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Foundation**
From Knowledge
to Action



The Landscape of Microinsurance Africa 2015

The World Map of Microinsurance

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In cooperation with



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Legend of Icons

-  **Agriculture**
-  **Property**
-  **Health**
-  **Accident**
-  **Credit Life**
-  **Life**
-  **Endowment**
-  **Savings life**
-  **Pensions**
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The quantitative information presented in this paper does not represent an absolute number of products, clients or other data. Rather, this paper reports what the team was able to identify as microinsurance. Although the data for this study is not an absolute measure of microinsurance in Africa, the data set is large enough to represent the “landscape” of microinsurance and provide an accurate picture of the market and its components.

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Abbreviations

CL	Credit Life	LAC	Latin America and the Caribbean	POS	Point of sale
FI	Financial Institution	MFI	Microfinance Institution	PSF	Family Health Programme
GDP	Gross Domestic Product	MI	Microinsurance	SME	Small and Medium Sized Enterprise
GWP	Gross Written Premium	MM	Millions	USD	United States Dollar ¹
IT	Information Technology	MNO	Mobile Network Operator	WMM	World Map of Microinsurance
KPIs	Key Performance Indicators	PA	Personal Accident		

¹ USD exchange rates are the 2014 period average, sourced from Oanda.com as the average interbank bid rate for the past 1 year, as of Jan 1st 2015.

Foreword by Munich Re Foundation

Microinsurance has been making great progress in recent years. New markets are being explored and new products and operational strategies introduced. A number of governments have started to develop regulatory frameworks to facilitate the development of innovative solutions. As more and more stakeholders see the potential of microinsurance for business and development, the need for a detailed and up-to-date overview of microinsurance activities increases.

In 2006, first results from the ground-breaking study “The Landscape of Microinsurance in the World’s 100 Poorest Countries” were published. Since 2012, annual regional landscape studies initiated by the Munich Re Foundation, co-published with the Microinsurance Network, have provided the data underpinning the World Map of Microinsurance (WMM). The mission of the WMM project is to collect impartial data on the industry in order to reveal market potential, monitor growth, identify trends and promote innovation.

We were very pleased to see that data from the WMM was used in the preparation of the 2015 G7 decision to provide an additional 400 million poor people with insurance against the risks of climate change by 2020. Although this is an unprecedented opportunity, a lot of challenges lie ahead. A better understanding of the data required to support the decision-making process of the various market players is needed. Accessibility and outreach must be improved. In line with the Munich Re Foundation’s motto “from knowledge to action”, we are convinced that reliable data on microinsurance markets is essential to the development of inclusive insurance markets and thus leads to better protection of the poor against various risks.

This new Landscape Study on Africa provides important new information on opportunities for and challenges faced by microinsurance in the region. We are very proud to be an active partner of the WMM project and we would like to thank all other sponsors and partners of this study, especially Making Finance Work for Africa (MFW4A), the Microinsurance Network team, the research team led by the Microinsurance Centre, the German Federal Ministry of Economic Cooperation and Development (BMZ) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

Dirk Reinhard
Vice Chairman
Munich Re Foundation

Foreword by Making Finance Work for Africa (MFW4A)

Insurance protects families, livelihoods and communities from the financial loss of unanticipated events. Vulnerability to risk is a constant in the lives of the poor and a cause of persistent poverty. Microinsurance helps to protect the poor from often catastrophic events and therefore directly supports poverty alleviation.

The *Landscape of Microinsurance in Africa* study provides valuable data that highlights and supports the growth of the industry in Africa. Data facilitates market development by furthering best practices and supporting the development of products that better serve the needs of existing and potential clients.

Whilst penetration rates have improved significantly in Africa in recent years, much remains to be done for the microinsurance industry to achieve its full potential. Africa's penetration rates are less than 5%, well below the rate of 7.8% in Latin America, and the number of lives covered in Africa is less than a third of those covered in Asia.

The *Landscape of Microinsurance in Africa* study is critical to understanding the microinsurance industry in Africa. More importantly, it provides a crucial information platform to engage industry stakeholders – policy makers, regulators, private sector operators and development partners – around the changes needed to enable the sector to play its full role in poverty alleviation in Africa. In so doing, the study brings together three key strands of the activities and mandate of the partnership *Making Finance Work for Africa (MFW4A)*: Research, knowledge management, and advocacy.

The partnership *Making Finance Work for Africa (MFW4A)* is proud to be associated with this study. We are also delighted to be cooperating with the Microinsurance Network, the Munich Re Foundation, the German Federal Ministry of Economic Cooperation and Development (BMZ) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), as well as the MicroInsurance Centre.

We hope that this *Landscape of Microinsurance in Africa* study will make a significant contribution to advancing microinsurance on the continent.

David Ashiagbor
Coordinator
Making Finance Work for Africa

Executive summary

This study reports on the latest activities and current state of microinsurance in Africa, as identified by the latest regional landscape study, as part of the Microinsurance Network's World Map of Microinsurance Programme. The 2014 data presented in this publication were collected from over 200 microinsurance providers representing all 36 of 54 African countries where microinsurance is available. In aggregate, these institutions generated a total of USD 756 million in microinsurance gross written premiums in 2014. In terms of outreach, 61.8 million people, or 5.4% of the total regional population was identified as being covered by some type of microinsurance product.

The study aims to provide a comprehensive understanding of the environment in which both microinsurance and traditional insurers operate, in order to promote sustainability of the microinsurance sector in Africa. With a focus on the needs of insurers, this report is intended as a tool which offers valuable and actionable market intelligence of emerging trends and highlights vibrant shifts in the various markets throughout the region.

Business case: Of the USD 69 billion in premiums generated by the insurance industry in Africa in 2014, USD 756 million were in microinsurance premiums, making up 1.1% of the total. South Africa continues to dominate in terms of premiums but several other countries wrote microinsurance premiums that account for a significant share of their respective insurance markets. Premium growth since the last landscape study in 2011, on an aggregate comparative basis, was 63%. The study identified a downward trend in claims, with loss ratios through-

out the region and across product lines being relatively low, with a median of 25% (32% aggregate) as opposed to the 44% aggregate loss ratio reported in 2011.

In the region, administrative costs, excluding commissions, across all product lines accounted for about 25% of premiums in the aggregate (22% median). A wide range across product lines was found, with agriculture products having the highest proportion of expenses in the aggregate. In an effort to be more cost-effective, the region has continued to increase its use of mobile phones, especially in terms of customer service and marketing. Technology is increasingly being used in premium collection and claims payment, however manual processes still dominate. Fewer than half of the respondents were able to provide clear information on their microinsurance operating expenses and under 25% reported that they account separately for their microinsurance expenses on a regular basis. In terms of commissions, the median across distribution channels was just 10% (aggregate of 17%) with the highest commissions being found in commercial banks as well as in some of the mass market channels. Regarding combined ratios, the data calculated showed clear profitability for more than two-thirds of products. The median combined ratio was 73% (86% median).

MNOs: Emerging as an increasingly popular distribution channel, MNOs products accounted for 13% of total lives covered in the region in 2014. MNO distributed products are inexpensive for clients but not for insurers, with combined admin and commission costs of over 50% (vs. 40% for non-MNO distrib-

More than 200 providers, from 36 of 54 African countries surveyed, reported microinsurance activity. The study identified the following:

USD 756 million	Microinsurance gross written premiums reported
5.4%	of the total population covered
61.8 million	Total identified lives insured ²
46.4	Life
13.1	Accident
16.4	Credit life
8.4	Health
4.5	Property
1.1	Agriculture ³

uted products) and a higher proportion going towards commissions. By almost every measure, claims are much lower for MNO products than for others. Whilst one third of reporting insurers currently have some sort of MNO partnership, and another third have concrete plans to do so, the remainder have either no intention to partner, or some interest but no plans.

Distribution: The shift to mass market products seen in LAC has happened to some extent in the African region. Mass market channels such as MNOs, retailers, and funeral parlours accounted for 44% of the distribution of microinsurance products in the region and also brought in more premiums than any other channel type, with the exception of agents and brokers. The most premi-

² 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.

³ Agriculture covers include government-subsidized insurance programs, which were excluded in the 2011 study.

ums, both in terms of total volume and per-client revenue, are coming from the agent / brokers channel. The study demonstrates that certain channels are better suited for certain product types.

Market growth and evolution: The microinsurance market in Africa experienced a steady growth in lives covered of nearly 30% and premiums grew by 63%. The market showed dynamism with at least 37 new market entrants and nearly 100 new products whilst at the same time seeing 46 products taken off the market and eight providers choosing to discontinue their microinsurance programmes. Most new products were launched in Ghana, Kenya, Zambia, and Nigeria. Common responses provided

for discontinuation of products included regulatory changes, lack of technical know-how, and lack of affordability for clients.

Whilst life covers still dominate the overall market in Africa, the region has experienced some evolution of product complexity: The more complex health, property, and agriculture covers experienced proportionately much higher growth. Insurers are thinking beyond simple life and credit life products, and using bundling as a way to deepen coverage. At the country level, several countries experienced significant evolution in terms of coverage ratio, as well as in the number of providers and types of products offered.

The way forward: Africa as of 2014 has shown many positive developments in the microinsurance sector. Though there is some evidence of a shift to the mass market beginning in Africa, such as in LAC, insurers are still more micro-focused in terms of their future intentions. Market education and financial literacy among consumers, market demand studies to help inform insurers, better distribution channels, regulatory changes, and more use of IT were reported as the top areas that if changed would have the greatest impact on the development of microinsurance. Overall, the developments in microinsurance over the period 2011 to 2014 are healthy and positive, and have created a good foundation for expansion in the future.

1. Introduction

Understanding the environment in which stakeholders operate and do business is crucial to the sustainability and profitability of the microinsurance sector. This study analyses the comprehensive data received by over 200 insurance providers – including but not limited to regulated commercial insurers, mutuals, and some self-insured microfinance institutions – from 36 countries⁴ in Africa, with the goal of providing insurers with essential insights into the microinsurance markets of the region and offering a perspective of products and profitability, premiums and policyholders.

Conducted as part of the Microinsurance Network's World Map of Microinsurance Programme, this regional study is based on 2014 data and is the fourth such study conducted in Africa. Data was provided voluntarily by insurers in response to a formal online survey with follow-up phone calls for clarifications.⁵ More details on the World Map of Microinsurance and the landscape studies can be found in Appendix A, and a detailed methodology is provided in Appendix B.

The study identifies where microinsurance is succeeding or failing and the corresponding triggers. In analysing the data provided, we can better understand the dynamics of microinsurance in the region and the environment in which it operates. The study focuses primarily on the needs of insurers, providing valu-

able and actionable market intelligence of emerging trends and vibrant shifts in the various markets throughout the region and where possible results are also compared across regions.⁶

In 2014, the total insurance industry in Africa brought in USD 69.0 billion in gross written premiums (GWP). This represents a slight, inflation-adjusted growth of 1.6% from 2013 to 2014.⁷ Though the region's industry grew, Africa still holds the smallest share of the world market, accounting for just 1.4% of global gross written premiums in 2014.⁸ It is estimated that only about 6% of Africans are middle class, meaning they earn between USD 10 and 20 per day. Due to booming economies in several African countries and growing interest from investors worldwide, the middle class is projected to grow substantially within the next few decades. However, the current reality is that 39% of people in Africa are poor (earning less than USD 2 per day) and 54% - more than 600 million people – are considered low-income (earning between USD 2.01 and 10)⁹. The implications for microinsurance are many, including an extremely large target market and plenty of room for growth, expansion, and innovation.

Thus, many insurers have also focused on providing products for the low-income market, or "microinsurance" (As defined, for the purposes of this study,

FIGURE 1
MICROINSURANCE DEFINITION

Definition: 3 key criteria



Developed specifically for low-income population



Managed based on risk principles



Affordable

in Figure 1¹⁰, with further details in Appendix B). "Microinsurance" intentionally focuses on the low-income client segment, which provides an opportunity to build a market for the future, as those market participants also rise into the middle class.

⁴ In 18 of the 54 countries no microinsurance was reported.

⁵ Not all insurers participated. Insurers were provided a promise of anonymity of their data. Several respondents from the previous study declined to participate. The products that these institutions offered in 2011 accounted for almost 2 million lives covered (<5% of the 2011 dataset). These products have been excluded from the 2011 data in any analysis comparing 2011 and 2014 data.

⁶ Comparison is made based on the results of the regional landscape study of microinsurance in Latin America and the Caribbean, conducted by the MicroInsurance Centre as part of the Microinsurance Network's World Map of Microinsurance, and on the regional study The Landscape of Microinsurance in Asia and Oceania, conducted by MicroSave prior to the establishment of the World Map of Microinsurance. As the Asia study did not collect data on administrative expenses and commissions, comparisons with Asia are not possible in all instances throughout this paper.

⁷ Swiss Re. Sigma, World Insurance in 2014: Back to Life. 2015. p 34 Web accessed 23 December, 2015: http://media.swissre.com/documents/sigma4_2015_en.pdf

⁸ Ibid.

⁹ Rakesh, Kocher. "Mapping the Global Population: How Many Live on How Much, and Where". Pew Research Center. 2015. Web accessed 23, December, 2015: <http://www.pewglobal.org/2015/07/08/mapping-the-global-population-how-many-live-on-how-much-and-where/>

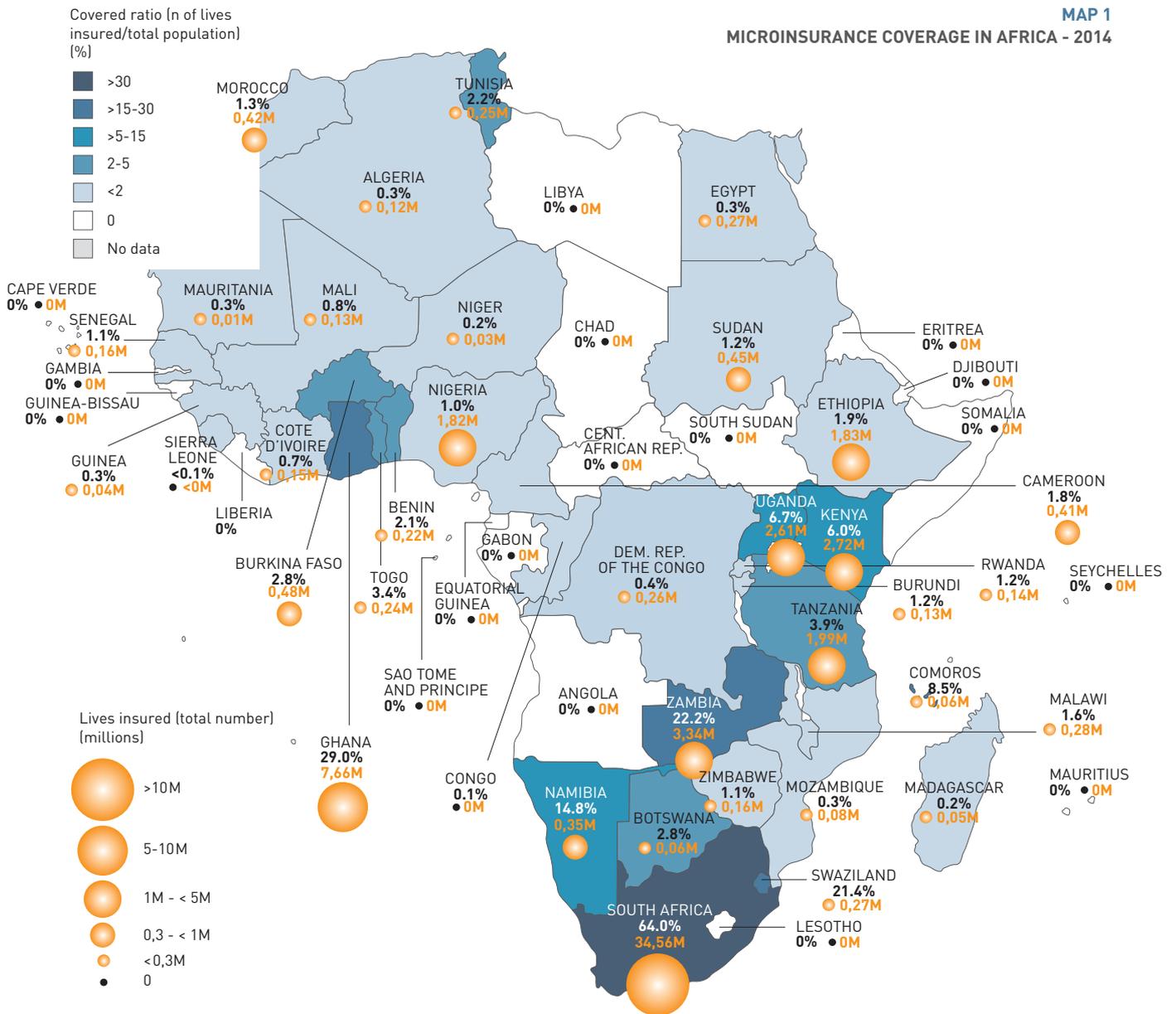
¹⁰ Note that the data in this report responds to the definition of the World Map of Microinsurance Programme and does not necessarily reflect the definition of the jurisdiction in which the insurance is offered, nor the internal definition within a particular institution.

