

# 7<sup>th</sup> Eastern & Southern Africa Regional Conference

MSME INSURANCE

PRESENTED BY  
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Hollard.



# WHO ARE THE MSMES?

- MSME stands for Micro, Small, and Medium Enterprises.

The enterprises are classified into two divisions.

1. **Manufacturing enterprises** – engaged in the manufacturing or production of goods in any industry
  2. **Service enterprises** – engaged in providing or rendering services.
- The classification is further based on the following variables;- Total fixed investments, sales turnover, legal status and number of employees.

**Micro**

1 to 10  
employees

**Small**

11 to 50  
employees

**Medium**

Up to 100  
employees



- ▶ MSMEs face many risks; however, they can be segmented in different types depending on the sectors, such as:
  - i. Agriculture – Crop Failure
  - ii. Manufacturing – Fire, damage to property damage, Business Interruption
  - iii. Wholesale & Retail – Property damage, floods, theft.
  - iv. Services – Health Related to the health of from their employees, funeral expenses.
- ▶ MSMEs often suffer from a lack of knowledge on how best to use financial services, how insurance works, or what risks they should seek insurance coverage for.
- ▶ It is also very common for them to underestimate or disregard certain critical risks, e.g. by settling in disaster-prone areas or failing to comply with safety standards.

## Risks faced by MSMEs

A woman in traditional African attire, including a white headwrap and a patterned top, stands in a field. A dark red rectangular box is overlaid on the image, containing the text 'MSMES PRODUCTS' in white.

## MSMES PRODUCTS

Life and Credit life products

Personal Accident and Funeral products

Property Insurance

Business interruption

Houseowners/holders

Health products/hospital cash

Crop and livestock





## INSURANCE PRODUCTS THAT ARE APPEALING TO MSMEs

### Products that are Customer-Centric

This can be achieved by adopting a framework for understanding financial risks faced by the MSMEs

### Human Centered Design Approach

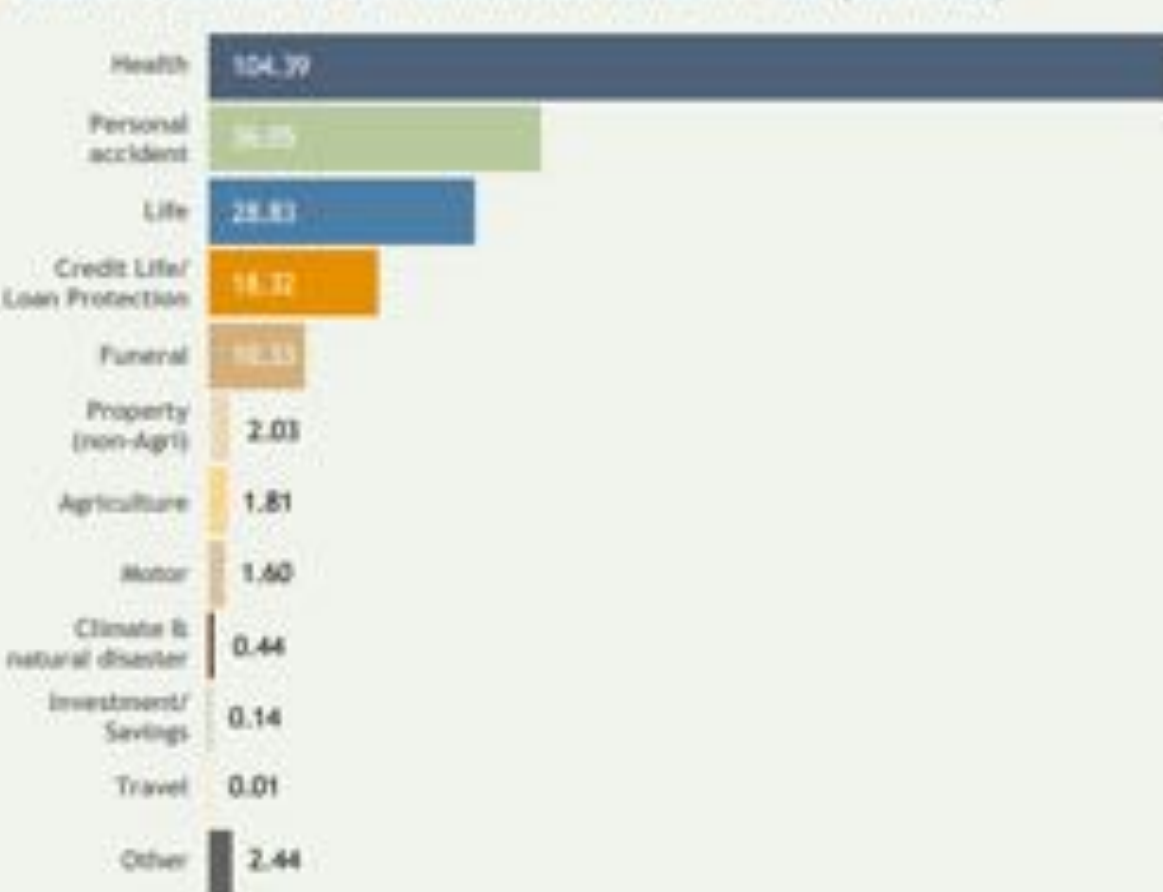
- Segmenting the target market.
- Market Research – Focus group discussions, Personal interviews.
- Designing the product and doing a prototype
- Testing the product
- Pilot the product and Roll out the Product.

### Target Personal Needs

The most appealing product for the MSME's is a product that will target their personal needs and their business needs .

