

Inclusive Insurance: Insurance for the Working Poor in the World

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Outline

- ▶ Defining microinsurance and overview of the insurers' reporting.
- ▶ Defining microinsurance stages and the insurers' stage based on their respective headquarters location.
- ▶ Investigating PSI signatories status across different insurers and regions.
- ▶ Examining microinsurance across the PSI signatories in our sample.
- ▶ Investigating sustainable community initiatives (microcredit, women empowerment, nutrition and water..)
- ▶ Overview of Brokers' microinsurance and sustainable initiatives involvement.



Our sample:

- We have a list of 122 firms in the insurance sector (103 insurers and 19 insurance brokers):
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- Top 25 Insurers by Assets : Ambest ranking (2018)
- Top 25 Insurers by Premiums: Ambest ranking (2018)
- PSI signatories (**P**inciples for **S**ustainable **I**nsurance is a global sustainability framework and initiative of the United Nations Environment Programme Finance Initiative)
- IDF members (**I**nsurance **D**evelopment **F**orum is a public/private partnership led by the **insurance** industry and supported by international organizations)
- Top 20 brokers Ambest ranking (2018)

- **Our Focus:**

- The **S** (Social) component in ESG
 - Microinsurance
 - Social initiatives : Risk management education, microcredit , women empowerment, youth empowerment, diversity and inclusion

Microinsurance overview

- Microinsurance is :“ the protection of low-income people against specific perils in exchange for regular premium payments appropriate to the likelihood and cost of the risk involved”(the International Association of Insurance Supervisors (IAIS)).
- Keywords used in searching for microinsurance:
 - microinsurance
 - inclusive insurance
 - emerging customers
 - sustainable insurance

Characteristics of microinsurance products

- the coverage value is lower than the usual insurance plan, large volumes, small premiums, basic benefit products delivered through alternative distribution channels (microfinance institutions, digital platforms), policy document is in simple language .
- provided to low-income, lower middle-income emerging and rural populations as well as all those historically excluded from the benefit of the insurance

➤ **Examples of microinsurance products:**

- Hospital cash products
- Crop and livestock insurance
- Life and health insurance
- Burial and funeral insurance.
- Credit life insurance

Microinsurance map

FIGURE 1
WORLD MAP OF INCLUSIVE INSURANCE REGULATION IN 2019 FROM THE ACCESS TO INSURANCE INITIATIVE (AZII)^a



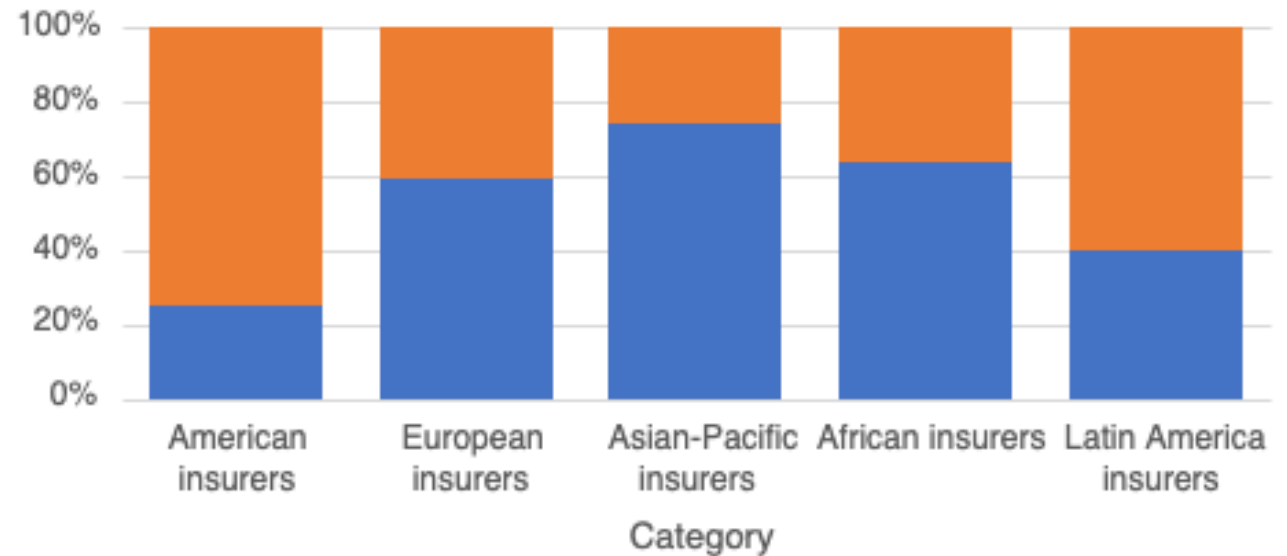
Microinsurance reporting and performance

