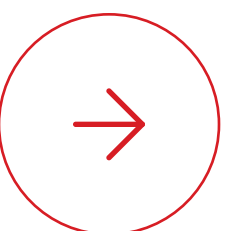


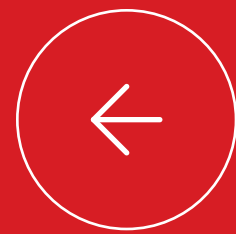


Insurance for MSMEs

A GIZ Compendium

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH





Introduction to the compendium

Micro, small and medium-sized enterprises (MSMEs) are the backbone of many economies globally.

They are key contributors to economic growth, employment, and innovation. At the same time, MSMEs are constrained by limited access to financial services including insurance.

Financial losses from an adverse event often exceed what MSMEs can cover with informal risk mitigation mechanisms or reserves. The ongoing global COVID-19 crisis has, once again, highlighted the extreme vulnerability of MSMEs to exogenous shocks and risks.

Formal insurance products are a crucial tool to increase the resilience of MSMEs, spur business investments, and, thereby, contribute to the growth of the enterprises and the economy at large. However, the uptake and use of insurance remain very low among MSMEs; often because insurance offerings are not adapted to their needs. This, in turn, leads to a large and persistent gap in insurance provision for MSMEs.

GIZ is working on bridging this gap. The “Insurance for MSMEs Compendium” provides insights on how GIZ is improving the provision of insurance for MSMEs in a number of countries. The work compiled in this compendium includes knowledge-building products, training concepts for MSMEs and the insurance industry as well as innovative approaches to design and deliver insurance and risk management services for MSMEs.

GO TO PRODUCTS



Global knowledge and capacity building



Managing risks
(more) effectively:
Rethinking insurance
for MSMEs



Insurance for MSMEs: an
action oriented training
for the insurance
industry

Morocco



Risk management and
insurance education for
MSMEs: the case of Morocco



The resilience of MSMEs in
Morocco in the face of
COVID-19



Corporate risk
insurance Morocco



Development of a national
diagnostic for the inclusive
insurance in Morocco

Ghana



Risk management and
insurance education for
MSMEs: the case of Ghana



The resilience of MSMEs in
Ghana in the face of
COVID-19

Egypt



MSME insurance videos –
Forward looking planning for
the business



Risk Management trainings
for MSMEs in the food
processing and furniture
industries in Egypt



Promoting inclusive insurance
for MSMEs in Egypt: the IMIA
Inclusive MSME Insurance
accelerator

Southeast Asia



MSME guide to disaster
resilience in the Philippines:
A guidebook for micro, small
and medium enterprises



Payong App – Helping MSMEs
in the Philippines stay
protected



Cross border criteria for
climate and disaster risk
insurance solutions in
Southeast Asia



Managing risks (more) effectively: Rethinking insurance for MSMEs

Micro, Small and Medium Enterprises – MSMEs are the backbone of many economies globally and give rise to economic growth, employment and innovation. The ongoing COVID-19 crisis has highlighted the extreme vulnerability of MSMEs to exogenous shocks and risks.

However, the uptake and use of insurance remains extremely low for this group. In sub-Saharan Africa, it is estimated that less than 2% have any form of insurance. Few MSMEs have any form of insurance cover to help shield them, even those which have insurance are only covered for personal impacts on their health expenses, while their enterprises remain highly exposed to risks.

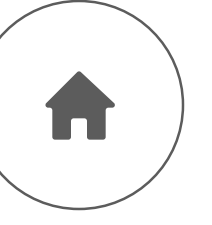


MANAGING RISKS (MORE) EFFECTIVELY: RETHINKING INSURANCE FOR MSMEs

Whilst COVID-19 has especially exposed the vulnerable MSMEs to a high level of risk, the pandemic is just one infrequent and specific risk.

Across the world there is a lack of adequate MSME insurance. This is particularly pronounced in emerging markets, where MSMEs are often overlooked by banks and insurers that usually target large corporate businesses. Even alternative financial institutions, such as Microfinance Institutions (MFI) and Savings and Credit Cooperative Societies (SACCOs) or microinsurers - which tend to serve micro-businesses, also do not meet all the needs of the MSME market. This gives rise to what is known in the MSME literature as the “missing middle”.





MANAGING RISKS (MORE) EFFECTIVELY: RETHINKING INSURANCE FOR MSMEs

There is a need for market insurance market actors, including providers, regulators and development partners to rethink MSME insurance, because current approaches are clearly, with few exceptions, not working.

This note discusses following challenges and possible solutions:

- Inadequate risk management strategies
- Rapidly changing risk management needs
- MSMEs lack of awareness of insurance
- Insurers' lack of knowledge about MSMEs as potential target market
- High heterogeneity of MSMEs
- MSMEs are difficult to reach for insurers
- Regulatory barriers



In light of these obstacles, three areas of opportunities have emerged for insurance providers:

1. Deepen the understanding of MSMEs and their needs.

A lack of data and understanding is a major challenge in designing fit-for-purpose insurance solutions for MSMEs. The high level of heterogeneity of MSMEs requires thoughtful segmentation and disaggregation of the group to identify subsets with similar risks for a customer-centric approach.

2. Offer risk management and risk transfer solutions.

The focus of nearly all MSMEs' insurance that does exist is on the development of insurance policies, in other words, the transfer of specific risks from enterprise to insurer. However, the mitigation and management of specific risks that either reduce the likelihood of occurrence or the

scale of the risk when it does occur offers a potential win-win. New technologies, such as IOT sensors and apps, make these types of offerings increasingly feasible to incorporate as part of a 'holistic' resilience solution.

3. Strategic partnerships with aligned incentives are key.

As MSMEs are too small to individually constitute a sustainable business case for insurance providers, aggregation of subsets of MSMEs with similar risks and needs remains important. What also remains critical is that the incentives of the partners are well aligned with each other and the end client to ensure the sustainability and value of the insurance solution.

[Click here to access the report ↗](#)



Insurance for MSMEs: An action oriented training for the insurance industry

Micro, small and medium enterprises (MSMEs) are vital to economic development.

Yet, they are exposed to high risks and often struggle more than larger businesses to cope with them. Insurance represents an important tool to help businesses better manage risks, but MSMEs worldwide are generally underinsured or have no insurance at all. For insurers, MSMEs represent both a promising and a challenging market. This training helps equip insurers to serve that market, exploring global trends and examples of successful products.





INSURANCE FOR MSMEs: AN ACTION ORIENTED TRAINING FOR THE INSURANCE INDUSTRY

It teaches insurance professionals to understand MSMEs in depth and design both the right products and distribution strategies to reach them.

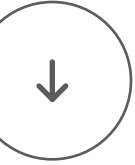
The training is structured with the aim of allowing participants to design a basic product prototype and distribution strategy gradually over the course of the training. Each session builds on the next to equip participants to design each element. At the end of the training, participants will therefore be able to pitch a comprehensive idea for an insurance product serving MSMEs.

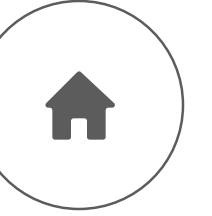
The distribution channel can support customers throughout their insurance journey.



The insurance process from a consumer’s perspective in seven steps.

Source: Wiedmaier-Pfister and Voss (2013). GIZ, discussion paper on consumer protection in MI, p. 9. Graphic, MiN p10





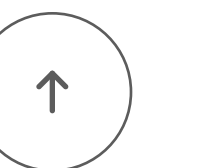
INSURANCE FOR MSMEs: AN ACTION ORIENTED TRAINING FOR THE INSURANCE INDUSTRY

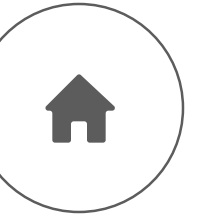
The methodology is designed to encourage participants to put into practice straight away what they have learnt, making the training more memorable and building participants confidence in implementing MSME insurance within their companies.

By the end of this course, participants will:

1. Understand the needs of varied types of MSMEs and how to assess those needs
2. Learn about relevant insurance types and how these are being offered globally to MSMEs
3. Be able to design products and distribution strategies to meet the needs of MSMEs
4. Appreciate the role of digital tools in expanding possibilities for MSME insurance

[View the sample of the training document ↗](#)



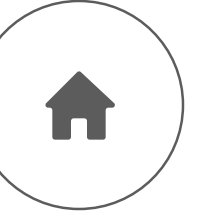


The resilience of MSMEs in Ghana in the face of COVID-19

Micro, small and medium-sized enterprises (MSMEs) are one of the most important, yet vulnerable, drivers of development in sub-Saharan Africa (SSA).

