



LANDSCAPE OF MICROINSURANCE IN GHANA 2015

SUPPLY AND DEMAND SIDE REPORT

LANDSCAPE OF
MICROINSURANCE
IN GHANA 2015
SUPPLY AND DEMAND SIDE REPORT

Published by:

National Insurance Commission (NIC)
P.O. Box CT 3456
67 Independence Avenue, Insurance Place
Cantoments, Accra
T: +2333020237300/1
F: +233 3020237248/246369
E: info@nic.org
I: www.nicgh.org

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
GIZ Office Accra
P. O. Box KIA 9698
7 Volta Street
Airport Residential Area
Accra - Ghana
T: +233 (0)302 – 760 448 / 777375
F: +233 (0)302 – 773 106
E: promigh@giz.de
I: www.giz.de

Programme/Person responsible for publication:

Angela Armah, Technical Advisor PromIGH
Branko Wehnert, Project Manager PromIGH

Author:

CDC Consult
Microinsurance Centre
PromIGH

Photo credits:

PromIGH

Layout/Design and printed by:

Buck Press Limited

Place and date of publication:

Accra - Ghana
July 2015

On behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ), the GIZ project for Promoting Insurance in Ghana (PromIGH) supports the National Insurance Commission (NIC) to enhance the access to and the usage of insurance services for micro, small and medium enterprises and low-income households. PromIGH is an area of intervention of the GIZ Programme for Sustainable Economic Development in Ghana.

Table of Contents

LIST OF TABLES, FIGURES AND BOXES	i
ACKNOWLEDGEMENTS	iii
LIST OF ACRONYMS AND ABBREVIATIONS.....	iv
SECTION 0.0: EXECUTIVE SUMMARY	01
0.1 Introduction	01
0.2 Key Findings from Supply Side.....	01
0.3 Key findings from the Demand Side.....	03
0.4 Conclusions and Recommendations.....	03
SECTION 1.0: BACKGROUND AND PURPOSE OF LANDSCAPE.....	07
1.1 Background.....	07
1.2 Objectives of the Landscape Survey	07
1.3 Methodology and Limitations	07
1.4 Definition of Microinsurance.....	08
1.5 Microinsurance Products to the Low-Income Population	08
1.6 The Concept of Susu	08
1.7 Definition of Key Terminologies Used in the Study.....	08
SECTION 2.0: THE MICROINSURANCE LANDSCAPE	09
2.1 Lives and Properties Covered In Ghana.....	09
2.2 Providers.....	11
2.3 Products	12
2.4 Multinational Microinsurance Brokers	16
2.5 The Role of Mobile Network Operators and Partnerships.....	17
2.6 Policy Characteristics	19
2.7 Reinsurers	19
2.8 Rural-Urban Distribution	20

2.9	Distribution Channels.....	20
2.10	Technology and Microinsurance Delivery	21
2.11	Financial Performance	25
SECTION 3.0: CONDUCTIVE FRAMEWORK CONDITION FOR MICROINSURANCE IN GHANA.....		35
3.1	Industry Feedback on Microinsurance Regulatory Framework.....	35
3.2	Industry Feedback on Clients' Economic Activities	36
3.3	Profitability Perception of MI Product Offering.....	37
SECTION 4.0: CONCLUSIONS AND RECOMMENDATIONS.....		39
4.1	Conclusions.....	39
4.2	Issues and Recommendations	39
SECTION 5.0: INTRODUCTION, BACKGROUND, OBJECTIVE AND SCOPE.....		43
5.1	Introduction	43
5.2	Scope of the Demand Side Survey	43
5.3	Approach and Methodology	43
5.4	Survey Limitations	45
5.5	Terminologies in the context of this report.....	45
SECTION 6.0: FINDINGS FROM THE QUANTITATIVE AND QUALITATIVE ANALYSIS.....		47
6.1	Introduction	47
6.2	General Background and Characteristics of Respondents.....	47
6.3	Analysis on Knowledge about Insurance	54
6.4	Attitude towards Insurance and Existing Products on the Market	71
SECTION 7.0: CONCLUSIONS AND RECOMMENDATIONS.....		79
7.1	Introduction	79
7.2	Conclusions.....	79
7.3	Recommendations	80

