

Published by



The Landscape of Microinsurance

2021



Supported by



THE GOVERNMENT
OF THE GRAND DUCHY OF LUXEMBOURG



Contents

Acknowledgements	5
Figures, tables & boxes	6
Glossary	8
1. Executive summary	11
2. Methodology	13
3. Global view	17
3.1 Market size	17
3.2 Regulation	24
3.3 Products	30
3.4 Distribution and payments	40
3.5 Changing processes	44
3.6 Gender	46
3.7 Claims	49
4. Africa	57
4.1 Market size and evolution	57
4.2 Products	59
4.3 Distribution	61
4.4 Gender	62
4.5 Claims	64
5. Asia	67
5.1 Market size and evolution	67
5.2 Products	69
5.3 Distribution	71
5.4 Gender	72
5.5 Claims	73
6. Latin America and the Caribbean	76
6.1 Market size and evolution	76
6.2 Products	78
6.3 Distribution	80
6.4 Gender	82
6.5 Claims	84
Appendix A. Insurers per country and response rates	86
Appendix B. Response rates for each indicator and region	87



Acknowledgements

The Microinsurance Network asbl would like to thank the sponsors of this study, namely the Luxembourg Ministry of Foreign and European Affairs, the Luxembourg Ministry of Finance, the United Nations Development Programme (UNDP), AXA Emerging Customers, Barents Re Reinsurance Company, ILO's Impact Insurance Facility, the Insurance Development Forum and the Insurance Federation of Egypt for the financial support and their other contributions that have made this study possible.

A special thank you goes to all the insurers and aggregators who dedicated their time and efforts to providing the data essential to this study.

We recognise the dedicated contributions of our country researchers: Adrian Montesinos (Bolivia), Aisha Bashir (Nigeria), Ali Basharat (Pakistan), Angie Carolina Caro (Colombia), Antimaria Kajuna (Tanzania), Bagus Santoso (Indonesia), David Mureriwa (Zimbabwe), Guillaume Dugu (Rwanda), Illiana Butanda Ochoa (Mexico), Jacqueline Roberts Singh (India), James Irungu Kimani (Kenya), Jemma Maclear (Cambodia and Thailand), Jonan Kisakye (Uganda), Joseph Chikonde (Zambia), Kingsley Kwabahson (Ghana), Livio Bellandi (Brazil), María José Lagos (El Salvador), Marius Bai Kora (Côte d'Ivoire), Mark Robertson (Jamaica and South Africa), Moustapha Mbengue (Senegal), Patricia Inga Falcón (Peru), Pierre Bonzom (Morocco), Prashansa Jain (Philippines), Prechhya Mathema (Nepal), Silvia Canales (Costa Rica), Sisili Rahman (Bangladesh), Thanuja Krishnaratna (Sri Lanka), Trần Hương (Vietnam), Yasmine Badr (Egypt).

We further thank the experts interviewed for providing their perspectives on the development of microinsurance markets, including Anne Kamau and Barbara Chesire-Chabbaga (AB Consultants), Hannah Grant (Access to Insurance Initiative), Dominik Wehgartner (Allianz), Carlos Iván Gay (Asociación Mexicana de Instituciones de Seguros), María José Lagos Ayala (Asociación Salvadoreña de Empresas de Seguros), Laura Rosado (AXA), Mathilda Ström (BIMA), Jeremy Gray (Cenfri), Lenin Enrique Marquez Mendicuti (Comisión Nacional de Seguros y Fianzas, Mexico), Mabyr Valderrama Villabona (Federación de Aseguradores Colombianos), Erika Pacheco (Fundación PROFIN), Pranav Prashad (ILO's Impact Insurance Facility), Vance Abissa (Inclusive Guarantee), Orville Johnson (Insurance Association of Jamaica), Astrid Zwick (InsuResilience Global Partnership), Roshaneh Zafar (Kashf Foundation), Queenie Chow and Mariah Mateo Sarpong (MicroInsurance Centre at Milliman), Bert Opdebeeck (MicroInsurance Master), Kamalakar Sai Palavalasa (MicroNsurance), Lorenzo Chan (Pioneer), Miguel Solana (United Nations Development Programme), Gilles Renouil (Women's World Banking), and Craig Thorburn (World Bank).

Finally, we thank the members of the Microinsurance Network Landscape Best Practice Group for their contributions and feedback throughout this study, including in reviewing drafts of this document: AM Best; Access to Insurance Initiative (AZii); Appui au Développement Autonome (ADA); AXA Emerging Customers and AXA S.A.; Germany's Federal Ministry for Economic Cooperation and Development (BMZ); Belgian Raiffeisen Foundation (BRS); Centre for Financial Regulation and Inclusion (Cenfri); Center for the Economic Analysis of Risk (CEAR) at Georgia State University; Confederação Nacional das Empresas de Seguros Gerais (CNseg); Denis Garand & Associates; Fundación para el Desarrollo Productivo y Financiero (Fundación PROFIN); Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ); Guardian Life Insurance; ILO's Impact Insurance Facility; International Fund for Agricultural Development (IFAD); Katie School of Insurance & Financial Services at Illinois State University; Microinsurance Catastrophe Risk Organisation (MiCRO); MicroInsurance Centre at Milliman; MicroInsurance Master; MicroNsurance; Munich Re Foundation; National Insurance Commission, Nigeria (NAICOM); National University of Science and Technology, Zimbabwe; Swiss Capacity Building Facility (SCBF); United Nations Development Programme (UNDP); and Women's World Banking (WWB).

Figures, tables & boxes

List of figures

Figure 1	Frequency of number of lives covered per product in 2019 (as share of total products in each region)
Figure 2	Frequency of number of lives covered per product in 2020 (as share of total products in each region)
Figure 3	Frequency of premiums collected per product in 2019 (as share of total products in each region)
Figure 4	Frequency of premiums collected per product in 2020 (as share of total products in each region)
Figure 5	Median number of people covered and median premium collected per product by product line
Figure 6	World map of inclusive insurance regulation in 2021 from the Access to Insurance Initiative (a2ii)
Figure 7	Microinsurance product lines ranked by the number of people reached in 2019 and 2020
Figure 8	People covered in all regions by product line (millions)
Figure 9	Premiums collected in all regions by product line (USD millions)
Figure 10	The proportion of products using reinsurance by product line
Figure 11	The proportion of products in all three regions which make use of each distribution channel type
Figure 12	The proportion of products for which changes were made in response to COVID-19
Figure 13	The median proportions of women reached by product line
Figure 14	The median proportions of women reached by distribution channel
Figure 15	Frequency of claims ratios by region (as a share of total products in each region)
Figure 16	Median claims ratios by product line (for all products and for products launched before 2020)
Figure 17	Median claims ratio by distribution channel (for all products and for products launched before 2020)
Figure 18	Median value of individual claims by product line (USD)
Figure 19	Frequency of claims turnaround times by region (as share of total products in each region)
Figure 20	Median number of people covered per product by product line in Africa
Figure 21	Median premium collected per person covered by product line in Africa (USD)
Figure 22	Microinsurance product lines ranked by the number of people reached in 2019 and 2020 in Africa
Figure 23	People covered by product line in Africa (millions)
Figure 24	Premiums collected by product line in Africa (USD millions)
Figure 25	The proportion of products which make use of each distribution channel type in Africa
Figure 26	The median proportions of women reached by product line in Africa
Figure 27	The median proportions of women reached by distribution channel in Africa
Figure 28	Median claims ratios in Africa by product line
Figure 29	Median claims ratios in Africa by distribution channel
Figure 30	Median value of individual claims by product line in Africa (USD)
Figure 31	Median number of people covered per product by product line in Asia
Figure 32	Median premium collected per person covered by product line in Asia (USD)
Figure 33	Microinsurance product lines ranked by the number of people reached in 2019 and 2020 in Asia
Figure 34	People covered in Asia by product line (millions)
Figure 35	Premiums collected by product line in Asia (USD millions)
Figure 36	The proportion of products which make use of each distribution channel type in Asia
Figure 37	The median proportions of women reached by product line in Asia
Figure 38	The median proportions of women reached by distribution channel in Asia
Figure 39	Median claims ratios in Asia by product line
Figure 40	Median claims ratios in Asia by distribution channel
Figure 41	Median value of individual claims by product line in Asia (USD)
Figure 42	Median number of people covered per product by product line in Latin America and the Caribbean
Figure 43	Median premium collected per person covered by product line in Latin America and the Caribbean (USD)
Figure 44	Microinsurance product lines ranked by the number of people reached in 2019 and 2020 in Latin America and the Caribbean
Figure 45	People covered by product line in Latin America and the Caribbean (millions)

- Figure 46** Premiums collected by product line in Latin America and the Caribbean (USD millions)
- Figure 47** The proportion of products which make use of each distribution channel type in Latin America and the Caribbean
- Figure 48** The median proportions of women reached by product line in Latin America and the Caribbean
- Figure 49** The median proportions of women reached by distribution channel in Latin America and the Caribbean
- Figure 50** Median claims ratios in Latin America and the Caribbean by product line
- Figure 51** Median claims ratios in Latin America and the Caribbean by distribution channel
- Figure 52** Median value of individual claims by product line in Latin America and the Caribbean (USD)

List of tables

- Table 1** Focus countries for this year's Landscape report
- Table 2** Estimated proportion of the population and market captured in the countries studied in each region
- Table 3** The median number of people covered and premiums collected per product, and median premium per person covered for each region in 2019 and in 2020 (USD)
- Table 4** The percentage increase or decrease seen in policies issued, people covered, and premiums received for companies that reported for both 2019 and 2020
- Table 5** The median percentage of female policyholders and of women covered in each region
- Table 6** Median claims ratios by region
- Table 7** Claims metrics by region
- Table 8** Claims turnaround times by product line
- Table C1** Number and proportion of products reported by product line
- Table C2** Proportion of products for which data was not available by region

List of boxes

- Box 1** Why is the number of people reached given as a range?
- Box 2** People covered
- Box 3** Following the spirit rather than the letter of hospital cash insurance
- Box 4** Female policyholders and women covered



Glossary



Accident insurance (commonly referred to as ‘Personal Accident’): Insurance that provides compensation for injury, disability, or death caused by an event that is unforeseen, unexpected, and unintended.

Actuary: A technical expert in insurance and applied mathematics, who applies theories of probability, economics, and finance to the business of insurance and is responsible for the calculation of premiums, reserves, and other valuations.

Agent: An insurance company representative who solicits, negotiates, or effects contracts of insurance, and provides service to the policyholder for the insurer, usually for a commission on the premium payments.

Broker: An intermediary between insurers and distribution channels, a broker’s functions can range from those of an agent, to designing products and pre-processing claims. Unlike an agent, the broker is licenced in some countries to deal with several insurers and is permitted to take on all or a portion of the administration.

Bundled insurance: A product that is either sold in combination with another insurance product or in combination with any other non-insurance product or service.

Cell captive: An insurance or reinsurance captive which is sponsored and operated by one entity, usually an insurance company, but can be used by another entity.

Claim: Following a loss due to occurrence of an insured event, a claim is a request for compensation by an insured party or beneficiary.

Claim turnaround time (also referred to as ‘Turnaround time’ or ‘TAT’): The average number of days between an insured incident occurring and the pay-out being received by the beneficiary. Note that a common alternative measure is the average days from the submission of an insurance claim to payment of that claim.

Claims ratio: Claims paid as a percentage of the written premium. For the purposes of this study, we calculated a “crude” claims ratio (claims paid/premiums received).

Claims value: The total amount of money paid out by the insurer for accepted claims submitted by the insured.

Coverage: The scope of protection provided under a contract of insurance, and any of several risks covered by a policy.

Credit life insurance: Insurance coverage designed to extinguish the outstanding indebtedness of a borrower that dies while indebted.

Crop insurance: An insurance product which insures farmers against the loss of their crop due to natural events such as drought, flooding, hail, and others.

Digital platform: A virtual space that allows for direct interactions between consumers and providers of goods and services. Examples include ride-hailing platforms, delivery platforms, e-commerce, and freelancer platforms, among others.

Distribution channel: A person or company that aids the insurer in distributing the product. Also referred to as an intermediary.

Expense ratio: Administrative costs as a percentage of the written premium.

Funeral insurance: An insurance product designed to cover the costs associated with the insured’s funeral.

Freemium: A pricing strategy by which a product or service is provided free, and customers are given the option to purchase additional features or services (or to extend their cover, in the case of insurance).

Group insurance: A policy offered to people belonging to a certain group, such as employees of a company or members of an organisation. Usually, coverage ceases once the insured is no longer a member of the group.

Health insurance: Coverage that provides benefits as a result of sickness or injury. Policies may include insurance for losses from accidents, medical expenses, disability, or accidental death and dismemberment.

Hospital cash insurance: Insurance that provides a pre-defined payment to an insured person who is hospitalised, without regard to the actual cost of hospitalisation.

Inclusive insurance:
See 'Microinsurance' below.

Index insurance: An insurance scheme that pays out claims based on a predetermined index (e.g., rainfall level) rather than individual claims assessment.

Individual insurance: A policy purchased directly by the insured person, as distinct from group insurance.

InsurTech: A provider of technology innovations in the insurance industry.

Legal insurance: An insurance product designed to cover legal advice and legal expenses under certain circumstances.

Life insurance: Provides for payment of a specified amount on the insured's death, either to the deceased's estate or to a designated beneficiary.

Livestock insurance: Covers losses as a result of the death of livestock.

Low-income population: For the purposes of this study, low-income means individuals earning between 2 and 20 international dollars per day on a purchasing power parity basis.

Mandatory insurance (also referred to as 'Compulsory insurance'): Insurance that one is required to purchase, either because of government mandate (for example, third-party liability auto insurance) or as a condition for accessing another service (for example, credit life insurance that is required when one takes a loan). Mandatory cover can reduce adverse selection and significantly reduce administrative costs.

Microinsurance: Microinsurance products have modest premium levels based on the risks insured. The term can be used interchangeably with 'inclusive insurance'. Microinsurance products are developed specifically to serve the needs of the low-income population. The insurer is the risk carrier, and the product must be working towards profitability or at least sustainability and be managed on the basis of insurance principles. For the purposes of this study, the term microinsurance covers all products that fit within this definition and may therefore include products that are not considered as microinsurance by a national insurance supervisor, given that such definitions vary from one country to another.

People covered (also referred to as 'Lives covered'): The number of people covered includes the policyholder as well as others insured under the policy. For example, a life or health insurance policy may cover family members. In the case of livestock and crop insurance, people covered refers to the number of farmers or livestock owners who have taken out the insurance.

Policy: The specific contractual agreement underlying the terms between the insurer and the insured.

Premium: One or more payments required to activate insurance coverage and keep it in force.

Premiums collected: The total amount of money collected from the policyholders by the insurer.

Property insurance: Provides financial protection against the loss of, or damage to, real and personal property caused by such perils as fire, theft, windstorm, hail, vandalism, etc.

Regulation of insurance: Government-defined requirements for an insurer, such as minimum capital requirements and necessary expertise; also provides consumer protection through the oversight of insurers, including pricing policies, form design and appropriate sales practices.

Regulatory sandbox: A framework that allows companies to conduct live experiments in insurance innovations under the regulator's supervision.

Takaful product: A risk mitigation product that is an Islamic/Sharia-compliant alternative to conventional insurance.

Telemedicine: Remote delivery of healthcare services through telecommunications infrastructure, such as online or telephone-based doctors' consultations.

Travel insurance: Covers the costs and losses associated with unexpected events during a journey or while travelling, such as medical expenses, trip cancellation, or an accident. This includes short trips on public transport or commuter travel, as well as longer journeys.

Unstructured Supplementary Service Data (USSD): A protocol used to send text messages which is available on basic feature mobile phones. USSD is typically used for mobile money services, prepaid call-back services and menu-based information services.

Value-added services: Additional services or benefits which customers receive when they buy a product.

Voluntary cover: Allows consumers to choose the amount, term, and type of insurance that they want; contrasted with mandatory insurance.



1. Executive Summary

Between 179 and 377 million people were recorded as covered by a microinsurance product in the 30 countries covered by the Landscape of Microinsurance 2021. This is estimated to represent between 6% and 14% of the target population of the countries studied. These figures represent a considerable increase on the previous year's study, in which between 162 and 253 million people were reached across 28 countries, representing between 6% and 10% of the target population.

The increase stems mainly from the inclusion of data on additional countries, as well as an improved response rate: 224 insurance providers submitted data on 704 products, compared to 194 insurers who provided data on 589 products the previous year.¹

COVID-19 had an important impact on insurers. The pandemic heightened awareness of risk and, in some cases, increased customers' interest in acquiring insurance, particularly health insurance. At the same time, with customers' income stretched, many were simply unable to pay for insurance or for services with bundled insurance cover. As well as demand restraints, insurers and their partners faced serious operational challenges, including adapting to staff working from home and finding alternatives to face-to-face interactions with customers.

Life and credit life insurance were the product lines that covered the most people in past Landscape of Microinsurance studies. This year, the numbers of lives covered through these lines of business remained fairly stable. However, health microinsurance became the largest product line in Africa and Asia, reaching 104 million people globally.

The growth of health microinsurance has been an important trend for several years. Whereas life insurance was previously the "starter" product for insurance providers looking to enter the low-income market, simple health

products have now taken over in many countries as the first choice for insurers and FinTechs launching new microinsurance schemes. The appeal of health insurance has only increased as COVID-19 has raised consumers' awareness of health risks.

Despite the challenges of social distancing, agents, brokers, and financial and microfinance institutions continue to be the most frequently used distribution channels for microinsurance. Nonetheless, the potential of channels like digital platforms and remittance providers is clear.

Women make up a median of 45% of microinsurance policyholders across the three regions, lower than the 50% recorded in the previous Landscape Study. The most notable change is in Asia, where the median percentage of female policyholders dropped from 60% to 42%. This is related to the changes in principal product lines, as credit life insurance, with its longstanding focus on female clients, no longer dominates outreach in the data received.

Claims ratios dropped from a median of 23% in 2019 to 15% in 2020. In some cases, customers have struggled to submit claims, particularly where insurers did not offer viable alternatives to existing claims processes. In addition, underlying claims experience declined in some lines of business, with fewer workplace accidents and difficulties accessing medical care, for example.



“ COVID-19 had an important impact on insurers. The pandemic heightened awareness of risk and, in some cases, increased customers' interest in acquiring insurance, particularly health insurance. ”

¹ Data is not directly comparable year-on-year. More detail on changes in the sample and methodology, and on the comparisons made, is given in the following sections.



2. Methodology

The Landscape of Microinsurance Study 2021 presents information on microinsurance markets in three regions: Africa, Asia, and Latin America and the Caribbean (LAC). Whereas Landscape Studies before 2018 attempted to cover all countries in a region, the methodology adopted since, focuses on selected countries across all three regions, with annual follow-up to support market development.

In each region, efforts were made to collect primary data on the microinsurance products available in each target country. All products that fit the Study's definition of microinsurance (see Glossary) were considered, including national and government-led schemes that met these criteria. Not all insurers or national schemes provided responses.

Uganda, Costa Rica, and El Salvador were added to the list of target countries this year. No data on Senegal was received for the previous Landscape Study, whereas data from the country

has been included this year. Argentina and Chile were replaced by Costa Rica and El Salvador based on engagement with sector representatives in the region.

In some cases, despite best efforts, it proved impossible to obtain responses from a representative number of insurers. Limited primary data was collected in several countries, such as India, Nepal, and Mexico, which were severely affected by COVID-19 lockdowns during the data collection window in the second quarter of 2021.

In South Africa, also significantly impacted by COVID-19, information was received from more insurers than last year, but many insurers were still not able to participate.

For India and Mexico, publicly available data from the regulators was used to determine the total number of insured people in the two countries, but it was not possible to carry out further analysis without primary data.²

In total, 224 insurers provided self-reported product-level data on their microinsurance products. Data covered a 12-month period: either the calendar year 2020, or a 12-month period of the insurer's choice between 2020 and 2021, where the company's standard reporting periods made it easier for data to be provided in that way.³ Primary researchers based in each country or region engaged with insurers to encourage and support their participation, and to ensure as much consistency as possible in the interpretation of the questions and of the data inputs.

TABLE 1
FOCUS COUNTRIES FOR THIS YEAR'S LANDSCAPE REPORT

AFRICA	ASIA	LATIN AMERICA & THE CARIBBEAN
Côte d'Ivoire	Bangladesh	Bolivia
Egypt**	Cambodia	Brazil
Ghana	India**	Colombia
Kenya	Indonesia**	Costa Rica
Morocco**	Nepal*	El Salvador
Nigeria	Pakistan	Jamaica
Rwanda	Philippines	Mexico**
Senegal**	Sri Lanka	Peru
South Africa**	Thailand**	
Tanzania**	Vietnam	
Uganda		
Zambia		
Zimbabwe		

Notes to Table 1:

* Countries for which no data was submitted;

** Countries with low response rates for which our findings may understate the state of the national microinsurance market

² Note that for some countries not included in this study, national studies on the microinsurance market are available, such as the *Landscape of Inclusive Insurance in Mozambique* published by Financial Sector Deepening Mozambique (2021).

³ For the remainder of this report, this 2020/2021 data will be referred to simply as 2020 data.



The data collected is limited to products provided by formal insurance providers – insurance companies and other providers regulated by the insurance regulator. In some countries, further microinsurance may be provided semi-formally or informally by other providers like funeral parlours and savings groups. These products are not included in this study due to the additional difficulties involved in collecting data from these organisations.

To validate the trends observed in the data and provide context and further information, interviews were carried out with 23 experts across Africa, Asia, and LAC. These interviews provide a broader picture of emerging trends in the microinsurance markets in each region. In addition, a best practice group of Microinsurance Network (MiN) members provided guidance throughout the process, including on the questionnaire design, data collection and analysis, and feedback on the final report.







BOX 1

Why is the number of people reached given as a range?

These figures are calculated based on insurance providers' reporting of the number of people covered by each of their products. Since a given client may have more than one insurance product, the total number of people covered is presented as a range. The lower number is based on the total number of people covered by the largest product line, and the higher number is based on the total people covered by all products.

3. Global view

3.1 Market size

Between 179 and 377 million people were recorded as covered by a microinsurance product in the 30 countries covered by this Landscape Study.⁴

These customers were reached through a total of 90 million policies, including almost 8 million group policies. This represents a considerable increase on the 2020 study, which found that 162 to 253 million people were reached through 60 million policies in 28 countries. The increase results mainly from the inclusion of data from Costa Rica, El Salvador, Senegal, and Uganda and an increased sample size of 224 insurance providers and 704 products, compared to 194 insurers and 589 products the previous year. The additional responses included some very large schemes for which data was not previously made available.

The number of people covered by microinsurance in the last year represents between 6% and 14% of the target population⁵ in the countries studied. The corresponding figures for each region are given in Table 2.

Despite the increase in people covered, the total premiums collected in 2020 only increased by 6.5% year-on-year: USD 1.129 billion in microinsurance premiums compared to USD 1.060 billion in 2019. This is partly because several very large schemes reported only the number of people reached and not premium income in 2020, and partly because the median premium collected per person insured fell. In 2020, a median average of USD 9.71 was collected,⁶ down from USD 14.00 in 2019 (Table 3). This reduction reflects several factors:

- Changes in exchange rates, as many currencies depreciated against the dollar in 2020.
- The change in product mix in 2020, with a larger share of relatively low-priced health products.
- Reduced incomes of customers because of COVID-19, and the response of many insurers who decided to reduce coverage amounts and corresponding premiums, or to grant premium holidays.
- Gaps in coverage as clients failed to make premium payments, or coverage that ended and was not renewed, leading to lower premiums collected throughout the year.
- Where insurance was linked to credit or savings amounts, reduced loan sizes and reduced savings resulted in reduced sums assured and therefore lower premiums.



“The number of people covered by microinsurance in the last year represents between 6% and 14% of the target population in the countries studied.”

⁴ This number includes between 104 million and 206 million people based on responses received from 224 insurance providers, as well as data from regulators in India and Mexico, and publicly available data from Allianz in countries where it was not provided locally.

⁵ For the purposes of this study, the microinsurance target population is calculated as the number of people earning between 2 and 20 international dollars per day on a purchasing power parity basis (Int. \$). The underlying income distribution data is sourced from Pew Research Center and adjusted for contemporary population estimates. Pew Research Center provides a more detailed breakdown, defining low-income as Int. \$ 2 to Int. \$ 10 and middle-income as Int. \$ 10 to Int. \$ 20 per day (PPP).

⁶ For each individual product, the average premium per life covered was calculated. These figures are the median values for each region of the product averages.



The potential value of the microinsurance market in the countries included in this study is estimated at USD 19.4 billion, based on the entire target population being covered by one insurance product.⁷ In these countries, current microinsurance premiums represent about 6% of that potential market, based on data collected for this Landscape Study.

These figures vary across the three regions studied, with the largest proportion of the estimated market value captured in Africa (Table 2).

TABLE 2
ESTIMATED PROPORTION OF THE POPULATION AND MARKET CAPTURED IN THE COUNTRIES STUDIED IN EACH REGION

REGION	Number of people reached by microinsurance	Share of the target population covered	Estimated value of the microinsurance market in target countries (USD)	Proportion of the estimated microinsurance market value captured
Africa	17-37 million	4-9%	5.0 billion	11%
Asia	147-300 million	7-15%	7.7 billion	4%
Latin America and the Caribbean	14-40 million	4-12%	6.8 billion	4%
All regions	179-377 million	6-14%	19.4 billion	6%

⁷ This value is based on the median premium per person covered calculated for each region in this study (USD 11.60 in Africa, USD 3.80 in Asia, and USD 19.83 in Latin America).

Greatest scale was achieved in Asia and for credit life products

Each microinsurance product reached a median of 7,500 people and brought in a median of USD 74,600 in premiums. Greatest scale was reached in Asia, where each product reached around 16,000 people. These numbers are compared with 2019 in Table 3. In Africa, the figures for scale did not change greatly, but median premiums collected per product fell by more than half in Asia, and in Latin America and the Caribbean (LAC) both the median number of people reached and median premiums collected per product plummeted. Although the trend is clear, the extent of this change may be overstated because of changes in the sample size year to year.