While MSMEs support over 50% of all livelihoods on the continent (both formal and informal), these firms often face a plethora of heterogeneous risks that regularly put their survival and continuous operations in jeopardy.





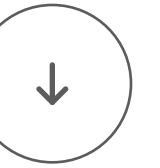
THE RESILIENCE OF MSMEs IN GHANA IN THE FACE OF COVID-19

In the frame of the project “Developing Risk Management Approaches for Climate and Health Risks” in Ghana and in light of the COVID-19 pandemic, GIZ, in collaboration with the Programme for Sustainable Economic Development (PSED), commissioned this study to 1) understand the real and perceived risks faced by MSMEs in Ghana, 2) evaluate the extent to which MSMEs and the Ghanaian ecosystem are, and have remained, resilient amid the systemic shock of the COVID-19 pandemic, and 3) identify opportunities to build greater resilience against future risks and shocks.

A similar study was conducted in Morocco with a focus on agribusiness, automotive and tourism sectors.

Through quantitative surveys, focus group discussions and in-depth-interviews of MSMEs across the services and industry sectors in urban areas in Ghana, the study finds the following:

- **COVID-19 hit firms hard.** Most sampled MSMEs in Ghana were negatively impacted by COVID-19, with both micro- and small firms 13% more likely to report being worse off than medium-sized firms.
- **Altered businesses’ perceptions of risk due to the pandemic.** Risks frequently mentioned by firms prior to COVID-19, such as fires and theft, were no longer mentioned as risks experienced during the pandemic.
- **Use of credit and insurance to manage risks was limited during COVID-19.** Only mobile money loans or digital credit (11%) have been used by small firms, whereas business insurance was not used by the majority of small and medium-sized firms.

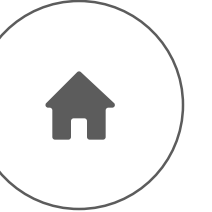




THE RESILIENCE OF MSMEs IN GHANA IN THE FACE OF COVID-19

- **Ghana economic support was broad but missed the MSME target.** The Ghanaian Government and regulators were quick to respond to the shock, yet, the majority of small businesses did not engage with any form of support offered by government, financial service providers (FSPs) or associations. Although medium-sized firms were more likely to engage with support offered by FSPs and associations, most MSMEs struggled to effectively access or implement it. Overall, reduced mobile money fees were found most helpful by 17% of small firms and 8% of medium-sized firms. Key challenges to leverage support from economic players included limited MSME understanding of business risks and interest in available support, informality, low digitalisation, low institutional trust, low awareness and difficulties in accessing support.





THE RESILIENCE OF MSMEs IN GHANA IN THE FACE OF COVID-19

- **COVID-19 highlights weakness in ecosystem resilience, with little emphasis on recovery and adaptation.**

Though highly responsive to intervene during the pandemic, ecosystem stakeholders faced significant strain to effectively deliver support and continue operations. In addition to liquidity concerns faced by FSPs, many stakeholders from across the Government and the financial sector reported numerous challenges they faced during the pandemic. These included difficulties in balancing service delivery with reduced workforces, digitalisation and notable financial constraints, among others. Players were also hampered by ecosystem-level challenges such as poor coordination. Furthermore, the focus of these players thus far has been primarily towards developing interventions aimed at the short term response to COVID-19, with limited focus on longer-term MSME recovery and adaptation.

- **Greater digitalisation and training support are needed for MSMEs to build back better.** Although more than 50% of sampled medium-sized firms report high digitalisation of most processes, especially payments, marketing and distribution, most small firms continue to struggle to fully digitalise their operations. Assisting MSMEs to adapt in this way will be key to enabling their recovery. Additionally, business training and access to effective risk management tools, such as risk assessment frameworks and early warning sensors for the future detection of natural perils, were identified as key opportunities by MSMEs to support their long-term recovery.





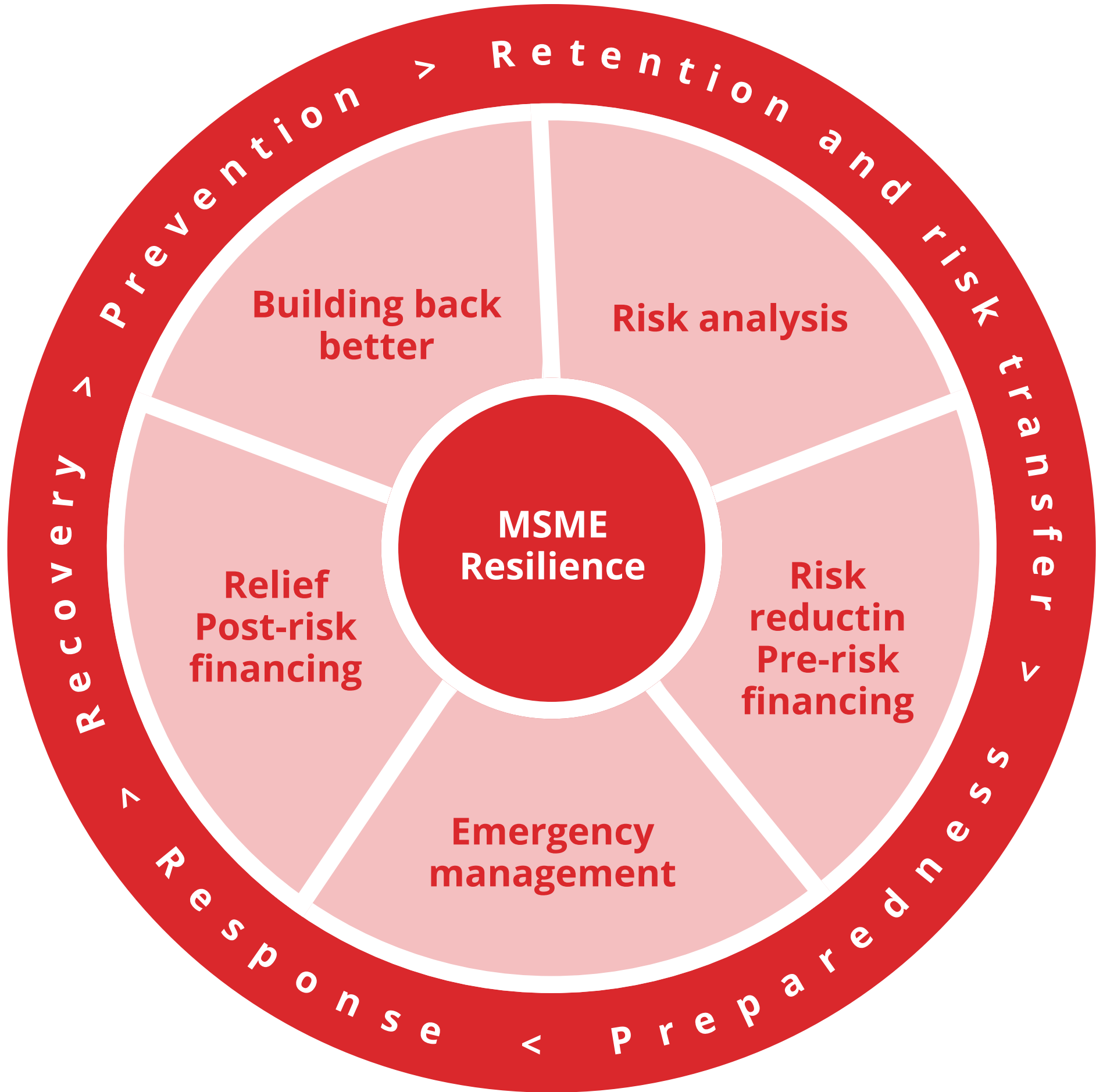
MSME Resilience Framework

Recovery

- Strengthen support for digitisation
- Promote access to markets
- Promote information-sharing

Response

- Effective responses rely on risk-informed preparedness strategies set out in earlier phases
- Consider alternative risk-layering mechanisms
- Strengthen ecosystem coordination



Source: Adapted from [ICRM Framework by GIZ / MCII \(2017\)](#)

Prevention

- Strengthen data collection
- Strengthen engagement
- Prioritise risk assessment
- Prioritise risk management
- Prioritise capacity-building/training
- Refine mandates

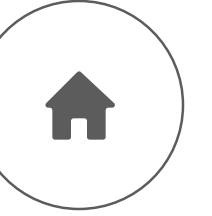
Retention and risk transfer

- Design innovative and fit-for-purpose products
- Consider group discounts
- Develop tailored products

Preparedness

- Capacity building on risk preparedness
- Consider early warning systems
- Consider a disaster preparedness survey





Furthermore, the study suggests the following cross-cutting interventions:

- Strengthen training and risk assessment initiatives for MSMEs to better understand and prepare for risk;
- Support and strengthen the use of technology for early warning and real-time risk management and mitigation;
- Design fit-for-purpose insurance solutions for MSMEs;
- Improve ecosystem coordination; and
- Support digitalisation and broader aspects of recovery to build back better.

