

Innovations and Trends in Microinsurance

What is Microinsurance?

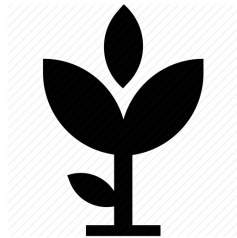
- Protection of low income households against specific perils in exchange for regular monetary payments proportional to the likelihood and cost of the risk involved
- Principle: “risks pooling” which allows individuals to share the cost of a risky event

Insurance

Awareness of Insurance



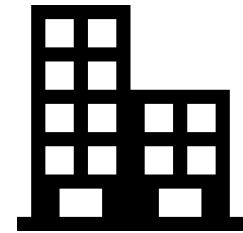
77.7%
For Health insurances



67.3%
For life insurance



60.3% for accident
insurance



32.2% for building
insurance



14.5% for
microinsurance



47.4% for vehicle
insurance



39.1% for
Fire Insurance



9.5% for cellphone
insurance

National Baseline Survey on Financial Inclusion, Bangko Sentral ng Pilipinas

How Filipinos View Insurance

- Insurance is important (76.9%¹)
- Preparation for unforeseen events (73.1%¹)
- Major threats that can significantly impact their livelihood
 - Illness and medical expenses as (87.5%)
 - Death or loss of income of breadwinner (75.6%)
 - Natural disasters (59.1%)
- Would like to have insurance coverage (48.6%)

National Baseline Survey on Financial Inclusion, Bangko Sentral ng Pilipinas

¹SEDPI USAID SIMM Research 2013

INDUSTRY BATTLEGROUND: MICROINSURANCE

Features Clients Like Best about MFI

| | 2010 | 2016 |
|----------------------------------|--------------|--------------|
| Accommodating Staff | 51.2% | 32.6% |
| Insurance | 30.0% | 68.2% |
| Faster and Efficient Service | 28.1% | 16.6% |
| Flexible loan terms | 23.7% | 18.7% |
| Steady Source of Working Capital | 14.7% | 3.5% |
| Low Interest Rate | 14.4% | 13.4% |
| No deductions | 0.0% | 11.0% |

Other Services Wanted

| | 2010 | 2016 |
|-----------------------|-------|-------|
| Scholarship | 15.2% | 11.5% |
| Health Services | 13.2% | 6.5% |
| Livelihood Training | 4.4% | 4.4% |
| Relief and evacuation | - | 5.4% |



Causes of Delinquency

| | 2010 | 2016 |
|----------------------------|------|-------|
| Sold on credit | 0.4% | 28.4% |
| Self or HH member got sick | 4.5% | 20.5% |
| Business not profitable | 4% | 15.9% |
| Used for consumption | 3.1% | 11.4% |
| Disaster | 2.9% | 11.4% |
| Lack of sales or demand | 4.7% | 5.7% |

Demand and Desired Features

- Types of insurance with highest demand:
 - Life insurance
 - Health insurance
 - Crop insurance
- Desired features of insurance providers:
 - Fast processing of claims
 - Simple requirements
 - Wide coverage of beneficiaries

Reasons for not Getting Insurance

- Lack of money
- Perception of high cost
- Perceived lack of need for property insurance

| Reasons ¹ | Percentage |
|---|------------|
| High Transaction Cost | 77.2% |
| Not familiar with insurance | 8.8% |
| No need for insurance | 7.0% |
| Application process too long; complicated | 6.1% |

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¹SEDPI USAID SIMM Research 2013

Life Insurance

- 54.2% have life insurance
- Top Life Insurance Providers:

| Life Insurance Provider | Percentage |
|-------------------------|------------|
| MFI-Linked | 29.4% |
| SSS | 26.6% |
| Philam | 13.3% |

Life Insurance

- 44.3% have accident insurance
- Top Accident Insurance Providers:

| Life Insurance Provider | Percentage |
|-------------------------|------------|
| SSS | 32.5% |
| MFI-Linked | 20.5% |
| Philam | 14.5% |

Life Insurance

- 39.8% have health insurance
- Top health insurance providers:

| Life Insurance Provider | Percentage |
|-------------------------|------------|
| Philhealth | 70.5% |
| Fortune | 15.2% |
| Intellicare | 4.8% |

Property Insurance and Pre-Need

- 20.8% have pre-need plan for retirement
- 3.8% have memorial plans
- 1.5% have pre-need plan for education
- 1.1% have property insurance

Desired Premium and Benefit

- 50/month premium on insurance

| Coverage | Benefit |
|----------|---------|
| Disaster | 10,000 |
| Health | 15,000 |
| Mortuary | 75,000 |
| Life | 150,000 |

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