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The Landscape of Microinsurance

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The quantitative information presented in this paper does not represent an absolute number of products, clients, or other data. Rather, this paper reports what the team was able to identify as microinsurance. Although the data for this study is not an absolute measure of microinsurance in the three regions studied, the data set is large enough to represent the "landscape" of microinsurance and provide, for the most part, an accurate picture of these markets and their components.

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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.

Aggregators: For the purposes of this study, aggregators refer to institutions which bring together groups of potential microinsurance customers, such as employee groups, community or professional associations, utility providers, syndicates, and so on.

Agriculture insurance: For the purpose of this study, agriculture insurance refers to any insurance products covering risks to crops, livestock, fishing or aquaculture.

Agricultural and trade cooperatives: Organisations run on cooperative principals which bring together farmers or other groups involved in a common trade or activity.

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.

Business interruption insurance: Insurance that covers lost income for a business should the business be unable to operate as a result of a covered event.

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.

Claims acceptance rate: The proportion of filed claims which are accepted and paid by an insurance provider.

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. (See 'Internal turnaround time' and 'External turnaround time')

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.

Direct debit and standing orders: Payments made automatically on a regular basis from the customer's account to a company.

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

Environmental, Social and Governance (ESG): Factors used for assessing businesses from a sustainability and ethical standpoint and to identify risks and opportunities.

External turnaround time: The time period between the occurrence of a claim event and the customer submitting the claim to the insurance provider.

Financial institutions: Formal, regulated institutions offering financial services, such as banking, loans and insurance, to the public.

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

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.

Internal turnaround time: The time taken for an insurance provider to process and pay out a claim once it has been submitted by the customer.

Investment and savings insurance: Life insurance connected to savings or investments. Premiums typically include an insurance component as well as a savings component which is returned to the customer.

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 out a loan). Mandatory cover can reduce adverse selection and significantly reduce administrative costs.

Microfinance institutions (MFIs): Financial institutions serving individuals and small businesses who lack access to conventional banking and financial services.

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.

Mobile money: A service which allows customers to make deposits and withdrawals, to transfer money, and to access financial services through a mobile phone.

Mobile network operator (MNO): An organisation offering telecommunications services, including wireless voice and data communication, for mobile users subscribed to their service.

Motor insurance: Insurance protection for a car or motorcycle or other vehicle, which may cover theft or damage to the vehicle as well as damage caused to the public or another vehicle in an accident.

Non-governmental organisation (NGO): A non-profit organisation operating independently of any government body, typically to address a social or environmental cause.

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.

Policyholder: The person or group who enters into an agreement with an insurance provider and is named as the owner of the insurance policy.

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.

Protection gap: The lack of insurance coverage experienced by certain sectors of the population, such as low-income individuals, women, rural populations and migrants, in comparison to those with higher levels of protection.

Regtech: Technology used by regulated financial institutions to support their compliance with regulatory and reporting requirements

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.

Reinsurance: An agreement by which an insurance company passes on part of its own insurance liability to another insurance company (known as the reinsurer) in order to protect itself from the impact of major claims events and better manage its risks.

Retailer: A relatively small-scale vendor of goods for individual consumption rather than resale.

Risk-based supervision: An approach to supervision whereby 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.

Savings and credit cooperative: A cooperative organisation which facilitates savings and loans for members.

Subsidy: A sum of money provided by the government or a public body to businesses so that a product or service can be offered at a low or competitive price point or, in some cases, without cost to the end customer.

Sum insured: The maximum sum that an insurer agrees to pay in the event of an insured event occurring.

Suptech: Technology used by supervisors to support the implementation of supervisory activities.

Sustainable Development Goals: The Sustainable Development Goals or Global Goals consist of 17 interlinked global goals established in 2015 by the United Nations General Assembly to be achieved by 2030. They are intended as "a shared blueprint for peace and prosperity for people and the planet, now and into the future".[1]

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

Travel agency: A company or organisation which sells tickets for journeys, including short-duration, intercity, interprovince and international travel, as well as related services.

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.

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

[1] United Nations. Sustainable Development Goals website.

Executive summary

With an estimated value of USD 61.8 billion, the microinsurance market is one of opportunity; it is also one of great importance, a fact highlighted by both the impacts of climate change as well as the COVID-19 pandemic. Although the market is now moving forwards and transforming, access to it still requires in-depth knowledge and detailed understanding, and this is why the Landscape of Microinsurance Study 2022 is so vital.

With 253 insurance providers reporting on 935 products in 34 countries across Africa, Asia, Latin America and the Caribbean, this year's study is the most comprehensive to date. Covering health; life and accident; agriculture, aquaculture and livestock; property and income, the study paints a broad picture of the microinsurance landscape, detailing market size and evolution, premiums, product development, social performance, reinsurance and claims.

This year's data collection included responses from four new countries: Argentina, Burkina Faso, Ecuador and Guatemala. Case studies from insurance providers, governments, businesses and associations, including Aseguradora Confío, Aseguradora Rural, Asia Insurance, AXA, AXA Financial Indonesia, Blue Marble, Cenfri, EFU Life, GIZ, Hollard, Inkopdit, L'Oréal, Lumkani, OLVEA, Pioneer, Reap Agro and SONAR, deliver insight into these focus areas, and updates on the Philippine Catastrophe Insurance Facility (PCIF) are also incorporated. These examples help to contextualise and understand how clients are being reached and served.

From the data provided, the study concludes that up to 223 million people in the 34 participating countries are covered by a microinsurance product, with the most prevalent being life, credit life and health.

While the number of people covered by inclusive insurance is lower than previous years, the study shows that total premiums are on the increase, doubling from USD 1.1 billion in 2020 to USD 2.2 billion in 2021. This rise is due to product variety, economic recovery and the associated increase in customers' spending power and loan sizes. This latest figure is close to pre-pandemic levels; however, with the severity and frequency of climate events increasing, this is no time for the sector to sit on its laurels. Insurers have a crucial role to play in ensuring protection against new and emerging risks, especially for people in low-income, climate-vulnerable communities.

Microinsurance can help deliver this protection, particularly against disasters and associated risks to health and economic success. The study aims to shed light on how microinsurance can contribute to the Sustainable Development Goals (SDGs), in particular to: SDG 1 – No poverty; SDG 2 – Zero hunger; SDG 3 – Good health and well-being; SDG 5 – Gender equality; SDG 8 – Decent work and economic growth; and SDG 13 – Climate action. Such contribution does, however, depend on the quality of the products offered.

Of course, a quality product is only as good as its distribution channel, of which the study has concluded that microfinance institutions, financial institutions, agents and brokers are the most important avenues – reaching 62.4 million, 27.4 million and 23.4 million people respectively.

The growth of digital platforms within distribution strategies is also noted, along with customers' preferred payment options – of which direct debits, standing orders, mobile money and e-money remain the most popular. But while digital evolution has helped increase access to those in need, it has highlighted the emerging risks of identity theft, cybersecurity, and the growing cyber protection gap.

Gender-oriented data has also once again been identified as being extremely limited. This needs to change now if the industry wants to improve women's access to microinsurance products and services.

The study does, however, pinpoint areas of improvement, such as the increasing number of countries adopting microinsurance guidelines and regulations – figures for which have been supplied by Access to Insurance Initiative (A2ii). This marks an important shift in the perception of microinsurance and the impact it can have on economic stability, especially for reducing financial burdens caused by disasters and pandemics, such as the COVID-19 crisis. This topic is explored throughout with input from the World Development Report 2022.[2]

If the Landscape of Microinsurance Study 2022 makes one thing clear, it is that to lead the world onto a path of economic growth and stability, insurance needs to be inclusive. By providing critical market knowledge, the study aims to assist and encourage insurers and other key stakeholders to develop products and services that help create greater financial security and ultimately, close the people protection gap.

[2] World Bank (2022). World Development Report 2022: Finance for an Equitable Recovery.

BOX 1

People covered

Insurers were asked to provide the number of people covered by each insurance product reported. 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.

Since a given client may have more than one insurance product, the total number of people covered in a country or region may be 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.

Overview

Market size

People covered and premiums collected

In 2021[3], up to 223 million people were recorded as covered by a microinsurance product in the 34 countries covered by this Landscape Study.[4] This represents up to 8% of the microinsurance target population in the countries studied.[5]

Responses to the Landscape survey increased for this study, with 253 insurance providers reporting on 935 products in 34 countries (Table 1), in comparison to 704 products reported on by 224 insurance providers in 30 countries in the previous study. All products that fit the Landscape's definition of microinsurance (see Glossary) were considered, including national and government-led schemes that met these criteria, but not all insurers or national schemes provided responses. The methodology used is described in Appendix A and more information on the response rates can be found in Appendices B and C.

TABLE 1
FOCUS COUNTRIES FOR THIS LANDSCAPE REPORT

AFRICA	ASIA	LATIN AMERICA AND THE CARIBBEAN
Burkina Faso	Bangladesh	Argentina
Cote d'Ivoire	Cambodia	Bolivia
Egypt	India	Brazil
Ghana	Indonesia	Colombia
Kenya	Nepal	Costa Rica
Morocco	Pakistan	Ecuador
Nigeria	Philippines	El Salvador
Rwanda	Sri Lanka	Guatemala
Senegal	Thailand	Jamaica
South Africa		Mexico
Tanzania		Peru
Uganda		
Zambia		
Zimbabwe		

Despite the increased response rate, the total number of insured clients reported has dropped (the 2021 study recorded up to 377 million people covered by a microinsurance product in the 30 countries studied, representing up to 14% of the microinsurance target market in those countries). This is partly due to a small number of very large schemes, largely in Asia, which provided data for 2020, but did not do so for 2021, as well as some large schemes which reported premiums but not people covered for 2021.

> *"All products that fit the Landscape's definition of microinsurance were considered, including national and government-led schemes that met these criteria"*

[3] Data was collected on a 12-month period: either the calendar year 2021, or a 12-month period of the insurer's choice between 2021 and 2022, where the company's standard reporting periods made it easier for data to be provided in that way. For simplicity, the year 2021 is referred to in the report since the majority of data was provided for this 12-month period.

[4] The terms microinsurance and inclusive insurance are used interchangeably for the purposes of this report. Definitions of these and other terms can be found in the Glossary.

[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).

Despite the drop in customers recorded, the total premiums collected doubled from USD 1.1 billion in 2020 to USD 2.2 billion in 2021. The microinsurance market across the 34 countries included in this study is estimated at USD 61.8 billion[6] in premiums and it is estimated that 3% of the market value is currently captured. The corresponding figures for each region are given in Table 2. These figures vary across the three regions studied, with the largest proportion of the target market reached in Latin America and the Caribbean (up to 13%) and the highest proportion of the estimated market value captured in Africa (11%).

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	Weighted average premium per person covered	Estimated value of the microinsurance market premiums in target countries (USD)	Proportion of the estimated microinsurance market value captured
Africa	Up to 34.3 million	Up to 8%	31	9.1 billion	11%
Asia	Up to 134.6 million	Up to 7%	8	15.9 billion	2%
Latin America and the Caribbean	Up to 53.8 million	Up to 13%	16	5.8 billion	14%
All regions	Up to 222.7 million	Up to 8%	13	30.9 billion	7%

Evolution in the microinsurance market from 2019 to 2021

To illustrate how the market has evolved in recent years without changes in the sample, Figure 1 provides the maximum number of people reached, and Figure 2 provides the total premiums collected in each region in 2019, 2020 and 2021 only for those products which reported data in all three years. For only these comparable products, overall customer numbers dropped by 63% in 2020 and rebounded to close to pre-pandemic levels in 2021, with a 160% increase (Figure 1). At the same time, premiums collected for these products also reduced, by 15%, in 2020, and recovered to higher than pre-pandemic levels, with an increase of 45% in 2021 (Figure 2).

The trends seen in each region vary, although the information is also less reliable at this level, since it is based on a relatively small number of products.[7] In Africa, the number of people reached by products reporting in all three years declined by 73% in 2020 and rebounded to close to pre-pandemic levels, with an increase of 237% in 2021, whereas premiums increased each year, by 9% in 2020 and by 95% in 2021. In Asia, products reporting in all three years show a drop in people covered of 84% in 2020, followed by growth of 431%, representing a return to close to pre-pandemic levels, in 2021. This is accompanied by a drop in premiums of 29% in 2020 and an increase of 23% in 2021. Unlike other regions, in Latin America and the Caribbean, the number of people reached by products reporting in all three years increased by 16% in 2020 and by 17% in 2021. Premiums, on the other hand, decreased by 22% in 2020 and increased by 7% in 2021.

[6] This figure is based on the entire target population being covered by one insurance product and is calculated by multiplying the number of people in the target market by the median premium per person covered in each country. This is a conservative estimate which does not include the possibility of people taking out multiple covers or increasing coverage as households become more affluent.

[7] A total of 71 products reported information on people reached in all three years: 34 in Africa, 26 in Asia, and 11 in Latin America and the Caribbean. A total of 130 products reported information on premiums received in all three years: 85 in Africa, 27 in Asia and 18 in Latin America and the Caribbean.

The reduction in microinsurance coverage in Africa and Asia in 2020 likely reflects the impact of the COVID-19 crisis, which resulted in the largest economic crisis experienced in more than a century. The global economy shrunk by approximately 3% and economic activity fell in 90% of countries.[8] Although the insurance sector proved resilient, financial market volatility resulting from the COVID-19 crisis impacted on insurers' solvency and profitability in the first half of 2020.[9] In addition, social distancing measures posed severe challenges to insurance sales and servicing, and, with reduced activity and incomes, many customers chose not to purchase or renew coverage.

FIGURE 1
EVOLUTION IN CLIENT NUMBERS FROM 2019 TO 2021 FOR PRODUCTS REPORTING IN FOCUS COUNTRIES IN ALL THREE YEARS

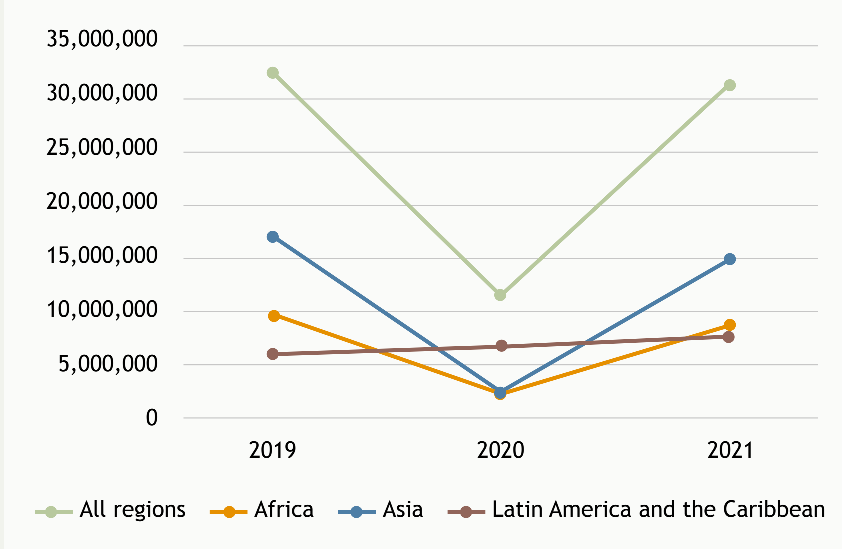
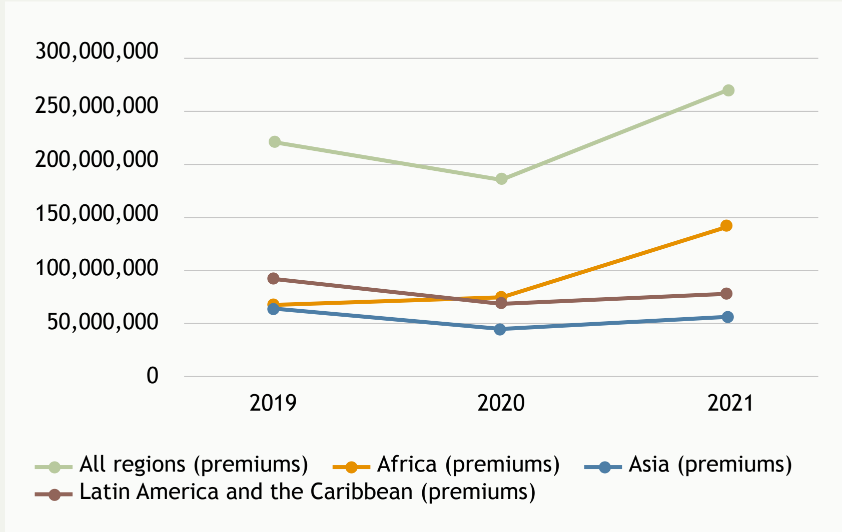


FIGURE 2
EVOLUTION IN PREMIUMS COLLECTED (USD) FROM 2019 TO 2021 FOR PRODUCTS REPORTING IN FOCUS COUNTRIES IN ALL THREE YEARS



By 2021, with the roll-out of vaccinations and the reactivation of many sectors, the economy had experienced a rebound in many countries. In around 40% of developed countries, the economies had recovered, and production levels exceeded those of 2019. However, the recovery proved much slower in low- and middle-income countries.[10] This recovery is reflected in the increases in insurance coverage in 2021 for products that reported in all three years (Figure 1).

Nonetheless, economic pressure continues to impact microinsurance providers. With new outbreaks of COVID-19, global supply chain problems, and a decline in fiscal support for individuals and businesses, the World Bank has reported that the global economic situation in 2022 is much weaker than expected, with high inflation and little growth, and predicts that global economic growth will decline from 5.7% in 2021 to 2.9% in 2022.[11] Interviews for the Landscape revealed that many microinsurance players harbour concerns about their microinsurance business in 2022 against this challenging economic backdrop.

[8] World Bank (2022). World Development Report 2022: Finance for an Equitable Recovery.

[9] International Association of Insurance Supervisors (2021). Global Insurance Market Report (COVID-19 Edition).

[10] World Bank (2022). World Development Report 2022: Finance for an Equitable Recovery.

[11] Ibid.

A recovery in premium income in 2021 is also reflected in the premium collected per person covered. Considering only those products which reported both people covered and premiums collected in all three years,[12] the median premium per person covered dropped from USD 14.8 in 2019 to USD 12.6 in 2020 and increased again to USD 15.1, above pre-pandemic levels, in 2021.

The economic recovery in many countries in 2021, and the associated increase in customers' spending power, is likely one factor behind the increase in premium per person. In addition, during interviews for this study, industry experts suggested additional possible factors specific to the insurance sector. Firstly, some insurers granted premium holidays during the pandemic, which reduced premiums collected in 2020, but were largely no longer in force by 2021. In addition, the microfinance sector has recovered in many, though not all countries. With loan sizes increasing again, the corresponding premiums collected have also increased.

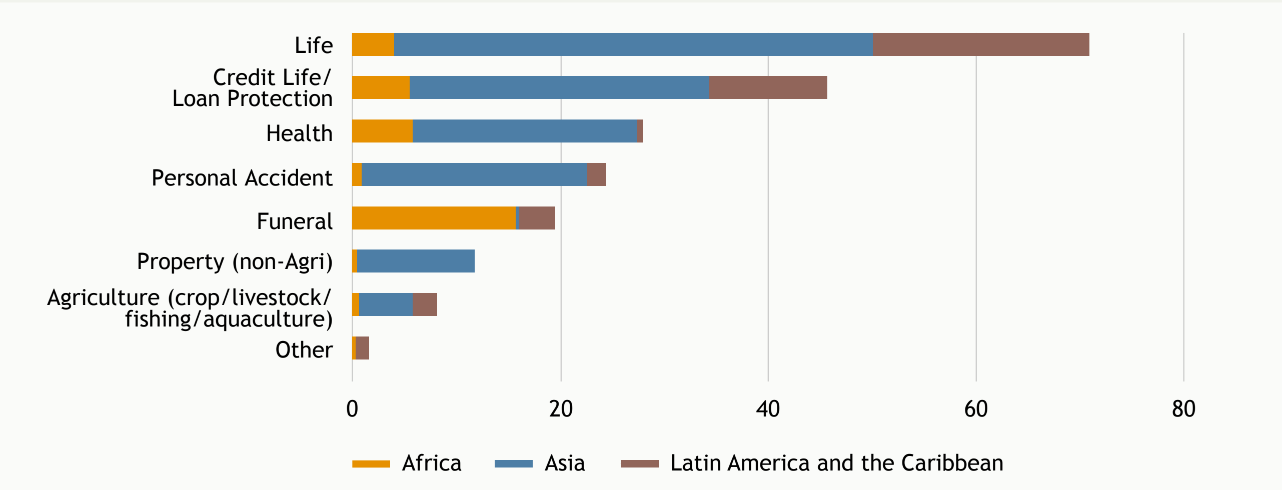
Product lines

In 2021, life insurance was the most important product line overall in terms of people covered (Figure 3). It was the product line covering the highest number of people in both Asia and Latin America and the Caribbean, followed by credit life insurance products. In Africa the highest number of people covered was for funeral products. Health insurance was the third most important product overall.

The highest total premiums were collected for funeral insurance products, followed by life, and credit life products (Figure 4). In addition, important differences in premiums per person are seen between product types,[13] with motor products at relatively high premium levels per person covered (USD 42.6). This likely reflects the higher spending power of emerging clients with assets like cars and motorbikes. Personal products like life, health, personal accident, credit life and business interruption, on the other hand, are offered at relatively low rates per person covered (Figure 5).

Across all product lines, the premium cost is a median of 1.2% of the total sum insured (3% in Africa, 1.1% in Asia and 0.8% in Latin America and the Caribbean). This ratio is highest for funeral products, at 7%, followed by agriculture at 4.8%. Lower rates are seen for personal accident products (0.4%), health (0.5%) and property (0.6%).

FIGURE 3
PEOPLE COVERED BY PRODUCT LINE (MILLIONS)[14]

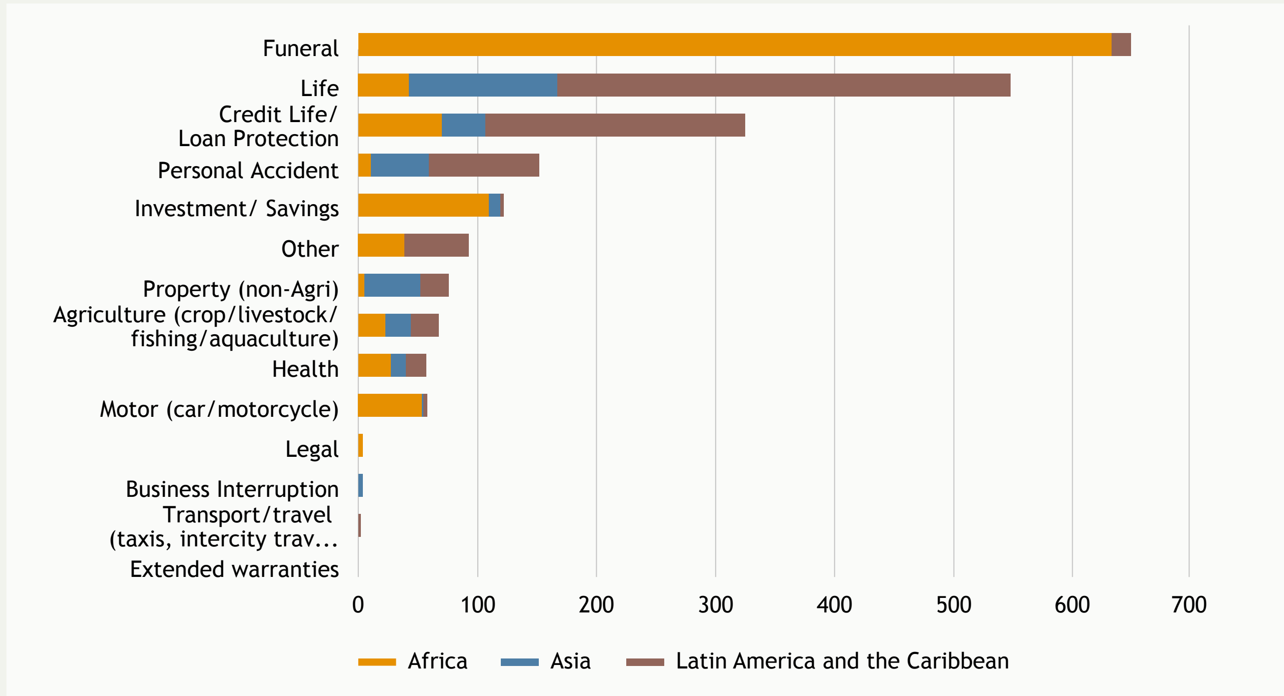


[12] A total of 69 products: 32 in Africa, 26 in Asia and 11 in Latin America and the Caribbean.

[13] Investment and savings products are not included in calculations of premiums per person covered, premiums as a proportion of sum insured, or claims ratios because of the characteristics of this product line. Premiums reported include an insurance component and a savings component that is returned to the customer, meaning that the premium figures are not entirely comparable to those in other product lines.

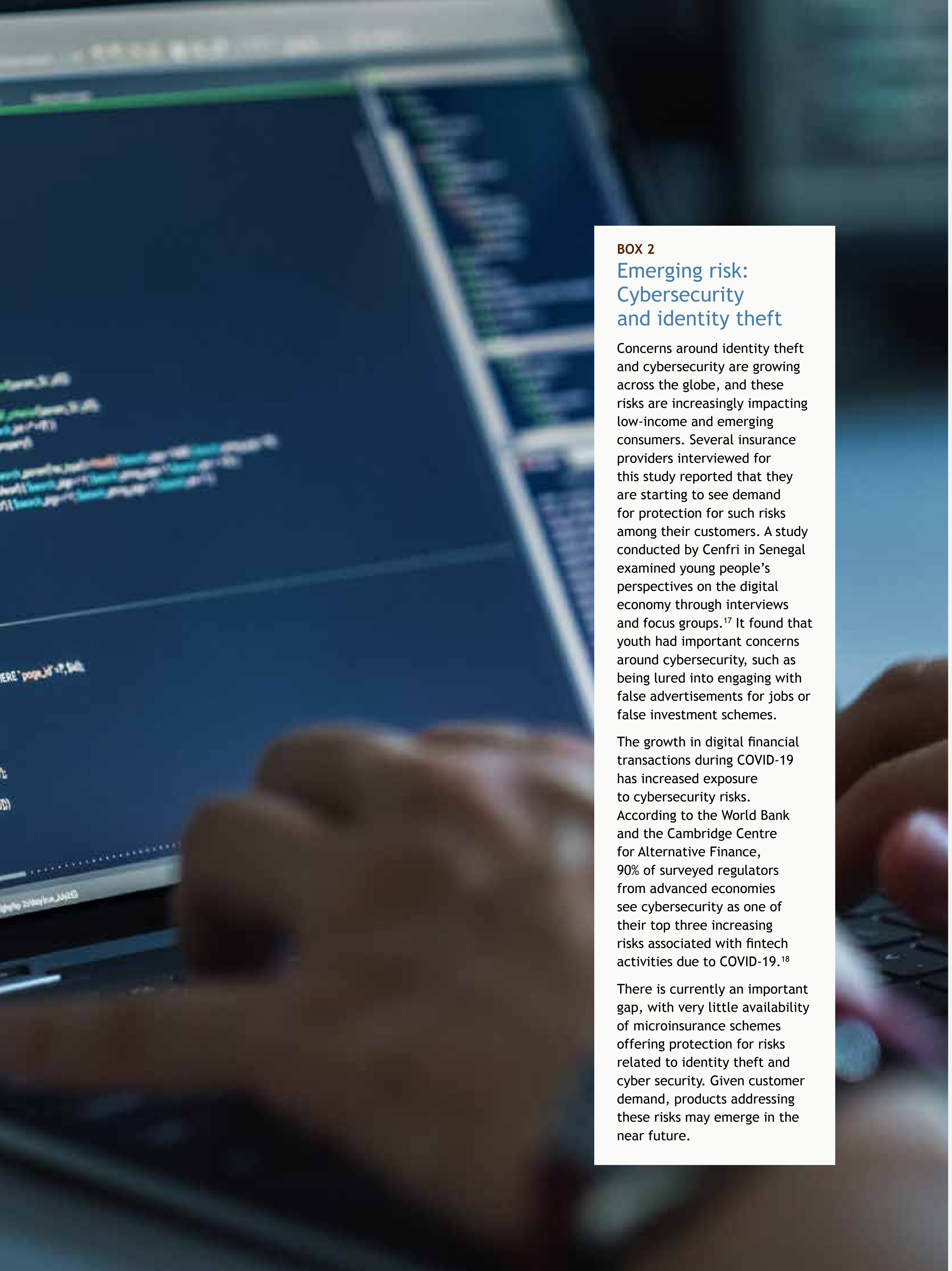
[14] It should be noted that data was not provided for several large national agriculture schemes covering smallholder farmers. Also, this data does not include data from one country, where the breakdown per product line was unavailable.

