

## Toolkit: Implementing a data-driven approach to MSME insurance

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### Introduction

Micro, small and medium enterprises (MSMEs) are important drivers of economic growth and contribute significantly to innovation and, on average, account for nearly 80% employment ([World Bank, 2019](#)). Yet, they are exposed to a wide range of risks, making it more difficult for them to cope, compared to large businesses. The reason is due to a combination of factors including an exposed environment, limited resources and a lack of tools and skills to manage risks.

Insurance providers have an important role to play to enable MSMEs to manage risks more effectively by providing them with access to a greater variety of risk management tools and with the confidence to make more productive investment decisions ([Cenfri, 2022](#)). But this opportunity remains largely untapped with insurance providers struggling to serve the MSME segment. According to the 2023 Microinsurance Landscape Study, out of the reported 1040 microinsurance products, only 16 of them are specifically catering for MSMEs ([Microinsurance Network, 2023](#)).

This calls for rethinking the way insurance providers approach MSME insurance, moving away from off-the shelf products. MSMEs are often heterogenous regarding their risk profiles which demands thoughtful segmentation and disaggregation to identify subsets with similar risks for a customer-centric approach. It is also not unusual for the risk profile of MSMEs and their business situation to evolve over time. Evolution can happen abruptly and radically, as was seen during the Covid-19 crisis. Thus, insurers need to tailor and adjust their product offerings to the differing needs of MSMEs.

Data lies at the core of insurance risk modelling and insurance policy pricing. Beyond this, the effective and efficient use of data allows insurers to make better, and more informed decisions about their customer's needs and wants ([Turner, 2022](#)). Leveraging data is also critical to identify changes in those businesses and to respond with fitting insurance solutions ([Binder, Horsch, Lorenz, & Schollmeier, 2022](#)). Harnessing the power of data and data analytics to better serve MSMEs can unlock broad-based changes in the way MSME insurance is designed, distributed, marketed and delivered to its customers (see Box 1).

This toolkit outlines core steps that insurance providers can follow to adopt a data-driven approach to MSME insurance. The following core steps have been identified:



These steps are not necessarily a linear process, and the process itself can be iterative.

### Box 1: Best practices of Seguros Bolívar using data to better serve MSMEs.

The case study from Seguros Bolívar highlights several best practices in utilizing customer data to develop appropriate insurance products for MSMEs ([Orozco & Morales 2023](#)):

- **Understanding the client needs and market opportunities:** Seguros Bolívar used data to identify the specific challenges and opportunities within the MSME sector, such as the high vulnerability of their income and the limited financial education and technical knowledge of the business. These elements, which had not yet been considered or addressed by the insurance sector, represented a great business opportunity for the company. Through the analysis of economic trends, market research, and feedback from MSMEs, valuable insights were obtained that directly influenced the development of the "Tranquilidad Pymes" insurance product, ensuring it was specifically tailored to meet these identified needs.
- **Data-driven product development:** Inspired by the desire to better understand their customers, the Seguros Bolívar team conducted tours of regions in the country where MSMEs were primarily concentrated. This allowed them to collect demographic, economic, and sector-specific information. This data was used to develop algorithms and geolocation maps, facilitating the creation of pre-subscribed insurance products with dynamic pricing. The pricing and coverage were thus customized based only on the location and specific economic activities of the MSMEs, making the insurance more relevant and accessible to potential customers.
- **Simplification of the sales process:** In simplifying the insurance product and digitalizing the sales process, Seguros Bolívar used data from user interactions and process analyses to identify bottlenecks and complexities in the existing processes. By understanding these data points, the company could streamline the product to have straightforward terms and a single deductible, enhancing user comprehension and satisfaction. The digitization efforts likely involved analysing operational data to find efficiencies and improve the speed and quality of service delivery.
- **Quick and responsive claims processing:** The rapid compensation mechanism for low-amount claims was supported by an analysis of claim data, identifying common small-scale issues that could be resolved quickly without extensive verification. This system allows for swift processing of claims and responses within about 20 minutes, using data to streamline decisions and reduce administrative overhead, thus enhancing customer satisfaction during critical times.
- **Adaptations for emerging risks:** The adaptations to cover emerging risks such as cybersecurity threats and off-site equipment damage during the COVID-19 pandemic were

based on data regarding new business operations and risk exposures. By monitoring how MSMEs were transitioning to digital platforms, Seguros Bolívar could adjust their offerings to include relevant risks, ensuring that their insurance products remained pertinent and supportive in a rapidly changing business environment.

