



Report of the

Sixth Annual Symposium of the Nigerian Microfinance Platform

In partnership with

Microinsurance Network

**Expanding the Frontiers of Financial Inclusion:
The Microinsurance Option**

DATE: THURSDAY, 29TH APRIL 2021

VENUE: DOVER HOTEL, IKEJA, LAGOS STATE

Hosted By:  **Letshego**
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Glossary

S/No.	Acronym	Definition
1.	CBN	Central Bank of Nigeria
2.	OFISD	Other Financial Institutions Supervision Department
3.	MfB	Microfinance Bank
4.	NAMB	National Association of Microfinance Banks
5.	NAIC	National Agricultural Insurance Corporation
6.	NDIC	Nigeria Deposit Insurance Corporation
7.	CIBN	Chartered Institute of Bankers of Nigeria
8.	NAICOM	National Insurance Commission
9.	NMP	Nigerian Microfinance Platform
10.	MLDC	Microfinance Learning and Development Centre
11.	FinTech	Financial Technology
12.	Covid-19	Coronavirus
13.	IFC	International Finance Corporation
14.	EFInA	Enhancing Financial Innovation & Access
15.	MSME	Micro, Small and Medium Enterprises

Executive Summary

The **Nigerian Microfinance Platform** successfully held the 6th Annual Symposium for member microfinance banks/financial institutions of the Platform, professionals across the financial services industry, regulators, various Non-Governmental Organizations, and other stakeholders in the sub-sector. The symposium held on Thursday, 29th April 2021 at Dover Hotel, Ikeja, Lagos State with the theme: ***Expanding the Frontiers of Financial Inclusion: The Microinsurance Option***. The event was hosted by Letshego Microfinance Bank and supported by La Fayette MfB, LAPO MfB, AFOS Foundation, Society for Corporate Governance of Nigeria, Hasal MfB, NPF MfB, Accion MfB, and the National Association of Microfinance Banks (NAMB).

The Chairman of the event, Deputy Governor (Financial System Stability) of the Central Bank of Nigeria (CBN), *Mrs. Aisha Ahmad*, was represented by *Mrs. Idowu Akinlade*, Deputy Director, Other Financial Institutions Supervision Department (OFISD) CBN, who delivered the opening speech. *Mrs. Akinlade* also represented *Mrs. Nkiru Asiegbu* Director, OFISD, CBN, and gave the Convener's opening remarks. Goodwill messages were delivered by *Alhaji. Bello Hassan*, MD/CEO, Nigeria Deposit Insurance Corporation (NDIC) who was represented by *Mr. Joshua Etopidiok*; *Mrs. Tutu Ogunnaike*, Board Chair, AFOS Foundation INGO (Nigeria); *Mr. Bayo Olugbemi*, FCIB, President, Chartered Institute of Bankers of Nigeria (CIBN); *Mr. Andrew Fening Okai*, Group Chief Executive, Letshego Holdings; and *Ms. Folashade Joseph*, MD/CEO, Nigerian Agricultural Insurance Corporation (NAIC) represented *Mr. Ekundayo Mobayo*.

The Symposium was structured into lead paper presentation, sub-theme technical paper presentations and panel discussion with carefully selected experts, practitioners as well as discussants that shared experiences and suggested possible ways forward. The keynote paper was delivered by *Mr. S.O. Thomas*, Commissioner for Insurance, National Insurance Commission (NAICOM) represented by *Mr. Ajibola Olabisi Bankole*, followed by a lead paper presentation by *Katharine Pulvermacher*, European Microinsurance Network. Technical papers under three sub-themes were delivered by *Mr. Chidiebere Nwokeocha*, Executive Director, Cornerstone Insurance, *Dr. Godwin Ehigiamusoe*, Founder, Lift Above Poverty Organisation, LAPO and *Dr. Biodun Adedipe* FCIB, Chief Consultant/Founder, BAA Consult.

The panel discussion that followed was moderated by *Mr. Rogers Nwoke*, Non-Executive Director, Hasal Microfinance Bank Limited and the discussants were *Mr. Shina Gbadegesin*, MD/CEO, GOXI Microinsurance Limited, *Mr. Joshua Etopidiok*, Director, SIID, NDIC, *Ms. Folashade Joseph*, MD/CEO NAIC represented *Mr. Ekundayo Mobayo*, *Mr. Yusuf Gyallesu*, The

President, National Association of Microfinance Banks, *Mr. Taiwo Joda*, MD/CEO, Accion Microfinance Bank Limited, *Mr. Seye Awojobi* FCIB, Registrar/CEO, CIBN and *Dr. Joyce Barber*, MD/CEO MARKFEMA.

The developments in 2020, including the global pandemic caused by Covid-19, the recessed Nigerian economy that climbed out of recession by year-end, the #ENDSARS protest and rising insecurity, made the theme of the symposium timely and relevant, especially to boost microinsurance among the most vulnerable low-income earners. No doubt that microfinance has made significant progress in financial inclusion, the introduction of microinsurance products to microfinance customers should further drive the financial inclusion strategy.

There was a consensus that the successful adoption of microinsurance rests on seven key levers of:

1. Understanding customers' needs and lifestyle and designing products to meet those needs.
2. Deploying cost-effective distribution channels by collaborating with aggregators, FinTechs, insurers, etc., making the products easily assessable by the users.
3. Transparent and affordable pricing.
4. Adoption of functional business model such as partner-agent model.
5. Upskilling, training and recruitment of skilled personnel having microinsurance technical know-how.
6. Advocacy in tandem with customer education and awareness of the benefits of microinsurance.
7. Strong partnership among all stakeholders.

Microinsurance is key to achieving the twin goals of financial inclusion and poverty reduction. The success of microinsurance in Nigeria demands all stakeholders (regulators, bankers and underwriters) to pool tangible and intangible resources together. For microinsurance to work, there must be collaborative efforts by all the stakeholders to reach the underserved and vulnerable in a sustainable manner.

Communiqué

1.0 Introduction

The **Nigerian Microfinance Platform** successfully hosted the 6th annual Symposium for member microfinance banks/financial institutions of the Platform, professionals across the financial services industry, regulators, various Non-Governmental Organizations and other stakeholders in the microfinance sub-sector.

The symposium held on Thursday, 29th April 2021 at Dover Hotel, Ikeja, Lagos State with the theme: ***Expanding the Frontiers of Financial Inclusion: The Microinsurance Option***. The symposium was hosted by Letshego Microfinance Bank and supported by La Fayette MfB, LAPO MfB, AFOS Foundation, Society for Corporate Governance of Nigeria, Hasal MfB, NPF MfB, Accion MfB, and the National Association of Microfinance Banks (NAMB).

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2.0 Business Sessions

The Symposium was structured into technical paper presentations and panel discussion with carefully selected experts, practitioners as well as discussants that shared experiences and suggested possible ways forward. The keynote paper was delivered by *Mr. S.O. Thomas*, Commissioner for Insurance, National Insurance Commission (NAICOM) represented by *Mr. Ajibola Olabisi Bankole*, followed by a lead paper presentation by *Katharine Pulvermacher*, European Microinsurance Network. Technical papers under three sub-themes were delivered by *Mr. Chidiebere Nwokeocha*, Executive Director, Cornerstone Insurance, *Dr. Godwin Ehigiamusoe*, Founder, Lift Above Poverty Organisation, LAPO and Chairman, GOXI Microinsurance Company Limited and *Dr. Biodun Adedipe* FCIB, Chief Consultant/Founder, BAA Consult.

The panel discussion that followed was moderated by *Mr. Rogers Nwoke*, Non-Executive Director, Hasal Microfinance Bank Limited and the discussants were *Mr. Shina Gbadegesin*, MD/CEO, GOXI Microinsurance Limited, *Mr. Joshua Etopidiok*, Director, SIID NDIC, *Ms. Folashade Joseph*, MD/CEO NAIC represented *Mr. Ekundayo Mobayo*, *Mr. Yusuf Gyallesu*, The President, National Association of Microfinance Banks, *Mr. Taiwo Joda*, MD/CEO, Accion Microfinance Bank Limited, *Mr. Seye Awojobi* FCIB, Registrar/CEO, CIBN and *Dr. Joyce Barber*, MD/CEO MARKFEMA.

3.0 Highlights and Recommendations

At the end of the Symposium, several key issues, recommendations, and resolutions evolved, and they are as follows:

A. Highlights

1. Microinsurance is a veritable channel to expand the frontiers of financial inclusion. At end-2019, Nigeria had achieved 86% financial inclusion and the regulators are giving particular attention to the 5-year financial inclusion target of 95% by 2024.
2. Improving the conditions of living of low-income households requires empowerment and protection through robust risk management services. Microfinance has proven to be effective in economic empowerment, while microinsurance, on the other hand, can further assist the poor to mitigate or manage these risks.
3. The microfinance sub-sector has experienced significant growth. Between March 2020 and March 2021, industry total assets had grown by 72.15% from ₦590.84 billion to ₦1.01 trillion, loans and advances grew by 105.69% from ₦326 billion to ₦672.51 billion. This growth notwithstanding, small businesses are still exposed to incessant risks from business complexities, health and debt issues, among others. Microinsurance will be a game changer to manage risks, create adequate buffers and provide support to Micro, Small and Medium Enterprises (MSMEs) for inclusive economic growth.
4. The microinsurance sub-sector is still in its early but growing phase. According to Enhancing Financial Innovation & Access (EFInA, 2018) only 0.3 million out of 96.4 million adults use microinsurance products in Nigeria and about 32.1 million will be interested in using microinsurance.

5. In Nigeria, average life expectancy is 55 years, adult literacy is 62% and 88% mobile subscription all underscore the potentials of microinsurance and opportunities to design the right products to deploy in the right channels.
6. There are various microinsurance operating models and operators must recognize that service users (low-income people and MSMEs) have peculiar features and characteristics. These models include:
 - Social protection model (protection for health and few assets) targeted at vulnerable people. This model is promoted by Government and development agencies.
 - Cooperatives and mutual models target users that are members of the cooperatives.
 - Community-based model.
 - Full-service model offers the full range of microinsurance products.
 - Partner-Agent model (usually recommended). This is a collaborative approach between the insurer and agent. The agent manages the marketing, premium collection, etc., while the insurer absorbs the risk, sets the final rate, pays claim and confirms that all the legal requirements are being met. Of utmost importance is that the interest of the insurance partners should align with those of the agent.
7. Microinsurance has some inherent challenges, which include:
 - High operational costs
 - Poor distribution channels
 - Target markets disconnect in pricing and products design
 - Paucity of skill and shallow technical specialization
 - Insufficient customer education and awareness of microinsurance
 - High level of trust gap
 - Poor profiling and understanding of the microinsurance market
 - Dearth of data which hinders effective underwriting by microinsurance.
 - Social, cultural and religious barrier.
8. Low operational cost and efficiency can be achieved through leverage of aggregators and distributor channels (associations, community-based associations, trade associations).

B. Recommendations

At the end of the symposium, the roles of the different stakeholders in '*Expanding the Frontiers of Financial Inclusion: The Microinsurance Option.*' were identified as follows:

Regulatory Authorities (CBN and NAICOM)

1. Engage all stakeholders in the review of the provisions of the current guidelines and conduct participatory periodic reviews of the guidelines.
2. Set framework that encourages rapid adoption and intervention by constant dialogue with operators.
3. Allocate resources in line with the financial inclusion strategy to further deepen public awareness and confidence in microinsurance.
4. Review and address the overlapping roles and regulations between CBN and NAICOM, especially the prohibition of marketing of products, bundling of products, limiting commission under microinsurance, limiting partners to two entities, microfinance banks under bancassurance guideline, among others.
5. Do not apply the same regulatory format for conventional insurance operators to microinsurance operators.
6. Ensure continuous capacity building to strengthen knowledge of microinsurance.

Microfinance Banks and other Stakeholders

1. Collaborative with other stakeholders -- the regulatory agencies, operators, microfinance development partners, telecommunications, mobile money operators and traditional institutions in order for microinsurance to deepen financial inclusion.
2. Strong partnership between microfinance banks and microinsurance companies is a necessity to deepen existing markets and create new ones. This will save cost for the operators and impact on efficiency.
3. Customer segmentation and reclassification is inevitable to penetrate the market. Products should be designed for specific needs. To effectively penetrate the market, value-added innovative products such as health insurance should be delivered through efficient distribution channels to meet customers' needs and invariably boost financial inclusion.
4. Develop simple communication about the product benefits (if possible, perhaps in local dialects), deliver on promises of claims and use regular monitoring to identify gaps in delivery. Also, develop customer education and awareness initiatives that will drive market acceptance of the products.

5. There is huge potential for microinsurance products among the 20 million customers and 6 million borrowers of microfinance banks. As such, reasonably priced and well thought through customer-centric products should be developed to cater for this target market.
6. Operators should adopt functional business models of cost-effective distribution channels. The models should be simple on the role of the insurer, distribution approach, product design, service delivery and technology leverage. These key drivers grow microinsurance profitably.
7. Microfinance banks should extend their microinsurance product offerings beyond credit life and fire. For example, microinsurance can be used to solve the problem of insecurity by offering agricultural insurance coverage.
8. Investment in capacity building, product knowledge, coupled with the right skills set are requisite to effective market development. Emphasis should be placed on capacity building of staff and in partnership with relevant institutions.
9. Engage critical segments of the society: religious, traditional and political leaders on the nature and benefits of microinsurance.
10. Bolster the synergy between conventional insurance companies and microinsurance institutions. Microinsurance institutions should likewise collaborate with institutions that focus on micro enterprises (such as microfinance banks and trade associations) to act as aggregators.
11. Adopted distribution channels should create consumer awareness and scale-up access. Matching the digital channels with physical channels will help to explore microinsurance opportunities.
12. Operators should consciously avoid exploitative pricing and other sharp practices and ensure that the products are affordable to the end-users.

4.0 Conclusion

The Symposium recognized that microinsurance is key to achieving the twin goals of financial inclusion and poverty reduction. The success of microinsurance in Nigeria demands all stakeholders (regulators, bankers, and underwriters) to pool tangible and intangible resources together. For microinsurance to work, there must be collaborative efforts by all the stakeholders to reach the underserved and vulnerable in a sustainable manner.

Conveners' Opening Remarks

Mrs. Aisha Ahmad, Deputy Governor (Financial System Stability), Central Bank of Nigeria (CBN)

Mrs. Ahmad was represented by *Mrs. Idowu Akinlade*, Deputy Director, Other Financial Institutions Department welcomed everyone and expressed her delight at the organisation of the 6th Annual Symposium of the Nigerian Microfinance Platform with the theme “***Expanding the Frontiers of Financial Inclusion: The Microinsurance Option***”.

She acknowledged that the microfinance sector has evolved from a mono-level target of rural/micro customers to a multifaceted level target that serves a wider range of clientele that include micro, small and medium enterprises (MSMEs) in the last two decades. The regulators are committed to the 5-year financial inclusion strategy to attain 95% target of financial inclusion by 2024. As at end-2019, 86% had been recorded. To further push this target, microinsurance has to be included among the affordable and accessible financial services for every adult in every area.

The Deputy Governor, however observed that microinsurance has been underemphasised over the years, while microfinance on the other hand has made significant improvement as reflected in the industry metrics. As at 31st March 2021, the industry total assets had grown by 72.15% from ₦590 billion in December 2019 to ₦1.0 trillion, while loans and advances increased by 105% from ₦326 billion to ₦672.1 billion within the same period. This notwithstanding, MSMEs owners are still exposed to diverse risks such as business complexity, health and debt issues.

Microinsurance is pivotal to create adequate buffer to reduce the impact of the risks and provide the support that will make micro businesses profitable and sustainable. Despite the strides recorded by the microfinance subsector, it is still inundated with issues of weak capacity, poor corporate governance and poor reporting, which can limit the deployment of microinsurance as a tool to achieve the financial inclusion target.

The Deputy Governor cited Asian and other Africa countries that have deployed microinsurance to drive financial inclusion. In 2011, Ghana deployed mobile phone technology to double the formal access to financial services, an achievement attributed to the collaborative efforts of the regulatory agencies, operators and microfinance development partners. Also, Egypt and Philippine experienced rapid growth in their microfinance subsector through microinsurance services, as the products and services were designed to match customers' needs. Such products include health insurance whose premium is affordable and offers the subscribers protection from diverse risks.

In her concluding remarks, she enjoined the delegates to have a robust discussion, deploying a collaborative approach that will enhance exchange of ideas with counterpart countries, build regulator/operator capacity and tackle the challenges facing the sector. The outcome of the symposium is envisaged to birth a collective strategy that underscores the importance of microinsurance as a financial service and realign it as a vital tool to drive the higher attainment of financial inclusion goals in Nigeria through security of micro businesses. She lauded the key stakeholders of the programme and declared open the 6th Annual Symposium of the Nigerian Microfinance Platform.

Goodwill Message

Alhaji Hassan Bello, *Managing Director / CEO, Nigeria Deposit Insurance Corporation (NDIC)*

Alhaji Bello was represented by *Mr. Joshua Etopidiok* and expressed his profound delight to be associated with the NMP on the organisation of the annual symposium and the topic at discourse. He reminded the participants of the marginal growth recorded in the fourth quarter 2020 GDP statistics despite the pandemic and further urged the operators to take advantage of the emerging opportunities in the growing sectors such as pharmaceuticals, trading, agriculture, among others.

Alhaji Bello described the theme of the symposium as one that greatly resonates with the four pillars of focus of the new management team of NDIC. namely:

- Strengthening and deepening the Deposit Insurance Framework.
- Strengthening and deepening Financial Inclusion.
- Strengthening and deepening Technical and Financial Assistance to insured institutions in an orderly and stable manner.
- Collaboration with CBN and Other Stakeholders of Monetary Policy to strengthen the Financial System.

According to a study conducted by McKinsey in 2017 on the digital financial system in Sub-Saharan Africa, more than US\$2.5 billion can be mobilised. As such, microinsurance is one of the policy measures that can drive financial inclusion if properly channelled. Since FinTech has taken the lead on financial inclusion, participants are enjoined to ponder how FinTech can be deployed to deliver microinsurance products and services, and then bridge the gaps in the sector through advocacy and good understanding of microinsurance.

In concluding, he advised delegates to focus their discussion on the following areas:

- The trust quotient of the insurance industry today.
- The easy accessibility for customers to purchase microinsurance.
- The extent of Digital Financial Services/FinTech in servicing customers.
- The level of advocacy for microinsurance.

