The Landscape of Microinsurance in Asia and Oceania 2013

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Microinsurance in Asia and Oceania is growing fast. A number of governments such as India, Indonesia and the Philippines have started developing a regulatory framework to facilitate the development of innovative solutions. As more and more stakeholders see the potential of microinsurance for the insurance industry and for economic development in the region, the demand for detailed data on the status of microinsurance grows. However, until now, only sparse information on the latest trends, main growth drivers and key market development topics has been available.

With this first study on "The Landscape of Microinsurance in Asia and Oceania", published by the Munich Re Foundation and the GIZ-RFPI programme, the blank spots in Asia on the "World Map of Microinsurance" are now filled. We are very proud that this truly important milestone in the quest to improve access to insurance for the poor has been reached. The findings will assist in the development of local and regional strategies to increase outreach by identifying markets with a high potential for microinsurance. This includes substantial demand as well as interest on the part of the insurance industry and the governments.

The study is the continuation and complementation of the first landmark study, "The Landscape of Microinsurance in the World's 100 Poorest Countries" published in 2006, and its successors, and provides an overview of Africa, Latin America and the Caribbean.

The pioneering research carried out by the MicroInsurance Centre, the ILO/Microinsurance Innovation Facility and other organisations has laid the foundations for this latest publication. We would like to express our sincere gratitude for the privilege of being able to build upon the experience of the many experts who were involved in gathering the data in the past.

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Although many people provided inputs into this study, the authors alone are responsible for any errors, misunderstandings or omissions it may contain. The paper reflects the thoughts and conclusions of the authors and should not in any way be construed as representing the opinions, beliefs, allocations, conclusions or assumptions of the funders, respondents or others related to this study.

Dirk Reinhard
Vice-Chairman
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Abbreviations

ADB
Asian Development Bank

CBHI
Community-Based Health Institution

CBO
Community-Based Organisation

Coops
Cooperatives

GIZ
Deutsche Gesellschaft für Internationale Zusammenarbeit

IAIS
International Association of Insurance Supervisors

ILO
International Labour Organisation

IPS
Institute of Policy Studies of Sri Lanka

IRDA
Insurance Regulatory and Development Authority

HMI
Health Microinsurance

MAF
Mutual Assurance Fund

MFI
Microfinance Institution

MIF
Multilateral Investment Fund

m
Millions

NGO
Non-Governmental Organisation

NRCMS
New Rural Cooperative Medical Scheme

PICC
People's Insurance Company of China

RSBY
Rashtriya Swasthya Bima Yojana

ULIIP
Unit-Linked Insurance Products

URBMI
Urban Resident Basic Medical Insurance

US$
United States Dollar

Executive summary

Microinsurance is the silent offspring of the insurance and financial inclusion domain. Although informal and community-based insurances have existed for a long time, the history of formal insurance provision is relatively young in Asia and Oceania. To create a vibrant sector and understand the dynamics of this industry, it is imperative that the stakeholders are made aware of the status of microinsurance.

The 2013 Landscape of Microinsurance in Asia and Oceania study is a precursor initiative aimed at mapping the state of microinsurance in the region. Prior to this, only limited data was available to allow an understanding of the microinsurance sector in the region. Munich Re Foundation, with the support of GIZ (German Agency for International Cooperation), commissioned this study to fill in these gaps and provide the whole industry with reliable and valuable information on microinsurance developments in the Asian regions.

In previous publications[1], Asia was said to be the biggest market worldwide – mainly due to its considerable population and, to some extent, to its advanced insurance markets and regulations. The current investigation results support this statement.

Key findings

Outreach in Asia and Oceania is outstanding and amounted to 170.4 million low-income people by the end of 2012, as reported by the 228 study participants. This was achieved via a total of 507 products distributed over 24 countries. Previous landscape studies conducted in Latin America and the Caribbean[5] and Africa[6] show that the size of the market is hardly comparable to the markets in these regions.

Although the number covered is substantially higher in Asia, the percentage of people covered is only 4.3 % in Asia in comparison to 4.4 % in Africa and 7.6 % in Latin America. Hence improvements are still required to provide safety nets to a representative number of inhabitants in the region.

Box 1

Key numbers

— 31 countries evaluated
— 24 countries with microinsurance
— 250 respondents
— 228 providers
— 507 total products
— 170.4 million lives/properties covered by contributory and/or co-contributory schemes[2,3,4]
— 83.9 million life
— 29.2 million health
— 77.8 million accident
— 7.7 million property
— 23.8 million agriculture

The microinsurance industry in Asia and Oceania keeps on rising, with compound annual growth rates of 30 % (for number of people covered) and 47 % (for premiums generated) between 2010 and 2012. This growth is being facilitated by a number of identified driving forces, as described in the following.

Countries

India is ahead of other countries in terms of microinsurance outreach. With 111.1 million people covered, India is home to 65.2 % of the people covered in Asia and Oceania. The Indian microinsurance sector also generates 66 % of the premiums on the continent. Due to its massive market size, India contributes to 72 % of the growth in coverage and 80 % of growth in premiums in the region. India also registers the highest number of products offered and the highest number of microinsurance providers. However, the Indian microinsurance sector has so far been able to cover only 9 % of the overall population and 14.7 % of the potential microinsurance market size in the country.[7] In comparison, the microinsurance markets of the Philippines and Thailand are found to be more vibrant with a coverage ratio[8] of 20.6 % and 13.9 % respectively.[9]

Some of the countries in the region have started to grow rapidly over the last couple of years. Malaysia and Mongolia are important to note here, since they registered a more than 50 % annual growth rate both in terms of coverage and premium in the last two years. Indonesia, Fiji, China and Nepal are other countries with a high growth ratio in coverage, while Sri Lanka, Cambodia and Pakistan have attained high (>50 %) annual premium growth over the last two years. In total, ten of the top outreach countries cover approximately 99 % of total microinsurance coverage in Asia and Oceania.

Products

A total of 507 microinsurance products were identified by the landscape study at the end of 2012. Of all products, life insurance is the flagship of microinsurance in Asia and Oceania. It records the highest outreach, both in terms of people covered and number of policies in force (83.9 million and 33.8 million respectively). Health and agricultural microinsurance, however, are rapidly growing product types at a compounded annual growth rate of 131.8 % and 67.3 % respectively. With a share of 31.7 %, accident microinsurance contributes substantially to the industry's growth (coverage) in the region.

Regulations

Regulation has played an important role in the development of the microinsurance sector in Asia. India and the Philippines have pioneered by formulating first-ever microinsurance-specific regulations for their insurance industries. Vietnam and Cambodia also have some form of microinsurance regulation in place. Bangladesh, China, Indonesia, Pakistan and Sri Lanka were also seen to formulate their first-ever microinsurance-specific regulation last year. Countries in Asia and Oceania can be categorised into groups in terms of their respective microinsurance regulatory infrastructure. The Indian and Filipino regulations have attained some form of maturity, while regulators in countries such as China, Bangladesh, Pakistan and Indonesia are trying to promote their microinsurance sector by allowing newer entities into the sector, obliging commercial insurers to offer microinsurance, or by providing them additional benefits if they enter the sector. The regulatory and political environment of microinsurance is still in inception in countries such as Mongolia and Laos, where governments run their own microinsurance pilot projects and programmes. In some other countries, such as Thailand, Malaysia and Sri Lanka, the microinsurance sector has germinated under the aegis of their general insurance and/or microfinance regulations.

Providers and distribution channels

Although in Asia, microinsurance mainly developed from community-initiated schemes, regulated commercial insurers currently lead the sector. At present, commercial insurers have the largest outreach in each and every product type. They are followed by NGOs, CBOs, mutuals and cooperatives. Most of these providers appear to be optimistic for the future and are planning for substantial growth in the years to come.

The most commonly used distribution channels for microinsurance in Asia are the CBOs and other member-based organisations, which deliver 26% of the microinsurance products on the continent. Microfinance institutions are also frequently used, followed by conventional insurance and specialised microinsurance agents. Although gaining popularity in other continents, Asian providers are not taking the lead in mobile technology-based insurance distribution. However, interestingly, Papua New Guinea, which is otherwise a nascent market, has launched its first microinsurance product to be delivered exclusively through mobile phones. For others, less than 20% of the providers use mobile phones at any stage of their microinsurance delivery.

Social microinsurance

Twelve Asian countries have 23 different government-run social microinsurance programmes – mainly health and agriculture – serving approximately 1.7 billion individuals. These schemes lie midway between conventional microinsurance and traditional social security schemes. The difference lies in the fact that the risk is underwritten and borne by commercial insurance companies, while the government contributes towards the premium amount. These are important schemes given the fact that they often target, and deliver free insurance services to, the potential market of microinsurance. A large number of social health microinsurance programmes are implemented in these countries, offering in-patient hospitalisation covers to the poorest sections of society.

Conclusions

Countries in Asia and Oceania are in various stages of microinsurance sector development. While the markets in India and the Philippines are on their way to becoming stabilised, a lot of other countries in the region have recently just started to develop their respective microinsurance sector. Bangladesh, Indonesia, Nepal and Pakistan are important economies that have shown impressive growth in the last couple of years. These countries have grown at a rate of 7% (Bangladesh) – 103% (Indonesia) in terms of outreach and 23% (Nepal) – 57% (Pakistan) in terms of premium in the last couple of years. Other countries, for example China, Cambodia and Sri Lanka, have also shown growth potential through their limited product regimes. Microinsurance implementations can also be observed in Oceania, with a focus on technology-enabled distribution channels. In the near future, country-specific interventions will be required so that the natural growth of microinsurance in these countries is not disturbed but the sector can proliferate through innovative products, distribution and robust business environment support.

1 Churchill, Craig and Michal Matul: Protecting the Poor: A Microinsurance Compendium, Vol. 2. ILO and Munich Re Foundation, 2012, among other publications

2 Approximately 1.7 billion individuals and properties are reported to be covered by social microinsurance in the region. However, we have not included these numbers in the final outreach of microinsurance but have dedicated a separate section to their discussion (Section 9).

3 In addition to this, some 15–20 million people are reported to be covered by informal insurance schemes in Asia and Oceania. While informal insurance schemes are also similar to microinsurance, data on informal insurance can be mined only from focused country-specific studies. Although we have information on informal microinsurance schemes in some countries, we have excluded them from the current study, as data for all countries were not available.

4 As many products cover more than one type of risk, the total number of people covered by risk type (life, health, accident, etc.) does not add up to 170.4 million (the sum total for lives and properties covered).

5 McCord Michael, Molly Ingram and Clemence Tatin-Jaleran: The Landscape of Microinsurance in Latin America and the Caribbean. Munich Re Foundation and MIF, 2013

6 McCord Michael, Roland Steinmann, Clemnence Tatin Jaleran, Molly Ingram and Mariah Mateo: Munich Re Foundation and GIZ, Making Finance Work for Africa, 2013

7 Potential market size is defined by people living on between US$ 1.25 – US$ 4.0 per day (PPP adjusted). Please see Appendix 2 for details.

8 Coverage ratio is defined as total microinsurance coverage in relation to total population of the country.

9 The potential market coverage (alternative coverage ratio) of the Philippines and Thailand stands at 36.3% and 42.3% respectively.

1. Introduction

"The Landscape of Microinsurance in Asia and Oceania" is part of a larger exercise aimed at mapping microinsurance worldwide. Similar studies have been conducted in Latin America and the Caribbean, and in Africa in previous years; the Asian chapter completes the series.

The first "Landscape of Microinsurance in the World's 100 Poorest Countries" study (Roth, McCord and Liber, 2007) reported 78 million people having some form of microinsurance coverage in 77 countries. In 2010, an Africa-specific landscape study (Matul, McCord, Phily and Harms, 2010) estimated that, with 14.7 million lives covered, microinsurance only reached out to 2.6% of the target population in Africa. The third study, focusing on Latin America and the Caribbean (McCord et al., 2012), concluded that microinsurance in the region covered 44.9 million lives and properties, with a relatively high growth rate of 15.9%. The last Landscape study to date, conducted in Africa for the third time (McCord, Steinmann and Ingram, 2012), reported 44.4 million lives and properties covered on the continent. So far, no study has focused solely on Asia to assess its microinsurance landscape. The Microinsurance Compendium Vol. II estimated a volume of 350 to 400 million risks covered by microinsurance in the region (approximately 80% of the global microinsurance market) based on gross estimates from numerous sources and other limited studies and using a broader definition.

Due to its huge population (especially in China and India) and an early history of microinsurance in some countries (e.g. the Philippines), the Asian market is clearly bigger in terms of outreach: it has almost four times as many people covered as the African and Latin American markets (see the comparison matrix in Appendix 2). However, microinsurance coverage in the region is still low, with the concentration on just a few countries, product (risk) types and distribution mechanisms.

2. Methodology

The current Microinsurance Landscape study followed the same methodology as the Latin America and Africa studies. The methodology comprised the following:

— Secondary research on profile of insurance/financial inclusion and microinsurance scenario of the countries along with the analysis of their regulations affecting the microinsurance sector;

— Primary research with all microinsurance providers in each country through telephonic/on-line surveys;

— Interviews with sector experts in all countries on status and prospects of microinsurance in the country.

The study approached 1,264 organisations in 53 Asian and Oceanian countries. Primary data collection continued from April 2013 to August 2013. As many organisations had not completed their updated annual reports for 2013, we asked the respondents to provide data for three consecutive financial years from 2010 to 2012. The 2012 data were used for all the calculations in this study.[10] However, growth estimates could only be worked out for institutions that provided data for all three years. Providers from only 31 countries responded to the study. Most of the other countries did not report any microinsurance activity.

[10] In a few cases, data for 2012 were not processed and therefore data from the latest year was used for analysis. Such cases count for less than 5% of all the products analysed. However, only data of those products were included that were active at the end of 2012.

3. Definition of microinsurance

Microinsurance is generally defined as "the protection of low-income people against specific perils in exchange for regular monetary payments (premiums) proportionate to the likelihood and cost of the risk involved".[11] The International Association of Insurance Supervisors (IAIS) defines microinsurance more broadly as "insurance that is accessed by low-income populations, provided by a variety of different entities but run in accordance with generally accepted insurance practices".[12]

Both these definitions characterise microinsurance in terms of the target market/client, business line/ risk covered, type of entity and affordability. A broad agreement on these parameters was needed, as most of the countries (and providers) studied do not have "defined" microinsurance sectors or products. The definition of microinsurance also differs based on the country-specific regulatory guidelines and operational model of the provider. This landscape study used the following criteria to classify a product as a microinsurance product.

Target population: low-income segment excluded from the mainstream insurance market. A number of providers in Asia defined their target clients differently. While some mentioned the low-income category as their generic targets, others were more specific in identifying their target clients as MFI clients, rural people, women, farmers and unorganised workers. See Section 4.5 under "Outreach of microinsurance (Section 4)" for a detailed discussion on target markets identified by providers.

Business line: microinsurance is offered as different types of insurance such as life, health, property, agriculture (crop and livestock) and accident. In Asia, some providers also identify separate microinsurance business lines in the Takaful (Islamic insurance) segment.

Sales and distribution: microinsurance is distributed by different stakeholders through a variety of distribution channels.

The landscape study also came across several government-promoted schemes catering to the low-income population but not fully qualifying under traditional social security measures. Recently, some governments have tried to extend the social security benefit through insurance mechanisms, where the premium is entirely (or largely) paid by the government and the risk is underwritten by insurers. This is a significant departure from the exclusively social security regime. In the new arrangement, a significant insurance mechanism is built into the programme. Due to the insurance arrangements and target segments, these schemes closely resemble microinsurance in essence and qualify under the IAIS definition of microinsurance. We refer to these diffused schemes as **"social microinsurance"**.

It was deduced that the defining parameters differentiating microinsurance from social microinsurance are premium payment and risk underwriting. For details on the definitions considered for the study, please see Appendix 1 in which the conceptual framework defining the difference between microinsurance and social microinsurance is discussed.

This study mainly analysed microinsurance schemes in which the premium is fully (or largely) paid by the covered person (or proposer) and the risk is underwritten by formal or semi-formal insurers. While there is a considerable presence of informal insurance in the region, we have not included these schemes in the study, as data were not available for all the countries and it is difficult to estimate the extent of informal insurance without a primary field survey.

As social microinsurance schemes are prevalent in a lot of the Asian countries, we have included a separate section (Section 9) on these schemes.

[11] Churchill, Craig. Protecting the Poor: A Microinsurance Compendium. 2006

[12] IAIS: Application Paper on Regulation and Supervision of Microinsurance, 2012

4. Outreach of microinsurance in Asia and Oceania

4.1. Coverage

The landscape study identified 170.4 million individuals and properties as having microinsurance at the end of 2012 (i.e. excluding social microinsurance and informal insurance schemes).[13] As most of the stakeholders entered the sector after 2006, the microinsurance sector underwent substantial expansion in only a few years.[14]

As per number of policies in force, a total of 82.3 million has been reported in 2012.

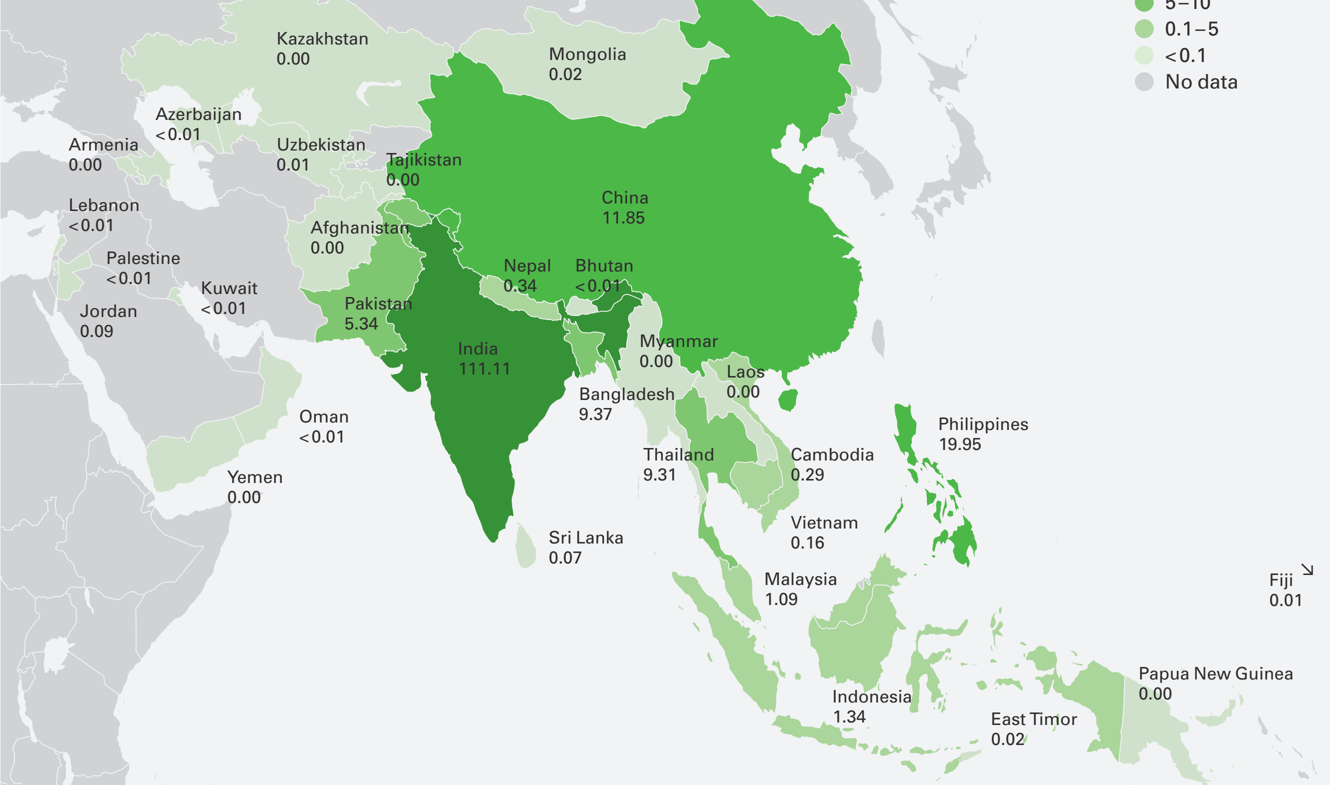
Amongst the 31 countries that participated,[15] the study found that 24 countries have an active microinsurance sector, as displayed in Figure 1. These include four countries in which microinsurance has been launched since the landscape study of 2007 (see Appendix 2).[16] Seven countries that participated in the study do not present any evidence of active microinsurance coverage.

With a coverage of 111.1 million people (almost 65 % of total coverage in the region), India leads the Asian microinsurance market in terms of outreach. Besides such a sizable outreach, the Indian market offers a good number of products and the highest coverage density for all product types. In 2012, India alone generated 66 % of all microinsurance premiums of the Asian market.

This prominent position of India within the industry may be attributed to different reasons:

- The growth of the private insurance sector, with a 15 to 20 % increase yearly since liberalisation in 1999.[17]
- The 2002 regulatory requirement for all commercial insurers to dedicate a certain percentage of their portfolio to the "rural and social sectors". This was further strengthened by a specific microinsurance regulation implemented in 2005. As catering to low-income households requires different approaches than the customary insurance business lines, this measure not only increased outreach but also led to significant innovations in the areas of credit-life insurance, low-cost insurance products, etc.
- Government support in developing and delivering insurance products in agriculture and health. Different state governments of India have supported microinsurance initiatives either by co-contributing the premium, by supporting operations, or both.
- Government participation in contributory and/or partially subsidised schemes.[18]
- High number of potential microinsurance intermediaries in the form of NGOs, MFIs, CBHIs, etc.

Figure 1
Total number of lives and properties covered by country
In millions (2012)



Apart from India, the Philippines and China are also important performers within the microinsurance sector, each of them covering more than ten million people. Although China's coverage is relatively low considering its huge population, outreach in the Philippines is significant.

A third group of key microinsurance countries can be identified and includes Bangladesh, Thailand, Pakistan, Indonesia and Malaysia, each covering more than one million individuals and properties.

Altogether, the ten largest microinsurance markets contribute close to 99 % of total coverage in Asia and Oceania (see Figure 2).

4.2. Penetration level

Even though the absolute number of lives and properties insured is significant, the microinsurance sector has been able to cover only 4.3 % of people on the continent. This demonstrates the extent of the potential to be tapped.

This penetration level is similar to Africa (4.4 %), although front-runner countries in Africa have managed to reach a significant penetration level. For example, the South African coverage ratio exceeded 50 % in 2011. Coverage ratios in Asia are much lower, however. Except for the Philippines and Thailand, the coverage ratio[19] in most of the countries does not reach the double-digit bracket (see Figure 3a and 3b).[20]

[13] Approximately 70 million people were identified as being covered in Asia in 2006 as reported in Roth, Jim, Michael Mc Cord, and Dominic Liber: The Landscape of Microinsurance in the World's 100 Poorest Countries. MicroInsurance Centre, 2007.

[14] Coydon, Marie Amandine and Veronique Molitor: Commercial Insurers in Microinsurance. Microinsurance Network, 2011

[15] Of the 53 countries targeted, only 31 countries responded.

[16] These four countries were: Bhutan, Jordan, Lebanon and Papua New Guinea.

[17] Bhat, Sunil; Premasis Mukherjee and Rosalind Piggot: Securing the Silent, Microinsurance in India – The Story so far, MicroSave, November 2012

[18] Apart from social microinsurance policies, several state governments run co-contributory microinsurance schemes in India (e.g. Yeshasvini) which have impressive outreach.

[19] Number of people covered as % of total population

[20] The coverage ratios above differ slightly from those reported in the briefing note published in November 2013. At that time, population data for 2012 were not available for all countries so that data from 2010 were used. Ratios were calculated using the 2012 data now available.