Insurers' microinsurance reporting



■ Reporting Microinsurance ■ No microinsurance reporting

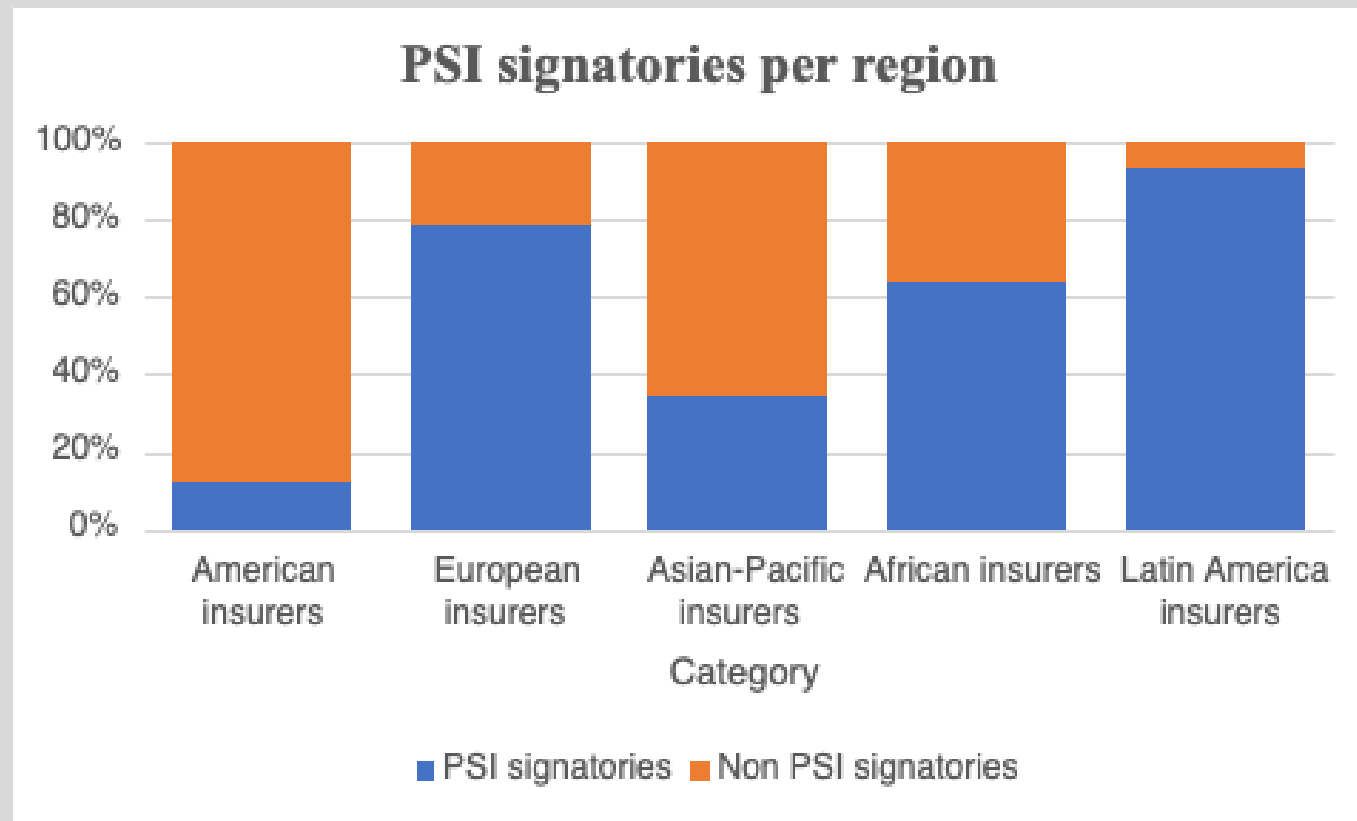
Microinsurance performance by region



■ Offering microinsurance ■ Not offering microinsurance

PSI signatories per region

Out of 37 European insurers in the sample , 29 are PSI signatories. While for American insurers , only 2 out of 16 (12.5%) insurers are PSI signatories



American Insurers

American Hellenic Hull Insurance Company
Risk Management Solutions of America

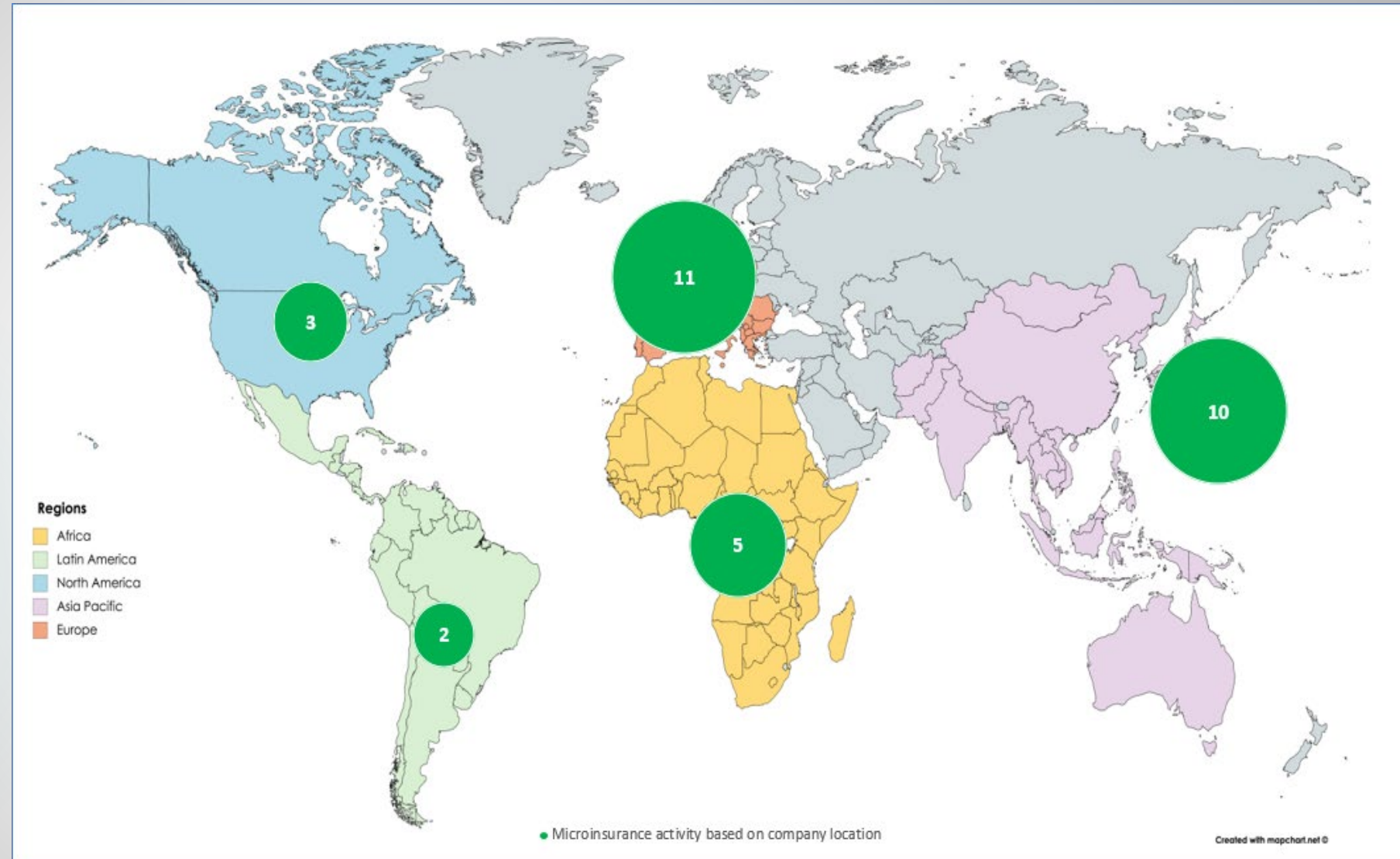
European insurers

Allianz SE
Aviva plc
AXA S.A.
Lloyds Banking Group
Munich Re
SCOR
Swiss Re
Assicurazioni Generali S.p.A.
MAPFRE
Aegon N.V.
Achmea
ASR Nederland
FWU Life Insurance Lux
Grupo Catalana Occidente
HSBC Insurance
Interamerican Hellenic Insurance Group
Intesa Sanpaolo Vita Insurance Group
NN Group
RSA Insurance Group
.....etc