Lastly, the Director stressed that microinsurance services are profitable. However, the demand would be sustainable if the products and services are customer-centric, reasonably priced and delivered efficiently.

Goodwill Message

Mrs. Adetutu Ogunnaike, Board Chair, AFOS Foundation INGO (Nigeria)

Mrs. Ogunnaike congratulated the sponsors and organisers of the Symposium, stating that the theme of this year's symposium was most appropriate. She reiterated commitment of AFOS to making insurance inclusive and how this aligns with the vision and mission of AFOS, which is "Sustainable jobs and enterprises creating impact in accordance with Catholic social teaching." Its mission is to contribute to poverty alleviation in a responsible and sustainable manner through partnerships with communities, civil society organizations and governments at high level.

AFOS has consistently followed through in the last eight years by collaborating with microfinance banks in Nigeria, especially with the top-8 microfinance banks in collaboration with CBN, NAMB, GIZ, among others.

She then highlighted the aim of AFOS as follows:

- To improve the socio-economic situation of low-income families.
- To support young agricultural workers and generate rural jobs.
- To increase local value added such that Managers would be kept in rural areas instead of moving to the cities.
- To improve the performance of small and medium-sized businesses in rural Nigeria.
- To increase the efficiency of companies.
- To support financial service providers.

AFOS has made significant intervention in the microfinance and agriculture sectors. The on-going project will be executed in two phases, Phase One of which has been completed and Phase Two is ongoing. Thus far, AFOS has achieved the following:

- Successfully trained at least 30,000 smallholder farmers across eight States in Nigeria.
- Empowered a total of 233 champion farmers with equipment to boost their farming business, resulting in enhanced profitability of their business.
- Provided 65 farmers with mini-soil tillers, 48 farmers received sprayers, 53 farmers received smoking kilns, while 67 farmers received poultry cages.
- Trained over 300 management and junior staff in management methods.
- Additional 75 senior and legal managers are to be trained in management methods and employees of microfinance banks are to take part in the future microinsurance training, inclusive of E-learning.
- Engaged over 300 participants in organizational development workshops.

- Trained 52 loan officers/branch managers on agricultural financing.
- Trained 57 semi-skilled temporary staff on agricultural machinery and quality management over a 12-month period of dual vocational education.
- 298 senior managers from 185 microfinance banks participated in the pilot phase of Microinsurance Product Development training.
- 339 senior managers from 194 microfinance banks participated in the Business Continuity and Planning training to cushion the effect of the COVID-19 Pandemic.

Ogunnaike concluded that there is still need to extensively empower more low-income people, by leveraging inclusive microinsurance and adopting a collaborative approach by all stakeholders.

Goodwill Message

Mr. Bayo Olugbemi, FCIB, President, Chartered Institute of Bankers of Nigeria, CIBN

Mr. Olugbemi acknowledged the theme of the symposium as very apt, particularly because of his personal interest in financial inclusion. He noted that the poverty situation in Nigeria is perhaps one of the greatest economic challenges for Nigeria, citing the recent report of the National Bureau of Statistics that indicated poverty rate in Nigeria at 40.1%, meaning that millions of Nigerians live below the poverty line. This calls for urgency in dealing with the problem, recalling statements credited to Nelson Mandela that: *“As long as poverty, injustice and gross inequality persist in our world, none of us can truly rest... Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the action of human beings”*.

Olugbemi described the symposium as a great opportunity to examine the use of microinsurance to empower people and lift them out of poverty. According to the International Financial Corporation (IFC), financial inclusion is one of Africa’s great success stories in recent times. This includes the mobile money solutions and agent banking pioneer by Shared Agent Network Facilities (SANEF) in Nigeria. Agent banking now offers affordable, instant and reliable transaction, savings, credit and insurance opportunities in rural villages where no bank has ever established a branch. The impact of agent banking was truly felt during the Covid-19 lockdown and #ENDSARS protest, because it afforded people access to their funds and/or make payment transfers.

Financial inclusion is pivotal in economic development, as evidenced in the progressive adoption of financial services among the unbanked in Nigerians resulting in reduction of exclusion rate from 46.3% in 2010 to 36.8% in 2019. Further expansion of financial inclusion for the less privileged is a step in the right direction.

Microinsurance is a relatively new and novel option available to low-income Nigerians, although it has limited coverage. According to the 2018 studies by EFINA, the number of Nigerians covered by microinsurance services increased minimally from 1% in 2014 to 1.2% as at end 2017. Nonetheless, microinsurance is important for businesses, regardless of the size. Case in point is the recent looting and violence that arose from the #ENDSARS protests that left in debt and great losses several businesses that had no insurance.

Concluding, Olugbemi assured the Platform of the Institute’s unwavering commitment to continue to support the microfinance subsector, especially through capacity building and certification of practitioners, enjoining participants to continue to play their part within their circle of influence.

Goodwill Message

Mr. Andrew Fening Okai, Group CEO Letshego Holdings

Mr. Okai provided a background to the paradigm shift taking place in the banking ecosystem, stating that competitive advantage is no longer “exclusive” but rather “inclusive”. For financial providers to win, they must exhibit the capability to create “Intrinsic value” rather than rely on traditional differentiators in products, regulation or even technology because these traditional elements are easily commoditised.

He narrated the evolution of FinTechs and how they have overrun the banks to access various market participants in a timely manner. Clearly, traditional ways of banking are no longer appealing. As such, for microfinance banks to expand their outreach, they need to leverage microinsurance in tandem with FinTech channels to build a strong ecosystem where all practitioners can collaborate and work together. Even more important is that microinsurance products must be customer-led (i.e., product of necessity) to expand financial inclusion frontiers.

Okai highlighted the advantages of offering microinsurance through FinTech channels as:

- Building the ecosystems is cheaper for everyone.
- Opportunities to scale faster and establish a large market/customer base.
- Higher return on investment.

The success of this approach can only be achieved through collaboration and the opportunities to deliver appealing products to a large market. A critical part of the ecosystem will be the involvement of regulators as key partners to facilitate multiple “winners” for collective development and growth.

He concluded that microfinance participants should commit to collaborate on building microinsurance as product of necessity, adopt and develop a clear value proposition and give attention to simple but efficient distribution channels for ease of claims resolution. Microinsurance without doubt, is a veritable tool to create the competitive advantage that will build a sustainable industry for the benefit of future economies.

Goodwill Message

Mrs. Folashade Joseph, MD/CEO, Nigerian Agricultural Insurance Corporation (NAIC)

Mrs. Joseph was represented by *Mr. Ekundayo Mobayo* who extended her appreciation to the Symposium organisers. Starting with an overview of the financial inclusion landscape in developing countries, she attested to the daily risk of slipping into poverty that micro and SMEs traders face because they do not have access to traditional insurance. Inclusive insurance (such as microinsurance) can help alleviate poverty, enrich economic growth and perhaps close the gap between those that have formal risk access and those that are financially excluded.

NAIC plays an important role in managing risks faced by operators in the agricultural sector. It is an association founded some decades ago to help cushion the effect of risks associated with agricultural activities and it is wholly owned by the Federal Government of Nigeria. The scheme is to support all risks faced by farmers with an underlying principle of affordability. The cost of the insurance (premium) is determined by the type of risk to quantify and the cost to be charged to cover the loss whenever the risk crystallises.

The subsidy provided to farmers is granted by the Federal Government and this is quite substantial when compared to the premium paid by farmers in other regions and markets. Effectively, NAIC subsidises up to 50% of the premium on food and livestock products, making the premium affordable to the farmers and farming profitable to practitioners.

Joseph reiterated the importance of microinsurance as a form of risk transfer designed specifically for the low-income households and farmers. On the other hand, the risk carrier is a regulated insurance entity that in turn, needs to have some form of reinsurance. As such, for microinsurance to work, it should be affordable to users and the operators should leverage efficient business models.

Keynote Address

Mr. O. S. Thomas, Commissioner for Insurance, National Association of Insurance Commission (NAICOM)

Mr. Thomas was represented by *Mr. Ajibola Fakunle* who started by noting that the overarching objective of the Symposium should stir up discussions, proffer solutions that will drive financial inclusion and create a unifying narrative on microinsurance.

According to the financial inclusion studies conducted by NAICOM, it is estimated that approximately 1.5% of Nigerian adults are covered by insurance, leaving those without cover to deal with resulting risks on their own. The uninsured are forced to use other mechanisms and alternative informal arrangements to mitigate their risk exposures. Low penetration of insurance in Nigeria is attributable to lack of trust and confidence in the sector, poor customer awareness and limited knowledge of technology use among the poor. Based on these findings, NAICOM developed a revised market strategy which emphasises educating the public on the mechanism of insurance products and the weight of its benefits.

Nigerian insurance majorly focuses on oil and gas businesses, which made NAICOM to launch a Market Development and Restructuring Initiative (MDRI) in 2009 to further deepen the market and enforce compulsory insurance across sectors. The fifth goal of the NAICOM Strategy Document (2010-2023) is to encourage innovation and promote insurance market development. However, with the level of growth in insurance digitization, the focus has shifted from cost saving insurance and redesigning set-up of industry, to driving innovation of insurance products and services.

Innovation is key to sustaining the insurance industry, and to make insurance services seamless, it is appropriate to leverage technologies such as Insurtech, FinTech, Blockchain, Data analytics, etc. NAICOM aims to achieve its goal through the combination of activities and technology that will stimulate innovation and market expansion.

To further promote attainment of the national financial inclusion target for the insurance industry, NAICOM intends to:

- Enhance access to insurance through alternative distribution channels.
- Fast-track the regional integration of West African Insurance Market.
- Embed the principles of sustainable insurance in the sector.
- Establish standards for key enablers towards the effectiveness and efficiency of insurance institutions and promote global best practices for emerging risks in Nigeria.

- Establish a framework to facilitate innovation through regulatory signboard for products aggregators and data analytics.
- Prioritise digitalization and good competitive practices in the insurance market.

The objectives of NAICOM include conduct of insurance campaigns, encouragement of institutions to develop business models and products targeted at the excluded or underserved of the populace, engagement of traditional entities that would hold the microinsurance sector accountable on the national financial inclusion target and development of the insurance sector. NAICOM is therefore, making efforts to upscale and prioritise on-going output blockchain development through enforcement of in-country capacity utilization prior to the workshop engagement and strengthening collaborations among stakeholders. This is to facilitate consumer access to diversified insurance providers.

Commending the theme of the Symposium, Thomas reiterated that financial inclusion is a state where all aging working adults have effective access to private savings, payment and insurance from service providers. In addition, effective access involves rendering convenient, responsible, and cost-effective services to customers, ensuring that financially excluded customers make use of formal services rather than the informal options. Financial inclusion will thereby contribute to financial stability and eliminate barriers to access to financial services.

Innovation is a key limitation in the sector. In recent years, the Nigerian insurance sector has witnessed innovations such as shorter policy terms, exclusions, use of games to explain product options and to understand customers' needs, simple and rapid claims payment, deployment of technology for enrolment and use of satellite imagery. Innovation can be further developed in the industry through delivery channels such as MfBs, cooperatives, health service providers and community groups. This of course, will be complemented with making insurance formal, deliberate facilitation of innovation, professionalism in insurance practice, and roles and responsibilities allocated and clearly defined.

There is need for stronger distribution channels, where agents and insurance brokers offer microinsurance products to customers, using traditional sales techniques. Attention should be on innovating an alternative distribution channel such as involvement of third parties (aggregators) providing touchpoint access to new or existing clients and membership-based customers such as churches, associations, cooperatives, utility companies, operators, etc.

Thomas remarked on the impact of COVID-19 on the insurance sector and the consequent emergence of remote working. Effective remote working requires increased investment in

digitalization and technology for significant changes in the operation and acquisition of insurance. Also, the use of technology will increase data availability on customers and agents for data analytics to enhance business development and operational efficiency. Other factors accentuated by COVID-19 include increased remote working, review of employment contracts, higher cybersecurity costs, among others. In response to the pandemic, NAICOM took steps to support distributors by extending the deadline for submission of 2020 annual returns and achieved 50% target of its recapitalization programme. Insurance companies in turn, extended renewal dates for non-life policies and made special COVID-19 payment to policy holders gravely impacted by the health crisis.

It is important for the industry and major stakeholders to intensify efforts to push microinsurance to customers across the country, especially the rural communities. There is urgent need for collective engagement to stimulate growth and development of the industry, as partnership will foster financial inclusion, promote microinsurance product development, and educate end-users on product adoption.

With the right operating environment, financial inclusion can be deepened in Nigeria as recorded in emerging economies in Asia, Middle East and East Africa.

Lead Speaker Presentation

Katharine Pulvermacher, European Microinsurance Network

Expanding the Frontiers of Financial Inclusion: The Microinsurance Option

Pulvermacher's presentation focused on the following issues:

- Global perspectives to Microinsurance
- Microinsurance in Nigeria and how it relates to Financial Inclusion
- Customers and Regulatory Environment of Microinsurance
- Lessons learnt from the Global Microinsurance Industry
- What next for Microfinance Banks?

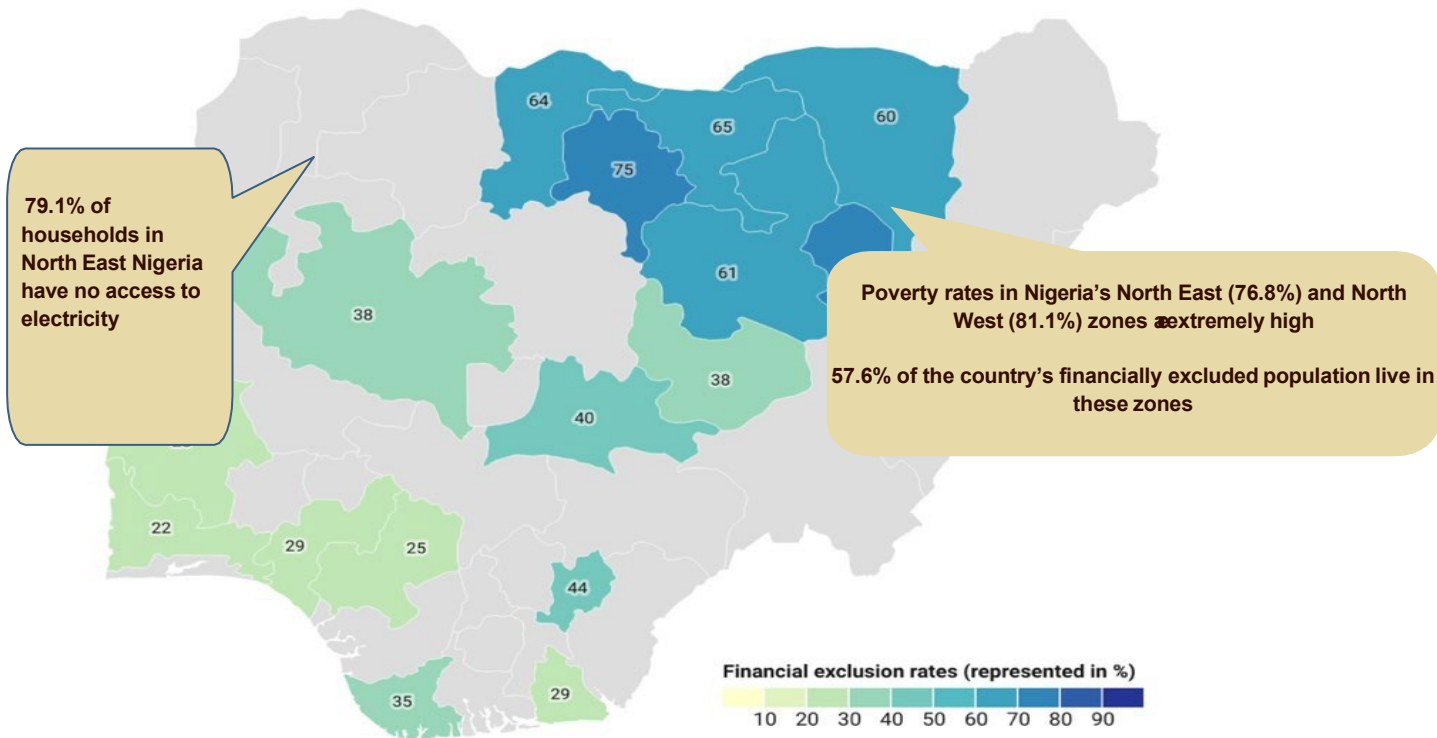
Microinsurance supports and protects households and contributes to economic development by protecting entrepreneurs and assets that are in productive activities. It drives sustainable development goals (SDGs) such as zero hunger, good health, climate action, end poverty and gender inequality. Microinsurance serves the risk needs of households, small and medium scale enterprises and enhances resilience to shocks and fosters the financial inclusion.

Financial inclusion in Nigeria has progressed but there are still gaps to be filled. Statistics from Global Findex show that 51% of the population has an account with a financial institution, while more women tend to be financially excluded. Access to financial services is still very low, indicated at 63% in the EFINA report with 36.6 million out of the 96 million adults financially excluded. Northern Nigeria is more financially excluded and has high poverty rates (76.8% in the North-East and 81.1% in the North-West, Figure 1.0), whereas 57.6% of the Nigerian population lives in the north. South-West has the highest financial inclusion rate at 56.7%. As such, there is need to identify clusters where microinsurance customers are concentrated and design specific products that match the client characteristics.

The aggregate performance of the insurance industry remains subscale. For instance, the National Health Insurance Scheme (NHIS) serves only 1 percent of the population and the EFINA reports of 2010 to 2016 state that 30.8% of respondents indicated that they cannot obtain health insurance due to economic constraints, while 15% indicated that there is nothing to insure. On the other hand, those that can afford it, are largely concentrated in the South, live in urban areas, and have access to wealth and income. With regards to insurance density, a meagre 1.2% currently have access to microinsurance, according to a research conducted in 2019. The microinsurance total clients stood at 281,207 with 143,764 life and 137,443 non-life client base (Figure 2.0). These show the huge market potential for microinsurance in Nigeria.