Figure 2
Ten countries with highest coverage
In millions (2012)

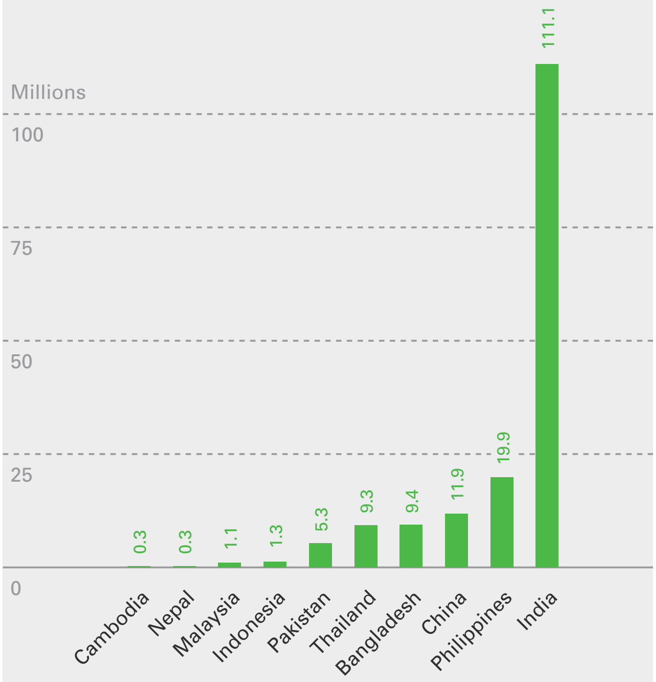
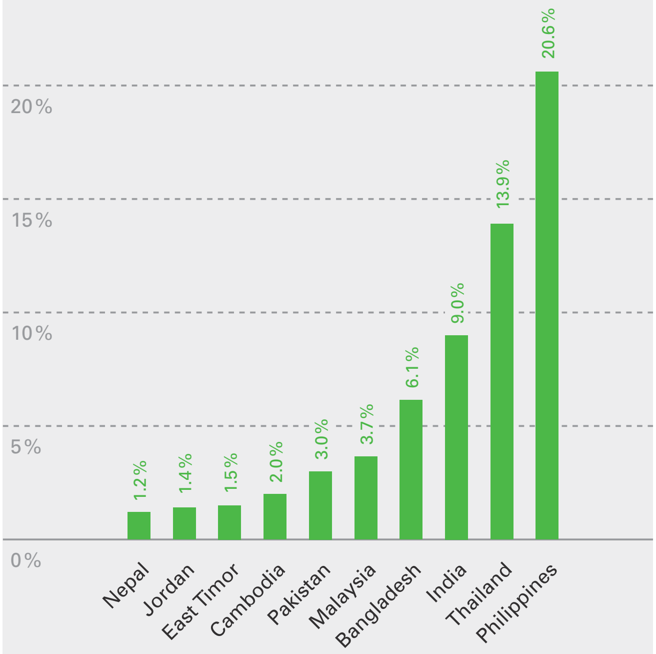


Figure 3a
Ten countries with highest coverage ratios
(2012)



4. Outreach of microinsurance in Asia and Oceania

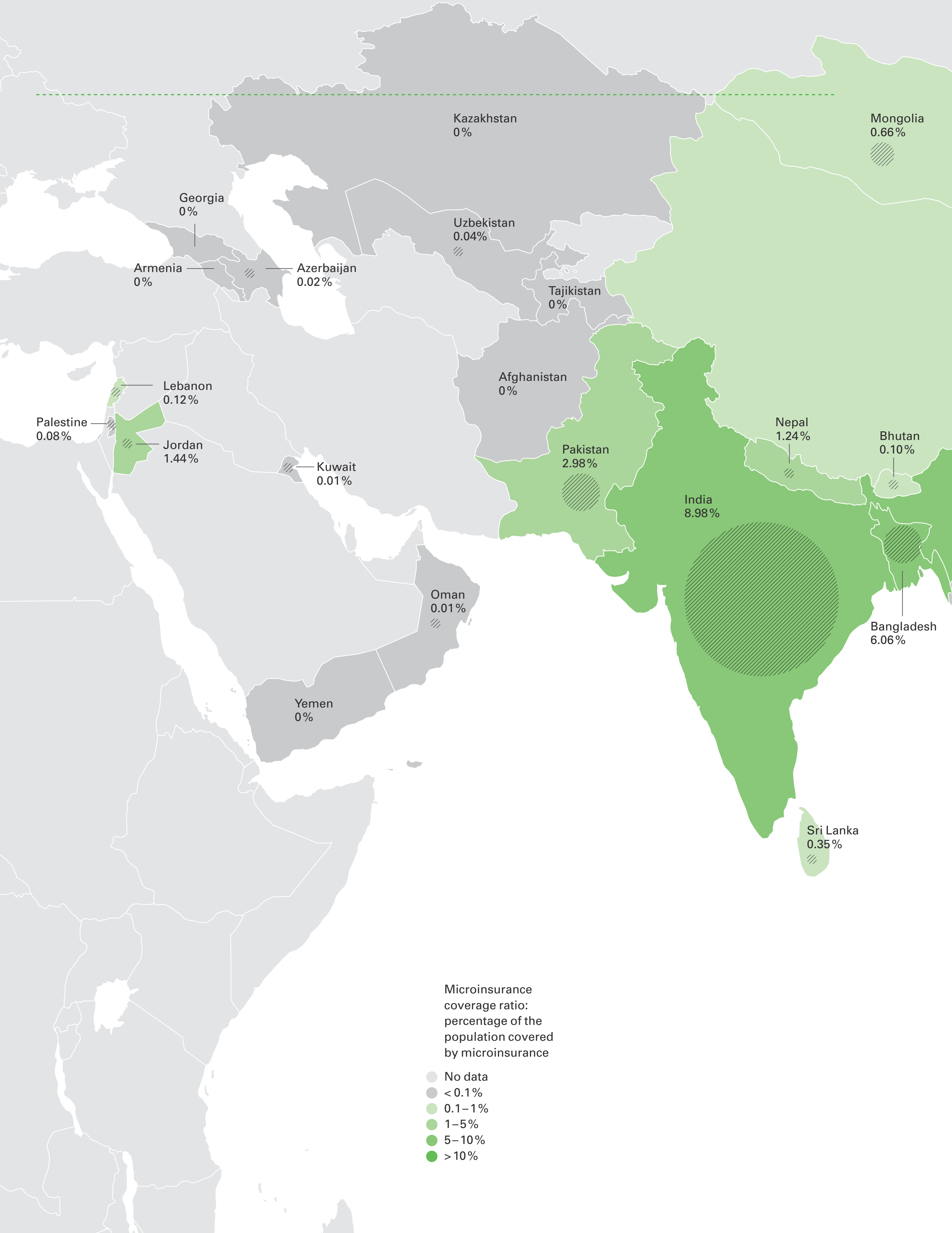
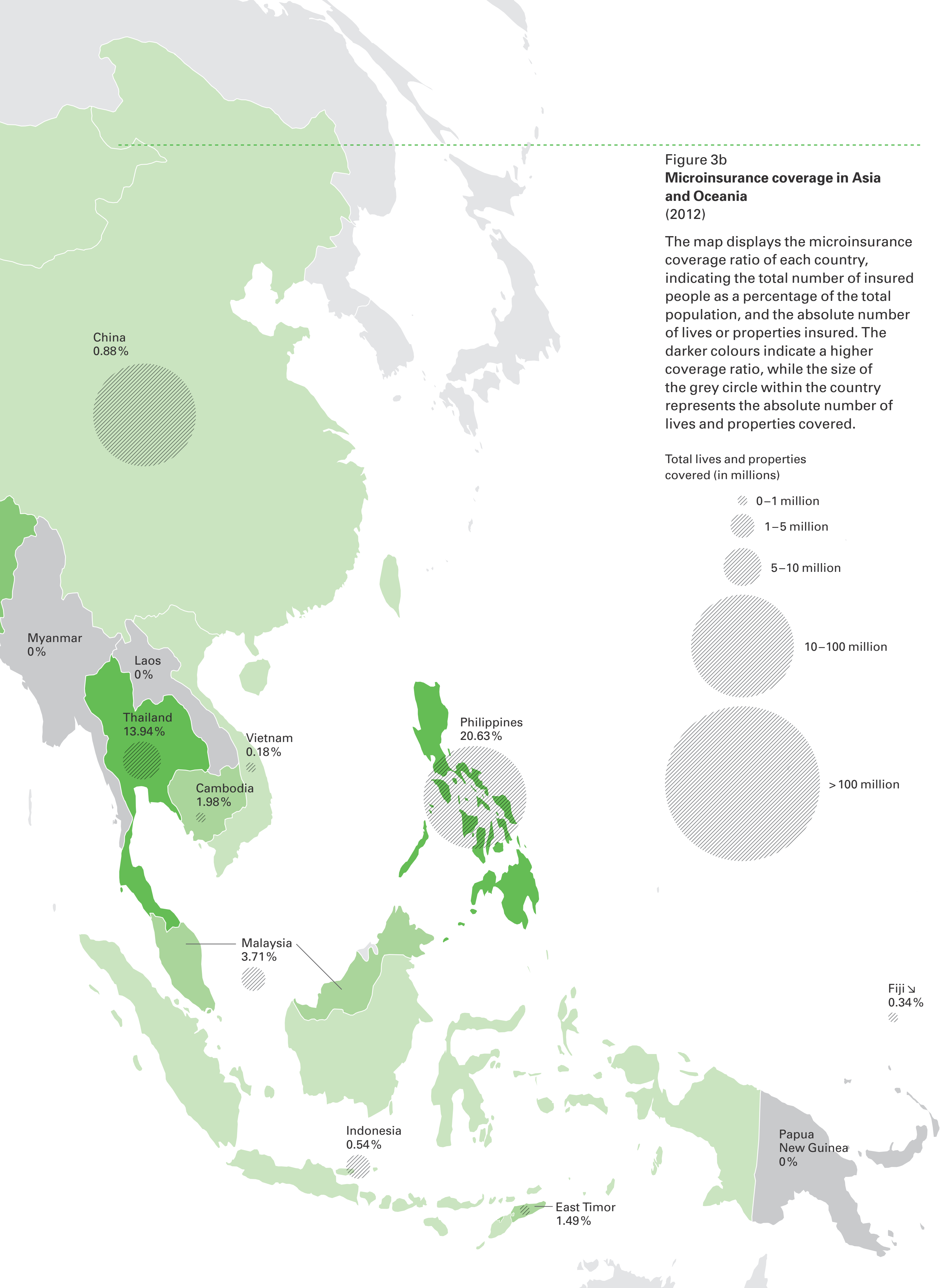


Figure 3b
Microinsurance coverage in Asia and Oceania
(2012)

The map displays the microinsurance coverage ratio of each country, indicating the total number of insured people as a percentage of the total population, and the absolute number of lives or properties insured. The darker colours indicate a higher coverage ratio, while the size of the grey circle within the country represents the absolute number of lives and properties covered.



4. Outreach of microinsurance in Asia and Oceania

4.3. Regional outreach

From a regional perspective (see Figure 4), South Asia registers the highest number of individuals covered, with almost 74.1% of the continent's total coverage.[21] Although this is mainly due to the massive outreach in India, Bangladesh, Nepal and Pakistan are also important regional markets.

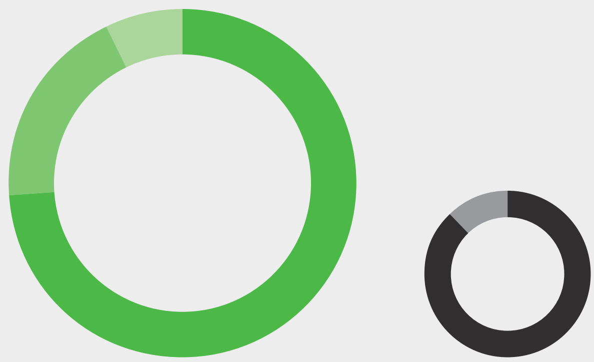
South East Asia comes second, with a share of 18.9%. Thailand, the Philippines, Cambodia, Malaysia and Indonesia stand as the main performers. East Asia, with China and Mongolia, is a fairly dynamic region with 7.0% of all microinsurance in Asia being in that region.

In contrast, countries in Western and Central Asia as well as Oceania showed little evidence of active microinsurance involvement. However, this is bound to change in the coming years, as some countries (especially in Oceania) are planning to launch microinsurance products. For example, Papua New Guinea is currently laying the foundation for the development of a mobile life microinsurance scheme which may stand good chances of rapid uptake.

South and South East Asian regions register coverage for all types of products (see Figure 5). Evidence from countries in South Asia shows a fair distribution of the different risks covered, although life and accident are slightly predominant. In South East Asia, 60% of the region's coverage is dedicated to life risks, but the entire range of products remains available on the market.

In other regions, the microinsurance industries seem to be concentrating on one or two predominant risks only. While accident, life and health risks emerge as the major risks covered in Central Asia, providers in East Asia appear to be focusing on accident.[22] Oceanian institutions are found to focus on life insurance, while institutions from Western Asia reported only health insurance policies. Although this might be due to the scarcity of microinsurance providers in the respective countries, it also indicates a need for product diversification in those regions.

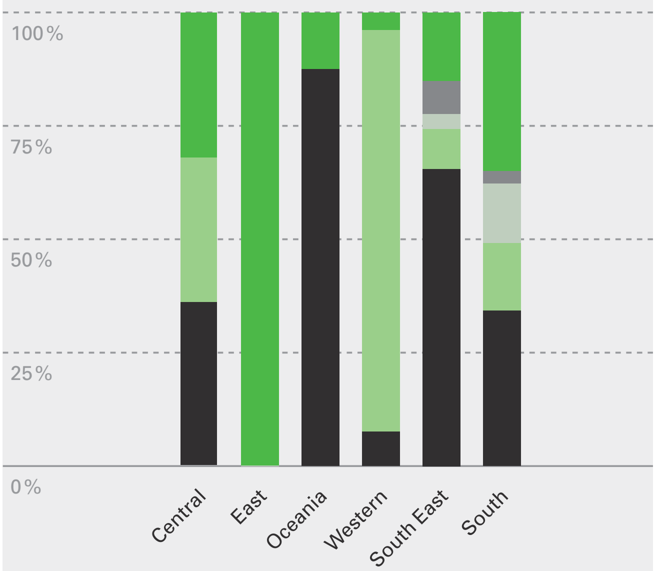
Figure 4
Regional coverage of lives/properties



South Asia	74.1%
South East Asia	18.9%
East Asia	7.0%
Central Asia	<0.1%
Western Asia	<0.1%
Oceania	<0.1%

Segregation of coverage	
India	88%
Other South Asian countries	12%

Figure 5
Breakdown of total lives and properties covered by risk type in Asian regions
(including primary and secondary covers)



Accident
Property
Agriculture
Health
Life

[21] Appendix 3 enumerates the evaluated countries and allocated regions.

[22] Compared to the imposing statistic of 11.85 million lives covered under accident in China, the other types of coverage in the region (Agriculture –15,992; Life 2,373 and Health 2,373) are not discernable in Figure 5.

4.4. Risks covered

As more than 40 % of the products reported are composite in nature, the total number of risks insured amounts to 227.0 million for 170.4 million individuals and properties covered.

With an outreach of 83.9 million people, life insurance emerged as the main risk for which people are covered. It also records almost 40 % of the total number of policies in force. Owing to large-scale rural personal accident schemes in India and China, accident coverage takes a close second position with 77.8 million people covered. Accident schemes in Asia and Oceania usually tend to cover groups or families, one policy covering more than four people on average (see Figure 6). While health schemes are available in almost all the regions, agricultural schemes are dominant in South and South East Asia.

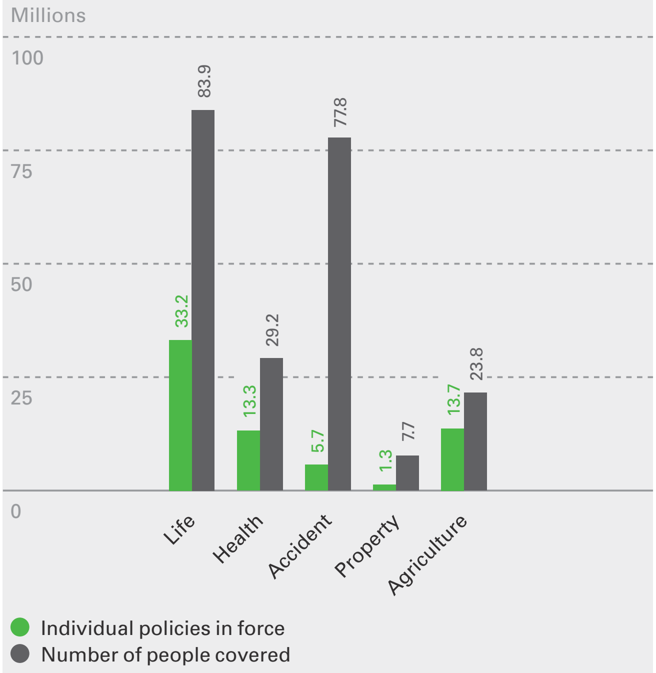
The substantial outreach of life and accident insurance products may not be attributed to a high demand for such products. Instead, their strong outreach can be explained by the ease with which they can be linked to other products (for example credit). These schemes benefit from being offered through very populous channels (e.g. MFIs) and are relatively easy to sell and manage.

Health and agriculture products cover 29.2 million and 23.8 million lives and properties respectively. The outreach of property products is still marginal.

Table 1
Policies and lives/properties covered by risk type

Type of risk	Percentage of policies in force	Percentage of lives and properties covered[23]
Life	40.0 %	48.5 %
Health	18.4 %	16.9 %
Accident	21.0 %	45.0 %
Property	1.5 %	4.4 %
Agriculture	14.9 %	10.5 %

Figure 6
Number of people covered and policies in force by risk type
In millions (2012)



[23] As a lot of products have multiple coverage, the percentages do not add up to 100 %.

4.5. Target market

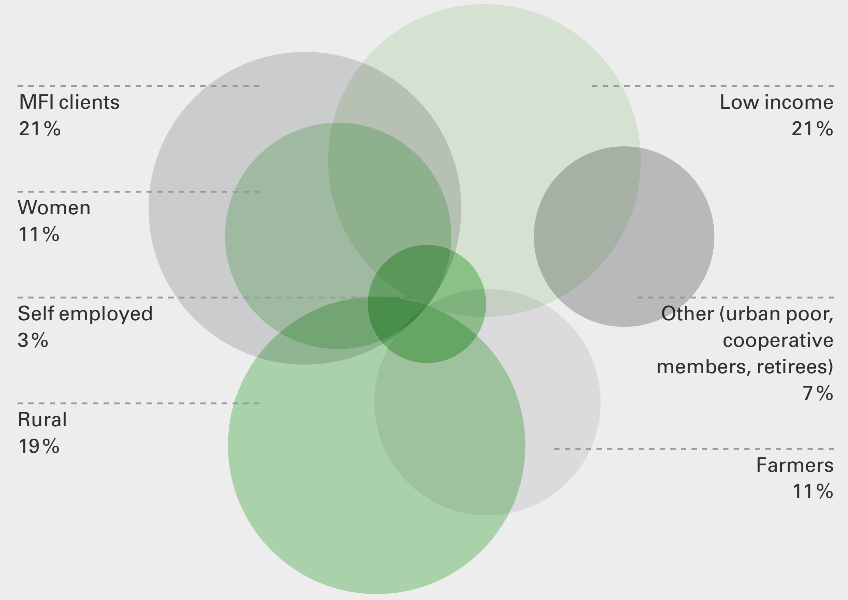
Although the low-income population is a common target market segment for microinsurance, the landscape study tried to assess whether the providers and suppliers identify specific target markets for their microinsurance products.

The providers mainly identify women, rural farmers and MFI clients as their target market. As illustrated in Figure 7, there are numerous overlaps of the target segments identified by the providers. For example, 11% of the products are targeted to women and all of these also target MFI clients. Amongst these providers, a significant portion also identifies low-income people, rural people and urban poor as their target client segment. Similarly, 11% of the products, which also identify low-income and rural people as intended users, are targeted to farmers. The overlapping Venn diagram indicates the dynamics of identifying target clients by the microinsurance providers.

Participating providers were furthermore asked to share their perception of demand in their respective markets and its rationale (see Figure 8). In general, they tend to be confident about the level of demand: 39% of the providers do not see a lack of demand as a hindrance in propagating microinsurance products. Forty-two per cent of the suppliers also consider microinsurance products to be affordable. However, microinsurance providers recognise the importance of educating clients further, as 56% of the respondents consider potential clients to still have an inadequate understanding of the concept of insurance.

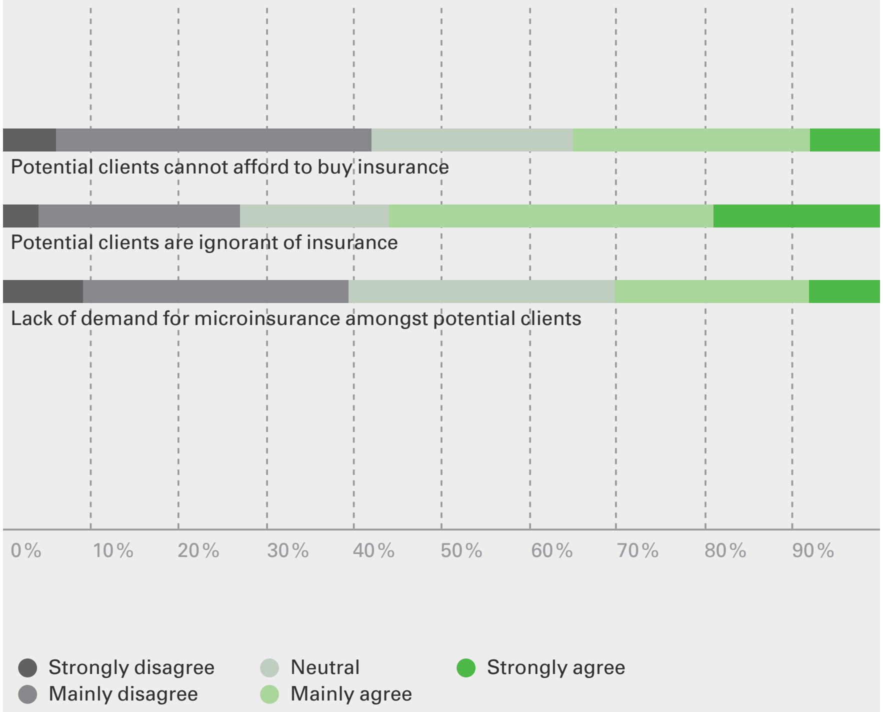
These insights are consistent with existing literature on perceptions of microinsurance demand. More information is available in the appendices.

Figure 7
Target market for microinsurance (as identified by insurers)



Figures represented as % of products; e.g., insurers of 21% of products consider MFI clients as microinsurance clients

Figure 8
Surveyed providers' perception of demand



5. Sector growth

5.1. A recent but rapidly evolving sector

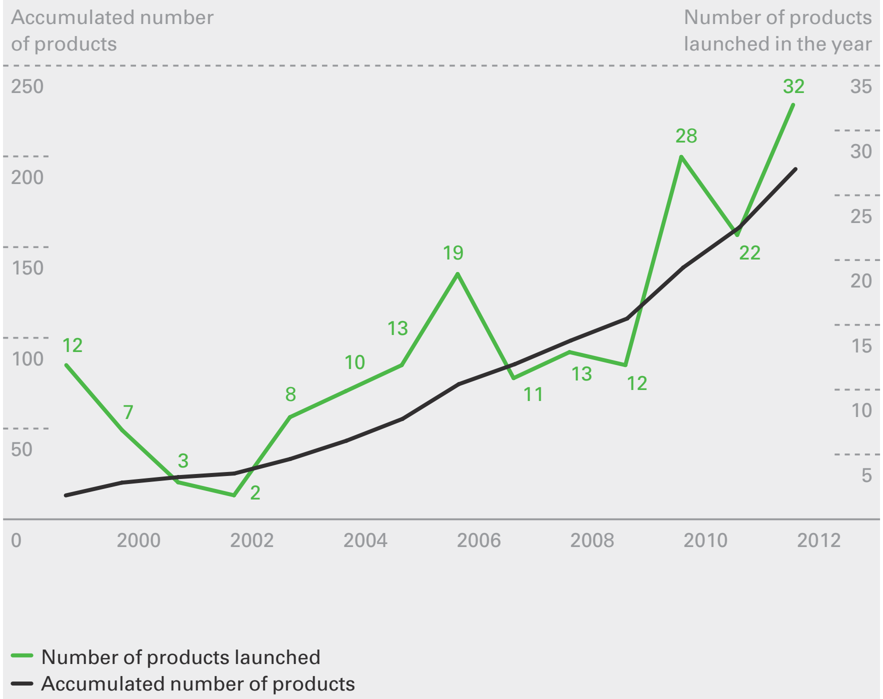
Although a handful of insurers entered the sector early on, microinsurance remains a relatively new business activity having launched only a dozen products before 2000. Nearly 60 % of listed products were launched after 2008 (see Figure 9).

Take-off of the microinsurance product offering in Asia and Oceania started in 2002. It may have been facilitated by the "rural and social obligation" guidelines issued by the Insurance Regulatory and Development Authority (IRDA) of India (half of the products launched in 2002–2003 were issued in India). A second peak was in 2006, when the global microinsurance sector witnessed a significant increase in the number of players, both among commercial insurers and donors.[24] From 2010 onwards, the sector developed spectacularly, showing a trend of 20 products launched per year and up to 32 new products in 2012.

5.2. Microinsurance coverage growth

From 2010, the microinsurance sector has witnessed a significant growth in the number of people covered, with a compounded annual growth rate of 30 %.[25] The Malaysian and Indonesian microinsurance sectors are emerging as the most vibrant, with annual compounded growth rates of 184.7 % and 103.4 % respectively (see Figure 10).[26] During the same period, the Vietnamese microinsurance sector has suffered deceleration at an annual rate of –25.3 %. This might be due to regulatory intervention in Vietnam. The regulator in Vietnam has limited MFIs in the delivery of insurance through mutual assurance funds (MAFs), so that these organisations started withdrawing the products in 2011, resulting in deceleration.

Figure 9
Evolution of microinsurance products
(data provided for 191 products)



[24] This has been shown by two consecutive studies published by the Microinsurance Network: 1. Coydon, Marie Amandine and Veronique Molitor: Commercial insurers and microinsurance. Microinsurance Network, 2011, and 2. Chassin, Lisa and Paola Romero Marquez: Donors and microinsurance. Microinsurance Network, 2012.

[25] Growth figures calculated only for providers and products that provided data for all the three years (2010–2012) under study.

[26] As microinsurance has just started up in these countries, the denominator for calculating growth (i.e. the number of people covered in 2010) is low, which pushes up the growth rate.

5. Sector growth

It is important to note that some of the leading countries such as India and the Philippines have scored low on overall growth (see Figure 10). In recent years, the insurance industry in India has gone through a slowdown phase due to new ULIP[27] guidelines issued by the IRDA and also to the pressure of investors to focus on bottom-line profit instead of top-line outreach growth.[28] As a derivative industry, the microinsurance sector has therefore also registered slow growth in India. After an initial surge, the Filipino microinsurance industry is now stabilising after limited growth in recent years.