APPENDICES

APPENDIX 1:	INSTITUTIONS THAT PARTICIPATED IN THE MICROINSURANCE LANDSCAPE SURVEY	81
APPENDIX 2:	ASSESSMENT FRAMEWORK FOR MICROINSURANCE PROVIDERS AND PRODUCTS	82
APPENDIX 3:	GLOSSARY	85
APPENDIX 4:	SAMPLE INTERVIEWED (REGIONAL AND COMPANY)	86
APPENDIX 5:	REGIONAL STATISTICS	87
APPENDIX 6:	QUINTILE INCOME GROUPINGS AND SUMMARY STATISTICS OF THE NUMBER OF CHILDREN AND DEPENDENTS	91
APPENDIX 7:	RESPONDENT INCOME CATEGORISATION.....	91
APPENDIX 8:	DEMOGRAPHIC INFORMATION OF CLIENTS WITH INCOME ABOVE GHS1,500	92
APPENDIX 9:	HOW MUCH DO YOU SPEND ON CREDIT PER WEEK.....	97
APPENDIX 10:	MONEY SPENT ON UTILITIES PER MONTH	97
APPENDIX 11:	QUINTILE ANALYSIS OF MONEY SPENT ON UTILITIES PER MONTH.....	97
APPENDIX 12:	COMPUTATION OF INSURANCE KNOWLEDGE AND ATTITUDE INDEX	98

LIST OF TABLES, FIGURES AND BOXES

Tables

Table 1:	MI Products (Risk Covers) and Respective Providers.....	13
Table 2:	Categories and Models of Mobile Insurance in Ghana.....	17
Table 3:	Key Insurance Processes and Use of Technology.....	24
Table 4:	MI product types, lives covered and associated premiums (2014).....	26
Table 5:	Key Performance Indicators Exclusive and Inclusive Of Savings.....	27
Table 6:	Key Performance Indicators (MNO Providers versus Non-MNO Providers).....	32
Table 7:	Economically Active Population	43
Table 8:	Regional Client Sample Allocation.....	44
Table 9:	Total Number of Interviews per Region.....	44
Table 10:	Age Distribution.....	48
Table 11:	Marital Status.....	49
Table 12:	Educational Level	49
Table 13:	Employment Status.....	49
Table 14:	Sectors of Operation	50
Table 15:	Major Assets	52
Table 16:	Mobile Phone Use.....	52
Table 17:	Financial Institutions Used	53
Table 18:	Source of Insurance Awareness	54
Table 19:	Definition of Insurance.....	54
Table 20:	Knowledge of Insurance Policies.....	56
Table 21:	Insurance Types Known.....	56
Table 22:	Knowledge of Insurance Service Providers.....	56
Table 23:	Rating on Insurance.....	57
Table 24:	Knowledge Questions.....	57
Table 25:	Insurance Knowledge Index Score by Region	58
Table 26:	Insurance Index Score by Gender	58
Table 27:	Insurance Index Scores by Educational Level	58
Table 28:	Insurance Index Score by Level of Insurance Knowledge Rating	59
Table 29:	Insurance Needed When Someone Dies from Accident	60
Table 30:	Insurance Purchased.....	60
Table 31:	Benefits from Insurance Purchased 1.....	61
Table 32:	Determinant of Sales Closure.....	62
Table 33:	Mode of Product Sale.....	62
Table 34:	Influence over Choice of Provider.....	63