Advanced Microinsurance stage explained based on insurers location

26%
Advanced

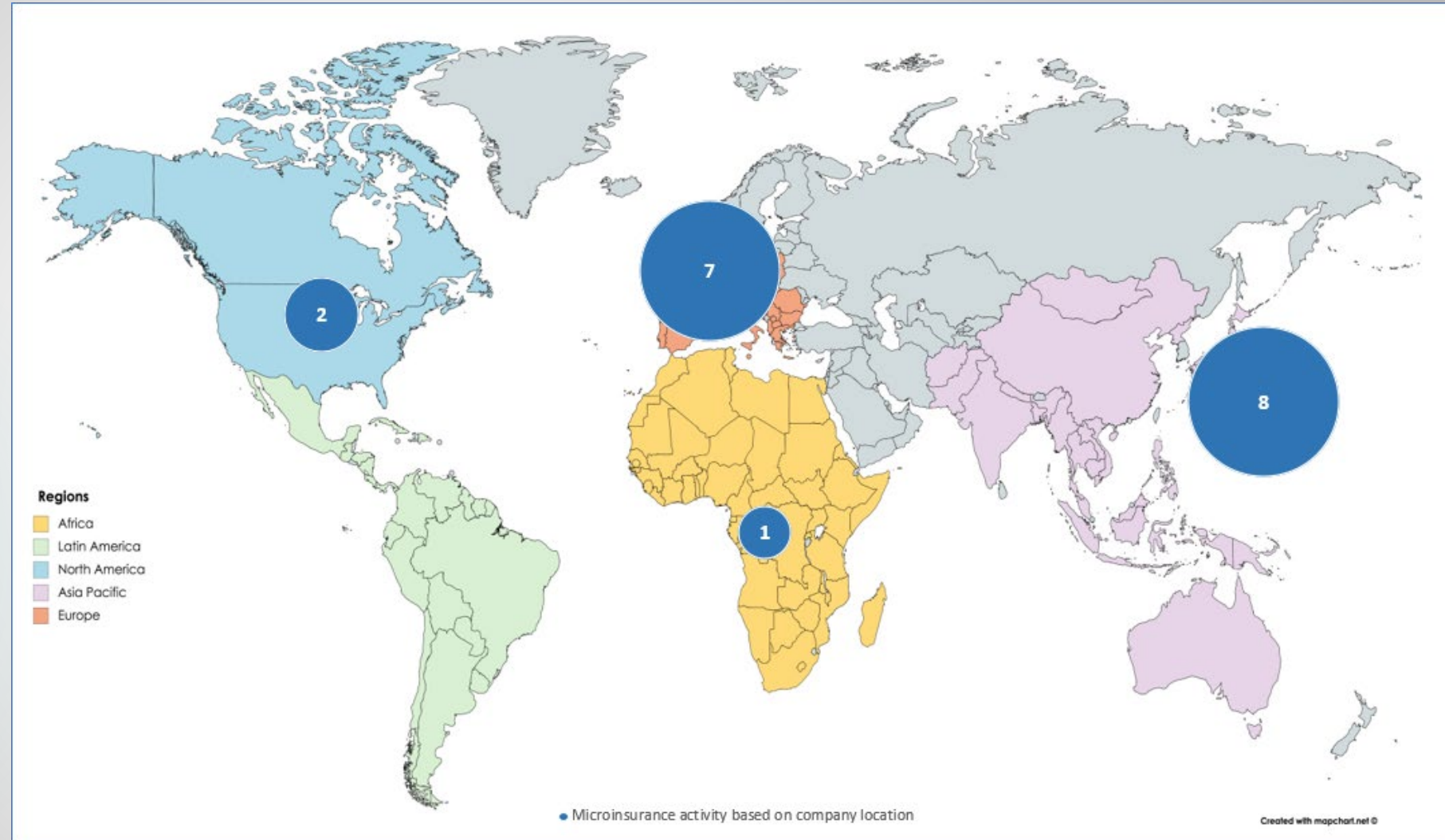
Advanced microinsurance stage label is attributed to any company that is offering microinsurance products in several markets. Ex: MetLife company is offering microinsurance in more than 7 countries (Brazil, Colombia, Chile, Nepal, Mexico...)



Beginning Microinsurance stage explained

15%
Beginning

The company is in the early stages of developing its microinsurance products and has generally less than 3 initiatives related to microinsurance. Supporting a foundation that offers microinsurance / being a new member of a microinsurance organization/ dedicating a new branch of the business to microinsurance can count as beginning stage of microinsurance

