



Is Microinsurance a Growth Sector in Zambia?

Perspectives and Current Practice
Lemmy Manje,
IAZ Microinsurance Forum, May 28, 2013

Country Context - Quick Facts



Zambia's adult population is around 6.4 million; 51% female and 49% male



The majority of the country is sparsely populated



63% of the adult population live in rural areas



70% of the adult population have access to a mobile phone. 53% own a mobile phone



Most households regard education, funeral and health as the most costly events



Of total expenditures on health, only 2% is through private insurance, 28% is out of pocket expenditure and 38% is private expenditures



6.6% of the adult population report that they have insurance. When vehicle insurance and pension schemes for formal sector employees are removed, this reduces to 3.8%. [Finscope]

Initiatives to accelerate microinsurance in Zambia

PROCESS

- In 2009, the Centre for Financial Regulation and Inclusion (Cenfri), conducted a review of the Zambian microinsurance market, funded by the ILO, the UNCDF and FinMark Trust
- The outcome was a report, “Towards a strategy for microinsurance development in Zambia: a market and regulatory analysis”
- Creation of a steering committee (SC) and technical advisory group (TAG) to oversee strategy development and implementation process
- Microinsurance development strategy finalised in January 2010
- Launch of the Microinsurance Acceleration Facility in 2011; now its second round

Initiatives to accelerate microinsurance in Zambia

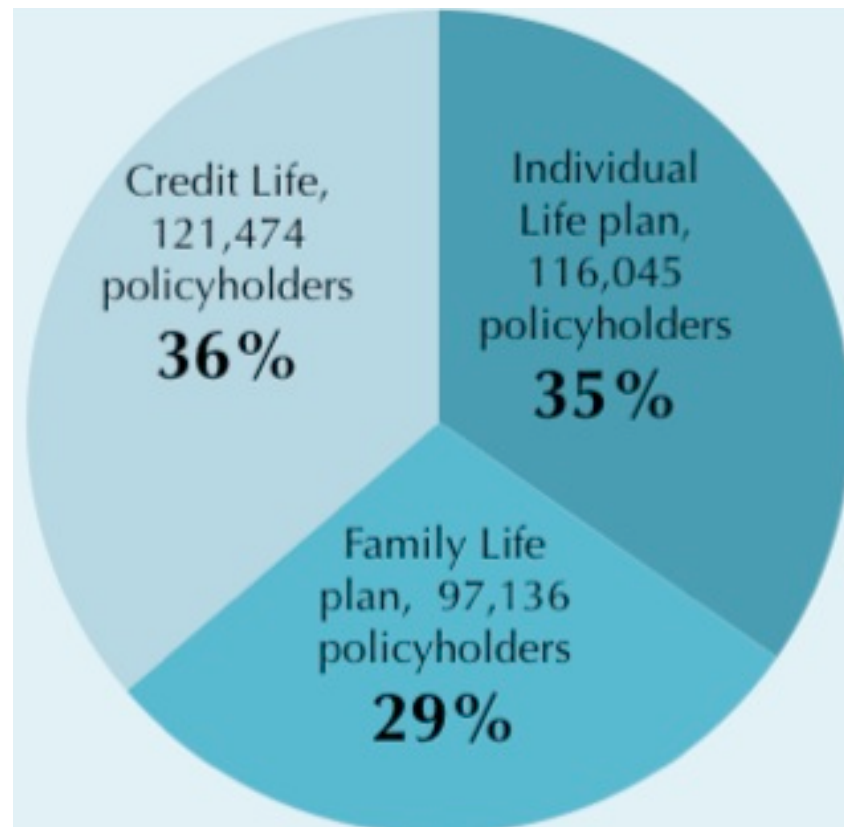
MARKET
FACILIATION

- Supplier and distributor assessments in 2010
- Microinsurance innovation seminars in 2010 and 2011
- Capacity building workshops in 2011 and 2012
- Microinsurance sensitization workshop in 2011
- Launch of the Microinsurance Acceleration Facility in 2011; now its second round
- Pipeline consumer education initiatives in 2013; beginning with a Microinsurance Marketplace during the forthcoming Insurance week to organized by IAZ

