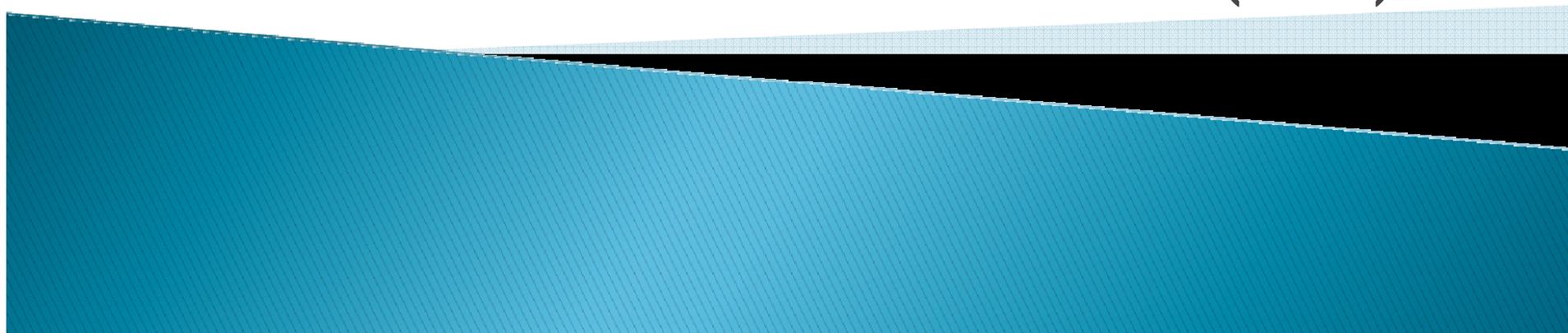


GHANA'S EXPERIENCE WITH MICROINSURANCE, LESSONS AND THE WAY FORWARD

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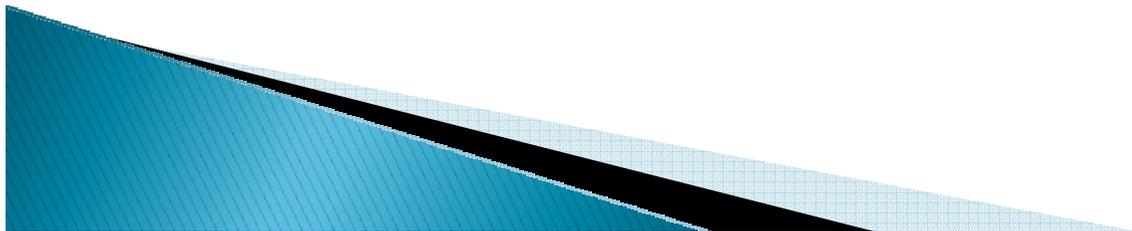


INTRODUCTION

Microinsurance is intended to protect the poor in the society, particularly those working in the informal sector. Often poverty alleviation efforts focus on boosting income, building assets or creating jobs – all of which are important objectives. But this effort must be balanced with a corresponding intervention on the protective side. Even families, who are breaking out of poverty, can be left destitute by the financial burden of serious health problems.



Severe weather can wipe out a family's crop and leave them with nothing to eat until the next harvest. The death of a breadwinner can force children out of school and into the labour market. Microinsurance has the potential to help low income families cope with these and other risks for the cost of an affordable premium.



