



International
Labour
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The Microinsurance Innovation Facility: Catalyzing protection of the working poor

The poorest are typically hit the hardest by risks such as earthquakes, floods, drought, disease and crime. Yet, millions of low-income households do not have access to appropriate insurance products and insurance industries in many countries are not fulfilling their potential to support economic development and job creation. The total gap is estimated to be approximately 4 billion individuals.

Microinsurance is a rapidly evolving field with great potential to help the world's poor to manage the risk of large losses. The extension of insurance to low-income households provides a way to integrate financial inclusion and social protection, potentially benefitting not only the working poor, but also their communities and countries.

The Microinsurance Innovation Facility furthers the extension of social protection to excluded persons and supports the developing world's low-income families to guard against risk and overcome poverty.

FACTS AND FIGURES

Partners:

Bill & Melinda Gates Foundation;
Z Zurich Foundation;
Munich Re

Beneficiary Countries:

Over 30 countries across Africa, Asia, Latin America, the Caribbean, and the Middle East

Timeframe:

2008 – 2013

Budget:

Bill & Melinda Gates Foundation USD 34 million
Z Zurich CHF 3 million
Munich Re USD 150,000

THE RESPONSE

The ILO's Microinsurance Innovation Facility was launched in 2008. Generous support from the Bill & Melinda Gates Foundation, the Z Zurich Foundation, and Munich Re has made it possible to dramatically expand the outreach of insurance services to low-income households and enterprises, strengthen insurance providers and ensure that better risk management practices are more widely available.

The Facility inspires and encourages new approaches to reach unmet needs and thus stimulates product and process innovations within potential and existing risk carriers, but also the types of services offered and the delivery channels chosen. Such innovations can fall within the entire range of operations; they can be related to, for example, the client interface, the processing of applications, the claims and the renewals.

Typically, this is achieved by providing innovation grants as well as technical assistance, research and the dissemination of good practices.

With more than 65 grantees across Africa, Asia, and Latin America, the Facility is a critical hub of knowledge extracting concrete lessons learned from a multitude of pioneers, and sharing their successes and challenges with a wide audience of parties.

RESULTS

In 2007, 78 million low-income persons were covered by microinsurance in the poorest 100 countries of the world. This coverage has expanded dramatically since, with this figure rising to 135 million in 2009, and close to an estimated 500 million in 2012. In tandem, by 2011, the number of the world's 50 largest insurance companies that offer microinsurance rose to 33 from 7 in 2005:

The Facility has made significant progress since its inception in 2008:

- It has provided 65 innovation grants (of between USD 50,000 and USD 500,000) to organizations across the globe, which have developed and tested new microinsurance products, distribution channels, models and strategies for low-income people.

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"We believe it's crucial to our long-term business success to play our part in delivering sustainable, long-lasting solutions to important and relevant economic, social and environmental challenges...it is important to underpin our commitment to corporate responsibility and actively support the development of better insurance services for the less fortunate"

*Martin Senn,
Zurich's Chief Executive Officer and Chairman of the Foundations's Board.*



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These grants have played a critical role in rectifying market failures, and helped bridge the chasm between the capacities of the insurance industry and the needs of the working poor. For example, thanks to a call for proposals that the Facility launched in October 2010 (one of many biannual calls), 14 innovations were supported. One of these grants alone led to the development of health insurance service for workers with a premium of just USD 5 per year.

- It has improved the capacity of 57 individuals and organizations through fellowships, mentoring, technical advisory and consultancy services, and information-sharing events;
- It has supported 35 research papers engaging academics on critical issues – a comprehensive list is available here: <http://www.microinsurancefacility.org/publications/by-type>;
- It has developed an online Knowledge Centre that tracks the progress of key microinsurance practitioners, and aggregates and disseminates lessons learned among organizations who strive to answer similar questions;

Based on the above experiences and inputs from over 50 relevant authors, the Facility published 'Protecting the Poor: A Microinsurance Compendium. Vol II'. Working in partnership with Munich Re Foundation and the Microinsurance Network, this seminal volume pulls together a wide and unique assortment of recent practices and emerging ideas in microinsurance from across the globe and serves as an invaluable resource for policy-makers, insurers, academics and NGOs.

The Facility is currently focusing its efforts to dramatically expand access to better insurance services, accelerating the adoption of good practices by key stakeholders and enlarging its partnerships. Through its 'Quality at Scale' programme (2014-2018), the ILO will directly or indirectly reduce the vulnerability of more than 100 million low-income persons.

For detailed information on the activities of the ILO's Microinsurance Innovation Facility, please visit:

<http://www.microinsurancefacility.org>

BENEFITS OF PARTNERING

Microinsurance providers:

- Can learn from each other's experiences and capitalize on individual strengths in order to accelerate the achievement of quality at scale.
- Gain access to the Facilities expertise and extensive experience. The Facility works with and receives technical inputs from the industry's best experts on key frontier issues and partners can access tailored support from field facilitators to make things happen, including coaching and project management.
- Become part of a select community of practice pushing the frontier of microinsurance globally and gain greater recognition as an innovator in the field of microinsurance.
- Gain greater exposure to breakthroughs in the industry which feature prominently in ILO and international publications and events.