

Annual Report 20 15

THE ILO'S IMPACT INSURANCE FACILITY



Annual
Report
**20
15**

THE ILO'S IMPACT
INSURANCE FACILITY



Copyright © International Labour Organization 2016

First published 2016

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifro.org to find the reproduction rights organization in your country.

Annual Report 2015 / International Labour Office - Geneva: ILO, 2016

ISBN 978-92-2-130845-4 (print)

ISBN 978-92-2-130846-1 (web pdf)

International Labour Office

Also available in French, *Rapport annuel 2015* (ISBN 978-92-2-230846-0), Geneva, 2016, and Spanish, *Informe anual 2015* (ISBN 978-92-2-330846-9), Geneva, 2016.

ILO Cataloguing in Publication Data

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the ILO of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns

Photo Cover: © ILO, Crozet M.

This publication was produced by the Document and Publications Production, Printing and Distribution Branch (PRODOC) of the ILO.

*Graphic and typographic design, layout and composition,
printing, electronic publishing and distribution.*

PRODOC endeavours to use paper sourced from forests managed in an environmentally sustainable and socially responsible manner.

Code: CHD-REPRO-DISTR

CONTENTS

PREFACE	1
OUR STRATEGY TO CREATE IMPACT	2
2015 HIGHLIGHTS	4
1 LESSONS LEARNED IN 2015	6
2 ACCELERATING THE DEVELOPMENT OF INCLUSIVE INSURANCE MARKETS	10
3 DRIVING INNOVATION	18
4 UNLOCKING CAPACITY	26
COMING UP IN 2016	33
FUNDERS AND PARTNERS	34
ACRONYMS AND ABBREVIATIONS	36
ANNEXES	37
THE ILO'S IMPACT INSURANCE FACILITY TEAM	40



PREFACE

In 2015 the ILO's Impact Insurance Facility witnessed an exciting transition. After years of pushing the frontiers of inclusive insurance by supporting innovations, we switched gears and started to proactively promote the experiences of leading insurance providers, and the lessons they have learned, to enable others to follow suit without reinventing the wheel or stumbling over the same obstacles.

We announced this new strategy at the end of 2014 when the ILO rebranded its insurance work, and we spent much of 2015 turning that strategy into practice, as illustrated on pages 2 and 3. This annual report summarizes our efforts to launch the three interlinked initiatives of our strategy, namely:

- 1. Capacity building:** After six years of learning from microinsurance innovators, we have re-packaged their lessons and experiences into a comprehensive training programme. As discussed on page 28, we are now collaborating with several insurance institutes to build their capacity to offer this content, so they can help local companies to serve the low-income market more effectively.
- 2. Market development:** The capacity-building content is also a key input to the market development process. We are working in a number of countries, with a range of stakeholders, to catalyse the development of inclusive insurance markets (see page 10).
- 3. Research and innovation** remains an important priority for us, although our approach has been reformulated from the days of the Microinsurance Innovation Facility, as described on page 18.

The process of implementing this strategy has brought about several transformations for the Facility, including these:

From micro to impact: While we remain committed to promoting inclusive insurance markets, we also recognize that the insurance industry can make a greater contribution to the development agenda, particularly by supporting the Sustainable Development Goals associated with climate change, food security and universal health coverage.



New value proposition: During our previous incarnation, we were primarily focused on learning. Now, while learning remains a priority, we have ramped up our efforts to share that learning, through training and other knowledge-dissemination approaches.

Engagement with a greater diversity of stakeholders: To put this broader agenda into operation, it is necessary to collaborate with a greater diversity of stakeholders, and we have therefore started the process of engaging with policy-makers, insurance associations, insurance colleges, academics and a range of civil society groups.

Clear performance indicators: As illustrated on page 5, to implement an ambitious agenda like this, we need to have in place performance metrics and targets so we can ensure that we are achieving our objectives.

After our first year as the Impact Insurance Facility, we have made great strides, launching several projects with a range of new partners, including Agence Française de Développement (AFD), Financial Sector Deepening Africa (FSDA) and Africa Re. And we are looking forward to a particularly productive 2016, as we will initiate work with perhaps a dozen new innovation partners while deepening our engagement with insurance training institutes and, if we are able to identify sufficient funding, also extend our market development efforts to several new countries.

CRAIG CHURCHILL
Team Leader
ILO's Impact Insurance Facility

OUR STRATEGY TO CREATE IMPACT

THREE INTER-LINKED INITIATIVES

MARKET DEVELOPMENT

Accelerate development of inclusive insurance markets and leverage impact insurance to achieve public policy objectives



Multi-stakeholder coordination

Creating demand through building trust and consumer education

Strengthening supply through “challenge” funds, training and technical assistance

Enabling environment through regulation, PPPs and industry-wide collaboration



KNOWLEDGE AND CAPACITY-BUILDING

Translate knowledge into practical solutions, act as a global knowledge hub and build capacity of key stakeholders



Practice-based training curriculum and tools

Sustainable capacity-building infrastructure: global executive programme, e-learning, partnerships with local and regional training institutes

Peer-to-peer learning and communities of practice

Largest resource centre on impact insurance



RESEARCH AND INNOVATION

Learn and innovate with key players to push the frontiers of impact insurance



Innovation Labs with leading providers

Focused evaluations

Partnerships with think-tanks

Impact studies with academics

GUIDING PRINCIPLES

SUCCESS INDICATORS

GOALS

LEADERSHIP IN
CONSUMER-
CENTRIC
SOLUTIONS



Reached scale



Ensured client value



Improved practice



Shared solutions



Developed markets



REALIZE THE POTENTIAL
OF INSURANCE TO...



...REDUCE HOUSEHOLD
VULNERABILITY



...PROMOTE STRONGER
ENTERPRISES



...ACHIEVE PUBLIC POLICY
OBJECTIVES (e.g. UNIVERSAL
HEALTH COVERAGE, FOOD
SECURITY, RESILIENCE TO
CLIMATE CHANGE)

...THROUGH BUILDING
HIGH-QUALITY
RISK MANAGEMENT
SOLUTIONS AT GREATER
SCALE TOGETHER WITH...



INSURERS



DISTRIBUTORS



POLICY-MAKERS



REGULATORS



INSURANCE ASSOCIATIONS



CIVIL SOCIETY GROUPS



ACADEMICS

HIGHLIGHTS 2015



New funding partnerships to spur innovation and develop markets in Africa



Driving action to develop inclusive insurance across 14 countries in Latin America, Asia and Africa



Reputable insurance schools in emerging markets join us to build capacity of insurance industry through joint delivery of 12 training sessions in 2015



New focus on catalysing public-private partnerships to bring comprehensive health and agriculture insurance to masses



Further adaptations to our PACE tool to improve the client value of agriculture products



Thriving communities of practice for agriculture insurance and among market development champions



High-quality publications and knowledge events to inspire companies and governments by consolidating best practices for the industry

MEASURING OUR PROGRESS

Here is a taster of our progress so far. We are tracking our impact through these indicators. In 2016 we will also start tracking two more indicators: *Ensuring value for clients*, and *Improving practice in the industry*. We will be updating you every year on how we are doing.



Reached scale

Reaching
3.5 million
clients

Since 2008 the Facility has supported products which have so far reached almost 3.5 million clients around the world. Find out about our latest work with innovators on page 18.



Shared solutions

Sharing
cutting-edge
solutions with over
250,000
stakeholders

In the same time period, we have shared cutting-edge solutions with over 250,000 stakeholders, helping them to learn from the experiences of others. Find out more about how we reach this growing audience on page 26.

We have shared solutions through our website, social media and email audiences, as well as through direct interaction, including trainings, webinars, peer learning and events. Through direct interaction alone, we have reached over 5,000 practitioners from 2008. See Figure 2 and 3.



Developed markets

Developing
markets
in selected
countries

Our new country-scoring tool shows how insurance has developed in terms of quality and scale in Zambia and Senegal, where we had substantial contributions to the process. See the pathway of each country in Figure 7 on page 17.

FIGURE 1. BENEFICIARIES REACHED BY REGION

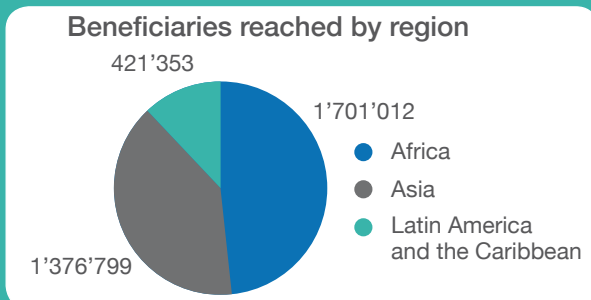


FIGURE 2. NUMBER OF PEOPLE REACHED BY DIRECT INTERACTION

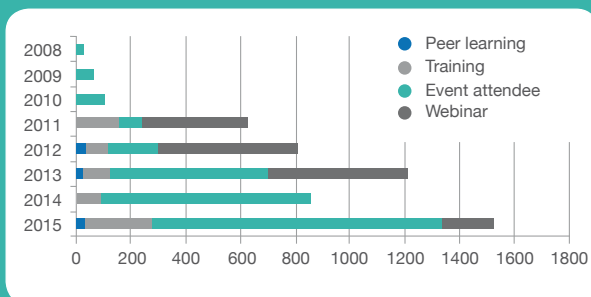
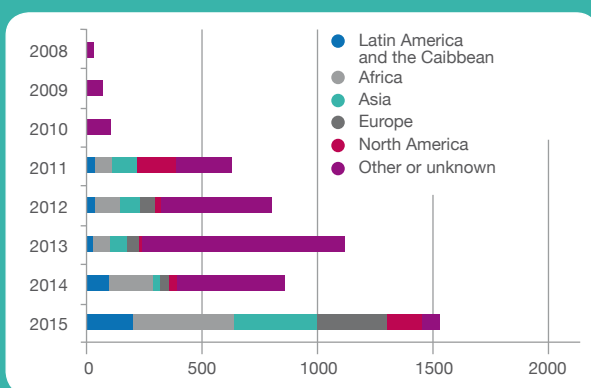


FIGURE 3. NUMBER OF PEOPLE REACHED THROUGH DIRECT INTERACTIONS BY REGION





1 LESSONS LEARNED IN 2015

We continue to learn how to achieve impact through insurance at scale. Here are five insights from 2015.