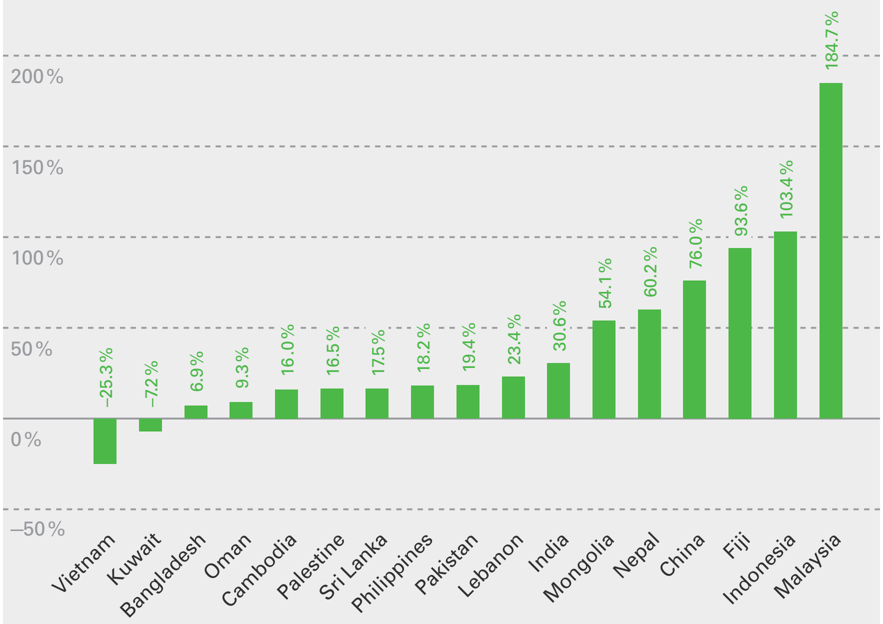
Growth could not be calculated for Azerbaijan, Bhutan, East Timor and Uzbekistan, since their microinsurance activities only began in 2011 and 2012. In Thailand, microinsurers were very reluctant to share their data, and the landscape study only shows data for 2012 (even though microinsurance may have started beforehand). Therefore, no figures are available for microinsurance growth in Thailand.

At the regional level, microinsurance coverage growth rates are quite disparate (see Figure 11). Because of their largely untapped and nascent microinsurance markets, East Asia and Oceania are developing at a fast pace. While East Asia grew at a rate of 71.5 %, the compounded annual growth rate for Oceania was 93.6 % during the 2010–2012 period.

This trend of growth in East Asia relates mainly to the expansion of agricultural and accident products in China and Mongolia.[29]

South and South East Asia, benefiting from more mature markets, have much greater outreach, with moderate growth rates. The compounded annual growth rates for South and South East Asia are 25.0 % and 16.7 % respectively.

Figure 10
Microinsurance coverage compound annual growth rate by country (2010–2012)



[27] Unit-Linked Insurance Products

[28] For details of the Indian microinsurance growth story and recent slow-down, please refer to Mukherjee, Premasis; Bhat, Sunil Rosalind Piggot: Securing the Silent, Microinsurance in India – The Story so far. MicroSave, November 2012

[29] Other East Asian countries are developed economies (Japan, Taiwan, and South Korea). No microinsurance activity was identified in North Korea beyond its social microinsurance schemes.

Figure 11
Regional coverage growth
(2010–2012)

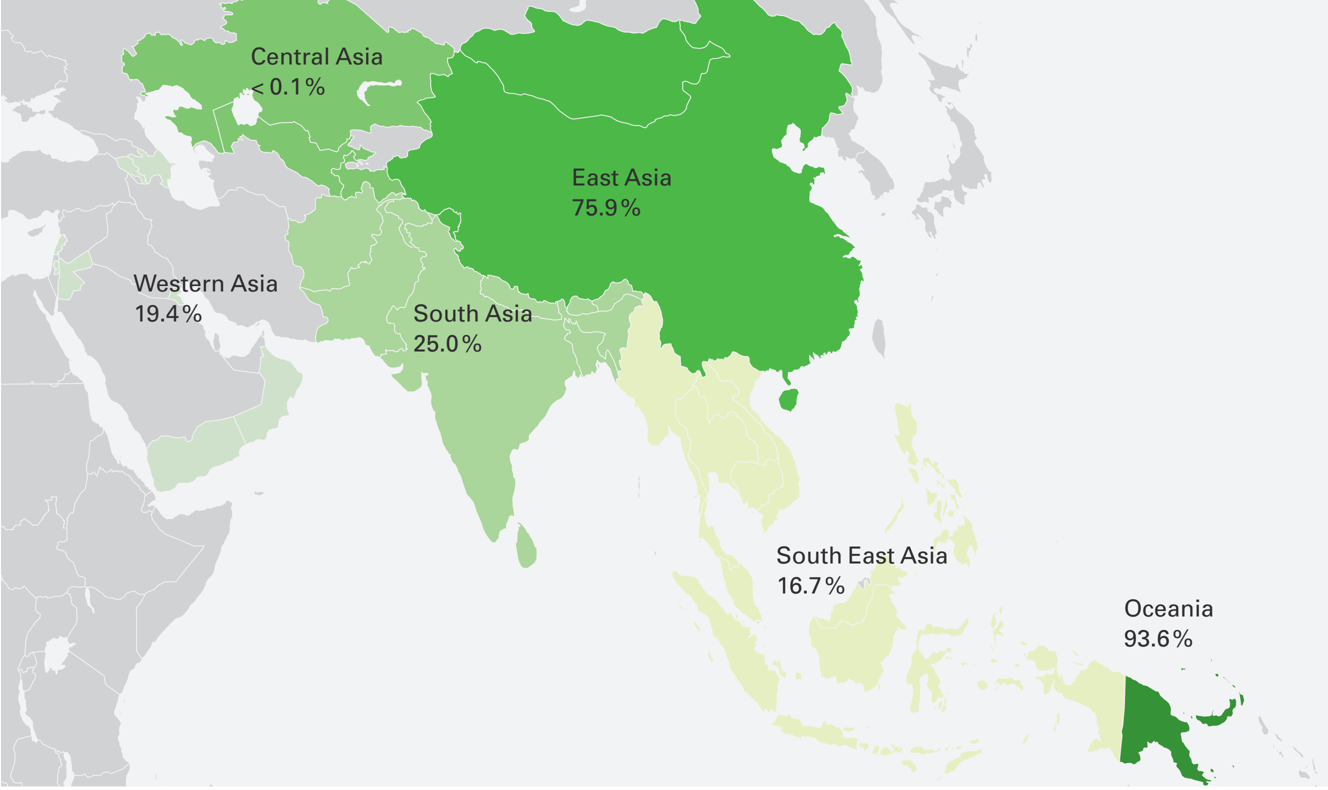
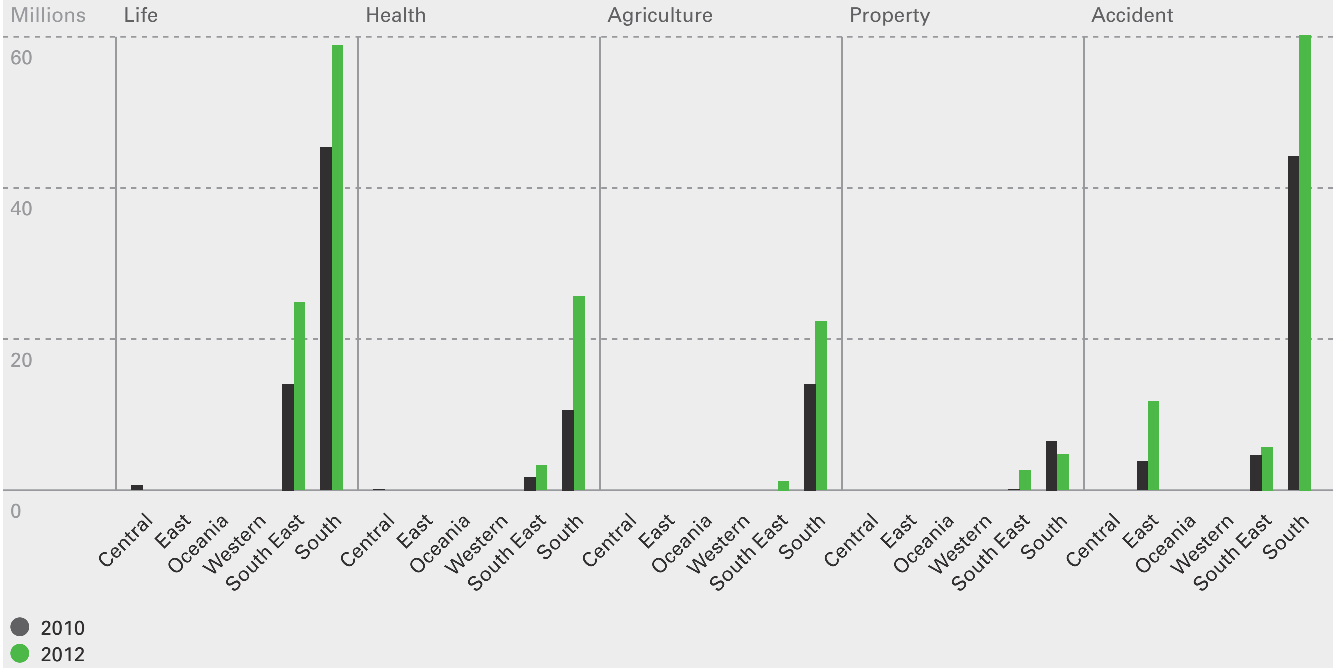


Figure 12
Regional coverage growth per product type
In millions (2010–2012)



5.3. Microinsurance industry growth

5.3.1. Premium growth

The sector's growth is noticeable when considering its evolution in terms of premiums generated. The sector has registered a 47 % increase in premiums since 2010. Although small in size, Sri Lanka and Malaysia have registered high growth rates (with compounded annual growth rates of 578 % and 369 % respectively) since their recent start. The benchmark figures in 2010 are therefore too small to act as denominators (see Figure 13). Growth in these countries is mainly contributed by micro-takaful providers. Malaysian players, for example, entered the sector in 2011 subsequent to the government implementation of a micro-takaful protection plan open to small businesses, micro-enterprises and individuals, and covering events such as death, illnesses, accidents, fires and loss of property. As seen in Figure 13, most of the countries registering high premium growth rates (in terms of percentage points) are those with a small microinsurance market (low premium growth in terms of collected premium in US$).

While growth in the Philippines is moderate, the microinsurance sector in India seems to have a balance of high premium growth rates, both in terms of percentages and absolute value.

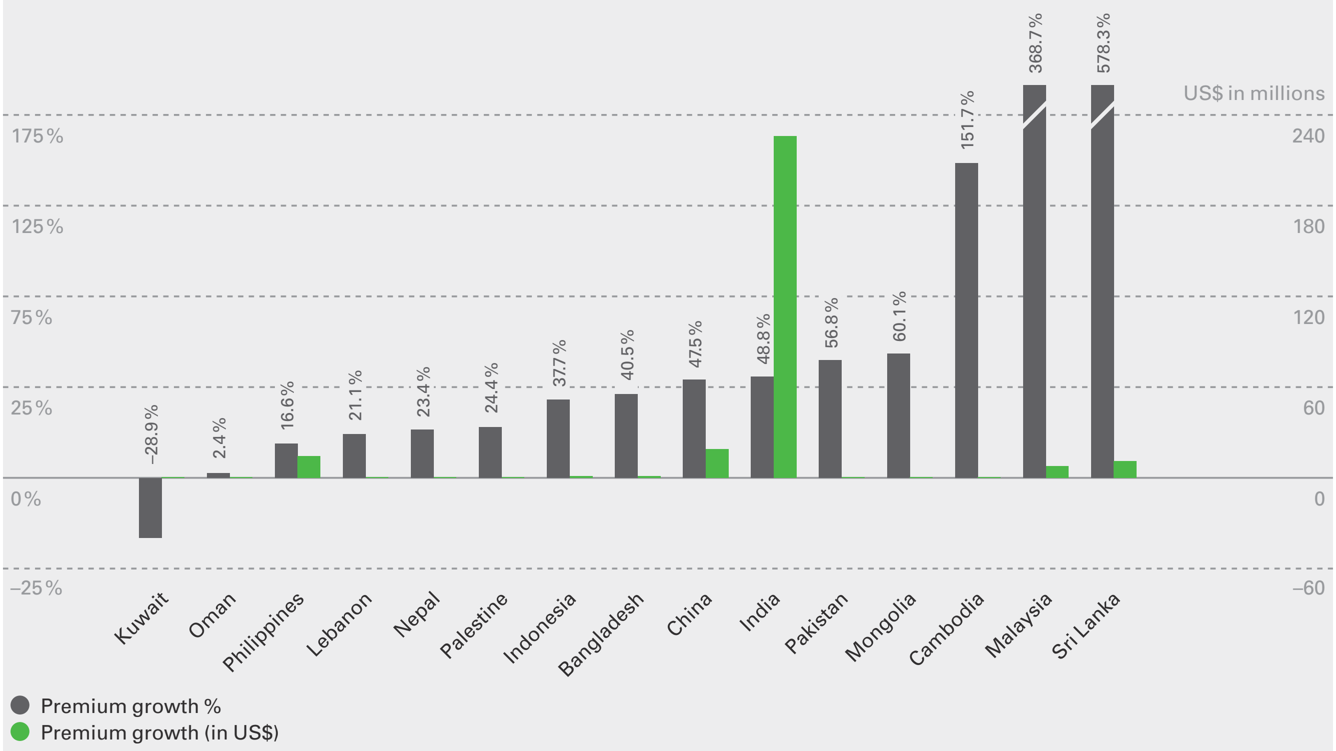
5.3.2. Growth by product type (number of individuals and properties covered)

Figure14 below assesses the growth of the microinsurance sector from a product type perspective, using the number of people covered.

Health insurance reports the highest growth with a 132 % increase in the number of people covered during this period. However, this growth is represented mostly by growth between 2011 and 2012. Agricultural insurance scores second in terms of growth, with a consistent increase over the years indicated.

Accident insurance saw a surge in 2011 with the advent of rural personal accident policies in India. The trend has since declined.

Figure 13
Microinsurance premium growth rates by country
(2010–2012)



5.3.3. Growth leaders

Because market sizes and capacities are very different from one country to another, studying national growth rates is not enough to successfully distinguish the trends of the microinsurance sector. The contribution of the studied countries in both coverage and premium should also be taken into consideration (see Figures 15 and 16).[30,31] In this regard, a clear tendency emerges: growth in the microinsurance industry is led by the country trio of India, China and the Philippines.

Although the absolute coverage growth in India is far from being the most impressive in the region (31 % vs. 185 % for Malaysia), the country contributed nearly 70 % of the microinsurance sector growth alone. The "Big Three" – India, China and the Philippines – as a whole contributed up to 92.9 % of the region's growth. Indonesia also played a role due to its high growth rate of 103 %.

Other key microinsurance countries, such as Pakistan or Malaysia, do not stand out in this analysis, as they in fact contribute less than 1 % to the overall sector growth. This also corroborates the fact that the impressive growth figures of these countries were contributed by a very low denominator in 2010.

Figure 14
Growth in number of people covered by product type
In millions (2010–2012)

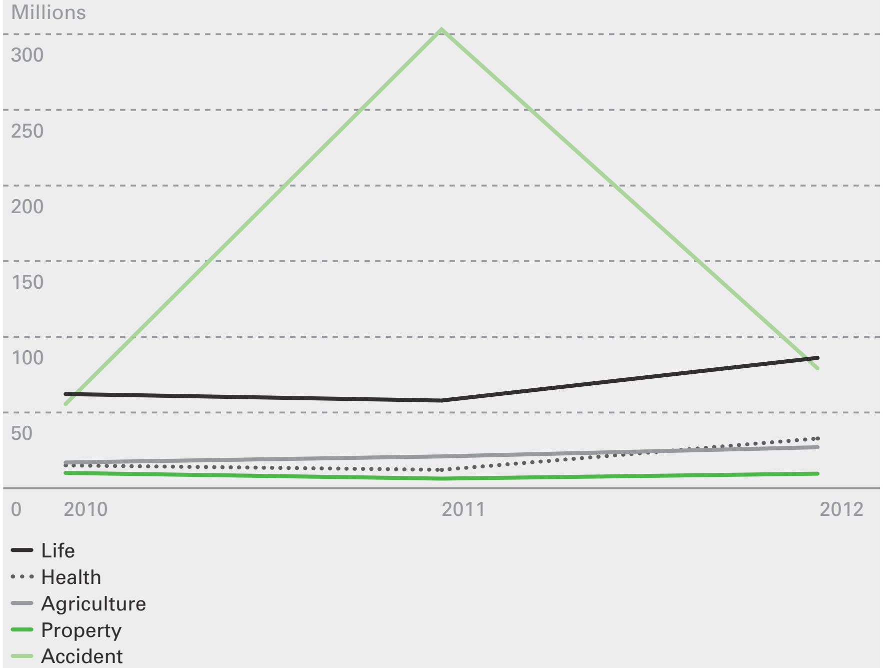
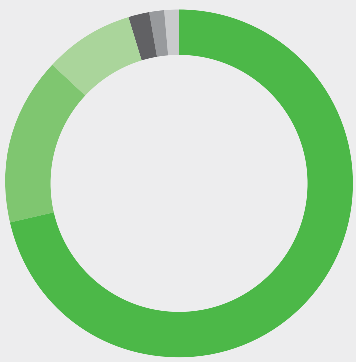
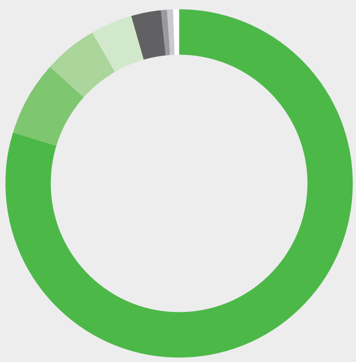


Figure 15
Country contribution to coverage growth



India	71.5 %
China	15.6 %
Philippines	8.3 %
Indonesia	2.0 %
Bangladesh	1.3 %
Others	1.3 %

Figure 16
Country contribution to premium growth



India	79.9 %
China	6.9 %
Philippines	5.2 %
Sri Lanka	3.9 %
Malaysia	2.8 %
Bangladesh	0.5 %
Others	0.5 %
Indonesia	0.4 %

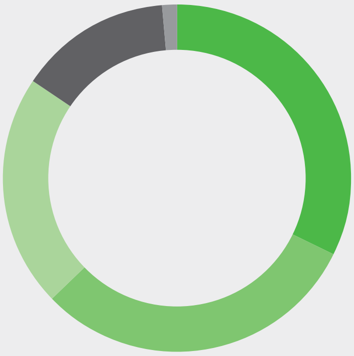
[30] For Figure 15: "Others" include all countries whose contribution to growth is less than 1 % (or 500,000 people). These are: Pakistan, Malaysia, Nepal, Cambodia, Sri Lanka, Mongolia, Fiji, Lebanon, Palestine, Oman, Kuwait and Vietnam (in order of size).

[31] "Others" include countries whose contribution to growth is less than US$ 2,000,000. These are: Mongolia, Cambodia, Nepal, Lebanon, Palestine, Oman, Kuwait, Vietnam (in order of size).

As far as the contribution to premiums growth is concerned, the Big Three, India, the Philippines and China, lead the way, representing 92 % together. To a lesser extent, countries with takaful and impressive premium growth rates also contibute to the overall premium growth. Another interesting paradox emerges from the statistics in Figures 15 and 16. The growth contribution of India, Sri Lanka and Malaysia in terms of premium is higher than their contribution to outreach growth. This indicates a higher premium growth rate as compared to outreach growth in these countries. While in the case of Sri Lanka and Malaysia, the emergence of investment/savings-linked takaful insurance might be a reason for the phenomenon, in India the trend observed is due to the increase in individual policies (which are costlier than group policies) as compared to group insurance.

On a product level (see Figure 17), accident insurance is the main contributor to the growth in coverage within the industry. In all the regions, the outreach of personal accident insurance products has grown significantly over the last couple of years. Life insurance lags closely behind with a contribution of 29.9 % during the same period. Property, in contrast, hardly contributes to the sector's growth. On the whole, this shows that the growth of microinsurance in the region is not unidirectional and, barring property, all other insurance risk types are growing significantly.

Figure 17
Product contribution to coverage growth



Accident	31.7 %
Life	29.9 %
Health	21.1 %
Agriculture	13.9 %
Property	1.3 %

6. Microinsurance products

6.1. Product types

A total of 507 microinsurance products were identified by the landscape study at the end of 2012. Product details were provided for 466 of them. This is comparatively lower than the figure reported for Africa, where 598 products were identified, but considerably higher than the number of products identified in Latin America (159). With a lower number of products and a high outreach, the per-product productivity in Asia is high (for more details on this issue, please see Section 11).

Of all the products, health is the most widespread across the region, accounting for 36 % of the product offerings (see Figure 18). This is mainly due to the large number of NGOs and Community-Based Health Insurance Organisations in India, Bangladesh, Nepal and Cambodia – each offering products to a limited number of people.

One third of all products cover life, reaching out to 48.5 % of the insured in Asia and Oceania. Accident products are rather scarce (82) but have a high outreach: this indicates that accident insurance schemes are mostly group policies, or at least schemes with extended beneficiaries. Agriculture and property bring up the rear with the same number of products.

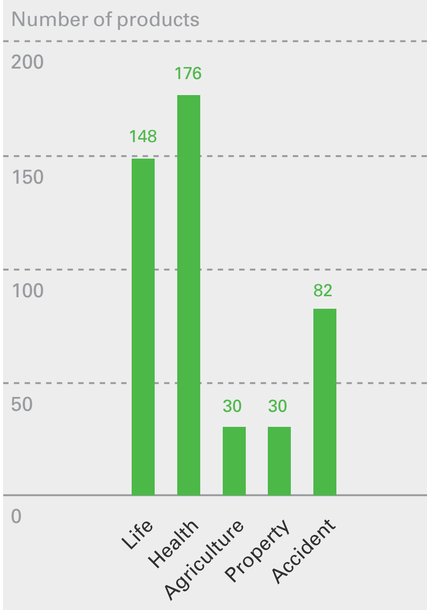
6.1.1. Life products

In many ways, life insurance can be considered as the flagship of all microinsurance products in Asia and Oceania. It records the highest outreach, both in terms of people covered and number of policies in force. Life insurance reaches 83.9 million individuals (48.5 % of all micro-insureds across the continent) and registers 33.8 million policies in force, representing 40 % of all policies identified. With premiums of US$ 290 m generated in 2012 (primary covers only), it stands as the product generating the highest revenue, equalling 31 % of all premiums collected.

In terms of growth, the path of life insurance is quite as remarkable: between 2010 and 2012, the number of policies in force increased by 88 %, while the number of insured grew by 39 % during the same period, although a slight drop was recorded in 2011 (see Figure 19). This indicates a growing trend of individual insurance policies in life microinsurance.

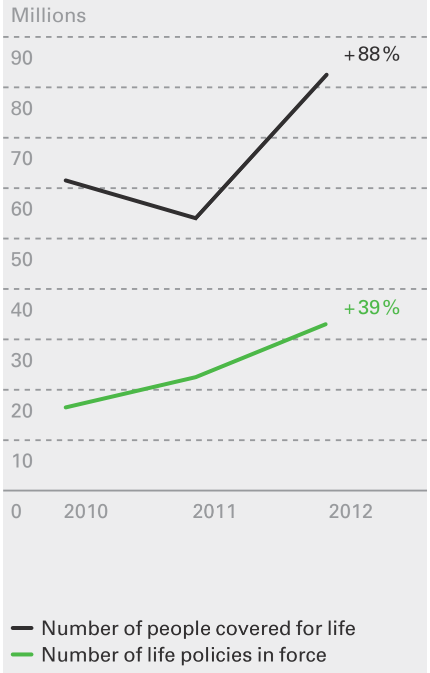
The strong position of life microinsurance within the industry may be attributed to a number of reasons: life microinsurance products are comparatively easy to introduce, price and manage, while remaining easy for clients to understand. They can also be linked to other microfinance products (loans or savings) or embedded in other packages (for example mobile phone airtime), making them attractive to clients and easier to distribute. Altogether, life schemes have great potential for reaching scale and becoming more profitable from a provider point of view.

Figure 18
Number of products identified by risk type
(primary covers only)



Total number of products: 466

Figure 19
Life microinsurance growth
In millions (2010 to 2012)



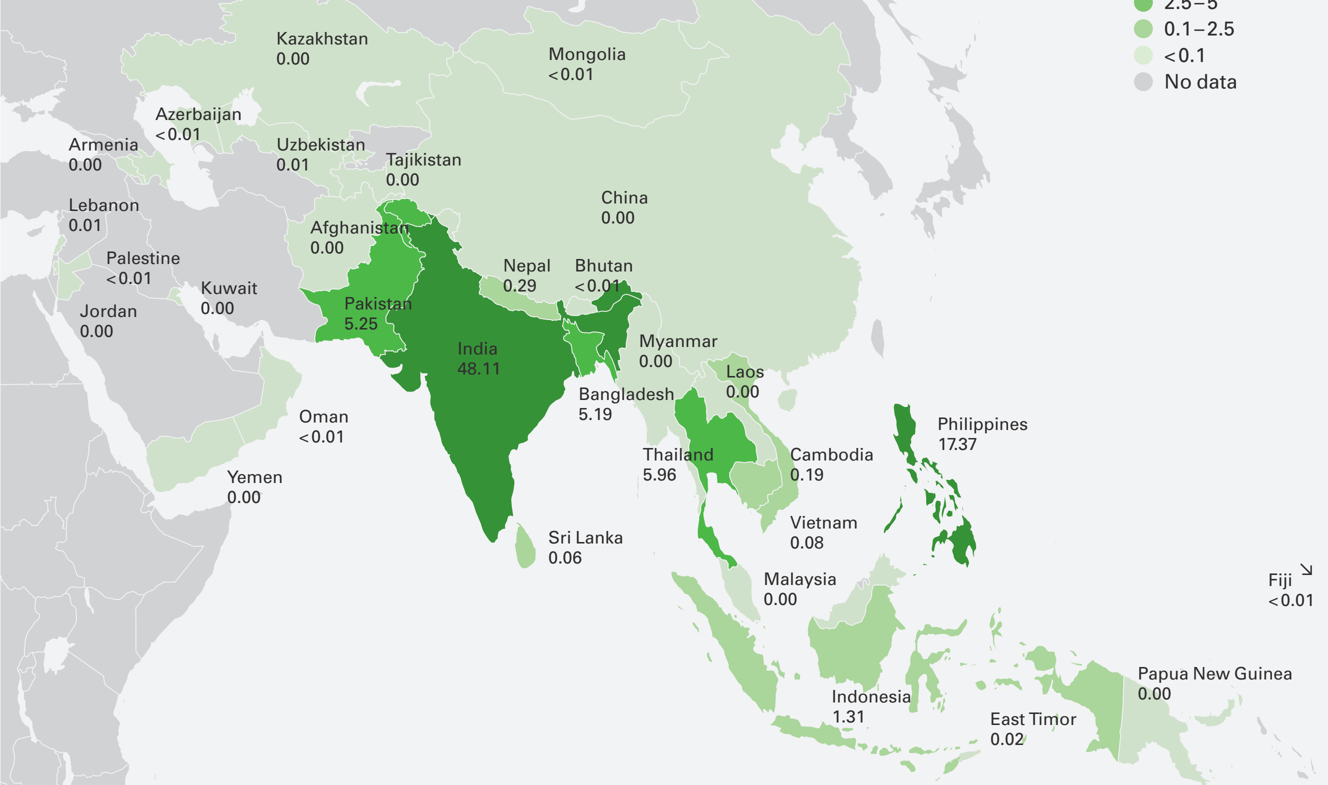
6. Microinsurance products

In regional terms, South Asia, with 58.9 million people covered, represents most of the coverage, whereas with 24.9 million coverage, South East Asia comes a distant second. Figure 20 illustrates the spread of life microinsurance in Asia and clearly indicates India as the driving force on the continent, with more than 48 million people covered. It is important to note that, according to the dataset, China does not yet provide life insurance to its population, although it is the most highly populated country to date.