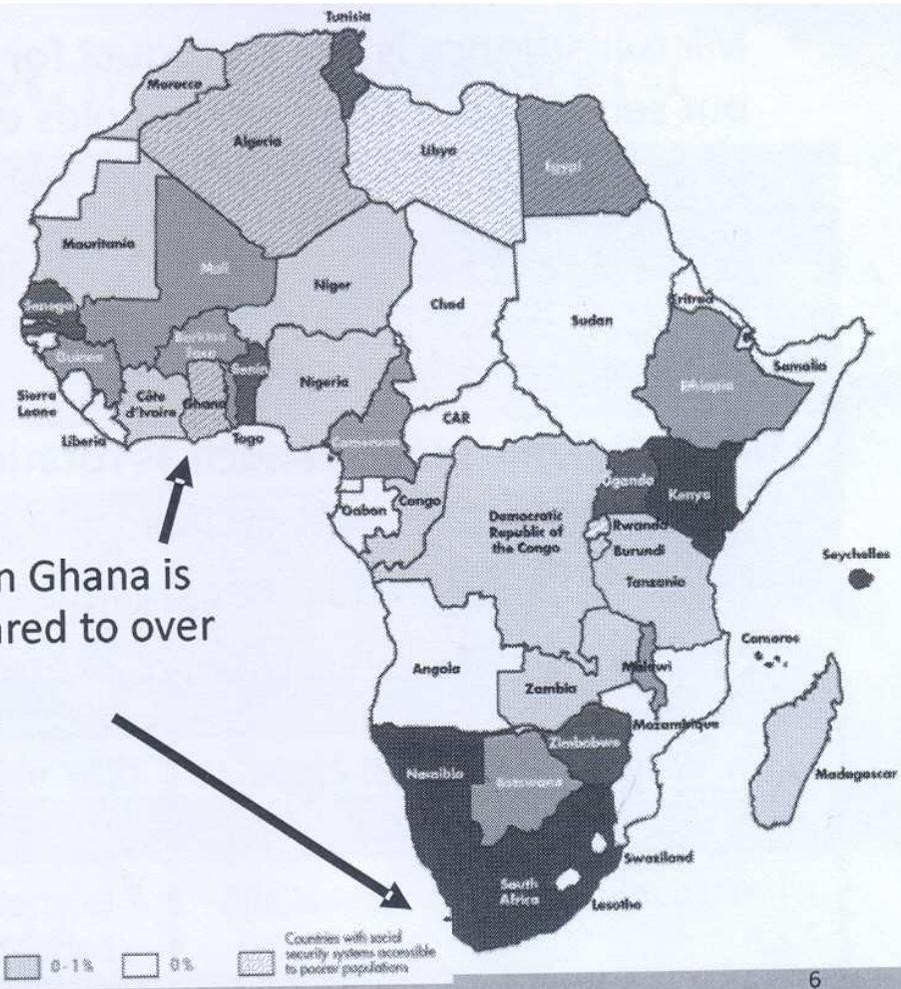
THE LANDSCAPE OF MICROINSURANCE IN AFRICA

Microinsurance penetration in Ghana is less than 1%, very low as compared to over 8% in South Africa – please see the map of Africa which shows the percentage of poor people with Microinsurance. The deep black colour shows countries with relatively high percentage like South Africa. Most of South African's policies are on funeral insurance.



Microinsurance in Africa

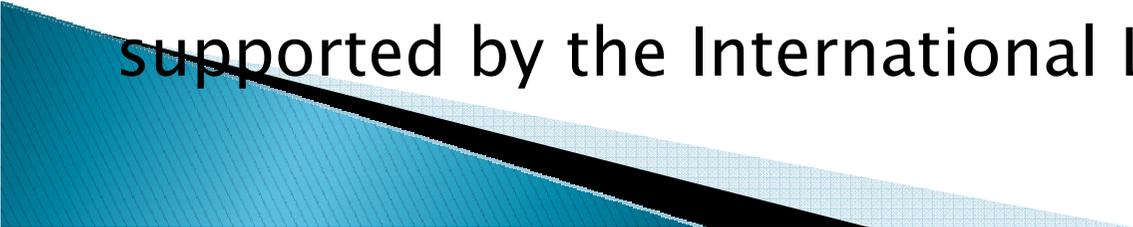
- Microinsurance penetration in Ghana is less than 1% (very low compared to over 8% in South Africa)



Source: Landscape of Microinsurance in Africa, ILO (2009)