By taking advantage of opportunities identified within this report, GIZ and its implementing partners can optimise the existing potential of the system and support the entrepreneurial spirit of MSMEs in Ghana.

Doing so will not only mitigate MSMEs' risks of attrition and contribute to economic growth but also develop resilient markets such as the insurance sector to better serve MSMEs in ways that meet their needs.

[Click here to access the report ↗](#)





The resilience of MSMEs in Morocco in the face of COVID-19

Micro, small and medium enterprises (MSMEs) are significant drivers of employment and GDP in Morocco. MSMEs are vital to the Moroccan economy, accounting for more than 30% of gross domestic product (GDP) and representing more than 70% of jobs

(African Development Bank Group, 2021).

Despite the significant contribution of MSMEs to economic growth and livelihoods in Morocco, their development has been constrained by challenges that precede the advent of the COVID-19 pandemic.



THE RESILIENCE OF MSMEs IN MOROCCO IN THE FACE OF COVID-19

These challenges include inadequate access to credit, a lack of business, financial and innovation knowledge, as well as limited skills and capacity to manage and grow their enterprises. Stringent administrative, regulatory and tax requirements and related barriers, such as competition, may also disincentive MSMEs from joining the formal sector.

COVID-19 increased and continues to increase MSMEs' vulnerability to the risks that they were facing before the outbreak of the pandemic – and to a range of new ones.

To this end, this study was commissioned by the project on “Developing Risk Management Approaches for Climate and Health Risks”, implemented by GIZ in partnership with Allianz Reinsurance. The aim of the research is to analyze and identify:

- The risks (perceived and experienced) faced by Moroccan MSMEs;
- The different mechanisms that they used to address these risks; and
- Potential opportunities to enhance MSMEs' resilience and risk management abilities.

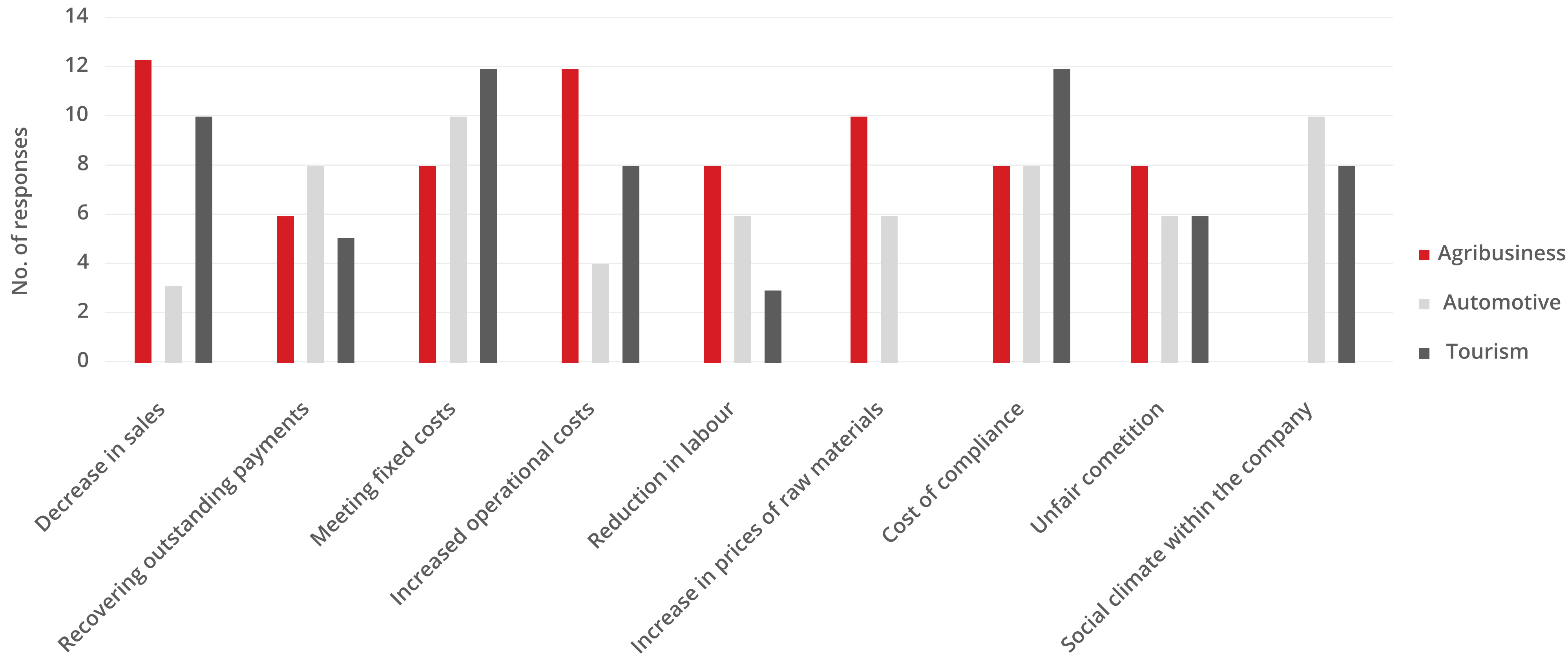
GIZ uses these research results to inform the targeting of its capacity development activities and Allianz, as well as the Moroccan insurance industry more broadly, gain a better understanding of MSMEs' resilience needs.

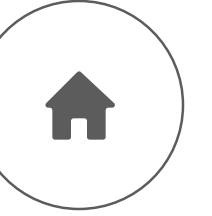
This report is based on a combination of sources of information determining the key opportunities to improve the resilience of MSMEs in Morocco, namely desktop research, key informant interviews, qualitative research (in-depth interviews as well as focus group discussions) and a quantitative survey.





Key risks/challenges faced by MSMEs





THE RESILIENCE OF SMES IN MOROCCO IN THE FACE OF COVID-19

It focuses on three key sectors: the agribusiness industry, the automotive industry and the tourism industry. The rationale for the selection of these sectors and the identified key findings and opportunities are described in respective sections of the report.

In summary, the research conducted indicates that instead of simply shutting their doors permanently in response to the crisis, MSMEs in Morocco have tried to directly combat the challenges that they are facing as a result of COVID-19. As such, they have proactively sought to incorporate solutions that will address the expected future challenges.

Both the automotive and agribusiness sectors, for example, stated that one of their immediate priorities is to develop crisis management systems so that they are more resilient to similar events that may occur in the future.

Consequently, MSMEs in Morocco have adapted to survive, expressing considerable hope that the future looks brighter than the past. To harness this optimism, it is important that the existing challenges and gaps, mostly in knowledge, skills, funding and regulation, will be recognised so that solutions can be designed, tailored and adapted to MSMEs' needs.

[Click here to access the report ↗](#)

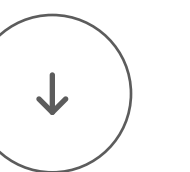




Risk management and insurance education for MSMEs in Morocco and Ghana

In Morocco and Ghana MSMEs struggle with hazard, financial, operational and strategic risks.

The consequences can be severe, if they are not managed adequately and professionally. That is why MSMEs need to learn how to: 1) identify particular events or circumstances that can negatively affect the organization, 2) assess them in terms of likelihood and impact and 3) develop response strategies.





By identifying and proactively addressing risks and opportunities, MSMEs protect and create value for their stakeholders, including owners, employees, customers, regulators, and society overall.

Insurance is one of the tools that has the potential to help MSMEs manage risk by allowing MSMEs to transfer residual risk to a third party (the insurer). However, while there is great potential to further increase MSMEs' access to better quality insurance, this is often blocked by the lack of knowledge of companies about this financial tool and how it complements other, also non-financial, risk management mechanisms and strategies such as diversification of supply chains and digitalisation.

