

2013 Convention

new solutions for a new world

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Business case for microinsurance

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Introduction

- Expansion into new markets (driven by profitability)
- Significant potential market



World: 4-5b potential risks. 500m covered



Africa: 44.4m covered (SA accounts for 60%)








Asia: 400m covered (India accounts for 75%)



Latin America: 44.9m covered (Mexico, Brazil account for 55%)

Introduction to case studies

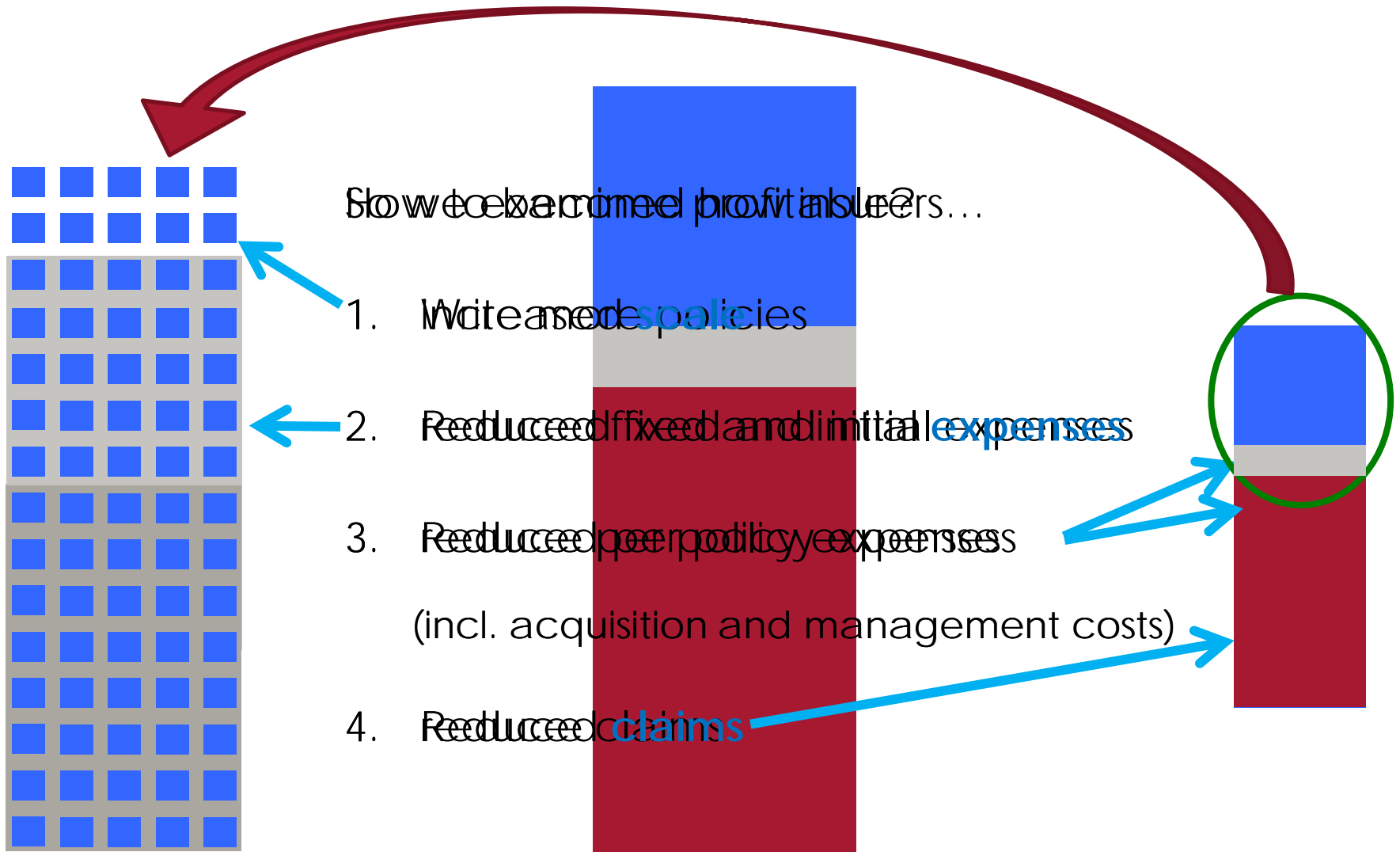
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Insurer	Products	Year	Profitable?
 OLDMUTUAL South Africa	Group funeral (M)	2003	✗ → ✓
 CIC INSURANCE GROUP LTD Kenya	Credit Life (M)	2001	✓ → ✗
 ICICI Lombard — GENERAL INSURANCE — India	RSBY Weavers & Artisans	2008 2006	✗ ✗ → ✓
 <i>La Positiva</i> Seguros Peru	Credit Life (M) Life Cover	2008 2009	✓ ✗
 ASEGURADORA RURAL Guatemala	Life Cover	2007	✓




