

Innovation Flash

Issue 5, February 2010

The Newsletter of the ILO's Microinsurance Innovation Facility

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Editorial

Happy New Year! As we turn the page on our calendars to a new decade, we look forward to significant progress in the development of appropriate and effective insurance products for the working poor. Many of the Facility's current grantees are making great strides, and we will be sharing their experiences and lessons learned with the broader industry as 2010 unfolds. We are fortunate to be working with many types of microinsurance players - NGOs and cooperatives, insurance companies and associations, and other key stakeholders - and have been impressed with their professionalism, commitment and transparency. *Craig Churchill, Head of the Microinsurance Innovation Facility*



Innovation Flash is an online newsletter available at www.ilo.org/microinsurance. For more details, contact us at microinsurancemedia@ilo.org

INNOVATION GRANTS

Stimulating innovation in health insurance

In response to the need for better health insurance products for low-income households, and to address such challenges as insufficient scale, deficient operating models, funding problems and limited documentation of impact, [Round 4](#) proposes a separate 'health track' for grant applications. For health projects, the Facility will use a two-phase selection process that includes closer collaboration with pre-selected organizations. Applicants should submit an expression of interest by **2 March 2010** and then, if selected, will develop their proposals jointly with the Facility. Priority is given to approaches that increase value for clients, especially through public-private partnerships, alternative financing mechanisms (e.g. savings coupled with insurance) or product innovations that improve efficiency and service standards.

"There's a huge need for a demonstration project to showcase that health microinsurance can be profitable and sustainable."

*M. J. McCord, President,
Microinsurance Centre*



A hand held terminal used by [Care](#), a Facility's grantee © Holtz

Z Zurich Foundation supports the 5th innovation grant round

Thanks to a [grant of CHF 3 million](#) from Z Zurich Foundation, the Facility will launch a 5th round of innovation grants in October 2010. The focus of this round will be on scale and efficiency to encourage microinsurers to use technology to serve more low-income people cost effectively.

Freedom from Hunger (FFH) tests its consumer education module

In early February 2010, [FFH](#) will field test its health microinsurance education module with clients of Sinapi Aba Trust (SAT), an MFI with about 75,000 members that collaborates with Ghana's National Health Scheme. The module aims to equip MFIs and similar organizations with the methods and tools to deliver insurance education to groups of poor women. Conducting the field test will help in improving and finalizing the education module. Following a successful field test, FFH and SAT will also consider the feasibility of expanding the provision of the module to a greater number of SAT branches in the northern region to demonstrate its effectiveness and impact on client insurance knowledge, enrolment and use of covered services.



Innovation Grantee - In Focus:

Satellite monitoring grassland for livestock insurance

The ILRI project in Kenya is unique because it uses, for the first time ever, an index to estimate the loss of livestock when there is a drought, thereby enabling claims payments to be made quickly to pastoralists. Using satellite technology, the index estimates loss in grassland availability, which has a direct bearing on livestock survival. Without the index, it would take a long time for a claim to be filed and the actual loss estimated. The index enables the loss to be estimated at a pre-defined value and paid to the insured almost on a 'real time' basis. See the [Press clipping](#).



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Consulting and Capacity Building (CCB) TA becomes CCB

We changed the name and strategy of the Technical Assistance Programme in October 2009. The term 'consulting' was seen as more familiar in the private sector than 'technical assistance'. Combining it with 'capacity building', it better conveys our mission to support market development by offering tailor-made packages of advice and services to current and prospective microinsurance consultants, providers and practitioners. The CCB



Programme has three main components: an Advisory Service; Professional Development; and a Resource Centre. For more information, read the [CCB flyer](#).

Looking for high potential CCB applicants

The Facility wants to support organizations that offer microinsurance, but could provide better products to more low-income people with some capacity building support. We can help to conduct market research, price products, design information systems, improve processes, develop marketing materials, train staff and improve claims processing, among other activities. Even organizations that have not yet started microinsurance activities can apply if they have insurance expertise or can access large numbers of low-income households. Check the [CCB guidelines](#) and apply for support by 2 March 2010.