2. Landscape of micro-insurance in Africa: 2014 snapshot

A total of **61.8 million Africans** were identified as being covered by micro-insurance as of the end of 2014. Map 1 below provides a snapshot of microin-

surance coverage ratios by country, indicated by the shading, and total lives covered, indicated by the size of the bubble. Figure 2 provides key indicators at

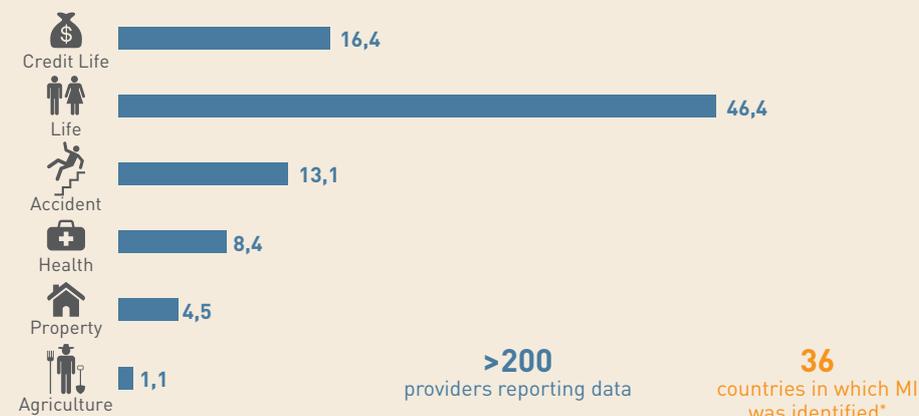
the regional level, and for context Table 1 provides key coverage data from the prior three landscape studies in Africa (2005, 2008, 2011).



¹¹ Coverage ratio calculated as identified lives insured by microinsurance / total population.

FIGURE 2
KEY FIGURES

Identified lives insured by product type (millions)



Microinsurance gross written premium reported



* The 2011 microinsurance gross written premiums amount has been adjusted to 2014 USD to account for exchange rate fluctuations.

* The following countries were included in the study but reported no MI in 2014: Angola, Cape Verde, Central African Republic, Chad, Djibouti, Equatorial Guinea, Eritrea, Gabon, Gambia, Guinea-Bissau, Lesotho, Liberia, Libya, Mauritius, Sao Tome and Principe, Seychelles, Somalia, South Sudan.

TABLE 1
MICROINSURANCE COVERAGE IN AFRICA OVER TIME

	2005	2008 ¹²	2011	2014	Comparable growth ¹³ (2011-2014)
Coverage ratio (proportion of total population covered by one or more microinsurance products)	0.40%	1.80%	4.40%	5.40%	N/A
Total identified lives insured¹⁴	3.5 ¹⁵ million	14.7 million	44.4 million	61.8 million	29%
Life	0.1	9.2 ¹⁶	33.9	46.4	25%
Accident	1.6	N/A	2	13.1	487%
Credit life	1.9	7	8.8	16.4	88%
Health	1.5	1.9	2.4	8.4	522%
Property	0.3	0.3	0.8	4.5	308%
Agriculture¹⁷	0	0.1	0.2	1.1	564%

¹² Matul et al, March 2010. The Landscape of Microinsurance in Africa, Geneva: ILO.

¹³ Comparable growth rates from the 2011-2014 period were calculated using only institutions that provided data during both study years plus new market entrants. The 2008 and 2005 data displayed in the table are what those respective studies identified and are not necessarily comparable to the two most recent years of data.

¹⁴ 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.

¹⁵ Note that the 2005 study did NOT include South Africa, which comprises a significant share of the total market. Data from Roth, et al. 2007. The Landscape of Microinsurance in the World's 100 Poorest Countries. Appleton: MicroInsurance Centre.

¹⁶ For 2008 data only, lives covered by life and accident covers were reported together.

¹⁷ Agriculture covers include government-subsidized insurance programs, which were excluded in the 2011 study.

3. Business Case

Premiums

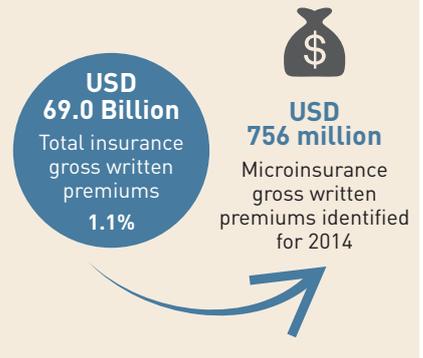
Relevance to total industry. The total identified microinsurance market amounted to almost USD 756 million in gross written premiums in 2014. This represents 1.1% of the total insurance industry in Africa (Figure 3), up from 0.8% as identified in the 2011 study, and almost double that found in Latin America and the Caribbean (LAC). South Africa continues to dominate the market, accounting for 80% of premiums, similar to the proportion identified in the 2011 study, and slightly more than the 72% of premiums it accounts for in the traditional insurance market. Some other African countries are starting to see microinsurance premiums compose a more significant share of the total insurance market; for example, microinsurance premiums account for 14% of the total market in Burkina Faso, 7.5% in Swaziland, more

than 6% in Ethiopia, Tanzania and Togo, and 5.4% in Zambia (Map 2).

Premiums were collected primarily on life products (58%), with another third for bundled or composite products offering more than one type of coverage (Figure 4). As seen in LAC, less than 5% of premiums were for stand-alone property or health coverages, as these more complex covers are largely offered as part of a bundle.

Microinsurance premium growth. Premium growth on an aggregate comparative basis¹⁸ was 63% for the three-year period 2011-2014. This seems to be quite an impressive growth, though not directly comparable with Swiss Re's traditional industry growth estimate of 1.6% for the last year.¹⁹ The microinsurance premium growth was driven by South Africa at 66% (Figure 5).

FIGURE 3
AFRICA GROSS WRITTEN PREMIUMS: TOTAL INDUSTRY AND MICROINSURANCE



A number of countries with lower premium volumes experienced much higher premium growth rates, such as Tanzania (426%), Namibia (701%), and Zambia (2075%). Conversely, several countries actually experienced a decline in premiums, such as Zimbabwe (-87%) and Uganda (-74%). More information regarding premiums

FIGURE 4
MICROINSURANCE GROSS WRITTEN PREMIUM BY PRODUCT TYPE

Bundled products include all products that provide more than one type of coverage. All other product types represent premiums for products only offering a single type of coverage.

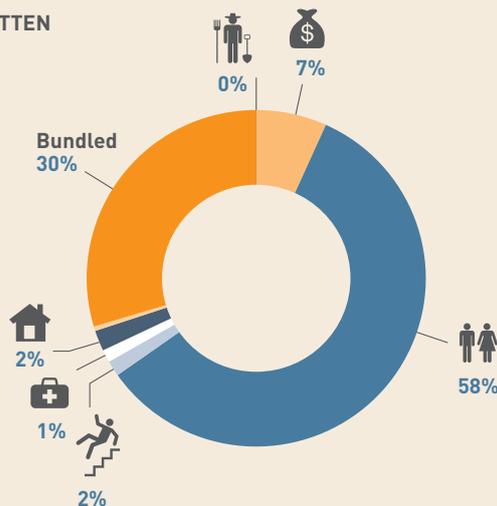
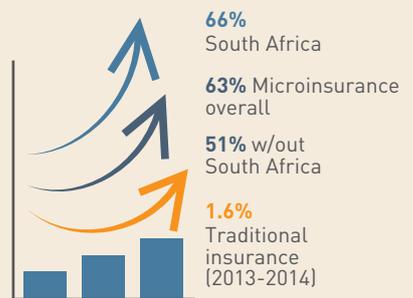


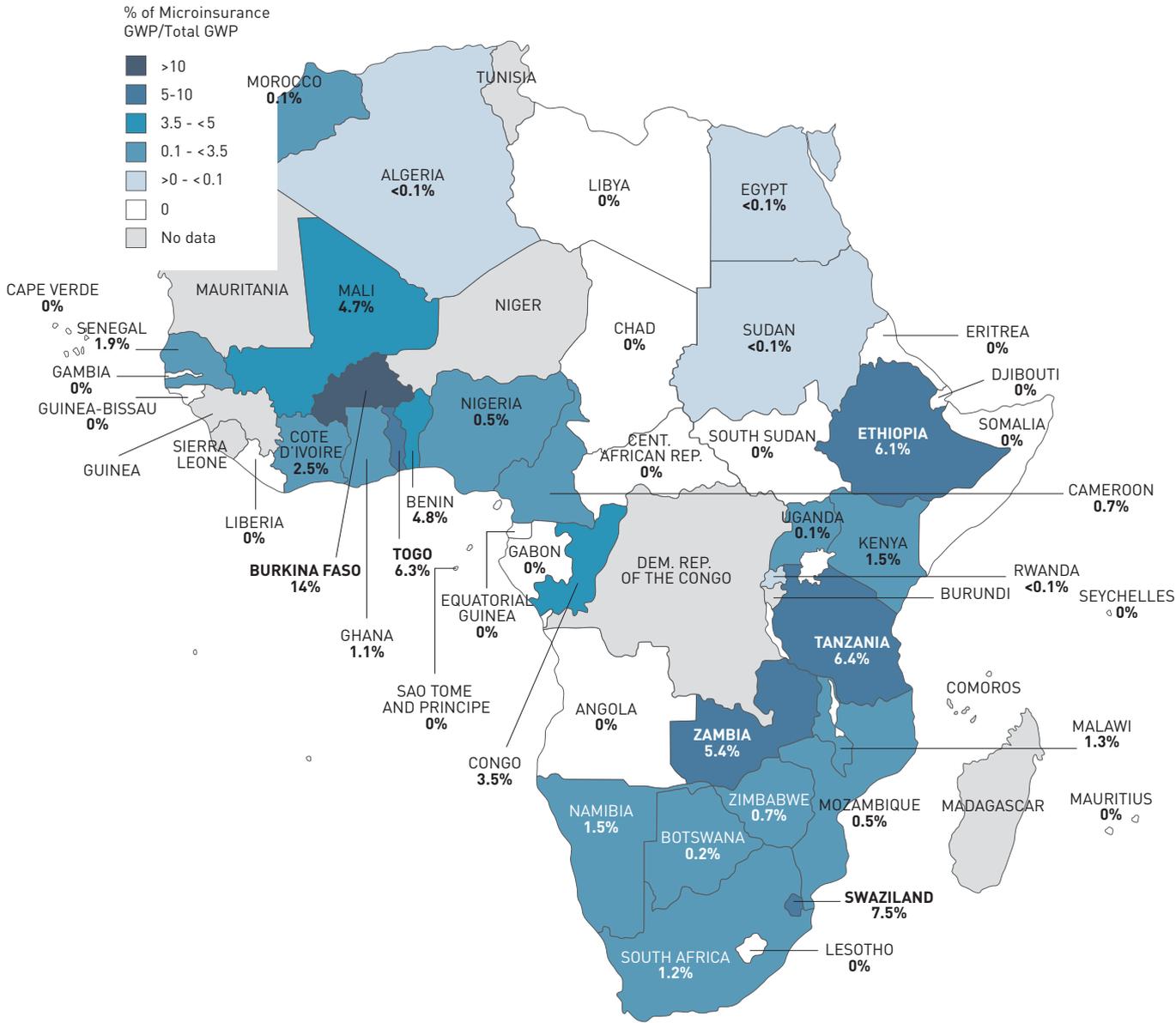
FIGURE 5
COMPARABLE GROWTH IN GWP, 2011-2014



¹⁸ Comparable growth rates were calculated using adjustments for exchange rate fluctuations from 2011 to 2014, and are based on data only from those companies that reported data in both periods, plus new market entrants.

¹⁹ Estimate provided for context, but comparability is unclear, as the Swiss Re estimate is for a one-year period (versus this study's three-year period), and it is not certain how / whether exchange rate fluctuations are considered (this study converted 2011 data to 2014 USD). Source: Swiss Re. Sigma, World Insurance in 2014: Back to Life. 2015. p 34

MAP 2
MICROINSURANCE GWP AS PROPORTION OF TOTAL INDUSTRY GWP

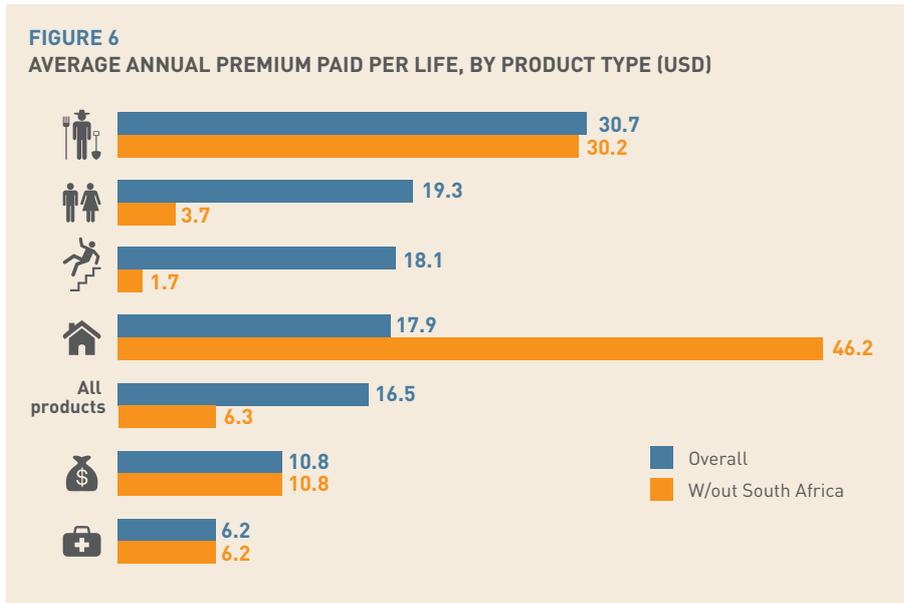


at the country level can be found in Appendix C1.

To some extent the solid overall growth in microinsurance premiums in the region reflects an increase in outreach, or more people buying insurance: The related growth in number of insured was 35%.²⁰ In the case of South Africa, increase in insured was just 4%, indicating that perhaps the increase in premium is due to rising average price levels. For example, one insurer dropped an embedded insurance product which had previously covered more than a million people, but was inexpensive and didn't bring in very much premium.

Outside of South Africa, we find 51% growth in premium, combined with 69% increase in lives covered – an indication that more people are being covered with lower-priced products. Indeed, as basic product types are dominating the market, very low premiums (averaging about USD 16.5 per life per year, or USD 1.3 per month) were perhaps unsurprisingly found rather consistently across the region. Take away South Africa, and the average annual premium was just USD 6.3 (Figure 6. Average annual premium paid per life, by product type (USD)). This low premium is due to a subset of products that offer very low premiums for limited coverage. For example, 20 insurers provided data for mobile network distributed programmes; these programmes accounted for 13% of the identified lives covered in the region, but just 1% of the total written premiums. In many cases, the average premium paid per person per year was less than USD 1.

By product type, agriculture and property covers had the highest average premiums per life, whilst life and accident covers came in next around USD 19.3. But here again we see the pull of the larger and relatively wealthier South African market – when excluded, the average premiums for life and personal accident products drop to USD 3.7 and USD 1.7 re-



spectively. Health premiums seem low at just USD 6.2, but when this is broken up into comprehensive health covers – primarily offered by community-based mutuality in West Africa – and other smaller 'slices' of coverages such as critical illness or hospital cash covers, we see a clear difference, with comprehensive products being almost 3 times as expensive (Figure 7. Avg. annual premium paid per life, health covers (USD)). At the country level, average annual premiums ranged from USD 1 to USD 44, representing between 0.05% and 5.8% of GDP per capita within those different countries.

Compared to premiums paid in 2011, the premiums in 2014 were higher across all product categories except health (Figure 8). Personal accident premiums overall are higher because insurers in South Africa – a relatively expensive market – have begun to offer this coverage. Without South Africa, the increase from USD 0.6 to 1.7 is more moderate. Property and agriculture products also showed significantly higher premiums paid per life in 2014, which might reflect pricing adjustments to cover the higher administrative

costs of these products. The premiums for 2014 also include premium subsidies, which were not accounted for in 2011; these account for almost 20% of premiums for agriculture products.

Although low premiums must cover claims, administrative and distribution costs, most insurers in this market are finding this a profitable business, as the following sections will show.

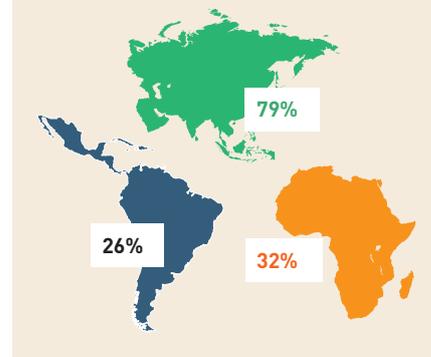


²⁰ That is, the growth includes only those products for which data on premium and lives covered is available for both time periods.

FIGURE 8
AVG. PREMIUM PAID PER LIFE, 2011-2014 (USD)



FIGURE 9
AGGREGATE CLAIMS RATIOS BY REGION



Claims

Claims ratios throughout the region and across product lines are relatively low, with a median of 25% (32% aggregate).²¹ Compared with an aggregate claims ratio in 2011 of 44%, this shows a downward trend in claims, making Africa more closely resemble LAC than Asia in terms of claim experience (Figure 9).

Naturally the overall claims ratios are driven by the life products, which are more prevalent. Other than agriculture

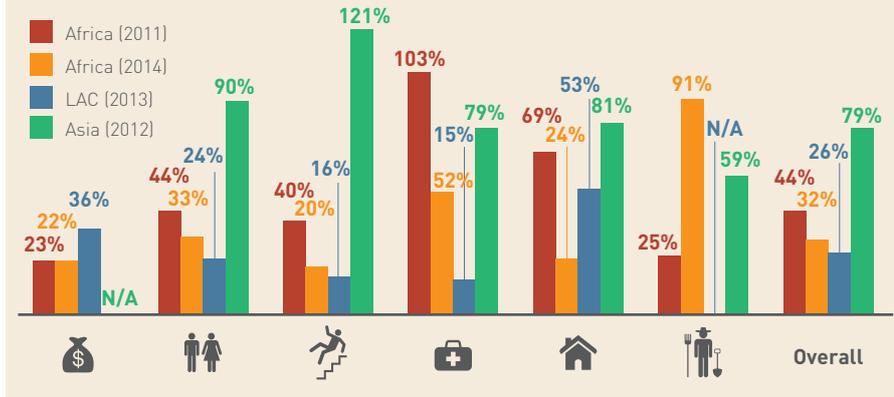
products, which can vary dramatically from year to year and for which several index products had large pay-outs in 2014, every type of product experienced lower claims in 2014 than in 2011 (See Figure 10. Aggregate claims ratios by primary product type).²²

Figure 11 contains a more detailed breakdown of the dispersion and average claims ratios by product type in Africa. Once again we see a division in health products, as a further breakdown of coverage shows that comprehensive health

covers, at 62%, had an aggregate claims ratio almost double that of sliced health covers (e.g. critical illness, hospitalisation), at just 33%.

