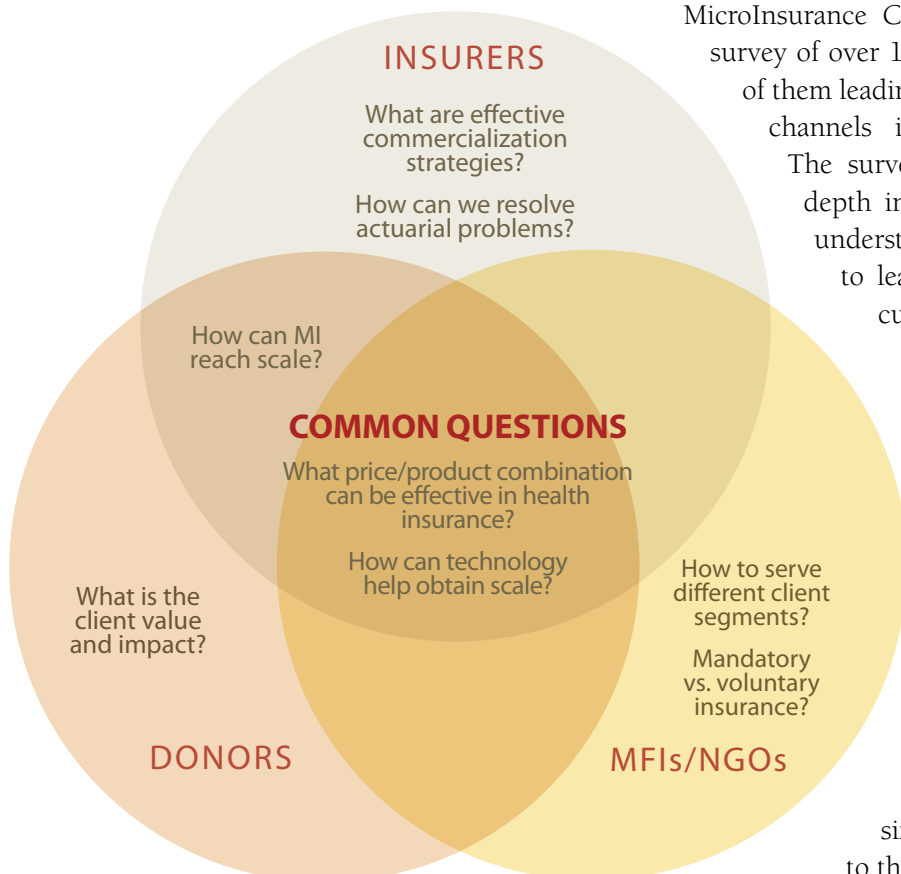


# GETTING THE MESSAGE OUT

## CATALYZING MICROINSURANCE THROUGH KNOWLEDGE MANAGEMENT

**M**icroinsurance knowledge is scattered across the globe. Its practitioners are not in the habit of documenting what they learn. Its commercial entities are not inclined to share experiences which they feel might erode their business advantages. Yet microinsurance knowledge is urgently needed – and not just the knowledge itself, but methods for accessing it efficiently so that it can be implemented along the entire microinsurance value chain.

There are significant knowledge gaps in microinsurance. Donors are still trying to understand the value proposition to clients. Commercial insurers are venturing into microinsurance, but many are deterred by uncertainty about whether there really is a business case for it, and uncertainties about issues of delivery, client demand and operational costs. Many microfinance institutions and other delivery channels are unsure how to effectively merge insurance sales with their existing business in credit and savings delivery, retail, and other fields.



In 2010, to shed light on these issues, the MicroInsurance Centre carried out a worldwide survey of over 100 industry stakeholders, many of them leading insurers, donors, and delivery channels in the microinsurance sector. The survey was followed by fifteen in-depth interviews. The objective was to understand what stakeholders wanted to learn, how and where they were currently locating information, and how dissemination of expertise in the industry could be improved. This paper shares the findings of the study and explores how lessons can be transmitted more effectively.

### IDENTIFYING THE KNOWLEDGE GAPS

Those who responded to the questionnaire said the following six questions were most relevant to their information needs:

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## **Client impact and value:**

1. What is the value of microinsurance for low income clients?
2. How can microinsurance serve different client segments?

## **Distribution:**

3. What are the most effective and scalable distribution channels, sales strategies, and commercialization strategies?

## **Outreach and scalability:**

4. What innovations have permitted the scaling up of microinsurance programs?
5. Are these innovations replicable?

## **Technical and financial information:**

6. How can we obtain better actuarial data and information for measuring the viability and sustainability of programs?

A multitude of different stakeholders were surveyed – insurers, reinsurers, intermediaries, NGOs, MFIs, insurance supervisory authorities, donors, investors, delivery channels, academics, consultants and technical service providers. While there was significant overlap in their questions, their various business and social agendas revealed different knowledge needs. Insurers were primarily

interested in practical issues along the supply chain, and on how to reach sustainable scale. For donors, the most important question was how microinsurance offered value to low income clients. MFIs and NGOs were very interested to know which of voluntary or mandatory insurance was the more successful, and also about how to segment their market. All stakeholders were interested in questions related to health insurance, and in the challenges of information technology.

