



Microinsurance Event Report

Thursday 12 May 2016

Staple Inn Hall, London

Three actuaries with experience in microinsurance ('MI'), **Eamon Kelly, Henry Yan and Jeff Blacker**, presented various themes on the global MI landscape, international actuarial development and anecdotes about individual actuaries working on interesting MI assignments around the globe.

Eamon introduced MI (also known as inclusive insurance) as insurance developed for low-income clients, with a focus on developing countries. He contrasted it with traditional insurance and introduced the stakeholders in this field. Based on recent landscape studies, there are 62m lives covered in Africa with gross premiums of \$756m (2014 study), 49m lives covered by MI in Latin America and the Caribbean with gross premiums of \$828m (2013) and 170m lives covered in Asia with gross premiums of \$829m (2012). Life insurance (not linked to credit finance) is the most common product globally, while personal accident is also common in Asia. Findings from the African study were then discussed in detail – while life and personal accident cover have grown significantly over the last 3 years, largely through Mass Market channels like Mobiles, only 5.4% of the total population remains covered by MI. There is therefore vast untapped potential. Technical details of (low) claims ratios and expense ratios were examined by product, showing some interesting patterns and areas for improvement as well as research. This gave the audience an understanding of the potential business case for MI.

Henry discussed some of the demand and supply issues regarding actuaries in MI and in developing insurance markets in general. The definition of actuary is not uniform across markets and there is a clear undersupply of actuaries in many countries. It was mentioned that while there are few if any actuaries in some markets, insurance products are still being developed and priced without actuarial involvement. An introduction to some of the international literature on MI was then given. To facilitate market development, a working party of the International Association of Insurance Supervisors (IAIS) and International Actuarial Association (IAA) is currently working to develop prudential MI guidance for regulators and professional MI guidance for actuaries. Two key themes being considered are: (i) regulations should be proportionate to the nature, scale and complexity of risk, and (ii) the degree of actuarial involvement in MI can be determined by the level of complexity of a product and the business and/or operational risk. To assist in efforts to provide actuarial training in MI, an optional course in MI is proposed as part of the IFoA Certified Actuarial Analyst program.

Jeff introduced the book "Actuaries in Microinsurance", with chapters from 20 individual actuaries covering technical content and anecdotes from the field, including Jeff's own experiences in MI product pricing and claims experience analysis. He told some interesting stories of others' experiences, and showed an example of educating people on insurance using an interactive game. Jeff discussed the issues when confronted with trying to price a product with little or no data and the need to conduct market research, be creative and resourceful, and find secondary data sources. Finally, he gave some interesting pointers on how actuaries can get involved in the MI field.



Institute and Faculty of Actuaries

Eamon Kelly is an actuary with over 20 years' experience in general insurance. His most recent work is consulting in the development sector, as lead project manager and consultant to insurance initiatives in Southeast Asia, Latin America, Africa, and the MENA region.

Henry Yan is an actuary with 20 years' experience in pensions and investments and is chair of the IFoA MI Interest Group. His MI experience includes being technical consultant on projects in Asia and Africa and past executive director of the Access to Insurance Initiative (A2ii), a global partnership between supervisors and development organisations to increase access to insurance for low-income clients.

Jeff Blacker is a US actuary with over 17 years' experience in life and health insurance. Jeff's MI experience includes projects in developing products in Nicaragua and Guatemala and claims experience analysis in Kenya. He is co-editor of the recently published book "Actuaries in Microinsurance: Managing Risk for the Underserved".