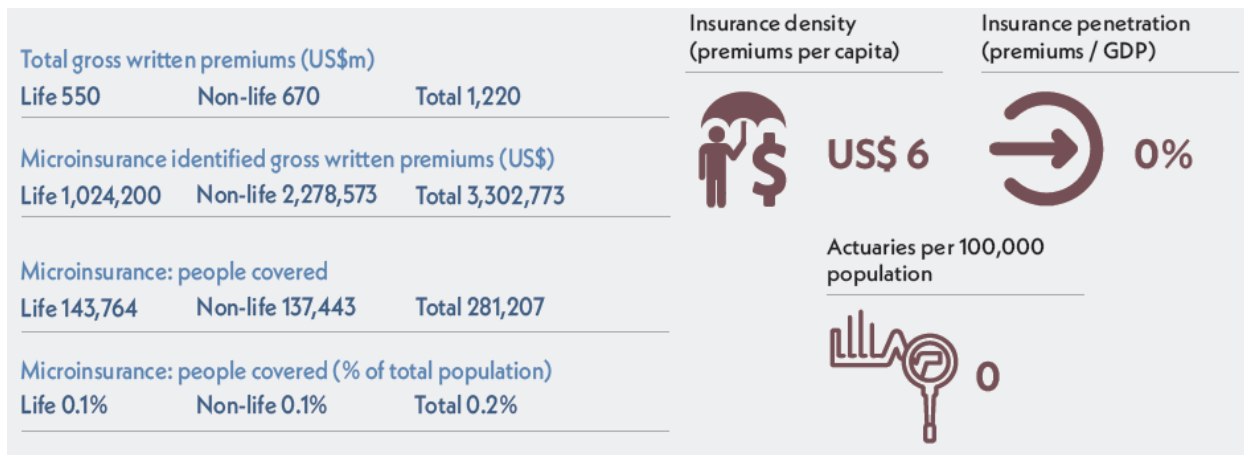
Nigeria is in the early growth phase of microinsurance which is characterized by a fragmented market having 59 licenses across the small premium pool and dearth of skill in underwriting, actuarial and general insurance business. In recent times, general insurance has continued to lead the sector based on gross premiums, while compulsory insurance continues to be a strong driver of the insurance market.

Figure 1.0: Financially Excluded Regions



Source: MiN Country Profiles (2020); EFINA Access to Financial Services in Nigeria 2018 Survey – Key

Figure 2.0: Focus on Insurance



Source: MiN Country Profiles (2020); Global Findex; Overview of the microinsurance ecosystem in Nigeria – EFINA April 2018; Inside the wave of disruption sweeping Nigeria's sluggish insurance industry – <https://techcabal.com/2020/06/10/nigerian-insurance-fintech-disruption/>;

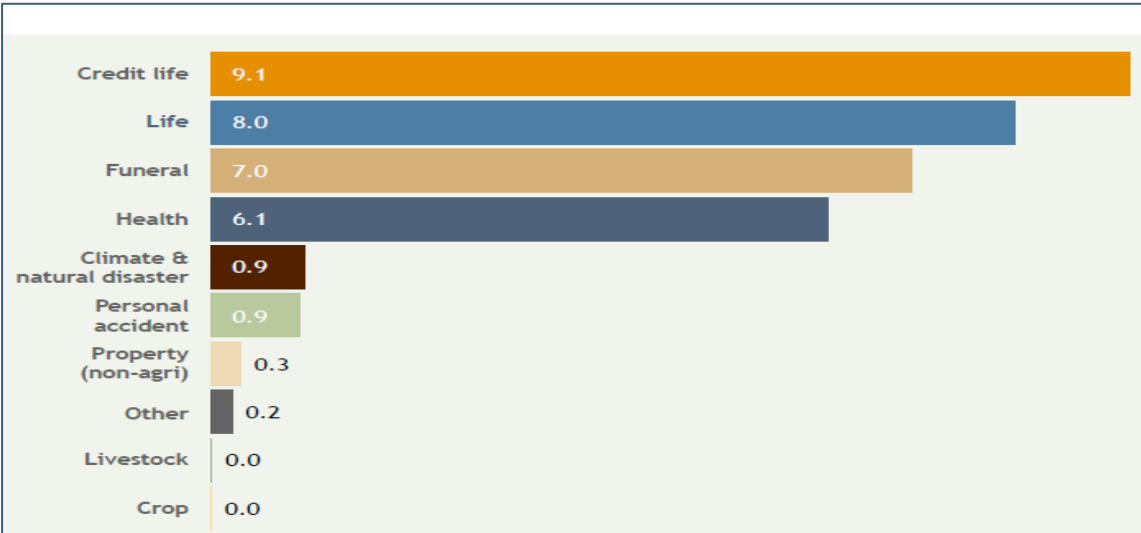
Due to the myriad of challenges encountered at the early introduction of microinsurance in Nigeria, the regulator has continued to review the policy guidelines to create an enabling environment for microinsurance to thrive. The 2018 revised guidelines adopted three-tier licensing model that allows only a licensed microinsurance firm to operate, while the window operations was introduced in December 2020 which allows the traditional insurance to meet certain standards that will qualify them to offer microinsurance. As at March 2021, five out of seven applications for license were from microfinance banks. This underscores the essence of this symposium organized by the Nigerian Microfinance Platform in collaboration with AFOS Foundation to bolster the microfinance banks participation in the microinsurance subsector.

For microinsurance to achieve the envisaged success, supportive associations, rights skills, well aligned incentives, profitable insurers and partners, customer-centric distribution and valuable products and happy customers are critical factors needing attention. The key global trends that impact the microinsurance subsector as follows:

- The rise of low-cost health.
- Customer value.
- Adoption of a hybrid model that combines digital and human interface.
- Shifting perspective on climate risks and concerns on customers' value.

African microinsurance is dominated by credit life, life, funeral, and health insurance with 9 million, 8 million, 7 million and 6.1 million respectively (Figure 3.0), while the Nigerian microinsurance market is dominated by life, credit life and property product lines.

Figure 3.0: People Covered by Product lines in Africa



Source: MiN Landscape of Microinsurance 2020

There are several lessons to be drawn from the global perspectives reviewed by offering unique products that match clients' needs using the right channels that involves prioritizing customers. An example is Pioneer firm in Philippines whose new employee live with their customers for some days to understand their lifestyles and then design products that will match the needs identified.

The key lessons were summarized as follows:

- **Product:** Operators should prioritize their customer and their needs, select products that have high demand and can be easily linked with existing microfinance products.
- **Distribution:** Operators should deploy channels that are easily accessible to customers, educate the customers and adopt a blend of digital and physical channels. The development in telecom in Nigeria has created a distribution channel that operators can leverage. Moreover, these existing distribution channels will also save operators some costs.
- **Incentives:** These should be aligned and provide additional values to incentivize customers.
- **Awareness and education:** Develop clear simple communication model about the product benefits, deliver on promises of claims, give meaningful benefits, and use regular monitoring to identify gaps in delivery.
- **Private Public Partnership** is critical to create the needed awareness and education that will enhance market acceptance. This can be through traditional media such as radio, televisions, as well as digital platforms like online videos, etc.

Concluding, **Pulvermacher** reiterated the key success factors required to achieve the set goals as capacity building, engagement with strategic partners, heightened customer awareness initiatives, customer cluster and need identification, and deployment of appropriate business model.

Sub-Theme Technical Paper I

Mr. Chidiebere Nwokeocha, Executive Director, Cornerstone Insurance Plc

Microinsurance Delivery in a Pandemic: Market Development Opportunities for Microfinance Banks in Nigeria

Mr. Nwokeocha recognized the need to expand and reach out to more people in the quest for financial inclusion, acknowledging that Nigeria is a huge market with well over 200 million inhabitants, a growth of over 112 million active bank accounts and over 185 million GSM subscribers. Monthly, over ₦242 billion is spent on airtime (Nigerian Communications Commission, NCC). Given the huge opportunity in Nigeria, insurance penetration is still very low, averaging less than 1% of the market.

The deadly COVID-19 virus had infected over 141 million people, with over 3 million deaths. The Nigeria Centre for Disease Control (NCDC) reported that over 165,000 cases had been recorded in Nigeria, with over 2,000 deaths. The impact of the pandemic on economies, businesses and households in the global and local environments has resulted in loss of market share and forced many businesses to shut down. Existing companies suffered reduced income, significant dip in revenue and loan default as they had difficulty selling retail insurance. However, the pandemic triggered increased interest in health insurance and logistics for obvious reasons.

Microinsurance is a service targeted at low-income earners to protect their businesses from external forces beyond their control, the services including property insurance, fire insurance, theft and crop/livestock insurance. The key elements of microinsurance are affordability, simplicity and clarity to the target market, making it imperative for microinsurance companies to understand their customers' needs, so that products would be designed to match and suit customer needs. Trust is one of the factors that has inhibited insurance penetration in the Nigerian market.

As the audience was mostly microfinance practitioners, **Nwokeocha** gave a brief background of the microfinance sector in Nigeria, their mandate and services targeted at low-income earners who are unable to access financial services. Microfinance banks and microinsurance companies have similar target market, size of loan/premium, absence or less emphasis on collateral and simplicity of operation. As such, both subsectors should form a strong partnership and collaborate to deepen the market. Tables 1.0 and 1.1 show the authorization distribution in the two subsectors.

Table 1.0: Distribution of Companies across the Sub-sector

S/No.	Subsector	Number
1.	Microfinance Banks	912
2.	Microinsurance Companies	3
3.	Insurance Companies	57

Table 1.1: Distribution of Microfinance Banks in Nigeria

Geo-Political Zones	Percentage Share
South West	39.4%
South East	23.6%
South South	14.8%
North Central	10.9%
North West	6.7%
North East	4.6%

Most microfinance banks are domiciled in the South-West, South-East and South-South. For financial inclusion to be successful, microfinance and microinsurance companies must be present across all six geopolitical zones of the country whilst partnering with the telecommunication sector, especially the NCC.

The key regulatory hurdles that need to be scaled by NAICOM and CBN to fully develop the microinsurance market include:

- CBN should allow microfinance banks to market and sell insurance products to enable MfBs to leverage their customer base and resources to develop the insurance market.
- CBN should review and modify regulations that prohibit bundling insurance product.
- NAICOM should review the limit on Microfinance insurance commission and provide more incentives to insurance companies to encourage participation in microinsurance.
- NAICOM should review the limitation of partners to two entities.
- Both CBN and NAICOM should allow microfinance banks to operate the bancassurance model.

Nwokeocha recommended the following to expand and deepen the microinsurance market:

- Strong partnership and collaboration between microfinance banks and microinsurance companies.
- Use of the same platform to deepen existing markets and create new ones.

- Create awareness in the low-income segment of the population and sensitize customers.
- Market segmentation into clusters, demographics, customer needs and preferences, culture, and income to design products that match customers' needs.
- Ensure that product pricing is affordable to clients.
- Provide staff training and upskill staff to match the demands of the market.
- Efficient collection and use of data to drive strong market development.
- Partnership with other distribution channels that include cooperative societies, trade unions, healthcare providers, payment service banks, government agencies and money mobile operators.
- Microinsurance companies should adopt efficient business model with low administrative cost.
- Partner with FinTech companies for the benefit of financial inclusion.

In conclusion, he enjoined microfinance banks to extend their product offerings beyond credit life and fire in order to capture a higher retail market share and leverage technology in growing microinsurance.

Sub-Theme Technical Paper II

Dr. Godwin Ehigiamusoe, Founder, Lift Above Poverty Organisation (LAPO)
Inclusive Insurance in Nigeria: A Veritable Option for Financial Inclusion

Dr. Ehigiamusoe acknowledged that the theme of the Symposium is topical, noting that setting up a microfinance bank was birthed by the need to expand finance to people who were deprived of adequate financing, particularly those in the rural areas.

The term financial inclusion is “finance for all and the availability of financial services to people who are willing and able to make use of the finances.” The opportunities in the Nigerian market that support the development of microinsurance include:

- Growing Nigeria population comprised largely of exceptionally enterprising, vibrant and hardworking entrepreneurs who need microinsurance.
- Increasing insecurity and threat to life and property, propelling increasing need for risk hedging products.
- Microinsurance, like other small bits of services that target low-income people, requires aggregators and distribution channels.
- There are existing variety of distribution channels for micro and small businesses that include community-based associations, trade associations, cooperative societies and unions.
- Formulate and launch microinsurance guidelines that extend beyond traditional insurance brokers as agents to include cooperative societies, microfinance banks and mutual associations. These guidelines should always be reviewed to conform to emerging issues and challenges.
- Availability of a vibrant financial sector, with improving technology.

There are several business operating models in the microinsurance sector, requiring operators to recognise that service users possess peculiar features and characteristics. Their models should respond to the characteristics of low-income users and micro and small businesses. Possible models include:

- Social protection model services those who require protection and cannot afford insurance premium cost. The protection includes health and asset, and the model is common with governments and development partners.
- Cooperative and mutual insurance model applies the basic principle of cooperation, voluntary and open membership by end-users, giving democratic control to the users and businesses. Hence, the primary target of such model is the members of the cooperative.

- Community based model is managed and promoted by the community. The indigenes of these communities provide fund and other resources.
- Full-service model ensures a full bouquet of microinsurance services to end-users along with various other products such as health, life, maternity, childcare, livestock and asset.
- Partner-Agent model allows for partnership with agents to enable the microinsurance companies reach many people. This requires the alignment of interests and provision of input from all parties. With this model, agents act as distributors, while microinsurance companies absorb the risk and pay claims.

The following challenges to the growth of microinsurance were itemised:

- The cost of delivery of microinsurance services is huge.
- Skills deficit and inadequate microinsurance practitioners, as microinsurance is different from conventional insurance and therefore, requires a different skill set from practitioners.
- Limited awareness of microinsurance.
- Huge trust gap among Nigerians about insurance policies either because of ignorance or alleged opaque nature of transactions by most insurance companies.
- Dearth of data that hinders effective underwriting by microinsurance companies that partner with microfinance institutions.
- Social, cultural, and religious barriers whereby many low-income people believe insurance is for the rich people and big businesses only. They also treat insurance offerings as 'bad wishes' and respond with "God forbid".

Ehigiamusoe made the following recommendations:

- Operators should invest in capacity building by engaging with institutions and NGO's to organize workshops to upskill their staff.
- Engage critical segment of the society such as religious bodies, traditional and political leaders to create awareness on the nature and benefits of microinsurance.
- Government should incorporate microinsurance in its poverty alleviation programmes to offer additional protection for the poor.
- Operators should adopt functional and simple business models in choosing their distribution channels to cut costs, product design and how services are provided, and leverage technology for enrolments.
- Continuous review of policies and guidelines governing the sector and avoidance of the same regulatory format for conventional insurance and microinsurance operators.

- Collaboration between operators and regulators to ensure strong partnership and linkages between agents, microinsurance companies and the conventional insurance companies.

Microinsurance is key to achieving the twin goals of financial inclusion and poverty reduction. The vulnerability of low-income people and micro-businesses can be tempered with microinsurance.

Lastly, **Ehigiamusoe** remarked that all the challenges faced by the microinsurance sector can be overcome through a supportive regulatory environment coupled with diligence and integrity of all stakeholders.

Sub-Theme Technical Paper III

Dr. 'Biodun Adedipe, FCIB, Chief Consultant, BAA Consult Making Microinsurance Work: Collaboration for Effective Growth

Dr. Adedipe began by explaining the importance of collaboration in contemporary organisations and the need for a collaborative culture among all stakeholders for microinsurance to work. Conventional insurance had failed to cater for the vulnerable that need insurance the most. As such, microinsurance will bring inclusion with all its benefits to where it matters most.

There are two perspectives to microinsurance. The bigger picture is to deepen financial inclusion by democratizing insurance and risk-taking, which requires microinsurance to pass three tests:

- Availability of microinsurance products.
- Accessibility to the products.
- Affordability of the products.

The second perspective is on the benefits of microinsurance:

- Deepen insurance penetration.
- Formalize risk management at the bottom-of-the-pyramid.
- Unlock economic and entrepreneurial energies at the bottom-of-the-pyramid.
- Expand activities in and transform the informal sector.
- Grow the economy inclusively.

To truly achieve these objectives of microinsurance, there must be collaboration by all stakeholders. With a large proportion of the Nigerian population works in the informal sector (which accounts for about 52% of GDP) and about 41.1% living below the poverty line, adoption of microinsurance will help alleviate poverty.

Other concerns that underscore the need to collaborate include the high dependence on breadwinners among low-income families, unpredictable catastrophic events such as death, sickness, disease and disability to the family breadwinner, serious social, political and moral consequences of financial crises (civil unrest, increase in crime rates, sexual exploitation, malnutrition, etc.) and the vulnerability of women and children caused by sudden income losses. Also, about 46% of world population is poor, half of this being children and the rest are largely women. As well, about 70% of the poor lack formal schooling and education, and most are in regions where conflict and violence are prevalent. In fact, the 'new poor' no longer reside in the rural areas but are now in the urban areas.

Adedipe concluded by making the following recommendations that should make microinsurance extend the frontiers of financial inclusion:

- Enlightened self-interest to ensure that every stakeholder consciously contributes to the goal of financial inclusion.
- Development of a framework by regulators to ensure continuous dialogue between regulators and operators.
- Transparent pricing by operators, avoidance of exploitative pricing and other sharp practices, and keeping to the principles of good corporate governance.
- Development partners, professional associations and service providers should seek common good in their interventions.
- Establishment of a strong synergy between the bankers and the underwriters, on the one hand, and then between the regulators and the operators on the other hand.

Effective collaboration requires that every stakeholder identifies specific tasks to be achieved, work together and persistently push for the goal of financial inclusion.

Panel Discussion

The moderator of the panel discussion was **Mr. Rogers Nwoke**, Non-Executive Director, Hasal Microfinance Bank Limited.

The panel discussants were:

- **Mr. Joseph Etopidok**, Director, SIID, Nigeria Deposit Insurance Corporation (NDIC)
- **Mr. Taiwo Joda**, Managing Director/CEO, Accion Microfinance Bank Limited
- **Mr. Shina Gbadegesin**, Managing Director, Goxi Microinsurance Company Limited
- **Dr. Seye Awojobi**, Registrar/ CEO, Chartered Institute of Bankers of Nigeria (CIBN)
- **Mr. Yusuf Gyallesu**, National President, National Association of Microfinance Banks (NAMB)
- **Mr. Ekundayo Mobayo**, National Agricultural Insurance Corporation (NAIC)
- **Dr. Joyce Barber**, Managing Director/CEO, Markfema Nigeria

Introduction

Mr. Rogers noted that from inception, all the stakeholders of microinsurance in Nigeria have had a common understanding of the importance of collaboration in expanding the frontier of financial inclusion through microinsurance. The key discussion then was how to make collaboration work, raising issues and generating recommendations from the perspective of regulators, microfinance practitioners, health insurance and microinsurance.

