



MILK Brief #1: What is MILK?

The Microinsurance Learning and Knowledge (MILK) Project

The MicroInsurance Centre, an internationally respected leader in microinsurance development, has recently launched the Microinsurance Learning and Knowledge (MILK) project, supported by a USD two million contract from the Bill & Melinda Gates Foundation. The three-year project aims to work closely with the ILO's Microinsurance Innovation Facility and others to provide clarity around two key questions in microinsurance:

1. Does microinsurance offer **value** to low-income policyholders and their families, and if so, under what conditions?
2. Is there a **business case** for microinsurance among insurers and delivery channels, and if so, under what conditions?

How will MILK answer these questions?

To address these questions the MILK team is conducting original research and working with others to help generate data and information and to look at existing information from a new perspective. The intention is both to contribute directly to the limited but growing pool of value and business case information and to leverage the information of others to improve the outputs of all. In addition to other Bill & Melinda Gates Foundation grantees – the ILO's Microinsurance Innovation Facility, AKAM, and MicroEnsure – the project will work with academic research groups, insurers, intermediaries, delivery channels, NGOs, and others to leverage available information and research.

MILK and its close partner project, the ILO's Facility take different yet complementary paths to generating a clear understanding of client value and the business case. The MILK

Business Case Definition

There is a business case when the investment of capital and other resources in microinsurance are justified over time such that the benefits, costs and risks balance out to create a commercial rationale for an insurer, distributor, and intermediary seeking to enter and sustain a position in microinsurance.

project will address them through in-depth studies of the business case for key players throughout the value chain, and through research with clients looking at value added of insurance over other risk management options. The Facility is focused on addressing these questions through lessons from the learning journeys of its grantees and through its research agenda of thematic studies. Together the data, information and lessons learned through these different strategies as well as others will help to provide a comprehensive clarity on the two questions. In 2013 the MILK and Facility teams will work together to write combined synthesis papers on the business case and client value.

The project will examine a variety of microinsurance models and products across different regions. New studies will seek to fill some of the gaps in the current understanding of client value and the business case, while helping to bring together the various parties involved in microinsurance delivery and research.

Client Value Definition

The value of microinsurance, either direct or indirect, represents the added value, in comparison to other available risk coping mechanisms, of having insurance either when claims are made or as a result of the changed behavior caused by owning a policy and trusting that it will be honored.



Client Value Research

- +/-15 “client math” studies where rigor is maintained while using research methods that will result in relatively quick lessons on the cost of insurable events with and without insurance.
- Working with others that are involved in relevant randomized control trial research by influencing research design to ensure that MILK’s value questions are addressed, analyzing data with a value focus, or other ways that add to both the study and to MILK’s work.
- Alliances with other researchers to assess microinsurance value in their data
- Linkages with microinsurance grantees. For example, leveraging tools used by the Facility and MILK’s client math methodology and analyzing AKAM’s products in light of their focus on client value.

Business Case Research

- +/-15 direct detailed financial studies of entities on the microinsurance value chain. Although the key focus may be insurers (insurance risk takers), the assessment will include intermediaries and delivery channels as key parties in the financial structure and business case.
- Alliances with other projects that gather data such as the Facility, the MIN Performance Indicators Working Group, and others who are doing work relevant to the question of business case.
- Studies to understand motivations and indirect profit objectives of companies in microinsurance and their relationship to the business case decision.
- Review of the industry as a whole and working to understand business case trends.

How will MILK move forward?

Landscape studies for each of client value and the business case have been prepared to develop a clear understanding of what has been done, is currently in process, or is planned and related to the core questions. With the drafts completed, the team held a convening on 20-22 January 2011 with researchers and practitioners to discuss the key issues and ideas to formulate and refine the work plans for the project.

The analyzed results of MILK’s studies will be disseminated on a regular basis through various channels, including the Facility, the Microinsurance Network and others, to convey applicable lessons to a broad range of stakeholders including insurers, delivery channels, donors, academic institutions and regulators.

The MILK project team is intensely focused on providing well documented, well analyzed information regarding client and business value. An understanding of *if and when microinsurance has value* to low income clients will lead to better and more effective microinsurance. An understanding of *if and when there is a business case for microinsurance* will lead to better prepared implementers. The MILK project will test core assumptions of microinsurance. In doing so, the project will help to provide a *realistic* vision of microinsurance to facilitate better informed and more effective decision-making by the various parties involved in microinsurance.

Key Components of MILK’s Work

- Landscape studies
- Monthly briefs
- Collaborative work with other researchers, institutions, and market players
- “Client Math” studies
- Detailed financial studies of insurers and intermediaries
- Big picture analysis of business case throughout the industry and along the entire supply chain
- Focus on integration and effective dissemination of lessons learned throughout
- Synthesis papers bringing together lessons learned with the Facility

Microinsurance Learning and Knowledge (MILK) is a project of the MicroInsurance Centre that is working collaboratively to understand client value and business case in microinsurance. [Barbara Magnoni](#) leads the client value effort and [Rick Koven](#) leads the effort on the business case. Contact [Michael J. McCord](#), who directs the project, for more information.