

The determinants of the demand for microinsurance

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Abstract: Microinsurance, the provision of small-scale insurance products to low-income individuals, is growing in Africa, providing more people with the ability to better manage their everyday risks, and keeping them in the path of development and away from poverty. Despite the benefits of risk management, however, lives covered are still low compared to the size of the population, suggesting low-take up rates. Using data provided by the MicroInsurance Centre, and the available academic literature, I compare providers' and academic perspectives on the main factors determining the demand for microinsurance.

The MicroInsurance Centre



A consulting firm dedicated to help insurers develop accessible insurance products for the low-income market.

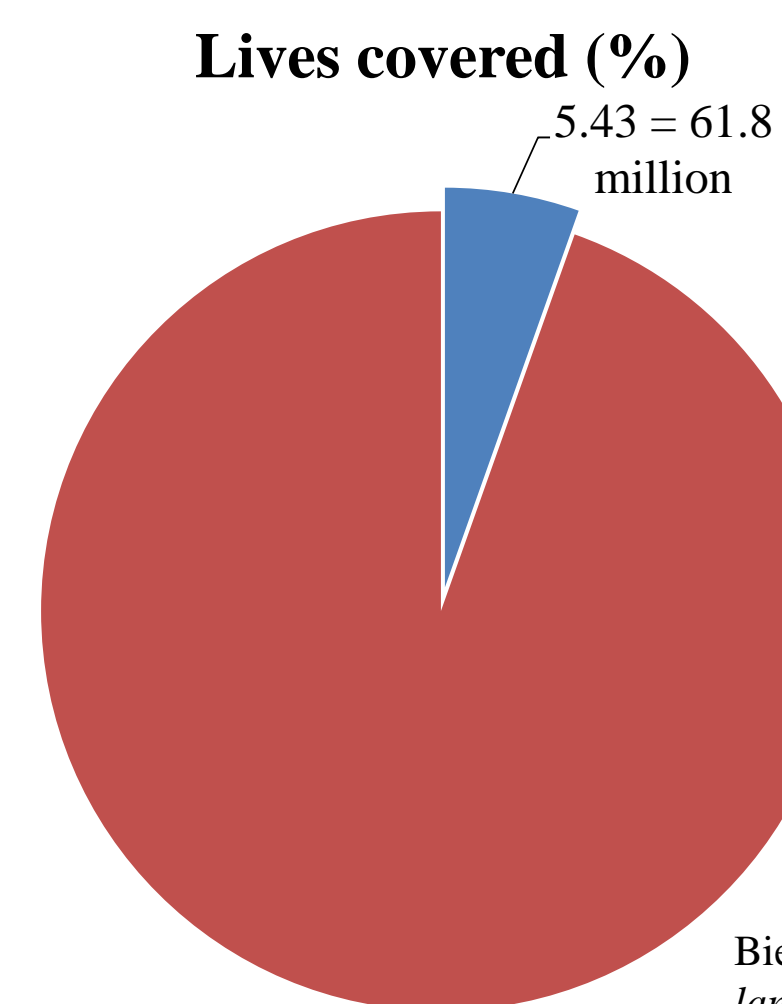
http://www.microinsurancenetworg/sites/default/files/civirm/custom/logo_MIClac_f1d4be610f380dbc99b41d36fdc221b6.jpg

Research question: What are the main factors affecting the demand for microinsurance products?

Approach: I use data on providers' perceptions on the market provided by the Microinsurance Centre from their 2015 Landscape study in Africa, and compare it to the findings provided by the academic literature.

Findings: Suppliers focus on education and market literacy as the most important factors of demand, followed by a better understanding of clients' needs, and better distribution channels. Academic research points to trust and prices.

Discussion: Providers and researchers agree on the importance of price as a factor of demand (including transaction costs). However, providers don't seem to fully acknowledge the importance of trust in determining the demand for microinsurance..

