

Microinsurance

International Experiences and Egyptian Applications

7 – 8 May, 2017

Cairo - Egypt



Event Report

Egyptian Financial
Supervisory Authority
الهيئة العامة للرقابة المالية



Implemented by:
giz Deutsche Gesellschaft
für internationale
Zusammenarbeit (GIZ) GmbH

sanad سند
technical assistance facility



Outline of the Event

Background

Resolution No. 902 of 2016 (02/11/2016 “On micro- insurance definition and the executive directives for the electronic issuing and distribution of micro-insurance policies”)¹ was a milestone for microinsurance in Egypt: EFSA’s Microinsurance Resolution lays the foundation for microinsurance development by providing a definition and clear conditions for issuing and distributing products. The industry can now take more substantive action to expand insurance covers to low-income Egyptians.

Purpose

EFSA’s vision behind having this two-day event was to address one key misperception – that microinsurance cannot be offered profitably. Insurers from Morocco, Jordan, and Ghana shared their experiences and lessons in providing insurance to the low-income markets, and by example, proved that there is a business case for serving the low-income segment. The speakers also shared some of the key success factors, as well as lessons learnt, identified in their efforts over time which might be transferable to Egypt. They showed that insurers and distributors can make a fair profit while at the same time helping low-income people manage their risks.

Structure

Whereas the first day included showcasing successful business models from the above-mentioned countries, the second day was a technical session on microinsurance product development, targeting insurance companies and brokers only.

The event was jointly organized by the Egyptian Financial Supervisory Authority (EFSA), the Japan International Cooperation Agency (JICA), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), and the SANAD Fund for Micro, Small and Medium Enterprises.

Table of Contents

Outline of the Event	1
Day 1	
Introductory Session	2
Composition of Attendees	3
Session I – Showcase: AXA, Morocco	4
Session II – Showcase: Caregiver Insurance, Jordan	5
Session III - Showcase: Family Care insurance - Ghana.....	9
Session IV - Reflections and takeaways for the Egyptian context	11
Day 2	
Composition of Attendees	12
Workshop – Microinsurance Product Development	12

¹ There is not yet an official translation of this document.

Day 1: Introductory Session



Mr. Sherif Samy,
Chairman of the
Egyptian Financial
Supervisory
Authority (EFSA)

For over a year EFSA worked with insurance companies, NGOs, the Federation, and other stakeholders to develop the microinsurance directive. Now with the regulation issued, the new challenge is how to implement; not only in Cairo and Alexandria, but throughout Egypt. This event is about learning from international experience in microinsurance, and sharing what works and what doesn't work.



Dr. Andreas Kuck,
Country Director,
GIZ Office Cairo

Insurance is a critical tool to help people manage risks and prevent them from falling back into poverty. Today is a golden opportunity to share knowledge and experiences on inclusive insurance and on the microinsurance business case and on product development.



Mr. Teruyuki Ito,
Chief Representative
JICA Egypt Office

There is a promising future for microinsurance in Egypt. EFSA issued the microinsurance directive, setting a building block for microinsurance. Microinsurance is a vital tool that the poor need today in Egypt and that the stakeholders in this room today are capable of achieving.



Mr. Mohamed Morsy
Head of Egypt Office,
Finance-in-Motion Fund
Manager of SANAD Fund
for Micro, Small and
Medium Enterprises

“Sanad” means support – we support MSMEs. These are the engine of economic development and job creation, and prosperity in the MENA region. Promoting MSMEs’ access to finance, including insurance, is very important for financial inclusion.



Dr. Abd El-Raouf Kotb
Chairman: Insurance
Federation of Egypt and
Chairman: Egypt
Microinsurance Platform

The main objective of the Microinsurance Platform is to promote microinsurance across the market by analyzing challenges in Egypt and providing recommendations for addressing them. We need products that offer tailor-made solutions for local realities; and over the next two days we can explore and learn from other countries’ experiences to benefit our own market.