1. Questions of timing are central to success

The microinsurance sector has grown exponentially, but for every scheme that has succeeded, many more have struggled to reach scale, become viable or provide client value, and some have failed altogether. Nonetheless, many innovations have resulted from efforts to convert near-misses to successes. A review of failures in microinsurance showed that the difference between success and failure often comes down to issues of timing.

As we have frequently seen, it is vital that products are timed in a way that takes into account the level of development of the insurance market in a country. If overly complex products are introduced

too early, they are usually difficult to sell and may even damage clients' trust in insurance.

Internal time frames are just as important. An organization's mindset regarding investment and returns horizons is critical, and leaders need to be wary of exiting too early when they experience setbacks. Seven out of the twelve schemes covered in the study stuck with microinsurance despite initial challenges, learned from their experiences, and are still active in the sector, while the remaining five failed altogether.

Long-term commitment from an organization's leadership is vital to success. Leadership must promote a culture in which mistakes can be made, analysed and corrected over time. Establishing suitable timescales reduces pressure for immediate results, and setting and monitoring intermediate targets helps to ensure these timescales are adhered to.

Find out more: [*"Learning from others' mistakes"*](#).



© Rimando M.

2. Position health insurance products carefully, to complement, not compete

Pioneer did not want to compete with the Philippines' national health scheme, PhilHealth, but saw that this scheme did not cover the additional losses people faced when illness forced them to take time away from work. It therefore launched a hospital cash insurance product, which provided a defined payout per day spent in hospital. The product was never intended to cover the costs of treatment, but Pioneer found that as soon as it described the product as health or hospital cover, clients immediately expected a comprehensive health insurance product similar to PhilHealth.

Pioneer decided to rebrand the product as income replacement insurance. At the same time, it boosted its sales efforts by increasing the number of sales points and improving staff

training, as well as allowing clients of partner MFIs to take out a loan to pay the premium. As a result of these combined changes, total enrolments increased from 5,502 people in the first year before the new branding and sales strategy were introduced, to 140,627 in the second year.

Opportunities for insurers to make use of synergies between public and private sector players to help achieve universal health coverage go beyond offering complementary benefit packages. As shown in Kenya (see Figure 9. on p.21), governments should consider drawing on insurance providers' distribution and technology expertise to extend social health insurance to the informal sector.

Find out more: [“Leveraging health microinsurance to promote universal health coverage”](#).



3. Farmers' understanding is vital if they are to benefit from insurance

Households interviewed for the Kenya Financial Diaries think about losses in terms of cash outflows. They generally have a good understanding of the direct costs of risks (that is, money used for expenses). However, they underestimate the impact of risks that do not result in direct cash outflows, but rather in lost income or assets. For example, 63 per cent of respondents who experienced crop failure reported that the event had no impact on their household. They didn't register the value of the lost harvest, the expenditure wasted on inputs, or the payments they'd made for labour that didn't produce anything in the end. Only for a few risks – the death of a main income earner, and temporary and permanent disabilities – did respondents report any lost income as a result of the shock.

In another study, in Burkina Faso, the Microinsurance Centre studied drought-related costs and financing for maize farmers, and the role that Allianz's loan protection insurance product played in helping these farmers cope with a drought. The product is designed to relieve some (but not all) of the burden of loan repayment, and the proportion of the loan forgiven depends on the severity of the shock. In 2012, 19 per cent of the loan was forgiven, but the study found that 73 per cent of farmers had expected the entirety of their outstanding loan to be written off in the event of a drought. As a result of this misunderstanding, insured farmers had limited their risk mitigation behaviour (including income diversification) and were forced to use more burdensome coping strategies when the drought hit.

These findings show the importance, when designing products, of taking into account the ways in which farmers already understand and mitigate risks, as well as highlighting the value of good client communication and education strategies.

Find out more: "How low income Kenyans think about and experience risk in their pursuit of prosperity" and MILK Brief No. 35

4. Create an environment that enables client value

Policy-makers, regulators and funders have an important role to play in creating an enabling environment that promotes client value. Evidence from existing efforts around the globe provides ten blueprints for doing this:

FIGURE 4: INTERVENTIONS FOR CREATING AN ENABLING ENVIRONMENT THAT PROMOTES CLIENTVALUE



Find out more: Brief 3 of the Client Value Series published in partnership with the Microinsurance Centre.

5. Insurers can help governments achieve public policy goals

The municipality of Comas in Peru wanted to give residents an incentive to pay their taxes in full and on time. Most of these residents are informal microentrepreneurs. With Peruvian insurance company Protecta, the municipality agreed to distribute a life insurance product. Residents also received a discount card, and there was an information campaign about the product. The product and added benefits were provided free by the municipality, but only to those who paid their local taxes in full and on time. The municipality paid the premiums to the insurance company to cover those who did this. It hoped that this would provide an effective incentive, as well as giving valuable support to residents in case of a death in the family. It was therefore willing to fully cover the costs of the insurance.

The insurance product was an effective incentive to encourage those who were already paying their taxes to do so on time and in full. The municipality observed a reduction of approximately 20 per cent in late payments. It did not, however, have a significant effect on those who did not normally pay their taxes at all.

Find out more "Making public-private partnerships work in insurance".



2 ACCELERATING THE DEVELOPMENT OF INCLUSIVE INSURANCE MARKETS

Insurance penetration is low. Inclusive insurance markets are developing rapidly in countries such as India, South Africa and the Philippines, where millions of low-income households have some protection. However, outreach in many other developing countries remains meagre. The market failure is due to many factors:

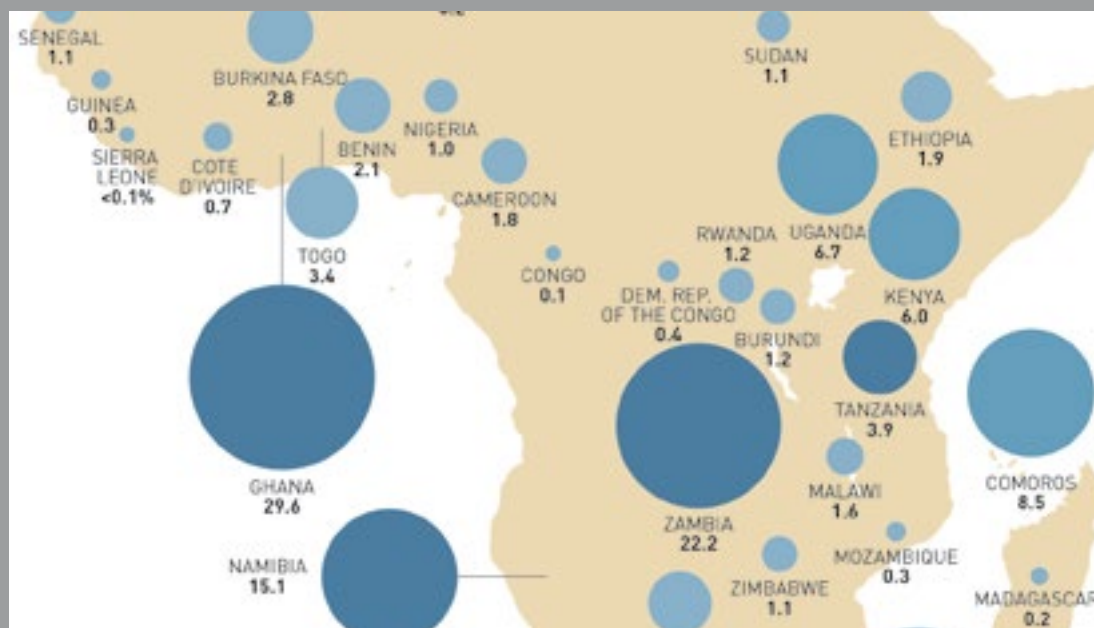
low insurer understanding of opportunities to serve the low-income market, lack of specialized expertise, unknown markets with low awareness of insurance, inappropriate distribution models, lack of infrastructure (data, payment systems), and lack of an enabling environment and suitable regulations.