Fellowship programme

Fellowships enable insurance professionals to gain hands-on experience by working onsite in a microinsurance programme under the guidance of a mentor. The assignments, all based in developing countries, last from 6 to 12 months. Check [vacancy listings](#) and the [testimonies](#) from previous fellows.



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"What I am looking for is to focus on people. I do not want to have a computer as my best friend, but rather to see who benefits from what I do and to see that the work I do is indeed beneficial." *Paloma Perez - Fellow based in Peru with the Instituto de Estudios Peruano*

Opportunities

- The [Micro Insurance Academy](#) has seven positions to fill (e.g., fundraising, training, regulation, operation).
- [MicroEnsure](#) seeks a [Vice President for Health](#) (based in London) to build its global and country level health organization, a [Country Manager](#) to establish and lead its operations in Bangladesh, a Communication manager and a [Fellow](#) to develop a health insurance programme in Tanzania.
- CIRMA seeks a [Fellow](#) to be hosted in Chennai, India, with a health care and insurance background, to engage in designing innovative health microinsurance products for vulnerable populations.
- LeapFrog is looking for [global Fellows](#) (not to be confused with the Facility's microinsurance Fellows) to help act on exciting investment opportunities, and to develop the microinsurance sector. The Fellows' responsibilities could include financial modelling, investment due diligence, industry analysis, day-to-day operations, marketing and transaction support.
- GTZ is looking for an Advisor for weather microinsurance for its new project 'Innovative Insurance Products for the Adaptation to Climate Change' (IIPACC) in Ghana. Contact: imke.gilmer@gtz.de
- The [Service de Coopération au Développement](#) is hiring an international volunteer to work with Adéfi on a micro health insurance scheme in Madagascar. Contact: laurene.fallevoz@scd.asso.fr

"Designing survey questions for people with little formal education on the abstract concept of insurance is a challenging task. I have learned that language itself plays an important role in designing such question. In Kikuyu, there is no word for insurance, and as such one has to think carefully about explaining the concept of insurance, and ensuring that people adhere to the same understanding as we do." *Job Harms, a*

Fellow reflecting on his work with [SCC-CIC-NHIF](#) in Kenya



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RESEARCH

New thematic study on health insurance

With support from McKinsey, in mid-2009 the Facility undertook an analysis to clarify its health microinsurance strategy. Contributions from more than 30 well-recognized experts provided us with a repository of ideas and information that could be useful for the wider microinsurance community. We have therefore asked a team of consultants to put together a working paper on the topic. The main objective of the paper is to highlight solutions to overcome the current deadlock with health financing and to show what innovations are worth testing over the medium term to improve the scope, outreach and viability of health microinsurance.



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New research grantees


The Facility now has a pool of [20 research grantees](#), top-level academics from developed and developing countries. Three main topics are currently being analysed: agriculture, health insurance, and consumer education.

Financial literacy for weather insurance

Shawn Cole, Harvard Business School, USA / Sarthak Gaurav, I. Gandhi Institute of Development Research, India
Measuring financial literacy and evaluating its impact on financial behaviour poses formidable challenges because it is often closely correlated with confounding factors, such as liquidity constraints and indebtedness, which affect risk-management decisions. This study will test a financial literacy module on weather risk insurance in Gujarat, India and analyze how education influences risk behaviour.

MICROINSURANCE NEWS

- Pro MHI Africa is developing a common university curriculum on health microinsurance and practice-oriented training modules for MFIs that will be available by the end of 2010.
Contact: lisa-marie.rohrdantz@uni-koeln.de
- The MicroInsurance Centre is conducting an evaluation for the Bill & Melinda Gates Foundation of the Foundation's microinsurance activities. One of the objectives is to examine the lessons about microinsurance that have been generated through these activities and how they are being utilized and disseminated. Please [do participate in the survey](#) as your contributions will help ensure the success of the evaluation.
- The MicroInsurance Network has prepared an [introductory video](#) that gives a brief overview of microinsurance and the Network's activities
- MicroEnsure and Hollard Insurance Group have announced a global partnership to launch the world's first 'virtual cell captive' aimed at implementing affordable insurance solutions in developing markets.
- The [Index Insurance Innovation Initiative](#) (I4) was launched in Rome in January 2010.
- The [Portfolios of the poor](#) (J. Morduch, D. Collins, S. Rutherford, O. Ruthven) is now partially available in [French](#) and [Spanish](#).