Introduction to Enterprise Risk Management (ERM)

Framework adapted from the Casualty Actuarial Society





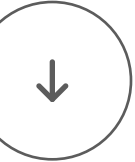
RISK MANAGEMENT AND INSURANCE EDUCATION FOR MSMEs IN MOROCCO AND GHANA

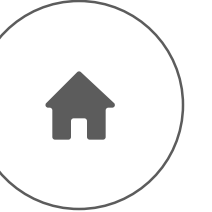
The objective of this training is to raise MSMEs' awareness for the various risks to which they are exposed, including those related to the climate, and for the various risk management mechanisms available to them. These include risk avoidance and risk reduction measures as well as risk transfer solutions such as insurance.

In Ghana, the training materials are designed for small and medium-sized businesses, particularly those in the following two sectors: tailors and dressmakers, and fashion designers.

In Morocco, the target audience is also small and medium-sized businesses, but in agri-food, tourism and the handicraft industry.

The training aims to build the skills of participants to apply the content in their day-to-day work. The interactive sessions utilize group work and exercises with lectures kept to a minimum.





RISK MANAGEMENT AND INSURANCE EDUCATION FOR MSMEs IN MOROCCO AND GHANA

By the end of this course, MSMEs will take away:

- 1. a good understanding of the four types of risks – hazard, financial, operational and strategic – faced by their sector;
- 2. a better understanding of the various mechanisms and strategies available to manage these risks;
- 3. a greater level of understanding of when insurance is an appropriate financial tool to manage residual risks or when other solutions are more suitable;
- 4. confidence in a) choosing an enterprise risk management framework to conduct a risk assessment of their own business as well as choosing an insurance product based on the options available in Ghana and Morocco, and b) monitoring and reviewing risks on a regular basis.



Watch the video testimonial

[View the sample of the training document for Ghana](#)

[View the sample of the training document for Morocco](#)





Corporate risk insurance Morocco

The financial education training on insurance for Moroccan SMEs is a comprehensive corporate risk guide book.

The perspective is taken from a Company Protection Universe, where health and family, retirement and property protection come together to form a guarantee of keeping the standard of living in the event of various accidents which are part of everyday life. The available insurance solutions need to be integrated into this universe in order to make SMEs more resilient.

Based on that, this comprehensive training guide gives a detailed overview of various insurance products.

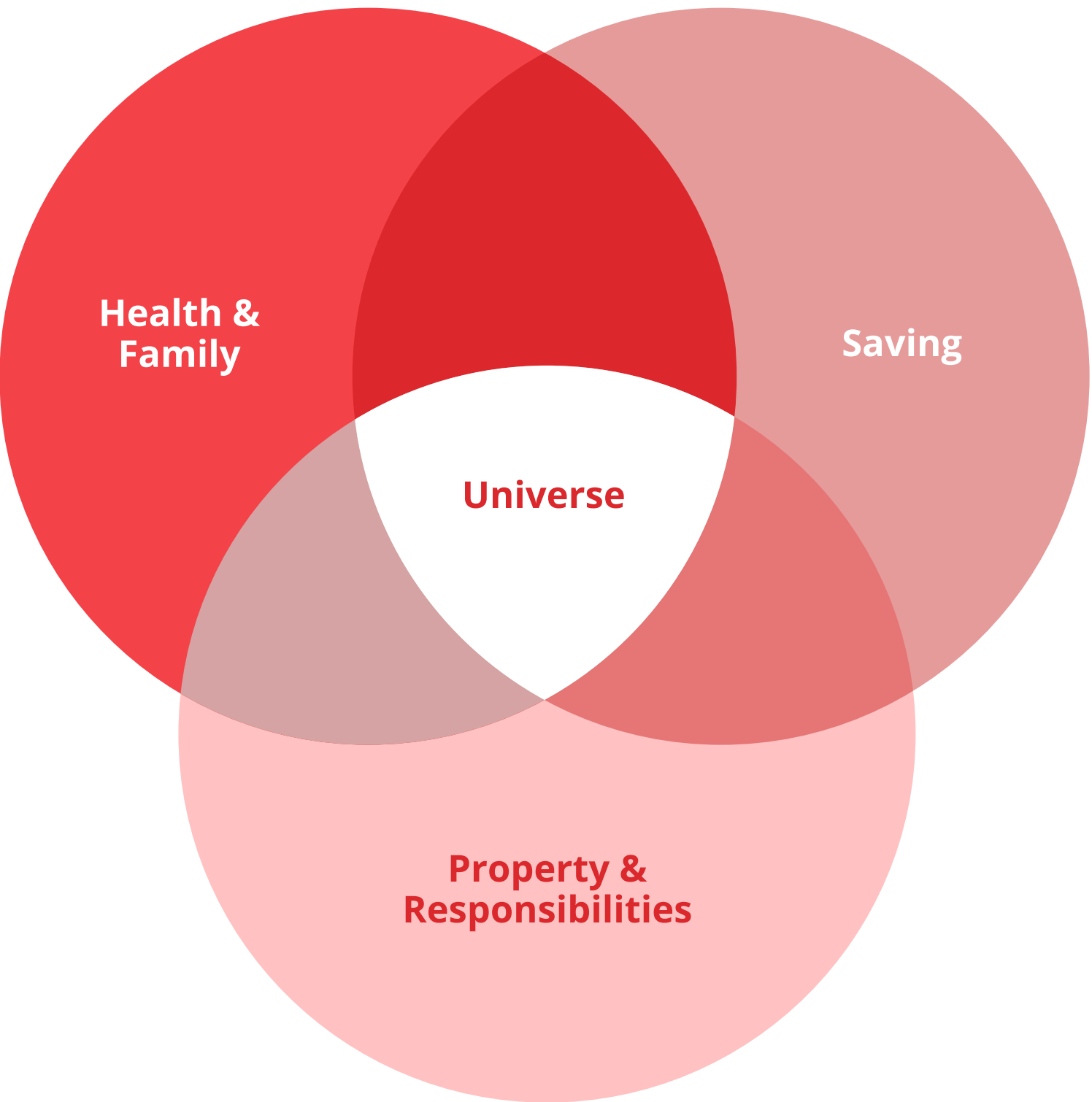




Health & Family

On the occurrence of an illness or of an accident, everything changes. This is when insurance solutions take all their meaning:

- Health coverage for staff and their dependent family
- Protection of the family in the event of death or Absolute Disability and Definitive of the employee
- Guarantee of the standard of living in the event of temporary incapacity or permanent employee disability



Saving

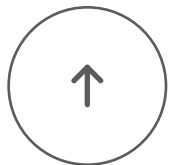
A medium and long-term vision. It is an investment in the future.

Preparing for retirement to better benefit from it when the time comes

Property & Responsibilities

Hazards are part of everyday life. Insurance solutions make it possible to deal with them:

- Protection of Property
- Protection of Operating Profit
- Protection of Liability
- Protection of Transporting Goods





CORPORATE RISK INSURANCE MOROCCO

For example, starting with the section on automotive protection, it reflects on multi-risk automotive insurance and discusses, for instance, risk transfer solutions for:

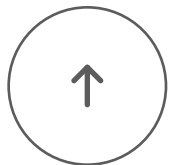
- Automobile Civil Liability
- Damage to the vehicle
- Collision damage
- Fire
- Flight
- Broken glass
- Floods
- Financial loss
- Repurchase of obsolescence
- Juridic protection
- Assistance
- Theft

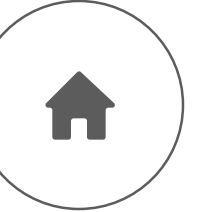
Applicable to various sectors, the training document also covers financial loss insurance, legal protection insurance, fire insurance and related risks, operating loss insurance, water damage insurance, theft and valuables insurance.

Further chapters are devoted to issues like purpose of the guarantee, guarantee amount, period of guarantee, the insured element, real estate, movable goods, responsibilities, financial losses, examples of disaster, warranty extensions, insured assets and obligations of the insured.

This corporate risk guidebook will make users more aware and confident of solutions for prevention and security, recovering of funds, as well as internal and external business conditions by explaining the basics of insurance and putting an emphasis on a medium- and long-term vision for insurance in Morocco.

[View the sample of the training document ↗](#)





Development of a national diagnostic for inclusive insurance in Morocco

The main objective of the study by the Insurance and Social Security Control Authority (ACAPS) is to develop a national diagnosis and to propose recommendations for the development of inclusive insurance in Morocco.