Figure 21 presents the breakdown of life covers in 2012. It provides information on the launch of life products as sub-cover products (cumulative number of products). Term life insurance has remained the leading type of coverage on the market, accounting for 42.5% by the end of 2012. Savings-linked and endowment insurance, however, has also become popular over the years. This result differs from the other landscape studies, in which credit life was the predominant product. This difference can be explained by the regulated-insurer practice (especially in India) of providing credit life products disguised as term life insurance.

As Figure 22 shows, term life is also the most popular life sub-cover in terms of outreach. Savings is the insurers' second most popular category, with 16.2% lives covered. Outreach is largely distributed between India and the Philippines. Endowment insurance for the low-income sector also has found significant resonance, reaching out to more than 20 million people (4.6 million as primary cover only). Ninety-nine per cent of endowment policies in Bangladesh (4.1 million people covered, mainly under primary cover) and India (16.0 million, mainly under secondary cover) are issued by commercial life insurance companies. Although the number of credit life products is high, credit-linked insurance (comprising Credit Life and Credit Plus[32]) does not cover more than 10% of people insured against life perils in the region. Pensions represent 8.3% of life sub-covers, while funeral is still a marginal option for poor people in Asia (in contrast with the importance of funeral insurance in other parts of the globe, especially Southern Africa).

Figure 20
Number of lives covered by life microinsurance
In millions (2012)



Information on product launches indicates a significant evolution of the number of life products over time, except for pension.[33]

Two thirds of life coverage in Asia and Oceania are provided by regulated commercial insurers (see Figure 23).

Coverage mostly comes in the form of short-term policies, with 30 % yearly-renewable term, 22 % fixed-term life up to one year and 17 % of the policies linked to a loan or with other product terms. This leaves a large proportion (almost one third) of the products with more than a one-year term. Many of these products are filed (with the regulator) as term life insurance policies requiring three- to five-year terms. In practice, a lot of these policies are delivered as "credit life" policies linked to microcredit loans. However, it is difficult to assess the extent of this phenomenon.

Figure 21
Evolution of life microinsurance sub-covers

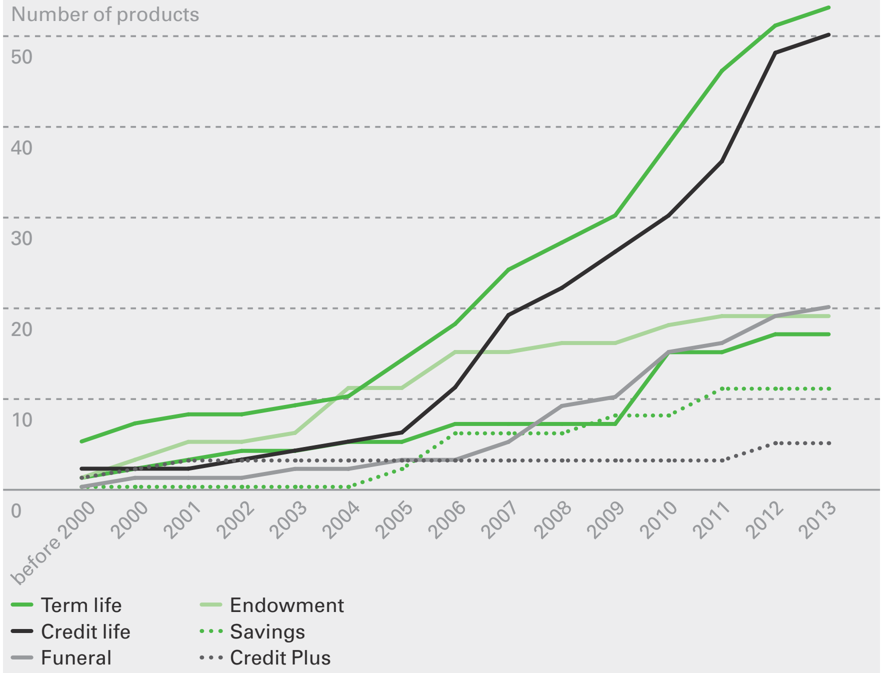
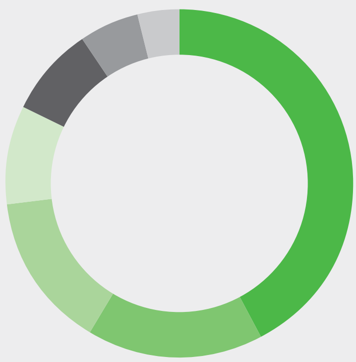
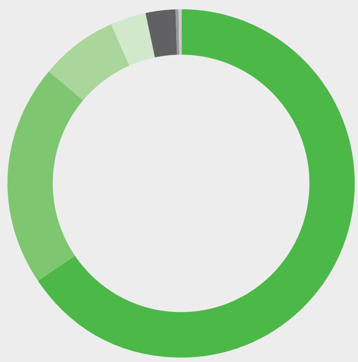


Figure 22
Life sub-covers by coverage
Including primary and secondary coverage
(2012)



Term life	42.5 %
Savings	16.2 %
Endowment	14.5 %
Pensions	9.3 %
Credit Plus	8.2 %
Credit life	5.7 %
Funeral	3.7 %

Figure 23
Providers of life microinsurance
(2012)



Regulated commercial insurer	65.6 %
Other	20.7 %
NGO	7.3 %
Mutual	3.3 %
Takaful	2.7 %
Cooperative	0.3 %
Community-based organisation	0.1 %

[32] Credit life plus policies are term life insurance policies linked to loans but with benefits in addition to life coverage up to the credit amount owed by the borrower. They may offer enhanced assured sum (more than credit amount), enhanced benefit (e.g. disability covers) or enhanced coverage range (e.g. family/spouse cover).

[33] Specific information on the launch of life products was given for 175 products (including secondary covers products).

6.1.2. Health

Low-income households frequently mention health as the major risk they face and against which they most need protection. Research indicates that 26 % of households in low- and middle-income countries are forced to either sell assets or borrow money from MFIs or relatives to cover health costs.[34] However, due to the lack of sustainability, the complexity of the products and the hardship of managing partnerships, the health insurance offering usually lags behind.

In this regard, Asia is no exception to the rule. Although it records the greatest number of products, this does not translate into a high number of people covered: the 176 health products available only reached out to 0.7 %[35] – 1.5 %[36] of the potential market at the end of 2012. Besides this, a distinct drop in coverage can be observed when comparing the 2012 figures with previous estimates: 31 million people were reported to be covered in 2007, while today the figure has fallen to 29.2 million.[37] This can be explained by the lack of clear definitions surrounding health microinsurance (HMI) on the frontier between social security/social microinsurance and traditional health insurance. This study defines HMI as the provision of primary and/or secondary health care by insurance providers in exchange for regular premiums paid by the policyholders, thus excluding social security and social microinsurance schemes, which are heavily subsidised[38] (more information on social microinsurance in Section 9).

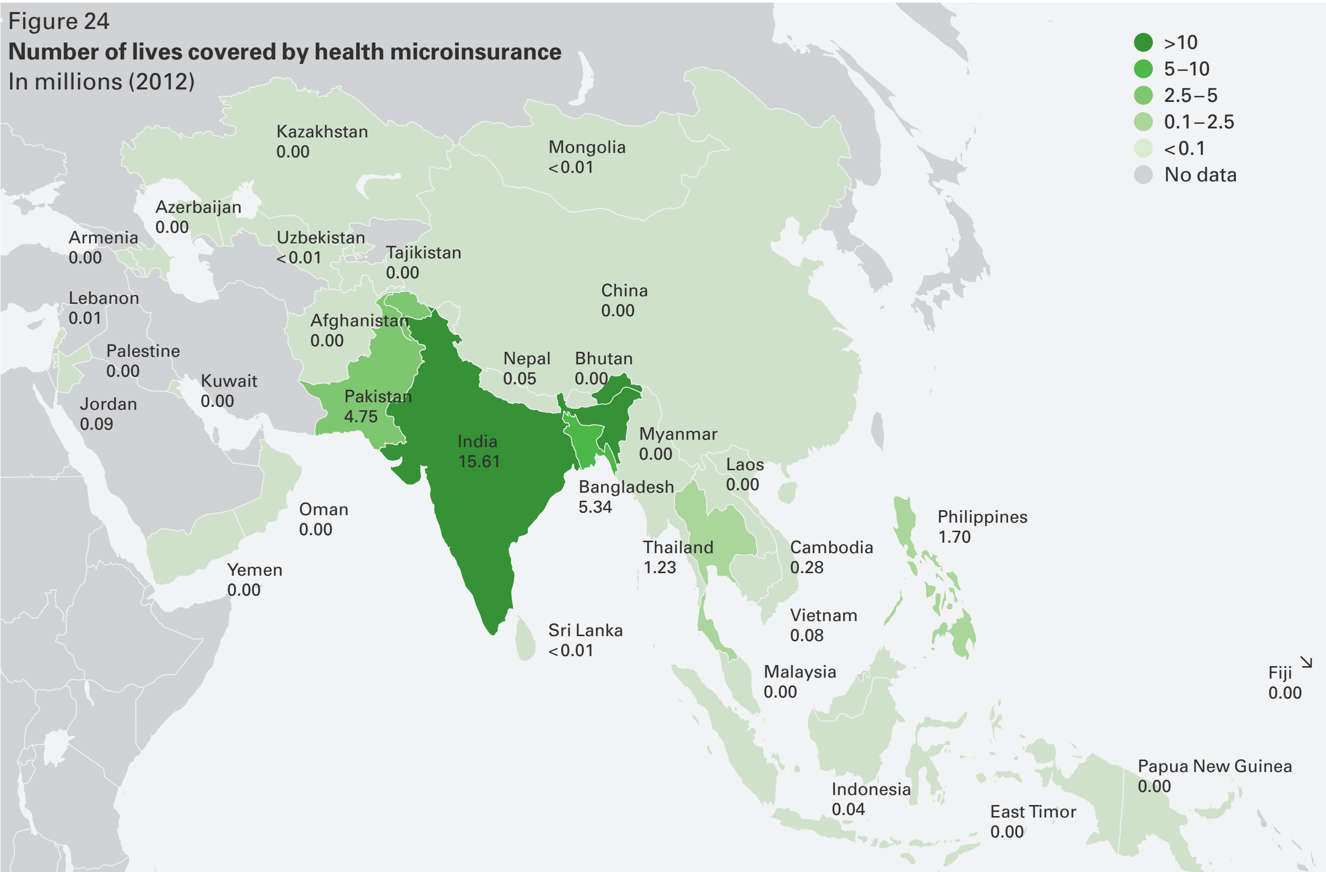
India represents half the health insurance provision, while Pakistan, the Philippines, Thailand and Bangladesh constitute most of the other half. With US$ 92.4 m generated in premiums, HMI contributes to 11.1 % of the microinsurance revenues on the continent, which is surprisingly low considering the number of people covered.

Figure 24 provides a map showing health microinsurance across Asia and Oceania.

It is important to recall that in many countries, HMI is coordinated with social security systems, so that the actual number of low-income households benefitting from health insurance services may be substantially higher than is presented on the map.

In Asia and Oceania, health microinsurance is mostly provided though regulated commercial insurers (especially in India). Mutuals, cooperatives and community-based organisations (CBOs), which are usually the main type of HMI provider in other continents, only represent 12.5 % of the supply together. NGOs, encountered mainly in Bangladesh, Pakistan and Cambodia, are the second type of HMI provider, reaching out to 37.2 % of the insured (see Figure 25). Some of the mutual and community-based institutions have lately adopted a partner-agent model for health insurance, where the risk is underwritten by a commercial insurer.

Figure 24
Number of lives covered by health microinsurance
In millions (2012)

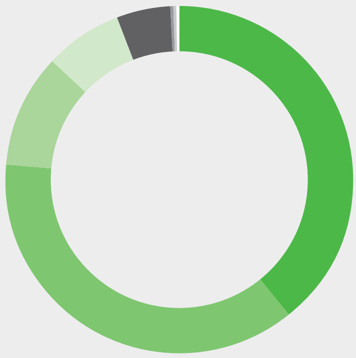


HMI is furthermore mostly provided as a primary cover: of the 29.2 million individuals covered for health, 22.8 million have primary covers. In other parts of the world, such as Latin America for example, where most countries provide universal health care, health microinsurance is principally provided as a secondary cover.

Figure 26 reveals that hospitalisation is the most widespread coverage among the insured, mainly as most of those schemes are contracted in India, Bangladesh and Pakistan. "Comprehensive" health insurance, which covers both primary care and hospitalisation, ranks in second place with 18% of people covered. Most of the comprehensive schemes also offer another type of secondary cover such as hospital cash or critical illness insurance. However, dental insurance is still a very marginal product, even when considering secondary covers (less than 0.1%).

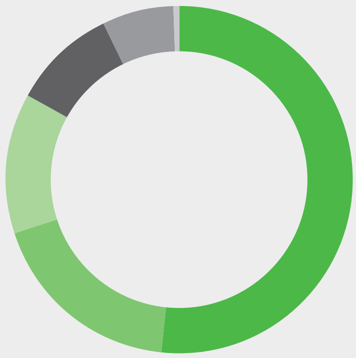
As Figure 27 shows, the product range evolution from 2000 onwards shows a sharp increase in 2009 for multiple types of sub-covers, including hospital cash and comprehensive covers. With the advent of Universal Health Coverage (UHC) schemes, which provide hospitalisation benefits, voluntary microinsurance has apparently focused on the provision of other sub-covers.

Figure 25
Providers of health microinsurance (2012)



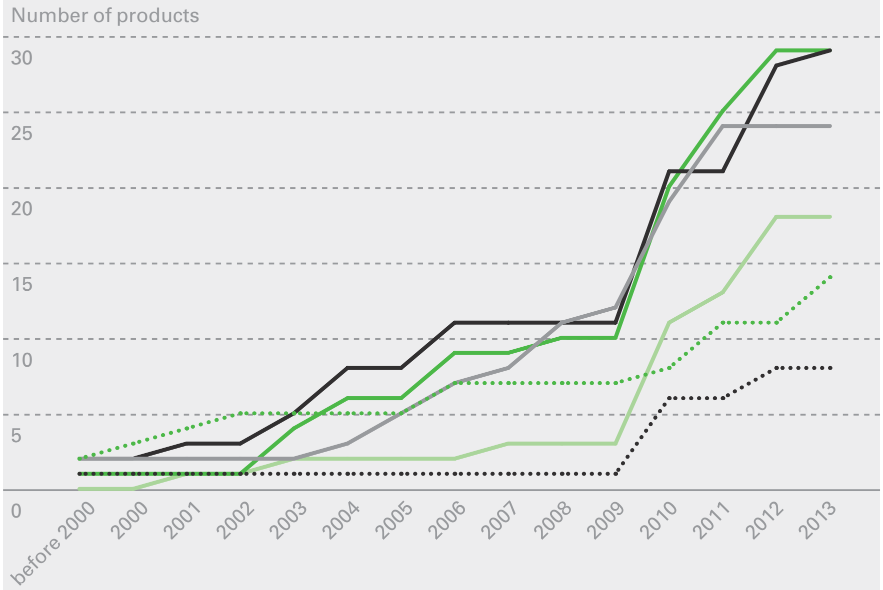
Regulated commercial insurer	39.4%
NGO	37.2%
Parastatal insurer	10.5%
Community based organisation	7.3%
Cooperative	4.8%
Mutual	0.4%
Other	0.3%
Hospital	0.1%

Figure 26
Health sub-covers by coverage (2012)



Hospitalisation	51.9%
Comprehensive health	18.1%
Hospital cash	13.1%
Dread disease	9.7%
Primary health	6.8%
Dental	0.4%

Figure 27
Evolution of health microinsurance sub-covers



Hospital cash
Comprehensive health
Hospitalisation
Dread disease
Primary health
Dental

[34] Kruk et al. 2009

[35] Health microinsurance outreach for total population

[36] Health insurance outreach as percentage of people living on US$ 1.25–US$ 4 a day (see Appendix 2 for details)

[37] Roth, Jim, Michael McCord, and Dominic Liber: The Landscape of Microinsurance in the World's 100 Poorest Countries. Microinsurance Centre, 2007

[38] Social microinsurance refers to microinsurance programmes where premiums are fully (or largely) subsidised by the government, and policies are underwritten by insurers. These differ from social security schemes in that they involve some form of insurance mechanism as compared to complete subsidy-based models.

6.1.3. Accident

Accident insurance in Asia and Oceania records a very high coverage level. With 77.8 million insured in 2012, it is the second most widespread protection within the region. Accident products are also main contributors to the industry's increased outreach: they contribute up to 32 % of coverage growth. However, the numbers of policies in force (17.7 million) and level of premium generated (7.7 % of all premiums generated in 2012) are substantially lower.[39] The difference suggests that accident insurance schemes are mostly provided as group policies or family covers.

Most of the accident coverage is found in South Asia, with India accounting for more than 75 % of the continent's accident and disability coverage (Figure 28). There is also a high outreach of accident insurance in China, covering almost 12 million lives.[40]

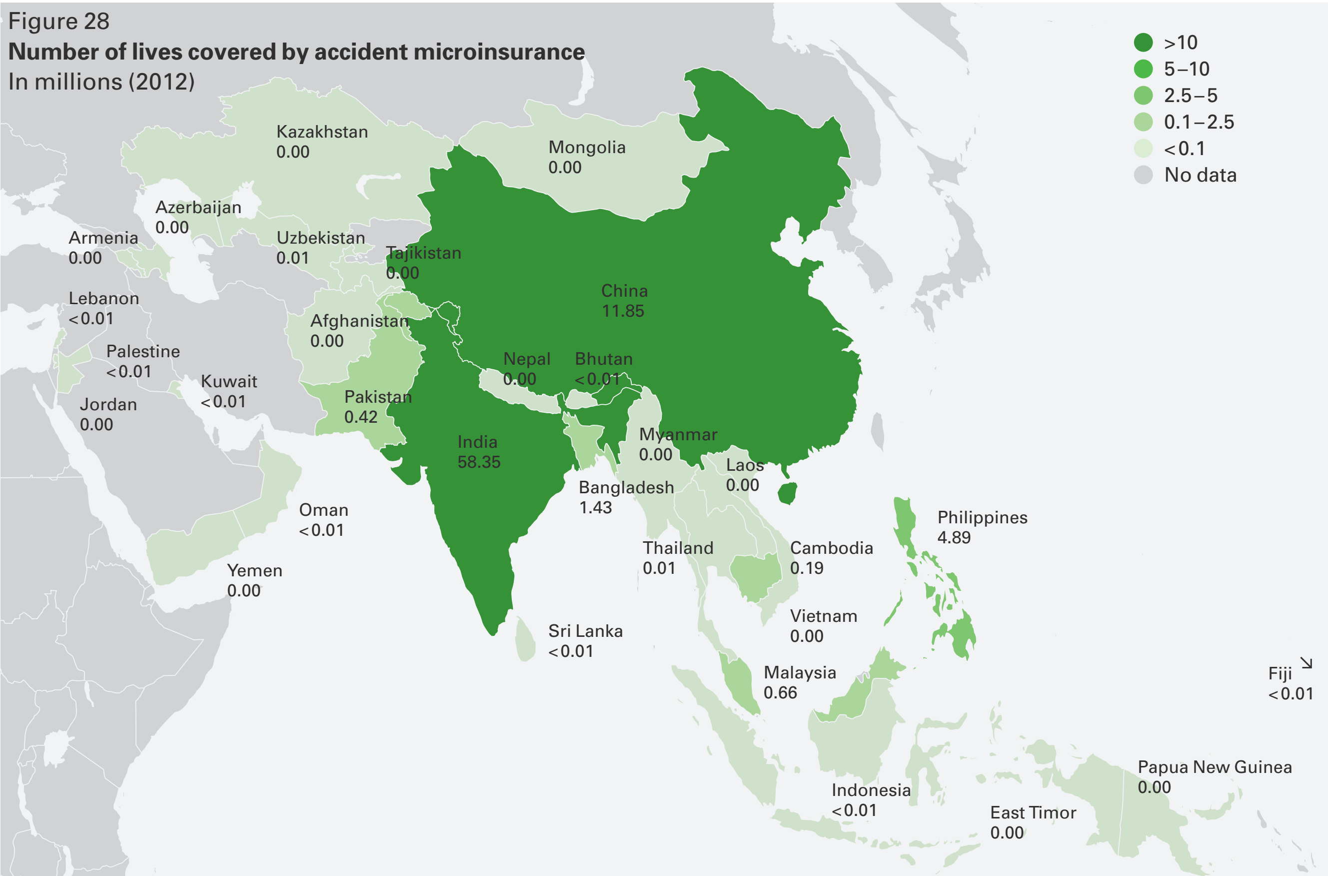
Few of the accident products are offered as sole covers: they are usually tied with another risk cover. Eighty per cent of them are combined products and fifty per cent are specifically tied to life coverage.[41]

[39] Primary covers only

[40] The study was able to gather information from the only public sector insurance company recognised by the Chinese Insurance Regulatory Commission as a microinsurance provider. However, other products may also now be available on the market.

[41] In terms of number of products

Figure 28
Number of lives covered by accident microinsurance
In millions (2012)



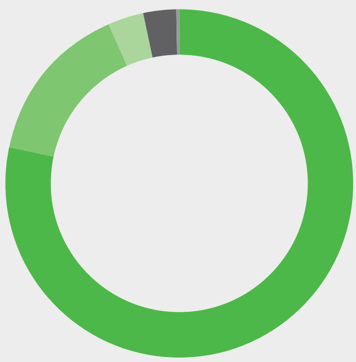
As indicated in Figure 29, the product offering for accident insurance continues to increase, although outreach recently seems to be losing speed, as both the number of policies and people covered declined slightly between 2011 and 2012. However, the number of people covered seems to have significantly improved during the last decade.[42]

Accident coverage can also be considered comprehensive, as it predominantly covers any cause of accident. A minority of products still offers partial covers only, with 2 % covering permanent and temporary disabilities and 1 % covering accident due to travel respectively.

As far as providers are concerned, regulated insurers are again by far the most numerous core suppliers (78.4 % of coverage), followed by parastatal insurers (see Figure 30), which can be largely attributed to China.

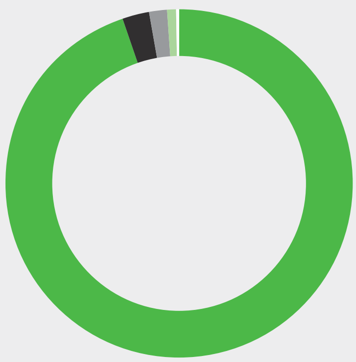
Figure 29
Evolution of accident microinsurance sub-covers

Figure 30
Providers of accident microinsurance (2012)



Regulated commercial insurer	78.4 %
Parastatal insurer	15.2 %
NGOs	3.3 %
CBOs, mutuals, cooperatives	2.9 %
Takaful	0.2 %
Government agency	0.0 %

Figure 31
Accident sub-covers by coverage (2012)



Any cause	94.9 %
Permanent	2.6 %
Temporary	1.6 %
Work and travel	0.8 %
Travel	0.2 %

[42] The Landscape of Microinsurance in the World's 100's Poorest Countries estimated the accident and disability coverage at 39.2 million. Roth, Jim, Michael Mc Cord, and Dominic Liber: The Landscape of Microinsurance in the world's 100 Poorest Countries. Microinsurance Centre, 2007, P. 25.

6.1.4. Agriculture

Agricultural insurance is rapidly developing in Asia and Oceania, reaching out to 23.8 million people and properties. In Asia and Oceania, agricultural products are registering the highest growth of all product types, with the number of policies in force rising by 130 % from 2010 to 2012. Moreover, agriculture products contributed to nearly half the premiums generated (US$ 382.6 m representing 46.2 % of all premiums generated in 2012 – primary covers only), even though coverage is only 10.5 %. This is consistent with the previous observations made within the microinsurance industry that premium volumes for agricultural insurance have been increasing significantly in recent years.[43]

Figure 32 maps the distribution of agricultural covers across the continent. Apart from India and the Philippines, which again register most of the coverage, Mongolia reports a significant outreach in terms of insured livestock: a total of 2.5 million animals of the 18,365 herder households enrolled have been insured. This is the result of long-term efforts on the part of the government in developing an innovative index-based method to protect farmers against livestock mortality risk due to disasters or severe climate conditions.[44]

[43] Thérèse Sandmark, Jean-Christophe Debar, and Clémence Tatin-Jaleran: The emergence and development of agriculture microinsurance: A Discussion Paper, Microinsurance Network, 2013.