Day 1: Composition of Attendees

On the first day, almost 200 registered participants attended the event, representing a significant portion of the insurance industry and related stakeholders.

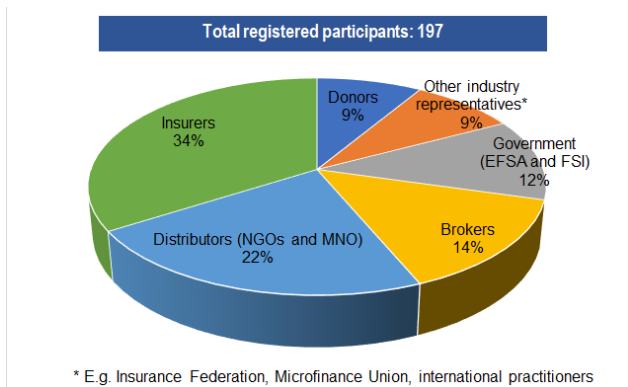


Figure 1 Composition of attendees during the Day 1 Plenary

Day 1: Introductory exercise - what do we mean by a business case for microinsurance?

Attendees discussed and agreed that a business case for microinsurance includes direct and indirect components. Microinsurance can:

- **Directly** generate profits through:
 - Earning enough premiums to pay claims and expenses, and maintain sufficient reserves with a surplus of retained earnings.
- **Indirectly** benefit the insurers through:
 - Long-term business growth - capturing the low-income market now, and as they move up into middle income markets, transitioning them into higher value product consumers.
 - Learning lessons in terms of efficiency and meeting client needs, which can be transferred and improve the traditional insurance business.
 - Improving the local and national economies while protecting the livelihoods of low-income clients.



The international speakers discussed microinsurance in practice, and the strategies and approaches they have used to realize both the direct and indirect benefits of offering microinsurance.



Session I – Showcase: AXA, Morocco

Speakers:

“Achieving long-term profitability means optimizing the financial components while offering high quality service that meets clients’ protection needs.”



Mr. Mohamed Nadi
Head of Operations and Microinsurance, AXA Morocco

“A lot of reflection has been put into claims rejections – it is essential to minimize these and deal with them in a transparent way.”



Ms. Rihabe El Hachimi,
Head of Microinsurance Products, AXA Morocco

Facilitator:

Michael J. McCord
President, MicroInsurance Centre

Seeing opportunities in the markets of Morocco, AXA Assurance Maroc began its microinsurance efforts in 2012, with the MFI Albaraka. Together, they provide one of the most diversified insurance packages in that country.

The product development process began with a **detailed demand study**, from which they identified client risk management gaps that could be filled with microinsurance. Mr. Nadi noted how important this study was in guiding the design phase and for pricing appropriately. AXA’s understanding of potential clients was a key to ensuring that there were **clear benefits and an alignment of objectives for all** three partners in the chain: AXA (insurer), Albaraka (distribution channel), and the end-clients.

After establishing a formal Partnership Agreement with Albaraka in 2014 – including **clearly identified roles**, protocols, and responsibilities, they piloted their “Protection Insurance” product in six locations. Based on **monitoring of the pilot**, they optimized the product and processes, and have scaled up to **covering almost 145,000 clients** in 2016 with simplified marketing tools (Figure 2).

The product: The insurance package is mandatory for all borrowers and offers a variety of covers based on the type and size of the loan:

- Life insurance – covers (1) the loan principal and interest balance (payments to Albaraka), (2) an extra benefit for expenses (payments to family members), plus (3) an additional lump sum for funeral expenses.
- Hospital cash – a fixed daily amount accrued during the period of hospitalization
- Property insurance – covering damage experienced by, and liabilities of, the insured, for fire and flood, among other events.

By making the product mandatory, underwriting can be done on a population basis, keeping the premium affordable, which is a primary goal for clients. The average annual premium for the package is just USD 12. There are two “simple” contracts, one for Protection Insurance for the life insurance and the hospital cash and the other one for Property Comprehensive Insurance.