The frequency distributions of lives covered per product show the regional differences and changes from year to year more clearly (Figures 1 to 4).

TABLE 3
THE MEDIAN NUMBER OF PEOPLE COVERED AND PREMIUMS COLLECTED PER PRODUCT, AND MEDIAN PREMIUM PER PERSON COVERED FOR EACH REGION IN 2019 AND IN 2020 (USD)⁸

	Africa			Asia			Latin America and the Caribbean			All regions		
	2019	2020	Year-on-year change	2019	2020	Year-on-year change	2019	2020	Year-on-year change	2019	2020	Year-on-year change
Median number of people covered per product	7,700	6,000	-22%	12,500	16,000	28%	39,600	5,600	-86%	17,200	7,600	-56%
Median total premium collected per product (USD)	72,300	79,500	10%	94,000	43,700	-54%	760,300	123,400	-84%	141,700	74,600	-47%
Median premium per person covered (USD)	14.00	11.60	-17%	8.80	3.80	-57%	18.92	19.83	5%	14.00	9.71	-31%

⁸ Information on the sample sizes for all data points are provided in Appendix B.



Similarly, the frequency distributions of premiums collected per product for 2019 and 2020 show a clear increase across all regions in products collecting less than USD 10,000 of premium and a lower share of products in Asia and LAC collecting between USD 1 million and USD 10 million.

Across all countries covered, credit life products reached the highest number of people, with a median of almost 43,000 people per product (see Figure 5). The smallest schemes were in investment and savings products, agriculture, and travel insurance.⁹

FIGURE 1
FREQUENCY OF NUMBER OF LIVES COVERED PER PRODUCT IN 2019
(AS SHARE OF TOTAL PRODUCTS IN EACH REGION)

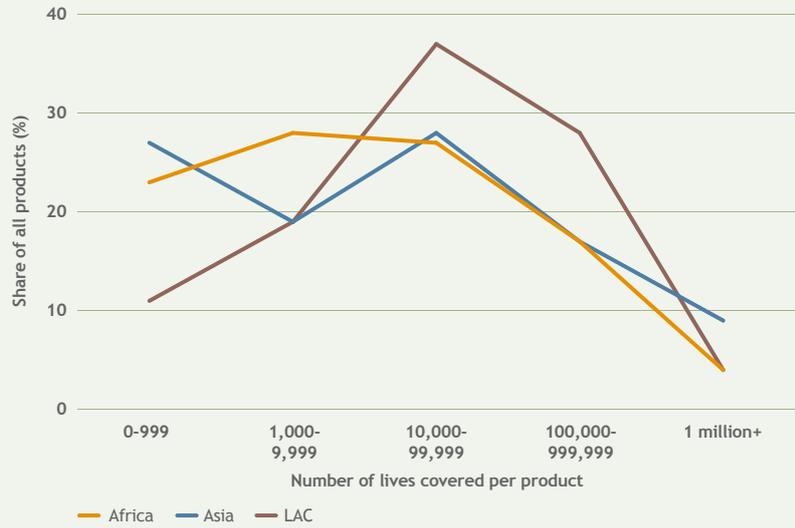
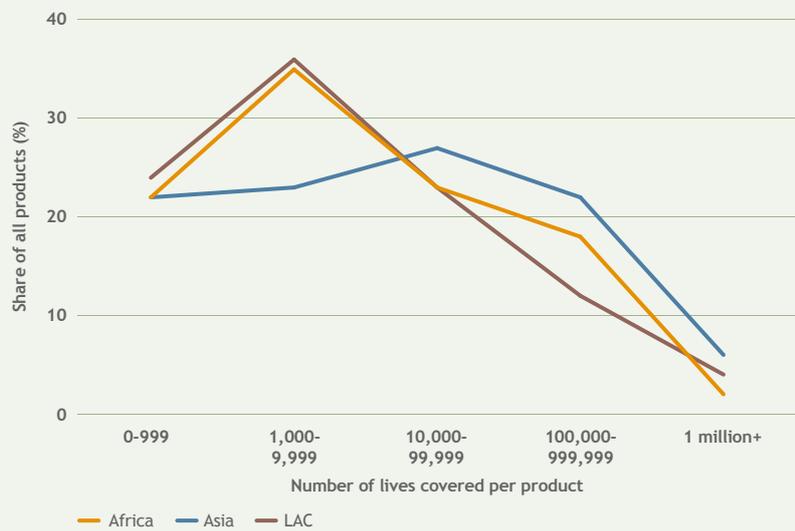


FIGURE 2
FREQUENCY OF NUMBER OF LIVES COVERED PER PRODUCT IN 2020
(AS SHARE OF TOTAL PRODUCTS IN EACH REGION)



⁹ Travel insurance includes cover for short trips on public transport or commuter travel, as well as longer journeys.

FIGURE 3
FREQUENCY OF PREMIUMS COLLECTED PER PRODUCT IN 2019
(AS SHARE OF TOTAL PRODUCTS IN EACH REGION)

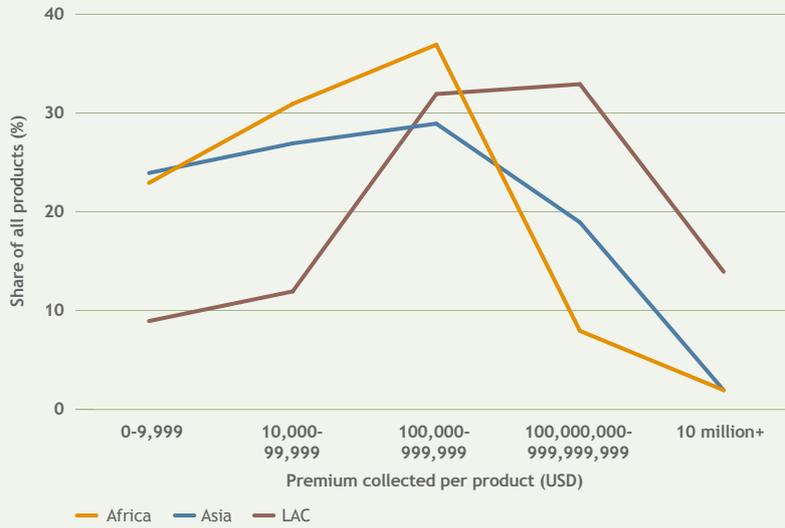


FIGURE 4
FREQUENCY OF PREMIUMS COLLECTED PER PRODUCT IN 2020
(AS SHARE OF TOTAL PRODUCTS IN EACH REGION)

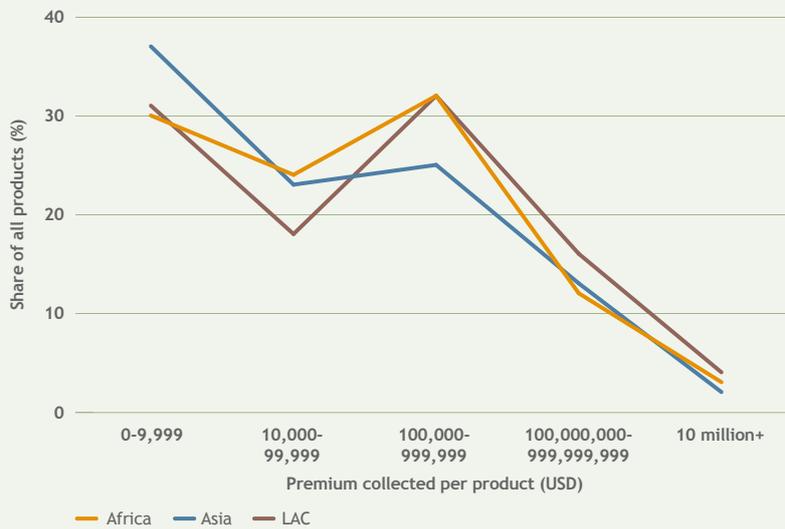
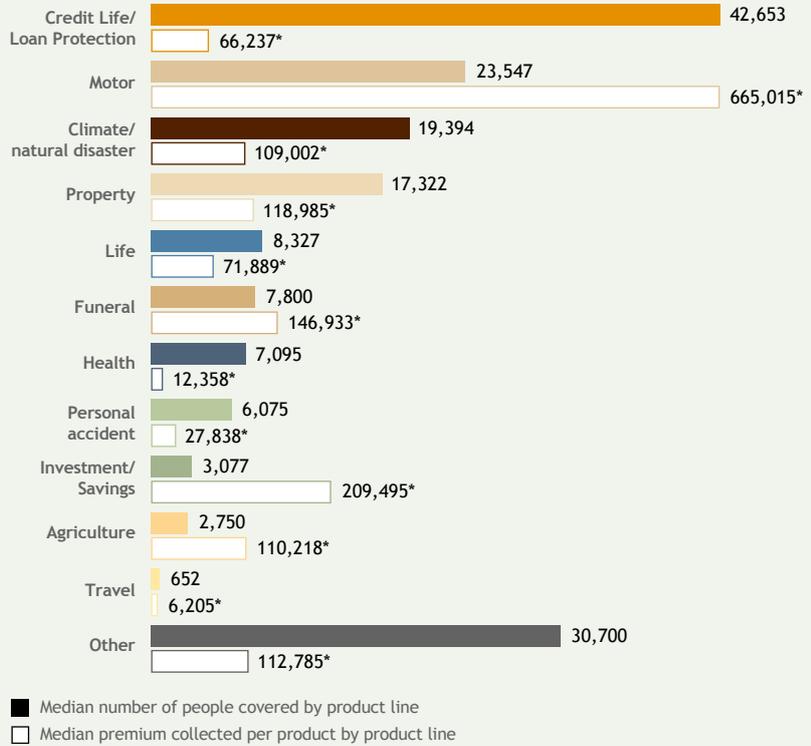




FIGURE 5
**MEDIAN NUMBER OF PEOPLE COVERED AND MEDIAN PREMIUM COLLECTED*
 PER PRODUCT BY PRODUCT LINE¹⁰**



COVID-19 strained microinsurance demand and supply

Insurers interviewed for this study reported varied impacts of the COVID-19 pandemic on their business. The pandemic has heightened awareness of risk across the globe and, in some cases, has increased customers' interest in acquiring insurance, particularly health insurance. At the same time, the pandemic has posed serious restraints on microinsurance. With customers' income stretched and, in some cases, stopped altogether, many were simply unable to pay for insurance.

In addition, fewer people could afford to pay back or take out new loans, or to purchase other services, meaning that they were not covered by insurance covers bundled with loans as a result.

As well as demand restraints, insurers faced serious operational challenges. They had to adapt to staff working from home, and find alternatives to face-to-face sales, physical call centres, office-based training, in-person claims processes,

¹⁰ The category "other" includes a range of products, the majority of which offer combined covers. A relatively small number of products were recorded under this category, and the results for this category should therefore be interpreted with caution.

and to many other aspects of their operations. In many cases, the basic technology required to do so, such as staff laptops, was not in place, and a great deal of time and resources were spent ensuring companies could simply continue carrying out basic functions. With existing resources and processes stretched among insurance companies and their partners, it was a difficult year for the introduction of new products, and many organisations reported delays and cancelled initiatives.

The impact of the pandemic is clear when comparing insurers’ responses in 2019 and 2020. Of all the products reported on for 2020, 59% were from insurers who also provided data for 2019. Considering only the submissions from insurers who reported in both years,¹¹ there is a marked drop in their business. The number of people covered by these insurers decreased by 27 million (33%), total premiums

decreased by USD 202 million (34%) and the number of policies by 4.8 million (9%).¹² The relatively modest drop in number of policies compared to number of people covered likely reflects important reductions in many group policies, such as those issued to cover MFI clients (Table 4).

This reduction was seen most clearly in Africa, where the number of policies fell by 30% and the number of people covered by 68%. The drop in premiums is most marked in LAC, where premiums fell by 43%.

This year-on-year comparison may be impacted by gaps in the data provided by insurers each year as well as products that were launched or discontinued between 2019 and 2020. Nonetheless, the shift is striking and reflects the real challenges insurers faced in both demand and in reaching customers during this time.

During the interviews for this study, many insurers did note that their business had begun to pick up again in 2021. Nonetheless, there were concerns about the long-term impact on demand, as customers’ incomes continue to be affected, their savings are now emptied, and many countries are suffering from subsequent waves of COVID-19. and related economic disruption.

TABLE 4
THE PERCENTAGE INCREASE OR DECREASE SEEN IN POLICIES ISSUED, PEOPLE COVERED, AND PREMIUMS RECEIVED FOR COMPANIES THAT REPORTED FOR BOTH 2019 AND 2020

	Africa	Asia	Latin America and the Caribbean ¹³	All regions
Number of policies issued ¹⁴	-30%	-1%	-7%	-9%
Number of people covered	-68%	-19%	-19%	-33%
Premiums collected	-37%	-9%	-43%	-34%

¹¹ Only insurers reporting in both years were considered, but, in some cases, they did not report on the same number of products in both years. All products reported by these insurers were included in this analysis, as it is not always possible to match products year-on-year.

¹² One major product was excluded from the 2020 data for Latin America and the Caribbean as it was clearly a new product not included in 2019 and skewed the results.

¹³ One major product was excluded from the 2020 data for Latin America and the Caribbean as it was clearly a new product not included in 2019 and skewed the results.

¹⁴ Policies include both individual and group policies, so one policy may account for a large number of people covered. The total number of people covered through those policies is indicated in the following row of the table.

3.2 Regulation

Regulators and supervisors reacted to the pandemic

Regulators and supervisors faced many of the same challenges as insurers and other businesses in 2020 and 2021, having to adapt to staff working from home and interacting virtually with stakeholders. In some countries, operations slowed as a result, particularly new product approval processes.

In addition, regulators needed to ensure that customers continued to be protected and to communicate with insurers about how they should respond to the pandemic. Regulators released communications for customers clarifying the coverage to which they were entitled. They requested additional information from insurers to track the market closely as the pandemic developed, as well as releasing guidance on the introduction of new COVID-related products, and instructions on what insurers and reinsurers should cover in relation to COVID-19.

In India, for example, the regulator designed several products to provide protection for COVID-19 and mandated insurers to launch them. The Indian regulator also made efforts to fast-track the approval of new COVID-related products designed by insurers, reducing the approval turnaround time to just a matter of days. Finally, the regulator mandated insurers to speed up claims settlement since hospitals were requiring confirmation of payment in order to release patients from hospitals already at full capacity.

Regulators put in place specific measures to enable digital processes during the pandemic, allowing e-signatures, digital fulfilment of “know your customer” (KYC) requirements, and digital sales and onboarding, on a permanent or temporary basis. A total of 44% of regulators surveyed by the Access to Insurance Initiative (A2ii) in June 2021 had introduced electronic signatures because of COVID-19 (another 18% had already introduced electronic signatures before the pandemic, and 19% were considering doing so).¹⁵

¹⁵ A2ii (2021). *Covid-19 Survey Responses: Preliminary Results*



An increased emphasis on market development and supporting innovation continued

At the same time, trends from recent years continued in 2020. Each year, more countries have introduced specific microinsurance or inclusive insurance regulation (as seen in Figure 6), and many, including Nigeria and Kenya, have introduced specific licences for microinsurance companies. Moreover, countries including Colombia are moving towards risk-based supervision and solvency, meaning that certain rules, such as capital requirements, are set based on the level of risk posed by the business. In practice, this generally allows for lower capital requirements for microinsurance business, since the level of risk is lower, thereby supporting the development of microinsurance.

Furthermore, as noted in the previous Landscape report, the last few years have seen a shift in regulators' mandates towards market development, and many regulators are now taking an active role in facilitating more inclusive insurance markets. With this change in mandate, regulators have developed new tools, including:

- Regulatory sandboxes - a framework that allows companies to conduct live experiments in insurance innovations with the regulator's supervision - have now been implemented in an increasing number of countries. In Kenya, for example, the first product to be developed through the country's regulatory sandbox was launched in 2020.
- Cell captive licencing has been introduced in some countries to ease formalisation and entrance into the microinsurance market, with South Africa recently issuing its first microinsurance cell captive licence.

- Malaysia is currently developing a subsidy programme that gives customers vouchers for inclusive insurance, while leaving the choice of product to the customer.
- The Indian insurance regulator has led a "model insurance villages" initiative, in which insurance companies have been brought on board to cover the insurance needs of the entire populations of 500 villages chosen throughout the country.

Challenges remain in implementing market development mandates and in measuring their success. Tools like sandboxes have often proved slower than hoped to implement and require significant resources and regulator capacity. In terms of monitoring progress in market development, some regulators have set targets based on insurance penetration, which risks creating the wrong incentives, such as increasing mandatory products rather than innovating and developing new sales strategies.

Meanwhile, there are concerns that the introduction of new data protection and anti-money laundering laws may limit innovation and competition. In many countries, laws are being introduced that restrict the use of data and the ability to transfer data between providers and beyond national borders. Especially in countries where data remains quite limited or local cloud options do not exist, such as in Morocco, these laws may restrict insurance and FinTech innovation and competition, particularly for new entrants.



“Challenges remain in implementing market development mandates and in measuring their success.”



Support for agriculture and climate insurance

Interviews conducted for this study confirm that interest and support for addressing climate risk, and related insurance products, is growing among governments and regulators. They have continued to pass or amend legislation to clarify that index insurance qualifies as insurance and is governed by insurance regulation. At the same time, regulators are expanding their mandate beyond simply approving products and have become more active in assessing customer value, particularly of index insurance products. Quality certification based on minimum quality standards is being explored by regulators and other stakeholders.

Interest in specific excluded groups

In addition to addressing microinsurance or inclusive insurance in broad terms, regulators are also taking an interest in the inclusion of specific demographic groups, such as women, small business owners and elderly people. The Philippines Insurance Commission, for example, is supporting the development of health and other insurance products aimed at single mothers, while supervisors from Ghana and the CIMA region are encouraging insurance products for women-led nano and micro businesses.¹⁶

In an initiative led by the National Insurance Commission of Ghana as part of the A2ii Inclusive Insurance Innovation Lab, business clinics were arranged for micro and small business owners.¹⁷ These clinics allowed business owners to better understand their risks and the role of insurance in managing those risks, and at the same time allowed the regulator and insurance sector to gain vital information on the risk management practices and needs of these businesses.

¹⁶ Microinsurance Network (2021). *Do supervisors hold the key to unlocking women's access to insurance?*

¹⁷ A2ii (2019). *Inclusive Insurance Innovation Lab - Final report*

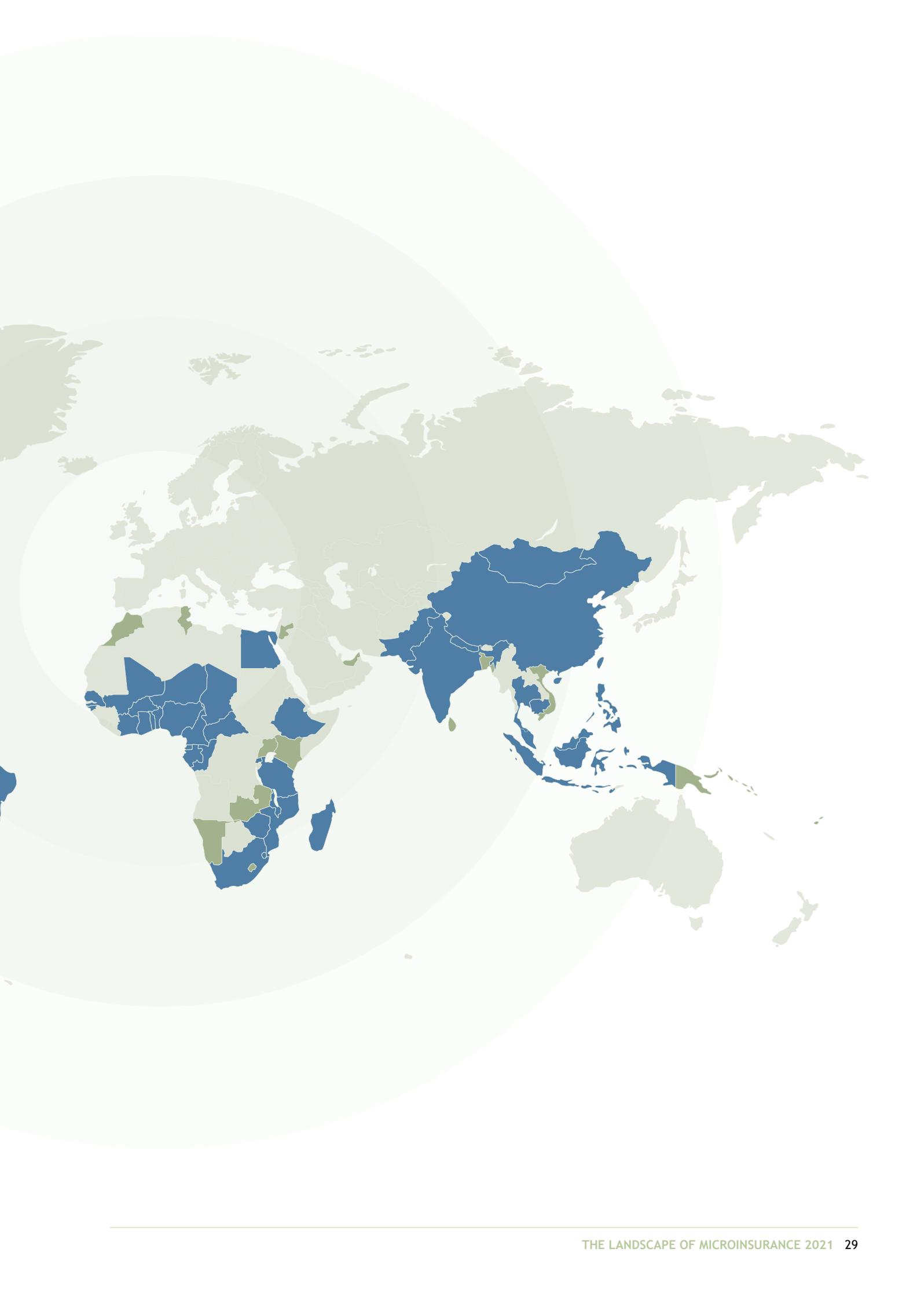




FIGURE 6
WORLD MAP OF INCLUSIVE INSURANCE REGULATION IN 2021 FROM THE ACCESS TO INSURANCE INITIATIVE (A2ii)¹⁸



¹⁸ While the A2ii uses reasonable efforts to include accurate and up-to-date information in this map, it makes no warranties as to the completeness of content, errors, or omissions. In mapping the inclusive insurance developments worldwide, the A2ii welcomes insurance supervisors' inputs.



3.3 Products

Health insurance covered the highest number of people

Life and credit life insurance have been the product lines that covered the most people in past Landscape of Microinsurance Studies.



This year, the numbers of lives covered through life and credit life insurance remained fairly stable. However, health microinsurance took over, becoming the largest product line in terms of people covered, followed by personal accident insurance (see Figure 7).

It should also be noted that the number of people covered by each product line is not directly comparable to those reported in previous years, as the way in which this information is recorded has changed (e.g., for bundled products) for this report to increase accuracy. Nonetheless, the overall picture in terms of the most important product lines can be compared.

Health microinsurance became the most important product in both Africa and Asia, whereas in LAC, life insurance continued as the dominant product line, with health microinsurance reaching a relatively low number of customers (as explored further in section 6.2).

The 224 insurance providers who responded to the survey across the three regions jointly reached over 104 million people through health microinsurance products. This apparent explosion in lives covered through health insurance is largely a result of the inclusion in the data of a small number of major health schemes, notably in Asia and some led by state insurers, which were not included in previous Landscape Studies. Five health products in Africa and Asia reached more than a million clients each and are jointly responsible for 96% of the people reported as covered by health products. Most of these five schemes were launched from 2018 onwards and are delivered through a range of distribution channels, including microfinance and financial institutions, mobile payment providers, NGOs, agents, and brokers.

BOX 2

People covered

Insurers were asked to provide the number of people covered by each of their products. This includes the policyholder as well as others insured under the policy. For example, a life or health insurance policy may cover additional family members. In the case of livestock and crop insurance, people covered refers to the number of farmers or livestock owners who have taken out the insurance.

FIGURE 7
MICROINSURANCE PRODUCT LINES RANKED BY THE NUMBER OF PEOPLE REACHED IN 2019 AND 2020

2019	Rank	2020
Life	1	Health ▲ +4
Credit life/loan protection	2	Personal accident ▲ +1
Personal accident	3	Credit life/loan protection ▼ -1
Funeral	4	Life ▼ -3
Health	5	Funeral ▼ -1

The growth of health microinsurance in Africa and in Asia has been an important trend for several years. Whereas low-cost life insurance was previously the “starter” product for insurance providers looking to enter the low-income market with a simple product, simple health products have now taken over in many countries as the first choice for insurers and FinTechs launching new microinsurance schemes. Health products address a priority risk and offer more frequent and tangible benefits than other insurance lines, allowing providers to build trust. The appeal of health insurance has, of course increased as COVID-19 has made health risks all too clear to customers. Indeed, many of the insurers interviewed for this study felt that demand for health insurance had increased.

Hospital cash products are particularly popular and are the largest subset of products within the health data collected for this study. This is partly because they are simple to administer with relatively low costs, and partly because providers find that they resonate with low-income clients. A variety of other health products were also recorded, including disease-specific products (e.g., for malaria, COVID-19, or cancer), critical illness insurance, dental products, and some more comprehensive products covering medical expenses.