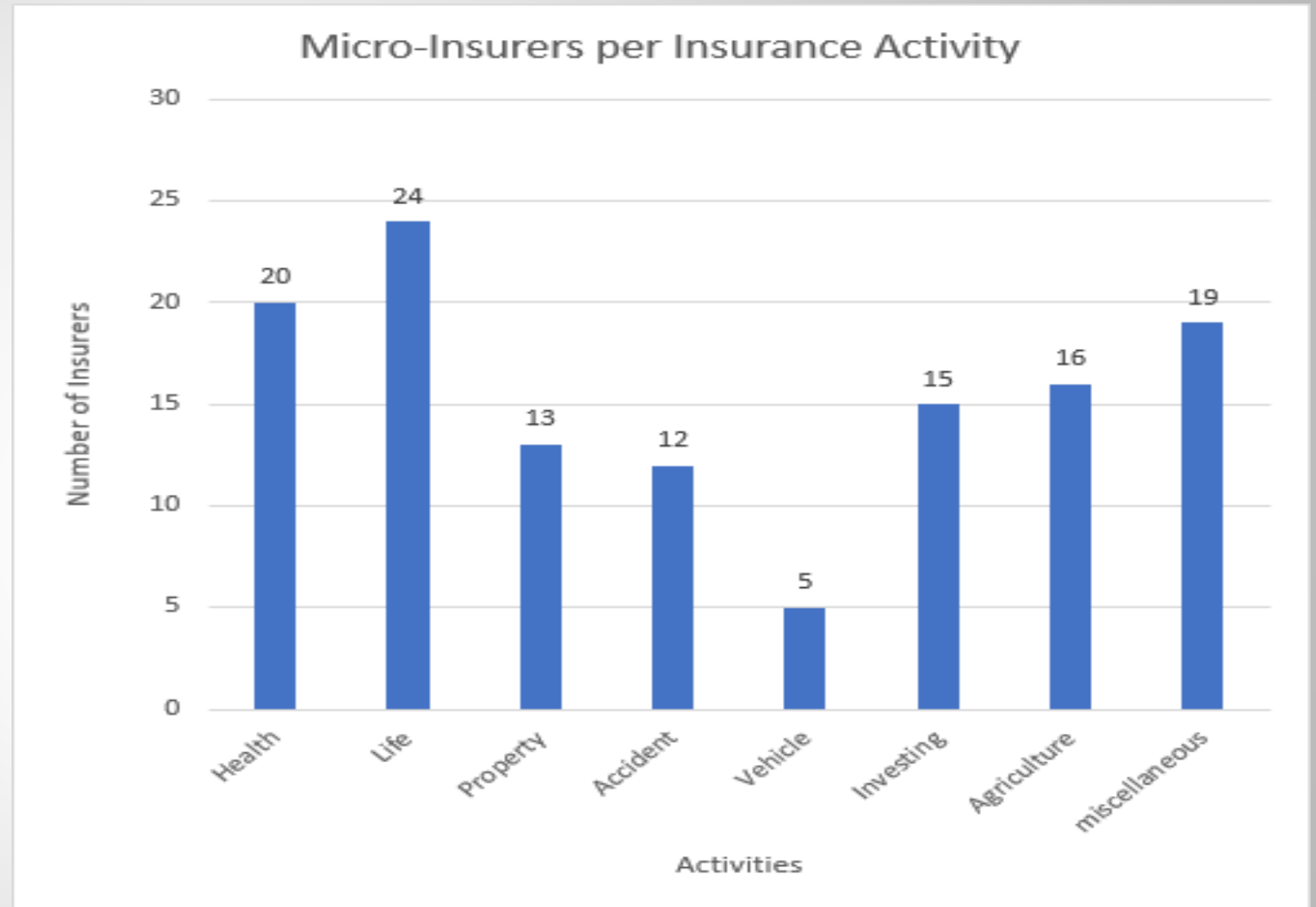


Investigating Microinsurance

Micro-Insurers per Insurance Activity Involvement

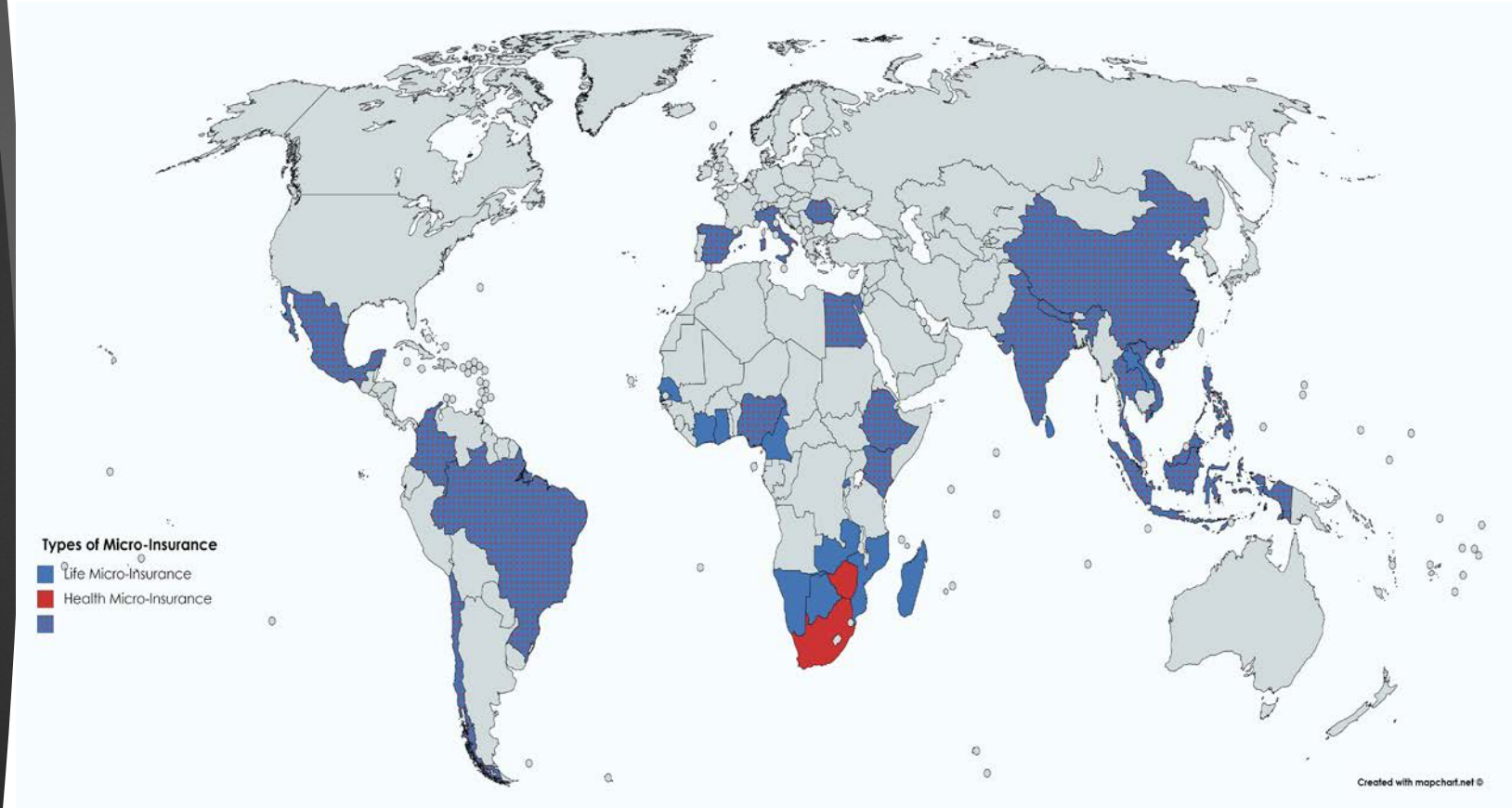
52%
Involved

Of 103 Insurers, 55 were identified that provide some form of ADV, BEG or UD Microinsurance. Most of their products offered fell within Health, Life, Property, Accident, Vehicle, Investing and Agriculture. The miscellaneous category refers to activities that did not fit within any of the others usually specialty insurance or niche insurance specific to a region