Table 35:	Clients' Own Knowledge Assessment.....	64
Table 36:	Policy Satisfaction Level of Client.....	65
Table 37:	Relationship between insurance cover and level of satisfaction (Product 1).....	66
Table 38:	Relationship between insurance cover and level of satisfaction (Product 2).....	66
Table 39:	Statements on Insurance	71
Table 40:	Insurance Attitude Index.....	72
Table 41:	Insurance Concept, Company, Risk and Perception; and Combined Attitude Index Scores by Region	72
Table 42:	Trust of Companies.....	74
Table 43:	Dislike about Insurance Policy Terms	76
Table 44:	Why a Respondent Would Not Buy Insurance Again	77
Table 45:	Products Meet Needs of Clients	78
Table 46:	Major Issues with Microinsurance in Ghana	78

Figures

Figure 1:	Distribution of MI Provider Outlets across Ghana	10
Figure 2:	Gender Distribution of Lives Covered By Six (6) MI Providers.....	10
Figure 3:	MI providers and respective lives/properties covered.....	11
Figure 4:	Growth of MI products in Ghana from 2003 to 2014	12
Figure 5:	Number of MI Products on the Market (Primary Covers Only).....	14
Figure 6:	Lives/Properties Covered by Product Type (Risk Cover) for 2012, 2013 and 2014.....	16
Figure 7:	Rural-Urban Distribution of MI Clients of Eight (8) Providers	20
Figure 8:	MI Distribution Channels and Lives Covered By Respective Channels	21
Figure 9:	Use of Technology for Market Research, Marketing and Education	22
Figure 10:	Use of Technology in Premium Collection, Claims Payment, Customer Service and Policy Management	22
Figure 11:	Mechanisms Adopted for Applications/Client Enrolment and Data Transfer with Partners	23
Figure 12:	Impact of Savings and MNOs on MI Premiums.....	26
Figure 13:	Impact of Savings on Financial Performance (2014)	27
Figure 14:	Key Performance Indicators (Savings Exclusive)	28
Figure 15:	Key Performance Indicators (Savings Inclusive).....	28
Figure 16:	Profitability of MI products.....	30
Figure 17:	Impact of MNOs on Financial Performance.....	31
Figure 18:	Average Premium, Claims and Cost	32
Figure 19:	Models of MNO Product Distribution and Their Impact on Coverage and Written Premium.....	32
Figure 20:	Perceptions of Insurers on Potential MI Clients	36
Figure 21:	Profitability of MI Product Offering.....	37
Figure 22:	Market Aspects Relating to MI Provision	37

Figure 23: Approach to Demand Side Survey	43
Figure 24: Distribution of Active and Inactive Clients Interviewed	47
Figure 25: Gender.....	48
Figure 26: Religious Affiliation	48
Figure 27: Histogram of sample age distribution.....	48
Figure 28: Housing Status	50
Figure 29: Monthly Income	51
Figure 30: Clients' Monthly Household Income	51
Figure 31: Correlation of individual monthly income and monthly expenditure on mobile airtime/credit	53

Boxes

Box 1: Serving a Niche Market	12
Box 2: Partnerships for Microinsurance Delivery	18
Box 3: Partnership Management	18
Box 4: Partnership with the Right Actors Works.....	19
Box 5: Customer Centric	23
Box 6: Complaint Management	23
Box 7: Client Education and Engagement	24
Box 8: Client Engagement through Client Clinic Sessions.....	25
Box 9: Practices Related to Performance Management.....	29
Box 10: Dedication to MI Provision Yields Results	29
Box 11: Product Performance Assessment Practices.....	31
Box 12: Premium Collection and Renewals Management Practices	33

Acknowledgements

This study is the continuation of the market survey, covering the supply of and the demand for microinsurance in Ghana, which was published in the book 'Promoting Microinsurance in Ghana' in 2012.

We wish to thank everyone whose efforts have culminated in this study. Our sincere thanks go to the Insurance providers and clients whose invaluable contributions through interviews and Focus Group Discussions has deeply enriched this report. We convey special thanks to Ernest Dzandu of CDC Consult and his team, who ably collected data and prepared this report.