FIGURE 8
PEOPLE COVERED IN ALL REGIONS BY PRODUCT LINE (MILLIONS)¹⁹

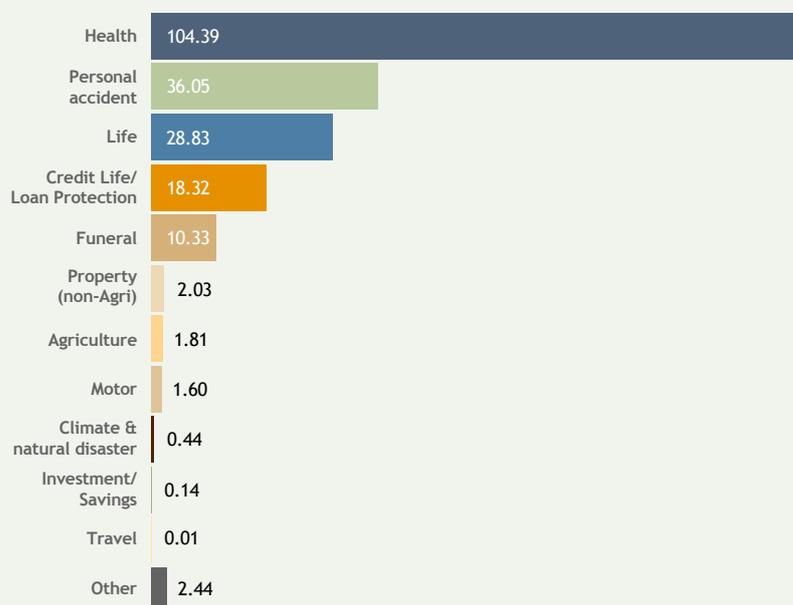
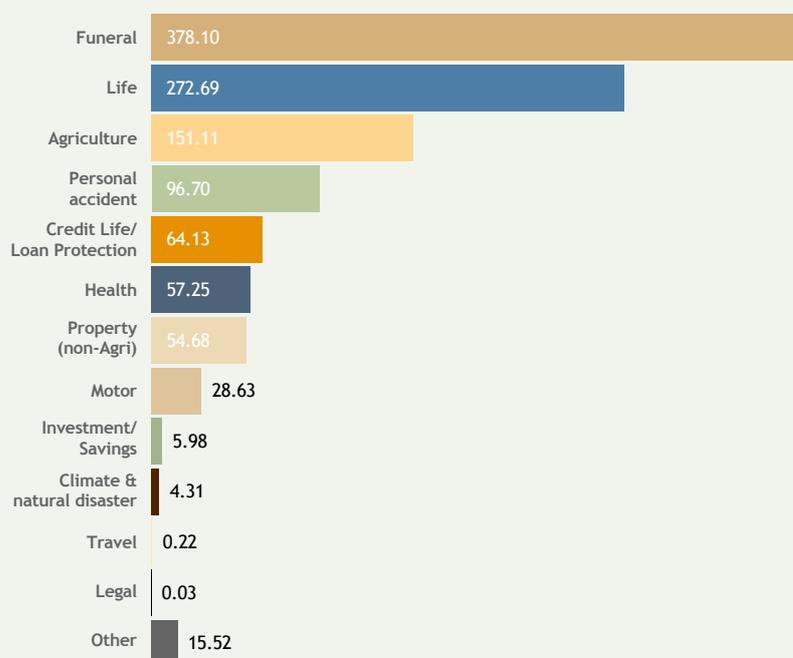


FIGURE 9
PREMIUMS COLLECTED IN ALL REGIONS BY PRODUCT LINE (USD MILLIONS)²⁰



¹⁹ It should be noted that data was not provided for several large national agriculture schemes covering smallholder farmers.

²⁰ Some schemes may also be funded through premium subsidies or other subsidy types in addition to direct premium income from customers.



Growth in health microinsurance is also partly led by insurers' partners. Mobile network operators (MNOs), for example, have embraced a range of health services like health education, telemedicine, and health insurance products. Telemedicine providers are growing quickly, and many are interested in offering health insurance to complement their existing health services. Finally, digital platforms, such as ride-hailing applications and e-commerce platforms, have embraced health insurance and telemedicine over the last year. With their enormous client bases, these platforms are able to reach millions with simple health coverage, which is often bundled with the platform's existing services.

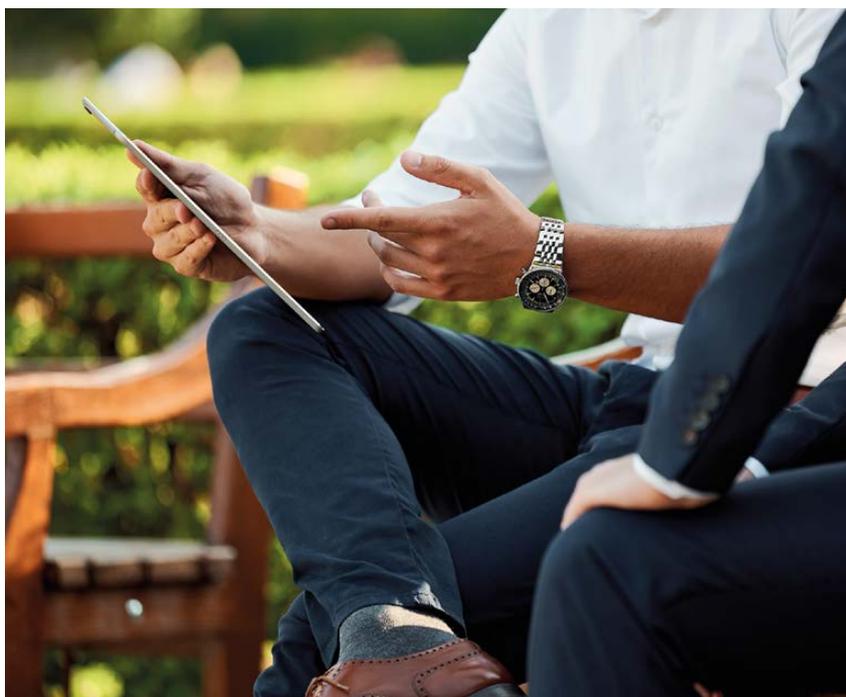
It is notable that health microinsurance is only the sixth largest line of business in terms of premiums collected (Figure 9). This partly reflects the fact that several of the largest health schemes gave data on clients reached but not on premium income. Premium income from health insurance might anyway not be expected to compete with other product lines due to the low sums insured, and therefore lower premium costs, of the simple fixed-benefit products that make up the majority of health microinsurance.

Telemedicine has become a central component of health microinsurance offerings

Telemedicine services have been growing for some time, but their popularity has accelerated during the pandemic. Telemedicine services, sometimes offered in partnership with governments, have provided remote doctors' consultations and preventative services, helping clients self-assess and decide what action to take on possible COVID-19 infections. In South Africa, for example, Vodacom and Discovery launched a platform enabling customers to consult a doctor through video, audio calls, and text messages and to take a self-assessment to understand their COVID-19 risk through

USSD.²¹ In Libya, telehealth platform Speetar is working with the government to provide COVID-19 triage.²²

Telemedicine services were already frequently bundled with health microinsurance. During the pandemic, these services became highly popular among customers, and insurers have quickly added these services to additional products. AXA, for example, added telemedicine services for free to 15 of its inclusive insurance schemes across nine countries in 2020, reaching 1.8 million people.²³



Credit life premiums reduced

As discussed previously, the premiums collected per person covered fell across most lines of business in 2020. Nonetheless, the reduction for credit life insurance is notable: in 2019 the median average premium per life covered for credit life insurance products was USD 10, compared to just USD 3 in 2020.²⁴ This finding reflects the challenges faced by the microfinance sector in the wake of COVID-19. Microfinance institutions (MFIs), whose business models are generally dependent on face-to-face meetings, struggled to adapt to virtual working and interactions with clients (the experience of MFIs is explored further in the following section on distribution). At the same time, MFI customers struggled to maintain their economic activities and, consequently, some were unable to pay loans or take out new ones. Where clients took out fewer or lower-value loans, or spent longer repaying the same loan, they paid lower insurance premiums during the year as a result.

On the whole, those interviewed for this study felt that reductions in credit life insurance in 2020 represent a temporary drop, and many insurers shared that they were already seeing their credit life business rebounding in 2021 as restrictions were lifted and lending activity increased again. However, much will depend on the success of global efforts to control the pandemic as well as the long-term economic impacts of COVID-19; the pandemic has highlighted the microinsurance sector's dependence on microfinance.

²¹ ITWeb (2020). *Vodacom, Discovery launch free COVID-19 telemedicine platform*

²² Andrew Wight (2020). *This Doctor's App Is Helping Libya Triage Its Coronavirus Patients (Forbes)*

²³ Michal Matual, Niti Pall (2021). *An Ironic Impact of COVID-19: Will the Pandemic Put Digital Health (Finally) on the Path to Reducing Health Inequalities at Scale in Emerging Markets? (Next Billion)*

²⁴ Although it should be noted that there were some changes to the way in which bundled products were categorised in the most recent questionnaire which may impact on the products categorised as credit life.



Development of specific COVID-19 products has been limited, but product changes have been made

A small number of products were specifically introduced in response to COVID-19, generally providing a fixed benefit to help cover treatment or loss of income as a result of the pandemic. Some of these products were short-lived due to insufficient sales or very high claims experiences, but some proved resilient. In India, Flipkart's digital wallet PhonePe launched a COVID-19 microinsurance product with Bajaj Allianz General Insurance called *Corona Care* covering hospital bills and related costs.²⁵ In Uganda, Turaco launched a hospitalisation and life insurance product for USD 2 a month through its existing partners and online sales.²⁶

Many more products were adapted in response to the pandemic, including offering additional COVID-19 protection to existing products. Some existing products were simply marketed in a new way, highlighting the coverage they would provide in case of

COVID-19, or even re-branded as COVID products. As mentioned elsewhere, several products had to adapt their distribution models, particularly during periods of lockdown.

It is possible that, with time, some new products may develop in the health space as a result of the pandemic. In particular, one of the issues highlighted by COVID-19 has been the limitations of hospital cash insurance during a public health crisis, in which most infected patients are not hospitalised. During the worst stages of the pandemic, hospitalisation was often not possible, meaning customers were unable to claim on hospital cash insurance. In fact, even in ordinary times people avoid going to the hospital if they can do so, and the pandemic highlights the need for insurers to improve their benefits beyond hospitalisation, such as for medicines, out-patient care, and benefits to cover lost income without hospitalisation.

²⁵ Press Trust of India (2020). *Coronavirus: PhonePe partners with Bajaj Allianz for hospitalisation insurance policy*

²⁶ Maelis Carraro (2020). *How are inclusive fintech start-ups responding to COVID-19?*



BOX 3

Following the spirit rather than the letter of hospital cash insurance

Prior to the pandemic, Pioneer had been considering improving the coverage of its hospital cash products for a minimal increase in premium. The outbreak of COVID-19 only highlighted the gap that needed to be filled. This accelerated their decision to launch the upgrade in 2020 - year 1 of COVID-19. During the worst of the pandemic, hospitals filled up and access to hospital care became almost impossible. Pioneer responded by adapting a different approach in assessing hospital cash claims - following the spirit of the coverage rather than the letter. Claims settlement was not limited to those who were hospitalised, but included those who had to self-quarantine at home as a result of COVID-19, or were brought to alternative government facilities. In this way, they continued providing cover to customers at a time they needed it most.





The pandemic has demonstrated the stark lack of business interruption cover for small businesses

Insurance for small businesses has been a growing topic of interest among insurers, but relatively few products have been developed for the low-income segment. COVID-19 has both highlighted the need for insurers to serve this segment and increased small

business owners' awareness of the risks they face and the possibility of losing their livelihood overnight. The interviews conducted for this study suggest that more insurers are now actively developing or considering products for this segment.

Bundling beyond pure insurance products

Approximately 18% of the products reported in the Landscape Study were bundled products offering more than one insurance coverage. The covers most commonly bundled were credit life (at 33%), health (at 22%) and funeral (at 21%).

In 13% of cases, products were bundled with non-insurance services, such as telemedicine or assistance services.

The interviews conducted for this study suggest that increasing value and tangibility by adding non-insurance services is increasingly important for insurers. In this way, insurers are able to offer more comprehensive support even through relatively simple insurance covers.

Growth in personal accident insurance

The number of people covered through personal accident insurance has grown since 2019. Five products now reach over a million lives, and several have grown considerably since they reported on their 2019 data. Personal accident

insurance is relatively straightforward to administer and, depending on the coverage, can be offered at low cost making it an easy product to bundle with other products or with existing services.



Governments, donors, and the international community continue to promote agriculture and climate insurance

With the adoption of the Sustainable Development Goals (SDGs) and political attention on the climate emergency, interest in tackling climate risk, including through insurance, has grown among international organisations, donors, governments, regulators, and the industry. Whereas the focus has previously been on agriculture insurance to protect farmers, a broader approach to climate risk now also considers the impact of climate events on other categories of risk, on other types of workers and economic activities, and on urban as well as rural populations.

In 2019, UNDP, Germany's Federal Ministry for Economic Cooperation and Development (BMZ) and the Insurance Development Forum (IDF) announced a tripartite agreement with funding of up to EUR 30 million to support climate risk financing and insurance programmes in 20 vulnerable countries.²⁷ Further funding was made available by the German government to support inclusive insurance through the UNDP's Insurance and Risk Finance Facility (IRFF), launched in September 2021.²⁸ Several other governments of OECD countries continue to fund climate risk financing. Support for the development of inclusive insurance markets has been steady from many of them, including the governments of France, Germany, Luxembourg, the Netherlands and Switzerland, although the flows have, historically, been far smaller than those attracted by climate risk financing or, indeed, the development of the microfinance sector.

At a national level, Green Delta's flood insurance in partnership with the United Nations World Food Programme (WFP) and Oxfam Bangladesh, was launched in 2020 to protect casual agricultural labourers in Bangladesh from catastrophic floods.²⁹ In Jamaica, GK insurance has relaunched its index insurance products for both farmers and fisherfolk, in partnership with the Ministry for Agriculture and Fisheries, providing protection against extreme wind, rain and drought.³⁰ In Colombia, a parametric insurance pilot to improve urban resilience to climate risks was launched in Medellín by the German development bank (KfW), the InsuResilience Solutions Fund, and the mayor of Medellín.

As donor-driven pilots have demonstrated the possibilities of agriculture and climate insurance, local insurers have gained knowledge and experience in implementing these schemes. Nonetheless, many remain doubtful that there is a business case without donor support or government subsidies, which are in fact commonplace for such products in developed markets. Successful schemes tend to involve multiple stakeholders, including governments as well as new players like technical service providers and intermediaries.

Given the challenges posed by COVID-19, the implementation of new schemes was delayed in many cases. Existing schemes continued in 2020, but many achieved lower sales due to social distancing requirements,

and limitations on digital sales and operations due to the lack of mobile coverage in rural areas. In particular, customers who previously had access to agriculture insurance through loans for agricultural inputs and supplies found themselves uninsured if they were no longer able to take out loans.

Experiments in technology solutions for climate insurance continue. The use of remote sensing technology is becoming more refined, alongside the use of cameras (both installed in weather stations and on the phones of customers and agents).

Finally, fiscal space for agriculture and climate insurance has shrunk as governments have concentrated their attention and resources in managing the pandemic, but the political impetus behind tackling climate risks remains. In fact, given the strong links between climate and health, the pandemic may prompt governments to make future investments in managing catastrophic risks, including interrelated health and climate risks. Insurance will only be one part of such efforts and there is more to be done to understand how insurance and other risk management tools can be layered at both the government and the individual levels to build resilience.

²⁷ IDF (2019). *The IDF, UNDP & BMZ Tripartite Programme: Increasing insurance protection in climate-exposed countries*.

²⁸ UNDP (2021). *UNDP launches new Insurance and Risk Finance Facility*.

²⁹ WFP (2020). *Casual labourers in Bangladesh to benefit from newly launched flood insurance scheme*

³⁰ The Gleaner (2021). *Ministry, GK collab on insurance for farmers, fishers*



“ The takaful model is interesting to providers because of its religious and cultural appeal as well as its potential to align incentives between the provider and customers. ”

Increased interest in (micro)takaful products

Takaful products are risk management products that are compliant with Sharia principles. Instead of paying premiums as for traditional insurance, participants contribute money into a pool system to protect each other against loss or damage. Any claims made by participants are paid out of the takaful fund, which must be invested in Sharia-compliant assets, and surpluses are distributed back to participants as cash dividends or as a reduction in future contributions. The main purpose of takaful products is not to generate profits, but to distribute the risk amongst participants.

Takaful is said to have emerged in Sudan in the late 1970s³¹ and was estimated to be a USD 24 billion industry in 2019, growing at a massive 18% per year. Microtakaful – takaful products that specifically target low-income individuals, households, and businesses – is still very much in its infancy. The first microtakaful scheme was reportedly introduced in Lebanon as early as 1997, and by 2010 there were schemes in Lebanon, Indonesia, Malaysia, Sri Lanka, Bahrain, and Pakistan.

Recently, several major insurers have become interested in the potential of offering takaful cover and are investing in developing such products. The takaful model is interesting to providers because of its religious and cultural appeal as well as its potential to align incentives between the provider and customers.

Of the products reported in this study, 5% were takaful products. Takaful products were most commonly used to address climate risk (14% of all products), personal accident (12%) and life (7%). A small number of takaful products were also reported as part of credit life, funeral, health, motor, and property product lines.

³¹ Hafiz Ali Hassan (2019). *Takaful models: Origin, progression, and future*

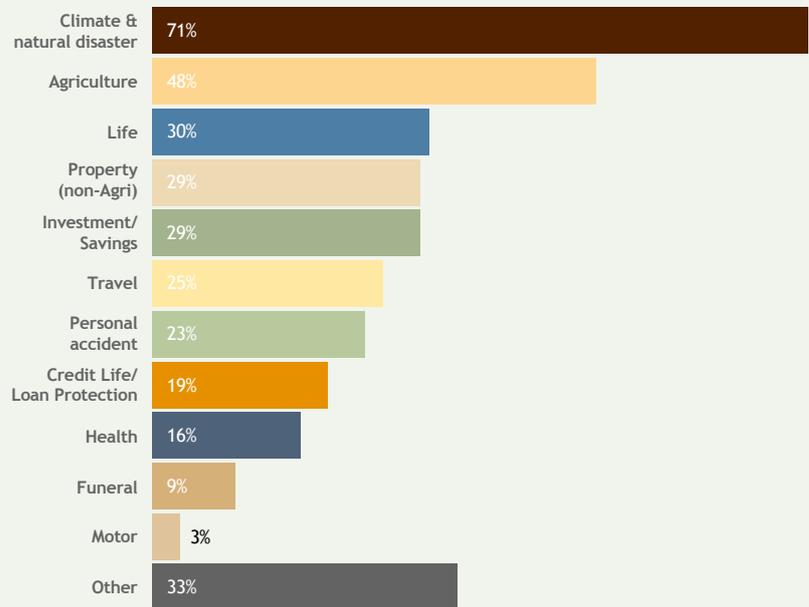
Reinsurance

Almost a quarter of products recorded use reinsurance, most commonly in climate and agriculture products (Figure 10). Health, funeral, and motor microinsurance were least likely to depend on reinsurance.

Even for agriculture and climate insurance, however, the availability of reinsurance varies. Where products can reach customers at scale it is easier to attract reinsurance, and some reinsurers see the strategic importance of agriculture and climate microinsurance. Smaller countries, particularly small island developing states, often struggle to secure reinsurance for climate cover due to their relatively small populations.

COVID-19 has impacted access to reinsurance, particularly for health and enterprise insurance. Although only a few microinsurance schemes in these lines of business depend on reinsurance, some insurers interviewed for the Landscape reported that reinsurance rates in these classes of business had increased and, in some cases, reinsurers were not willing to offer the option to renew existing cover.

FIGURE 10
THE PROPORTION OF PRODUCTS USING REINSURANCE BY PRODUCT LINE



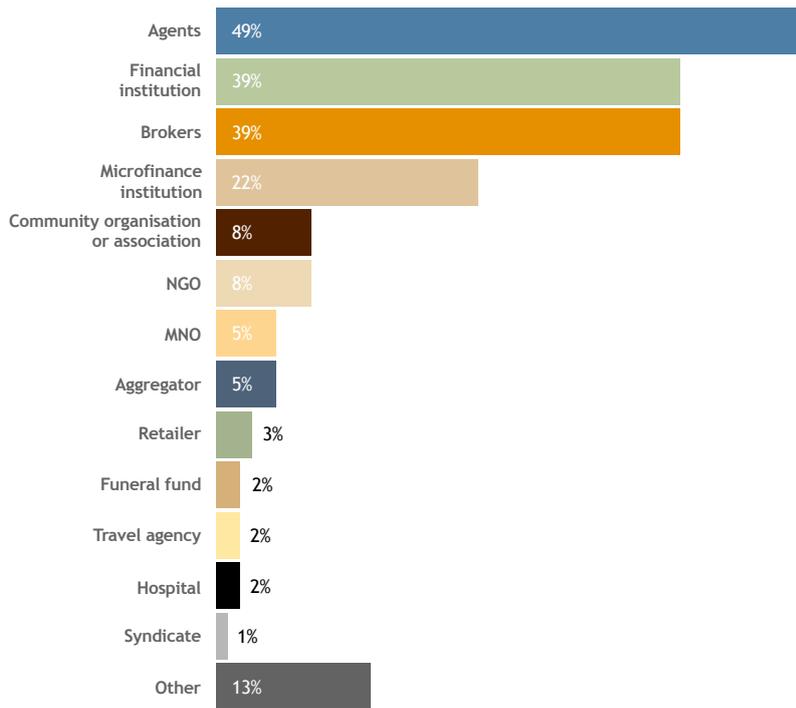
3.4 Distribution and payments

Agents, brokers, and financial and microfinance institutions continue to be the most commonly used distribution channels for microinsurance.



Despite the challenges of social distancing, the same types of channels continue to be most used to distribute microinsurance. Agents are used as part of the distribution strategy of almost half the products, with brokers and financial institutions used for 39% of products, and microfinance institutions for 22% of products (Figure 11). This is a similar picture to the one observed in the data for 2019.

FIGURE 11
THE PROPORTION OF PRODUCTS IN ALL THREE REGIONS WHICH MAKE USE OF EACH DISTRIBUTION CHANNEL TYPE³²



³² Travel agency refers to an agency or sales office which sells tickets for travel, including both short trips on public transport and longer journeys.

The microfinance sector was hit hard by the pandemic

Insurers' MFI partners were hit hard by the pandemic, as they were forced to adapt their operations and their customers struggled to make ends meet. The Grameen Crédit Agricole Foundation, ADA (Appui au Développement Autonome), and Inpulse analysed financial and non-financial indicators from more than 100 MFIs in Africa, Asia, LAC, and Europe throughout 2020. They found that more than 80% of MFIs in the sample had difficulties collecting repayments and disbursing loans in 2020.³³ Almost every MFI reported an increase in their portfolio at risk and around 40% experienced a lack of liquidity at some point during the year. By December 2020, around 12% of MFIs reported that half or more of their clients had not yet resumed their activities, and around 7% of MFIs reported that less than half their clients were repaying loans.

Most MFIs expect their business to pick up again in 2021 and the insurers interviewed for this Landscape Study expected their business with MFIs to do the same. Nonetheless, the crisis faced by MFIs during the pandemic has highlighted the risks of the microinsurance sector's dependence on MFI partners.

Human touch remained vital, even during the pandemic

Even as the pandemic has forced insurers and their partners to digitalise where possible, the need for human touch in selling and servicing microinsurance did not go away. As seen above, sales agents continued to play an extremely important role, and this was confirmed by industry experts. BIMA, for example, has stated that of its 40 million insurance policies sold, over 90% involved a salesperson, despite the availability of digital self-registration.³⁴

Whether meeting clients in person or interacting through call centres, agent forces had to adapt enormously due to the pandemic. Call centre agents were forced to work from home and others had to find alternative ways to maintain contact with customers. Nonetheless, agent forces will likely rebound and continue to be a vital part of microinsurance sales, although some of the changes implemented during the pandemic will be maintained.

The power of joint ventures

A wide range of channels can be very successful where incentives are aligned. Recently, certain joint ventures have reached impressive scale. Ayo, a joint microinsurance venture between the MNO MTN and insurer Momentum Metropolitan was launched in Uganda in 2017. It has since scaled to cover 8.6 million policyholders in Uganda, Ghana, and Zambia, offering hospital and life insurance through airtime deductions and mobile money.³⁵

A very different kind of joint venture has proved successful in Rwanda, where tea farmers' cooperatives work with the insurance company Sanlam Rwanda to offer insurance to their members. The cooperatives are shareholders in the insurance company and are motivated to take an active role in the success of the product because of the strength of the partnership and the benefits provided to members. They do not charge commissions and even advance claims to their members on the insurer's behalf, with the confidence that the insurer will pay.³⁶

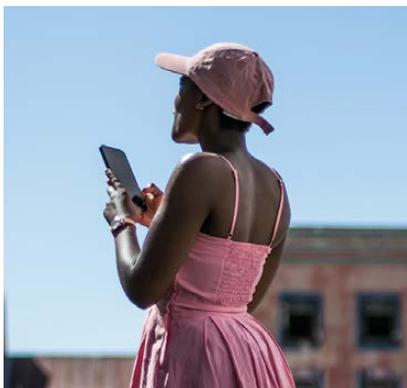
Even where partnerships are not formally structured as joint ventures, the sharing of risk and of profit is vital to align interests and create a true partnership. Trusted relationships of this quality take time to build, but have proved key to longstanding microinsurance success stories as well as innovative newcomers.

³³ The Grameen Crédit Agricole Foundation, ADA, Inpulse (2021). *COVID-19: The impact of the crisis on microfinance institutions. Analyses and perspectives.*

³⁴ Asia Insurtech Podcast (2021). *EP 120 - Gustaf Agartson - Founder & CEO at Bima - Combine the Digital Approach with the Human Touch.*

³⁵ Tech Financials (2020). *MTN sees more value in a mobile micro-insurance firm Ayo, raises stake to 75%*

³⁶ Access to Finance Rwanda (2021). *Microinsurance: The Customer-Centric approach in Rwanda (LEAD webinar series)*



The growing power of digital platforms

Digital platforms are virtual spaces that allow for direct interactions between consumers and providers of goods and services, including ride-hailing platforms, delivery platforms, e-commerce, and freelancer platforms. Their potential for microinsurance was explored in the previous Landscape Study and their growth has been accelerated worldwide by COVID-19. So far, insurance partnerships with these platforms have been relatively slow to take off, but many large insurers are working to partner with or even invest in platforms.

