Published by

micro insurance network

Munich Re Foundation
From Knowledge to Action

Study conducted by

Micro Insurance Centre

The Landscape of Microinsurance in Latin America and the Caribbean

A changing market

Co-funders

Bradesco Seguros

CNseg

IDB

OMIN
Multilateral Investment Fund
Member of the IDB Group

The Government of the Grand Duchy of Luxembourg

World Bank Group

Legend of Icons

 **Agriculture**

 **Property**

 **Health**

 **Accident**

 **Credit Life**

 **Life**

 **Endowment**

 **Savings life**

 **Pensions**

 **Funeral**

The quantitative information presented in this paper does not represent an absolute number of products, clients or other data. Rather, this paper reports what the team was able to identify as microinsurance. Although the data for this study is not an absolute measure of microinsurance in LAC, the data set is large enough to represent the "landscape" of microinsurance and provide an accurate picture of the market and its components.

Layout: cropmark.lu

ISBN 978-99959-936-1-0

The Microinsurance Network is kindly supported by the Luxembourgish Government.

Contents

Acknowledgements 4

Executive summary 5

1. Introduction 7

2. Business case 8

3. Mass vs. micro 16

4. Growth 20

5. Moving forward 23

Appendices 24
Appendix A: The World Map of Microinsurance 24
Appendix B: Definition and methodology of the study 25
Appendix C: Key figures – lives insured and coverage ratios by country 29
Appendix D: Microinsurance premiums 31
Appendix E: Product type infographics and maps 33
Appendix F: Social protection programmes by country 38

Figures and tables

Figure 1 Microinsurance definition 7
Figure 2 LAC GWP Total insurance and microinsurance 8
Figure 3 Microinsurance GWP as proportion of industry GWP 8
Figure 4 Comparable growth in gross written premium, 2011-2013 9
Figure 5 Allocation of premium by primary product type 9
Figure 6 Primary vs. secondary covers (MM lives covered) 9
Figure 7 Average claim ratios by region 10
Figure 8 Claims ratios by primary product type 10
Figure 9 Expense ratios by primary product type 11
Figure 10 Use of mobile technology 12
Figure 11 Use of selected technology in LAC and Africa 12
Figure 12 Commission rates by primary product type 13
Figure 13 Administrative expenses vs. commission rates 14
Figure 14 Combined ratios by primary product type 15
Figure 15 Characteristics of mass and microinsurance 16
Figure 16 Intentions of providers who are not currently serving the low-income market 16
Figure 17 Top 5 reasons some insurers are not currently serving the low-income market 17
Figure 18 Provider perspectives on inputs needed for microinsurance development 17
Figure 19 Costs by distribution channel type 18
Figure 20 Revenues and expenses per life by channel 18
Figure 21 Outreach and revenues by distribution channel 19
Figure 22 Distribution channels used by product type 19
Figure 23 Growth of products between 2011 and 2013 20
Figure 24 Insurance products that were discontinued 21
Figure 25 New products launched since 2011 21
Figure 26 New product characteristics 22
Figure 27 New products by provider type 22
Figure 28 Microinsurance premiums 31
Figure 29 Life and credit life 33
Figure 30 Credit life coverage 34
Figure 31 Life coverage, 2013 34
Figure 32 Personal accident coverage 35
Figure 33 Health coverage 36
Figure 34 Property and agriculture coverage 37
Figure 35 Social pension coverage and benefit levels in LAC 39
Figure 36 Microinsurance and government health care 46
Table 1 Maximum annual premiums 25
Table 2 Lives covered, millions 29
Table 3 Coverage ratio, percentage of population 30
Table 4 2013 Written premiums (WP) - total and microinsurance, USD MM 32
Table 5 Social pensions in LAC 40
Table 6 Estimates of public health care coverage 42

Acknowledgements

Researchers

Mariah Mateo Sarpong, Jackie Rogers, Sarah Ebrahimi, Alyssa Villaire, Regina Cornish, Leticia Gonçalves

Aggregators

Inter-American Federation of Insurance Companies - FIDES

Argentina - Asociación de Compañías de Seguros

Brazil - Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (CNSeg)

Chile - Asociación de Aseguradores de Chile

Colombia - Federación de Aseguradores Colombianos (Fasecolda)

Costa Rica - Asociación de Aseguradoras Privadas de Costa Rica

El Salvador - Asociación Salvadoreña de Empresas de Seguros

Guatemala - Asociación Guatemalteca de Instituciones de Seguros

Honduras - Cámara Hondureña de Aseguradores

Mexico - Asociación Mexicana de Instituciones de Seguros (AMIS)

Nicaragua - Asociación Nicaraguense de Aseguradores Privadas

Panama - Asociación Panameña de Aseguradores

Paraguay - Asociación Paraguaya de Compañías de Seguros

Peru - Asociación Peruana de Empresas de Seguros (APESEG)

Uruguay - Asociación Uruguaya de Empresas Aseguradoras

Venezuela - Cámara de Aseguradores de Venezuela

The authors would like to thank Felipe Botero, Miguel Solana, Bert Opdebeeck, for their valuable input to the process and publication.

A special thank you to all the insurers and aggregators who used their time and efforts to provide data for this study. Without them we would have nothing to present.

Thank you to reviewers: María Victoria Sáenz, Pedro Pinheiro, Manoj Pandey, and Mariah Mateo Sarpong who all improved the value of this document.

Michael J. McCord

Katie Biese

Abbreviations

AMIS	Asociación Mexicana de Instituciones de Seguros (Mexican Association of Insurance Institutions)
AOV	Algemene Oudedags Voorzieningsfonds (General Old-age Provident Fund)
APESEG	Asociación Peruana de Empresas de Seguros (Peruvian Association of Insurance Companies)
CNSeg	Confederação Nacional das Empresas de Seguros Gerais, Previdência Privada e Vida, Saúde Suplementar e Capitalização (National Confederation of General Insurance, Private Pension and Life, Health Insurance and Capitalization)
CSS	Caja de Seguro Social (Social Security)
FIDES	Inter-American Federation of Insurance Companies
FONASA	Fondo Nacional de Salud
GDP	Gross Domestic Product
GWP	Gross Written Premium
IDB	Inter-American Development Bank
IESS	Instituto Ecuatoriano de Seguridad Social (Ecuadorian Institute of Social Security)
IGSS	Instituto Guatemalteco de Seguridad Social (Guatemalan Institute of Social Security)
IHSS	Instituto Hondureño de Seguridad Social (Honduran Institute of Social Security)
ILO	International Labor Organization
INSS	Nicaraguan Institute of Social Security
IT	Information Technology
KPIs	Key performance indicators
LAC	Latin America and the Caribbean
MFI	Microfinance Institution
MI	Microinsurance
MM	Millions
MNO	Mobile network operator
NHF	National Health Fund
OANCP	Old Age Non-Contributory Pension
OECD	Organisation for Economic Cooperation and Development
PA	Personal Accident
PAHO	Pan-American Health Organisation
POS	Point of sale
PSF	Family Health Programme
RHAs	Regional Health Authorities
SBS	Basic Health Insurance
SGSS	Sistema General de Seguridad Social en Salud (General System of Social Security in Health)
SHI	Social Health Insurance Scheme
SILAIS	District System for Integrated Healthcare Delivery
SME	Small and Medium Sized Enterprise
SNIS	Sistema Nacional Integrado de Salud del Uruguay (National Integrated Health System of Uruguay)
SNMN	National Maternal and Child Insurance
SSPAM	The Health Insurance for Older Adults
SUMI	Universal Maternal and Child Insurance
SUS	Sistema Único de Saúde (Health System)
USD	United States Dollar[1]
WMM	World Map of Microinsurance

[1] USD exchange rates are the 2013 period average, sourced from Oanda.com as the average interbank bid rate for the past 1 year, as of Jan 1st 2014.

Executive summary

With the present study, the Microinsurance Network's World Map of Microinsurance has identified the details of microinsurance activities in Latin America and the Caribbean (LAC) as of 2013. The study analyses comprehensive data from almost 100 insurance companies in LAC. These companies together manage over 200 microinsurance products with USD 828 million in premiums, and cover almost 8% (or 48.6 million people) of the total population of the region. As a comprehensive understanding of the environment in which insurers operate is crucial to the sustainability of the microinsurance sector, this study focuses on their needs, providing valuable and actionable market intelligence of emerging trends and vibrant shifts in the various markets throughout the region.

Initial indications are that microinsurance can be profitable; the LAC market is dynamic and is displaying new growth areas. Companies that offer microinsurance report that microinsurance gross written premiums (GWP) account for an average of 1.7% of their total written premiums. Though premium growth on an aggregate comparative basis from 2011 to 2013 was just 3% across the region, when excluding Brazil microinsurance premium growth was about 33% over the two-year period. Claims ratios across product lines have a weighted average of about 26%, consistent with the data collected in 2011.

Dynamism characterises the market, with 30 companies launching new products. Microinsurance products that continued since the previous study experienced dramatic but altogether positive shifting. Such significant product shifts are not limited to programmes with very little outreach but include those with millions of clients, demonstrating that no programme is exempt from assessment and restructuring. Regarding discontinued microinsurance business, 20% of the products reported in 2011 were no longer offered in 2013. However, for 73% of people covered by those products, the product was redesigned and replaced by another microinsurance product.

The region is increasingly focusing on mass markets, with insurers either shifting to the mass market from microinsurance or entering the market focused specifically on the mass market. 45% of respondents not currently serving the low-income market plan to offer mass market products, while only 33% plan to offer microinsurance. It is becoming clear that micro and mass insurance expansion is being driven massively by the availability and motivation of distribution channels. MFIs are no longer the key distribution channel in terms of premiums, with alternative channels reaching up to 60% more people per product and exhibiting the greatest expansion since the 2011 study. The movement from agents and brokers to more diverse distribution has resulted in reduced expense ratios for insurers; the weighted average expense ratio for agents and brokers is about 76% while that for the other distribution types is between 30% and 40%. Though still behind other regions in terms of mobile linkages, LAC stands to make important strides over the next years with 10% of insurers using cell phone technology in some way, 25% planning to partner with an MNO and 50% "interested but no concrete plans".

The increasing market power of the intermediary is also apparent in the levels of commissions paid, which can be anywhere between 1% and 61%, with credit life, term life, and personal accident products showing the highest commission rates. From the respondents' data, the trend line actually moves towards a combination of both high administrative costs and high commissions. The majority of responding insurers reported

Microinsurance in LAC 2013

94 providers from 21 of the 32 countries in the region reported microinsurance activity

- USD 828 million in microinsurance premiums
- 7.9% of total population
- 200+ identified products
- 48.6 million total people insured*
  - 32.5 million - Life
  - 20.9 million - Accident
  - 19.7 million - Credit Life
  - 7.6 million - Health
  - 2.2 million - Property
  - 2.2 million - Agriculture**

* Note that the volume of coverage by product type adds up to more than the total covered lives, reflecting that many products are offered as riders and add-ons to a primary microinsurance product. Thus many people are protected against more than one type of risk.

** Agriculture covers include government-subsidised insurance programmes, which were excluded in the 2011 study.

combined ratios between 35% and 95%, providing solid support for the profitability of microinsurance.

Administrative costs in LAC across all product lines accounted for about 25% of premiums on a weighted average basis. However, only 9% of insurers reported that they account separately for microinsurance expenses, which makes it difficult to understand clearly the profitability of microinsurance products. In technical advancements, LAC is still lagging somewhat behind Africa and Asia, especially in terms of mobile opportunities. Only about a third of the LAC insurers either use or intend to use some form of mobile technology to facilitate their processes.

The initial LAC landscape studies showed that the region experienced tremendous growth in the microinsurance market. Now it has shown more direction and deliberate moves toward purposeful and varied growth. This report brings to light some key opportunities for providers to improve their business. Firstly, distribution approaches are pivotal to the effective expansion of microinsurance. Secondly, technology has the potential to increase efficiencies and reduce administrative costs even further. Finally, greater confidence is generated by experience, and additional competition should have the effect of increasing the claims ratios seen in LAC to more traditional levels. Filling in the gaps still leaves innovative and committed insurers with major opportunities.

1. Introduction

Understanding the environment in which stakeholders operate and do business is crucial to the sustainability and profitability of the microinsurance sector. This study analyses the comprehensive data provided by almost 100 insurance companies from 32 countries[2] in LAC to provide insurers with essential insights into the microinsurance markets of Latin America and the Caribbean (LAC) and offer a perspective of products and profitability, premiums and policyholders. The study identifies where markets are functioning well and why, investigating where microinsurance is succeeding or failing and the corresponding triggers. In analysing the data provided, we can better understand the dynamics of microinsurance in the region and the environment in which it operates. The study focuses primarily on the needs of insurers, providing valuable and actionable market intelligence of emerging trends and vibrant shifts in the various markets throughout the region.

In 2013, insurance in LAC was worth USD 184 billion in gross written premiums (GWP), representing a 10% increase from 2012.[3] This is an active and growing insurance market that is responding to the opportunities provided by a growing middle class earning USD 10 to USD 50 per day. "After decades of stagnation, the size of the middle class in LAC recently expanded by 50 percent—from 103 million people in 2003 to 152 million (or 30 percent of the continent's population) in 2009."[4] However, even with this middle-class boom, the low-income (the vulnerable[5] and the poor) still represent about 60% of the population. Those classed as vulnerable alone represent about 40% of the region's 600+ million population[6]. Thus, there remains dramatic growth potential for innovative and efficient insurers in LAC.

The growth of the middle class presents an opening for insurers to provide mass market covers – from life insurance in a can (like Suramericana Colombia), to appliance warranties (like Seguros Azteca in Mexico) – that are basically client agnostic. At the same time, important efforts have been made to facilitate the mobility of low-income people to the middle class through insurance, helping them to protect what they have gained, reducing vulnerability, and enabling sustainable progress. Thus, many insurers have also focused on microinsurance (defined in Figure 1, with further details in Appendix B).[7] "Microinsurance" intentionally focuses on the low-income market, which provides an opportunity to build a market for the future, as those market participants also rise into the middle class.

FIGURE 1
MICROINSURANCE DEFINITION

[2] Data was provided voluntarily by insurers in response to a formal survey. Not all insurers participated. Insurers were provided a promise of anonymity of their data. Insurers from 11 of the 32 countries reported having no microinsurance. Nine institutions from the previous landscape study declined to participate (accounting for 3.7 million lives reported in 2011). An additional dozen or so are believed to offer microinsurance, and also declined to participate.

[3] Swiss Re Sigma, 3/2014.

[4] Ferreira et al. (2012) "Economic Mobility and the Rise of the Latin American Middle Class". The World Bank.

[5] The "vulnerable" are those between the poor and the middle class. Often consider to be those living on between USD 4 and USD 10 per day. These make a good market for insurers as they are generating income from which they can pay premiums.

[6] Ferreira et al. (2012) "Economic Mobility and the Rise of the Latin American Middle Class". The World Bank.

[7] Note that the data responds to the definition of the World Map of Microinsurance project and does not necessarily reflect the definition of the jurisdiction in which the insurance is offered. For example, although microinsurance was identified in Brazil in 2011, no microinsurance products were actually registered until 2012 when the microinsurance regulation was implemented.

2. Business Case

As the market is dynamic with increasingly more providers, coverages, and new growth areas, initial indications are that microinsurance can be profitable in the LAC region. The full business picture shows that internal administrative costs are relatively low for doing business in LAC, though commissions are high and claims are fairly low. Keeping administrative expenses low and managing the costs of distribution have been major issues for microinsurance in the region and insurers continue to face the challenge of balancing these components of cost – commissions, premium collection, claims settlement, data management, marketing etc.– while still providing value to low-income clients so that renewal and persistency rates can reach robust and sustainable levels.

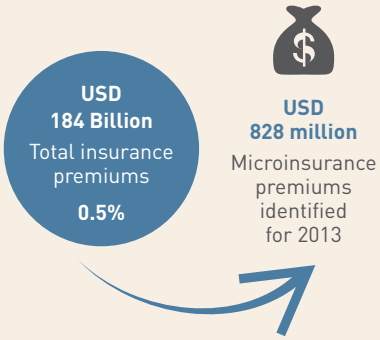
This snapshot of the business case for microinsurance provides some strong evidence in support of the common perceptions that micro life and accident covers are profitable. It also provides some initial indications that non-comprehensive health covers and property covers might also be profitable. The various components of the business case provide key insights and gaps in the market:

- Low claims ratios present an opportunity for insurers to improve benefits for low-income clients. As insurers get more and better data on and experience with the low-income market, these ratios should rise while still leaving room for profit.
- While reported expense ratios are reasonable, suggesting that insurers have found a way to manage or share the costs of microinsurance provision, there is still room to reduce expenses via technology and well-structured distribution partnerships, and there is also a need to better track and understand the costs.
- High commissions reflect the market power of distribution channels. It is unclear whether commissions reflect actual costs of distribution plus a fair profit, or whether they include a "premium" for market access. With distribution as a key factor in sustainable microinsurance, and with lessons and insights of its own as discussed in the following section, the need for fruitful partnerships is apparent.

Mixed premium growth

Microinsurance has yet to gain premium significance compared to the total insurance business in the region (Figure 2). For those companies offering microinsurance (with total insurance premiums of about USD 50 billion), microinsurance gross written premiums (GWP) account for an average of 1.7% of their total written premiums. At the company level, the relative importance of microinsurance ranges from negligible to 100%, with a few microinsurance-only providers in the region. For half of the microinsurance providers reporting to the study, microinsurance accounts for less than 2.5% of total revenues while 10% of providers receive more than 33% of their revenues from microinsurance. Thus, for some companies, microinsurance is becoming an important part of their business. At the country level, microinsurance is reaching financial significance as well, particularly in some of the smaller, less populous countries (Figure 3).

FIGURE 2
LAC GWP TOTAL INSURANCE AND MICROINSURANCE



Premium growth on an aggregate comparative basis[8] from 2011 to 2013 was just 3% for the region (Figure 4). The relatively low growth rate was driven by significant downward movements in a few large programmes which stopped offering microinsurance or shifted to the mass market. This is particularly true in Brazil, which accounts for 30% of the microinsurance premiums in the

FIGURE 3
MICROINSURANCE GWP AS PROPORTION OF INDUSTRY GWP
(Top 3 countries with highest proportion of microinsurance)

[8] Comparable rates are calculated based on 2013 USD, including only those companies that reported data in both periods, plus new market entrants.