- **Strategic alliances and value-added services:** Establishing partnerships and developing structured service packages likely involved analysing customer needs and preferences data to determine which additional services (like cleaning and disinfection) would provide the most value to MSMEs. These alliances and services were designed to complement the insurance offerings, enhancing the overall attractiveness and utility of the products, while directly addressing operational needs identified through data, insights.

## Step 1: secure internal buy-in and formulate your strategy.

*How can strategic alignment and buy-in be established across the organization?*

Embarking on the journey towards data-driven decision-making requires more than just collecting and analysing data; it necessitates a well-defined purpose and a structured approach and buy-in across the company for adopting a data-driven approach (see **Box 2**).

- **Conduct an internal visioning session to define the core objectives.** By clearly defining the purpose of data analytics, insurance providers can align their efforts with overarching business objectives. Whether it's improving operational efficiency, enhancing customer experiences, or identifying new market opportunities, a clear understanding of the intended outcomes provides a guiding light for data initiatives. To be successful, it is critical that data analytics is directly and deliberately tied to existing organisational objectives, rather than pursued as an end.
- **Develop a data strategy.** Developing a comprehensive data strategy serves as a roadmap for achieving these objectives. A comprehensive data strategy outlines not only the technical infrastructure and tools required but also the organizational capabilities, governance frameworks, and resource allocation necessary for success. It establishes a cohesive vision for how data will be collected, managed, analysed, and leveraged to drive value across the organization.
- **Define resources and structures needed.** Identify which organizational structures, financial and technical resources will be needed to enable the adoption of a data-driven approach in line with your vision and strategic objectives.
- **Leverage data champions.** Data Champions advocate, promote, and drive the uptake and usage of data for decision-making and problem-solving within an organization. Data champions within different departments serve as advocates for data-driven decision-making within their respective areas, helping to foster a culture of data literacy and empowerment. By empowering these champions, organizations can ensure that data initiatives are embraced at all levels, from frontline employees to senior leadership. To create and empower data champions, organizations should identify individuals passionate about the use of data, invest in their training and capacity building and subsequently allow them to drive initiatives

that improve the extent to which data is used to understand the consumers, design and develop products that meet their needs.

- **Implement a pilot initiative.** Starting with a small pilot initiative can provide valuable insights and proof of concept. By focusing on a specific use case or business challenge, organizations can demonstrate the tangible benefits of data analytics and generate momentum for larger initiatives. The results and learnings from these pilot projects not only help refine and optimize data processes but also garner buy-in and support from key stakeholders.
- **Continuous evaluation and feedback.** It is crucial to establish mechanisms for ongoing evaluation and feedback to measure the effectiveness of the implemented strategies and make necessary adjustments. This ensures that the data strategy remains relevant and aligned with the organization's changing objectives and market needs.

**Box 2: Old Mutual South Africa leverages data-driven strategies and flexible technology to provide solutions for SMEs.**

Old Mutual South Africa has significantly advanced its SME insurance solutions through a series of strategic actions aimed at harnessing the power of data-driven insights by leveraging its existing wealth of data on SME customers. The organization established a dedicated division as a pilot project, quickly demonstrating the advantages of a data-centric approach. By adopting persona-based segmentation and utilizing advanced data analytics, Old Mutual has been able to tailor its offerings to meet the diverse needs of different SME segments. Strategic investments in technology have included a shift to a more modular framework and more flexible software solutions such as rules-engines and pricing-engines, enhancing the company's agility in responding to market dynamics. This transition has been supported by a data-oriented team structure, with one team member specifically focused on leveraging data, while the management team engages in data-driven decision-making.