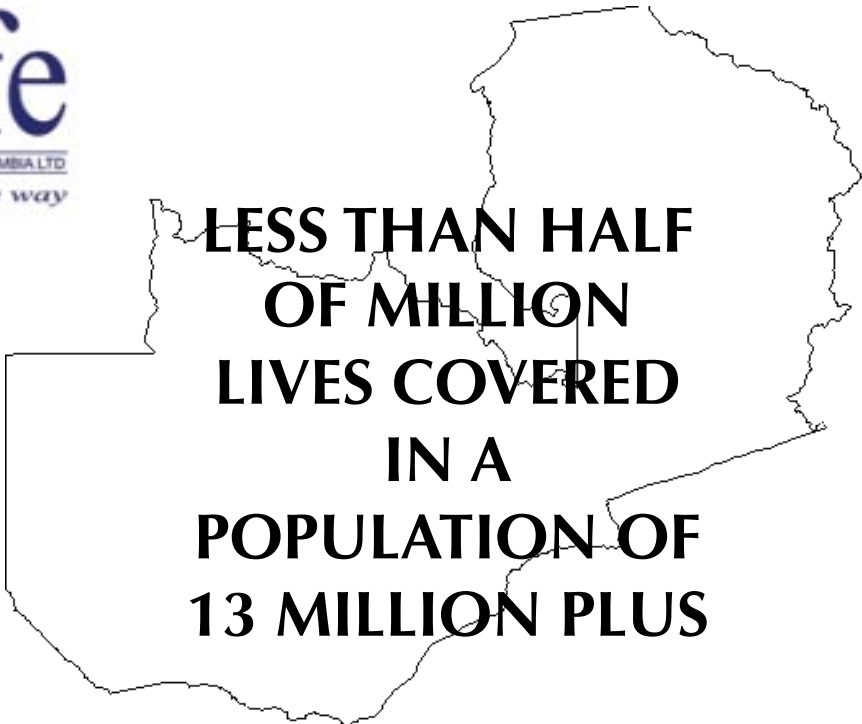
Current Microinsurance Landscape

334,655 + lives covered

- Dominated by life products mainly life plans and credit life
- The distribution space slowly expanding; more and actors in the microinsurance value chain



Active Insurers



Microinsurance Products



www.proflife.co.zm

BantuBonse Life Plan

Professional Life Assurance
Your friend for life



MUNDITULE LIFE PLAN





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MUTENDE Family Insurance Plan

Underwritten by Madison Life Insurance Company Zambia Limited

Regardless of where you live, funerals are always a headache. While the loss of a loved one is always a very sad event, the biggest problem is how to cope financially with expenses during and beyond the funeral. Mutende Family Insurance Plan is a good solution for you...