© ILO, Crozet M.

BOX 1: MARKET DEVELOPMENT WORKS

Ghana and Zambia, two countries in which a structured market development process has been implemented for several years by the German agency GIZ and FinMark Trust / Financial Sector Deepening Zambia (FSDZ) respectively, with support from the Facility, show coverage rates of more than 20 per cent compared to the continent average of 5.4 per cent (Microinsurance Landscape in Africa 2015).



Our approach and toolbox

Our Market Development initiative **accelerates the development of inclusive insurance markets**. This is achieved through partnerships with governments, insurers and other stakeholders such as financial institutions and mobile network operators (MNOs). To achieve higher impact with market development we also promote public-private partnerships and help to embed insurance in countries' strategies to reduce the vulnerability of populations and boost the productivity of economies (See Part 3: Driving innovation, p.18). Furthermore, working closely with the private sector, regulators and other government agencies is the most effective way of developing a market that can be sustained in the long term, not just until donor or government funding runs out.

We take a market facilitation approach. An important first step is to develop a roadmap that sets out interventions to overcome the various obstacles to market development identified through a market and regulatory review. These interventions are usually aimed at improving understanding, stimulating demand, and strengthening the supply and regulation of inclusive insurance products in the country. The Facility specializes in implementing the following elements of the market development approach:

- **Build the capacity of insurers, distributors and governments** to serve the low-income market with valuable and viable products. Our approach promotes sustainability through making use of local training institutes, e-learning and an Executive Education programme provided in partnership with a leading global insurance school. (See part 4: Unlocking capacity on page 26.)
- **Stimulate supply, innovation and improvements in client value** through an acceleration fund coupled with technical assistance for the most committed players.
- **Build an insurance culture** through long-term engagement on consumer education and protection with local insurance associations, regulators and civil society organizations.
- Stimulate **collaborative action** to develop industry-wide solutions such as data warehousing.
- **Engage with insurance supervisors and other policy-makers** to support market development, including through public-private partnerships, to enable the insurance industry to help achieve public policy objectives.
- **Facilitate communities** for knowledge sharing and coordination at the global or regional level (See Box 2.)

BOX 2: COMMUNITY OF PRACTICE (COP) OF MARKET DEVELOPMENT CHAMPIONS

In 2015 two face-to-face meetings took place to allow market development champions to share experience and new ideas. Initiated in 2013, the CoP on inclusive insurance market development currently includes ten member countries, with participation from GIZ Nigeria, Financial Sector Deepening Trust Tanzania (FSDT), Financial Sector Deepening Zambia (FSDZ), Financial Sector Deepening Kenya (FSDK), Access to Finance Rwanda (AFR), Making Finance Work for Africa (MFW4A) and all the Facility's market development coordinators. Although the CoP is primarily focused on Africa, membership is now being broadened to include organizations from Latin America and Asia.



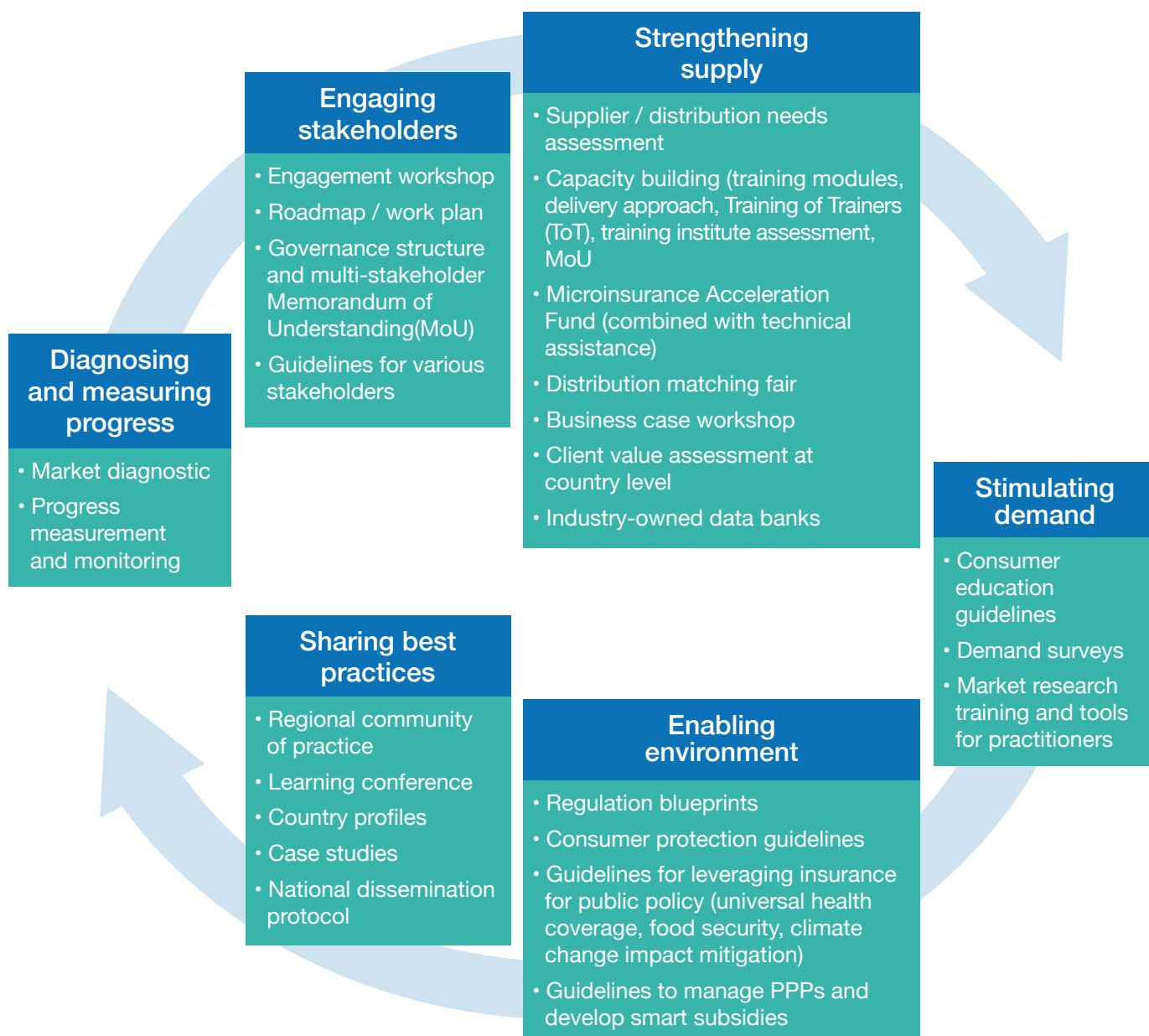
Sosthenes Kewe

"The COP meeting was immensely helpful. There is a direct link and usage of what we learned yesterday to some practical issues in our markets. The CoP is one of the mechanisms to instil and spread the learning for a meaningful change and success."
Sosthenes Kewe, CEO, FSDT

In 2015 we finished consolidating a set of tools based on market development interventions deployed by various CoP members. It features 25 tools in six main categories. Each tool has

clear implementation guidance, templates that are ready to use and a clear indication of what resources are required and what outcomes can be expected.

FIGURE 5. MARKET DEVELOPMENT TOOLBOX



Based on consolidated experiences of the Facility, Cenfri, A2II, GLZ, FinMark Trust, Microinsurance Network and FSD Zambia

Selected country activities

In 2015 we have substantially supported market development activities in **Zambia** and **Senegal**. We have also contributed to efforts in **Nigeria, Tanzania, Morocco, Kenya, Mozambique, Ethiopia, Ghana, Pakistan, Indonesia, Bangladesh, Colombia, Dominican Republic, Peru** and **Brazil**. Below, we outline some highlights of our work in this area.

Zambia

In March 2015, we co-organized a conference, “Microinsurance Business Models for Africa”, together with Zambia’s Technical Advisory Group, FSDZ and the Munich Re Foundation. The event was attended by 84 participants from across Africa, who discussed and were trained on various themes, including health, agriculture, distribution, business strategy, customer-centric design, regulation, education and marketing, and public–private partnerships. As part of the conference, the Facility ran sessions on client value, health insurance products, public–private partnerships, and pricing and business planning.

Initially conceived by the Facility and FinMark Trust, the Microinsurance Acceleration Facility (MAF) has proved to be a powerful supply-strengthening tool. For example, one of the grantees launched the first-ever personal accident product in Zambia that is innovatively distributed through multiple channels and uses a mobile platform for transactions. The MAF is currently funded by FSDZ and technically supported by the Facility. In 2015 FSDZ launched a revised MAF that combines smaller funding with targeted technical assistance. The Facility remains a technical partner to the MAF.

The third annual Insurance Week, which took place in September, was a success. The event was spearheaded by the Insurers Association of Zambia, with financial and technical support from FSDZ. Over 1,400 schoolchildren and 149

micro-entrepreneurs were reached through a number of consumer education sessions. The event continues to receive increased buy-in from insurers and other insurance stakeholders. In 2015 there were more interactions between insurers and the general public as the product exhibitions were held in high-density markets and shopping malls.