MICRO **RISK** is a new quarterly publication and web portal dedicated to microinsurance and risk financing to protect the world's low-income people. [MicroRisk](#) is a joint venture between Insider Publishing and Insurance Research & Publishing. Subscribers will have access to a regular news service and to all the resources of the portal. Anyone interested in receiving a free copy should contact amber@insuranceinsider.com

PUBLICATIONS



Microinsurance that Works for Women

The authors explore how health and life microinsurance could be designed to respond to women's needs more effectively, and offer practical advice to insurance companies for delivering such schemes. This research is intended to generate discussion of a gender-oriented approach to microinsurance.
[Download the Facility's Briefing Note.](#)



Innovations in insuring the poor

This set of briefs published by IFPRI considers how to increase the risk management mechanisms available to poor households. They focus on how to develop insurance markets, along with other financial instruments such as credit, savings and social protection.
[Download the briefs.](#)

THE FACILITY NEWS

The team is expanding

Jasmin Suministrado is joining the Facility in February as a Knowledge Officer. She has worked in the Philippines as a consultant, coach, researcher and implementer of knowledge management and organizational learning initiatives.



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Cassandra Caceres is doing an internship with the Facility to develop a product database.

Interviews with microinsurance professionals

We have gathered [testimonies of microinsurance practitioners](#) to share their experience with the sector. Watch the views expressed by Alex Bernhardt (Guy Carpenter), Iddo Dror (MIA), Colette Patience (Old Mutual) and others. Topics include business models, consumer education, administrative efficiency and regulatory issues.



Reserve your copy of the Facility's 2009 Annual Report

Send us an email with your full contact details at microinsurancemedia@ilo.org. We'll ship the report to you early March.

Emerging success for microinsurance in Ethiopia

With funding from UNCDF, and technical support from Cenfri and Oxfam, in 2008 the Ethiopian Insurance Supervisor and the ILO launched an initiative to stimulate the development of more inclusive insurance markets. The initiative began with a comprehensive study on the demand and supply, as well as a review of the regulatory environment to identify possible obstacles that may be inhibiting the development of microinsurance. Resulting from the analysis and subsequent capacity building efforts, five insurers have started to work on microinsurance product development, defining relationships with distribution networks and training needs for their team. With a membership of 2.4 million and 5.1 million, respectively, MFIs and coops represent significant potential for insurance distribution. Many MFIs have been writing credit life themselves and are now looking to insurers to provide them with comprehensive products. Since the [Access to Insurance Initiative](#) has been launched, the ongoing activities in Ethiopia will fall under the A2I umbrella.



RESOURCES & EVENTS

- MicroCapital has launched a new publication, [Microinsurance Times](#), that presents news, events, information resources and research summaries on microinsurance. Contact: Bob Summers at info@microcapital.org
- [Microseguros Boletín](#) has uploaded presentations and a series of audio interviews (in Spanish) from the Microinsurance Forum in Panama held in December.
- The Microfinance Gateway has launched a new section '[Hot Topic on Microinsurance](#)' and encourages the submission of microinsurance publications directly to the Gateway Library.
- Find and post events related to microinsurance on a very useful [calendar](#) maintained by the Microinsurance Network.



CIRM has launched [a blog](#) entitled 'Safety nets for all' focusing on innovations in microinsurance. The CIRM team uses this platform to write blogs on their projects, training programmes and events.

[Microinsurance Summit](#) - London, 23-24 February 2010 (organized by Hanson Wade)



[6th International Microinsurance Conference](#) - Manila, Philippines, 9-11 November 2010, organized by the Munich Re Foundation and the Microinsurance Network

The [International Training Centre of the ILO](#) is holding 2 interesting trainings: 'Making Microfinance Work: Managing Product Diversification' (22-26 March 2010 - contact: emld@itcilo.org) and its annual 2-week course on 'Extension of social protection: Towards a universal social protection floor' (12-23 April 2010; contact: socpro@itcilo.org) in Turin, Italy.

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