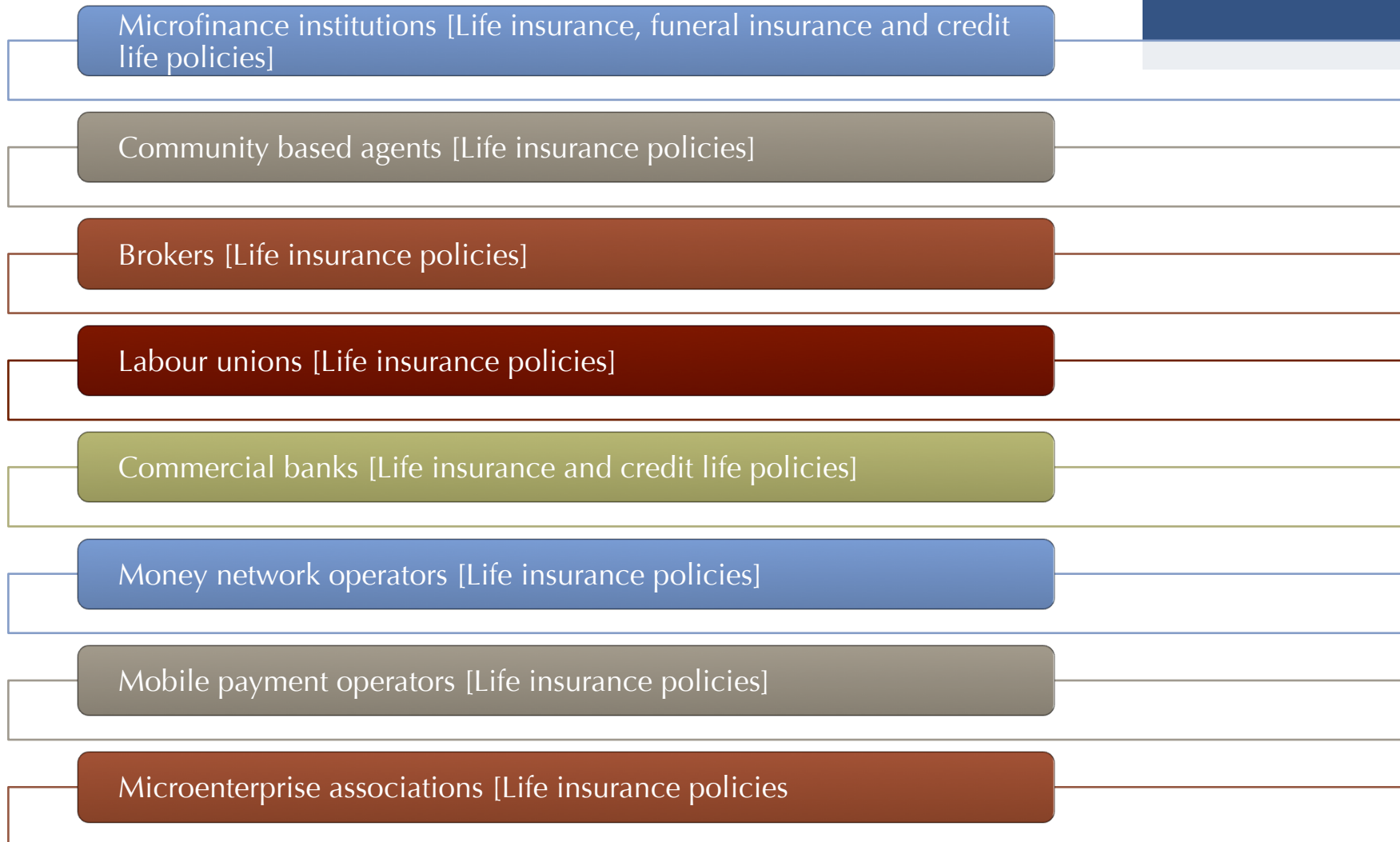
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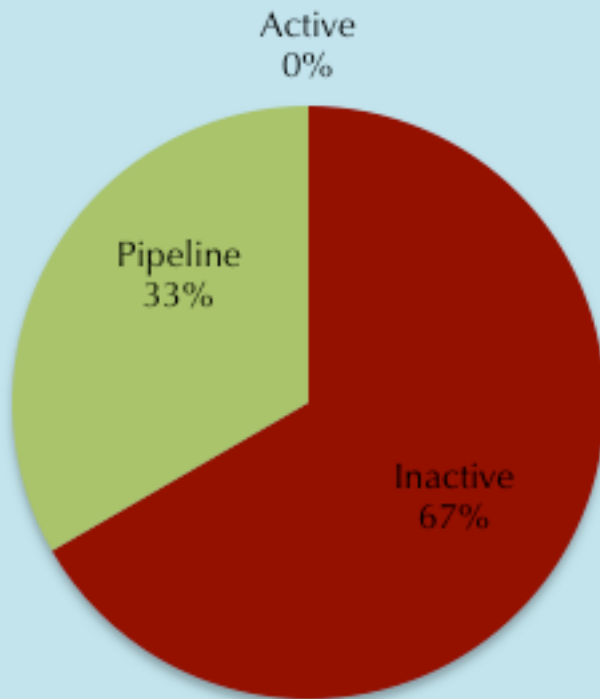
Distribution