E-hailing platforms in particular are a low-cost, high-volume way to reach customers and provide insurance for their journeys. Other platforms may reach smaller groups of users, but provide a valuable entry point to access individuals, small businesses, and larger businesses within a value chain. The construction app iBUILD in Kenya, for example, offers accidental medical and life insurance in partnership with insurer Britam.

The potential of remittance-linked insurance

Major insurers see the potential of linking insurance with remittance payments. The channel offers the promise of reaching the lowest income customers without the need for subsidies, since the insurance can be purchased by the person sending the remittance payment and offer protection for the recipient.

A small number of products are already available, but the interviews conducted for this study suggest that this is a channel which insurers are currently working on developing further.



Payments

Mobile payments had become increasingly available before the pandemic, and the social distancing restrictions imposed due to COVID-19 have accelerated take-up in many countries. At the same time, recurring payments through mobile money are gradually becoming possible in more countries. This represents an opportunity for insurers as a convenient way to collect regular premium payments. Furthermore, a number of payment aggregators are emerging, enabling customers to pay through a range of channels (including banks, credit cards and mobile money) from one place. These should further facilitate premium payments as they become well-established.

Nonetheless, mobile payments are not well-established or even widely available in all countries. Jamaica, for example, benefits from high mobile penetration, but mobile money has not yet taken off.

3.5 Changing processes

Both the data collected and interviews conducted for this report highlighted the adaptations required in insurers’ processes during 2020 and 2021.



Insurers reported changes made to products or processes for 15% of products reported on for this study. As well as product changes, insurers reported modifications to internal processes and communications, including:

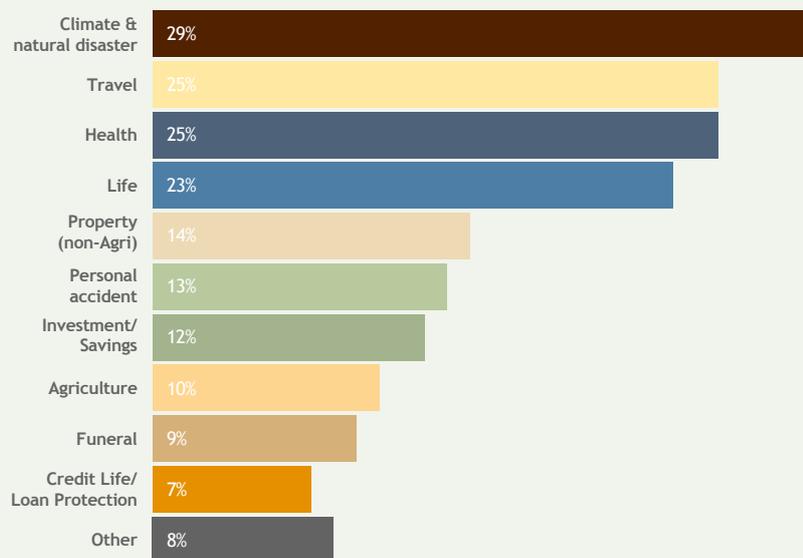
- Specific communication efforts to clarify coverage to customers
- Digitalising processes, including introducing e-signatures, SMS-enabled processes, online portals or platforms, and remote claims processes
- Providing online training for sales staff
- Shifting staff communication to online tools such as WhatsApp and Teams
- Changes in sales and working models to allow staff to work from home

The proportion of products changed, either in terms of product design or broader process changes, is shown in Figure 12.

Like insurance providers, distribution channels also faced real challenges in responding to social distancing restrictions, especially given that many have models that are highly dependent on in-person contact, such as group lending models used by MFIs. Many were so focused on keeping their own operations afloat that they had little bandwidth initially to work with insurers to adapt insurance processes.

Nonetheless, during 2020, most organisations found ways to adapt their core processes and insurance activities. In the long run, the digitalisation achieved over this past year can be built on to create more efficient insurance processes with partners.

FIGURE 12
THE PROPORTION OF PRODUCTS FOR WHICH CHANGES WERE MADE IN RESPONSE TO COVID-19





BOX 4

Female policyholders and women covered

The following figures show the proportion of women who are named as the policyholder, as well as the proportion of women among total people covered. The latter reflects the fact that many insurance policies may include coverage for other family members beyond the policyholder. Both indicators are relevant – women benefit from coverage taken out by family members which includes them, but a focus on insuring women directly as policyholders is also important as it speaks to women’s decision-making power in selecting and managing their insurance protection.

3.6 Gender

Women make up a median of 45% of microinsurance product policyholders across Africa, Asia and LAC, and a median of 46% of people covered by microinsurance products were women. It is important to note that providers did not give information on the proportion of female policyholders for almost half (47%) of products and did not provide information on the proportion of women covered for 56% of products.



This reflects the limited availability of information collected by providers on the gender split of their customers and improving the collection and monitoring of this data is a vital first step.

The rates of female policyholders and women covered vary across regions, as shown in Table 5, with the highest proportion of female policyholders in Africa, at 45%, and the highest proportion of women reached through microinsurance in LAC, at 48%.

On average, these rates have decreased since 2019, when the median share of women policyholders was 50% across all regions (the proportion of women covered cannot be compared as this was not collected in previous years). The most notable change is in Asia, where the median percentage of female policyholders dropped from 60% in 2019 to 42% in 2020 (see section 5.4 for more details on this change).

TABLE 5
THE MEDIAN PERCENTAGE OF FEMALE POLICYHOLDERS AND OF WOMEN COVERED IN EACH REGION

REGION	Median percentage of female policyholders	Median share of women covered as a percentage of total people covered
Africa	45%	46%
Asia	42%	42%
Latin America and the Caribbean	45%	48%
All regions	45%	46%

The reduction in the proportion of female policyholders likely relates to the shifts in the predominant product lines explored previously. Thanks to MFIs' longstanding focus on women clients, credit life insurance has the largest median proportion of female policyholders, at 56%, as seen in Figure 13. Health insurance and personal accident insurance, on the other hand, which have overtaken life and credit life products in terms of people covered, reach lower proportions of women policyholders (with medians of 40% and 41% respectively). This highlights a need to actively track women's take-up of major health products and to ensure that they are designed and sold in ways that truly meet their needs.

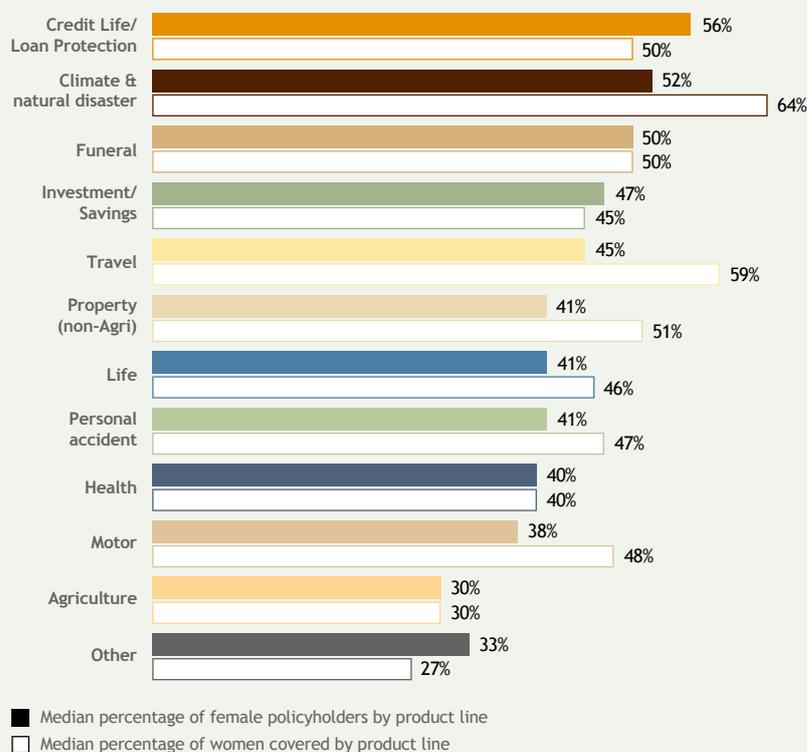
It is worth noting that women may take advantage of bundled health services even when they are not covered by a health insurance product. Telemedicine services, for example, can often be used by the whole family and some insurers shared that these services are particularly popular among women.

In addition, even among MFIs, it is possible that women accessed fewer loans and therefore were less likely to be covered by microinsurance during the pandemic. The Grameen Crédit Agricole Foundation, ADA, and Inpulse found that almost a third of MFIs reported that their female clients were struggling particularly with restarting their economic activities and 15% reported that women were the client group struggling most to repay loans.³⁷

While agriculture products largely reach male clients, it is interesting to note that climate and natural disaster products reach a median of 52% of female policyholders and a median of 64% of those they cover are women. It is possible that this is related to donor and government involvement in climate products, given that these actors commonly prioritise women's resilience to climate change.



FIGURE 13
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY PRODUCT LINE



³⁷ The Grameen Crédit Agricole Foundation, ADA, Inpulse (2021). *COVID-19: The impact of the crisis on microfinance institutions. Analyses and perspectives*



In terms of distribution channels, NGOs and MNOs reach the smallest proportion of women, at a median of 40% of policyholders and women reached, with hospitals and retailers reaching the highest proportion of female policyholders (Figure 14). These figures are based on relatively small sets of data, since hospitals are used to distribute only 2% of products and retailers only 3% of products recorded in this study. Nevertheless, the figures suggest the potential for reaching women through these channels.

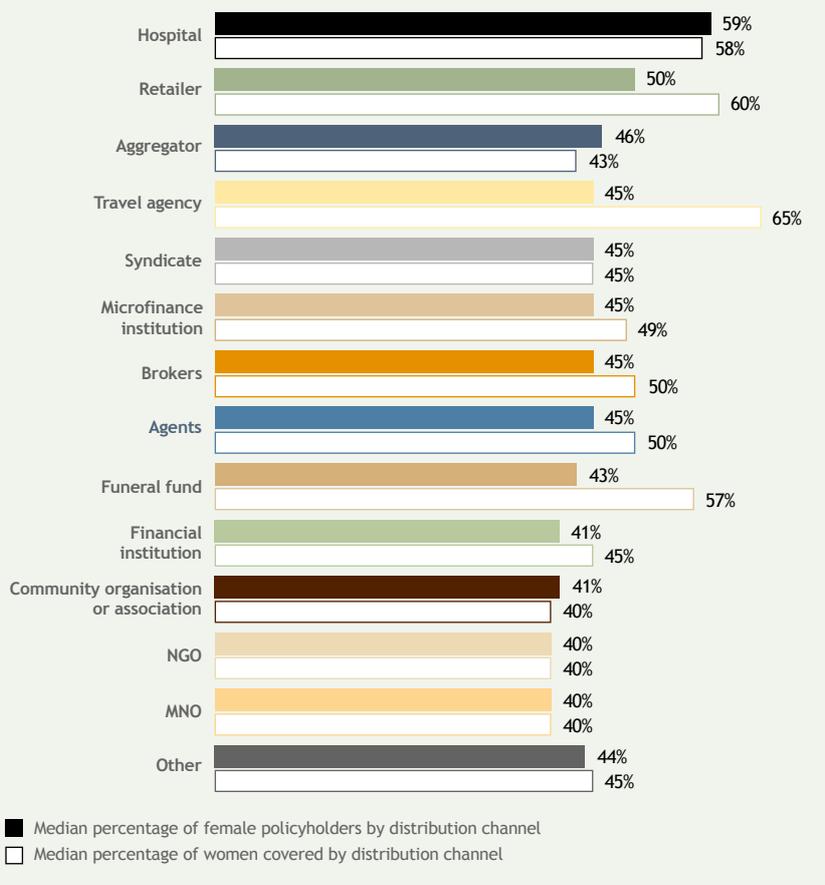
While interest in women’s resilience among policymakers and donors is growing, most commercial insurers are not actively tracking how many women

they are reaching. There are also important social and cultural barriers to reaching women, who are less likely to own a mobile phone or have a bank account in many countries.

Some organisations have recently launched new initiatives to tackle the gender protection gap, such as the InsuResilience Center of Excellence on Gender Smart Solutions, and the ILO and IFC Community of Practice among insurers on the topic. Certain regulators and insurance associations are also working with insurers to provide better data on women’s risk management needs and practices and to encourage insurers to address these.

“Most commercial insurers are not actively tracking how many women they are reaching.”

FIGURE 14
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY DISTRIBUTION CHANNEL³⁸



³⁸ Some channels are not included where very little data was available

3.7 Claims

Claims ratios fell in 2020

Globally, the claims ratio dropped from 23% in 2019 to 15% in 2020.³⁹ To understand shifts in claims ratios better, the changes were also calculated on a “like-for-like” basis using only data from companies that reported both in 2019 and 2020. Within this subset of companies, there was an overall drop of 3 percentage points. This masks considerable regional variation: a decrease of 16 percentage points in Africa and increases of 2 and 14 percentage points in Asia and in LAC respectively (Table 6).



TABLE 6
MEDIAN CLAIMS RATIOS BY REGION

REGION	Claims ratio	Percentage point change from 2019 (all data)	Percentage point change from 2019 (only insurers that reported in both years)	Claims ratio for products launched before 2020
Africa	17%	-11%	-16%	24%
Asia	16%	-9%	+2%	21%
Latin America and the Caribbean	12%	+2%	+14%	14%
All regions	15%	-8%	-3%	21%

TABLE 7
CLAIMS METRICS BY REGION

REGION	Share of products with single digit claims ratios	Median average claims size (USD) ⁴⁰	Median claims rejection rates	Median claims turnaround times (days) ⁴¹
Africa	38%	411	1%	3
Asia	47%	266	3%	10
Latin America and the Caribbean	48%	914	9%	15
All regions	43%	517	3%	10

³⁹ For the purpose of this study, claims ratios were calculated automatically as claims paid during the reporting period as percentage of premiums received in the same period. This year, insurers were also given the option to override this calculation and provide a more accurate claims ratio.

⁴⁰ Insurers provided information on their average claims size for each product. This figure is the median for each region of those averages.

⁴¹ Insurance providers were asked to provide the claims turnaround time as the total number of days between a claim incident occurring and the pay-out being received by the beneficiary. However, in many cases insurers notified us that they do not have that information and can only provide the turnaround time from when they receive claims documents to when they pay the claim.



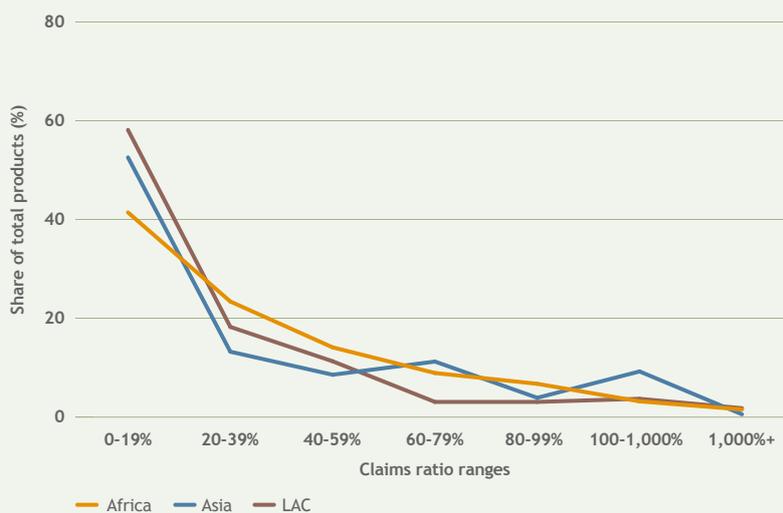
It should be noted that many of the new products included this year were health products, for which claims ratios were particularly low in 2020, as discussed below. Therefore, a greater drop was seen overall than in the “like-for-like” comparison, which comprised a larger share of life and credit life products and fewer health products.

The frequency distribution of claims ratios by region (Figure 15) shows clearly that low claims ratios dominate.

Some of the reasons behind relatively low claims ratios in microinsurance include high commissions and administration costs, as well as poor awareness when customers are signed up to insurance through a bundled product.⁴² Distribution costs are particularly high in LAC.

Certain specific factors also led to fewer claims being submitted in some countries in 2020. Customers’ willingness and ability to submit claims was impacted by the pandemic, particularly where insurers did not offer reasonable alternatives to existing claims processes. Many people were either unable to secure paperwork or carry out administrative processes due to lockdowns or were unwilling to do so because of the risk of infection in public places. In addition, for some lines of business, fewer incidents occurred because of the pandemic. Accidents, especially workplace accidents, were less likely to happen because customers spent more time at home due to lockdowns. Many non-COVID health interventions were postponed, and access to hospitals was limited in many cases. Some of the experts interviewed for this study suggested that claims rates are now coming up again as restrictions are being lifted in 2021.

FIGURE 15
FREQUENCY OF CLAIMS RATIOS BY REGION
(AS A SHARE OF TOTAL PRODUCTS IN EACH REGION)



⁴² As a point of comparison, the national median claims ratios for non-life business in European countries in 2019 ranged from 42% to 79% according to the European Insurance and Occupational Pensions Authority’s *European Insurance Overview 2020* (though these rates cannot be directly compared with microinsurance claims rates for many reasons, including the different lines of business covered).

Newer products appear to have lower claims ratios, with the global median shifting from 15% to 21% when products launched before 2020 are excluded. This is likely a result of several factors:

- Waiting periods, especially in newly-launched products
- Delays in building awareness and receiving claims leading to fewer claims being filed in the first few years of a product
- Initial incorrect claims expectations, which may then be corrected by reducing premium costs or increase in coverage
- Poor quality products, or poorly understood products, with low claims ratios which are later taken off the market due to poor partner or customer satisfaction

In addition, products that reach considerable scale generally have higher claims ratios. Looking at only the products with over a million clients, the median claims ratio is higher, at 31%, which points to the importance of claims ratios in offering the value necessary to achieve scale. However, even within these products the ratios varied enormously, from 0% to 85%. Almost 30% of the products covering over a million lives had claims ratios of over 50%. All of these products have existed for at least five years and half have lasted more than a decade. This highlights the importance of high claims ratios in ensuring that large microinsurance schemes are successful over time.

By line of business, climate insurance had the highest median claims ratio at 39% (Figure 16). The nature of catastrophes means that claims ratios for climate and disaster risk insurance – as for agricultural insurance – are expected to vary considerably from one year to the next. Certain climate products may also have higher claims ratios where other expenses are supported by donors or governments. Investment/savings, personal accident, and health products had the lowest claims ratios.



FIGURE 16
MEDIAN CLAIMS RATIOS BY PRODUCT LINE
(FOR ALL PRODUCTS AND FOR PRODUCTS LAUNCHED BEFORE 2020)

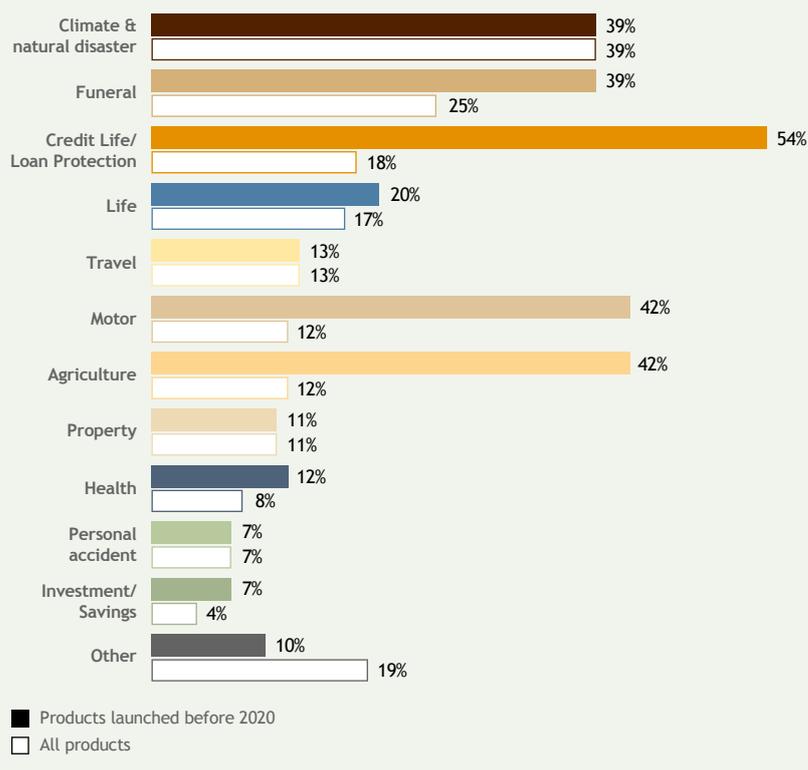
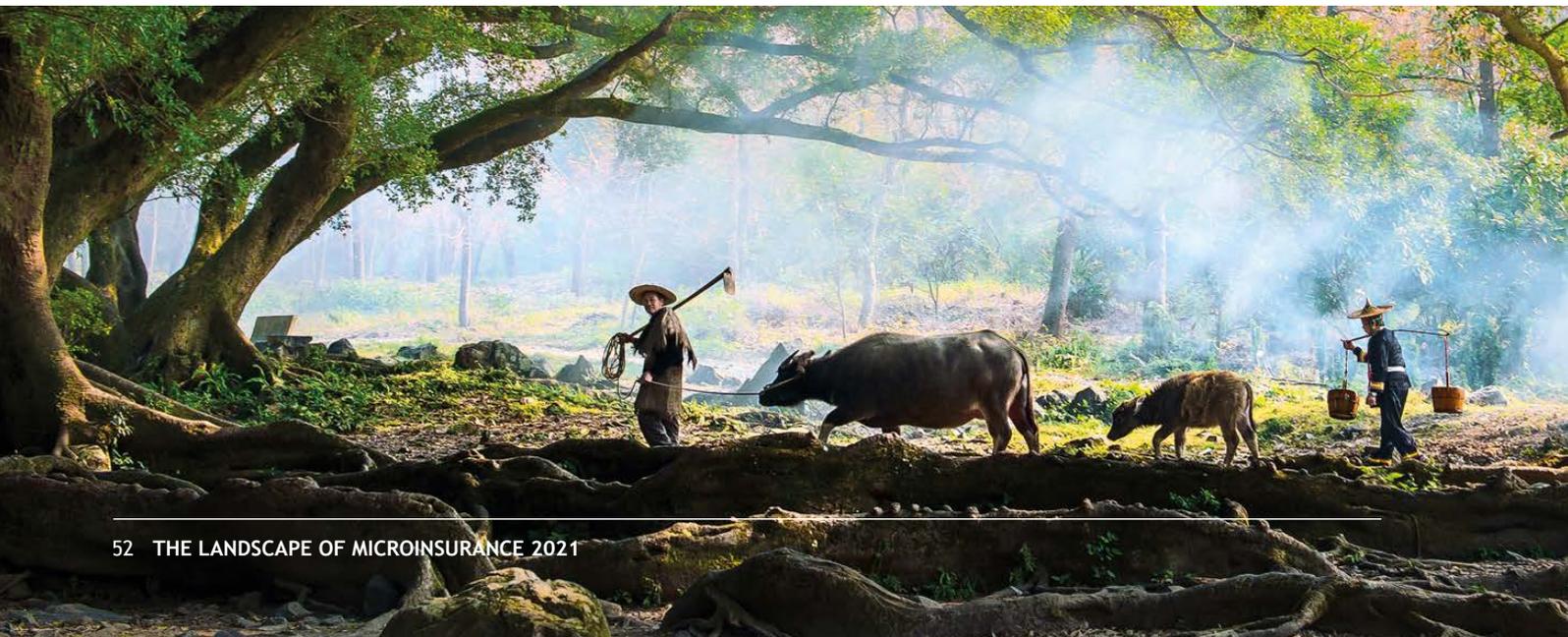
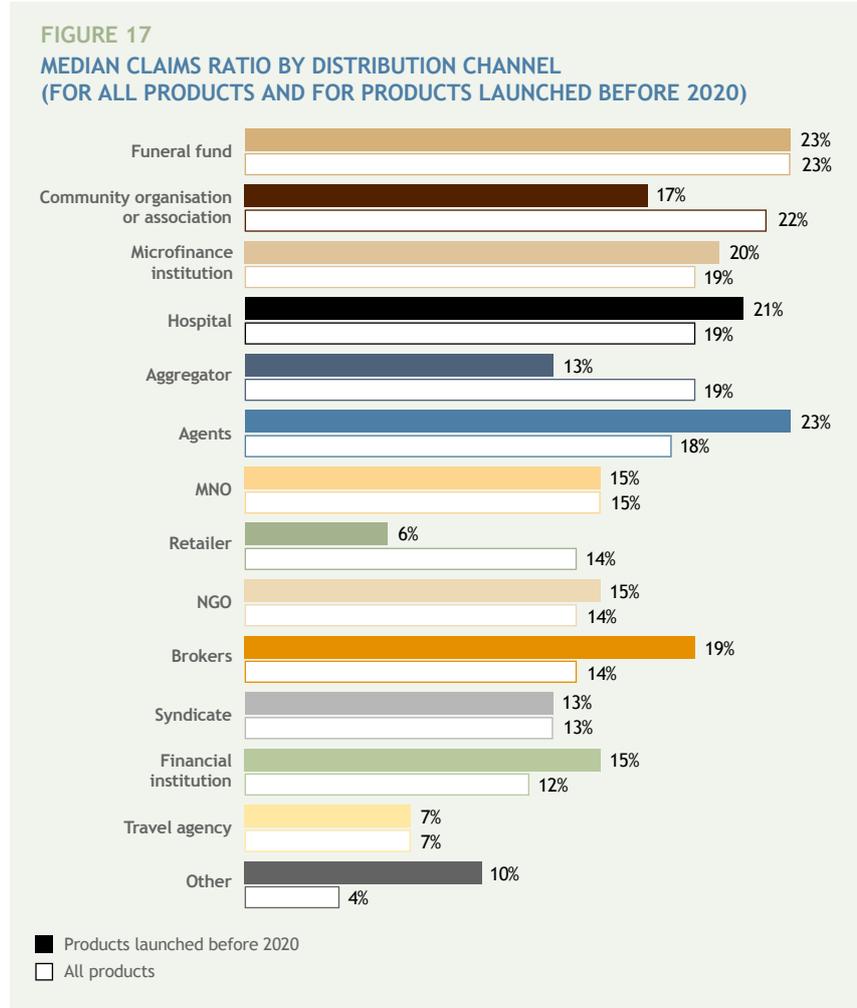




Figure 17 shows the median claims ratios of products by distribution channel. Products distributed through funeral funds and community organisations had the highest median claims ratios.