[44] More information on the Index-Based Livestock Insurance Product in Mongolia on www.iblip.mn

Figure 32
Number of lives/properties covered by agriculture microinsurance
In millions (2012)

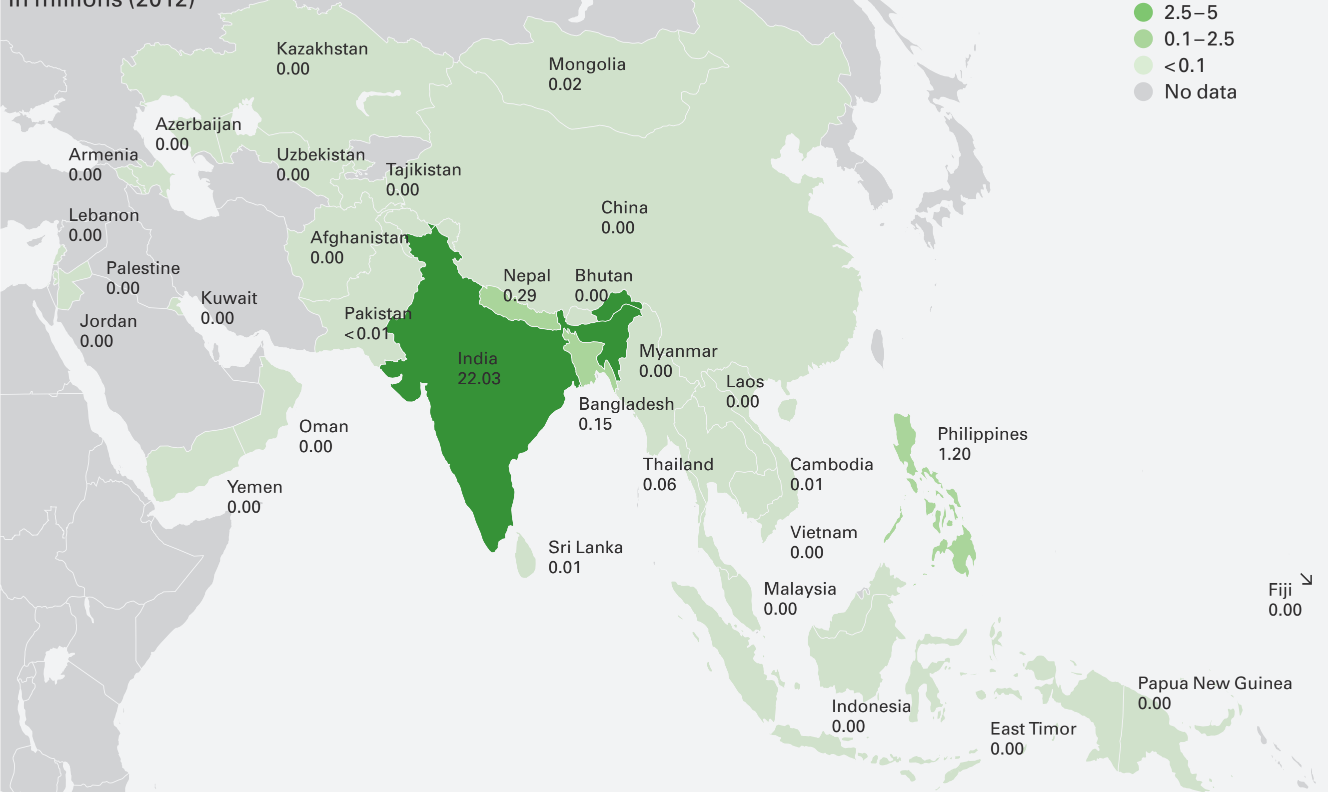


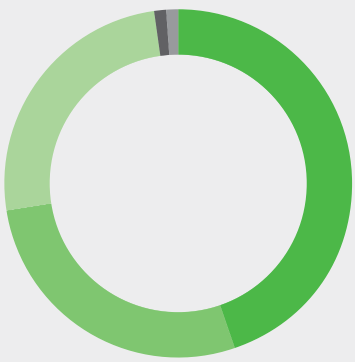
Figure 33 indicates the breakdown of agricultural covers in 2012. It provides information on the percentage of sub-cover policies. The distribution of livestock and crop coverage schemes is almost equivalent (46 % and 54 % respectively), although, when comparing the different types of sub-covers, discrepancies become apparent. For example, livestock insurance is mainly provided on an indemnity basis (44.9 %) while crop insurance is mainly based on the weather index (27.8 %) and area yield index (25.3 %).[45]

Agricultural insurance supply has furthermore experienced two different phases: 1) The years from 2004 to 2010 were the formative years of agricultural insurance, with just a few number of pilot products on the market, which gradually moved in the direction of up-scaling; 2) In the time period after 2011, with parametric and other innovative products reaching scale, the number of products increased significantly thus contributing to agricultural insurance having the highest growth of all product types in the region. These trends are visible in Figure 34.

Agricultural insurance supply is predominantly assured by commercial insurers and government agencies. Governments themselves also play an important role in rural insurance (this will be addressed in Section 9 focusing on social microinsurance).

[45] Ground measured only. No product based on crop area yield satellite readings was identified by the landscape study in Asia and Oceania.

Figure 33
Agriculture sub-covers by coverage (2012)



Live stock, indemnity based	44.9 %
Crop, weather index based	27.8 %
Crop, area yield (ground m.)	25.3 %
Crop, indemnity based	1.0 %
Livestock, satellite based index	1.0 %
Crop, area yield (satellite images)	0.0 %

Figure 34
Evolution of agriculture microinsurance sub-covers

6.1.5. Property

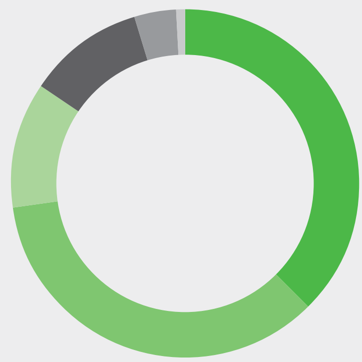
Property insurance, which basically insures low-income families in the event of damage or destruction of homes and/or businesses, has a low participation in the overall evolution of the sector (1 %). Its contribution to premiums generated within the industry in 2012 is also limited (US$ 31.5 m representing 3.8 % of all premiums generated – primary covers only). As the average launch period for such products was the second semester of 2010, property insurance is still in its very early stages (Figure 35), but records a promising 55 % growth in policies.

Most of the 7.7 million covers are provided by regulated insurers (99.3 %) and are found exclusively in South and South East Asia. A breakdown of property sub-covers, shown in Figure 36, indicates that the focus is placed on the insurance of possessions no matter what caused the damage, rather than insuring for a particular type of risk (fire, theft or natural disaster). Given that nearly 164 million people are affected by natural disasters every year in Asia and Oceania (90.2 % of people affected globally),[46] the need for specific disaster insurance in the region cannot be overlooked.

[46] Source: EM-DAT: The OFDA/CRED International Disaster Database, University Catholique de Louvain, Brussels, Belgium

Figure 35
Evolution of property microinsurance sub-covers

Figure 36
Property sub-covers by coverage (2012)

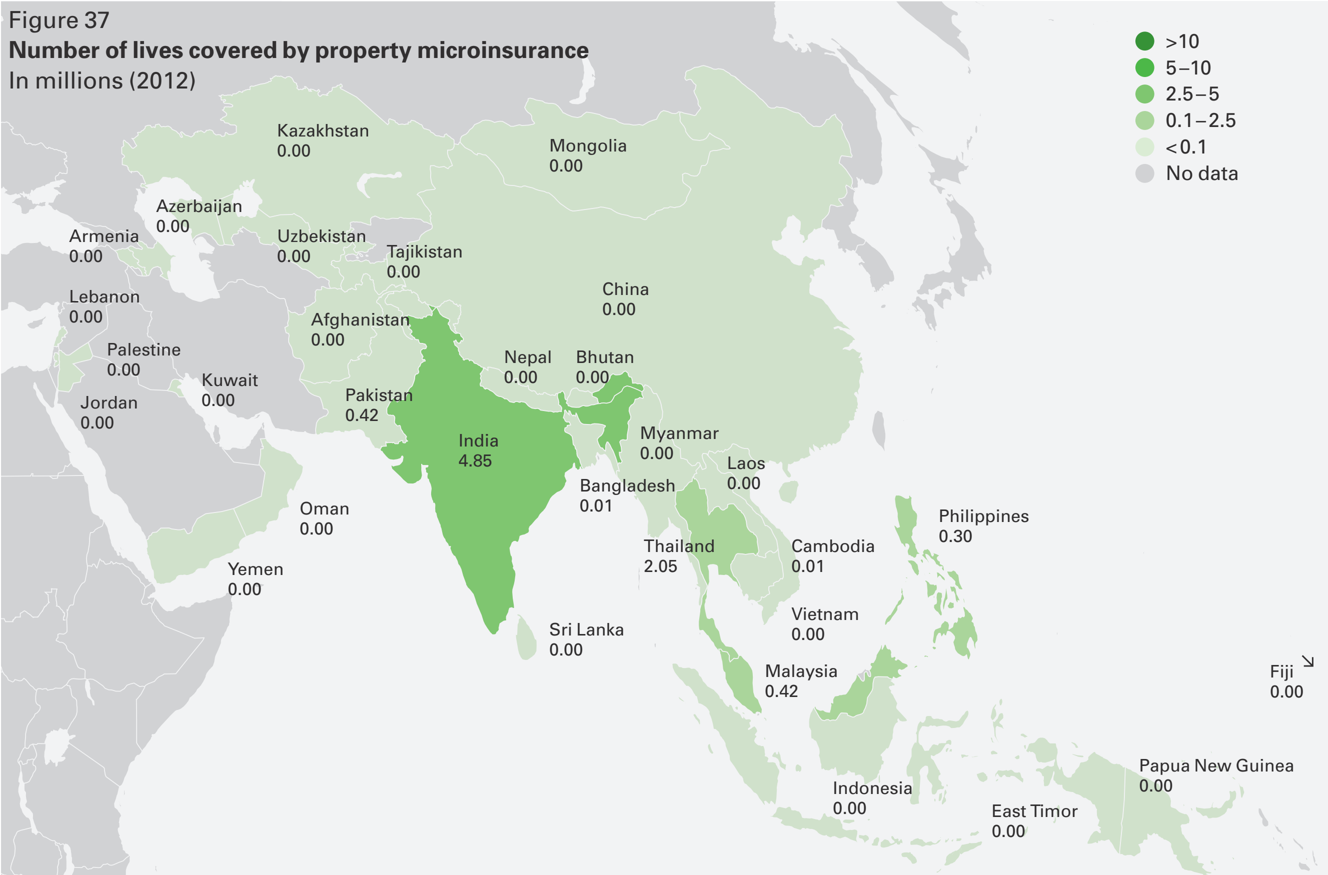


Home/hut	37.5 %
Other possessions	35.3 %
Fire	11.8 %
Theft	10.9 %
Microenterprise	3.9 %
Natural disaster	0.6 %

Figure 37

Number of lives covered by property microinsurance

In millions (2012)



6.2. Policy characteristics

6.2.1. Type of policy

Policy characteristics are important for understanding how a product is sold and for identifying the most popular and efficient options in reaching out to low-income households. Table 2 highlights the different types of covers available and their corresponding outreach. In general, most products are sold on an individual basis (48 %), whereas scale mainly comes from malleable products that can either be sold to individuals or groups. This is even more accurate when considering agricultural and property products.

Looking at the specifics, some differences emerge between the different product types. With the exception of health and agricultural insurance, most of the other products types are delivered through group insurance mechanisms.

6.2.2. Primary and secondary covers

Table 3 summarises lives/properties covered by product and type of cover, with 1) primary covers only and 2) primary and secondary covers. The total of primary and secondary figures combines the number of risks insured and thus exceeds 170.4 million. As a large proportion of products are composite and cover more than one single risk (40 %), individuals may have been counted several times over.

6.2.3. Price of microinsurance products

Figure 38 details the price range of different microinsurance product types.[47] It is important to note that life microinsurance products have the maximum premium range. As some life insurance products include savings components (endowment products), their premium tends to be higher than the average term life insurance products. Such products are especially popular in Bangladesh, India and Thailand. Agricultural insurance, on the other hand, offers the lowest price range of premiums. This is contrary to the common understanding that agricultural insurances are high-premium policies. However, such low premiums have been reported, as most of the agricultural insurance schemes studied have co-contributory arrangements where the government pays for nearly 50 % of the premium, and all that is taken into account here is the client's premium.

[47] Only individual products and pure cover products were considered for the calculation.

Table 2
Product characteristics per risk type

		Total	Life	Health	Agriculture	Property	Accident
Individual	Products	48 %	50 %	51 %	42 %	45 %	43 %
	Lives or properties	28 %	35 %	51 %	1 %	8 %	22 %
Group	Products	31 %	37 %	30 %	13 %	23 %	31 %
	Lives or properties	21 %	40 %	8 %	1 %	<1 %	14 %
Both	Products	21 %	13 %	19 %	46 %	32 %	26 %
	Lives or properties	51 %	25 %	41 %	98 %	92 %	64 %

Table 3
Primary and secondary covers partition

Covered lives or properties (in m)

Product type	Primary covers	Primary & secondary covers
Life	60.4	83.9
Health	22.8	29.2
Agriculture	23.3	23.8
Property	5.9	7.7
Accident	58.8	77.8

6.2.4. Aggregated ratio per product type

Loss ratio[48] is an important sustainability indicator for an insurance programme. Table 4 details the loss ratio of different microinsurance product types in Asia and Oceania. It is interesting to note that most of the microinsurance product types report more than a 70 % loss ratio, leaving only 30 % of the premium to cover administration, acquisition and sales costs. With such a high loss ratio, it is difficult for commercial insurers to sustain the business of selling voluntary insurance products. This is especially evident in the case of India, where most of the microinsurance products (except health) are sold as products linked with credit or other services. Agricultural insurance, which otherwise suffers from high claims levels, reports the lowest loss ratio of 59 %. The advent of weather-index-based agricultural insurance in the region may have reduced the loss ratio significantly in recent years.

A high claims ratio of life and accident insurance is also surprising in comparison to experiences made in other parts of the world. The existence of medium- to long-term products may explain the mismatch of the life insurance claim ratio (the claims are not for products sold this year but can also be for products from earlier years as well). High claim ratios from accident insurance are mainly reported by insurance companies in India and Bangladesh.

Figure 38
Price range of different microinsurance product types and their average annual premium

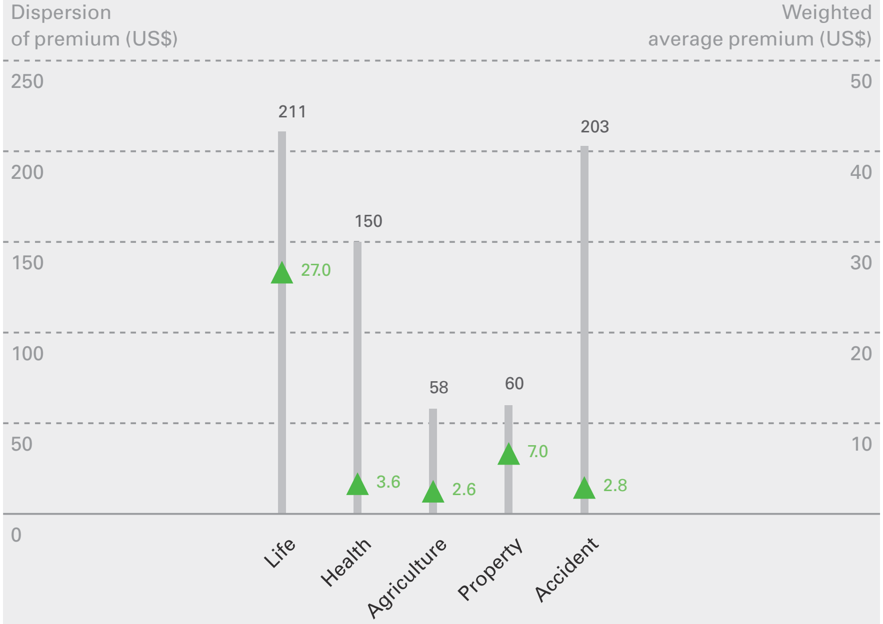


Table 4
Aggregated claims ratios by product type (2012)

Product type	**Number of lives insured in millions** (only if both premiums and claims provided)	**Premiums in US$ m** (only if both premiums and claims provided)	**Claims in US$ m** (only if both premiums and claims provided)	Loss ratio
Life	60.3	199.6	179.9	90 %
Health	15.5	59.8	47.3	79 %
Agriculture	22.4	381,1	224,1	59 %
Property	5.2	27.2	22.1	81 %
Accident	75.7	128.4	155.2	121 %
Total	181.6	797.2	628.7	79 %

[48] Loss ratios are calculated on a cash basis, in other words, by taking the physical amount of money generated and claimed into account.

6.2.5. Term of microinsurance products

Most of the microinsurance products (45.4 %) offered in Asia and Oceania are for a duration of one year indicating that the schemes are mostly short term in nature. Due largely to the good outreach of long-term endowment and savings-linked life insurance schemes in Bangladesh and India, 11.4 % of the life products have a term of more than seven years. Most of the health, accident and property insurance policies can be renewed annually: coverage continues only if the premium is paid for subsequent years (see Figure 39 and Figure 40).

Figure 39
Product term by coverage

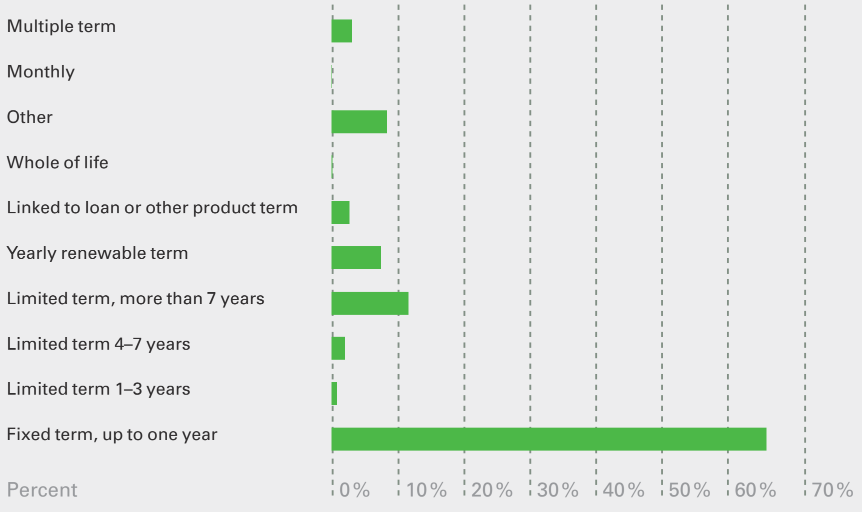
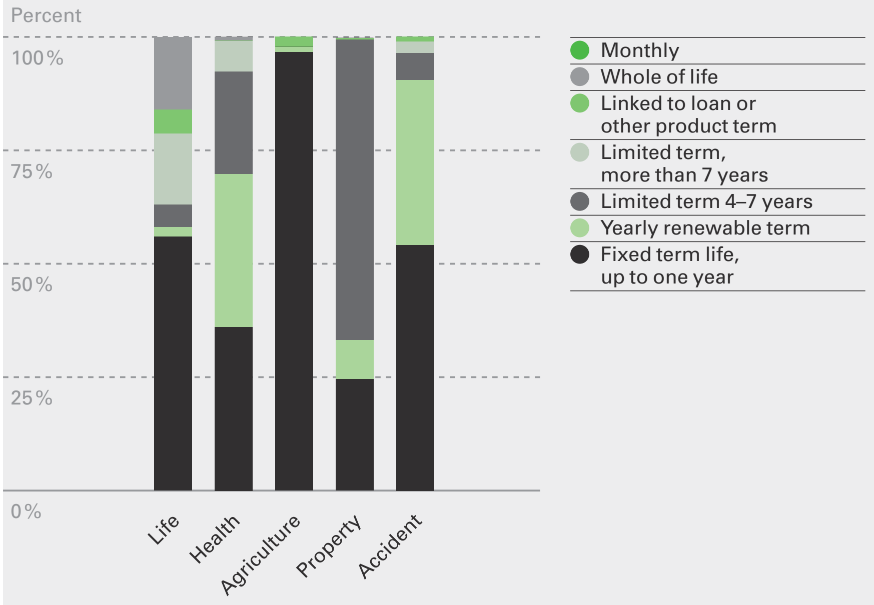


Figure 40
Product term by product type
(Percent of people covered)



7. Microinsurance stakeholders

7.1. Providers

Two hundred and twenty-eight organisations in Asia and Oceania provided information on their microinsurance activities. Of these, 12 microinsurance provider categories were identified, ranging from commercial insurers to NGOs, government agencies, CBOs, hospitals and informal societies. Figure 41 displays the participation of different types of players in the microinsurance business.

Although in Asia microinsurance has mainly developed from community-initiated schemes, regulated commercial insurers currently lead the sector. Due to highly regulated insurance sectors, most of the community-based initiatives soon entered into partner-agent arrangements to avoid regulatory problems. In addition to this, governments have also penetrated the microinsurance space (through co-contributory schemes) with insurance companies, making it difficult for community-based insurers to remain in business. At present, commercial insurers have the largest outreach in each product type, despite the fact that they are relative newcomers to the microinsurance industry (see Figure 42).[49] They have also introduced the largest number of microinsurance products in the last couple of years (304 of the 507 identified products).

As the insurance industry in most South and South East Asian countries is highly regulated, only a limited scope is available to semi-formal entities for providing microinsurance in the region. Despite the large number of NGOs and CBOs/mutuals offering microinsurance in the region (44 and 38 respectively), the scope of their coverage is therefore relatively small (only 11.5 % of all lives and properties in Asia and Oceania). In addition to this, ten MFIs on the continent (listed under "Other") are reported to be underwriting the microinsurance of their clients.

[49] Coydon, Marie Amandine, and Veronique Molitor: Commercial insurers in microinsurance. Microinsurance Network, 2011, P. 8

Figure 41
Microinsurance provider types and outreach

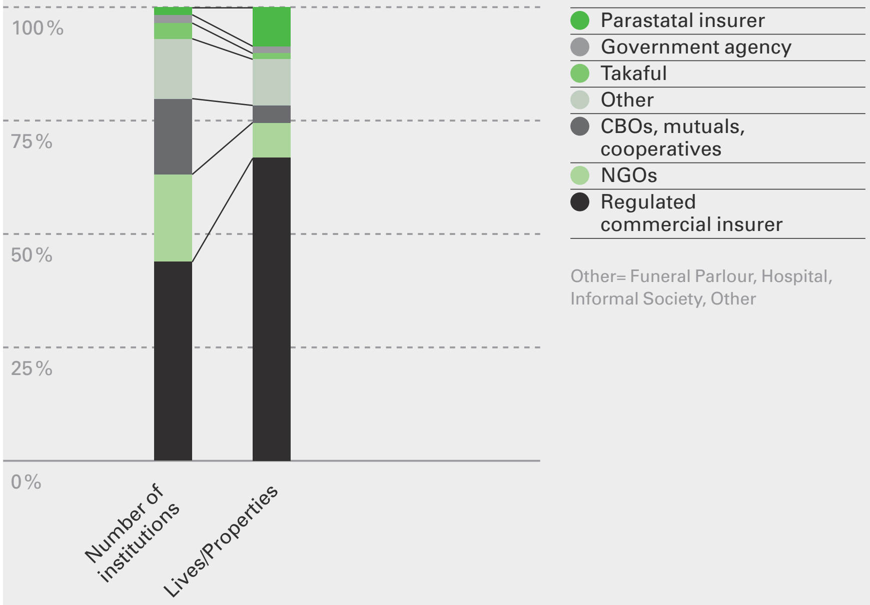
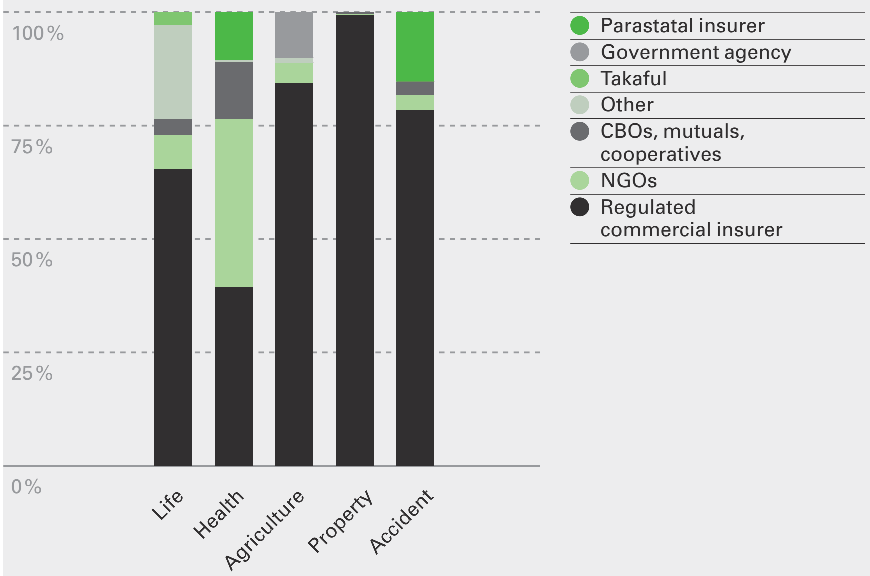


Figure 42
Microinsurance providers according to product type



7.1.1. Distinguishing microinsurance as a separate business

A high percentage of microinsurance providers (72%) distinguish microinsurance from the other activities they pursue (see Figure 43). For example, most of the regulated commercial insurers tend to have a specialised department handling their microinsurance activities (this trend is less significant in comparison to other types of insurers). Besides this, the design and marketing of microinsurance products are generally carried out independently from other types of activities or products offered. Specific distribution channels are also used. This indicates that microinsurance providers are making substantial efforts in adapting their offerings to suit the specific needs of low-income households and adjusting their distribution methods to reach geographically remote locations. However, too few separate microinsurance policies account for their core activities, although this is considered the top key principle for the effective management of microinsurance programmes.[50]

7.1.2. Measurement of performance

Measuring performance helps identify what works, what does not work and what should be improved to increase outreach and provide the best value possible to clients. Of the 139 organisations that provided information on this particular topic, 83% reported that they monitor the performance of their microinsurance products. However, the nature of performance measured varies from provider to provider: while regulated commercial insurers are foremost in following financial performance indicators, other providers (NGOs, CBOs, mutuals, etc.) tend to attach more importance to a client-focus approach using social performance indicators, client satisfaction surveys and impact studies (see Figure 44).