## **SPREADING THE WORD**

The survey and interviews showed there were many ways of communicating information and industry expertise. Some stakeholders clearly prefer face-to-face contact and other “high touch” forms of communication such as small meetings and conferences, even though these methods tend to be costly. Others lean more towards electronic communications – email, web-based communications, and social networking. The way people look for information varies immensely, depending on cultural habits, financial resources and the infrastructure at their disposal. Some stakeholders prefer printed materials to emails or online newsletters. Others actively seek out information through web searches, industry networks, and conferences. Others tend to absorb information only if it is handed to them, preferably in digestible sound bites.

Website platforms are the most commonly consulted sources of information. Well known websites include the ILO’s Microinsurance Innovation Facility, the Munich Re Foundation, the MicroInsurance Centre, and the Microinsurance Network.

Newsletters are popular and can be disseminated broadly and cheaply. However several stakeholders interviewed noted that some newsletters are “a bit fluffy” and “too marketing oriented to be of much use”. One promising initiative that might have helped address certain gaps was MicroRisk, a quarterly microinsurance newsletter published by Insurance Insider and aimed specifically at the insurance sector. Unfortunately MicroRisk ceased publication after about a year.



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## AUDIENCE TYPE

	INSURERS (INCLUDING BROKERS) N=16	DISTRIBUTORS (MFIS, NGOS, COOPERATIVES, TRADE UNIONS) N=25	DONORS N=16	POLICY MAKERS (REGULATORS AND GOVERNMENT AGENCIES) N=6	FACILITATORS (TECHNICAL ASSISTANCE PROVIDERS, RESEARCHERS) N=38
MEDIA TYPE					
WEBSITES	<ul style="list-style-type: none"> <li>Search Engines (86%)</li> <li>ILO Facility (71%)</li> <li>Munich Re Foundation (43%)</li> <li>Microfinance Gateway (29%)</li> <li>MicroInsurance Centre (29%)</li> <li>MI Network (29%)</li> </ul>	<ul style="list-style-type: none"> <li>"Microfinance Gateway (60%)</li> <li>MicroInsurance Centre (53%)</li> <li>ILO Facility (47%)"</li> </ul>	<ul style="list-style-type: none"> <li>"ILO Facility (82%)</li> <li>Microfinance Gateway (73%)</li> <li>Search Engines (64%)</li> <li>MicroInsurance Centre (64%)</li> <li>MI Network (64%)"</li> </ul>	<ul style="list-style-type: none"> <li>"Google</li> <li>ILO Facility</li> <li>Microfinance Gateway"</li> </ul>	<ul style="list-style-type: none"> <li>"Search Engines (57%)</li> <li>Microfinance Gateway (43%)</li> <li>MicroInsurance Centre (43%)</li> <li>ILO Facility (38%)</li> <li>Munich Re Foundation (29%)</li> <li>Microinsurance Network (29%)"</li> </ul>
NEWSLETTERS	<ul style="list-style-type: none"> <li>ILO Facility (86%)</li> <li>Leapfrog (43%)</li> <li>Microinsurance Network (29%)</li> </ul>	ILO Facility (60%)	<ul style="list-style-type: none"> <li>"ILO Facility(64%)</li> <li>Microinsurance Network (64%)</li> <li>Prosper ICMIF (45%)</li> <li>Leapfrog (36%)"</li> </ul>	ILO Facility	<ul style="list-style-type: none"> <li>"ILO Facility (43%)</li> <li>Microinsurance Network (38%)</li> <li>MicroEnsure (24%)"</li> </ul>
NETWORKS	<ul style="list-style-type: none"> <li>"Microinsurance Network Working Groups (14%)</li> <li>Networks with subsidiaries or affiliates"</li> </ul>	Microinsurance Network Working Groups (27%)	Microinsurance Network Working Group (36%)		Microinsurance Network Working Group (24%)
CONFERENCES	<ul style="list-style-type: none"> <li>"Attended at least 1 (100%)</li> <li>Attended at least 2 (50%)</li> <li>Munich Re Foundation (75%)</li> <li>FIDES Conference (29%)</li> <li>IAIS Conference (14%)"</li> </ul>	<ul style="list-style-type: none"> <li>"Attended at least 1 (100%)</li> <li>Attended at least 2 (50%)</li> <li>Munich Re Foundation (45%)</li> <li>REDCAMIF (36%)"</li> </ul>	<ul style="list-style-type: none"> <li>"Attended at least 1 (100%)</li> <li>Attended at least 2 (50%)</li> <li>Munich Re Foundation (78%)"</li> </ul>	<ul style="list-style-type: none"> <li>"Munich Re Foundation</li> <li>IAIS Conference</li> <li>FSI - would attend"</li> </ul>	<ul style="list-style-type: none"> <li>"Attended at Least 1 (70%)</li> <li>Attended at least 2 (31%)</li> <li>Munich Re Foundation (67%)</li> <li>IAIS (26%)"</li> </ul>
ACADEMIC RESEARCH	Look to for information on markets and regulations, case studies, lessons learned, technology developments. Yet find it too theoretical to be useful to practitioners.	Look to for practical examples of products and innovations and client impact. 72% said the dialogue with practitioners was not strong enough. "Most papers are on quantitative measures and sustainability and not 'how to."	Look to for case studies, lessons learned, client impact, comparative studies. Too abstract and narrow in focus.	Look to for lessons, client impact measures, business case for MI, international trends. Yet find it too theoretical to be useful to practitioners.	Look to for case studies, development impact, and implementation tools. Believe the dialogue with practitioners is lacking and that it 'takes too long' to learn lessons.