Health claims ratios are particularly low, but the picture is complex

With the predominance of health schemes in 2020, it is notable that claims ratios are particularly low in this line of business, with a global median of 8% (Figure 16). Even when excluding new schemes launched during 2020, the median claims ratio for health only increases to 12%.

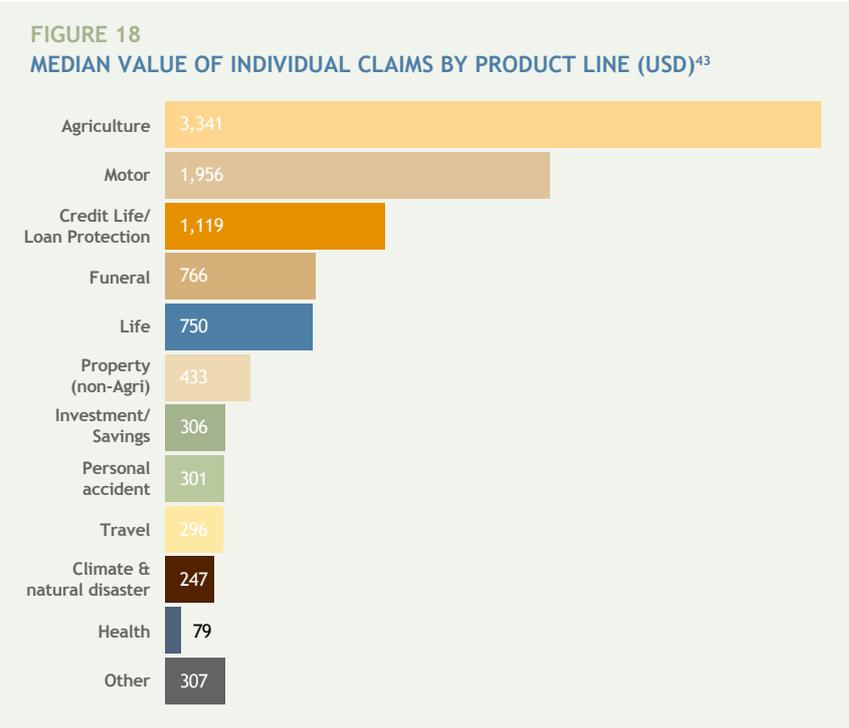
This represents a decrease compared to 2019, when the median claims ratio for health microinsurance was 19%, reflecting the difficulties in submitting claims for all insurance lines described above, as well as challenges specific to health insurance in relation to COVID-19. In many countries private insurers covered COVID-related healthcare, but in some the government took responsibility for COVID-19 cases, reducing reliance on private health insurance. In addition, during the worst of the crisis, it became extremely difficult to access hospitals whether for COVID-19 or for other conditions. Treatments were delayed and people avoided going to hospital wherever possible, creating a significant knock-on impact on claims.

It is possible that health claims will increase in 2021 and beyond, as patients who were unable to receive treatment for chronic conditions or to undergo medical procedures in 2020, were able to do so as access to hospitals eased, depending on how the situation in each country evolved.

Even considering the restrictions in 2020, many products have strikingly low claims ratios. The data collected for the Landscape Study included some very large health products, covering over a million people, which have existed since at least 2019 and have claims ratios of less than 1%. It is true that such products may include other services like telemedicine which are more widely used by customers.

Nonetheless, in terms of building an insurance culture and ensuring value from insurance, it is concerning that products reaching such significant scale over several years are providing minimal to practically no claims pay-outs.

Individual claims amounts were also generally low for health insurance (Figure 18), reflecting the nature of most of the products analysed, which offer small fixed-benefit pay-outs rather than comprehensive health coverage.



⁴³ Note that, for some product lines - particularly agriculture - claims may be paid on a group rather than individual basis, resulting in a larger average claim size. It is not possible to be sure where this is the case in the Landscape data.



Claims rejection rates

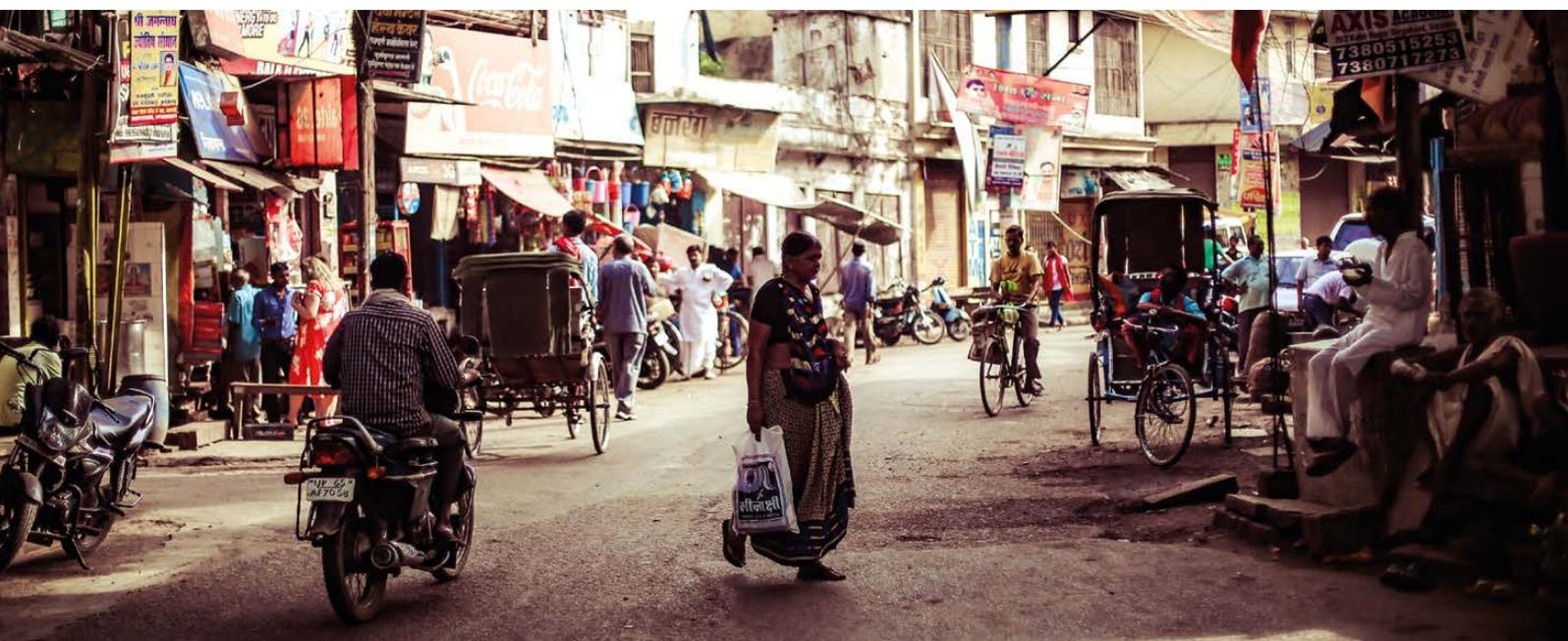
Claims rejection rates are at a median of 3% globally, with the highest median rejection rate in LAC (9%), similar to the pattern observed in the previous Landscape Study. Variation in rejection rates across lines of business and distribution channel types are most notable at regional level and will be explored in the chapters on each region.

Claims turnaround times

The median claims turnaround time was ten days across all three regions, with the shortest median turnaround time recorded in Africa, at three days, followed by Asia at ten days, and LAC, at 15 days. The range of turnaround times in each region is shown in Figure 19.

FIGURE 19

FREQUENCY OF CLAIMS TURNAROUND TIMES BY REGION (AS A SHARE OF TOTAL PRODUCTS IN EACH REGION)



As seen in Table 8, the longest turnaround times were recorded for climate insurance (with a median of 22 days) and the fastest turnaround times were recorded for funeral (three days), investment and savings, and motor insurance (both four days). When considered by distribution channel, the longest turnaround times were recorded for MFIs and NGOs (at ten and nine days respectively) and the fastest times were recorded for hospitals, retailers, syndicates, and funeral funds, all with median turnaround times of two or three days.

There are limitations in the reporting of the claims turnaround times. What is of interest from a social performance perspective is how long it took for clients to receive a pay-out from the date of the incident that triggered the claim. However, many insurance providers were unable to provide this data and instead gave information on their internal turnaround time (usually from the date they received the full documentation to the date they issued payment), which is the period directly under the insurers' control. Other factors, including the accessibility of claims channels, the complexity of documentation required, and the payment channels used, also impact the total number of days it takes to receive a claims pay-out from a client's perspective.

This comprehensive claims turnaround time is typically significantly longer than the data provided for this study. Nevertheless, there are some clear regional variations in the spread of claims turnaround times. Africa reports a very high share of products with turnaround times of less than 10 days, while in Asia, more than 40% of turnaround times fell into the 10-19-day range. LAC has the highest share of products with turnaround times of between 20 and 49 days but has only three products with turnaround times greater than 100 days, whereas in Asia, 14 products reported turnaround times of over 100 days.



TABLE 8
CLAIMS TURNAROUND TIMES BY PRODUCT LINE

	Minimum	Median	Maximum
Funeral	1	3	249
Investment/ Savings	2	4	140
Motor	2	4	30
Agriculture	2	7	180
Travel	7	9	10
Credit Life/ Loan Protection	2	10	240
Life	1	10	740
Other	1	10	30
Health	1	11	258
Personal Accident	1	14	786
Property (non-Agri)	2	14	60
Climate/ Natural Disaster	7	22	43



4. Africa

4.1 Market size and evolution

Between 17 million and 37 million people were covered by microinsurance in the 13 African countries included in this report.⁴⁴

These customers were reached through a total of 18.7 million policies. Almost 600,000 of these were group policies, many of which covered very large numbers of customers.

It should be noted that these figures included a maximum of only 8.9 million people covered by five insurers in South Africa, due to difficulties obtaining data from insurers there, whereas South Africa's microinsurance market is estimated at several times this size.

In the 13 countries studied (Côte d'Ivoire, Egypt, Ghana, Kenya, Morocco, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe), it is estimated that between 4% and 9% of the target population is covered by a microinsurance product.

This compares to between 9.1 and 29.6 million people reached in 2019, representing between 2% and 7% of the low- and middle-income population in the countries studied that year. This increase reflects the addition of data from two countries as well as increased insurer participation.

A total of USD 557.4 million was collected in microinsurance premiums. The potential value of the microinsurance market in the countries included in the study is estimated at USD 5.0 billion, based on the entire target population being covered by just one insurance product.⁴⁵ In these countries, current microinsurance premiums represent about 11% of that potential market.

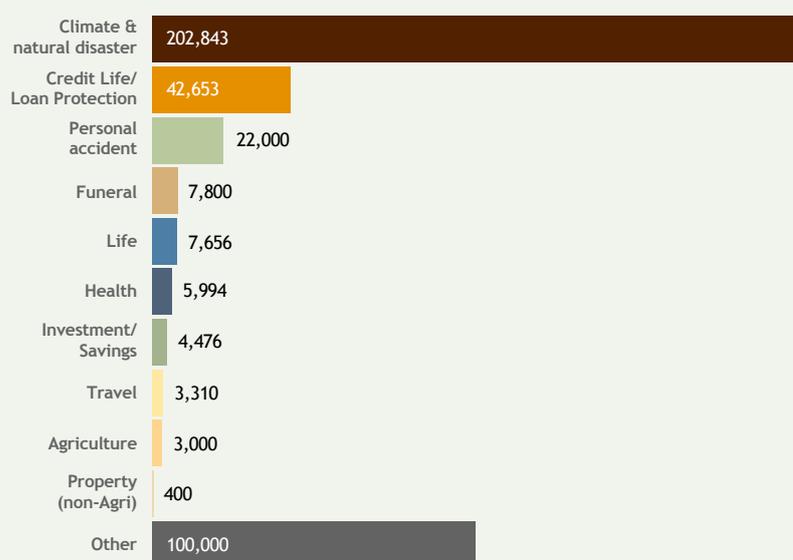
Insurers increasingly convinced about the business case

Interviews with experts in the region suggest that, despite setbacks related to the pandemic, insurers in the region are increasingly turning to microinsurance. With the high-end market saturated, insurers seek to expand their reach among emerging customers. Several African insurers who have been in the market for a decade or more now have thriving microinsurance businesses,⁴⁶ which has in turn convinced others of the business case.

Scale

Microinsurance products in Africa reached a median of 6,000 people and were responsible for a median of USD 79,500 in premiums. The products most likely to reach significant scale were climate and credit life insurance, with property products generally reaching a small client base, with a median coverage of just 400 people (Figure 20).

FIGURE 20
MEDIAN NUMBER OF PEOPLE COVERED PER PRODUCT BY PRODUCT LINE IN AFRICA



⁴⁴ This figure includes between 16.8 and 34.4 million people covered reported by the 132 insurers who responded to the questionnaire, as well as publicly available data from Allianz (where not reported locally).

⁴⁵ This value is based on the median premium per person covered (USD 11.60) across all countries in Africa included in this study.

⁴⁶ See, for example: ILO Impact Insurance Facility (2019). *Making a profitable inclusive insurance business: a case study of Britam, Kenya*



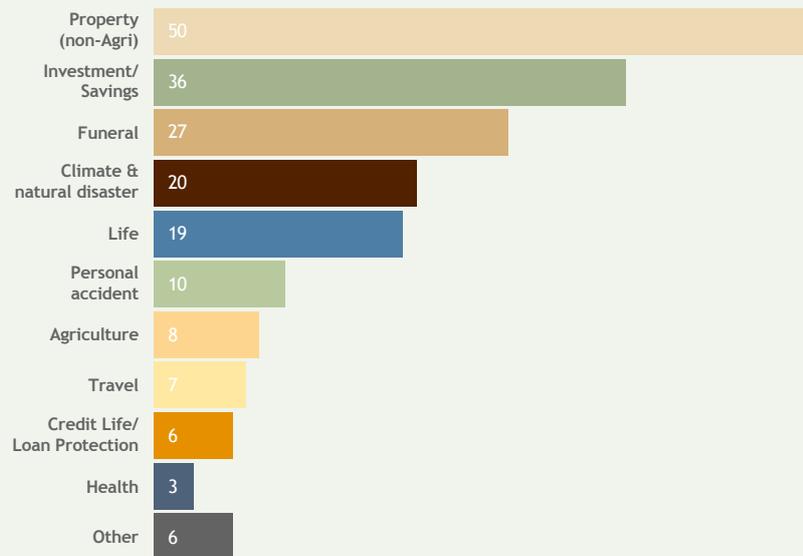
Premiums

The median average premium per person covered in Africa was USD 11.60 in 2020, down from USD 14.00 in 2019. There is a considerable variation between product lines: property insurance had the highest median premium per person covered and health products the lowest, at just USD 3.00 per person covered. These figures should be used with caution due to small sample sizes in many lines of business.

It is worth noting that agriculture and climate products are often subsidised, resulting in a lower premium cost for clients. Products that are frequently sold on a group basis, such as credit life, may also often have lower premiums due to lower client acquisition costs, unlike products like property insurance which are usually sold on an individual basis.

Finally, certain products – like health and life insurance – routinely cover several family members. These products will therefore have a lower cost per person covered (as seen in Figure 21) than the cost of a policy.

FIGURE 21
MEDIAN PREMIUM COLLECTED PER PERSON COVERED BY PRODUCT LINE IN AFRICA (USD)⁴⁷



⁴⁷ For each individual product, the average premium per life covered was calculated. Then, the median of these averages was taken for each product line and is presented in this figure.

4.2 Products

Health insurance products have overtaken credit life, life, and funeral products to become the product covering the most people in Africa (Figure 22).

These health products are largely low-cost products which offer fixed benefits, usually for hospitalisation (hospital cash products). Hospital cash products had been growing for some time in Africa and have now established themselves as the “starter” product for new schemes looking to target the low-income market.

In some countries, specific products were developed to respond to the pandemic, largely hospital cash products to cover hospitalisation due to COVID-19. In other cases, insurers offered the option of paying to extend existing health insurance to cover COVID-19.



FIGURE 22
MICROINSURANCE PRODUCT LINES RANKED BY THE NUMBER OF PEOPLE REACHED IN 2019 AND 2020 IN AFRICA

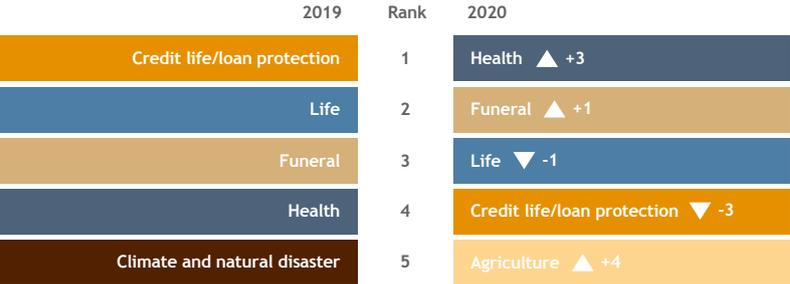
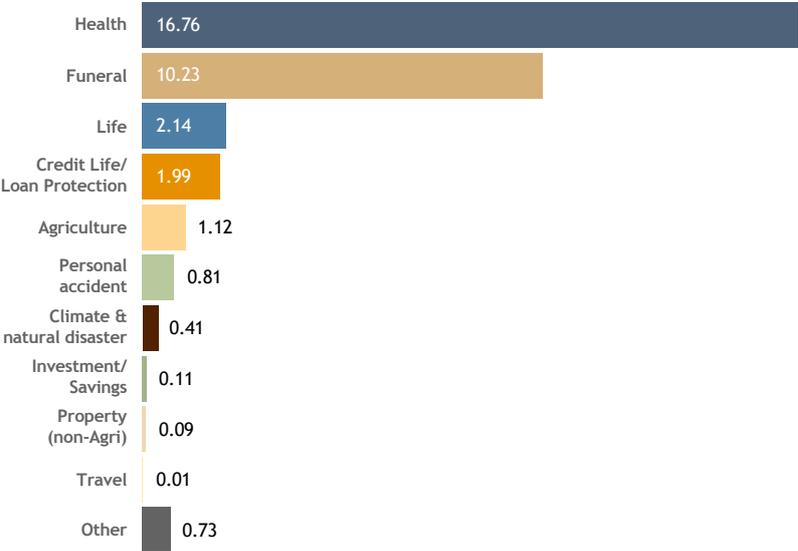


FIGURE 23
PEOPLE COVERED BY PRODUCT LINE IN AFRICA (MILLIONS)





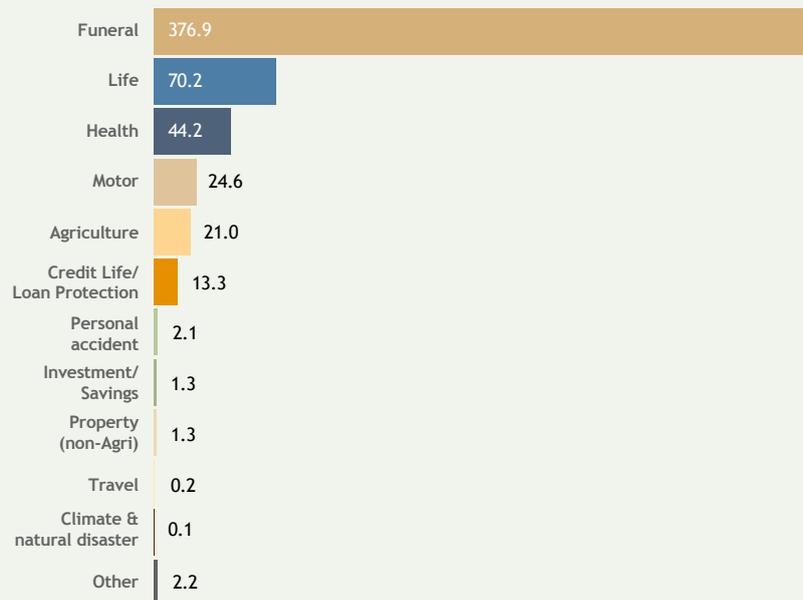
Efforts to expand national health insurance schemes are progressing in many countries on the continent. This can support the expansion of private health insurance products as people become more aware of health risks and the role of insurance in managing them.

Though health insurance reached the largest number of clients, it did not bring in the highest premiums (Figure 24). The product line yielded USD 44.2 million in premiums, behind funeral and life insurance. This reflects the low-cost nature of these products, with the median premium per person covered for health insurance at just USD 3.

The reach of credit life and life insurance, on the other hand, fell considerably in Africa. Though the numbers are not directly comparable year-on-year, credit life insurance dropped from covering 9.1 million people to just 2 million people in 2020, and life insurance from 8 million to just over 2 million. With reduced economic activity and borrowing through MFIs, life insurance linked to loans or to other products and services fell. The experience of MFIs in the region is explored further in the following section on distribution.

“ With reduced economic activity and borrowing through MFIs, life insurance linked to loans or to other products and services fell. ”

FIGURE 24
PREMIUMS COLLECTED BY PRODUCT LINE IN AFRICA (USD MILLIONS)



4.3 Distribution

Despite the challenges to their businesses posed by the COVID-19 crisis, the same channels – agents, financial institutions, brokers, and MFIs – continued to be the most commonly used in Africa (Figure 25).

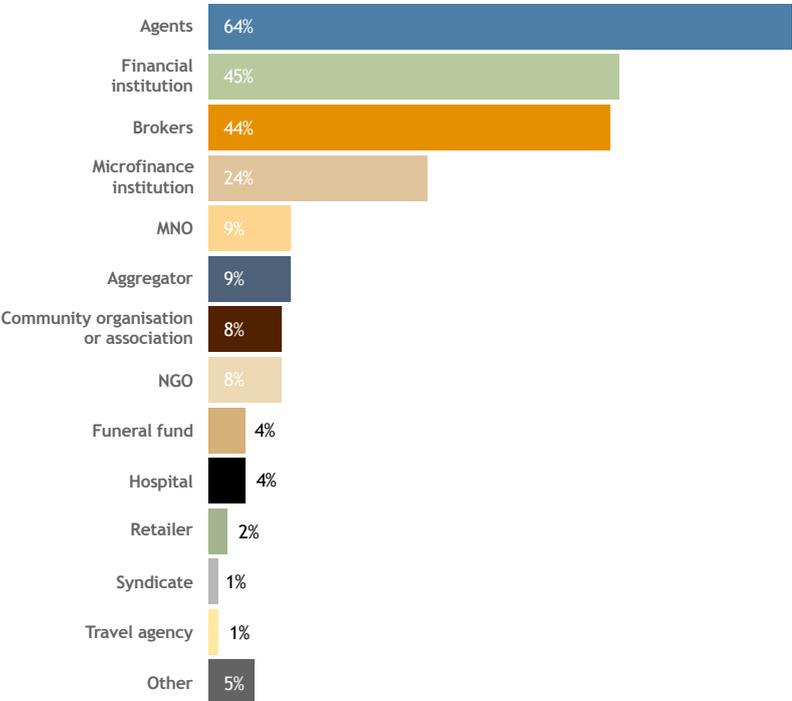
Of all regions, MFIs in Africa were most able to resume normal operations during 2020, with more than 60% reporting that by December 2020, they had gone back to operating as before the pandemic. Nonetheless, MFIs’ clients were hard-hit by the crisis and this in turn impacted MFIs’ lending activities and profitability. Only around 12% of MFIs in Sub-Saharan Africa reported that over half of their clients were able to repay their loans.⁴⁸

MNOs have rebounded somewhat from being used for just 2% of products in 2019 to 9% in 2020. Since the freemium MNO-linked model collapsed across most of Africa several years ago, a smaller number of MNO partnerships have gained ground, either by moving away from the freemium model and towards an active sales approach, or through joint ventures between insurers and MNOs.

Despite pressure to move towards digital solutions, particularly due to the pandemic, human interaction has remained vital. Many new InsurTechs have been entering the African microinsurance market in recent years offering entirely digital solutions. Nonetheless, these companies often partner with aggregators who have in-person contact with clients and the continued importance of these aggregators is clear.