FIGURE 4
PREMIUMS COLLECTED IN ALL REGIONS BY PRODUCT LINE (USD MILLIONS)[15 16]



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

[16] Premiums collected for investment and savings products are not directly comparable to other product lines as providers do not always separate the savings contributions and premium.



BOX 2

Emerging risk: Cybersecurity and identity theft

Concerns around identity theft and cybersecurity are growing across the globe, and these risks are increasingly impacting low-income and emerging consumers. Several insurance providers interviewed for this study reported that they are starting to see demand for protection for such risks among their customers. A study conducted by Cenfri in Senegal examined young people's perspectives on the digital economy through interviews and focus groups.[17] It found that youth had important concerns around cybersecurity, such as being lured into engaging with false advertisements for jobs or false investment schemes.

The growth in digital financial transactions during COVID-19 has increased exposure to cybersecurity risks. According to the World Bank and the Cambridge Centre for Alternative Finance, 90% of surveyed regulators from advanced economies see cybersecurity as one of their top three increasing risks associated with fintech activities due to COVID-19.[18]

There is currently an important gap, with very little availability of microinsurance schemes offering protection for risks related to identity theft and cyber security. Given customer demand, products addressing these risks may emerge in the near future.

FIGURE 5

MEDIAN PREMIUM PER PERSON COVERED (USD) BY PRODUCT LINE

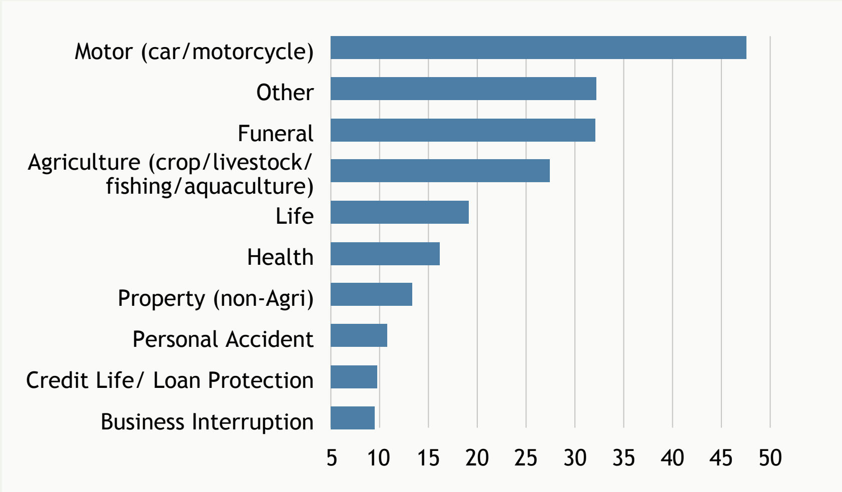
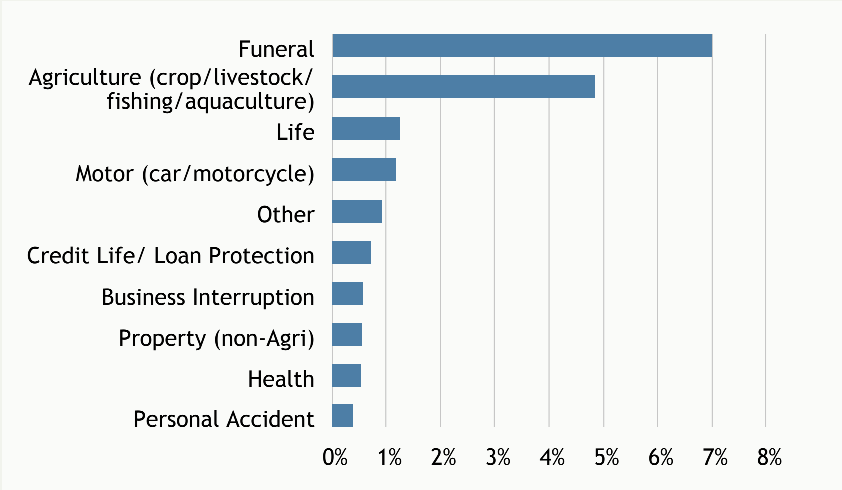


FIGURE 6

MEDIAN RATIO OF PREMIUM TO SUM INSURED BY PRODUCT LINE



[17] Cenfri (2021). Unlocking the digital economy in Senegal.

[18] World Bank and CCAF (2020). The Global COVID-19 FinTech Regulatory Rapid Assessment Study.

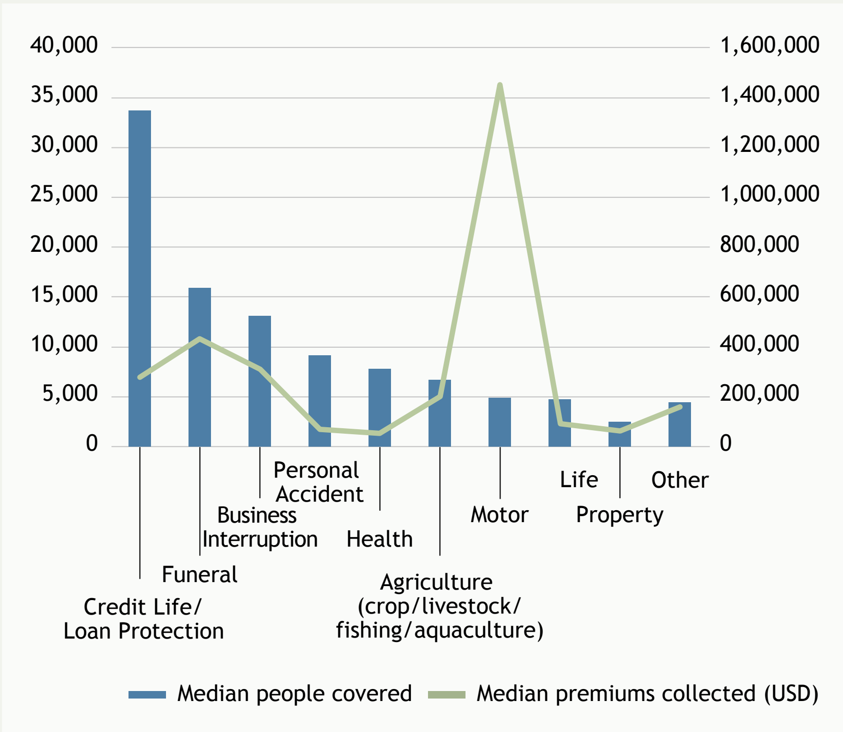
Scale

Each microinsurance product reached a median of approximately 8,000 people. This represents a small increase of 5% in median people reached per product in comparison to 2020 (7,600) but remains far below the median of 17,100 people reached per product in 2019. Premiums collected per product, on the other hand, have recovered – from the reduction from USD 141,700 to USD 75,100 recorded in 2020, the figure increased by 144% in 2021 and now stands at a median of USD 183,200 in premiums.

In Africa, products reached a median of 7,500 people and collected a median of USD 253,000 in premiums. In Asia, a median of 6,400 people were reached and USD 60,900 collected in premiums per product, and in Latin America and the Caribbean the corresponding figures were 9,900 people reached and USD 277,900 in premiums.

The scale reached varies considerably by product type (Figure 7). On average, credit life insurance products reach the highest number of people, at 33,700, followed by funeral products (15,900) – both longstanding and well-established microinsurance products reaching high client numbers. The lowest number of clients were reached, on average, by property products, at 2,500 people, which are less well-established in the low-income market. It is notable that motor insurance (including car and motorcycle insurance) reached comparatively a high level of premium collected, at USD 1.451 million. This a result of the relative higher cost of these products, which are marketed towards lower-middle class and emerging customers who are more likely to own a car or motorcycle, in comparison to other products aimed at lower-income customers. This is reflected in the median premium per life covered for these products explored previously (Figure 5), with motor products reporting at the highest cost (USD 42.6 per life covered).

FIGURE 7
MEDIAN NUMBER OF PEOPLE COVERED AND MEDIAN PREMIUM COLLECTED PER PRODUCT BY PRODUCT LINE[19]



[19] 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.

BOX 3
INSURANCE FOR SUSTAINABLE DEVELOPMENT

The insurance sector has an important role to play in achieving the Sustainable Development Goals (SDGs). Risk transfer mechanisms at micro and macro levels are instrumental to achieving socially inclusive and environmentally responsible economic growth. As Her Majesty Queen Máxima, UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), made clear, "to achieve the SDGs by 2030, it is critical to accelerate insurance as a risk protection mechanism."[20]

The Landscape of Microinsurance 2022 focuses on six SDGs, where microinsurance has a particularly strong contribution:

SDG 1 - No poverty: By reducing the financial impact of unexpected events, such as an illness, a death in the family, or a climate event, microinsurance is a key tool for long-term poverty reduction.

SDG 2 - Zero hunger: Microinsurance helps farmers and small businesses throughout the food value chain to become more resilient and to gain access to credit, helping them to grow and sustain production as well as improve their livelihoods.

SDG 3 - Good health and well-being: Microinsurance has a vital role to play in facilitating access to healthcare, as well as an important complementary role in providing access to additional services or support to manage the financial costs, including lost income, associated with health events.

SDG 5 - Gender equality: Women are structurally more vulnerable to certain risks and have less access to appropriate tools to manage them. Insurers have an important role to play in helping women manage their risks and providing products that are accessible and well-designed to meet their needs.

SDG 8 - Decent work and economic growth: By addressing informal workers, self-employed, independent workers and MSMEs, microinsurance can close the protection gap in comparison to those who benefit from formal employment contracts. In addition, insurance for MSMEs supports businesses' access to credit, helping businesses and the economy to grow.

SDG 13 - Climate action: Microinsurance has an important role to play, as part of a broader risk management framework, in helping people, businesses and governments manage the risks brought about by climate change.

Despite the contribution of insurance to the SDGs, the World Bank concluded that the role of insurance has been largely overlooked in the SDGs and argues that:[21] *this is largely because the current indicators largely do not capture metrics relating to insurance. In order to be able to better assess the role of insurance and motivate the industry to contribute more to the SDGs, more consistent and disaggregated data collection on the following is recommended: lines of business; invested assets; gender disaggregated data. The UN, governments and the insurance industry are also encouraged to put greater emphasis on developing the sector as a means to achieving the SDGs.*

This Landscape report represents an important part of efforts to capture the metrics needed to demonstrate the role of insurance in contributing to the SDGs. The following sections of this report focus on broad categories of risks which microinsurance helps people and small businesses to manage. In each case, the contribution of microinsurance to relevant SDGs will be analysed in greater depth, and examples of products helping to do so will be highlighted.

[20] A2ii (2021). Navigating the SDGs | A2ii-IAIS Public Dialogue.

[21] World Bank Group (2021). The Insurance Sector's Contribution to the Sustainable Development Goals (SDGs).

Regulation

As in previous years, the number of countries which have adopted or are considering introducing microinsurance regulation is growing. In 2022, the Access to Insurance Initiative (A2ii) identified 35 countries which have implemented specific inclusive insurance regulation, up from 32 identified in the previous year. In addition, 19 countries are actively developing such regulation (Figure 8). Others are revising existing microinsurance regulation.

In Brazil, for example, a new principle-based microinsurance regulation was issued in July 2021 (CNSP Resolution 409/2021), revoking the previous regulation. The new regulation defines microinsurance as insurance developed and structured for the low-income population, individual microentrepreneurs and, for the first time, micro or small businesses. The regulation is based on principles for microinsurance, which are set out as inclusion, simplicity, customer centricity, accessibility, transparency, proportionality, sustainability, financial education, and innovation. Furthermore, several countries have introduced microinsurance licences and others, such as Nepal, Vietnam and India, are considering doing so.

Colombia issued a circular letter in 2021 to collect information for the measurement, supervision, and subsequent design of public policies for insurance focused on financial inclusion. The circular established specific definitions for “microinsurance”, “mass insurance” and “mass microinsurance” and, since then, the supervisor has collected annual information on these segments, which includes data on premiums, claims, insured values, distribution channels, number of policyholders, and commercial expenses.

Furthermore, many regulators are exploring how to regulate insurtech players and whether specific regulation is required. In Ghana, a specific licence category of “innovative insurance licence” was introduced for insurtech companies as part of the country’s new insurance law in 2021.[22]

The subject of the cost of licences and the possibilities to introduce new licence types are a live debate in many other countries which recognise the difficulties faced by players, including insurtechs, in attempting to break into the insurance market.

In recent years, insurers have taken on a more proactive role in developing the inclusive insurance market. In the last five years, there has been a trend towards regulators being given an explicit legal mandate to develop insurance markets. This marks an important shift, even in countries in which the regulator has long had a focus on financial inclusion. In Ghana, for example, a country in which the regulator has supported financial inclusion for many years, an explicit legal mandate has boosted these efforts.

“The new regulation defines microinsurance as insurance developed and structured for the low-income population, individual microentrepreneurs and, for the first time, micro or small businesses.”

[22] A2ii (2021). A2ii Newsflash: Ghana’s new insurance law aims to increase insurance penetration and allow for new innovative insurers.

[23] Cenfri (2021). Regulating for innovation toolkit.

As part of the implementation of such mandates, many supervisors are supporting innovation. Regulatory sandboxes have been adopted in many countries as a tool to promote innovation but have proved resource-heavy and in some cases have not been implemented by the industry or not generated the levels of innovation hoped for. Supervisors in some countries are evaluating their approaches, better adapting them to their markets, and exploring alternative tools to bolster innovation.[23]

At the same time, supervisors are increasingly focusing on market conduct and consumer protection. In particular, supervisors are looking to increase the data they collect on market conduct and on the quality of insurance offered in their jurisdiction. Furthermore, the implementation of risk-based supervision continues to be a major objective for supervisors. They are often constrained by the high costs and resources required for the change, including for building the capacity of their teams.

The interviews conducted for this study highlighted several topics which are currently of particular importance to regulators and supervisors:

- **Addressing the protection gap** is an increasingly important topic for supervisors, bringing microinsurance, as well as protection for specific groups such as women, MSMEs or migrants, up in their agendas.
- In addition, the protection gap in **climate and catastrophic risks** is gaining increased attention, with supervisors seeking out tools and approaches to closing climate protection gaps. Index insurance is seen as one possibility, and regulators are making efforts to ensure that index insurance is included within insurance regulation and, in some cases, introducing index insurance-specific regulation, such as the Insurance (Index Contracts) Regulations introduced in 2020 in Uganda.

- **Technological developments**, accelerated by the pandemic, continue to be an important focus for supervisors, with measures to facilitate digital sales and claims. In July 2022, the Moroccan Insurance and Social Security Supervisory Authority (ACAPS) issued a directive with new rules for online sales of insurance products, giving customers the option to fully complete insurance contracts online, or to get an online offer and later sign a hard copy. Supervisors are also upskilling in "suptech" (technology used by supervisors to support their activities) and "regtech" (technology used by regulated financial institutions to support their compliance with regulatory and reporting requirements), particularly in Asia where efforts are particularly advanced.
- Supervisors are beginning to engage actively on the topic of **diversity and inclusion**, particularly in relation to gender. Egypt's Financial Regulatory Authority, for example, introduced decrees stating that boards of directors of companies should include at least 25% female representation or at least two women (2021 Decrees No. 109 and 110). In Pakistan, on the other hand, the Securities and Exchange Commission issued requirements for insurance companies to put in place gender diversity measures in employment and human resource policies and practices (Circular 24, 2021) and to provide annual data to the supervisor on female employment, as well as gender disaggregated data on policies and premiums (Circular 31, 2021). Other supervisors, such as in Argentina, are working directly with insurance providers to develop new products designed specifically for women.
- Finally, insurance regulators and supervisors are increasingly framing their work in terms of **Environmental, Social and Governance (ESG) agendas** and in terms of contributing to the **Sustainable Development Goals (SDGs)**. Regulators are not enforcing that insurers adopt an ESG approach but are increasingly engaging with companies on the topic.

FIGURE 8

WORLD MAP OF INCLUSIVE INSURANCE REGULATION IN 2022 FROM THE ACCESS TO INSURANCE INITIATIVE (A2II)[24]

35

IMPLEMENTED

ASIA-PACIFIC

Cambodia
China
Chinese Taipei
India
Indonesia
Malaysia
Mongolia
Nepal
Pakistan
Philippines
Thailand

LATIN AMERICA & CARIBEAN

Argentina
Belize
Bolivia
Brazil
Costa Rica
Mexico
Nicaragua
Peru
Venezuela

MIDDLE EAST & NORTH AFRICA

Egypt

SUB-SAHARAN AFRICA

CIMA*
Eswatini
Ethiopia
Ghana
Lesotho
Madagascar
Malawi
Mozambique
Nigeria
Rwanda
South Africa
Tanzania
Zambia
Zimbabwe

19

UNDER DEVELOPMENT

ASIA-PACIFIC

Bangladesh
Figi
Papua New Guinea
Sri Lanka
Vietnam

LATIN AMERICA & CARIBEAN

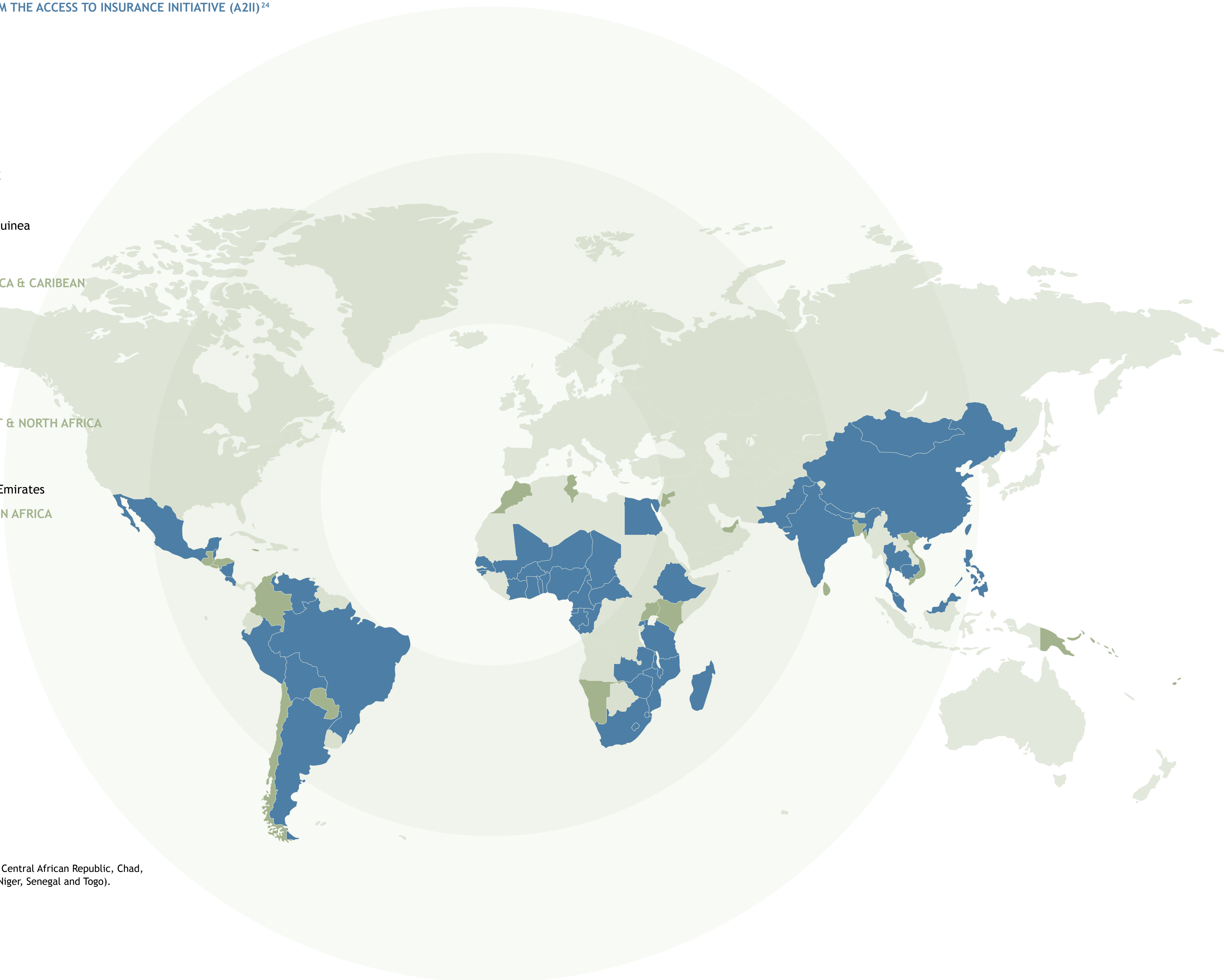
Chile
Colombia
El Salvador
Guatemala
Honduras
Jamaica
Paraguay

MIDDLE EAST & NORTH AFRICA

Jordan
Morocco
Tunisia
United Arab Emirates

SUB-SAHARAN AFRICA

Kenya
Namibia
Uganda



* CIMA is counted as one jurisdiction (Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Guinea Bissau, Ivory Coast, Mali, Niger, Senegal and Togo).

[24] 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.

Distribution and payments

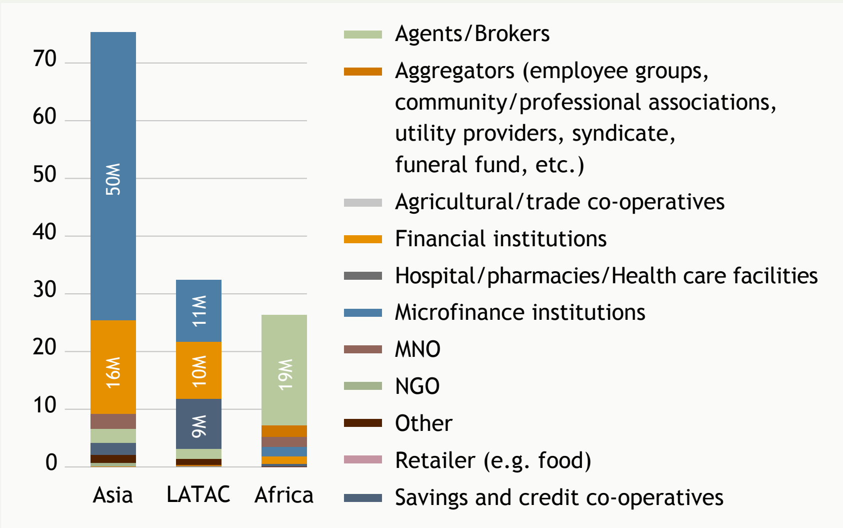
In 2021, microfinance institutions were the most important distribution channel. The channel was recorded as the primary distribution channel used for products reaching a total of 62.4 million lives, the highest of any channel.[25] Financial institutions were the second most important channel, registered as the primary channel for products reaching a total of 27.4 million people, followed by agents and brokers at 23.4 million people.

In both Asia and Latin America, microfinance institutions are the most important channel, followed by financial institutions. In Africa, on the other hand, agents and brokers are by far the most important channel and are the primary channel for products reaching 19.1 million people. This reflects, in part, the importance of specialised microinsurance brokers and intermediaries in Africa.

Since the Landscape questionnaire, for the first time, included a question on the primary distribution channel used (providers previously listed all distribution channels used for a product without identifying the most important one), it is not possible to compare the numbers above with 2020. However, interviews with microinsurance experts suggest that the reach of microinsurance distribution through microfinance channels rebounded following a reduction in 2020. The economic instability experienced internationally since the beginning of the COVID-19 pandemic had an important impact on the microfinance sector in 2020. An increase in credit delinquency caused many financial institutions to increase their requirements and restrictions for granting credit. At the same time, financial institutions faced an increase in non-performing loans and some faced solvency challenges. This generated in many countries a significant reduction in the capacity of financial institutions, including microfinance institutions, to grant loans.[26] In addition, interviews suggest that part of the financial sector, faced with the uncertainty of the international economic situation and the fragility of domestic markets, chose to focus its energy on its core businesses and pause efforts to advance microinsurance business.

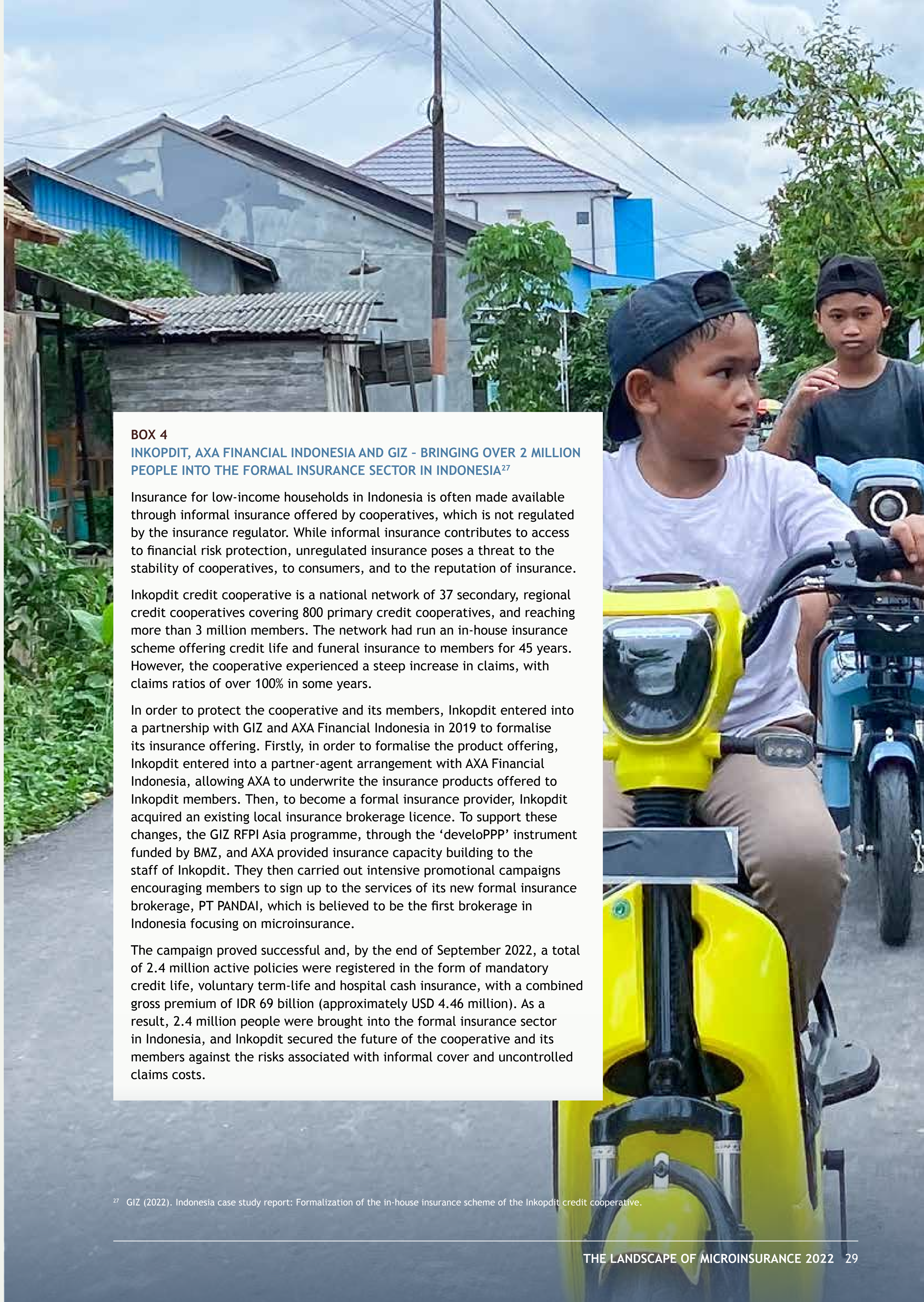
Although the microfinance sector and associated insurance sales have recovered and even overtaken pre-pandemic levels in many countries in 2021, the interviews conducted for the Landscape Study suggest that in several parts of the world, the sector is yet to fully recover and that the impact continues to be felt in reductions in credit-linked microinsurance portfolios.

FIGURE 9
PRIMARY DISTRIBUTION CHANNELS BY REGION



[25] In previous years, providers have listed all distribution channels used for a product. For the latest questionnaire, a new question was introduced asking them to identify the primary channel used for each product. This allows for a clearer idea.

[26] World Bank (2022). World Development Report 2022. https://openknowledge.worldbank.org/bitstream/handle/10986/36883/9781464817304.pdf.



BOX 4
INKOPDIT, AXA FINANCIAL INDONESIA AND GIZ - BRINGING OVER 2 MILLION PEOPLE INTO THE FORMAL INSURANCE SECTOR IN INDONESIA[27]

Insurance for low-income households in Indonesia is often made available through informal insurance offered by cooperatives, which is not regulated by the insurance regulator. While informal insurance contributes to access to financial risk protection, unregulated insurance poses a threat to the stability of cooperatives, to consumers, and to the reputation of insurance.

Inkopdit credit cooperative is a national network of 37 secondary, regional credit cooperatives covering 800 primary credit cooperatives, and reaching more than 3 million members. The network had run an in-house insurance scheme offering credit life and funeral insurance to members for 45 years. However, the cooperative experienced a steep increase in claims, with claims ratios of over 100% in some years.

