

“In pursuit of a more resilient and inclusive insurance sector”

The Potential For Microinsurance and The Way Forward

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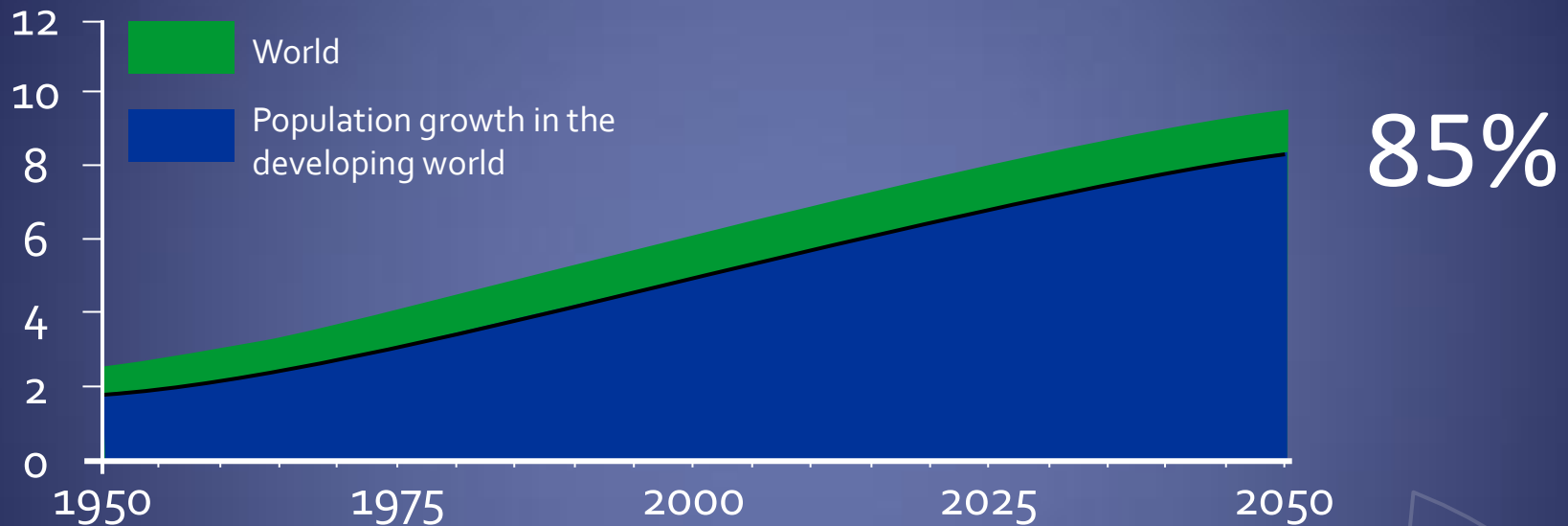
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What percentage of the global population is expected to live in today's developing countries in 2050?

World Population 1950 - 2050 (billions)



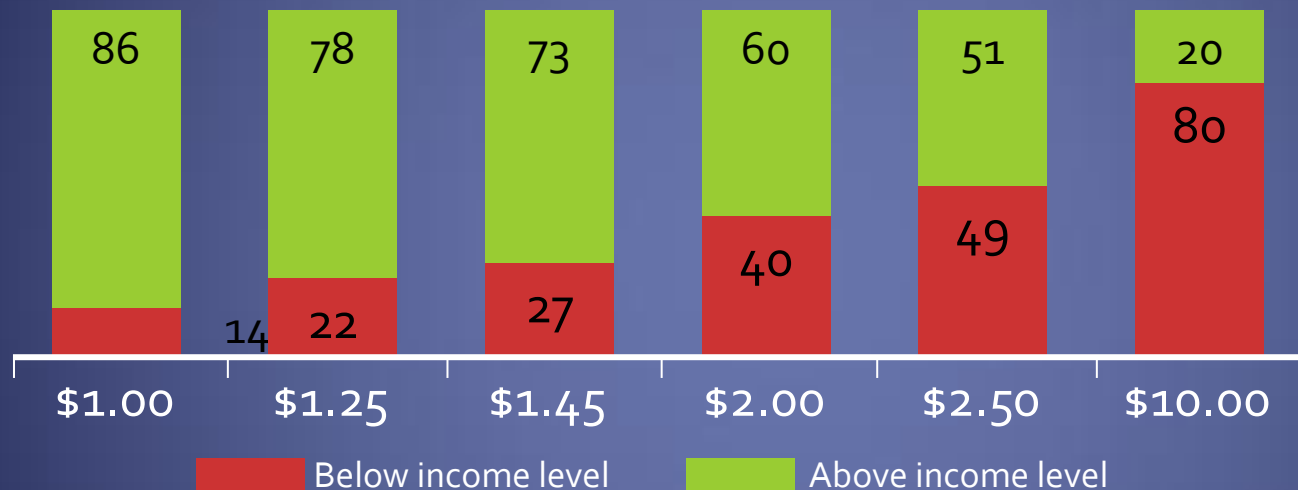
Source: United States Census Bureau, International Database, 2008

What does this mean for business?

