The Landscape of Microinsurance in Asia and Oceania 2013
Briefing note
This briefing note summarises preliminary findings of the “The Landscape of Microinsurance in Asia and Oceania” study to be discussed during the 9th International Microinsurance Conference.

The study complements “The Landscape of Microinsurance in Africa, Latin America and the Caribbean” published in 2012 and completes the “World Map of Microinsurance”. Results and data are subject to clarification and discussion over the coming months. The final report is expected to be published by May 2014.

Excluding social microinsurance and informal insurance schemes, 172.8 million individuals and properties were identified as having microinsurance coverage in Asia and Oceania. With 111.1 million people covered, India leads the Asian microinsurance market (see Figure 1). The ten biggest microinsurance countries contribute over 99% of the total microinsurance coverage in Asia and Oceania.

Covering 83.9 million people, life insurance has emerged as the main type of coverage (see Figure 2). Accident coverage is a close second, with 77.6 million people covered. This is followed by health, agriculture and property products, covering 27.9 million and 26.2 million and 7.7 million respectively.

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**Key numbers**

- 31 countries evaluated
- 24 countries with microinsurance
- 250 respondents
- 216 providers
- ~500 total products
- 172.82 million lives/properties covered by contributory and/or co-contributory schemes
- 83.9 million Life
- 27.9 million Health
- 77.8 million Accident
- 27 million Property
- 26.2 million Agriculture
- 4.7 million Takaful
From 2010 to 2012, microinsurance in Asia and Oceania has witnessed compounded annual growth rates of 31% and 47% in coverage and premium generated. In terms of coverage, the Malaysian and Indonesian microinsurance industries emerge as the most vibrant, with growth rates of 185% and 103% respectively (see Figure 3). In terms of contribution to the overall microinsurance growth, India has been the main driver, contributing up to 70% (see Figure 4).

Microinsurance in Oceania is in its very nascent years. Pilots are run in only three countries: East Timor, Fiji and Papua New Guinea. Therefore, they are not shown separately. However, figures from Oceania are included in the analysis.

In addition, approximately 1.66 billion individuals/properties are reported to be covered by social microinsurance in 12 countries (India, China, Georgia, Jordan, Kazakhstan, Indonesia, Nepal, Pakistan, Thailand, the Philippines, and Vietnam). However, we have not included these numbers in this briefing note since we are awaiting analysis and processing of social microinsurance data from all countries of Asia and Oceania. In the final report, those will be clarified and dealt with in totality.

Besides this, around 15–20 million people/properties are reported to be covered by informal insurance schemes. While informal schemes are also similar to microinsurance, data on informal insurance can be mined only in focused country-specific studies. Though we have information on informal microinsurance of some countries, the authors have excluded this from the current study, since data is not available for all countries.

Figure 3
Compound annual growth rate in coverage (2010–2012)
For countries and companies where coverage numbers are available for all years

Figure 4
Contribution to growth by countries (in coverage)

- India 70%
- China 15%
- Philippines 8%
- Mongolia 3%
- Indonesia 2%
- Bangladesh 1%
- Others* 1%

* Others: all countries where growth < 1%: Sri Lanka, Cambodia, Fiji, Nepal, Oman, Malaysia, Kuwait
## Microinsurance coverage in Asia and Oceania

<table>
<thead>
<tr>
<th>Country</th>
<th>Microinsurance coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>6.20%</td>
</tr>
<tr>
<td>India</td>
<td>9.22%</td>
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<tr>
<td>Nepal</td>
<td>1.27%</td>
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<tr>
<td>Pakistan</td>
<td>3.09%</td>
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<tr>
<td>Tajikistan</td>
<td>0%</td>
</tr>
<tr>
<td>Bhutan</td>
<td>0.10%</td>
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<tr>
<td>Chile</td>
<td>0%</td>
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<tr>
<td>Georgia</td>
<td>0%</td>
</tr>
<tr>
<td>Armenia</td>
<td>0%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.02%</td>
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<tr>
<td>Uzbekistan</td>
<td>0.05%</td>
</tr>
<tr>
<td>Lebanon</td>
<td>0.13%</td>
</tr>
<tr>
<td>Jordan</td>
<td>1.50%</td>
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<tr>
<td>Kuwait</td>
<td>0.01%</td>
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<tr>
<td>Oman</td>
<td>0.01%</td>
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<tr>
<td>Armenia</td>
<td>0%</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.02%</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>0%</td>
</tr>
<tr>
<td>Mongolia</td>
<td>0.68%</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>0.34%</td>
</tr>
<tr>
<td>Yemen</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Microinsurance coverage ratio:** percentage of the population covered by microinsurance.