The processes: Enrolments are done face-to-face by Albaraka’s agent at the time of the loan disbursement, and **documents and premiums are provided monthly** in the aggregate with AXA. Albaraka also manages the front line of claims submission. AXA spent much time at the start in **developing insurance tools and**



Figure 2 Pamphlet of AXA products
Source: AXA Morocco

training the Albaraka staff to implement processes effectively and efficiently.

AXA had a specific focus on improving the claims process for property damage. They **experimented** with outsourcing claims verification to experts, and tested processing claims internally. Ultimately, they assigned a claims expert to each region to manage the process and provide a more rapid claims assessment. Though inevitably some claims must be rejected, AXA put significant efforts into **minimizing rejections**, given the importance of claims in building client trust. They **continue to work on simplifying the documentation** requirements so that clients can receive claim settlements more quickly.

Overall, the program is said to be directly profitable for AXA. This is the result of optimizing the financial components (expenses and claims), while at the same time offering good quality service and meeting clients' needs. Figure 3 shows the areas where AXA optimizes to create the business case for microinsurance. A 70% claims ratio is typically a trigger point that will require an in-depth claims review and possible re-pricing, and there is constant control and monitoring.



For AXA Assurance Maroc, microinsurance also adds indirectly to profitability by:

- Creating a new insurance market that targets a large population of micro entrepreneurs and low-income households.
- Creating and developing new potential for traditional insurance.

Key success factors to achieving sustainability are in Box 1.

Box 1: Key success factors – AXA Assurance Maroc

- ✓ Form a long-term, strategic partnership with a distribution channel, by aligning objectives and developing clear roles and responsibilities
- ✓ Conduct a market study to really understand customers' needs, and then test the products before full launch
- ✓ Create a product that is affordable, simple, and useful for the target (low-income) population
- ✓ Properly train and support (equip) the sales agents (credit officers)
- ✓ Ensure effective, direct, and transparent communication with customers, such as through simplified visuals and constant customer feedback
- ✓ Simplify processes to manage expenses, and constantly monitor and improve those processes

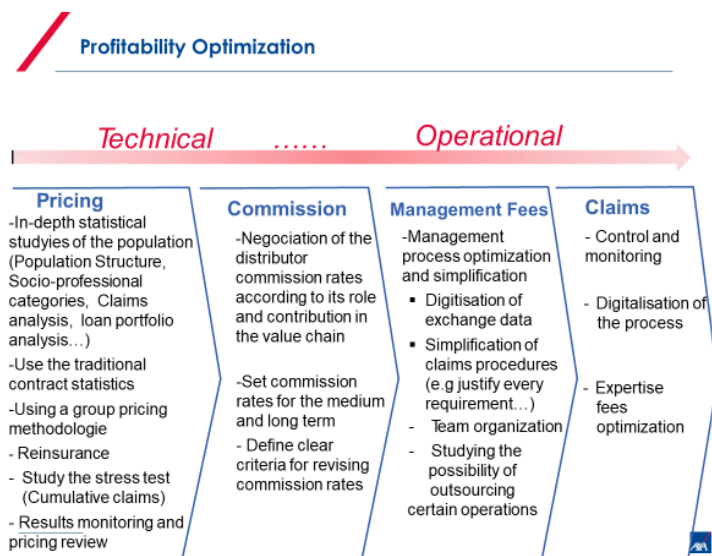


Figure 3 Profitability optimization at AXA Assurance Maroc
 Source: Presentation material of AXA Assurance Maroc

Session II – Showcase: Caregiver Insurance, Jordan

Speakers:

“With microinsurance you have to be dynamic and innovative. You have to look at the context, listen to, and understand, your clients.”



Ms. Bdour Al Hyari
Business Development Manager,
Microfund for Women (MFW)

“In Egypt, you are sitting on a gold mine, but you have to explore it. You have to have the courage to take the leap of faith.”



