



CONDENSED MILK #20

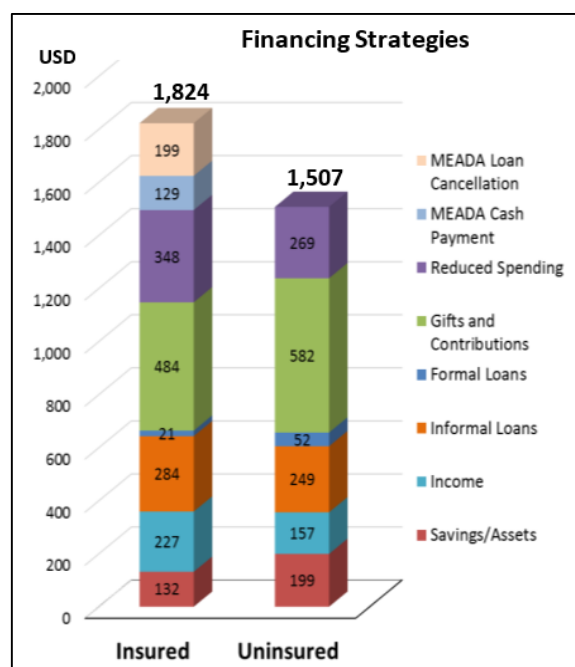
“Doing the Math” with Loan Protection Insurance in Cambodia

Studying SAMIC’s loan protection insurance in Kampot and Kep

MILK partnered with microfinance institution SAMIC and its microinsurance provider MEADA (Measure for Economic and Accelerated Development for All) to see whether its loan protection product provides value to clients facing a wide array of financial burdens. The voluntary product offers a write-off of the outstanding loan amount (principal and interest) as well as a reimbursement of the amount already repaid to SAMIC by the borrower, excluding interest. The MILK team interviewed both insurance beneficiaries and uninsured clients who had suffered the loss of a family member in order to gain an understanding of the role that insurance played in financing the costs of the shock.

What did we learn?

- ⇒ On average, the cost of the shock was USD 973 for insured respondents and USD 701 for uninsured respondents, amounting to between five and eight months’ of household income after the death for both groups. The single largest cost was the ceremony, followed by the burden of loan servicing on behalf of the deceased.
- ⇒ Both groups used nearly the same suite of alternative strategies to finance both short and long-term costs after the death, suggesting that overall, the magnitude of the cash benefit of the insurance seems to be too small and the amount too unreliable to substantially alleviate costs or impact the overall financial response of beneficiaries.
- ⇒ Both groups financed substantially more than their reported immediate costs, possibly indicating a need for a response to **long-term costs** after the death of the family member, not just the short-term costs related to the ceremony and loan repayments.
- ⇒ Service value of the product is high: 87% of beneficiaries found the claims process to be “easy” or “very easy”, and on average they received the benefit just one day after submitting their documents.



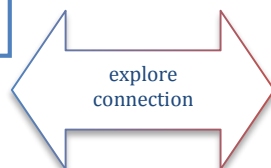
This client math study was conducted by the MILK Project



Microinsurance Learning and Knowledge (MILK) is an initiative of the MicroInsurance Centre that is working to gain insight into two questions:

Is there a **business case** for microinsurance among insurers and delivery channels?

- Detailed financial case studies of insurers, intermediaries, and distributors
- Leveraging and updating existing case studies
- Alliances with other data collection efforts
- Analysis of large intermediaries
- Industry-wide analysis



Do clients get **value** from microinsurance?

- “Building blocks” drawing together lessons from existing work
- Client Math studies
- Randomized control trial exploring links between demand and value
- Additional original research
- Collaborative efforts with other researchers

MILK Publications

Available on the MILK website at <http://www.microinsurancecentre.org/milk-project/milk-docs.html>

MILK Briefs

- MILK Brief #1: What is MILK?
- MILK Brief #2: Client Value Landscape Study
- MILK Brief #3: Business Case Landscape Study
- MILK Brief #4: What We Know About the Financial Value of Microinsurance for Poor Clients: A Snapshot
- MILK Brief #5: Changing Role of Family Networks in Coping with Risk
- MILK Brief #6: Research Design for Measuring the Client Value of Microinsurance
- MILK Brief #7: A Microinsurance Puzzle: How do Demand Factors link to Client Value?
- MILK Brief #8: "Doing the Math" - Cashless Funeral Microinsurance in Colombia
- MILK Brief #9: What is "Client Math"?
- MILK Brief #10: "Doing the Math" - Property Insurance in Ghana
- MILK Brief #11: "Doing the Math" - Health Microinsurance in Maharashtra, India
- MILK Brief #12: "Doing the Math" - Health Microinsurance in Karnataka, India
- MILK Brief #13: "Doing the Math" - Funeral and Life Microinsurance in the Philippines
- MILK Brief #14: The Business Case for Life Microinsurance in the Philippines: Initial Findings
- MILK Brief #15: "Doing the Math" - Catastrophe Insurance in Haiti
- MILK Brief #16: "Doing the Math" - Life Microinsurance in Mexico
- MILK Brief #17: "Doing the Math" – Calamity Microinsurance in the Philippines
- MILK Brief #18: "Doing the Math" – Property Microinsurance in Coastal Colombia
- MILK Brief #19: Multinational Microinsurance-only Intermediaries: Is there a Business Case? The Early Years

- MILK Brief #20: "Doing the Math" – Loan Protection Insurance in Cambodia
- MILK Brief #21: Colombian Life Microinsurance: An Emerging Success Story
- MILK Brief #22: "Doing the Math" – Outpatient Health Insurance in Tanzania
- MILK Brief #23: Getting better at improving client value: the case of Fonkoze's Kore W microinsurance product
- MILK Brief #24: Doing the Math - Health Insurance and Chronic Disease in Nigeria
- MILK Brief #25: Keep Your Insurance Close, and Your Friends and Family Closer
- MILK Brief #26: The Business Case for Health Microinsurance in India: The Long and Winding Road to Scale and Sustainability
- MILK Brief #27: Doing the Math - Funeral Insurance and Speedy Claims in the Philippines

Literature Reviews

- Is There a Business Case for Microinsurance? A review of recent literature
- Do Clients Get Value from Microinsurance? A systematic review of recent and current research

Discussion Notes

- MILK Discussion Note #1: Doing the Math: Can Delayed Payment of Claims Erode the Value of Life Microinsurance?
- MILK Discussion Note #2: Are Existing Health Financing Mechanisms Sufficient for Poor Women in Guatemala?
- MILK Discussion Note #3: Counting Lives Covered: Getting it Right

Randomized Control Trial

- Protecting those Left Behind: An Experimental Study of Life Microinsurance Purchase Decisions of Compartamos Banco's Borrowers in Mexico