FIGURE 4
COMPARABLE GROWTH IN GROSS WRITTEN PREMIUM, 2011-2013

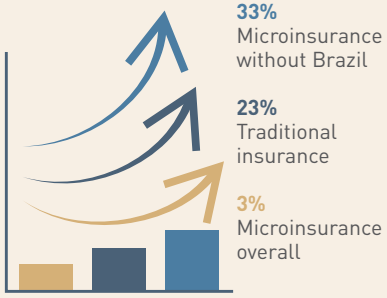


FIGURE 5
ALLOCATION OF PREMIUM BY PRIMARY PRODUCT TYPE

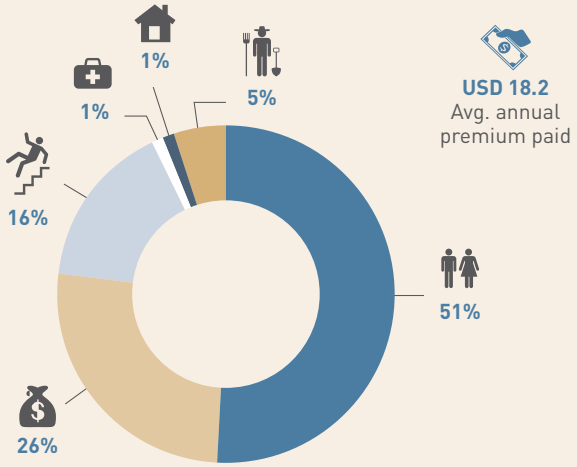
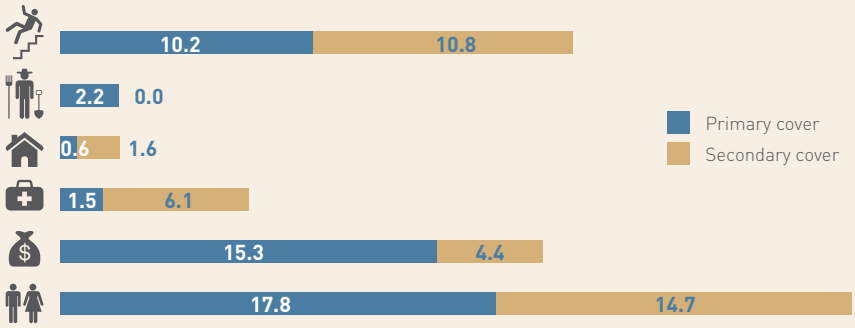


FIGURE 6
PRIMARY VS. SECONDARY COVERS (MM LIVES COVERED)



region. When excluding Brazil, microinsurance premium growth across the region was about 33% over the two-year period. Microinsurance premiums have actually surpassed overall insurance market growth in the region of 23% over the same period,[9] while the aggregate economies of the region grew by about 5%.[10] The more rapid growth reflects the relatively low baseline level of premiums for microinsurance in 2011, increased innovation in distribution, and an upward movement in average premiums paid for microinsurance.

Microinsurance premiums were collected primarily on life and personal accident (PA) products (Figure 5). Products outside this group represented only 7% of premiums received. Commonly, life and PA products tend to have the greatest profit potential and thus the prime focus in the region. However, life and PA are not the only profitable products and, if done correctly, health, agriculture, and property covers represent an opportunity for insurers in the region.

As basic product types are dominating the LAC market, very low premiums (averaging about USD 1.50 per month) were perhaps unsurprisingly found rather consistently across the region. At the country level, average annual premiums ranged from USD 1 to USD 75, representing between 0.02% and 1.5% of GDP/capita within those different countries. Although low premiums must cover claims, administrative and distribution costs, most insurers in this market are finding this a profitable business, as the following sections will show.

Though basic covers dominate, almost half of the microinsurance products reported to this study are sold as bundled products: life and PA, health and life, and other combinations. The primary products are commonly credit life and term life covers, and the add-ons or riders are others like PA, health, or other types of life covers. For example, where life is the primary product about 60% of the time, health is commonly an add-on, being sold as a supplementary cover about 80% of the time (Figure 6). This reflects the tendency for insurers to offer health covers primarily as supplementary coverage such as dread disease ("critical illness")

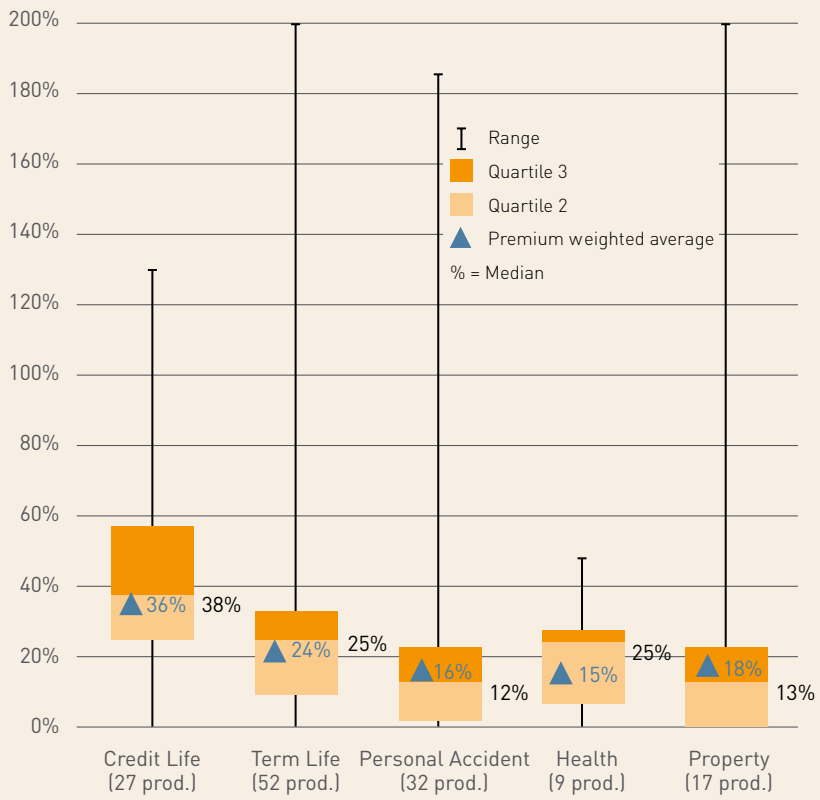
[9] Swiss Re Sigma (3/2014) notes that total premiums in the region increased by 23.2% for Life business and 15.6% for non-Life business for total insurance premium growth of 18.4% over the two years. Excluding Brazil, premium growth over the two years was 26.5%, 22.7%, and 23.9% respectively.

[10] World Bank. This was an unusually sluggish period for LAC economies.

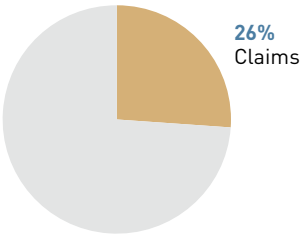
or hospital cash ("supplemental medical") policies. Insurers have recognised in LAC that comprehensive medical cover is too expensive to offer effectively, and that in a number of countries, state-run health insurance programmes cover many of the basic needs of the low-income market (See Appendix F). This creates an opening to provide complementary covers within a range that can be profitable.

Though it is not necessarily the case in other regions, property and agriculture policies are largely sold unbundled in LAC. Selling as stand-alone products has the potential to limit the expansion of those products. While over 80% of property products are offered as stand-alone covers, these products have very low outreach (total of 0.6 million people). Secondary property products, though less numerous, have had more success at reaching a critical mass: just four products account for the remaining 1.6 million lives covered for property, offering limited coverage as a secondary cover to personal accident policies (such as items stolen during a robbery). Agriculture products, with average premiums of almost USD 70 per year, are rather expensive for the low-income market, and thus appear to require subsidies to generate significant volumes.

FIGURE 8
CLAIMS RATIOS BY PRIMARY PRODUCT TYPE

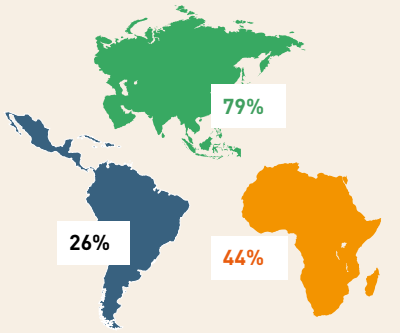


Regional claims



The market in LAC is almost entirely commercially driven and claims ratios[11] across product lines have a weighted average of about 26% (22% median), consistent with the data collected in 2011. This is significantly lower than in Africa (44%) and Asia (79%) (Figure 7). In Africa, insurers tend to be rather small, and there is significant health cover offered through mutuals which tend to have a higher claims rate offset by other expenses being transferred to members. In Asia, the markets have been significantly driven, or at least "guided", by regulation. This has led to large volumes of product sold, in turn providing the advantages of economies of scale, plus a higher level of health cover which commonly has a relatively high claims ratio.

FIGURE 7
AVERAGE CLAIM RATIOS BY REGION



The distribution of claims ratios by product type are shown in Figure 8. The claims ratio driver of LAC is life cover, the most abundant product in the region with a 28% weighted average claims ratio (28% median) across life covers. The competition is driving premiums down and pushing coverage of greater risks, though even for life products the ratios are still low and below traditional market averages.

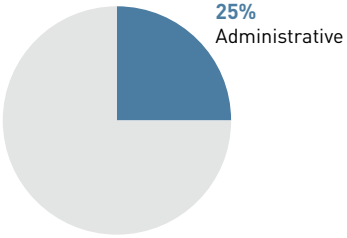
[11] Claims and premium data were reported for over 2/3 of products, accounting for USD 446 M in premium volume. Claims ratios were calculated as the value of claims paid / gross written premium in a particular period. See Appendix B for more details on the methodology.

The low claims ratios in LAC suggest that insurers still are not confident in their understanding of the risk of microinsurance products, leading to substantial loading of premiums, in a market where large segments are better able to pay somewhat higher premiums. Indeed, the highest claims ratios are seen with credit life products, which are easier to price, are usually more familiar to insurers, and which tend to be commoditised, leading to downward pricing pressures. Greater confidence in experience data and additional competition should have the effect of increasing the claims ratios to more traditional levels. Those insurers who learn quickly have a real market advantage in attracting scale from among the huge potential market.

Health claims are uncharacteristically low. Although this certainly is impacted by the complexity of many of the products (significant limitations and exclusions) it may also reflect limited understanding of the product. With most health covers provided as secondary it is possible that policyholders are not clear on the details of coverage nor claims procedures. Also, where traditionally claims are the cost driver of health insurance, Koven and McCord (2014) note that commonly administrative costs for health microinsurance are significantly higher than claims costs because of the operational requirements and limited ability to offer more expensive products within this market.

In 2013, three out of every four products reported claims ratios lower than 40%. Almost one-third of products were reported as having a claims ratio of 10% or less. Although such low claims ratios may seem great for insurers, they may prove counterproductive in terms of building an insurance market, and are ultimately a problem for clients and providers alike. Over 80% of respondents noted that the market does not understand insurance and over 70% included market education as one of the top three needs for the development of microinsurance in the region. However, paying claims as promised is the most effective way to build (and educate) the market. The act of receiving a claim payment has a positive impact on the beneficiary, as well as their neighbors and friends. From the traditional market, we know that when claims are paid in an area, insurance sales improve. Payment of claims, when they are legitimately due, is key to expanding the market. Thus, financial education becomes most important when there are good products to sell that are serviced efficiently.

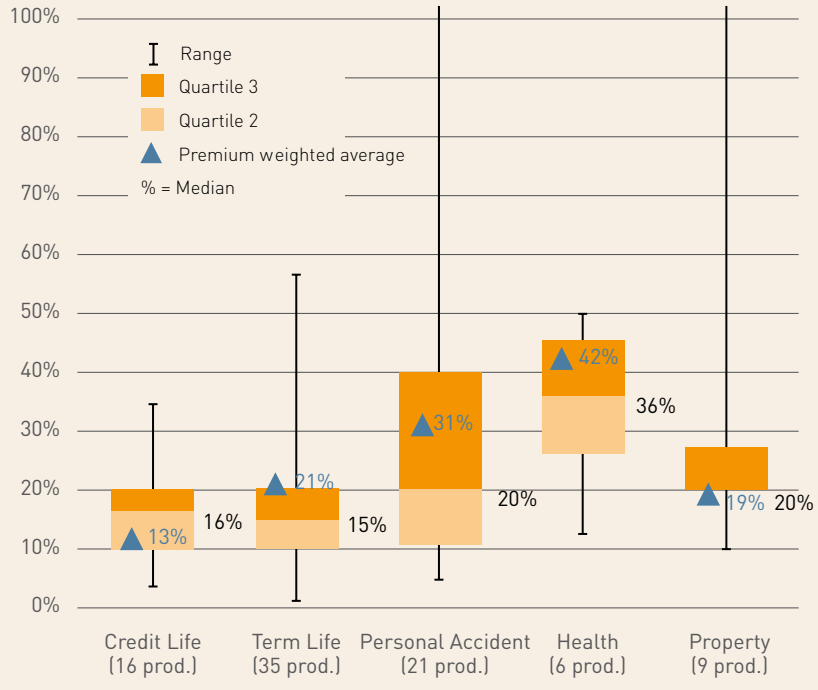
Administrative costs and the importance of technology



One of the most important components of financial success in microinsurance is the ability to minimise administrative costs. Thus, the industry has pushed activities to intermediaries, reviewed processes to cut costs where appropriate and, of course, taken advantage of economies of scale. In the region, administrative costs (excluding commissions) across all product lines accounted for about 25% of premiums on a weighted average basis (17% median).[12] Business profitability and value for clients is predicated on low administrative costs.

On a premium-weighted average basis, life insurers calculate about a 21% expense ratio (15% median) for term life and 31% for personal accident (20% median). As suggested above, insurers report a higher ratio of 42% (36% median) for the health insurance products (Figure 9). A higher expense ratio for personal accident policies is related to a third of all PA products having additional covers, which

FIGURE 9
EXPENSE RATIOS BY PRIMARY PRODUCT TYPE



[12] Administrative cost data was reported for almost 100 products, accounting for a premium base of USD 337 million. Ratios were calculated as administrative expenses (excluding commissions) over gross written premiums. See Appendix B for more information regarding the methodology.

accrue additional administrative costs, and confront a claims processing procedure that is more onerous as the beneficiary must provide documents, which must then be reviewed, to get the claim.

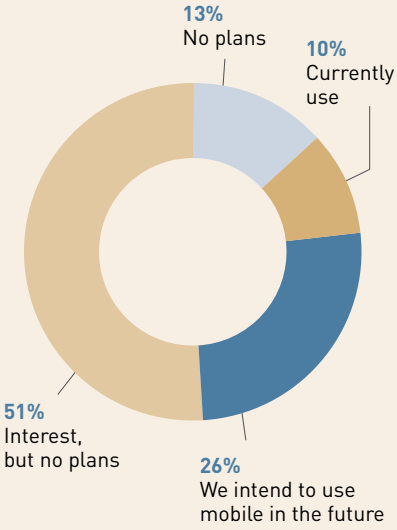
Technology is increasingly necessary for cost-effective transactions in microinsurance at both the front end and the back end. In other regions mobile technology, for example, is a key component of front end operations. Insurance is a business that requires large numbers. Insurers in companies with larger microinsurance risk pools note the impossibility of getting to volumes efficiently without user friendly customer interface systems together with systems that can easily track, monitor, and report the results of operations. All of this can be done without operator touch. However, few back office systems are available that are sufficiently capable, though much work has been done across the globe focusing on enhancing the client interface with mobile phones, POS technology, chip and swipe cards, and other technologies.

Ever more insurers, particularly in Africa and Asia, are using mobile phones to collect application data, provide the policy "document", collect the premiums out of mobile money accounts, act as the conduit to customer service, and facilitate claims processing and payments. From the experience of other regions, it is clear that mobile phones have an important role in the future of microinsurance, specifically because they help to reduce administrative costs and speed up transactions. Given a scan or even mobile photograph of claims documentation and a mobile money account owned by a beneficiary, some insurers are able to pay claims within minutes of application receipt, instead of days or weeks. Those without advanced technology will begin to fall behind.

In LAC however, the experience is much different and lags behind the technical advancements that mobile opportunities bring in Africa or Asia. When asked directly, only about a third of the LAC insurers either use mobile technology or intend to use it in the future (Figure 10). Two microinsurance brokers that generally focus on mobile microinsurance, MicroEnsure and Bima, have seen tremendous growth (tens of millions covered) in Africa and Asia. Bima has just recently started activities in LAC (Paraguay, Honduras, and Haiti). This should help with the expansion of at least mass insurance in the region, whilst mitigating high administrative requirements.

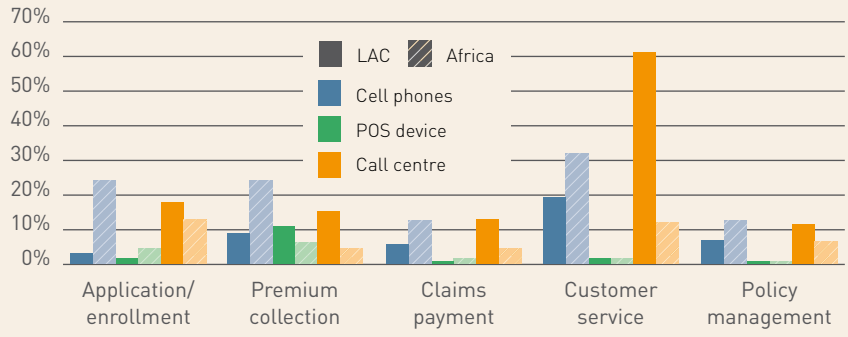
Although front office technology like mobile phones is appealing, the more critical element is back office technology to efficiently process the volume of transactions and link into distributor systems to minimise or eliminate the need for manual activities in microinsurance. In LAC, respondents noted use of either paper forms or technology about evenly. Technology was more prevalent than paper in terms of premium and policy management, while paper was more prevalent for enrolment and claims. Each of these components has significant cost implications (as does the acquisition and servicing of back office software, and fees to mobile providers). However, it has become clear that scale is required for real success in microinsurance, and without efficient means to manage such scale failure is likely, as was seen in the departure of several insurers between 2011 and 2013.

FIGURE 10
USE OF MOBILE TECHNOLOGY



In an effort to increase efficiency and bring costs down, LAC has focused more on call centres as an approach to core microinsurance activities, while in Africa insurers have focused more on mobile technology. In each key activity, Africa and LAC have predominantly used cell phones and call centres, respectively, to reduce administrative costs while improving customer contact (Figure 11). In LAC, insurance interactions with mobile networks have been limited, though this is likely to change in the coming few years. This change is likely simply because insurers continue to search for large volume distributors such as MNOs

FIGURE 11
USE OF SELECTED TECHNOLOGY IN LATIN AMERICA AND THE CARIBBEAN AND AFRICA



that could suit the region's needs, especially since the markets are moving to mass already. The entry of BIMA and Tigo in three countries in LAC in 2014 foreshadows a more comprehensive approach to microinsurance distribution.