In 2014, two out of every three products report claims ratios lower than 40%. Almost one-third of products were reported as having a claims ratio of 10% or less. These statistics are very similar to what was experienced in LAC in 2013. Such low ratios may prove counterproductive in terms of building an insurance market, and are ultimately a problem for clients and providers alike. Payment of claims, when they are legitimately due, are key to expanding the market. Indeed, several insurers expressed concern at the low experience of claims, primarily for newer products on the market, and one respondent even indicated that the lack of claims was worrisome and believed to be the cause of lack of success in product sales. Box 1 provides some hypotheses for why claims experience is low, based on some clues in the landscape data.

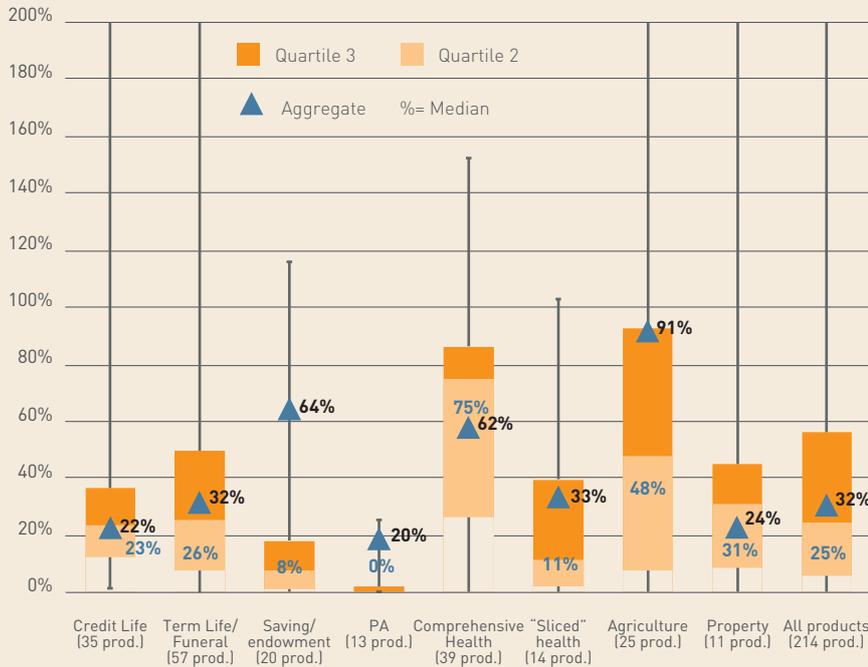
FIGURE 10
AGGREGATE CLAIMS RATIOS BY PRIMARY PRODUCT TYPE



²¹ Claims data was reported for 80% of products, representing just over 90% of the identified premiums and 2/3 of lives covered. Ratios were calculated as claims paid over gross written premiums. Aggregate claims ratio was calculated for all products reporting both claims and premium data, as total reported claims paid / total reported gross written premiums. See Appendix B for more information regarding the methodology.

²² Data for LAC from the 2014 landscape study conducted by the MicroInsurance Centre. Data for Asia sourced directly from Mukherjee et al., 2014. The Landscape of Microinsurance in Asia and Oceania 2013. Jointly published by the Munich Re Foundation, GIZ-FRPI, and the Microinsurance Network.

FIGURE 11
CLAIMS RATIOS BY PRIMARY PRODUCT TYPE



BOX 1
WHY ARE CLAIMS RATIOS SO LOW?

The following possible explanations stem from the qualitative and quantitative data reported to the study. Due to the nature of the data, this discussion does not claim statistical significance or concrete evidence, but rather is meant to be a discussion of potential challenges with attaining desired claims ratios and providing value to clients.

Incorrectly priced? The low claims might be a factor of over pricing or not providing sufficient benefits. The low-income market is disproportionately vulnerable to risk as compared to the traditional market (e.g. correlation between poverty and health issues, living and working in riskier environments that make homes and business more vulnerable, etc.), and thus microinsurance demands a higher risk premium per unit of coverage when pricing. However, due to a lack of available data on the target market and still relatively limited claims experience data, insurers may over compensate

their loading when pricing. When asked to rank the top three interventions that would have the greatest impact on the development of microinsurance in their country, just over 20% of insurers responding to the study selected “actuarial tables covering the low-income market” as one of the top three.

Legitimate claims are not being made?

In addition to less than optimal pricing, the data can also provide insights into reasons why claims are not being submitted, even if due. For comparison purposes, “low” claims ratios are defined as those less than 20%. We then looked at characteristics of products with “low” claims compared with all the rest and identified a few potentially key differences (see graphs below).

- **It might just be a matter of time:** The African region reported almost 100 new products launched in the last two years, and there simply has not

been enough time to gain traction and experience the target claims. 38% of products with claims ratios below 20% were launched in either 2013 or 2014, whilst just 18% of products with higher claims ratios were recently launched. This might indicate a lack of confidence in existing experience data and thus a heavy loading of premium, or it might indeed reflect a lack of awareness, primarily by beneficiaries. Particularly for life products, whilst the insured may know of the

Products with “LOW” claims ratios (<20%) compared to all others...

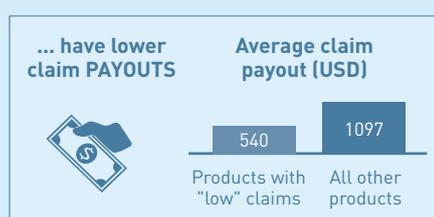
... are NEWER



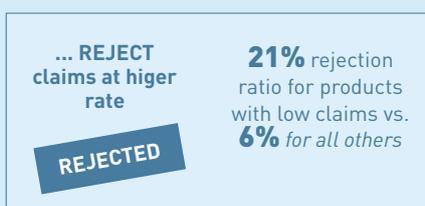
38% of products with low claims were launched in last 2 years, compared to 18% of products with higher claims

coverage, it is really the beneficiary who needs to be aware of and educated on how to file a claim.

- **Benefit amount:** It might be that the value of the claim pay-out is less than the hassle of getting it, even for low-income people. The average claim pay-out for life products with claim ratios less than 20% was just USD 540, compared to USD 1100 for products with claim ratios greater than 20%.

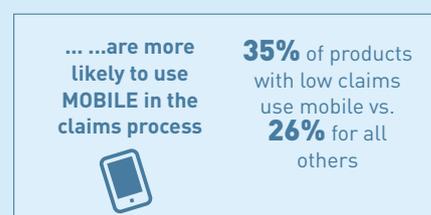


- **Lack of understanding:** Lack of awareness and understanding has long been pointed to as a reason for both low sales and low claims. The average rejection ratio for products with less than 20% claims was an extremely high 21%, compared with just 6% for products with higher claims ratios. The number one reason given for why claims were rejected was that the claim was made during the waiting period. This points to a clear lack of understanding of the product



on the part of clients, and ultimately, failure on the part of the provider to inform clients of the product features. The number two and three reasons for claim rejection also point to lack of informing: exclusions / outside scope of coverage. Fraud and lack of proper documentation tied for the fourth most frequently cited reason for claim rejection, with the latter relating again to providers failing to adequately inform their clients. Rather than lack of understanding / failure to inform, this could also be viewed as a need for simpler product design.

- **Complex claims processes:** Whilst mobile phone technology has been hailed as a potential cost-saving technology, if not implemented correctly, it may also have the opposite effect of putting up barriers for some. One respondent notes that a first line of claims response was an automated phone system that screened eligibility; customers had a hard time getting past this and to date almost no claims had been filed. Of the products that had a claims ratio of less than 20%, over a third use mobile phones in the claims process, versus just a quarter for those with higher claims ratios.



Insurance understanding and awareness are already considered a major challenge for insurers, as will be discussed later in this paper. Paying claims where due can be a powerful market builder and educator. Conversely, exceptionally low claims ratios, whether due to lack of communication and understanding, complex processes, or poor product design, can be counterproductive.

Administrative expenses

One of the most important components of financial success in microinsurance is the ability to minimise administrative costs: Business profitability and value for clients is predicated on low administrative costs. In the region, administrative costs (excluding commissions) across all product lines accounted for about 25% of premiums in the aggregate (22% median).²³ There is a wide range across

product lines (Figure 12. Administrative expense ratios by product type), with agriculture products expenses having the highest proportion of expenses in the aggregate. This is driven, however, by a few larger programmes, some of which are supported by significant government subsidy. The high aggregate administrative cost in personal accident products is driven by one larger programme, but the majority of products are more efficient, as evidenced by the median of 16%. Health products in general have significantly lower administrative ratios

than their counterparts in Latin America. Life products, which dominate the market, should be easier to administer, but the region still saw 22% of premiums go toward administrative expenses (24% median across life products). Credit life products, which should be even simpler to administer, have higher average costs; this is likely due to the fact that two-thirds of credit life products offer a secondary cover, such as a term life, personal accident, and even health, thus increasing the required inputs and efforts.

²³ Administrative cost data was reported for almost 150 products, accounting for a premium base of USD 241 million (32% of total premiums identified). Ratios were calculated as administrative expenses (excluding commissions) over gross written premiums. Aggregate is calculated for all products reported both admin expense and premiums, as total reported admin expenses / total reported premium. See Appendix B for more information regarding the methodology.

FIGURE 12
ADMINISTRATIVE EXPENSE RATIOS BY PRODUCT TYPE

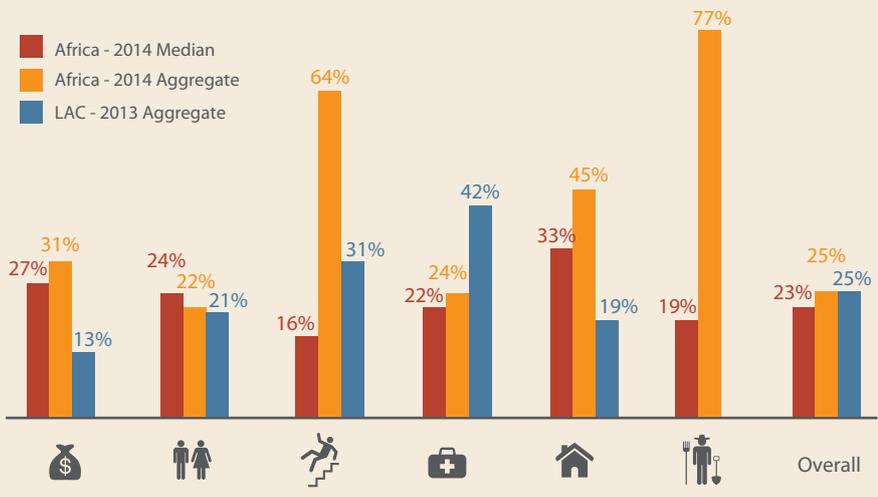


FIGURE 13
USE OF MOBILE PHONES IN INSURANCE PROCESSES

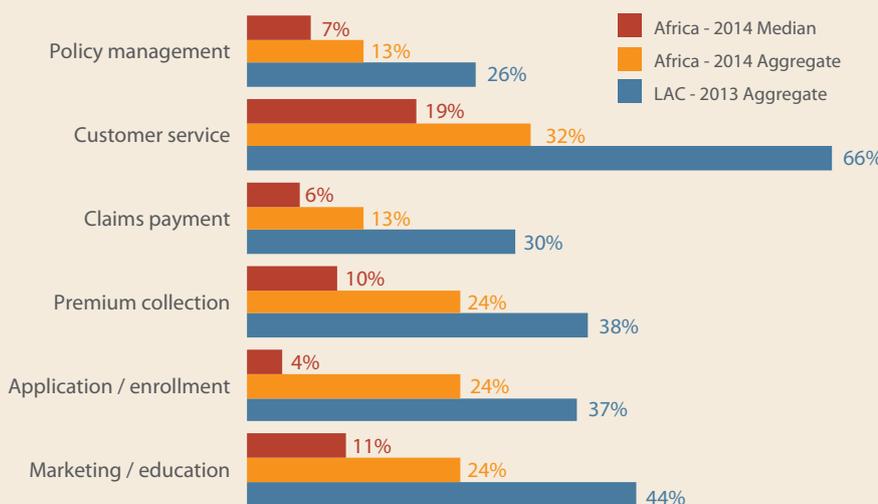
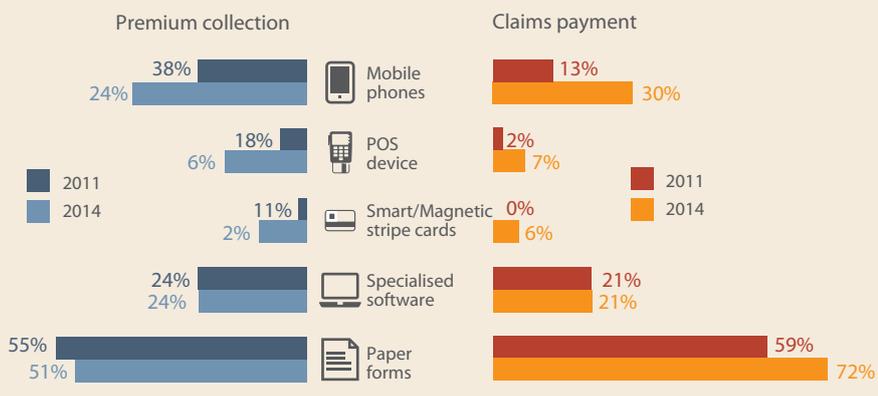


FIGURE 14
USE OF TECHNOLOGY IN PREMIUM AND CLAIMS PAYMENTS



A number of insurers reported little to no administrative expense, with the justification that the distribution channel has taken on the vast majority of the administration. Thus higher commissions will be justified in some cases, as shown in the next section. Fewer than half of the respondents to the study were able to provide clear information on their microinsurance operating costs, and most of them only after conducting ad hoc costing exercises for the purposes of this study. **Two-thirds of insurers said they measure the performance of their microinsurance operations** with key performance indicators, **yet just under 25% of insurers** reported that they **account separately for microinsurance expenses**. The proportions of insurers measuring financial performance and accounting separately for microinsurance expenses are only slightly higher than the proportions observed in 2011. Without understanding the cost structure of microinsurance offerings it is impossible to clearly understand the profitability of the product. A “low” claims ratio does not necessarily translate into profits. Administrative expenses are important components to the profitability equation. Without understanding these costs – direct and indirect – insurers are operating blindly.

Technology is increasingly necessary for cost-effective transactions in microinsurance at both the front end and the back end. The region continues to increase its use of mobile phones to reduce costs whilst improving customer contact. Compared with 2011, there have been significant increases in the proportion of insurers using mobile phones in all areas surveyed, but the largest increases were in the areas of customer service and marketing / education (Figure 13). In terms of payments, use of technology is increasing, particularly for premium collection, and less so for claims payment. More than a third of insurers are now using mobile phones for premium collection (up from 24% in 2011), almost 20% use a POS device, and another 11% use smart cards or magnetic stripe cards. Not as many insurers are using mobile yet for claims payment, but the 30% is a significant increase over the 13% doing so in 2011. For both pre-

mium and claims payments, more than half of insurers are still using paper or manual processes (Figure 14).

Commissions

In terms of costs of distribution, there was little evidence of the excessive fees seen in Latin America. Median commissions across channels were just 10%, with an aggregate of 17%, though in a few cases commissions of 30% or higher were reported (Figure 15).²⁴ The highest commissions were found in commercial banks, as well as in some of the mass market channels such as MNOs and retailers (See Figure 16) Member organisations unsurprisingly have very low commissions (usually more of a service fee), and the low median reflects a number of mutual health organisations which have no commission or distribution fees.

On a product level, life products have higher commissions (Figure 17), which might be a function of the channels they are distributed through – largely banks, mass channels and brokers.