In order to protect the cooperative and its members, Inkopdit entered into a partnership with GIZ and AXA Financial Indonesia in 2019 to formalise its insurance offering. Firstly, in order to formalise the product offering, Inkopdit entered into a partner-agent arrangement with AXA Financial Indonesia, allowing AXA to underwrite the insurance products offered to Inkopdit members. Then, to become a formal insurance provider, Inkopdit acquired an existing local insurance brokerage licence. To support these changes, the GIZ RFPI Asia programme, through the 'develoPPP' instrument funded by BMZ, and AXA provided insurance capacity building to the staff of Inkopdit. They then carried out intensive promotional campaigns encouraging members to sign up to the services of its new formal insurance brokerage, PT PANDAI, which is believed to be the first brokerage in Indonesia focusing on microinsurance.

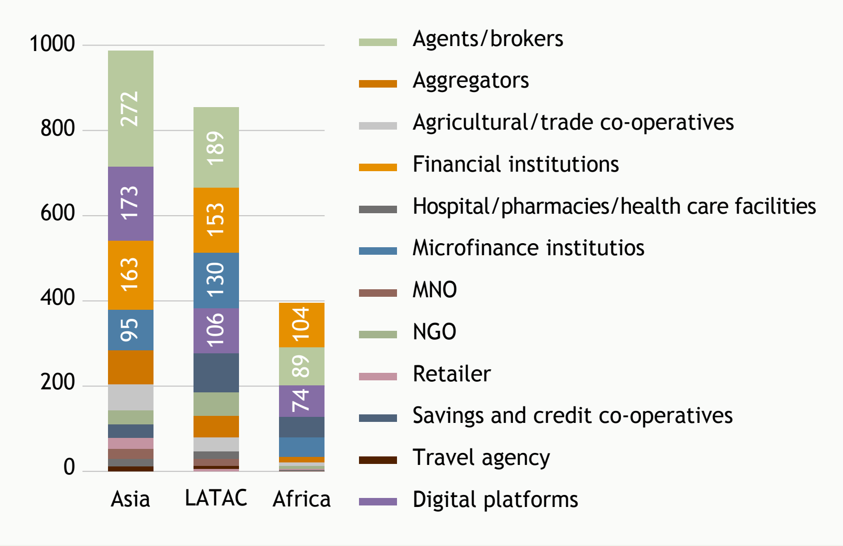
The campaign proved successful and, by the end of September 2022, a total of 2.4 million active policies were registered in the form of mandatory credit life, voluntary term-life and hospital cash insurance, with a combined gross premium of IDR 69 billion (approximately USD 4.46 million). As a result, 2.4 million people were brought into the formal insurance sector in Indonesia, and Inkopdit secured the future of the cooperative and its members against the risks associated with informal cover and uncontrolled claims costs.

[27] GIZ (2022). Indonesia case study report: Formalization of the in-house insurance scheme of the Inkopdit credit cooperative.

Although a small number of channel types dominate distribution in terms of outreach, a much more diverse range of channels is offered to customers. Figure 10 presents the number of products using each channel, regardless of the proportion of sales that channel might represent. Other channels, such as digital platforms, agriculture and trade cooperatives, NGOs and savings and credit cooperatives are frequently used by insurers, even where they are not the primary distribution channel. A case study of a credit cooperative in Indonesia is shared in Box 4.

FIGURE 10

THE PROPORTION OF PRODUCTS IN ALL THREE REGIONS WHICH MAKE USE OF EACH DISTRIBUTION CHANNEL TYPE[28]



Interviews for this study suggest that insurers are attempting to diversify their distribution strategies as they feel the pressure of high competition and commissions in channels traditionally used to distribute microinsurance. Providers reported that these challenges were compounded during the pandemic, with some channels opting to focus on their core business at the expense of insurance arrangements.

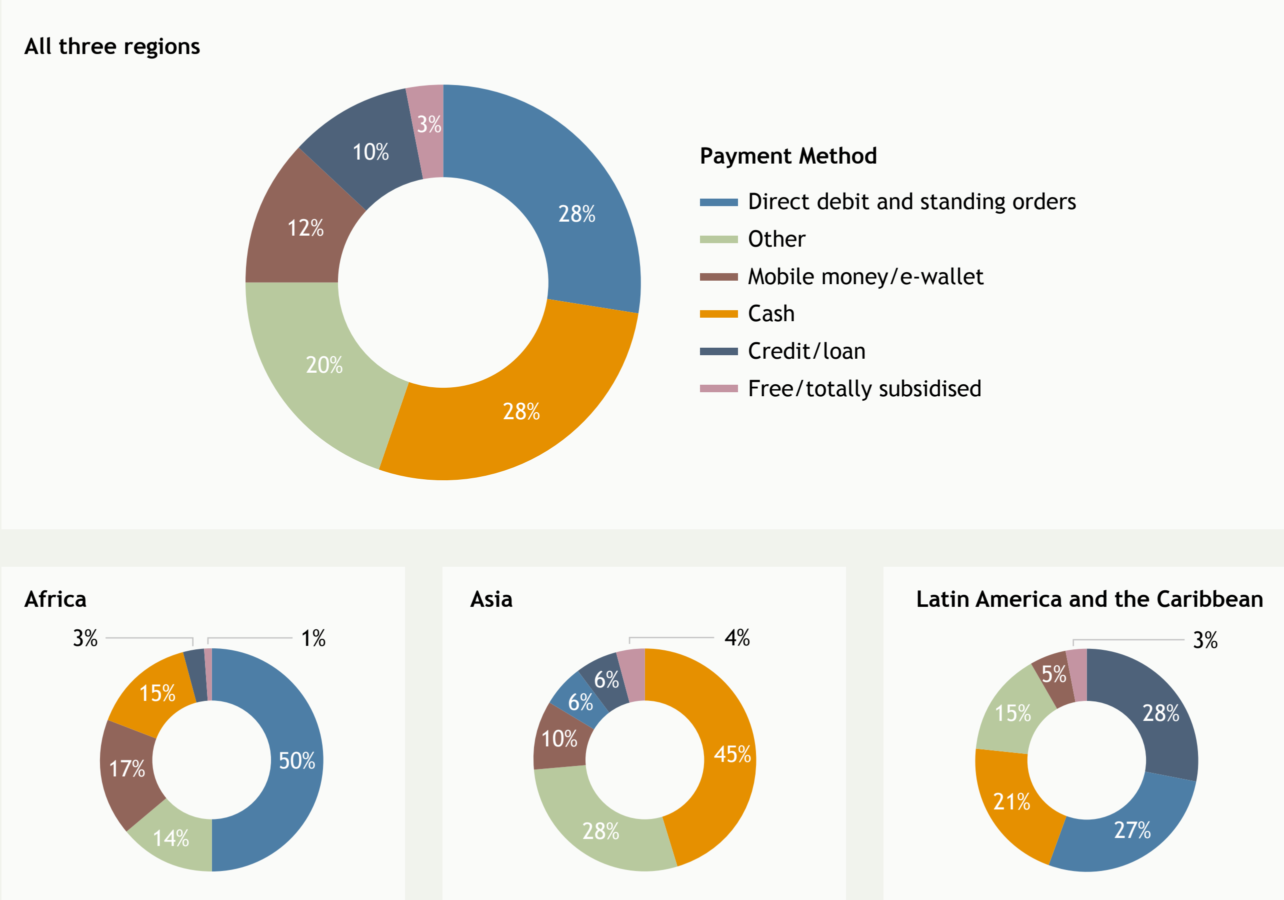
Retailers play a relatively small role in distribution when viewed at a global level but take on an important role in some markets. In South Africa, for example, retailers are involved in the distribution of 41% of recorded products. Interviews conducted for this study suggest that insurers are increasingly looking to replicate this model throughout the continent, though its role remains relatively low, with the channel used as at least one distribution strategy for 7% of products in Africa.

Digital platforms, which have been cited as an emerging trend for several years, appear to have been picked up by a large number of providers by 2021, with around 38% of products globally using digital platforms as at least one distribution strategy. This figure is particularly high in Africa, at 47%. Nonetheless, interviews suggest that the experience of partnering with platforms continues to be challenging and experiences vary, with some proving a more natural fit for insurers than others. Online sales and delivery platforms, for example, have a stronger incentive to engage with insurers, especially where insurance helps overcome a trust gap in the platform's core business, and interviews suggest that insurance sales have generally proved more successful in such cases.

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

FIGURE 11

THE PROPORTION OF PRODUCTS WHICH MAKE USE OF EACH PAYMENT CHANNEL[29]



Direct debits and standing orders were the most important payment channel in 2021, with 28% of products using these as their primary payment method. This was followed closely by cash, which is used as the payment method for 28% of products. Mobile money also plays an important role, as the main payment channel for 12% of products, followed by credits and loans at 10%. A small proportion of products (3%) are offered free or completely subsidised meaning that no payment channel is used with the end client.

Payments in Africa are more highly digitised than in other regions, with cash used as the primary payment channel for just 15% of products. In the region, half (50%) of products use direct debit or standing orders as their main payment channel and 17% use mobile money.

Cash is most widespread in Asia, where it is the primary payment channel for 45% of products. In Latin America and the Caribbean, three payment channels dominate: credit and loans (28%), direct debit or standing orders (27%) and cash (21%).

There continues to be interest in moving towards digital-first or exclusively digital insurance products, and the pandemic has supported a switch towards digitalisation in parts of the value chain, including digital self-enrolment and digital payments in many countries. Nonetheless, interviews conducted for this study emphasised the continuing importance of in-person interaction for microinsurance and that, despite increasing use of digital tools, most insurers reinstated in-person strategies as soon as possible once social distancing measures were lifted.

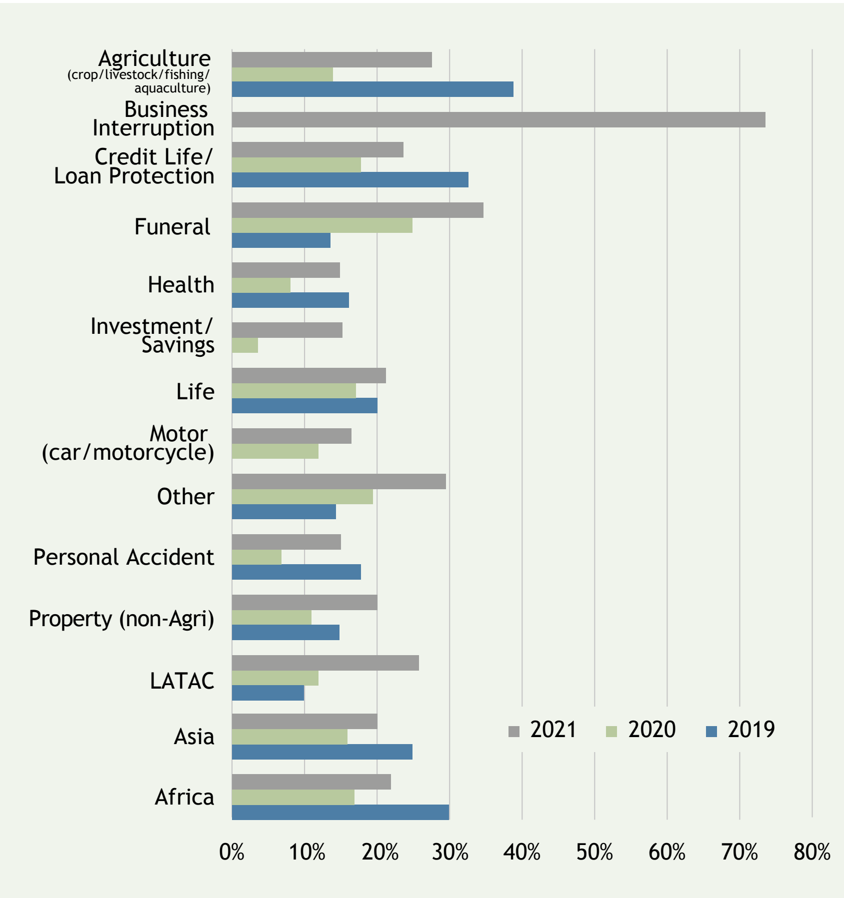
[29] Percentages may not add up to 100% due to rounding.

Social performance indicators

For 2021, a median claims ratio was reported for all products and all regions of 22%, alongside a median claims acceptance ratio of 98%. The highest median claims ratio is found in Latin America and the Caribbean, at 26%, followed by Africa (22%) and Asia (20%). Asia, on the other hand, has the highest median acceptance rate among the analysed regions, at close to 100%, compared to 96% in Latin America and the Caribbean and Africa.

In 2021, the median claims ratio for most product lines was less than 25%, with the exceptions of funeral insurance (35%), agriculture insurance (28%), and business interruption insurance (74%) (Figure 12). The rate for business interruption insurance stands out, at 74%, but it should be noted that this is based on data provided on just eight products. Agriculture schemes in Asia, often government-supported, also had notably higher rates, at a median of 42%.

FIGURE 12
MEDIAN CLAIMS RATIOS ACROSS PRODUCT LINES AND REGIONS IN 2019, 2020 AND 2021



Median claims ratios increased significantly in comparison to 2020. Previously, the overall median claims ratio had dropped seven percentage points from 22% in 2019 to 15% in 2020. In 2021, the median rate increased again to pre-pandemic levels, returning to 22%. When only those products which reported to the Landscape in all three years are analysed, in order to exclude differences in the sample, an even more marked increase of nine percentage points is seen in the median claims ratio – an increase from 19% in 2020 to 28% in 2021, higher than the pre-pandemic median rate of 24%. Lower claims ratios experienced in most regions in 2020 are likely a result of reduced activity brought about by social distancing measures implemented during that year. In 2021, an uptick in activity and in the filing of delayed claims, such as for delayed medical procedures, are likely behind the increased claims ratios.

The same pattern, with claims rates dipping in 2020 and increasing again in 2021, is seen in almost all product types (Figure 11), with the exception of funeral products which experienced increased claims rates in 2020 and 2021, reaching 35%, likely reflecting increased mortality as a result of COVID-19. Credit life and funeral products in Latin America and the Caribbean reached particularly high median rates in 2021, at 104% (up 84 percentage points over two years since 2019) and 55% (up 47 percentage points over two years) respectively. This may reflect the higher mortality levels experienced as a result of COVID-19 in the region.

In addition, products that have been on the market for longer tend to have higher claims ratios. Products that have been in the market at least five years have a median claims ratio of 27%, 14 percentage points higher than the ratio for products launched more recently (13%). This may be due to lower quality products being unsuccessful over time and discontinued, delays in claims due to waiting periods, the need to build customer understanding and awareness of the product and claims processes (especially for bundled products), or over-cautious pricing which may later be corrected.

FIGURE 13
MEDIAN TURNAROUND TIME

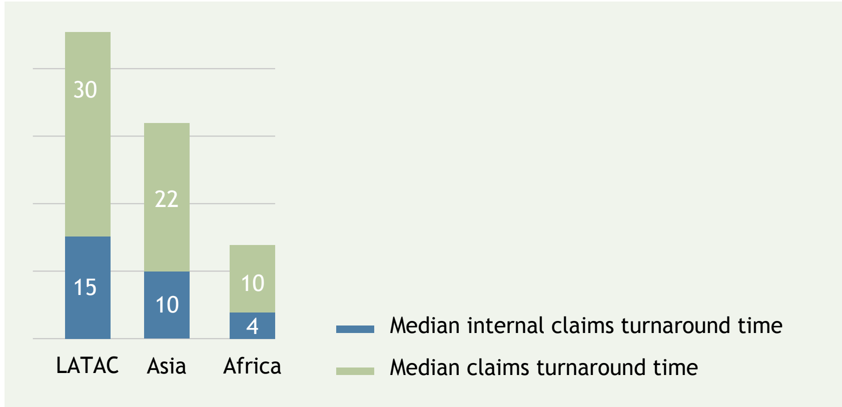
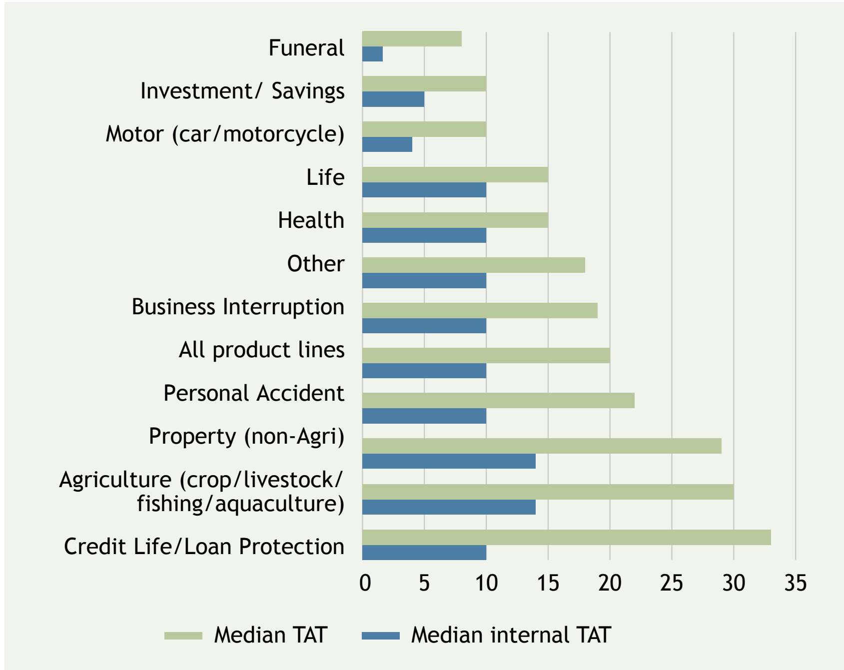


FIGURE 14
MEDIAN CLAIMS TURNAROUND TIMES ACROSS PRODUCT LINES



The overall claims acceptance ratio is 98% (96% in Africa, almost 100% in Asia and 96% in Latin America and the Caribbean). For most product lines, the claims acceptance ratio is high, at 99% or above for five lines of microinsurance (investment and savings, property, life, credit life, and business interruption). The lowest claims acceptance ratio is seen for motor insurance (81%).

Across the three regions, the median turnaround time (TAT) is 19 days, with important variation between regions (Figure 13). The longest TATs are reported in Latin America and the Caribbean, where the total turnaround times were a median of 30 days, including an internal turnaround period of 15 days. Asia had a lower TAT of 22 days, with ten days of internal turnaround, and the shortest period was recorded in Africa, at ten days, with four days of internal turnaround time.[30]

The longest internal turnaround times are reported for agriculture and property products (Figure 14), at 14 days, and the shortest for funeral, at just two days. The longest overall turnaround times are for credit life (33 days), agriculture (30 days), and property (29 days). These likely reflect the longer times for customers to collect documents and submit claims in some product lines.

[30] Many insurance providers do not systematically track the time taken between a claim event occurring and the claim being submitted, and the Landscape survey received fewer responses on external turnaround times in comparison to internal turnaround times. It is therefore important to take into account that information on internal turnaround times is likely to be more reliable than that for external turnaround times and to interpret overall turnaround times with some caution.

Women's access to insurance

It is important to note that, as in previous years, the information collected for this study on gender is limited, with insurers not providing data on gender for 58% of products. This reflects the fact that, in many cases, providers are not collecting information on the gender split of customers. Improving the collection of this data is a vital step towards addressing women's access to insurance.

In 2019, when information on female policyholders was first collected for the Landscape Study, an average of 50% of policyholders were women. A dip was registered in 2020, at the height of the pandemic, when the rate fell to 45%. In 2021 there was a recovery in the proportion of microinsurance policyholders who are women, from 45% to 49% (Figure 15). This trend is not seen in Africa, where the reported percentage of female policyholders remains the same in both years.

FIGURE 15
THE MEDIAN PERCENTAGE OF FEMALE POLICYHOLDERS 2019-2021

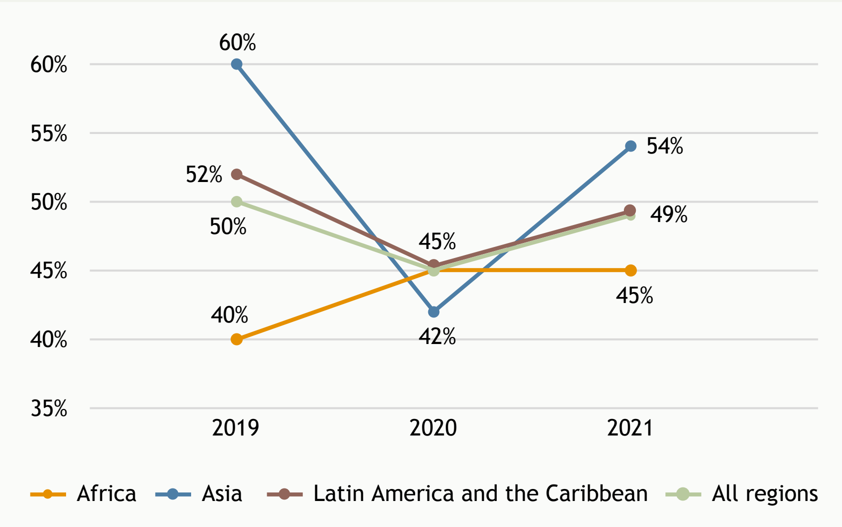
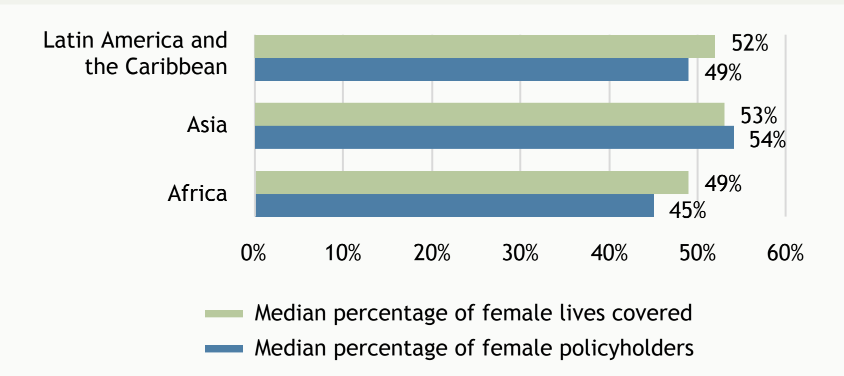


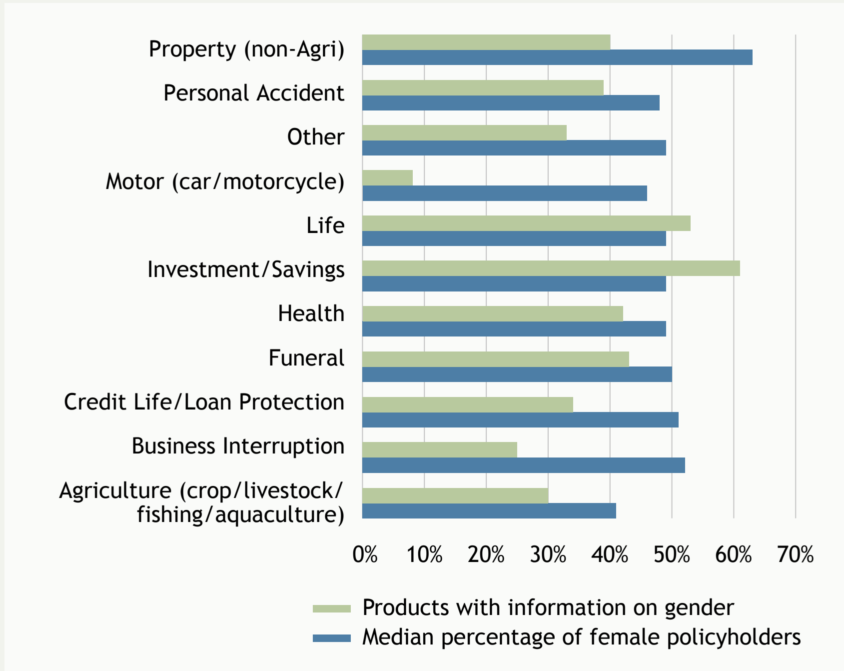
FIGURE 16
THE MEDIAN PERCENTAGE OF FEMALE POLICYHOLDERS AND FEMALE LIVES COVERED BY REGION



In addition to information on female policyholders, data was also collected on female lives covered. This 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. In 2021, while women make up a median of 49% of microinsurance product policyholders, a median of 50% of people covered by microinsurance products were women.

The rates of female policyholders and women covered vary across regions, as shown in Figure 16, with the highest proportions covered in Asia, where women represent 54% of policyholders and 53% of people covered. The lowest rates are in Africa, where women represent 45% of policyholders and 49% of people covered.

FIGURE 17
THE MEDIAN PERCENTAGE OF FEMALE POLICYHOLDERS AND PRODUCTS WITH INFORMATION ON FEMALE POLICYHOLDERS BY PRODUCT TYPE



The highest proportion of female policyholders is found in property insurance (63%), but it is notable that gender information was provided for a relatively low proportion of products of this type (for just 40% of products). As in previous years, agriculture products serve a relatively low proportion of women (41% of policyholders, on average, are women), alongside motor insurance (46%). In the cases of agriculture and motor insurance, these figures may be partly due to differences in formal land and car ownership between men and women. The figure for agriculture insurance may also reflect the choice of crops insured, given that women and men tend to cultivate different crop types. Information on gender was most often provided for investment and savings (61% of products), life (53%), funeral (43%) and health (42%) products. This may reflect higher levels of customer information collected in general in these business lines.

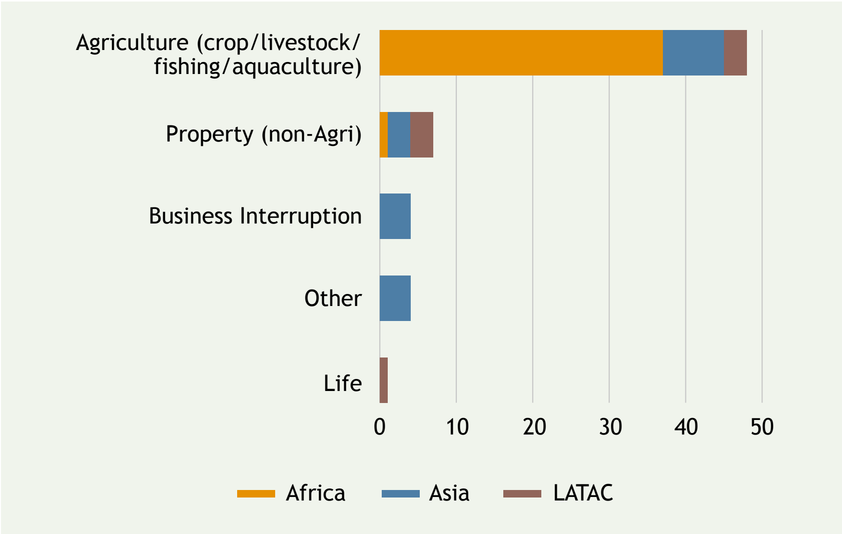
According to the interviews conducted for this study, greater efforts in reaching women and designing products for women have historically taken place for credit life and health insurance. Recently, some innovative approaches have also been implemented to better serving women in other product lines. For example, changes have been made to reduce barriers to women's access to property and disaster products by some companies by removing the need to demonstrate formal ownership of land or an asset.

Climate risk

In 2021, 13.3 million people were covered through 64 products which included some coverage for climate risks. Although the majority (48) were agriculture products, climate covers were also included in property, business interruption and life products (Figure 18). National and government climate insurance schemes are included where they meet the definition of microinsurance used for the Landscape (see Glossary), but we are aware that a number of large national schemes providing climate protection, particularly agriculture insurance schemes, did not provide data to the study.

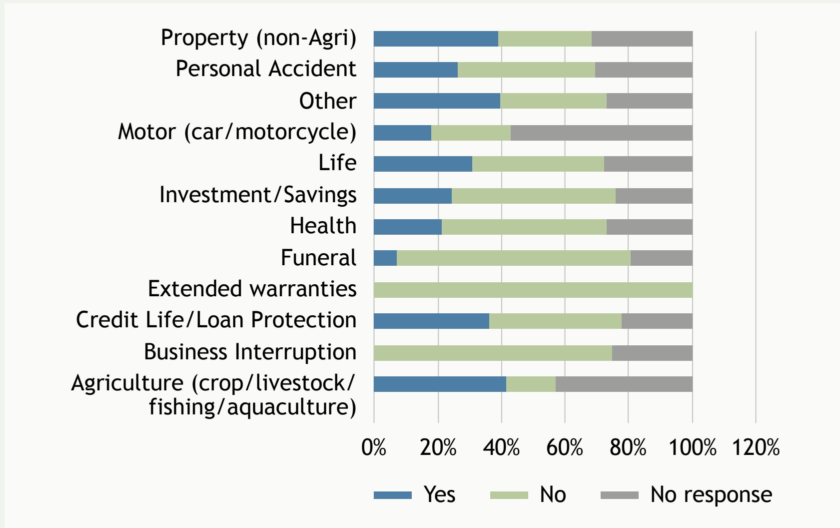
Interviews with insurance providers and other stakeholders indicate an increased focus on climate risk in urban areas, in addition to the impact of disasters in rural areas. Flood risk is considered a particularly important climate risk in many urban areas and insurers are increasingly responding to this risk, for example.