Mr. Mazen A. Nimri
Deputy General Manager for Life
and Medical Insurance, Jordan
Insurance Company (JIC)

Facilitator:

Ms. Sally Yacoub
Senior Advisor and Deputy Head of
Project, GIZ

MicroFund for Women (MFW), one of the largest MFIs in Jordan, began its microinsurance journey, as so many do, with basic credit life insurance in 2006. Since then, they have conducted significant primary research and listened to their clients, gaining a better understanding of their clients’ real needs. As a result, they have developed an insurance offering over time that they now call the “Caregiver” product and is offered in partnership with the Jordan Insurance Company (JIC). This is a supplemental health insurance policy, tailored to the needs of MFW’s almost entirely female client base.

The product: In addition to basic credit life designed to pay off a borrower's debt if that borrower dies, coverage now includes:

- Additional cash benefit paid to beneficiaries in case of borrower death or disability
- Term life coverage on the life of the spouse, paying a lump sum to borrower
- Hospital cash produced by MFW and JIC (“Caregiver”, Figure 4) that pays a fixed daily amount for each day spent in the hospital by either the borrower or any of her family members. *(Cover is intended to reflect the value of lost wages and out-of-pocket expenses associated with hospital stays; it is NOT intended to cover the cost of the healthcare / treatment.)*

In 2015, approximately 80% of benefits were paid directly to clients and their families, while just 20% went to MFW to cover loan balances.



Figure 4 Features of Caregiver
Source: Presentation material of JIC

The product bundle is mandatory for all borrowers, a condition that serves several purposes:

- Creating a large enough risk pool to minimize the cost impact of adverse selection by requiring healthy and unhealthy families to join.
- Keeps underwriting simple and processes efficient thus lowering costs, since all clients are charged automatically and there is no need for individual selling.
- Allows for group-based and not individualized sales, marketing, information exchange, and because of volumes, they are quickly able to prove that insurance works, thus reducing costs and increasing trust (given effective servicing).

Ms. Bdour explained that to get where they are today, they had to conduct continuous monitoring and evaluation, and adapt and evolve the product based on a balance of constant client feedback as well as financial experience. Over time benefit

amounts have increased, premiums were adjusted, and fraud has decreased. See Figure 5 for a summary of the product evolution.

In terms of the business case for MFW, they have a profit-sharing arrangement with JIC. In addition, MFW’s own impact study showed that:

- No clients who made insurance claims ever defaulted on their loans
- Their reputation as an MFI has improved and even begun to shape the sector
- In terms of retention, there are too many factors for a clear causal link. But, anecdotally, as much as a 15% increase in retention has been observed since the product was offered.

When Jordan Insurance Company (JIC) was first approached by MFW to provide insurance for its clients, they thought it was “crazy”. However, inspired by MFW’s passion, they put on a new ‘microinsurance hat’ and gave it a try.

JIC took a long-term approach to microinsurance, in which profits were not the initial concern; instead the product was subsidized in the **short term** by the more profitable traditional products. Today microinsurance makes up a sizable portion of JIC’s overall portfolio, and has contributed to its growth, prosperity, and profitability.

With limited initial data to work with, they made some assumptions, **tried** products out on a small scale, **carefully monitored** the experience, and adjusted the product where necessary. With over 300,000

insureds (including family members), JIC is building up a wealth of data on hospital admissions, including reasons for admission, length of stay, and types of facilities visited, which it uses to further fine-tune the product.

Care Giver Compensation Amount Per Night	10 JOD (14 \$)	15 JOD (21\$)	Increased by 50%▲
Caregiver Nights Covered	Maximum 45 night per loan term		48 night per year (12 months)
Premium	1.10 JOD (1.6\$)	1JOD (1.4\$)	Decreased by 10%▼
Delegation of authority upon enrollment	Up to 2500	Up to 3500	Afitna
Delegation of compensation approval	Up to 6 nights	Up to 10 nights	
Process duration	10 days	3 days	

Figure 5 MicroFund for Women / Jordan Insurance Company microinsurance product evolution.