The commercial insurance sector has recognized knowledge gaps by organizing numerous commercially-driven microinsurance conferences. Unfortunately these seem to have been poorly attended and are being organized less often. This may be because the larger insurers are typically based in one country, region or language (usually English-speaking OECD countries), so reaching stakeholders in various languages throughout the globe can be a challenge.

Clearly, distribution strategies need to be well considered, targeted, and multi-channelled.

Understanding which stakeholders use which sources of information is an important step towards identifying dissemination strategies. The table above, which summarizes some of the survey responses, is a contribution to such understanding.

The participants found academic research useful for synthesizing lessons across regions (62%), measuring client impact (56%) and giving credibility to the sector (49%). Despite this positive view, several said academics were not focused enough on meeting stakeholder needs.

Academic research would in fact be extremely useful if it were to focus on the important issues of client impact and the value of microinsurance products. However, as Stefan Dercon and Martina Kirchberger<sup>1</sup> note, "Very few studies evaluate the impact of insurance on overall household income, nutrition, or other dimensions of welfare." Useable research on these issues could well revolutionize the entire sector.

<sup>1</sup> Stefan Dercon and Martina Kirchberger. *Literature Review of Microinsurance*. Oxford University, EUDN, October 2008

## THE IMPORTANCE OF KNOWLEDGE MANAGEMENT

Besides the huge need for practical information on microinsurance, the next biggest challenge is to document the invaluable and unrecorded knowledge of practitioners on the ground, who do not always have the capacity or interest to share their expertise. Then, once this knowledge is recorded, to transform it into accessible and widely distributed formats.

When the microinsurance community was relatively small, experiences were easy to share informally. Now that the sector has grown significantly, new solutions in communication are called for. To bridge the disconnect between those who need knowledge and those who can provide it, it is necessary to proactively gather, analyze and disseminate lessons from microinsurance pioneers and others. The ILO's Microinsurance Innovation Facility is already working on this, by gathering information from its grantee, technical assistance, and research partners. The Microinsurance Network gathers information through its working groups. Several other researchers and organizations are researching specific issues.

The following strategies would all contribute towards more efficient knowledge generation and dissemination:

### *Support of client value research*

There is a significant need for rigorous academic studies on impact, as well as practical research to understand client value. As the role of microinsurance in clients' lives becomes more clearly understood, there will be more room for appropriate and beneficial interventions.

### *Synthesis research*

Cross-country and cross-product analyses are needed so that practitioners can understand the applicability of lessons across countries, regions and markets.

### *Vigorous debate*

Curiosity, different incentives, different contexts, different points of view, even disagreements – these all drive knowledge generation.

### *Demand-driven research*

Better understanding of the demands of the various audience segments will focus research on areas that catalyze industry growth.

### *Improved access to online knowledge*

Simple searchable databases and Wiki-forums can make expertise more easily available. As the amount of information grows, synthesis and cross-referencing will be needed to navigate through knowledge efficiently. A central focal point for microinsurance information, such as the Microinsurance Network, could improve accessibility.

### *Make information dissemination flexible*

Encourage experimentation in this area.

### *High Touch strategies*

Microinsurance should continue its face to face interaction with stakeholders through one-on-one meetings and small group forums. People come to these forums wanting to know what works and what does not.

All these suggestions have a common objective: to find better ways of packaging and conveying information that people at all stages of the microinsurance value chain can actually use to improve product value for low-income people. Good knowledge management will give regulators a sounder basis for policymaking. It will help donors find the information they need to make better decisions. And it will help insurers and delivery channels to evolve more rapidly to valuable products and efficient processes. ■

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This paper was prepared by Barbara Magnoni and Michael J. McCord as a means of prompting further discussion about finding more effective ways of getting microinsurance lessons effectively disseminated.

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