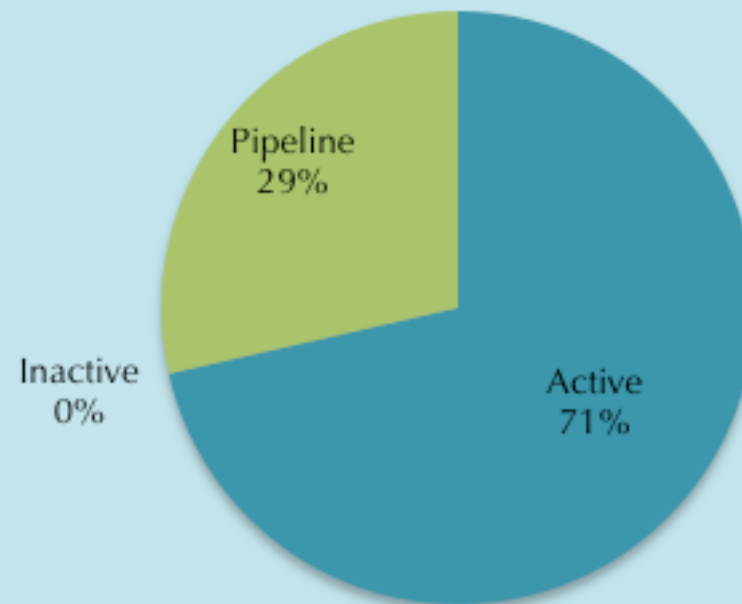
Involvement in Microinsurance



**Involvement in microinsurance:
Non-life business**



**Involvement in microinsurance:
Life business**



More involvement by Life insurers
[16 insurers surveyed]

...microinsurance as a growth sector in Zambia

Yes, but with some requisites

"As an industry, we need to create the awareness in the mass markets and the general public