Senegal

The Facility coordinated discussions between Senegalese stakeholders to formulate a market development strategy and roadmap lasting until 2018. This effort is beginning to bear fruit. Two insurance companies have received authorization for new microinsurance products under the new CIMA regulation, and three more organizations are waiting for agreement on new products. Furthermore, partnerships between Mobile Network Operators (MNOs) and insurance companies are emerging, with the first mobile insurance products coming onto the market.

With support from World Bank’s Global Index Insurance Facility (GIIF), we launched a capacity-building programme for the industry, together with the local training institute, the Centre professionnel de formation en assurance (CPFA). Three training sessions (introduction, market research, and pricing) were attended by 53 participants from insurance companies, cooperative and mutual organizations, MNOs, non-governmental organizations, government and regulation authorities.

We also organized a workshop on mobile insurance that covered business models, infrastructure, regulation and viability in the Senegalese context. This has enabled the regulator to gain a better perspective on mobile insurance and has helped to increase the local monitoring capacity for these products.

Other countries

The **Peruvian** insurance industry is growing, and insurers are willing to innovate with new products and distribution channels. Nonetheless, despite these efforts, microinsurance uptake has remained relatively low. In July, the Facility organized 2 days of learning sessions in partnership with the Munich Re Foundation, and with support from the Peruvian Association of Insurance Enterprises (APESEG), Multilateral Investment Fund (FOMIN) and the Microinsurance Network. The event provided participants with a chance to get inspiration from other parts of the world as well as to explore the opportunities that already exist in Peru to extend the reach of insurance. The Facility also organized a stakeholder meeting to assess the main barriers to market development and discuss possible solutions suggested by a wide range of stakeholders. A strategy to advance microinsurance in Peru has been developed as a result of the findings of this meeting.

With support from USAID/BASIS/I4 Initiative, the Global Action Network (GAN) on Agriculture Insurance and the World Bank's GIIF, we established a working group on agriculture insurance in **Bangladesh** to identify and take advantage of existing synergies across various projects. To enhance this platform and prepare the insurance industry to play a more important role, we initiated a capacity-building programme with a local partner, the Academy of Learning. The first training session was attended by almost 40 participants. With a focus on agriculture insurance, these training sessions will cover key aspects of operations for the successful scale-up of products.

The Facility signed a collaboration agreement with the Centre for Insurance and Financial Management Studies (CIFMS) in **Nigeria** and delivered two courses through a trainer certification programme in collaboration with GIZ and the World Bank's GIIF. Over 25 professionals and ten trainers participated in two training courses. One of the key emerging lessons is that, to achieve higher impact, such interventions need to be part of a comprehensive market development process addressing systemic market constraints and creating awareness among market players of the business case.

A quick diagnosis was carried out on the **Moroccan** market to understand the current challenges to the development of insurance in Morocco. On the basis of the results, a stakeholder meeting was organized in collaboration with the *Centre Mohammed VI de soutien à la microfinance solidaire* in June 2015. More than 50 participants attended the event, which resulted in a strategic work plan for the local industry. The 11th International Microinsurance Conference was held in Casablanca and provided the industry with a platform to present some of the emerging experience of partnerships between microfinance institutions, insurance companies and assistance companies.



Measuring progress

On the ground, we see that we are making progress in our focus countries. Extensive studies, such as landscapes or individual market reports, provide in-depth information, and in many cases have shown evidence of the changes we are seeing. But something is missing. We need to be able to track progress in all the countries in which we work more frequently and consistently. This would provide better and timelier information, which would allow us to design and adapt interventions more appropriately. Furthermore, it would allow us to compare countries and identify the most promising strategies for particular ones. We have therefore designed a country-scoring tool which assesses insurance markets in terms of both quality and scale (see Figure 6.)

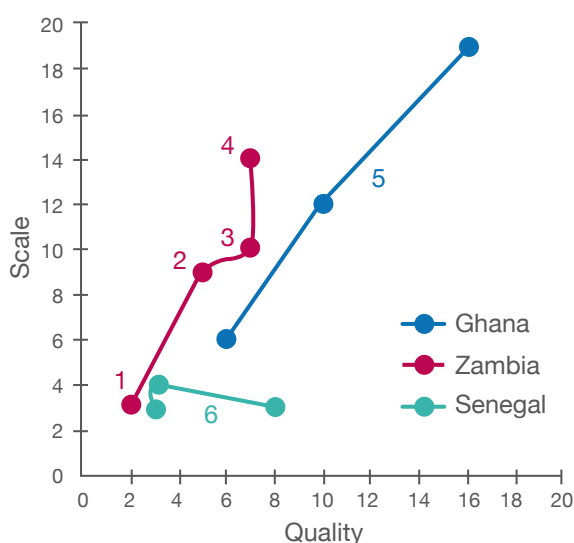
FIGURE 6. QUALITY AND SCALE INDICATORS IN THE FACILITY'S COUNTRY-SCORING TOOL



We are in the process of refining this tool, with input from the Facility's CoP for market development. In particular, we are strengthening the way in which we measure quality, by developing a quality index for all products, which will be aggregated at the national level. Furthermore, we will introduce mechanisms to better reflect client knowledge and awareness in the index.

Figure 7. shows the development of insurance markets in three African countries using scores from 2009 to 2014. As we refine the tool during 2016 we will use it to assess progress in other countries.

FIGURE 7: THE DEVELOPMENT OF MICROINSURANCE MARKETS IN SENEGAL, ZAMBIA AND GHANA ACCORDING TO THE FACILITY'S COUNTRY-SCORING TOOL



- 1 Between 2009 and 2011 the Zambian market did not show any significant development.
- 2 Once interventions in Zambia were in full swing, as part of a coordinated market development process, the market improved significantly in 2012. In particular, there was a significant increase in the variety of distribution channels used.
- 3 In 2013 quality improved, with the introduction of more varied as well as more voluntary products.
- 4 In 2014 there is a large jump in the proportion of the population covered by microinsurance to 22.2 per cent.
- 5 Ghana (points on the graph represent scores for 2009, 2011 and 2014) has benefited from years of coordinated market development activity, led by GLZ. The market has shown significant improvement in both quality and scale throughout the period from 2009 to 2014. In 2014, in particular, a greater range of products emerged, and microinsurance coverage increased to 28 per cent of the population.
- 6 Senegal (points on the graph represent scores for 2009, 2011 and 2014) has benefited from improvements in infrastructure and more varied distribution chains, but needs greater support to boost scale. As more insurers have entered the market in 2015, improvements in scale are anticipated.



© ILO, Crozet M.

3 DRIVING INNOVATION

We are continuing to push for greater innovation and learning as both aspects are needed if we are to reach our goal of extending valuable insurance solutions to millions. In 2015, we performed different activities within the Research and Innovation initiative.

Setting up new innovation projects in Africa

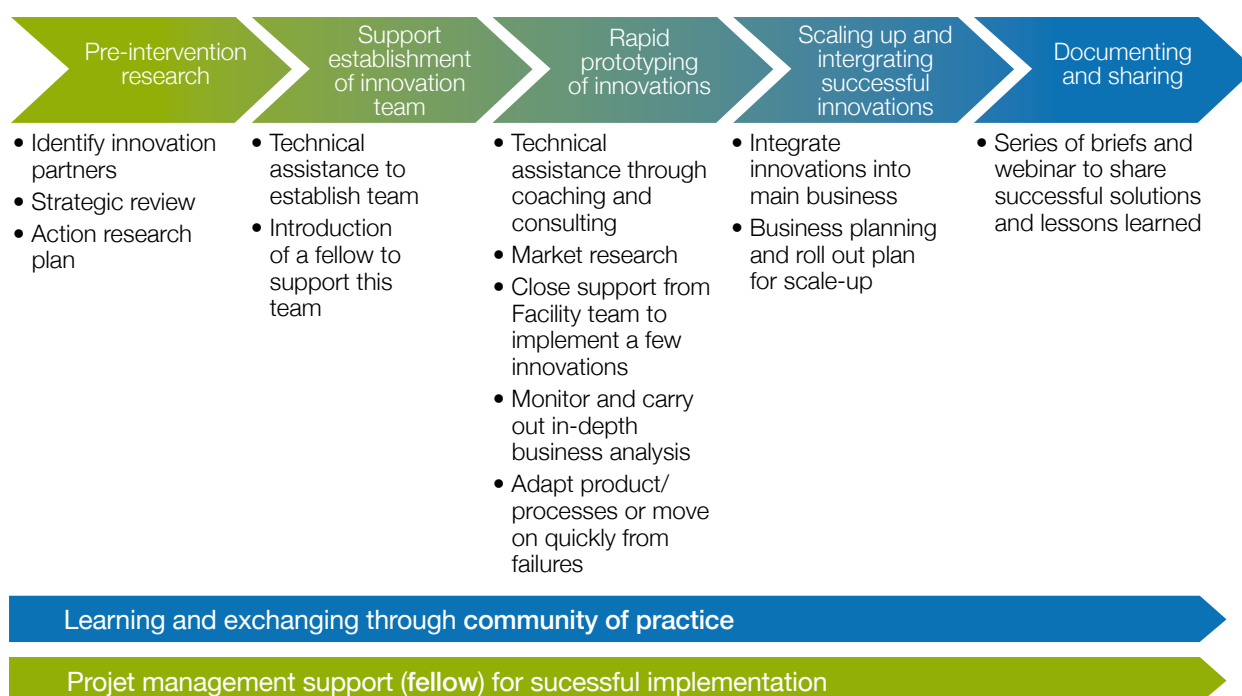
The Facility has established two new partnerships to promote innovation in sub-Saharan Africa (see Boxes 4 and 5). In these partnerships we will use our new innovation management strategy, which is based on core principles (see Box 3) and uses a systematic step-by-step approach (see Figure 8).