Question: Mr. Nwoke

How can we make collaboration work?

Response: Mr. Etopidok

Services and technology are the two critical factors that are germane to expanding the frontiers of financial inclusion through microinsurance. Microinsurance products and services should be largely driven by technology to bolster collaborative efforts.

Response: Dr. Barber

Nigeria's informal sector lacks access to good health services despite its large contribution to the Nigerian economy. This necessitates microinsurance to meet the needs of this sector. There is a strong linkage between the health status of a customer and the repayment of their loans, making important a product that provides adequate health cover for bank borrowers. While the National Health Insurance Scheme (NHIS) is gaining traction in the rural areas across the States, there is need to offer loans bundled with health insurance to guarantee loan repayment.

Comment: Mr. Nwoke

The representatives of the National Health Insurance Scheme were in attendance at previous workshops on microinsurance and the Platform has the support and buy-in of the regulator to integrate health insurance products.

Response: Mr. Joda

There should be customer engagement that will aid the development and design of products that are customer-centric and meet the needs and lifestyle of customers. To effectively achieve this, there must be a strong synergy and collaboration between microinsurance companies and agents such as the microfinance banks.

Response: Mr. Gbadegesin

Microinsurance is as an effective tool for the extension of social protection, within the context of providing security and alleviation of poverty. Within the short period of commencement of GOXI, the firm has successfully carried out over 219 transactions and settled claims of over ₦138 million, which has made microfinance customers less vulnerable to risks. EFINA reported that over 32.1 million people are financially excluded, which extrapolates to potential of over ₦57 billion in premium. Hence, objectives must be aligned among all collaborative partners and product development must meet the needs of the customers.

Response: Dr. Awojobi

The principle of “utmost good faith” is of prime importance in microfinance. Likewise, trust is a core value in the insurance market. To earn the trust of consumers, first there should be some level of trust among the various stakeholders through collaboration. Collaboration involves the identification of various stakeholders such as promoters, regulators, insurance firms, microfinance intermediaries, delivery channels, service providers and the consumers coming together to achieve a common goal. To deepen financial inclusion through microinsurance, stakeholders should regain customers’ trust and remove the apathy of customers to insurance. In the same vein, social integration is central in identifying the needs and wants of the customers to ensure delivery of products that match the needs. In the process of product design and development, sustainable capacity building of the service providers and the regulators should not be neglected. This is substantiated by the principle of *Nemo dat quod non habet*.

Response: Mr. Gyallesu

The huge potential in the microinsurance sector affords members of the National Association of Microfinance Banks (NAMB) the opportunity to sell microinsurance products to their existing

customers. However, members of NAMB need to be trained and retrained to harness the huge market potential of the microinsurance market.

Question: *Mr. Nwoke*

What does collaboration for this sector mean to NAIC?

Response: *Mr. Mobayo*

From all indications, it is evident that the agricultural sector of the economy will account for a large percentage of microinsurance market. NAIC is a social intervention enacted by government and the organisation creates opportunity for collaboration with various associations based on specific schemes designed by the government. The organisation is presently in 36 States of the Federation. The corporation has also invested in technology which microfinance banks can leverage to offer microinsurance products.

Question: *Mr. Nwoke*

How flexible is NAIC in adjusting to the needs of the microinsurance sector given, that the Act that established NAIC was enacted before the microinsurance concept was conceived?

Response: *Mr. Mobayo*

The Act makes provision for the Board to examine emerging issues and flexibility is within the purview of the law. Also, the institution can discuss with the Ministry of Agriculture to get the relevant approval.

Question: *Mr. Nwoke*

How prepared is the microfinance banking sector to take on additional responsibilities for microinsurance?

Response: *Mr. Gyallesu*

The Microfinance Banking sector is already prepared and is in the right direction. Members are already adequately trained. However, there is further need for education and enlightenment of existing customers to understand the concept and benefits of microinsurance.

Question: *Mr. Nwoke*

How does collaboration align with the existing programmes?

Response: *Dr. Awojobi*

Regulators are expected to have deep insights and knowledge of the microinsurance market to properly regulate the market and operators. Likewise, operators need to have a shared network agency facility to deepen financial inclusion as it is currently being done by Deposit Money Banks.

The CIBN is ready to collaborate with other institutes to certify microinsurance specialists within the microfinance subsector. The Institute has employed this template over the years with other organisations.

Question: *Mr. Nwoke*

In the light of the statistics that revealed the potentials in the microinsurance space, what are the challenges that are likely to surface?

Response: *Mr. Gbadegesin*

Since microfinance institutions have built trust with the existing clients over the years, selling to existing customers of microfinance will not be a challenge.

Question: *Mr. Nwoke*

How should the microfinance sector go about microinsurance?

Response: *Mr. Joda*

Microinsurance is a familiar concept to some customers, especially customers that take loans within the microfinance subsector. Such credit facilities provide insurance against theft, burglary, riot or civil commotion, permanent disabilities, floods and building collapse. Microinsurance serves as the second stream of income. This may not require that all microfinance banks obtain a license, but a percentage of their share capital can be invested in already existing licensed microinsurance firms. On the other hand, customers should be educated on the benefits of microinsurance (health and security) other than loan protection.

Question: *Mr. Nwoke*

Are premiums charged on every benefit the customer enjoys?

Response: *Mr. Joda*

Pulling of risks helps bring down the price per head. It is important to negotiate from the strength of the mass market and risk spread.

Question: *Mr. Nwoke*

What has been your biggest challenge and lessons that can be learnt in packaging health insurance for micro clients?

Response: *Dr. Barber*

The biggest challenge is advocacy and client education. Products should be aligned to meet customers' needs and have their "buy-in". Also important is the need for an understudy of the communities where the sales of microinsurance products are intended. Influencers can be used within the communities to achieve the set goals.

Question: *Mr. Nwoke*

How can collaboration be extended with NAICOM in such a manner that the three regulators can serve this section of the population?

Response: *Mr. Etupidok*

There is an existing provision for that known as "Consolidated Supervision". It is a comprehensive approach to banking supervision which seeks to evaluate the strength of an entire group to which a bank belongs, considering all the risks that may affect the bank, regardless of whether such risks are carried in the books of the bank or the related entities.

Question: *Mr. Nwoke*

How can self-regulation support what is being done for the microfinance sector?

Response: *Mr. Etupidok*

Self-regulation will help to bridge regulatory capacity gap.

Response: *Dr. Awojobi*

If there are members who are unethical or unprofessional, the self-regulation platform will address such practices and entrench integrity to boost public confidence. Learning from the deposit money banks' experience on self-regulation, this allows members to be disciplined and creates opportunities for disputes to be resolved. Alternative Dispute Resolution (ADR) can be set up to instil discipline.

Question: *Mr. Nwoke*

How will the Insurance regulators and operators promote short claims turnaround time as this is pivotal in increasing the adoption of microinsurance?

Response: *Mr. Gbadegesin*

NAICOM has approved the partnership between microinsurance firms and microfinance banks and has also set guidelines on the rules of engagement. This guideline also specifies the duration

for claims settlement and issues relating to settlement of the claimers. Technology could fast track the process and thus preclude delays to settlement.

Interactive Session with the Panel

Comments, Questions & Answers:

Question: *Mr. Tunji Afolabi, Coordinator, NMP*

What can the Microfinance sector do to address the issue of pricing? Is it possible for NAMB to be a major player as an aggregator or agent to negotiate on behalf of the sector?

Response: *Mr. Gbadegesin*

Pricing must be made affordable to potential customers. Most microinsurance products give opportunities for instalment payment of premium. Pricing is dependent on exposure and benefits. It must be affordable and must align with the income flow of the customer.

Response: *Mr. Joda*

Employment of creativity is paramount in reaching out to the informal sector. The microfinance institutions can be major players as aggregators of savings, a share of which can be used for insurance premium.

Comment: *Mr. Nwoke*

Engagement with various stakeholders is currently ongoing to ensure that pricing is affordable and allows premium appropriation to the collaborators.

Question: *Mrs. Nwanna Joel-Ezeugo, MD/CEO, Hasal Microfinance Bank Limited*

If microinsurance is to be an additional offering to farmers, will NAIC be ready to take part of the costs on behalf of the microfinance banks?

Response: *Mr. Mobayo*

There are different insurance policies associated with different risks, including production risks which NAIC crop policy covers. These are risks associated with fire, diseases and floods. The transit risks cover transfer of harvests to the warehouse. This policy also covers the agricultural produce from warehousing to exporting of agricultural produce. NAIC offers advice on the type of risks coverage and the appropriate discounted premium.

Summary: *Mr. Nwoke*

The key takeaways from the panel discussion are as follows:

1. Strong collaboration among all stakeholders is imperative. That is, regulators, operators, underwriters, etc.
2. Collaboration on certification and capacity building.

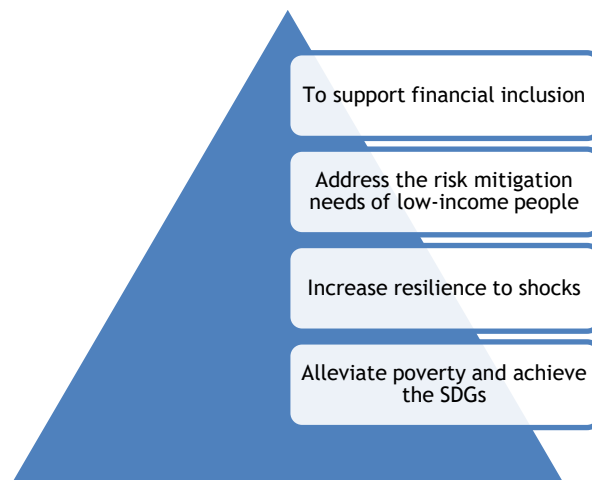
3. Advocacy by NAMB and continuous emphasis on ethics, professionalism and discipline of its members.
4. Products design and development must match customers' needs and lifestyle.
5. Technology deployment in business operations and distribution channels.

Strategy Development Workshop Summary

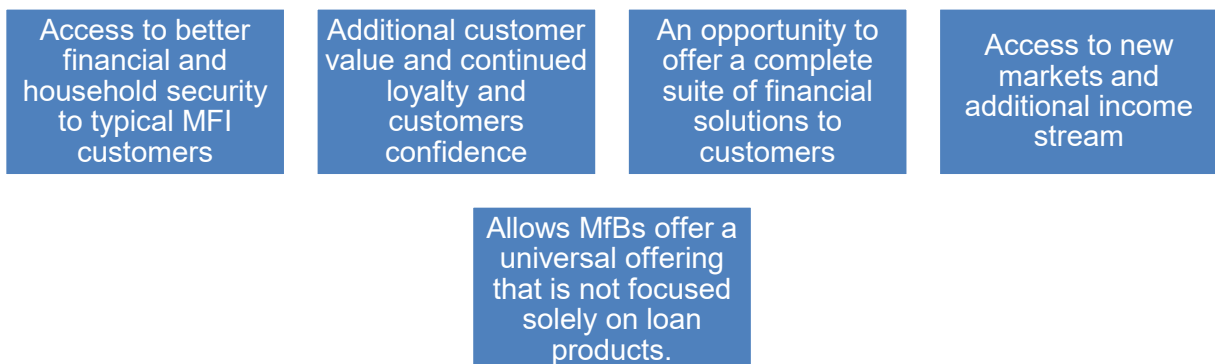
Mr. Mark Robertson, Microinsurance Network (MiN)

Mr. Robertson gave a synopsis of the outcome of the Microinsurance Strategy Development Workshop that held the previous day (Wednesday, 28th May 2021), stating that microinsurance provides inclusive insurance and its products have modest premium based on the level of risk insured. While these products are developed specifically to serve the low-income population, it is the insurers that carry the risk and thus ensure that the products are profitable, sustainable, and built on fundamental insurance principles.

The key outcomes of the workshop and how Nigerian Microfinance Banks should approach microinsurance to get the desired outcome hinge on the two perspectives to the benefits of microinsurance intervention. The first perspective highlights the importance of microinsurance as:



The second perspective is the values derived through microinsurance by microfinance institutions:



Based on the preceding background, Mr. Robertson identified the following peculiarities of the Nigerian market for practitioners to consider:

- Nigeria has a large, diverse, growing population that is increasingly connected and highly entrepreneurial; but mobile-enabled financial services are not yet widespread, electricity and service delivery are problematic, and regional divisions create challenges.
- Financial services, notably bank accounts, reach many people; but insurance penetration is low and product development in its infancy.
- Microfinance banks have their own risks, including industry competition, non-performing loans, risk of customers defaulting, and liquidity risk.
- Microfinance bank customers have their own risks, some of which can result in the inability to service their loans; education and awareness are needed.

The global trends in microinsurance are:

1. Continued rise of low-cost health products (mainly hospital cash and a proxy for income protection).
2. Shifting perspectives on climate risks, with the importance of government support and building trust through paying claims.
3. Combining digitalisation and human touch: while agents and brokers remain key, the importance of digital technology increased, with many hybrid models in place.
4. Financial services form an important part of many non-insurance platforms' long-term business models.
5. Concerns around customer value, particularly low claims ratios and long claims turnaround times (TATs).

Robertson followed with a detailed description of the approaches to product design and distribution channels. See Figures 1.1 and 1.2.

Figure 1.1: Product Design Approach

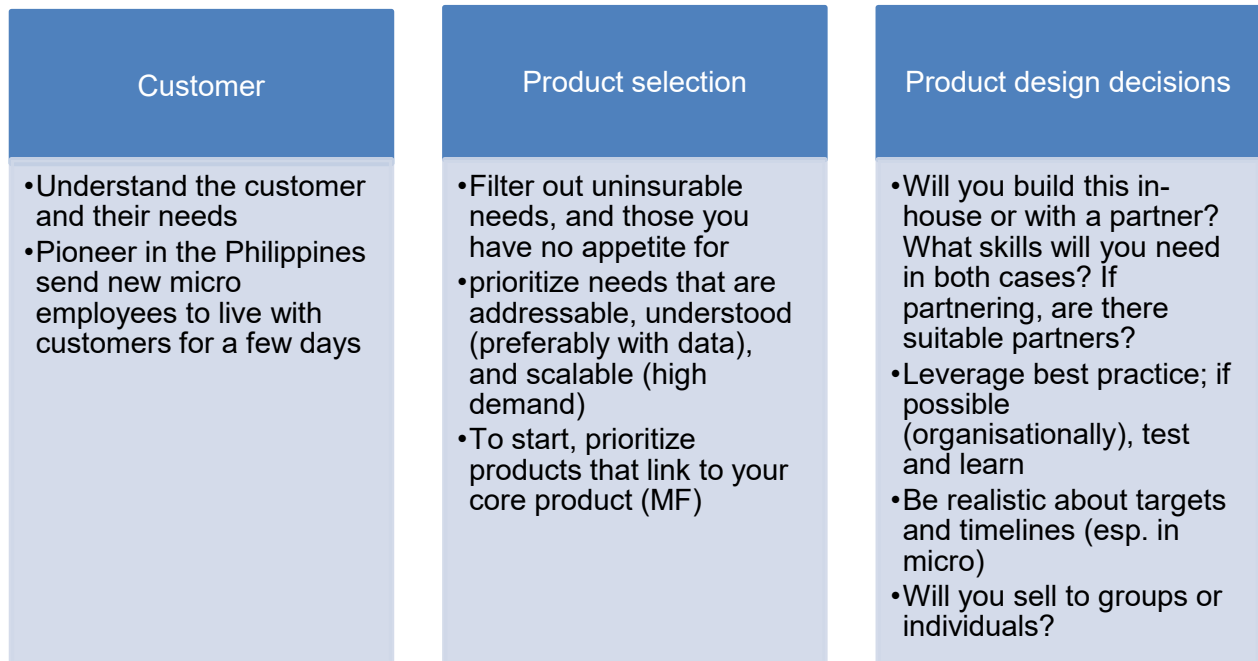
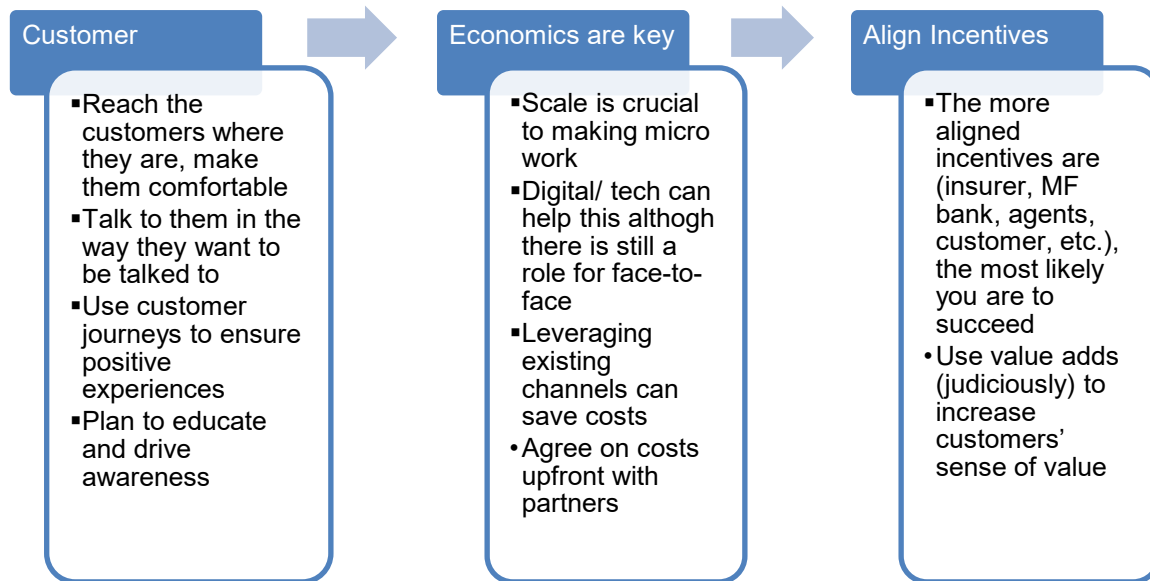


Figure 1.2: Distribution Approach



For microinsurance adoption to succeed, attention must be given to the following factors:

- An enabling environment that is well regulated with supportive associations, well aligned incentives, profitable insurers (partners), valuable products and happy customers.

- Technical skills required to effectively deliver the products. These skills include actuarial, product development, digital/tech (in-house and with partners), strategy, etc.
- A good understanding of customers' needs to drive development of products that meet customers' demands.