Source: Presentation material of JIC, May 2017

Mr. Nimri emphasized the importance of simplicity for both the product itself, and the processes. The product does not require medical exams or separate application forms (due to the compulsory nature of the product). It has limited exclusions, keeping it simple for the client and simple for paying claims. For example, hospitalization for maternity, often excluded in other products, is covered under Caregiver. Linking with loan payments allows for efficient premium collections, and delegating claims authority to MFW facilitates simple and speedy claims payment.



Figure 6 Pamphlet of Caregiver

Source: Presentation material of JIC, May 2017

The compulsory nature of the product does not absolve MFW from communications with clients. There is still an essential element of marketing and communications, informing clients of their benefits and ensuring that they know how to claim them. It is important to speak the clients’ language, often using pictorial brochures or fun radio ads to increase insurance awareness. Mr. Nimri reminded attendees that the best tool for marketing and educating clients and potential clients is the act of paying claims. Because of the good product, good service, and good

communications, clients continually requested additional covers, resulting in the insurance bundle that is provided today.



Win-win-win. Both parties were emphatic about the importance of their partnership in contributing to the success of the product. Each brought their own skills and assets to the relationship, and each was making sure that there was a ‘win’ for both parties, as well as the clients. Over time, the trust between insurer and MFI has allowed for delegation of processes to the intermediary, which typically the insurer would undertake. For example, MFW can approve hospital cash claims for up to 10 days. This reduces costs and provides a better client experience. This and other key success factors are summarized in Box 2.

Box 2: Key success factors – Caregiver Insurance Jordan

- ✓ Good microinsurance requires a continuous evolution, which is accomplished by constant monitoring, evaluation, and learning.
- ✓ Insurers and distribution channels must listen to and understand the target clients and their needs
- ✓ The partnership is essential – should be a win-win-win for insurer, intermediary, and client. The insurer and intermediary should not be two separate parts, but act as one fluid entity.
- ✓ Microinsurance requires a longer time frame – you must be patient and adjust. Initial investments will be compensated with profits from the future.
- ✓ Products and processes must be simple – for example no exclusions or underwriting, premium collection linked with an existing mechanism, and delegate claims authority to the intermediary.
- ✓ Passion and dedication of the staff (need some microinsurance champions)
- ✓ Claims are the best marketing and education tool



Figure 7 Key inputs to success
 Source: Presentation material of MFW



Session III - Showcase: Family Care insurance - Ghana

Speakers:

“In microinsurance the role of the broker is different...it is expanded and includes product development, paying claims, customer care, and payment collection, among others.”



Ms. Barbara Asante
 Tigo Insurance Business Division Manager, BIMA Ghana

“Relationship relationship relationship! Microinsurance has to be a win for everyone, including the clients.”



Ms. Jane Mingle
 Chief Strategy Officer, Prudential Life Insurance Ghana

Facilitator: **Michael J. McCord**
 President, MicroInsurance Centre

BIMA is dedicated to microinsurance, operating as a technical service provider (TSP), in 16 markets globally. In 2010 in Ghana they launched the first loyalty-based insurance product in partnership with Tigo, the Mobile Network Operator (MNO), and Express Life which in 2014 became Prudential Life (underwriter).

The product was initially a basic term life policy provided for free to the MNO client. Premiums were paid by Tigo as a benefit for subscribers who spent a minimum amount on Tigo Ghana airtime credit, with the objective of increasing client loyalty to reduce churn (the rate of attrition) and increase Average Revenues Per User (“ARPU”).

In 2011, Express Life added the “X-tra Life” option for subscribers to double their cover by paying a small amount per month, deducted in tiny increments from their airtime balance. This is commonly called a “Freemium”. Over 80% of customers chose the X-tra Life option. As of 2016 there was no longer a free component to the product. However, Prudential / BIMA still retained over 1.5 million unique customers, and both the TSP and insurer are reportedly earning a “fair” profit.