The diagnosis is based on gained experiences and the recommended methodology of the Access to Insurance Initiative (A2ii). The study was carried out using the following methods: research documentary, collection of available secondary data, structured interviews with various stakeholders in the insurance industry at the national level, and discussions with target groups of inclusive insurance.





DEVELOPMENT OF A NATIONAL DIAGNOSTIC FOR INCLUSIVE INSURANCE IN MOROCCO

The study finds that although the insurance penetration rate in Morocco is the highest in North Africa, there still exists a great potential. Only about 24% of adults currently have an insurance product. Insurance reaches the employed population of urban areas through various public and private compulsory insurance schemes.

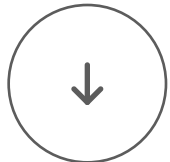
However, just 2% of adults say they voluntarily take out an insurance policy, usually life coverage. Among the poorest 25% and those living in rural areas, only 13% and 11% respectively claim to use an insurance product. Insurance is not yet a priority at the scale of the population's needs. The main reasons given for not taking out insurance are low purchasing power, lack of trust vis-à-vis insurance companies as well as religious or cultural beliefs. A study found that a great part of the population prefers to rely on fate rather than adopting prevention strategies.

The image of insurers remains negative due to the frustrations generated by delays in indemnifying claims.



Product demand vs Micro-Insurance offer

Source: OIT

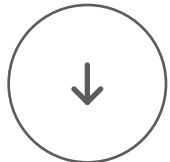
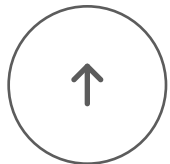




DEVELOPMENT OF A NATIONAL DIAGNOSTIC FOR INCLUSIVE INSURANCE IN MOROCCO

Nevertheless, the occurrence of a random shock can cause serious financial troubles for people that do not have insurance coverage, in the worst case driving them into extreme poverty. These people are often forced to resort to social and traditional alternatives. However, the public social protection system, which is built around the Compulsory Health Insurance scheme (AMO) and the Medical Assistance Plan (RAMED), only covers 63.6% of the Moroccan population, leaving 36.4% excluded. Retirement pension schemes benefit 1 million salaried workers, or 42% of the working population in the formal sector. For their part, the Mutualists systems reach 2.8 million beneficiaries, including 200,000 under basic medical coverage. Thus, although already covering a substantial part of the population, the existing public social protection system needs to be complemented by inclusive insurance in order to enable more people to be better protected against various types of risk.

The concept of inclusive insurance encompasses all insurance products targeting the un- and underserved population. It includes microinsurance products aimed at low-income populations, mass insurance products, bancassurance, as well as inclusive approaches based on innovations such as mobile phone distribution. The demand for inclusive insurance is high and mainly concerns eight target groups. These are unemployed people, young people aged 18 to 25, people aged 65 and older, housewives, low-income households, and the informal sector (the general population, rural population particularly farmers, as well as very small enterprises). Together these target groups represent about 80% of the Moroccan population. Their insurance needs are varied and are expressed in terms of coverage for health, death, accident at work including temporary disability, retirement, variability in the flow of cash-flows and asset protection for very small businesses as well as climatic hazards for farmers etc.





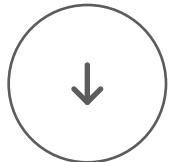
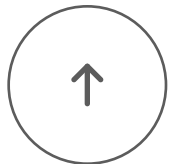
DEVELOPMENT OF A NATIONAL DIAGNOSTIC FOR INCLUSIVE INSURANCE IN MOROCCO

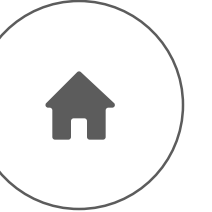
Analysing the current insurance industry in Morocco, the study finds that there are 23 active companies, including 19 public limited companies and 4 companies of mutual insurance. The sector has two exclusive reinsurers, the Société Centrale de Reinsurance and MAMDA RE. The existing distribution networks are the direct networks of insurance companies, with 585 management offices and 2,000 agents and brokers, indirect banking and insurance networks (banks, finance companies and associations of microcredit) with some 6,200 agencies. In addition, the sector includes a public body, the CNRA, which has an authorization to offer life insurance products.

In addition, the study analyses barriers and opportunities for the development of inclusive insurance as well as different types of insurance already existing in Morocco.

The key take-aways are as follows:

- **Digital distribution networks represent a real opportunity for inclusive insurance.** However, in Morocco these networks have not yet been really developed even if certain acts such as renewal or declaration claims are already offered online by certain insurance or bancassurance companies.
- **At present, there is no offer of Takaful type of insurance products.** However, some insurance companies have already created dedicated counters and are waiting for the regulatory framework to be specified.
- **Experiences in inclusive insurance in Morocco are mainly limited to bancassurance networks** and mainly concern life insurance backed by a loan.



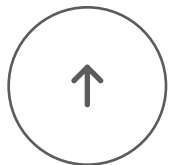


DEVELOPMENT OF A NATIONAL DIAGNOSTIC FOR INCLUSIVE INSURANCE IN MOROCCO

- **Life insurance is the most frequently offered microinsurance product**, in particular through the distribution networks of microfinance institutions (MFIs). This is explained by its relative administrative simplicity and its profitability. This product can be advantageously combined with broader insurance protection that can be extended beyond the period of the loan.
- **Health insurance is one of the most requested products by low-income populations.** However, the coverage remains very limited due to the administrative burden, the difficulty of partnering with quality health infrastructure, the high costs associated with these protections, as well as the risks of fraud and adverse selection.
- **Property insurance (P&C) also has significant administrative costs.** The solutions of microinsurance in this branch remain few.

- **Index-based agricultural insurance is a quite complex product.** It requires that the following conditions are met in order to best unfold its protection benefits: there must be a strong correlation between the selected index and the real farmer's performance, this link and its impact must be recognized by the targeted farmers, reliable historical information concerning the parameters concerned should be available, the credible insurers and intermediaries must be able to distribute the product and gain the farmers' trust, and an external subsidy is often necessary in order to support the high costs related to the development and implementation of the product.

[Click here to access the report ↗](#)

