

# Making Inclusive Insurance Work for Zambia

20<sup>th</sup> November 2020

Insurers Association of Zambia 2020 Conference

# Outline

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**What inclusive insurance is, and why you should care**

**Country Context**

**Constraints**

**Opportunities**



# Defining Inclusive Insurance

- Inclusive Insurance incorporates activities that facilitate **access** to and **usage** of **appropriate** and **affordable** insurance services for the **unserved** and the **underserved** with emphasis on **vulnerable, low-income individuals** and **households**.
- Simple products, appropriate cover, manageable premiums, suitable delivery channels, convenient premium collection methods, timely and well understood pay-out mechanisms, and consumer awareness.



# Inclusive insurance working well worldwide



# What are the success guidelines globally?



- Brand, market, processes
- Quantity and quality
- Build loyalty, both ways
- Mix digital with personal links

# Inclusive Insurance- Country context

Demand	Supply
About 17 million people in Zambia	29 Insurance companies (19 General and 10 life)
Less than 1 million adults in the formal sector	10 currently active in Microinsurance
About 5 million in the informal sector	7 serving over 5,000 microinsurance clients
About 51% in rural areas	2 Reinsurance companies
2015 Fin Scope- less than 3% coverage of insurance	35 Brokers
In 2018 over 2million accessed an MI product	About 212 Licensed Agents



# Inclusive Insurance- Constraints

Primary Constraints	Secondary Constraints
Lack of MI Regulations	Inadequate Information Technology/Management Information Systems
Donor Aided Sector Coordination	
Limited infrastructure, in particular the provision of data.	Low usage of Digital payment platforms
Lack of sufficient Information/Low investment in consumer Research	Limited government involvement and partnerships
Challenge in access to capacity building/specialized TA	
Inappropriate Product development for inclusive insurance	
Low Financial Literacy levels and consumer protection knowledge	

# Inclusive Insurance Opportunities

1. Enabling Environment- Market coordination, Policy, and Regulation
2. Product Innovation Stimulation
3. Expanding Market Information
4. Strengthening Climate Change and Agriculture Insurance
5. Strengthening Digital Financial Services



# Creating an enabling environment

- **Microinsurance Regulations, guidelines and principles**
- **Sector Coordination- TAG**
- **Government participation in inclusive insurance**
  - **Infrastructure**
  - **Public Private Partnerships**
  - **National Strategies and Policies e.g. NFIS**



# Product Innovation Stimulation

- Human Centred Design Approaches
- Innovation Facilities supported by FSD Zambia
  - FinClient Centric Cycle Solutions (F3C)
  - Inclusive Insurance Upscaling Challenge Fund (IIUCF)
  - Microinsurance Acceleration Facility (MAF)
- Expanding Products in the Zambian Market



# Expanding Market Information

- **Consumer Education**
- **Market Research**
- **Feasibility Studies**



# Strengthening Climate Change and Agriculture Insurance

## Climate Change and Crop Insurance

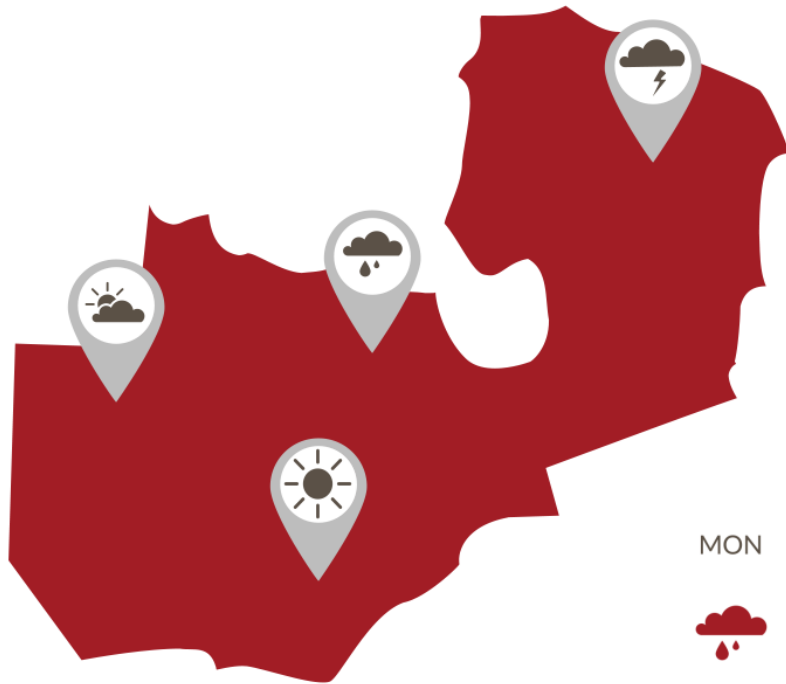
- Weather Index Insurance
- Inclusive Crop Insurance Scheme