The TSP’s role in microinsurance distribution is much greater than a broker or agent, involved in detailed product design, customer education, technical development (systems, etc.), sales and enrolments, premium collection, customer care, and claim processing (see Figure 8). This transfers the administrative tasks away from the insurer, leaving them to focus on paying claims.

One of the key ingredients in selling insurance to now 1.8 million people is customer contact. BIMA has an agent force of 600 people, who explain the products to customers, either in person or from a call centre. Mobile services then facilitate easy processes – such as making the automatic premium payments in tiny amounts. The contact with the agent force (or “touch”) and ensuring that everyone has an interaction has provided value to customers, BIMA, and Prudential Life.



Figure 8 BIMA’s role in microinsurance distribution
 Source: Presentation of BIMA, May 2017

By engaging directly with clients, rather than simply through the MNO platform, they have gained a better understanding of the target population and used it to broaden the product portfolio and diversify distribution channels. Additionally, for microinsurance, it is necessary to reach a critical mass of people,

and this has been done through a variety of channels acting as aggregation points.

As a result, BIMA and Prudential have built a business case beyond just direct product profitability. Over time, the partners are improving their knowledge of the risk levels of the low-income population, giving them an advantage over competitors. The broad appeal of this product in Ghana, is helping to build a market for the future for Prudential, and BIMA.

Prudential Life Insurance Ghana

saw a big opportunity in working with BIMA on microinsurance. Of the total Ghanaian workforce, 80% is in the informal sector, leaving millions of people without insurance coverage that is usually linked to formal employment. Working with the TSP has provided great benefits for the insurer, allowing them to access this population and overcome challenges that previously kept them out of the low-income market.

Finding an efficient means of premium collection and policy administration was a major hurdle that BIMA addressed for Prudential Life with its mobile software and agent network. For example, once clients are enrolled, premium is collected by an automatic deduction applied by Tigo, the MNO, rather than having clients initiate the process every month or by sending agents. This has dramatically improved the efficiency and the reliability of premium receipts.

The detailed customer research and analysis done by BIMA has also provided key insights to

help with product design. Prudential Life placed basic requirements on the design and pricing, after which there is no individual underwriting. This simplifies the enrolment process for, and facilitates more rapid growth.

Box 3: Key success factors – BIMA & Prudential Life in Ghana

- ✓ Mass distribution (scale) is essential to facilitate population-based underwriting and per unit cost reductions. This means looking for multiple channels that reach people in the informal sector.
- ✓ Insurers need to go beyond MFIs as the sole distributors.
- ✓ The role of a TSP or broker in microinsurance distribution is wide. Many functions that are traditionally managed by the insurer, such as claims management, can be passed to the TSP to allow for quick, efficient processes.
- ✓ Processes need to be simple from the client point of view – easy to register, easy to pay premiums, easy to access their claims.
- ✓ Insurers and their partners need to constantly monitor the claims experience, understand why it is different from assumptions, and adjust as appropriate.
- ✓ Every client benefits from an individual human interaction, whether in-person or on the phone. This allows basic education regarding the products and builds a relationship.

Prudential Life and BIMA now offer 5 types of products across three different channels, reaching more people and meeting a wider range of needs (See Figure 9).

Insurance type Distrib. & Payment Channel	Life insurance	Health insurance	Personal accident	Specific insurance	Health services
Mobile operator (payment with Airtime or Mobile Money)					
Prepaid insurance cards					
Loan repayment					

Figure 9 BIMA / Prudential Life product portfolio in Ghana
Source: Presentation material of BIMA

The strength and trust in the partnership has allowed a more hands-off approach by Prudential Life (which reduces the costs of internal operations). Claims processing is done by the TSP, with training as needed in terms of their specific process requirements. Prudential Life conducts oversight and audits to ensure quality and accuracy.