FIGURE 25
THE PROPORTION OF PRODUCTS WHICH MAKE USE OF EACH DISTRIBUTION CHANNEL TYPE IN AFRICA



⁴⁸ The Grameen Crédit Agricole Foundation, ADA, Inpulse (2021). COVID-19: The impact of the crisis on microfinance institutions. Analyses and perspectives

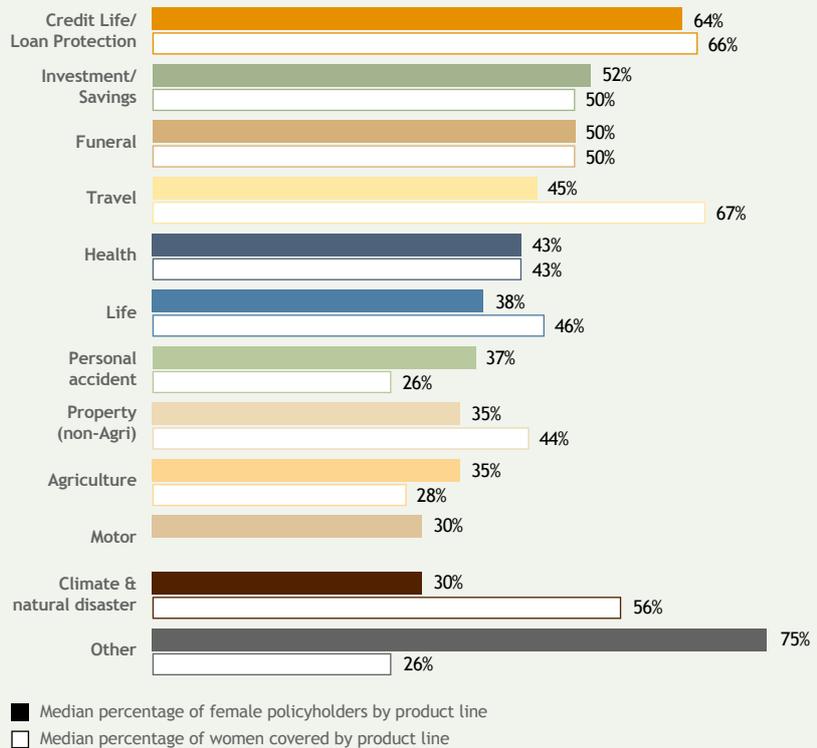
4.4 Gender

In Africa, the median percentage of female policyholders is 45%, in line with the median for all three regions, and a median of 46% of those covered by microinsurance products in the region are women, again in line with the global median. This represents an increased proportion of women policyholders compared to 40% in 2019.



The lower proportion of female clients partly reflects lower financial inclusion of women compared to men in the region. In 2017, in Sub-Saharan Africa, 37% of women had access to an account with a financial institution or through a mobile money service, compared to 48% of men. This 12-percentage point gap is higher than the 11-percentage point gap for South Asia, 4-percentage point gap for East Asia and 7-percentage point gap for Latin America.⁴⁹

FIGURE 26
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY PRODUCT LINE IN AFRICA

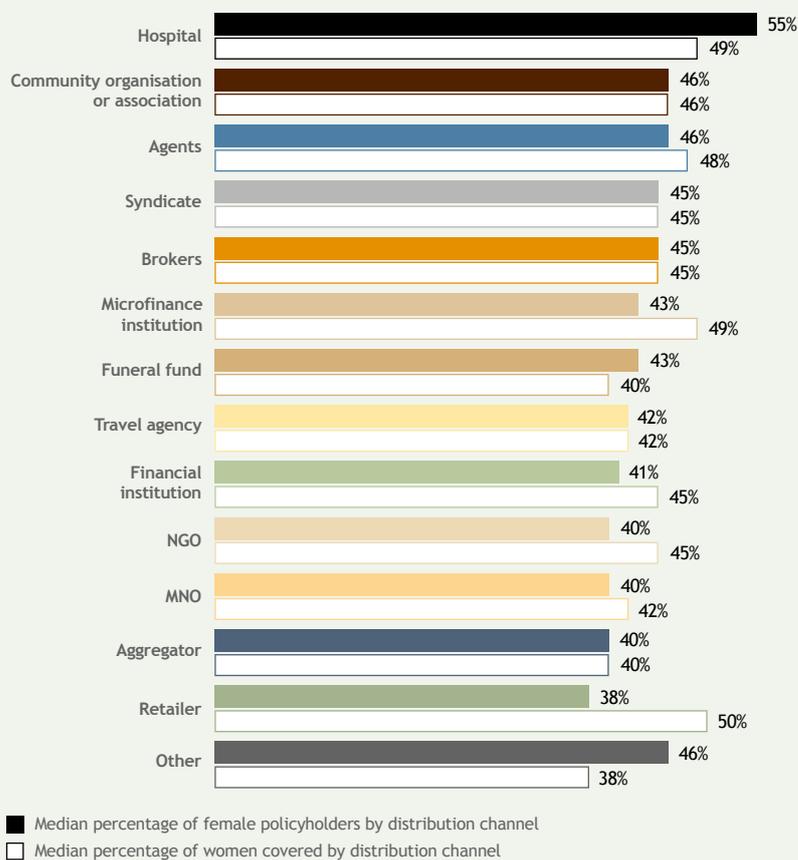


⁴⁹ Asli Demirgüç-Kunt, Leora Klapper, Dorothe Singer, Saniya Ansar, Jake Hess (2018). *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*

At 64%, credit life has the highest median proportion of female policyholders (Figure 26). This derives from MFIs' longstanding focus on women. Agriculture and climate products have the lowest median proportion of female policyholders at 35% and 30% respectively, although a high median proportion of women (56%) are covered through climate products. The relatively low proportion of female policyholders in agriculture insurance likely reflects gaps in women's land rights⁵⁰ as well as broader financial inclusion gaps, particularly in rural areas. Women's low take-up of climate insurance in Africa is striking by comparison with the global median (52% of policyholders across the three regions are women). Although the figure for Africa is based on a small data set, it suggests that the inclusion of women in climate insurance in the region should be monitored closely given women's exposure to climate risks.

When considering women's inclusion by distribution channel, products sold through hospitals have the highest median proportion of female policyholders (55%) and retailers have the lowest (38%), as shown in Figure 27.

FIGURE 27
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY DISTRIBUTION CHANNEL IN AFRICA



⁵⁰ FAO. *Gender and Land Rights Database*



4.5 Claims

The median claims ratio in Africa is 17%, the highest of the three regions, and the rejection rate is the lowest of the regions, at just 1%. Approximately 38% of products had claims ratios in single digits, compared to 43% globally.

The region also has the fastest turnaround time for claims, at a median of 3 days compared to a global median of 10 days. Products that have been around longer in the region have higher claims ratios, with products launched before 2020 having a median claims ratio of 24%.

Funeral insurance, the second most significant product line in terms of people reached in the region, had a

relatively high median claims ratio of 25% (Figure 28). However, median claims ratios are worryingly low for health insurance (15%), the product line covering the highest number of people, and life insurance (9%). Despite the relatively low median claims ratios for health, the ratio does compare favourably with health microinsurance in Asia (at 6%) and in Latin America and the Caribbean (at 3%).

In the past, MNO-linked freemium products were criticised for low claims ratios. Although based on a relatively small sample size, the MNO-linked products currently on the market have the highest median claims ratios of all distribution channels, at 30% (Figure 29). This is likely due to changes in the types of MNO-linked products sold in the region. Those sold through joint ventures may offer better value as the MNO has a stake in ensuring that its customers benefit from the products. Products that are actively sold, as opposed to freemium products, also generally result in higher levels of customer awareness and therefore claims.

The median value of individual claims is shown in Figure 30. Higher claims amounts in agriculture reflect that it is a product covering catastrophic and therefore, high-value, low-frequency claims events. It is also possible that some payments were group payments. The low value of claims pay-outs in health products reflects the predominance of low-cost products providing relatively small, fixed pay-outs. Relatively low individual claims payments do not necessarily imply low value, especially where claims are paid out more frequently, as is usually the case for hospital cash products. The low claims value of personal accident products suggests that most are low-cost, likely bundled products, with relatively low coverage amounts.

FIGURE 28
MEDIAN CLAIMS RATIOS IN AFRICA BY PRODUCT LINE

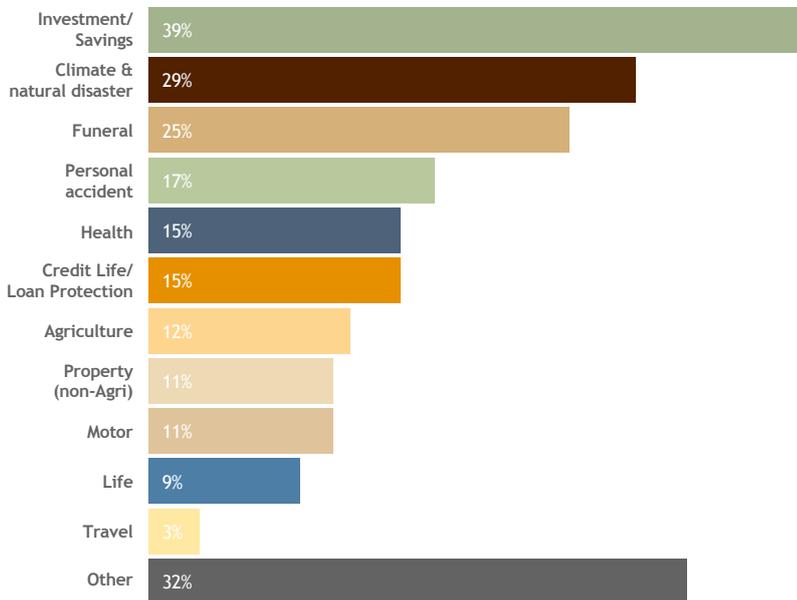
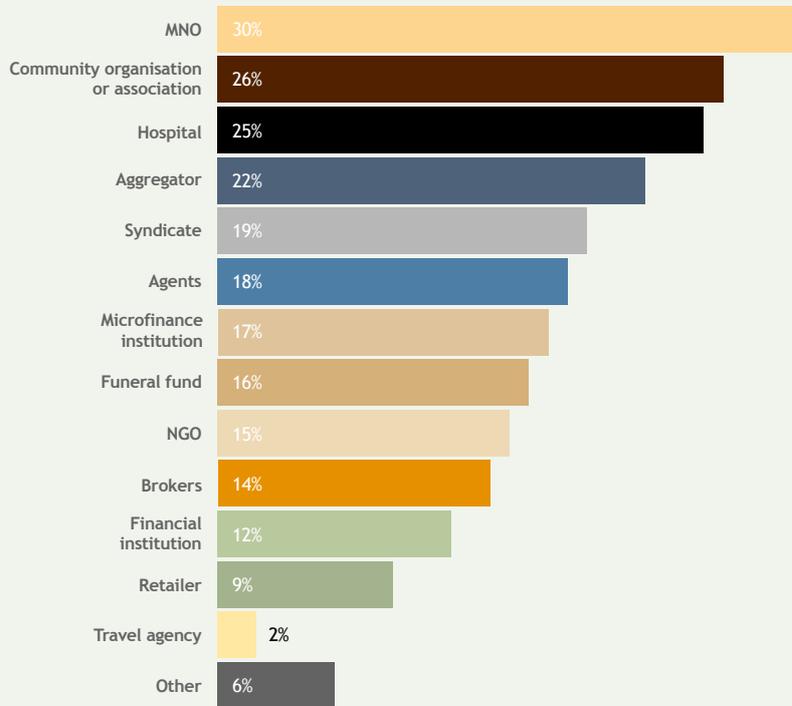


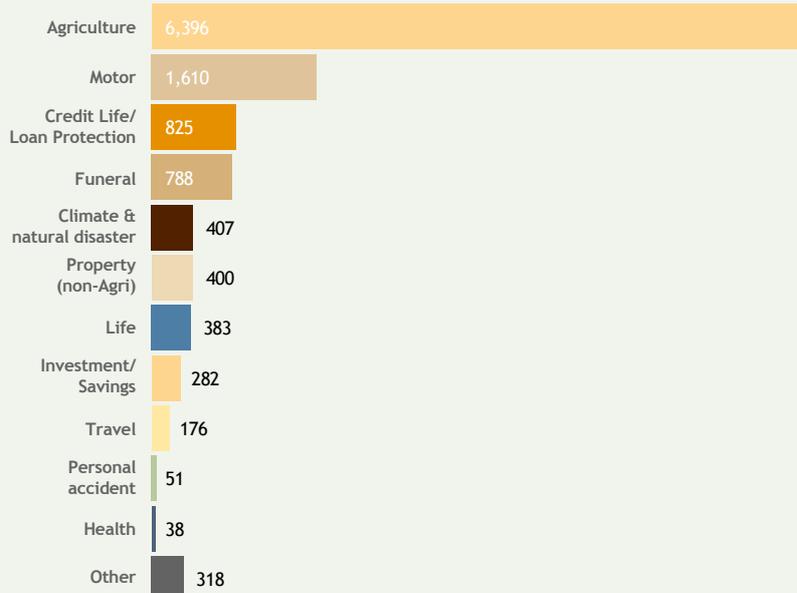
FIGURE 29
MEDIAN CLAIMS RATIOS IN AFRICA BY DISTRIBUTION CHANNEL



The median claims rejection rate for Africa was 1%, which was relatively consistent across product lines and distribution channels, except for health insurance products which had a higher median claims rejection rate at 8%. This may be a result of attempted fraud, or simply incomplete client understanding (such as claims submitted for hospital stays that did not meet the minimum required number of nights spent in hospital).

The median claims turnaround time for Africa was just 3 days, compared to a global median of 10 days, with the longest times recorded for property and climate products (at 14 and 13 days respectively) and the fastest for credit life, funeral, and life insurance (all at 3 days). Products sold through NGOs had the longest median turnaround times, at 9 days, with products sold through most other channels at 5 days or fewer.

FIGURE 30
MEDIAN VALUE OF INDIVIDUAL CLAIMS BY PRODUCT LINE IN AFRICA (USD)⁵¹



⁵¹ Note that, for some product lines - particularly agriculture - claims may be paid on a group rather than individual basis, resulting in a larger average claim size.



5. Asia

5.1 Market size and evolution

Between 147 million and 300 million people were covered by microinsurance in the nine Asian countries included in this report.⁵²

These customers were reached through a total of 55.7 million policies. Almost 7 million of these were group policies, in many cases covering very large numbers of customers.

In these nine countries (Bangladesh, Cambodia, India, Indonesia, Pakistan, the Philippines, Sri Lanka, Thailand, and Vietnam), it is estimated that between 7% and 15% of the target population is covered by a microinsurance product. This compares to between 147.0 million and 201.1 million people recorded in 2019, which represented between 8% and 11% of the potential market in the countries studied in the previous Study.

A total of USD 288.3 million was collected in microinsurance premiums across these nine Asian countries. The potential value of the microinsurance market in these countries is estimated at USD 7.7 billion, based on the entire target population being covered by one insurance product.⁵³ In these countries, current microinsurance premiums represent about 4% of that potential market.



⁵² This figure includes between 87.3 million and 146.4 million people covered by the 48 insurance providers that responded to the questionnaire in the region, as well as data from the Indian regulator and publicly available data from Allianz.

⁵³ This value is based on the median premium per person covered across all countries in Asia included in this study of USD 3.80.



Scale

Each microinsurance product in Asia reached a median of 16,000 people and generated a median of USD 43,700 in premiums. Property insurance products achieved the greatest scale, with a median of over 131,000 people reached per product (Figure 31), followed by funeral and credit life insurance. Agriculture products in Asia reached the lowest scale at 816 people, but it should be noted this does not include several very large government-supported schemes that were not included in the analysis.

Premiums

The median premium per person covered in Asia is USD 3.80 during the period, less than half of the 2019 value of USD 8.80. Investment and savings products had the highest median average premiums, at USD 67 per person covered, with credit life, health and personal accident products all recording medians of USD 2 and below (Figure 32). Credit life fell the most – from a median of USD 5 in 2019 to just USD 1 in 2020 – reflecting the huge drop in microfinance lending experienced during the months of lockdown in many Asian countries. However, all these figures should be treated with caution due to small sample sizes in many lines of business.

FIGURE 31
MEDIAN NUMBER OF PEOPLE COVERED PER PRODUCT BY PRODUCT LINE IN ASIA

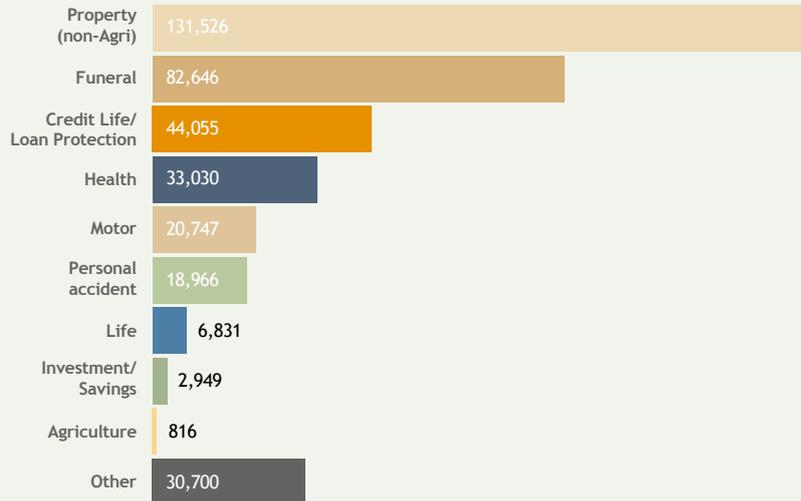
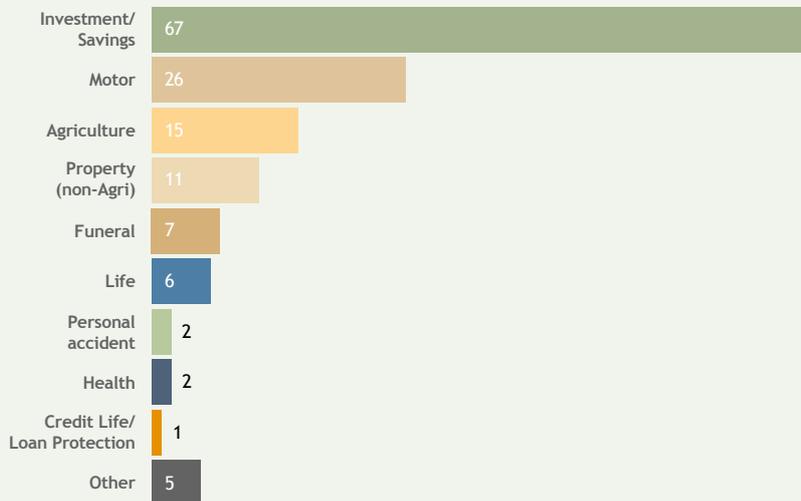


FIGURE 32
MEDIAN PREMIUM COLLECTED PER PERSON COVERED BY PRODUCT LINE IN ASIA (USD)⁵⁴



⁵⁴ For each individual product, the average premium per life covered was calculated. Then, the median of these averages was taken for each product line and is presented in this figure.

5.2 Products

As in Africa, health is now the product line covering the largest number of people in Asia, having overtaken life, credit life and personal accident, which were the predominant lines of business in 2019 (Figure 33).

These health products are largely hospital cash products which have become the go-to product for insurers wishing to reach the low-income market in Asia, as in Africa. This pre-existing trend was boosted by customer interest because of the pandemic. At the same time, telemedicine services have boomed in Asia and are frequently bundled with health insurance products.⁵⁶

FIGURE 33
MICROINSURANCE PRODUCT LINES RANKED BY THE NUMBER OF PEOPLE REACHED IN 2019 AND 2020 IN ASIA

2019	Rank	2020
Life	1	Health ▲ +3
Credit life/loan protection	2	Personal accident ▲ +1
Personal accident	3	Credit life/loan protection ▼ -1
Health	4	Life ▼ -3
Funeral	5	Motor ⁵⁵



⁵⁵ Motor was not included as a product line in the previous Landscape Study.

⁵⁶ Vikram Kapur, Alex Boulton (2020). *Covid-19 Accelerates the Adoption of Telemedicine in Asia-Pacific Countries* (Bain and Company)

Since such hospital cash products generally cost less, health products brought in a relatively lower share of premiums at just under USD 6 million (Figure 35). Agricultural insurance earned the highest premiums, though it should be noted that most of this amount was reported by one major player.

Some COVID-specific products were developed in the region, including short-term hospitalisation policies and life insurance. However, some of the products developed early on have since been taken off the market due to either low demand or high claims.

Governments in Asia also stepped in to extend social health protection, and in some cases made cash pay-outs to low-income families to help them cope with the financial impact of the pandemic. In Pakistan, for example, the government issued cash pay-outs to 12 million families during the pandemic in 2020 and automatically rolled out the government health insurance.⁵⁷

Life and credit life insurance remain important lines of business in the region but suffered severe setbacks in 2020. Many MFIs practically shut down for much of the year and microfinance lending rates plummeted, impacting credit life insurance in turn. In some countries, the cost of life insurance to customers increased, particularly where reinsurers increased rates or did not offer terms for renewal, making it hard for emerging customers to access life products.

The high number of people covered by accident insurance in Asia is thanks to a few very large schemes in the region each covering several million people. Accident insurance is relatively simple

to administer and is affordable, making it particularly suitable for bundling with other services or selling through large group policies.

FIGURE 34
PEOPLE COVERED IN ASIA BY PRODUCT LINE (MILLIONS)

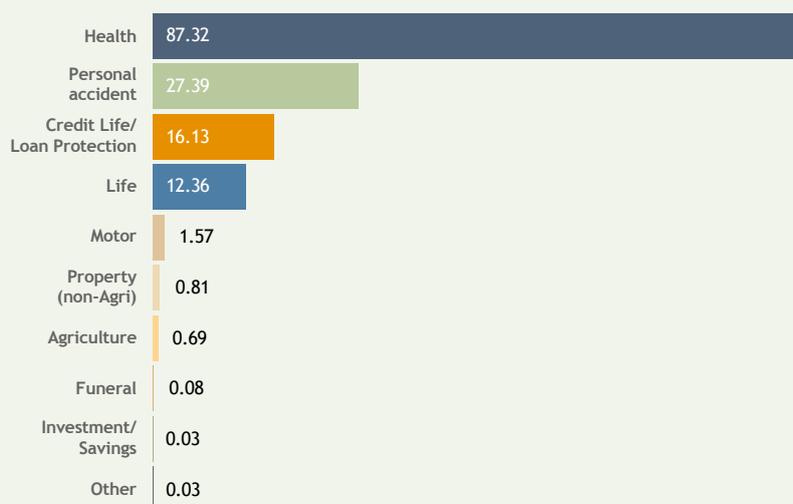
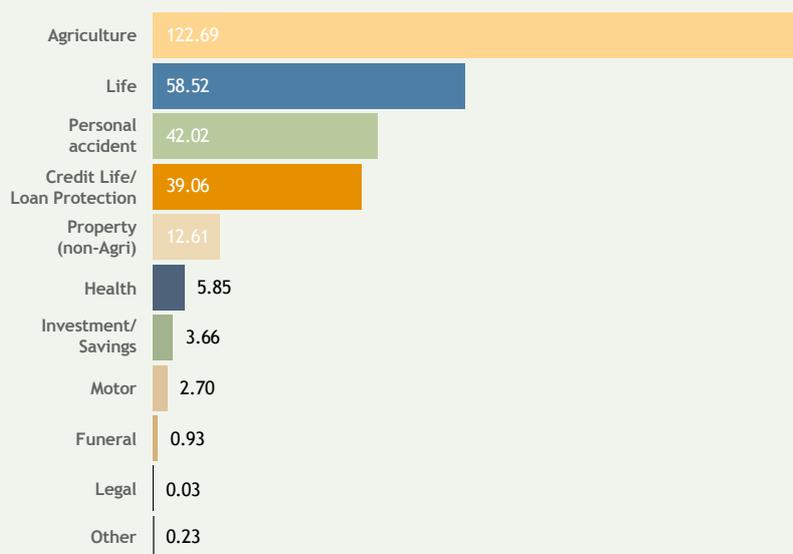


FIGURE 35
PREMIUMS COLLECTED BY PRODUCT LINE IN ASIA (USD MILLIONS)



⁵⁷ Sania Nishtar (2020). COVID-19: Using cash payments to protect the poor in Pakistan (World Economic Forum)

5.3 Distribution

As in other regions, agents, microfinance institutions, financial institutions and brokers continue to be the most commonly used distribution channels (Figure 36). Despite the challenges of the pandemic, insurers continued to work with the same channels, adapting their processes with those channels.

Both insurers and their distribution partners were forced to turn to digital solutions where possible, including mobile payments and the submission of claims documentation via alternative channels like WhatsApp. Since customers had varied levels of digital literacy and comfort, as well as connectivity, insurers and their partners often had to adopt several different methods for processing payments, assessing claims and communicating with clients, including digital tools as well as some priority in-person meetings. Interactions with agents also moved online, with onboarding and training processes carried out remotely during the pandemic, a shift that shows few signs of being reversed.

As noted previously, microfinance institutions suffered during the lockdowns imposed because of COVID-19. However, MFI and bank lending rebounded in 2021 and experts interviewed in July 2021 shared that insurance business with MFIs and financial institutions had picked up again to near-2019 levels.

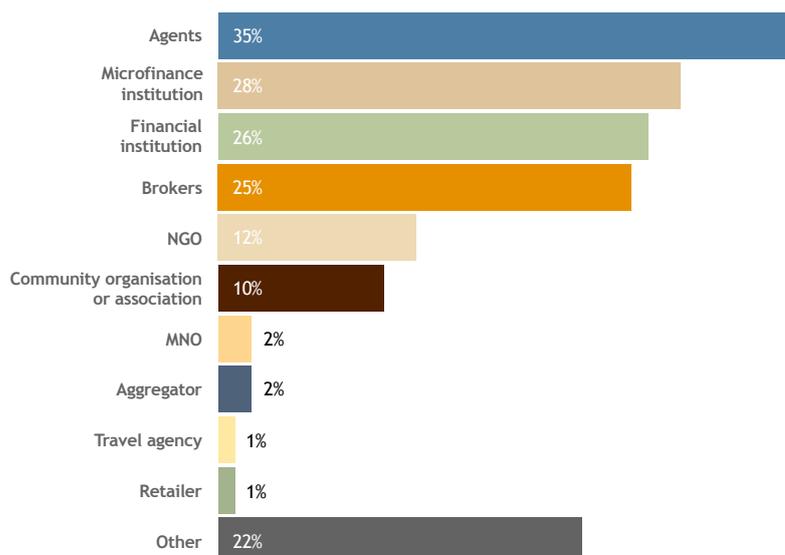
In some countries, new players moved into insurance. For example, in India, tech companies can now take out payment banking licences which allow them to carry out transactions.