Figure 43
Microinsurance distinction among providers

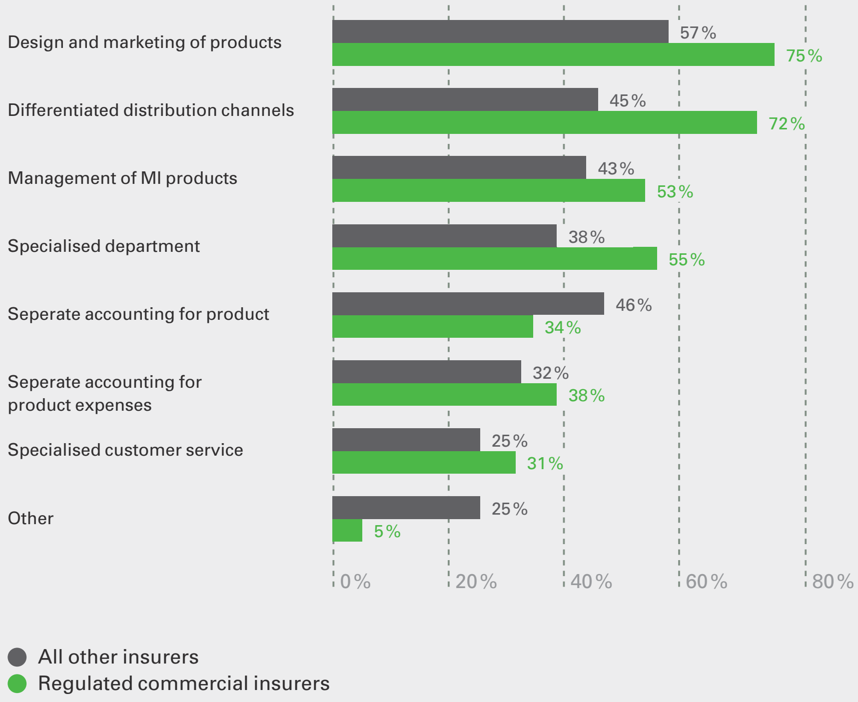
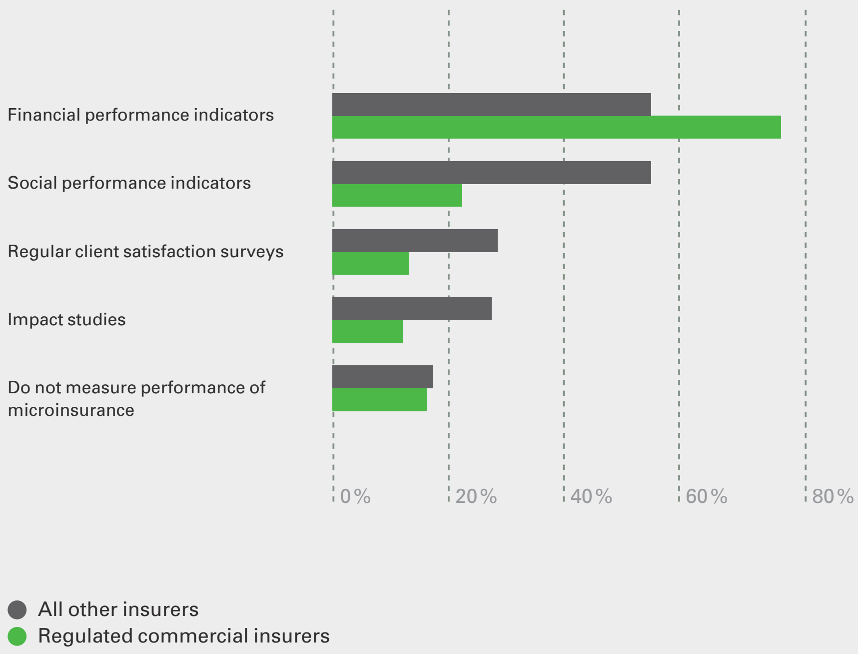


Figure 44
Measurement of microinsurance performance by providers



[50] Garand, Denis, and John Wipf: Performance indicators for microinsurance: A handbook for microinsurance practitioners. Second edition, ADA, 2010, P. 7.

7.1.3. Providers' market perception

With nearly 60 % of the studied products launched after 2008, the microinsurance sector is a relatively new market in Asia and Oceania. This can be considered as a strength with various opportunities and potential for growth, but it also makes the sector uncertain, unpredictable and difficult to comprehend. To obtain a clearer outlook for this sector, survey respondents have been asked to share their perception of the microinsurance market.

Microinsurance providers in the region gave evidence of a strong eagerness for microinsurance, with 58 % of respondents stating that financial service providers are interested and willing to participate in the sector (see Figure 45). Nevertheless, market conditions do not seem to have reached complete maturity yet. Indeed, many providers perceive the sector as hardly profitable (47 %) while deploring a lack of information (64 %) and the dearth of distribution channels (48 %).

However, microinsurance providers seem optimistic for the future. When asked about their market projection for the next five years, 57 % of the respondents are confident that their microinsurance business will grow by more than 100 % (see Figure 46).

Figure 45
Market perception on microinsurance sector

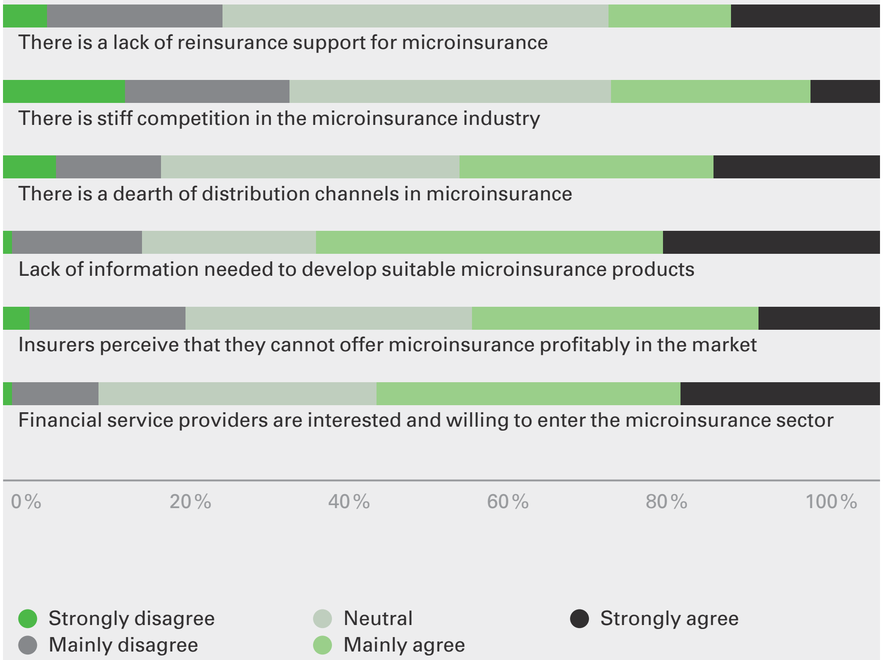
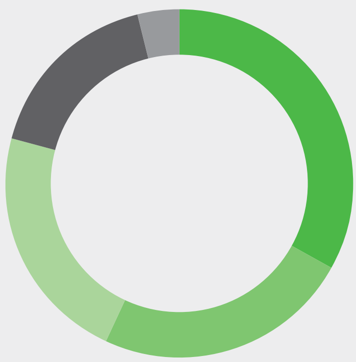


Figure 46
Market perception on future growth potential



Your domestic microinsurance business will grow >100 % over the next 5 years.

Mainly agree	33.1 %
Strongly disagree	23.8 %
Neutral	22.3 %
Mainly disagree	16.9 %
Strongly agree	3.8 %

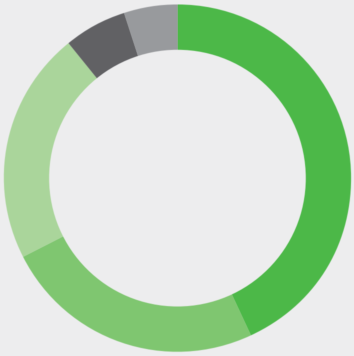
7.2. Reinsurance

Reinsurers are important stakeholders in the microinsurance industry. They enable insurance providers to manage their risks and increase their capacity through technical expertise, so that microinsurance management can improve its skills.

However, few products are being reinsured in the region (30% of all products).This number boils down to only 8% for accident products. Figure 47 indicates that, of all product types, life insurance is by far the main risk to be reinsured. One should also note the high proportion of property products to be reinsured. Even though accident sub-cover analysis has not mentioned particular coverage for natural disasters, some reinsurance funds are being leveraged in the region to face potential property degradation. This indicates that property insurance may provide the necessary cover needed in the region to manage disaster risks.

Among the 228 organisations that participated in the study, 44 use reinsurance for their microinsurance offerings; thirty-one of these organisations are regulated commercial insurers. Although it is unusual to have reinsurers involved in schemes by other entities, in some countries (e.g. Philippines, Nepal) this has been made possible by flexible regulation allowing mutuals and cooperatives to operate as licensed insurers.

Figure 47
Product types reinsured



Life	43.1%
Property	24.5%
Health	21.6%
Accident	5.9%
Agriculture	4.9%

8. Distribution channels

8.1. Use of distribution channel

The most commonly used distribution channels for microinsurance in Asia are the Community-Based Organisations (CBOs), mutuals (registered and regulated mutual insurance providers) and other member organisations (see Figure 48). These organisations deliver 26% of microinsurance products on the continent. However, this high proportion may be credited to the prevalence of health (mutual) schemes in India which use these channels extensively; they account for 70% of total products delivered through these channels in Asia. It is important to note that many of these CBOs were erstwhile microinsurance providers and only recently entered into partner-agent models with commercial insurers, thereby becoming a distribution channel for microinsurance.

Microfinance Institutions (MFIs) are frequently used (22%), particularly for life coverage (see Figure 49) and, to a lesser extent, for health and accident insurance. They have the advantage of providing a wide and already existing client database ready for use by microinsurance providers. Agricultural insurance is delivered mainly through bank channels since these are often tied to agricultural loans.

Besides this, conventional insurance agents and specialised microinsurance agents also represent a significant proportion of microinsurance distribution channels (17% and 14% respectively). These kinds of distributors are particularly relevant for property and accident insurance.

Other distribution channels, such as employers, retailers and mobile phones, take part in the distribution landscape but are still marginal in outreach.

Figure 48
Use of distribution channel

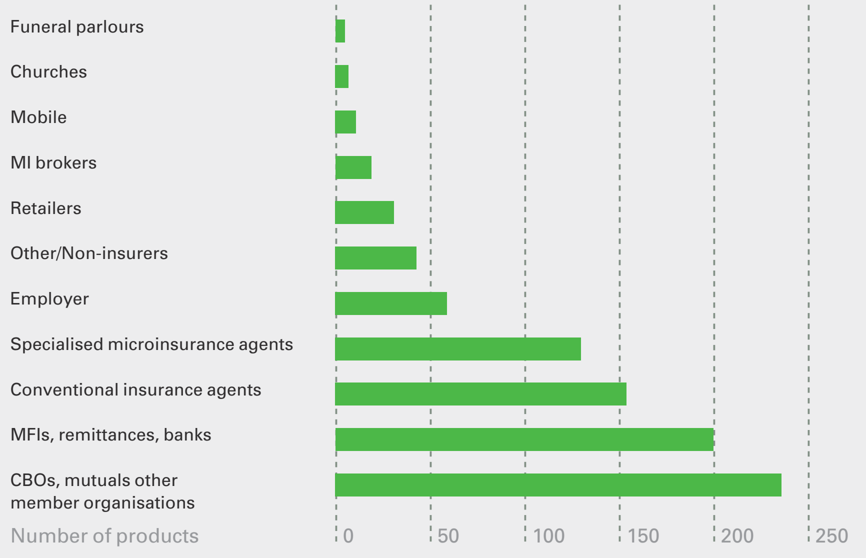
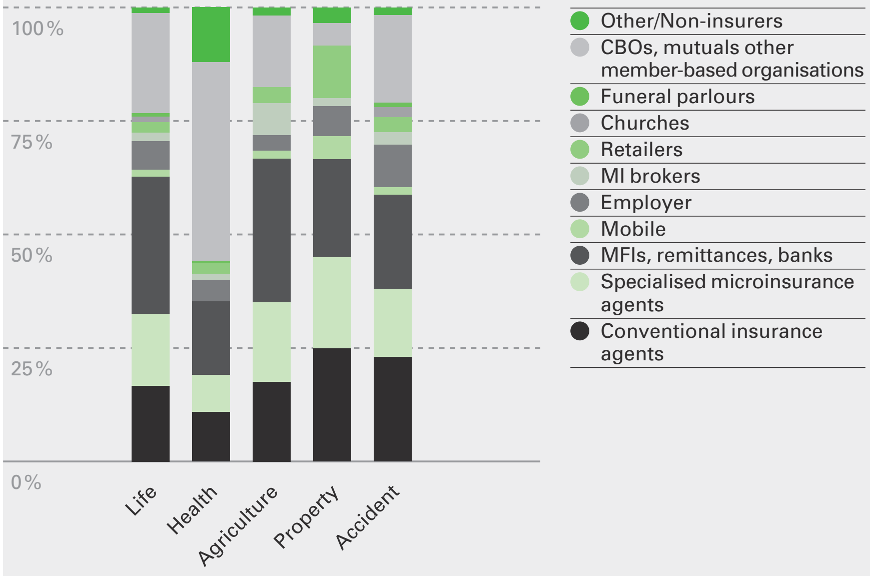


Figure 49
Distribution channel by risk type



8.2. Distribution channels by region

As Figure 50 shows, different regions of the continent focus predominantly on one or two specific distribution channels. While MFIs and banks remain dominant, in almost all regions of Asia, the second most popular channel varies. While providers in East and Western Asia focus on conventional insurance agents, Central and South East Asian providers predominantly use community-based organisations to deliver their insurance products. Mobile-phone-based delivery has also started to gain ground in some Oceania countries (e.g. Papua New Guinea).

8.3. Technologies in microinsurance

Microinsurance providers in Asia and Oceania still rely heavily on traditional paper forms to manage almost 65% of their processes, yet some processes involve a more extensive set of tools. For example, data transfer between partners and policy management show advanced use of specialised software, while customer service is the most advanced process with a high prevalence of mobile phones, call centres and specialised software. Figure 51 indicates the percentage of providers using technology in their processes. Paper forms have been left out of the equation, so that use of other technologies is more visible.[51]

Figure 50
Regional trend in use of delivery channels

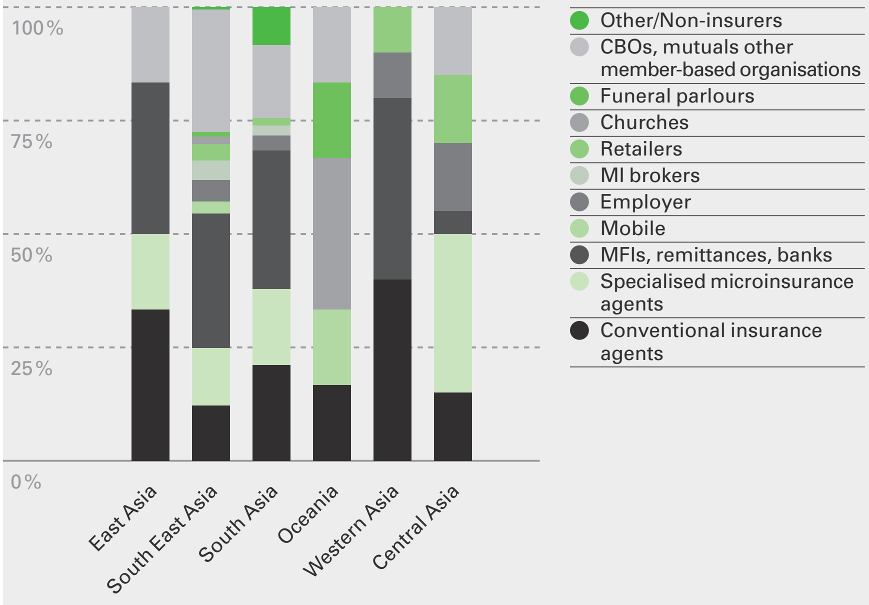
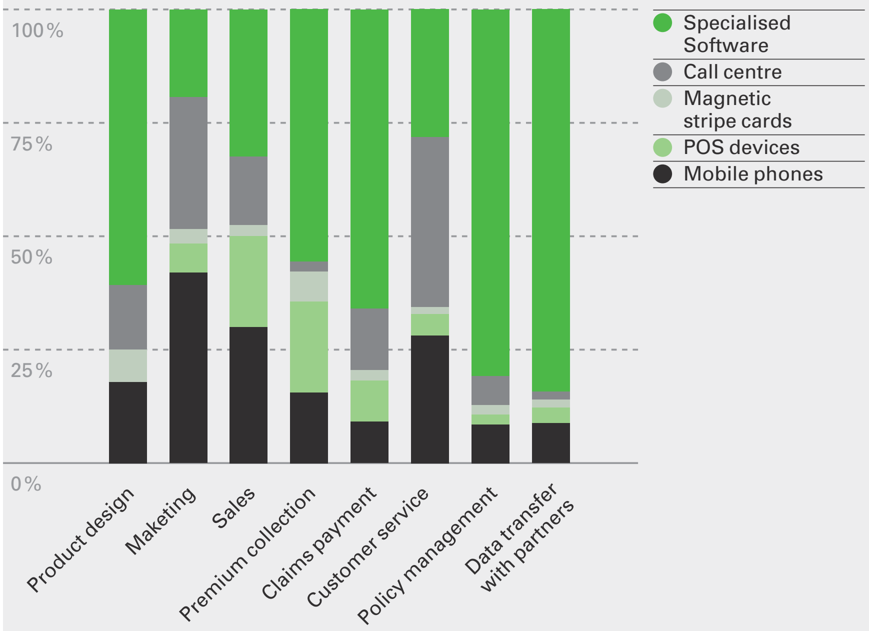


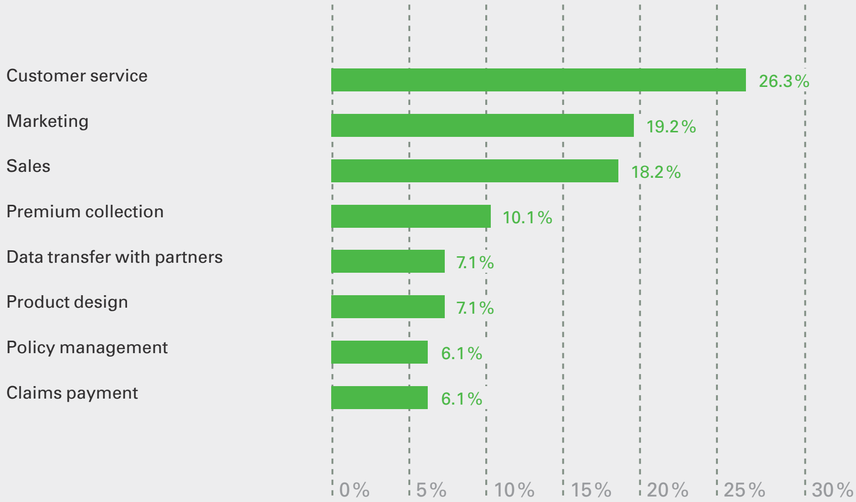
Figure 51
Percentage of providers using technologies in their processes (excluding paper forms)



[51] Use of paper forms for processes:
1) Product design: 70%;
2) Marketing: 77%;
3) Sales: 78%;
4) Premium collection: 74%;
5) Claims payment: 70%;
6) Customer services: 44%;
7) Policy management: 60%;
8) Data transfer with partners: 49%.

In some parts of the world, microinsurance providers are increasingly integrating mobile phones into their respective processes. However, this practice is just in its early stages in Asia and Oceania: only 40 of the 228 surveyed organisations use mobile phones to process their microinsurance offering; these are mostly located in the Philippines, Bangladesh, Indonesia and Papua New Guinea. The use of mobile phones mainly concerns customer service, marketing and sales. Only 10 % of mobile-phone-based implementations use the technology for premium collection (see Figure 52).

Figure 52
Use of mobile phones in microinsurance processes



9. Social microinsurance

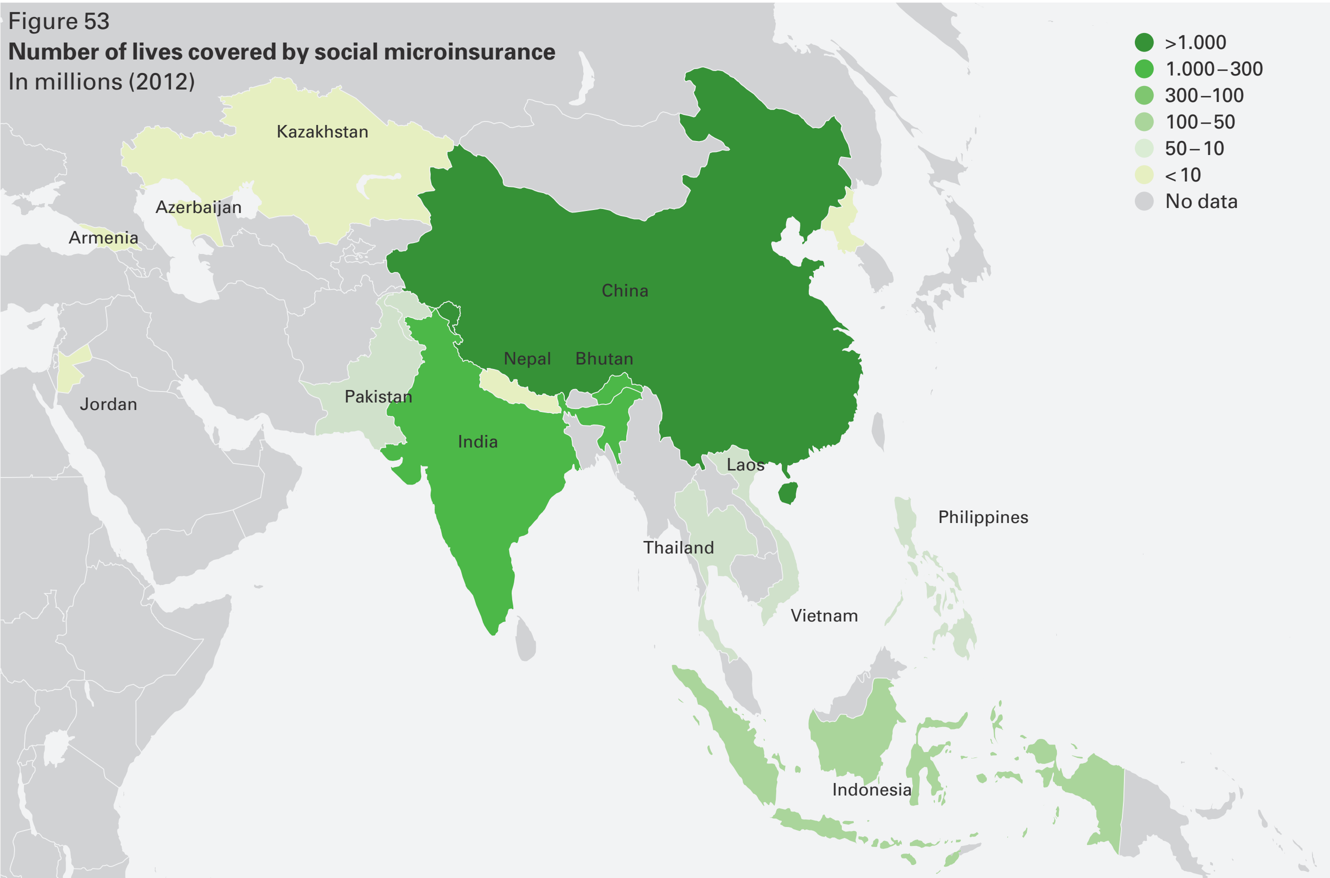
Apart from the microinsurance schemes, social microinsurance covers nearly 1.7 billion individuals in Asia and Oceania.[52] On the one hand, these schemes differ from traditional social security programmes in their involvement of insurance mechanisms (risk underwritten and carried by commercial insurance companies), and from microinsurance products in the aspect of premium payment (in these schemes the government pays the full or a major part of the premium).

It is interesting to note that the countries implementing large-scale social microinsurance are the same as those with active microinsurance sectors (with the exception of Georgia). A microinsurance coverage of 93.7% in the region is a result of these countries implementing social microinsurance schemes.[53] It is argued that the activities of commercial and NGO/CBHI-led microinsurance schemes may have influenced the governments to modify their social security mechanisms and instead invest in social microinsurance schemes. Although empirical evidence to support the theory is yet to be established, there is no doubt that market-based microinsurance provides a fertile learning ground for social microinsurance and vice versa.

[52] There are chances of multiple policies being accessed by the same individuals. However, as no mechanism exists to calculate this multiplicity, we consider the outreach to be the simple sum of all social microinsurance schemes. The actual outreach may be less than the reported number.

[53] Total microinsurance coverage of social microinsurance implementing countries is 159.5 million.

Figure 53
Number of lives covered by social microinsurance
In millions (2012)



Social microinsurance schemes are targeted at the poorest section of the country. While the definition of "poor" differs from country to country, the national poverty line is generally considered to be the defining boundary. Conceptually too, social microinsurance (or erstwhile social security) schemes are for sections of the population that cannot afford to purchase microinsurance policies. In countries with social microinsurance, the approximate headcount of low-income people (according to the respective poverty lines of these countries) stands at 475.5 million.[54] If this segment is assumed to be the intended social microinsurance target market, the outreach of social microinsurance far exceeds the actual intended target (see Figure 54).

