

*“Developing partnerships to insure the world’s poor”*

## **SUAVE Checklist for Microinsurance Products: Enhancing the potential for success**

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### **What is “good” microinsurance?**

The success of any insurance product is based on multiple factors such as product features, other market providers, and environmental influences. Microinsurance products are no different. Some of these factors may not be under the microinsurance provider’s control, but there are key steps providers can take to enhance their potential for success. The most successful microinsurance products are SUAVE (Simple, Understood, Accessible, Valuable, and Efficient).

People will not buy products that appear to be a bad deal and they will not buy products for which they do not see a need. Microinsurance products will not be purchased if they cannot be easily obtained, easily managed, and easily understood by clients. Good microinsurance products must provide value to the client first, and then benefits for the microinsurance provider will follow in the form of fair premiums, improved retention and take up rates, and greater trust and customer loyalty.

#### **Good MI products must be S.U.A.V.E.**

- **S**imple – policies, conditions, marketing, procedures
- **U**nderstood – risk pooling, procedures, coverage
- **A**ccessible – purchase, premium payments, claims
- **V**aluable – matches needs, fair price and coverage
- **E**fficient – for insurers, delivery channels, policyholders



In order to develop products that benefit both the client and the provider, the SUAVE Principles must be met. The SUAVE Principles have been developed based on lessons the MicroInsurance Centre has learned while assisting in product develop with microinsurers across the globe. The simple mnemonic SUAVE helps microinsurers to keep in mind the key components that make microinsurance successful. The diagram above has actually been hung in the offices of microinsurers in numerous countries to serve as a constant reminder. Individuals world-wide can recite the meanings behind each letter. Everyone wants to offer successful microinsurance products; SUAVE helps do that.

The following page provides a checklist to help implement the SUAVE approach to success in microinsurance.

## **SUAVE Checklist** – for good microinsurance all questions will be answered with a “YES”

### ⇒ **-SIMPLE**

- Are the terms of the product clear and simple so agents can easily explain it?
- Are the policy documents easy for clients to read and understand?
- Are there few or no conditions or exclusions?
- Are the claims requirements simple and easy for clients to manage?
- Are all procedures easy for clients and beneficiaries to accomplish?

### ⇒ **-UNDERSTOOD**

- Do you have some methods of educating clients about your products and processes?
- Do you provide product information in a way clients will easily understand?
- Do you teach clients how to make a claim?
- Do you make sure that clients understand the coverage of the product?
- Do you have well trained field / front office staff that can clearly respond to questions from clients?
- Do you have a way to make sure that clients understand how premiums will be paid?
- Does your market education explain general insurance concepts (i.e. how insurance is different from savings?)
- Can you confirm that clients know if they are covered by the microinsurance?
- Does your staff understand the policy and procedures?
- Is your staff covered by the same policy as the clients?

### ⇒ **-ACCESSIBLE**

- Can clients easily get information about the products?
- Is the premium payment method passive so clients do not need to physically make regular payments?
- Are premium payments due at times when clients have money?
- Are claims processes structured in a way to get beneficiaries paid as fast as possible?
- Are claims paid in a manner that is easy for beneficiaries to actually access the funds?
- Is there an effective means for clients / beneficiaries to lodge a complaint?

### ⇒ **-VALUABLE**

- Have you actively researched client demand?
- Have you confirmed that your product responds to the client demand (not just needs)?
- Are the coverage amounts sufficient to cover the client's financial loss?
- Is the price fair for clients compared to the value of the coverage?
- Can clients opt-out if the product has no value to them?
- Do you have a means of helping clients understand the value of the product?

### ⇒ **-EFFICIENT**

- Does the delivery channel have computerized systems that can track microinsurance activity?
- Can you transact premium payments and data with the insurer electronically?
- Do you have process maps for microinsurance and review them regularly for improvements that might lead to greater efficiency?
- Do you understand your costs related to offering microinsurance?