The following recommendations were made for dealing with the envisaged barriers:

- What customer needs/ research required?
 - Simple products and processes
 - Paying claims quickly and visibly to build trust
 - Clear and relatable value propositions
 - Accessibility
 - Needs linked to financial wellbeing, health and business protection
- What channels and products should be focused on first?
 - Digital channels
 - Use existing infrastructure
 - Consider the low-hanging fruits
- In what order should barriers be tackled, and how?
 - Claim issue/barriers
 - Skill gaps
 - How to build a good and fair partnership with a broker or insurance company
 - Industry/regulatory
 - How to source marketing budget
 - Deeper understanding of customer
 - Awareness
 - Filling some of the skill gaps

Vote of Thanks

The Host, Managing Director of Letshego Microfinance Bank, **Ms. Tolulope Opayinka**, expressed appreciation on behalf of the Group CEO, Letshego Holdings to the convener of the Symposium /Chairperson of the occasion, Deputy Governor (Financial System Stability), Central Bank of Nigeria, Mrs. Aisha Ahmad who was represented by Mrs. Idowu Akinlade and the Managing Director of Nigeria Deposit Insurance Corporation represented by the Director of SIID, Mr. Joshua Joseph Etopidiok.

She also thanked all the speakers and discussants for the insightful sessions. The sponsors and organising committee were also appreciated.

She also appreciated the Master of Ceremony Mr. Rogers Nwoke and all the Participants that were present on-site and virtually.

APPENDICES

Sixth (6th) Annual Symposium of the Nigerian Microfinance Platform
in partnership with
Microinsurance Network

Theme: Expanding the Frontiers of Financial Inclusion: The Microinsurance Option

Date: Thursday, 29th April 2021

Venue: Dover Hotel, Ikeja, Lagos State



HOSTED BY:

Supported by:



Programme of Event	
09:00 a.m.– 10:00 a.m.	Registration of Participants Arrival of discussants, Guests of Honour, Lead Paper Presenters/, Special Guest of Honour, Keynote Speaker and the Chairman
10.00 a.m. – 10:10 a.m.	Introduction/Recognitions by the Master of Ceremony Mr. Rogers A. L. Nwoke AFOS Nigeria LTE
10:10 a.m. – 10:15 a.m.	Opening Prayer by The Master of Ceremony Mr. Rogers A. L. Nwoke AFOS Nigeria LTE
10:15 a.m. – 10:25 a.m.	Conveners Opening Remarks Ms. Nkiru Asiegbu Director OFISD, CBN
10:25 a.m. – 10:35 a.m.	Chairman's Welcome Address Mrs. Aisha Ahmed Deputy Governor (Financial System Stability) Central Bank of Nigeria

10:35 a.m. – 11:00 a.m.	Goodwill Addresses: Mr. Bello Hassan MD/CEO, NDIC Mr. Ladi Akoni/ Mrs. A.O. Ogunnaike AFOS Country Manager/ Board Chair Mr. Bayo Olugbemi FCIB, President, CIBN Mr. Andrew Fening Okai Group CEO, Letshego Holdings Ms. Folashade Joseph MD/CEO NAIC
11:00 a.m. – 11:15 a.m.	Keynote Speaker Mr. O.S. Thomas Commissioner for Insurance, NAICOM
11.15 a.m.– 11:30 a.m.	Group Photographs Speakers, Special Guests, All Participants
11:30 a.m. – 12:00 noon	Tea/Coffee Break All Participants
12:00 noon – 12:30 p.m.	Lead Speaker Expanding the Frontiers of Financial Inclusion: The Microinsurance Option Katharine Pulvermacher European Microinsurance Network
12:30 p.m. – 01:30 p.m.	Micro Insurance Delivery In a Pandemic: Market Development Opportunities for Microfinance Banks in Nigeria: Mr. Chidiebere Nwokeocha Executive Director, Cornerstone Insurance Inclusive Insurance in Nigeria: A Veritable Option for Financial Inclusion Dr. Godwin Ehigiamusoe Founder, Lift Above Poverty Organization, LAPO Making Microinsurance Work: Collaboration for Effective Growth Dr. Biodun Adedipe, FCIB Chief Consultant, BAA Consult
01:30 p.m. – 02:30 p.m.	Panel Discussions on Lead Paper Mr. Shina Gbadegesin MD/CEO GOXI Microfinance Bank Ms. Nkiru Aseigbu Director, OFISD, CBN Mr. Joshua J. Etopidiok Director, SIID, NDIC

	<p>Ms. Folashade Joseph MD/CEO NAIC</p> <p>Mr. Yusuf Gyallesu National President, NAMB</p> <p>Mr. Taiwo Joda MD/CEO, Accion Microfinance Bank Ltd</p> <p>Dr. Seye Awojobi Registrar/CEO, CIBN</p> <p>Dr. Joyce Barber MD/CEO MARKFEMA</p>
02:30 p.m. – 02:40 p.m.	<p>Report of Findings on Strategy Workshop The Microinsurance Network, Luxembourg</p>
02:40 p.m. – 02:50 p.m.	<p>Communique MLDC / BAA CONSULT</p>
02:50 p.m. – 02:55 p.m.	<p>Vote of Thanks Host (MD – Letshego Microfinance Bank)</p>
02:55 p.m. – 03:00 p.m.	<p>Closing Remarks & Modalities Moderator</p>
03:00 p.m.	<p>Lunch</p>

List of Officials

S/No.	Names	Position
1.	Mrs. Aisha Ahmad	Deputy Governor, (Financial System Stability) CBN
2.	Mrs. Nkiru Asiegbu	Director, Other Financial Institutions Supervision Department (OFISD)
3.	Alhaji Bello Hassan	MD/CEO, Nigeria Deposit Insurance Corporation
4.	Mr. S.O Thomas	Commissioner for Insurance, NAICOM
5.	Mr. Joshua Etopidiok	Director, Special Insured Institutions Department (NDIC)
6.	Mr. Bayo Olugbemi	President, Chartered Institute of Bankers Nigeria
7.	Mrs. Tutu Ogunnaike	Board Chair, AFOS Nigeria
8.	Mr. Ladi Akoni	Country Manager, AFOS Nigeria
9.	Mr. Andrew Fening Okai	Group CEO, Letshego Holdings
10.	Dr. 'Biodun Adedipe	Chief Consultant, B. Adedipe Associates Ltd
11.	Ms. Folashade Joseph	MD/CEO National Agricultural Institute
12.	Mr. Rogers Nwoke	Non-Executive Director, Hasal Microfinance Bank
13.	Ms. Katherine Pulvemacher	European Microinsurance Network
14.	Mr. Taiwo Joda	Managing Director, Accion Microfinance Bank Ltd
15.	Mr. Chidiebere Nwokeocha	Executive Director, Cornerstone Insurance
16.	Dr. Godwin Ehigiamusoe	Founder, Lift Above Poverty Organization, LAPO
17.	Mr. Shina Gbadegesin	MD/CEO GOXI Microfinance Bank
18.	Dr. Seye Awojobi	Registrar/CEO, Chartered Institute of Bankers Nigeria
19.	Dr. Joyce Barber	MD/CEO MARKFEMA

List of Participants

S/No.	Names	Organisation
1.	Abdul Awal	ASHA MFB
2.	Abel Ovenseri	LAPO MFB
3.	Adeniyi Adebolanle	MNC NIG
4.	Adeniyi Adedapo O.	Women's World Banking
5.	Adepetu Adenike O.	CBN
6.	Adetayo Akoaja	Accion MFB
7.	Adetokunbo Elliot	Accion MFB
8.	Adetunji Afolabi	MLDC
9.	Ajayi Esther	UNDER
10.	Ajayi Gbenga Daniel	Blizz Investment
11.	Ajibola Bankole	NAMB
12.	Akindolie Rapheal	NAMB
13.	Akinlade I. F.	CBN
14.	Akinwunmi Lawal	NPF MFB
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16.	Andrew Anuelli	ASHA MFB
17.	Anthony Olamide	Accion MFB
18.	Ayeni Victoria	Advans Nigeria
19.	Ayo Ogunleye	CIBN
20.	Babajide Komolafe	STH
21.	Bako Basseyy Gloria	LAPO MFB
22.	Balogun S.R	NDIC
23.	Bayo Olugbemi	CIBN
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25.	Charles Orobosa	LAPO MFB
26.	Daniela Richtor	GIZ
27.	Dapo Komolafe	NPF MFB
28.	Dolapo Oladoyin	Accion MFB
29.	Dr. Joyce Bacbe	Markfema
30.	Dr. Joyce Barbe	Markefema
31.	Dr. Obinna Ezeobi	Markfema Hmo
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40.	Godwin Ehigiomisoe	LAPO MFB
41.	Goerge Oluwapakunayomi	CIBN
42.	Grace Ayangbenro	MLDC
43.	Ibrahim Buliar	NDIC

44.	Ikemeh G. G.	Sulspal MP
45.	Iquo Ukoh	Letshego
46.	Iya Ore Jonah	MLDC
47.	Jegede Emmanuel	ABUCOOP
48.	Jegede Olajide E.	ABUCOOP
49.	Joseph Mayowa	Blizz Investment
50.	Joshua Ukute	NAMB
51.	Joshua Ukute	Alekun MFB
52.	Justus Nowoola	AFOS
53.	Kehinde Fashua	Advans Nigeria
54.	Kingsley Ibe	Ajocord
55.	Kobiowu Taofeek	Civic MFB
56.	Kolawole Ojulale	GIZ
57.	Kugbakin James O.	UMFB ABK
58.	Kunle Olatunbosun	
59.	Ladipo Akom	AFOS
60.	Ladipo Akoni	AFOS
61.	Ladipo Akoni	AFOS
62.	Muyidat B. Isiaka	NDIC
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64.	Nwanna Job-Ezeugo	Hasal MFB
65.	Nwaorgu Isaac	Supreme MFB
66.	Nwokeocha Chidiebere	Cornerstone Ins.
67.	Obinna Onukwu	Purple
68.	Ogunaike Adetutu	AFOS
69.	Ogunbiyi Oluwafunmilola E.	UMFB ALABATA
70.	Oke Omolola	AFOS
71.	Okeyemi Ganiyu	Markfema Night
72.	Okunzuwa Ganiyu	Oiko Credit
73.	Okwuba Chris U.	Nwa
74.	Olanipekun Awe	CIBN
75.	Olasehan Oladele	ABUCOOP
76.	Olasehan Oladele	ABUCOOP
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78.	Olatunji Moses	AFOS
79.	Oluremi Akande	LAPO MFB
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81.	Omisope Margaret	UNAAB MFB
82.	Omoruyi Clement	LAPO MFB
83.	Omotayo Otty	Letshego
84.	Opasanya O.	Letshego
85.	Osinmade Monday O.	UMFB ABK
86.	Paulinus Aiw	Accion MFB
87.	Raheem Musa A.	AL-Hayat
88.	Richard Iyolutu	Letshego
89.	Rogers Nwoke A. I.	AFOS
90.	Ruskiyat Badmus	GIZ / AGFIN

91.	S. B. Balogun	NDIC
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97.	Shina Gbadegesin	Goxx My Ltd
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108	Tolulope Opayinka	Letshego
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112	Yomi Babajide	Island MFB
113	Yusuf Gyallesu A.	NAMB

Appendix D

List of Sponsors

S/No.	Organisation
1.	Advans La Fayette Microfinance Bank Limited
2.	NPF Microfinance Bank Plc
3.	LAPO Microfinance Bank
4.	Accion Microfinance Bank
5.	AFOS Foundation
6.	Hasal Microfinance Bank
7.	Letshego Microfinance Bank
8.	National Association of Microfinance Banks (NAMB)
9.	B. Adedipe Associates Limited

Appendix E

Editorial / Rapporteur Team / Communique

S/No.	Name	Organisation	Role
1.	Dr. Biodun Adedipe	BAA Consult	Editor-in-Chief
2.	Olaide John	BAA Consult	Editor
3.	Adebayo Ajao	BAA Consult	Rapporteur
4.	Olusola Tutuola	BAA Consult	Rapporteur

Secretariat Staff

S/No.	Name	Organisation
1.	Tunji Afolabi	MLDC
2.	Tinna Harrison	MLDC
3.	Dare Tijani	MLDC
4.	Sanmi Ajisola	MLDC
5.	Grace Ayangbenro	MLDC

Press Team

S/No.	Name	Organisation
1.	Babajide Komolafe	Vanguard Newspaper
2.	Modestus Anagesonye	Business Day

*Appendix G***Media Team**

S/No.	Name	Organisation
1.	Shola Olowolafe	Niteolite Limited
2.	Michael Seriki	Niteolite Limited




*Appendix H***Organising Committee Members**

S/No.	Name	Organisation
1	Tunji Afolabi	MLDC
2.	Tinna Harrison	MLDC
3.	Dare Tijani	MLDC
4.	Sanmi Ajisola	MLDC
5.	Taiwo Oni	AFOS
6.	Omolola Oke	AFOS
7.	Richard Tyotule	Letshego
8.	Ottun Omotayo	Letshego
9.	Dooyum Okwong	Letshego
10.	Abel Ovanseri	LAPO
11.	Remi Akande	LAPO
12.	Caleb Olatona	ACCION
13.	Fatima Olajumoke	NPF

Slides of Lead Paper Presenter



Welcome and introduction

- **Introduction to the MiN, Mark, and Katharine; and UNDP guests, Miguel and Linet**
- **Thanks and introduction to the NMP (Mr Rogers Nwoke)**
- **Welcome to all participants**
- We will be using a virtual tool (GroupMap) today, so you will need your laptops. There will also be role plays and group discussions. All of these with   
- To encourage candour, most GroupMap questions will be anonymous
- During this session, please challenge opinions (respectfully), listen to others, and share your own views – we are all here to learn
- If possible, please turn phones off or to silent
- Note: we will record the session for note-taking purposes

**Focus
question**

- How should Nigerian Microfinance Banks approach microinsurance?

**Key
outcome**

- A combined approach and high-level roadmap to be presented later this week

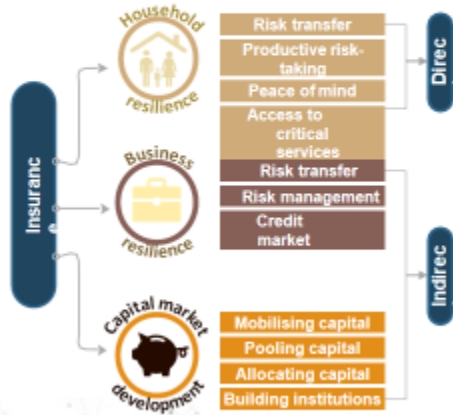
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WHY DO YOU BELIEVE IN MICROINSURANCE

?

Why we believe in

Supports household resilience and contributes to economic development



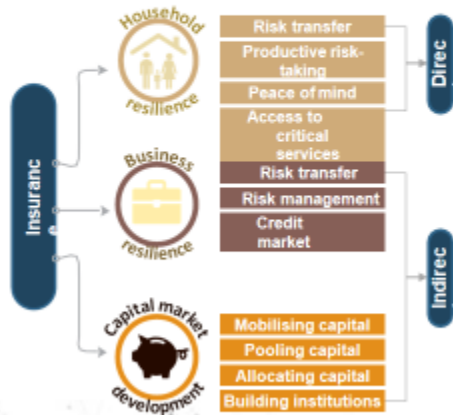
Provides the foundation for achieving development goals



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Why we believe in

Supports household resilience and contributes to economic development



Provides the foundation for achieving development goals



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How we define microinsurance

Microinsurance *Also called Inclusive Insurance*

Microinsurance products have modest premium levels based on the risks insured. They are developed specifically to serve the low-income population. The insurer is the risk carrier, and the product must be

Microinsurance is not a hand-out – products should be viable (or strive to be) as well as meeting Lf needs

working towards profitability, or at least sustainability, and managed on the basis of insurance principles. For

the purposes of this study, the term microinsurance covers all products that fit within this definition, and may therefore include products that are not considered as microinsurance by a national insurance supervisor, because such definitions vary from one country to another.

Therefore, we consider all insurance products with this inclusive design to be microinsurance. These can be Life, Non-life, Agri/Index, Bundled, etc

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1. Continued rise of low-cost health products (mainly **prescriptions and protection**)
2. Shifting perspectives on climate risks, with the importance of **government support and building trust** through paying claims being evident
3. Combining digitalisation and human touch: while agents and brokers remained key, the importance of **digital** increased, with many hybrid models in place. We also noted that **financial services** form an important part of many non-insurance platforms' long-term business models
4. Concerns around customer



Global micro trends



Why do we believe in microinsurance

It supports financial inclusion

It helps address the risk mitigation needs of low-income people

It can increase resilience to shocks

It can help alleviate poverty and achieve the SDGs



Why do you believe in microinsurance?

1

Why do you want to be involved in microinsurance?

2

Why do you want MF bank customers to have microinsurance?

3

What is in it for the MF banks? What value will you gain?

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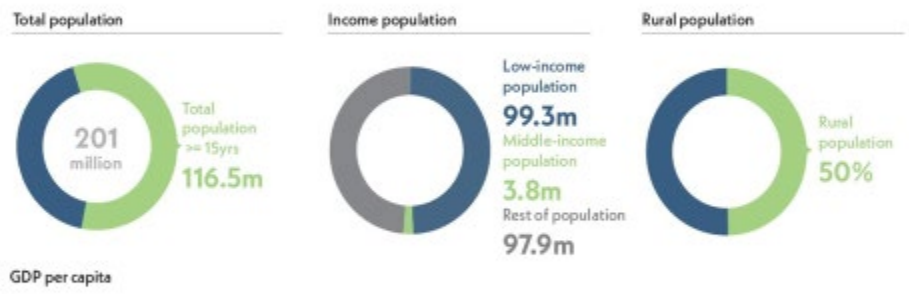
GroupMap

HOW DO WE BETTER UNDERSTAND OUR CUSTOMERS?



High level overview of the market (1/2)

Potential insurance market size



GDP per capita



Financial inclusion



Average life expectancy



Adult literacy rate



Mobile subscriptions



Internet users



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Focus on insurance

Total gross written premiums (US\$m)		
Life 550	Non-life 670	Total 1,220
Microinsurance identified gross written premiums (US\$)		
Life 1,024,200	Non-life 2,278,573	Total 3,302,773
Microinsurance: people covered		
Life 143,764	Non-life 137,443	Total 281,207
Microinsurance: people covered (% of total population)		
Life 0.1%	Non-life 0.1%	Total 0.2%

Insurance density (premiums per capita)



Insurance penetration (premiums / GDP)



Actuaries per 100,000 population



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Where is your competitive advantage?