We also deeply appreciate the efforts of Micro Insurance Centre (MIC) especially, Michael McCord who visited the country to validate and collect supplementary data, subsequently analysing the data on the supply side of this report, we appreciate his constructive comments and suggestions. MIC's contributions are solely towards the supply side of this report.

All the opinions expressed in this study as well as any omissions and errors remain solely ours.

LIST OF ACRONYMS AND ABBREVIATIONS

BMZ	German Federal Ministry for Economic Cooperation and Development
CGAP	Consultative Group to Assist the Poor
FSD	Focus Group Discussions
GAIP	Ghana Agricultural Insurance Pool
GDP	Gross Domestic Product
GIA	Ghana Insurers Association
GIC	Ghana Insurance College
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IPA	Innovations for Poverty Action
KPIs	Key Performance Indicators
LEAP	Livelihood Empowerment Against Poverty
MFW4A	Making Finance Work For Africa
MI	Microinsurance
MIC	Micro Insurance Centre
MNOs	Mobile Network Operators
MSE	Medium and Small Enterprises
MSME	Micro Small and Medium Enterprises
NCA	National Communications Authority
NHIS	National Health Insurance Scheme
NIC	National Insurance Commission
PoS	Point of Sales Device
PromIGH	Promoting Insurance in Ghana
PSED	Programme for Sustainable Economic Development
SPSS	Statistical Package for Social Sciences
TPA	Third Party Administrator

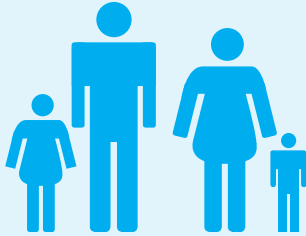
US Dollar Exchange rate to GHS, December 2012=GHS1.9

US Dollar Exchange rate to GHS, December 2013=GHS2.2

US Dollar Exchange rate to GHS, December 2014=GHS3.1

At a Glance

7.5
million
lives and
properties
insured



13



Microinsurance
providers

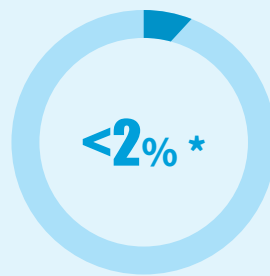


27

Microinsurance products
currently on the market



Micro insurance
penetration ratio



Insurance
penetration ratio

GHC 13.3
million

Gross written MI Premium (2.7%
of total written premiums of all MI
underwriters in Ghana for 2014)

* GDP as at 2013



of surveyed clients
are engaged in the
trade sector



0.45

Average insurance
knowledge index

The feedback on awareness of the

Market Conduct Rules

indicates that more education is
needed among the providers to
improve awareness

SECTION 0.0: EXECUTIVE SUMMARY

0.1 Introduction

Microinsurance is an important mechanism for managing uncertainties and vulnerabilities of low-income segments of the population. In Ghana, microinsurance industry development is being spearheaded by the National Insurance Commission (NIC) to expand the insurance market and facilitate improved access to and the usage of insurance services by MSMEs and low-income households. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), provides technical assistance to NIC and other key stakeholders in the insurance sector to achieve this objective. In pursuance of this, the NIC has introduced the Market Conduct (Microinsurance) Rules in order to guide the microinsurance segment of the insurance market.

As a follow up to a 2012 survey, the NIC working with GIZ contracted MicroInsurance Centre (MIC) and CDC Consult Limited to conduct a Microinsurance Landscape Survey for 2014. The survey focused on both the **supply and demand sides of the market**. The supply side sought to throw more light on the status of the microinsurance sector in Ghana; solicit detailed feedback from the insurance industry on the current level of adoption of the Market Conduct (Microinsurance) Rules; identify examples of good practices in the microinsurance market and investigate their promotion. The demand side focused on assessing the current level of knowledge, attitude and perception of microinsurance clients.