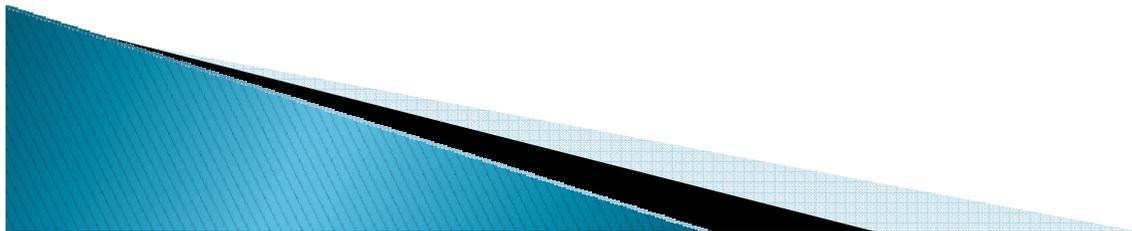
THE GHANAIAN EXPERIENCE

The National Insurance Commission embraced the idea of microinsurance in 2008. The first workshop on “making Microinsurance work for Ghana” was organised with the assistance of GIZ (then GTZ) for insurance companies, brokers, rural banks and other microfinance institutions. An advanced course followed in 2009 – (April 21st to 23rd 2009). The title of the workshop was “implementing the lessons of product development”. This was also supported by the International Labour Organization



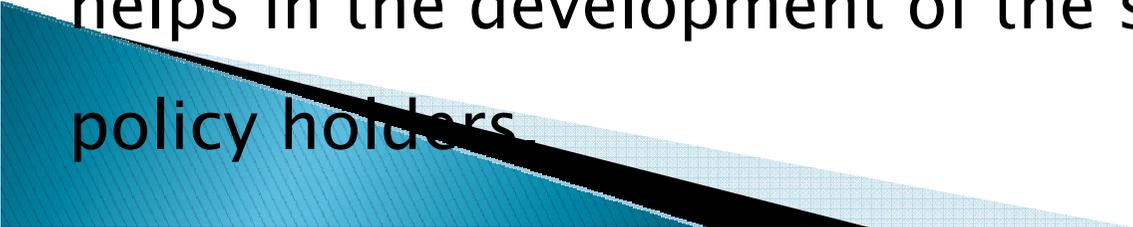
All the participants were taught how to design microinsurance products, marketing and pricing of the products. They were able to gain a practical understanding of Microinsurance products development and implementation

All these courses had a great impact on the insurance companies some of which started the development of some Microinsurance products

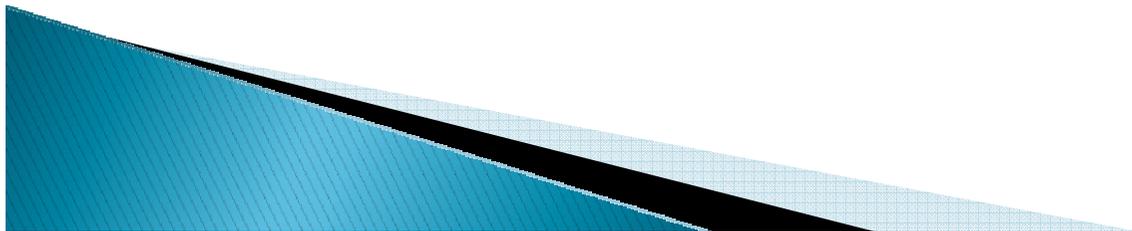


MICROINSURANCE PRODUCTS

Star Microinsurance in Ghana offers these products: credit insurance, funeral policy and child education plan. The company has branches in other parts of the country. Agents are trained for the microinsurance products. They have wide delivery channel network. SIC insurance operates the ‘sika plan’. In English this means the “wealth plan” this is a microinsurance product for traders in the market. The “sika plan” helps in the development of the savings habit for the policy holders.

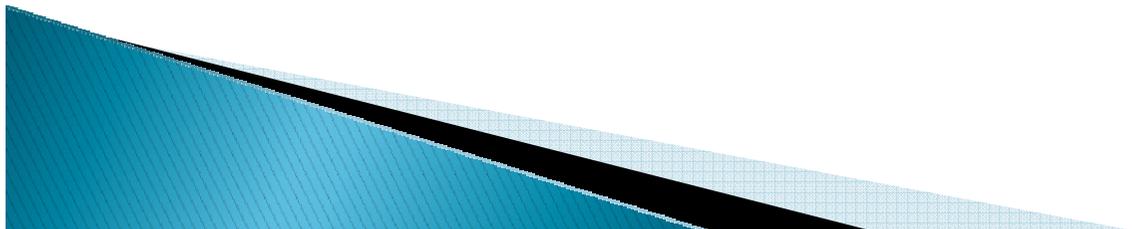


Accumulated cash is paid at the end of the term of the policy with interest. Loans can be taken by the traders to expand their business. There is payment of death benefit to beneficiaries of policyholders. Donewell life insurance offer products on protection for market traders called locally ‘Edweadifuo Ahubanbo’ and “skull Boafo” – the school helper