- Nigeria has a **large, diverse, growing population** that is increasingly **connected** and highly **entrepreneurial**
- But **mobile-enabled financial services** are not yet widespread, **electricity** and **service delivery** are problematic, and **regional divisions** create challenges
- **Financial services** – notably **bank accounts** – reach many people; but **insurance penetration** is low and **product development** in its infancy
- **MF banks have their own risks**, including **industry competition**, **non-performing loans**, risk of customers **defaulting**, and **liquidity risk**
- **MF bank customers also have their own risks**, some of which can result in the **inability to service their loans**; and **education and awareness are needed**

Source: Centfi, EFINA, FSDA, Ukaid (2018) Insurance for inclusive growth: Stakeholder

GroupMap

Customer role play exercise

INSTRUCTIONS:

1. Split into pairs
2. One person will be an imagined MF bank customer
3. One person will be the interviewer
4. The interviewer must ask about the customer's risks/ worries/ needs, and how they cope when things go wrong
5. After 5 minutes, switch roles



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Role play

Customer role play exercise – feedback

1. **How was that experience? Was it comfortable/ uncomfortable?
Has anyone talked to a real customer face-to-face like that
before?**
2. **What risks did people mention? Where these risks insurable?**
3. **What do you think would be the lines along which people differ?**
 1. Region?
 2. Urban v rural?
 3. Income levels?
 4. Farmer v entrepreneur?
 5. Single v family?
 6. Other?
4. **Would you agree that this information would be valuable? How would
we get it cost effectively?**

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Discussio

Case study: understanding your customer

EXPERT FORUM: Locked down? Business interruption insurance,
low-income MSMEs & COVID-19



Siani Malama
Head of Business Development,
Marketing and Micro Insurance
Hollard
Zambia

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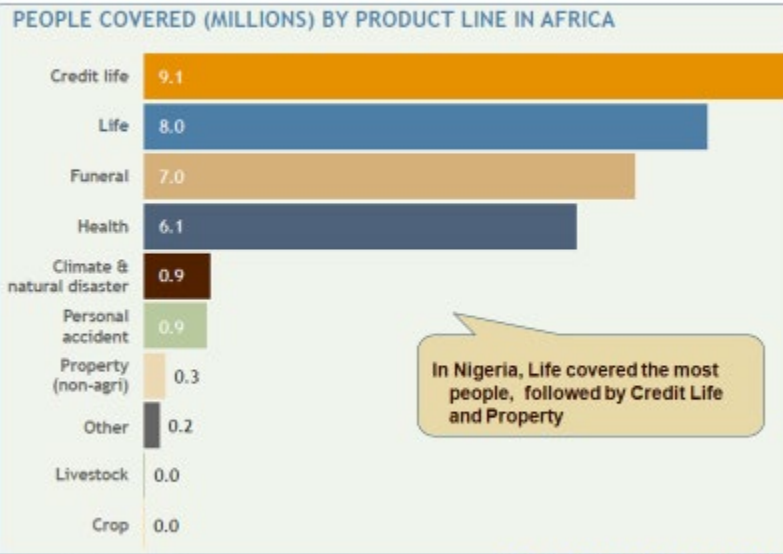
5 MINUTE COMFORT BREAK



HOW DO WE DESIGN FOR OUR CUSTOMERS?



In Africa, traditional products



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Note: Across the study's 194 insurance providers, 45-102M people were recorded as covered by a microinsurance product (est. 5% of microinsurance)

An MFI case study from Latin America

This MFI has ~20k clients with a credit portfolio of ~USD 12M

Product line client	Benefit to MFI	Benefit to
Credit life insurance	<ul style="list-style-type: none"> Lower reserve req. MFI is not exposed to risk of death 	<ul style="list-style-type: none"> In the event of death, loan is cleared and family is not exposed
Agricultural insurance	<ul style="list-style-type: none"> Lower reserve req. MFI exposure to climate risk (flood & drought) and earthquake is mitigated 	<ul style="list-style-type: none"> Client less exposed to loss of income due to natural catastrophes
Microhealth insurance (incl. telemedicine)	<ul style="list-style-type: none"> Less risk of missed payments for client health issues Client loyalty 	<ul style="list-style-type: none"> No need to re-direct income to health issues Maintain their credit record

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How should we approach products?

1. Customer

- **Understand the customer and their needs**
- Pioneer in the Philippines send new micro employees to live with customers for a few days

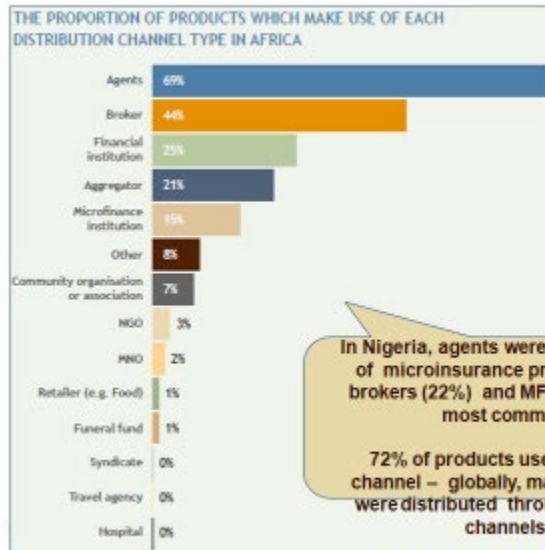
2. Product selection

- Filter out **uninsurable** needs, and those you have **no appetite** for
- Prioritise needs that are **addressable, understood** (preferably with data), and **scalable** (high demand)
- To start, prioritise products that **link to your core product (MF)**
- Will you build this **in-house or with a partner**? What **skills** will you need in both cases? If partnering, are there **suitable partners**?

3. Product design decisions

- Leverage **best practice**; if possible (organisationally), **test and learn**
- Be **realistic about targets and timelines** (esp. in micro)
- Will you sell to **groups or individuals**?

Traditional distribution in Africa



In Nigeria, agents were used for 56% of microinsurance products, with brokers (22%) and MFIs (22%) next most common

72% of products used only one channel – globally, many products were distributed through multiple channels

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How should we approach distribution?

1. Customer

- **Reach the customers where they are**, make them **comfortable**
- **Talk to them in the way they want to be talked to**
- Use **customer journeys** to ensure positive experiences
- Plan to **educate and drive awareness**

2. Economics are key

- **Scale** is crucial to making micro work
- **Digital/ tech** can help this (but is **not a silver bullet**) and there is still a role for **face-to-face**
- **Leveraging existing channels can save costs**
- **Agree on costs upfront** with partners

3. Align incentives

- The more **aligned incentives** are (insurer, MF bank, agents, customer, etc.), the most likely you are to succeed
- **Use value adds (judiciously)** to increase customers' sense of value

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Customer experience:

If your clients don't know about their insurance product, does it even exist?

Score	0	1-9	>=10	Total
(interpretation)	Respondents not at all aware of insurance	Respondents are aware of just having insurance but don't know any features	Respondents know one or more key features	
Group 1 - Low claims frequency	31%	11%	58%	100%
Group 2 - med/avg claims frequency	23%	7%	70%	100%
Group 3 - high claims frequency	25%	11%	64%	100%
Overall	23%	11%	66%	100%

Develop clear and simple communications about its benefits

Deliver on promises of hassle-free claims processes, meaningful benefits

Use regular monitoring to identify gaps in delivery



Source: MN (2016) The State of Microinsurance

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Customer experience: claims

Developing index insurance in West Africa

AXA partnered with the Compagnie Nationale d'Assurance Agricole du Sénégal (CNAAS - the National Agriculture Insurance Company of Senegal) and the West African Development Bank (BOAD) to launch an index insurance product for small-scale farmers in Senegal in 2017. The product protects cotton farmers against damage caused by drought, and pay-outs are based on satellite data backed up by local data from weather stations.

CNAAS acts as the primary insurer, with AXA, Africa Re and Cica Re providing reinsurance. The insurance is bundled with loans and distributed through farmers' federations, which function on a cooperative basis. The premiums are subsidised at 50% by the Senegalese government, making them affordable for farmers.

With recent droughts in the country, the claims ratios have been high. However, this is seen as important in establishing trust and understanding of the product. As the farmers' federations benefit from loans being paid despite drought and farmers find that their loans are paid and they are protected, trust in the product and the insurer is built. After three years, individual farmers are even reaching out to the insurer because they have seen others receiving benefits and want to request the coverage for their own loans.

As awareness has developed, the number of farmers' federations participating, and therefore the number of farmers covered, has grown and the product now reaches almost 30,000 cotton farmers.

In 2019, AXA launched another index insurance product in West Africa with the support of the World Bank Group's GIIF (Global Index Insurance Facility) and in partnership with Africa Re and Cica Re. Again, early claims pay-outs proved vital to growing the product. The product is also index-based and protects farmers against drought, in this case maize farmers in Côte d'Ivoire.

The maize sector is made up of numerous small farmers' cooperatives which are not easily aggregated. The project partners carried out sessions promoting the product with cooperatives, but only one agreed to distribute the product in the 2019 pilot. The insurance was bundled with loans provided through the cooperative.

In 2019, the high claims ratio was taken as an opportunity for partners to promote the product through public claim payment ceremonies. This helped demonstrate the protection offered through the insurance product to farmers and other cooperatives, proving important in gaining the interest of other farmers' cooperatives and securing new partners for 2020.

www.microinsurancenetwork.org

Source: MN (2020) The Landscape of Microinsurance

Discussion

Customer education case study



www.microinsurancenetwork.org

Source

Budget Tool planner
Basic Financial Planning programme

Income				Expenditure			
Income Source	Amount	Frequency	Amount	Expenditure Category	Budgeted	Actual	Variance
Salary	2000	Monthly	2000	Food	500	500	0
Dividend Income	100	Quarterly	100	Transport	200	200	0
Government Grants	500	Monthly	500	Utilities	150	150	0
Other Income	100	Monthly	100	Entertainment	100	100	0
Total Monthly Income	3600		3600	Total Monthly Expenditure	950	950	0

HOLLARD STREETWISE FINANCE

LOGIN
 Login Credentials
 PASSWORD
 Password
 REMEMBER ME

Module 1: Needs Vs. Wants, and Budgeting



<https://www.streetwisefinance.co.za/gallery>

www.microinsurancenetwork.org

Source

WHAT BARRIERS MUST WE OVERCOME TO SUCCEED?

micro insurance network

What needs to be true for us to succeed?

Enabling environment

- We want a **well-regulated sector**, with **supportive associations, well-aligned incentives, profitable insurers** (and partners), **valuable products**, and **happy customers**
- What **challenges/ barriers** are there to this?

Technical skills

- **Do the right skills exist** - actuarial, customer, product development, strategy, digital/ tech (in-house and with partners)?

Customers

- We must **understand customer needs**, be able to **design products to address these**, and be able to **reach customers with these products**
- **What are the barriers here?**

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GroupMap

Roadmap

Recap of GroupMap outputs:

- Why do you believe in microinsurance?
- What is your competitive advantage?
- What needs to be true for us to succeed?

Key questions that remain (discussion) – Decide who you want to be:

1. What customer needs/ research are required and how do we do this?
2. What channels and products do we focus on first?
3. In what order do we tackle the barriers, and how?

And finally, what should we present this week?

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GroupMap Discuss

- **Mark and Katharine to package materials for the symposium and share with NMP Secretariat today**
- **These slides, and the GroupMap outputs will be made available within a week**
- **All participants are welcome to contact us with any feedback, questions on this content, or questions about the MiN/ microinsurance**
- **Other?**

www.microinsurancenetWORK.org

**THANK
YOU**

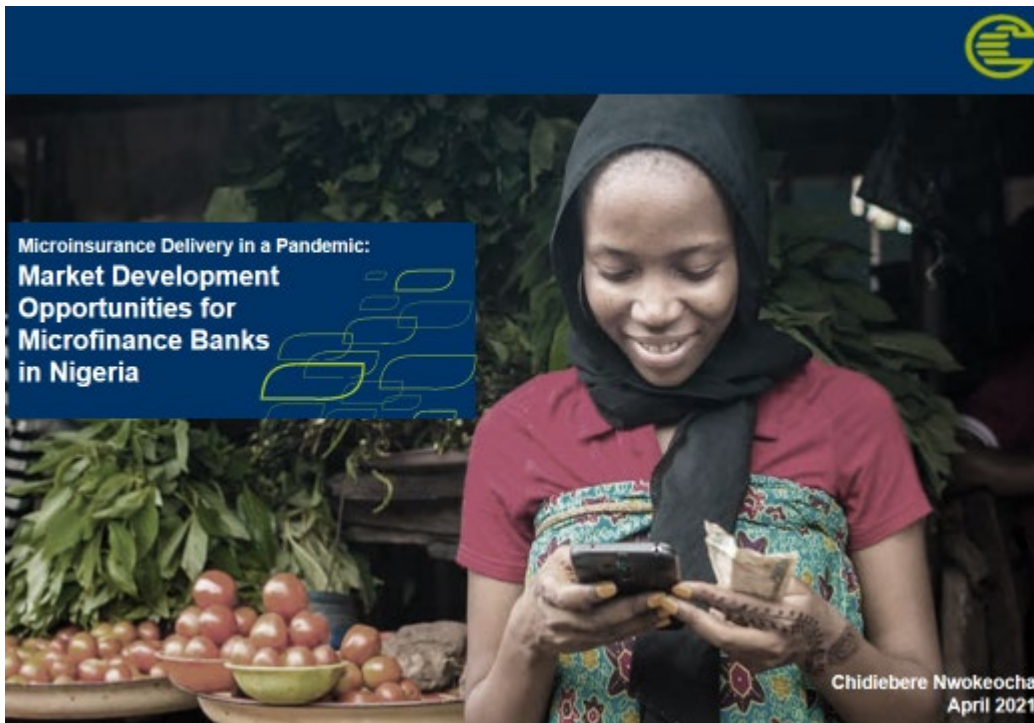
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Slides of Technical Papers



Presentation Outline

- Introduction
- COVID-19 Pandemic Statistics
- COVID-19 Impact on Financial Service Institutions
- Microinsurance in Nigeria
- Microfinance in Nigeria
- Microfinance/ Microinsurance key industry statistics
- Key Regulatory Hurdles
- Market Development Imperative
- Microinsurance Sales Process
- Emergence of FinTechs.
- Case Study: Airtel Insurance with Cornerstone
- Conclusion

Introduction

- ✓ *The Nigerian population is over 200 million people*
- ✓ *Active Bank Accounts over 111.5 million- Nigeria Inter-Bank Settlement System*
- ✓ *About 185m GSM subscribers;128m have access to internet and over 242billion spent monthly airtime-NCC*
- ✓ *The Nigeria Insurance industry suffers from a low penetration rate of less than 1 %*
- ✓ *Key focus in recent time is financial inclusion-banking the unbanked. Microfinance, branchless banking and mobile payments have become front burners and have become wonderful platform to sell insurance products especially microinsurance*
- ✓ *Insurance Industry players and regulators have identified Microfinance / Microinsurance as a key growth drivers,with a low-income population above 60million.*

THIS SHOW THAT NIGERIAN INSURANCE MARKET IS A HUGE MARKET UNTAPPED WAITING TO EXPLODE AND YEARNING FOR FINANCIAL INCLUSION

COVID-19 Pandemic Statistics



Source: National Centre for Disease Control

The novel Coronavirus (COVID-19), which was first discovered in China in December 2019, has spread across the globe and has infected over 141 million people globally as of April 16, 2020.

In Nigeria, total confirmed infections are over 160,000 and we have suffered over 2,000 deaths meaning that the mortality rate of the virus in Nigeria has been in the low single digits.

The Nigerian economy has been significantly affected on multiple fronts. A drop in government revenue from crude oil sales, dwindling foreign exchange revenue also put pressure on the country's foreign reserves and ability to defend the Naira.

Federal and State mandated lockdowns were put in place as a means to curtail the spread of the virus while tests and contact tracing activities continued.

The pandemic and the ensuing lockdowns have taken a toll on businesses in several sectors including financial services and "micro" offerings to the lower income earners of the economy who typically rely on daily income to survive.






Source: Johns Hopkins University

Impact of The Pandemic on Financial Services Institutions



Microfinance Banks

- Reduced income/Layoffs led to lower deposits 
- Loan defaults 
- Higher withdrawals 

Microinsurers

- Drop in revenue (insurance is not a high priority expense) 
- Inability to sell (retail insurance is heavily dependent on agency sales forces) 
- Increased interest in health insurance. 

Microinsurance in Nigeria

- ✓ *Microinsurance – Insurance services accessed by low income people,*
- ✓ *A means of protecting low income people against specific risk in exchange of regular payment of premium proportional to the likelihood and cost of relevant risk.*
- ✓ *The insurance include but not limited to – health insurance (illness, injury / disability or death), fire insurance, property insurance, theft , crop / livestock insurance or risks from natural disasters*
- ✓ *A low price, high volume business- critical mass*
- ✓ *Any successful product targeting the low income earners must be affordable, inclusive, simple, clarity / ease of documentation, must meet specific needs, ease of premium and claim payment to build trust. Low minimum and maximum caps in premium and claims.*
- ✓ *Microinsurance in Nigeria is still at very early but growing phase. According to Enhancing Financial Innovation & Access (EFInA, 2018) only 0.3 million out of 96.4 million adults use microinsurance products in Nigeria and about 32.1 million will be interested in using microinsurance.*

Microfinance in Nigeria

- ✓ *Microfinance – Banking services provided to low income individuals or groups who otherwise would have no access to financial services.*
- ✓ *The service include but not limited to loans, deposit, insurance, funds transfer and other non-financial products targeted at low-income clients.*
- ✓ *The key features includes smallness of loans and saving, absence or less emphasis on collateral and simplicity of operations.*
- ✓ *Technically both microfinance banks and microinsurance companies serve the low income segment of our population. Therefore strong partnership and collaboration must take place to deepen the market.*

Microfinance/Microinsurance Industry Statistics

National Financial Inclusion Strategy: Key Financial Inclusion Targets

% of Total Adult Population		2010		2016		2020	
		Target	Actual	Target	Actual	Target	Actual
	Payment	21.6%	38%	56%	38%	70%	70%
	Savings	24%	36%	46%	36%	60%	60%
	Credits	2%	3%	29%	3%	40%	40%
	Insurance	1%	2%	25%	2%	40%	40%
	Pension	5%	5%	26%	5%	40%	40%

✓ The Central Bank of Nigeria (CBN) released revised financial inclusion targets for the year 2020. As at 2010, Insurance penetration amongst the adult population stood at less than 1%. Although an ambitious target of 40% has been set for the end of 2020, challenges persist that keep the figure at 2%.