0.2 Key Findings from Supply Side

Number of lives/properties covered (2014)	7,496,212	
Highest recorded lives/properties covered by a Provider	4,098,145	
Lowest recorded lives covered by a Provider	69	
Number of Insurance Companies	43	
Number of MI Providers (Insurance Companies)	13	
Percentage Coverage of Population	28%	
Products/Risk Covers	Risk Cover	Lives/Properties Covered¹ (2014)
	Life (non-credit)	4,643,574
	Credit- life	2,304,860
	Hospitalization	488,661
	Personal Accident	57,002
	Property	1,732,774 (secondary covers)
	Agriculture	2,115
	Endowment Policies ²	125,968
Main Delivery Channels	<ul style="list-style-type: none"> • Internal Channels: Sales Representatives and Commissioned Staff. • External Channels: Agents, Mobile Network Operators, Microfinance Institutions, Post Offices, Business and Faith based groups. 	

1 Counted based on primary cover of the policies

0.2.1 Summary of Respondents (Microinsurance Providers)

A total of forty-three (43) insurance companies comprising Life and General Insurance providers participated in the supply side survey. A total of thirteen (13) microinsurance providers were identified.

0.2.2 Number of Lives/Properties Covered

Total number of lives/properties covered by the thirteen (13) MI providers at the end of December 2014 stood at 7.4 million lives/properties. In 2010, FinScope Survey indicated that only 4.1% of the total adult population had any insurance policy (excluding public health insurance). In 2012 Making Finance Work for Africa (MFW4A)(conducted by the MIC) reported that insurance coverage had increased to 7%. The 2014 study established that the percentage of the Ghanaian population covered by microinsurance policies is currently at 28%. Total number of lives/properties covered for 2012 was 1.8million compared to 3.1 million for 2013 representing a general growth of 77%. In 2014, lives/properties covered

increased by 140% to 7.5 million. Three (3) providers have the highest MI coverage, sharing among them 98% of lives covered.

0.2.3 Products

The study has revealed that MI providers offer a total of twenty-seven (27) products with the number of products offered per provider ranging from one (1) to six (6). The main ones are policies covering life (non-credit), credit-life and hospitalization². Product innovation remains a challenge with most of the products having similar features. The major feature of ten (10) MI products on the market is the inclusion of a savings or investment component.

0.2.4 Delivery Channels

The main delivery channels adopted by the thirteen (13) providers are a mix of internal and external channels. Internal channels are mainly sales representatives and commissioned staff. External channels comprise agents, mobile network operators, microfinance institutions, post offices, business and faith based groups.

0.2.5 Financial Performance³

Overview of Financial Performance				
	2012	2013	2014	
Gross Microinsurance Written Premium	GHS 4,650,285	GHS 7,659,318	GHS 13,304,550	
	(US\$ 2,447,519)	(US\$ 3,481,508)	(US\$ 4,291,790)	
Key Performance Indicators (KPIs)				
(Weighted Average)				
	Net Premiums	Claims Ratio	Administrative Expenses ratio	Commission rate
KPI (MI Industry)	27%	27%	22%	24%
KPI (for MNO Providers)	21%	31%	16%	32%
KPI (Non-MNO Providers)	23%	64%	9%	4%

Gross written premiums generated from microinsurance for 2014 amounted to GHS 13.3 million (a 185% increase between 2012 and 2014). Both the net premium and claims ratio for the industry stand at 27%. The claims ratio for MI providers who have partnered with Mobile Network Operators (MNO providers) stands at 31%, compared to non-MNO providers whose ratio stands at 64%. Non-MNO providers are more profitable than MNO providers, notwithstanding the fact that MNO providers have a higher outreach. MNO providers also incur a greater cost than non-MNO providers in offering microinsurance. However, when insurers partner with MNOs, MNOs (being the distributors) earn more than their partner insurers.

0.2.6 Partnerships

There are several partnerships between third party actors and MI providers. Partners include Mobile Network Operators, microinsurance specialist companies, microfinance institutions and postal services.