The key determinant of shifting in LAC will be the approach and cost of access to the MNOs. In general, the distribution costs to insurers using MNOs have been substantially mitigated where MNOs see microinsurance as an incentive for attracting, retaining, and enhancing air time use by customers. POS machines see limited usage and appear to be dropping in prevalence as mobile and call centres expand. As insurers look for ways of reducing administrative costs in microinsurance, and in insurance in general, technology is a necessary input, both in the front and back office.

Less than half of the respondents to the study were able to provide clear information on their microinsurance operating costs, and most of them only after conducting ad hoc costing exercises for the purpose of this study. 68% of insurers said they measure the performance of their microinsurance operations with financial performance indicators, yet just 9% of insurers reported that they account separately for microinsurance expenses.

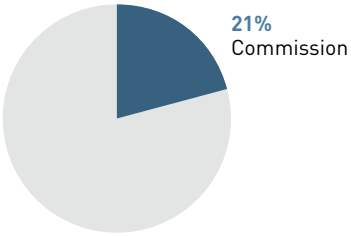
Without understanding the cost structure of microinsurance offerings it is impossible to clearly understand the profitability of the product. A "low" claims ratio does not necessarily translate into profits. Administrative expenses are important components to the profitability equation and without understanding these costs, insurers are operating blindly. The management guru Edward Deming noted, "running a company on visible figures alone" is one of the seven deadly sins of management. Not understanding the cost structure of insurance products is a deadly "sin".

68%
The majority of providers measure success of microinsurance with financial KPIs...

≠

9%
...yet few actually track microinsurance expenses.

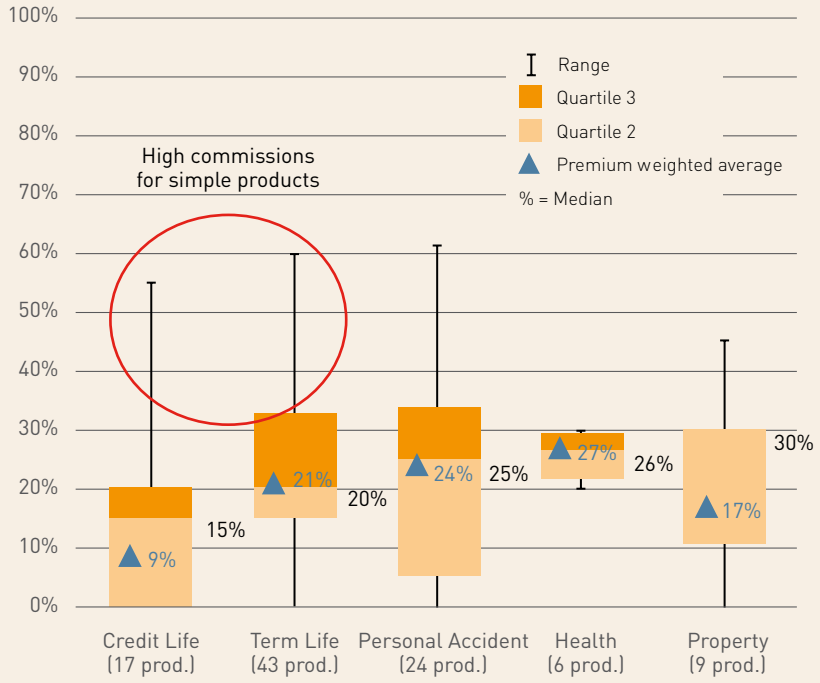
Commissions as a key component of distribution



Respondents noted commissions paid to intermediaries of between 1% and 61%.[13] Higher volume distributors often charge the highest rates because they know insurers can find no other distribution with the volumes they offer. Additionally, though no one would officially include it in their commission rates, nor in their administrative costs, larger distributors in LAC are increasingly charging "exclusivity fees", "partnership fees", or other fees charged up-front before even one policy is sold. These fees can be in the millions of US dollars[14], and have a major impact on the cost of offering insurance.

Respondents' median commission rates were rather consistent, ranging from 15% for credit life to 30% for property covers (Figure 12). In general, the lower average and median commission rates for credit life and term life are a sign of high competition for the financial institution market, primarily for MFIs. That said, some of the highest commission rates in the sector are found with credit

FIGURE 12
COMMISSION RATES BY PRIMARY PRODUCT TYPE

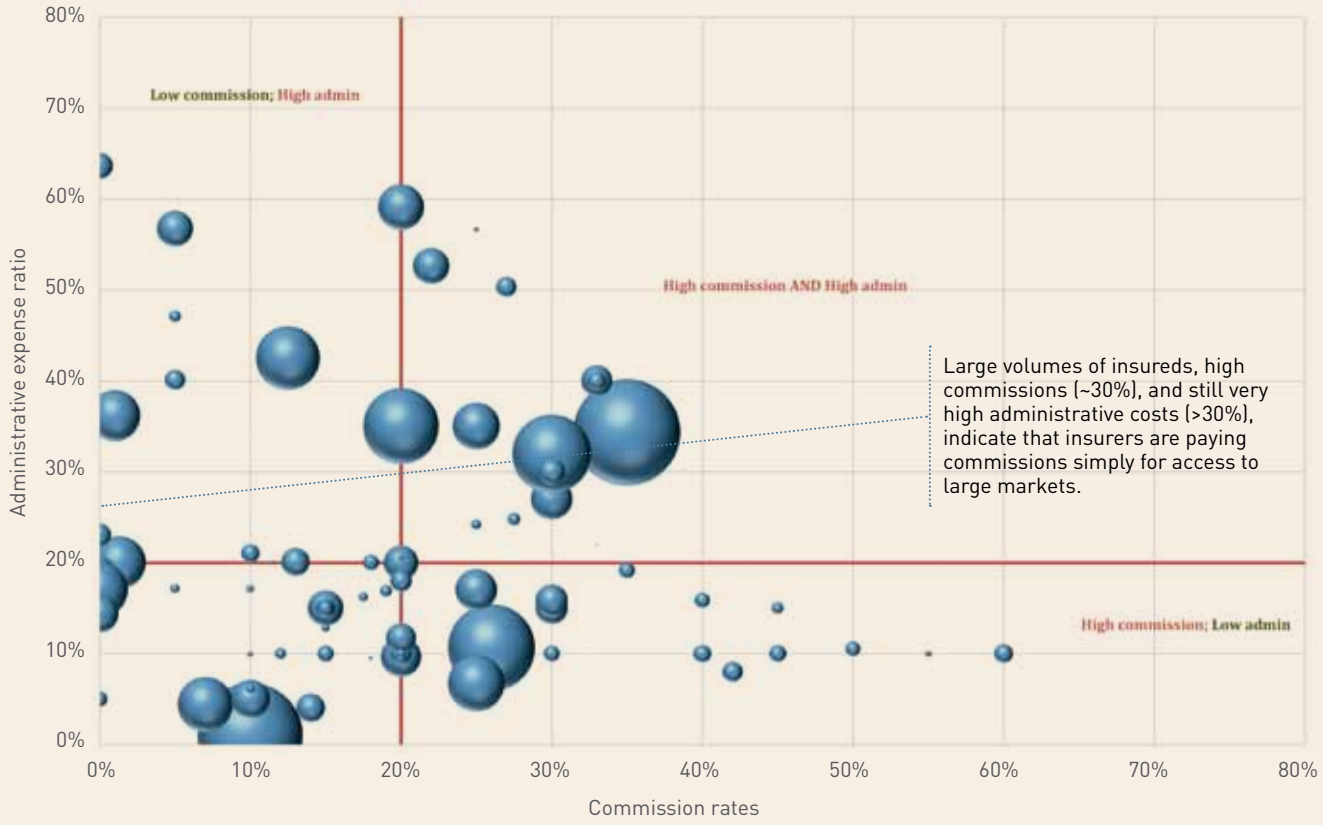


[13] Commission data was provided for 113 products, with a premium base of USD 340 M.

[14] Based on numerous discussions by the author with insurers and brokers in Mexico, Colombia, Brazil and elsewhere in the region.

FIGURE 13
ADMINISTRATIVE EXPENSES VS. COMMISSION RATES

The size of bubble is proportionate to number of insureds



life and term life products. These reflect a few MFIs with high outreach that demand a very high commission rate, as well as those seeking to generate additional non-interest, microinsurance commission income, driven by the limitations imposed by microcredit usury laws in some countries.

Ideally, commission rates for intermediaries should be based on the costs of selling and servicing a product, plus a fair level of profit. Thus, when aligning administrative costs and commissions, one should see that higher commissions should lead to lower administrative costs (since the intermediary should be doing more to service the product, and the insurer less), and lower commissions should result in higher internal administrative costs. Figure 13 considers >20% of premiums for each of administrative and commission costs to be "high" (indicated by the red lines). Note that at the intersection the cost to the premium is a total of 40% (excluding claims and profits). The reported data show no evidence of this expected trend that higher commissions should result in lower administrative expenses. Only at the extreme end of commissions (40% and up) do we see admin expense ratios consistently under 20%.

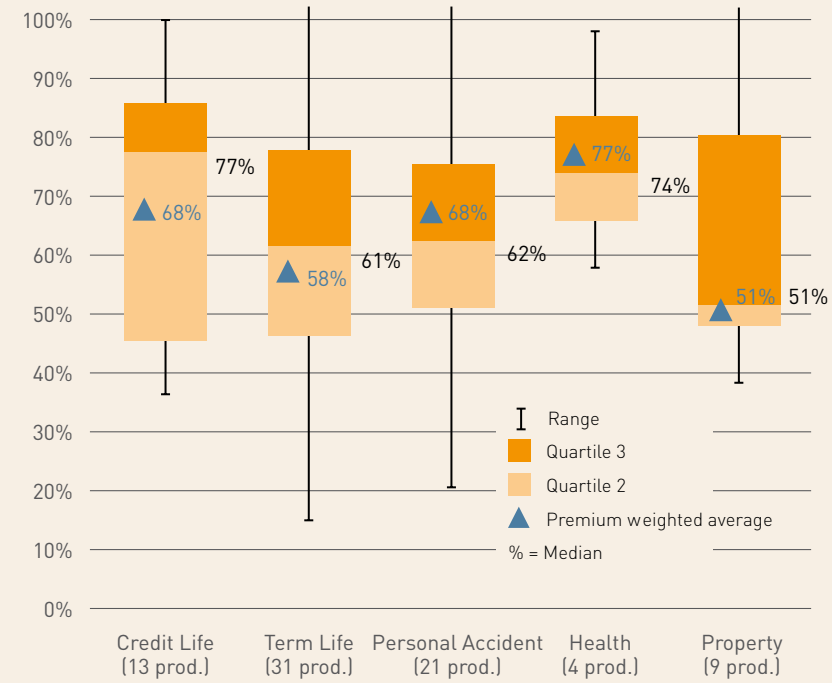
The substantial market power of the intermediary plays a significant role in shaping the landscape of microinsurance in LAC. Where the intermediary has a strong client base, they can and will charge insurers higher commissions, despite the only significant input to the process being access to clients. However, even then administrative expenses can end up very high, leaving limited room for claims and no room for profits.

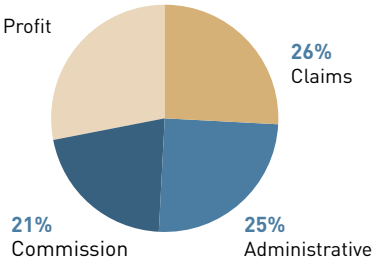
Is microinsurance profitable in the region?

The majority of responding insurers reported combined ratios[15] between 35% and 95%, providing solid support for the profitability of microinsurance. This is

[15] All of the KPIs necessary to calculate combined ratio were provided for 87 products (40%), accounting for USD 290 in premium (35% of the total identified market). Combined ratios were calculated by summing the claims ratios, expense ratios, and commission rates for each product. More information regarding methodology can been found in Appendix B.

FIGURE 14
COMBINED RATIOS BY PRIMARY PRODUCT TYPE





partly because the predominant products in the region, life and personal accident, are generally profitable.

In terms of profit potential, over 90% of respondents believe that there is a medium or high potential for profitable life and accident microinsurance products. This is borne out by the data, with just a handful of products reporting combined ratios greater than 100%. In contrast, the perceptions of health and property microinsurance products are much less optimistic. Just over ten percent of the respondents believe that there is a high potential for profits within these lines. This study does indicate profitability for health (hospital cash) and property microinsurance products identified (see Figure 14), having been offered as mandatory, bundled, and through high-volume distributors allowing for scale along with mitigation of adverse selection. However, few programmes reported offering these products. When more insurers track microinsurance key performance indicators (KPIs)[16] and segregate data, the business case will emerge more clearly.

Profits and value are intertwined in microinsurance. While low claim ratios do not necessarily mean high margins, the data for the combined ratio shows a comfortable margin for a majority of the programmes (Figure 14), with a weighted average of 64% (62% median). Even with comfortable margins after low claims ratios, there are still products in each of the categories that experience a combined ratio of 100% or more. Profits are not a given. But on the other extreme, with term life and PA, there are covers with reported combined ratios as low as 15%-20%.

Programmes that can keep their administrative costs down through the efficient use of appropriate technology, and work with distributors that charge a cost-based commission, are in a better position to offer clients more value, while ensuring their own profitability.

Recognising the potential for profits and the need for low-cost, massive distribution, LAC has, to a greater extent than Africa or Asia, turned to providing mass market products that are not focused on the low-income market, but rather are said to be accessible to the low-income market. This appears to have expanded profits through scale, yet potentially moves the market away from the needs of the low-income market.

[16] See MicroFact at: http://www.microfact.org/microinsurance-tools/

3. Mass vs micro

In the quest for profitability through scale and efficiency, insurers in LAC have focused on distribution channels that bring very large numbers. Through these channels, insurers are providing inexpensive products that might appeal to a wide range of people. These are sold through utilities, retailers, and others with large and broad markets. The market segmentation and specificity of microinsurance is not obvious in these mass market products. However, large numbers are being covered with basic products at relatively low prices. Figure 15[17] provides some considerations of mass and micro insurance to help differentiate the two.

FIGURE 15
CHARACTERISTICS OF MASS AND MICROINSURANCE

	Mass insurance	Microinsurance	
Channel	**Non-traditional channels:** retailers, utility companies, post offices, trade unions, pharmacies, mobile money agents, mobile network operators	**Traditional channel:** MFIs, organisations, cooperatives, microinsurance agents/ agents brokers, bank **and non-traditional channels**	Inclusive Insurance Markets
Product	**Simple products, designed by the channel** (life and non-life)	**Simple products, designed for needs of low-income** (life and non-life)	
Client	Addresses a wide ranging **client base of the mass channel**	Addresses **the low-income segment and their protection needs**	

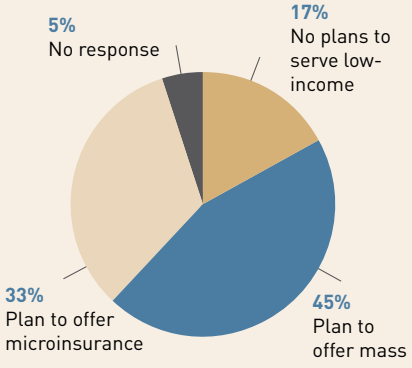
Pushing for the masses

Although insurers have an important role in developing appropriate products, providing efficient service, effectively managing relationships with distributors, and addressing regulatory issues, the key role for expansion in LAC lies with distributors. Without efficient and cost effective means of getting products to low-income people, the business model simply is not profitable.

Insurers in LAC in particular have been identifying and leveraging new and innovative approaches to distribution. This has pushed them into channels that serve a broader market beyond simply the low-income, blurring the line between microinsurance and mass insurance. More people are buying products, financial inclusion has increased, and distribution is moving LAC into the mass market. Over the next few years, this trend to mass markets will certainly continue and expand beyond the core group of mass market countries – Brazil, Mexico, and Colombia. Indeed, the other global regions are poised to make the same shift, following the lead of LAC.

LAC is focusing more and more on mass markets. Insurers are shifting to the mass market from microinsurance or entering the market focused on the mass market. In Brazil alone, USD 27 million in premiums shifted from micro to mass insurance between 2011 and 2013.

FIGURE 16
INTENTIONS OF PROVIDERS WHO ARE NOT CURRENTLY SERVING THE LOW-INCOME MARKET



A significant number of insurers note an intention to enter the mass market rather than focusing on the smaller potential pool of clients in the micro market (Figure 16). Addressing micro clients is more of a challenge for product development and marketing. The mass market requires less input and less careful product development. Plus, in most countries, there is a dearth of insurance products available to the middle-income groups, many of whom have had experience with no more than basic auto covers. Mass products help to fill that gap. Below is an example of an oft repeated conversation between the authors of the study and several senior insurers in a country in LAC:

Author: *Do you offer any microinsurance?*

Insurer: *No, we have insurance for everyone.*

Author: *Anything for the low-income market?*

Insurer: *They have access to our mass market products.*

[17] Martina Wiedmaier-Pfister. 2014. Presentation: 3rd Consultative Forum. Mexico City Mexico.

FIGURE 17
TOP 5 REASONS SOME INSURERS ARE NOT CURRENTLY SERVING THE LOW-INCOME MARKET

It is certainly not necessary or appropriate for all insurers to be involved in microinsurance. Indeed, this would dilute the business case. However, to understand where there might be systemic road blocks, insurers that do not offer microinsurance products in the region were asked why. The top reason that companies reported for not specifically providing microinsurance is a lack of distribution channels that can effectively reach the low-income market specifically (Figure 17). It is becoming clear that micro and mass insurance expansion is being driven not primarily by insurers, but by the availability and motivation of distribution channels. With increased use of mass market channels, such as retailers, utilities, banking correspondents and commercial banks, it is no surprise that mass products are finding easier distribution.

Three of the top five reasons for not entering the market – priorities, target market mismatch, lacking confidence in profitability – suggest that most insurers that are not in the market are not there because of a lack of interest in expanding beyond their traditional markets. Some further profitable examples of microinsurance might encourage entry, but this should not be a priority, especially if they are simply copying the life and PA products of those already in the market.

80%
of insurers (74% of microinsurance-providers, and 87% of non-providers) believe low-income clients have low knowledge of insurance

Lack of market intelligence and lack of distribution channels are both limiting factors of entry as well as expansion. As noted, distributors hold the keys to the markets. Examples from across the globe show that it is difficult to generate a business case when insurance company agents are selling individual microinsurance policies. Distributors and the IT systems to link them are important to drive microinsurance expansion.

The acknowledged lack of market understanding by insurers, and insurance basics by the market, is a fundamental issue. Better understanding is the key to better products and services and helps potential clients better understand the basics, which will lead to improved product uptake.

The best way to provide insurance basics and develop trust in insurers is to start building an insurance culture where insurers and clients clearly understand what is being bought and sold. Nearly 80% of respondents thought that the low-income population has a barely basic knowledge of the insurance that they are buying. Current insurers note that market information and literacy efforts were considered the most important aspect in developing microinsurance's place in the market (Figure 18). Positive perceptions on the realities and benefits of any insurance purchase will benefit any business model.