Distribution of the Microfinance Banks in Nigeria

Geo-Political Zones	Percentage Share
South West	39.4%
South East	23.6%
South South	14.8%
North Central	10.9%
North West	6.7%
North East	4.6%

Number of Insurance Companies

57

Number of Micro-Insurance Companies

3

Number of Micro-Finance Banks

912

✓ The demand side challenges (such as attitude of Nigerians towards insurance and religious beliefs) are well documented however, there are significant supply side challenges that need to be overcome.

✓ Microfinance Banks also face challenges in driving penetration. A recent survey conducted by EFinA indicates that the proportion of those financially-included serviced by MFBs is only 3.8%.

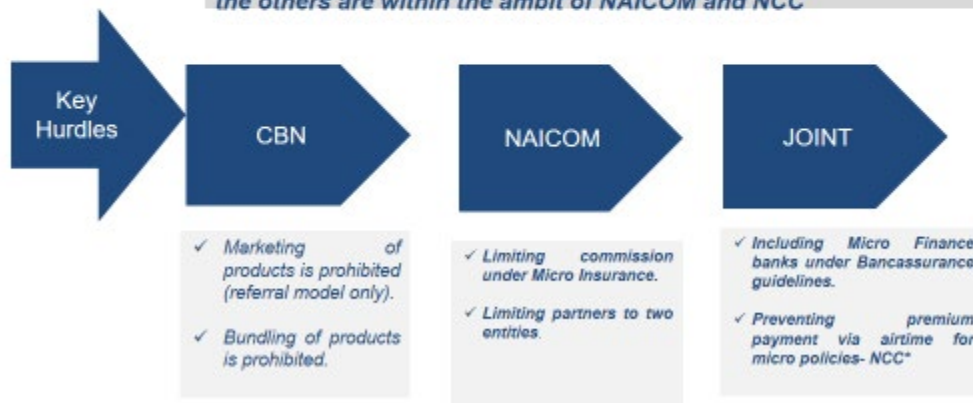
While the biggest potential for growth for both sub-sectors lies in the retail space, there has been little commensurate investment in retail distribution structures.

Sources: Enhancing Financial Innovation Access (EFinA) Survey Report 2018, European Journal of Business and Management: Emerging Issues in Micro Finance Banks in Nigeria (2008)

Key Regulatory hurdles

The Challenge

Whilst the National Insurance Commission (NAICOM) and the Central Bank of Nigeria (CBN) recognise the capability of Micro Insurance in driving market development, there are a few obstacles that need to be resolved to enable the industry unlock the potential. Some of the hurdles can be addressed by the CBN whilst the others are within the ambit of NAICOM and NCC



Market Development Opportunities



✓ Strong Partnership

Microfinance Banks and Microinsurance companies serve the same customer, therefore **strong partnerships are** needed to deepen existing markets and creating new ones.

✓ Customer Education

This is very critical . CBN, NAICOM have huge budgets to create awareness within the low income segments in line with financial inclusion strategy.

This must be implemented urgently. **MFB's and MI's must aggressively join in this campaign.**

✓ Market segmentation / classification and attendant characteristics must be carried out based on demography, clusters, customer need / preferences, lifestyle, culture, income patterns.

NB: Different market segments have different needs and therefore different product offering. No one size fits all.

Market Development Opportunities



✓ **Product Offered**

- . Products offered must meet customers need- no value creation, no interest.
- . MFB's use microinsurance as a risk management tool to protect their asset with credit life insurance and not necessarily to the benefit of their customers.
- . Product bundling makes it easy for penetration. MFB's should offer microinsurance products to their customers as a bundle with microfinance service. E.g. Loans and short term credits bundled with insurance products as sweeteners.
- . Product branding should be demographic, lifestyle etc sensitive. E.g. Takaful
- . Product pricing must be affordable to recipients.

✓ **Staff Training**

- . **Product knowledge and selling skills are germane to market development.**

✓ **Data Collection and processing**

- . Efficient data collection and processing is key to strong market development

Market Development Opportunities



✓ **Partnership with other Distribution Channels**

- . Cooperative Societies . Religious Bodies . Trading Union . Health Care Providers
- . Telecommunication Operators (Mobile Phones, Cards, Apps), Retail chains
- . Mobile Money Operators (MMO) . Payment Service Banks (PSB),
Government Agencies, Non Governmental Organisation, Traditional Institutions etc

✓ **Administrative Cost**

- . This must be kept very low.

✓ **Overlapping Regulation**

- . **CBN-marketing of products prohibited (Referral model only); bundling of product prohibited.**
- . **NAICOM- limiting commission under micro insurance, limiting bancassurance relationship to only two.**
- . **JOINT- including MFB's under bancassurance guideline; preventing premium collection via airtime for micro policies.**

Microinsurance Sales Process



To be profitable and also to achieve scale, Microinsurance is best sold to clusters and not on a retail basis.

Because the target market is largely unfamiliar with the concept of insurance and may also distrust the product, there is a model and a process for building microinsurance penetration in any cluster.

The first step is to offer the product for free usually as part of a loyalty scheme. For example, customers who increase their savings deposits qualify for free insurance.

Those who get their claims settled and "taste" the product become strong advocates within their communities.

The loyalty scheme is not modelled to be an additional cost to the MFB, the insurance premiums are paid out of the increase in deposits.

The second stage is to offer freemium upsells. Individuals who get free insurance have an opportunity to buy insurance for their spouses and children.

By now, behaviours and attitudes towards insurance within the cluster has changed. MFBs can then distribute additional products (within regulatory guidelines) leveraging existing channels e.g. agents, branch network, mobile banking etc.

The Emergence of Fintech



The FinTech Ecosystem



The Central Bank of Nigeria released a framework for regulatory sandbox operations. This has allowed companies that are not traditional banking or financial services institutions to offer financial services.

A group of companies that have leveraged technology as a means of distributing financial services efficiently are collectively referred to as Fintechs.

While these companies may not be producing the same levels of revenue or profitability of traditional DMBs, their latent potential has caused institutional domestic and foreign investors to invest millions of US Dollars.

In some cases (e.g. Paystack), their valuations are even higher than the market capitalization of multiple banks combined.

Mábulá Okwe - 1st Professor, Entrepreneur, Faculty@Tolando Institute...
 Just like that, Paystack is worth more than Unity Bank, FCMB Group Plc and Wema Bank combined. Wema Bank began life in the 1940s. Just looking at its market cap, it is... see more

Industrial Age Banking			The New Order
N483 billion	N66 billion	N21 billion	N74 billion

Case Study: Airtel Insurance with Cornerstone



In partnership with **Airtel Insurance and MicroEnsure**, **Cornerstone Insurance** launched the most successful mobile-enabled Microinsurance scheme in Nigeria in 2014.



Airtel Insurance was a highly successful Loyalty based scheme that generated over 1.8 million policies within 18 months.

Some of the objectives of the scheme were give many mass market Nigerians their first "taste" of Insurance, bridge the knowledge gap and reduce scepticism about the Industry.

The expectation was to launch the next logical phase (paid for insurance via airtime) when regulatory action truncated the plans.

The continuation of the scheme would have led to a change in behaviour and general attitudes towards Insurance as has been seen in other African markets.

Subscribers were entitled to 1 month free insurance cover as long as they maintained a minimum recharge spend on airtime.

Monthly Recharge	Life Cover	Hospital Cash Cover
This Month		Next Month
>N1,000	N100,000	N10,000
>N5,000	N250,000	N25,000
>N10,000	N500,000	N50,000

Key Performance Indicators

Number of Purchase Attempts: 4 million

Number of Policies Sold: 1.8 million

Premium Generated: N256 million

Number of Claims Paid: 378 (N10 million)

Subscriber Base Penetration Rate: 7%

Loss Ratio: 18%

Geopolitical Zones Covered: NE, NW, NC, SE, SW, SS

Conclusion



1

Microfinance banks need to extend their microinsurance product offerings beyond credit life & fire. Microinsurance should be seen as an additional income stream.

2

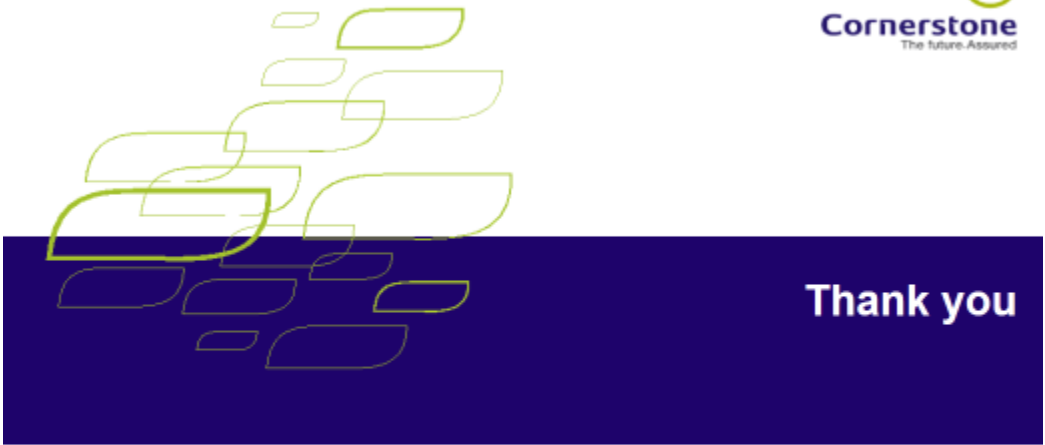
Microfinance banks should participate more in shaping regulation. Present microinsurance and bancassurance guidelines limit the potential of partnerships.

3

Microfinance banks should capture retail market share and partner with other retail channel / platforms.

4

Microfinance banks should develop operating platforms leveraging technology to grow microinsurance profitably.



Inclusive Insurance in Nigeria: A Veritable Option for Financial Inclusion

Godwin Ehigiamusoe PhD(Policy and Development Studies-AAU);
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Chairman , GOXI Microinsurance
Company Limited

Preamble

- ❖ The desire for inclusive finance has been at the centre of development discourse. For many years attention was directed at rural finance which rose from the belief that the rural economy was deprived of adequate finance and therefore epicentre of poverty.
- ❖ It was also the quest to expand the frontiers of finance that gave rise to microfinance and now microinsurance

Outline

- The nature and Concept of Inclusive Finance
- The rise of microinsurance
- Opportunities and challenges of microinsurance operations
- Success imperatives and recommendations

Introduction

- The attention on 'financial inclusion' in the past few years may be due to the inadequacy of credit alone.
- Given the focus on application of technology, it has become synonymous with digitalization of products and channels of delivery
- However, financial inclusion is also about the expansion of frontiers of scope of finance for everyone
- Access to insurance is a prime aspect of ensuring financial inclusion

Financial inclusion

- Financial inclusion is the availability of a range of financial services at affordable costs to all segments of the population particularly the disadvantaged and low income groups.
- It is about liberalization of access to a complete suite of financial services *for all who are willing and able*. It is **finance for all**.

Dimensions of financial inclusion

- The popular dimensions of financial inclusion are
 - i) **un-hindered access** for all without discrimination on grounds of disability, gender , faith and location;
 - ii) **affordability**;
 - iii) **comprehensiveness** of financial services available. These services include savings opportunities; credit of various types and terms; micro-investment and asset management services; leasing and factoring; mortgages; pensions; payments; local money transfers; remittances and of course **insurance**

Inclusive insurance

- Improving the conditions of living of members of low-income households requires **empowerment** and **protection** through robust risk management services.
- **Microfinance** has proven to be effective in economic empowerment. **MicroInsurance** on the other hand, assists the poor to mitigate or manage risks.
- The greatest challenge of members of poor households is vulnerability.

Insurance

- Compared with its kin, that is, credit, insurance has not attracted the attention it rightly deserves from the population at the bottom end of the society for a number of factors.
- Prime of these factors is the erroneous perception that insurance services are still largely for the “elite”; to most people, insurance is not for everyone.
- This is certainly a **paradox**, given the fact that low-income people and their micro businesses are more vulnerable and therefore require risk hedging services.

Microinsurance

- Microinsurance products are designed to meet the need of low-income and micro and small scale enterprises.
- Microinsurance is therefore the liberalization of access to insurance services;

Microinsurance

- Microinsurance products are designed to meet the need of low-income and micro and small scale enterprises.
- Microinsurance is therefore the liberalization of access to insurance services;

Microinsurance

- Like microfinance, microinsurance is about **little bits of services** and **application of flexible and innovative structures and processes to reach** low-income people and their micro and small businesses.
- It however takes cognizance of **basic principles and practice** of conventional insurance and the **peculiar features** of low-income people and their micro and small enterprise .

Microinsurance

- Globally, microinsurance is still in infancy.
- **2018** Report on the landscape of microinsurance report in Africa confirms that almost **2%** of the estimated **700 million people** in the low-income bracket on the continent are covered by microinsurance-
- In Nigeria users of microinsurance is put at **0.5million** (EFiNA in 2017)
- However, the guidelines for micro-insurance practice were adopted by the Nigerian Insurance Commission (NAICOM) is expected to grow the insurance sub-sector to in the coming years.

Microinsurance in Nigeria: opportunities

Huge Population

- Huge and exceptionally enterprising population presents huge opportunity to microinsurance practice;
- In the **2016** Survey by EFINA on Access to Financial Services in Nigeria **32.1 million Nigerian adults** were reported to indicated interest in using Microinsurance products;
- The good news is that this huge number of willing Nigerians and microenterprises are largely unreached.

Microinsurance in Nigeria: opportunities

Increasing need for risk hedging

- Undesirable the worsening insecurity is, it presents opportunity for more Nigerians to seek risk hedging products.
- Owners of tricycles called Keke Napep are beginning to appreciate the need to insure their vehicles against theft.

Microinsurance in Nigeria: opportunities

Presence of Distribution Channels

- Micro-insurance like other small bits of services which target the low-income people requires **aggregators** and distribution channels.
- In Nigeria, there exist a variety of distribution channels. These include community-based associations; trade associations; cooperative societies and unions and of course, microfinance banks and institutions.

Microinsurance in Nigeria: opportunities

Policy and Regulatory Framework

- The 2018 Microinsurance Guidelines by NAICOM recognizes the peculiar features of low-income people and their micro-assets;
- The guidelines have expanded beyond the traditional insurance brokers as agents to include cooperative societies, mutual associations , microfinance banks/institution, trade organizations etc

Microinsurance in Nigeria: opportunities

Vibrant Financial Services Sector

In the past few years, Nigeria witnessed a geometric rise in the number of financial products and services driven by technology and innovations. **Microfinance banks** are vibrant financial institutions appropriate for delivery of range of micro-insurance policies.

Appropriate Operating models

- In the past few years, microinsurance has left the direct shadow of conventional insurance practice.
- Several innovations have been introduced in the form of delivery models. These operating models are *flexible and responsive to the peculiar characteristics of low-income people and their micro and small enterprises*

Social protection model

- This directly related to the protection of the poor and vulnerable. In most cases, the policy holders do not carry the obligation of premium payment.
- It is usually promoted by governments and development agencies.

Cooperative and mutual insurance model

- The model applies the cooperative enterprise framework which is reflective of the conventional cooperative principles of:
 - Voluntary and Open Membership
 - Democratic Member Control.
 - Members- directed services
- The microinsurance company is usually capitalized by the services. Since it is owner- users cost of access to services or policies is relatively lower.

Community based model;

- The community:
 - promotes,
 - Manages
- It could be funded by prominent sons and daughters of the community or by donor agencies.

Full-service model

- This model ensures availability of a full bouquet of micro-insurance services along with various other insurance products such as health, life, maternity protection, childcare, assets and livestock.
- Service users could make choice of the offered services or the provider simply bundles a number of services in one policy. In whatever approach, a range of services are available

Partner-Agent Model

- Microinsurance institutions in partnership with **aggregators** to reach a large number of people. Institutions such as microfinance banks, community-based organizations and cooperatives.

Features of Partner-Agent Model

- A regulated **insurance company** underwrites and offers a Microinsurance product, while provision or delivery of the product is done by the delivery **agent** channel .
- The **Insurer** and the **Agent** work together to design a product for low-income clients;
- The **Agent** handles marketing, premium collection and other customer services while the **Insurer** absorbs the risk, sets the final rate, pays claim and confirms that all legal requirements are being met.

Features of Partner-Agent Model

- The **Agent** acts as a distribution channel for the **insurance company**. It provides access to its client base and performs specific roles in the delivery of insurance;
- The **Agent** receives compensation through commission or service fees. In this model, while the **insurer** develops and prices the product as well as manages risks, the Agent serves as sales agent for the insurer;
- This model is simple and mostly applied in micro insurance operations. However, insurance partner's interests must align with those of the agent.

Microinsurance : Challenges thereof

- *Huge cost of operations*

Like in most micro services, delivery of micro-insurance policies is not cost-effective. Without the adoption of responsive operating approaches, institutional viability of microinsurance institutions will be compromised

Microinsurance : Challenges thereof

- *Skill deficit*

Microinsurance is **not** a miniature of conventional insurance practice. I believe it has its peculiar features which reflect the characteristics of the service users- low-income people and small and micro-enterprises. These unique features therefore require unique skills. Unfortunately, there is no adequate pool of microinsurance practitioners to draw from.

Microinsurance : Challenges thereof

- *Poor Awareness on Microinsurance*

The awareness level of Microinsurance is still very low. For most people especially the low-income people, it is a case of, *savings I know, loan I know, what is microinsurance?* Massive investment will be required to create awareness on awareness creation.

Microinsurance : Challenges thereof

- *Trust Challenge*

There is a huge level of trust gap among Nigerians about insurance policies. This arose from a combination of ignorance and alleged opaque nature of transaction by most insurance companies.

Microinsurance : Challenges thereof

- *Infrastructure Challenge*

- Providing micro insurance may require national demographic and socio-economic data base. There is dearth of data and this could hinder effective underwriting by microinsurance acting in conjunction with microfinance institutions.