0.2.7 Observed Practices

Observed practices have been noted from the perspective of the wider industry and MI providers. On the part of the wider industry, there has been the introduction of the Microinsurance Market Conduct Rules, designed to encourage and guide the development of insurance products for the low income sector; the introduction of the

2 This does not cover the broader costs of hospitalization (i.e. bills or cost of treatment)

3 US Dollar Exchange rate to GHS, December 2012=GHS1.9 ;US Dollar Exchange rate to GHS, December 2013=GHS2.2; US Dollar Exchange rate to GHS, December 2014=GHS3.1

MI Logo to be used by all microinsurance providers and support from GIZ in the form of sensitization for the insurance industry through the provision of technical support to MI providers. Observed practices from MI providers are in the areas of dedicated microinsurance business based on the opportunities offered by the segment of the market; use of mobile phone technology to increase coverage and facilitate premium payment; use of call centres to promote client engagement and repayments; use of client focused clinic sessions to market, sell and resolve client problems and the institution of policies on complaint procedures to guide clients in making complaints.

0.2.8 Gender Distribution

In Ghana, the male population constitutes 48.8% of the population while females constitute 51.2%⁴. Six (6) out of thirteen (13) providers estimated percentages that ranged between 33% and 60% for women with percentage of male clients dominating in most cases. Providers who use MFIs and agents in market places to distribute their products reported higher proportion of female clients.

0.3 Key findings from the Demand Side

The key findings of the demand side study are presented on background, knowledge, attitudes and perception of clients towards insurance.

0.3.1 Background of Clients

The typical microinsurance client is a middle age woman who is self-employed in the informal sector. The survey results show that the client base of microinsurance providers is mostly self-employed women (especially traders) who fall within the age bracket of 30-39 years. Majority (57.6%) of the clients earn an average monthly income of GHS600 and below, an indication that the main target market is largely low income although there are cases where clients that do not meet low income profile will use a microinsurance product. The clients are spread in different parts of the country.

0.3.2 Insurance Knowledge

The average insurance knowledge index computed from the outcome of responses is 0.45. On average, respondents were able to mention 2.3 types of insurance products and 2.1 insurance companies. The types of insurance products mentioned most frequently were health insurance or NHIS, life insurance and motor/car insurance. Basic questions in insurance such as whether a policyholder would get his money back if he pays regularly and never has need to use it could not be answered correctly by a majority of the clients (53.4%). On the other hand, most clients knew that

insurance is not for free (91.9%) and that they have to pay regularly (83.7%) to keep their policies.

0.3.3 Insurance Attitude

Attitude towards insurance was measured by the degree of agreement with a series of subjective statements about insurance and insurance companies using a Likert Scale. Questions referring to the concept of insurance generally drew very positive responses by the combined insurance concept index of 0.68. Clients generally know the importance and relevance of insurance. From the outcome, it can be said that clients are not exhibiting attitudes that show a dislike or deterrence towards the concept of insurance. One interesting concept which 30.6% of respondents did not agree to was it being normal not to receive payments if no calamity befalls a policy holder.

With respect to questions about insurance companies, majority (69.8%) of clients indicated that insurance companies try to help their clients. When respondents were asked whether companies delay or make it difficult when it comes to claims, 50.5 percent agreed. About 47.4 percent of clients agreed to the statement that insurance companies care more about saving money than about helping policy holders.

0.3.4 Perception of Insurance

Clients' perception of insurance was generally drawn from the question on what their spouses, friends and family think about insurance as well as reasons why people do not want insurance. The responses received were somewhat generally positive on the concept of insurance but negative with respect to insurance companies. Responses received included *"one would have peace of mind because you know that in case of any unforeseen event happening you can call on them to help you"*. With respect to insurance companies, responses received included *"My friends think that insurance companies are thieves because any time we demand for our money they toss us and finally deny us of our monies; they don't trust insurers; the process for filling the form is too long; the agents do not tell the truth; information on insurance is not readily available; long process to obtain claims; they have the impression that it is for rich people"*.

