

REGIONAL WORKSHOP ON MICROINSURANCE SECTOR DEVELOPMENT

28TH to 29TH JUNE, 2007, COLOMBO, SRI LANKA

UNDERSTANDING DEMAND FOR MICROINSURANCE

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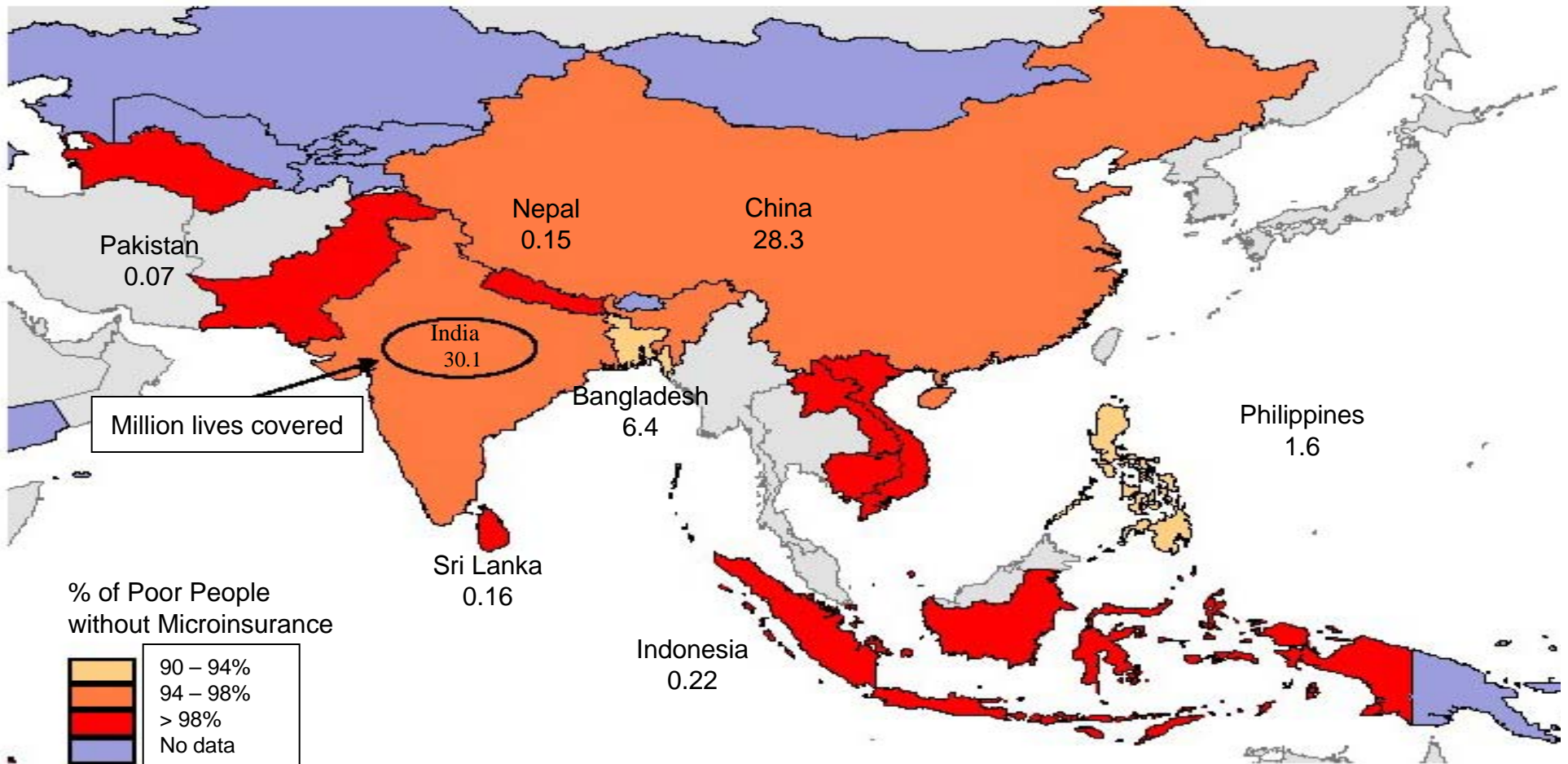
UNDERSTANDING DEMAND FOR MICROINSURANCE

- Need and Demand
- Microinsurance Mapping
- Some Statistics
- Some Demand Studies
- What affects Microinsurance Demand
- Decision Making Process of the Poor
- Demand Must be Created
- Sell the product
- Sri Lanka Demand Study

NEED AND DEMAND

- Need is perceived based on past major adverse events
- Demand has to be assessed through market survey
- Understanding need is not sufficient to create demand
- Demand does not automatically create a market
- A product should fulfil the needs, be affordable and there must be a willingness to pay

MICROINSURANCE IN ASIAN COUNTRIES



Source: Landscape of Microinsurance in the World's 100 Poorest Countries by MICROINSURANCE CENTRE