Source: [Expert Forum by MSME BPG](#) on Leveraging on Data to better Identify, Reach and Serve (MIN 2023)

## Step 2: explore different data sources.

*Where can insurance companies source data from?*

A variety of data sources can be leveraged to better understand the MSME segment:

- **Internal data:** Insurers collect large amounts of data on their customers during the onboarding as well as during claims processes. Additionally, insurers can also collect data from customers beyond the traditional insurance policy process through, for instance, combining telematics or other devices that collect data on the customers with the insurance policy (see Box 3). This data can then be used for product design purposes and to inform risk processes. It is critical to ensure that the right amount of data is collected, and the applications and claims forms are designed in a way to only gather necessary information without overwhelming the policyholder. Moreover, timing is key - collecting data at the right moment and

making it convenient for the customer enhances the likelihood of accurate and timely information sharing.

### **Box 3: Leveraging telematics to guide insurance products' pricing in Africa – the case of commercial motor insurance in Kenya and South Africa**

Telematics technology, merging telecommunications and informatics, has recently boosted the motor insurance sector in Africa by enabling real-time data transmission. This advancement allows insurers to assess risks accurately and set customized premiums, fostering safer driving and cost-effective insurance solutions, especially in the taxi industry.

#### **Prominent examples are:**

- In **Kenya**, rising claims have historically plagued the motor insurance sector prompting some insurers to limit comprehensive coverage for certain commercial vehicles like taxis ([Business Daily, 2022](#)). Companies like Britam have adopted telematics to better gauge premiums based on detailed driver behaviour analytics, aligning with other major insurers in 2023 ([BD 2023](#)). Telematics allows insurers to collect detailed driver behaviour data, such as speed and location, to customize insurance premiums based on each vehicle's risk profile.
- Similarly, in **South Africa**, where taxis were often seen as high-risk and faced high premiums, [SA Taxi](#) used telematics to overhaul its risk assessment model. This led to significantly lower premiums, highlighting telematics' potential to revolutionize insurance pricing by almost halving the cost of premiums indicating the transformative potential of technology in the insurance industry.

This integration of telematics in African motor insurance as seen in Kenya and South Africa marks a shift towards data-driven risk assessment and pricing.

#### **Telematics can help insurers to better price their products by unlocking:**

- **Risk-based or usage-based pricing:** Usage-based pricing employs telematics to monitor driver behaviour in real-time, gathering data on speed, acceleration, braking, and distance travelled, thus providing insights into individual driving habits. Premiums can then be adjusted based on the assessed risk of insuring the driver or vehicle, utilizing collected data
- **Customized product offerings:** Pay-As-You-Drive (PAYD) policies charge premiums based on the actual distance driven, ideal for occasional drivers. Pay-How-You-Drive (PHYD) policies reward safe driving behaviours. Pay-Per-Trip (PPT) policies provide coverage for specific trips, suiting immediate insurance needs.
- **Rewarding and retaining low risk drivers:** Insurance companies can use collected data to reward low-risk drivers with cash back guarantees, enhancing customer satisfaction and retention. Telematics also supports feedback on driving performance and helps set attainable goals, which can lead to premium discounts upon achievement.

Source: [Baecke, P. & Bocca, L. \(2017\)](#). *The Value of Vehicle Telematics Data in Insurance Risk Selection Processes*. *Decision Support Systems*.

- **Data from partner companies:** Collaborating with external partners for data access offers opportunities to enrich pricing strategies, enhance predictive analytics and to gain a better understanding of the needs of MSMEs, and their corresponding risk profiles. Exploring partnerships with entities holding extensive data on MSMEs, such as digital platforms, local governments, business associations, NGOs, fintech and telco companies, mass consumption service/product providers, and logistic companies, can unlock valuable insights. However, challenges may arise in obtaining and analysing their data, requiring careful negotiation and collaboration and establishing a compelling business case is essential, as partners may be reluctant to share their data without clear benefits ([AMIS, ILO, Impact Insurance & MiN 2021](#)).
- **Data in the public domain:** Census data and other national statistics as well as data that has been collected by research organizations are often available in the public domain and offer extensive information on MSMEs. For instance, data from insurance associations and historical weather data also contribute to enriched analytics and risk assessment or census data can support insurance providers to assess the market size of sub-segments within the MSME sector. A good starting point can be the [MSME Economic Indicators database which has been developed by the SME Finance Forum](#). This database collects secondary data on MSMEs in 176 economies from various sources such as statistical institutes, ministries, and international organizations. The indicators include the number of formally registered MSMEs in 176 economies, employment figures, and contributions to GDP, among others. The database offers a detailed view of the MSME definitions used worldwide and allows for data to be disaggregated by firm size. Other examples are included in Box 4.