Health and Life Insurance

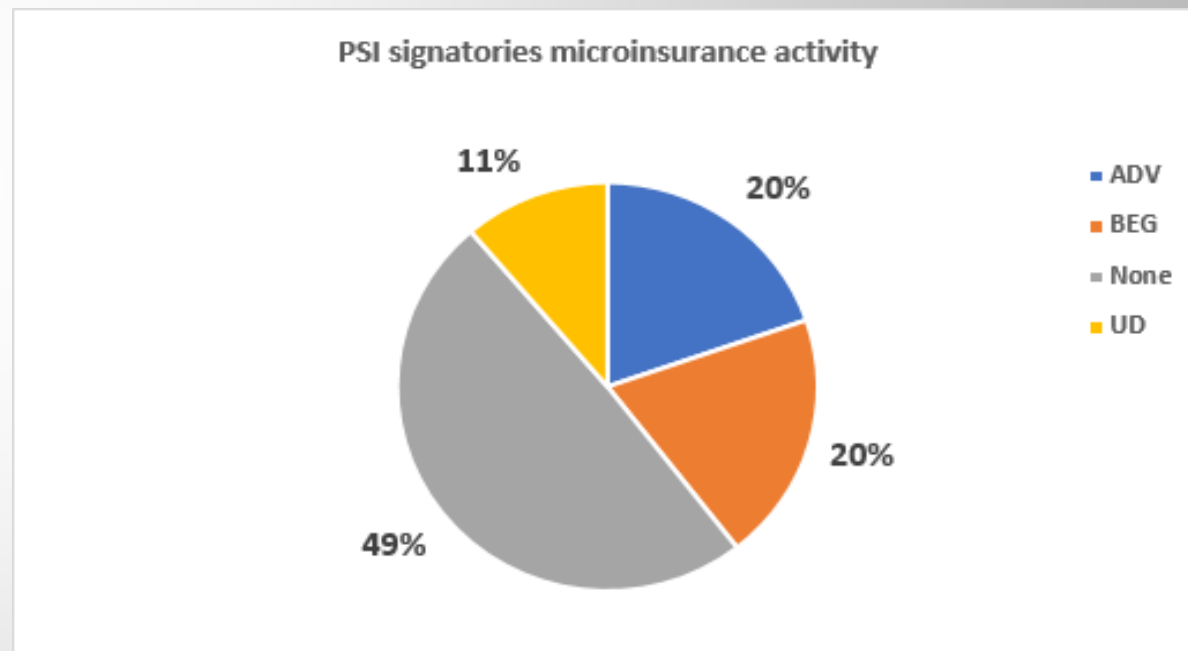
- ▶ Health and Life Microinsurance activities occurring within 32 countries.
- ▶ 56% of the countries have both Life and Health micro-insurance occurring.
- ▶ Regionally most Health and Life Insurance activities are focused in Latin America, Africa and Asia.



PSI signatories and Microinsurance activity

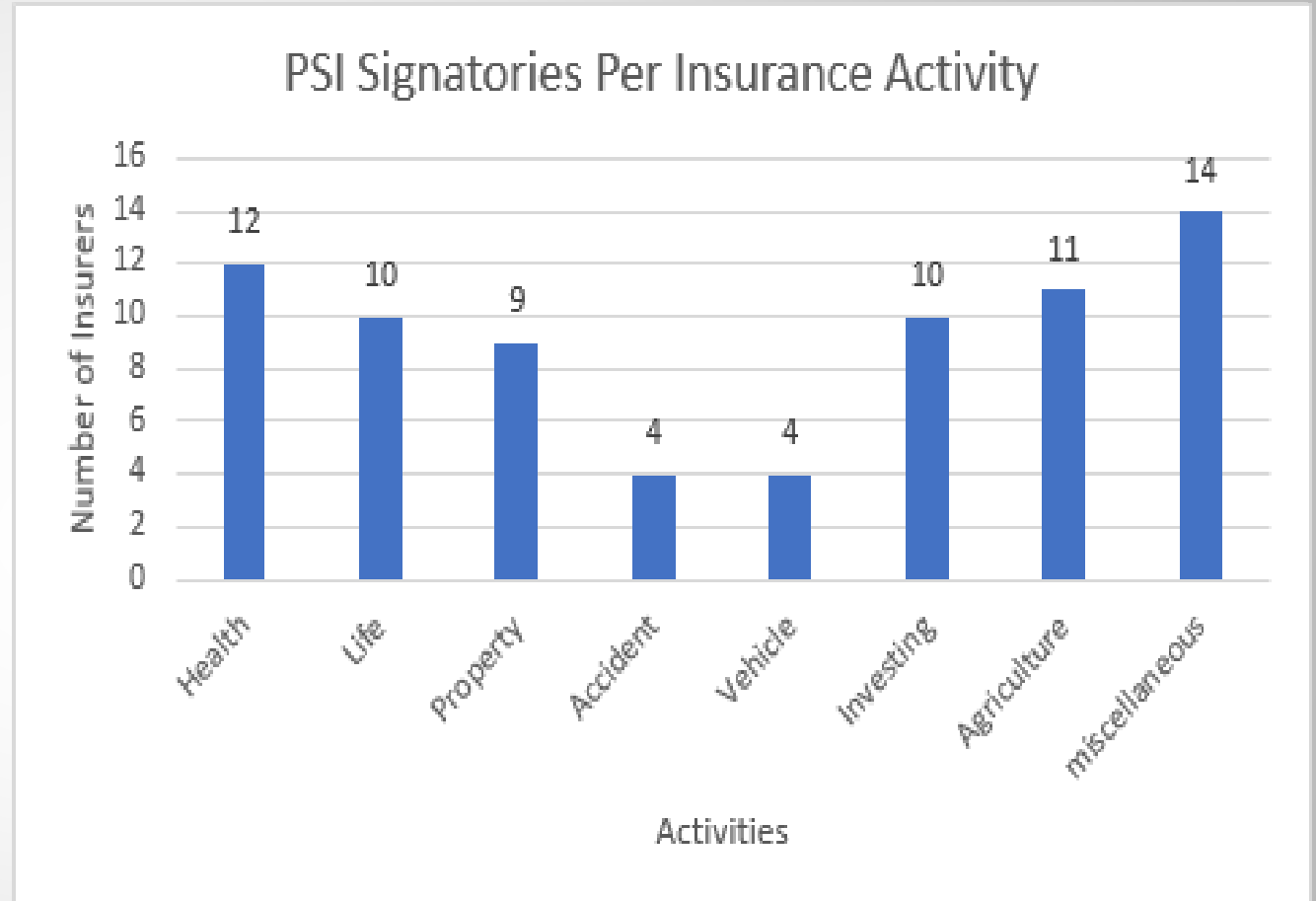
- 61% of insurers in our sample are PSI signatories
- 49% of the PSI insurers are not offering any microinsurance products. 41% of those insurers are based in Europe while 20% and 17% of them are based in Latin America and the Asia Pacific region, respectively.
- 40% of PSI signatories are offering advanced to beginning stage microinsurance products ,
- **PSI signatory status doesn't significantly impact insurers microinsurance activity unless the insurer is within the TOP 25 insurers by assets or premiums collected .**

