

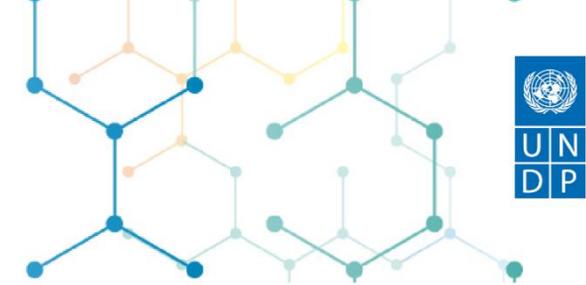
# Mutual microinsurance and the United Nations Sustainable Development Goals

11<sup>th</sup> Nov 2020





# The Big Picture: WHY?



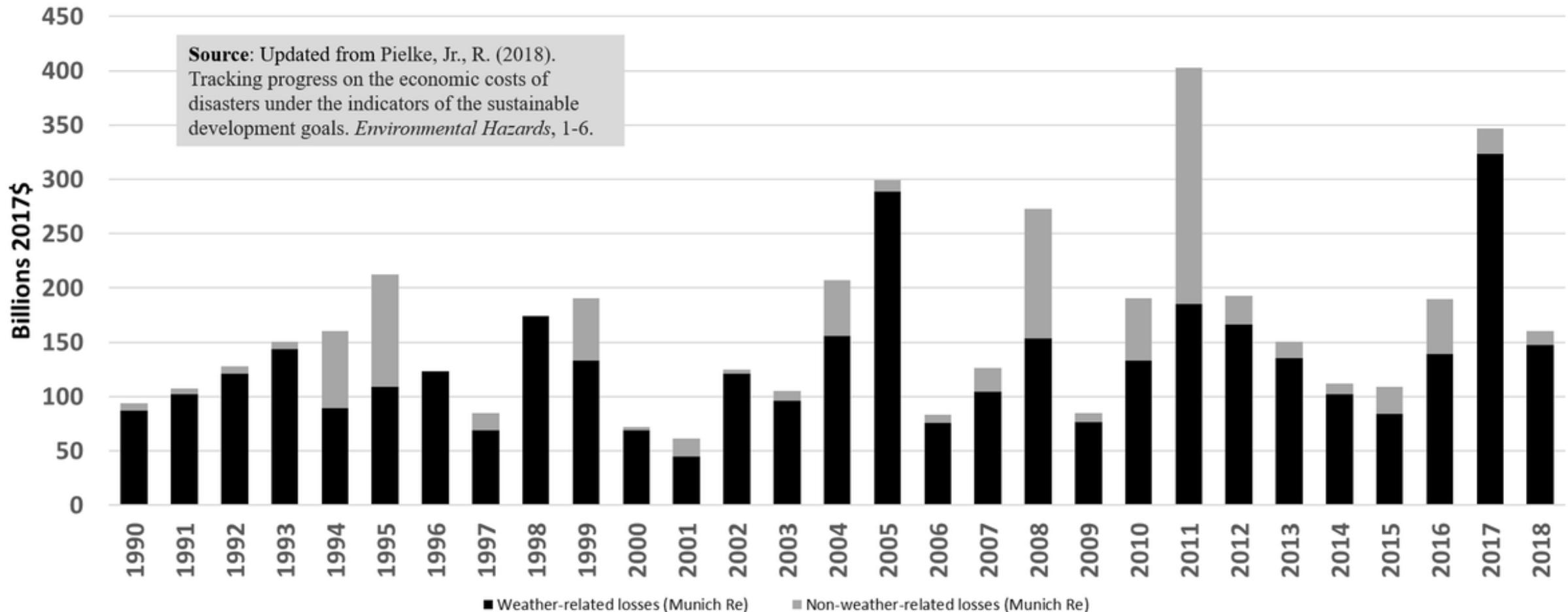
- Education
- Infrastructure
- Inequality
- Cities
- Partnerships