FIGURE 15
PROPORTION OF PRODUCTS WITH COMMISSIONS GREATER THAN 30%

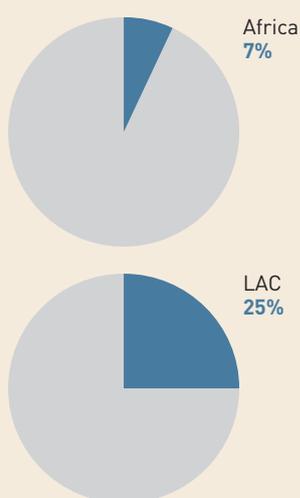


FIGURE 16
COMMISSIONS BY DISTRIBUTION CHANNEL

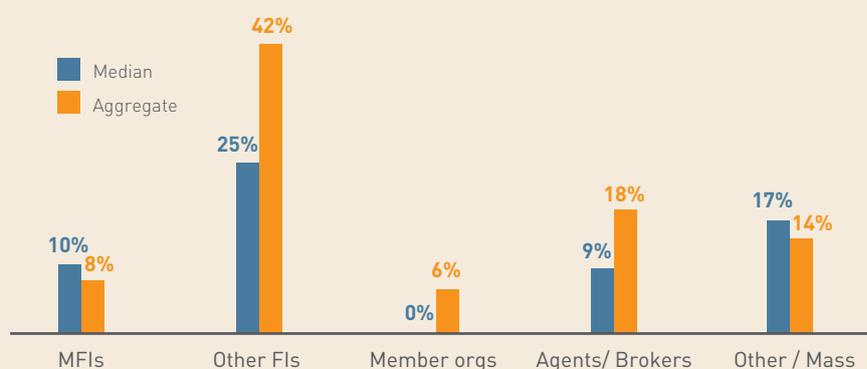
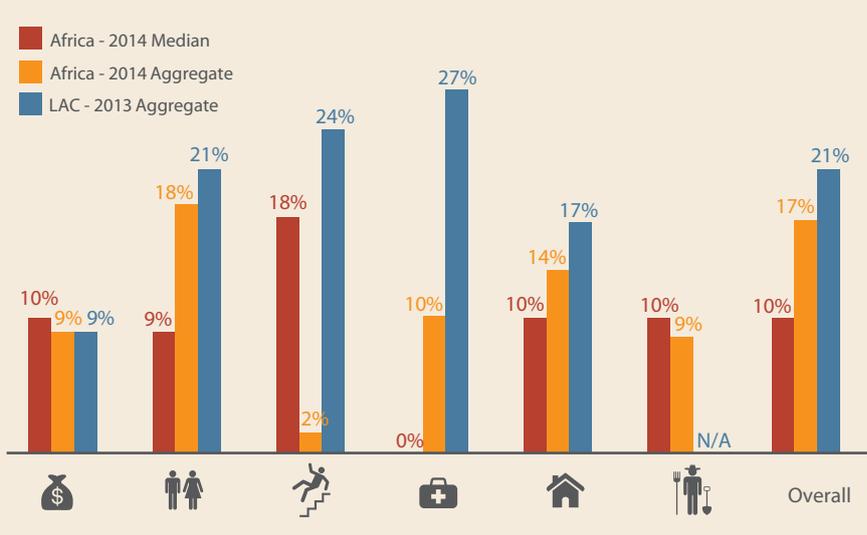


FIGURE 17
COMMISSIONS BY PRIMARY PRODUCT TYPE



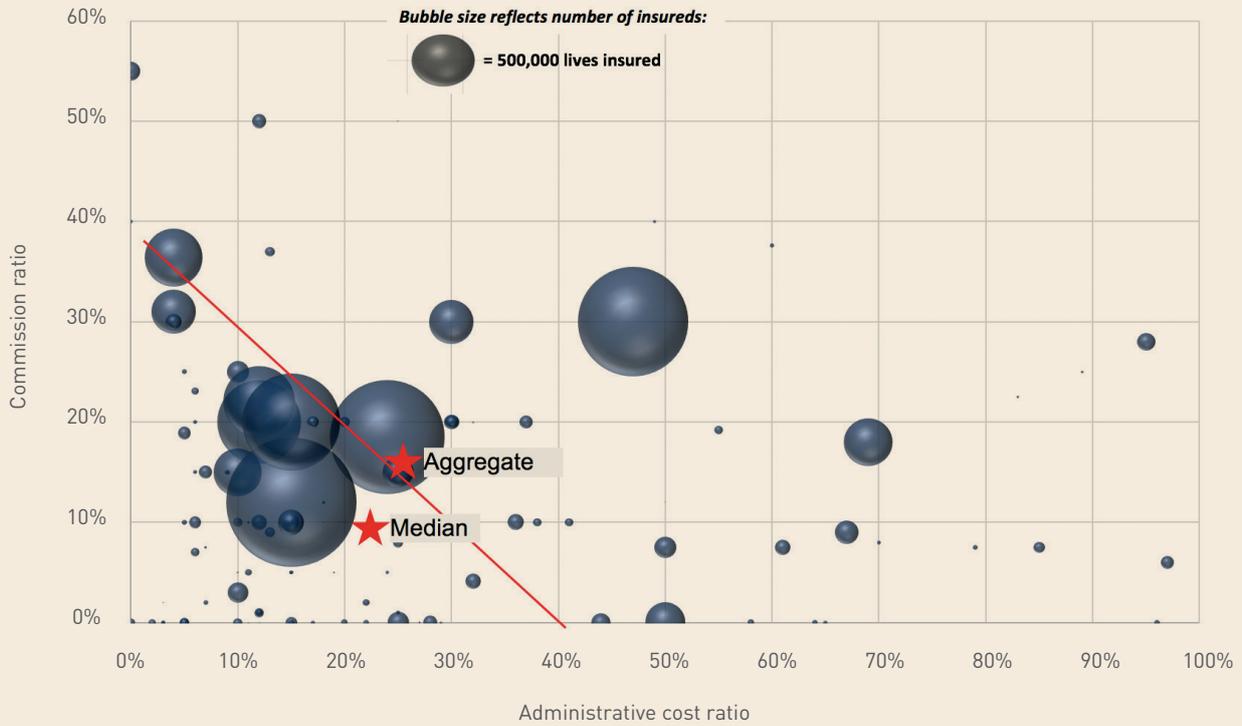
When compared against administration costs, we again look for a trade-off: Higher commissions should imply that the distribution channel is working for the money and taking on much of the administration, thus reducing the cost to the insurer. Several insurers indeed noted that their administrative costs were quite low because the partner had taken on more of the responsibility. To some extent we can see this in the data. Few

products lie outside of 40% total admin + commission (Figure 18). Those that do are primarily experiencing high expense ratios because of low scale (fewer lives insured, indicated by the smaller bubbles to the right of the chart) and thus proportionately higher administration costs. Only five products have both commissions and admin beyond 20%, and these all have very small premium bases.

²⁴ Commission data was reported for 179 products, accounting for a premium base of 535 million, or 70% of reported written premiums, and more than 50% of identified lives covered. Aggregate commissions are calculated for all products which reported both commission and premium data, as total reported commissions / total reported gross written premium.

FIGURE 18
COMMISSIONS VS. ADMINISTRATIVE EXPENSES

... do higher commissions lead to lower admin expenses for insurers?



Combined ratios – is it profitable?

Taken together, do the key ratios of claims, administrative expense, and commissions indicate a business case for microinsurance? Looking at the subset of products for which all three indicators were reported, the data calculated for combined ratios showed clear profitability for many products.²⁵ The aggregate combined ratio was 86% (73% median), well above

LAC’s 64% aggregate.²⁶ In addition, the range of experiences in Africa is much larger than was found in LAC. Almost one-third of products were reported as having combined ratios of more than 100% (compared with just a handful in LAC), and on the other end of the spectrum, more than half were below 75% (Figure 19). The one-third of products with non-profitable combined ratios were much smaller in scale compared to the overall outreach (averaging 42,000 insured, as compared to an average of

153,000 insured overall). The over-100% combined ratio products seem to be driven by the administrative expenses, which account for 66% of premiums in these products (compared to the 25% seen in the overall set of products).

By product type, ‘sliced health coverage’, term life and funeral, and credit life products experience the lowest combined ratios. As shown in Figure 20, with relatively low claims ratios for these products and a comfortable mar-

²⁵ All of the KPIs necessary to calculate combined ratio were provided for 135 products (50%), accounting for USD 238 in premium (32% of the total identified microinsurance premiums). Combined ratios were calculated by summing the claims ratios, expense ratios, and commission rates for each product. More information regarding methodology can be found in Appendix B.

²⁶ The data in this section is limited to the subset of products for which all the component KPIs were reported; thus, the individual indicators have different results than when examined individually with larger data sets. For example, many respondents chose only to report claims, and thus when looked at individually the data set is larger.

FIGURE 19
RANGE / DISTRIBUTION OF COMBINED RATIOS IN AFRICA AND LAC

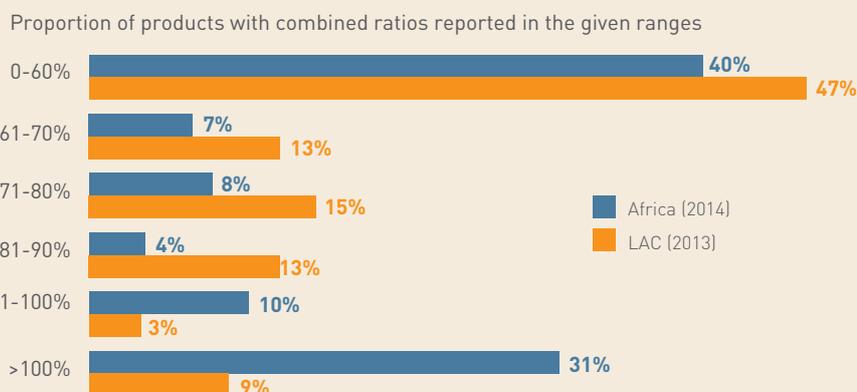


FIGURE 20
COMBINED RATIOS BY PRODUCT TYPE

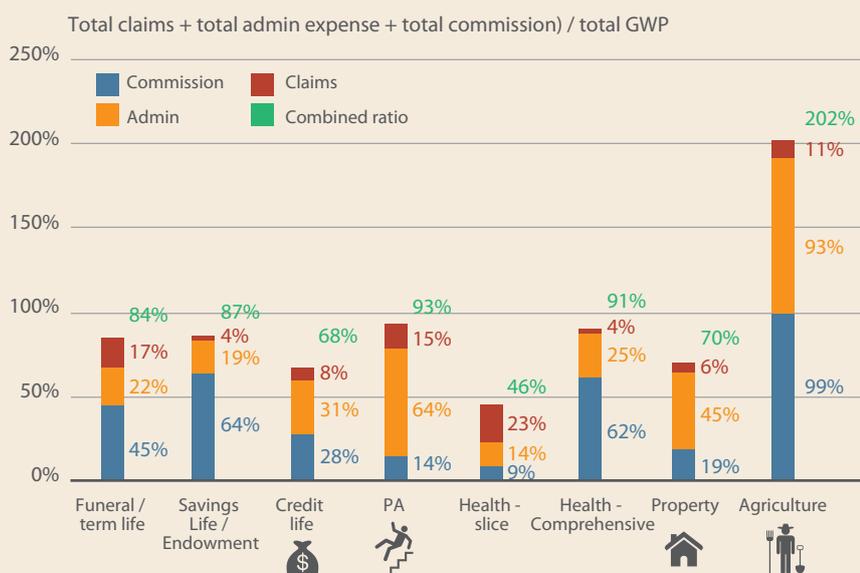
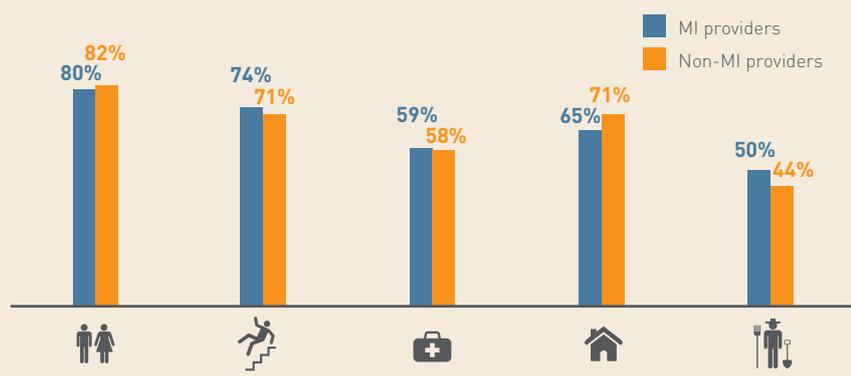


FIGURE 21
INSURERS' PERSPECTIVES ON THE PROFITABILITY OF MICROINSURANCE

% of providers indicating high or marginal ability to offer MI profitably



gin, there is room for insurers to improve value for clients moving forward. Health and property covers have demonstrated that they can be profitable as well. **Half of reported agriculture products had combined ratios under 100% in 2014;** those that were beyond 100% included a handful of index-based products that experienced large pay-outs in 2014, along with a few newer and smaller programmes that had high costs of set up and administration, resulting in higher administrative expense ratios.

In terms of improving value for clients, can we expect microinsurance claims ratios much higher than 60%? The data in Figure 20 would tell us no, at least not with admin expenses and commissions as they currently stand. **With few exceptions, 60% claims ratios would push combined ratios to at or above 100% regardless of product type,** leaving little for insurers who will likely seek a higher margin for serving a higher risk market.

Clearly the industry is seeing and taking up the evidence that there is room for profits in microinsurance. As shown in Figure 21, with the exception of agriculture, the majority of insurers believe there is high or at least moderate ability to offer all types of microinsurance profitably. The perceived profit potential is of course strongest for life and accident, which is supported by the actual experience as reported to the study (Figure 22). Interestingly, in terms of perception there is little to no difference between those insurers who are actually offering microinsurance (the blue bars in the figure), and those insurers who are not offering microinsurance (orange bars), with those not in the market actually being slightly more optimistic. This indicates that profitability – or at least the perception of it – is not the key issue that is keeping insurers from venturing into microinsurance.

FIGURE 22
PROPORTION OF PRODUCTS WITH COMBINED RATIOS <100%, BY PRODUCT TYPE

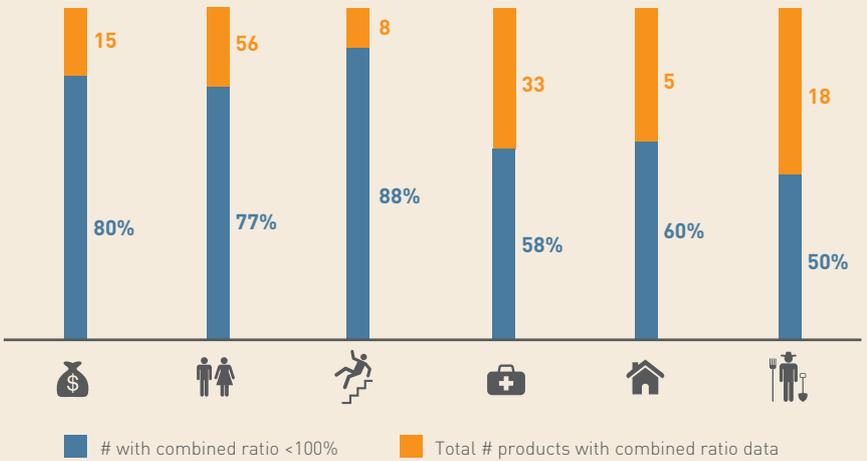
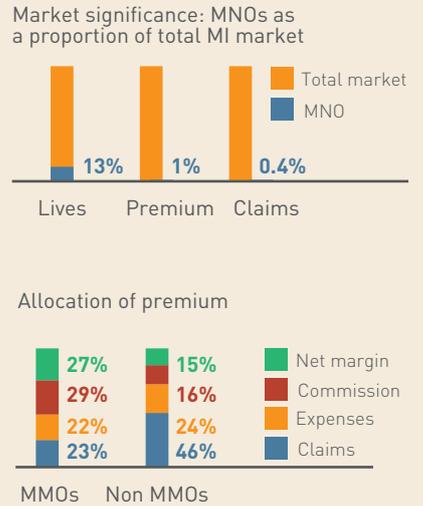


FIGURE 23
MOBILE DISTRIBUTION



Data reflects the subset of products for which all 4 data points – premium, claims, admin, and commissions were reported. One outlier was excluded from the MNO-distributed group, as a very high expense ratio with a relatively high premium base was distorting the overall picture.

Spotlight on MNOs

MNOs have made headlines in recent years, warranting a closer look.

Outreach. It is clear that products distributed via MNOs have managed to reach scale and gain high volumes of clients: Mobile products accounted for 13% of the total identified lives covered in the region. Within these, automatic or embedded coverages were clearly the best at scaling up, covering over 1 million lives on average, versus voluntary opt-in programmes, which averaged just over 140,000 clients each.

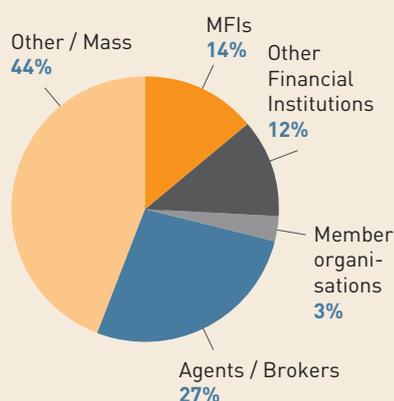
Business case. Whether automatic or voluntary, MNO distributed products are inexpensive, averaging just USD 0.65 in annual premium per person compared with almost USD 20 for non-MNO products. As such, they only account for 1% of the total microinsurance premiums reported to the study. Whilst the products may be inexpensive for clients, they are proportionately more expensive for insurers, who face a combined admin and commission cost of over 50% (vs. 40% for non-MNO distributed products), with a higher proportion going towards commission. With higher costs, this leaves

less for claims. By almost every measure, claims are much lower for MNO products than for others. The median claim ratio for mobile products was just 3%, with a 21% average, and 23% aggregate (total claims over total premiums). For now, it would seem insurers are left with a comfortable margin.

Perceptions. Aside from the quantitative data reported, qualitative questions were also asked of insurers regarding their current status and future intentions for partnering with MNOs. Whilst one third currently have some sort of partnership, and another third have concrete plans to do so, the remainder have either no intention to partner, or some interest but no plans. Indeed, the cost of using this channel was a key concern for providers who are not yet doing so, and respondents cited high cost of investment and expensive revenue sharing models as issues when partnering with MNO's. A second major concern is in the appropriateness of this channel for the target low-income market, in terms of acceptability and availability of the technology among the target population, as well as literacy levels. The final key concern was technology know-how and integration capability.