The markets of the future are in the developing world

What percent of the world's population live on less than \$10 a day?

World population living above and below the stated income level (2005)

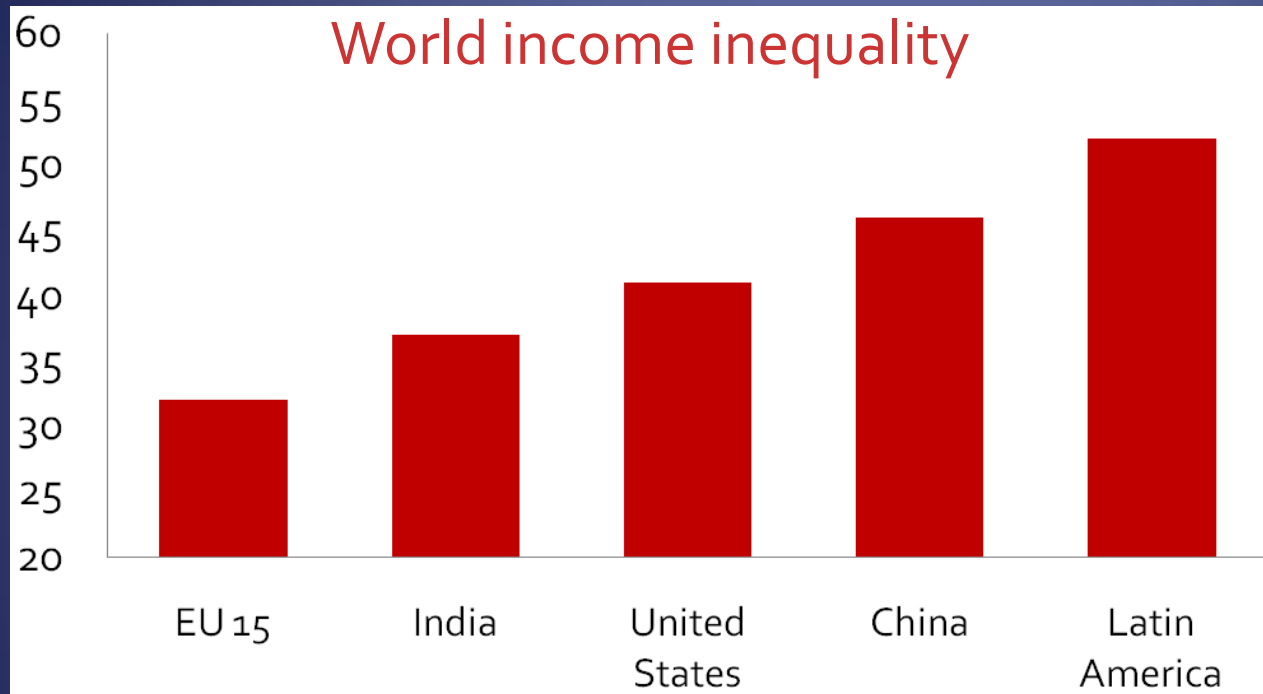


80%

Source: World Bank Development Indicators, 2008

What does this mean for business?
Opportunities for companies to develop
affordable products and services that meet the
needs of low-income communities

Which areas of the world face the greatest income inequality?