## What products have been successful?

PEOPLE COVERED IN ALL REGIONS BY PRODUCT LINE (MILLIONS)<sup>14</sup>



### Africa

- i. Health Products
- ii. Funeral
- iii. Life
- iv. Credit Life

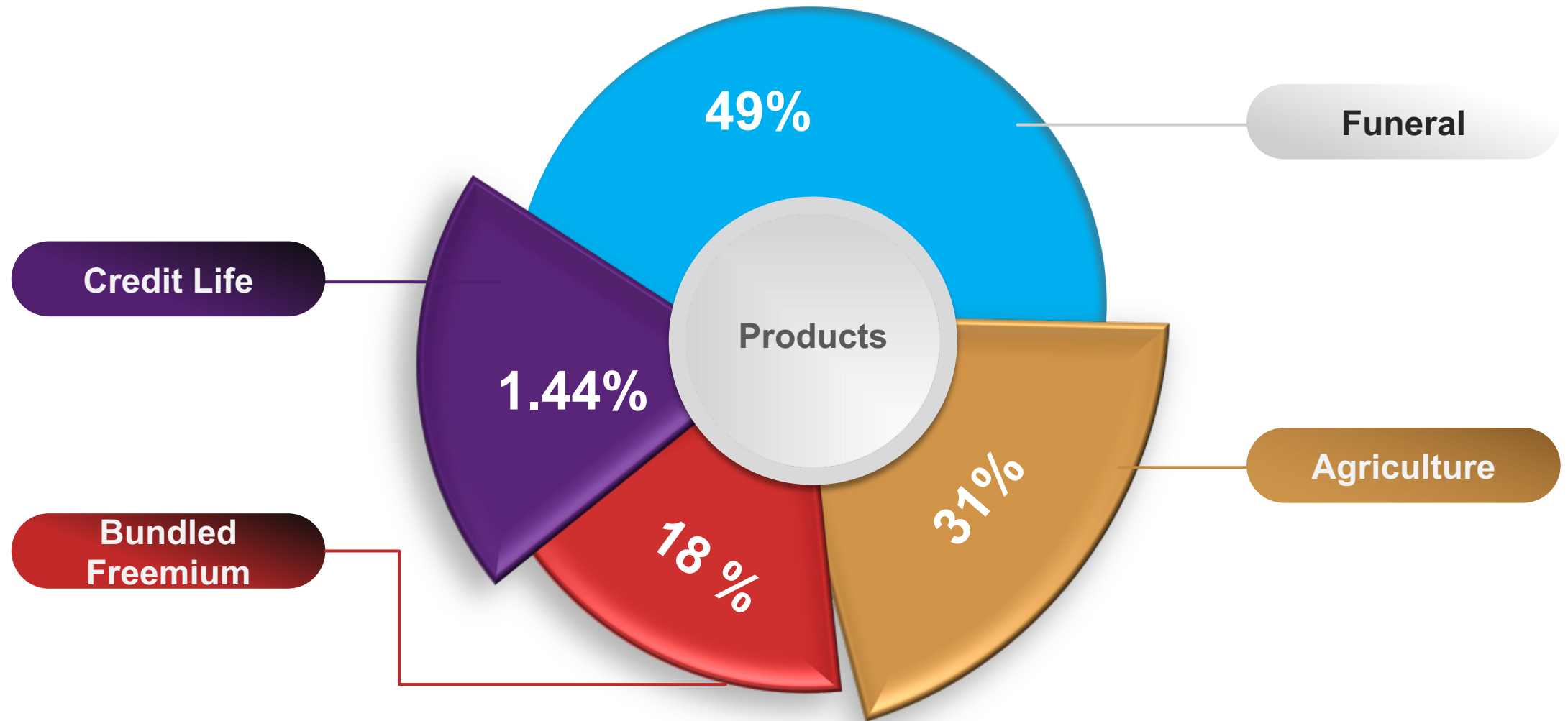
### Asia, Africa, Latin America & Caribbean

- i. Health Products
- ii. Personal Accident
- iii. Life
- iv. Credit Life

### Zambia:

- i. Funeral
- ii. Agriculture
- iii. Bundled Freemium (Life & Hospital)
- iv. Credit Life

# SUCCESSFUL PRODUCTS IN ZAMBIA





## LESSONS LEARNT IN THE BUSINESS FOR INCLUSIVE INSURANCE FOR THE MSMES



- i. Respond to a need – build and update solutions from a deep understanding of client needs based on Market Research
- ii. Design an assistance – Not an indemnity
- iii. Be there in times of need – design for high claims frequency and fast claims pay out.
- iv. Positive customer experience – Include Value Addition Services.
- v. Learn to Unlearn – Inclusive insurance requires a different approach from traditional insurance.
- vi. Design simple Products- Policies must have minimum exclusions.
- vii. Appropriate Distribution channels – Partners whom you share the same values with.



# The future of our economy lies in the MSMES

**MSMEs in emerging markets are widely believed to be the engine of growth across the globe**

- i. MSMEs represent about 90% of businesses and more than 50% of employment worldwide; formal MSMEs contribute to 40% of GDP in emerging economies.
- ii. In Africa, MSMEs account for 38% of Africa's GDP and account for 70% of the region's employment.
- iii. MSMEs account for 70% of Zambia's GDP and 88% of the employment.
- iv. MSMEs employ a majority of the population and contribute significantly to economic growth.

You can't go  
to the supermarket  
to buy dog food  
if you don't have a dog  
at home

Violet Kapekele  
*ZSAC Life*

microinsurance<sup>^</sup>master





THANK YOU

Holland.