# Why Micro-Insurance?

## The Risks you (will) cover



Disaster Losses (Munich Re): 1990-2018



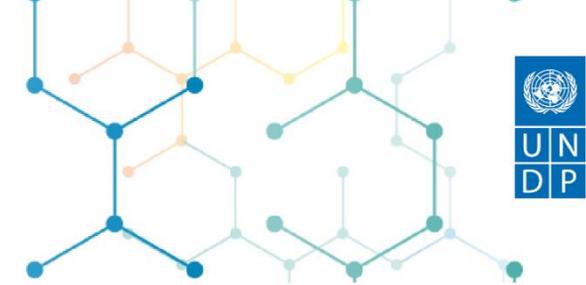
# Why Micro-Insurance?

## The Way you Cover Risk



	Traditional	Micro
Clients	Low Risk Environment; Established insurance culture	Higher Risk; Weak insurance culture
Distribution	Direct by insurance companies or licensed intermediaries	Non-traditional intermediaries
Policies	Complex policy docs plus exclusions	Simple language, few exclusions
Premium Calculation	Good data; pricing based on individual risk	Little data; group pricing; price sensitive market
Premium Collection	Monthly/Yearly payments, automatic payments	Frequent/Irregular payments; linked other transactions eg loan
Claims Handling	Complicated Process; Extensive Verification Documentation	Simple, Small sums

# Why Micro-Insurance? The Influence of the Ecosystem



	REINSURERS	REGULATED INSURERS INFORMAL INSURERS	DELIVERY CHANNELS	POLICY HOLDERS
TYPICAL PARTICIPANTS	<ul style="list-style-type: none"> <li>• Multinational</li> <li>• Regional</li> <li>• National</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-national insurers</li> <li>• Domestic commercial insurers</li> <li>• Mutual insurers</li> <li>• CBOs</li> <li>• NGOs</li> <li>• Informal groups</li> </ul>	<ul style="list-style-type: none"> <li>• MFIs and Banks</li> <li>• CBOs and NGOs</li> <li>• Speciality agents</li> <li>• Brokers</li> <li>• Employers</li> <li>• Retailers</li> <li>• Governments</li> <li>• Churches</li> <li>• Utilities</li> <li>• Cell phone providers</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Households</li> <li>• Groups: members, clients, employees, and others</li> </ul>

SUPPORT STRUCTURES – Actuaries, associations, adjusters, IT providers, others

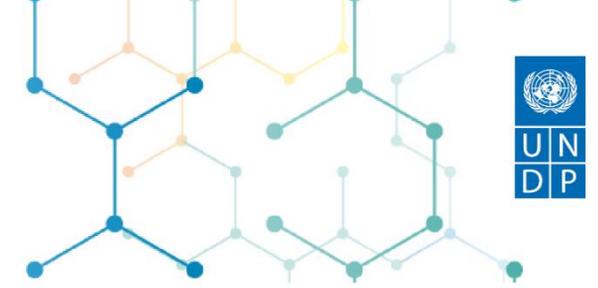
REGULATION and SUPERVISION – The foundation of sound consumer protection

INITIATIVES and DONORS – Strengthening the weak spots

GOVERNMENTS and MINISTRIES – Supportive policies for microinsurance development

# Why Micro-Insurance? Beyond the Product(s)

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## SHARED:

- The new(ish) risks you will cover
- The data that underpins your business.
- The innovation potential

## MUTUAL/COOP

- The **strategy/business** focus you have.
- The **direct relationship** and connection to the **client/owner** you have.
- Your direct conduit to **needs/opportunities** at the community level.
- The **additional services** you do/can offer.
- The **scale...** Policy holders, Market Share, AUM