BOX 3: CORE PRINCIPLES OF OUR INNOVATION MANAGEMENT APPROACH

- **Market research** to understand client needs is fundamental to providing client value and customizing the value proposition for specific market segments.
- Adopting a **consumer-centric approach** allows insurers and distributors to make **better-informed allocations of marketing resources** across customer acquisition, retention and development strategies.
- **Rapid prototyping and testing** accelerate learning and change by reducing innovation fatigue and allowing organizations to “fail fast”, moving on quickly from bad ideas.
- Creating a **separate, cross-functional, innovation unit** with a clear strategy for subsequent integration into the existing organizational structure enables faster and more efficient progress.
- Building an **internal business case** that is based on **in-depth, on-going analytics** allows senior management to take bold decisions for substantial and long-term business with the low-income segment.

FIGURE 8. STEP-BY-STEP APPROACH TO INNOVATION MANAGEMENT





BOX 4: PARTNERSHIP TO STIMULATE INNOVATION IN SUB-SAHARAN AFRICA



Through a new partnership with the **Agence Française de Développement (AFD)**, the Facility will work with organizations in sub-Saharan Africa to strengthen their insurance offerings by providing support for research and innovation. The partnership will support projects in the following areas:

- solutions that extend or supplement existing national health insurance schemes
- individual or meso-level insurance that benefits small-scale farmers and improves their ability to cope with risks
- insurance bundled with financial services or value-added services that not only improve consumers' ability to manage risk, but also increase their productivity
- risk management solutions for micro and/or small and medium enterprises
- using technology to improve understanding among clients and reduce the cost of distribution, without losing the "client touch".

In 2015, we started the selection process for the AFD project and conducted due diligence on a range of partners in Côte d'Ivoire, Senegal, Ghana, Burkina Faso, Mali, Nigeria, Ghana, Tanzania, Ethiopia and Zambia. Potential partners include insurers, government agencies, commercial banks, microfinance institutions, agricultural providers, technology providers and intermediaries. The final six to eight partners will be selected in early 2016 and the project will begin by the end of the first quarter.

© ILO, Crozet M.

BOX 5: PARTNERSHIP TO ACHIEVE IMPACT INSURANCE THROUGH CHANGE MANAGEMENT



To enhance the impact of the insurance industry, and successfully meet the risk management needs of low-income households and small and medium enterprises (SMEs), insurers need to innovate and develop client-centric products and processes that are cost-effective and viable in the long-term. This is rarely possible without substantial changes to business models, operating procedures or internal structures. Having supported innovations with over 60 organizations, we have seen that organizations often need to go through a systematic change management process to get ready to serve the low-income market effectively.

We have launched a new partnership with **Financial Sector Deepening Africa (FSDA)** to work with five insurers and distributors to implement organizational change management and product innovation. Activities include:

- spurring innovation, building capacity and identifying and implementing the necessary organizational changes
- working with providers to scale the innovations quickly to achieve sustainability, while gradually improving customer and shareholder value
- developing change management tools and demonstration cases that can be shared with the broader industry to facilitate the generation of innovative insurance solutions for the low-income market.

Launching our second Fellowship programme

In November we launched the second phase of our successful fellowship programme. In the first phase 32 fellows supported innovation projects; most of them work now for leading microinsurers or consulting companies.

Fellows will provide technical and programme management support to each partner as part of the Research and Innovation initiative. Our fellowship programme matches qualified insurance professionals with organizations working on the frontiers of impact insurance, in order to fill the skills gap and create a new generation of professionals with relevant experience. The programme provides a unique opportunity for professionals to gain hands-on experience and learn to adapt their expertise to enhance the impact of insurance. At the same time, with the fellow working on-site, the host organization can use his or her expertise to build its own capacity.

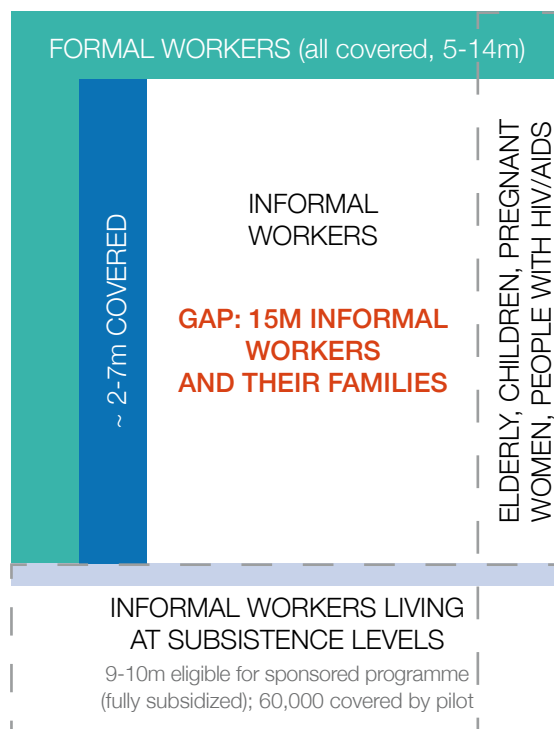
The 2-year fellowship programme will place ten fellows in 2016.

Promoting universal health coverage

There is a strong government commitment to universal health coverage in many developing countries, and often social health insurance funds are maturing to become the main vehicle to finance health care. However, lower-middle-income people, largely working in the informal economy, are inadequately served by social health insurance schemes in many developing countries.

We are working with social health insurance schemes and the private sector in Kenya and Ghana to extend cover to the informal sector, to enable better access to health care and offer protection against financial risk, as well as to encourage health-seeking behaviour by providing people with health-related value-added services, such as a call-a-doctor line or pharmacy discounts.

FIGURE 9. POPULATION SECTORS COVERED BY KENYA'S NATIONAL HOSPITAL INSURANCE FUND



Kenya's National Hospital Insurance Fund (NHIF) is one of the most advanced social health insurance schemes in Africa. It offers comprehensive inpatient and (recently added) outpatient health insurance cover to the entire Kenyan population for an annual premium of US\$ 60 per family. Almost all formal sector workers are covered and 9–10 million of the poor and vulnerable are eligible for a fully subsidized programme. The main remaining challenge is to cover the 15 million or so informal workers and their families. Just 10 per cent of the informal sector is enrolled, through a conscious effort to reach this segment through a group enrolment (see Figure 9.) The President has set a target of covering 25 million Kenyans in a short timeframe, so the NHIF will need to think creatively about how to reach this number quickly. It is unlikely that the existing model of enrolling people exclusively at NHIF branches will allow the NHIF to achieve this objective.

The Facility, together with FSDK and ThinkWell, conducted a feasibility study with NHIF to explore how the NHIF health insurance package could be extended to more informal sector workers and their families.



The study proposed a two-part solution. First, NHIF can partner with large distributors, such as banks and MNOs that already serve the low-income market, and take advantage of their digital platforms and agent networks to increase its outreach. The five largest players in Kenya already serve more than 20 million informal sector workers. Second, NHIF can create an enhanced NHIF+ package that includes value-added services such as a call-a-doctor line to increase health awareness and encourage health-seeking behaviour. Through innovative public-private partnerships, the NHIF and the private sector can increase access to health insurance and promote better health and financial protection for informal workers and their families in Kenya. The Facility and its partners will work with NHIF in 2016 to implement the solutions.

We are conducting a similar exercise in Ghana with the National Health Insurance Authority to

find ways of extending cover to the low-income market and will launch the project in 2016.

Converting free to paid mobile-based products

“Freemium” mobile insurance products are on the rise, with more than 30 new products launched in the last 5 years. These products provide insurance to thousands of new subscribers in a short time, including many first-time buyers of insurance. While loyalty-based freemium cover is an effective entry product, for mobile insurance to be a viable long-term product, “free” clients need to be converted to paying customers. Over the past 18 months, the Facility and MicroEnsure Ghana have worked together to understand the needs and behaviour of customers in order to persuade them to make the transition from having free insurance to paying for it.



© Lord R.

Airtel Insurance is a loyalty-based mobile insurance product launched in 2014 by MicroEnsure Ghana and Airtel. It offers free life, hospital cash and accident cover to customers who recharge at least 5 cedis (US\$ 1.3) a month. Within 12 months of its inception, Airtel Insurance had enrolled 1.2 million clients.

In March 2015, customers were given the chance to pay a premium via airtime to double their individual cover or to enrol family members. Within 3 months of launch, MicroEnsure call centre agents were selling the paid cover to 80 clients per agent per day, and the product was on track to add more than 50,000 customers in its first 6 months.