at large that insurance is a financial planning service... until this happens the uptake of insurance will be slow,"

Ian H. Malilwe, CEO, Hollard Life Zambia

"Microinsurance is likely to grow rapidly over the next 10 years, the industry players have recognised the importance of tapping into the low-income market,"

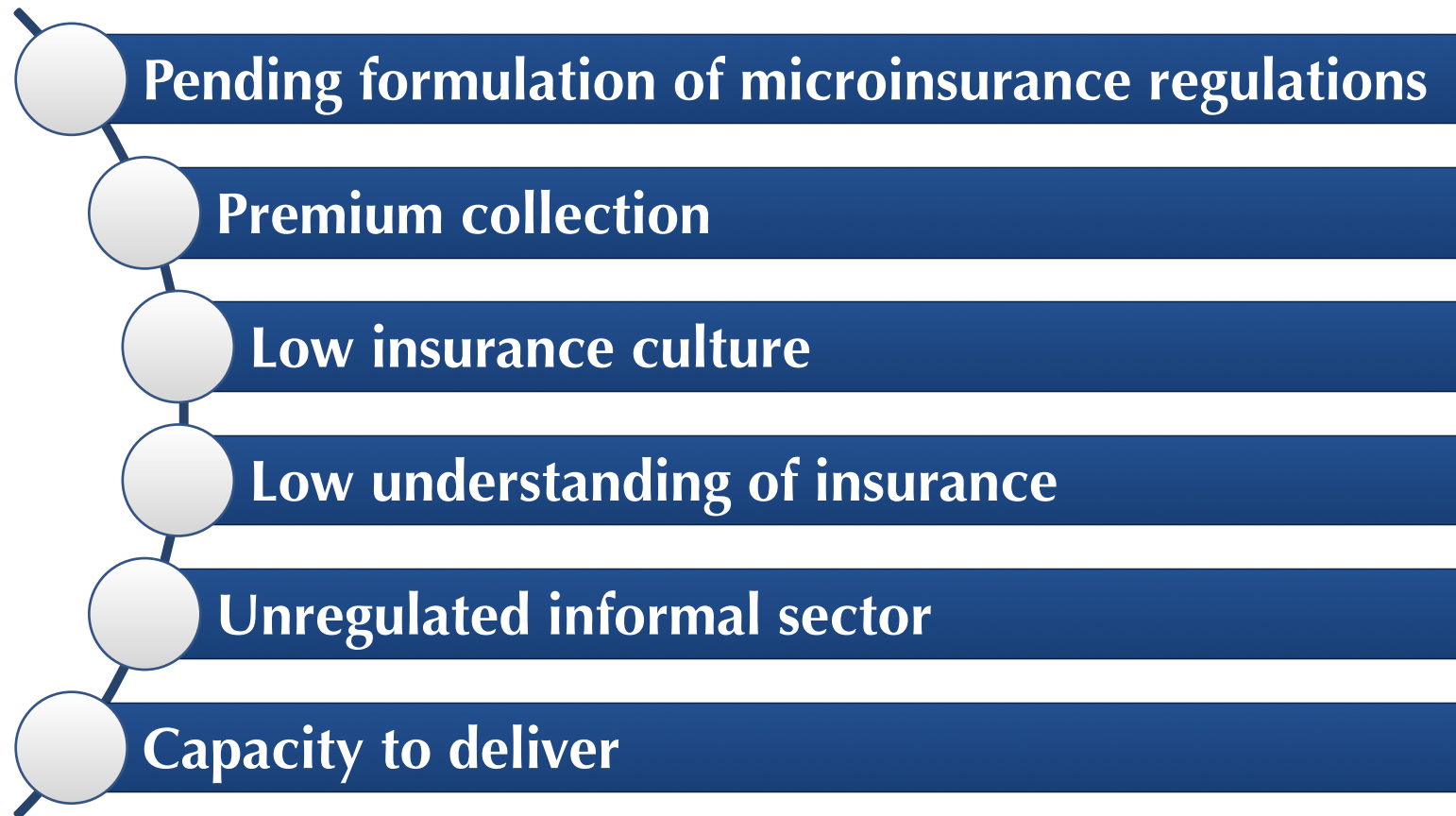
Edna Kalenga, CEO, Diamond General Insurance Limited