| Regions | ADV | BEG | None | UD | Grand Total |
|--------------------|-----------|-----------|-----------|----------|-------------|
| Africa | 1 | 1 | 4 | 1 | 7 |
| Asia Pacific | 3 | 5 | 3 | 1 | 12 |
| Bermuda | 0 | 0 | 2 | 0 | 2 |
| Europe | 8 | 6 | 13 | 2 | 29 |
| Latin America | 2 | 0 | 8 | 4 | 14 |
| Middle East | 0 | 0 | 1 | 0 | 1 |
| North America | 0 | 2 | 4 | 0 | 6 |
| Grand Total | 14 | 14 | 35 | 8 | 71 |



PSI signatories Microinsurance Activities

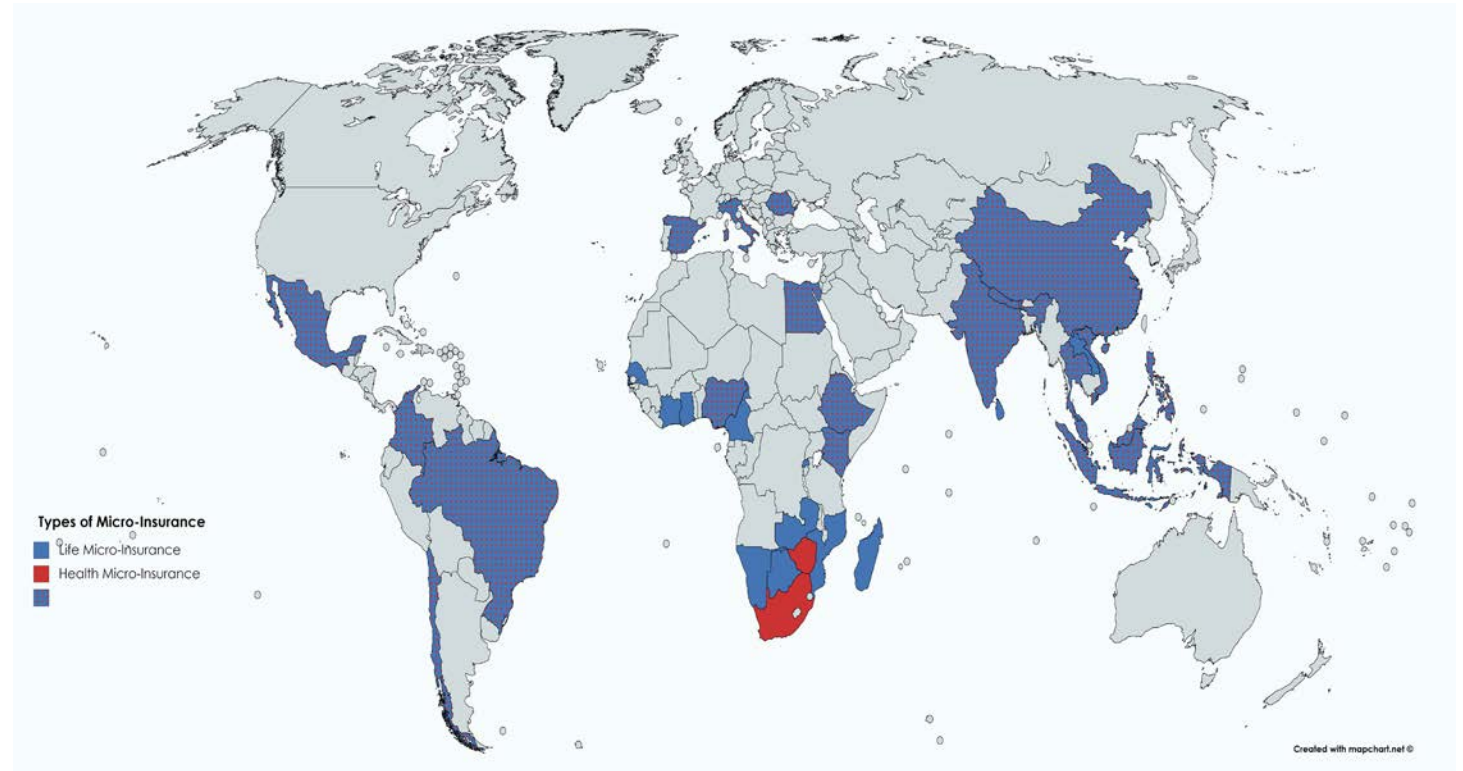
- 36 of the 71 PSI insurers were identified that provide some form of ADV, BEG or UD Microinsurance
- Health and Miscellaneous Insurance Activities had the most Insurers
- 50% of PSI Signatories offered Health insurance, Life Insurance or both