The Facility and the MicroEnsure team conducted focus groups, interviews and phone surveys to understand better how clients perceived and understood the new product and how customer segments could be better targeted to increase sales. The results indicated that clients who signed up for the paid product appreciated the protection that insurance provides. The interactions also highlighted a need to support the sales from the call centre with above-the-line marketing and standardized payment deductions in order to promote conversion and retention.

MicroEnsure Ghana is working on the changes suggested and plans to implement both marketing and technical solutions to improve understanding and increase sales. In 2016, MicroEnsure and the Facility will replicate this research in three to four other African markets.



PACE-ing forward

For insurers to serve clients profitably, they need to understand the market and craft a value proposition for specific segments. The Facility has a number of tools to help providers build a customer-centric culture within their organizations. In 2015 we encouraged insurers to scrutinize the value their products offered to clients, by using our client value assessment tool, PACE. The PACE tool was used to conduct assessments of life and funeral

insurance products in Zambia (see Box 6), and analyse the value of index agricultural products in Sri Lanka (see Box 7) and Burkina Faso.

The lessons from the implementation of these PACE assessments will feed into PACE 2.0 – a revised, more quantitative and easier-to-use tool that insurers can use to evaluate their offerings accurately and improve them. Stay tuned!

BOX 6: PACE ANALYSIS IN ZAMBIA

In Zambia, the Facility carried out a PACE analysis of two products:

- a voluntary funeral insurance product sold to market stall holders from Madison Life
- an embedded life insurance product provided by Professional Life to clients of its sister bank.

The products were compared to an informal mechanism and a successful South African funeral product. The analysis was carried out together with each company and implications and recommendations were outlined jointly.

Both products offered good value for money. However, the PACE assessment of Madison Life's product, which is sold through agents, found that the product could be improved, to make it more accessible for clients to enrol and renew. In particular, it proved difficult to motivate agents to be proactive about reaching out to clients to promote renewals and ensure good service. Other forms of communication besides agents could be used to boost accessibility. For example, a telephone hotline and contact with funeral parlours provided additional touch points for the South African product that was used as a point of comparison.



Professional Life's embedded product, on the other hand, faced challenges of low awareness. Increasing that awareness could prove strategic for successfully introducing additional insurance products to its clients.

BOX 7: PACE IN SRI LANKA

The PACE analysis in Sri Lanka was conducted as a part of a peer exchange hosted by SANASA, an insurance company. The participants found that SANASA's index insurance product was generally a simple and accessible way for farmers to protect themselves against weather risks. Flexible premium payments, bundled packages including personal accident and hospital cash cover, and support for financing premiums were particularly effective in increasing access to the product.

The main difficulty faced by SANASA was related to limitations in data quality and quantity, which made it more difficult to scale up the product and also created issues related to basis risk. Labour-intensive enrolment also resulted in fairly high commissions, although overall the product remains affordable for the clients. In some cases claims payments were perceived to be too slow. Some of the participants' recommendations include:

- Remote sensing options for weather data
- Making use of the mobile platform for renewals (for example, by sending out reminder messages) and weather information
- Considering generational preferences where mobile communication is concerned: push-based voice messages would be a good way of reaching the older generations, whereas SMS messages can be used to communicate with younger farmers
- Automated processing for payments, documentation, claims settlement, and so on
- The decentralized service is important for sales and relationships, but as scale increases, SANASA could consider other channels for processes like claims settlement, and, importantly, a separate mechanism for dispute resolution
- Simplifying the policy document



Index Insurance Forum 2015, Sri Lanka

Exploring the potential of insurance for small businesses

We carried out a study (due to be released in early 2016) on the potential of insurance to support small businesses. The study involved desk research and case studies of ten such schemes. Significant challenges were faced by all the schemes, yet providers are already finding ways around these barriers and the study identified many emerging good practices. These fall into three clusters:

- **Product design** – Standardized products covering multiple risks are the most successful and attractive to clients. Products that include simple health benefits are particularly attractive, and represent a largely unaddressed opportunity for insurers.

- **Distribution** – The paper outlines the most promising distribution channels, many of which form part of the same value chains as the small businesses targeted. The paper also explores how insurers can align products with the key business of these distribution channels.

- **Insurance culture** – Several insurers have revealed successful pathways to building an insurance culture and market among small businesses. One pathway followed by several successful insurers has been to grow alongside existing micro-clients as they gradually build up from household enterprises.

More emerging good practices and practical case studies falling under each of these clusters will be presented in the full paper.



4 UNLOCKING CAPACITY

Our capacity-building activities were further intensified in 2015, with work both at the local level, particularly in our focus counties, and at the global level.

Creating a sustainable capacity-building infrastructure

Despite growing knowledge of how to provide insurance to the “bottom of the pyramid”, the majority of insurers and distributors in emerging markets struggle to offer insurance products that are viable for them and valuable for consumers. Capacity gaps among managers are inhibiting progress. At the local level, training programmes are often unavailable and training providers have limited technical capabilities to

address training needs. At the global level, the growing body of knowledge on inclusive insurance has yet to be organized into a formal programme that adheres to rigorous standards.

Recognizing these gaps, in 2014 the Facility launched a comprehensive programme that seeks to make capacity building sustainable. At the local level, we started partnering with local training institutes to help them develop more skilled trainers and to provide them with high-quality training modules developed by the Facility that can form part of their core portfolio. The engagement consists of a 2 to 3 year period where training courses are organized jointly by the institute and the Facility, and where local trainers undergo a certification process that involves them following a series of training sessions on both the Facility's training methods and its



content, as well as receiving mentoring on the way they deliver training.

Five local training colleges and institutes are now in partnership with the Facility in Nigeria, Kenya, Senegal, Bangladesh and the Philippines, with almost 30 trainers undergoing the process to become a “Certified ILO Microinsurance Trainer”.

“Having us trainers do a demo is very exciting and is a good way to learn faster. The trainer’s guide is a very good one. So much work has been put into that. Well done.”
- Tosin Bayo-Yusuf, local trainer, Center for Insurance and Financial Management Studies, Nigeria

At the global level, the Facility is in advanced stages of discussions with a world-renowned insurance university to design an executive education course that will provide local participants who have completed a minimum number of local courses with access to a globally recognized insurance education programme.

With this integration of local and global training, we hope to make impact insurance mainstream and strengthen much-needed capacities in markets where we operate.



BOX 8: OUR PARTNERS IN LOCAL CAPACITY BUILDING

Centre for Insurance and Financial Management Studies (CIFMS), Nigeria



Established about 5 years ago as the training arm of the Chartered Insurance Institute of Nigeria, CIFMS aims to develop the human capital of Nigeria's insurance sector through training seminars and workshops. The Centre runs a 9-month diploma programme to prepare students for professional exams conducted by the Chartered Insurance Institute of Nigeria and part-time certificate courses.



College of Insurance (COI), Kenya

The College aims to be a global centre of excellence in the provision of education and training in insurance. It offers certificate and diploma courses in insurance, as well as short management courses that aim to develop the technical knowledge and skills related to current and emerging products triggered by competition and changing customer needs.



Centre professionnel de formation en assurance (CPFA),

Senegal, Mali, Côte d'Ivoire, Mauritania A decentralized unit of the Institut international des assurances de Yaoundé (IIA), a training arm of CIMA located in Cameroon, the CPFA offers a number of diploma courses in insurance in Senegal and short courses in neighbouring countries. It has existing partnerships with the Government and supervisory authority of Senegal and with insurance players in the country.



Academy of Learning (AoL), Bangladesh

The Academy is a private initiative, established in 2014 with the goal of involving the large group of Bangladeshi citizens under the age of 30 into the main financial stream of activities in the country. AoL offers trainings, seminars, opinion-building workshops for the professionals with a view to ensure the public interest. It also carries out research work with the aim of human resources development.



Insurance Institute for Asia and the Pacific (IIAP), Asia and Pacific

The Institute promotes the growth of the insurance industry through education, training and research. In addition to its regular insurance courses, it conducts special seminars on trends and developments in the insurance industry with international experts. IIAP aspires to become the primary and preferred insurance institute for developing countries in Asia and the Pacific.

Continuous training and course development

As we intensified our work in developing inclusive insurance markets and building local capacities, we delivered 12 training sessions in eight countries, reaching more than 200 participants in 2015. These training courses drew on our portfolio of eleven training modules, which are based on the lessons we've learned from working with more than 60 practitioners from around the world.

To make our training portfolio more robust, we have partnered with Microfact, the developer of the training course on "Financial key performance indicators for microinsurance" and included this course in our training offering in focus countries. We have also developed a training course called "Responsible insurance" that we will pilot in 2016 and have initiated the creation of a course called "Introduction to agriculture insurance".