## Agriculture Insurance



# WEATHER INDEX INSURANCE

compensates farmers  
for crop losses that occur  
as a result of adverse weather  
conditions such as drought  
or excessive rainfall.



MON	TUE	WED	THU	FRI	SAT	SUN
						
27°	32°	33°	33°	31°	27°	26°

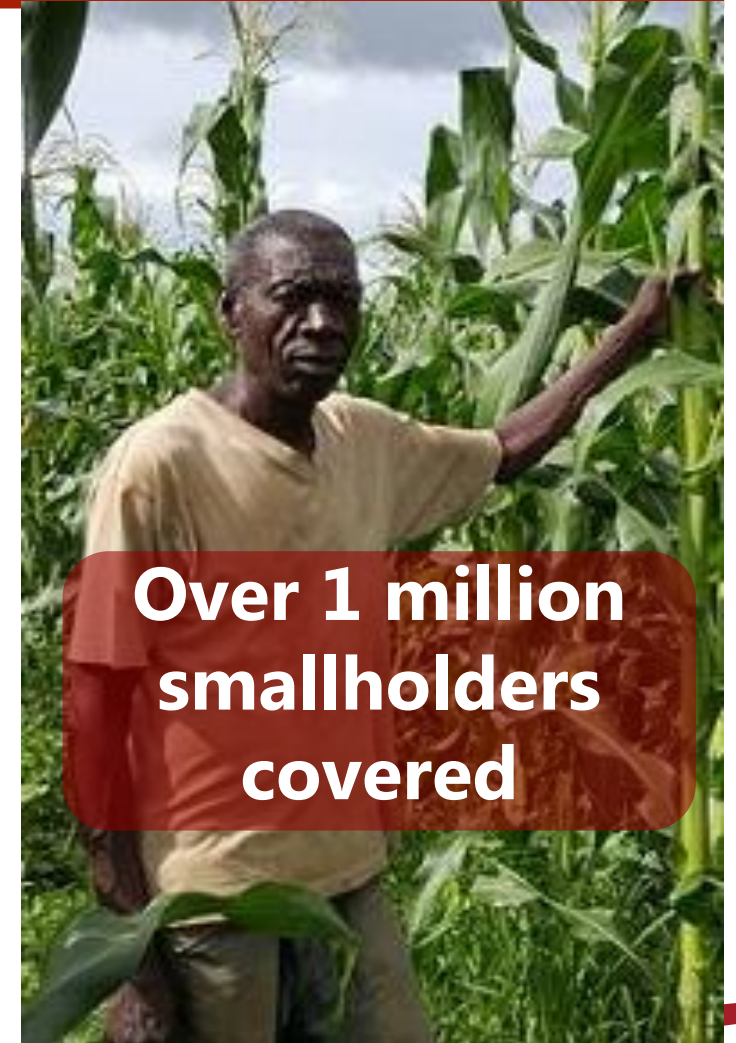
# Strengthening Digital Financial Service

- Insurance Payment Platforms
- Integrating Mobile money into business model
- Integrating Consumer Education messages
- Biometrics



# Anticipated results and key achievements to date

Anticipated results	Achievement to date
Strengthened advocacy capacity. TAG to drive MI activities even without FSD Zambia support	TAG institutionalized in industry
Increase innovation in product design and distribution	TAG hosted IMC
Invaluable market information	Increase in interest to MI by Insurers
Knowledgeable consumers	Increase in variety of products being developed
An enabling environment- MI Regulations and Principles and guidelines	Increase in Coverage e.g. 1 million farmers have access to WII
Optimal balance between business viability and client value.	Consumer Education initiatives - Insurance week, digital CE
	Increase in interest by Regulator- Principals/guidelines, NFIS, Key fact statements, CE



## Q & A Session

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# Thank you!