FIGURE 18
PRODUCTS INCLUDING CLIMATE COVERS

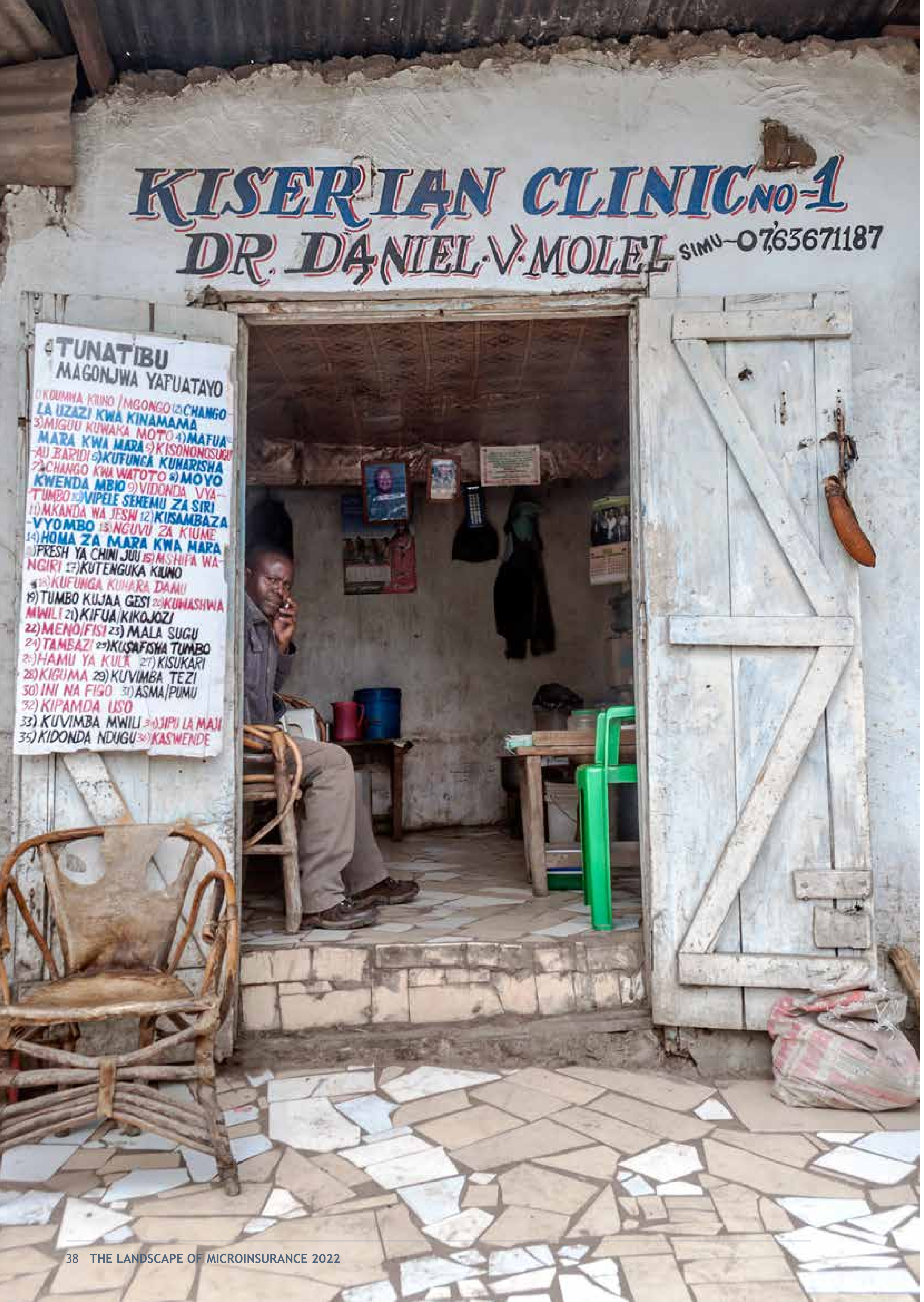


Reinsurance

FIGURE 19
THE PROPORTION OF PRODUCTS WHICH ARE REINSURED



The use of reinsurance is reported for 27% of microinsurance products, with the figure varying at a regional level between 24% in Africa, 32% in Asia and 25% in Latin America and the Caribbean. Reinsurance is most common for agriculture insurance products, followed by credit life products (Figure 19).



Health

KEY TAKEAWAYS

- In the 34 countries covered, 81 million people received protection against health risks through a microinsurance product, representing 2.9% of the microinsurance target population.
- The estimated value of the health microinsurance market is USD 19 billion, and the current penetration of this market by products recorded in this study is 0.3%.
- New health microinsurance products have been launched at an accelerating rate since 2013, showing the growing interest of insurers in meeting the health needs of low-income and emerging customers.
- In addition to stand-alone health insurance products, health covers are increasingly included as bundled covers in other product types, particularly in the case of hospital cash covers.
- On average, health products are reaching a larger client base in 2021 in comparison to the previous year. Each health product reached a median of 7,798 people, up 9.8% from 2020.
- Cover for medical expenses or surgery is the most frequently covered health risk (in health products and as a secondary cover in other product types) reaching 62 million people. This is closely followed by hospital cash, which provides a set monetary benefit per night spent in hospital and is included in products reaching 56 million people.
- Interviews suggest that insurers in mature markets, though still wary of attempting to offer comprehensive cover, are increasingly looking for ways to go beyond hospital cash to offer additional value. In particular, insurers are exploring higher value disease-specific coverages, such as cover for vector-borne diseases or cancers. Products with disease-specific covers are starting to come through in the Landscape research and reached approximately 4 million people in 2021.
- In Africa, agents and brokers are the most important distributor of health microinsurance. In Asia, this is Mobile Networks Operators (MNOs) and, in Latin America and the Caribbean, financial institutions dominated distribution of health microinsurance.
- Mobile money or e-money was recorded as the most important payment method for health microinsurance, used by over a third of health microinsurance products, and likely related to the high penetration of MNO-related products recorded.
- The median claims ratio for health insurance products is 15%, up seven percentage points from 8% in 2020. The highest median claims ratio is in Asia (22%).
- The continuing prevalence of simple products with low coverages in Africa and Asia is reflected in the relatively low median claims being paid out for health insurance, at USD 59 and USD 79 respectively.
- Where insurers provided data on the gender of their customers, women represented 49% of policyholders and 51% of people covered for health microinsurance. However, in many cases this information was not provided, with no data provided on the gender of policyholders for 59% of products and none provided on the gender of people covered for 58% of products.
- The link between climate and health is beginning to be recognised directly in insurance product design. Three climate insurance products which also included hospital cash covers were captured in the survey, covering around 680,000 people collectively.

Market size and evolution

People covered

A total of 103 health microinsurance products were reported on for this study, jointly reaching 28 million people (with 30 products covering 6 million people in Africa, 45 products covering 21 million people in Asia and 28 products covering 0.6 million people in Latin America and the Caribbean). National and government schemes are included, where they meet the definition of microinsurance used for the Landscape (see the Glossary), however we are aware that there are schemes that would meet the criteria which did not provide data to the study.

In the previous study, slightly fewer health products (89) were reported on, however a higher number of total people covered through health microinsurance was recorded, at 104 million people. The apparent drop in client numbers is a result of a small number of very large health microinsurance schemes, covering up to 50 million clients each, which responded to the previous survey, but did not provide information this time around.

In addition, health benefits are increasingly provided as secondary covers on other product types. AXA, for example, estimates that 40% of its inclusive insurance portfolio now includes a health component, whether a health cover or a value-added service. Out of 474 products reported in the Landscape primarily covering death and disability, 83 included secondary health covers such as hospital cash, disease-specific covers, medical expenses, telemedicine, or emergency cover. Secondary health covers were also offered as part of several accident insurance products and some climate insurance products reported on in the survey. In total, 53 million people received some health protection as a secondary cover through products in other product lines (5 million in Africa, 34 million in Asia and 13 million in Latin America and the Caribbean). As a result, a total of 81 million people received health protection from a microinsurance product (11 million in Africa, 56 million in Asia and 14 million in Latin America and the Caribbean).

BOX 5

HEALTH MICROINSURANCE FOR SUSTAINABLE DEVELOPMENT

Health microinsurance contributes to the achievement of the SDGs, particularly to SDGs 1, 3 and 5:

SDG 1 - No poverty: Health shocks can have a devastating impact on households' finances, both in terms of direct healthcare costs and lost income during times of illness. In some cases, the costs associated with healthcare events can push families into poverty. Health microinsurance reduces the financial burdens associated with such events, helping to protect families from falling into poverty as a result.

SDG 3 - Good health and well-being: Where people do not have access to national health schemes, health microinsurance has a vital role to play in facilitating access to healthcare. Where national health schemes are available, health microinsurance can play an important complementary role in providing access to additional services or support to manage the financial costs associated with health events, including lost income.

SDG 5 - Gender equality: Women around the world face severe health risks and often do not have access to the healthcare they need, including good quality maternal healthcare and care for specific diseases more common among women, such as breast cancer. Health microinsurance, where it is designed to meet women's needs, can support women in accessing healthcare and promote better health outcomes for women.

Premiums collected

A total of USD 56 million was collected in premiums for health products (USD 26 million in Africa, USD 12 million in Asia and USD 18 million in Latin America and the Caribbean) in 2021, close to the figure of USD 57 million collected in premiums in 2020. The maintained level of premiums collected, despite the decrease in people covered reflects the higher median premium paid per person covered by health microinsurance in 2021 at USD 11.2 (USD 7.4 in Africa, USD 4.3 in Asia and USD 18.5 in Latin America and the Caribbean), more than double the median of USD 5.7, as reported in 2020. This increase may relate to the decrease in public-supported schemes represented in the study in comparison to the previous study.

Premiums in health insurance represent a median of 0.5% of the total sum insured.

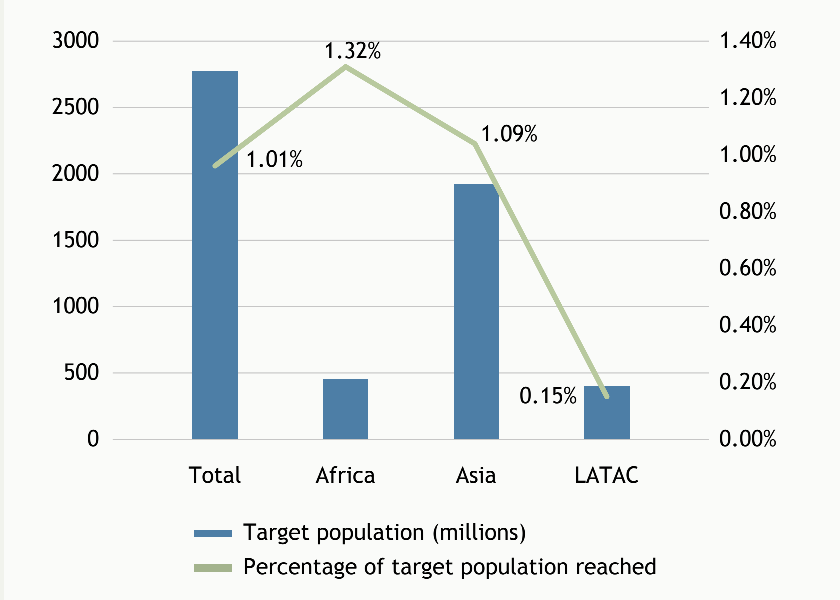
Market share

The number of people registered as covered by health microinsurance products in 2021 represents 1.01% of the target population for microinsurance (1.3% in Africa, 1.09% in Asia, 0.15% in Latin America and the Caribbean). The number of people receiving health coverage from any microinsurance product represents 2.9% of the target population (2.43% in Africa, 2.86% in Asia and 3.4% in Latin America and the Caribbean).

The estimated value of the market for health microinsurance (calculated as the median premium for health microinsurance products in each region multiplied by the target population for all focus countries in each region) is USD 19 billion (USD 3.35 billion in Africa, USD 8.25 billion in Asia, and USD 7.41 billion in Latin America and the Caribbean). On this basis, the penetration of the potential health microinsurance market by products recorded in this study is 0.3% (0.78% in Africa, 0.15% in Asia and 0.24% in Latin America and the Caribbean).

FIGURE 20

MARKET PENETRATION FOR HEALTH RISKS (TARGET POPULATION AND PERCENTAGE OF TARGET POPULATION REACHED)



Scale

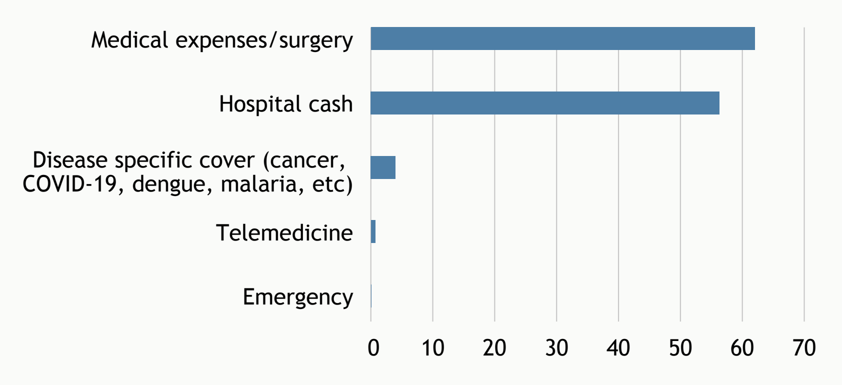
On average, health products are reaching a larger client base in 2021. Each health product reached a median of 7,798 people, up 9.8% from 7,095 in 2020, and collected a median figure of USD 76,723 in premiums. The greatest scale is reached in Latin America and the Caribbean, where health products reach a median of 12,652 people each. Interviews for this study suggested the insurers are continuing to experience a heightened interest in health coverage, brought about largely as a result of client experiences of the COVID-19 pandemic. In fact, some insurers reported that their health portfolio had recovered more quickly and fully from the initial drop brought about by the pandemic than other lines of business.

Types of health coverage

Various types of health cover are offered by microinsurance products and are often combined. Cover for medical expenses or surgery is the most frequently covered health risk (in health products and as a secondary cover in other product types) reaching 62 million people. This is closely followed by hospital cash, which provides a set monetary benefit per night spent in hospital and is included in products reaching 56 million people. These products are now very well-established in the market, particularly in Africa and Asia.

Interviews suggest that insurers in mature markets, though still wary of attempting to offer comprehensive cover, are increasingly looking for ways to go beyond hospital cash to offer additional value. In particular, insurers are exploring higher value disease-specific coverages, such as cover for vector-borne diseases or cancers. Products with disease-specific covers are starting to come through in the Landscape and reached approximately 4 million people in 2021.

FIGURE 21
PEOPLE COVERED FOR HEALTH RISK TYPES (MILLIONS)



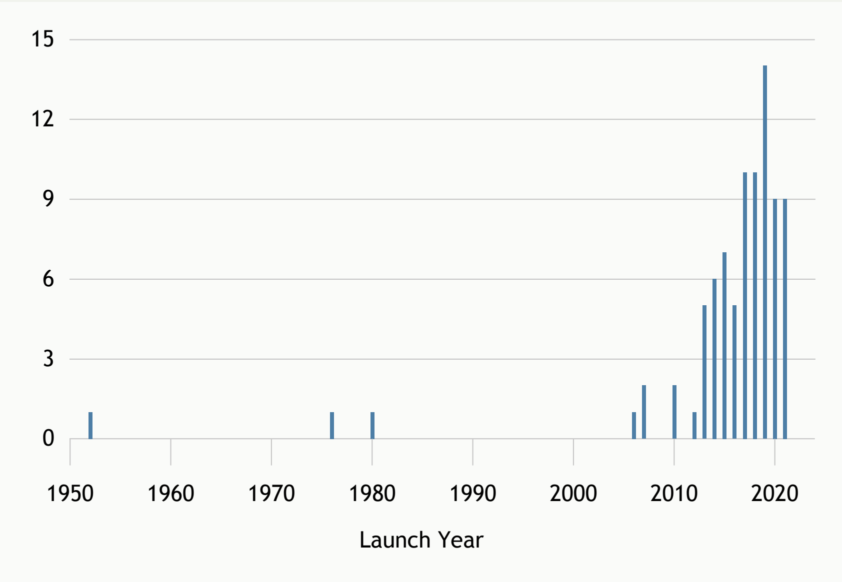
As explored in the previous Landscape report, many insurers increased their telemedicine offerings during the COVID-19 crisis, and products including a telemedicine component reached 0.7 million people. The interviews for this study suggest that experiences with offering telemedicine services have been mixed. While use of smart phones and digital literacy increased during the pandemic, connectivity challenges and preferences for in-person consultations persisted among many groups. As a result, some insurers are currently exploring hybrid models, such as installing telemedicine kiosks in small rural clinics.

Products launched

New health products have been launched at an accelerating rate since 2013. Figure 22 shows the launch dates for all health microinsurance products reported in 2021, showing a peak of 14 products introduced in 2019. This reflects growing interest in covering health risks for low-income populations on the part of insurers and the success and popularity of low-cost health insurance products like hospital cash in recent years.

As with other product types, in 2020, new product launches did reduce slightly from the peak in 2019, as product development and launches were affected by the pandemic. Nonetheless, a relatively high number of products continued to be launched in both 2020 and 2021, with nine new products launched in each year, as insurers responded to the increase in demand for health protection resulting from the pandemic.

FIGURE 22
THE LAUNCH YEAR OF HEALTH PRODUCTS



Health microinsurance as a complement to national health insurance

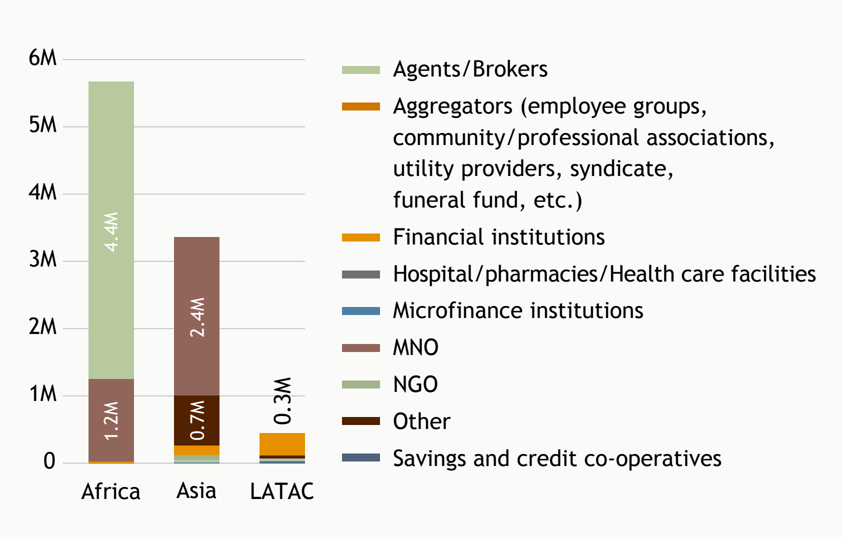
The relationship between health microinsurance and national health insurance schemes varies enormously by country, but most providers interviewed for the study viewed their health insurance offerings as complementing rather than competing with national government schemes.

Hospital cash and emergency covers often apply even where a client uses a national health scheme, providing a cash benefit to help clients with additional health costs and lost income during the treatment period. In other cases, insurers are targeting the “missing middle” of the population – often informal or gig economy workers – who are not poor enough to qualify for national health schemes but cannot afford mainstream private health insurance and are unable to access health insurance as an employment benefit.

The potential for private insurers to support public health goals was emphasised during the pandemic. Pandemic coverage was included in private health insurance policies in many countries, particularly in Latin America, and private health insurers supported vaccination and other programmes to combat COVID-19. Mutual health insurers in India, for example, took on an important role in awareness raising and in supporting the vaccination rollout.

Distribution and payments

FIGURE 23
THE NUMBER OF PEOPLE COVERED FOR HEALTH PRODUCTS BY PRIMARY DISTRIBUTION CHANNEL



BOX 6
ASEGURADORA CONFÍO - GROWING HEALTH AND LIFE INSURANCE COVERAGE IN GUATEMALA

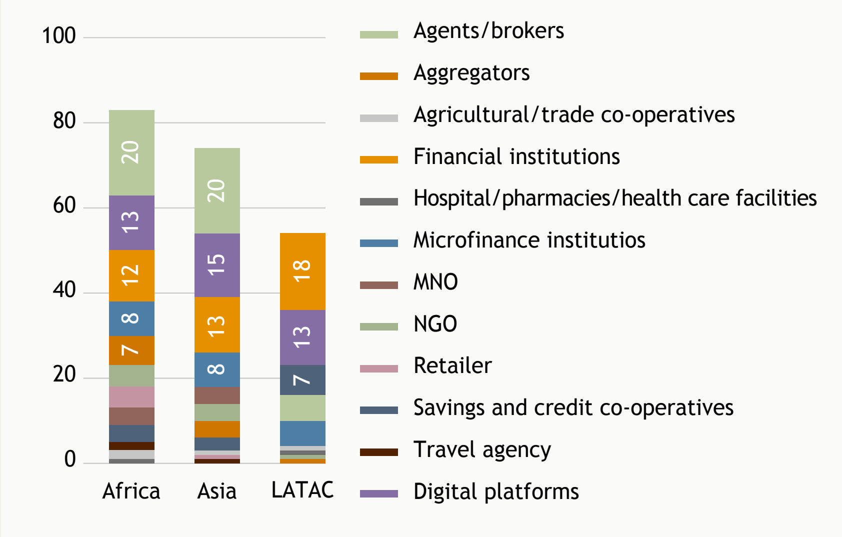
Aseguradora Confío's first microinsurance product, a voluntary life and health product offered through a mass market channel, is currently growing at an impressive rate of 5% per month. The insurer works closely with the distribution channel to continue developing the product to meet the needs of its largely female customer base. The product provides a package of health benefits including free medical consultations and basic laboratory tests. Aseguradora Confío has implemented various measures to make sure that customers benefit fully from this coverage. It partnered with a new healthcare provider to make the services accessible nationwide. It also worked with its partners to adapt the system for scheduling appointments. Given that clients often do not own their own cell phone and called to make appointments on a phone borrowed from a friend or family member, the existing system of asking customers to wait for a call-back to confirm appointment times frequently failed. The process was therefore changed to make sure customers could confirm appointments in one call. Aseguradora Confío also expanded the life coverage, so that funeral expenses were covered and a benefit was paid out to the family, in addition to the loan being paid off. This benefit was doubled for death caused by an accident.

The insurance product is voluntary and the distribution partner emphasises this to potential customers. Aseguradora Confío has focused on producing valued benefits and rapid claims turnaround times, with medical consultation offered on a cashless basis and life insurance payments reaching beneficiaries within just nine days, down from 19 days when the product began. Positive experiences with insurance covers have spread quickly among customers of the channel, encouraging those not yet insured to also sign up.

The primary distribution channel used for health microinsurance varies across the three regions studied. In the case of Africa, agents and brokers are the most important channel. In Asia, Mobile Networks Operators (MNOs) are the primary distribution channel for products reaching the highest number of people, and the channel is also the second most important in Africa. In Latin America and the Caribbean, on the other hand, financial institutions dominated distribution of health microinsurance. An example of close collaboration between an insurer and their microfinance partner to deliver customer value through a health microinsurance product is presented in Box 6.

In addition to the primary distribution channel used for a product, providers also gave information on the full range of channels through which their product was made available. Figure 24 shows that traditional microinsurance channels, including agents, brokers, financial institutions, and microfinance institutions, continue to play an important role in the distribution of health microinsurance. In addition, alternative channels, including digital platforms, are being used by a number of products.

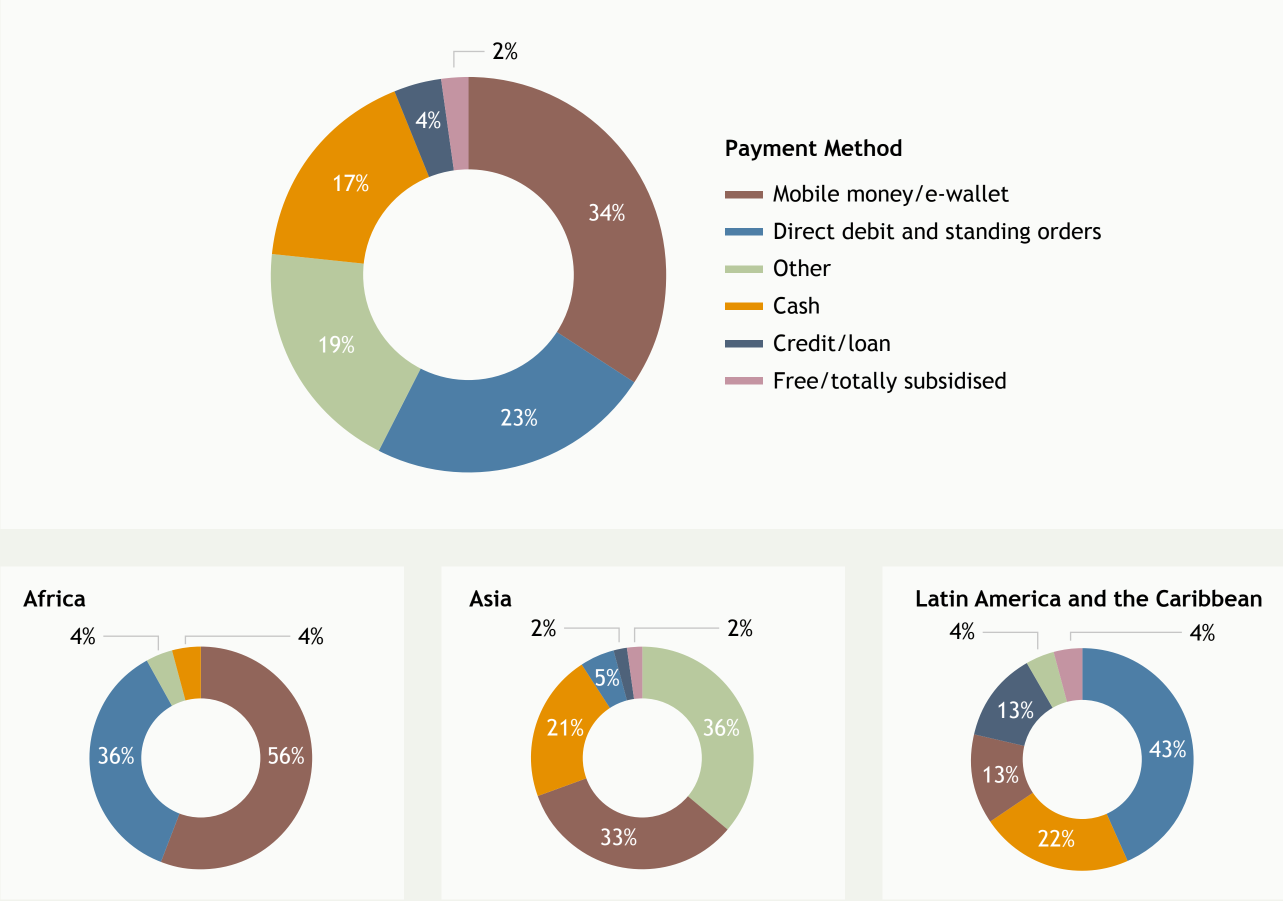
FIGURE 24
THE NUMBER OF HEALTH MICROINSURANCE PRODUCTS MAKING USE OF EACH DISTRIBUTION CHANNEL



Mobile money or e-money is recorded as the most important payment method for health microinsurance, used by a third of health microinsurance products in Asia and 56% in Africa, likely related to the high penetration of MNO-related products recorded in these regions. Direct debits and cash payments also play an important role (used for 23% of products for all regions) (Figure 25).

Interviews confirmed that technology is playing an important role in driving health insurance innovations and uptake. Digital technology is used across the health insurance value chain, from teleconsultations to digital sales and claims payments. Paperless claims processes, including photos or documents sent through digital messaging platforms, are increasingly mainstream and allow for health microinsurance claims to be made within hours or days for some products.