4. Distribution

FIGURE 24
LIVES COVERED BY DISTRIBUTION CHANNEL

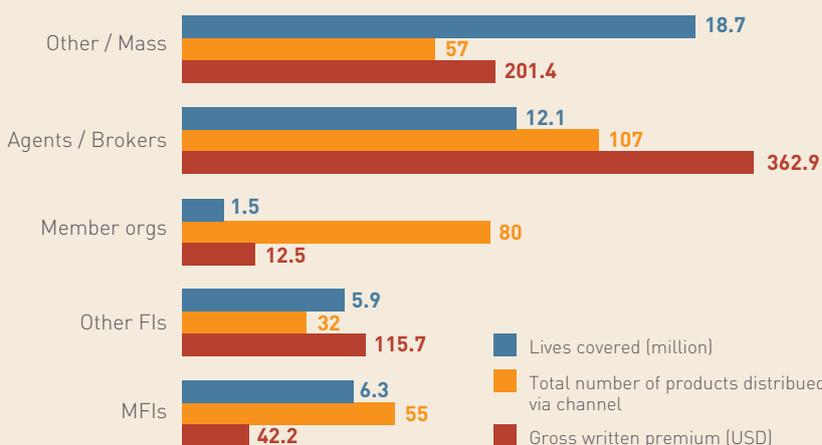


Mass market channels such as MNOs, retailers, and funeral parlours accounted for 44% of the distribution of micro-insurance products in the region (Figure 24), reaching over 25 million people, whilst agents and brokers accounted for another quarter of outreach.

These channels also brought in more premium than any other channel type with the exception of brokers – very similar to what was found in LAC in 2013. With 57 products reported as being distributed through mass channels, they also seem to be – as intended – the most effective and efficient at reaching higher volumes of clients, reaching on average almost 320,000 insured per product (Figure 25).

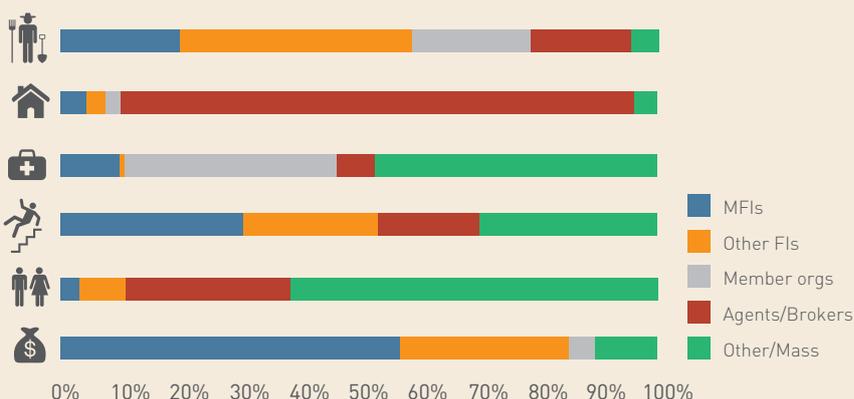
The most premiums, both in terms of total volume and per-client revenue, are coming from the agent / broker channel, which is the most commonly used distribution channel, with 108 products reported as being sold by agents or brokers. Products distributed via member organisations have the smallest outreach, at an average of less than 19,000 people, and bring in a low volume of pre-

FIGURE 25
LIVES COVERED, PRODUCTS, AND PREMIUMS BY DISTRIBUTION CHANNEL



Data subset consists of 219 products for which premiums, lives covered, and distribution channel information were provided; together they account for 97% of identified premiums

FIGURE 26
PRODUCT TYPES BY DISTRIBUTION CHANNEL (PROPORTION OF LIVES INSURED)



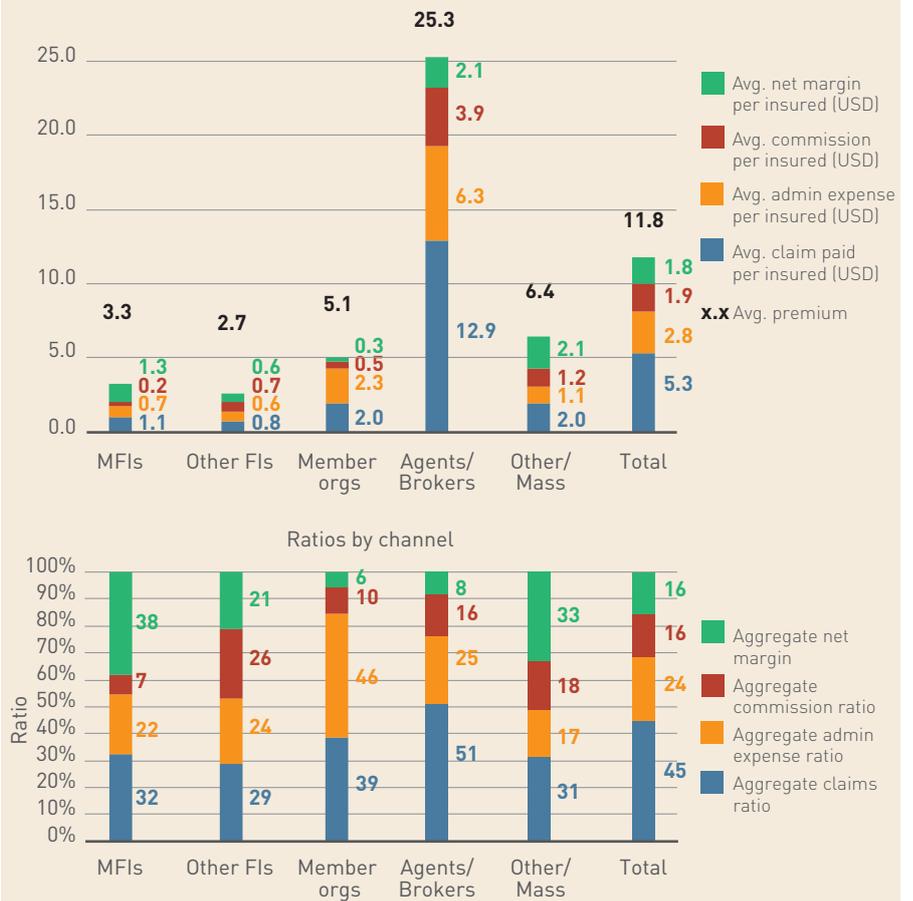
mium overall, at about USD 12.5 million. However, as seen in Figure 26, they have an important role in distributing more complex health and agriculture covers, reaching more than one-third of the clients covered by health microinsurance

and more than 20% of those covered by agriculture microinsurance. It should also be noted that many of the member organisations, particularly the community-based health mutuals, serve as both distribution channel and underwriter.

Certain channels are more suited for certain product types, as we see in Figure 26: 60% of agriculture products are sold through financial institutions of some kind, as they are often attached to loan products. Almost 50% of people covered by life products are reached via mass market channels, and health products are largely sold via member organisations (comprehensive covers), and now mass channels as well ('sliced' covers such as critical illness and hospital cash).

Looking at revenues and expenses per life, the products sold through agents / brokers are the costliest to clients, averaging USD 25.3 per life insured (Figure 27). However, more than half of this is paid back in claims – a higher proportion than any other channel - suggesting that clients are still getting value despite the higher price. The expenses in this channel (USD 3.9 commission and 6.3 administrative expense) are higher, but likely warranted: products sold through this channel are almost entirely voluntary, and thus require more sales effort, and consequently, expenses. Also, it might be that the agents / brokers are helping clients through the claims process, ensuring claims are paid when due. Distribution through mass channels does seem to have succeeded in reducing the unit costs of distributing and administering products, with average per person costs at USD 1.2 and 1.1 respectively. As clients become more familiar with buying / receiving insurance products through these more passive channels, the proportion of claims should also improve. The expenses for both MFIs and other financial institutions are the lowest across channels. Expenses might be lower due to the observation that 75% of products sold through these channels are either mandatory or automatic / embedded.

FIGURE 27
REVENUE AND EXPENSES BY CHANNEL



Data subset consists of 132 products for which premium, claims, expenses and distribution channel information were provided; together they account for just under 1/3 of the total premiums and lives identified by the study.

5. Market growth and evolution

FIGURE 28
NEW PRODUCTS (LAUNCHED SINCE 2011)

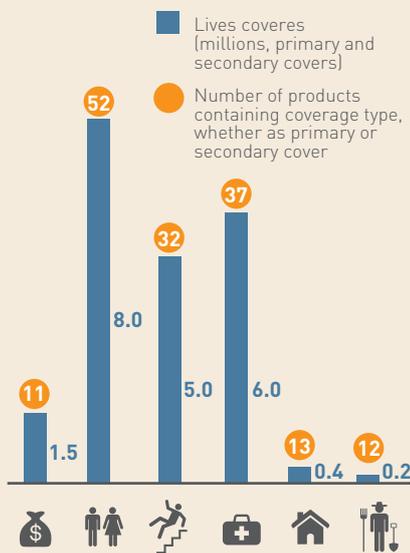


FIGURE 29
NEW PRODUCT CHARACTERISTICS

SCALE



5,100
Median number of lives insured

7 Products rapidly scaled, reaching **400,000** or more people by the end of 2014. Five of these were distributed via **MNOs**, and two via **MFIs**

BUNDLING



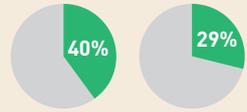
More bundled products (more than one type of coverage) → **45%** in 2014 vs. 30% in 2011

PRODUCT TYPE



% of products offering some form of **health** coverage

Since 2011 2011 and prior



% of products offering some form of **property** coverage

Since 2011 2011 and prior



COUNTRY



Ghana

10 products



Kenya

13 products



Zambia

9 products



Nigeria

13 products

The study identified a total of **61.8 million people covered** by one or more types of microinsurance product, representing almost **30% growth** in lives insured compared to 2011. This represents a steady but not remarkable growth in terms of outreach, especially compared to the growth rates experienced over the 2008-2011 time period, as identified in the previous regional study, which estimated that coverage grew more than 200%.²⁷ Premium volumes grew twice as much at 63%. In addition to this modest but steady growth of insured and premiums, **the market showed considerable dynamism in terms of new insurers and products entering the market:** At least **37 com-**

panies began offering microinsurance products that had not done so as of 2011, and almost **100 new products were introduced**, both by seasoned microinsurance providers and those new to the market. On the other hand, **46 products were taken off the market**, and eight insurers decided to no longer offer microinsurance at all. This section examines this flux and evolution of products and providers throughout the region.

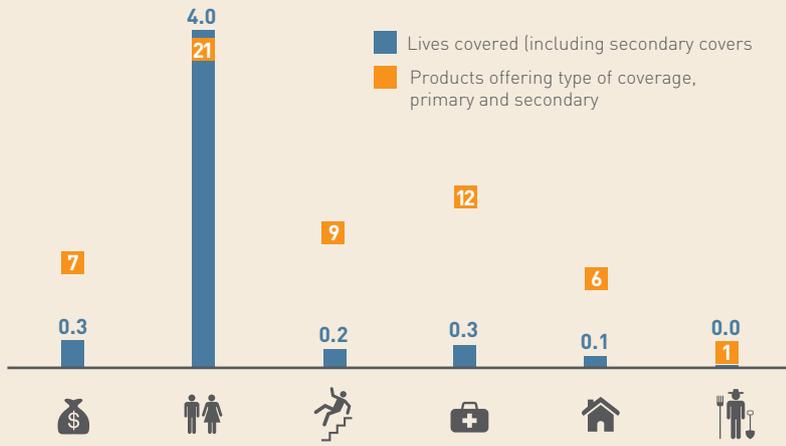
New products

Almost 100 products reported to the study were launched since 2011. These products reached 10.1 million people in

2014 and largely provided coverage for life (eight million lives insured, including secondary covers) and health (six million including secondary covers) (Figure 28). The new wave of products tends to be broader, with 45% being bundled products that offer more than one type of coverage compared with fewer than 30% of products launched prior to 2011. Product-wise, almost 40% of programmes launched since 2011 contained a health coverage of some kind (compared to 30% up until 2011), and another 22% contained some form of protection for property (compared to 11% of products in 2011). Relatively few new credit life products were launched, and of these,

²⁷ McCord, et al. March 2013. The Landscape of Microinsurance in Africa 2012. Munich Re Foundation and Making Finance Work for Africa.

FIGURE 30
DISCONTINUED PRODUCTS



only one did not contain a secondary coverage type.

The average outreach for products launched since 2011 is just over 100,000 lives. However, this is highly skewed by a few programmes that really managed to scale up. Just over 10% of products launched since 2011 managed to reach a scale of more than 100,000 covered lives, and a handful reached half a million or more. Most of the new products were launched in the dynamic markets of Ghana, Kenya, Zambia, and Nigeria. Figure 29 contains a summary of the new products launched.

Discontinued products

Whilst many new products were launched over the last three years, there were also a number that were discontinued. At least **46 products** that were offered in 2011 were no longer on the market in 2014. These products were offered by 27 different insurers and accounted for over 4 million lives covered in 2011. The majority of these products were small in scale (70% reached fewer than 10,000 people), and were simple life covers (Figure 30).

Three large life insurance programmes accounted for almost 80% of the lives covered by these products in 2011.

Of the 27 insurers, eight have decided to leave the market entirely, four of which indicated that they would focus on the mass market²⁸, but would no longer design products specifically for the low-in-

come market. The remaining 19 insurers, however, are still in the market and have introduced new, although not necessarily comparable, products. Thus it is possible that clients who previously were covered by these products now have other, potentially better, coverage. However, these products that were replaced only accounted for a small number of lives covered in 2011 (Figure 31). The three large scale programmes were discontinued altogether, potentially leaving millions of previously insured clients without coverage. Of these programmes, two insurers cited changes in distribution agreements as the reason for discontinuation of the coverage, whilst the third was due to a change in regulation. In general, common reasons for discontinuation included regulatory changes, lack of technical know-how, and lack of affordability for clients.

Growth of ongoing products

Of the subset of products that were reported to both studies, 70% grew their client base since 2011, whilst 30% actually experienced declines in outreach. The overall growth in outreach of these products was about 15%, reaching a total of 6.7 million more people than they did in 2011. Reasons for declines include changes in the membership base of the distribution channel (such as a mutual or MFI), and an emphasis on other products. Two large programmes that had previously reached several million people with insurance coverage experienced significant declines because of a change in distribution policy. One product had previously been embedded in certain bank accounts; the cover was removed from these accounts due to a change in policy.

FIGURE 31
STATUS OF DISCONTINUED PRODUCTS FROM 2011



²⁸ For the purposes of this study, the key difference between mass market and microinsurance products is the intended target market. If the product was intended to be available to anyone, including low-income people, but not specifically designed for low-income people (criteria number one in the study's definition of microinsurance), then it was considered mass market.

FIGURE 32
GROWTH BY TYPE OF PRODUCT (millions of lives covered)

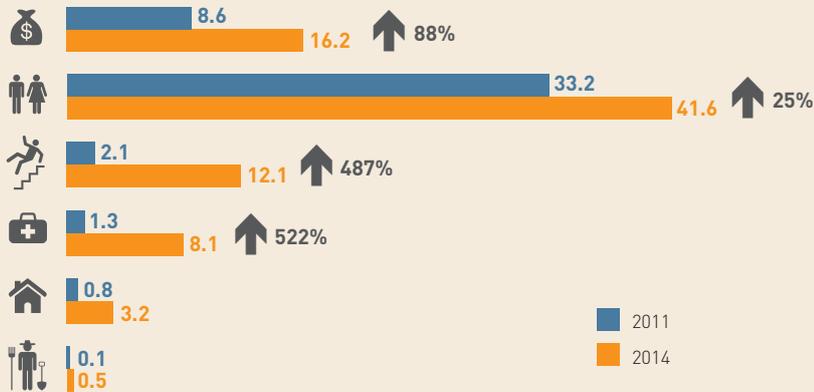
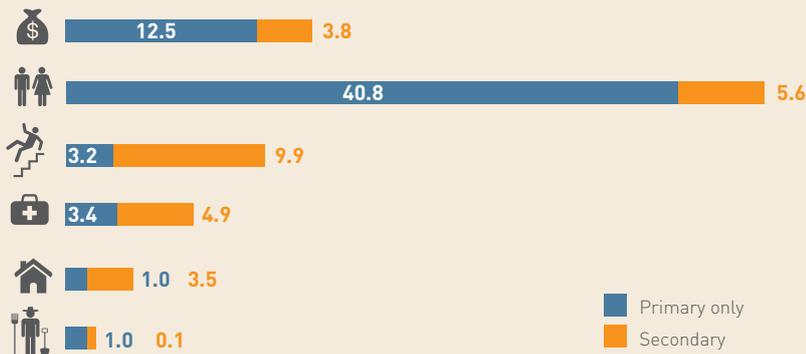


FIGURE 33
PRIMARY VS. SECONDARY COVERS



Overall evolution of product types

Whilst life covers still dominate the market, the region has experienced some evolution of product types: Health, property, and agriculture covers experienced proportionately much higher growth (Figure 32). The explosion in health covers is primarily due to four new programmes offering hospital cash or hospitalisation covers via MNOs, each reaching a quarter of a million clients or more, as well as a handful of credit life programmes offering secondary hospitalisation covers to MFI clients, each reaching more than 100,000 people.

Overall the products offered in 2014 averaged 1.45 covers per product, com-

pared with only 1.15 covers per product in 2011. This shows that insurers are thinking beyond simple life and credit life products, and indeed using bundling as a way to deepen coverage. Figure 33 shows the breakdown by product type of primary and secondary (bundled) covers, and we see that personal accident, health, and property covers are primarily offered as a secondary cover, that is, bundled with another primary product.

In 2014, 58% of products were reported as being voluntary covers, compared to just 36% in 2011. The move from mandatory and/or automatic products to more voluntary products can be seen as an indication that the market is maturing.