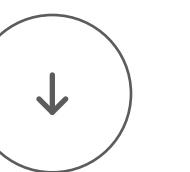


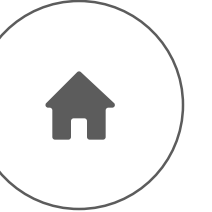


MSME insurance videos – Forward looking planning for the business

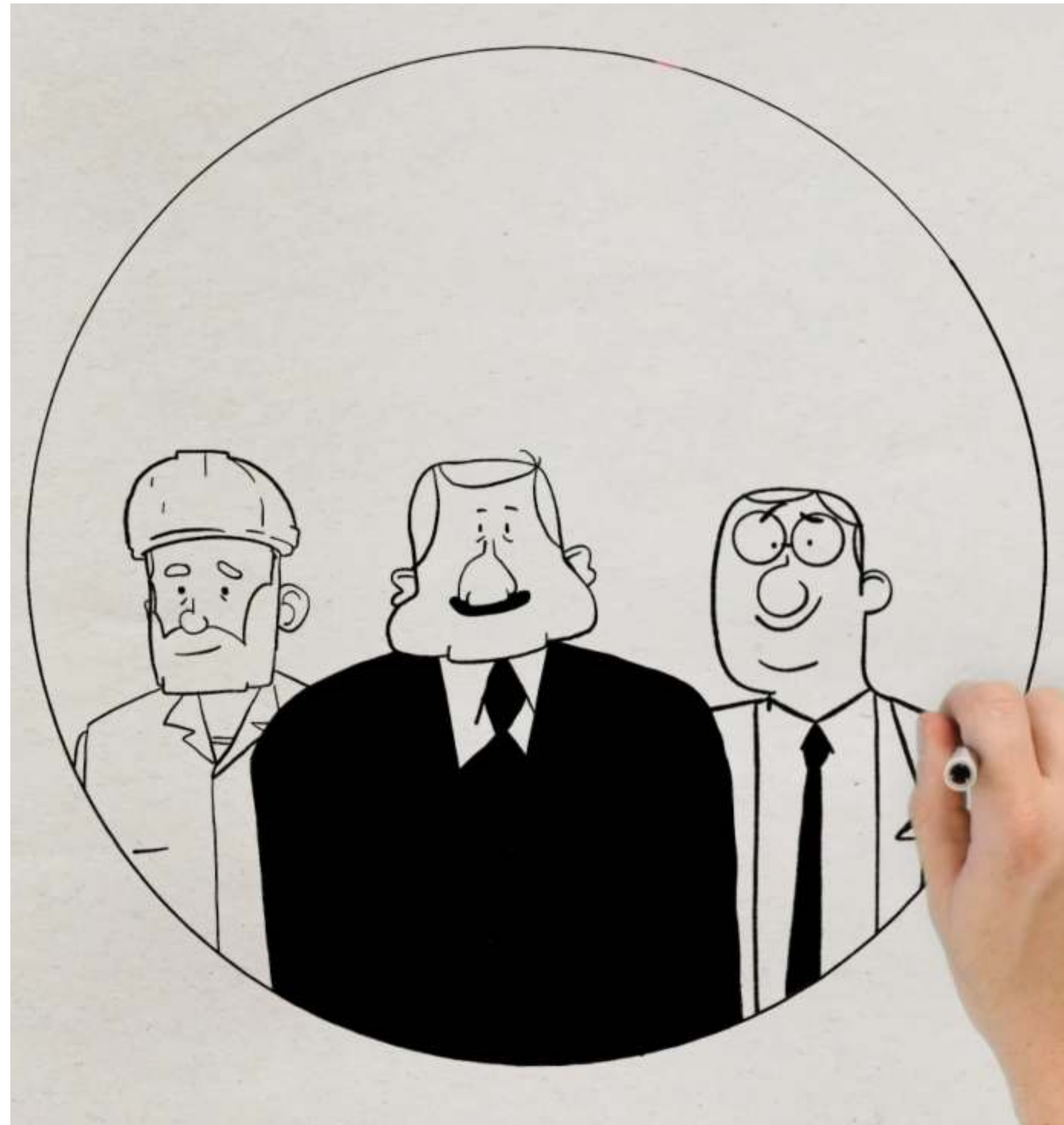
The videos produced under the motto - insured, you are stronger - show various scenarios of insurance protection for small businesses and accidents which can endanger both the owners, and the livelihood of others who depend on them.

There is a need for MSMEs to work on minimizing their vulnerability and consider having business continuity plans. These videos give examples of forward looking insurance planning.



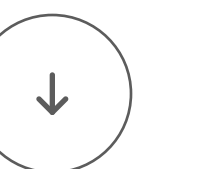
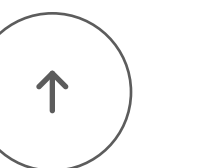


MSME INSURANCE VIDEOS - FORWARD LOOKING PLANNING FOR THE BUSINESS



For example, a situation where a successful small business owner, worried and thinking about the future, takes property insurance. An accident gives rise to casualties on properties, infrastructure, essential services, and other human losses that exceed the affected business capacity to cope using its own resources. A fire, specifically, can have life altering effects on individuals and communities, leading to human, material, and economic losses.

The videos emphasise the value of liability insurance. Starting from a fire in a restaurant, to the connecting medical issues and provision problems, they show how liability insurance can come in many shapes and forms.





MSME INSURANCE VIDEOS - FORWARD LOOKING PLANNING FOR THE BUSINESS

To view videos, please click on the corresponding play button below.



Educate Yourself

Insurance Concepts and Terms



First story Nageh

Introduction to SME Insurance



Second story Nour

Property Insurance



Third story Saied

Liability and Marine Insurance

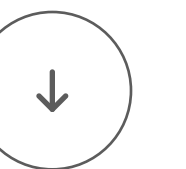




Risk Management trainings for MSMEs in the food processing and furniture industries in Egypt

The objective of this training is to raise awareness of SMEs in the Food processing and Furniture Industries in Egypt on Risk Management and Insurance.

It would help SMEs in protecting their assets and continue with their operations, thus making them more attractive for insurance companies.





RISK MANAGEMENT TRAININGS FOR MSMEs IN THE FOOD PROCESSING AND FURNITURE INDUSTRIES IN EGYPT

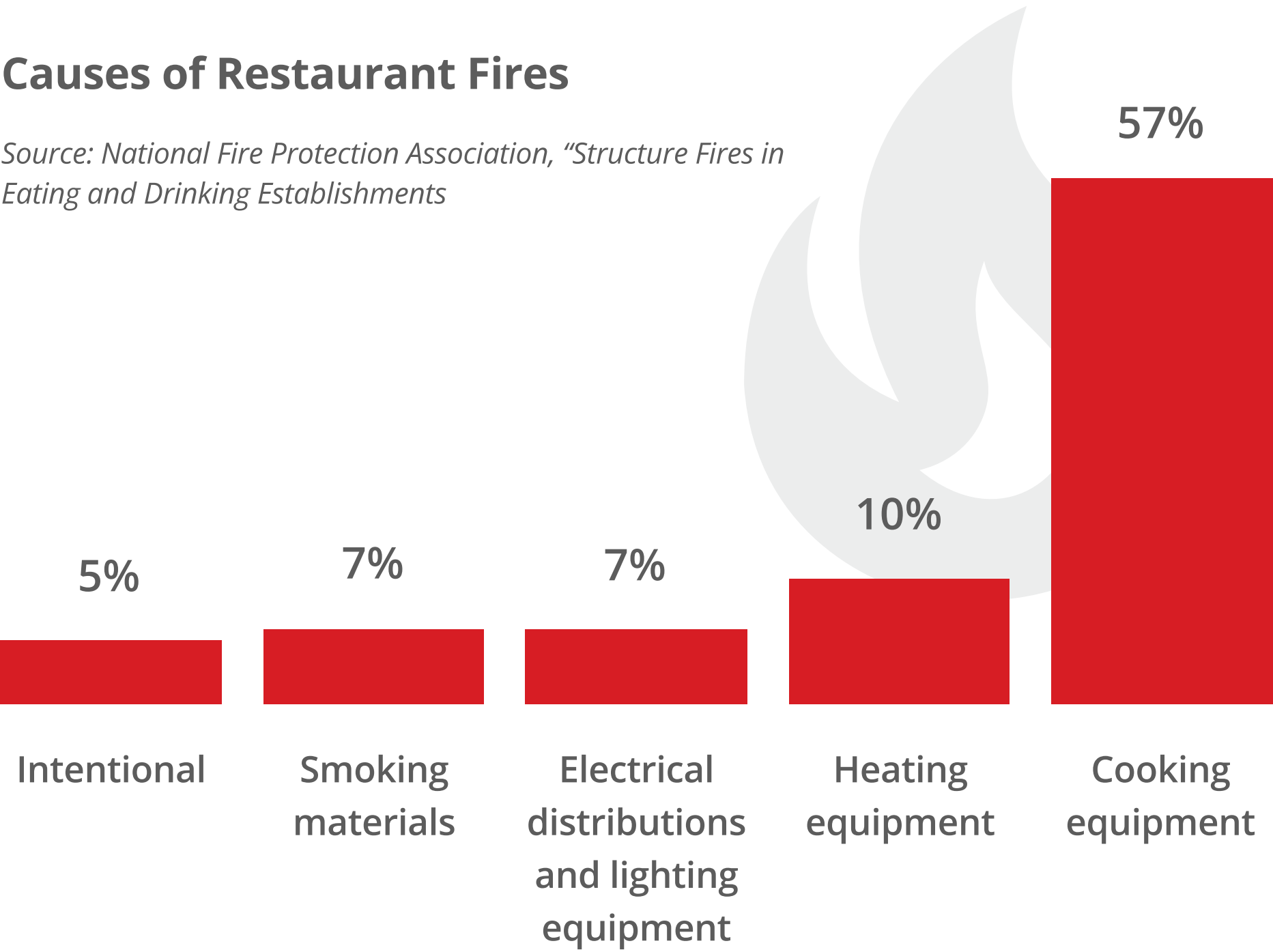
The program includes: control of ignition sources, supervision of fire protection systems, managing contractors, maintenance of critical equipment and emergency response planning. The training covers the key procedures needed to help prevent or limit property damage, and the resulting interruption to the business.

By the end of this course, participants will be able to:

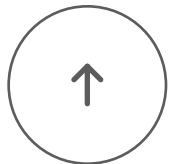
- be confident in what insurance companies look before they quote;
- know every element of the fire claim;
- be ready and prepared to establish a reasonable level of fire, life safety and property protection from hazards created by fire, explosion and dangerous and natural conditions for MSME insurance.