0.4 Conclusions and Recommendations

The supply side survey has identified significant improvement in Ghana's microinsurance landscape with respect to outreach, products, delivery strategies and use of mobile phone technology to reach low-income segments of the population. The majority of microinsurance products appear to be cost covering and profitable⁵ based on available performance information. The Market Conduct

4 2010 Population and Housing Census: Summary Report of Final Results

5 Combined ratio of operational and claims costs.

Rules introduced has served its purpose as MI providers generally find it workable and as a strategy to improve product standardisation in the industry. With all MI providers expressing interest in expanding their current portfolio, it is evident that the potential for the industry looks bright. The progress notwithstanding, a number of issues have to be addressed for further development of the microinsurance industry:

- Improvement in database management of MI providers to improve on performance and profitability analysis of products;
- The need to manage public perception and risk potential of MI providers and telecommunication businesses;
- Registration and re-registration of microinsurance products of MI providers with the National Insurance Commission;
- Increased promotion of Agricultural Insurance; and
- Clarification of the role of insurance companies in savings mobilization.

The demand side survey focused on assessing the background, knowledge, attitude and perception of microinsurance clients towards insurance. Products of microinsurance providers were found to be targeted mostly at women who fall in the 'low income' category. An assessment of the level of insurance knowledge of clients indicated that knowledge of basic insurance principles is fair (Knowledge Index = 0.45 relative to the highest knowledge index score of 1). Clients' attitude towards insurance is relatively high by the combined⁶ index of 0.68 (relative to the best attitude score of 1). Responses received from clients on the perception of their friends and relatives towards insurance generated positive responses with respect to the concept of insurance and negative responses towards insurance companies.

The main recommendations are:

- The need to actively promote education on insurance (and microinsurance) for low income clients to improve current knowledge level;
- The need to institute an appropriate mechanism for complaint resolution that meets the unique needs of the low income segment of the market.
- Enforcement of sanctions when market conduct rules are not complied with.

⁶ Combined index is an average of respondents' insurance concept and insurance companies' indices. It ranges from 0 to 1.

Supply Side

MICROINSURANCE PROVIDERS IN GHANA



SECTION 1.0: BACKGROUND AND PURPOSE OF LANDSCAPE

1.1 Background

Increased access to insurance, especially by those in the informal sector, is key to promoting financial inclusion. In 2009, the insurance gross premium was below 2% of the Gross Domestic Product in Ghana and access to insurance services was very limited, especially amongst the low-income population. In 2010, FinScope Survey indicated that only 4.1% of the total adult population had any insurance policy (excluding public health insurance). Making Finance Work for Africa (MFW4A) reported that insurance coverage increased to 7% in 2012. The market for microinsurance is thus rapidly developing with more and more commercial insurers and intermediaries seeking to expand their services to the informal sector.

The National Insurance Commission (NIC), as the regulatory and supervisory authority of the insurance sector in Ghana, is actively spearheading the development of microinsurance with the support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ). GIZ provides support to the NIC and other key stakeholders in the Ghanaian Insurance Industry, in its endeavours to promote access to quality insurance products. The support is part of a component of the German and Ghana Governments' 'Programme for Sustainable Economic Development (PSED)' which is dedicated to promote the development of insurance in Ghana (PromIGH) to achieve the following objective:

“The access to and the usage of insurance services for MSME and low-income households are improved”

1.2 Objectives of the Landscape Survey

The NIC and the industry need to analyse whether the microinsurance framework serves its purpose to enhance the supply of insurance products to the low-income population and whether the specifics of microinsurance business make economic sense to insurance companies. In the light of this, NIC is supported by GIZ to conduct a microinsurance landscape survey to verify information on the background of the current market and provide further information on the insurance sector.