Distribution rules

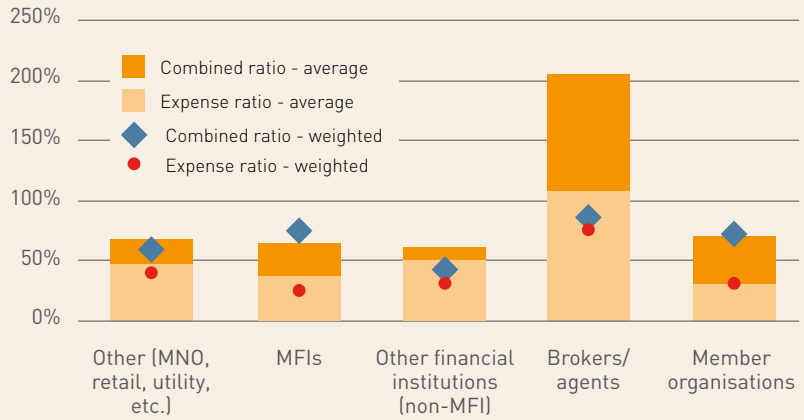
Throughout the region, microinsurance is increasingly turning into a quest for distribution channels that reach greater numbers of people. The fundamental need of insurers for large numbers to generate profits from relatively small premiums, coupled with the need for efficiency to keep acquisition and administrative costs low, pushes insurers towards a broadening array of distribution channels.

The movement from agents and brokers to more diverse distribution has resulted in reduced expense ratios for insurers (Figure 19). The weighted average ex-

FIGURE 18
PROVIDER PERSPECTIVES ON THE TOP INPUTS NEEDED FOR MICROINSURANCE DEVELOPMENT

1. Market education and financial literacy efforts
2. More favorable regulations
3. Better distribution channels and IT systems

FIGURE 19
COSTS BY DISTRIBUTION CHANNEL TYPE



Data is for 68 products accounting for 192 MM in gross written premium. For each of the channels this represents between 35% and 45% of the total premiums in that channel.

pense ratio for agents and brokers (administrative costs and commissions) is about 76% while that for the other distribution types is between 30% and 40%. This difference reflects significantly reduced potential profits, especially when considering the overall combined ratios. These expense ratios point to the need for overlapping microinsurance product sales and service with other services to leverage sunk costs from other entities. In many ways, this is the essence of the success of the mass market.

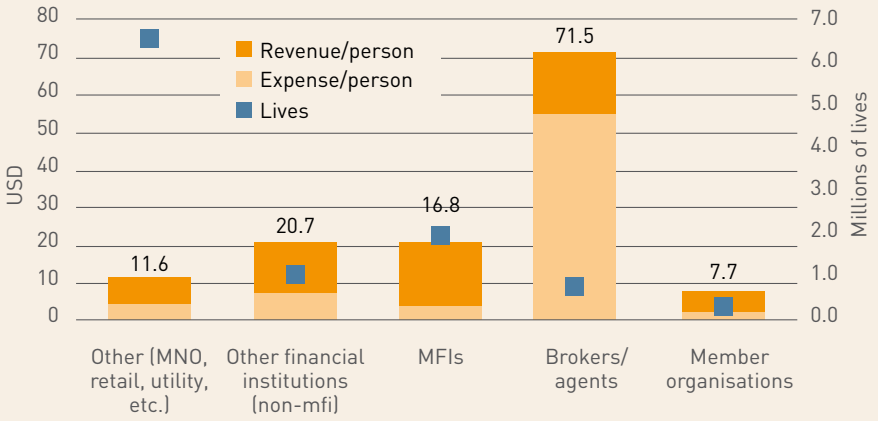
Analysis of revenues and expenses per person by channel (Figure 20) point out an important issue that may reflect the capacity of the market of the distributor to absorb premium costs and shines a light on the specific costs of servicing people within these channels.[18] It might be that retailers and other more passive channels must retain very low revenues per person so that the products are hardly noticed by policyholders in comparison to the costs of the product to which the insurance is attached.

In the region, 19 different channels provide microinsurance[19]. MFIs are no longer the key distribution channel, in terms of premiums. Mass market oriented channels - such as retailers, utilities, Mobile Network Operators (MNOs) - and agents/brokers provide substantially more premium volume, and in the case of other channels, more policyholders also (Figure 21)[20]. Though other channels also have growth limitations, it is likely that these distributors will increase their dominance of the microinsurance and mass insurance markets moving forward.

Improvements in leveraging products through various distribution channels to attract more policyholders have clearly been a trend in LAC. This helps to reduce relative fixed costs, expand the risk pool, and increase the potential for profitability. Efforts to push to more and more policyholders and more efficient premium volumes has resulted in the blurring of the lines between micro and mass insurance.

In microinsurance, MFIs still dominate a quarter of the market and remain an important legacy distribution channel. Non-MFI channels, sometimes called "alternative distribution channels", reach up to 60% more people per product, and also exhibit the greatest expansion since the 2011 study. In terms of number of products using the various channels, there was 38% growth for

FIGURE 20
REVENUES AND EXPENSES PER LIFE BY CHANNEL



Data is for 68 products accounting for 192 MM in gross written premium. For each of the channels this represents between 35% and 45% of the total premiums in that channel.

[18] Revenue per person is calculated as total premiums / number of people paying premiums. Expenses per person are calculated as (total administrative expenses plus total commissions) / total number of people covered. These are calculated by distribution channel and for 2013.

[19] For analysis purposes, the 19 channels have been consolidated into five broader categories that represent the main types of distribution channels.

[20] This Figure is based on products where all components were identified for each product. Thus, they account for 472 MM in premiums total, and 26 MM people, from the total.

FIGURE 21
OUTREACH AND REVENUES BY DISTRIBUTION CHANNEL

Millions of lives covered, including secondary covers.

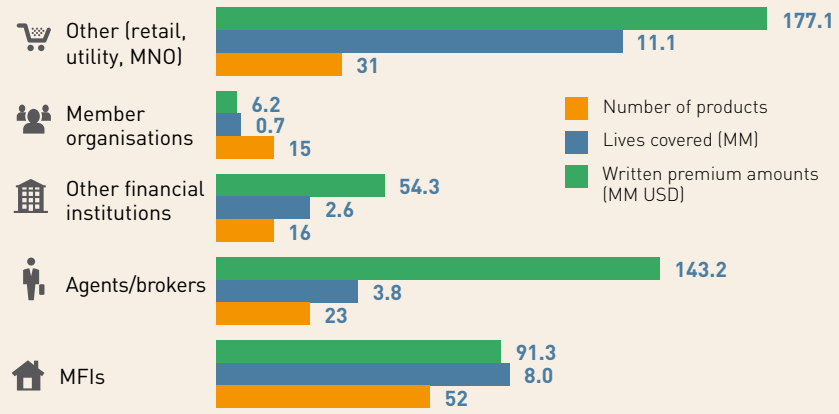
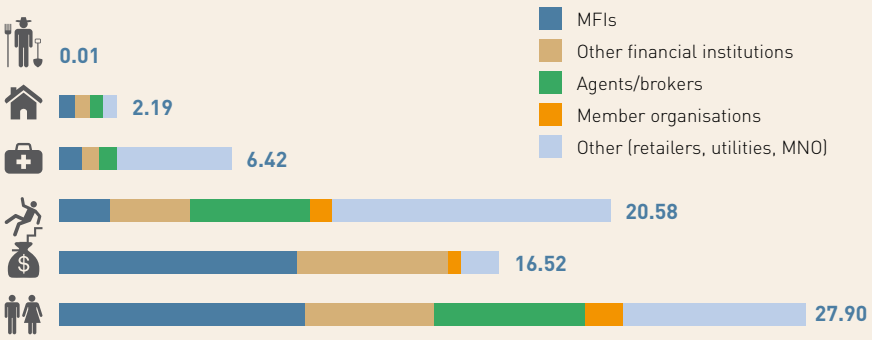


FIGURE 22
DISTRIBUTION CHANNELS USED BY PRODUCT TYPE



other financial institutions, 22% for passive channels, and 36% for member organisations. In contrast, the number of products distributed by MFIs increased by only 2%. This shows the shifting landscape of distributors as well as markets. Financial institutions have been increasing their penetration of microinsurance while also expanding microinsurance to a broader base of financial service customers. Passive channels are more and more attractive to insurers and also provide general products and services to a broader market than simply the low-income market. This suggests that as distribution channel types expand, there is potentially a decreasing focus on the low-income market, and a broadening of access to other economic groups that have also tended to be excluded from insurance.

MFIs and other financial institutions have dealt primarily with credit life and life covers, as these respond most closely to institutional needs, and sales of these products tend to be easy (typically as mandatory or automatic covers). This reminds us of the importance of identifying the needs of the distributors and how products must respond to those needs to create a lasting link. This adds to the complexity of microinsurance distribution, as most potential distributors will have focused value points which will open opportunities for insurers. Just like non-lenders will not want credit life covers for their clients, agriculture input sellers might see value in providing a weather risk product. If distributors drive microinsurance, their specific motivations drive them. Thus, significant expansion requires insurers to respond directly and clearly to the perceived needs of the potential distributors.

Figure 22 shows that only 7% of the covers offered by MFIs are for health or property, as they focus almost entirely on life and credit life protection. This could be a good potential market for the future as MFIs expand their product lines and better understand the benefits they would accrue with simple health products, as well as property protection. MFIs and financial institutions have traditionally been hesitant to supply agriculture products, but obtaining insurance protecting against particular crop losses has shown to help MFIs add agricultural lending products without much of the risk that has kept them out of this business in the past.

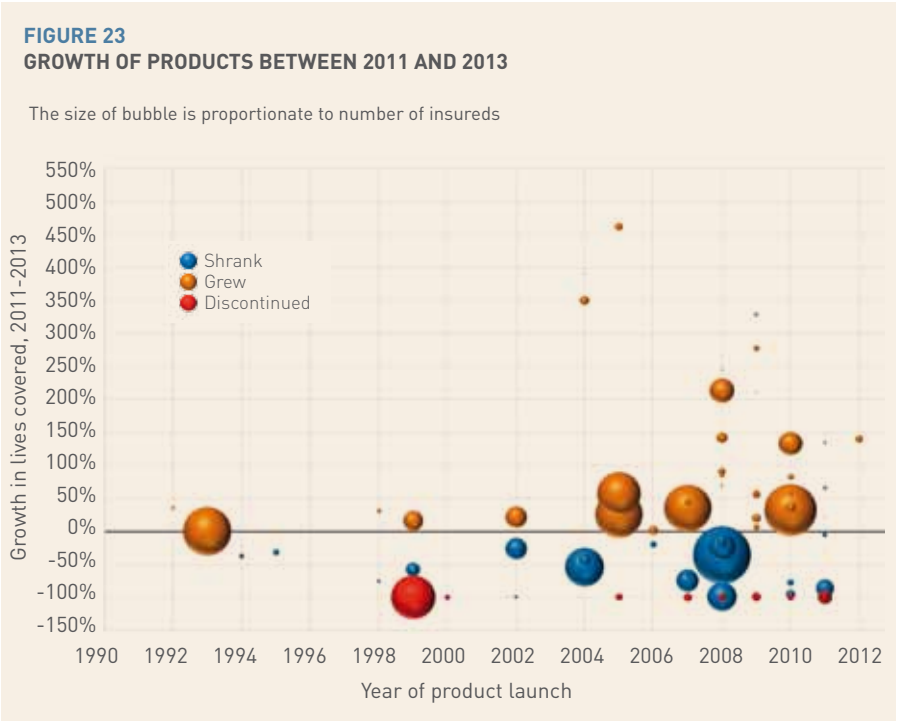
Other distributors, though predominantly focused on life and personal accident covers, have expanded to non-comprehensive health insurance and to some property cover. Insurers working to expand their markets recognise that maximising channels with additional products helps to generate greater revenues per distributor, and thus are developing more products and enhancing current products with additional secondary covers. This maximizing helps bring down per person costs while expanding per person revenues.

With mobile distribution experiencing dramatic growth in other regions, LAC, though currently behind, stands to make important strides over the next years with growth expanding to mobile linkages. There are clear signs that insurers want to make this distribution channel work for them, with 10% using cell phone technology in some way, 25% plan to partner with an MNO, while 50% are "interested but do not have concrete plans".

4. Growth

LAC remains an interesting market for insurances of any type. This market sets a stage for suppliers of insurance to make a significant move toward the broader mass market insurance and away from the more limiting microinsurance. Those who stay in the micro market remain because they have found ways to make it work. This picture shows a dynamic market experiencing some fluctuations, especially over the last two years, stemming from increased understanding of the market, and better decisions made by managements regarding opportunities for them and their products. While some companies have exited the market, a larger number are attempting to change and redesign their products to make them more appropriate in the long-term. This trend is likely to continue, especially as this study shows significant gaps within the markets and products offered.

FIGURE 23
GROWTH OF PRODUCTS BETWEEN 2011 AND 2013



Churning of the market

Dynamism characterises the LAC insurance market. Some insurers have been involved in microinsurance long enough that they are making positioning decisions that lead to some increasing their microinsurance activities, while others recognise that this is not a market for them. Three types of progression have been seen in LAC:

1. Continuing microinsurance business: Those insurers that have offered microinsurance products across all time-period studies.
2. Discontinued microinsurance business: Those microinsurance products that have been discontinued since they were identified in 2011 or prior.
3. New microinsurance entrants: Those insurers that have launched new products since the 2011 study was conducted.

Continued products

Conscious insurers frequently assess and reassess the value of their products to their corporate objectives. Thus there is a normal shifting of market focus, product offerings, and acquisition strategies. In LAC there is healthy shifting within the microinsurance interventions of insurers. Thus, there is dramatic variation between the product data sets from both 2011 and 2013.

The significant product shifts are not limited to programmes with very little outreach but actually include programmes with millions of clients, showing that no programme is exempt from assessment and restructuring. Figure 23 provides a visual perspective of the shifting product disposition between 2011 and 2013.

Much of the dynamism in the market comes from the relatively new products from 2008 and beyond. These newer products have benefitted from prior lessons and expansion of the various distribution channels types. Older products seem to suffer from lack of innovation or new effort to significantly improve their volumes, with most hovering close to the stagnant level. Even newer and medium to large microinsurance programmes suffered declines during the two year period, partly due to competition and partly due to distribution channel decisions. When insurers work with large aggregators, their volumes move in a stair pattern over time. They get a new partner and volumes jump up, other partners decide to change insurer and volumes jump down. Large shifts are the benefit and detriment of focusing on larger and larger distributors. Some products, large and small, new and old, dropped completely out of the market during the period.

FIGURE 24
INSURANCE PRODUCTS THAT WERE DISCONTINUED

Discontinued products

Thirty-one products were either discontinued or significantly altered since 2011 (Figure 24). Of these, most had very low outreach, and those with high outreach were largely redesigned and replaced by another microinsurance offering. This signaled that providers are thinking carefully about what works for this market and its customers, and what does not.

11 of the 22 providers who ceased particular product offerings left the microinsurance market entirely, while the rest have stayed and stabilised their presence with either other product offerings or a redesigned mode of business.

This movement is likely to continue as insurers understand the market better through experience, and as lessons of success and failure are shared within the region. These shifts should result in insurers more focused on markets and with products that address the needs of those markets more effectively.

New products

Despite some insurance companies discontinuing coverage, the period of 2011-2013 showed more growth in microinsurance products. Personal accident and life coverages dominated the types of new product launches, with a small number of people buying Health, Property, or Agriculture covers, as seen in Figure 25.

Whilst this may appear to indicate that the market has just contributed more of the same types and amounts of cov-

FIGURE 25
NEW PRODUCTS LAUNCHED SINCE 2011

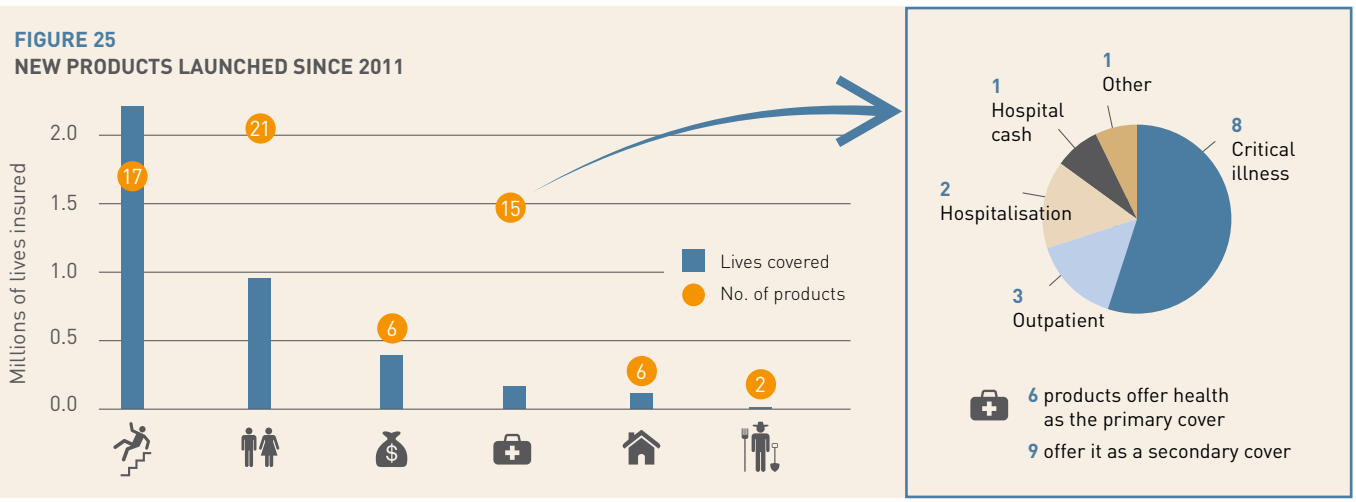
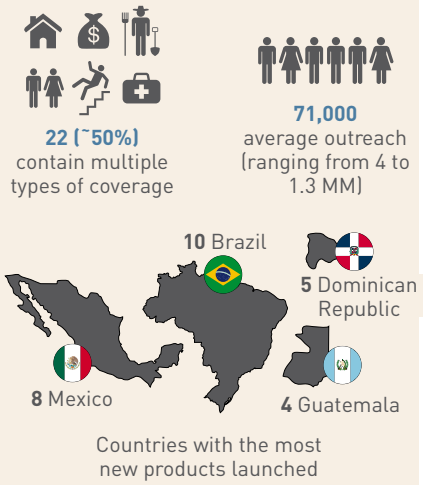


FIGURE 26
NEW PRODUCT CHARACTERISTICS



Countries with the most new products launched

cover, covering a mixture of home and small business issues. Figure 26 shows the distribution of these new products launched by country and outreach.[21]

The 2011 study had identified nine microinsurance products that were to be launched in 2012, and only one of these had actually launched and insured any lives by the end of 2013. Other priorities, reluctance of management or board, or macroeconomic changes can hold back even the best of plans.