Country-level development

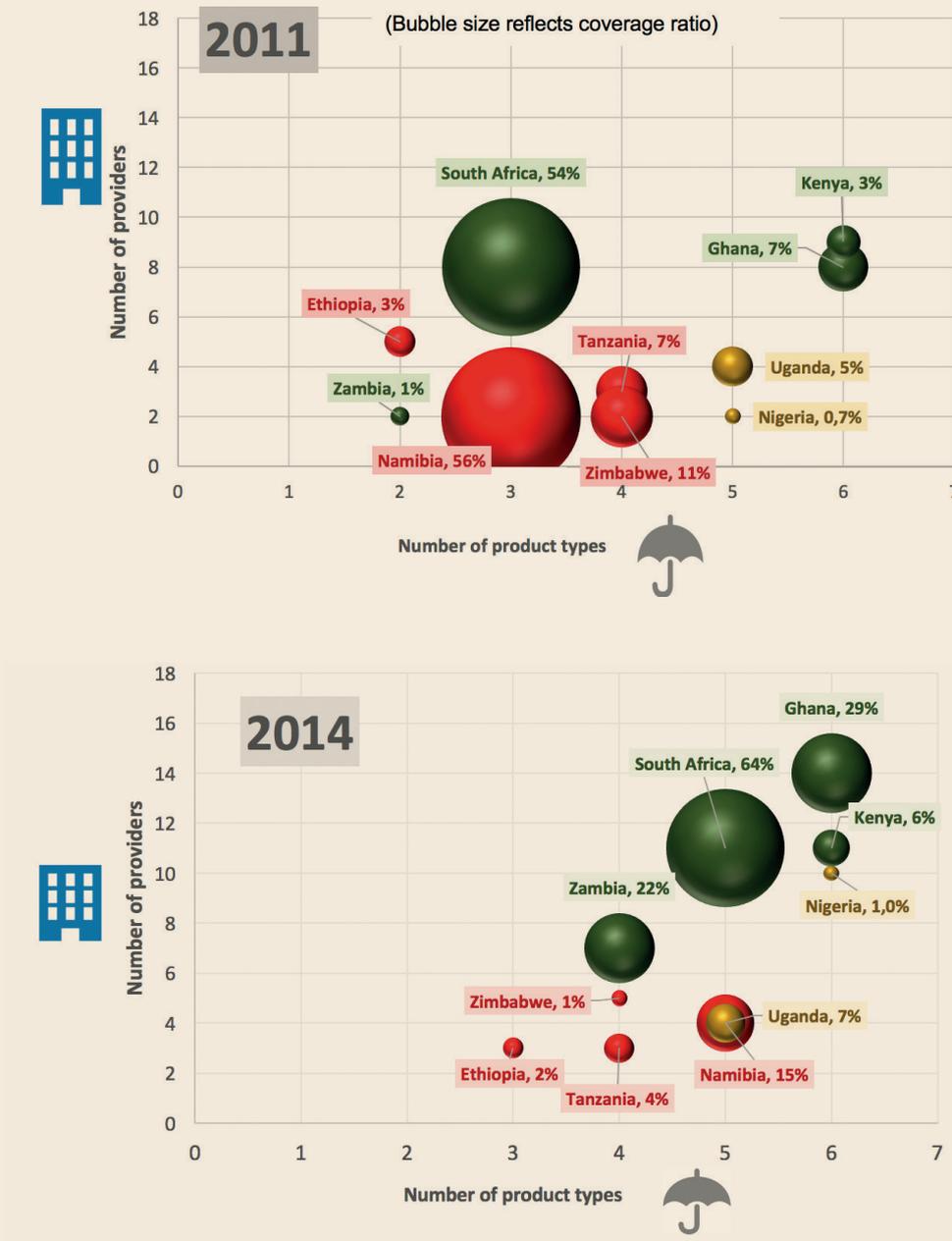
At the country level, several countries experienced significant evolution in terms of coverage ratio, as well as in the number of providers and types of products offered. It appears that the markets that had competition in terms of multiple providers and that were more diversified with multiple types of products on offer in 2011, were the ones that really expanded outreach by 2014. As shown in Figure 34, markets such as Ghana, Kenya, and South Africa, which had multiple providers offering multiple product coverages in 2011, expanded their market even further and increased their outreach in 2014.

In contrast, Namibia, Tanzania, and Zimbabwe all saw declines in outreach. In all three cases, the decrease can be attributed to a large-scale programme that had an issue with a key distribution partner. The overall landscapes of microinsurance in these countries were affected greatly, as they were dominated by just a few products and providers, so there was nothing else to fill in the gap and continue the development of these markets. It is recognised that this is a limited analysis to provide some market context and that not all indicators and relevant market factors are included. For example, in the case of Tanzania, whilst coverage ratio has declined over the last three years, gross written premiums actually increased. Even with a high outreach, the low-premium product was discontinued and other presumably higher value products were introduced over the time period, indicating product evolution from another perspective.

If it follows the trajectory of Ghana, Kenya, and South Africa, Nigeria may well be poised to dramatically expand its outreach in the next few years. Whilst it had little change in terms of coverage between 2011 and 2014, it saw dramatic growth in terms of the numbers of providers entering the market and offering a variety of products. This new competition and product diversity, together with other market factors such as improved regulations and client awareness, should lead to eventual growth in outreach.

FIGURE 34
COUNTRY-LEVEL EVOLUTION – PRODUCTS, PROVIDERS, AND COVERAGE RATIOS

(Bubble size reflects coverage ratio)



- Increased coverage ratio 2011-2014
- Decreased coverage ratio 2011-2014
- Moderate growth in coverage ratio 2011-2014

6. The Way Forward

This study of microinsurance in Africa as of 2014 has shown **many positive developments**. There has been **steady growth in terms of outreach and premiums**. More insurers are entering the market, and there is a continued evolution of product types. **For the first time in Africa, there is some clear evidence of microinsurance profitability**. Whilst certainly not all microinsurance products had positive margins in 2014, the majority of them did. Claims ratios across the region were lower than they were three years ago, and perhaps even too low, as insurers likely still grapple with finding the appropriate balance between product pricing and design on the one hand, and easy and understood claims processes for clients on the other hand. Administrative expenses (excluding commissions) hover around 25% of premiums, but insurers are increasing their use of various technologies in an attempt to reduce these. Mass market

channels, agents and brokers account for the majority of the distribution, but these channels can be expensive. *So where will the market go from here?*

Will the region follow a trajectory similar to Latin America? In the LAC regional landscape study report, we postulated: "Over the next few years, [the] trend to mass markets will certainly continue and expand beyond the core group of mass market countries...Indeed, the other global regions are poised to make the same shift, following the lead of LAC".²⁹ To some extent, we see some evidence of this shift beginning in Africa. We see more distribution through mass market-oriented channels, lower claims ratios, particularly for newer products, and a number of products with high volume and very low premiums.

However, in terms of intentions for future products, Africa is still more mi-

cro-focused than LAC. The study asked insurers – both those currently offering microinsurance and those not offering it – several qualitative questions about their perceptions on microinsurance, including their future plans. A higher percentage of those **insurers not currently offering microinsurance indicated plans to develop specific microinsurance products in the future (43%)** rather than mass market products (33%) (Figure 35). In contrast, 45% of respondents in LAC planned to offer mass products vs. just 33% for microinsurance. This is likely a reflection of the composition of the markets, with LAC having a larger middle class.

So what are the next steps in this market? How do we continue to bring providers into this market and develop microinsurance products that both provide value for low-income clients AND reasonable profitability for insurers and distribution channels?

FIGURE 35
INTENTIONS OF INSURERS THAT ARE NOT CURRENTLY SERVING THE LOW-INCOME MARKET

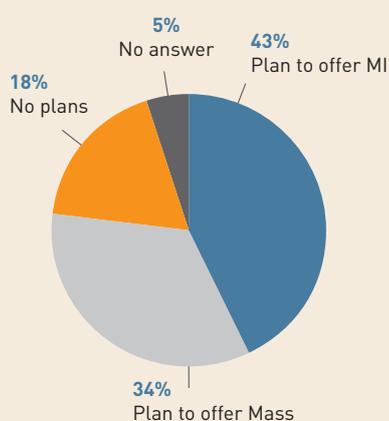


FIGURE 36
TOP 5 REASONS SOME INSURERS ARE NOT CURRENTLY SERVING THE LOW-INCOME MARKET



FIGURE 37
TOP INTERVENTIONS NEEDED TO FURTHER DEVELOP MICROINSURANCE



²⁹ McCord, Michael J. and Katie Biese. 2015. The Landscape of Microinsurance Latin America and the Caribbean: A Changing Market. Luxembourg: Microinsurance Network and Munich Re Foundation. p. 16

We asked insurers who are not currently serving the low-income market, “Why not?”, and in a tie for the number one reported reason with “Just haven’t gotten to it yet” was “There is insufficient market information to help in the design of products” (Figure 36). That is, some insurers feel they can’t offer microinsurance, which requires specific design for the low-income market, because they don’t have appropriate information on needs and demands of that market. We asked a similar question to those offering microinsurance already, and found that even those that are already targeting the low-income segment, agree that **more information regarding client needs is necessary** to move forward microinsurance development. As shown in Figure 37, the second-ranked intervention needed to further microinsurance was “Market demand studies to help insurers better understand clients’ needs. Unfortunately, by far **the top-ranked need for market development was “market education and financial literacy efforts for consumers”**, ranked in the top three by more than 2/3 of respondents. Whilst insurers recognise the need to understand clients, many still point to the need for clients to know more about insurance as well. In theory this should have been mitigated over time, with all of the efforts and discussion around microinsurance. There is a very small indication of an improvement from the provider’s perspective - over 65% of respondents said that the market has a low understanding of insurance compared to almost 80% in 2011. *Where does the responsibility for this fall?* Many insurers are now using mobile for client communications, to some extent taking on education and information efforts themselves. The authors argued in LAC, and will argue again for Africa, that paying claims as promised is the most effective way to build (and educate) the market. The act of receiving a claim pay-

ment has a positive impact on the beneficiary, as well as their neighbors and friends. From the traditional market, we know that when claims are paid in an area, insurance sales improve. The chapter on claims showed that insurers are still facing a number of challenges in this area, and thus specific areas for education efforts might be on claims and product-specific understanding. *Is there a role on the supporting level for governments or other industry stakeholders?*

Another of the top interventions listed by insurers is the **need for “more and better distribution channels”**. Insurers are constantly seeking low-cost access to large groups of potential clients. To some extent this is linked to the 4th ranked need of more favourable regulations. Several anecdotes were reported in which regulations constrained the options for use of distribution channels, and in some cases even required previously thriving microinsurance programmes to terminate.

And the final intervention in the top five ranking was the need for “**IT systems specific for microinsurance**”. Indeed, as programmes scale rapidly, and insurers seek ways to reduce administrative costs, IT can certainly play a facilitating role.³⁰

In Africa, microinsurance continues to grow and most insurers are enjoying profits from this business, some even extensive profits. Those that are not yet profitable generally are not because of programme age and scale. This study has shown the importance of both these factors in terms of generating profits. The product range is expanding as insurers become more comfortable with the low-income market and that market begins to trust insurers. Clearly, mobile insurance products have had a huge impact on microinsurance expansion throughout the region, but this is not

likely a driver of profits as they generated only 1% of all MI premiums in the region (even whilst covering 13% of all microinsured). But MNOs are having an important impact beyond the premiums they generate. Because of their volumes of clients, and when providing excellent service, they are helping to create insurance cultures in the countries where they are active. This helps all insurers.

Evidence that microinsurance in Africa is starting to move in the direction of Latin America with mass products is also positive for Africa. There are generally abysmally low penetration rates on the continent, and middle income people also need insurance. It is heartening to see that insurers in Africa are still significantly focused on microinsurance in addition to the mass market. As technology continues to improve, these advances will continue to provide more efficient and hopefully less costly means of accessing the substantial rural population of Africa.

The key elements for substantial microinsurance expansion are present in Africa: Insurers are increasingly entering the market with better knowledge than before, as lessons continue to build from the African experience in microinsurance. The market continues to build trust and appreciation for microinsurance which helps to generate demand (MNOs would not be able to use MI as a loyalty driver if people were not developing an appreciation for insurance, for example). New, varied, and innovative distribution systems are slowly emerging as a means to get MI products to the low income market. In some countries, even regulations are becoming more facilitative for microinsurance providers.

The developments in microinsurance over the period 2011 to 2014 are healthy and positive, and have created a good foundation for expansion in the future.

³⁰ Other options included: (6th) Capacity building in microinsurance for insurance associations and other supporting institutions, (7th) training for microinsurance professionals, (8th) Actuarial risk tables covering the low-income market, (9th) Reinsurance options.

7. Appendices

Appendix A: The World Map of Microinsurance

An initiative of the Microinsurance Network and the Munich Re Foundation, the World Map of Microinsurance (WMM) is a platform for knowledge generation and sharing on microinsurance. It hosts data and analysis from significant landscape studies, which are displayed visually on an interactive world map, at <http://worldmapofmicroinsurance.org/>.

The history of landscape studies

The pursuit of understanding the microinsurance sector through the lens of data started with the MicroInsurance Centre's landmark study, *The Landscape of Microinsurance in the World's 100 Poorest Countries* published in 2007. This was followed by the studies listed below:

The Landscape of Microinsurance in Africa (2009), based on 2008 data, was published by the ILO- Microinsurance Innovation Facility now called Impact Insurance Facility.

The Landscape of Microinsurance in Africa (2012), based on 2011 data, conducted by the MicroInsurance Centre, was jointly published by the GIZ-Program Promoting Financial Sector Dialogue in Africa: "Making Finance Work for Africa" (MFW4A) and the Munich Re Foundation in partnership with the African Development Bank Group, the Microinsurance Network and the ILO's Impact Insurance Facility.

The Landscape of Microinsurance in Latin America and the Caribbean (2012), based on 2011 data, was conducted by the MicroInsurance Centre and commissioned and published by the Inter-American Development Bank Group (IDB) and

its Multilateral Investment Fund. It received funding from the Citi Foundation and the Munich Re Foundation.

The Landscape of Microinsurance in Asia and Oceania 2013 (2014), based on 2012 data, conducted by MicroSave, was jointly published by the Munich Re Foundation and GIZ in partnership with the Microinsurance Network.

The Landscape of Microinsurance in Latin America and the Caribbean: A changing market (2015), based on 2013 data, was conducted by the MicroInsurance Centre and jointly published by the Microinsurance Network and Munich Re Foundation under the World Map of Microinsurance (WMM) programme. It was co-funded by Bradesco Seguros, CNseg, IDB and its Multilateral Investment Fund, the Government of the Grand Duchy of Luxembourg and the World Bank Group.

Why do we need it?

Insurance is a data-driven industry, and the WMM enables the sector to develop effectively, producing more valuable products for clients whilst improving profitability for insurers. As microinsurance is an emerging industry, there is not sufficient data to create field-wide benchmarks on which to assess performance. **Data is critical to the advancement of microinsurance, as it generates market knowledge, facilitates market development, furthers best practices and can lead to better products and services.** Country-level data is essential to effective pricing, insurers' ability to understand the low-income market, and the development of quantitative goals and benchmarks. On a company-level basis, improving insurers' knowledge of

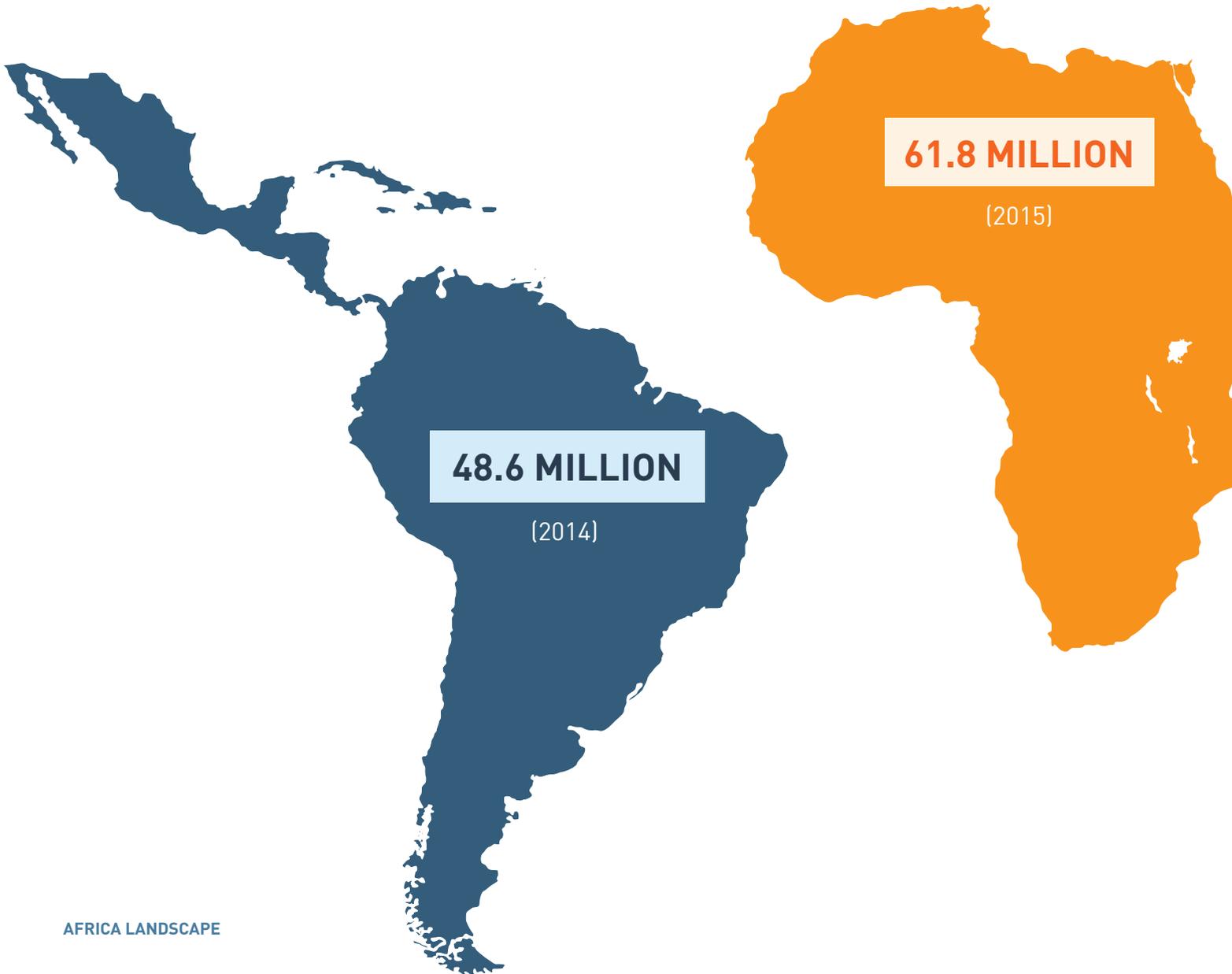
the low-income market is mutually beneficial for both the insurer and the client: Clients gain access to better products and insurers can expand their client base.