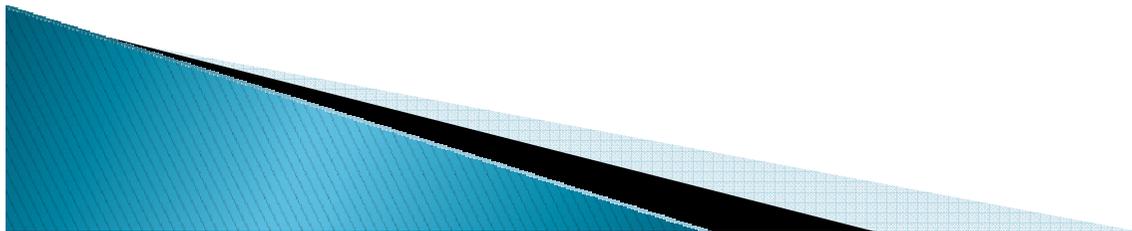


MENTORING PROGRAMME

With the assistance of GIZ there is a mentoring programme for the Microinsurance providers. The mentoring programme aimed at improving the technical capacity of microinsurance providers in order to tackle the challenges faced in implementing microinsurance.



The key areas of support include product development, policy administration, training of staff and agents, process optimization, claims handling and premium creation. As at now three (3) companies receive active support in the mentoring programme. The companies are also assisted in marketing and client's education



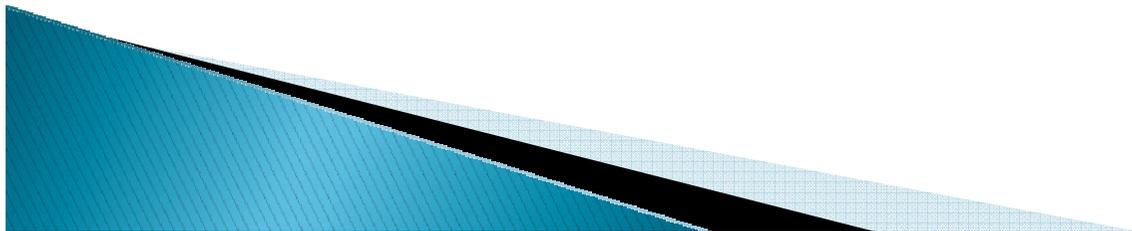
THE REGULATORY FRAMEWORK

Taking into consideration the landscape of the stakeholders engaged in microinsurance in Ghana, the National Insurance Commission decided that it will commence by implementing the functional approach. This means that insurance companies will be allowed to write Microinsurance as a class of business to be part of their general business.

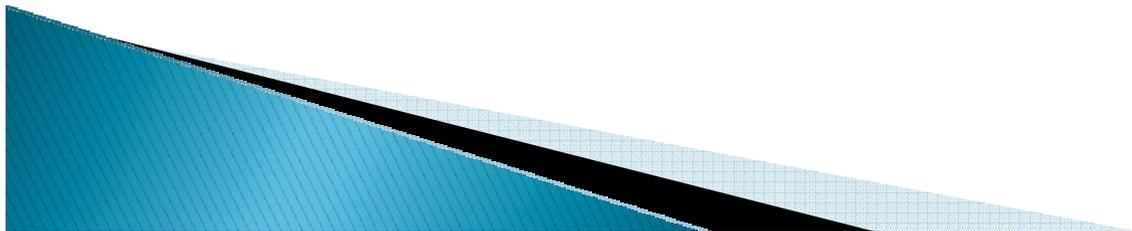
Utilizing this functional approach will enable Microinsurance capacity to be more quickly developed by the Insurance Industry and the NIC



At the moment the Insurance Act 2006 is being reviewed. A draft insurance bill which has been produced by a consultant is being reviewed by the NIC. Ultimately Microinsurance will be part of the amended Insurance Act.