PROFITABILITY

"Growth is likely to be slow in the next 10 years...the premium levels in microinsurance business are low and therefore not attractive to investors who want a quick return on investment...there is need for solid strategies to get huge volumes",

Geoffrey Mkandawire, CEO, General Alliance Zambia Limited

Growth barriers

- 
- Pending formulation of microinsurance regulations**
 - Premium collection**
 - Low insurance culture**
 - Low understanding of insurance**
 - Unregulated informal sector**
 - Capacity to deliver**

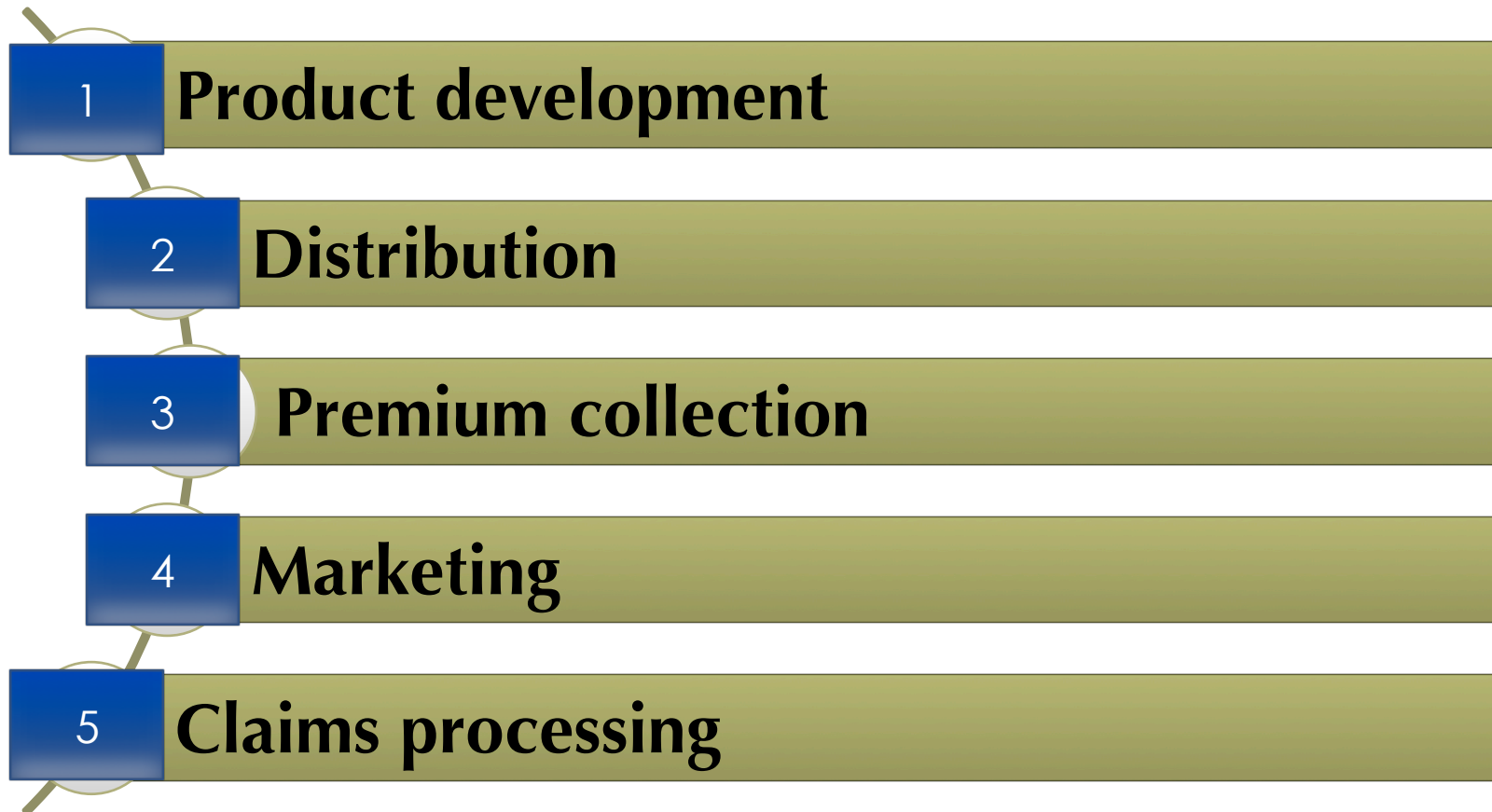
Supply Constraints



Ranking of Supply side constraints

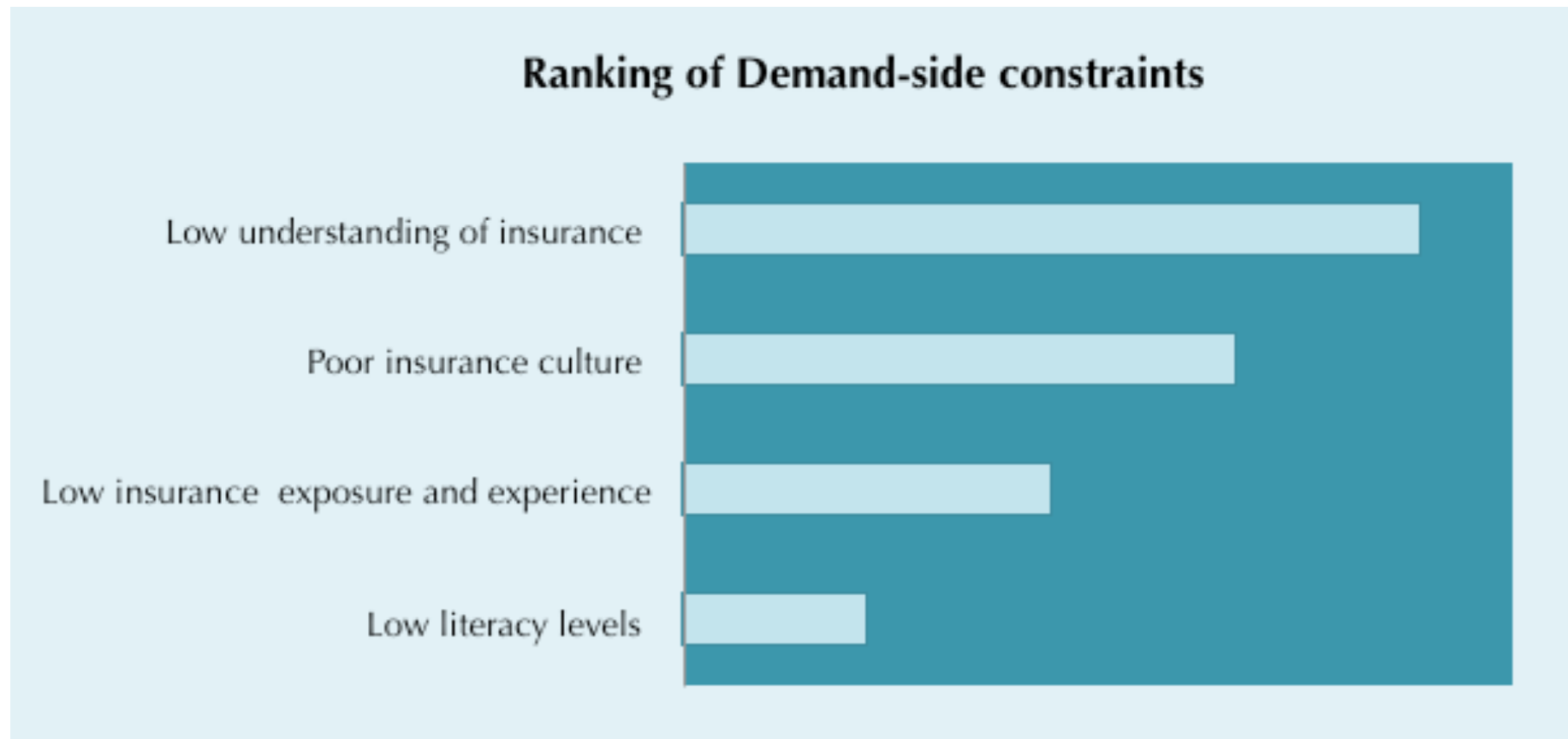


Supply Constraints



Demand Constraints

“We often diminish the understanding capacity of low income groups. They are very capable of understanding Insurance but do they trust insurance companies?” Gary Corbit, CEO, African Life Assurance Zambia Limited



Capacity building

- Product development
- Distribution
- Sale force management
- Marketing
- Client value
- Claims management