With these licences in place, many have developed successful low-cost insurance products catering to all segments of the population.

Asia’s “super app” players are also proving important drivers of insurance. These applications offer services like ride-hailing and reach vast numbers of customers. Some have introduced insurance, often automatically bundled with their services (such as accident insurance for the duration of a trip). Gojek, a ride-hailing platform for scooters in Indonesia, for example, introduced free automatic accident insurance for riders and drivers in 2020.⁵⁸



FIGURE 36
THE PROPORTION OF PRODUCTS WHICH MAKE USE OF EACH DISTRIBUTION CHANNEL TYPE IN ASIA



⁵⁸ Gojek (2020). *Peace of mind with free accident coverage powered by Marsh and underwritten by AIG*

5.4 Gender

The median percentage of female policyholders in Asia is 42%, which is also the median percentage of women covered through microinsurance (not necessarily as the policyholder). Both of these proportions represent the lowest of all three regions considered in this study. This also marks a concerning decline since 2019, when women made up a median 60% of policyholders in Asia, the highest figure of the three regions.

The enormous growth in health insurance products is relevant here. Whereas women make up the majority of policyholders for property, personal accident, funeral, and credit life products, they represent a median of only 30% of policyholders for health insurance products (Figure 37).

The gender gap in microinsurance stems from more general gender discrepancies in financial inclusion in the region. In East Asia, the gender gap in financial account ownership (through a financial institution or mobile money service) is 4 percentage points, and in South Asia it is 11 percentage points.⁵⁹

FIGURE 37
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY PRODUCT LINE IN ASIA

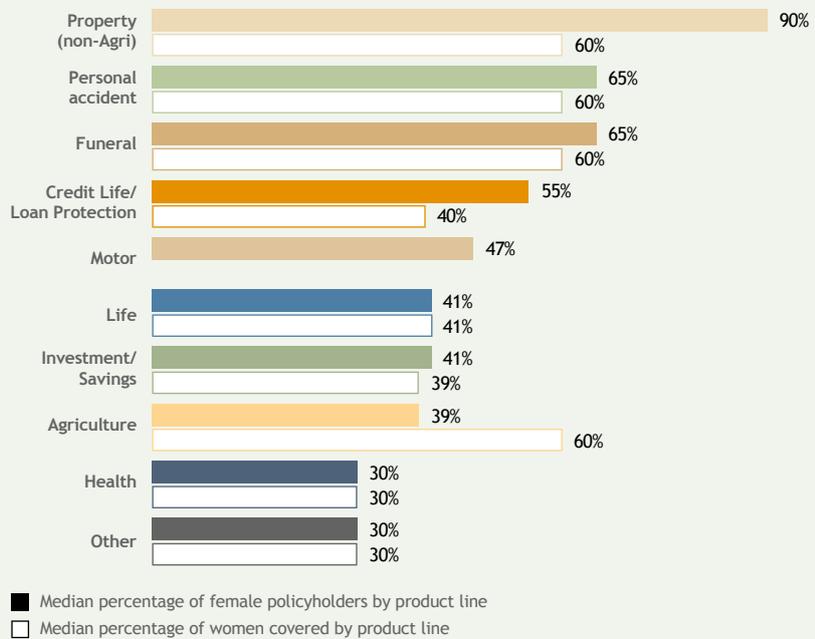
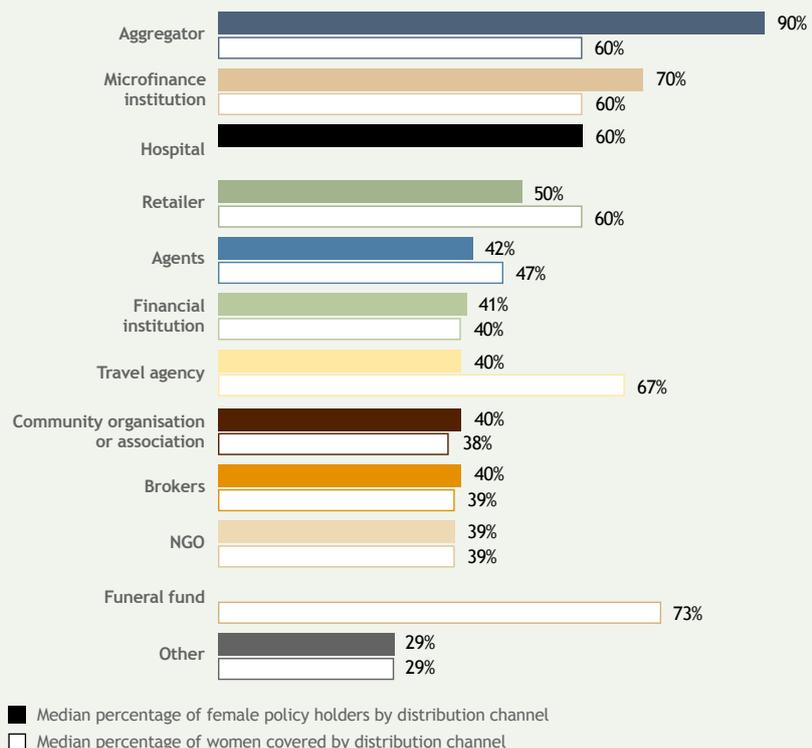


FIGURE 38
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY DISTRIBUTION CHANNEL IN ASIA



⁵⁹ Asli Demirgüç-Kunt, Leora Klapper, Dorothe Singer, Saniya Ansar, Jake Hess (2018). *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*

5.5 Claims

The median claims ratio in Asia was 16%, compared to a global median of 15%. Approximately 47% of products had claims ratios in single digits, compared to 43% globally.

More mature products have higher claims ratios, with a median claims ratio for products launched before 2020 of 21%, in line with the global median of 21% for products launched before 2020.

The median claims ratios varied greatly by product line and distribution channel, as seen in Figures 39 and 40. Whereas motor and credit life products have median claims ratios above 45%; health, personal accident and investment/savings products have median claims ratios in single digits. Given the growth of health insurance in the region, the low rates for health products merit particular attention. However, as explored in section 3.7, health claims in 2020 were impacted by COVID-19 lockdowns, difficulties submitting claims, and the lack of access to medical facilities.

Products distributed through funeral funds and travel agencies have far higher claims ratios than products distributed through other channels, but both are based on very small sample sizes. It is interesting to note the low claims ratio of products distributed through brokers (median of 3% claims ratio) given the use of brokers in almost half of products and customers' expectation that a broker should negotiate better terms for them.

FIGURE 39
MEDIAN CLAIMS RATIOS IN ASIA BY PRODUCT LINE

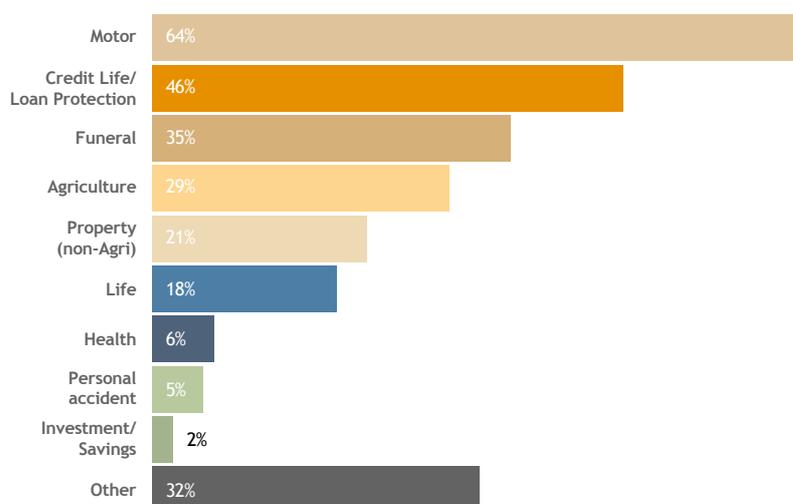
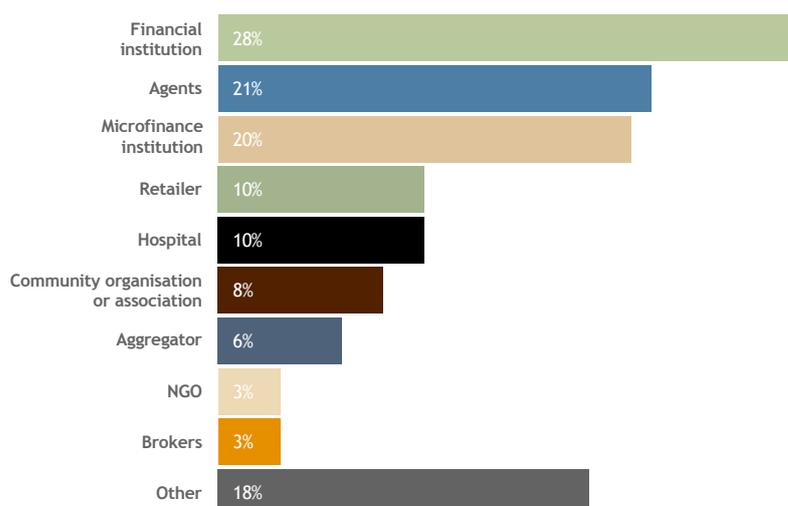


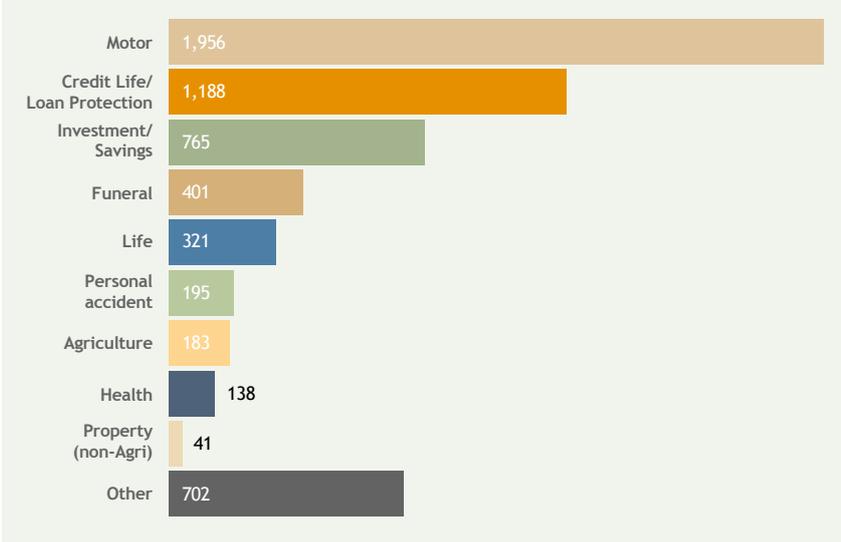
FIGURE 40
MEDIAN CLAIMS RATIOS IN ASIA BY DISTRIBUTION CHANNEL



Median claims rejection rates are low at 3% and relatively consistent across product lines and distribution channels, with a few exceptions. Investment and savings products stood out with a median claims rejection rate of 25%, as well as products distributed through hospitals and retail channels, at 17% in both cases.

The median claims turnaround time for the region was ten days, in line with the global median. By product line, agriculture and motor insurance had the longest turnaround times, with a median of 30 days for both. In the case of agriculture, this reflects the more complex claims assessment process required for indemnity-based agriculture insurance. Investment and savings products paid out fastest, with a median of three days. Products sold through hospitals and retailers had relatively longer median claims turnaround times at 20 days in both cases, and the quickest turnaround times were recorded for products sold through NGOs, MNOs, and community organisations, at three days in all cases.

FIGURE 41
MEDIAN VALUE OF INDIVIDUAL CLAIMS BY PRODUCT LINE IN ASIA (USD)⁶⁰



⁶⁰ Note that, for some product lines - particularly agriculture - claims may be paid on a group rather than individual basis, resulting in a larger average claim size.



6. Latin America and the Caribbean

6.1 Market size and evolution

Between 14 and 40 million people were covered by microinsurance in the eight countries in Latin America and the Caribbean (LAC) included in this report.⁶¹



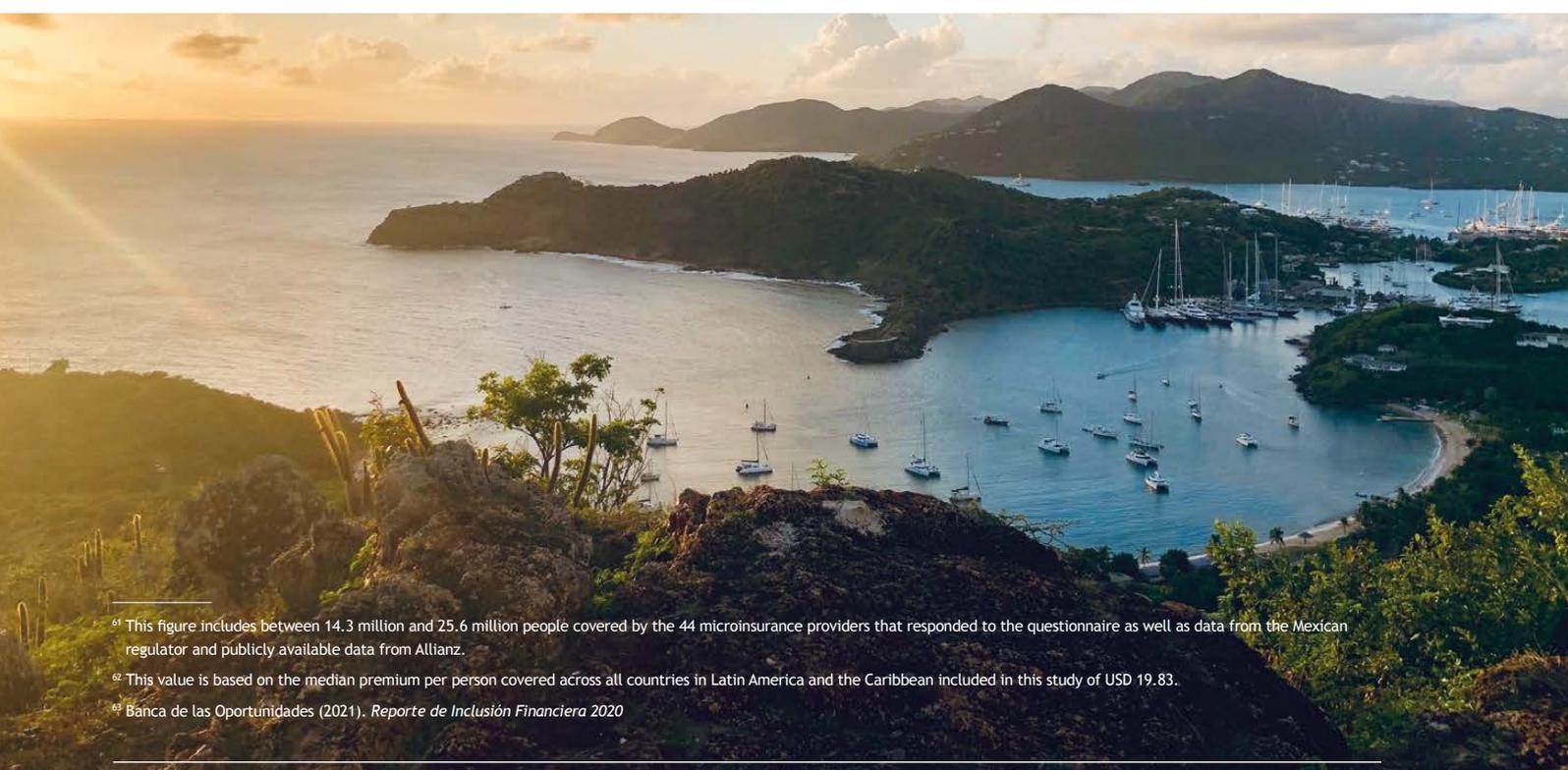
These customers were reached through a total of 15.2 million policies. Around 64,000 of these were group policies, in many cases covering very large numbers of customers.

In the eight countries in the region for which data was submitted (Bolivia, Brazil, Colombia, Costa Rica, El Salvador, Jamaica, Mexico, and Peru), it is estimated that between 4% and 12% of the target population is covered by a microinsurance product.

The number of people covered increased from between 6.3 and 22.5 million people reported in 2019, as a result of a larger sample size and the addition of Costa Rica and El Salvador to the study. At the same time, the premiums collected fell by more than half (from USD 674 million in 2019).

A total of USD 284 million were collected in microinsurance premiums across the eight countries. The potential value of the microinsurance market in these countries is estimated at USD 6.8 billion, based on the entire target population being covered by one insurance product.⁶² In these countries, current microinsurance premiums represent about 4% of that potential market.

The interviews conducted for this study, as well as individual country data, suggest that demand for microinsurance in LAC fell in 2020, as the low-income sector was severely impacted by COVID-19. In Colombia, for example, overall spending on insurance dropped slightly (by 0.3%) in 2020, while the number of active microinsurance policies fell by 11% the same year.⁶³



⁶¹ This figure includes between 14.3 million and 25.6 million people covered by the 44 microinsurance providers that responded to the questionnaire as well as data from the Mexican regulator and publicly available data from Allianz.

⁶² This value is based on the median premium per person covered across all countries in Latin America and the Caribbean included in this study of USD 19.83.

⁶³ Banca de las Oportunidades (2021). *Reporte de Inclusión Financiera 2020*

Scale

Each microinsurance product in LAC reached a median of 5,600 people and generated a median of USD 123,400 in premiums. The products most likely to reach significant scale were property, motor, and climate insurance products, whereas health and travel products reached a median of less than 1,000 people each (Figure 42).

Premiums

The median premium per person covered in LAC was USD 19.83 in 2020, slightly up from USD 19 in 2019. Compared to other regions, and compared to other product lines in the region, health products had relatively high median premiums per person covered (Figure 43). Low-cost hospital cash products have not taken off in the region to the same extent as in Africa or Asia. All these figures should be treated with caution due to small sample sizes for many lines of business.

FIGURE 42
MEDIAN NUMBER OF PEOPLE COVERED PER PRODUCT BY PRODUCT LINE IN LATIN AMERICA AND THE CARIBBEAN

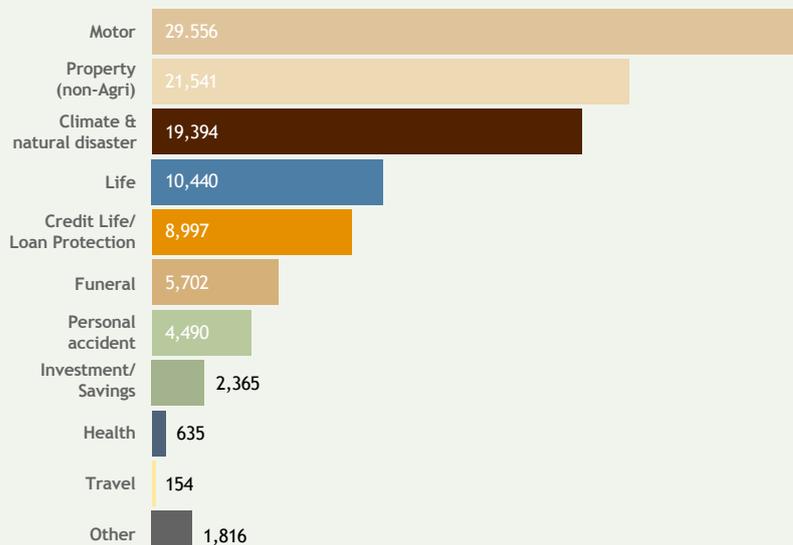
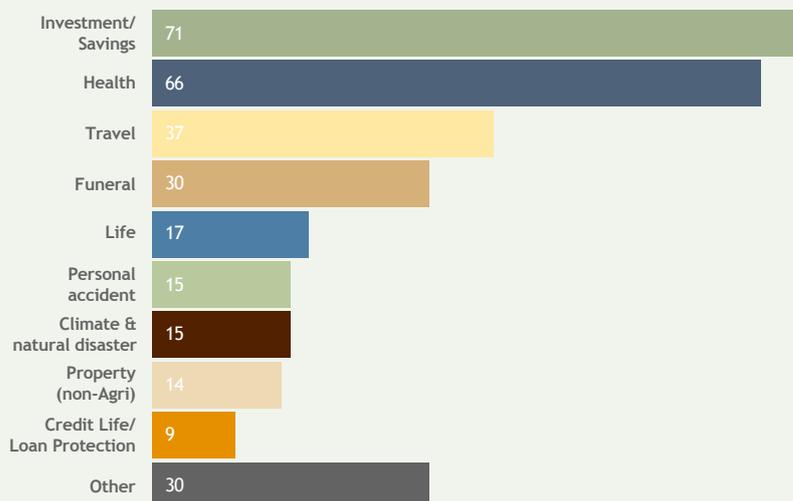


FIGURE 43
MEDIAN PREMIUM COLLECTED PER PERSON COVERED BY PRODUCT LINE IN LATIN AMERICA AND THE CARIBBEAN (USD)⁶⁴



⁶⁴ For each individual product, the average premium per life covered was calculated. Then, the median of these averages was taken for each product line and is presented in this figure.

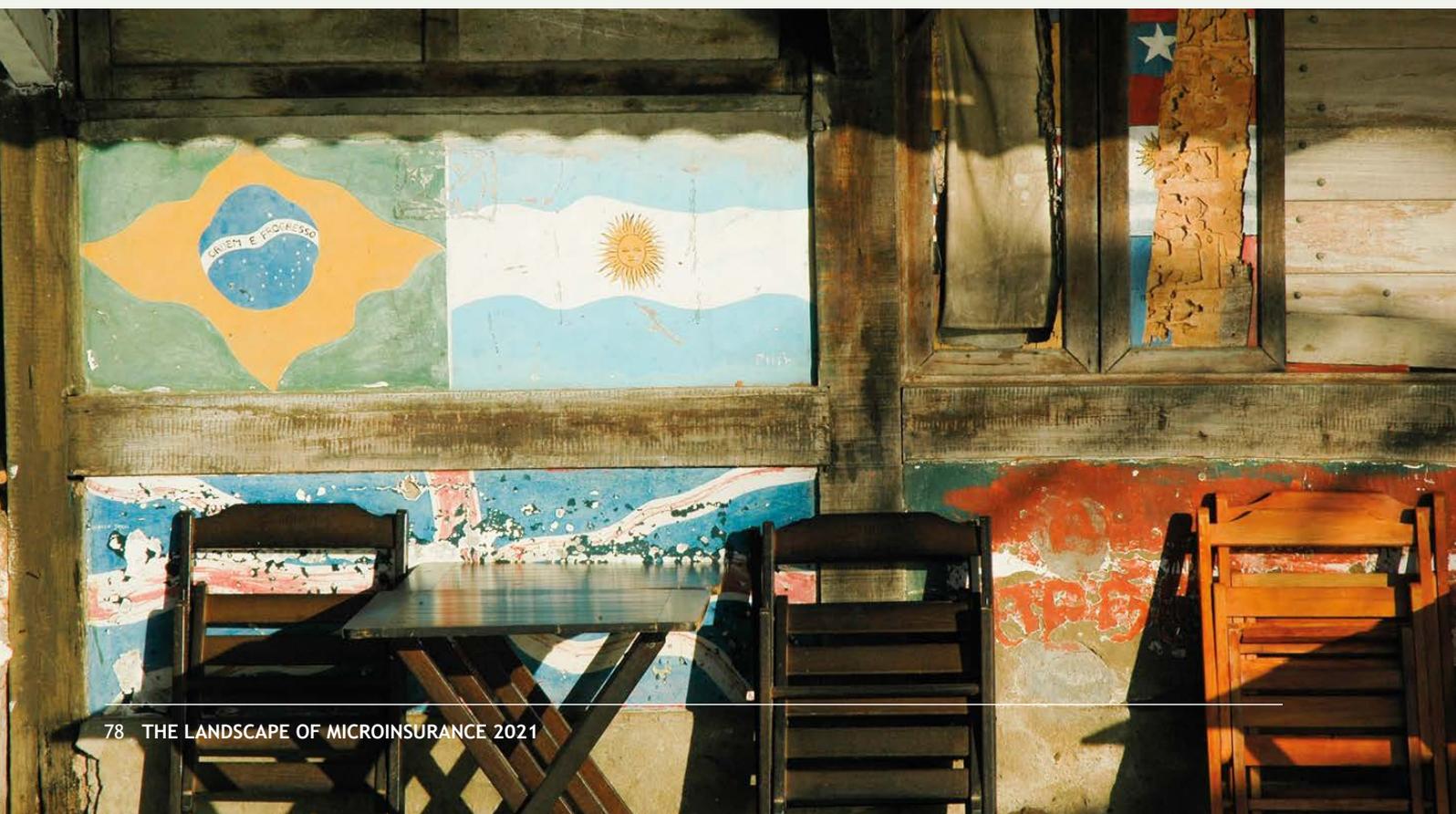
6.2 Products

Life and personal accident products are the two most important lines of business in LAC in terms of lives covered, as they were in 2019 (Figure 44). These lines of business also dominate in terms of premiums collected (Figure 46).

As discussed previously, these figures are not directly comparable year-on-year due to changes in the methodology and sample size, as well as some data gaps in respondents' submissions. Nonetheless, the drop in credit life insurance is noticeable. In 2020, these products covered less than half the number of people they did in 2019 and brought in a fraction of the premium income compared to the previous year. The microfinance sector in the region was hit hard by the pandemic, as explored in the following section on distribution.

FIGURE 44
MICROINSURANCE PRODUCT LINES RANKED BY THE NUMBER OF PEOPLE REACHED IN 2019 AND 2020 IN LATIN AMERICA AND THE CARIBBEAN

2019	Rank	2020
Life	1	Life
Personal accident	2	Personal accident
Credit life/loan protection	3	Property ▲ +2
Funeral	4	Health ▲ +2
Property	5	Credit life/loan protection ▼ -2



Although other product lines represented a relatively small proportion of lives covered, interviews conducted for this study suggest that an increasing number of insurers are introducing more diverse product offerings. The region has also seen extensive use of assistance packages to provide additional value. These include services like legal assistance and emergency household repairs.

