

**Protecting the poor**  
A microinsurance compendium  
Volume II



# Protecting the poor

## A microinsurance compendium

### Volume II

Edited by  
Craig Churchill and Michal Matul



Munich Re  
Foundation  
From Knowledge  
to Action

micro  
insurance  
network



International  
Labour  
Office  
Geneva

Publications of the International Labour Office enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The International Labour Office welcomes such applications.

Libraries, institutions and other users registered with a reproduction rights organization may make copies in accordance with the licences issued to them for this purpose. Visit [www.ifrro.org](http://www.ifrro.org) to find the reproduction rights organization in your country.

International Labour Office, CH-1211 Geneva,  
Switzerland  
[www.ilo.org](http://www.ilo.org)  
in association with  
Munich Re Foundation  
80791 München,  
Germany  
[www.munichre-foundation.org](http://www.munichre-foundation.org)

Copyright  
© International Labour Organization 2012  
First published 2012

ISBN 978-92-2-125744-8  
Munich Re Foundation order number  
302-07392

Cover photo: L. Rain, © ILO

Printed in Germany

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the International Labour Office or Munich Re Foundation of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office or Munich Re Foundation, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications and electronic products can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: [pubvente@ilo.org](mailto:pubvente@ilo.org)

Visit our website: [www.ilo.org/publns](http://www.ilo.org/publns)

---

# Contents

Acknowledgements	xiv
Table of acronyms	xvi
Introduction	I
<i>Craig Churchill and Dirk Reinhard</i>	
<b>Part I Emerging issues</b>	<b>7</b>
<b>1 Current trends in microinsurance</b>	<b>8</b>
<i>Craig Churchill and Michael J. McCord</i>	
1.1 The definition of microinsurance is becoming operational	8
1.2 More low-income households are covered by insurance	11
1.3 Stakeholders in microinsurance are becoming more diverse	18
1.4 Providers are offering an expanding and varied range of products	32
1.5 There is greater concern that insurance provides value to the insured	36
1.6 Conclusion	37
<b>2 The potential of microinsurance for social protection</b>	<b>40</b>
<i>Yvonne Deblon and Markus Loewe</i>	
2.1 Scope and functions of social protection	42
2.2 Social protection in developing countries	46
2.3 Microinsurance as a social protection tool	49
2.4 Conclusion: The need for a systematic approach	58
<b>3 What is the impact of microinsurance?</b>	<b>59</b>
<i>Ralf Radermacher, Heidi McGowan and Stefan Dercon</i>	
3.1 What is impact?	59
3.2 The current literature	62
3.3 Expected and observed impact of microinsurance	65
3.4 Conclusion	81
<b>4 Microinsurance and climate change</b>	<b>83</b>
<i>Thomas Loster and Dirk Reinhard</i>	
4.1 The impact of climate change	84
4.2 Microinsurance and weather events	87
4.3 Operational challenges and solutions	98
4.4 Role of key stakeholders	104
4.5 Conclusion	109

<b>Part II</b>	<b>Health insurance</b>	<b>111</b>
<b>5</b>	<b>Innovations and barriers in health microinsurance</b>	<b>112</b>
	<i>Sheila Leatherman, Lisa Jones Christensen and Jeanna Holtz</i>	
5.1	Evidence of the impact of health microinsurance	113
5.2	Demand and supply challenges for health microinsurance	116
5.3	Innovations and interventions for health microinsurance	122
5.4	The way forward	128
<b>6</b>	<b>Third-party payment mechanisms in health microinsurance</b>	<b>132</b>
	<i>Pascale LeRoy and Jeanna Holtz</i>	
6.1	Current TPP practices	134
6.2	Establishing and managing a TPP mechanism	137
6.3	Conclusions	133
<b>7</b>	<b>The elusive quest for estimates of willingness to pay for health microinsurance</b>	<b>156</b>
	<i>David Dror and Ruth Koren</i>	
7.1	Methods of eliciting WTP	158
7.2	Search of relevant WTP experiments	160
7.3	Key findings	163
7.4	Lessons learned and implications for practitioners	172
<b>Part III</b>	<b>Life insurance</b>	<b>175</b>
<b>8</b>	<b>Savings in microinsurance: Lessons from India</b>	<b>176</b>
	<i>Rob Rusconi</i>	
8.1	Saving and insurance considerations	176
8.2	Products considered	180
8.3	Key lessons learned	186
8.4	Concluding thoughts and way forward	195
<b>9</b>	<b>Improving credit life microinsurance</b>	<b>197</b>
	<i>John Wipf, Eamon Kelly and Michael J. McCord</i>	
9.1	What is credit life insurance?	198
9.2	Who benefits from credit life?	200
9.3	Quantifying the value of credit life	204
9.4	Existing expanded products	207
9.5	Operational aspects	211
9.6	Conclusions and recommendations	215
<b>10</b>	<b>Funeral insurance</b>	<b>217</b>
	<i>Christine Hougaard and Doubell Chamberlain</i>	
10.1	Funeral cover matters	217
10.2	Key characteristics of funeral cover	223
10.3	Delivering value	228
10.4	Conclusion	235
<b>Part IV</b>	<b>General insurance</b>	<b>237</b>
<b>11</b>	<b>Designed for development impact:</b>	
	<b>Next-generation index insurance for smallholder farmers</b>	<b>238</b>
	<i>Michael R. Carter</i>	
11.1	Agricultural index insurance basics	239
11.2	Designing contracts to minimize basis risk	244
11.3	Interlinking insurance and credit	249
11.4	Conclusion: Designed for development impact	254
	Appendix: Simulation analysis index insurance versus self-insurance	254