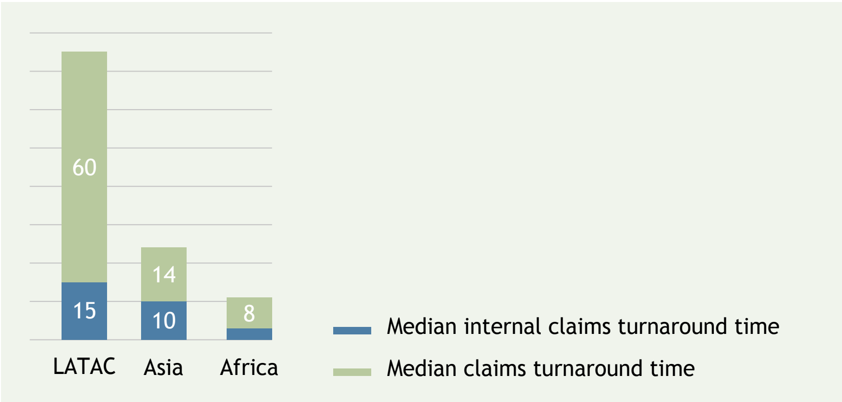
FIGURE 25
THE NUMBER OF PRODUCTS MAKING USE OF EACH PAYMENT METHOD FOR HEALTH INSURANCE



Social performance indicators

The median claims ratio for health insurance products is 15%, up seven percentage points from 8% in 2020. The highest median claims ratio is in Asia (22%), compared to Africa at 15% and Latin America and the Caribbean at 12%.

FIGURE 26
TOTAL CLAIMS TURNAROUND TIMES AND INTERNAL TURNAROUND TIMES FOR HEALTH MICROINSURANCE PRODUCTS



The median rate is lower for products which have been launched more recently. Health products launched before 2017 have a median claims ratio of 17%, compared to 5% for those launched after 2017. This may reflect several factors, including the time taken to build client awareness and understanding of claims processes; the possibility that lower value products with lower claims ratios are less likely to last in the market; as well as the growth in hospital cash products in recent years which may have lower claims ratios than more comprehensive products.

Total claims turnaround time was an average of 15 days, with insurers taking an average of five days from the date of the claim event to receive all necessary information from the customer and file the claim, and a further ten days to process a claim internally.[31] These time periods were highest in Latin America and the Caribbean, where total turnaround times were an average of 60 days for health, including an internal turnaround period of 15 days. This may reflect the type of health products typically seen in the region, where simple hospital cash products, which tend to have limited document requirements and simple claims processes, are less prevalent. The global claims acceptance rate for health insurance was high at 96%.

The continuing prevalence of relatively simple products with low coverages is reflected in the relatively low median claims being paid out for health insurance, at USD 59 in Africa and USD 79 in Asia. In Latin America and the Caribbean, the average claims size is USD 899, reflecting the relatively higher costs in the region, as well as the fact that low-cost simple health products like hospital cash have not taken off in the region in the same way that they have in Africa and Asia.

[31] Many insurance providers do not systematically track the time taken between a claim event occurring and the claim being submitted, and the Landscape survey received fewer responses on external turnaround times in comparison to internal turnaround times. It is therefore important to take into account that information on internal turnaround times is likely to be more reliable than that for external turnaround times and to interpret overall turnaround times with some caution.

Women's access to health microinsurance

Where insurers provided data on the gender of their customers, women represented 49% of policyholders and 51% of people covered for health microinsurance.

However, in many cases this information was not provided, with no information provided on the gender of policyholders for 59% of products and no information provided on the gender of people covered for 58% of products.

It is particularly important that the lack of gender data for health insurance products is addressed given the importance of closing the gap in women's health protection and needs. In particular, interviews for this study emphasised the importance of designing health insurance solutions adapted to women's life stages.

BOX 7

L'ORÉAL, AXA, OLVEA, SONAR - COVERING CLIMATE AND PERSONAL RISKS FOR WOMEN FARMERS IN BURKINA FASO

L'Oréal sources shea butter from smallholder farmers, the majority of whom are women, organised in cooperatives in Burkina Faso. For L'Oréal, it is vital to secure the resilience of their shea butter supply chain. AXA and L'Oréal, with the support of their partners OLVEA and SONAR, therefore joined forces to offer an insurance product to meet the most pressing risks faced by shea producers.

The partners worked closely with the farmers to understand their risks and developed an innovative product covering both climate and personal risks. The farmers are covered for weather risks affecting maize production, the most important crop for the food security of these households, as well as health and accident risks.

In each case, the covers are carefully adapted to the circumstances of the farmers. For example, given the poor access to health facilities in rural areas where shea butter producers live, the product includes cover for the costs of transport to clinics or hospitals. Furthermore, AXA continued to refine the product based on customer feedback since it was launched in 2021. Malaria cover, for example, was recently introduced based on demand from the farmers.

The product is voluntary and promoted through training sessions as well as promotional materials shared among cooperative members. The cost of the product is shared along the value chain. L'Oréal pays a part of the premium, part is funded by the cooperatives, and individual famers pay a small portion. The collaboration across the value chain has proved key for encouraging uptake of the product, and it has now reached almost 21,000 women in its first year.

Climate risk and health

A joint declaration by more than 200 medical journals in September 2021 recognised climate change as the "greatest threat to global public health",[32] and climate and health risks are closely interrelated:

- Exposure to higher temperatures can cause an increase in cardiovascular and respiratory diseases, dietary problems and malnutrition, as a result of impacts on agriculture,[33] as well as greater spread of infectious and vector-borne diseases (including malaria, dengue, schistosomiasis, leishmaniasis, Chagas disease and African trypanosomiasis).[34] Vector-borne diseases have major consequences and disproportionately impact economically vulnerable populations, due to the lower capacity of health systems in many developing countries, but also because many of these diseases are more common in the tropical climates of many socio-economically vulnerable countries.[35]
- Studies suggest links between temperature increases generated by climate change and premature births, low birth weight, and stillbirth, with even more severe effects found in low- and middle-income countries.[36]
- Climate change is forcing people to move to areas near wildlife populations, as arable land has been reduced in many areas of the world (due to droughts, floods, rising sea levels, unpredictable weather conditions). This generates an increase in the probability of contracting zoonotic diseases (transmitted from animals to humans), such as rabies, plague, Ebola, SARS, MERS and ZIKA.[37] The gravity of the risk of animal-borne infectious diseases has become widely evident as a result of the recent COVID-19 pandemic.
- The occurrence of climate-related disasters impacts people's ability to maintain a safe environment, quality of life and health.

The link between climate and health is beginning to be recognised directly in insurance product design. Three climate insurance products which also included hospital cash covers were captured in the survey, covering around 680,000 people collectively. Some insurers are also beginning to bundle health and agriculture covers (an example in Burkina Faso is shared in Box 7),[38] and discussions of health and well-being are coming to the fore in climate discussions in the sector. The interviews conducted for this study suggest that the industry is becoming increasingly aware that, in addition to economic impacts, climate change has a direct impact on people's health and well-being and that insurers have a role in addressing this. However, some insurers face obstacles to integrating climate and health risks in their product offering, including regulatory and reinsurance challenges.

Reinsurance

The use of reinsurance is reported for 21% of health microinsurance products (compared to 27% of products across all product lines using reinsurance), with the figure varying at a regional level between 13% in Africa, 27% in Asia and 21% in Latin America and the Caribbean.

[32] Choi-Schagrin (2021). "Medical journals call climate change the 'greatest threat to global public health'". New York Times. https://www.nytimes.com/2021/09/07/climate/climate-change-health-threat.html.

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[35] Campbell-Lendrum, Manfa, Bagayoko & Sommerfeld (2015). Climate Change and Vector Borne Diseases. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4342958/

[36] Chersich, M. F., Pham, M. D., Areal, A., Haghighi, M. M., Manyuchi, A., Swift, C. P., Wernecke, B., Robinson, M., Hetem, R., Boeckmann, M., Hajat, S., & Climate Change and Heat-Health Study Group (2020). Associations between high temperatures in pregnancy and risk of preterm birth, low birth weight, and stillbirths: systematic review and meta-analysis. BMJ (Clinical research ed.), 371, m3811. https://www.bmj.com/content/371/bmj.m3811.

[37] Letcher (2021). *The Impacts of Climate Change. A Comprehensive Study of Physical, Biophysical, Social, and Political Issues. Chapter 1. Why discuss the impacts of climate change?*

[38] Baumgartner & Richards (2021). *Insuring for a changing climate. A review and reflection on CARE's experience with microinsurance.*

Life and Accident

KEY TAKEAWAYS

- In the 34 countries covered, 169 million people received life or accident protection through a microinsurance product, representing 6.1% of the microinsurance target market.
- Products in the life and accident category (life insurance, funeral insurance, credit life or loan protection insurance, personal accident insurance and investment or savings insurance) represent some of the largest product lines in microinsurance. Jointly, these product lines account for two-thirds of all products reported and 73% of people covered.
- The estimated value of the market for life and accident microinsurance in focus countries is USD 23 billion and current penetration is close to 8%.
- The median premium per person for life and accident products increased by 13% to USD 10.19 in 2021, with particularly marked changes seen in credit life, where the median premium per life rose by 65%, reflecting a recovery in loan sizes from the drops experi-enced as a result of COVID-19.
- Microfinance institutions are the most important distribution channel for life and personal accident insurance in Asia and Latin America and the Caribbean, whereas agents and brokers are the most important channel in Africa. Cash remains the most important payment channel, used by close to a third of products, followed by direct debit or standing orders, used by 26% of products.
- The median claims ratio for life and accident products in 2021 is 22%, above the rate of 18% reported the previous year. Funeral products have the highest claims ratio, at 35%, representing an increase of ten percentage points compared to the previous year. An important increase was also seen in personal accident insurance, for which the claims ratio doubled to 15% in 2021. These increases in claims ratios, particularly in accident insurance, likely reflect the reactivation of activities and claims submissions as social distancing measures were partly or fully lifted in 2021.
- Where data on gender is provided, some growth in the participation of women as policyholders in life and accident insurance is seen. Particularly notable is the increase of eight percentage points from 41% to 49% of women policyholders for personal accident insurance.

Market size and evolution

People covered

For the purpose of this study, five product types are included in the category of life and accident insurance: life insurance, funeral insurance, credit life or loan protection insurance, personal accident insurance and investment or savings insurance.[39]

Overall, 630 products were reported in this category (300 for life insurance, 87 for funeral insurance, 113 for credit life/loan protection insurance, 97 for personal accidents and 33 for investment/savings insurance), jointly covering 161 million people. This represents a 72% increase compared to the 93.7 million people recorded for 2020.

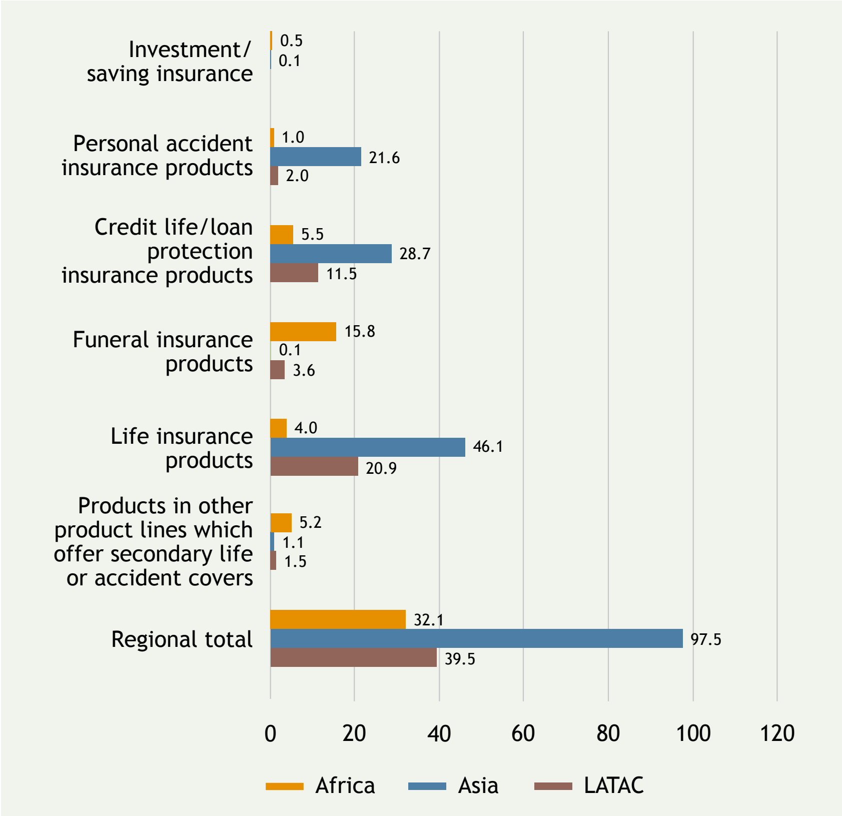
The highest number of people covered is in Asia, where 96 million people (more than the two other regions combined) are covered through 260 products, followed by 38 million people covered in Latin America and the Caribbean through 137 products, and 27 million people covered in Africa through 233 products.

Products in the life and accident category represent some of the largest product lines in microinsurance. Jointly, these product lines account for two-thirds of all products reported and 73% of people covered. Life and credit life products represent the top two product lines in Asia and in Latin America and the Caribbean. In Africa, on the other hand, funeral insurance is the most important product type in the region in terms of lives covered, followed by health products.

[39] Investment and savings products are not included in calculations of premiums per person covered, premiums as a proportion of sum insured, or claims ratios because of the characteristics of this product line. Premiums reported include an insurance component and a savings component that is returned to the customer, meaning that the premium figures are not entirely comparable to those in other product lines.

FIGURE 27

NUMBER OF PEOPLE COVERED FOR LIFE AND ACCIDENT RISKS (MILLIONS)



In addition to products in this category, life and accident risks were covered as secondary risks by 46 products in other product lines, including property, health, agriculture, motor and transport insurance. Almost 8 million people received protection against life or accident risks under these products (5 million in Africa, 1 million in Asia and 1.5 million in Latin America and the Caribbean). As a result, a total of 169 million people received some protection against life or accident risks through a microinsurance product (32 million in Africa, 98 million in Asia, and 39 million in Latin America and the Caribbean).

BOX 8

LIFE AND ACCIDENT MICROINSURANCE FOR SUSTAINABLE DEVELOPMENT

Life and accident microinsurance contribute to the achievement of the SDGs, particularly to SDGs 1, 3 and 8:

SDG 1 - No poverty: The death of a family member or an accident which prevents them working, and the resulting loss of income, represents a huge financial shock for families and risks them falling into poverty. Funeral expenses alone can strain families' finances. Life and accident microinsurance can support families to cope financially during such times.

SDG 3 - Good health and well-being: Accident insurance provides financial support to people who have experienced an accident, helping them to afford time away from work to recover and potentially to cover healthcare costs, assisting in their recovery and well-being.

SDG 8 - Decent work and economic growth: Life and accident microinsurance provides an alternative for those who do not benefit from such protection as part of employment or social security benefits. In addition, credit life and loan-linked insurance promotes access to credit for MSME owners, allowing them to invest in and grow their businesses.

Premiums collected

For life and accident products, a total of USD 1.8 billion was collected in 2021, up 125% from USD 0.8 billion in 2020. The highest increase is seen in credit life and loan protection products, for which premiums increased by over 400% from USD 64.1 million to USD 325.1 million, and investment and savings products which increased 24-fold from USD 5 million to USD 122 million in 2021. These figures reflect increased products and people covered recorded in both lines of business, but also an increase in the premiums per person covered. For all life and accident product lines, the median premium per person covered increased by 13% from USD 9.02 in 2020 to USD 10.19 in 2021, but particularly marked changes were seen in credit life, where the median premium per life rose by 65%.

The premium per person in credit life insurance relates to the size of the insured loans. Drops in loan sizes were well-documented during the pandemic,[40] as was the need for people to withdraw savings in many countries due to economic difficulties caused by the pandemic.[41,42] As loan sizes and savings recovered in 2021, this is reflected in the corresponding premiums per person covered for credit-linked products.

The median ratio of premiums to sum insured for life and accident products is 1.1% (7% for funeral products, 1.3% for life insurance, 0.7% for credit life and 0.4% for personal accident insurance).

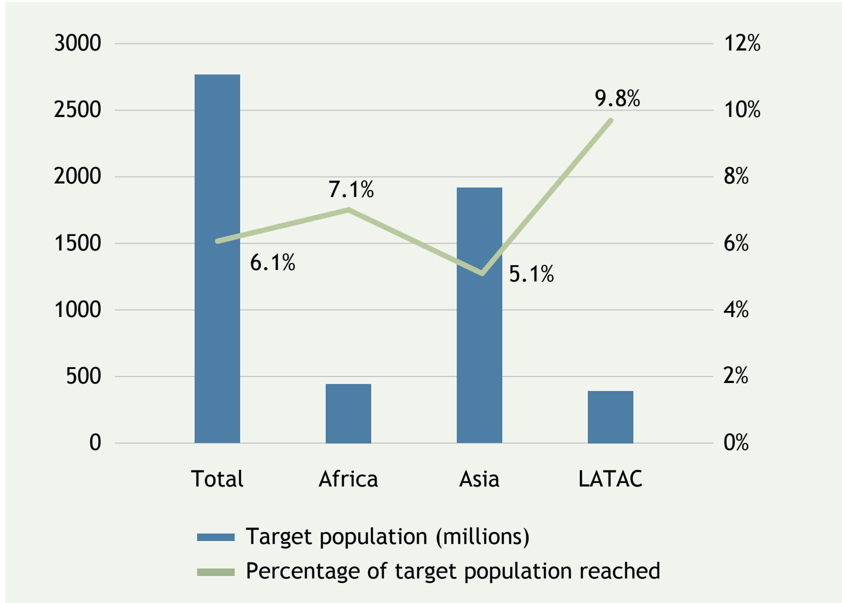
Market share

The number of people registered as covered by life and accident microinsurance in 2021 represents 6% of the microinsurance target population in focus countries (6% in Africa, 5% in Asia, 9% in Latin America and the Caribbean). The number of people covered against life and accident risks regardless of product type represents 6.1% of the target population (7% in Africa, 5% in Asia and 10% in Latin America and the Caribbean).

The estimated value of the market for life and accident microinsurance in the Landscape focus countries (calculated as the median premium for life and accident products multiplied by the target population for each region) is USD 23 billion (USD 6 billion in Africa, USD 11.7 billion in Asia, and USD 5.5 billion in Latin America and the Caribbean). The penetration of the life and accident microinsurance market in target countries for the year 2021 is therefore close to 8% (12% in Africa, 2% in Asia, and 13% in Latin America and the Caribbean).

FIGURE 28

MARKET PENETRATION OF PRODUCTS COVERING LIFE AND ACCIDENT RISKS (TARGET POPULATION AND PERCENTAGE OF TARGET POPULATION REACHED)



Scale

The scale reached by individual life and accident products experienced a small increase, on average, with each product reaching a median of 8,246 people in 2021 (8,442 in Africa, 6,649 in Asia and 8,372 in Latin America and the Caribbean), up 4% from 7,889 people in 2020. However, drops in the scale reached were seen in some product lines. Credit life insurance experienced a drop in its customer base by 21% to 33,660 people covered per product, and life insurance dropped by 43% to 4,735 people covered per product. At the same time, the median premium collected by life and accident products increased, up 156% from USD 69,201 in 2020 to USD 177,358, with significant increases in all product lines.

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

[41] Gopal & Malliasamy (2022). Transformational Impact of COVID-19 on Savings and Spending Patterns of Indian Rural Households. https://journals.sagepub.com/doi/pdf/10.1177/21582440221079885.

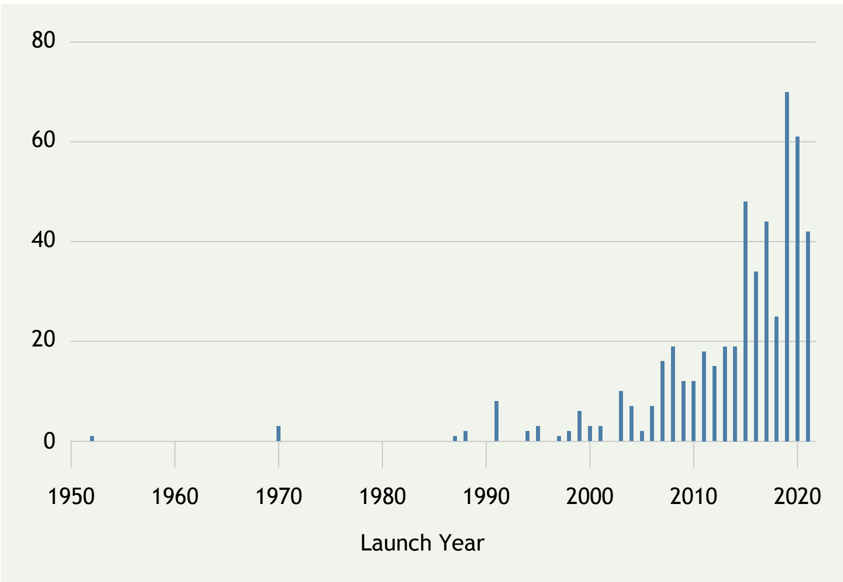
[42] Kay & Borzutzky (2022). Can defined contribution pensions survive the pandemic? The Chilean case https://onlinelibrary.wiley.com/doi/pdf/10.1111/issr.12286.

Products launched

The number of products launched in life and accident product lines experienced a peak in 2019 with 70 new products launched, but the number dropped to 61 products as the impact of COVID-19 began to be felt across most countries in 2020. This drop continued in 2021, with just 42 new products released.

This reduction in new products mirrors the experiences of microinsurance providers and experts interviewed for this study. Some providers did launch new products or adapt existing products to respond to needs identified as a result of the pandemic. However, in general, reduced resources and attention were dedicated to developing new microinsurance products in the wake of the pandemic, as insurance providers and their partners focused on pressing challenges such as switching to teleworking and continuing to sell and service existing products. It is clear that this trend had not yet reversed for life and accident insurance in 2021, as microinsurance stakeholders continued to face challenges and economic restraints, and due to the lag time in developing and launching new products once these activities resumed.

FIGURE 29
PRODUCTS LAUNCHED IN LIFE AND ACCIDENT PRODUCT TYPES



Distribution and payments

Microfinance institutions are the most important distribution channel for life and personal accident insurance in Asia and Latin America and the Caribbean. In the case of Africa, the reported data indicates that agents and brokers are the most important distribution channel. Savings and credit cooperatives are also important in Latin America and the Caribbean, as the second most used channel in the region, and represent the third most used channel in Asia.

In addition to the primary distribution channel used for each product, providers also gave information on the full range of channels through which their product was made available (Figure 33). By 2021, digital platforms were more commonly used for life and accident products, and the channel was offered as one distribution option for 41% of products in Africa.

Traditional payment methods remain predominant for life and accident products, with cash used as the primary payment channel for 32% of products, followed by direct debit and standing orders, at 26%. The use of credits or loans to pay insurance premiums is particularly important for credit life products, for which it is used in a third of cases, but this option is used in just 6% of cases for life and accident products excluding credit life. Payments through digital money and mobile wallets are beginning to be adopted for life and accident products and are used for 8% of products.

FIGURE 30
THE NUMBER OF PEOPLE COVERED BY PRIMARY DISTRIBUTION CHANNEL IN LIFE AND ACCIDENT INSURANCE

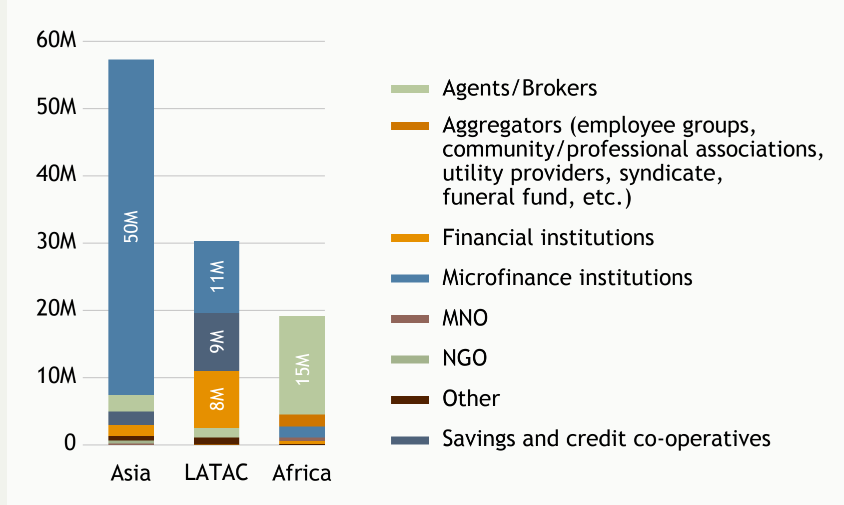
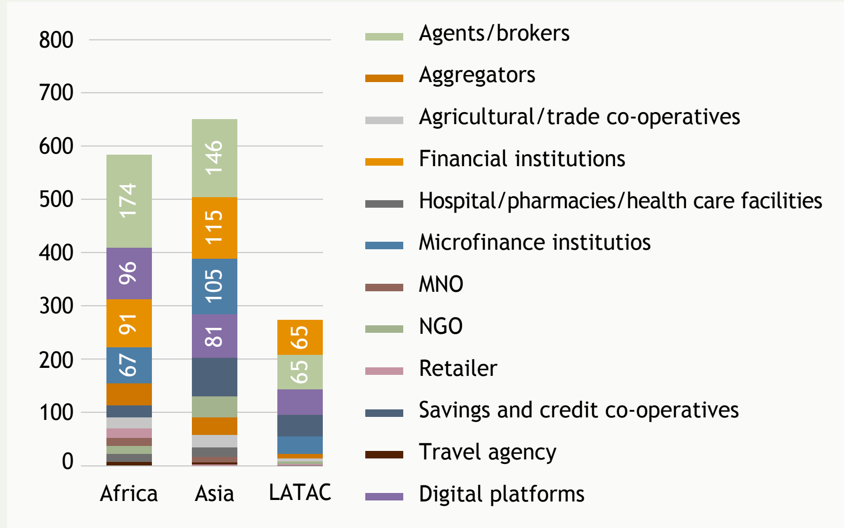
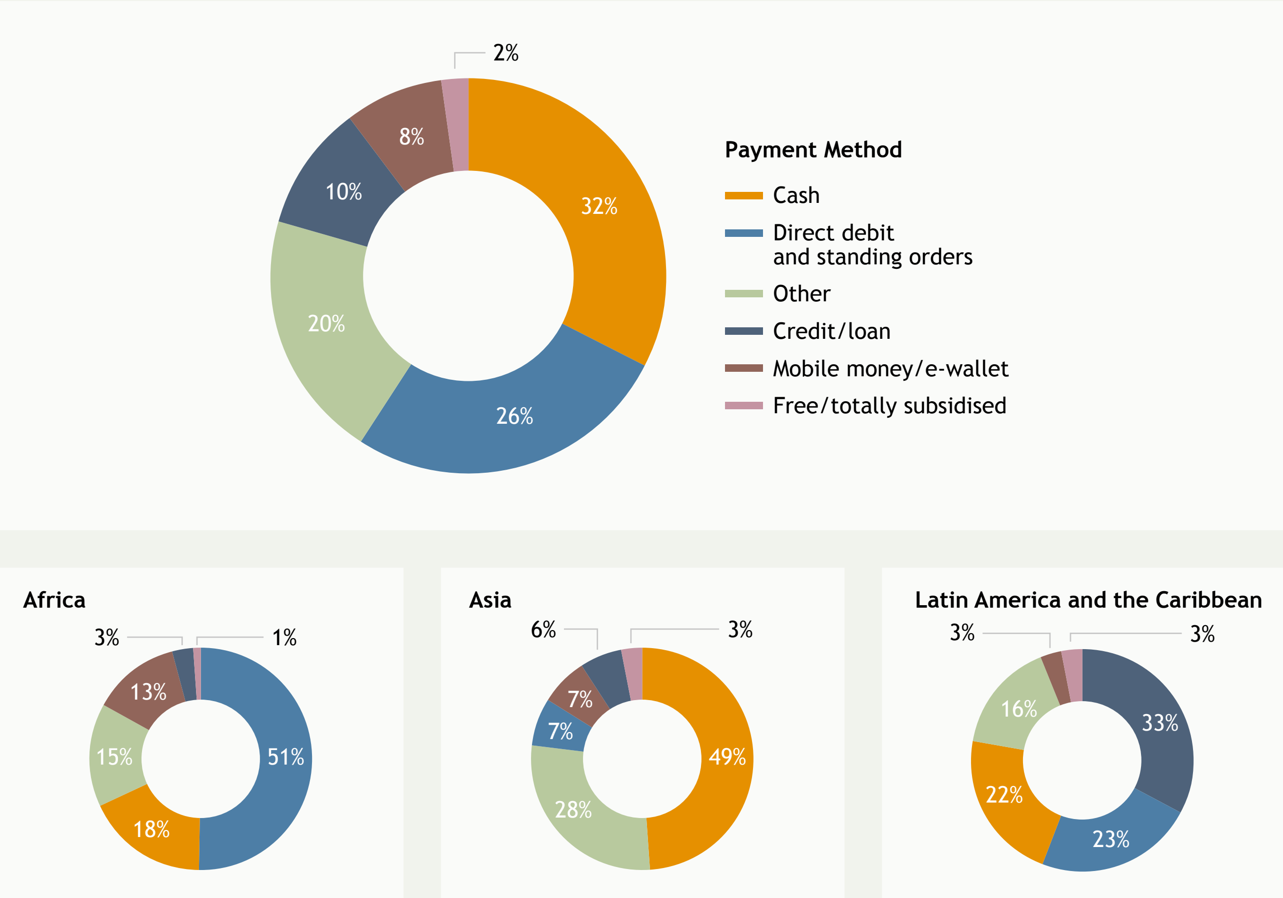


FIGURE 31
TOTAL PRODUCTS OF LIFE AND ACCIDENT PRODUCT TYPES BY DISTRIBUTION CHANNEL IN LIFE AND ACCIDENT INSURANCE[43]



[43] In the survey, several products were reported in more than one channel.