Given their outreach in comparison to the poverty ratio, it seems that the social microinsurance schemes are also being offered to segments above the "poorest" section of society, which otherwise constitute the market for market-based microinsurance.[55] In theory, the growth of market-oriented microinsurance can be expected to be low where government-subsidised schemes are delivered to the same people/segment. As these schemes are available free of cost, they deter clients from purchasing microinsurance products with full premium payments. In this region, the question of whether the low coverage of microinsurance is due to the availability of free social microinsurance on the market, or whether social microinsurance schemes cater to the microinsurance market due to the low outreach of market-based microinsurance, can be only investigated by means of thorough primary research.

9.1. Type of risk covered

Most of the social microinsurance schemes cover health insurance followed by agricultural insurance (See Figure 55).

Figure 54
Social microinsurance outreach as compared to national poverty line in implementing countries
In millions (2012)

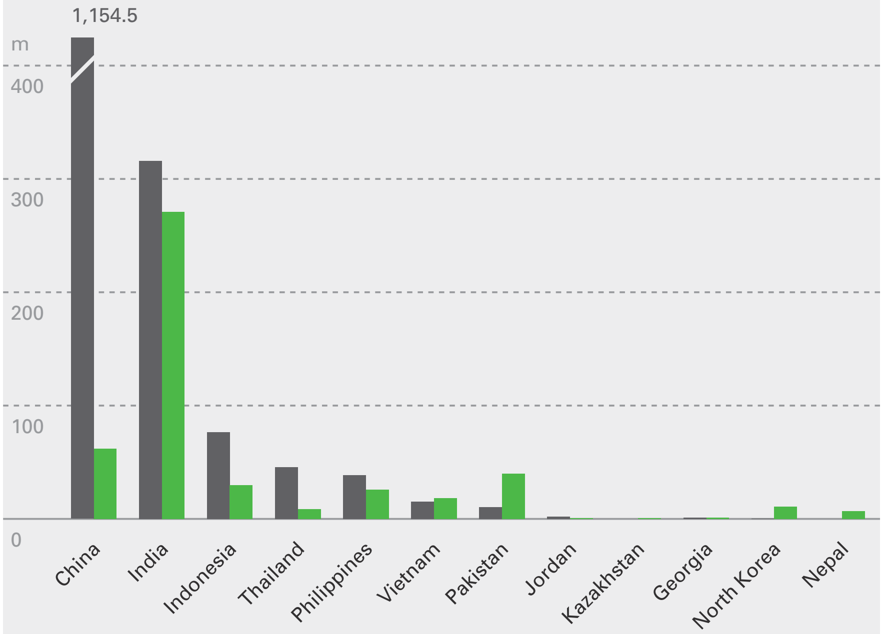


Figure 55
Type of risk covered by social microinsurance

Health	90.9 %
Agriculture	7.8 %
Life	1.2 %

[54] Calculated from the poverty headcount ratio of the national poverty line of countries with social microinsurance. Source: World Bank country-specific database (http://data.worldbank.org/country)

[55] The fact that the figure for outreach exceeds the figure for the target section should not be interpreted as "all" low-income people in these countries being insured by social microinsurance schemes. Coverage for all low-income households depends on the efficiency of implementation.

The NRCMS[56] and URBMI[57] health insurance schemes in China are leading social microinsurance schemes followed by Rashtriya Swasthya Bima Yojana (RSBY) of India. The Georgian Republic, Jordan, the Philippines, Thailand and Vietnam are other countries that run subsidised health insurance programmes. These schemes mainly offer in-patient hospitalisation benefits to the poorest section of society through cashless arrangements in public and selected private hospitals throughout the respective countries. While some of these schemes (for example in China) are promoted as voluntary health insurance, strong state funding attracts a high levels of enrolment.

China's PICC[58] agricultural insurance scheme is the largest scheme and covers more than 100 million individuals. India's National Agricultural Insurance Scheme (NAIS) and Pakistan's Crop Loan Insurance are also large programmes with an outreach of 16.3 million and 10.5 million respectively. Agricultural social insurance programmes are mainly delivered as products tied to crop loans in these countries. Although these products are available for voluntary purchase, the uptake of voluntary agricultural insurance is found to be lower. Social microinsurance schemes in agriculture are still indemnity- and area-yield index-based. Parametric index-based social agriculture microinsurance products are currently non-existent. Government subsidies in the premiums for these schemes are in the 60% range in addition to the establishment cost of the crop insurer,[59] partial administration support and, in some cases, claim subsidies (for example NAIS of India).

India is the only country that provides life social microinsurance through its Aam Aadmi Bima Yojana scheme.

The largest social microinsurance schemes (>10 million coverage) in the region are listed in Table 5.

Table 5
Leading social microinsurance schemes in Asia and Oceania (2012)

Name of the scheme	**Country**	**Individuals covered (in millions)**	**Type of risk covered**
New Rural Cooperative Medical Scheme	China	832.0	Health
Urban Resident Basic Medical Insurance	China	221.0	Health
Rashtriya Swasthya Bima Yojana	India	130.5	Health
PICC- Crop insurance	China	101.5	Agriculture
Rajiv Arogyashree Yojana	India	89.6	Health
Jamkesmas	Indonesia	76.4	Health
Dr. Kalaignar (now Chief Minister's) Scheme	India	54.4	Health
Universal Coverage Scheme	Thailand	45.8	Health
PhilHealth, Philippines	Philippines	38.5	Health
Aam Aadmi Bima Yojana	India	20.3	Life
National Agriculture Insurance Scheme	India	16.3	Agriculture
Universal Health Coverage	Vietnam	15.0	Health
Crop Loan Insurance	Pakistan	10.5	Agriculture

The number of people reached through social microinsurance may make the situation look better than it actually is. This study did not look at the actual benefits of these products. However, many publications[60] refer to the gaps and limitations of social protection or social microinsurance schemes leading, for example, to high out-of-pocket expenses, poor service quality and a lack of trust, whereas insurance provided by insurance companies may be too expensive and does not reach out to the very low-income market. The various approaches in providing risk management tools for the poor may, however, complement one another, so that there is a large scope for cooperation and a high potential for complementing the various approaches.

[56] New Rural Cooperative Medical Scheme launched in 2006, where central government and local government pay 80% of the premium; the scheme covers approx. 832 million individuals. Details of the scheme can be accessed under "The Long March to Universal Coverage: Lessons from China"; http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/02/01/000356161_20130201172145/Rendered/PDF/749600NWP0CHIN00Box374316B00PUBLIC0.pdf.

[57] Urban Resident Basic Medical Insurance launched in 2009, where urban and unorganised workforce individuals are covered by in-patient coverage; the scheme is also heavily subsidised, with individuals paying only 20% of the premium; nearly 221 million individuals are covered through the policy. Details of the programme can be accessed under "The Long March to Universal Coverage: Lessons from China"; 2013.

[58] People's Insurance Company of China

[59] Agricultural microinsurance in these countries is managed by government-promoted specific agricultural insurance providers: Agriculture Insurance Company of India, People's Insurance Company of China, the Philippines Crop Insurance Corporation of the Philippines, National Agricultural Cooperative Federation of North Korea.

[60] E.g. Kimball, Meredith; Phily, Caroline; Folsom, Amanda; Lagomarsino, Gina; Holtz, Jeanna: Leveraging health microinsurance to promote universal health cover. Microinsurance Paper No. 23 – ILO Microinsurance Innovation Facility, August 2013.

10. Regulation

Regulation has played an important role in the development of the microinsurance sector in Asia. More than half of the providers are of the opinion that regulation has favoured the development of microinsurance in the region (Figure 56).

While India and the Philippines have microinsurance-specific regulations in place, Bangladesh, China, Nepal and Indonesia have just issued their initial microinsurance-specific guidelines. The Securities and Exchange Commission of Pakistan has also prepared a draft microinsurance guideline. Initial guidelines in most of the South Asian countries are, however, similar to the Indian framework. It must be noted that the mere existence of microinsurance regulation is not enough for the development of a productive and effective microinsurance sector.

Figure 56
Perception of providers on role of regulation and government policy

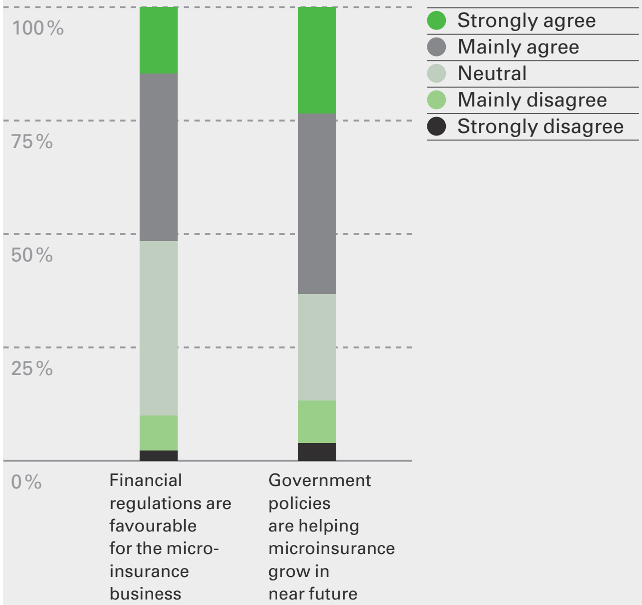
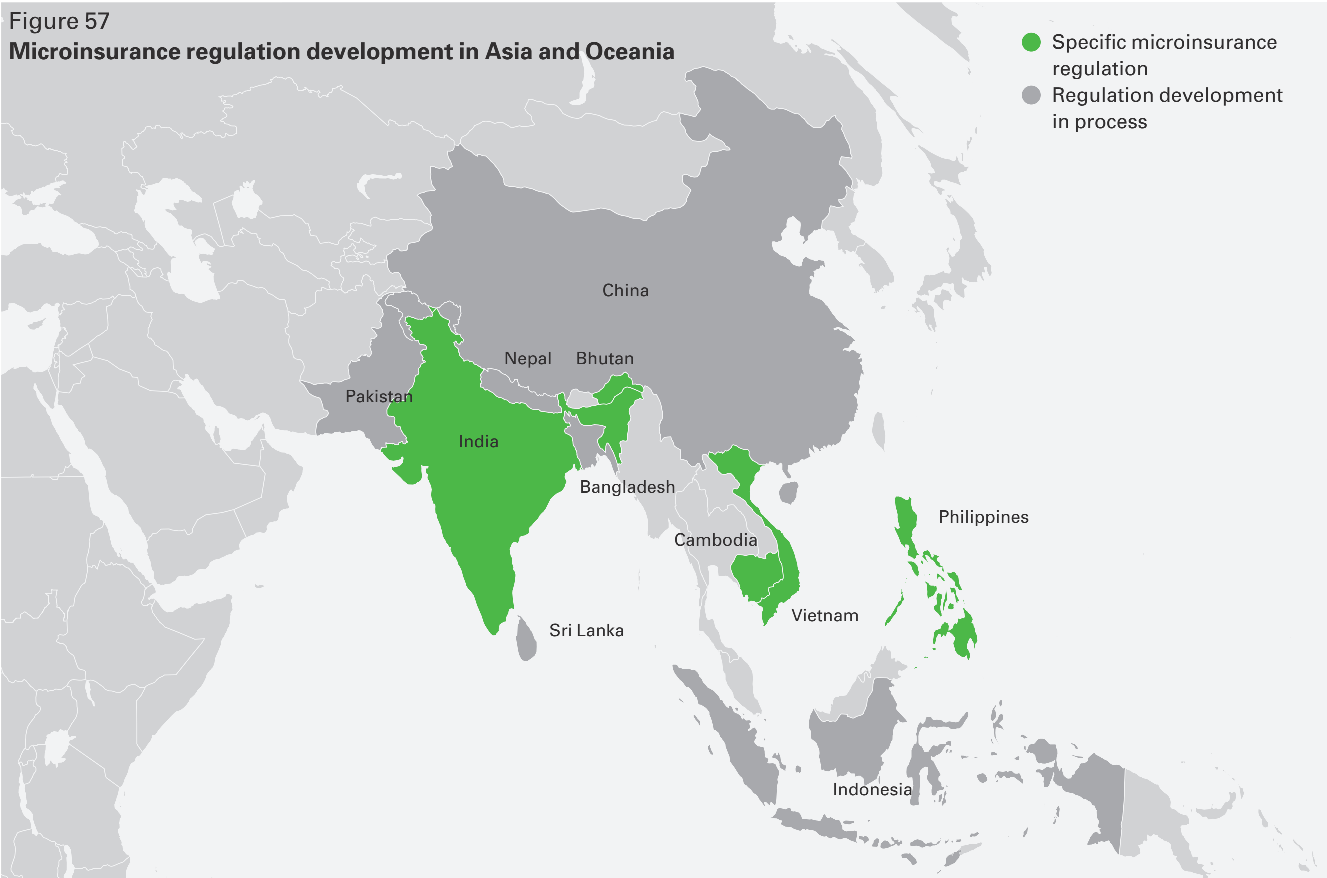


Figure 57
Microinsurance regulation development in Asia and Oceania



Although countries such as Vietnam and Cambodia have some form of microinsurance-specific regulation in place, the outreach and growth of microinsurance in these countries is far from outstanding.

It is also important to note that microinsurance has developed in some of the countries without specific microinsurance regulation. Regulatory guidelines regarding the insurance industry, financial inclusion and microfinance and social security policies also create an enabling environment for effective microinsurance development.

The countries of Asia and Oceania may generally be categorised under three distinct types of regulatory microinsurance infrastructure (see Figure 58).

Figure 58
Classification of countries in terms of their microinsurance regulatory development

Regulatory/ policy development	Inception stage	Growth stage	Maturity stage
	No/restrictive MI regulation; MI allowed as part of microfinance/insurance	MI as obligation/ promotion	Functional MI regulation; Institutional MI regulation
Representative countries of Asia	Sri Lanka Azerbaijan Thailand Malaysia Laos Mongolia	Indonesia Bangladesh China Cambodia Vietnam Nepal Pakistan Papua New Guinea Fiji East Timor	India The Philippines

Inception Stage

Whereas microinsurance does not feature in insurance and/ or microfinance regulation in some countries (e.g. Thailand), microinsurance (or the provision of insurance/risk security products) remains strictly under government purview in others (e.g. Laos, Mongolia). In countries such as Azerbaijan, Malaysia and Sri Lanka, microinsurance has started to develop under the regulatory guidelines of conventional insurance or microfinancing. In most of these countries, the existing bancassurance guidelines allow MFIs to become microinsurance agents.

Growth Stage

Some of the countries in the region have started to formulate guidelines on microinsurance in the absence of fully-fledged regulations. While countries such as Indonesia have declared an intent to develop microinsurance regulation, Bangladesh, China, Nepal and Pakistan are in the process of issuing their first guidelines on microinsurance. Bangladesh has taken a route similar to India (by issuing rural and social sector obligations), while the Chinese regulator has pledged to give additional benefits (such as additional branch licences) to commercial insurers entering microinsurance. Vietnam and Cambodia already have some form of guideline defining microinsurance-specific entities in the form of microinsurance companies (e.g. Cambodia) and mutuals (e.g. Vietnam).

Maturity Stage

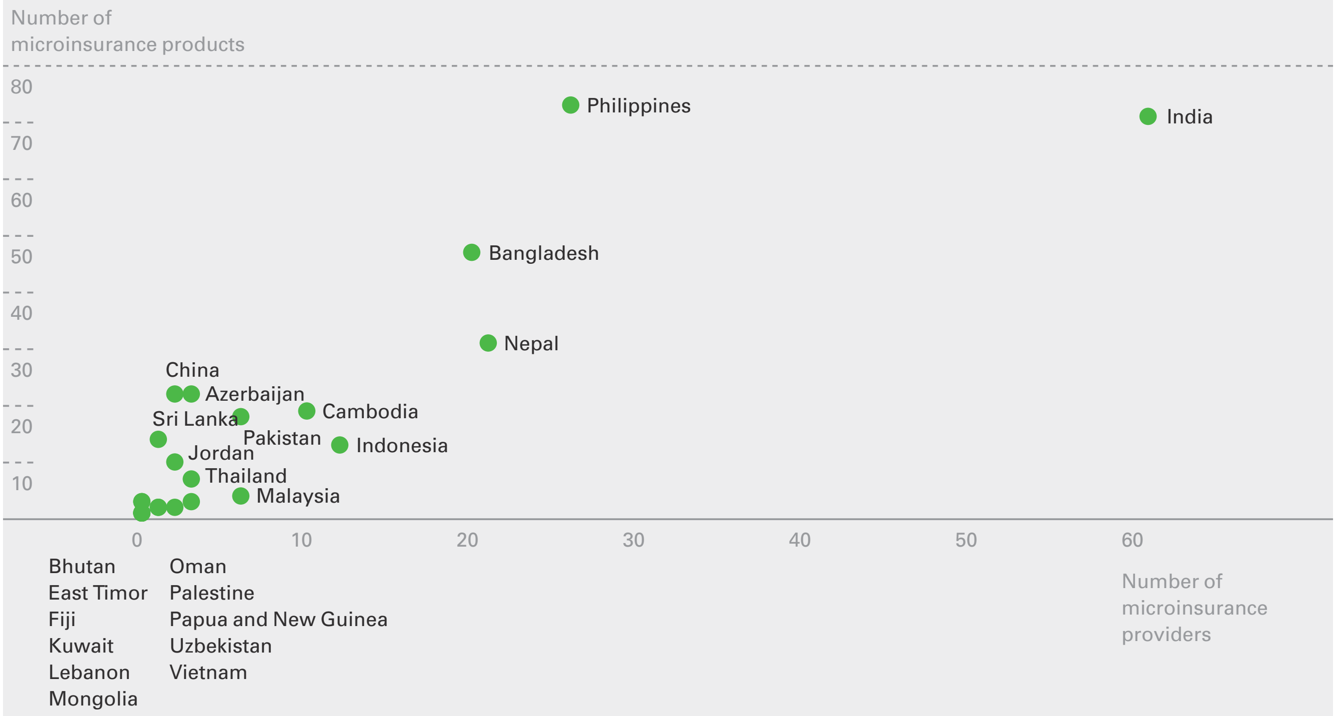
India and the Philippines are definitely ahead in terms of vintage of their microinsurance regulation. While some form of microinsurance guideline (as rural/social insurance) was formulated way back in 2002 in India, the Philippines first launched fully-fledged microinsurance regulation in 2008. Although criticism on the effectiveness of the Indian regulation exists, the framework has ensured that all commercial insurers enter the sector. The Filipino regulation has not only allowed several types of institutions (e.g. mutuals) to enter the sector as legitimate entities, but also provided guidelines on processes, marketing and flexible product design.

11. Asian countries and microinsurance development

It is apparent that microinsurance development is on various levels of maturity in Asia and Oceania. While countries such as India and the Philippines can boast of high outreach, productivity and diversity, many South East Asian countries (e.g. Vietnam, Cambodia) are slow in attaining such characteristics in spite of almost similar vintage. Some countries (e.g. China, Thailand, Malaysia) have attained outreach in recent years through a single-product regime, while countries such as Bangladesh, Pakistan and Nepal have maintained a mosaic of product types although they could not achieve impressive outreach or coverage ratio.

Figure 59 shows the dispersion (in terms of numbers of providers) and diversity (in terms of numbers of products) of microinsurance sectors in the different countries of Asia and Oceania.

Figure 59
Productivity of microinsurance providers in Asia and Oceania



In Section 10 we also observed the diversity of regulatory infrastructure in these countries. Based on these observations, the countries of the region can be divided into four categories:

Stabilised markets: countries with a diversified and populous microinsurance sector and in which the growth of microinsurance has stabilised over the last couple of years. These countries have multiple microinsurance providers including a variety of entities providing different types of microinsurance products.

Growth leaders: there are a host of countries where microinsurance has only recently been launched and has achieved a significant outreach in a short period of time. These countries have shown a substantial growth potential led by a variety of products. As these countries offer a diverse range of products, they are expected to grow and mature at a faster rate in the next couple of years.

Monoliths: a few countries have seen moderate to high outreach/coverage with one or only a few product types. Although they are growing at a steady pace and have achieved a significant coverage ratio, their microinsurance sector is far from mature, due to a unilateral focus on one or a few product types.

Nascent: these countries have started developing microinsurance but have not as yet achieved a high outreach. It may take three to four years before these countries achieve a discernable market size.

Countries that can be classified in these categories are listed in Table 6.

Table 6
Level of market development by country

Stabilised markets	Growth leaders	Monoliths	Nascent
India	Bangladesh	Cambodia	Azerbaijan
The Philippines	Indonesia	China	Bhutan
	Malaysia	Jordan	East Timor Oman
	Nepal	Mongolia	Fiji
	Pakistan	Sri Lanka	Kuwait
	Thailand	Vietnam	Lebanon
			Palestine
			Papua New Guinea
			Uzbekistan

11.1. Next steps

The countries of Asia and Oceania exhibit a varied level of development and maturity in their microinsurance sector. However, given that the coverage ratio is below 5%, there is a wide scope of improvement for the sector to reach out to the large number of low-income clients in these countries. The segmentation of countries might help in selecting the most appropriate intervention in these states. Possibilities of segment-specific intervention are detailed below.

Nascent market: as microinsurance in these countries is poised for growth, it might be worthwhile not to disturb their natural growth phase. However, possible interventions in these countries could include:

— Detailed research and understanding of client demand, so that the microinsurance sector is given a guideline as to how the industry should shape up;

— Versatile entities should be allowed to develop their microinsurance sector without strict regulatory tautness;

— A positive push could be created by the government in these countries through co-contributory schemes or sector level microinsurance awareness drives, so that suppliers are attracted to investing in microinsurance.

Market monoliths: as these countries have mostly developed on a single-product portfolio, in the short to medium term, the suppliers will probably not be interested in product proliferation. Instead, these countries may be a good learning ground for:

— Newer distribution approaches, such as mobile-phone-based insurance distribution and other technology-enabled distribution strategies;

— Assessment of whether the existing product benefits can be expanded in accordance with client demand;

— Regulatory impetus on allowing informal and semi-formal entities to enter and deliver diverse types of microinsurance products.

Growth drivers: as providers in these countries are already on a growth highway, they should be supported to improve delivery through:

— Regulatory intervention allowing flexible product and distribution strategies;

— Allowing more entities into the sector so that the market grows through competition;

— Classifying the providers according to their expertise (e.g. commercial insurers in life, CBHIs in health) and devise insurance-specific strategies for them.

Stabilised markets: although the providers in this segment show massive outreach and substantial diversity, they are still far from being able to fully utilise the microinsurance potential in their respective countries. The next big leap in these countries can only be taken if

— The business case for microinsurance is proven and communicated to the microinsurance providers;

— Client awareness and insurance literacy can be ensured;

— Research is conducted on the feasibility of new product and distribution types designed to meet client demand.

12. Conclusion

With a coverage of 170.4 million, Asia and Oceania account for almost 66.8% of the global microinsurance market. However, as the study indicates, the high level of outreach is attributed to a handful of these countries while over 40% of the countries in the region remain without any active microinsurance sector whatsoever. Even with the high-outreach countries, the coverage ratio of microinsurance in the region remains the lowest of the three continents landscaped so far.[61] It can therefore be clearly stated that the microinsurance agenda in the region is far from attaining its potential.

On the whole, South Asia and South East Asia emerge as the microinsurance 'front runners' in this region. They not only have the largest number of products and the most extensive outreach and coverage but also show the maximum diversity of products. India as a test case in South Asia and the Philippines in South East Asia exist as important learning grounds for other countries in their vicinity. While microinsurance in India and the Philippines is stabilising, the neighbouring countries have unmistakably showcased maximum potential in recent years.[62]

In terms of product types, Asia and Oceania show trends similar to other continents. However, unlike other continents, this region witnessed good outreach of endowment and savings-based life insurance products as well as agricultural insurance products. The existence of endowment schemes promoted by the public sector and the recent advent of takaful insurers are responsible for a different kind of life microinsurance portfolio in the region. Index-based insurance products launched in recent years have increased the outreach of agricultural insurance on the continent. Although most of the microinsurance products in the region are delivered through traditional microinsurance channels, mobile-based microinsurance has started to emerge in some of the areas. Interestingly, even nascent microinsurance markets such as Papua New Guinea have implemented mobile-based distribution for microinsurance in the region.

Government participation in microinsurance in this region is another phenomenon that differentiates Asia and Oceania from other regions. The governments of several countries on the continent have played an active role in their respective microinsurance developments. Governments are seen to participate actively in the following ways:

Design and implementation of regulation: Asian markets can be stated as the most advanced in terms of developing specific microinsurance regulations. While India and the Philippines have active microinsurance regulation in place, as many as seven to ten other countries were seen to launch their first microinsurance regulations in the past twelve months. Effectiveness notwithstanding, their activities in promoting regulation show the interest that governments have in the sector

Social microinsurance: learning of the microinsurance sector has prompted many governments in the region to start their own subsidised microinsurance schemes in which the government pays for the full (or a large part of the) premium while the risk is underwritten by commercial insurers. This is a departure from the traditional social security regimes practised in these countries.

Government as provider: as many countries in the region had a monopoly phase of public-sector insurance companies until recently, they now have strong public-sector participation in their respective insurance industries. Many of these public-sector companies today are leading microinsurance players in their respective countries (for example Life Insurance Company of India, China Life, Agricultural insurance Company of India, Jiban Bima Corporation of Bangladesh etc.). Indirect participation also takes place through government co-contributory schemes (for example Yeshasvini in India), where the government either supports implementation or co-contributes the premium or both.

Different countries of the region are at different stages of microinsurance growth. The growth pathways they are adopting also appear to be different. While some countries have shown a potential for overall growth, others are growing based on only one or two product types. To see the region develop its full potential, interventions are required at multiple levels so that their natural growth path is not disturbed. However the sector delivers on multiple fronts, through customer-centric product designs, low-cost distribution mechanisms and a conducive business environment for the development of 'market-based' microinsurance.

[61] Coverage ratio of Asia and Oceania is 4.3% as compared to 7.6% in Latin America and the Caribbean, and 4.4% in Africa.