<b>12</b>	<b>Livestock insurance: Helping vulnerable livestock keepers manage their risk</b>	<b>258</b>
	<i>Anupama Sharma and Andrew Mude</i>	
12.1	Why livestock insurance?	258
12.2	Livestock insurance provision to the poor	260
12.3	Difficulties in providing livestock insurance	264
12.4	Catalysing the market: Innovations to make livestock insurance viable	265
12.5	Conclusion	271
<b>Part V</b>	<b>Insurance and the low-income market</b>	<b>273</b>
<b>13</b>	<b>The psychology of microinsurance: Small changes can make a surprising difference</b>	<b>274</b>
	<i>Aparna Dalal and Jonathan Morduch</i>	
13.1	Small changes can make a surprising difference	274
13.2	Strategies	275
13.3	Conclusion	284
<b>14</b>	<b>Emerging practices in consumer education on risk management and insurance</b>	<b>286</b>
	<i>Iddo Dror, Aparna Dalal and Michal Matul</i>	
14.1	Content of consumer education	287
14.2	Delivery of consumer education	291
14.3	Sustainability and business model for consumer education	294
14.4	Conclusion	298
<b>15</b>	<b>Improving client value: Insights from India, Kenya, and the Philippines</b>	<b>300</b>
	<i>Michal Matul, Clémence Tatin-Jaleran and Eamon Kelly</i>	
15.1	Client value assessment framework and tool	300
15.2	Value-creation opportunities	304
15.3	Setting benchmarks: Informal mechanisms and social security schemes	316
15.4	Relative value from products at the country level	318
15.5	Conclusions	328
<b>16</b>	<b>Microinsurance that works for women</b>	<b>331</b>
	<i>Anjali Bantia, Susan Johnson, Michael J. McCord and Brandon Mathews</i>	
16.1	Gender and risk in poor households	332
16.2	Traditional risk management and coping strategies	336
16.3	Gender-sensitive microinsurance	340
16.4	Conclusion: A call to action	346
<b>17</b>	<b>Formalizing the informal insurance inherent in migration: Exploring potential links between migration, remittances and microinsurance</b>	<b>349</b>
	<i>Jennifer Powers, Barbara Magnoni and Emily Zimmerman</i>	
17.1	Demand considerations for migration-linked insurance	350
17.2	Framework: The 3Hs of migration-linked insurance	352
17.3	Legal and regulatory challenges	353
17.4	Operational opportunities and challenges to migration- and remittance-linked insurance	355
17.5	Conclusion	364
<b>Part VI</b>	<b>Insurers and microinsurance</b>	<b>367</b>
<b>18</b>	<b>Is microinsurance a profitable business for insurance companies?</b>	<b>368</b>
	<i>Janice Angove and Nashelo Tande</i>	
18.1	Framework for the assessment of profitability	369
18.2	Context and setting the scene	370
18.3	Financial analysis and drivers of profitability	376
18.4	Conclusions and recommendations	396

---

<b>19</b>	<b>Teaching elephants to dance: The experiences of commercial insurers in low-income markets</b>	<b>399</b>
	<i>Janice Angove, Martin Herrndorf and Brandon Mathews</i>	
19.1	Involvement of commercial insurers in microinsurance	400
19.2	Internal organization: Models for success	406
19.3	External outreach: Building market relations	414
19.4	Conclusion	425
<b>20</b>	<b>State and market synergies: Insights from India's microinsurance success</b>	<b>427</b>
	<i>Rupalee Ruchismita and Craig Churchill</i>	
20.1	Industry overview	429
20.2	Products	433
20.3	Distribution channels	450
20.4	Conclusion: Catalysts of success	458
<b>21</b>	<b>Pricing of microinsurance products</b>	<b>464</b>
	<i>Denis Garand, Clémence Tatin-Jaleran, Donna Swiderek and Mary Yang</i>	
21.1	The pricing cycle	465
21.2	Gather and analyse data	467
21.3	Setting assumptions	473
21.4	Determining the premium	475
21.5	Monitoring and evaluating product experience	479
21.6	Refining the premium	479
21.7	Summary example	480
21.8	Conclusion	482
<b>Part VII</b>	<b>Delivery channels and intermediaries</b>	<b>485</b>
<b>22</b>	<b>New frontiers in microinsurance distribution</b>	<b>486</b>
	<i>Anja Smith, Herman Smit and Doubell Chamberlain</i>	
22.1	Rethinking distribution	487
22.2	Comparing the distribution channels	492
22.3	Emerging themes	495
22.4	Moving forward	501
<b>23</b>	<b>Microinsurance intermediaries</b>	<b>503</b>
	<i>Alex Bernhardt, Roland Steinmann and Michael J. McCord</i>	
23.1	Insurance intermediation: Conventional vs. micro	504
23.2	Microinsurance-only intermediaries	510
23.3	Traditional intermediaries with some microinsurance activities	516
23.4	The value of microinsurance intermediation	520
23.5	Conclusions	524

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_22653](https://www.yunbaogao.cn/report/index/report?reportId=5_22653)