INSURANCE PENETRATION AND DENSITY

	<u>PENETRATION</u> %	<u>DENSITY</u> US \$
INDIA	3.14	22.7
CHINA	2.70	46.3
INDONESIA	1.52	19.4
PHILIPPINES	1.48	16.3
SRI LANKA	1.46	4.6
PAKISTAN	0.67	2.5
BANGLADESH	0.61	2.5

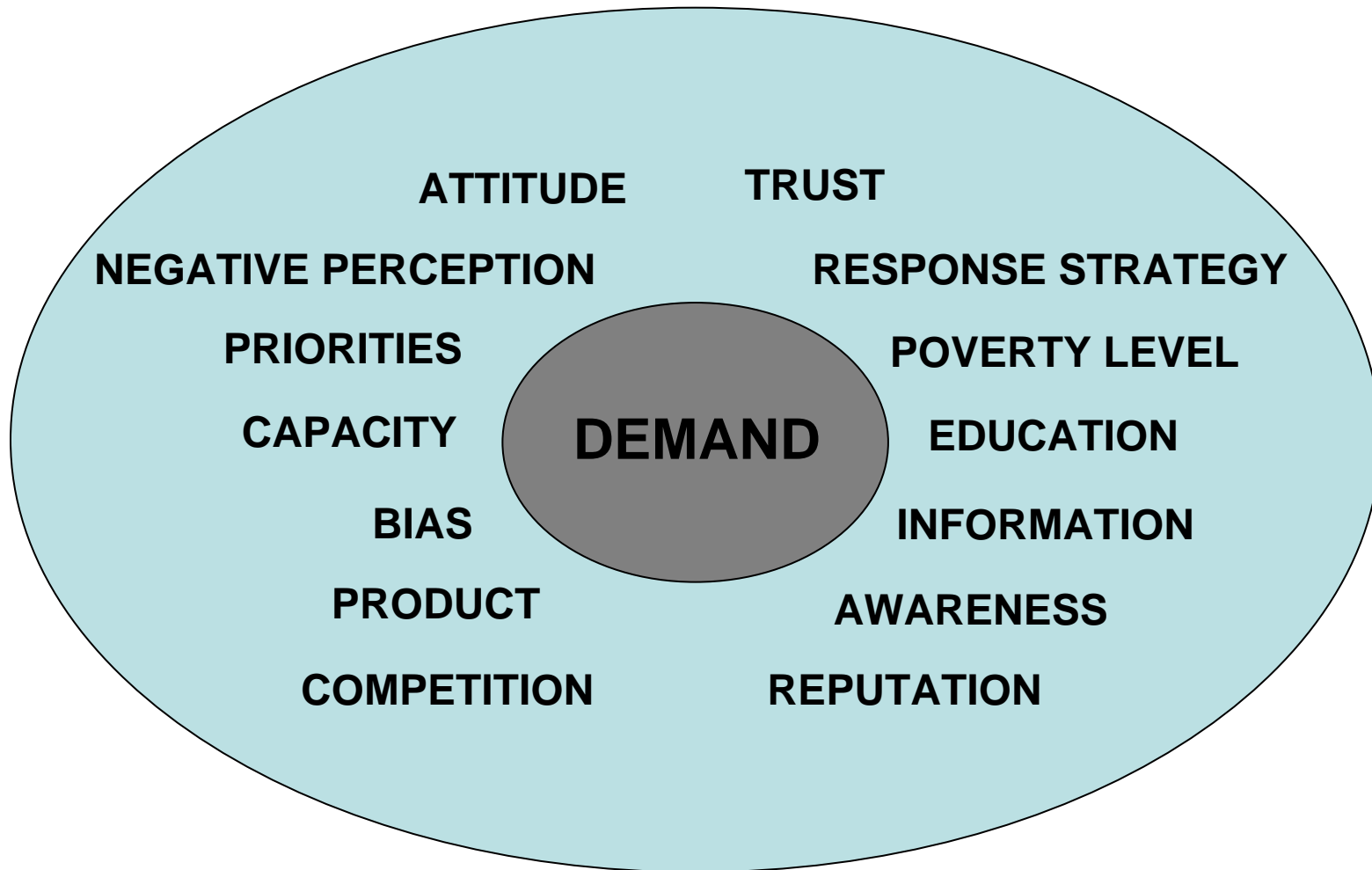
Source: SIGMA REPORT 2006, SWISS RE

RESULT OF A FEW DEMAND STUDIES

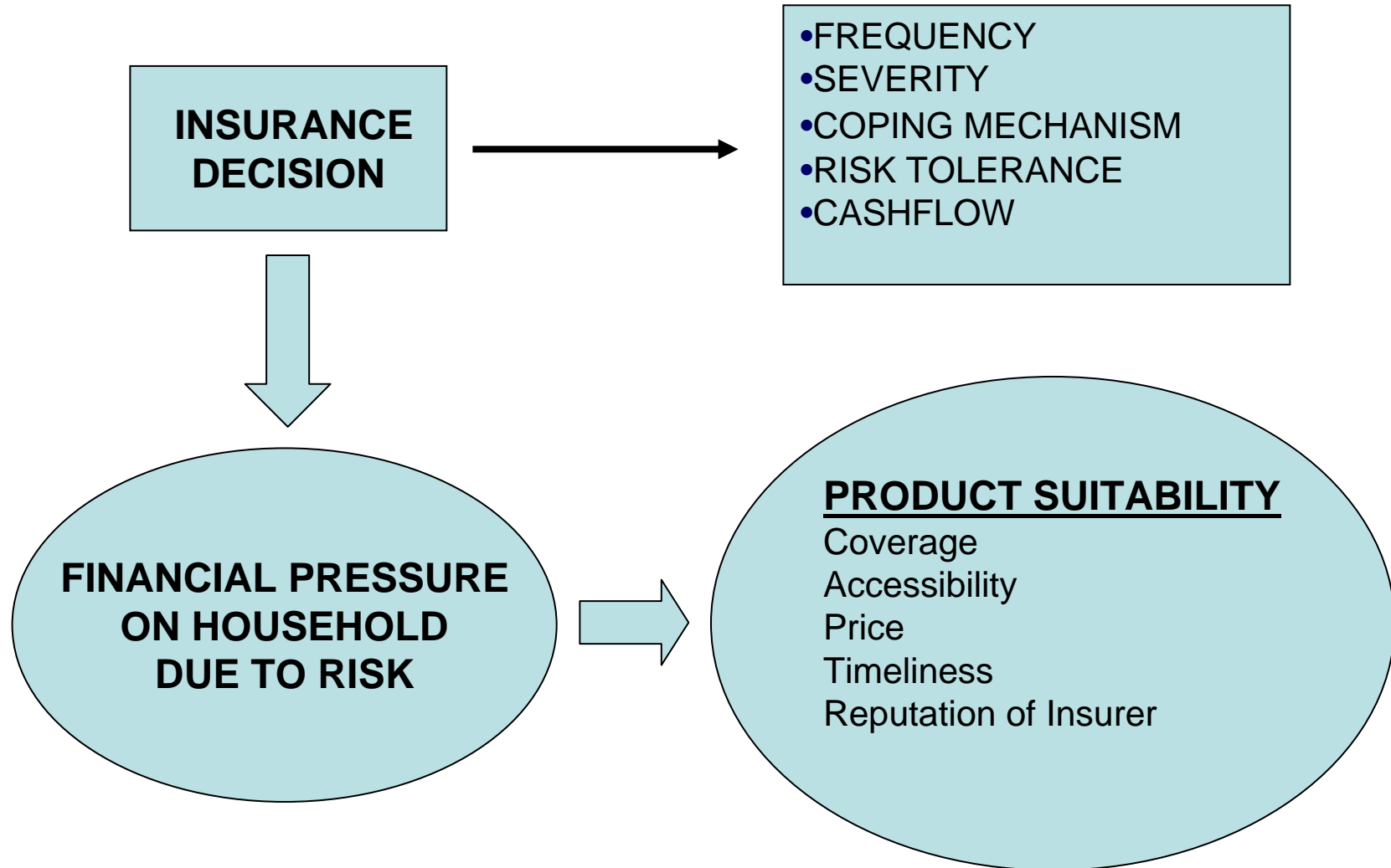
COUNTRY	PRODUCT IN DEMAND
Albania	Property, Health, Life
Georgia	Health, Unemployment, Theft of Property
Indonesia	Health, Crops, Life
Kenya	Health, Life, Theft of Property
Laos	Health, Livestock, Life
Pakistan	Health, Accident
Romania	Life, Accident, Weather Insurance
Sri Lanka	Health, Funeral, Life

Source: Landscape of Microinsurance in the World's 100 Poorest Countries by MICROINSURANCE CENTRE