**Box 4: Examples of MSME data in the public domain: Finscope Studies in Africa.**

- **Kenya MSE Survey Tracker:** The Kenya MSE Survey Tracker, conducted by Financial Sector Deepening Kenya (FSDK), complements the FinAccess survey, which assesses access to financial services across Kenya every two to three years in collaboration with the Central Bank of Kenya (CBK) and the Kenya National Bureau of Statistics (KNBS). While FinAccess focuses on overall financial inclusion, the MSE Tracker, initiated in 2020, specifically targets households reliant on small-scale businesses. It aims to provide publicly accessible data and insights into the micro and small enterprises (MSEs) landscape, covering various aspects such as MSE characteristics, technology usage, financing challenges, supply chains, marketplace trends, household dynamics, closures, capacity-building needs, business sentiment, and potential intervention areas. You can access 2023 MSE tracker survey report [here](#) and the FinAccess reports [here](#).
- **Finscope Consumer and MSMEs Survey:** The FinScope MSME (Micro, Small, and Medium Enterprises) Survey is a research endeavour focused on exploring and evaluating the landscape of MSMEs in various countries. This survey, conducted through a probabilistic sampling method, delves into the characteristics, challenges, and opportunities faced by MSMEs within their respective economic contexts. By examining factors such as access to finance, business practices, and market dynamics, the survey aims to provide insights that can inform efforts to support and promote the growth and development of MSMEs. You can access the FinScope MSME survey datasets [here](#).

### Step 3: collect consumer data.

*What are good ways for insurance companies to directly collect consumer data on MSMEs?*

While the data sources identified under step 2, offer a range of opportunities for better understanding the MSME market, there are likely to be gaps in terms of the data that is available. The direct collection of consumer data enables insurers to fill those gaps and to tailor the data collection according to their needs. To this end, a range of approaches to directly collect data from their current or potential MSME customers (see **Box 6**) can be employed. Core examples are:

- **Surveys:** Surveys are versatile tools for gathering data directly from customers. They can be distributed via email, embedded into websites, or conducted through phone calls. By employing both closed and open-ended questions, insurers can obtain quantitative data, such as demographic information, and qualitative insights, such as customer opinions on policy offerings. Such data is crucial for identifying customer needs, preferences, and satisfaction levels, which can guide product development and marketing strategies ([Cote 2021](#)).
- **Interviews and focus group discussions (FGDs):** Through one-on-one interviews or group discussions, insurers can delve deeper into customer experiences and expectations. Interviews allow for a more detailed understanding of individual customer perspectives, while FGDs can uncover broader trends and collective viewpoints. These interactions assist in exploring complex issues like policy accessibility, customer service quality, and the real-world applicability of insurance products ([Stewart 2024](#)).
- **Field visits and engagements:** Field visits involve direct interactions with customers at their places of business or residence. This method allows insurers to observe firsthand the environmental and operational conditions that affect risk profiles. Engagements during these visits can include assessing safety measures, understanding business operations, and discussing concerns with customers directly. This approach helps insurers tailor their products more accurately to the specific risks and needs of their clients (**Box 5**).