What will it achieve?

Ultimately, the WMM will advance microinsurance as a tool that can effectively protect low-income populations in developing countries against the crises that push them and trap them into poverty. This can be achieved by providing insurers with the knowledge they need to create more valuable and effective products. By gaining a better understanding of the low-income market and the specific needs of the clients they serve, firms can design products which meet the needs of their client-base at a price that is efficient. The tractability of the data will allow firms to gain important information about the market they work in, and subsequently will empower them to grow their business, reaching even more low-income clients.

The platform is the destination for data and research on microinsurance. Having data on microinsurance converge in one location creates a space for further knowledge generation, collaboration, and learning. Creating a collective authority on microinsurance helps to gain respect and recognition for the industry, and advances its status as an important tool for development worldwide.

FIGURE 38
TIMELINE OF THE LANDSCAPE STUDIES



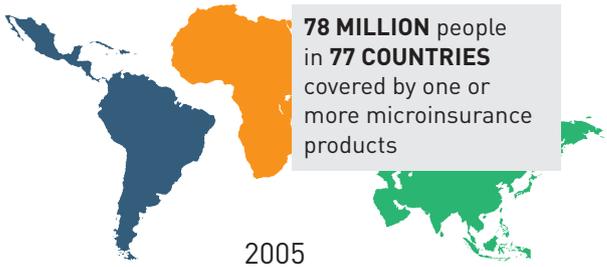
AFRICA LANDSCAPE

1st global microinsurance study
Landscape of Microinsurance in the World's 100 poorest Countries

1st regional study in Africa
Landscape of Microinsurance in Africa

2nd regional study in Africa
Landscape of Microinsurance in Africa 2012

1st regional study in LAC
Landscape of Microinsurance in Latin America and the Caribbean



2005



2008



2011

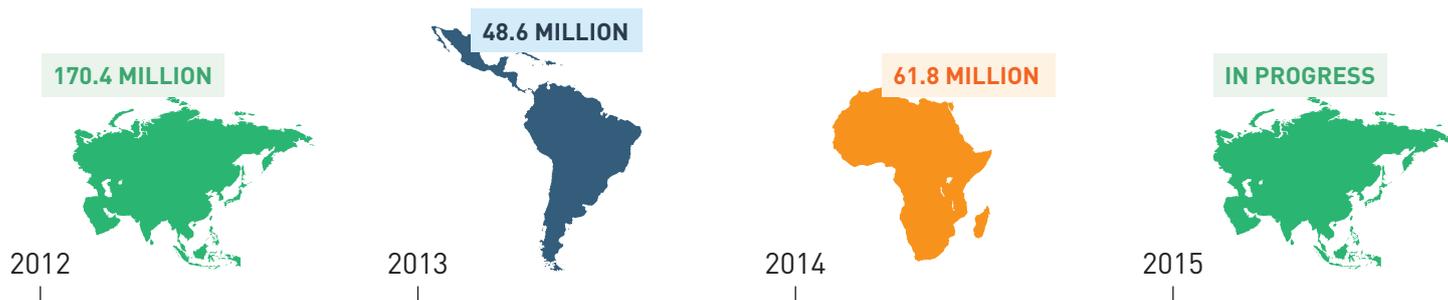


1st regional study in Asia
Landscape of Microinsurance
in Asia and Oceania 2013

2nd regional study in LAC
Landscape of Microinsurance
in Latin America and the
Caribbean 2014

3rd regional study in Africa
Landscape of Microinsurance
in Africa 2015

2nd regional study in Asia
Landscape of Microinsurance
in Asia and Oceania 2016



Appendix B: Definition and methodology of the study

Definition

The microinsurance products / programmes qualifying for inclusion in the Africa landscape study were selected based on the following definition:

For the purposes of this study, products should meet each of the following criteria to be considered as microinsurance. Mass market products should be included if they meet this definition; limited data will also be collected on mass market products that do not conform to each of these criteria.

- i. Developed for low-income people:** The product must have been developed intentionally to serve low-income people (insurance that is not just purchased also by low-income people, but products that are designed for low-income people).
- ii. Risk carrier:** Government must not be the sole risk carrier (not social security programmes); The programme has to be managed on the basis of insurance principles.
- iii. Modest premium levels / affordability:** The base / minimum annual premium amount is commensurate with the income level of the low-income sector in each country, according to the risks insured (see table below).

The implications of this definition are as follows:

Legal form: The definition used for this study does not consider legal or regulatory definitions at the country level. Products do **not** have to be registered as microinsurance with the local supervisory authority, but only to conform to the general criteria as above. Therefore, the data in this study will not always coincide with official country statistics on microinsurance.

i. Developed for low-income people: A key element of this study's definition is that products be intentionally designed for the low-income population, not simply that they are available to that population. This excludes a number of insurance products that are mainly used by the middle-income population, although the products may be financially accessible for the low-income population. It is recognised that whilst a product is designed for these lower-income segments, it doesn't mean that all clients are in fact part of that segment.

Mass market products are considered as microinsurance for this study as long as they meet the other criteria stated in this definition. It is this first criteria of target market that must be met. This is a qualitative assessment attested to by the providers.

ii. Risk carrier: Subsidised programmes are included, as long as they are managed based on risk principles. This allows for government-subsidised agriculture schemes and other significantly subsidised programmes, which have not been captured in previous landscape studies.

iii. Affordability: In order to ensure that the study includes affordable products (as per microinsurance objectives), a set of premium limits was established by country and line of business. Table 2 below provides a list of the premium caps by product type. For consistency, the percentages for life, health and property were those used in the 2011 landscape study, determined based on a review of products in several countries around the region and around the globe. The percentages used were determined as effective approximations of the upper range of microinsurance products. It is intended that these amounts serve as a gauge, not hard and fast criteria. The majority of reported products fall well under these caps.

Methodology

Data collection

The researchers for this study aimed to include all organisations offering products fitting the specified microinsurance definition. In order to target these organisations, desk-research was conducted to identify all insurance providers in a country, along with discussions and communications with regulators, aggregators, and other insurers or key stakeholders in the market.

The primary mode of data collection was an online survey. Almost 1000 regulated insurers and other potential microinsurance providers representing 54 countries across the continent were contacted via email and provided with information about the study and a link to the survey instrument. Often the initial outreach was assisted by the insurance

TABLE 2
MAXIMUM ANNUAL PREMIUMS AS PER STUDY'S DEFINITION

Country	Local currency	Life / Accident 2%		Health 4%		Prop / Ag 1%	
		Local	USD	Local	USD	Local	USD
Algeria	DZD	8,509	106	17,019	213	4,255	53
Angola	AOA	11,163	114	22,325	228	5,581	57
Benin	XOF	7,951	16	15,902	32	3,976	8
Botswana	BWP	1,229	139	2,458	278	614	69
Burkina Faso	XOF	6,758	14	13,516	27	3,379	7
Burundi	BIF	8,308	6	16,615	12	4,154	3
Cabo Verde	CVE	6,255	76	12,510	151	3,127	38
Cameroon	XAF	13,128	26	26,256	53	6,564	13
Central African Republic	XAF	3,291	7	6,583	13	1,646	3

Country	Local currency	Life / Accident 2%		Health 4%		Prop / Ag 1%	
Chad	XAF	10,411	21	20,822	42	5,206	10
Comoros	KMF	6,039	16	12,079	33	3,020	8
Congo, Dem. Rep.	CDF	8,907	10	17,815	20	4,454	5
Congo, Rep.	XAF	31,293	63	62,586	125	15,646	31
Cote d'Ivoire	XOF	15,107	30	30,214	60	7,554	15
Djibouti	DJF	5,930	34	11,860	68	2,965	17
Egypt, Arab Rep.	EGP	427	61	855	121	214	30
Equatorial Guinea	XAF	203,363	407	406,725	813	101,681	203
Eritrea	ERN	167	11	334	22	84	6
Ethiopia	ETB	184	9	368	19	92	5
Gabon	XAF	114,332	229	228,663	457	57,166	114
Gambia	GMD	347	9	693	18	173	4
Ghana	GHS	72	24	145	49	36	12
Guinea	GNF	73,303	7	146,606	15	36,652	4
Guinea-Bissau	XOF	5,570	11	11,141	22	2,785	6
Kenya	KES	2,145	25	4,291	50	1,073	12
Lesotho	LSL	217	20	435	40	109	10
Liberia	LRD	686	8	1,372	16	343	4
Libya	LYD	305	250	609	500	152	125
Madagascar	MGA	20,435	8	40,869	16	10,217	4
Malawi	MWK	1,650	4	3,301	8	825	2
Mali	XOF	7,066	14	14,132	28	3,533	7
Mauritania	MRO	6,426	22	12,852	45	3,213	11
Mauritius	MUR	5,650	192	11,301	383	2,825	96
Morocco	MAD	520	62	1,040	125	260	31
Mozambique	MZN	364	12	728	24	182	6
Namibia	NAD	1,099	102	2,199	203	550	51
Niger	XOF	4,105	8	8,209	16	2,052	4
Nigeria	NGN	9,332	57	18,664	114	4,666	28
Rwanda	RWF	8,261	12	16,521	25	4,130	6
Sao Tome and Principe	STD	594,023	59	1,188,046	119	297,012	30
Senegal	XOF	10,341	21	20,682	41	5,171	10
Seychelles	SCR	3,904	326	7,808	653	1,952	163
Sierra Leone	SLL	58,832	12	117,664	24	29,416	6
South Africa	ZAR	1,278	118	2,556	236	639	59
South Sudan	SSP	62	24	123	48	31	12
Sudan	SDG	167	29	333	59	83	15
Swaziland	SZL	586	54	1,172	108	293	27
Tanzania	TZS	22,239	13	44,478	27	11,119	7
Togo	XOF	6,289	13	12,577	25	3,144	6
Tunisia	TND	140	83	281	166	70	42
Uganda	UGX	29,592	12	59,184	24	14,796	6
Zambia	ZMW	199	33	398	65	100	16
Zimbabwe	USD	19	19	38	38	10	10

associations in each country. A team of ten researchers followed up via phone and email to encourage participation, provide support for filling out the survey, clarify or ask questions regarding the submitted data, and ensure the final submissions were as complete and accurate as possible.

The secondary mode of data collection on microinsurance products and providers was internet and literature research of secondary sources, including published and unpublished resources in English, French, Spanish, and Portuguese, as well as academic, journalistic, corporate and consultant outlets. These resources, if within the time bounds of the study, were used to address any gaps that could not be clarified by the insurer, distribution channel, or regulator.

All respondents were volunteers and could discontinue their participation at any time. There were a few incidents in which an organisation declined to participate in the study, and in these cases, researchers first worked to answer questions and address the organisation's concerns about the study or find another method for providing the data. If the organisation continued to decline participation, every effort was made to contact a distribution channel, regulator or aggregator that might possess the information on the microinsurance products offered by the declining organisations.

For situations in which surveys were received from an insurer and distribution channel partnering to offer a microinsurance product, product information was only kept from the insurer to avoid double counting those insured through the product. However, the organisational information and the market perceptions reported by both organisations were kept.

The survey

The survey instrument was based primarily on the survey used for the prior landscape studies. This was done intentionally to insure that data collected in this study would be comparable to the data collected previously.

In an effort to capture more information and provide increasing value from the studies, several sections were added to the survey. These include:

- A separate, short survey for insurers that are not currently serving the low-income market. The intention is to gain an understanding of why insurance providers aren't currently in this market, whether they have an interest in or plans to serve low-income in the future, and what their perspectives are on several microinsurance market factors.
- A short survey for those providers who offer mass market products that reach low-income people that were not necessarily designed for that market, and thus not meeting the definition of microinsurance for this study.
- For microinsurance providers, a number of additional questions were included:
 - Additional Key Performance Indicators (KPIs): Data points were collected regarding commissions, administrative costs, duration of claims settlement, claim rejection rates, and renewal rates. By gathering more data on KPIs, we will begin to establish and provide industry benchmarks to assist management in decision-making, and for the first time, the industry is able to have an indication of profitability.
 - Questions regarding subsidies and other external support.
 - Additional market perspectives: By gathering feedback on insurers' views of the market and supporting environment, including specific aspects of regulation, it is possible to provide better information for regulators, policymakers, and industry associations to form their microinsurance strategies.

Considerations

Although most insurers and other organisations were willing to provide data,

BOX 2 TERMINOLOGY AND CALCULATION FOR BUSINESS CASE AND OTHER KEY INDICATORS

A number of key performance indicators were collected for the first time or calculated in order to provide trend information. The following list provides the definitions of the terms we use and the underlying calculations.

Aggregate data refers to a summation of all reported data for a given indicator; in effect it is a premium-weighted average. For example, aggregate claims ratio is calculated for all products reporting *both* claims and premiums to the study as: Total claims paid reported / total gross written premium reported.

Comparable data refers to changes over the 2011 – 2014 time period. Because some providers did not submit data in both time periods and subsidised products were excluded in 2011, a calculation based purely on the numbers identified would be misleading. Thus “comparable” growth calculations include only those products or providers for which information was available for both time periods, including any market entrants or exits. In the case of lives covered, the “comparable data set” accounts for almost 90% of the “identified” lives covered. In the case of premiums, 60% of identified premiums can be compared with 2011 data.

Coverage ratios are calculated as simply the number of insureds/total population in 2014. Comparable quantifiable definitions and measurements of the target market of microinsurance (low-income) across markets are not available, and thus for purposes of comparability total population is taken as the base.

Premium information refers to Gross Written Premium, in 2014 USD. Premium data from 2011 was converted to 2014 USD to account for exchange rate fluctuations.

Claims refers to the value of claims *paid* during 2014.

Claims ratios are calculated as claims paid / gross written premium. Both claims and premium data were reported for 214 products, accounting for USD 704 million in premium volume.

Commission rates are calculated as commissions paid / gross written premium. Commission data was provided for 179 products, with a premium base of USD 535 million.

Administrative costs are net of commission paid and thus reflect only costs incurred internally by the insurance provider. Administrative cost data was reported for 147 products, accounting for a premium base of USD 241 million.

Expense ratios are calculated as administrative costs / gross written premium.

Combined ratio is the summation of claim ratio, commission rate, and administrative ratio, and were only calculated if all three data points were provided. Combined ratios are believed to be a sufficient indicator of profitability in microinsurance, as in most cases other elements affecting profitability – such as premiums ceded or investment income – are negligible. All of the KPIs necessary to calculate combined ratio were provided for 135 products, accounting for USD 239 in premium (32% of the total identified market).

it must still be considered that the appropriate information may not always have been available. As in the rest of the developing world, insurance accounting generally does not include a segregation of microinsurance data. Even when

data is segregated, insurers and other organisations do not always track their business in the same way. Thus, when necessary, researchers contacted organisations to clarify information to the greatest degree possible.

A major consideration regards what insurers or others believe to be “microinsurance”. Although the project applies a clear definition of microinsurance and a model for counting policyholders and covered lives, it is possible – indeed likely – that this definition will not correspond exactly to that used by an insuring entity or the government in a jurisdiction. Thus data generated may not comply exactly with the definition put forth. The overall effort focused on collecting microinsurance data related to those considered low-income and, if possible, complying directly or nearly with our definition. Therefore, data presented in this study will reflect “those identified” as covered with microinsurance as opposed to an absolute number of people with microinsurance. For these concerns, again, the researchers made all possible efforts to contact organisations and clarify information.

All of the data collected was self-reported and voluntarily submitted at the goodwill of the insurers, distribution

channels, aggregators, regulators, donors, and other organisations involved with microinsurance. Though every effort was made to clarify and extract accurate and comparable data, ultimately the studies rely on self-reported information. In some cases, institutions were reluctant to provide all of the requested information, particularly some of the newly requested key performance indicator data. Thus some of the aggregated information provided in this report only applies to the subset of respondents who were willing to provide all of the necessary underlying data points. The paper indicates when this is the case and provides an indication as to the composition of the subset.

Finally, the information presented in this paper regarding trends over the 2011 – 2014 time period is based on the submission of data by providers in both time periods. Though every effort was made to obtain responses from all of the participants in the 2011 study, there were

some providers who declined participation in this later study. Over 95% of the market in terms of lives insured as identified in 2011 was included in this 2014 study. Those products that could not be accounted for in 2014 were excluded from any calculations regarding trends and growth. Thus “comparable” growth rates will not directly reflect the absolute numbers.

With these considerations, it is important to recognise that the quantitative information presented in this paper does not represent an absolute number of products, clients or other data. Rather, this paper reports what the team was able to identify as microinsurance. Although the data for this study is not an absolute measure of microinsurance in Africa, the data set is large enough to represent the “landscape” of microinsurance and provide an accurate picture of the market and where it is going.