WHAT AFFECTS MICROINSURANCE DEMAND



DECISION MAKING PROCESS



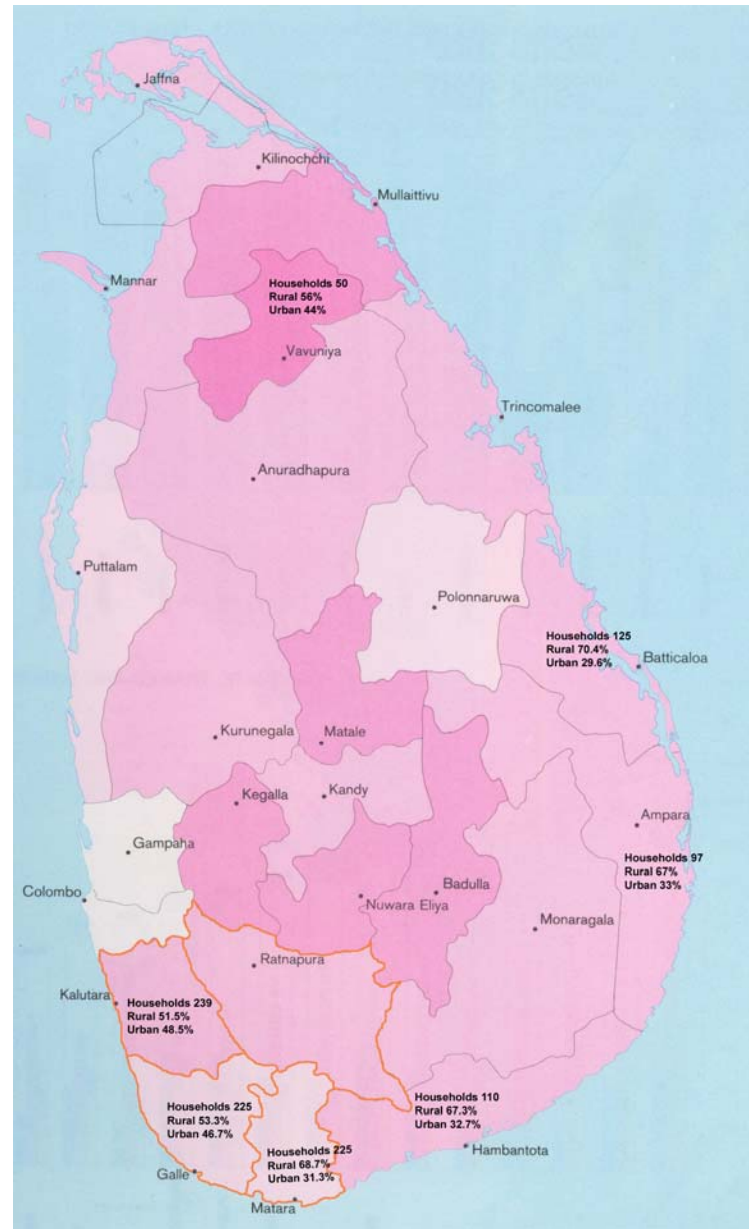
DEMAND MUST BE CREATED

- Awareness
- Image
- Benefits
- Limitations

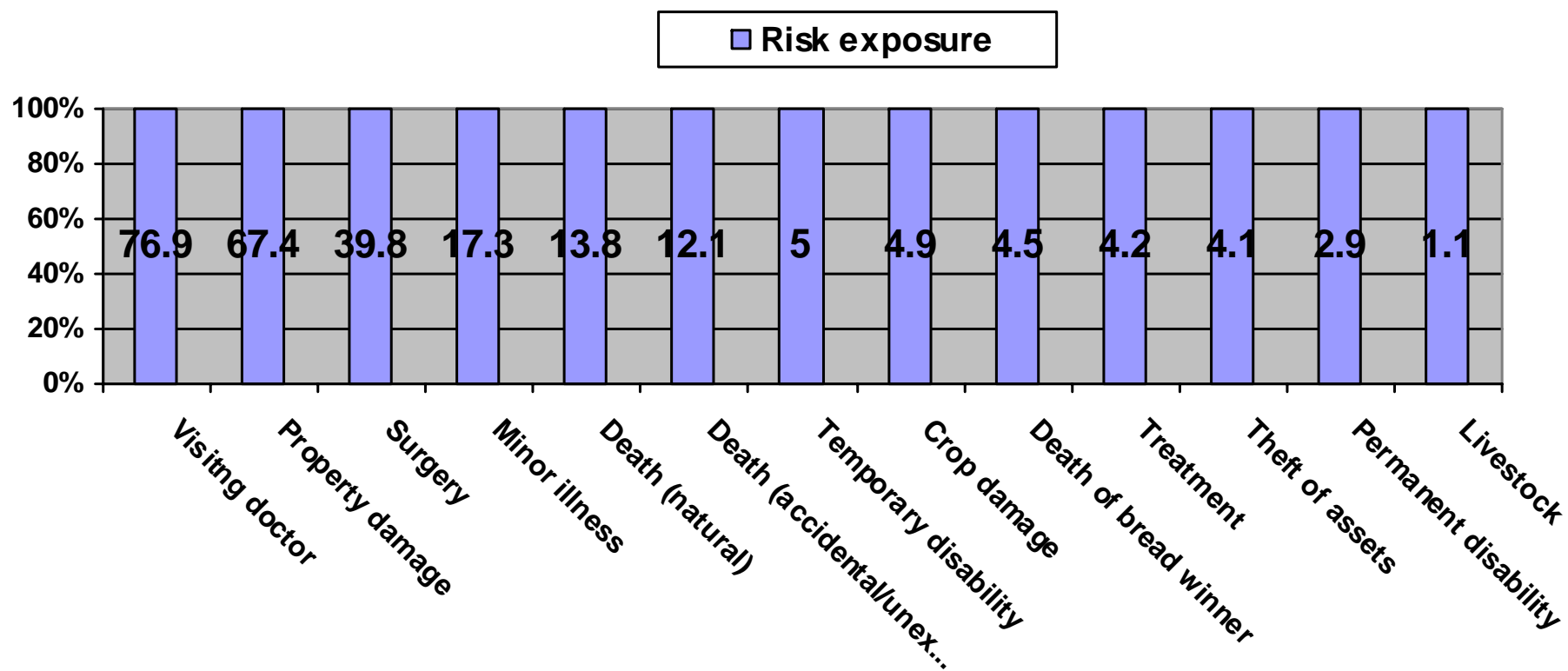
THE PRODUCT HAS TO BE SOLD

- Like all insurance, microinsurance has to be sold
- Perspectives gap between the insured and the insurers has to be addressed
- Premium has to be affordable
- Procedures have to be simple