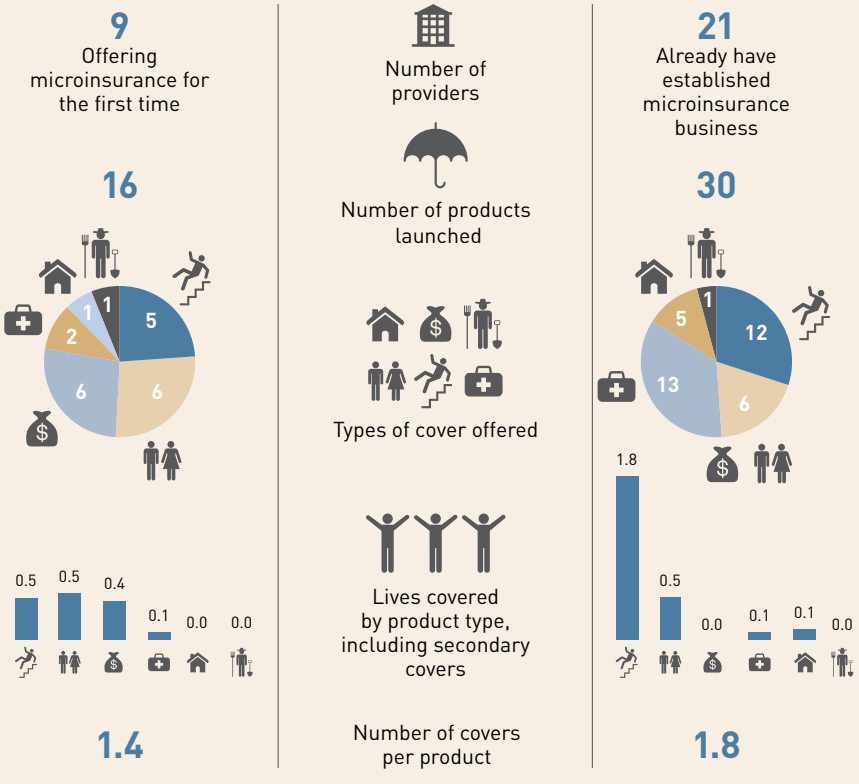
Providers of new products

30 institutions launched new products, with nine of these only just starting their microinsurance programmes. The majority of these newly launched products are in the earliest stage of product evolution, almost always covering term life, credit life, and/or personal accident (see Figure 27). These new entrants also had lower outreach per product and offered fewer covers per product, while products launched by companies already in the microinsurance market showed more complexity given their market experience. Almost all of the products containing health and property covers were launched by these more experienced institutions, indicating that providers do follow an evolution of product offerings.

The evolution that has been evident in the region over the years started with credit life offered by MFIs before expanding to simple life covers. Then, as coverage, we actually observe a significant portion of products, around a third of all new launches, offering some form of health coverage, compared to only 20% launched prior to 2012. Within these new products, the health coverage continues to be offered mostly as a secondary cover, offered mainly as critical illness and hospital cash, while in six cases, these are offered as the primary cover. These products tend to be in response to gaps in the current health care systems being implemented in most LAC countries. Since these health products have yet to reach a larger scale, we have yet to see an impact in terms of overall coverage in the region. With the right company and the right business model, seeing covers that could reach the right scale to make this work for this region and its people is only a matter of time and motivation.

The upward trend in the health sector is also happening with new property covers, with 13% of the new products offering a form of property coverage, compared with 9% of products prior to 2012. The difference is that the property part is always being offered as the primary

FIGURE 27
NEW PRODUCTS BY PROVIDER TYPE



[21] In Brazil, because the microinsurance framework was not implemented until 2012, there were zero microinsurance products as per the regulator before 2012. There was no mechanism for registering microinsurance products pre-2012. Thus, based on the legal definition, growth of microinsurance products went from zero to twenty-eight from 2012 to 2013. This paper has consistently used the definition of microinsurance as presented in Appendix 2 thus using data that reflects insurance products getting to the low-income market as per that definition. National definitions have been ignored in these studies (2005, 2011, and 2013) to facilitate comparability and the definition is structured for such comparability.

mercial insurers became more interested and non-life companies wanted an entry into the microinsurance market, personal accident policies arrived en masse. From there, slowly, came the few health component programmes followed by property and agriculture, struggling to gain some traction. These more complex products evolve into the market much more slowly because of questionable profitability, more challenging sales requirements, and necessarily higher premiums (as we have seen above). However, the component products (hospital cash and dread disease, for example) have helped to make these products simpler to sell and administer, and lessons learned are providing increased confidence to insurers that profitability is achievable with such products.

Prospective products

With any prospects of growth, products are launched as soon as they are ready. While not included in the 2013 study, several products were scheduled for launch dates in 2014, which provides further evidence that variation and diversity is continuing in the region. The following are just some of the new products that have been launched since the beginning of 2014 or are currently close to launch:

- At least nine products were launched in 2014, and of those nine, three products offer a health cover, and one of them covers property.
- In Uruguay the Ministry of Agriculture is piloting a rainfall index product.
- At least three new insurance programmes have been launched through MNOs.
- Redcamif is piloting a number of products across six countries, including health and property covers.

5. Moving forward

In the initial landscape studies, 2005 and 2011, the LAC region experienced tremendous growth in the microinsurance market: now it has shown more direction and deliberate moves toward purposeful and varied growth. Regardless of the fluctuations in providers in the market, experienced providers are starting to offer a wider variety of coverages and wider nets of distributors, with the focus on microinsurance as a business.

This report has brought to light some key opportunities for providers to improve their business:

- Distribution is key to effective expansion of microinsurance. The wide variety of distribution channels each has their own motivations for offering microinsurance. Insurers have to respond to the needs and motivations of distribution channels, forming effective partnerships.
- Technology has the potential to increase efficiencies and reduce administrative costs even further. Back-end technology and use of mobile phone networks in particular provide an opportunity that the LAC region has yet to exploit. Also, most insurers do not yet fully understand nor track the costs of offering microinsurance; until this is clearer, it will be difficult to have a true picture of profitability.
- Greater confidence generated from experience and additional competition should have the effect of increasing the claims ratios seen in LAC to more traditional levels. This is an opportunity for insurers to provide more value to clients, and payment of claims has proven to be an effective way of building a market for insurers – increasing the visibility of and trust in insurance. In a market where low-income clients' lack of knowledge of insurance is clearly seen as an obstacle, the ability to pay more claims – while still maintaining a fair profit – is a clear win-win.

Filling in the gaps – such as scaling up the evolving number of "component" health and property covers – still leaves innovative and committed insurers with major opportunities.

Appendices

Appendix A: The World Map of Microinsurance

The World Map of Microinsurance (WMM) is a platform for knowledge generation and sharing on microinsurance. It will host data and analysis from significant landscape studies, which will be displayed visually on an interactive world map.

The history of landscape studies

The pursuit of understanding the microinsurance sector through the lens of data started with the landmark study, "The Landscape of Microinsurance in the World's 100 Poorest Countries" published in 2006. These were followed by Africa 2010, Latin America and the Caribbean 2011, Africa 2012, and Asia and Oceania 2013

The 2010, 2012 and 2013 landscape studies were led by Munich Re Foundation in collaboration with and support from the Microinsurance Network, ILO's Impact Insurance Facility, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and Making Finance Work for Africa (MFW4A), and GIZ on behalf of BMZ. This present study is an update on the previous study "The Landscape of Microinsurance in Latin America and the Caribbean 2011", which was supported by financing from the Multilateral Investment Fund (MIF) – a member of the Inter-American Development Bank Group – Citi Foundation, and Munich Re Foundation. This pioneering research has been carried out by the MicroInsurance Centre (Landscape study of 100 poorest countries, 2006, Latin America, 2011 and Africa, 2012) and MicroSave (Asia, 2013).

To ensure a long-term follow up and continued access to microinsurance data, the Microinsurance Network will institutionalise and expand upon these previous efforts by ensuring the further development of the WMM programme.

Why do we need it?

Insurance is a data-driven industry, and the WMM will enable the sector to develop effectively, producing more valuable products for clients while improving profitability for insurers. As microinsurance is an emerging industry, there is not sufficient data to create field-wide benchmarks on which to assess performance. Data is critical to the advancement of microinsurance, as it generates market knowledge, facilitates market development, furthers best practices and can lead to better products and services. Country-level data is essential to effective pricing, insurers' ability to understand the low-income market, and the development of quantitative goals and benchmarks. On a company-level basis, improving insurers' knowledge of the low-income market is mutually beneficial for both the insurer and the client: clients gain access to better products and insurers can expand their client base.

What will it achieve?

Ultimately, the WMM will advance microinsurance as a tool that can effectively protect low-income populations in developing countries against the crises that push them into and trap them in poverty.This can be achieved by providing insurers with the knowledge they need to create more valuable and effective products. By gaining a better understanding of the low-income market and the specific needs of the clients they serve, firms can design products which meet the needs of their client-base at a price that is efficient. The tractability of the data will allow firms to gain important information about the market they work in, and subsequently will empower them to grow their business, reaching even more low-income clients.

The platform will be the destination for data and research on microinsurance. Having data on microinsurance converge in one location creates a space for further knowledge generation, collaboration, and learning. Creating a collective authority on microinsurance will help gain respect and recognition for the industry, and will advance its status as an important tool for development worldwide.

Appendix B: Definition and methodology of the study

Definition

The microinsurance products/programmes qualifying for inclusion in the Latin American and Caribbean landscape study were selected based on the following definition:

For the purposes of this study, products should meet each of the following criteria to be considered as microinsurance. Mass market products should be included if they meet this definition; limited data will also be collected on mass market products that do not conform to each of these criteria.

1. **Developed for low-income people:** The product must have been developed intentionally to serve low-income people (insurance that is not just purchased also by low-income people, but products that are designed for low-income people). In Latin America, this target market might be referred to as 'emerging consumers', or for those countries that use the ABCDE income classification, these would be the C, D, and E market segments.

2. **Risk carrier:** Government must not be the sole risk carrier (not social security programmes); the programme has to be managed on the basis of insurance principles.

3. **Modest premium levels/affordability:** The base/minimum annual premium amount is commensurate with the income level of the low-income sector in each country, according to the risks insured (see table).

The implications of this definition are as follows:

Legal form. The definition used for this study does not consider legal or regulatory definitions at the country level. Products do not have to be registered as microinsurance with the local supervisory authority, but only to conform to the general criteria as above. Therefore, the data in this study will not always coincide with official country statistics on microinsurance. For example, in Brazil microinsurance regulation was enacted only in June 2012; some companies have since chosen not to register their microinsurance products, some have registered products but not yet implemented them.

1. Developed for low-income people

A key element of this study's definition is that products be intentionally designed for the low-income population, not simply that they are available to that population. This excludes a number of insurance products that are mainly used by the middle-income population, although the products may be financially accessible for the low-income population. The income CDE classification is used as a reference for ascertaining the low-income market. It is recognised that while a product is designed for these lower-income segments, it doesn't mean that all clients are in fact part of that segment.

Mass market products are considered as microinsurance for this study as long as they meet the other criteria stated in this definition. It is this first criteria of target market that must be met. This is a qualitative assessment attested to by the providers.

2. Risk carrier

Subsidised programmes are included, as long as they are managed based on risk principles. This allows for government-subsidised agriculture schemes and other significantly subsidised programmes, which have not been captured in previous landscape studies.

TABLE 1
MAXIMUM ANNUAL PREMIUMS

Country	Local currency	Life / Accident - 1%		Health - 4%		Prop / Ag - 1.5%	
		Local	USD	Local	USD	Local	USD
Argentina	ARS	527	116	2,107	463	790	174
Belize	BZD	97	50	390	201	146	75
Bolivia	BOB	178	26	712	103	267	39
Brazil	BRL	222	113	886	454	332	170
Chile	CLP	74,737	155	298,948	618	112,106	232
Colombia	COP	139,290	77	557,158	310	208,934	116
Costa Rica	CRC	47,207	94	188,830	375	70,811	141
Ecuador	ECS	54	54	217	217	81	81
El Salvador	SVC	38	38	152	152	57	57
Guatemala	GTQ	261	33	1,044	133	391	50
Haiti	HTG	323	8	1,294	31	485	12
Honduras	HNL	456	23	1,825	93	684	35
Jamaica	JMD	4,841	54	19,366	218	7,262	82
Mexico	MXN	1,283	97	5,132	390	1,925	146
Nicaragua	NIO	413	18	1,652	70	619	26
Panama	PAB	95	95	381	381	143	143
Paraguay	PYG	168,091	38	672,364	153	252,137	57
Peru	PEN	179	68	718	272	269	102
Dominican Republic	DOP	2,254	57	9,018	230	3,382	86
Uruguay	UYU	2,986	147	11,945	588	4,479	221
Venezuela	VEF	546	127	2,184	509	819	191

3. Affordability

In order to ensure that the study includes affordable products (as per microinsurance objectives), a set of premium limits was established by country and line of business. The table below provides a list of the premium caps by product type. For consistency, these percentages for life, health and property were those used in the 2011 landscape study, determined based on a review of products in several countries around the region and around the globe. The percentages used were determined as effective approximations of the upper range of microinsurance products. It intended that these amounts serve as a gauge, not hard and fast criteria. The majority of reported products fall well under these caps.

Methodology

Data collection

The researchers for this study aimed to include all organisations offering products fitting the specified microinsurance definition. In order to target these organisations, desk-research was conducted to identify all insurance providers in a country, along with discussions and communications with regulators, aggregators such as FASECOLDA, and other insurers or key stakeholders in the market.

The primary mode of data collection was an online survey. All regulated insurers and other potential microinsurance providers were contacted via email and provided with information about the study and a link to the survey instrument. Often the initial outreach was assisted by the insurance associations in each country. A team of seven researchers followed up via phone and email to encourage participation, provide support for filling out the survey, clarify or ask questions regarding the submitted data, and ensure the final submissions were as complete and accurate as possible.

The secondary mode of data collection on microinsurance products and providers was internet and literature research of secondary sources, including published and unpublished resources in English, Spanish, and Portuguese, as well as academic, journalistic, corporate and consultant outlets. These resources, if within the time bounds of the study, were used to address any gaps that could not be clarified by the insurer, distribution channel, or regulator.

All respondents were volunteers and could discontinue their participation at any time. There were a few incidents in which an organisation declined to participate in the study, and in these cases, researchers first worked to answer questions and address the organisation's concerns about the study or find another method for providing the data. If the organisation continued to decline participation, every effort was made to contact a distribution channel, regulator or aggregator that might possess the information on the microinsurance products offered by the declining organisations.

For situations in which surveys were received from an insurer and distribution channel partnering to offer a microinsurance product, product information was only kept from the insurer to avoid double counting those insured through the product. The organisational information and the market perceptions reported by both organisations were kept, however.

In addition to the data collected from microinsurance providers, information was also gathered on three important market context factors:

- Information on the status and content of microinsurance-specific regulation in each market was gathered via a structured phone interview with an individual at each supervisor office.
- Data on funding (investments, grants, and loans) for microinsurance was gathered via desk research, responses to the microinsurance provider surveys, and brief questionnaires sent directly to funding organisations.
- Data on social protection programmes (social support funded entirely by the government, with no risk transferred) in health, agriculture, and old-age income were collected via desk research.

The survey

The survey instrument was based primarily on the survey used for the prior landscape studies. This was done intentionally to insure that data collected in this study would be comparable to the data collected previously.

In an effort to capture more information and provide increasing value from the studies, several sections were added to the survey. These include:

- A separate, short survey for insurers that are not currently serving the low-income market. The intention is to gain an understanding of why insurance providers aren't currently in this market, whether they have an interest in or plans to serve low-income in the future, and what their perspectives are on several microinsurance market factors.
- A short survey for those providers who offer mass market products that reach low-income people but were not necessarily designed for that market, and thus not meeting the definition of microinsurance for this study. Section for mass market products.
- For microinsurance providers, a number of additional questions were included:
  - Additional key performance indicators (KPIs): Data points were collected regarding commissions, administrative costs, duration of claims settlement, claim rejection rates, and renewal rates. By gathering more data on KPIs, we will begin to establish and provide industry benchmarks to assist management in decision-making, and for the first time, the industry is able to have an indication of profitability.
  - Questions regarding subsidies and other external support
  - Additional market perspectives. By gathering feedback on insurers'

Terminology and calculation for business case and other key indicators

A number of key performance indicators were collected for the first time or calculated in order to provide trend information. The following list provides the definitions of the terms we use and the underlying calculations.

Comparable data refers to changes over the 2011-2013 time period. Because some providers did not submit data in both time periods and subsidised products were excluded in 2011, a calculation based purely on the numbers identified would be misleading. Thus "comparable" growth calculations include only those products or providers for which information was available for both time periods, including any entrants or exits. In most cases, this comparable data set accounts for over 80% of the "identified" market.

Coverage ratios are calculated as simply the number of insureds/total population in 2013. Comparable quantifiable definitions and measurements of the target market of microinsurance (low-income) across markets are not available, and thus for purposes of comparability total population is taken as the base.

Premium information refers to Gross Written Premium, in 2013 USD. Premium data from 2011 was converted to 2013 USD to account for exchange rate fluctuations.

Claims refers to the value of claims paid during 2013.

Claims ratios are calculated as claims paid/written premium. Claims and premium data were reported for over 2/3 of products, accounting for USD 446 M in premium volume.

Commission rates = commissions paid / written premium. Commission data was provided for 108 products, with a premium base of USD 333 M.

Administrative costs are net of commission paid and thus reflect only costs incurred internally by the insurance provider. Administrative cost data was reported for almost 100 products, accounting for a premium base of USD 337 million.

Expense ratios = administrative costs/gross written premium

Combined ratio is the summation of claim ratio, commission rate, and administrative ratio, and were only calculated if all three data points were provided. Combined ratios are believed to be a sufficient indicator of profitability in microinsurance, as in most cases other elements affecting profitability – such as premiums ceded or investment income – are negligible. All of the KPIs necessary to calculate combined ratio were provided for 87 products (40%), accounting for USD 290 in premium (35% of the total identified market).

views of the market and supporting environment, including specific aspects of regulation, it is possible to provide better information for regulators, policymakers, and industry associations to form their microinsurance strategies.

Considerations

Although most insurers and other organisations were willing to provide data, it must still be considered that the appropriate information may not always have been available. As in the rest of the developing world, insurance accounting generally does not include a segregation of microinsurance data. Even when data is segregated, insurers and other organisations do not always track their business in the same way. Thus, when necessary, researchers contacted organisations to clarify information to the greatest degree possible.