#### **Box 5: The case of Kshetriya Gramin Financial Services (KGFS) in India.**

KGFS, in partnership with Future Generali, delivers customized insurance services to 70,000 businesses across India, emphasizing small-scale entrepreneurs. By utilizing a data-driven approach, KGFS leverages detailed business information collected by locally recruited "wealth managers" to tailor insurance packages through backend algorithms. This strategy ensures that each business receives coverage specific to its risks and location, optimizing cost-effectiveness and relevance. This partnership not only enhances client-centric service but also utilizes technological integration to scale up and provide a comprehensive range of insurance solutions tailored to diverse business needs

Source: [The Pursuit of Complete Financial Inclusion \(2012\); The KGFS Model in India](#)

- **Controlled Experiments:** In-depth understanding of cause-and-effect dynamics in policy implementation and consumer behaviour is facilitated through controlled experiments. These experiments are particularly instrumental in discerning the intricacies of policy structures and assessing consumer responses. Central to this approach is the exploration of "willingness to pay," often gauged through surveys that present participants with hypothetical scenarios simulating purchasing decisions. By eliciting responses under controlled conditions, researchers can better grasp how individuals might behave in given situations. By delving into these nuances, researchers can ascertain which risks are deemed insurable and the extent to which businesses are willing to employ various risk management practices. Moreover, experimental research aids in uncovering trade-offs that businesses encounter, such as striking a balance between premium costs and coverage. Understanding these trade-offs is pivotal in designing insurance products that are both economically viable for businesses and offer adequate protection.
- **Chatbots and WhatsApp:** Utilizing digital tools like chatbots and WhatsApp for data collection offers a direct and convenient communication channel for customers. These platforms can be used by insurers to quickly gather feedback, conduct informal surveys, or provide information sessions that can later be analysed for customer insights. They are particularly useful in reaching a wider audience, reducing the time and resources spent on traditional data collection methods, and increasing customer engagement through immediate responses.

#### **Box 6: Comprehensive Data Collection Strategies at Varese Brokers.**

Varese Brokers is an independent insurance organization specializing in risk management. Their primary objective is to establish enduring and reliable connections with their clientele by offering personalised insurance solutions and superior customer care. To this end, they employ a comprehensive approach to gather both qualitative and quantitative data from small businesses, utilizing a variety of methods to ensure a deep understanding of their client base. Examples of data collection methods they have used are:

- FGDs with SMEs in vulnerable neighbourhoods of Buenos Aires, notably involving a high participation of immigrants. These discussions offer insights that surveys might not capture, although attendance can be challenging due to logistical issues and local political affiliations.
- Surveys two to three times a month, which delve into specific concerns of MSMEs and validate findings from larger surveys and FGDs, covering both financial metrics and personal concerns about business and life protections. Public surveys target low-income neighbourhoods to broaden the scope of data collection.
- AI chatbot to provide immediate responses via WhatsApp or QR codes, enabling clients to easily access discounted insurance services.
- Creation of interactive spaces for discussions on topics like digital marketing, financial inclusion, and health, using these services as starting points to further explore client needs.



Despite the integration of technology, face-to-face conversations remain vital, underscoring the importance of direct interaction in understanding and serving the needs of small businesses effectively.

Source: [Expert Forum by MSME BPG](#) on Leveraging on Data to better Identify, Reach and Serve (MIN 2023)

## Step 4: analyse the data.

*How should the data be analysed?*

Effective data analysis requires clear set objectives, skills, technology as outlined but also an approach that enables insurers to pull out core insights related to their objectives from the data. Table 1 provides an overview of core quantitative and qualitative data analytics approaches that insurers can apply to make sense of the data that is at their disposal. Building on that, **Box 7** highlights the different steps insurers can follow to get their data and system's ready for data analytics whereas **Box 8** outlines a specific tool that can be used for gender-disaggregated data analytics to further understand the resilience needs of women-led MSMEs.

Quantitative data analytics approach	Qualitative data analytics approach
<p><b>Descriptive analytics:</b> This involves analysing historical data to observe trends, patterns, and relationships within the data.</p> <p><b>Predictive analytics:</b> Predictive analytics involves using statistical algorithms and machine learning techniques to forecast future outcomes based on historical data. By looking at past behaviour of policy holders, insurers can identify potential trends and predict future behaviour allowing insurers to anticipate customer needs and preferences.</p>	<p><b>Thematic analysis:</b> a qualitative approach that entails Identifying and coding qualitative data to generate recurring themes within the data collected and examining the relationship.</p> <p><b>Content analysis:</b> Content analysis involves the identification of certain words, themes, or concepts within the given qualitative data. Outlines the intentions, perceptions and attitudes depicted in the responses within the given data.</p> <p><b>Case study analysis:</b> This entails delving deeply into one or a select few situations, frequently with a lot of detailed data. The adoption and satisfaction of insurance products can be impacted by complicated concerns, for which case studies can offer profound and differing insights. For instance, researching how a certain group of people reacts to an insurance offering may offer guidance on how to customize goods for like markets.</p> <p><b>Discourse analysis:</b> This method examines language use in communication and the insights it might provide on social norms, attitudes, and power dynamics. Discourse</p>