Microinsurance : Challenges thereof

Social, cultural and religious barriers

- Perhaps the greatest obstacle to microinsurance consists of religious, psychological and cultural in nature. To many low-income people, insurance does not belong to them, rather it for the *rich people and big businesses* alone. Other hide behind *God forbid* when offered insurance services.

Inclusive insurance: Recommendations

Capacity building

- Investment in capacity building for operators is imperative. The key factor in the global success of microfinance was the huge investment made by governments, development agencies and practitioners. Several workshops were organized locally and internationally. Intensive training sessions were prominent features of the famous Microcredit Summits held periodically across the world. LAPO from the onset prioritized training and learning, which has culminated approval for in-house developed OND and HND programmes by the National Board for Technical Education- NBTE for LAPO Institute, a monotechnic

Inclusive insurance: Recommendations

Capacity building

- Microinsurance sub-sector is to learn from this example. This process must be led by the regulators- National Insurance Commission and the operators. There is the need to engage educational institutions. Focus to be on public engagement; risk assessment; agency and aggregators management; underwriting for the informal sector.
- Capacity development for *all*: regulators, operators and potential policy holders

Inclusive insurance; Recommendations

Awareness creation

- Stakeholders in the sector should engage critical segments of the society, that is, religious, traditional and political leaders on the nature and benefits of microinsurance.
- Government and its poverty-focused agencies should recognise asset protection through adoption of microinsurance as a key factor in addressing mass poverty. Loss of asset deepens the poverty of the poor.

Inclusive insurance: Recommendations

Flexibility and Simplicity

- Functional business models have to be innovative especially in the choice of a distribution channel as a way of cutting costs. Innovative use of technology may be adopted as a mean of enrolments.
- A functional micro-insurance model should be simple as regards the role of the insurer, distribution approach, product design and how services are provided. These are considered key drivers of all business models.

Inclusive insurance: Recommendations

Regulatory environment

- The good news, is the existence of a regulatory guidelines and the commitment of the schedule staff of the National Insurance Commission (NAICOM). Much still required to be done to deepen inclusive insurance.
- Temptation to apply the same regulatory format for conventional operators to micro-insurance operators should be **resisted**

Inclusive insurance: Recommendations

Regulatory environment

- There is the need to engage all stakeholders including Central Bank of Nigeria on the review of provisions of the current Guidelines.
- Periodic review exercises of the guidelines should be as participatory as possible

Inclusive insurance: Recommendations

Partnership and linkages

- To reach the poor in a sustainable manner will require collaboration between actors in the sector.
- There is much room for linkages between conventional insurance companies and microinsurance institutions. Microinsurance institutions should also build partnership with micro-enterprise focused institutions such as microfinance banks and trade associations that act as aggregators.

Closing remarks

- Microinsurance is key to the achieving twin goals of financial inclusion and poverty reduction.
- Low-income people and their micro and small businesses are highly vulnerable; assets and successes built up with access to credit over the years, could be wiped out by fire or floods.
- Like microfinance at its inception there are some challenges of micro-insurance delivery.
- They are overcomable with supportive regulatory environment and diligence and integrity of operators

-
- **THANK YOU, FOR YOUR ATTENTION**

Making Microinsurance Work: Collaboration for Effective Growth



BAA Consult

1



Outcome



BAA Consult

2



Delegates should recognize that:

Collaboration is important and relevant in contemporary organizational and group activities.

The success of microinsurance in Nigeria demands all **stakeholders** to pool tangible and intangible resources.

This symposium is good **opportunity** to forge the needed collaboration and develop the framework for achieving that.

Microinsurance

BAA Consult

“The protection of **low-income people** against specific perils in exchange for regular premium payments appropriate to the likelihood and cost of the risk involved.”

International Association of Insurance Supervisors (IAIS)



3



- At **46%**, nearly half (1 in 2) of the world's population lives in poverty. That is, below \$5.5/day. (Source: World Bank)
 - Almost half of the poor in Sub-Saharan Africa lives in five countries, including Nigeria!

A Perspective

BAA Consult

Centuries of conventional banking did not help the poor; rather than include, they were alienated and excluded (not deliberately but inadvertently).

- Microfinance and microcredit evolved. Some progress recorded here and there, but nothing significant as most operators tended to still model conventional banking.

Conventional insurance was designed to cater to the urbane and informed, leaving out the vulnerable bottom-of-the-pyramid population that needs insurance most.

- They can't afford it!

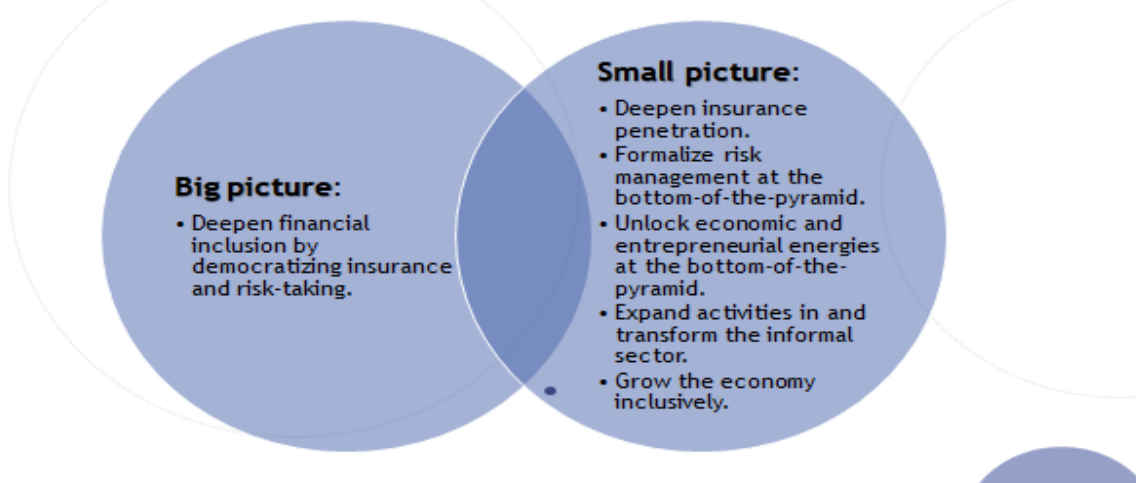
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Who then will de-risk the space and bring inclusion with all its benefits to where it matters most.

Why Microinsurance is Important

The Big and Small Pictures



Conventional vs Micro Insurance



Criteria	Conventional Insurance	Microinsurance
Premium Calculation	Individualistic; based on age and other factors	Price sensitive market with group pricing and higher premiums
Premium Collection	Monthly, quarterly or yearly payments	Irregular payments, depending on client's financial situation
Policies	Complex policies with many exclusions	Policies are written in a simple language with few or no exclusions
Nature of clients	Low risk in an established culture	High risk and vulnerability in a weak insurance culture
Handling claims	May be complicated with lots of document verification	Simple and fast procedures
Duration	Usually, minimum of 12 months	Period of coverage can be as short as 4 months
Delivery Channels	Sold by licensed agents or brokers to wealthy or middle-class individuals	Sold mostly by unlicensed traditional agents to low-income persons

Description of Low-Income People

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- Have **irregular** income.
- Work in the **informal** sector.
- They are **highly exposed** to risks.
- Live in higher risk environment.
- Manage risks through a variety of informal means, including **social networks**.
- Have **limited familiarity** with formal insurance.
- Lack of **trust** of large and formal financial institutions.



Why Collaborate?

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- A large proportion of the Nigerian population work in the **informal sector** (about 52% of GDP) and live below the **poverty line** (about 41.1%).
- High dependence on **bread-winners** among low-income families. (E.g., educate your child so s/he can take care of you in old age.)
- Unpredictable **catastrophic events** (e.g., death, sickness, disease and disability) to the family bread-winner.
- Serious social, political and moral consequences of **financial crises** (civil unrest, increase in crime rates, sexual exploitation, malnutrition, etc.)
- Vulnerability of **women** and **children** caused by sudden income losses.



These issues can't be resolved without the active collaboration by **ALL** stakeholders.



Challenges and Barriers to Microinsurance

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❑ There's no way that these challenges can be surmounted without collaboration by stakeholders.

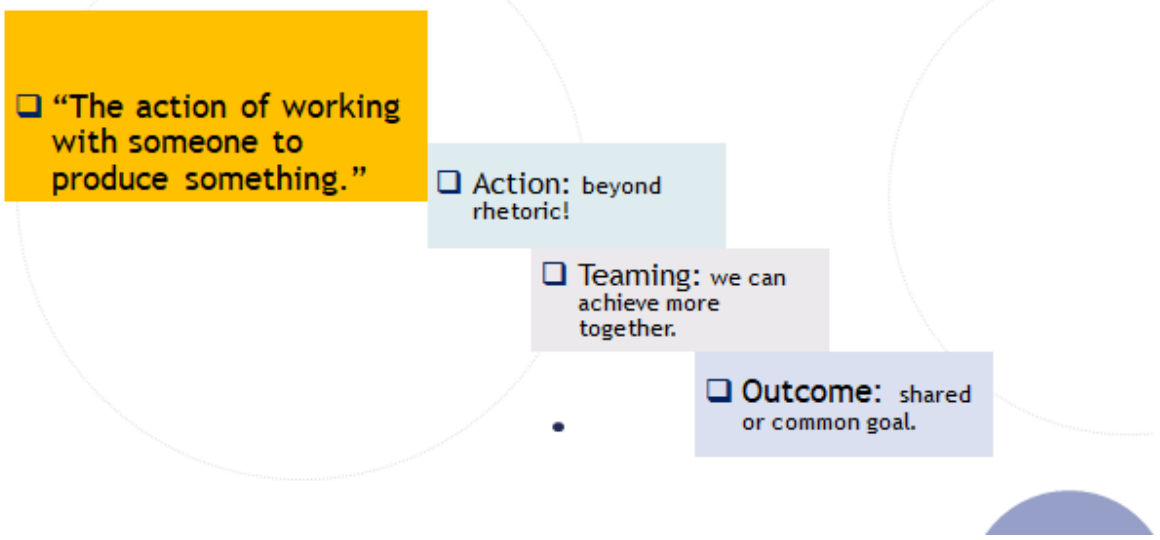
❑ **All hands** must be on deck!



Collaboration Simply defined as...

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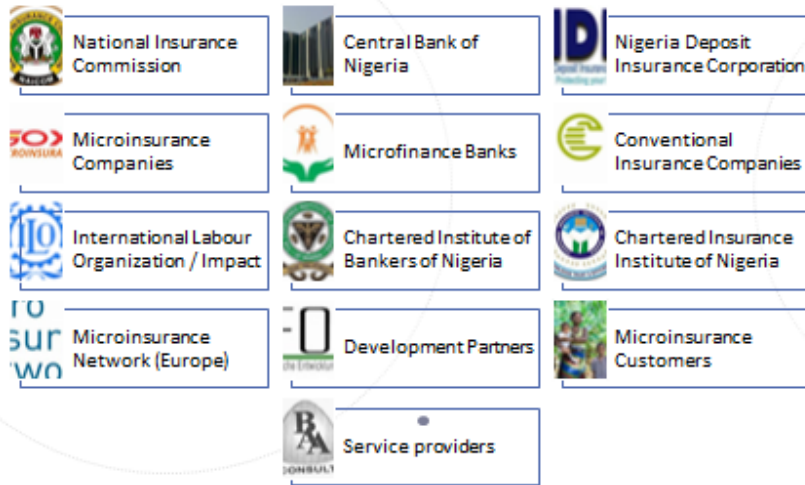
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Microinsurance Stakeholders

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What Each Brings Matters

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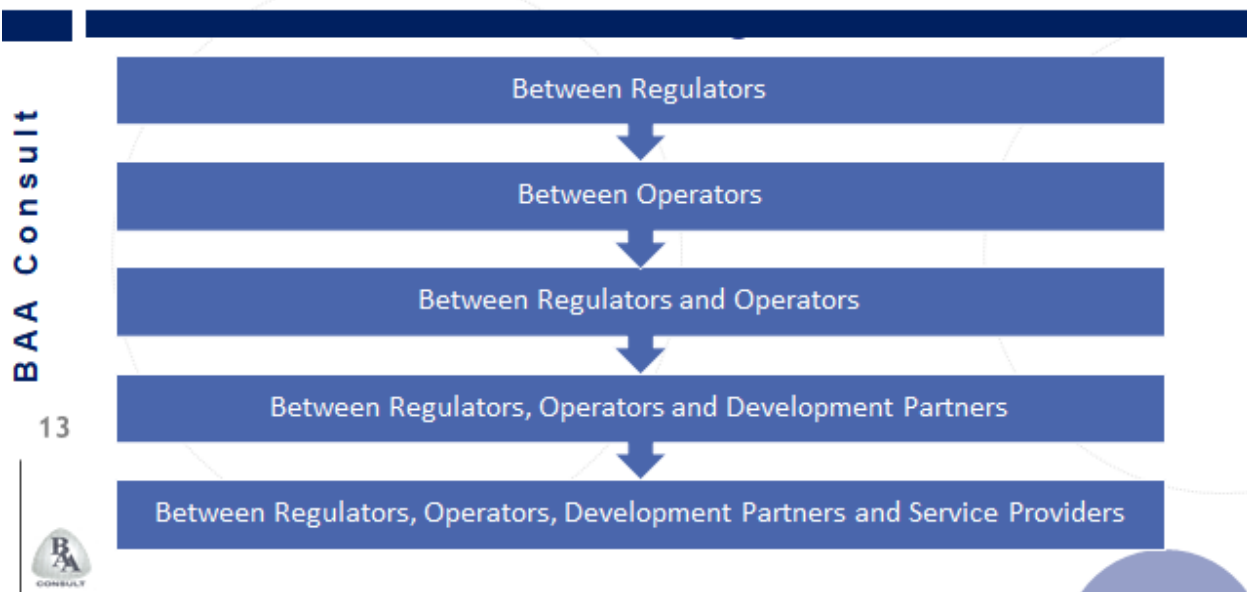


What makes it possible for seven men to change four tyres, fill up a gas tank, make quick adjustments to suspensions, and get the car back into the race in just over ten seconds?

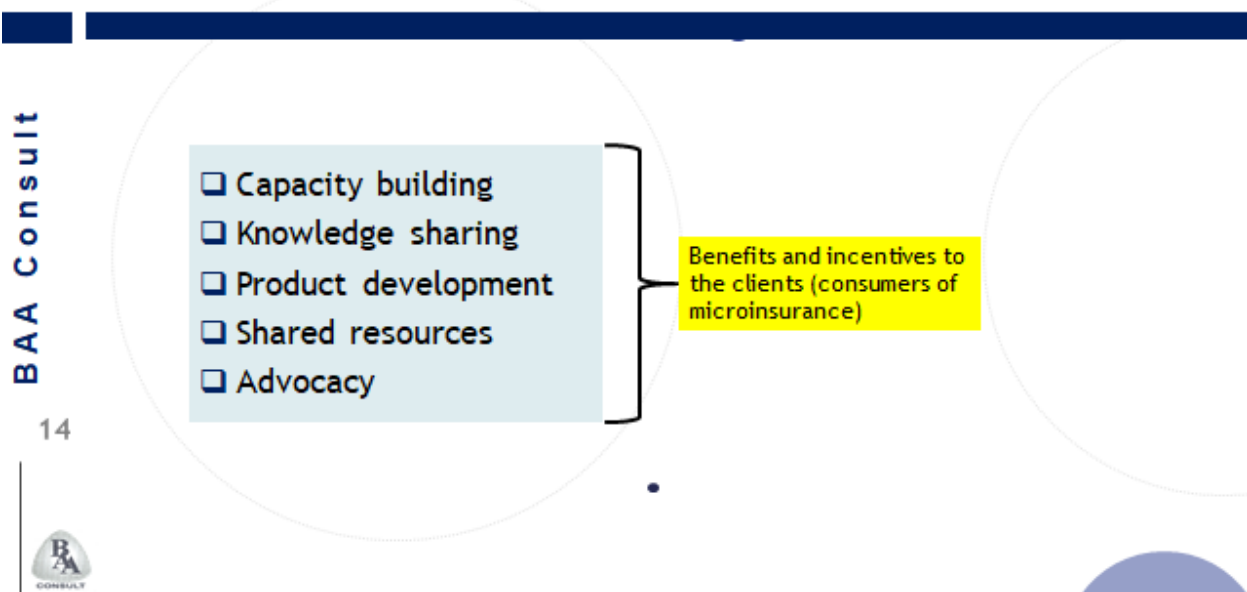
Teamwork beats out individual talent any day!



Collaboration Layers



Collaboration Issues



A Sense of Urgency!



- Half of the world's poor are children. (23% of world's population.)
- Women are also another big block.
- About 70% of the poor lack formal schooling and education.
- Most are in regions where conflict and violence are prevalent.
- The 'new poor' are no longer in the rural areas, but in the urban areas.
- The seeming comfortable, affluent and elite are actually the **most vulnerable**; not to poverty, but to the army of emergent poor that lack education and therefore, do not understand your language!



Benefits of Microinsurance

Can only be expropriated if stakeholders collaborate



- Social Protection**
 - In developing countries, microinsurance is a substitute or complement for government protection mechanisms such as health insurance and pensions for low-income workers.
- Financial inclusion**
 - It serves as a risk management tool to protect the most vulnerable populations.
 - Low-income earners can now have access to useful and affordable financial products and services that meet their needs in a sustainable and responsible way.
- Economic Development**
 - Microinsurance is a vital precondition for economic development, as it provides a reliable mechanism for everyone to assume risks.
 - It has been proven that economies with higher insurance protection are less vulnerable societies.



Benefits of Microinsurance (contd.)

Can only be expropriated if stakeholders collaborate



Wide Reach

- Microinsurance has created new markets in places where there is relatively low insurance penetration and need to grow.

Financial Literacy

- The introduction and acceptance of microfinance globally has brought about increase in financial literacy.
- Low-income people now appreciate the value of insurance than ever before.

Conclusion



- Enlightened **self-interest** recommends that we all bring something to the table and for once think less of our gains and the benefits that we can derive from the evolving arrangement.
- Regulators to **set framework** that encourages rapid adoption and intervene by constant dialogue with operators.
- Operators consciously **avoid exploitative** pricing and other practices, keeping to the principles of good corporate governance.
- Development partners, professional associations and service providers **seek common good** in their interventions.
- Most important is the **handshake** between the bankers and the underwriters; the regulators on the one hand and the operators on the other.



Thank for listening
God bless you

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