A major consideration is regarding what insurers or others believe is "microinsurance". Although the project applies a clear definition of microinsurance and a model for counting policyholders and covered lives, it is possible – indeed likely – that this definition will not correspond exactly to that used by an insuring entity or the government in a jurisdiction. Thus data generated may not comply exactly with the definition put forth. The overall effort focused on collecting microinsurance data related to those considered low-income and if possible complying directly or nearly with our definition. Therefore, data presented in this study will reflect "those identified" as covered with microinsurance as opposed to an absolute number of people with microinsurance. For these concerns, again the researchers made all possible efforts to contact organisations and clarify information.

All of the data collected was self-reported and voluntarily submitted at the goodwill of the insurers, distribution channels, aggregators, regulators, donors, and other organisations involved with microinsurance. Though every effort was made to clarify and extract accurate and comparable data, ultimately the studies rely on self-reported information. In some cases, institutions were reluctant to provide all of the requested information, particularly some of the newly requested key performance indicator data. Thus some of the aggregated information provided in this report only applies to the subset of respondents who were willing to provide all of the necessary underlying data points. The paper indicates when this is the case and provides an indication as to the composition of the subset.

Finally, the information presented in this paper regarding trends over the 2011 – 2013 time period is based on the submission of data by providers in both time periods. Though every effort was

made to obtain responses from all of the participants in the 2011 study, there were some providers who decline participation in this study of 2013 data. Over 90% of the market in terms of lives insured as identified in 2011 was included in this 2013 study. Those products that could not be accounted for in 2013 were excluded from any calculations regarding trends/growth. Thus "comparable" growth rates will not directly reflect the absolute numbers.

With these considerations, it is important to recognise that the quantitative information presented in this paper does not represent an absolute number of products, clients or other data. Rather, this paper reports what the team was able to identify as microinsurance. Although the data for this study is not an absolute measure of microinsurance in LAC, the data set is large enough to represent the "landscape" of microinsurance and provide an accurate picture of the market and where it is going.

Appendix C: Key figures – lives insured and coverage ratios by country

The tables below provide details by country for the broad types of microinsurance as well as details of microinsurance coverage ratios (lives insured / total population) by country and product group. PLEASE NOTE that the totals in this table, and in the other tables in the product section, are not the sum of the subtotals. As the majority of products offer multiple covers, the sum of the subtotals is almost always greater than the total number of insured. For example, a product that offers cover for credit life, funeral and hospital cash will be counted once each under the Credit Life, Life and Health categories; the sum of the subtotals of this example would be three times the actual number covered. Additionally, the total coverage noted here is only for the countries studied. The total coverage rate for the region, inclusive of the countries in which no microinsurance was identified, was 7.9%.

TABLE 2
LIVES COVERED, MILLIONS

Country	**Total**	**Life (non-credit)**	**Credit life**	**Health**	**Property (non-ag)**	**Agriculture**	**Personal accident**
Argentina	2.565	2.565	-	0.137	-	-	0.137
Belize	<0.001	-	-	-	<0.001	-	<0.001
Bolivia	0.586	0.124	0.461	0.022	<0.001	<0.001	0.045
Brazil	10.852	5.398	0.263	2.245	0.235	-	10.770
Chile	1.226	0.535	-	0.647	0.360	-	0.993
Colombia	7.069	4.367	0.957	0.314	0.418	-	1.553
Costa Rica	0.330	-	-	0.033	-	-	0.297
Dominican Republic	0.264	0.244	0.100	<0.001	0.042	-	0.110
Ecuador	1.911	1.471	1.192	1.436	0.752	0.035	1.722
El Salvador	0.296	0.264	-	0.084	-	-	0.106
Guatemala	0.589	0.544	0.064	0.428	-	-	0.169
Haiti	0.070	0.015	0.056	-	-	-	-
Honduras	0.029	0.029	0.016	0.001	-	-	0.029
Jamaica	0.121	<0.001	-	<0.001	<0.001	<0.001	0.121
Mexico	18.347	14.799	14.410	1.936	0.011	2.027	3.355
Nicaragua	0.402	0.081	0.367	0.009	-	-	0.076
Panama	0.050	<0.001	0.013	-	-	-	0.036
Paraguay	0.311	0.012	0.299	-	0.299	-	0.302
Peru	3.025	1.577	1.492	0.331	0.075	0.184	1.114
Saint Lucia	<0.001	-	-	-	<0.001	<0.001	-
Venezuela	0.533	0.463	0.059	0.012	-	-	0.012
Totals (21 countries)	**48.577**	**32.489**	**19.748**	**7.636**	**2.192**	**2.246**	**20.947**

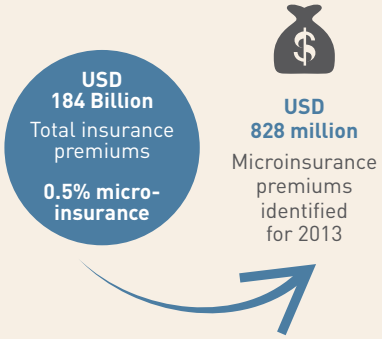
TABLE3
COVERAGE RATIO, PERCENTAGE OF POPULATION

Country	Total	Life (non-credit)	Credit life	Health	Property (non-ag)	Agriculture	Personal accident
Argentina	6.19%	6.19%	-	0.33%	-	-	0.33%
Belize	0.16%	-	-	-	0.03%	-	0.13%
Bolivia	5.50%	1.16%	4.32%	0.21%	<0.01%	<0.01%	0.42%
Brazil	5.42%	2.69%	0.13%	1.12%	0.12%	-	5.38%
Chile	6.96%	3.04%	-	3.67%	2.04%	-	5.63%
Colombia	14.63%	9.04%	1.98%	0.65%	0.86%	-	3.21%
Costa Rica	6.77%	-	-	0.68%	-	-	6.10%
Dominican Republic	2.53%	2.35%	0.96%	<0.01%	0.40%	-	1.05%
Ecuador	12.14%	9.35%	7.57%	9.12%	4.78%	0.22%	10.94%
El Salvador	4.68%	4.16%	-	1.33%	-	-	1.68%
Guatemala	3.80%	3.51%	0.41%	2.77%	-	-	1.09%
Haiti	0.68%	0.14%	0.54%	-	-	-	-
Honduras	0.36%	0.36%	0.20%	0.01%	-	-	0.36%
Jamaica	4.44%	0.02%	-	0.02%	<0.01%	<0.01%	4.44%
Mexico	15.00%	12.10%	11.78%	1.58%	<.01%	1.66%	2.74%
Nicaragua	6.61%	1.33%	6.04%	0.15%	-	-	1.26%
Panama	1.28%	<0.01%	0.35%	-	-	-	0.94%
Paraguay	4.57%	0.18%	4.39%	-	4.39%	-	4.44%
Peru	9.96%	5.19%	4.91%	1.09%	0.25%	0.61%	3.67%
Saint Lucia	<0.01%	-	-	-	<0.01%	<0.01%	-
Venezuela	1.75%	1.52%	0.19%	0.04%	-	-	0.04%
Totals (21 countries)	**8.20%**	**5.48%**	**3.33%**	**1.29%**	**0.37%**	**0.38%**	**3.53%**

Appendix D: Microinsurance premiums

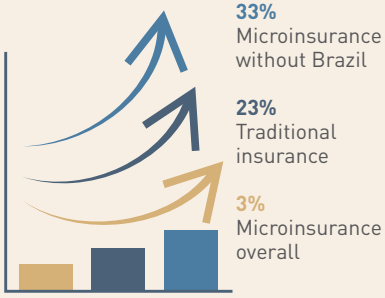
FIGURE 28
MICROINSURANCE PREMIUMS

LAC GWP TOTAL INDUSTRY AND MICROINSURANCE



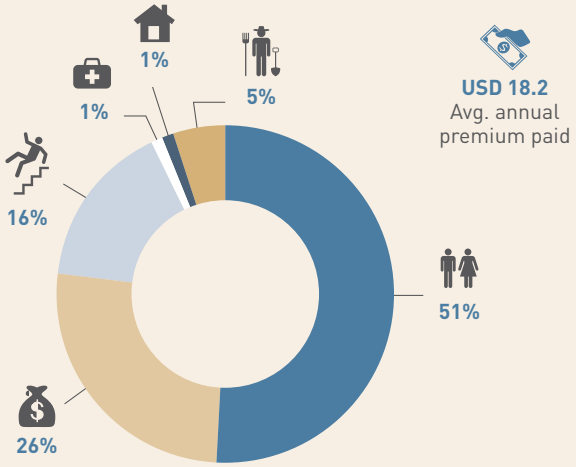
Microinsurance has yet to gain significance compared to total insurance business. For those companies offering microinsurance, microinsurance premiums account for 1.7% of total written premiums; as a proportion of the entire industry, microinsurance represents less than half a percent. At the company level, the relative importance of microinsurance ranges from negligible to 100%, with a few microinsurance-only providers in the region.

COMPARABLE GROWTH IN GROSS WRITTEN PREMIUM, 2011-2013

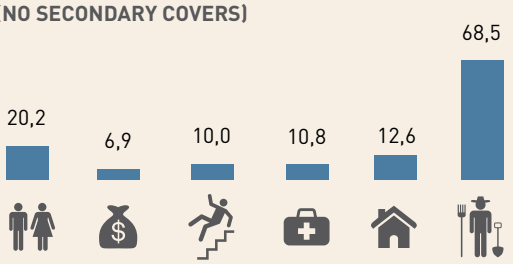


Premium growth on a comparative basis from 2011 to 2013 was just 3% for the region, with the relatively low growth rate driven by fluctuations in a few large programmes, particularly in Brazil. **When excluding Brazil, premium growth was 33% over the two year period**.

ALLOCATION OF PREMIUM BY PRIMARY PRODUCT TYPE



AVERAGE ANNUAL PREMIUM BY PRODUCT TYPE (NO SECONDARY COVERS)



These average premiums provide a reasonable overview but must be reviewed recognising that they combine data from a number of countries from products with different components and terms.

USD 18.2

Average annual premium paid across all product lines. At the country level, average premiums ranged from USD 1 to USD 75, representing between 0.02% and 1.5% of GDP/capita.

TABLE 4
2013 WRITTEN PREMIUMS (WP) - TOTAL AND MICROINSURANCE, USD MM

	Total insurance industry premiums			Microinsurance premiums		
Country	**National total premium volume**	**Total insurance WP reported to study**	**Reported written premium as % of total national WPs**	**Microinsurance WP reported to study**	**Microinsurance WP as a % of total national WPs**	**Microinsurance WPs as a % of reported WPs of reporting companies only**
Argentina	17,362.09*	869.3	5.01%	51.7	0.3%	5.9%
Belize	63.45»	15.0	23.63%	0.0	0.1%	0.3%
Bolivia	376.31ˊ	175.4	46.62%	4.5	1.2%	2.6%
Brazil	89,032.32*	32,423.8	36.42%	242.1	0.3%	0.7%
Chile	11,602.61*	1,807.9	15.58%	61.7	0.5%	3.4%
Colombia	9,201.50°	6,036.1	65.60%	114.7	1.2%	1.9%
Costa Rica	1,035.96*	12.1	1.17%	-	0.0%	0.0%
Ecuador	1,659.00*	290.9	17.54%	51.4	3.1%	17.7%
El Salvador	464.30+	231.9	49.95%	4.3	0.9%	1.9%
Guatemala	695.30*	100.4	14.44%	18.6	2.7%	18.5%
Haiti	50.347≠	13.6	26.93%	0.7	1.4%	5.2%
Honduras	486.76~	18.9	3.89%	0.5	0.1%	2.6%
Jamaica	738.16^	44.0	5.96%	0.1	0.0%	0.3%
Mexico	27,361.75*	2,245.1	8.21%	210.5	0.8%	9.4%
Nicaragua	153.08+	113.6	74.20%	7.2	4.7%	6.3%
Panama	1,211.60`	67.2	5.55%	0.1	0.0%	0.1%
Paraguay	359.26+	32.4	9.02%	2.4	0.7%	7.3%
Peru	3,413.26*	1,866.5	54.68%	53.3	1.6%	2.9%
Dominican Republic	750.69*	292.3	38.93%	1.4	0.2%	0.5%
Saint Lucia	75.65¯	11.6	15.32%	0.0	0.0%	0.0%
Venezuela	13,817.71*	2,169.1	15.70%	2.4	0.0%	0.1%
Total, 21 countries with microinsurance	**179,911.17**	**48,837.2**	**27.1%**	**827.6**	**0.46%**	**1.69%**
Total GWP for the entire LAC region*						**184 Billion**

Total WP sources: + Asociación de Supervisores de Seguros de América Latina (ASSAL), Base de datos, Prima Directa 2013; **"** Belize Revenue Account 2013; ***** Swiss Re, Sigma, Total premium volume 2013; **°** Superintendencia Financiera de Colombia, Informe de Coyuntura por entidades, Primas Emitidas 2013; ≠ Unité de Contrôle et Supervision des Assurances Haiti (UCSA); **~** Comision Nacional de Bancos y Seguros Honduras, Boletin Estadistico, Primas 31 Dic 2013; **'** Autoridad de Fiscalizacion y Control de Pensiones y Seguros, Anuario Estadistico 2013, Primas totales suscritas; **^** Financial Services Commission Jamaica, Insurance Manager, Gross Written Premium 2013; **`** APADEA, Informacion Estadistica a Diciembre 2013, Prima suscrita; **¯** Financial Services Regulatory Authority of Saint Lucia

Appendix E: Product type infographics and maps

FIGURE 29
LIFE AND CREDIT LIFE COVERAGE - KEY FIGURES

Micro life policies are still largely credit–linked and short-term in nature, with simple term life policies being the most common. On a comparable basis with 2011, credit life was the fastest growing product line.

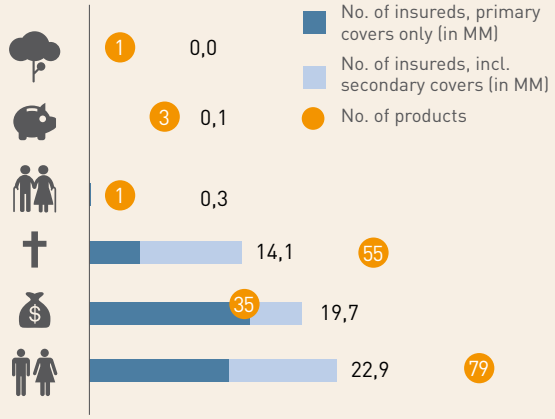
35.4 MM
people had some form of life coverage in 2013

USD 620 MM
written premiums for life and credit life products

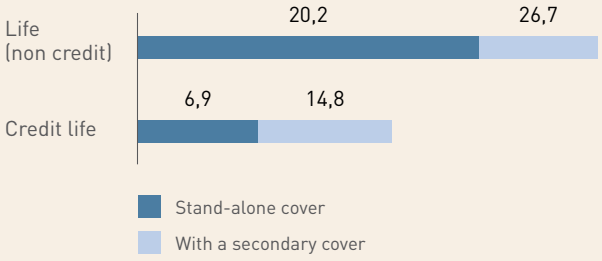
27%
comparable growth in insured for credit life

10%
comparable growth insureds for other life covers

Outreach by type of life coverage



Average premium paid USD



BUSINESS CASE

Median combined ratio

61%
Term life

77%
Credit life

60%
Of respondents believe there is a high ability to offer micro life covers profitably

FIGURE 30
CREDIT LIFE COVERAGE, 2013

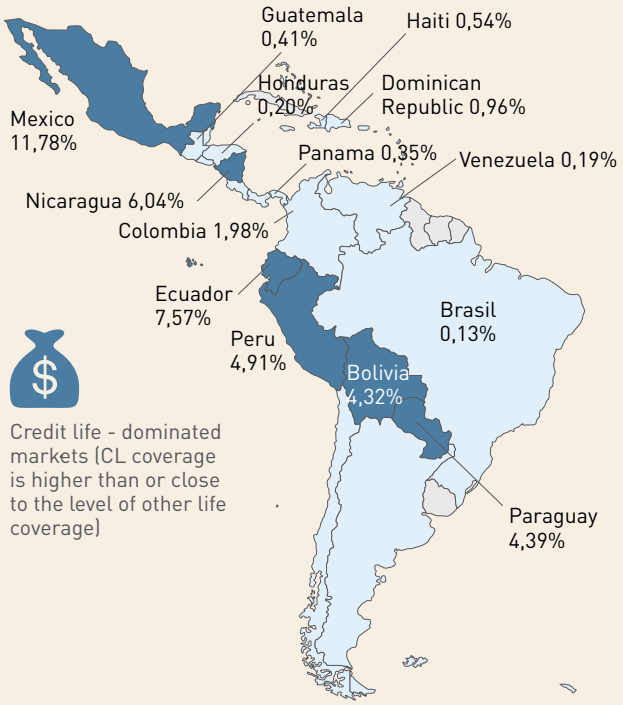


FIGURE 31
LIFE COVERAGE, 2013

Personal Accident

Personal accident covers remain the second most common type of microinsurance coverage offered in the region, but due to large declines in/discontinuation of 3 products in Brazil and Peru, the overall coverage in the region declined. The business case for PA covers seems high, with the combined ratios for the majority of products around 60%. However, the value of clients is still called into question, with claims ratios closer to just 15%.

FIGURE 32
PERSONAL ACCIDENT COVERAGE - KEY FIGURES

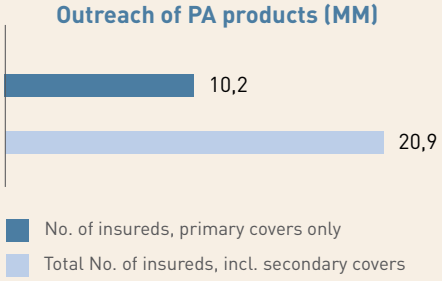
20.9 MM
people had some form of personal accident coverage in 2013

USD 125 M
written premiums for accident products

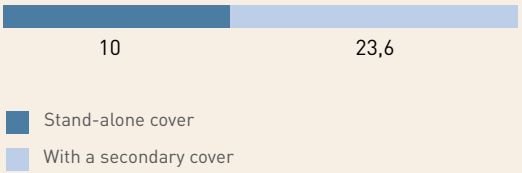
-22%
comparable decline in insureds from 2011-2013

91 products

Outreach of PA products (MM)



Average premium paid USD



BUSINESS CASE

62%
Median combined ratio

57%
Of respondents believe there is a high ability to offer accident covers profitably

Accident covers are particularly prevalent in Brazil, which accounts for 51% of the personal accident covers, but just 22% of the total outreach in the region. All but two of the 21 products reported in Brazil contain an accident cover. At least a third of these offer entry into a lottery as an added benefit.