	analysis could be used in the insurance industry to enhance customer service interactions, marketing campaigns, and messaging between the company and its clients.
<p><b>Customers segmentation:</b> This involves classifying MSMEs into groups determined by shared behaviour and traits. It can be informed by quantitative and qualitative data methods. Examples are:</p> <ul style="list-style-type: none"> <li>• Segmentation by demographics or business needs hence developing tailor made marketing approaches.</li> <li>• Segmentation by risk profile, for example high risk businesses versus low-risk business, hence determining various premium pricing.</li> <li>• Behavioural segmentation for example grouping policy holders by their behaviours, actions and interactions with the business.</li> </ul> <p>Predictive segmentation that combines predictive analytics and customer profiling to identify segments likely to exhibit the desired outcome in the future.</p>	

**Table 1: Overview of core approaches to data analytics and customer segmentation**

**Box 7: Phases of Cross-industry standard process for data mining (CRISP-DM) and use cases of implementation.**

The CRISP-DM methodology is a structured approach that guides organizations through the data mining process. For an insurer aiming to develop an insurance product for the SME segment, CRISP-DM can be particularly useful to ensure that the data analysis process is systematic and effective. Here’s a summary of how CRISP-DM could be applied in this context:

CRISP-DM Phases	Theoretical example
<p><b>Business understanding:</b> During this stage, considered the initial stage, the insurer determines the goals and needs of the business, such as creating a product for SMEs that offers competitive pricing and solves particular risks.</p>	<p>The primary objective is to create an insurance product for tourism-focused SMEs in areas at risk of extreme weather events, like hurricanes and floods. The intent is to provide coverage that not only compensates for direct losses due to physical damage but also covers the loss of income during and after events. This insurance will cover both physical damage and income loss, helping businesses quickly recover and resume operations.</p>
<p><b>Data understanding:</b> To comprehend coverage requests and evaluate data quality, the insurer gathers preliminary data at this step, such as past claims and SME</p>	<p>To better understand the risks and needs, the insurer collects historical data on:</p> <ul style="list-style-type: none"> <li>• Incidence and severity of climatic events in tourist regions.</li> </ul>

<p>risk profiles. Determining whether further data is required for a thorough and conclusive study is the aim of this step.</p>	<ul style="list-style-type: none"> <li>• Past claims related to weather events in the tourism sector.</li> <li>• Studies on the economic impact of natural disasters on tourism.</li> <li>• Demographic and economic data of businesses affected in past events.</li> </ul>
<p><b>Data preparation:</b> The data gathered in the previous phase are cleaned and transformed in this step. Missing values are addressed, duplicates are removed, and variables are transformed to ensure they are fit for analysis. This process is crucial to ensure that the data used in modelling are accurate and in the correct format.</p>	<ul style="list-style-type: none"> <li>• The collected data are cleaned and prepared for analysis. This includes: <ul style="list-style-type: none"> <li>• Normalizing weather event data to compare different types and severities.</li> <li>• Integrating claim data with weather reports.</li> <li>• Creating variables that represent the duration of business interruption and the scale of damage.</li> </ul> </li> </ul>
<p><b>Modelling:</b> During the modelling phase, appropriate statistical or machine learning modelling techniques are selected for analysis. For an insurer, this could include risk prediction models, customer segmentation analysis, or pricing models. Various models are built and tested using the prepared data to identify the model that best meets the business objectives.</p>	<ul style="list-style-type: none"> <li>• The insurer uses predictive modeling techniques to estimate: <ul style="list-style-type: none"> <li>• The probability of occurrence of a severe weather event.</li> <li>• The potential physical and economic damage specific to the tourism sector.</li> <li>• The estimated recovery time and associated costs.</li> </ul> </li> <li>• Various models, such as linear regression, decision trees, or neural networks, can be tested to find the best in terms of accuracy and reliability.</li> </ul>
<p><b>Evaluation:</b> The success of the models in accomplishing the business goals established in the first phase is evaluated at this step. In order to ensure that findings are interpreted within the context of business, insurers must assess how predictive models match predicted loss and profitability for SME insurance products.</p>	<p>Each model is evaluated based on its ability to accurately predict the costs and duration of business interruption. A detailed review is conducted with experts in tourism and climatology to ensure that the models adequately reflect the reality of the tourism sector and its vulnerability to natural disasters.</p>
<p><b>Deployment:</b> The final phase involves implementing the model in practice. This includes integrating the model into the insurer's IT systems and launching it for risk pricing or identifying cross-selling opportunities among SMEs. It also includes planning how the model will be maintained, monitored, and updated in the future.</p>	<p>Once the model is selected and refined, it is implemented as part of a risk management system in the insurer. This allows:</p> <ul style="list-style-type: none"> <li>• Precisely determining insurance premiums based on the individual risk of each tourism SME.</li> <li>• Proposing insurance policies that include both damage coverage and income protection.</li> </ul>