TABLE 1: TRAINING COURSES DELIVERED IN 2015

Training course	Place	Date
Claims management in microinsurance training	Nairobi, Kenya	January 15–16
Introduction to microinsurance and its business case	Dakar, Senegal	January 20–22
Blended course on "Market research for microinsurance"	Online	Completed: February 15
Improving your MFI's microinsurance offering	Jakarta, Indonesia	April 21–22
Market research for microinsurance	Dakar, Senegal	June 1–4
Introduction to microinsurance and its business case	Lagos, Nigeria	July 1–3
Creating customer value – How to unlock demand	Maputo, Mozambique	July 9–10
Pricing in microinsurance	Dar es Salaam, Tanzania	October 20–22
Creating customer value – How to unlock demand	Lagos, Nigeria	October 22–23
Pricing in microinsurance	Dakar, Senegal	October 26–28
Managing microinsurance distribution	Accra, Ghana	November 23–24
Improving your MFI's microinsurance offering	Dhaka, Bangladesh	November 25–26



Impact of training activities

BOX 9: THE IMPACT OF OUR TRAINING ACTIVITIES

Our training courses have consistently received high evaluation ratings. In 2015, the satisfaction averaged 4.6 (1–5, with 5 as highest), with participants giving an average rating of 4.5 for all the training objectives being met. But we recognize that the success of any training activity should be measured not in the classroom, but on what participants do with the knowledge and skills learned when they go back to their organizations.

To track the impact of our training activities, we strengthened our monitoring and evaluation of them. Besides the standard course evaluation that happens at the end of the course, we have included an Action Plan for participants to fill in during the training. This plan requires participants to list three concrete actions that they will undertake as a result of the training, and constitutes an agreement that they will share their progress with us after 3 months.

“My experience was fantastic. The course has complemented the efforts I have put in place over the last several years making a case for a business concept in microinsurance. Insurance companies should encourage staff to take up such courses and develop their offer.” - Elvis Ackel, Citadel Microinsurance Kenya, participant in the online course “Market research for microinsurance: Translating consumer insights into improved results”

“There is no doubt that the training is having a great impact in my day-to-day work. With the tools we learned about, we have progressed both in the conception and the design of products as well as in pricing microinsurance. I’m very pleased to share that we now have new clients in our portfolio and we are looking for even more innovative solutions to attract more customers.” - Éssita Sigauque from Sanlam Seguros de Vida Mozambique, participant in the course “Unlock the demand for your products: How to deliver what your clients see as value”

Managing vibrant communities of practice

The two new communities of practice for agriculture insurance that we established at the end of 2014 went into full swing in 2015, with a number of knowledge-sharing activities successfully organized.

The Facility gathered more than 40 members of the Global Action Network (GAN) on Agriculture Insurance, a community of experts supported by USAID/BASIS/ I4 Initiative, in three working groups to discuss key issues in agricultural insurance. The Working Group on Contract Design focused on a broader discussion of client value that looks at the quality of index insurance products instead of just the narrow definition of basis risk. The Working Group on Risk Pricing explored the need for and possible design of a

public reinsurance facility. The Working Group on Market Development examined the strengths and weaknesses of various distribution channels, and discussed training gaps in agriculture insurance. It decided to focus its work on two operational issues in index insurance: bundling with financial and non-financial services, and consumer education. All working groups continued to develop specific guidelines, which are being tested with several practitioners and will be available to the broader community in 2016.

A peer-exchange activity was organized for core members of the Index Insurance Forum (IIF), a community of practitioners in index insurance co-facilitated by the Facility and the World Bank Group’s GIIF. This experiential learning exercise

brought together almost 30 index insurance practitioners from a dozen countries to understand the operations of Sri Lankan insurer SANASA Insurance Company Ltd. and using the PACE tool to assess and provide recommendations on how it can improve its client value proposition (see Box 7). The visit to Sri Lanka provided an opportunity for all the organizations to share their experiences in providing index insurance, and to learn from the hosts as well as their peers.

To increase the impact of our work and use the strengths of the two communities more effectively, we defined complementarities and organized joint activities among the two communities. One such activity was the Joint IIF-GAN knowledge-sharing forum “Assessing value from index

insurance products”, which was organized as a post-conference session to the Global Index Insurance Conference organized by the World Bank Group, with the Facility as co-organizer. The forum, which attracted 70 participants, looked at a yield index insurance product from PlaNet Guarantee and discussed the application of two client value assessment methodologies to the product. This served as a starting point in discussing a comprehensive framework and set of indicators that can be used to assess client value from index insurance. Work on a comprehensive framework is currently being pursued by the GAN, and will later be tested by members of the IIF, so that a relevant framework can be finalized and recommended to the rest of industry.

BOX 10: WHAT COMMUNITY MEMBERS HAVE TO SAY ABOUT OUR ACTIVITIES?

“The discussion on how to define basis risk was great to brainstorm with such an intelligent group of people.” - Participant in the GAN working group meetings

“The PACE tool itself is simple yet helpful. It is a useful exercise to go through it with a real product and insurance company.” - Participant in the peer exchange among members of the Index Insurance Forum

“I really liked the discussions on existing client value assessment methodologies, as well as their application and limitations when used in an index insurance product. There was a lot of thought put into explaining the methodologies as applied to a case.” - Participant in the Joint IIF-GAN knowledge-sharing forum

Broader knowledge sharing and dissemination

The Facility is the largest knowledge hub in inclusive insurance. In 2015, our online resource centre received a total of 71,000 page views, with more than 36,000 visits from 189 countries. We released 19 Emerging Insights, and published five papers and six briefing notes, all accessible in our resource centre. The number of subscribers to our knowledge products also continues to grow, and is now at more than 6,800 people (see Figure 10.)

We do not only share lessons on impact insurance through our printed knowledge products. In 2015, we also conducted three public webinars: one on meso-level distribution of agriculture insurance, a second on bundling index insurance with other financial and non-financial services, and the third on consumer education. All these webinars have received an average satisfaction rating of 4.04 (5 is highest), with attendees giving an average rating of 4.5 on their willingness to participate in subsequent webinars.

As in previous years, we organized the Impact Insurance Forum 2015 in Casablanca, Morocco. The Forum was a pre-conference session to the 11th Microinsurance International Conference organized by the Munich Re Foundation and the Microinsurance Network. Supported by USAID, the interactive event attracted almost 80 participants and produced rich discussions on the topic of “Bundling agriculture insurance products for improved value and viability”.

FIGURE 10. THE FACILITY'S KNOWLEDGE-SHARING ACTIVITIES IN 2015



Coming up in 2016

Promoting public - private partnerships to develop health and agricultural insurance

The insurance industry can be an important ally for governments in promoting access to vital services, including health care and agricultural services, and in making communities more resilient to climate change. Together with GAN, we will launch a new community of government champions to press the case for index insurance in selected countries. Through partnerships with national health insurance programmes in Kenya and Ghana we will increase access to health insurance among informal sector workers and their families and facilitate digital transactions for enrolment and renewals.

Continuing the push to improve client value

We will use PACE 2.0 – a revised, more quantitative and easier-to-use client value assessment tool – and help practitioners to assess and increase the value of their offerings. PACE 2.0 will incorporate the insights from over 30 applications of PACE and the ongoing effort by the GAN Working Group on Client Value. We will support the working group to design a comprehensive client value assessment tool adapted for index insurance that “merges” the existing approaches to the assessment of basis risk, contract quality and client value and can be applied to a variety of agricultural products.

Rolling out the comprehensive capacity-building programme

We have started implementing our integrated capacity-building programme, which includes global and local tiers. At the global level, we will launch an executive education course with a global partner. At the local level, we will double the size of our network of training institutes. In 2016, we will work with these local training partners, conducting training and mentoring of local trainers as part of our certification programme, so they can successfully deliver our training courses after our engagement. We will also strengthen capacity building at the regional level, starting in Asia, where we will launch an intensive course on inclusive insurance for middle and senior managers in collaboration with the ASEAN Insurance Council. Finally, our

current training portfolio will continue to grow, with at least two new modules launched in 2016.

Accelerating market development through innovation in focus countries

The Microinsurance Acceleration Fund (MAF) has been effective in Zambia in stimulating innovation and the supply of new products. We will apply the lessons from Zambia in our other market development countries, like Senegal and Tanzania, and use MAF funding to promote innovation around products and delivery. The MAF, coupled with technical assistance for the most committed players, will complement our ongoing capacity-development efforts and spur the creation of valuable insurance solutions.

Sustaining peer learning through our communities of practice (CoP)

Our CoPs will continue to thrive, with joint knowledge-sharing activities, peer coaching and exchanges, and online discussions, all aimed at identifying solutions and good practices that can push the industry forward. Our two CoPs, on agriculture and index insurance (see page 30), will provide a wealth of lessons on how to deliver these products at scale. The year 2016 will see both communities in full swing and bring rich insights.

Keep up with our progress throughout 2016 by:

Signing up for updates



Visiting our website



Joining us at our events
and trainings sessions



Funders and Partners



The strategic partnership between the Facility and the World Bank Group's Global Index Insurance Facility (GIIF) aims to enhance knowledge of and build capacity for index insurance by drawing out key lessons from the experiences of the GIIF partners, with the support of the Dutch Ministry of Foreign Affairs and the European Union.



This partnership intends to strengthen the resilience to risk of the low-income population in sub-Saharan Africa. With the aim of providing better access to valuable insurance products by stimulating innovation, the project will implement action research interventions to improve scale. It will provide capacity building to partners and the broader industry as well as disseminating new lessons to governments and other relevant stakeholders, in order to influence public policy.