Health

Interest in developing specific COVID-related products has varied from country to country, depending partly on the actions of the government. In El Salvador, for example, government covered the cost of COVID-19 treatment and private hospitals were not allowed to take in COVID-19 patients, resulting in little interest from insurers in developing specific COVID health insurance products or additional coverage. In Colombia, on the other hand, insurers did develop new products in response to COVID, but they were not all health products. With the rise of teleworking and increased online activity, the risk of cyber crime and online theft increased considerably in 2020 and 2021, with a 30% increase in cyber-attacks in June 2021 compared to the same month in 2020.⁶⁵ Seguros Bolívar, for example, responded by launching a product against cyber crime aimed at small and medium-sized companies.⁶⁶

In addition to launching new products, insurers modified existing products, often adding COVID-19 coverage to products like unemployment insurance. Health insurers increased the availability of telemedicine and online doctors' appointments, which proved very popular with clients during the pandemic.

FIGURE 45
PEOPLE COVERED BY PRODUCT LINE IN LATIN AMERICA AND THE CARIBBEAN (MILLIONS)

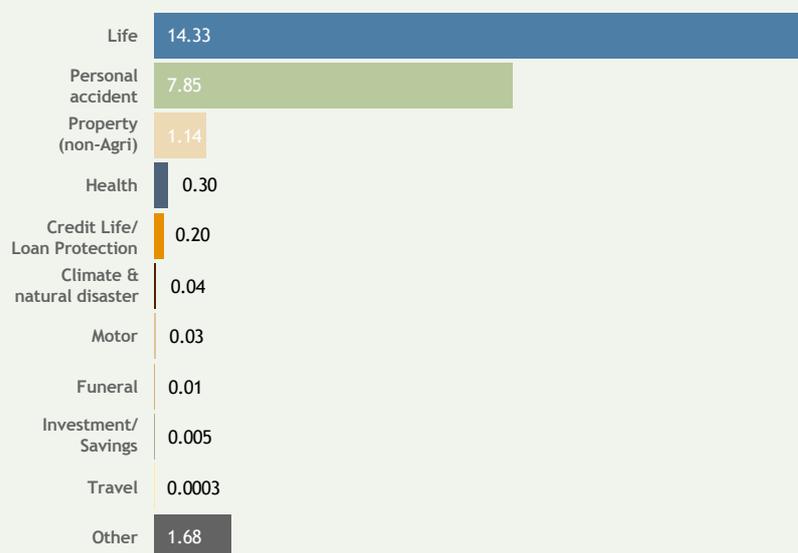
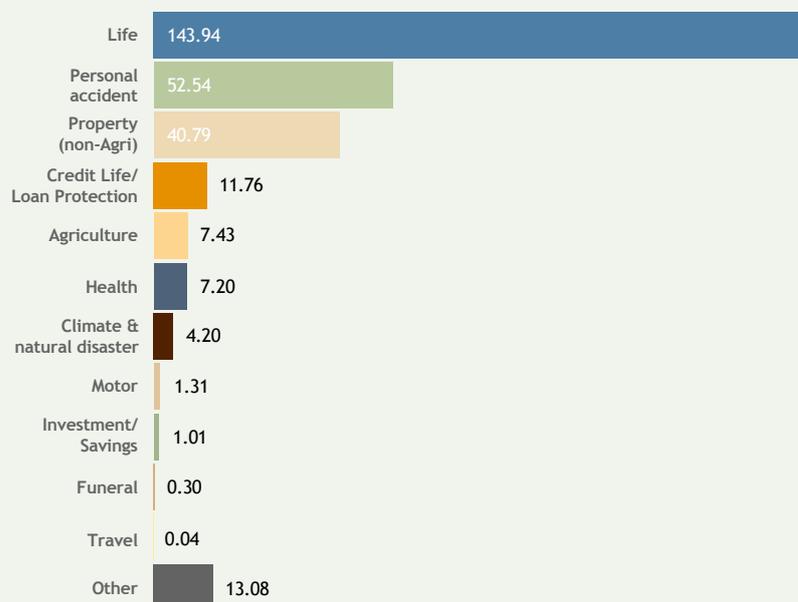


FIGURE 46
PREMIUMS COLLECTED BY PRODUCT LINE IN LATIN AMERICA AND THE CARIBBEAN (USD MILLIONS)



⁶⁵ Portafolio (2021). *Aumentan en 30% los ataques cibernéticos en Colombia*

⁶⁶ LatinPyme (2021). *La ciberseguridad, reto de las PyMEs*

6.3 Distribution

Brokers, financial institutions, and agents are the most important distribution channels in LAC. The distribution landscape seen in Figure 47 is similar to 2019, with the exception of MFIs, which were involved in the distribution of 14% of products in 2020, a drop of almost half compared to the 27% of products using the channel in 2019.

This likely reflects the acute challenges experienced by MFIs in the region during 2020. Operational difficulties were particularly hard to overcome for MFIs in LAC, where 20% of MFIs reported that their activities were still very limited by December 2020, compared to around 5% globally. MFIs in the region experienced around a 15% loss in their client base, compared to 3%, globally.⁶⁷

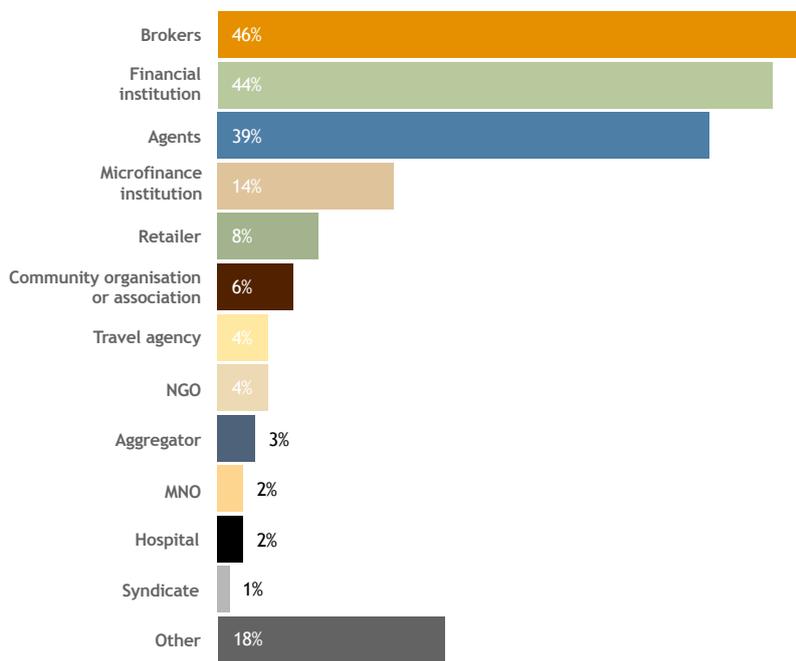
The use of retail channels also fell, from 13% in 2019 to 8% in 2020. In LAC, microinsurance is sold through retail channels like department stores and shops selling household appliances. These were forced to close entirely or convert to online sales during the worst of the pandemic and sales fell as a result.

Although the same channels continued to be used, the pandemic accelerated digitalisation both by insurers and their distribution partners. For example, many companies have adopted virtual claims processes, allowing photographs of damage to be sent and documents submitted via WhatsApp. In many cases this was facilitated through temporary or permanent regulatory changes. In El Salvador, for example, temporary regulatory changes were made to allow digital insurance processes. It is not clear whether these changes will be made permanent beyond the pandemic, but the experience will likely inform new legislation on insurance which is currently being developed in the country.

Online and mobile insurance sales increased in some countries, especially where insurers had already been working on strengthening these channels. Seguros Mundial in Colombia was particularly successful in doing so. In April 2021, the company was

recognised by Google as a success story in digital transformation during 2020, having achieved 45% of its sales through its mobile channel, representing an increase of 756% compared to 2019, and reducing its policy acquisitions costs by more than 60%.⁶⁸

FIGURE 47
THE PROPORTION OF PRODUCTS WHICH MAKE USE OF EACH DISTRIBUTION CHANNEL TYPE IN LATIN AMERICA AND THE CARIBBEAN



⁶⁷ The Grameen Crédit Agricole Foundation, ADA, Inpulse (2021). COVID-19: *The impact of the crisis on microfinance institutions. Analyses and perspectives*

⁶⁸ ACIS (2021). *Seguros Mundial es reconocida por google como caso de éxito en su estrategia de transformación digital*



HOLMAN

ANDINA

Coca-Cola

ARTUR HOSTEL 30-28

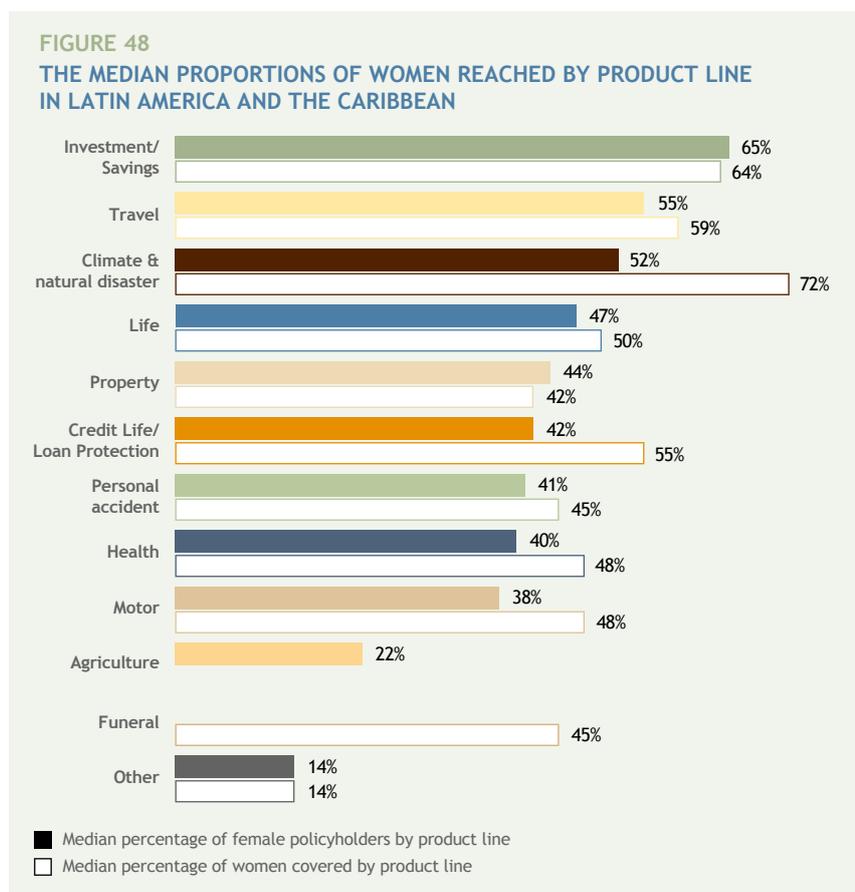
AREPAS



6.4 Gender

The median percentage of female policyholders in LAC is 45%, in line with the global figure. Out of all people covered by a microinsurance policy in the region, a median of 48% were women, the highest percentage of the three regions. It is interesting to note that the gender gap in microinsurance is in some cases smaller than the gender gap in traditional or mass insurance, as is the case in Colombia.⁶⁹

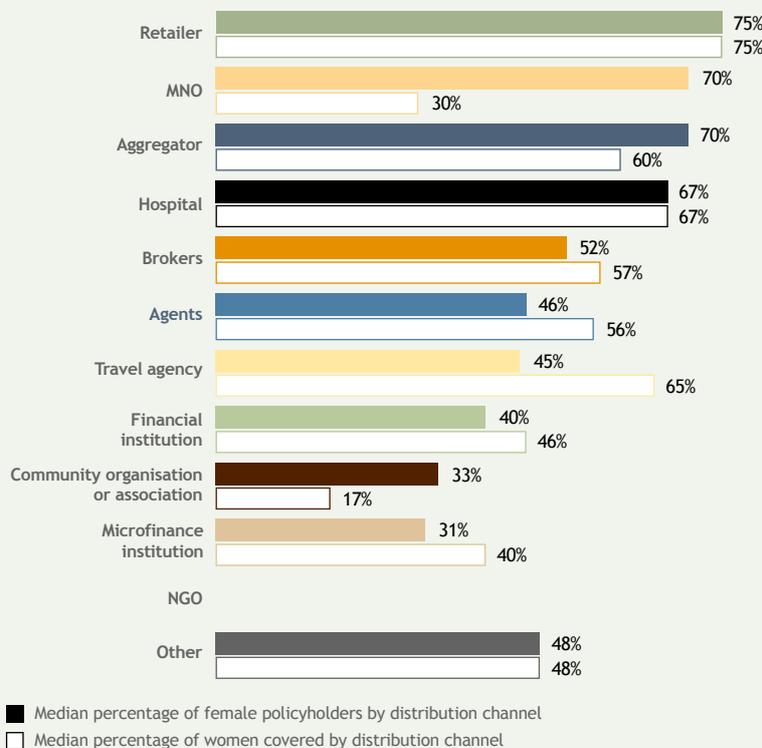
The product line serving the highest proportion of women is investment and savings products, for which women are the majority of policyholders (with a median of 65%), followed by travel (55%) and climate products (52%) (Figure 48). Health has one of the lowest median proportions of female policyholders at 40%, but a median of almost half of people covered are women. This likely reflects that health insurance policies can be purchased to cover entire families.



⁶⁹ Banca de las Oportunidades (2021). *Reporte de Inclusión Financiera 2020*



FIGURE 49
THE MEDIAN PROPORTIONS OF WOMEN REACHED BY DISTRIBUTION CHANNEL IN LATIN AMERICA AND THE CARIBBEAN



The variation in gender balance according to the distribution channel through which a product is sold is striking (Figure 49). At the median view, women make up the majority of policyholders in products sold through alternative channels like retailers, MNOs, and hospitals, but a smaller proportion in traditional channels like MFIs and financial institutions. Note that gender data was often not provided by insurers and as a result the sample size for some of these channels, such as NGOs, was very small.

In some cases, insurance associations and regulators are promoting the development of insurance for women. In El Salvador, for example, the insurance association carried out research which suggests that women have more interest in purchasing insurance than men, and in Mexico the regulator is particularly interested in promoting better insurance provision for women.

6.5 Claims

The median claims ratio in the region was 12%, slightly below the global median of 15%. This increased slightly to 14% when only considering products launched before 2020 (compared to 21% for the same figure at a global level). The claims ratios varied by product line and by distribution channel, as seen in Figures 50 and 51. Approximately 48% of products had claims ratios in single digits, compared to 43% globally.



The median claims ratio in 2020 is slightly higher than the 10% claims ratio recorded in 2019. As a result of COVID-19, claims ratios for credit life and life products increased dramatically from 20% in 2019 to 55% in 2020 and from 9% to 27% respectively. This increase has been felt acutely by life insurers who tend to retain all, or at least the vast majority, of the risk in these product lines, in comparison to lines usually seen as likely to experience catastrophic claims, like agriculture and climate products, which depend to a much higher degree on reinsurance.

Health claims, on the other hand, decreased from a median of 9% in 2019 to 3% in 2020, as it became difficult for clients to access hospitals and medical procedures were postponed.

FIGURE 50
MEDIAN CLAIMS RATIOS IN LATIN AMERICA AND THE CARIBBEAN
BY PRODUCT LINE

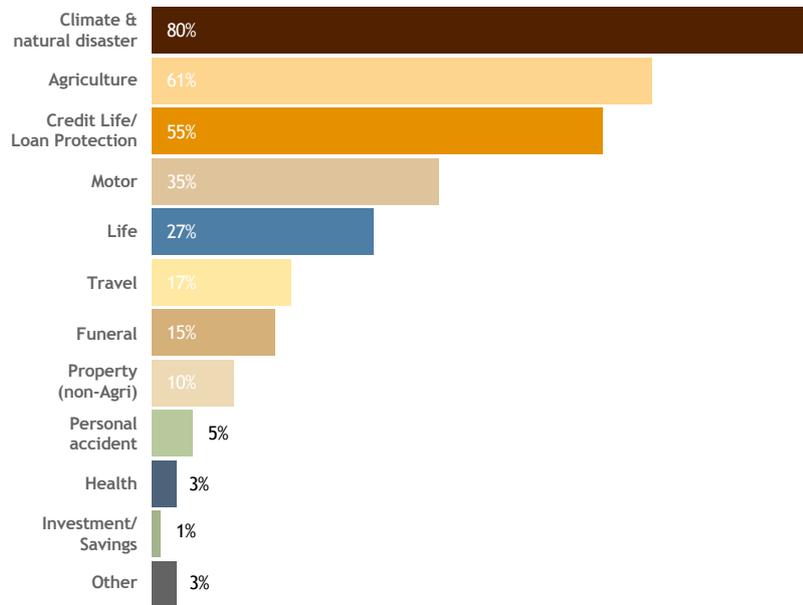
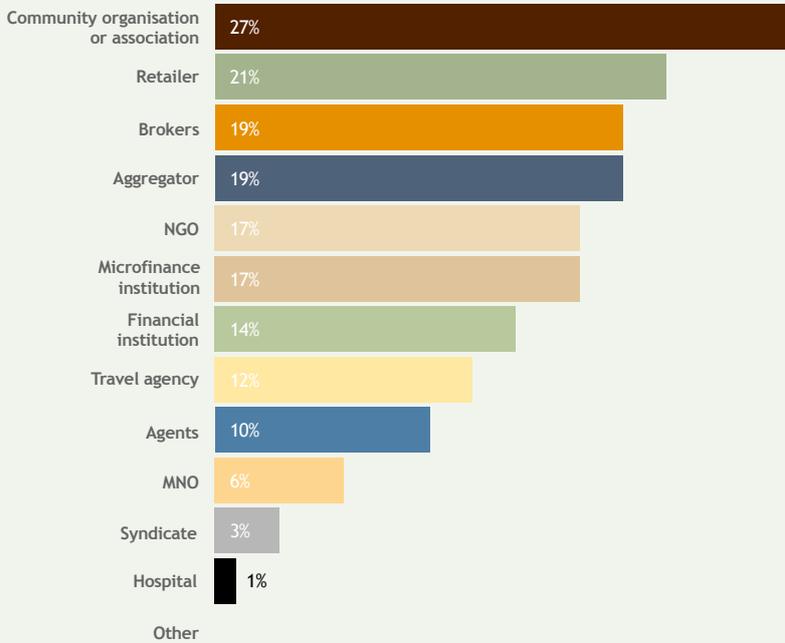


FIGURE 51
MEDIAN CLAIMS RATIOS IN LATIN AMERICA AND THE CARIBBEAN
BY DISTRIBUTION CHANNEL



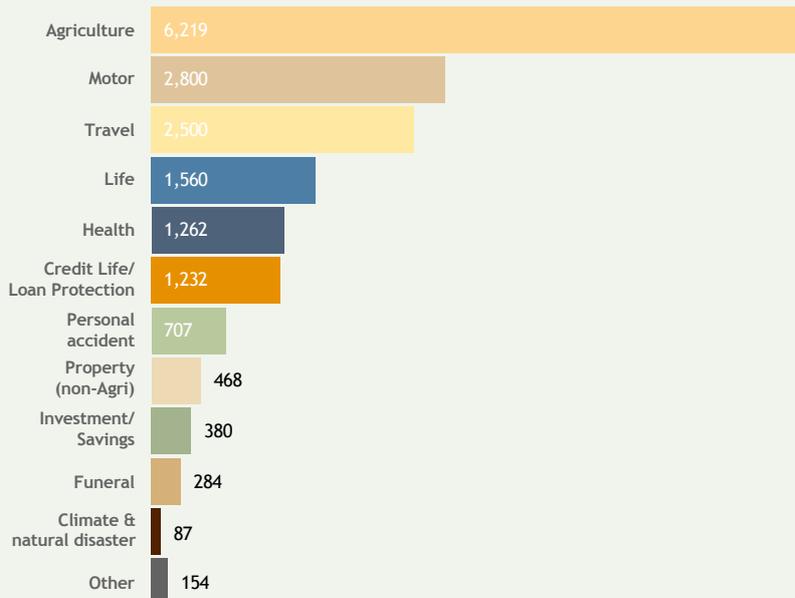
Higher claims ratios are associated with products distributed through community organisations, retailers, aggregators, and brokers. MNOs, syndicates, and hospitals have the lowest median claims ratios, as seen in Figure 51.

Figure 52 shows the median value of individual claims in the region by product line. The median claims payment for agriculture insurance is particularly high and some of these may represent group payments. Median health claims are higher in LAC than in other regions because of the nature of the products. These are largely higher-value products, such as cancer insurance or comprehensive health insurance, with higher pay-outs than the product types more common in other regions.

At 9%, median claims rejection rates were higher in the region than the global median of 3%. These were particularly high for agriculture (43%) and health (33%), though these numbers should be treated with caution as they are taken from small sample sizes. Looking at products according to their distribution channel, those distributed through aggregators, hospitals, and retailers had particularly high median rejection rates (at 41%, 48% and 48%, respectively).

Claims turnaround times were higher in the region than in others, at a median of 15 days compared to 10 days across all regions. The longest claims turnaround times were for agriculture products (60 days median) and the fastest were for motor, at 2 days. By distribution channel, the longest median claims turnaround times were for products distributed through aggregators (35 days) and community organisations (30 days), and the fastest were recorded for hospitals (5 days) and retailers (7 days).

FIGURE 52
MEDIAN VALUE OF INDIVIDUAL CLAIMS BY PRODUCT LINE
IN LATIN AMERICA AND THE CARIBBEAN (USD)⁷⁰



⁷⁰ Note that, for some product lines – particularly agriculture – claims may be paid on a group rather than individual basis, resulting in a larger average claim size.

Appendix A

Insurers per country and response rates

In each country, all licenced insurers were identified. Out of these, targeted insurers known to be active in microinsurance (as defined by the study) were selected based on desk research as well as feedback from Microinsurance Network members and country researchers. In Indonesia and Thailand, all licenced insurers were targeted. Also, in the cases of Ghana, Cambodia and El Salvador, the higher number of completed questionnaires than targeted insurers was the result of additional insurers being identified by our in-country collaborators.

	# of insurers identified	# of targeted insurers	# of completed questionnaires
AFRICA			
Côte d'Ivoire	10	10	6
Egypt	23	23	2
Ghana	25	18	19
Kenya	57	22	8
Morocco	13	9	3
Nigeria	48	28	18
Rwanda	14	7	7
Senegal	14	14	1
South Africa	59	18	5
Tanzania	18	18	5
Uganda	32	32	10
Zambia	27	11	9
Zimbabwe	40	40	39
ASIA			
Bangladesh	64	11	10
Cambodia	26	4	5
India	63	29	1
Indonesia	144	144	8
Nepal	39	19	0
Pakistan	48	6	6
Philippines	104	52	8
Sri Lanka	27	13	6
Thailand	78	78	1
Vietnam	49	17	3
LATIN AMERICA & THE CARRIBEAN			
Bolivia	19	7	7
Brazil	28	22	7
Colombia	44	15	4
Costa Rica	6	6	4
El Salvador	6	6	7
Jamaica	36	5	4
Mexico	113	11	2
Peru	20	10	9
TOTAL	1,294	705	224

Appendix B

Response rates for each indicator and region

TABLE B1
NUMBER AND PROPORTION OF PRODUCTS REPORTED BY PRODUCT LINE

LINE OF BUSINESS	Global		Africa		Asia		Latin America and the Caribbean	
	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS
Life	193	27%	57	18%	77	38%	59	31%
Personal Accident	101	14%	13	4%	36	18%	52	28%
Health	89	13%	35	11%	30	15%	24	13%
Funeral	82	12%	76	24%	2	1%	4	2%
Credit Life/Loan Protection	70	10%	35	11%	30	15%	5	3%
Agriculture	52	7%	39	12%	10	5%	3	2%
Property	42	6%	13	4%	5	2%	24	13%
Motor	30	4%	23	7%	5	2%	2	1%
Investment/Savings	17	2%	8	3%	5	2%	4	2%
Travel	8	1%	4	1%	—	0%	4	2%
Climate/Natural Disaster	7	1%	3	1%	—	0%	4	2%
Legal	1	0%	—	0%	1	0%	—	0%
Other	12	2%	7	2%	2	1%	3	2%
TOTAL	704		313		203		188	

TABLE B2
NUMBER AND PROPORTION OF PRODUCTS FOR WHICH USABLE DATA WAS PROVIDED FOR EACH INDICATOR

INDICATOR	Global		Africa		Asia		Latin America and the Caribbean	
	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS	NUMBER OF PRODUCTS	PROPORTION OF PRODUCTS
Number of people covered	503	71%	181	58%	177	87%	145	77%
Premiums collected	690	98%	304	97%	198	98%	188	100%
Premium per person covered	501	71%	179	57%	177	87%	145	77%
Percentage of female clients	371	53%	158	50%	106	52%	107	57%
Claims ratio	582	83%	274	88%	150	74%	158	84%
Claims rejection rate	344	49%	139	44%	101	50%	104	55%
Claims turnaround time	464	66%	222	71%	142	70%	100	53%

About the Microinsurance Network

The Microinsurance Network is the global multi-stakeholder platform for professionals and organisations that are committed to making insurance inclusive. Membership-based, we bring together diverse stakeholders from across the value chain who share our vision of a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks. We encourage peer-to-peer exchange and learning, facilitate the generation of knowledge and research, and act as advocates, promoting the role that effective risk management tools, including insurance, play in supporting the broader development agenda.

Find out more



Visit us at
<https://microinsurancenetwork.org>



Read our publications



Contact us
info@microinsurancenetwork.org



LinkedIn



@NetworkFlash



Facebook



YouTube