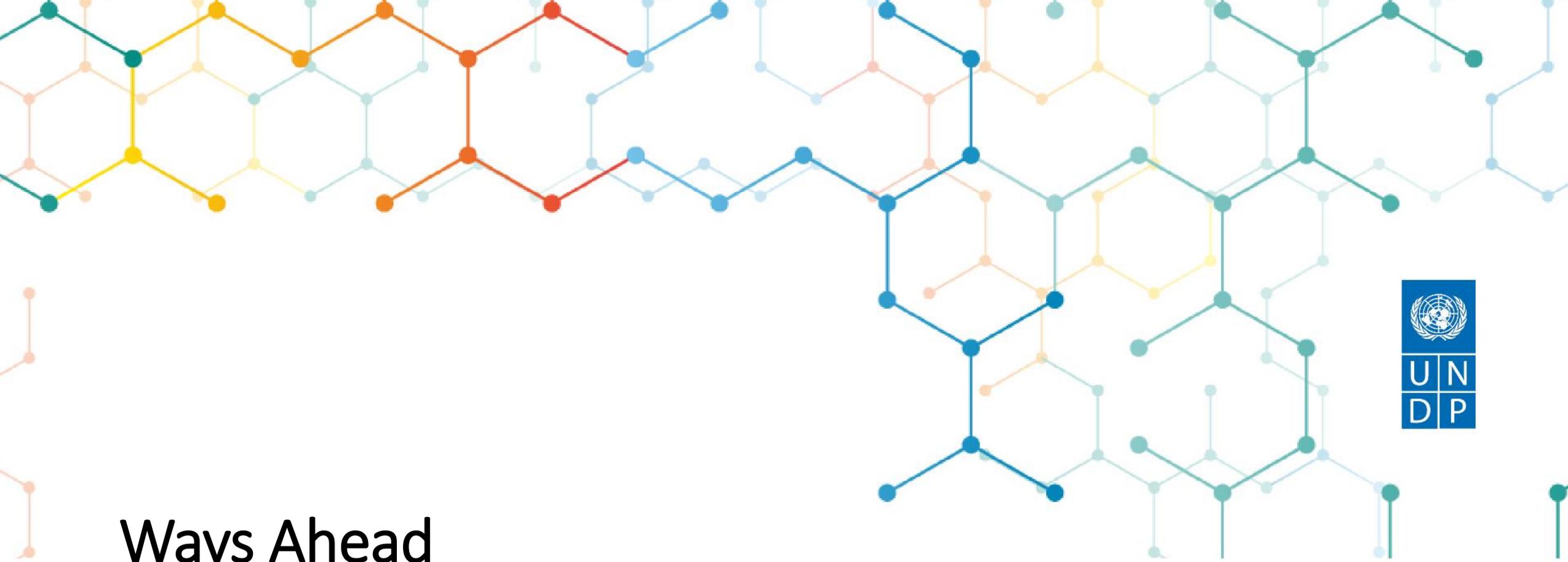
## Summary: Why?

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- The Risks you Cover
- The Way you cover those Risks
- The Influence the Ecosystem has
- Beyond Insurance and its products

- A Narrative of Vulnerability
- A Narrative of Sustainability
  - A Narrative of Choice/Empowerment





# Ways Ahead

**Frontier markets****Emerging markets****Mature markets****Demand side***Affordability**Awareness**Appeal**Trust**Culture**Behavioural biases**Transaction costs**Adverse selection/moral hazard**Institutions**Limits to insurability***Supply side**

# The Opportunities: Why work Together?

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- **Potential:** The protection gap... global policy holders... health
- **UN Engagement:** Significant, global, regional and local. Normative, advocacy, sectoral, country transformation
- **Partnerships:** Insurance Development Forum, InsuResilience Global Partnership, Ocean Risk and Resilience Action Alliance
- Joint **Product Development/Delivery**
- Joint **Country Work: Market Transformation/Governance**



*Empowered lives.  
Resilient nations.*



**Together,  
we can achieve more**

For more information contact:

[jan.kellett@undp.org](mailto:jan.kellett@undp.org)