Agenda

1. Framework used for testing profitability
2. Research method & challenges
3. Key findings (linked to framework)
4. Conclusion
5. Question time

Drivers of profit



Research method

Method	Comments
Data provided by insurers for financial analysis 	Level of detail insurers prepared to disclose Data not stored in sufficient detail Particularly for expenses
Interviews with managers 	Useful insights into drivers of profitability What has worked
Donor funded 	Sharing information vs. commercial sensitivities

Graph key



CIC – Kenya

— CIC Credit Life



Old Mutual SA

— Group funeral



ICICI Lombard – India

— W&A

— RSBY



ASR – Guatemala

— Life Cover

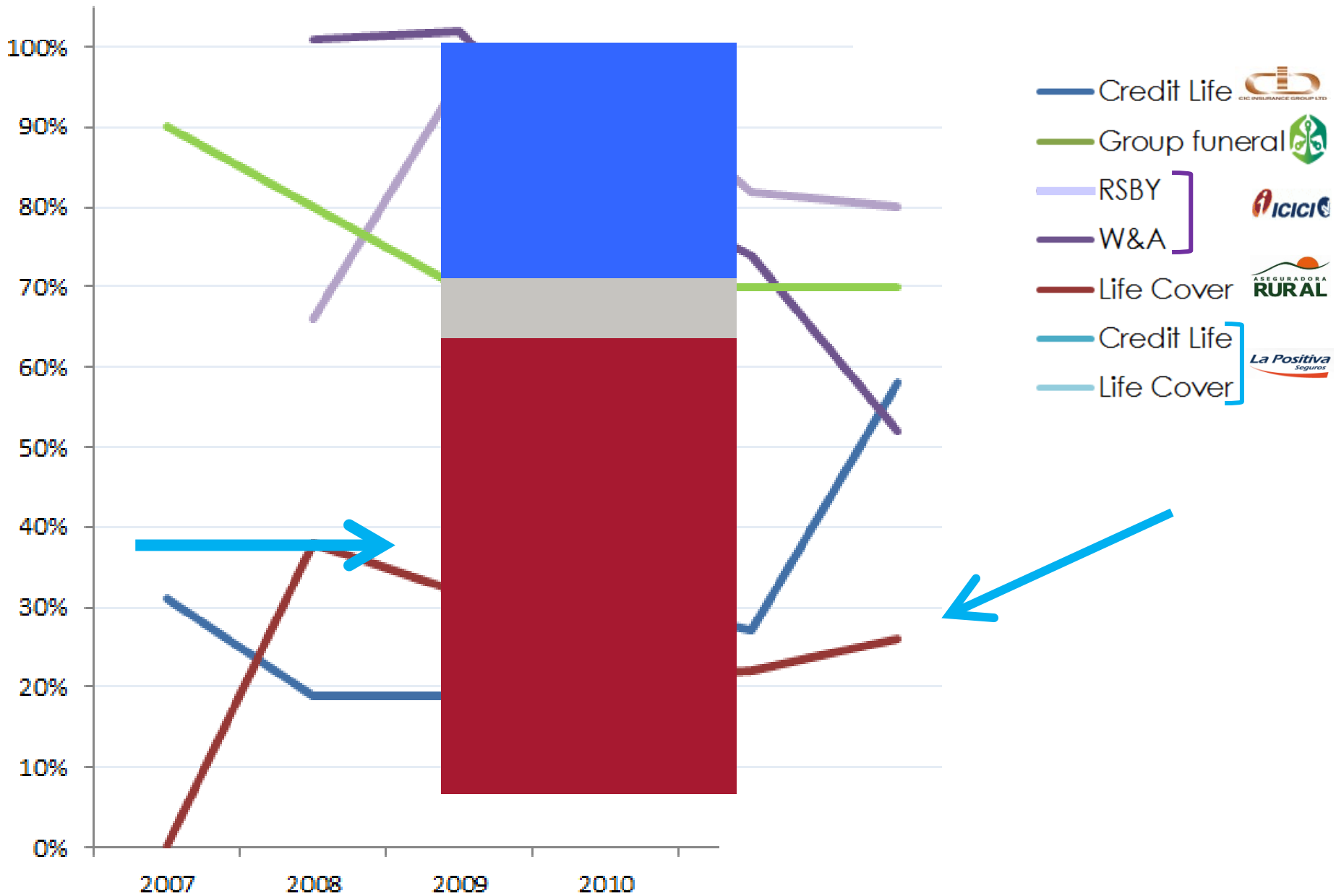


La Positiva - Peru