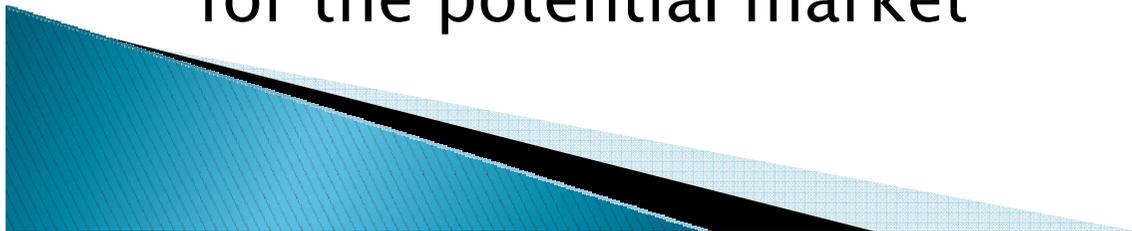


Microinsurance will also be part of the insurance regulations. Integrating the regulation and supervision of Microinsurance into the wider regime fosters consistency and enables attention to be focused on real differences between Microinsurance and traditional insurance practice

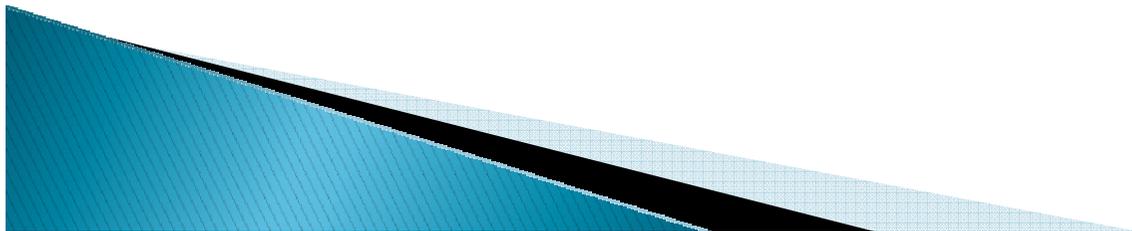


CHALLENGES AND THE WAY FORWARD

About eighty percent (80%) of Ghanaians are in the informal sector. In order to increase insurance penetration the NIC believes that Microinsurance products should be provided for the large informal sector. This is a potential market in Ghana. The NIC will provide the appropriate regulatory framework so that more companies can produce Microinsurance products for the potential market

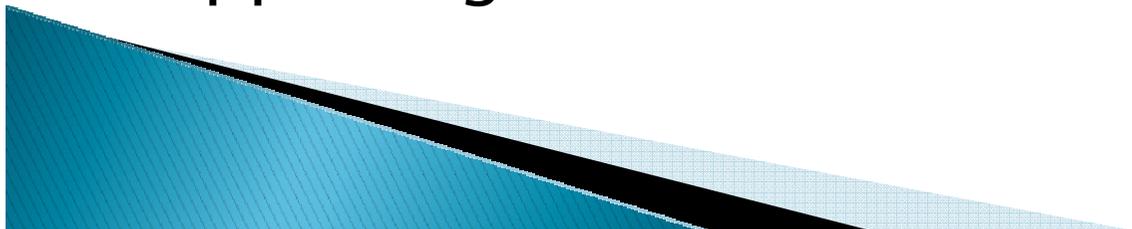


There is the need to do more public education on both Microinsurance and general insurance. The informal sector is made up of traders, artisans, farmers and a large pool of semi-skilled and unskilled workers. This is the situation in most African countries. Public education in Microinsurance is therefore a big challenge



CONCLUSION

This briefly is the Ghanaian experience in Microinsurance. There is a potential market in the country. Apart from the companies mentioned, we have some other companies which have also started marketing other Microinsurance products. The NIC will ensure that there is the regulatory framework for supporting Microinsurance.



THANK YOU ALL