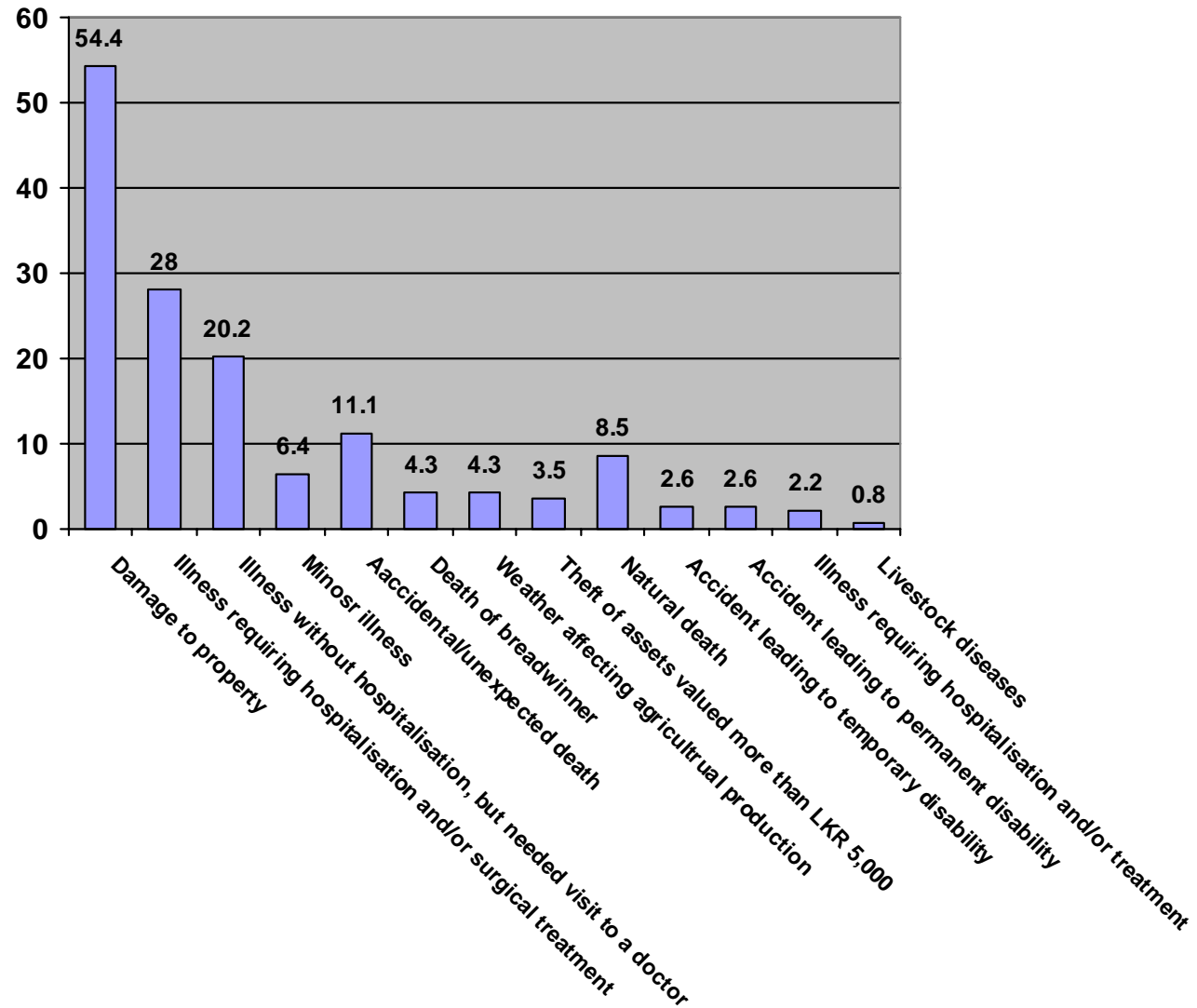
SRI LANKA DEMAND STUDY



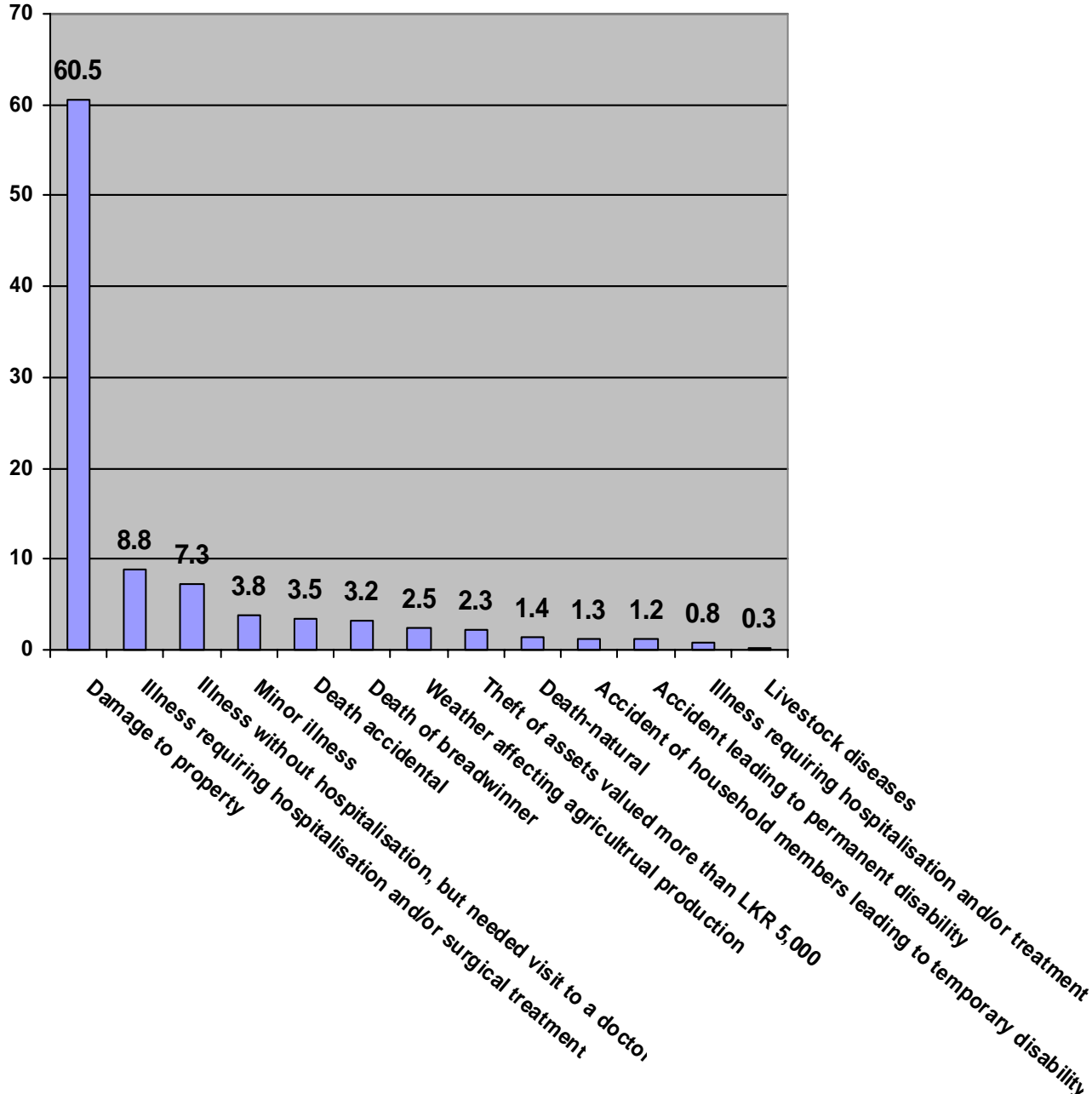