Health

In 2013, 7.6 million people had some form of health microinsurance coverage, down from 10.3 million in 2011. Whereas hospital cash products dominated in 2011, their decline in outreach in a few key products has led to hospitalisation and critical illness covers taking the lead, with 2.9 and 2.4 million covers, respectively. Health covers are primarily provided as a secondary, add-on cover to other products.

Health coverage

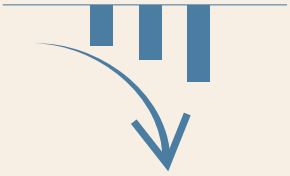
The decline in health coverage can be attributed to the dropping of a secondary coverage in one large programme in Mexico, as well as a 55% decrease in outreach of a large programme in Ecuador. In 2011, these two programmes, together with a third large programme in Brazil, accounted for 90% of lives covered for health; due to these decreases, these same three programmes now account for just 43%

FIGURE 33
HEALTH COVERAGE - KEY FIGURES

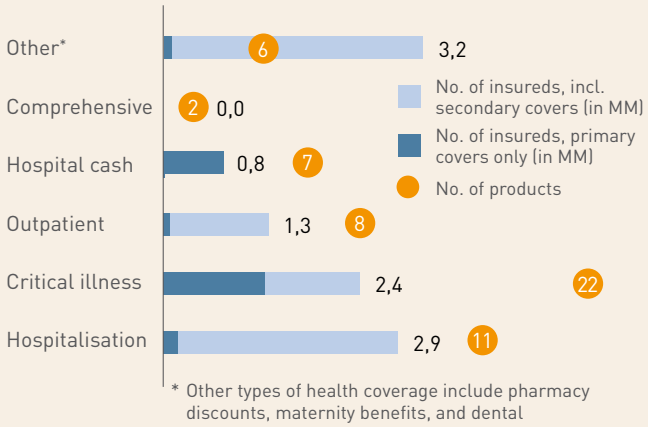
7.6 MM
people had some form of health coverage in 2013

USD 11.8 M
written premiums for health products

-41%
comparable decline in insureds from 2011-2013



Outreach by type of life coverage

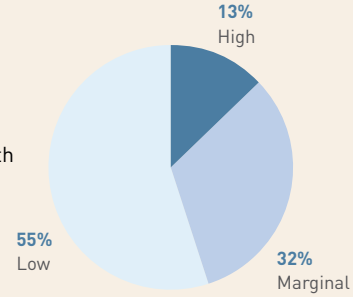


Only **one-third of products** containing a health covered offered it as a **primary cover**; representing just **20% of the lives covered**

Average premium paid USD

BUSINESS CASE

Insurer perception: ability to offer health microinsurance profitably



The business case for health microinsurance is one of the least positive in terms of perception, and there is still relatively little data to draw from. Claim data for 9 products, representing and outreach of 1.4 M insureds, indicate that claims are manageable, and even on the low side, with a median of 25%, and a weighted average of just 15%.

Property and Agriculture

In 2013, 4.4 million people had coverage for their property (including agriculture). Non-agriculture property covers decreased since 2011, primarily the result of the discontinuation of one large programme in Brazil. The growth in insureds for agriculture covers is due to the extremely low volume of insureds in 2011. More than 99% of the lives insured for agriculture are from government-subsidised programmes.

Property coverage

2/3 of the lives covered for property are by two large secondary household covers in Brazil and Paraguay.

Agriculture coverage

Note that agriculture coverage in 2013 includes government-subsidised, risk-based programmes (accounting for more than 99% of the lives insured).

FIGURE 34
PROPERTY AND AGRICULTURE COVERAGE - KEY FIGURES

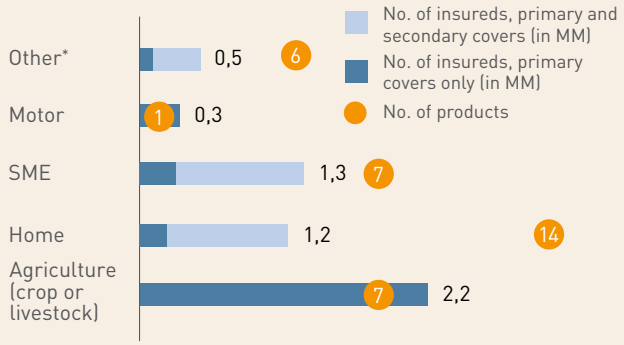
4.4 MM
people had some form of property or agriculture coverage in 2013
Ag → 2.2 M
Other property → 2.2 M

USD 44.3 M
written premiums for property and ag products
Ag → 37.2 M
Other property → 7.0 M

-31%
comparable decline in people insured by non-ag property products from 2011-2013

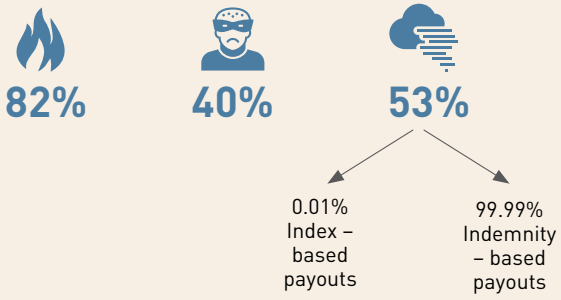
6800%*
comparable increase in people insured by agriculture products from 2011-2013.
* Government-subsidised programmes are excluded from growth calculation, as they were not included in the 2011 study.

Outreach by type of property coverage



Secondary covers account for the majority of the coverage by non-ag property products. Though 83% of the products with a property cover offer it as the primary cover, these property-based products have not reached scale.

Protection against what??
(non-ag covers)



Percentages are number of insureds protected against the given risk, over total number of people who have a property coverage of any kind. Note that many products offer protection against multiple risks. Index-based payouts for non-ag property covers have yet to reach scale.

Appendix F: Social protection programmes by country

Government pension coverage in LAC

The risk of insufficient income in old age is one that has been relegated to the periphery of microinsurance, with some debate as to whether insurance is even a viable or practical solution, and with relatively few microinsurance programmes offering pensions or other types of long-term coverage (just three such products were identified in this 2013 landscape study). However, a clear need for this type of coverage exists. A recent study by OECD, the IDB, and the World Bank estimates that in 2010 just 45% of workers contributed to or were affiliated with a pension scheme in 19 countries in Latin America and the Caribbean, leaving a large coverage gap.[22] Participation in contributory schemes is affected by a number of factors including employment status (64% of salaried workers contribute, vs. just 17% of self-employed), educational attainment, gender, and household income, among other things. Low-income workers rarely contribute, while just 20-40% of middle income earners participate in pension schemes, *"making them particularly vulnerable to old age poverty risks."*[23]

One of the main ways that Latin American and Caribbean governments have started to address this gap is through the offering of social pensions, or non-contributory schemes. These types of programmes aim to provide support for the vulnerable segments of society, who are unable to contribute. While successful at expanding social protection, the benefit levels can be extremely low – as little as 2-5% of average income. Figure 35 and Table 5 provide social pension coverage rates and corresponding estimates of the size of benefits for LAC countries. An estimated total of 24.5 million people are covered by social pensions in the region[24].

[22] OECD/IDB/World Bank Group (2014) Pensions at a Glance: Latin America and the Caribbean, OECD Publishing. http://dx.doi.org/10.1787/pension_glance-2014-en p. 14

[23] Ibid, p.9

[24] More information on microinsurance and social protection programmes: Ramm, G., Ankolekar, M., 2014. Situating Microinsurance in Social Protection. Luxembourg: Microinsurance Network

FIGURE 35
SOCIAL PENSION COVERAGE AND BENEFIT LEVELS IN LAC

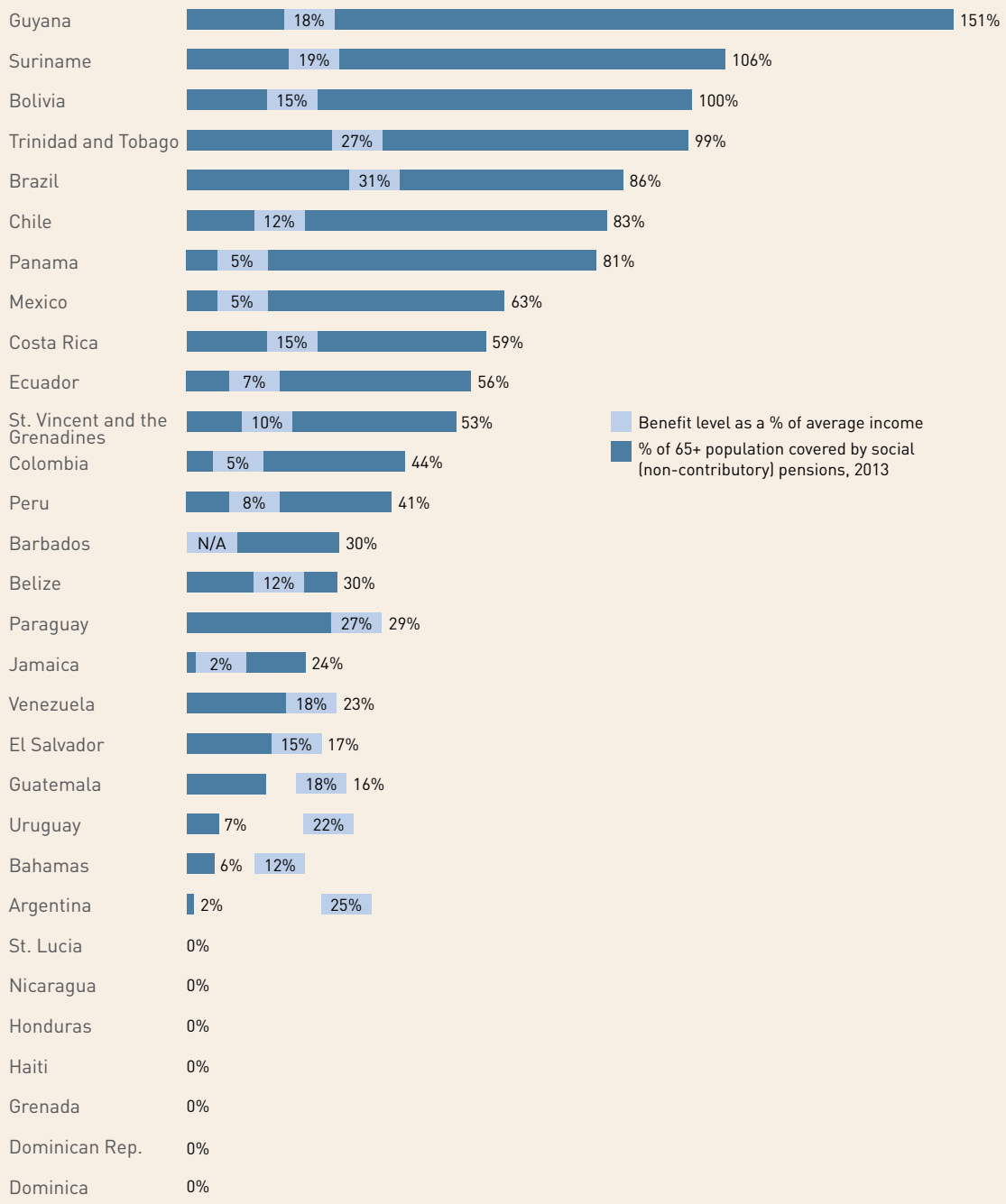


TABLE 5
SOCIAL PENSIONS IN LAC

Country (bold denotes countries in which microinsurance was identified)	% of 65+ population covered by social (non-contributory) pensions, 2013[25]	Number of people 65+ covered by social (non-contributory) pensions, 2013[26]	Benefit as a % of average income, various years[27]	Name of social pensions programme
Anguilla	N/A	N/A	N/A	Non-contributory Old Age Pension[28]
Antigua and Barbuda	N/A	N/A	8%	Old Age Assistance Programme
Argentina	1.8%	82,064	25%	Pensiones Asistenciales
Aruba	N/A	N/A	N/A	N/A
Bahamas	6% (60+ pop)[27]	~1,811	12%	Old Age Non-Contributory Pension (OANCP)
Barbados	30.1%	9,425		Non-contributory Old Age Pension
Belize	30%	3,983	12%	Non-Contributory Pension Programme
Bermuda	N/A	N/A	N/A	Non-contributory Old Age Pension
Bolivia	100%	533,560	15%	Renta Dignidad
Brazil	86%	13,784,900	31%	- Previdencia Rural - Beneficio de Prestacao Continuada
British Virgin Islands	N/A	N/A	N/A	N/A
Chile	83%	1,462,436	12%	Sistema de pensiones solidarias
Colombia	44%	1,275,685	5%	Programmea Colombia Mayor
Costa Rica	59%	201,220	15%	Regimen No Contributivo
Cuba	N/A	N/A	N/A	Old Age Social Assistance[29]
Dominica				None
Dominican Republic				None
Ecuador	56%	616,925	7%	Pension para Adultos Mayores
El Salvador	17%	75,451	15%	Pension Basica Universal
Guatemala	16%	123,746	18%	Aporte económico del Adulto Mayor
Guyana	151%	36,222	18%	Old Age Pension
Grenada				None
Haiti				None
Honduras				None
Jamaica	24%	52,123	2%	Programme for Advancement through Health and Education
Mexico	63%	4,624,165	5%	65 y mas + regional schemes
Montserrat	N/A	N/A	N/A	N/A
Netherlands Antilles	N/A	N/A	N/A	N/A
Nicaragua				None
Panama	81%	219,098	5%	100 a los 70
Paraguay	29%	98,633	27%	Pension alimentaria para las personas adultas mayores
Peru	41%	747,240	8%	Pension 65
St. Kitts and Nevis	N/A	N/A	N/A	Assistance Pension[30]
St. Lucia				None
St. Vincent and the Grenadines	53% (of 60+ pop) [27]	~4,058	10%	Elderly Assistance Benefit
Suriname	106% (of 60+ pop) [27]	~40,014	19%	Algemene Oudedags Voorzieningsfonds (AOV) (State old age pension)
Trinidad and Tobago	99%	119,497	27%	Senior Citizens' Pension
Uruguay	7%	33,389	22%	Pensiones No-Contributivas
Venezuela	23%	419,592	18%	Gran Mision Amor Mayor
Total estimated people covered by social pensions in LAC		**24,565,237**		

Government sponsored health care in Latin America and the Caribbean

The LAC region has comparatively strong universal and national healthcare programmes and they are continuing to be strengthened and emphasised in policy throughout the region. The International Labor Organisation (ILO) estimates that 82% of the region's population is affiliated with national health services, social, private or microinsurance schemes.[31] PAHO reports, "In recent years, the Region's countries have progressed towards the universalisation of health systems through policy reforms and changes that emphasise the right to health. That said, several challenges persist, particularly in how to advance towards comprehensive service coverage, reduce copayments and other out of pocket expenses, and guarantee similar benefits to all."[32]

Overall, the countries of LAC are strengthening their national health programmes and systems, specifically for primary health care, maternal health care, and child health. This could dissuade many insurers from developing microinsurance health products since these national programmes tend to target the low-income population. However, this could leave gaps in protection against hospitalisation and other in-patient services that these national programmes don't cover.

The following table provides estimates of the percentage of population covered by public health care programmes from three different sources. In some cases, the estimates vary dramatically from source to source, due to a variety of factors including year of data, definition, and methodology. Note that the estimates of health care access do not indicate the quality of that care, nor the true accessibility of that coverage. To complement the coverage rates, estimates of out-of-pocket health expenditure are also included. Even in cases where coverage is high, there can still be significant levels of expenses that are left up to individuals.

Figure 36 shows the current status of how microinsurance is filling the gaps in health care coverage. It plots the estimated coverage by government programmes and the estimate level of out-of-pocket expenditures, with the size of the bubble proportionate to the health microinsurance coverage ratio as identified in the 2013 LAC landscape study. One would expect to see the largest bubbles (higher health microinsurance coverage) in the top left, where coverage by public schemes are low and out of pocket costs are high. With the exception of a few countries – Ecuador, Guatemala, and El Salvador – this is largely not the case. Particularly in Central American and Caribbean countries, there are big opportunities to fill in gaps in public health care.