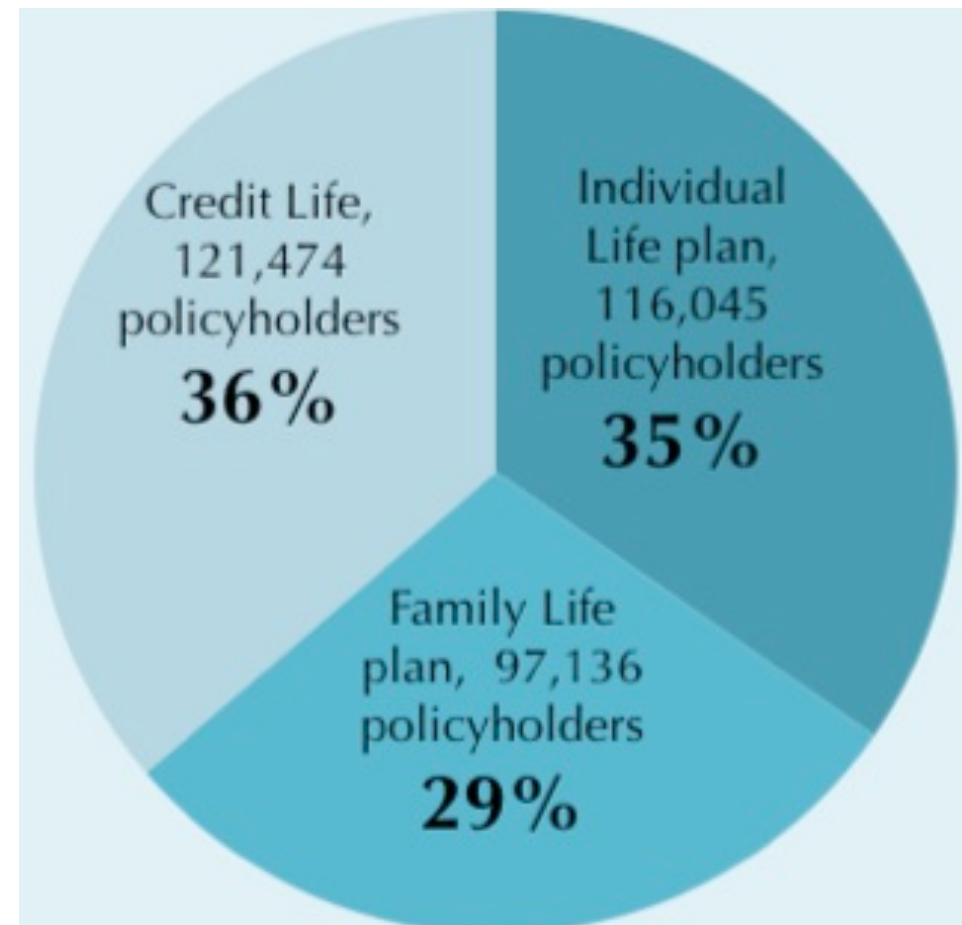
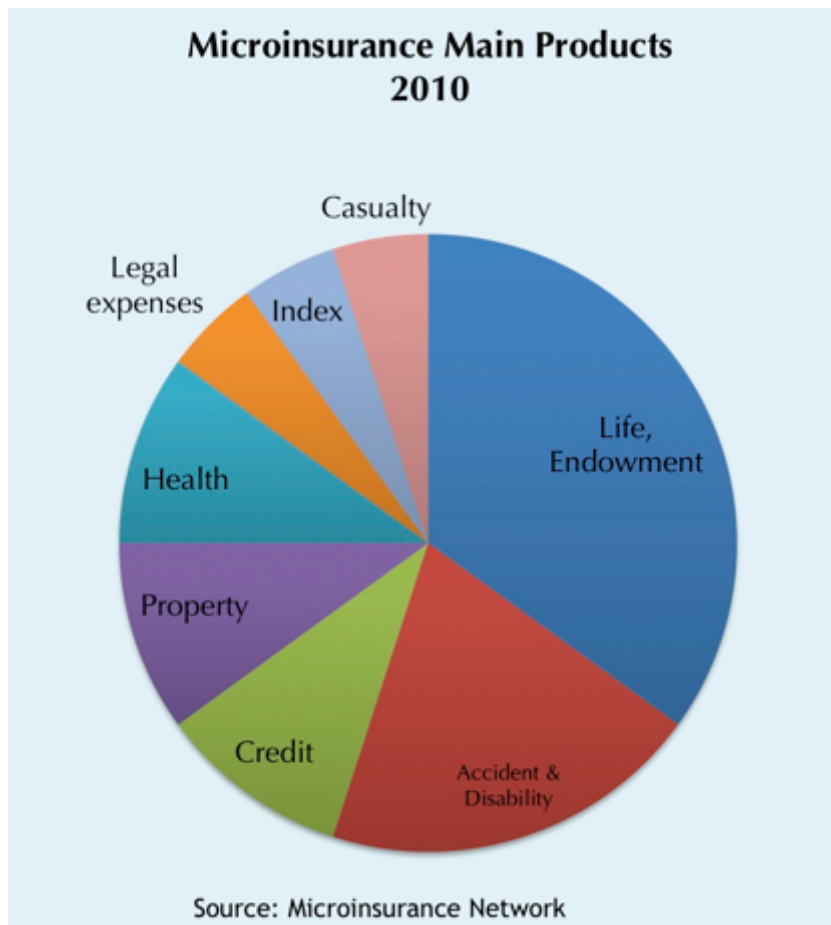
What will drive microinsurance?

- Innovations in product offerings
- Innovations in distribution
- Striving towards profitability
- Developing demand driven products
- Consumer education
- Building trust
- Creating an enabling environment

...Is Microinsurance a growth sector in Zambia?



Trend comparison: Product offerings



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...Microinsurance can be a growth sector in Zambia



Thank You

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