HOUSEHOLD RISK EXPOSURE IN LAST 3 YEARS



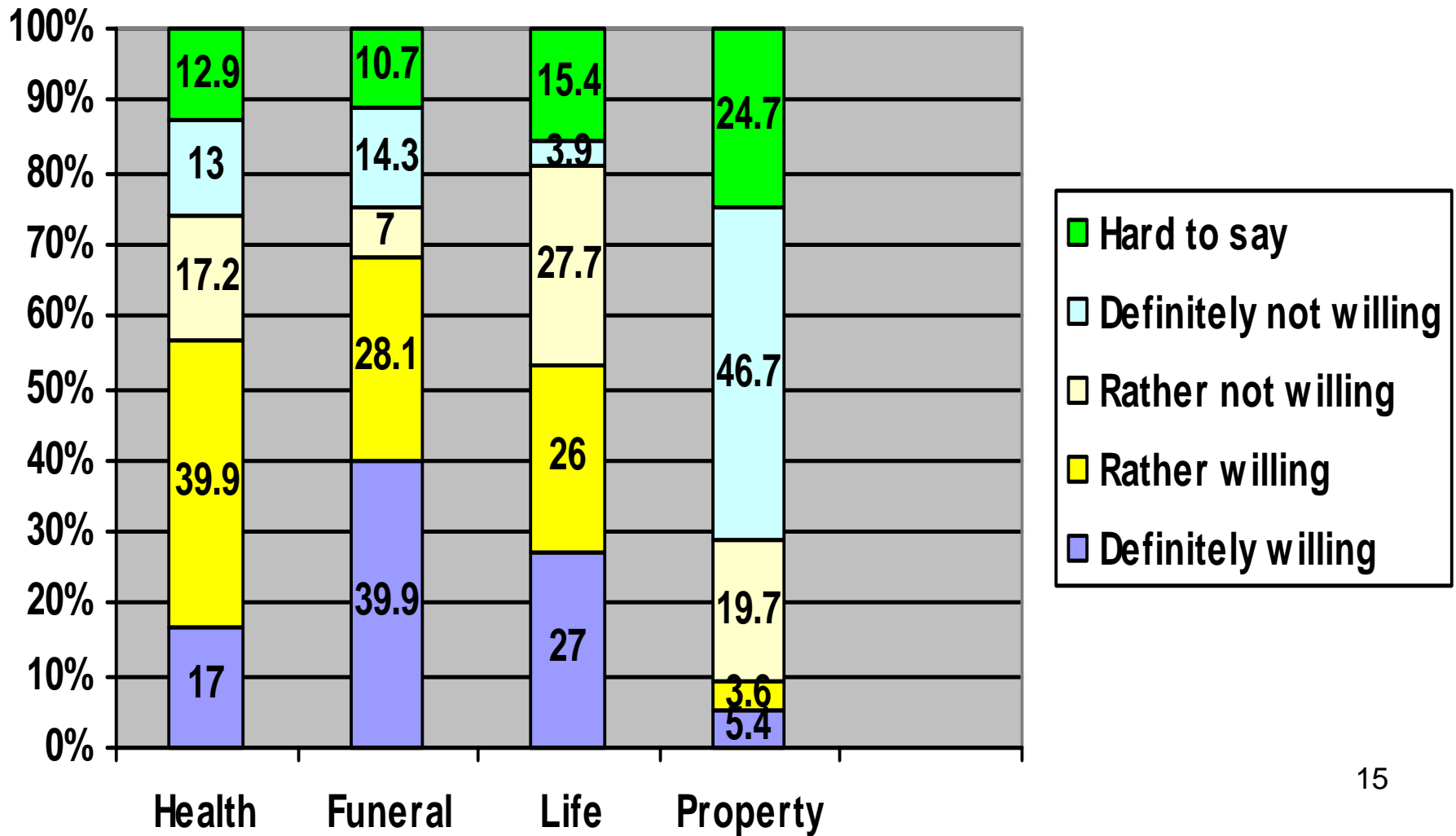
RISKS THAT PUT MAXIMUM PRESSURE ON HOUSEHOLD FINANCE