- **No data**
- < 0.1%
- 0.1–1%
- 1–5%
- 5–10%
- > 10%
The centerfold map on pages 4 and 5 displays the microinsurance coverage ratio of each country, indicating the total number of insured people as a percentage of the total population, and the absolute number of lives or properties insured. The darker colours indicate a higher coverage ratio, while the size of the grey circle within the country represents the absolute number of lives and properties covered.

Total lives and properties covered (in millions)

- 0–1 million
- 1–5 million
- 5–10 million
- 10–100 million
- > 100 million

- China 0.89%
- Mongolia 0.68%
- Vietnam 0.18%
- Philippines 21.35%
- Cambodia 2.05%
- Thailand 14.02%
- Indonesia 0.56%
- Malaysia 3.84%
- East Timor 1.58%
- Fiji 3.49%
- Papua New Guinea 0%
- Laos 0%
- Myanmar 0%
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Delivery channels of microinsurance

The most commonly used distribution channels for microinsurance in Asia and Oceania are member organisations, followed by microfinance institutions and traditional/specialised insurance agents (see Figure 5). Other distribution channels, such as employers, retailers and mobile phones, are part of the distribution landscape, but they are still marginal channels; more attention could be drawn to developing these emerging channels.

Significant trends and observations

In spite of substantial growth and significant coverage, the microinsurance sector has not been able to cover more than 4.4% of the people on the continent (see Figure 6). However, in Asia and Oceania, the sector is characterised by a multiplicity of products and innovation: A substantial mosaic of products has been reported, ranging from traditional products (credit life, term life, primary health covers, traditional indemnity-based insurance, etc.) to more innovative ones, such as combined products like endowment, additional benefit insurance and index-based products. Micro-takaful insurance is also significant in the region. While some targeted countries have already developed specific microinsurance regulations (e.g., India, the Philippines, Cambodia) in the region, others are following suit (e.g., Bangladesh, Pakistan, Nepal, Vietnam). Besides this, many Asian countries have matured insurance and financial inclusion industries, which create an adequate learning ground for the other countries.

Figure 5
Distribution channels for different microinsurance types (by number of products)

0% 25% 50% 75% 100%

Percent

Life Health Agriculture Property Accident Takaful

CBOs, mutuals, other memb. org.
Funeral parlours
Churches
Retailers
MFIs, remittances, banks
Spec/MI agent
Conventional insurance agents

*Takaful insurers do offer a variety of products (e.g. life, health, property)
This briefing note on “The landscape of Microinsurance in Asia and Oceania” revealed a coverage of nearly 173 million people by contributory and co-contributory microinsurance schemes. Some countries in the region attained a substantial growth of up to 30% between 2010 and 2012. Bangladesh, China, India, Thailand and the Philippines are leading in the region, the Philippines being the country with the highest microinsurance coverage ratio. Life and accident microinsurance dominate the market. While India and the Philippines led the way, microinsurance specific regulations are evolving constantly in countries like Bangladesh, China, Cambodia, Indonesia, Nepal, Pakistan and Vietnam.

Only four countries have a microinsurance coverage ratio of >5% (the Philippines, Thailand, India, Bangladesh). The countries in Asia and Oceania are varied in terms of size and development of their microinsurance sectors. However, even the small countries have started innovations (e.g. mobile microinsurance in Papua New Guinea), which will eventually contribute to the advancement of the sector in a sophisticated way.

The final report of the study which will be released in May 2014 will discuss the issues and trends in more detail.

In addition, social microinsurance covered nearly 1.66 billion people. Informal insurance also covers approximately 15–20 million individuals and properties.

Summary

Figure 6
Top 10 countries on microinsurance coverage ratio*

*Total number of insured people as a percentage of the total population