FIGURE 32
PAYMENT METHOD IN LIFE AND ACCIDENT PRODUCT TYPES



Social performance indicators

The median claims ratio for life and accident products in 2021 is 22%, slightly higher than the median rate of 18% reported the previous year. The ratio varies between regions, with a median of 29% in Africa, 16% in Asia and 22% in Latin America and the Caribbean.

In general, life and accident products launched before 2017 have a much higher claims ratio, at 32%, compared to 11% for those launched in the following five years. The importance of a proactive approach to claims in building a successful life insurance business is shared in Box 9.

Out of all product types in the life and accident category, funeral products have the highest claims ratio, at 35%, representing an increase of ten percentage points compared to the previous year. An important increase was also seen in personal accident insurance, for which the claims ratio doubled to 15% in 2021. These increases in claims ratios, particularly in accident insurance, likely reflect the restarting of activities and of claims submissions as social distancing measures were partly or fully lifted in 2021. In addition, in Latin America and the Caribbean in particular, credit life and loan protection insurance have a notably high claims ratio at 54%. The median acceptance ratio for life and accident insurance products is 99% (an increase of two percentage points compared to the previous year), with a rate of 97% in Africa, almost 100% in Asia and 96% in Latin America and the Caribbean. The acceptance ratio for personal accident insurance in Latin America and the Caribbean is particularly low, at 69% (a decrease of 18 percentage points compared to the previous year) (Figure 33).

The median turnaround time for life and accident products across the three regions is 17 days, with relatively low turnaround times in Africa (at a total of ten days) compared to Asia at 23 days and the highest median turnaround time in Latin America and the Caribbean at 30 days (Figure 34), figures that are very close to the overall regional averages.[44] It is notable that the longstanding product line of funeral insurance in Africa has a particularly low turnaround time recorded at just four days.

BOX 9
EFU LIFE - GROWTH THROUGH A PROACTIVE APPROACH TO CLAIMS IN PAKISTAN

EFU Life had focused on middle- and upper-income customer segments until, six years ago, the company decided to embark on an inclusive insurance strategy, introducing new products and distribution channels to the business. In 2021, EFU Life reached 2 million people through inclusive insurance, from around 6,000 people in 2016. Its inclusive insurance products include various life and health products, sold through a range of channels including banks, mobile wallets, MNOs, and ride-hailing platforms.

The company's proactive approach to claims has been one key to its success. Based on the company's research, low trust in insurers around claim payments was found to be a key constraint. To address this, EFU Life began to actively promote claims through "claim campaigns" in the way that most companies organise sales campaigns. These are awareness campaigns through radio, SMS, and other media aiming to encourage customers and their beneficiaries to recognise when they are eligible and make claims. As a result, EFU experienced an increase of 25% in its claims for inclusive insurance products in 2021 and has now paid out over 9,000 claims for inclusive insurance products.

EFU Life sees claims payments as a vital component of business sustainability for inclusive insurance as it builds trust in the products. Claims demonstrate the benefits of insurance and turn customers into insurance advocates. At the same time, claims are also important for motivating team members. When a new employee joins the inclusive insurance team, they spend two weeks working on the claims hotline and delivering claims payments, helping them to understand the purpose and impact of their work.

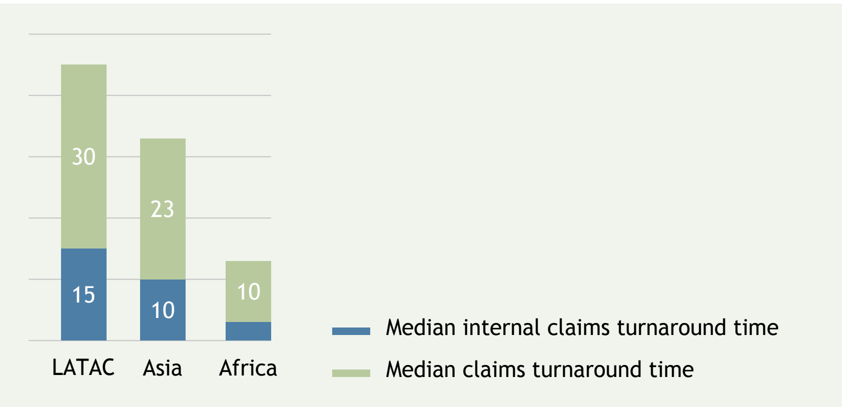
Finally, a proactive approach to claims strengthens partnerships with distribution channels. For example, EFU Life identified one product sold through a partner bank which had low claims. EFU Life decided to carry out a claims campaign, checking all insured customers registered as deceased by the bank where a life insurance claim had not been made. EFU Life called the beneficiaries to guide them through the process of making a claim. Furthermore, instead of paying out claims centrally, they organised for bank agents to hand the cheques over to beneficiaries. These experiences are periodically shared internally with all bank staff to demonstrate the social impact of insurance, making staff more open to collaboration and assisting customers when they enquire about insurance.

Low claim payments may lead to higher income in the short term, but result in low value, eroding customer and distributor confidence over time. Instead of considering claims as a cost, EFU Life therefore views them as a long-term investment that propels growth.

FIGURE 33
CLAIMS RATIO AND ACCEPTANCE RATIO BY LIFE AND ACCIDENT PRODUCT TYPES

PRODUCT TYPE	CLAIMS ACCEPTANCE RATIO	CLAIMS RATIO
Credit Life/ Loan Protection	**0.99**	**0.21**
Africa	0.93	0.19
Asia	1	0.26
LATAC	1	0.54
Funeral	**0.96**	**0.35**
Africa	0.94	0.33
Asia	0.99	0.34
LATAC	1	0.55
Investment/ Savings	**0.99**	**0.15**
Africa	0.99	0.24
Asia	0.99	0.03
Life	**1**	**0.21**
Africa	1	0.38
Asia	1	0.15
LATAC	0.90	0.22
Personal Accident	**0.97**	**0.15**
Africa	1	0.18
Asia	0.97	0.17
LATAC	0.69	0.14
Total	**0.99**	**0.22**

FIGURE 34
TOTAL CLAIMS TURNAROUND TIMES AND INTERNAL TURNAROUND TIMES FOR LIFE AND ACCIDENT PRODUCT TYPES



[44] Many insurance providers do not systematically track the time taken between a claim event occurring and the claim being submitted, and the Landscape survey received fewer responses on external turnaround times in comparison to internal turnaround times. It is therefore important to take into account that information on internal turnaround times is likely to be more reliable than that for external turnaround times and to interpret overall turnaround times with some caution.

Women's access to life insurance

According to the reported data, women represent 51% of the lives covered by life and accident insurance, and 49% of policyholders (Figures 35 and 36). However, limited gender data is available on some of these product types, with only 39% of personal accident products, 34% of credit life products, 43% of funeral products, 61% of investment/savings products, and 53% of life insurance products providing information on gender.

Where data is provided, some growth in the proportion of female policyholders is seen in life and accident insurance product lines: an increase of seven percentage points from 41% to 48% in personal accident insurance, of eight percentage points from 41% to 49% for life insurance, and two percentage points from 47% to 49% for investment and savings insurance.

Although credit life insurance is generally associated with higher levels of female customers due to the fact that the microfinance sector in many countries has historically catered primarily to women, the share of female policyholders for this product line decreased by five percentage points from 56% to 51% in 2021.

An accident insurance product for low-income students in Guatemala, primarily purchased by women, is explored in Box 10.

FIGURE 35
PERCENTAGE OF WOMEN POLICYHOLDERS IN LIFE AND ACCIDENT PRODUCT TYPES

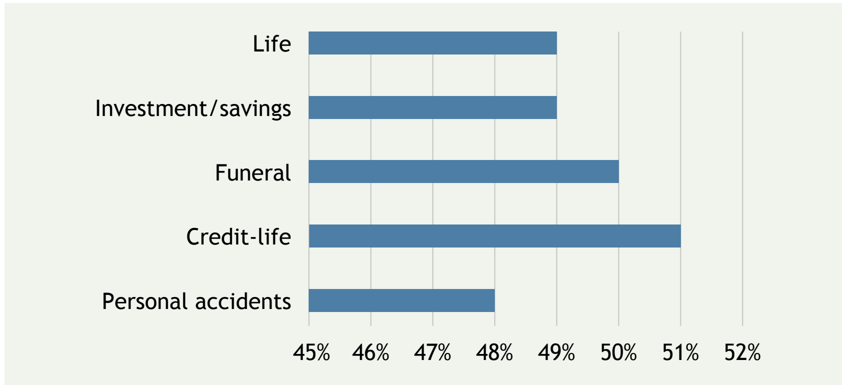
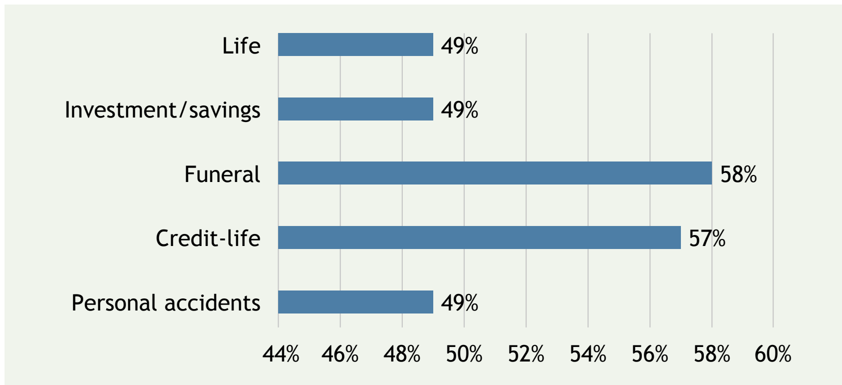
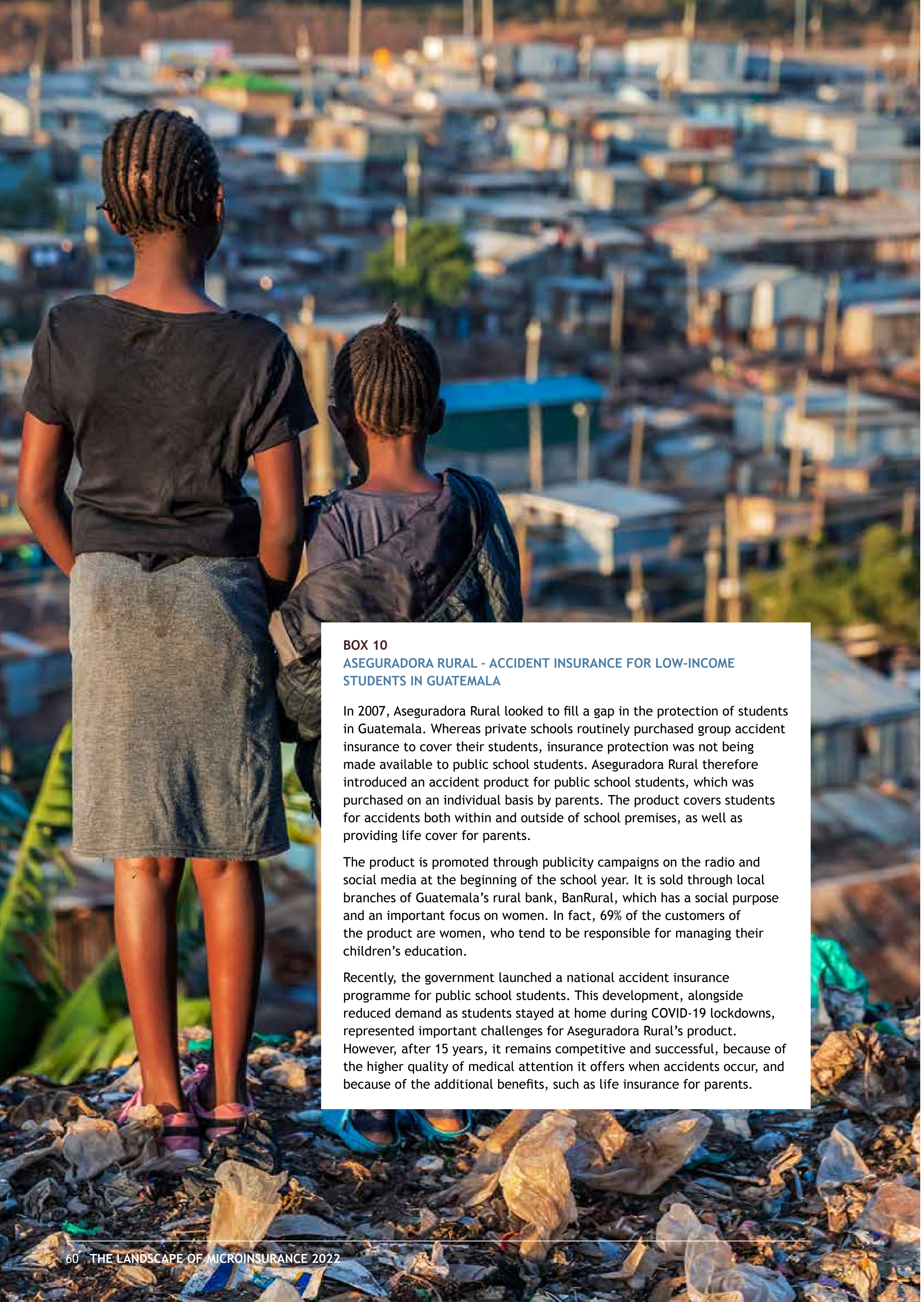


FIGURE 36
PERCENTAGE OF FEMALE LIVES COVERED IN LIFE AND ACCIDENT PRODUCT TYPES





BOX 10

ASEGURADORA RURAL – ACCIDENT INSURANCE FOR LOW-INCOME STUDENTS IN GUATEMALA

In 2007, Aseguradora Rural looked to fill a gap in the protection of students in Guatemala. Whereas private schools routinely purchased group accident insurance to cover their students, insurance protection was not being made available to public school students. Aseguradora Rural therefore introduced an accident product for public school students, which was purchased on an individual basis by parents. The product covers students for accidents both within and outside of school premises, as well as providing life cover for parents.

The product is promoted through publicity campaigns on the radio and social media at the beginning of the school year. It is sold through local branches of Guatemala's rural bank, BanRural, which has a social purpose and an important focus on women. In fact, 69% of the customers of the product are women, who tend to be responsible for managing their children's education.

Recently, the government launched a national accident insurance programme for public school students. This development, alongside reduced demand as students stayed at home during COVID-19 lockdowns, represented important challenges for Aseguradora Rural's product. However, after 15 years, it remains competitive and successful, because of the higher quality of medical attention it offers when accidents occur, and because of the additional benefits, such as life insurance for parents.

Climate risk

Climate and life and accident risks are closely related, and the physical and transition risks associated with climate change create long-term uncertainty in life and accident insurance for both insurers and reinsurers.

On the one hand, climate change may increase mortality due to increases in vector-borne diseases, respiratory diseases, cardiovascular diseases, zoonotic diseases (transmitted to humans due to contact with animals when migrating to areas with animal populations as a result of temperature risks), and other factors.[45] In addition, climate disasters and deteriorated environments can increase the prevalence of accidents. On the other hand, it is possible that there may be a reduction in deaths in some segments of the population, due to the transition to low-carbon economies, reducing exposure to air pollution.[46]

Interviews carried out for this Landscape report suggest that perceptions of climate risk among insurance providers and stakeholders have changed to recognise its links beyond agriculture and property damage, including increasing recognition of links to human life, health, and well-being. As a result, products are starting to appear in the Landscape survey offering covers for both life and climate-related events in one product.

Reinsurance

The use of reinsurance is reported for 27% of life and accident microinsurance products, with the figure varying at a regional level between 21% in Africa, 33% in Asia and 25% in Latin America and the Caribbean. These figures are in keeping with those reported overall for microinsurance.

[45] Golnaraghi (2021). Climate Change Risk Assessment for the Insurance Industry. The Geneva Association. https://www.genevaassociation.org/sites/default/files/research-topics-document-type/pdf_public/climate_risk_web_final_250221.pdf.

[46] Campbell-Lendrum, Manfa, Bagayoko & Sommerfeld (2015). Climate Change and Vector Borne Diseases. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4342958/

Agriculture, aquaculture, and livestock

KEY TAKEAWAYS

- In the 34 countries covered, 8 million people received protection for agriculture, aquaculture and livestock through a microinsurance product.
- This branch of microinsurance has been of particular interest to governments and donors and frequently offered with subsidies (10% of products in the three regions, and 40% in Latin America and the Caribbean, were reported as 100% subsidised).
- On average, agriculture products reached a larger client base in 2021 in comparison to the previous year, based on all reported products each year. Each agriculture product reached a median of 6,648 people covered in 2021, up 49% from 3,228 in 2020.
- Most agriculture products are linked directly with natural perils and disasters, with 68% recording this as a risk covered. Other products cover risks like death of livestock, and some products did not give information on the risks covered.
- Five out of the eight new products launched between 2020 and 2021 are index-based products, suggesting that the focus on index-based products witnessed in recent years continues.
- Financial institutions are the predominant channel for the distribution of agriculture microinsurance products in all three regions.
- The median claims ratio for agriculture products in 2021 was 28% (six percentage points higher than the claims ratio for microinsurance in general).
- Despite their undeniable importance in agricultural production, women represented a relatively low proportion of policyholders (41%) and women covered (36%) for this product line.

Market size and evolution

People covered

A total of 71 agriculture microinsurance products (including aquaculture and livestock microinsurance) were reported in 2021, jointly reaching 8 million people (with 46 products covering 0.8 million people in Africa, 18 products covering 5 million people in Asia and 6 products covering 2 million people in Latin America and the Caribbean) (Figure 37).

In the previous year, slightly fewer agriculture products (59) were reported, but people covered and premiums are not comparable due to important changes in the sample and the ways in which some products were reported.

This branch of microinsurance is of particular interest to governments and donors around the world. Food security, the well-being of producers, and the connection between agricultural insurance and climate change are issues that have brought agriculture microinsurance to global attention. In several countries, governments provide premium subsidies and other support to agriculture insurance and microinsurance. Interviews conducted for this study emphasised that government support and subsidies continue to be a fundamental pillar in the evolution of this market in all three regions. Overall, 10% of agriculture products were reported as offered on a completely subsidised basis.[47] In Latin America and the Caribbean the figure is particularly high, with 40% of reported products free or completely subsidised.

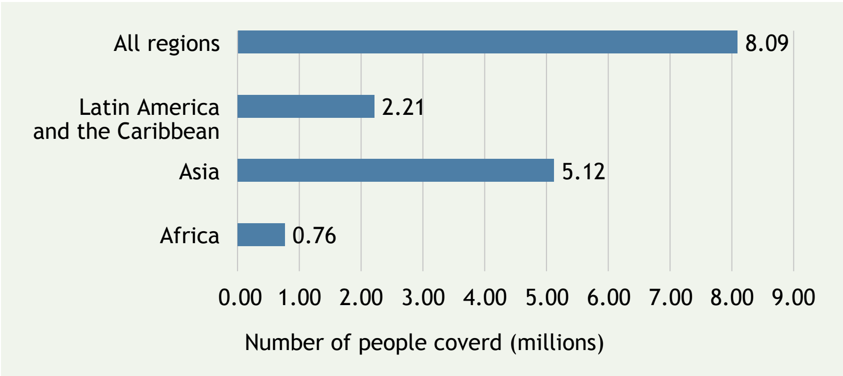
[47] It is likely that many more are partially subsidised, but partial subsidies are not recorded in the Landscape questionnaire.

Premiums collected

A total of USD 68 million was collected in premiums for agriculture insurance products (USD 23 million in Africa, USD 21 million in Asia and 23 million in Latin America and the Caribbean). The median premium per person covered is USD 22.5 (USD 17.5 in Africa, USD 50.7 in Asia and USD 18.2 in Latin America and the Caribbean). For agriculture insurance products, the median premium cost as a ratio of sum insured is 4.8%.

Premium levels vary according to multiple factors, including the types of agriculture insurance that are most prevalent, particularly whether parametric or indemnity-based, the geographical areas covered, and differing levels of risk. It is notable that just 2% of agriculture microinsurance products were recorded as totally subsidised in Africa, in comparison to 40% in Latin America and the Caribbean and 20% in Asia.

FIGURE 37
PEOPLE COVERED IN 2021 FOR AGRICULTURE, AQUACULTURE, AND LIVESTOCK PRODUCTS



BOX 11
AGRICULTURE MICROINSURANCE FOR SUSTAINABLE DEVELOPMENT

Agriculture microinsurance contributes to the achievement of the SDGs, particularly to SDGs 1, 8 and 13:

SDG 1 - No poverty: Approximately 2.6 billion people globally depend on agriculture for their livelihood,[48] and these numbers are concentrated in developing countries. Agriculture microinsurance helps protect the livelihoods of these producers, providing them with a safety net.

SDG 2 - Zero hunger: Agriculture microinsurance helps farmers to become more resilient and to gain access to credit, helping them to grow and sustain food production worldwide, which is vital to achieving food security.

SDG 13 - Climate action: Climate change directly affects agricultural production and the food security of communities. Agriculture microinsurance solutions provide necessary protection to farmers, whose livelihoods and food security is particularly exposed to climate change.

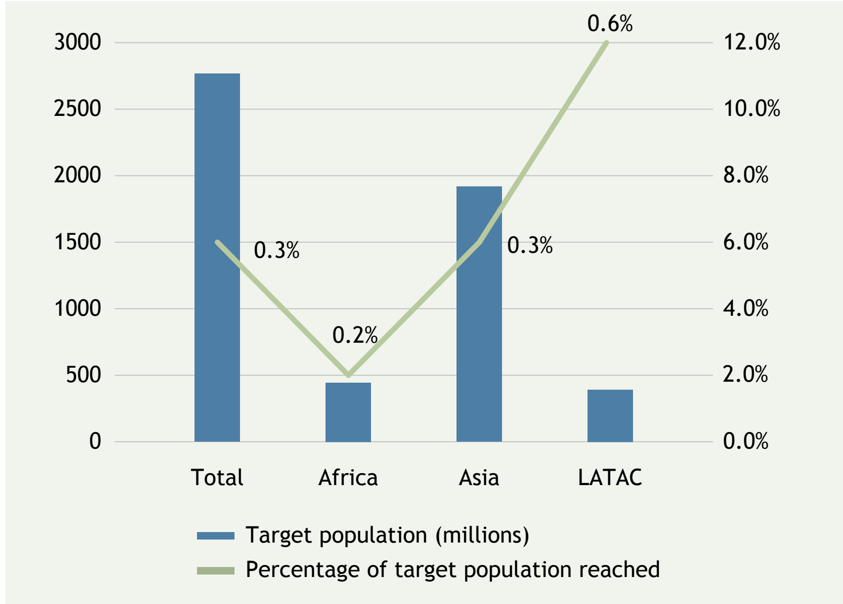
[48] FAO (2022). State of the World's Forests 2022.

Market share

In 2021, the number of people covered by agriculture microinsurance products which reported to the Landscape represents 0.3% of the microinsurance target population for focus countries (0.15% in Africa, 0.3% in Asia, and 0.6% in Latin America and the Caribbean). It should be noted that this report uses the same target population estimate for all product types. However, the target population for agriculture products is limited to those engaged in agriculture, meaning that the market for agriculture insurance is likely overestimated. We look to refine these figures in future reports.

The estimated value of the market for agriculture microinsurance in focus countries (calculated as the median premium for agriculture products in each region multiplied by the microinsurance target population in each region) is USD 112 billion (USD 7 billion in Africa, USD 97 billion in Asia, and USD 7 billion in Latin America and the Caribbean). In 2021, a market penetration of 0.06% was achieved by products reporting to the Landscape (0.3% in Africa, 0.02% in Asia and 0.3% in Latin America and the Caribbean).

FIGURE 38
MARKET PENETRATION OF PRODUCTS COVERING AGRICULTURE RISKS (TARGET POPULATION AND PERCENTAGE OF TARGET POPULATION REACHED)



Scale

On average, agriculture products reached a larger client base in 2021 in comparison to the previous year, based on all reported products each year. Each agriculture product reached a median of 6,648 people covered in 2021, up 49% from 3,228 in 2020. In Africa and Asia, the median number of people covered by each product increased (41% and 3%, respectively). In the case of Latin America and the Caribbean, the median number of people reached by each product decreased by 14% from 19,394 people in 2020 to 16,775 in 2021. Despite this decrease, agriculture products in Latin America and the Caribbean continued to reach higher numbers of people than the other regions in 2021 as they did in the two previous years.

This may be related to the high proportion (40%) of fully subsidised agriculture insurance products in the region, which tended to be government-led initiatives and thus more capable of reaching a large part of the population, such as those in Peru[49] and Guatemala.

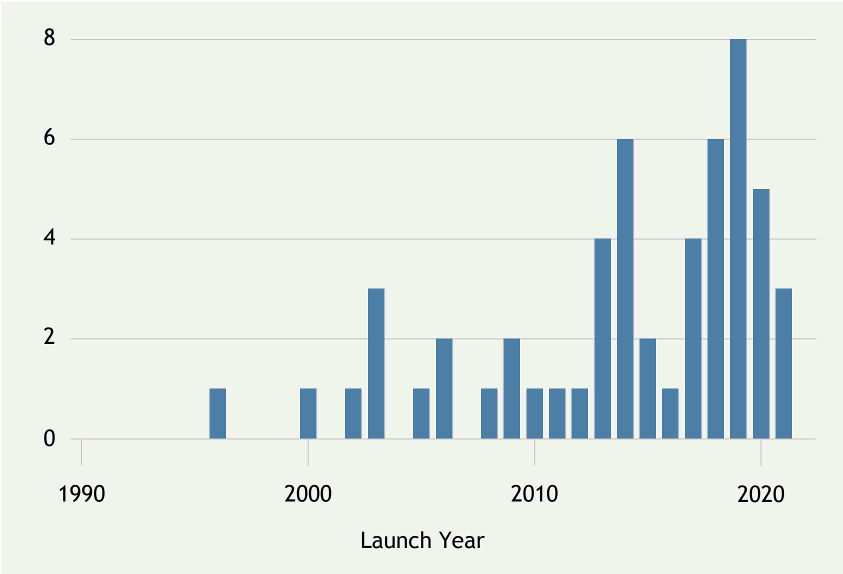
[49] Subdirección General de Relaciones Internacionales y Asuntos Comunitarios (2021). El seguro agrario en Perú incrementa el número de beneficiarios.

Products launched

As seen in other product lines, new product launches peaked, with eight new products launched, in 2019 (Figure 39). In 2020, as the impact of COVID-19 was felt in many countries, a smaller number of new products was introduced (five), many of which may have been planned before the start of the pandemic. For the year 2021, just three new agriculture microinsurance products were reported.

Five out of the eight new products launched between 2020 and 2021 are index-based products, suggesting that the focus on index-based products witnessed in recent years continues. India, on the other hand, a country with a history of government-financed agriculture insurance for smallholder farmers, has opted to continue with largely indemnity-based agriculture products.

FIGURE 39
AGRICULTURE INSURANCE PRODUCTS LAUNCHED



Agriculture risks covered

Most agriculture products are linked directly with natural perils and disasters, with 68% of agriculture products recording this as a risk covered. Other products cover risks like death of livestock, and some products did not provide information on the risks covered.

Some agriculture covers were bundled with additional, secondary risks, including life, property or hospital cash covers. For example, almost 10% of agriculture products included life insurance covers. Interviews conducted for this study suggest that insurers are increasingly recognising the non-agricultural risks faced by smallholder farmers, as well as the aforementioned relationship between climate and people's well-being, and exploring bundled covers for farmers. In addition, some interviews suggested a tendency to go beyond insurance cover to also offer risk management support to farmers.

Distribution and payments

Financial institutions are the predominant channel for the distribution of agriculture microinsurance products in all three regions (Figure 40). In the case of Asia, microfinance institutions are the second most important distribution channel, and, in Africa, aggregators (employee groups, community or professional associations, utility providers, syndicates and so on) were the second most important type of distribution channel.

It is important to note that information on the primary distribution channel used was not given for all agriculture products, with limited information provided for distribution of agriculture products in Latin America and the Caribbean in particular.

An example of an agriculture insurance product sold through an agricultural intermediary without subsidies in Pakistan is shared in Box 12.

In addition to the primary distribution channel used for a product, providers also gave information on the full range of channels through which their product was made available. Figure 41 highlights the range of channels offered, including agents, brokers, agricultural and trade cooperatives, and NGOs, among others. Agriculture and trade cooperatives, in particular, are a distribution option offered by 72% of agriculture products in Africa. Digital platforms are used as a distribution option for half (50%) of products, and the figure is higher (67% of products) in Africa.