25 All data, unless otherwise indicated, from: OECD/IDB/TheWorld Bank (2014), Pensions at a Glance: Latin America and the Caribbean, OECD Publishing. http://dx.doi.org/10.1787/pension_glance-2014-en Table 1.5, page 30

26 The World Bank. Indicators, Population Ages 65 and Above. http://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS

27 Pension-watch. Country fact file. http://www.pension-watch.net/country-fact-file/

28 Government of Anguilla, Ministry of Social Development. National Policy for Older Persons. http://www.gov.ai/documents/NationalPolicyForOlderPersons.pdf

29 U.S. Social Security Administration. Social Security Programmes Throughout the World: The Americas, 2011. http://www.ssa.gov/policy/docs/progdesc/ssptw/2010-2011/americas/cuba.html

30 Social Security Board of Saint Kitts and Nevis. Non-Contributory Pensions. http://www.socialsecurity.kn/?page_id=320

31 Social Protection Department of ILO. "Addressing the Global Health Crisis: Universal Health Protection Policies." Social Protection Policy Paper 13. ILO, (2014): 2. Web. 13 March 2015. < http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_325647.pdf >

32 Pan American Health Organisation. "Brazil." Health in the Americas, 2012: Country Volume. PAHO, (2012): 280. Web. 13 March 2015. <http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=118&Itemid >

TABLE 6
ESTIMATES OF PUBLIC HEALTH CARE COVERAGE

Country	Name of programme and source	Est. % of population covered by government for health (Year), national sources	PAHO estimate of % of population covered by public health care	ILO estimate of legal health coverage, as a percentage of total population[33]	Estimated number of people covered by public health care[34]	WHO estimate - % of health expenditure financed out-of-pocket (2012)[35]
Antigua and Barbuda	Ministry of Health		100% (2008-2010)	51.1% (2007)	43,127	24%
Argentina	· Public Subsystem (El Subsistema publico) · Social Health Insurance Subsystem (El Subsistema Seguro Social/Obras Sociales)	· 50% of population covered by Public Subsystem · 54% of population covered by Social Health Insurance Subsystem (2007)[36]	100% (2010)	96.8% (2008)	38,406,448	20%
Aruba	General health insurance		100%	99.2% (2003)	96,239	Data unavailable
Bahamas	National Health Insurance		100% (2011)	100% (1995)	280,050	30%
Barbados	Ministry of Health		100% (2008)	100% (1995)	263,165	Data unavailable
Belize	National Health Insurance[37]	31% - 104,000 (2013)	35% (2010)	25.0% (2009)	75,254	24%
Bolivia	· National Maternal and Child Insurance (SNMN) · Basic Health Insurance (SBS) · Universal Maternal and Child Insurance (SUMI) · The Health Insurance for Older Adults (SSPAM)[38]	42.38% (2008)	43% (2011)	42.7% (2009)	4,267,184	23%
Brazil	· Unified Health System (Sistema Único de Saúde – SUS) · Family Health Programme (PSF)[39]	75% of population covered (2012)	100% (2011)	100.0% (2009)	193,490,922	31%
Chile	National Health Fund (Fondo Nacional de Salud - FONASA)[40]	80% - 13,422,221 people covered (2012)	73.5% (2010)	93.1% (2011)	16,114,166	32%

33 Social Protection Department of ILO. "Addressing the Global Health Crisis: Universal Health Protection Policies." Social Protection Policy Paper 13. ILO, (2014): 40-42. <http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---soc_sec/documents/publication/wcms_325647.pdf >

34 Estimate based on ILO estimates, dividing percentage by population in the year of the estimate.

35 World Health Organisation. Global Health Expenditure Database. WHO, 2014. Web. 13 March 2015. < http://apps.who.int/nha/database/Select/Indicators/en >

36 Eleonora Cavagnero, Guy Carrin and Rubén Torres. A National Social Health Insurance Plan for Argentina: Simulating its financial feasibility. Geneva: World Health Organisation, (2010): 5. Web. 13 March 2015. < http://www.who.int/health_financing/documents/dp_e_10_04-shi_arg.pdf >

37 Castillo Rodriguez, Dr. Natalia. "Then and Now Belize." 8th Caribbean Conference Health Financing Initiatives. National Health Insurance, (November, 2013). Web. 13 March 2015. <http://www.nhf.org.jm/cchfi/images/pdf/8th_CCHFI_presentations/Day_1/BELIZE_8th_Caribbean_Conference_Health_Financing_Initiatives.pdf >

38 Pan American Health Organisation. "Bolivia." Health in the Americas, 2012: Country Volume. PAHO, (2012): 121.Web. 13 March 2015. <http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=117&Itemid >

39 Pan American Health Organisation. "Brazil." Health in the Americas, 2012: Country Volume. PAHO, (2012): 140. Web. 13 March 2015.<http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=118&Itemid >

40 Fondo Nacional de Salud y el Gobierno de Chile. "FONASA en 100 Preguntas: Guía práctica para los asegurados." FONASA. FONASA, 2012: 10. Web. 13 March 2015. <http://www.fonasa.cl/portal_fonasa/site/artic/20140814/asocfile/20140814005445/manual_100_preguntas.pdf>

Country	Name of programme and source	Est. % of population covered by government for health (Year), national sources	PAHO estimate of % of population covered by public health care	ILO estimate of legal health coverage, as a percentage of total population	Estimated number of people covered by public health care	WHO estimate - % of health expenditure financed out-of-pocket (2012)
Colombia	· General System of Social Security in Health (Sistema General de Seguridad Social en Salud - SGSS) · Contributive Regime, Subsidised Regime, Basic Health Plan[41]	41,000,000 people covered or about 89% of the population (includes public and private health funds) (2010)	95.7% (2011)	87.7% (2010)	40,732,088	15%
Costa Rica	Costa Rican Social Security Administration (Caja Costarricense de Seguro Social – CCSS)[42]	85% of the population covered (2013)	87.6% (2011)	100.0% (2009)	4,601,424	23%
Cuba	National Health System		100% (2006)	100% (2011)	11,276,053	6%
Dominica			Data unavailable	13.4% (2009)	9,513	27%
Dominican Republic	Family Health Insurance Programme of the National Health Insurance[43]	43% - 4,424,519 (March, 2011)		26.5% (2007)	2,547,979	39%
Ecuador	Health Insurance - Ecuadorian Social Security Institute (Seguro de Salud - Instituto Ecuatoriano de Seguridad Social – IESS)[44]	20% of the population (2007)	20% (2011)	22.8% (2009)	3,364,465	51%
El Salvador	· Ministry of Health · Salvadorian Social Security Institute		98.4% (2009)	21.6% (2009)	1,335,633	32%
Guatemala	· Guatemalan Social Security Institute (Instituo Guatemalteco de Seguridad Social – IGSS)[45] · Ministry of Health	17% of population covered by IGSS (2012)	70% public, 17.5% social security	30.0% (2005)	3,803,676	53%
Guyana	Universal Insurance plan		100% (2009)	23.8% (2009)	185,891	31%
Grenada	National Health Policy		100% (2008)		103,932	52%

41 Torrenegra Cabrera, Elisa Carolina. "Colombia: The Subsidised Health-care Scheme in the Social Protection System." Center for Health Market Innovations. (p.211). <http://www.socialsecurityextension.org/gimi/gess/ShowRessource.do?ressource.ressourceId=24369>

42 Gutiérrez, Tatiana. "Un 85% de la población en Costa Rica está cubierta por un seguro médico." CR Hoy. (November 24, 2013). Web. 13 March 2015. <http://www.crhoy.com/un-85-de-la-poblacion-en-costa-rica-esta-cubierta-por-un-seguro-medico/>

43 Pan American Health Organisation. "Dominican Republic." Health in the Americas, 2012: Country Volume. PAHO, (2012). Web. 13 March 2015.<http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=127&Itemid>

44 Daniel F López-Cevallos and Chunhuei Chi."Health care utilization in Ecuador: a multilevel analysis of socio-economic determinants and inequality issues." Oxford Journal. 2009. Web. 13 March 2015. <http://heapol.oxfordjournals.org/content/25/3/209.full>

45 Pan American Health Organisation. "Guatemala." Health in the Americas, 2012: Country Volume. PAHO, (2012): 368. <http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=132&Itemid>

Country	Name of programme and source	Est. % of population covered by government for health (Year), national sources	PAHO estimate of % of population covered by public health care	ILO estimate of legal health coverage, as a percentage of total population	Estimated number of people covered by public health care	WHO estimate - % of health expenditure financed out-of-pocket (2012)
Haiti	Ministry of Public Health and Population (Ministere de la Sante Publique et de la Population – MSPP)[46] Haiti is in the process of developing a universal health care plan	60% of population covered (April 2015)[47]	70% (2011)	3.1% (2001)	270,328	29%
Honduras	Honduran Social Security Institute (Instituto Hondureño de Seguridad Social – IHSS)[48]	19.2% - 1,636,481 people (2013)	18% (2009)	12.0% (2006)	844,491	46%
Jamaica	Jamaica National Health Fund (NHF)[49]	19% of population covered	95%	20.1% (2007)	535,159	29%
Mexico	· Popular Insurance Programme (El Seguro Popular)[50] · Instituto Mexicano del Seguro Social (IMSS)	45% - 55,000,000 people (2014)	25.5% (2009) 45.3% Social Security Institute	85.6% (2010)	100,910,762	44%
Nicaragua	"1st Pillar": District System for Integrated Healthcare Delivery (SILAIS) "2nd Pillar": Nicaraguan Institute of Social Security (INSS) – Social Health Insurance Scheme (SHI) operated by the INSS [51]		61.2 % + 16.5% (2011)	12.2% (2005)	665,537	39%
Panama	· Social Security Fund (Caja de Seguro Social - CSS) · Ministry of Health[52]	90% of the population covered (2010)	75.6% + 14.4% (2007)	51.8% (2008)	1,840,703	25%
Paraguay	National Health System (Sistema Nacional de Salud) – mix of public and private[53]	21.6% of population covered (12.5% covered by IPS – Instituto de Prevision Social) (2005)	12.5% public + 17% Social Security Institute (2008)	23.6% (2009)	1,497,982	53%

46 Pan American Health Organisation. "Strengthening Health System and Services." PAHO/WHO Technical Cooperation 2010-2011. Web. 13 March 2015.< http://www.paho.org/hai/index.php?option=com_docman&task=doc_view&gid=940&Itemid=7004 >

47 Dubuche, Dr. Georges. "Le Financement des soins de santé en Haïti." Conférence sur le Financement de la Santé. MSPP : Port–au-Prince : April, 2015. Web. 8 September 2015. <https://www.hfgproject.org/wp-content/uploads/2015/04/Le-Diagnostic-du-Financement-de-la-sant---en-Ha--ti.pdf>

48 IHSS. "IHSS en Cifras Serie 2003 – 2013." IHSS. Web. 13 March 2015. <http://www.ihss.hn/estadisticas/Paginas/EstadisticasIHSS.aspx>

49 Chao, Shiyan. "UNICO Studies Series 6: Jamaica's Effort in Improving Universal Access within Fiscal Constraints." World Bank. World Bank's UNICO: Washington, DC (January, 2013). Web. 13 March 2015. <http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/02/01/000333037_20130201142010/Rendered/PDF/750050NWP0Box30n0Fiscal0Constraints.pdf>

50 Seguro Popular: Comisión Nacional de Protección Social en Salud. "Aumenta el número de medicamentos del catálogo que ofrece el seguro popular." Seguro Popular, (May 5, 2014). <http://www.seguro-popular.salud.gob.mx/index.php?option=com_content&view=article&id=145&catid=5&Itemid=46>

51 Mathauer, Inke, Eleonora Cavagnero, Gabriel Vlvas, and Guy Carrin. "Health financing challenges and institutional options to move towards universal coverage in Nicaragua." World Health Report (2010), Background Paper, 24.. (2010): 6. Web. 13 March 2015. http://www.who.int/healthsystems/topics/financing/healthreport/24Nicaragua.pdf

52 Pan American Health Organisation."Panama." Health in the Americas, 2012: Country Volume. PAHO, (2012): 498. Web. 13 March 2015. <http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=141&Itemid>

53 PAHO/USAID/WHO. "Health System Profile: Paraguay." PAHO HQ Library Cataloguing –in-Publication. (2008): 28. <http://www.paho.org/hq/dmdocuments/2010/Health_System_Profile-Paraguay_2008.pdf>

Country	Name of programme and source	Est. % of population covered by government for health (Year), national sources	PAHO estimate of % of population covered by public health care	ILO estimate of legal health coverage, as a percentage of total population	Estimated number of people covered by public health care	WHO estimate - % of health expenditure financed out-of-pocket (2012)
Peru	· Integral Health Insurance (Seguro Integral de Salud - SIS – targets poor and extremely poor) · EsSalud (Social Security – for employees and beneficiaries) · Private sector (for those who can afford it)[54]	45% - SIS covers 13,725,247 (2013)[55] 35% - EsSalud covers 10,557,997 (2014)[56]	58% MoH + 20% EsSalud (2011)	64.4% (2010)	18,845,263	36%
Saint Kitts and Nevis	Ministry of Public Health		100% (2008)	28.8% (2008)	14,720	57%
Saint Lucia	National Insurance Scheme[57]	17.5% of population covered for in-patient services only (2008)[58]	100% (2008)	35.5% (2003)	57,427	44%
Saint Vincent and the Grenadines	Ministry of Health		100% (2008)	9.4% (2008)	10,261	18%
Suriname	National Health Services – Ministry of Social Affairs		30% (2008)		154,612	17%
Trinidad and Tobago	Ministry of Health		The Ministry of Health is creating an entity that will guarantee a package of health services to the country's entire population			41%
Uruguay	National Integrated Health System (Sistema Nacional Integrado de Salud del Uruguay - SNIS)[59]	35% - 1,440,264 people covered by Public Health Services Administration (2011) 250,000 people covered by Armed Forces health services 70,000 people covered by Police Health services[60]	25.4% (2009)	97.2% (2010)	3,277,567	17%

54 Seinfeld, Janice, Vilma Montañez and Nicolás Besich. "The Health Insurance System in Peru: Towards a Universal Health Insurance. Global Development Network. (2013). Web. 13 March 2015. <http://www.gdn.int/admin/uploads/editor/files/GDN_PEMRP_CIUP_PS_Health.pdf>

55 Seguro Integral de Salud. "Número de Asegurados al SIS al mes de Diciembre 2013, por grupo de edad y por distrito de residencia." SIS. SIS, Lima, Peru: (2013). Web. 13 March 2015. <http://www.sis.gob.pe/portal/estadisticas/index.html>

56 Seguro Social de Salud – EsSalud. "Población Asegurada Activa 2014." Es Salud. Lima, Peru: (October, 2013). Web. 13 March 2015. <http://www.essalud.gob.pe/estadistica-institucional/>

57 Pan American Health Organisation. "Health Systems Profile: St. Lucia." Office of Eastern Caribbean Cooperation. PAHO, Barbados: (2008). Web. 13 March 2015. http://new.paho.org/hq/dmdocuments/2010/Health_System_Profile-St_Lucia_2008.pdf

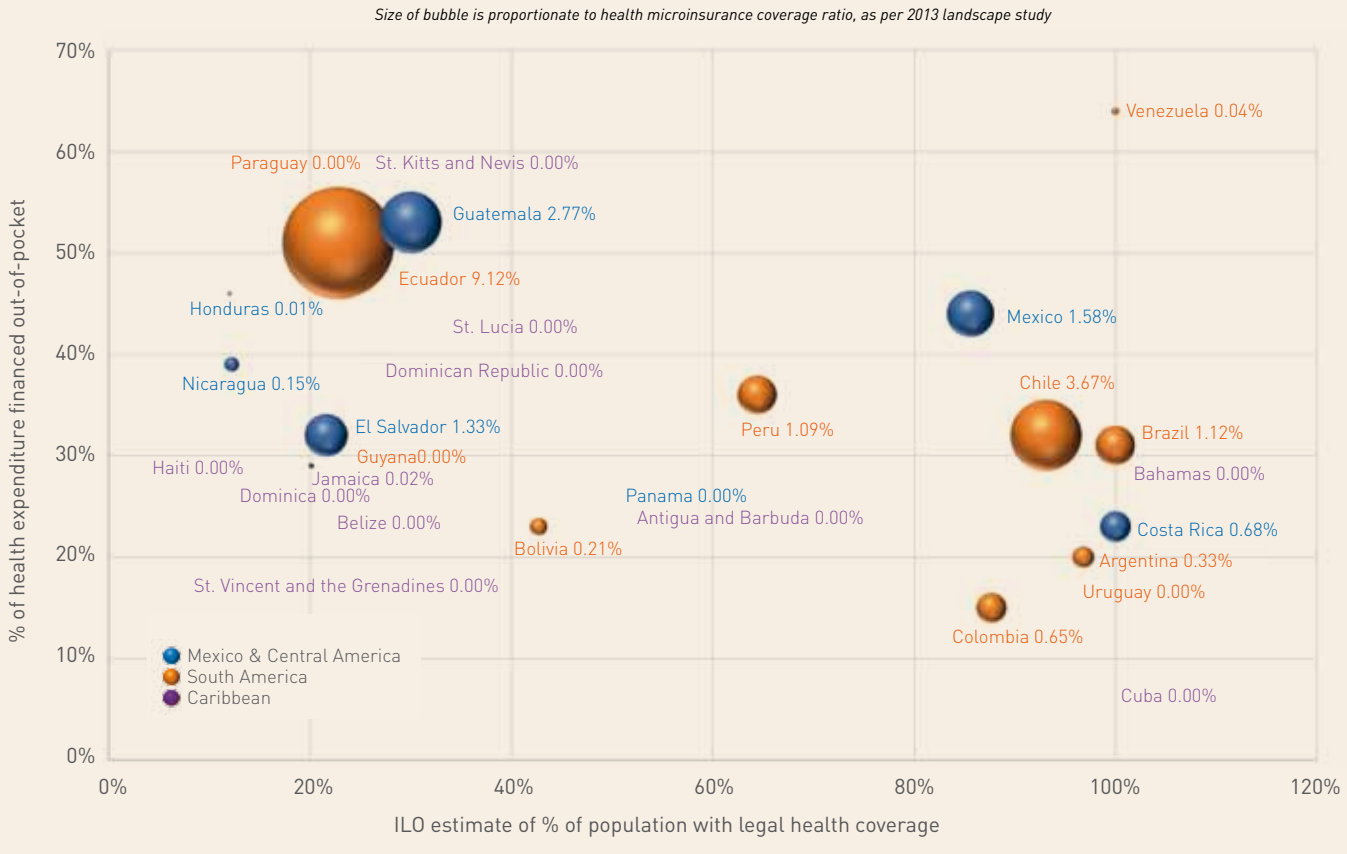
58 Pan American Health Organisation. "Health Systems Profile: St. Lucia." Office of Eastern Caribbean Cooperation. PAHO, Barbados: (2008): 29. Web. 13 March 2015 http://new.paho.org/hq/dmdocuments/2010/Health_System_Profile-St_Lucia_2008.pdf

59 Pan American Health Organisation. "Health Systems and Social Protection in Health." Health In the Americas, 2012: Regional Volume, 2012. PAHO, (2012). Web. 13 March 2015. <http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=166&Itemid>

60 Saravia, Leonor. "Uruguay: Health." ILO Social Protection. ILO, (January, 2013). Web. 13 March 2015. <http://www.social-protection.org/gimi/gess/ShowTheme.action?th.themeId=1222>

Country	Name of programme and source	Est. % of population covered by government for health (Year), national sources	PAHO estimate of % of population covered by public health care	ILO estimate of legal health coverage, as a percentage of total population	Estimated number of people covered by public health care	WHO estimate - % of health expenditure financed out-of-pocket (2012)
Venezuela	· The National Public Health System – "Misión Barrio Adentro" strategy[61] · Seguros Solidarios - Salud social protection programme for health coverage offered through private insurance companies	68% of population covered (January 2011)[62] 6,922 people covered by Seguros Solidarios de Salud (November 2012)[63]	68% + 17.5% Social Security Institute	100% (2010)	29,043,283	64%
Estimate of total number of people covered by public health care in LAC:					478,965,301	

FIGURE 36
MICROINSURANCE AND GOVERNMENT HEALTH CARE



[61] Pan American Health Organisation. "Venezuela." Health in the Americas, 2012: Country Volume. PAHO, (2012). Web. 13 March 2015. <http://www.paho.org/saludenlasamericas/index.php?option=com_docman&task=doc_view&gid=154&Itemid>

[62] Pan American Health Organisation. "Chapter 5: Health Systems and Social Protection in Health." Health in the Americas, 2012. PAHO, (2012): 211. Web. 13 March 2015. <http://www.paho.org/saludenlasamericas/index.php?option=com_content&view=article&id=59&Itemid=54&lang=en>

[63] Superintendencia de la Actividad Aseguradora. "Seguros Solidarios: Boletín 8." SUDESEG. Caracas, Venezuela, SUDESEG: (November, 2012). Web. 13 March 2015. <http://www.sudeseg.gob.ve/publico/archivos/seguros_solidarios/boletines/boletin8_seguros_solidarios_121130.pdf>

About the Microinsurance Network:

The Microinsurance Network is a platform of over 270 microinsurance experts from other 30 countries dedicated to promoting access to valuable microinsurance to low-income populations.

Find out more : www.microinsurancenetwork.org

Read our publications: www.microinsurancenetwork.org/resources

Contact us: info@microinsurancenetwork.org

Twitter: @NetworkFlash