With the support of USAID, and in coordination with the BASIS Index Insurance Innovation Initiative (I4) at the University of California Davis (BASIS), the Facility created the Global Action Network, which is a community of experts and practitioners on agriculture insurance. The project aims to expand innovations in agriculture insurance and ensure proficient implementation on the ground through enhanced co-ordination. We intend to help accelerate the availability and adoption of agriculture insurance (Index insurance) as part of a broader risk management strategy.



With the support of UK Aid, the Facility and Financial Sector Deepening Africa (FSDA) are launching a new partnership to support insurers to provide valuable and scalable insurance solutions to low-income households and SMEs in sub-Saharan Africa. The goal is to work with insurers and distributors to implement organizational change management and product innovation.



This partnership aims to support and enhance the development of microinsurance markets in African countries through market facilitation, sharing of good practices and building capacity of practitioners and training institutes.

Past funders



The Bill and Melinda Gates Foundation gave the ILO an opportunity to pursue its vision in the field of microinsurance. Since its inception in 2008, the Facility has demonstrated commitment in providing viable insurance to the working poor, thereby helping them manage risks better. The Foundation has supported much of the Facility's work, including its innovation grants, and capacity-building and knowledge management initiatives.



UNCDF supported our market development efforts in Ethiopia, Zambia, Senegal and more broadly in Africa.



Z Zurich Foundation contributed funding for the Facility's fifth round of innovation grants. This helped innovations in technology and processes in areas that are central to the industry to build scale in an efficient way.



The Facility received support for the publication of *Protecting the poor: A microinsurance compendium* (volume 1 published in 2006; volume 2 published in 2012) from Munich Re Foundation.



The Facility received a grant from the Australian Government to develop five training modules.

Strategic Partners

Global/regional facilitators



Market development enablers



Digital solutions



Health financing



Agriculture



Capacity-building partners



Acronyms and Abbreviations

AFD	Agence Française de Développement
CIFMS	Centre for Insurance and Financial Management Studies, Nigeria
CIMA	Conférence interafricaine des marchés d'assurance (Inter-African Conference for the Insurance Market)
CoP	Community of practice
CPFA	Centre professionnel de formation en assurance, Senegal
FSDA	Financial Sector Deepening Africa
FSDT	Financial Sector Deepening Tanzania
FSDK	Financial Sector Deepening Kenya
FSDZ	Financial Sector Deepening Zambia
GAN	Global Action Network
GIIF	Global Index Insurance Facility
GIZ	Deutsche Gesellschaft für Zusammenarbeit (the German international development agency)
IDB	Inter-American Development Bank
IIF	Index Insurance Forum
MAF	Microinsurance Acceleration Fund
MILK	Microinsurance Learning and Knowledge
MNO	Mobile network operator
NHIF	National Hospital Insurance Fund (Kenya)
USAID	United States Agency for International Development

Annexes

Knowledge Products in 2015

MOST POPULAR EMERGING INSIGHTS

El 98: Making Claims (data) pay

Theme: Claims;

Source: A study on claims analysis of three health microinsurance schemes

El 99: Innovative Collaboration

Theme: Country experience, Policy and regulation, Subsidies, Agriculture;

Source: Senegal (a GLIF project)

El 101: What is the value of hospital Cash?

Theme: Health; Source: Changamka, Kenya

El 105: Why do farmers underestimate risks?

Theme: Consumer education, Improving value, Property, Agriculture;

Source: Financial Diaries project, Kenya

El 106: When insurance backfires for farmers

Theme: Consumer education, Impact, Agriculture; Source: MILK Briefs: Burkina Faso - maize loan protection and Indonesia (credit life)

El 107: Using insurance as a nudge for timely tax payments

Theme: Country experience, Policy and regulation, Subsidies;

Source: Protecta, Peru

El 108: Graduating mandatory clients to voluntary buyers

Theme: Financial institutions, Composite products, Life;

Source: Allianz Life Indonesia

El 109: A need for permanent subsidies for health insurance to contribute towards universal health coverage

Theme: Business viability, Business models, Policy and regulation, Subsidies, Health;

Source: A study on the sustainability of health microinsurance

El 110: Timing success

Theme: Business viability, Product development, Improving value;

Source: A study of failures in microinsurance

El 111: Using technology to improve value to clients

Theme: Other channels, Financial institutions, Claims, Enrollment, Savings-linked, Health, Transaction processing;

Source: Uplift India Association and Teito

BRIEFING NOTES

Leach, J.; Menon, A.; Ncube, S. 2015. [Achieving scale and efficiency in microinsurance through retail and banking correspondents](#), Briefing Note 31

Holtz, J.; Hoffarth, T.; Desai, S. 2015. [The value of claims analysis in health microinsurance: Learning from three South Asian cases](#), Briefing Note 32

Solana, M. 2015. [Making public-private partnerships work in insurance](#), Briefing Note 33

Zollmann, J. 2015. [Two steps back: how low-income Kenyans think about and experience risk in their pursuit of prosperity](#), Briefing Note 34

Weilant, M. 2015. [Is health microinsurance sustainable? An analysis of five South Asian schemes](#), Briefing Note 35

Dalal, A. 2015. [Learning from others' mistakes](#), Briefing Note 36

Events

January

Training session: Claims management in micro-insurance, Nairobi, Kenya

Training session: Introduction to microinsurance and its business case, Dakar, Senegal

February

Blended course: Market research for microinsurance (online, completed in February)

March

Forum: Microinsurance business models for Africa, Livingstone, Zambia

April

Webinar: Meso-level distribution: Opportunities and challenges, Global

Knowledge sharing: Improving microinsurance viability and distribution, Jakarta, Indonesia

Training: Improving your MFI's microinsurance offering, Jakarta Indonesia

Workshop: Microinsurance in Africa: Enabling development through risk reduction, London, United Kingdom

May

Peer learning activity: Client value assessment of SANASA's index insurance product, Colombo, Sri Lanka

June

Training session: Market research for microinsurance: Translating consumer rights into improved results, Dakar, Senegal

Signing of the partnership agreement with Agence Française du Développement

July

Training session: Introduction to microinsurance, Lagos, Nigeria

Learning session: Microinsurance, Lima, Peru

Training session: Creating customer value – How to unlock demand, Maputo, Mozambique

August

Webinar: How index insurance can be bundled with other financial and non-financial services, Global

September

Global Index Insurance Conference: Building innovative solutions in agriculture insurance, Paris, France

Joint IIF-GAN knowledge-sharing forum: Assessing value from index insurance products, Paris, France

October

Webinar: Customer education in agriculture insurance, Global

Training session: Creating customer value – How to unlock demand, Lagos, Nigeria

Signing of the partnership agreement with Africa Re, Lagos, Nigeria

Training session: Pricing in microinsurance, Dakar, Senegal

Training session: Pricing in microinsurance, Dar-es-salaam, Tanzania

November

Signing of the partnership agreement with FSD Africa

Pre-conference session: ILO's Impact Insurance Forum 2015 at the 11th International Microinsurance Conference (organized by the Munich Re Foundation and the Microinsurance Network), Casablanca, Morocco

Training session: Managing microinsurance distribution, Accra, Ghana

Training session: Pathways towards greater impact: Improving your MFI's microinsurance offering, Dhaka, Bangladesh

The Mastercard Foundation Symposium on financial inclusion, Cape Town, South Africa





FACILITY TEAM

Craig Churchill

Team Leader & Chief of Social Finance

Moussa Dieng

Market development coordinator
(Based in Senegal)

Aida F. Lindmeier

Programme and Partnerships Officer

Alice Merry

Research Analyst (Based in Peru)

Pranav Prashad

Technical Officer

Jasmin Suministrado

Sr Knowledge
and Capacity-Building Officer

Michal Matul

Chief Project Manager

Aparna Dalal

Sr Research Officer

Camyla Fonseca

Knowledge Management Analyst

Lisa Morgan

Technical Officer

Miguel Solana

Technical Officer

We would like to thank Yoseph Aseffa, Lemmy Manje and Nicole Afable for their outstanding contribution over the years.

Interns made valuable contributions to the Facility in 2015. Special thanks to Joost Tjink, Marian Barcéas and Megha Palkar for their dedication.



IMPACT INSURANCE

**Social Finance Programme
Enterprises Department
International Labour Organization**

4, route des Morillons
CH-1211 Geneva 22
Switzerland

Tel.: +41 22 799 6478

Fax: +41 22 799 6896

Email: impactinsurance@ilo.org

Web: www.ilo.org/impactinsurance

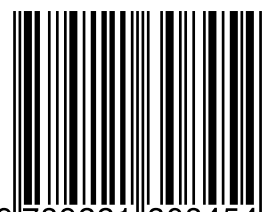
This is the eighth Annual Report of the Impact Insurance Facility.

Housed at the International Labour Organization, the Impact Insurance Facility enables the insurance industry, governments and their partners to realize the potential of insurance for social and economic development.

The Facility was launched in 2008 with generous support from the Bill and Melinda Gates Foundation, and has received subsequent funding from several donors, including the Z Zurich Foundation, AusAID, Munich Re Foundation, the World Bank and the Government of Netherlands, USAID, Agence Francaise du Developpement, Africa Re and FSD Africa.



ISBN 9789221308454



9 789221 308454