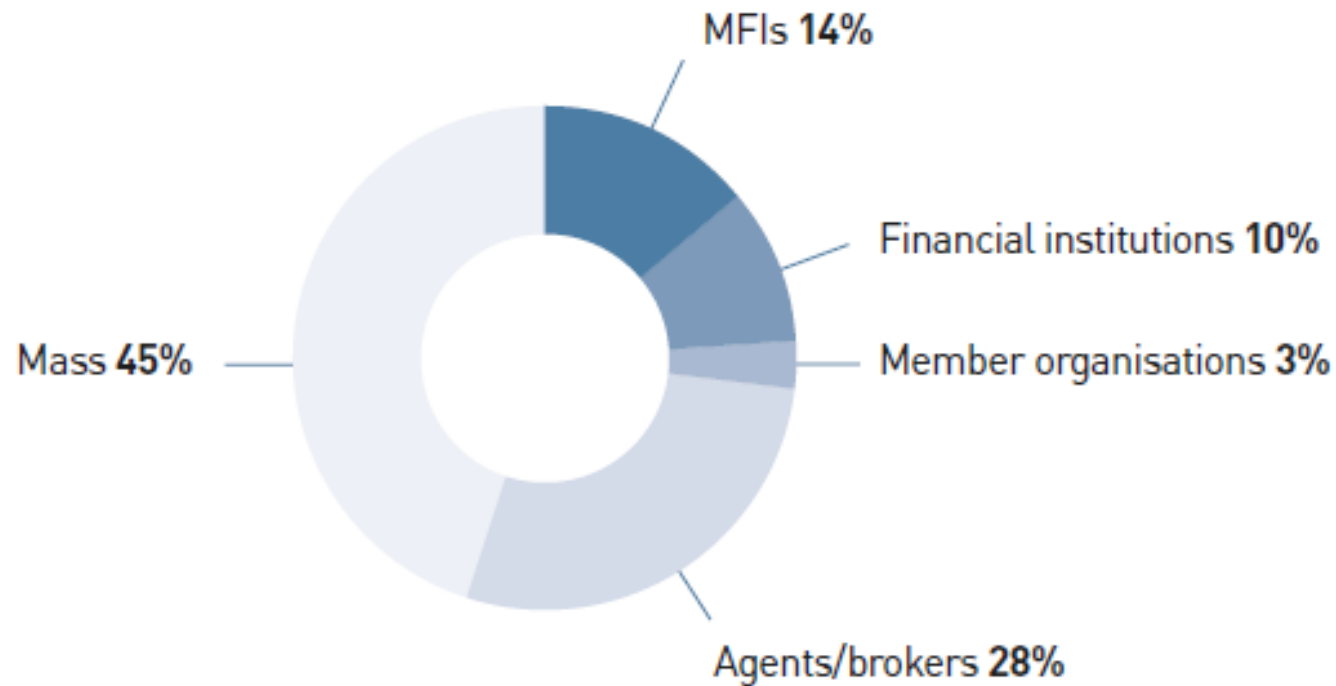
Note: Figure represents comparable data only (companies reporting for both 2011 and 2014 studies, plus new market entrants.)

Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Africa 2015, p.4

Distribution

Lives covered by distribution channel

Figure 2: Lives covered by distribution channel

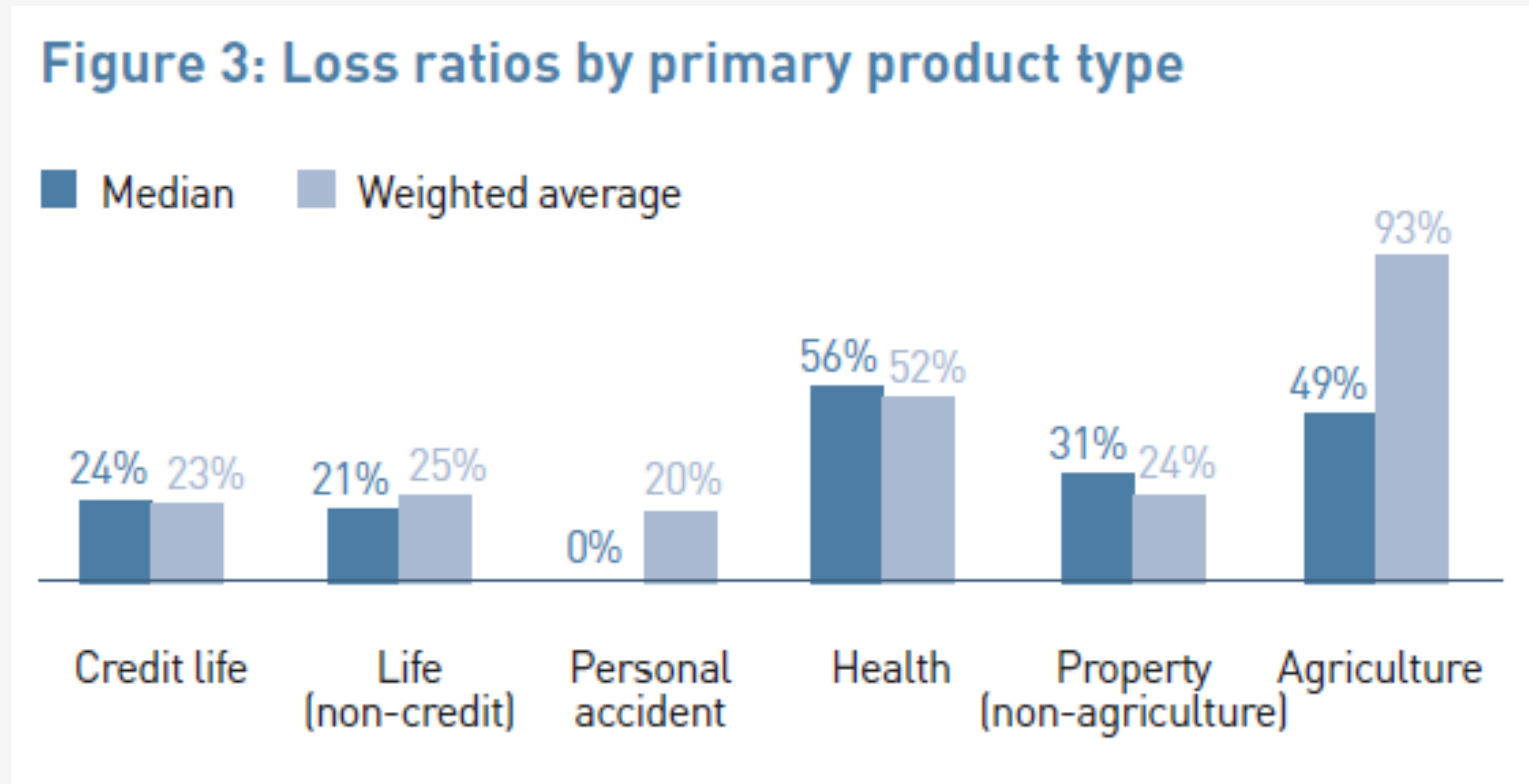


Data is for products that indicated distribution channel, which account for 56 million people, or more than 90% of the identified lives covered.

Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Africa 2015, p.4

Premiums and Claims

Loss ratios by primary product type



Source: Munich Re Foundation / MIN: The Landscape of Microinsurance in Africa 2015, p.6

Mobile money and insurance



Overview

2016 at a glance I

MOBILE MONEY




is available in TWO-THIRDS of low- and middle-income countries



Mobile money providers are processing an average 30,000 transactions per minute, or more than


43 MILLION PER DAY



MOBILE MONEY IS STRENGTHENING THE BANKING INDUSTRY

Between September 2015 and June 2016, the volume of flows to and from bank accounts grew more than

+120%



MORE THAN 40%

of the adult population in Kenya, Tanzania, Zimbabwe, Ghana, Uganda, Gabon, Paraguay and Namibia are using mobile money on an active basis (90-day). This is an increase from just two countries in 2015 (Kenya & Tanzania).

REGISTERED ACCOUNTS SURPASSED

HALF BILLION

IN 2016



Source: GSMA State of the Industry Report 2006-2016, 2017, p.8

Overview

2016 at a glance II

35 deployments had
**MORE THAN A MILLION 90-DAY
ACTIVE ACCOUNTS**
in December 2016