In addition to financial profit, there are other benefits that accrue to Prudential Life from serving this market. These include: improving market share, increasing the customer base, creating a foundation for distribution of future products, and learning efficiency lessons that can be transferred to their traditional insurance lines.

Session IV - Reflections and takeaways for the Egyptian context



The event featured examples from insurers and distribution channels in three countries, each with ups and downs but all with an evolution, and all now run reportedly successful and profitable microinsurance programs. Attendees discussed the key lessons for Egypt and how they can be applied in this market.



NEXT STEPS FOR EGYPT

- Begin to reach beyond MFIs to other channels which attract low-income clients, and that may have data and information on their client base. EFSA has already specifically approved and listed some of these channels in Resolution 902.
- Develop and properly service some good, simple products, and THEN work on educating the market as people gain experience and build trust through those products.
- Take some of these lessons and product ideas back to your institutions, put on your 'microinsurance hats' and take a long-term, innovative approach to building a profitable microinsurance business.
- Bring lessons from today to the Insurance Federation's Microinsurance Platform. The Platform could work on issues such as building trust between insurers and brokers, or facilitating a public demand study.

Box 4 - Key lessons for Egypt

- ✓ All the institutions demonstrated clear and fair profit for their microinsurance programs, through a combination of direct and indirect benefits.
- ✓ Products must respond to client needs, and coverage must go beyond basic credit life. The examples here showed sustainable products that covered a variety of risks including property loss, hospitalization, and loss of family members, among others.
- ✓ Profitability was not instantaneous but took an evolution, built by constant monitoring and learning. Insurers and distributors need to take a longer-term approach to microinsurance.
- ✓ Win-Win-Win partnerships are essential; insurers must find partners that understand the target market and have mutual objectives, and then build trust across the value chain.
- ✓ Brokers can play an important role, but should expand their traditional scope to include activities like product design, customer service, and building trust in the market. They can work more closely with the target market and then bring their needs to the insurers. This requires understanding the low-income market, and using technology to generate efficiencies.
- ✓ Profitable microinsurance requires reaching a critical mass of people. MFIs are a natural and valuable first channel for MI, but they reach only a fraction of the target market. Egyptian insurers should look beyond MFIs to new and innovative channels that reach low-income people where they are.
- ✓ Products and processes must be simple: for example, use automation where possible, minimize exclusions, and keep terms simple.



Day 2: Composition of Attendees

On the second day, almost 70 registered participants attended the event, representing a significant portion of the insurance industry including the major insurers and intermediaries in Egypt.

Total registered participants: 70

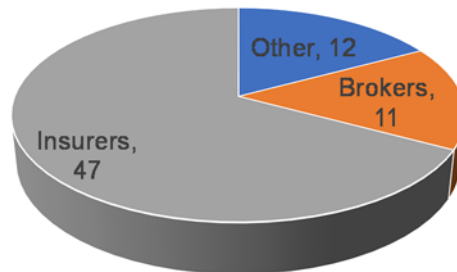


Figure 10 Composition of attendees on the second day

Day 2: Workshop – Microinsurance Product Development

Moderator:

Michael J. McCord President,
 MicroInsurance Centre

Small Group Facilitators:

Mr. Mazen A. Nimri

Deputy General Manager for Life
 and Medical Insurance, Jordan
 Insurance Company (JIC)

Ms. Bdour Al Hyari

Business Development Manager,
 Microfund for Women (MFW)

Ms. Barbara Asante

Tigo Insurance Business Division
 Manager, BIMA Ghana

Ms. Jane Mingle

Actuarial Analyst, Prudential Life
 Insurer

Mr. Simon Schwall

New Market Launch Manager
 (Africa), BIMA



The participants attended the second day, which focused on a practical, action-oriented workshop for insurers and brokers, giving an opportunity to consider the implementation of lessons learned on Day 1. The specific objectives of the workshop were to:

- Understand the microinsurance product development process
- Understand the key features of a viable microinsurance product
- Identify potential distribution channels
- Understand how to balance client value with a business case

The workshop was structured to include plenary discussions as well as small group interactions with the international practitioners who presented during Day 1. For each topic, the discussion progressed from general concept (in plenary), to examples from the international cases (in small groups), to the specific Egyptian context, and then finally, time for each participant to reflect on the applications of the discussions within their own institution.