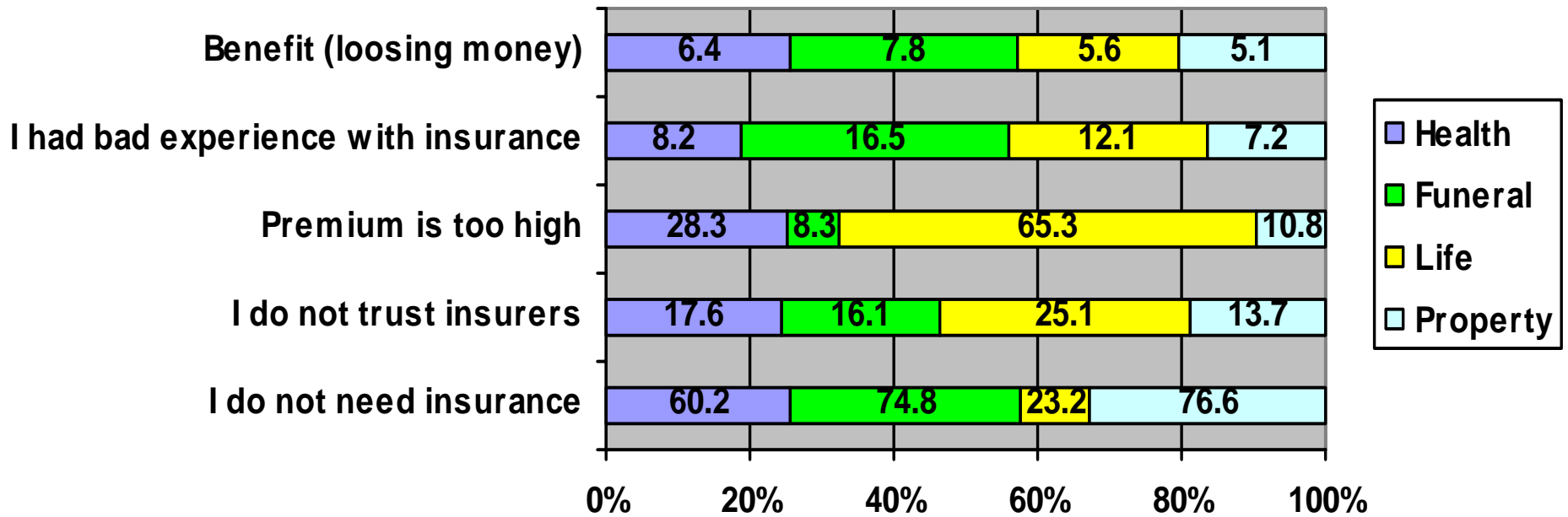
RISKS MOST DIFFICULT TO COPE WITH



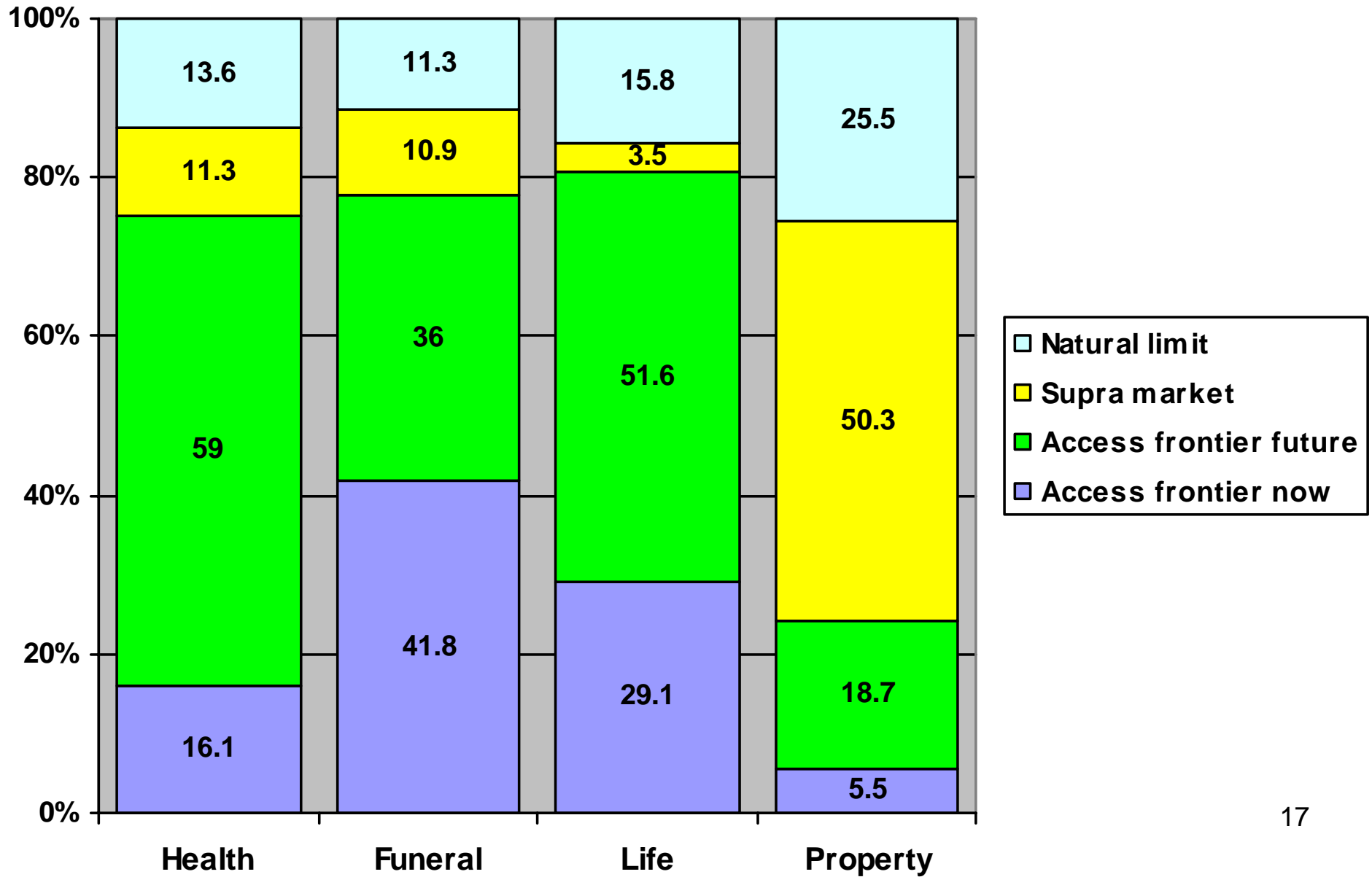
WILLINGNESS TO BUY CONCEPT PRODUCTS



WHY NOT WILLING TO BUY INSURANCE



MARKET DEVELOPMENT PROJECTION



ATTITUDE TOWARDS INSURANCE