Health and Life Insurance

- ▶ Health and Life Microinsurance activities are taking place within 16 countries
- ▶ 63% of the countries shown have both Life and Health micro-insurance activities occurring
- ▶ Health and Life Insurance activities are Mainly in Latin America Africa and Asia

PSI Signatories





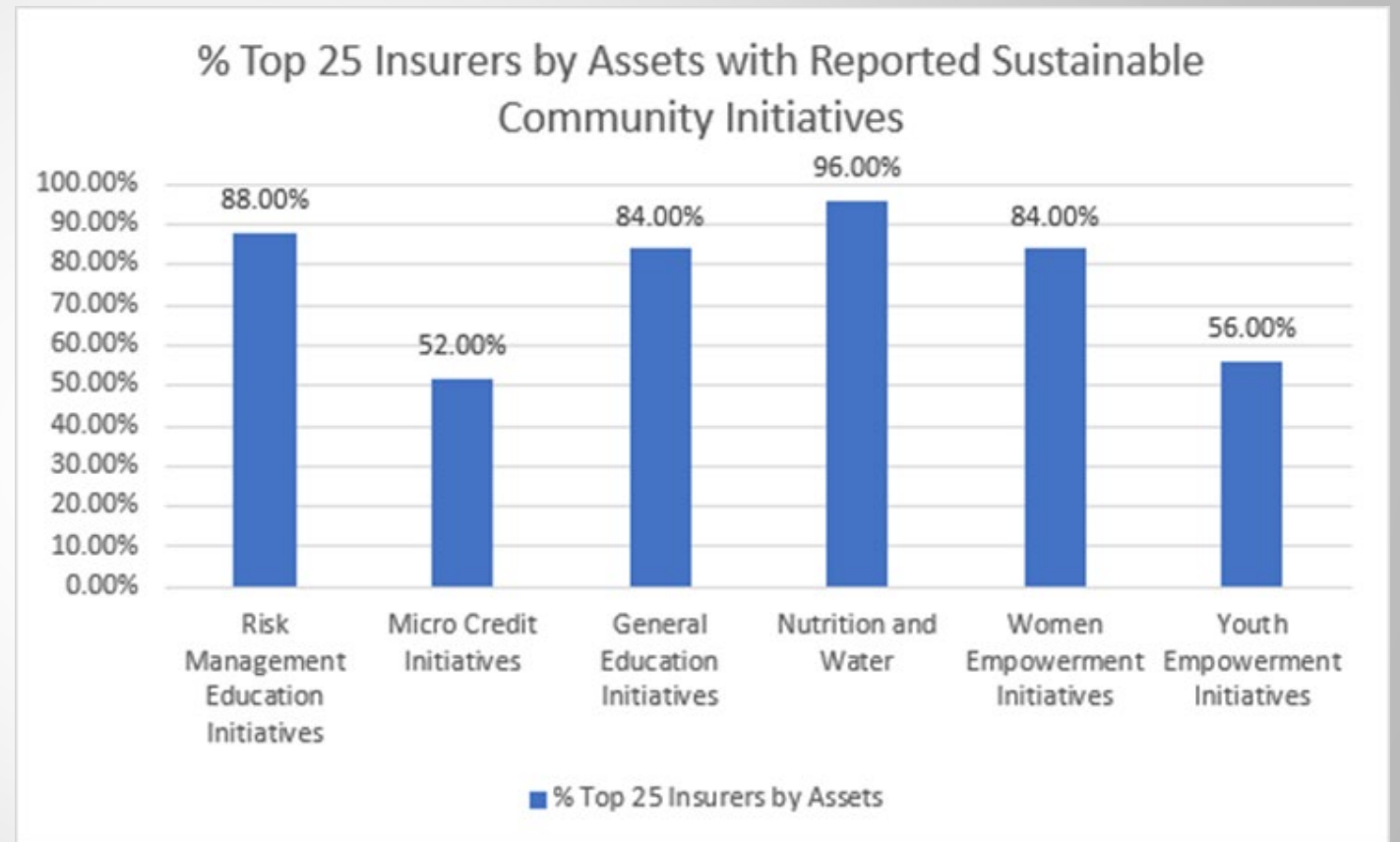
Sustainable Community Initiatives

Defining Analyzed Criteria

- ▶ **Risk Management Education:** The company has reported involvement in offering or supporting individual specific or small business risk management education
- ▶ **Micro Credit:** The company has reported engagement in micro-lending or micro-credit operations
- ▶ **General Education:** The company has reported involvement in offering or supporting general education programs or experiences to the community
- ▶ **Nutrition & Water:** The company has reported involvement in offering or supporting initiatives set forth to improve community access to nutrition and water
- ▶ **Women Empowerment:** The company has reported involvement in offering or supporting women empowerment programs. These programs can vary in nature, and range from programs that support pregnant mothers to combating domestic violence
- ▶ **Youth Empowerment:** The company has reported involvement in offering or supporting youth empowerment programs. These programs include things like supporting athletics and youth groups.