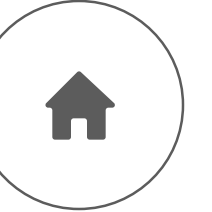
Causes of Restaurant Fires

Source: National Fire Protection Association, "Structure Fires in Eating and Drinking Establishments"



[Click here to view the sample of the training documents ↗](#)

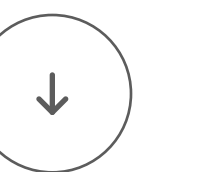




Promoting inclusive insurance for MSMEs in Egypt: the IMIA Inclusive MSME Insurance accelerator

If well designed and distributed appropriately, insurance can address MSMEs' risk management needs, improve enterprise performance and reduce vulnerability.

IMIA (Inclusive MSME Insurance Accelerator) aims to support insurance companies in the design, experimentation and roll-out of insurance products that are more appropriate, affordable, accessible and valuable to MSMEs in Egypt.





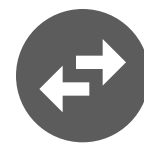
Support categories

This facility has the following support categories:



1. Enhancing client value inclusive MSME insurance

IMIA supports the notion that what constitutes a good product is more than simply low premiums and limited benefits. Using human centered design (HCD) techniques, innovations around benefit design based on insights from targeted MSMEs have the potential to improve client value and ultimately uptake and performance of MSME insurance products.



2. Improving delivery and distribution models for inclusive MSME insurance

IMIA is based on the notion that having a good insurance product is not enough, insurance companies need to invest in having the right delivery models and channels to get insurance products efficiently to targeted market segments. IMIA will therefore support innovative partnerships aimed at building effective and scaled-up distribution and sales solutions.



3. Improving operations and systems for inclusive MSME insurance

IMIA is based on the notion that having the right systems and institutional arrangements is critical for the success of inclusive insurance products. IMIA therefore seeks to provide technical assistance that aims to improve how an insurance company or insurtech delivers and manages inclusive insurance business.





PROMOTING INCLUSIVE INSURANCE FOR MSMES IN EGYPT: THE IMIA INCLUSIVE MSME INSURANCE ACCELERATOR

IMIA, an initiative by GIZ Egypt, is a new innovation support facility to stimulate more client-sensitive and effective insurance services for MSMEs in Egypt. As an inclusive development initiative, IMIA uses direct consumer interactions and insights to develop new or enhance existing inclusive insurance offerings for MSMEs.

IMIA seeks to accelerate access and usage of MSME insurance in Egypt by catalysing innovation among insurance companies and insurtechs in the design and distribution of inclusive insurance products. IMIA aims to contribute to the body of knowledge on workable business models and approaches to MSME insurance. Through the provision of tailored technical assistance, IMIA will help insurance companies in the design, refinement and experimentation and roll-out of high value MSME insurance products that are more affordable, accessible and appropriate for Egypt’s MSME sector.

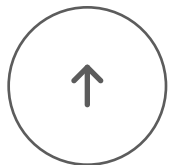
The benefits to participating companies are dedicated technical support for 5-6 months tailored to the needs of the selected companies aimed at:

- improving their product offerings;
- developing new product offerings;
- enhancing customer-centric DNA or improving systems and operations for inclusive MSME insurance.

Have a look at details for eligibility, evaluations and tips on what makes a good proposal:

[Click here for the brochure for Insurers ↗](#)

[Click here for the brochure for Insurtechs ↗](#)

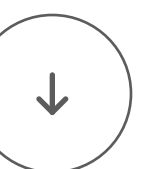




MSME guide to disaster resilience in the Philippines: A guidebook for micro, small and medium enterprises

This report and a guidebook discuss the effects of disasters and explore the possible risks on MSMEs or local entrepreneurship given the lack of a proper framework on Disaster Risk Reduction and Management (DRRM), proper resources and preparation.

This guidebook discusses the effects of disasters and explores the possible risks on MSMEs or local entrepreneurs to align and maximize Philippines Republic Act 10121 or the Disaster Risk Reduction and Management (DRRM) Law,





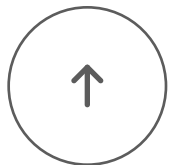
through the linkage of Business Continuity Plans with Government and private sector resources and access to climate and disaster risk insurance for residual risks.

MSMEs are essential in the functioning of a community, as the immediate recovery of a society is heavily dependent on their generation of products and services, employment opportunities and local revenue. Acknowledging the need to further promote awareness of disaster resilience among different micro, small, and medium enterprises (MSMEs) in the Philippines, the National MSME Resilience Core Group developed the MSME Guide to Disaster Resilience, designed to serve as a reference material for MSMEs in understanding business continuity practices and the basic concepts of disaster risk reduction and management.

Disasters contribute to a vicious cycle of poverty, preventing individuals, families, and communities from exercising their rights and realizing their ability to develop.

To help increase their ability to prevent and prepare for possible hazards, DRRM (Disaster Rehabilitation and Recovery) in the Philippines has shifted from a reactive or “response oriented” approach to a proactive approach, leaning towards adopting measures on preparedness, prevention and mitigation.

This approach focuses on using directives, skills and capacities that would implement strategies and policies to eventually lessen the impacts and possibilities of disasters.





It also includes access to climate and disaster risk insurance as an option to address residual risks, to lessen pressure on Government resources.

The guidebook for MSME Guide to Disaster Resilience equips the business sector in preparing for and/or recovering from catastrophic events and ensuring the sustainability of the initiatives under the said partnership. It advocates to companies and individuals to take the Guidebook information and tips into practice to achieve “incalculable savings and growth through readiness and prevention measures”.

Four Priority Thematic Areas

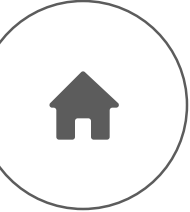
 **Disaster Prevention and Mitigation**

 **Disaster Preparedness**

 **Disaster Response**

 **Disaster Rehabilitation and Recovery**





EXPOSURE

To earthquakes, cyclones, floods, drought, and sea-level rise



SUSCEPTIBILITY

Infrastructure, food supply, and economic framework conditions



COPING CAPACITIES

Depending on governance, healthcare, social and material security



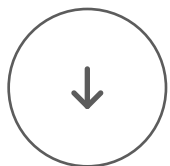
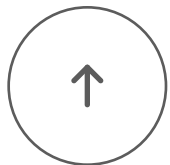
ADAPTIVE CAPACITIES

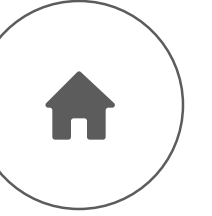
Related to coming natural events, climate change, and other challenges

This report, which also examines the topic of water supply, calculates disaster risk based on four components as illustrated above.

“We learned a lot from the [business continuity] discussion because we are not exempted from calamities like typhoons, earthquakes, and likewise, land traffic... The learnings that we got from this seminar will help us in our advocacy, in making our MSMEs more resilient in all their endeavours, especially that most of our MSMEs are engaged in possessing aggregates and crops. All of these learnings will also be cascaded to them, so that all of them can maximize their productivity next year.”

Efren Dela Cruz,
senior trade Development specialist
DTI Region II provincial office





The 2019 World Risk Report, which indicates the disaster risk of 180 countries in the world, ranks the Philippines as the ninth most at-risk when it comes to disasters. One of the most affected sectors in the country are the Micro, Small, and Medium Enterprises.

Considering the given figures, the MSMEs sector is one of the country’s major drivers of growth. However, these enterprises also suffer the most from disasters as they are relatively resource-constrained and less resilient in comparison with large enterprises. As the backbone of several economies worldwide, such as the Philippines, MSMEs are also exposed to higher risks due to greater increase in the total average of natural calamities from 2005 to 2014.

Most local businesses in this sector have yet to adopt risk-informed planning and disaster preparedness measures. Therefore, there is a need for MSMEs to work towards minimizing their vulnerability to hazards through the creation and implementation of business continuity plans and disaster resilience programs. Local businesses, with help from the government and concerned public and private organizations, through a proactive approach, must actively work toward the institution of resilience and sustainability in the MSME sector against the significant losses due to natural calamities.

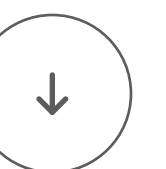
[Click here to access the guidebook ↗](#)



Payong App - Helping MSMEs in the Philippines stay protected

In uncertain times, it is hard to prepare for things we can't predict and can happen without warning - earthquakes, fires, and now, the pandemic. The Payong App was created to support and help small and medium businesses in the Philippines stay protected from the harmful disasters.