[62] E.g. Bangladesh, Nepal and Pakistan in South Asia and Indonesia, Malaysia and Thailand in South East Asia

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Appendix 1: Detailed definition of microinsurance and social microinsurance

The line demarcating microinsurance and social security has become diffused with the advent of new schemes in microinsurance in which government participation is an integral and important parameter. In these new types of schemes, which can be termed as social microinsurance, the government pays the premium but the risk is underwritten by commercial insurers.

The delineation of microinsurance and social microinsurance is discussed below.

According to Figure 60, the segments defined by the two coordinate parameters are:

No insurance: the individual underwrites her/his own risk.

Informal insurance: the community underwrites insurance for its members; in such arrangements, individuals form small informal groups within the community to establish insurance mechanisms. Church-based or community-based funeral insurance are examples of such schemes.

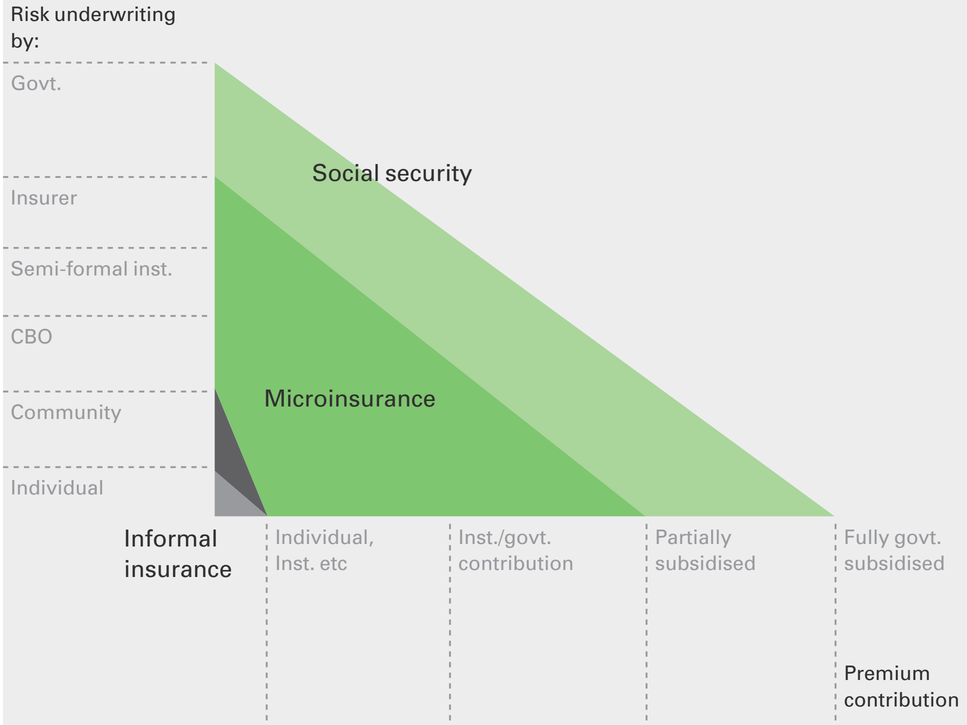
Microinsurance: the risk is underwritten either by a community-based organisation, member-based semi-formal institution or by the insurer, while the premium is entirely paid by individuals (contributory schemes) or co-contributed by the managing institution or government (co-contributed schemes). Schemes that are partially subsidised by the government (operational support) also qualify as microinsurance.

Social microinsurance: the government pays the full (or large part of the) premium, while the risk is underwritten and borne by the insurance companies. Ties also include programmes where government also fully subsidises the operation of the scheme.

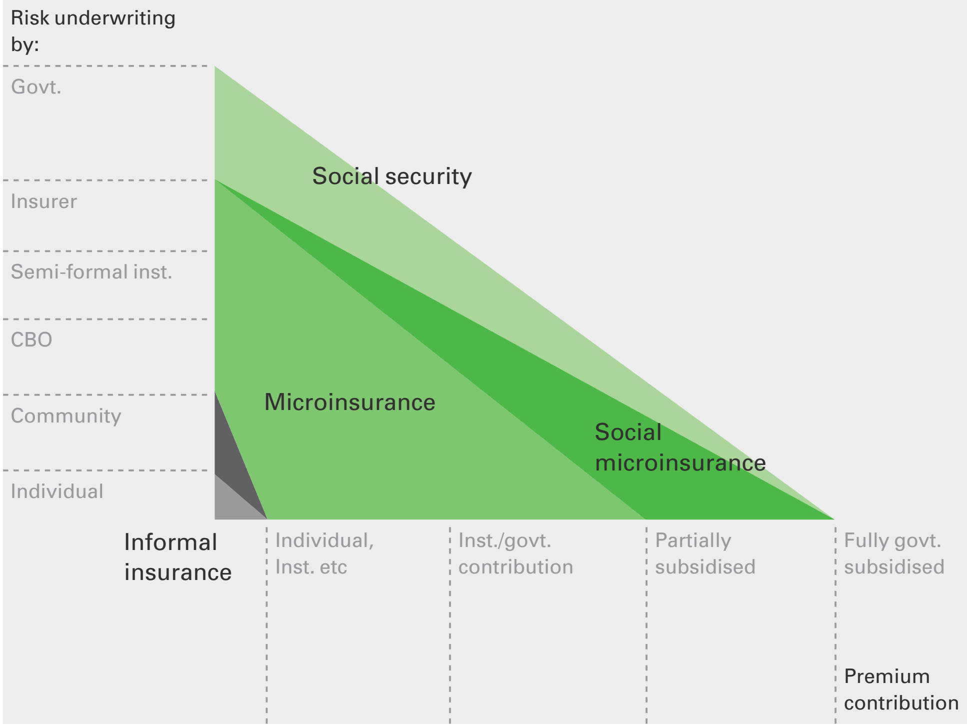
Social security: no insurance mechanism is in place so that the government bears the risk.

Figure 60
Definition and characterisation of microinsurance and social microinsurance

The common understanding of microinsurance and social security



The new paradigm



X Axis classification

Individual: the individual pays for the premium and bears the entire costs of the scheme (including insurer's operation, marketing and premium costs).

Inst./Govt. co-contribution: an institution (donor organisation/NGO) or the government pays part of the premium for the scheme, while individuals pay for the rest of the premium. E.g., Banshee Bima Yojana of Govt. of India

Partially subsidised: in addition to paying part of the premium, the government/donor/NGO also pays part of the insurer's operational costs. E. g. donor-funded microinsurance programmes.

Fully Government subsidised: government pays for the entire premium of the scheme and possibly part of the insurer's operational costs. E.g. Rashtriya Swasthya Bima Yojana of India.

Y Axis classification

Individual: the individual carries the risk alone and does not share it with others.

Community: people of a close community share the risk without any formal insurance mechanism. E.g. funeral societies.

Community-based organisations: a semi-formal or formal institution operates/underwrites the scheme through community participation. E.g., health mutuals

Insurer: a commercial insurance company underwrites/bears the risk and individuals participate by paying a pre-determined premium fixed by the insurance company.

Government: the government carries the risk. E.g. schemes where government provides claim subsidy or provides direct benefit to people if the risk event occurs.

Appendix 2:
Calculation of potential microinsurance market size and alternative coverage ratio

The coverage ratio is limited in its suitability for assessing the degree of microinsurance penetration in given countries. As the denominator not only includes the population of both high- and medium-income groups but also the extremely poor segment – which belongs to the conventional insurance market or is the target of the social security schemes respectively – the measure only yields a partial picture of the microinsurance penetration level on the target market.

A more detailed measurement of microinsurance penetration should assess the outreach in comparison to the potential market for microinsurance. A recent trend considers the target market for microinsurance to be all people earning between US$ 1.25 and US$ 4 a day (i.e. US$ 500 and US$ 1,500 annually).[63] Following this methodology, an "alternative coverage ratio" can be proposed using the percentage of a country's potential market size covered by microinsurance as the denominator. According to Swiss Re, the potential target market for commercially viable microinsurance are those living above the international poverty line of US$ 1.25/day to US$ 4/day.

However, the data on the population subsisting on US$ 1.25 – US$ 4.0 per day were not updated for 2012, so that most of these data are from 2008 – 2009.[64] To determine the current population in the given income range, we applied the following approaches/methodologies:

— Calculate the population subsisting on US$ 1.25 to US$ 4 per day (the World Bank reports on both these data points separately)

— Calculate this population as a percentage of the reporting year. For example, for Vietnam, the World Bank reported the latest data points for 2008 when a population of 56.1 million belonged to this bracket from an overall 2008 population of 85.1 million. Hence the percentage of population living on US$ 1.25 – US$ 4 per day bracket amounts to 66.3 %.

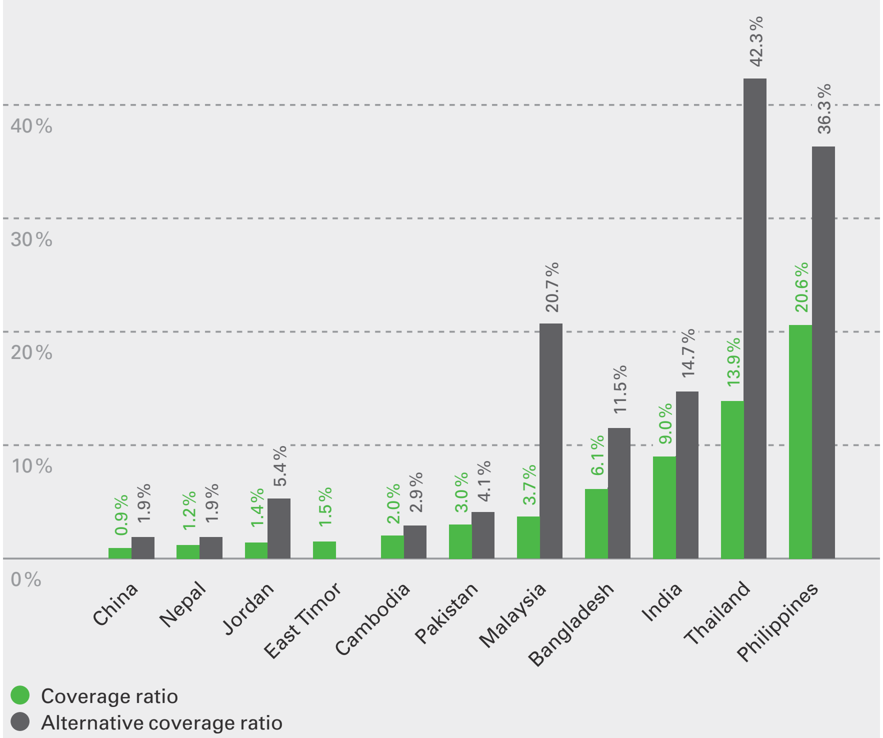
— Calculate the probable current market size by multiplying the percentage of the population in the bracket for the latest data year by the current (2012) population. [Using this method, Vietnam's market size is 58.8 million].

Table 7 gives details of the calculations for all the countries using this methodology.

It is important to note here that, according to this methodology, microinsurance is targeted at the population living on US$ 1.25 – US$ 4 per day. Hence the size of the potential microinsurance market in Asia and Oceania is approximately 2.0 billion.

Based on these estimates, an alternative coverage ratio can be proposed, which can be used to estimate the extent to which the current microinsurance sector in Asia and Oceania has reached its potential. These alternative ratios, presented in Figure 61, specify with more clarity the extent to which the microinsurance sector reaches its target market, i.e. low-income households. According to this methodology, the microinsurance market of Asia has reached 9.7 % of the potential market.

Figure 61
Top 10 countries with highest coverage ratio and alternative coverage ratio



[63] Swiss Re, Microinsurance – Risk Protection for four billion people. Sigma 6/2010

[64] World Bank poverty and inequality database: http://databank.worldbank.org/data/views/variableselection/selectvariables.aspx?source=poverty-and-inequality-database

Table 7
Estimates of the potential market size of the surveyed countries

Country	Population below US$ 1.25 / day (in m)	Population below US$ 4 / day (in m)	People living from more than US$ 1.25 but less than US$ 4 / day = Microinsurance market size on latest data year (in m)	Year of data (latest)	Population of latest data year	% of population at US$ 1.25 – US$ 4 /day	Current population (in m) (2012)	Current estimated potential microinsurance market (in m)
Afghanistan	–	..					29.8	No data available
Armenia	0.1	2.1	2.1	2010	3.0	69.9 %	3.0	2.1
Azerbaijan	0.0	2.6	2.6	2008	8.8	29.5 %	9.3	2.7
Bangladesh	65.4	144.7	79.3	2010	151.1	52.5 %	154.7	81.2
Bhutan	0.0	0.4	0.3	2012	0.7	47.1 %	0.7	0.3
Cambodia	2.6	12.2	9.6	2009	14.1	67.8 %	14.9	10.1
China	157.1	772.1	615.0	2009	1,331.3	46.2 %	1350.7	624.0
East Timor	–	..						No data available
Fiji	0.1	0.5	0.5	2009	0.9	55.9 %	0.9	0.5
India	394.0	1,130.4	736.4	2010	1,205.6	61.1 %	1236.7	755.4
Indonesia	39.5	196.1	156.6	2011	243.8	64.3 %	246.8	158.6
Jordan	–	1.6	1.6	2010	6.0	26.5 %	6.3	1.7
Kazakhstan	0.0	4.2	4.2	2009	16.1	25.8 %	16.8	4.3
Kuwait			–				3.3	No data available
Laos	2.1	5.7	3.6	2008	6.1	58.6 %	6.6	3.9
Lebanon			–				4.4	No data available
Malaysia	–	5.0	5.0	2009	27.8	17.9 %	29.3	5.2
Mongolia	–	..					2.8	No data available
Myanmar	–	..					52.8	No data available
Nepal	6.7	24.3	17.7	2010	26.8	65.8 %	27.4	18.1
Oman	–	..					3.3	No data available
Pakistan	35.1	155.4	120.3	2008	167.0	72.0 %	179.1	129.0
Palestine	–	..						No data available
Papua and New Guinea	–	..					7.2	No data available
Philippines	16.9	69.1	52.2	2009	91.9	56.8 %	96.7	54.9
Sri Lanka	0.8	14.4	13.6	2010	20.7	65.8 %	20.3	13.4
Tajikistan	0.5	5.6	5.1	2009	7.4	68.8 %	8.0	5.5
Thailand	0.3	22.1	21.9	2010	66.4	33.0 %	66.8	22.0
Uzbekistan	–	..					29.8	No data available
Vietnam	14.3	70.8	56.4	2008	85.1	66.3 %	88.8	58.8
Yemen	–	..						No data available

Appendix 3:
Countries studied and allocated regions

Table 8
Countries studied and allocated regions

Region	Country
Central Asia	Kazakhstan
	Tajikistan
	Uzbekistan
East Asia	China
	Mongolia
Oceania	Fiji
	East Timor
	Papua New Guinea
South Asia	Afghanistan
	Bangladesh
	Bhutan
	India
	Nepal
	Pakistan
	Sri Lanka
South East Asia	Cambodia
	Indonesia
	Laos
	Malaysia
	Myanmar
	Philippines
	Thailand
	Vietnam
Western Asia	Armenia
	Azerbaijan
	Jordan
	Kuwait
	Lebanon
	Oman
	Palestine
	Yemen

Appendix 4: Selected studies on the demand for microinsurance

Afghanistan

n/a

Armenia

Pytkowska, Justyna and Collier, Alison. Market for Microinsurance in Armenia: Low-Income Households Needs and Market Development Projections. Microfinance Centre and NIC, 2005

Azerbaijan

Matul, Michal, Justyna Pytkowska and Marcin Rataj. Market for Microinsurance in Azerbaijan: Low-Income Households Needs and Market Development Projections. Microfinance Centre for CEE and the NIS, 2006

McCord, Michael J., Michal Matul. Microinsurance Pre-Feasibility Study: Azerbaijan. Ministry of Economic Development of Azerbaijan, 2007

Bangladesh

Afram, G.G., Amjad, F.U., et al. Microinsurance in Pakistan: a Diagnostic Study on Demand and Supply. SECP, 2012

Akter, Sonia. The role of microinsurance as a safety net against environmental risks in Bangladesh. Journal of Environment and Development, 2012

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Al Hasan, Rashed. Microinsurance Facts in Bangladesh. INAFI

Clarke, Daniel, Das Narayan and Francesca de Nicola. The value of (customised) insurance for farmers in rural Bangladesh. IPFRI, 2012

Bhutan

n/a

Cambodia

Budzyna, Laura and Taara Chandani. Doing the Maths – Loan Protection Insurance in Cambodia. MILK Brief #20, 2013

Dr. Kao Kveng Hong. The Assessing of Perspective on the Micro Insurance Market in Cambodia, 2013

UNDP. Microinsurance Study: the Understanding and Needs of Low-Income Populations regarding Microinsurance. UNDP, 2013

China

Cai, Jing et al. Social Networks and Insurance. Take-up: Evidence from a randomized experiment in China. ILO, 2011

Caiy, Hongbin, Yuyu Cheny Hanming Fangz Li-An Zhou. Microinsurance, Trust and Economic Development: Evidence from a Randomized Natural Field Experiment. National Bureau of Economic Research, 2010

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J. Cai and C. Song. Insurance take-up in rural China: Learning from hypothetical experience. Mimeo, 2011

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Liu, Yanyan, Ruth Vargas Hill and Kevin Chen. Can we relax liquidity constraints on microinsurance demand? Piloting an innovative design for agricultural insurance. Technical Report. IPFRI, 2012

On the Innovation Development of Micro-insurance of China Life Insurance Company. Munich Re Foundation, 2010

East Timor

n/a

Fiji

Joe Tayag. Microinsurance in Fiji: an Evaluation of Demand for Insurance. Pacific Financial Inclusion Programme, 2012

India

Akhilandeswari, Janani Ramasubramanian. Willingness to pay for index-based crop microinsurance in India. University of Sussex, 2012

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Cole, Shawn, Xavier Giné et al. Barriers to Household Risk Management: Evidence from India. Federal Reserve Bank of New York Staff Reports, 2009

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Gaurav, Sarthak, Shawn Cole and Jeremy Tobacman. Marketing complex financial products in emerging markets: evidence from rainfall insurance in India. ILO, 2011

Giné, Xavier, Lev Menand, et al.. Microinsurance: a case study of the Indian rainfall index insurance market. World Bank, 2010

Ito, S. and H. Kono. Why is the take-up of insurance so low? Evidence from a health insurance scheme in India. The Developing Economies,2010

McGuiness, Elizabeth. A fine balance: a case study of the client value of health microinsurance – Uplift Microfinance Opportunities. 2011

Microinsurance: Demand and Market Prospects – India. Allianz AG, GTZ and UNDP, 2006

Mobarak, A. Mushfiq and Mark Rosenzweig. Selling Formal Insurance to the Informally Insured. Yale University, 2012

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Indonesia

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Huber, Fabian. Determinants of microinsurance demand: evidence from a micro life scheme in Indonesia. 2012

Microinsurance: Demand and Market Prospects – Indonesia. Allianz AG, GTZ and UNDP, 2006

Microinsurance Stakeholders in Indonesia: Baseline Survey. USAID, 2013

Ramm, Gabriele, Gerald Leppert and Kai Straehler-Pohl. Microinsurance in Aceh: Feasibility Study. GIZ and Allianz, 2006

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Appendix 4:
Selected studies on the demand for microinsurance

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Weiss, Daniel. Formal Microinsurance in Indonesia – an advantage over informal risk mitigation strategies for low-income people? Universität Passau, 2006

Jordan

Amoudi Ahmad A.. Microinsurance – The Jordanian Experience. Frankfurt School of Finance & Management, 2011

Microfund for Women. Caregiver Experience: Lessons from Jordan on Health Microinsurance. Women's World Banking, 2012

Kazakhstan

n/a

Kuwait

n/a

Laos

Microinsurance: Demand and Market Prospects – Laos. Allianz AG, GTZ and UNDP, 2006

Lebanon

Report of the national consultation on microinsurance as a tool for extending social protection. Economic and Social Commission for Western Asia, 2013

Malaysia

n/a

Mongolia

Rendek, Kelly. Microinsurance in Mongolia: a nomadic path. 2012

Myanmar

n/a

Nepal

Srivastava, Siddharth et al.. Financial inclusion opportunities for micro-health insurance in Nepal: an exploratory analysis of health incidence, costs and willingness to pay in Dhading and Banke districts of Nepal. Microinsurance Academy and Save the Children, 2010.

Study on Commercialisation of Micro Insurance in Nepal. INAFI, 2012

Oman

n/a

Pakistan

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Palestine

Ferguson, Michael and Roland Steinmann. Managing risk in the West Bank: a review of supply and demand for microinsurance. Microfinance Opportunities, 2009

Papua New Guinea

Oliver Ullrich. Market Research in Papua New Guinea, ILO, 2011

Philippines

Assessment of Microinsurance as Emerging Microfinance Service for the Poor: the Case of the Philippines. ADB, 2013

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Sri Lanka

Arun, T., M. Bendig and S. Arun. Bequest motives and determinants of micro life insurance in Sri Lanka. World Development, 2012

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Tajikistan Feasibility study for the development and implementation of index-based crop micro-insurance for cotton farmers in Tajikistan. Planet Guarantee, 2011

Thailand

FinScope Thailand 2013 survey highlights. FinScope, 2013

Rungruangpatanakul, Chariya. Micro Life Insurance: a Panacea to the Problems of the Thai Pension System? City University of London, 2012

Uzbekistan

n/a

Vietnam

Ferguson, Michael and Dao Van Hung. Assessment of Demand for Microinsurance: Thanh Tri District, Hanoi, Vietnam. 2008

Fischer, Isabel. A demand analysis for livestock microinsurance in northern Vietnam. Institute for Agricultural Economics and Social Sciences in the Tropics and Subtropics, 2006

Jowett, Matthew. Do informal risk sharing networks crowd out public voluntary health insurance? Evidence from Vietnam. Applied Economics, Vol. 35, 2003

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Nghiem, Son Hong and An Hoai Duong. Client value of microinsurance products: Evidence from the Mutual Assistance Fund in Vietnam. ILO, 2012

Yemen

n/a

Appendix 5:
Cross-study comparative information

Table 9
Cross-study comparative information

	Africa	Latin America and the Caribbean	Asia and Oceania
Number of covered lives/ properties	44.4 m 33.9 m Life 8.8 m Credit Life 2.3 m Health 2.0 m Accident 0.8 m Property 0.3 m Agriculture	45.5 m 32.5 m Life 15.9 m Credit Life 10.3 m Health 24.0 m Accident 2.9 m Property 0.3 m Agriculture	172.0 m 83.9 m Life 29.2 m Health 77.8 m Accident 7.7 m Property 26.2 m Agriculture
Coverage ratio	4.4 %	7.6 %	4.3 %
Total number of products	598	159	507
Most numerous products	Health	Life & Credit Life	Health
Product with higher coverage	Life	Life	Life
Top three main providers	– CBOs (77.3 % of organisations) – Regulated commercial insurers (12 %) – MFIs (5 %)	– Regulated commercial insurers (90 %) – Cooperatives (9 %) – NGOs (1 %)	– Regulated commercial insurers (43.9 % of organisations) – NGOs (19.3 %) – CBOs, mutuals, Coops (16.7 %)
Coverage by provider type	– Regulated commercial insurers (77.3 % of lives and properties) – CBO (12.3 %) – MFIs (7 %)	– Regulated commercial insurers – Cooperatives and mutuals – NGO	– Regulated commercial insurers (66.9 % of lives and properties) – Other (10.1 %) – Parastatal insurers (8.6 %)
Top three main distribution channels	– Member groups (mutuals + CBOs) – MFIs – Spec/MI agents	– MFIs – General brokers – Insurer MI agents	– Member organisations – MFIs – Traditional/specialised insurance agents
Market perception: 100 % growth in next five years	"Yes" 53 %	"Yes" 57 %	Strongly & mainly agree 56.9 %
Top three countries in coverage ratio	Namibia 55.8 % South Africa 54.5 % Swaziland 12 %	Jamaica 20.9 % Peru 18.2 % Ecuador 18.2 %	Philippines 20.6 % Thailand 13.9 % India 9.0 %
Top three countries in coverage	South Africa 27.2 m Tanzania 3.3 m Ethiopia 2.2 m	Mexico 14.7 m Brazil 10.4 m Colombia 8 m	India 111.1 m Philippines 19.9 m China 11.9 mm
Premium generated	n/a	US$ 860 m (2011)	US$ 829 m (2012)
Compound annual growth in coverage	38 % (2008–2011)[65]	14 % (2005–2011)	30 % (2010–2012)

[65] The number was calculated using the numbers of lives/properties covered in 2008 and 2011 according to region (Fig. 3 and Fig. 4 from "The landscape of microinsurance in Africa 2012").

Appendix 6: Exchange rates

Most of the providers and respondents provided premium, pricing and claims data in their local currency. To create parity, the following exchange rates were considered for conversion of the local currencies into United States dollar value.

The exchange value was determined using historical exchange rates from www.oanda.com. The daily rate average from 1st January – 31st December of 2012 was used to determine the exchange rate.

Table 10
Exchange rates

Country	Currency	Value of 1 US$ = Local currency
Afghanistan	AFN	50.9
Armenia	AMD	401.6
Azerbaijan	AZN	0.8
Bangladesh	BDT	80.6
Bhutan	BTN	53.3
Cambodia	KHR	3,999.1
China	CNY	6.3
Georgia	GEL	1.7
India	INR	53.5
Indonesia	IDR	9,329.2
Jordan	JOD	0.7
Kazakhstan	KZT	146.9
Kuwait	KWD	0.3
Laos	LAK	7,880.7
Lebanon	LBP	1,486.7
Malaysia	MYR	3.1
Mongolia	MNT	1,351.5
Myanmar	MMK	620.9
Nepal	NPR	83.7
Oman	OMR	0.4
Pakistan	PKR	92.6
Philippines	PHP	42.1
Sri Lanka	LKR	127.2
Tajiskistan	TJS	4.8
Thailand	THB	30.9
Vietnam	VND	20,692.7
Yeman	YER	213.9
Uzbekistan	UZS	1,892.4

See interactive map at:
www.microinsurancelandscape.org