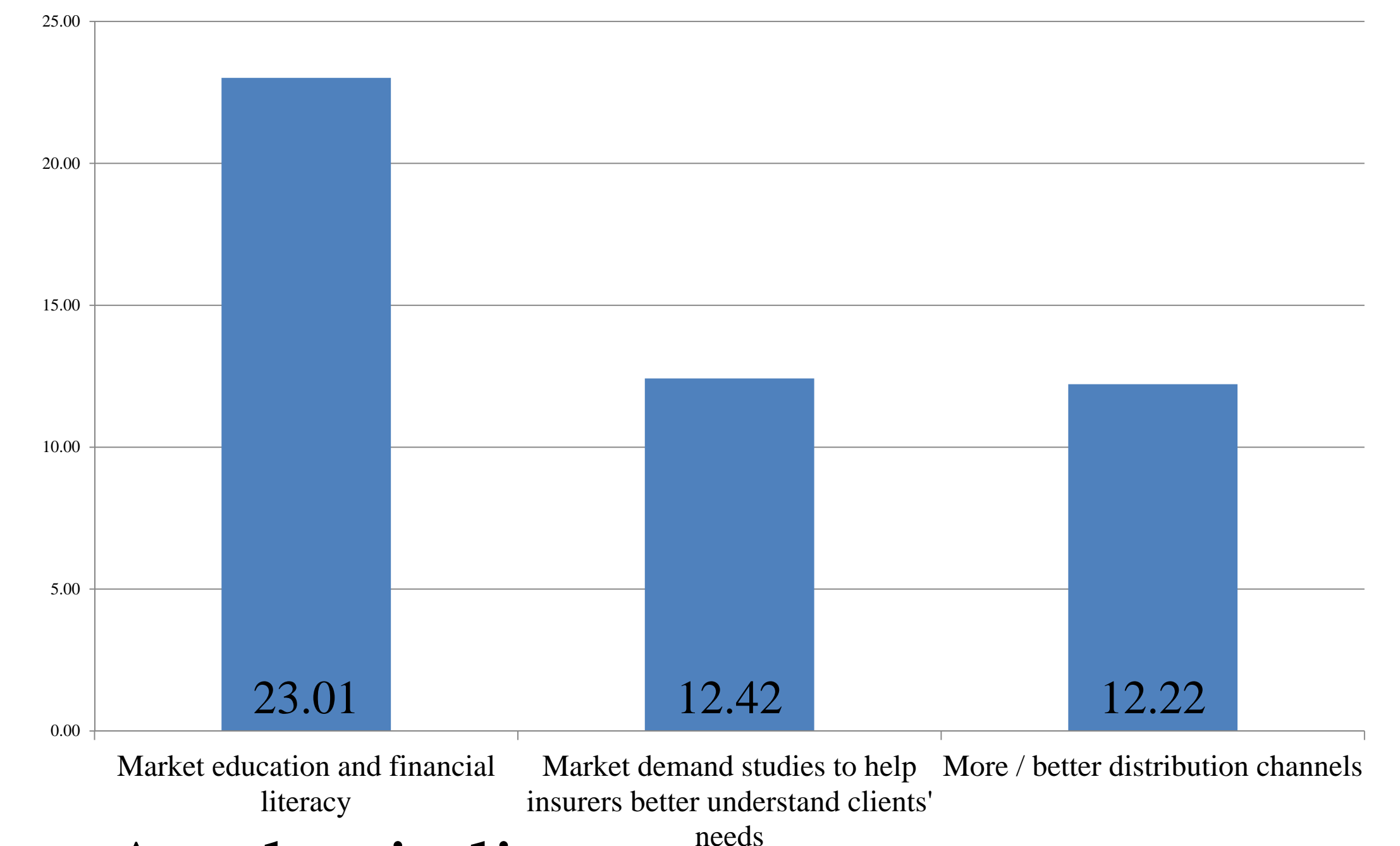


Biese, Katie; Micheal, J. McCord; Mateo, Mariah, 2016. *The landscape of microinsurance: Africa 2015*, Luxembourg: Microinsurance Network.

Suppliers perspective

*from data provided by the MicroInsurance Centre

What are the top three things that if changed would have the greatest impact on the development of microinsurance? (% out of all votes)



Academic literature

Eling, M., Pradhan, S. & Schmit, J. T., 2013. *The determinants of microinsurance demand*, s.l.: Risk management and insurance.