Appendix C: Key figures by country

The following sections provide data on the key figures of gross written premiums, lives covered, and coverage ratios by country. More detailed country-level data and analysis can be found on the World Map of Microinsurance website.

Appendix C1 – Premiums

Table 3 below provides information on both total insurance industry gross

written premiums and microinsurance gross written premiums, by country. The study attempted to identify GWP at the national level for as many countries as possible. The diverse sources used for this are provided in footnote 30³¹. Please note that the 2014 total of national GWPs in Africa reported by this study is USD 69.32 billion. This is slightly higher than the 2014 total premium volume of USD 68.97 billion reported by Swiss Re Sigma

2015 publication, which reported GWPs for ten African countries and the remaining amount in an ‘other countries’ category. Also, please note that comparable growth reported in column 6 only takes into account those institutions reporting data for both 2011 and 2014, plus new market entrants.

TABLE 3
GROSS WRITTEN PREMIUMS BY COUNTRY – TOTAL INSURANCE AND MICROINSURANCE

Country	Total insurance industry premiums			Microinsurance (MI) premiums		
	National total GWP (USD millions)	Total insurance GWP (USD millions) reported by MI providers reporting to study	Reported GWP as % of total national GWPs	MI GWP reported to study (USD millions)	Comparable MI premium growth from 2011 - 2014	MI GWP as a % of total national GWPs
Algeria	1,597.00*	141,25	8,84%	0,63		0,04%
Angola	1142.00*	-	0,00%	-		0,00%

³¹ Sources for National Total Premium Volume: * Swiss Re Sigma 2015 Report; + CIMA 2014 Annual Report; ~ EFSA 2014 Annual Report; ^ AIO Report Junea 2014; ° Central Bank of Gambia 2013 Report; ~ NIC 2014 data; ^ AIO Report 2013; ∞ IRA Kenya 2014 Annual Report; ° Centri MAP Market Report 2012; ` Reserve Bank of Malawi 2014 Financial Institutions; >> ISSM 2014 Annual Report; ° NAMFISA 2014 Annual Report; ± National Bank of Rwanda 2014/2015 Report; ° Central Bank of STP 2014 Annual Report; ° FSA 2014 Annual Report; † FSB 2014 Report; ‡ Asia Insurance Review 2014 article; • FSRA 2013 Annual Report; ° TIRA 2013 Annual Report; ° IRA Uganda 2014 Annual Report; ° PIA 2014 WP reported on website; ‡ IPEC 2014 Annual Report

Country	Total insurance industry premiums			Microinsurance (MI) premiums		
	National total GWP (USD millions)	Total insurance GWP (USD millions) reported by MI providers reporting to study	Reported GWP as % of total national GWPs	MI GWP reported to study (USD millions)	Comparable MI premium growth from 2011 - 2014	MI GWP as a % of total national GWPs
Benin	30.47+	0,59	1,95%	1,47	67,30%	4,81%
Botswana	447,48	253,47	56,64%	0,82	166,42%	0,18%
Burkina Faso	42.6+	25,56	59,99%	5,96	-26,51%	13,98%
Burundi	No data	0,85		0,10	2,38%	
Cape Verde	24,64	-	0,00%	-		0,00%
Cameroon	112.18+	0,60	0,54%	0,75	211,55%	0,67%
Central African Republic	0.47+	-	0,00%	-		0,00%
Chad	4.37+	-	0,00%	-		0,00%
Comoros	No data	0,56		0,13	-6,67%	
Congo, Dem. Rep.	No data	6,85		2,46	191,59%	
Congo, Rep.	23.77+	6,96	29,28%	0,82		3,46%
Cote d'Ivoire	250.69+	9,80	3,91%	6,25	51,78%	2,49%
Djibouti	No data	-		-		
Egypt	2041.92~	0,47	0,02%	0,21	-38,76%	0,01%
Equatorial Guinea	3.27+	-	0,00%	-		0,00%
Eritrea	No data	-		-		
Ethiopia	254.53^	45,63	17,93%	15,55	151,49%	6,11%
Gabon	56.87+	-	0,00%	-		0,00%
Gambia	5.78°	-	0,00%	-		0,00%
Ghana	415.72~	95,58	22,99%	4,51	-21,22%	1,08%
Guinea	No data	0,02		0,02		
Guinea-Bissau	No data	-		-		
Kenya	1,860.64∞	871,27	46,83%	28,53	92,30%	1,53%
Lesotho	84.08"	-	0,00%	-		0,00%
Liberia	No data	-		-		
Libya	No data	-	0,00%	-		0,00%
Madagascar	No data	-		0,23	80,54%	
Malawi	87.84`	21,74	24,74%	1,15	3100,91%	1,31%
Mali	20.77+	0,47	2,28%	0,98	9,01%	4,73%
Mauritania	No data	0,01		0,02	18,48%	
Mauritius	766.00*	-	0,00%	-		0,00%
Morocco	3434.59*	90,35	2,63%	3,59		0,10%
Mozambique	275.01>>	36,98	13,45%	1,28		0,47%
Namibia	995.29°	128,42	12,90%	15,36	700,65%	1,54%
Niger	14.68+	-	0,00%	No data		
Nigeria	1713.93*	473,99	27,65%	7,80	-28,95%	0,46%
Rwanda	118.5>	4,80	4,05%	0,01	-75,04%	0,01%
Sao Tome and Principe	2.15<	-	0,00%	-		0,00%
Senegal	68.17+	0,57	0,84%	1,31	-35,93%	1,92%
Seychelles	17.56•	-	0,00%	-		0,00%
Sierra Leone	No data	0,85		0,18	4123,81%	
Somalia	No data	-		-		
South Africa	50,616.19<	5 668,15	11,20%	608,86	66,21%	1,20%
South Sudan	No data	-		-		
Sudan	450.00†	150,54	33,45%	0,18	504,11%	0,04%
Swaziland	68.92●	42,31	61,38%	5,15	63,47%	7,48%
Tanzania	284.46™	7,54	2,65%	18,14	425,81%	6,38%
Togo	44.92+	24,63	54,83%	2,83	-41,17%	6,30%

Country	Total insurance industry premiums			Microinsurance (MI) premiums		
	National total GWP (USD millions)	Total insurance GWP (USD millions) reported by MI providers reporting to study	Reported GWP as % of total national GWPs	MI GWP reported to study (USD millions)	Comparable MI premium growth from 2011 - 2014	MI GWP as a % of total national GWPs
Tunisia	888.00*	-	0,00%	No data		
Uganda	201.92 [†]	20,37	10,09%	0,26	-73,79%	0,13%
Zambia	305.09 [‡]		0,00%	16,60	2074,92%	5,44%
Zimbabwe	550.49 [‡]	71,82	13,05%	3,72	-86,93%	0,68%
Total	69 322,98	8 203,01	11,72%	755,83	62,53%	1,08%

Sources for National Total Premium Volume: * Swiss Re Sigma 2015 Report; † CIMA 2014 Annual Report; ‡ EFSA 2014 Annual Report; ^ AIO Report Junea 2014; ° Central Bank of Gambia 2013 Report; † NIC 2014 data; † AIO Report 2013; ∞ IRA Kenya 2014 Annual Report; † Cenfri MAP Market Report 2012; † Reserve Bank of Malawi 2014 Financial Institutions; >> ISSM 2014 Annual Report; ° NAMFISA 2014 Annual Report; † National Bank of Rwanda 2014/2015 Report; † Central Bank of STP 2014 Annual Report; † FSA 2014 Annual Report; † FSB 2014 Report; † Asia Insurance Review 2014 article; • FSRA 2013 Annual Report; † TIRA 2013 Annual Report; † IRA Uganda 2014 Annual Report; † PIA 2014 WP reported on website; † IPEC 2014 Annual Report

Appendix C2 - Lives insured and coverage ratios

Table 4 below provides identified lives covered by country for the broad types of microinsurance, whilst Table 5. Coverages ratios by country lists microinsurance coverage ratios (lives insured / total population) by country and product

group. PLEASE NOTE that the "Totals" columns in these tables are not the sum of the individual product types. As the majority of products offer multiple covers, the sum of the subtotals is almost always greater than the total number of insured. For example, a product that offers cover for credit life, funeral and hospital cash will be counted once each

under the Credit Life, Life and Health categories, but would be considered as one unique life covered in the 'total' column. Also, please note that comparable growth reported in column 3 of Table 4 takes into account only those institutions reporting data for both 2011 and 2014, plus new market entrants.

TABLE 4
IDENTIFIED LIVES COVERED BY COUNTRY³²

Country	Total	Comparable growth in total lives covered (from 2011-2014)	Life (non-credit)	Credit Life	PA	Health	Property	Agri
Algeria	124 145	5997,5%	124 080	-	-	-	124 080	124 145
Benin	223 645	68,3%	620	114 128	30 396	108 417	620	1 100
Botswana	57 097	141,4%	56 847	-	-	-	250	-
Burkina Faso	482 715	118,5%	336 992	231 738	378 300	147 170	20 000	9 610
Burundi	125 654	43,8%	12 500	-	-	113 154	-	-
Cameroon	408 693	569,1%	2 566	3 348	1 272	405 100	-	-
Comoros	63 767	228,2%	-	-	-	63 767	-	-
Congo, Dem. Rep.	255 270	18,5%	36 232	-	-	255 270	101 515	232
Congo, Rep.	2 570		2 570	-	-	-	-	-
Cote d'Ivoire	151 268	123,1%	117 681	39 603	117 681	33 387	-	200
Egypt	270 013	32,8%	253 836	267 933	270 013	-	-	-
Ethiopia	1 825 151	-11,0%	-	1 793 044	-	-	24 710	32 107
Gambia	-		-	-	-	-	-	-
Ghana	7 664 084	336,9%	5 383 532	2 472 732	4 817 394	4 090 696	1 318	2 115
Guinea	36 999	-89,1%	-	-	-	36 999	-	-
Kenya	2 722 489	112,1%	1 098 243	1 698 691	407 606	785 714	289 670	173 830
Libya	-		-	-	-	-	-	-
Madagascar	50 535	192,8%	2 293	48 242	50 535	2 293	-	-

³² The lives covered table only includes studied countries that reported MI in either 2011, 2014 or both years. The following countries were included in the study but reported no MI in neither 2011 nor in 2014: Angola, Cape Verde, Central African Republic, Chad, Djibouti, Equatorial Guinea, Eritrea, Gabon, Guinea-Bissau, Lesotho, Liberia, Sao Tome and Principe, Seychelles, Somalia, South Sudan.

Country	Total	Comparable growth in total lives covered (from 2011-2014)	Life (non-credit)	Credit Life	PA	Health	Property	Agri
Malawi	275 634	23,2%	275 634	207 034	120 600	123 000	120 000	-
Mali	133 177	19,4%	-	69 921	69 921	63 015	-	241
Mauritania	10 543	87,5%	-	-	-	10 543	-	-
Mauritius	-		-	-	-	-	-	-
Morocco	424 196	1776,0%	285 620	60 576	285 620	352 413	40 455	29 000
Mozambique	84 500	-37,4%	38 000	12 000	-	25 000	-	21 500
Namibia	348 532	-84,9%	192 749	42 835	54 290	32 669	117 827	-
Niger	31 606		-	31 606	-	31 606	-	-
Nigeria	1 824 062	18,0%	540 903	593 033	1 615 958	665 981	549 900	549 900
Rwanda	144 700	1967,1%	200	-	200	-	-	144 500
Senegal	162 827	2,8%	-	100 605	100 605	56 522	-	5 700
Sierra Leone	2 126	75,7%	2 126	756	756	-	756	756
South Africa	34 556 734	9,5%	30 605 885	6 547 341	1 346 954	-	706 884	350
Sudan	447 033	64221,3%	-	-	-	380 000	43 653	23 380
Swaziland	271 393	70,7%	271 377	54 377	86 000	16	16	16
Tanzania	1 989 914	-39,1%	1 528 580	460 534	461 334	236 000	-	-
Togo	238 905	14,9%	2 606	230 865	2 784	3 905	1 529	-
Tunisia	246 788	25,9%	246 788	246 788	246 788	-	-	-
Uganda	2 607 367	69,7%	2 408 607	164 160	2 573 623	225 971	2 379 023	-
Zambia	3 338 932	2654,5%	2 456 609	875 713	-	5 020	-	9 610
Zimbabwe	157 258	-90,8%	92 000	-	74 000	106 228	-	1 030
Total	61 760 322	29,4%	46 375 676	16 367 603	13 112 630	8 359 856	4 522 206	1 129 322

* The lives covered table only includes studied countries that reported MI in either 2011, 2014 or both years. The following countries were included in the study but reported no MI in neither 2011 nor in 2014: Angola, Cape Verde, Central African Republic, Chad, Djibouti, Equatorial Guinea, Eritrea, Gabon, Guinea-Bissau, Lesotho, Liberia, Sao Tome and Principe, Seychelles, Somalia, South Sudan

TABLE 5
COVERAGE RATIOS BY COUNTRY³³

Country	Total	Life (non-credit)	Credit Life	PA	Health	Property	Agri
Algeria	0,31%	0,31%	0,00%	0,00%	0,00%	0,31%	0,31%
Benin	2,11%	0,01%	1,08%	0,29%	1,02%	0,01%	0,01%
Botswana	2,80%	2,79%	0,00%	0,00%	0,00%	0,01%	0,00%
Burkina Faso	2,77%	1,93%	1,33%	2,17%	0,84%	0,11%	0,06%
Burundi	1,20%	0,12%	0,00%	0,00%	1,08%	0,00%	0,00%
Cameroon	1,79%	0,01%	0,01%	0,01%	1,78%	0,00%	0,00%
Comoros	8,47%	0,00%	0,00%	0,00%	8,47%	0,00%	0,00%
Congo, Dem. Rep.	0,37%	0,05%	0,00%	0,00%	0,37%	0,15%	0,00%
Congo, Rep.	0,06%	0,06%	0,00%	0,00%	0,00%	0,00%	0,00%
Cote d'Ivoire	0,73%	0,57%	0,19%	0,57%	0,16%	0,00%	0,00%
Egypt	0,32%	0,30%	0,32%	0,32%	0,00%	0,00%	0,00%
Ethiopia	1,89%	0,00%	1,86%	0,00%	0,00%	0,03%	0,03%
Ghana	28,98%	20,36%	9,35%	18,22%	15,47%	0,00%	0,01%
Guinea	0,31%	0,00%	0,00%	0,00%	0,31%	0,00%	0,00%

³³ The coverage ratios table only includes studied countries that reported MI in 2014. The following countries were included in the study but reported no MI in 2014: Angola, Cape Verde, Central African Republic, Chad, Djibouti, Equatorial Guinea, Eritrea, Gabon, Gambia, Guinea-Bissau, Lesotho, Liberia, Libya, Mauritius, Sao Tome and Principe, Seychelles, Somalia, South Sudan.

Country	Total	Life (non-credit)	Credit Life	PA	Health	Property	Agri
Kenya	5,98%	2,41%	3,73%	0,89%	1,73%	0,64%	0,38%
Madagascar	0,21%	0,01%	0,20%	0,21%	0,01%	0,00%	0,00%
Malawi	1,64%	1,64%	1,23%	0,72%	0,73%	0,71%	0,00%
Mali	0,84%	0,00%	0,44%	0,44%	0,40%	0,00%	0,00%
Mauritania	0,26%	0,00%	0,00%	0,00%	0,26%	0,00%	0,00%
Morocco	1,27%	0,85%	0,18%	0,85%	1,05%	0,12%	0,09%
Mozambique	0,32%	0,14%	0,05%	0,00%	0,09%	0,00%	0,08%
Namibia	14,84%	8,21%	1,82%	2,31%	1,39%	5,02%	0,00%
Niger	0,17%	0,00%	0,17%	0,00%	0,17%	0,00%	0,00%
Nigeria	1,02%	0,30%	0,33%	0,91%	0,37%	0,31%	0,31%
Rwanda	1,20%	0,00%	0,00%	0,00%	0,00%	0,00%	1,19%
Senegal	1,12%	0,00%	0,69%	0,69%	0,39%	0,00%	0,04%
Sierra Leone	0,03%	0,03%	0,01%	0,01%	0,00%	0,01%	0,01%
South Africa	63,99%	56,68%	12,12%	2,49%	0,00%	1,31%	0,00%
Sudan	1,15%	0,00%	0,00%	0,00%	0,98%	0,11%	0,06%
Swaziland	21,41%	21,41%	4,29%	6,78%	0,00%	0,00%	0,00%
Tanzania	3,92%	3,01%	0,91%	0,91%	0,46%	0,00%	0,00%
Togo	3,42%	0,04%	3,30%	0,04%	0,06%	0,02%	0,00%
Tunisia	2,24%	2,24%	2,24%	2,24%	0,00%	0,00%	0,00%
Uganda	6,71%	6,20%	0,42%	6,63%	0,58%	6,12%	0,00%
Zambia	22,23%	16,35%	5,83%	0,00%	0,03%	0,00%	0,06%
Zimbabwe	1,08%	0,63%	0,00%	0,51%	0,73%	0,00%	0,01%
Total	5,43%	4,08%	1,44%	1,15%	0,74%	0,40%	0,10%

* The coverage ratios table only includes studied countries that reported MI in 2014. The following countries were included in the study but reported no MI in 2014: Angola, Cape Verde, Central African Republic, Chad, Djibouti, Equatorial Guinea, Eritrea, Gabon, Gambia, Guinea-Bissau, Lesotho, Liberia, Libya, Mauritius, Sao Tome and Principe, Seychelles, Somalia, South Sudan

About the Microinsurance Network:

The Microinsurance Network is a platform of over 300 microinsurance experts, from over 40 countries, dedicated to promoting access to valuable microinsurance to low-income populations.

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