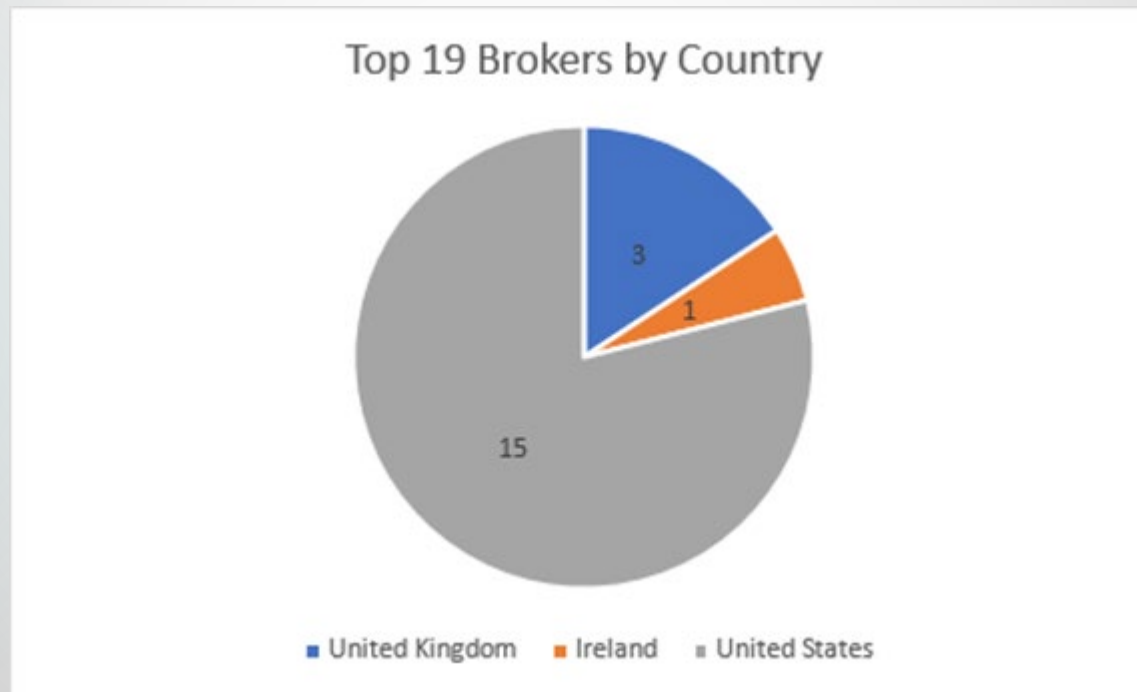
Top 25 Insurers By Assets & Sustainable Community Initiatives

- ▶ -Top 25 Insurers by Assets performed best in Risk Management Education (88%) and Nutrition and Water (96%). These companies performed worst in Micro-Credit Initiatives (52%) and Youth Empowerment (56%).



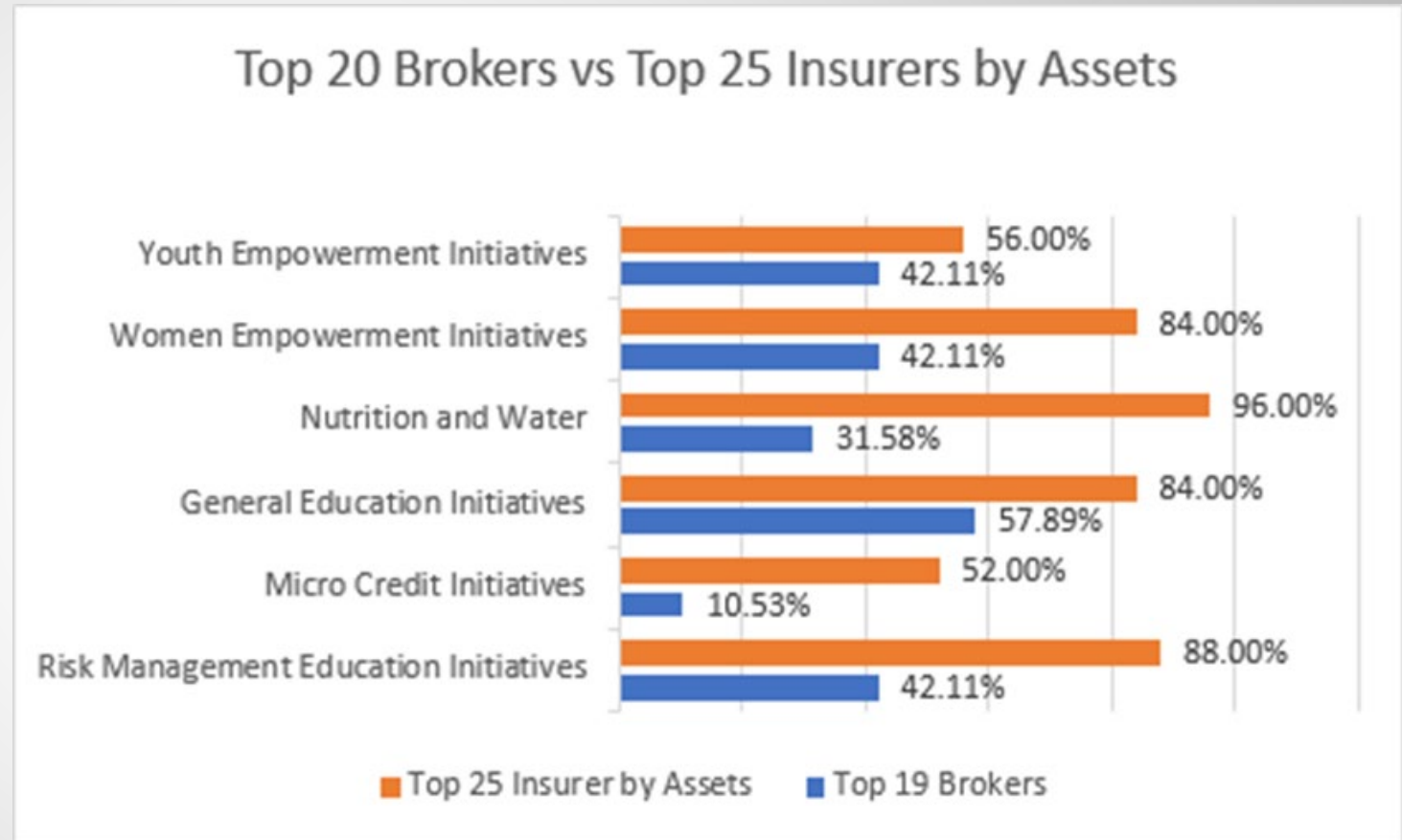
Top 20 Insurance Brokers (2018)

- Originally started with top 20 insurance brokers. Jardine Lloyd Thompson purchased by Marsh and McLennan in April 2019.
- The top brokers are overwhelmingly American, with 15 of the top 19 being located within the United States



Brokers Reporting vs Top 25 Insurers by Assets

- ▶ - The top Brokers were found to have worse reporting in all 6 sustainable community initiatives analyzed.
- ▶ - Some of the most significant reporting differences are found in Nutrition and Water, Risk Management Education, and Women Empowerment initiatives.



Thank you !