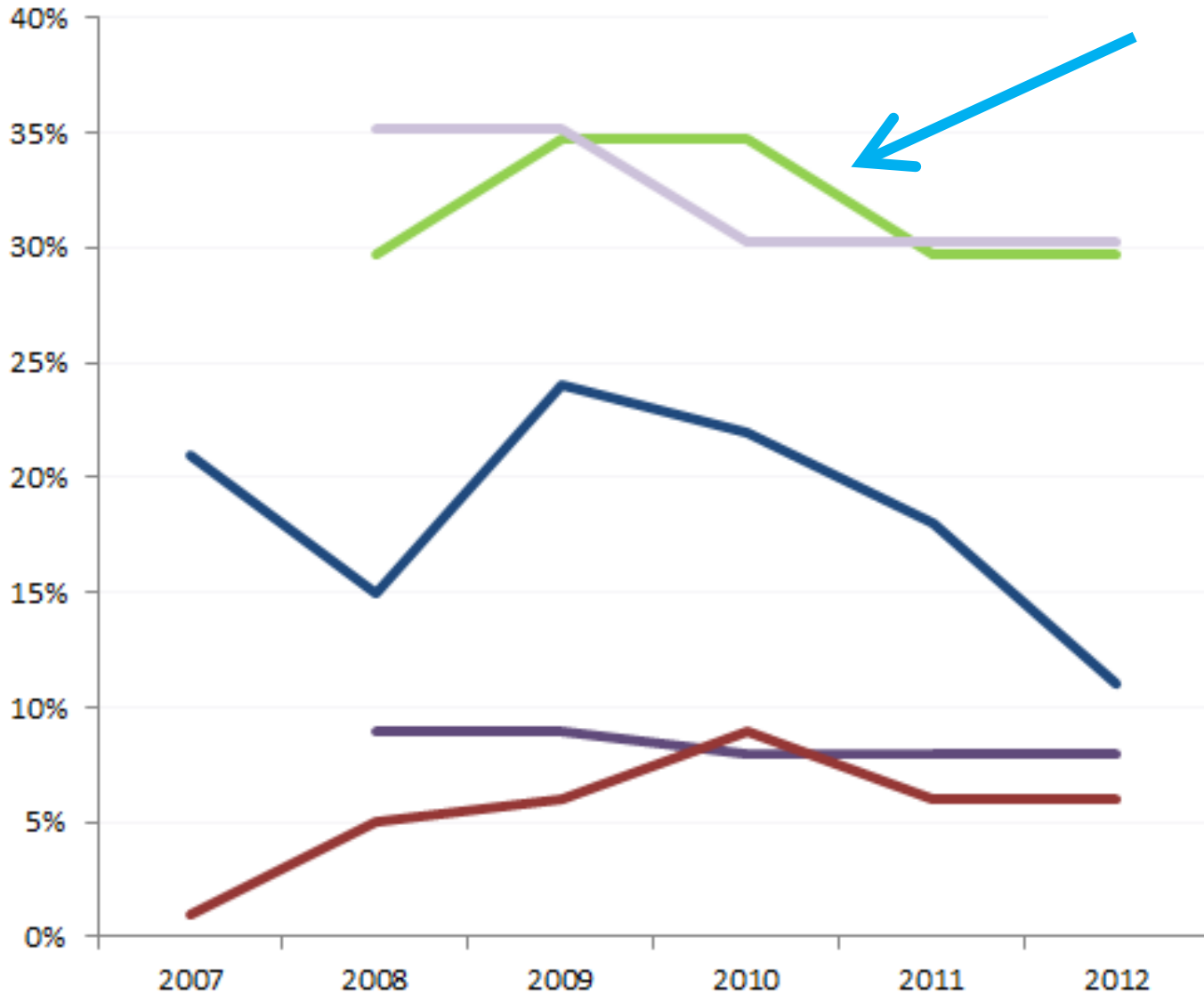
— Credit Life

— WB Life Cover

Gross claims ratios

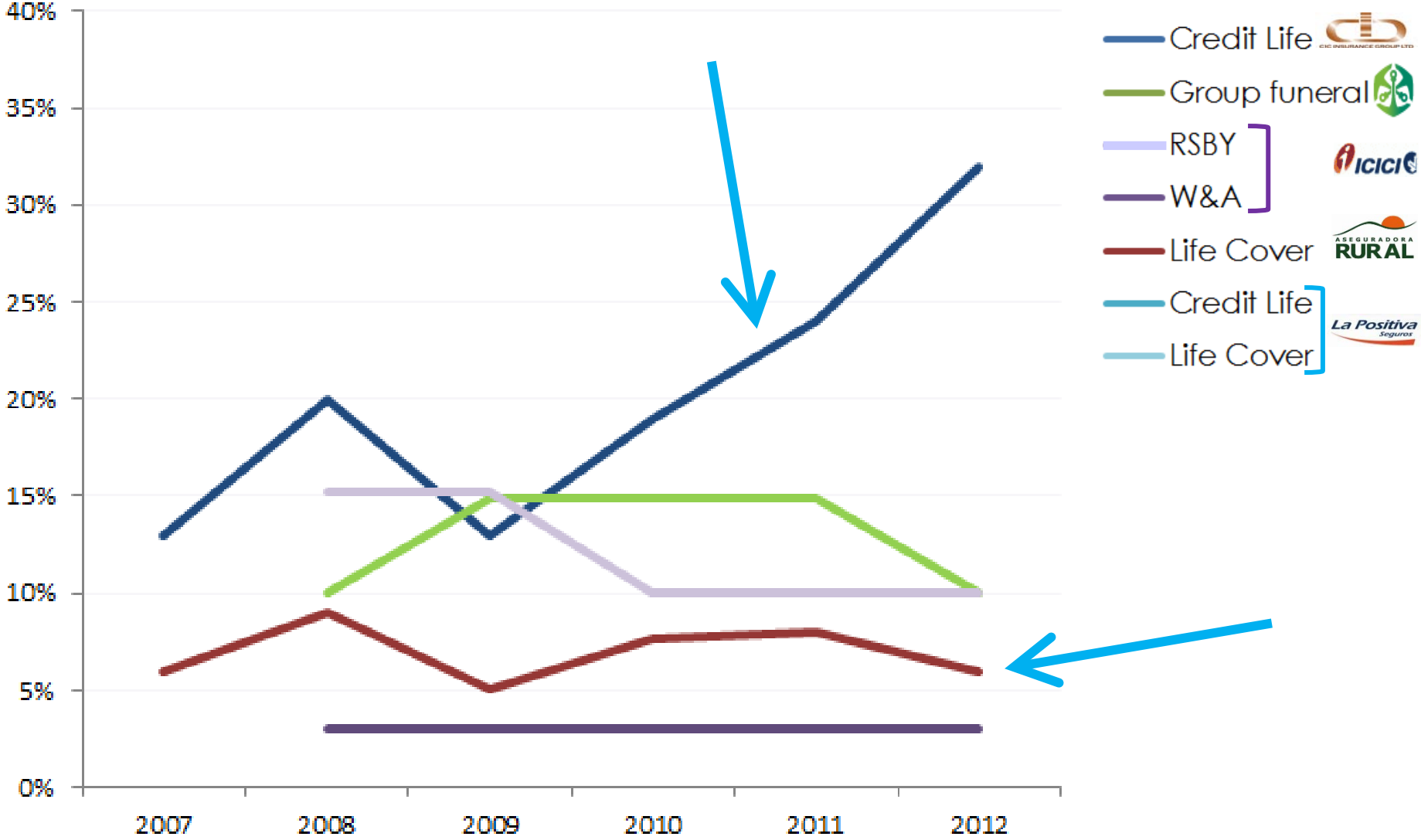


Acquisition costs / GWP

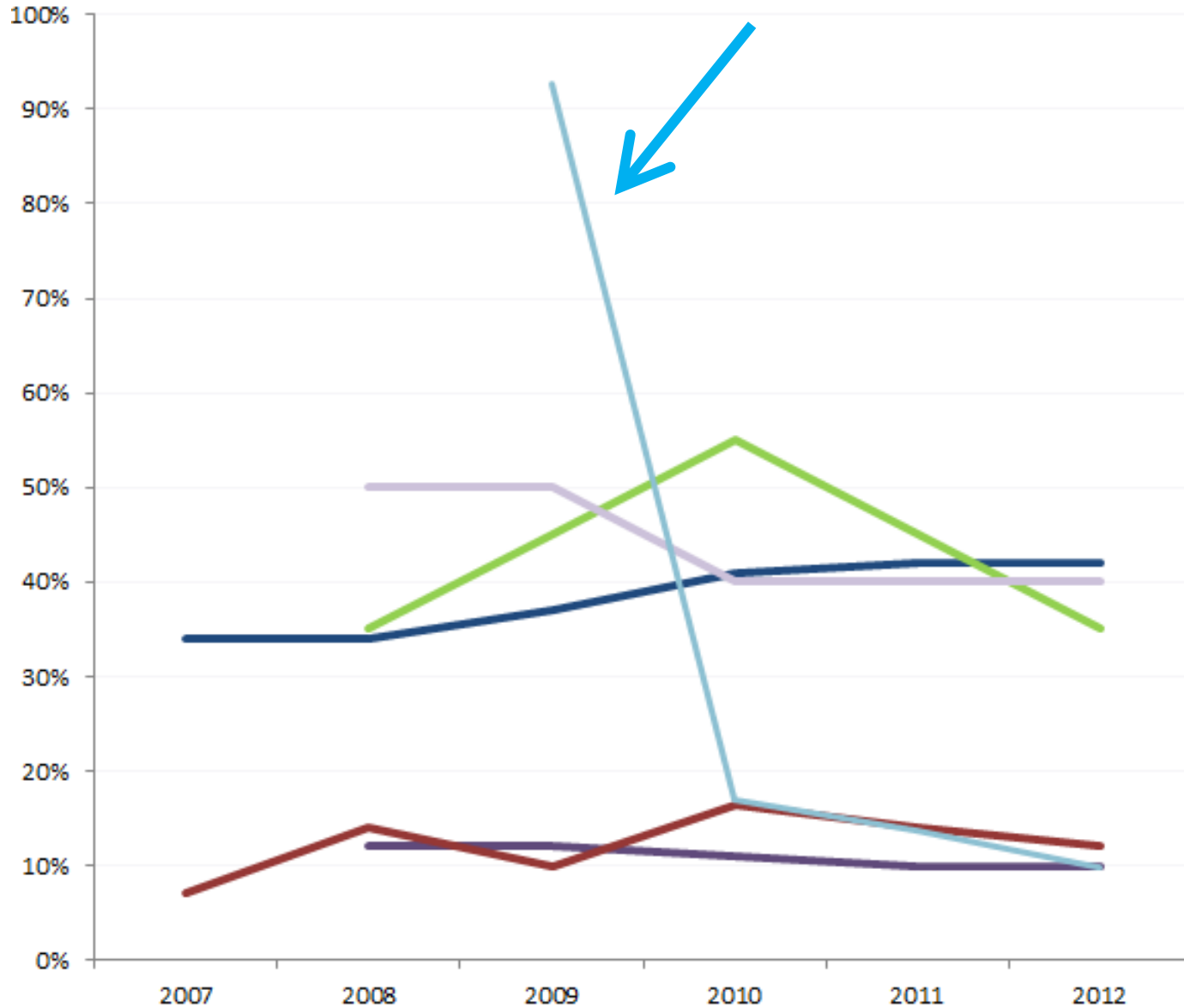


- Credit Life 
- Group funeral 
- RSBY 
- W&A 
- Life Cover 
- Credit Life 
- Life Cover 

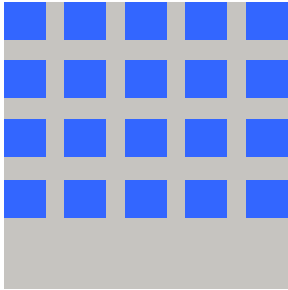
Management costs



Combined expenses



Summary of key insights



1. Effectively improve existing resources
 - Large client base
2. Monitor efficiency (as far as possible)
 - Existing infrastructure
2. Start with easy win e.g. credit life
3. Effort to continue growth
4. Demonstrate value for new products

Conclusion

The jury's still out...



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