IN DECEMBER 2016,
THE INDUSTRY
PROCESSED MORE THAN
US\$ 22 BILLION
IN TRANSACTIONS



In 2016, total revenue
for the top providers
SURPASSED

US\$ 1 BILLION



118 MILLION

accounts were active
(30-day) during
December 2016

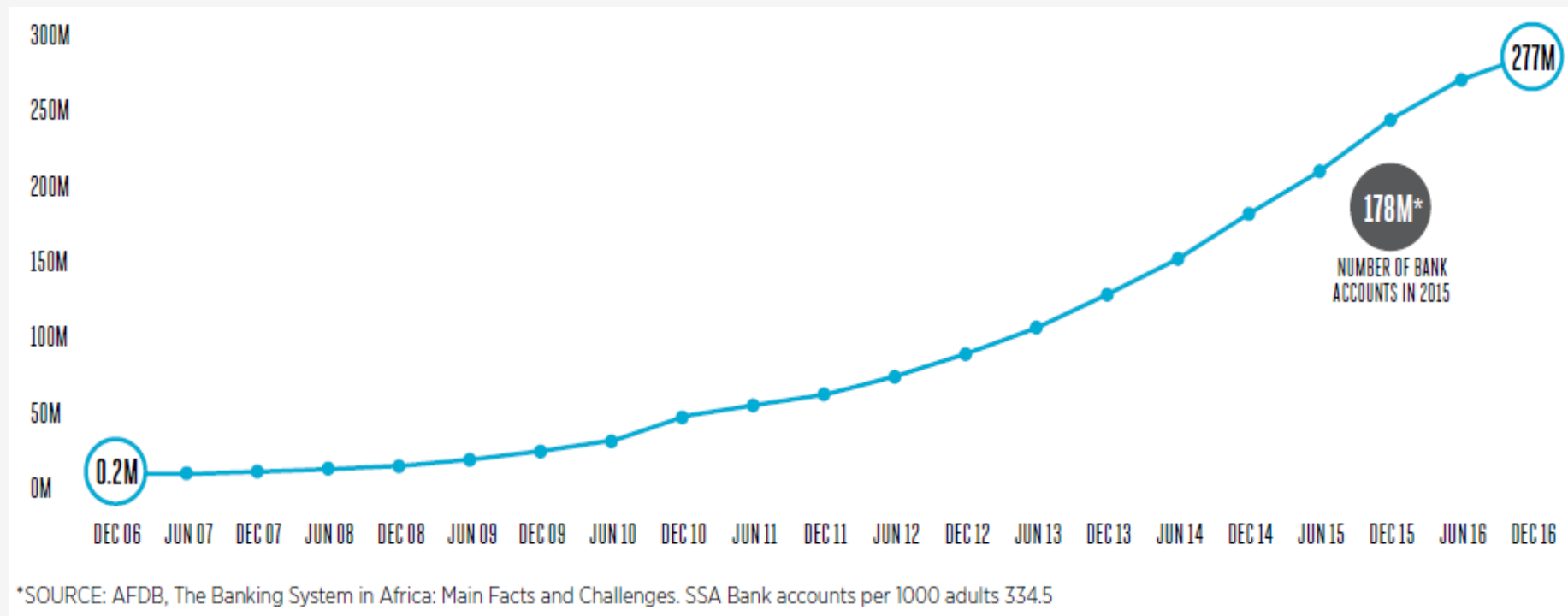


In Sub-Saharan Africa, there were
277 million registered accounts
in December 2016—**MORE THAN
THE TOTAL NUMBER OF BANK
ACCOUNTS IN THE REGION**



Source: GSMA State of the Industry Report 2006-2016, 2017, p.9

Growth of registered mobile money accounts Sub-Saharan Africa



Source: GSMA State of the Industry Report 2006-2016, 2017, p.16

Mobile insurance providers and their outreach




Provider	Countries
BIMA	Bangladesh, Brazil, Cambodia, Ghana, Haiti, Honduras, Papua New Guinea, Pakistan, Paraguay, Senegal, Sri Lanka, Tanzania, Uganda
MicroEnsure	Bangladesh, Burkina Faso, Ghana, Kenya, Madagascar, Malawi, Niger, Pakistan, Zambia
MTN	Benin, Ghana, Guinea
MobiCash	Burundi, Rwanda
Airtel (Bharti Airtel)	Rwanda, Seychelles
Orange	Cameroon, Côte d'Ivoire
Vodafone	Ghana
Safaricom	Kenya
Orange (Sonatel)	Mali
Mobilink (Global Telecom)	Pakistan
Telenor	Pakistan
UBL Bank	Pakistan
Ufone (PTCL)	Pakistan
Personal (Telecom Argentina)	Paraguay
Tigo (Millicom)	Paraguay
Globe Telecom	Philippines
Roshan (TDCA)	Afghanistan
banglalink (Global Telecom)	Bangladesh

■ Sub-Saharan Africa
 ■ Latin America & the Caribbean
 ■ South Asia
 ■ East Asia & Pacific

Mobile money, insurance, and credit & savings providers

Rwanda

Tigo (Millicom)  MTN 
Airtel (Bharti Airtel)   
MobiCash   

-  Mobile money
-  Mobile insurance
-  Mobile credit & savings

Source: GSMA State of the Industry Report 2006-2016, 2017, p.65

Lessons learnt?



Some myths...

“MI policyholders can’t afford to pay premiums”

Many pay far more for informal risk management

“MI is just conventional insurance sold with small premium amounts per risk”

Downscaling reflects a lack of understanding the market

Source: Craig Thorburn, CGAP/Worldbank

Key challenges

1. Low premium and high transaction costs per client
2. Low and irregular income: volume is a key
3. Lack of insurance knowledge
4. Lack of infrastructure
5. Insurance illiteracy
6. Ensure client value
7. Lack of data
8. Regulation



The Munich Re Foundation, the Microinsurance Network and APESEG are pleased to announce the...

Inclusive Insurance for the Mass Market
13th International Microinsurance Conference
7–9 November 2017, Lima, Peru



www.microinsuranceconference.org

Thank you
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