Product development process. Participants discussed the various components of a successful product development cycle, and agreed that one of the key components that is currently lacking in most companies is a thorough and objective institutional assessment. Having management support is one of the key aspects of a ‘passing’ assessment, and it was suggested that EFSA’s continued support and promotion of microinsurance will help more top management buy-in to microinsurance. It was also noted that microinsurance design often must start with some outside the box



thinking, then bring it down to meet reality. This requires good prototype testing, piloting, and



constant monitoring.

SUAVE products. Participants discussed how good microinsurance products should be SUAVE:

Simple. **U**nderstood. **A**ccessible.
Valuable. **E**fficient.

Participants considered their own current products with a checklist to determine how they could make them more SUAVE. The aspect with the most discussion was making insurance understood, especially given the target population. A timely news clip from a news outlet in Cairo interviewing people on the streets about their understanding of insurance was shown and it dramatically demonstrated that the typical Egyptian finds insurance complex, difficult to understand, and often not paying claims quickly if at all. It was suggested that if products are made to have all the other components of SUAVE, they will be more easily understood, and that a good product that pays claims is the best form of market education.



Distribution. Microinsurance is delivered through a wide variety of channels, well beyond MFIs or traditional agents and brokers. A clear theme from Day 1 was the importance of distribution – both in terms of identifying channels that reach a significant number of low-income people where they are, as well as in terms of the relationship itself. There needs to be a win-win with trust and division of roles that maximize efficiency, capacities, and institutional advantages. This session discussed the key aspects of that partnership, and how to make the ‘marriage’ work. It also reviewed the elements of EFSA’s recent microinsurance directive, which provides an enabling environment for Egyptian insurers to expand their avenues for distribution. Keys for success were discussed, including identifying partners with complementary strengths and aligned objectives.

Magical Balance. A final session discussed how to balance value between clients and providers. How do we get to the win-win-win scenario discussed by almost all presenters during Day 1?

Value for clients comes in indirect and direct ways. Claims are of course the direct measure of value for clients, but they also get benefit from peace of mind, changing behavior due to having a safety net, or other tangible ‘add-on’ services even when they do not have claims.



Likewise, insurers and distributors receive both direct benefits (profits) as well as indirect benefits (improving market recognition, retention, or building a client base for the future). The case of the Philippines – a market with similar population size and a supportive insurance regulator – was discussed. The Philippine microinsurance industry has evolved as distribution channels widened and insurers compete on service and quality rather than simply on price. Margins are smaller, but volumes are much higher, and clients are getting more value back from their premiums. A similar evolution is hoped to occur in Egypt over the next couple of years.

Participants left the Day 2 sessions with promises of clear activities to implement in their own institution. These commitments are being followed

up with the provision of some assistance. Thus, the program has now moved into the offices of each of the participants with the expectation of all, that the insurance industry in Egypt will soon be profitably serving SUAVE products to an eager market of low-income people.

Abbreviation

EFSA	Egyptian Financial Supervisory Authority	MI	Microinsurance
FSI	Financial Service Institute	MNO	Mobile network operator
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit	MSME	Micro, small, and medium-sized enterprise
JIC	Jordan Insurance Company	NGO	Non-governmental organization
JICA	Japan International Cooperation Agency	SANAD	Support fund for MSME
MENA	Middle East and North Africa	SUAVE	Simple, Understood, Accessible, Valuable, Efficient
MFI	Microfinance institution		
MFW	Microfund for Women (Jordan)	TSP	Technical service provider