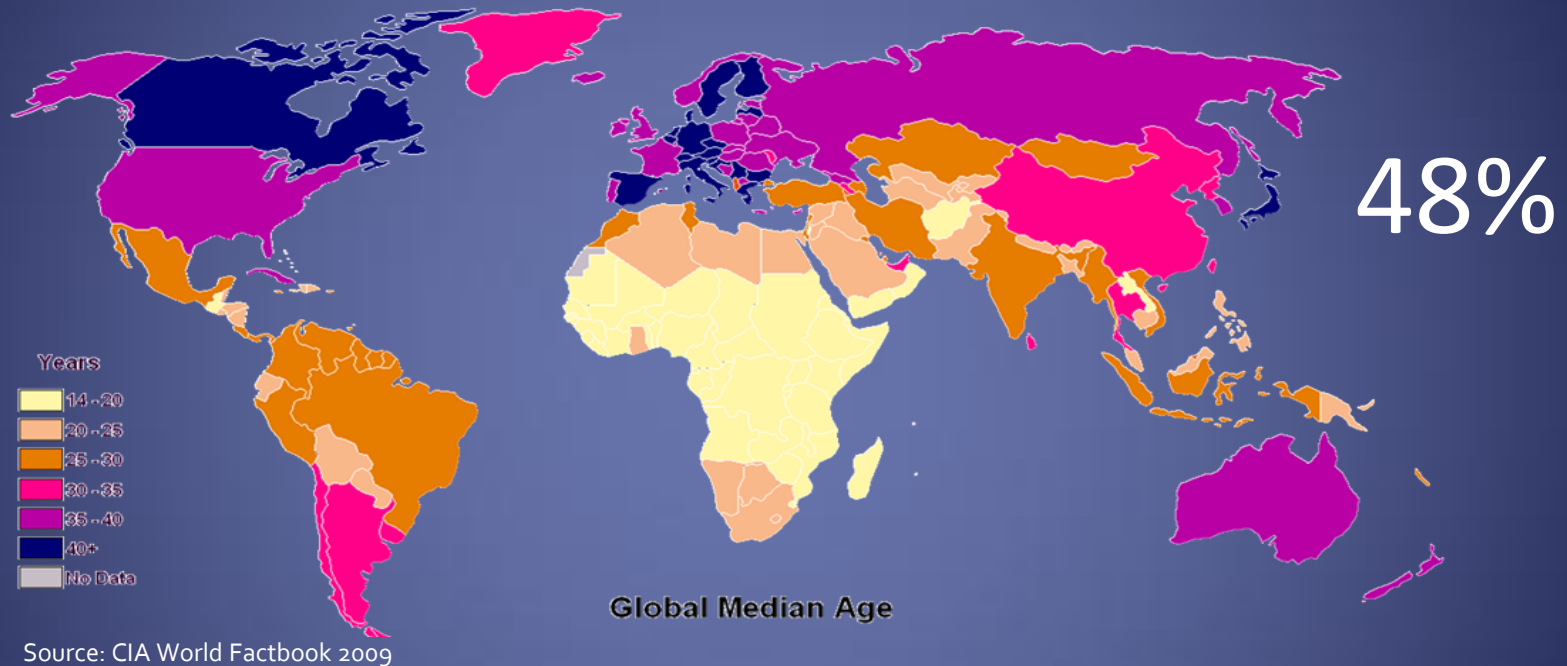
Source: UNDP, Human Development Report 2007/2009; World Bank

What does this mean for business?

Exclusion from market opportunities can lead to barriers to business and resistance to globalization

What is the proportion of population under 24 in developing countries?

Global median age (2009)

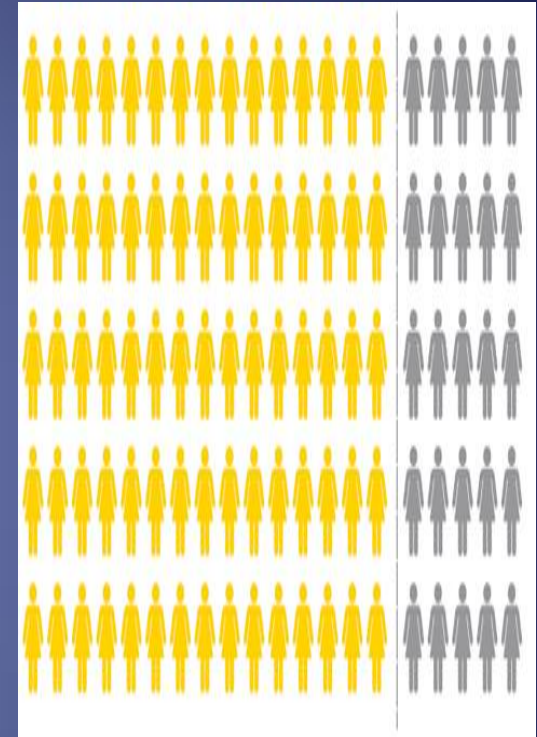


What does this mean for business?

The growing number of young people in developing countries represents major new labor and consumer markets for business.

An untapped market

- Demographics
 - Increasing life expectancy
 - Declining fertility
 - Demographic window
 - Population shifts
- Growth of mSMEs and SMEs and stronger supply chains
- Globalization and regional integration
- Exclusion from market opportunities can lead to barriers to business and resistance to globalization
- Climate Change
 - Natural disasters
 - Agriculture, Animal Husbandry & Food security
- Finite budgets and expanding funding gaps
- Shifting patterns of risk management in the welfare state



Why now? Why change?