In Africa, direct debit or standing order payments are the dominant payment method for agriculture microinsurance, used by 57% of products. Cash remains relevant, as the second most frequently used payment channel overall (used in 19% of cases) and the predominant payment method in Asia, accounting for 47% of products. As previously discussed, 40% of reported products in Latin America and the Caribbean are recorded as completely free or subsidised products (partial subsidies are not recorded in the Landscape data), compared to 20% in Asia and just 2% in Africa.

FIGURE 40
THE NUMBER OF PEOPLE COVERED BY PRIMARY DISTRIBUTION CHANNEL

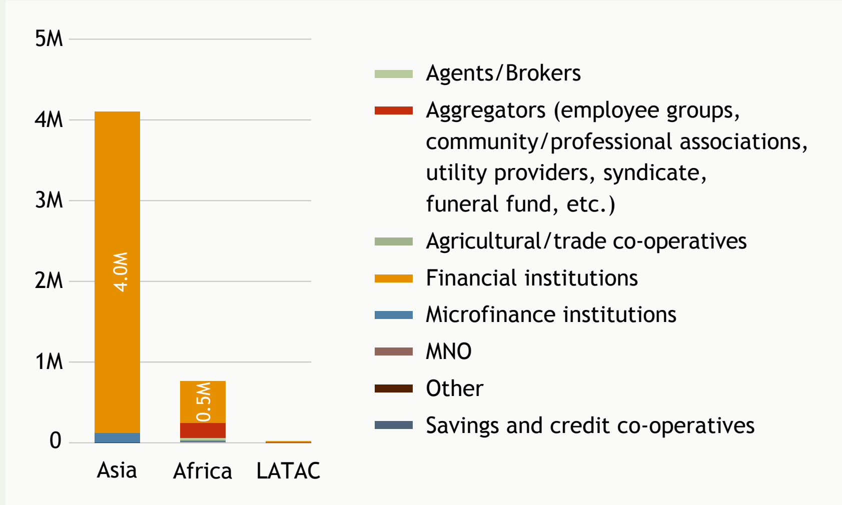
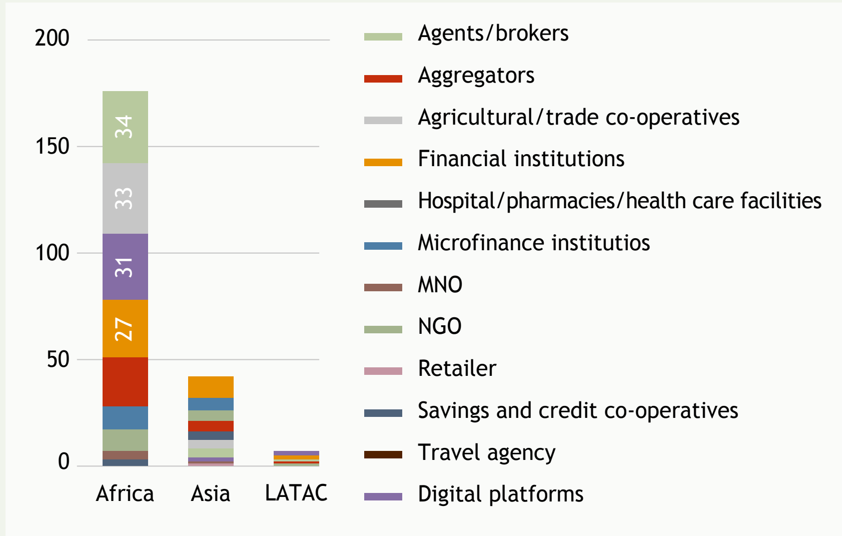


FIGURE 41
THE NUMBER OF PRODUCTS THAT MAKE USE OF EACH DISTRIBUTION CHANNEL



BOX 12

BLUE MARBLE - PROMOTING INDEX INSURANCE WITHOUT SUBSIDIES IN PAKISTAN

Reap Agro is an agritech company working directly with smallholder farmers, who own an average of two hectares of land, in the region of Swabi in Pakistan. The company provides farm inputs, such as pesticides, fertilisers and seeds, to the farmers through loans, which are then repaid by the farmers after the harvest. Reap Agro is also a produce off-taker and provides farmers with guidance on increasing productivity.

In 2021, Blue Marble, an insurtech company, implemented a pilot agriculture index insurance product in Pakistan in collaboration with Asia Insurance, a local insurer, and Reap Agro. The product covered both extreme rainfall and deficit rainfall in phenological stages. Blue Marble later also included extreme heat as a peril in the second pilot project.

Initially Blue Marble and Reap Agro faced challenges convincing farmers of the value of the insurance cover. However, when weather events triggered pay-outs to those who were insured, farmers' perceptions changed. In particular, fast automatic pay-outs helped to demonstrate the value of the product. Pay-outs are paid based on satellite data, without the need for farmers to submit claims, and are usually delivered within a period of a couple of weeks. This compares favourably to indemnity-based insurance for which claims assessment and payments can take many months.

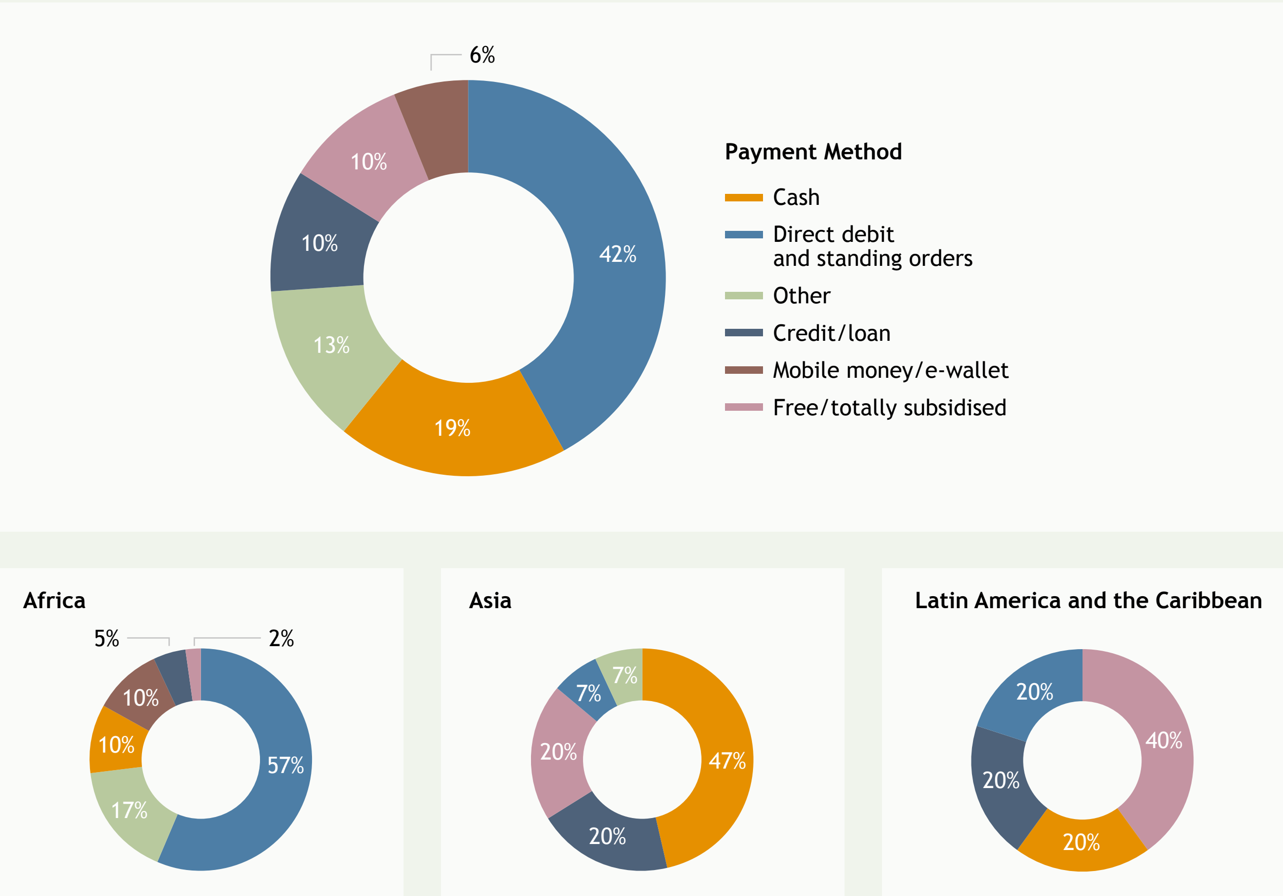
Blue Marble delivered a "training-of-trainers" programme on the product design and processes for the field staff of the local insurer and Reap Agro, which included details on how the index is monitored and pay-outs are calculated by Blue Marble.

The product is not subsidised, and its incorporation into Reap Agro's input package has been key to support uptake and to facilitate premium financing through the loans provided as part of the package. In addition, the fact that Reap Agro is embedded in the agricultural ecosystem and is able to communicate in the local language of the pilot area, Pashto, has been vital to ensure farmers' understanding of the product.

After the successful completion of the pilot projects, Reap Agro is exploring opportunities to scale up the products.

FIGURE 42

THE PROPORTION OF PRODUCTS MAKING USE OF EACH PAYMENT METHOD



Social performance indicators

The median claims ratio for agriculture products in 2021 was 28% (six percentage points higher than the claims ratio for microinsurance in general). Comparatively, the median claims ratio for agriculture microinsurance in Asia is higher, at 42%, compared to a median ratio in Latin America and the Caribbean of 28%, and the lowest median ratio in Africa, at 15%. The median claims acceptance ratio was 98%.

For each product type, the claims ratio for products launched before 2017 is contrasted with those launched more recently, in order to analyse the difference between newer and more mature products. In most cases, products that have been in the market longer tend to have higher claims ratios. This is reversed, however, in the case of agriculture, where the medium claims ratio for products launched before 2017 is 27%, compared to a higher ratio of 40% for those launched from 2017 onwards.

The median claims turnaround time for agriculture products is 30 days, including 14 days of internal turnaround time. Africa presents the lowest internal median claims turnaround time for agriculture products, at 14 days (30 days of full turnaround time). The median turnaround time in Latin America and the Caribbean is reported at 30 days, with a median of 30 days corresponding to internal turnaround time, and Asia reports the highest TAT numbers, at 50 days (including 18 days internal response time).[50] Agriculture products have higher TAT compared to other lines of microinsurance. The most marked difference is in Africa, where agricultural products have a median turnaround time three times the median for all microinsurance products in the region.

FIGURE 43

CLAIMS RATIO AND ACCEPTANCE RATIO FOR AGRICULTURE PRODUCTS

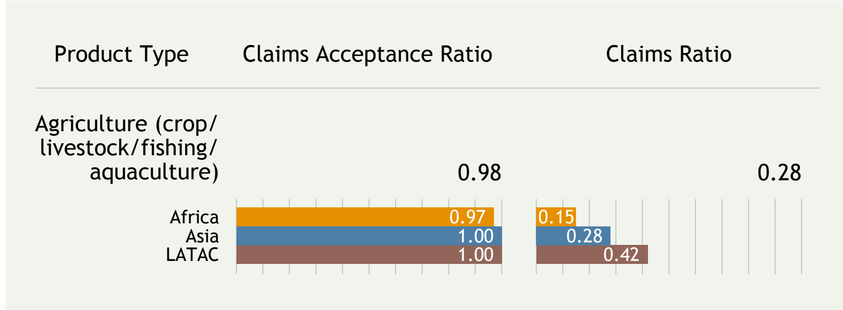
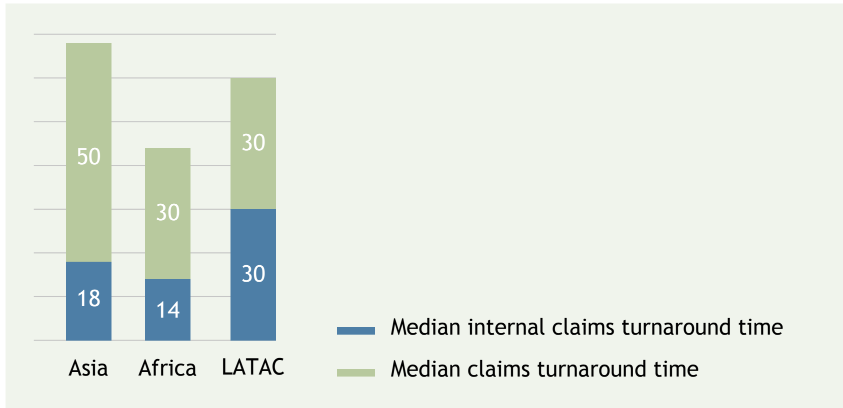


FIGURE 44

TOTAL CLAIMS TURNAROUND TIMES AND INTERNAL TURNAROUND TIMES FOR AGRICULTURE MICROINSURANCE PRODUCTS

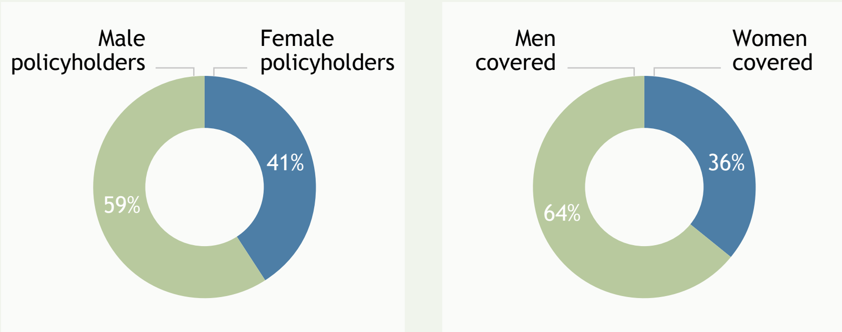


[50] Many insurance providers do not systematically track the time taken between a claim event occurring and the claim being submitted, and the Landscape survey received fewer responses on external turnaround times in comparison to internal turnaround times. It is therefore important to take into account that information on internal turnaround times is likely to be more reliable than that for external turnaround times and to interpret overall turnaround times with some caution.

Women's access to agriculture microinsurance

Where insurers provided data on the gender of their customers, women represented 41% of policyholders and 36% of people covered for agriculture insurance. However, in many cases this information was not provided, with no information provided on the gender of policyholders for 44% of products, and no information on the gender of people covered for over 70% of products.

FIGURE 45
THE PROPORTION OF FEMALE POLICYHOLDERS AND WOMEN COVERED FOR AGRICULTURE MICROINSURANCE



The role of women in agricultural production is undeniable, but the sector is underperforming in many developing countries, partly because women face more severe restraints than men in accessing resources for agricultural production.[51] Insurance is one resource that women farmers have not been able to access to the extent of their male counterparts.

Challenges in access to insurance relate to formal land ownership, which is more likely to be in the name of male relatives, as well as the choice of crops insured which may not prioritise crops farmed by women, among other factors. Some interviews suggested that there are some efforts by companies or national initiatives to develop specific solutions to meet the needs of and reach women in agriculture. However, it is evident that, in many countries, there remains much to be done.

Climate risk

Agricultural insurance is the microinsurance line of business that has historically been most closely related to climate risk. Climate risk is indeed the main risk covered by agriculture microinsurance products, as discussed previously, with 68% of reported products covering climate risk directly, and many others covering risks such as death of livestock which are impacted by climate risk.

In order to better manage climate risk in the Philippines – for agriculture and other product types – the Philippine Catastrophe Insurance Facility (PCIF) was established in 2020. This case is explored in Box 13.

[51] FAO (2011). The role of women in agriculture: ESA Working Paper No. 11-02.

BOX 13
PHILIPPINE CATASTROPHE INSURANCE FACILITY (PCIF) – POOLING CAPACITY TO BOOST CLIMATE INSURANCE IN THE PHILIPPINES

Companies in the PCIF can pool risks with other participating companies, allowing them to cover larger risks than they could alone and manage their catastrophe exposures more effectively. Through this pooling mechanism, the facility is expected to reach a capacity of USD 25.5 million.

In the Philippines, the insurance sector does not have the financial capacity to handle the climate disaster risks facing the country. In 2018, it was estimated that the annual expected loss from natural catastrophes, at over USD 1.1 billion, represented over 70% of the industry's net worth, at USD 1.5 billion that year. Partly because of this lack of capacity, climate insurance has achieved little penetration in the Philippines, and most climate risk that is insured is transferred to reinsurers outside of the country.

To address national capacity and increase provision of climate insurance, the Philippines Insurance Commission, with assistance from the World Bank and in partnership with the Philippine Insurers and Reinsurers Association and the National Reinsurance Corporation of the Philippines, set up the Philippine Catastrophe Insurance Facility (PCIF) which is to be implemented from 2023. Participating companies in the PCIF can pool risks, allowing them to cover larger risks that they could not otherwise cover alone, and manage their exposure to catastrophes more effectively. Through this pooling mechanism, the facility is expected to reach a capacity of USD 25.5 million.

The PCIF also aims to improve the sustainability of catastrophe insurance in the country by setting a minimum premium rate above that generally used in the market, using technically proven rates. This is seen as vital to make sure that insurers have sufficient premium reserves to respond to disasters.

To improve the experience for customers, with the support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the facility is also working on initiatives to ensure timely claims payments, to adapt climate insurance products to the needs of specific population segments (such as micro and small enterprises and homeowners), and to increase climate insurance awareness and understanding.

Reinsurance

The use of reinsurance is reported for 41% of agriculture microinsurance products, with the figure varying at a regional level between 38% in Africa, 33% in Asia and 83% in Latin America and the Caribbean. These figures are higher than most other product lines (27% of products across all product lines reported using reinsurance), reflecting the need to transfer the catastrophic risks associated with agriculture insurance products.

Property and income

KEY TAKEAWAYS

- In the 34 countries covered, approximately 22 million people received protection for property or income risks through a microinsurance product. This figure, along with a median number of 3,600 people reached per product, is relatively low compared to other risk types, reflecting that these products are still in their infancy in the microinsurance market and less well-established in comparison to personal products like life and health insurance.
- The majority of people covered by property and income products were in Asia, where 22 products covered 12 million people.
- Where information on the primary distribution channel was provided, financial institutions were overwhelmingly the channel reaching the highest number of people for property and income products, at close to 11 million people reached in total.
- A wide range of payment channels are used, including direct debits (for 39% of products) and mobile money or e-wallets (for 18% of products). Cash has a relatively limited role, as the primary payment method for just 19% of products, compared to 28% for all product lines, likely reflecting higher use of technology and financial tools among customers with higher incomes who are more likely to own homes, vehicles and businesses.
- The median claims ratio for property and income products in 2021 is 21%, up from 12% in 2020.
- For those products which reported gender data, women represent a median of 60% of people covered and 47% of policyholders for property and income microinsurance.
- Whereas the microinsurance sector's focus with regard to climate risks was initially on agriculture, coverage is increasingly being offered to individuals and MSMEs, frequently in the form of property or income insurance. Of the products that reported to this study, seven property products and four business interruption products include cover for climate risks, jointly covering 10.5 million people.

Market size and evolution (people, premiums, number of products and players)

For the purpose of this study, four product types are included under the category of property and income insurance: business interruption insurance, extended warranties,[52] car or motorcycle insurance, and property insurance. Overall, 76 products were reported in this category (up from 72 in 2021), jointly covering approximately 12 million people. This number has tripled in comparison to the 4 million people recorded for these product lines in 2020.[53]

The majority of people covered by property and income products were in Asia, where 22 products covered 12 million people, compared to 37 products covering 0.4 million people in Africa, and 17 products covering just 0.2 million people in Latin America and the Caribbean. Overall, property insurance products account for a relatively small proportion of those covered through microinsurance, at approximately 5% of all people covered.

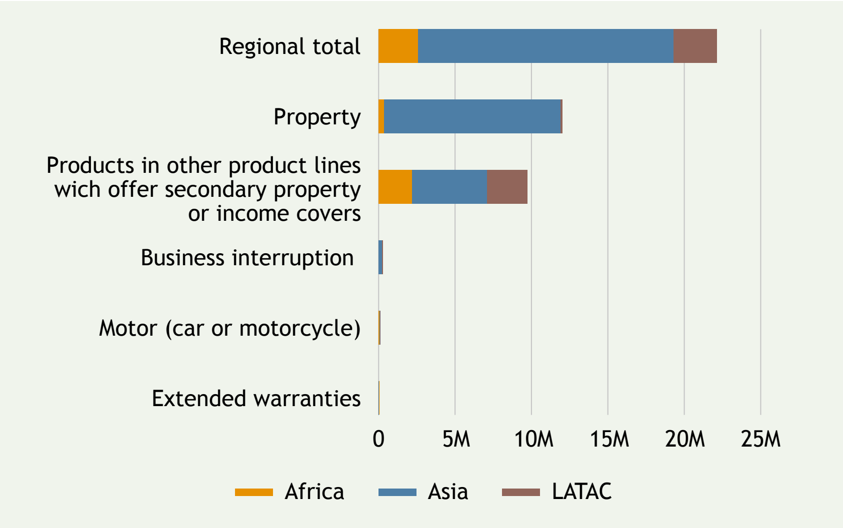
In addition to the products in this category, various property risks (including damage to goods and vehicles, loss of income, damage or theft of home and contents and electronic gadgets, and risks faced by MSMEs) were covered as secondary risks under products in other product lines, including funeral and credit life products.

A total of approximately 10 million people were covered under these products (2 million in Africa, 5 million in Asia and 3 million in Latin America and the Caribbean). As a result, a total of 21 million people (Figure 46) received some protection against property or income risks through a microinsurance product (2.5 million in Africa, 16 million in Asia and 2.7 million in Latin America and the Caribbean).

[52] Due to the low number of products reported under the "extended warranty" category, the data for this product line is only provided for figures that are counts or totals, and not for ratios, averages or medians.

[53] Due to the relatively small number of property and income products reported each year, it is not possible to compare products reporting in all three years for this category.

FIGURE 46
NUMBER OF PEOPLE COVERED FOR PROPERTY RISKS (2021)



BOX 14
PROPERTY AND INCOME MICROINSURANCE FOR SUSTAINABLE DEVELOPMENT

Property and income microinsurance contribute to the achievement of the SDGs, particularly to SDGs 1, 5 and 8:

SDG 1 - No poverty: Loss or damage to business premises, important assets or business stock puts the capacity of individuals and businesses to generate income in jeopardy, putting entrepreneurs, employees and their families at risk of poverty. In addition, the loss of a family's home can force them into inadequate housing. Finally, lost income for any reason puts families at severe risk of poverty and may force them to resort to desperate coping mechanisms such as reducing food intake or taking children out of school.

SDG 5 - Gender equality: Women-led MSMEs are often particularly exposed to risk and have access to fewer risk management mechanisms, including insurance. A survey of MSMEs in 13 African countries by IFC found that a quarter of businesses were forced to close during the COVID-19 pandemic and that the impacts were more severely felt by women-led businesses.[54] Microinsurance designed for MSMEs has an important role to play in bridging the gender protection gap among MSMEs.

SDG 8 - Decent work and economic growth: MSMEs are drivers of economic growth and employment around the world, responsible for around 50% of global employment and contributing (in the case of formal small and medium enterprises alone) up to 40% of national income in emerging markets.[55] These businesses are highly vulnerable to shocks and microinsurance can support them to withstand these, as well as gain access to credit to support growth. Income insurance also provides greater security to workers, contributing to decent work.

Premiums collected

A total of USD 133 million in premiums were collected for property and income products in 2021 (USD 53 million in Africa, USD 52 million in Asia and USD 28 million in Latin America and the Caribbean), up 60% from USD 83 million the previous year. Premiums per person covered vary between product types, with the highest cost for motor insurance at USD 42.6, and much lower costs for property (USD 8.3) and business interruption (USD 4.6). For property and income microinsurance products, the premium represents a median of 0.6% of the sum insured (0.6% for business interruption, 1.2% for motor and 0.5% for property).

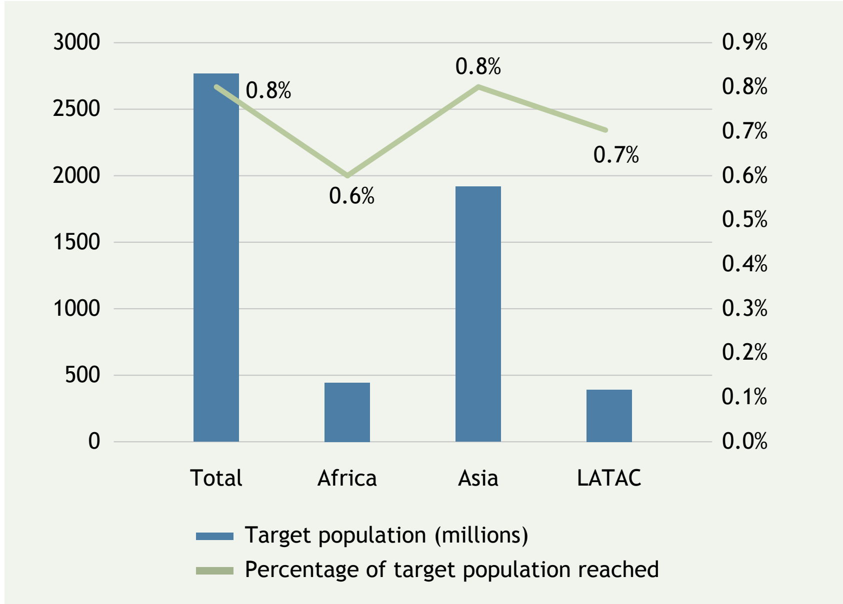
Market share

The number of people recorded as covered by property and income microinsurance in 2021 represents 0.4% of the estimated microinsurance target population in focus countries (0.1% in Africa, 0.6% in Asia and 0.05% in Latin America and the Caribbean; see Figure 47). The number of people covered against property and income risks, regardless of product type, represents 0.8% of the target population (0.5% in Africa, 0.9% in Asia and 0.7% in Latin America and the Caribbean).

The estimated value of the market for property and income microinsurance in the Landscape focus countries (calculated as the median premium for property and income products in each region multiplied by the target population of focus countries in each region) is USD 22 billion (USD 4 billion in Africa, USD 7 billion in Asia, and USD 11 billion in Latin America and the Caribbean). The penetration of the property and income microinsurance market for focus countries in 2021 is therefore 0.5% (1.4% in Africa, 0.8% in Asia and 0.3% in Latin America and the Caribbean).

[54] IFC (2021). COVID-19 and Women-led MSMEs in Sub-Saharan Africa: Examining the Impact, Responses, and Solutions.
[55] World Bank. Small and Medium Enterprises (SMEs) Finance webpage (accessed 27th September 2022).

FIGURE 47
MARKET PENETRATION OF PRODUCTS COVERING PROPERTY AND INCOME RISKS (TARGET POPULATION AND PERCENTAGE OF TARGET POPULATION REACHED)



Scale

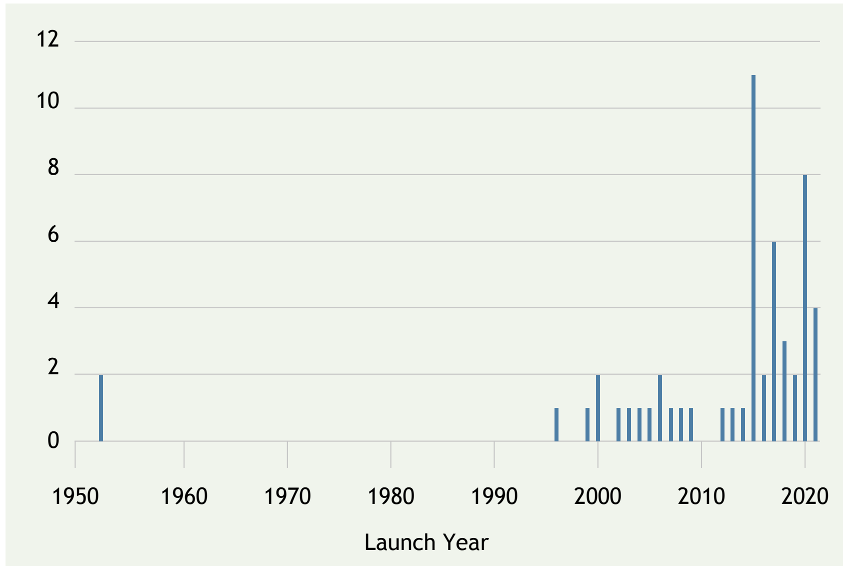
Property and income products reached a median of 3,600 people covered (1,050 in Africa, 8,200 in Asia and 8,400 in Latin America and the Caribbean). The scale reached varies between product lines, with a median of 2,460 people covered for property insurance, 4,870 for motor insurance and 13,100 for business interruption. These comparatively low figures for all but business interruption reflect that property products have not generally reached the scale achieved by other product types (the median for all product lines is approximately 8,000 people covered per product). Experts interviewed for this study agreed that property and income microinsurance remains relatively nascent in comparison with other microinsurance lines.