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|  | <ul style="list-style-type: none"> <li>• Offering a proactive crisis management service, providing early warnings and assistance in recovery planning.</li> </ul> |
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Source: [P. Chapman, J. Clinton, R. Kerber, T. Khabaza, T. Reinartz, C. Shearer, and R. Wirth. \(2000\). CRISP-DM 1.0: Step-by-Step Data Mining Guide.](#)

### **Box 8: What is the FEMA Meter in the insurance industry and the value of gender disaggregated data.**

In the evolving landscape of the global insurance market, understanding and addressing the unique needs of diverse customer segments is pivotal for sustained growth and competitiveness. One critical area that has historically been underrepresented and underserved is the female demographic. By focusing on gender-specific needs and barriers to insurance access, companies can unlock new customer segments, increasing their market share and enhancing overall business resilience.

The introduction of gender-disaggregated data analysis tools, such as the [FEMA](#) Meter, represents a significant stride toward bridging this gap. This tool not only aids insurers in complying with increasing regulatory demands for gender equity but also unlocks profound insights into market dynamics. The FEMA Meter is an Excel-based tool designed to enhance gender equity in the insurance industry by facilitating the collection and analysis of gender-disaggregated data. It supports the systematic review of data across various indicators like policyholder numbers, claims, coverage types, and gender roles within organizations. The tool generates easy-to-understand outputs such as graphs and charts, highlighting disparities or similarities across 13 indicators. Useful for both insurance companies and regulators, the FEMA Meter aids in internal data analysis and regulatory compliance, focusing on market access, usage, and governance. By identifying areas where women may be underserved, it helps in developing products that meet specific needs and risk profiles of women, improving market penetration and customer satisfaction.

Source: [Access to Insurance Initiative \(a2ii\)](#)

## **Conclusion**

Adopting a data-driven approach to MSME insurance is not just beneficial but essential for tailoring solutions to the varying challenges faced by MSMEs. Five core recommendations emerge:

1. **Co-develop a clear vision:** Secure organizational buy-in and alignment with overall strategic objectives through continuous internal engagement, defining a clear vision, and developing a comprehensive data strategy.
2. **Leverage already existing data sources:** Utilize internal data, partner companies, and public domain data to gain comprehensive insights into the MSME sector.

3. **Collect data directly from MSMEs:** Explore various data collection methods such as interviews, surveys, and digital channels like chatbots to fill gaps in the existing data on your clients and potential clients.
4. **Apply systematic data analytics to make sense of the data:** Implement a mixed approach of quantitative and qualitative analytic techniques to extract core insights related to your strategic objectives.

Following these recommendations can help insurers leverage data more effectively to better serve MSMEs, enabling the creation of products that are relevant and adaptable to the ever-changing landscape of risks and opportunities.