Four pillars of society are crumbling

Social landscape in changing

Increased expectations of the role of business in society

Globalized economy and free movement of goods / services

New information and communication technologies



Households face more uncertain/ unpredictable future

Finite budgets and expanding funding gap

Transfer of risk responsibility for future from State to individuals

Political pressure to affect poverty through goals & targets

Achievements so far...

- Focus on inclusive growth
- Financial inclusion as a main pillar of development agenda
- Recognition of devastating impact of unexpected shocks
- Microinsurance on the roadmap to financial inclusion
- Also viewed as social risk management tool



A photograph of a busy outdoor fish market in India. Several women are seated on the ground, surrounded by large quantities of fresh fish. They are using traditional metal scales to weigh the fish. The women are dressed in colorful saris and headscarves. The market is set up on a raised platform made of bricks, with various kitchen items like pots and bowls visible. The background shows a blue corrugated metal wall and other people in the market.

Challenge?

Opportunity?

Business?

Charity?

A photograph of three men working in a field of green plants. The man on the right is shirtless, wearing a yellow cap and light-colored shorts, and is bent over using a long wooden tool. The man in the middle is wearing a blue tank top and a yellow cap, also using a similar tool. The man on the left is wearing a white tank top and blue shorts, holding a tool. The background shows a line of trees under a cloudy sky.

Local
farmer?

Global
supplier?



Barrier?

Enabler?



Aid?

Talent?



Luxury?

Necessity?

Developed?

Developing?





Challenge?

Opportunity?

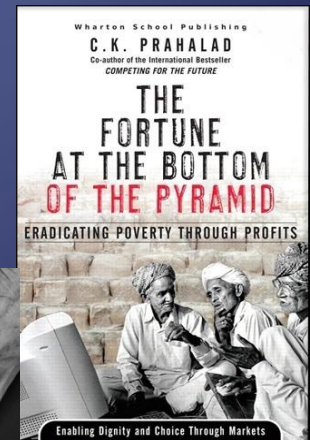
So what? Business action...

Microfinance



Corporate Social Responsibility

Base of the Pyramid





What's in it for business?

Protecting

- Reducing risk and stronger supply chains
- Strengthening the license to operate
- Increasing brand value and reputation

Managing

- Reducing costs
- Enhancing productivity
- Raising the quality of people/new labor sources

Growing

- Improving cost of capital
- Accessing new markets
- Stimulating innovation
- Promoting revenue growth

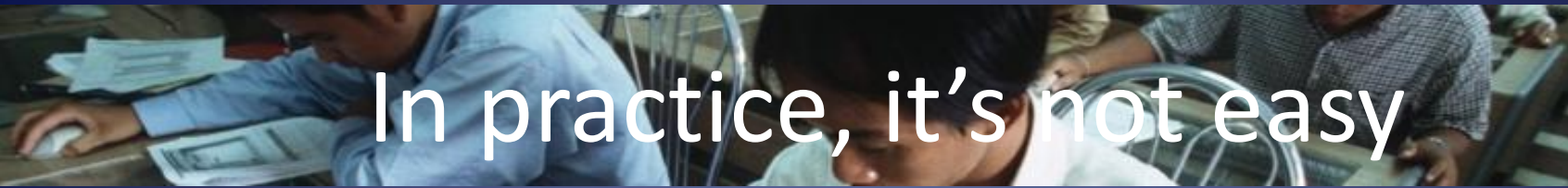
A horizontal banner image showing two men in a workshop or factory setting. They are both wearing orange earplugs. The man on the left is wearing safety glasses and looking down at a task. The man on the right is looking towards the left. The background is slightly blurred, showing industrial equipment.

So what? Business action...

Scale up

Speed up

Innovate up



In practice, it's not easy

Is it...

...core business?

...our role?

...profitable?

...a growth opportunity?

...too risky?

...required?

...scalable?

...viable to partner?

...ethical?

Barriers



- Lack of confidence and trust
- Lack of prudential regulations and enforcement
- Regulatory arbitrage
- Lack of governance
- Lack of data and clear understanding of risk
- Alignment of incentives
- Scalability
- Affordability
- Accessibility
- Cash is king

In perspective

- Financial capability/ capacity
- Product range and suitability designed by clients' needs
- Technology enabled business models
- Risk measurement
- Customer protection and awareness building



Some thoughts for the future ...

- Growing financially inclusive interconnected ecosystems
- Proportionate regulatory frameworks
- Strengthening integrity , transparency and governance
- Insurance pooling mechanisms (including regional pools)
- What doesn't get measured, doesn't get fixed
- Public-private partnership
- Social protection floor
- Capacity building and south-south information exchange and cooperation