The median gross premium collected per product was USD 543,610, with the highest values collected for motor insurance products, at a median of USD 1,450,000, compared to USD 310,000 for business interruption, and USD 61,600 for property. Median premiums collected for both motor and business interruption products are considerably above the median of USD 183,000 for all product lines.

Products launched

Numerous products have been launched each year in the property and income category since 2015, when 11 new products were launched. Unlike for other product types, a relatively high number, at eight new products, were launched in 2020, at the height of the pandemic. The majority of these products were property insurance.

FIGURE 48
THE YEAR OF PRODUCT LAUNCH FOR PROPERTY AND INCOME PRODUCTS



Distribution and payments

In many cases, incomplete information on distribution was provided for property and income lines. Nonetheless, out of those products which provided information on the primary distribution channel, financial institutions were overwhelmingly the channel reaching the highest number of people, at close to 11 million people reached in total (Figure 50). This likely reflects the link between property insurance, particularly business and home insurance, and loans provided by financial institutions.

Going beyond the primary distribution channel for each product, a wider range of distribution channels were used for property lines. Other channels include aggregators, agents and brokers, NGOs, retailers and microfinance institutions (Figure 50). Box 15 explores a case in which motorcycle distributors act as the distribution partner for motorcycle insurance in the Philippines.

A wide range of payment channels are used for property and income products, with direct debit or standing orders the most popular (used for 39% of products). Mobile money or e-wallets are used for 18% of products. Cash has a relatively limited role in property insurance products, where it is used for just 19% of products (compared to 28% for all product lines). This may reflect higher use of technology and financial tools among customers with higher incomes who are therefore more likely to own homes, vehicles and businesses. An exception is seen in Asia, where half of the products use cash as their primary payment method.

FIGURE 49
THE NUMBER OF PEOPLE COVERED BY PRIMARY DISTRIBUTION CHANNEL

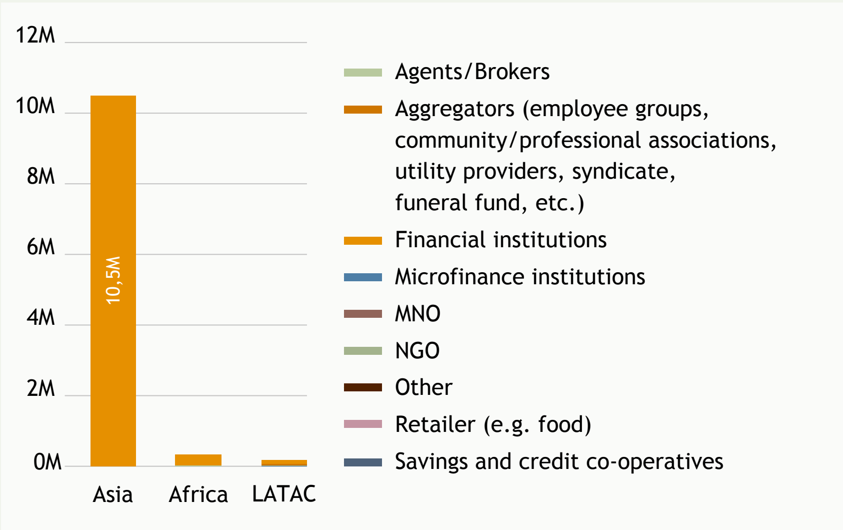
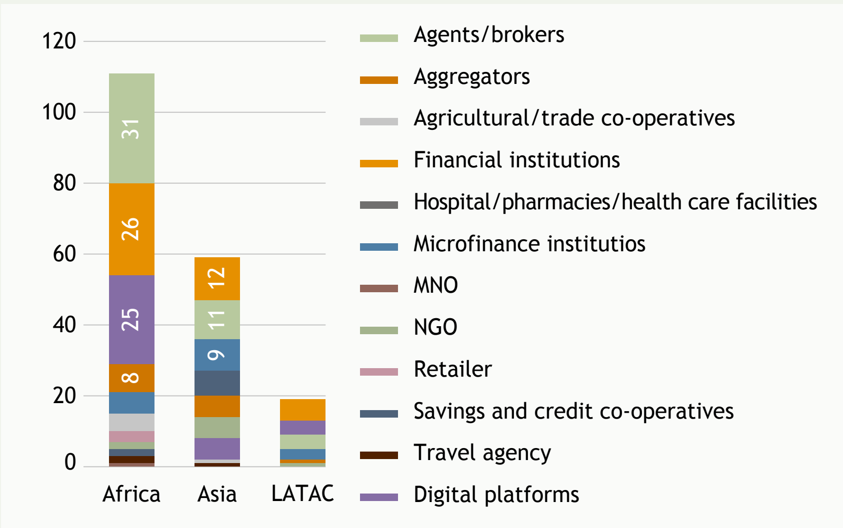


FIGURE 50
THE NUMBER OF PRODUCTS THAT MAKE USE OF EACH DISTRIBUTION CHANNEL



BOX 15
PIONEER - PARTNERING WITH MOTORCYCLE DISTRIBUTORS IN THE PHILIPPINES

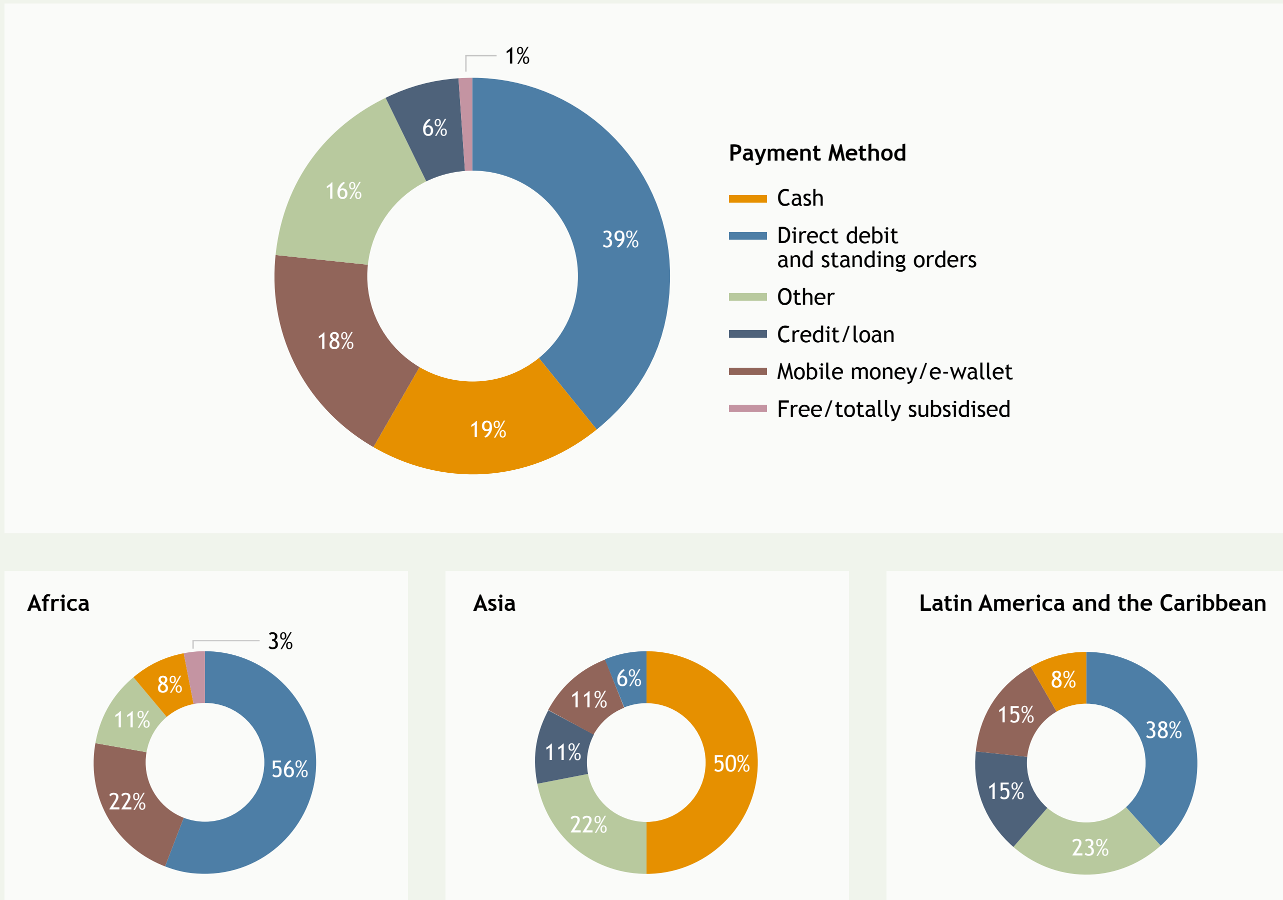
In recent years, Pioneer has been expanding its distribution beyond its traditional base with financial institutions in the Philippines. The company identified an opportunity to partner with motorcycle distributors to provide insurance coverage for those purchasing motorcycles in the country. This is a growing industry in the Philippines, which bounced back quickly after the initial months of the pandemic. Although low-income consumers in the country cannot generally afford a car, many can afford motorcycles, which are used for personal transport as well as for business purposes. In particular, the provision of motorcycle transport and delivery through ride-hailing apps has grown enormously in recent years.

Pioneer offers an insurance product made up of several bundled covers, including property and personal covers, which aim to meet the most important needs of the motorcycle distributor's customers. These covers include damage to the motorcycle, accidents, burial assistance, hospital cash, and third-party liability, among others. However, Pioneer works with each distributor to put together a bundle of covers which best responds to the specific needs and ability to pay of its customers. To make the product affordable, the premium is divided into monthly payments, following the model of monthly repayments for motorcycles bought on credit through the distributors.

The product has proved attractive for the distribution partner because it also helps these businesses manage their risks, and even brings in additional business. Many motorcycles are bought on credit and when the owner experiences a financial shock, such as when a motorcycle is damaged and the owner cannot afford repairs, or when the owner suffers an accident and cannot work, customers often stop paying back their loan. The insurance supports the motorcycle owners financially in such times, increasing the likelihood that they continue paying back their loan to the distributor. In addition, in some partnerships, Pioneer directs customers to the partner distributor for repairs to an insured motorcycle, generating additional business for the distributor.

The product was launched in 2014, and, in 2022, reached over 400,000 customers through more than 20 partners.

FIGURE 51
THE NUMBER OF PRODUCTS MAKING USE OF EACH PAYMENT METHOD FOR PROPERTY AND INCOME PRODUCTS



Social performance indicators

The median claims ratio for property and income products in 2021 is 21%, higher than the 12% median ratio for 2020. The ratio varies between regions, at 15% in Africa, 27% in Asia and 40% in Latin America and the Caribbean, as well as by product line. High claims ratios were seen in business interruption covers, with a median ratio of 74% and a particularly high median rate for business interruption policies in Latin America and the Caribbean at 103%, compared to lower median ratios for other product lines (25% for property insurance and 16% for motor insurance). Products launched before 2017 have a slightly higher claims ratio, at 16% compared to 14% for products launched more recently.

The median turnaround time for property and income insurance across the three regions is 19 days (compared to the median value of 30 days for all products reported in the study), with the highest turnaround time in Latin America and the Caribbean, at a total of 26 days (including ten days of internal turnaround time).[56] The total turnaround times for property and income products in Africa and Asia are 16 days in both cases (including internal turnaround times of four and five days respectively), higher than the median of ten days for all product lines in Africa, and below the median of 22 days for all product lines in Asia.

FIGURE 52
CLAIMS RATIOS AND ACCEPTANCE RATIOS FOR PROPERTY AND INCOME PRODUCT TYPES

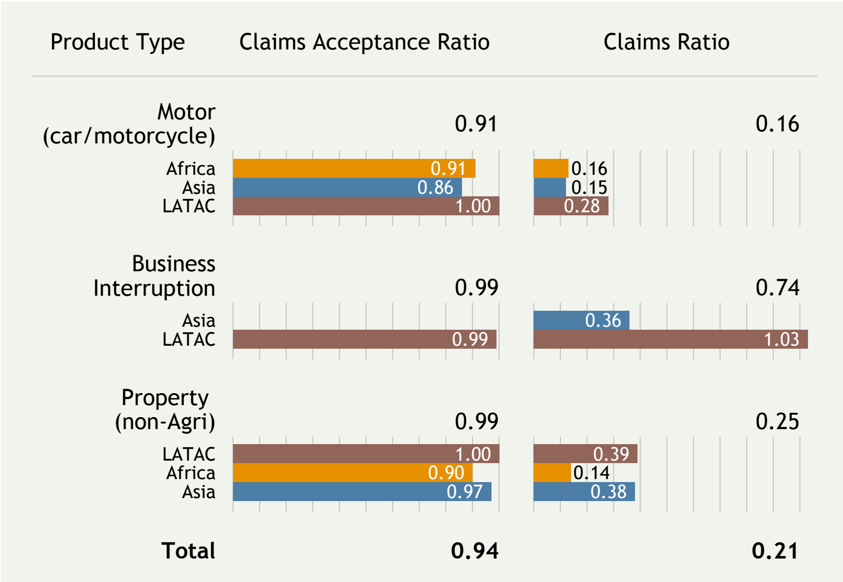
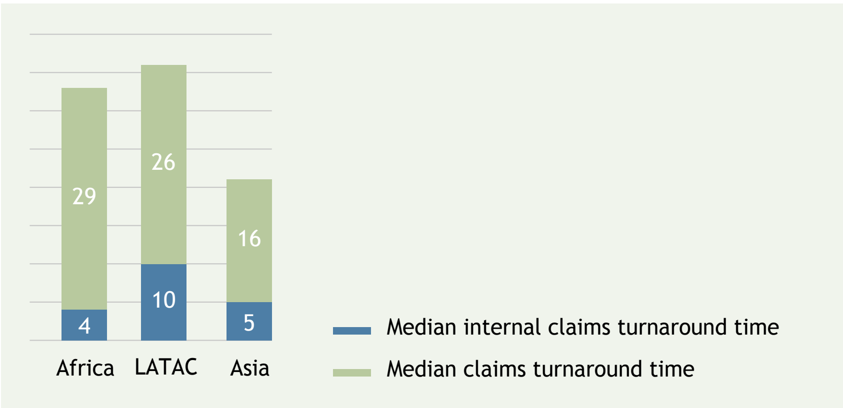


FIGURE 53
TOTAL CLAIMS TURNAROUND TIMES AND INTERNAL TURNAROUND TIMES FOR PROPERTY AND INCOME PRODUCT TYPES



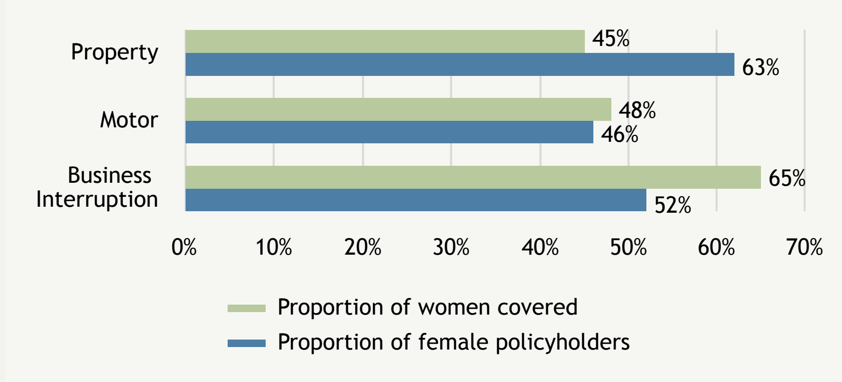
[56] Many insurance providers do not systematically track the time taken between a claim event occurring and the claim being submitted, and the Landscape survey received fewer responses on external turnaround times in comparison to internal turnaround times. It is therefore important to take into account that information on internal turnaround times is likely to be more reliable than that for external turnaround times and to interpret overall turnaround times with some caution.

Women's access to property and income microinsurance

For those products which reported gender data, women represent a median of 60% of people covered and 47% of policyholders for property and income microinsurance. These median ratios are higher than those reported in 2020, when women represented a median of 51% of people covered and 41% of female policyholders for property and income product lines. The highest proportion of female policyholders is for property insurance, at 63% (Figure 54). One house and contents insurance product in South Africa with high take-up among women is explored in Box 16.

However, gender data was not provided in many cases. For property products, gender information on policyholders is provided in 43% of cases, and gender information on lives covered in 40% of cases. For motor protection products, gender information on policyholders is provided in 72% of cases, and gender information on lives covered in just 8% of cases. In the case of business interruption, gender information on policyholders is provided in 50% of cases, and gender information on lives covered in 25% of cases.

FIGURE 54
PERCENTAGE OF WOMEN COVERED AND POLICYHOLDERS FOR PROPERTY PRODUCTS



BOX 16
LUMKANI AND HOLLARD – PROTECTING HOMES IN INFORMAL SETTLEMENTS IN SOUTH AFRICA

In South Africa, owners of informal homes have lost ZAR 1.4 billion to fires over the last ten years.[57] To tackle this, Lumkani developed networked low-cost fire detection devices. These devices pick up early signs of fire, ring inside the home and send an SMS alert to the owner, as well as setting off all networked devices within a 60-metre radius, allowing others in the community to respond to the fire. In post-fire follow-ups, the networked fire devices provided by Lumkani were found to have reduced the spread of fires in 94% of cases.[58]

To provide more complete protection for their customers, Lumkani partnered with Hollard and launched house and contents insurance packaged with the fire detection device in 2016. Six years later, 10,000 clients now pay for the service on a monthly basis, of which two-thirds are women.

To make the product easy to understand and therefore sell, the insurance cover was designed to be highly simple with straightforward first-loss cover and no underwriting required. The premium is flat-rated, meaning that no rating factors are applied in pricing and all clients pay the same premium. Even though most residents are comfortable using phones and digital services, Hollard and Lumkani found that face-to-face interaction is vital to generate trust and make sales. Agents are therefore recruited locally in each community, and customers can also ask questions through text or voice messages over WhatsApp.

Bank deposits and debit orders are not widely available or trusted among residents in informal settlements, and Lumkani and Hollard found that it cost customers a third of the price of the product just to travel to make the payment. They therefore partnered with a payment platform which facilitates payments through a network of readily available local shops and retailers. In addition, payments are highly flexible; customers can miss two months of premium payments and remain covered, and they can also pay for several months of cover at a time (when their disposable income is higher). This reflects the irregular income flows of many customers and plays an important role in building trust.

Finally, to facilitate the claims process, the Lumkani agents take photos of key assets when a customer signs up and uses a GPS addressing approach for informal homes that do not otherwise have addresses. This helps in paying claims quickly and is also important in avoiding fraud.

[57] GSMA (2019). Grant project lessons and outcomes: Lumkani Fire Detection & Insurance
[58] GSMA (2019). Grant project lessons and outcomes: Lumkani Fire Detection & Insurance

Climate risk

Property and climate risks are closely linked, with property such as homes and business premises, as well as possessions and business stock, being vulnerable to damage as a result of natural disasters. In addition, both businesses' and workers' income can be impacted when businesses are unable to function, for example a market being closed due to heavy rains. Whereas the microinsurance sector initially focused on the impacts of climate risks on agriculture, coverage is increasingly being offered to individuals and MSMEs, frequently in the form of property or income insurance.

Of the products that reported to this study, seven property products and four business interruption products include cover for climate risks, jointly covering 10.5 million people. The largest number of such products (three property products and four business interruption products with climate covers) is in Asia.

Reinsurance

Around 14% of property and income products report the use of reinsurance, at 19% in Africa, 14% in Asia and 6% in Latin America and the Caribbean for this product category. The figure is highest for property microinsurance, for which reinsurance is used in 21% of cases.

Conclusions

2021 appears to have marked a year of recovery for the microinsurance industry from the challenges of the COVID-19 pandemic. In particular, when only considering those products which reported to the Landscape in all three years from 2019 to 2021, we see an increase of 93% in people covered, marking a return to above pre-pandemic levels of coverage. Life and credit life were the product lines covering the highest number of people, followed by health products.

The number of people recorded as covered by microinsurance in 2021 represents up to 8% of the target population across the countries covered by the study. Expanding access to microinsurance is an important business opportunity. This study estimates the value of the microinsurance market in the 34 countries included in the study at USD 30.9 billion, and that just 7% of this value is currently captured. Moreover, the combined efforts of the insurance industry, distributors, governments and international actors to increase the penetration of microinsurance represents an important contribution to achieving the SDGs.

Microinsurance products covering health risks cover 81 million people in the 34 countries studied. These products support customers to avoid crippling healthcare costs that can force them into poverty (SDG 1), allow customers improved access to health services, improving their health and well-being (SDG 3), and support gender equality (SDG 5) by increasing the tools available for women to manage their health risks and access quality care. New health microinsurance products have been launched at an accelerating rate since 2013, showing the growing interest of insurers in meeting the health needs of low-income and emerging customers. In addition to stand-alone health insurance products, health covers are increasingly included as bundled covers in other product types, particularly in the case of hospital cash covers.

Products covering life and accident risks reached 169 million people in the countries studied and were particularly prevalent in Asia (reaching 98 million people). These products help families to avoid falling back into poverty due to the death or accident of a family member (SDG 1) and can support those who have experienced an accident to take the necessary time off to recover, helping them to achieve better health and well-being (SDG 3). Finally, these products provide an alternative to those in the informal economy unable to access employment or social security benefits , as well as promoting access to credit and

therefore opportunities for economic growth (SDG 8). The importance of life microinsurance has been highlighted as a result of COVID-19, with increased claims ratios in certain lines reflecting the increased mortality brought about by the pandemic.

Approximately 8 million people received protection for agriculture and aquaculture activities or for livestock through a microinsurance product. This branch of microinsurance has been of particular interest to governments and donors and is frequently offered with subsidies (10% of products in the three regions, and 40% in Latin America and the Caribbean, were reported as 100% subsidised). Agriculture microinsurance makes an important contribution to the SDGs, providing a safety net for those who depend on agriculture for their livelihoods and helping them avoid poverty (SDG 1) and supporting farmers' resilience and growth, a vital element of sustaining food production and avoiding hunger around the world (SDG 2). Finally, agriculture microinsurance provides necessary protection to farmers at the frontline of climate change (SDG 13). However, despite the undeniable importance of women in agricultural production, women represented a relatively low proportion of policyholders (41%) and women covered (36%) for this product line, highlighting an important gap that needs addressing.

Property and income insurance products reached a relatively low number of people, at 22 million across the 34 countries studied, reflecting that these products are still in their infancy in the microinsurance market and less well-established in comparison to personal products like life and health insurance. Continued efforts to increase the penetration of property and income products matter, as they provide much-needed support for households and small businesses. They help individuals and businesses avoid the financial impacts of the loss of important assets, which can otherwise result in poverty (SDG 1), and promote the resilience and growth of MSMEs, which are a cornerstone in driving employment and economic growth (SDG 8). This is especially important in the case of women-led MSMEs (SDG 5), which tend to have access to fewer risk management mechanisms.

The role of insurance in tackling climate risk, and contributing to SDG 13, is increasingly recognised beyond its traditional sphere of just agriculture insurance. Microinsurance products can protect urban as much as rural consumers against natural disasters, and the links between climate and the topics of health, well-being and economic success are becoming increasingly clear and gradually being integrated into microinsurance schemes.

The extent of the sector's contribution to the SDGs depends on the quality of microinsurance products offered and monitoring social performance indicators is therefore vital. For 2021, a median claims ratio of 22% for all products was reported, alongside a median claims acceptance ratio of 97% and turnaround time of 19 days (with ten days of internal turnaround time). The median claims ratio represents an increase from 2019 (of seven percentage points, or nine percentage points if only products reporting in all three years are considered). An uptick in activity as pandemic restrictions were gradually lifted, and in the filing of delayed claims, such as for delayed medical procedures, are likely behind the increased claims ratios.

Women's access to insurance is also vital to ensure that microinsurance supports progress towards achieving all the SDGs, and particularly SDG 5 on gender equality. Where data on gender was available, women make up a median of 49% of microinsurance policyholders and a median of 50% of people covered by microinsurance products. However, this information is incomplete, with providers not providing information on gender on 58% of products. Generating better data on women's access to insurance is a vital step to improve their access to insurance and better demonstrate the contribution of microinsurance to the SDGs.

Appendix A: Methodology

The Landscape of Microinsurance Study 2022 presents information on microinsurance markets in three regions: Africa, Asia, and Latin America and the Caribbean. Since 2018, the Landscape has adopted a methodology which focuses on selected countries across the three regions, with annual follow-up in the same countries, as far as possible, to support market development. For this study, Argentina, Burkina Faso, Ecuador and Guatemala were added to the list of focus countries.

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.

In some cases, despite best efforts, it proved impossible to obtain responses from a representative number of insurers (see Appendix B for response rates in each target country). In particular, no insurance providers responded in Vietnam and only one provider responded in Thailand. In some countries, including Colombia, India and Zimbabwe, the information was supplemented through publicly available data on total people covered and premiums.

TABLE A1
FOCUS COUNTRIES FOR THIS LANDSCAPE REPORT

AFRICA	ASIA	LATIN AMERICA AND THE CARIBBEAN
Burkina Faso	Bangladesh	Argentina
Cote d'Ivoire	Cambodia	Bolivia
Egypt	India	Brazil
Ghana	Indonesia	Colombia
Kenya	Nepal	Costa Rica
Morocco	Pakistan	Ecuador
Nigeria	Philippines	El Salvador
Rwanda	Sri Lanka	Guatemala
Senegal	Thailand	Jamaica
South Africa		Mexico
Tanzania		Peru
Uganda		
Zambia		
Zimbabwe		

In total, 253 insurance providers submitted self-reported product-level data on 935 microinsurance products. Data covered a 12-month period: either the calendar year 2021, or a 12-month period of the insurer's choice between 2021 and 2022, where the company's standard reporting periods made it easier for data to be provided in that way.[59] 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.

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.

59 In the main text of the report, this 2021/2022 data is referred to simply as 2021 data, given that this was the most frequent reporting period.

It should be noted that although data on investment and savings products was collected, this product line is not included in calculations of premiums per person covered, premiums as a proportion of sum insured, or claims ratios, because of the characteristics of this product line. Premiums reported include an insurance component and a savings component that is returned to the customer, meaning that the premium figures are not entirely comparable to those in other product lines.

To validate the trends observed in the data and provide context and further information, interviews were carried out with 13 experts across Africa, Asia, and Latin America and the Caribbean. These interviews provide a broader picture of emerging trends in the microinsurance markets in each region. In addition, interviews were conducted with nine insurance providers to prepare the case studies featured throughout this report.

Finally, 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.

Appendix B: Targeted insurers 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. The following table shows the response rate in each focus country.

TABLE B1
THE RESPONSE RATE OF INSURANCE PROVIDERS IN EACH COUNTRY

	Number of insurers targeted	Number of insurers who responded	Response Rate
AFRICA			
Burkina Faso	7	3	43%
Cote d'Ivoire	11	2	18%
Egypt	11	9	82%
Ghana	19	16	84%
Kenya	14	7	50%
Morocco	8	4	50%
Nigeria	23	16	70%
Rwanda	7	2	29%
Senegal	10	3	30%
South Africa	13	7	54%
Tanzania	15	3	20%
Uganda	27	4	15%
Zambia	12	5	42%
Zimbabwe	39	39	100%
ASIA			
Bangladesh	13	13	100%
Cambodia	5	4	80%
India	20	19	95%
Indonesia	11	11	100%
Nepal	17	9	53%
Pakistan	11	5	45%
Philippines	16	16	100%
Sri Lanka	10	6	60%
Thailand	19	1	5%
Vietnam	5	0	0%
LATIN AMERICA AND THE CARIBBEAN			
Argentina	20	8	40%
Bolivia	10	4	40%
Brazil	15	8	53%
Colombia	9	3	33%
Costa Rica	5	2	40%
Ecuador	5	3	60%
El Salvador	11	4	36%
Guatemala	8	8	100%
Jamaica	5	2	40%
Mexico	7	5	71%
Peru	11	5	45%

Appendix C: Response rate per indicator and per region

TABLE C1
PROPORTION OF PRODUCTS PROVIDING USABLE DATA FOR EACH INDICATOR

Indicator	Africa	Asia	Latin America and the Caribbean	All regions
People covered	71%	82%	80%	77%
Gross premium	90%	75%	88%	84%
Average premium per life	69%	76%	79%	74%
Launch year	76%	86%	81%	81%
Primary distribution channel	75%	58%	68%	67%
Information provided on at least one distribution channel used	96%	96%	89%	95%
Payment method	87%	88%	81%	86%
Claims ratio	79%	59%	67%	69%
Claims acceptance ratio	66%	50%	62%	59%
Average total claims turnaround time	49%	56%	62%	55%
Internal claims turnaround time	69%	64%	66%	67%
Female lives covered	40%	44%	42%	42%
Women as a percentage of policyholders	61%	44%	41%	50%
Reinsurance usage	68%	73%	73%	71%

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.

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