There were two arguments for developing this app - one was a holistic approach which was missing in this context in the Philippines, - the other being the ongoing pandemic which made digital solutions much more preferable here, even necessary, compared to the traditional ones like face to face learning methods or interaction.





PAYONG APP - HELPING MSMEs IN THE PHILIPPINES STAY PROTECTED

After registering in the Payong App, the business owners will be able to find possible risks or dangers to their businesses in the current location and learn how to create a business continuity plan (BCP). This can enable them to come up with contingency plans to provide products and services despite disruptive events.

The Payong app is also a learning platform. Here business owners can learn how to improve their adaptive capacity, develop the business through proper risk management and risk transfer mechanisms, including insurance.

Aside from e-learning modules, users can access modules by the Philippine Disaster Resilience foundation and Philippine Trade Training Center, on their own platforms.

Watch the video to find out more about the app



To help businesses be more prepared to operate and withstand any unpredictable damage which extreme conditions may cause, the app also has an insurance product hub for all the insurance products available in the market and especially for the MSMEs.

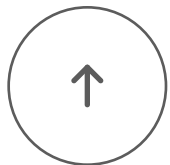
The app can be accessed from the web browser, or downloaded from the Google Play and the App store.



Android



iOS

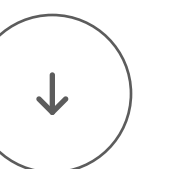




Cross border criteria for climate and disaster risk insurance solutions in Southeast Asia

Asia is at the frontline of climate change impacts as the region becomes more and more vulnerable compared to other sections of the world.

Three types of risks that arise from climate change include the physical effects, the transitional risks from the shift to a low carbon economy, and the liability risks that account for the losses. Among the three, the most challenging impacts in Asia are the physical risks which include climate-related hazards that potentially endanger lives and infrastructure.





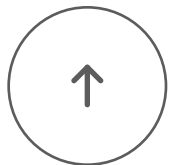
CROSS BORDER CRITERIA FOR CLIMATE AND DISASTER RISK INSURANCE SOLUTIONS IN SOUTHEAST ASIA

This document focuses on the growing climate change effects on Vietnam, Indonesia, and the Philippines (VIP) under Emerging Asia based on the five socioeconomic systems (liveability and workability, food systems, physical assets, infrastructure services, and natural capital) and presents viable solutions to reduce and mitigate the risks.

The climate crisis underscores how we are operating in a Volatile, Uncertain, Complex and Ambiguous (VUCA) world. Providing insurance to the poor and vulnerable has not been easy, and making it more challenging is the complexity of creating insurance products for the sector that cover impacts of climate change. GIZ- RFPI Asia III program has been in the forefront of promoting Climate and Disaster Risk Insurance (CDRI) in Vietnam, Indonesia, and the Philippines (VIP) beginning 2019.

Capitalizing on the 10+ year experience of the programme advocating for Microinsurance/Inclusive Insurance, there are several success factors that are being employed to advance with the objectives of protecting the poor and vulnerable, such as utilizing the insurance approaches to meet the poor’s pressing needs to protect their lives, homes, and livelihood, fostering a participatory approach through involvement of all relevant actors, providing the basis for a meaningful long-term partnership, developing capacities involving stakeholders from the private and public sectors and ensuring sustainability and viability of the business models implemented, with a focus on economic and social impacts.

The focus on sustainability and viability has motivated the RFPI Asia III programme to create this report that provides key insights on what should the stakeholders keep in mind when





creating a CDRI product. This project has determined eight foundational criteria that will provide guidance to those insurance players in the VIP countries on how they can create an effective programme, utilizing the partnerships and technological platforms that are available to them.

The criteria were chosen based on the key lessons learned from various interviews with key stakeholders in Vietnam, Indonesia, and the Philippines to identify common themes and success factors primarily from those three regions. In addition to interviewing regional, case studies were also assessed to understand the top challenges and opportunities faced in the CDRI space.

Top challenges impacting CDRI in VIP (based on interviews with stakeholders):



High Operational Costs

The high operational costs of B2C and B2B models limit the distribution and capacity development requirwes to scale CDRI in the region.



High Financial Risk for Insurers

The high financial costs of servicing cat-risks for stakeholder’s limit product development and scalability of CDRI in the region.



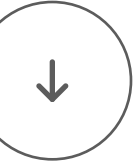
Lack of Customer Trust

Insurance products are often misunderstood region due to poor awareness, denial of known risk and cultural barriers around insurance.



Lack of Willingness to Pay

CDRI products are considered as an expense vs an investment among the most vulnerable especially since the payment is required in advance.





Climate change in Vietnam

Vietnam has the greatest number of high-risk ratings to physical risks including heat waves, riverine flooding, and changing natural landscape due to climate change.

Although Indonesia and Philippines are both an archipelago, the capital stocks of these countries have moderate threat of riverine flooding. Among the eight Emerging Asian countries, Vietnam is expected to be the most severely affected by climate change in the coming decades until the year 2050. A summary of the projected socioeconomic impacts in Emerging Asia is provided below.



Climate change in Indonesia

There are 270.6 million people in Indonesia with 9.4% of them living below the national poverty line in 2019. Indonesia has a hot and humid climate, with rainfall occurring mostly in low-lying areas and mountainous regions experiencing cooler temperatures.

It also experiences drier conditions during El Nino events and wetter conditions during La Nina events. There were 289 natural disasters annually between 1989 and 2019 on average that directly and indirectly resulted in approximately 8000 deaths. Some of the top Initiatives on CDRI are a newly implemented state-supported agriculture insurance program in Indonesia that covers 0.6 million hectares and provides 80% premium subsidy to farmers and a private insurer-driven agriculture insurance solution was also started reaching 1,200 farmers.



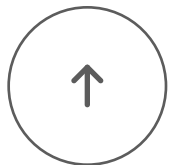
Climate change in the Philippines

The Philippines population in 2020 was around 109 million, and according to 2018 statistics, 16.6% of the population lived below the national poverty line.

Those living in the National Capital Region (70%) were the people most concerned with contracting an illness or getting harmed as an effect of climate change. Aside from health issues, other potential impacts reported by the respondents were loss of income (22%); damage to crops (20%); damage to house and property (19%); and infeasibility of farming and change of livelihoods (18%).

Top Initiatives on CDRI are World Bank Catastrophe Bonds for the Philippines - Annual coverage of USD 206 million for national government assets against earthquakes and severe typhoons, and protection against severe typhoons for 25 Local Government Units (LGUs). Also, The Philippine City Disaster Insurance Pool (PCDIP) supported by the Asian Development Bank will offer parametric insurance cover against typhoons and earthquakes in its first phase to cities in the Philippines that will expand to cover floods. The parametric cover will be offered through a risk pooling arrangement.

To develop the Cross Border CDRI framework, stakeholders in Vietnam, Indonesia, and the Philippines were interviewed to identify themes common to all 3 regions.





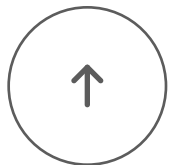
CROSS BORDER CRITERIA FOR CLIMATE AND DISASTER RISK INSURANCE SOLUTIONS IN SOUTHEAST ASIA

In addition, regional experts, Digital Start-ups operating in the CDRI space were interviewed to understand the top challenges impacting the scalability of these solutions. Some of the questions asked included: what are the criteria for creating a CDRI product that can reach MSMEs and poor and vulnerable households, what are their key success factors, what are the best practices when creating a CDRI solution, what are the challenges they face to scalability and sustainability and what regulatory changes are needed for the development of sustainable products.

As an additional step, CDRI regional projects involving two multilateral agencies were analysed to showcase the role of each stakeholder, outline areas of expertise and recommend areas of improvement.

The report outlines top challenges, top initiatives and recommendations for the region, with separate case studies for Vietnam, the Philippines and Indonesia. CDRI is in a nascent stage, and numerous factors can contribute to its success. The criteria suggested to be implemented are foundational as it stems from the principles of inclusive insurance but also expansive as it considers the need for technological development. Starting with answering the basic questions should provide a level of assessment of the insurer’s readiness to go ahead with the provision of CDRI. When serving the poor, there should be an inclination towards risk-taking and accommodation of complexities that come from serving this sector. To serve the poor, there should be bias towards action, concludes the document on risk insurance solutions.

[Click here to access the report ↗](#)





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