The specific objectives were:

- To verify and update information and data available on the microinsurance sector in Ghana in 2014 and to gain a better understanding of the status quo of the industry and how it can be further developed;
- To solicit a detailed feedback from the insurance industry on the current level of adoption of the Market Conduct (Microinsurance) Rules and to guide the NIC in the refinement/ enhancement to optimize the regulations for microinsurance providers during the transitional period;
- To identify examples of good practices and lessons learnt in microinsurance (e.g. products, partnerships,

delivery channels, technology) and investigate into the promotion of such.

1.2.1 Study Timelines

- The baseline adopted for the study was 2011 (2012 Landscape Survey which used 2011 insurer data), which serves as the last year for which data was collected;
- The survey sought to obtain operational and financial information for 2012, 2013 and 2014;
- Data on lives covered and product information was limited to active insureds as at 31 December for each of the collected years.

1.3 Methodology and Limitations

1.3.1 Methodology

The methodology adopted for the supply side survey encompassed reaching out to forty-three (43) insurance companies with supply side survey instruments (questionnaire and excel matrix) to be completed. This was preceded by a review of company files at the NIC. Responses from MI providers were subsequently discussed with the providers for validation and further analysis. The completed questionnaires and excel matrices provided insight into

insurance and microinsurance practices and served as input for the supply side analysis. Follow up interviews were also held with the MI providers and intermediaries providing microinsurance to document best practices.⁷

In identifying what constituted microinsurance, the study team relied on the insurance companies who declared what they considered to be microinsurance. This declaration is based on their understanding of the criteria set in the Market Conduct Rules based on which the products are filed with the National Insurance Commission (NIC).

1.3.2 Limitations

Although data was voluntarily provided by insurers, a major limitation was that data had to be extensively cleaned for conflicts and potential errors, extending the time estimated for data collection and analysis.

1.4 Definition of Microinsurance

The Market Conduct Rules⁸ provide that an insurance contract may be designated as microinsurance contract on the basis of the following criteria:

1. The insurance contract must be designed and developed with the intention of meeting the needs of, and being marketed and sold to:
 - Low-income persons generally;
 - Specific types or descriptions of low-income persons; or
 - Low-income persons in a particular geographical area.
2. The premiums charged under the insurance contract must be affordable for those low-income persons for whom it was designed and developed; and
3. The insurance contract must be accessible to those low-income persons for whom it was designed and developed.

It is obvious therefore, that offering microinsurance should be a well-defined business line that has clarity with respect to the target market, products and delivery mechanisms that match the level and needs of the target market.

1.5 Microinsurance Products to the Low-Income Population

By definition, microinsurance may only be applicable as targeted at the low-income population. The concept of low income population has not been well-defined in the

microinsurance market in Ghana, but microinsurance providers will generally declare that they are serving the low-income population.

1.6 The Concept of Susu

Susu refers to savings mobilization from the informal sector; a concept which requires individuals (clients) to save a specific amount over a period of time at well-defined intervals with the “Susu” provider. It is a collection methodology that is used by all microfinance institutions including Savings and Loans Companies, Rural and Community Banks, Credit Unions and Susu Enterprises. This methodology is also used by microinsurance providers where part of the mobilized savings is used as insurance premium and the rest maintained as savings that is given back to the clients on pre-determined basis.

Susu operators provide daily collection and safekeeping services for the savings of mainly market vendors (predominantly women) and other operatives in the informal sector. Some **Susu** collectors also provide access to “soft loans” in the form of advances against the total amount of savings collected from clients. Most traders prefer to use **Susu** because it is convenient. It allows easy depositing and access to their savings, as traders are able to engage in financial transactions in the comfort of their stalls/vending points/homes and do not have to queue at the premises of financial institutions.

The Susu concept is built on trust and has undergone various changes over the years but remains a very significant part of Ghana’s Microfinance sector. Its significance in the Microinsurance sector is growing with MI providers using the methodology to collect contributions towards premiums and savings.

1.7 Definition of Key Terminologies Used in the Study

Key definitions used in the study are presented:

- **Coverage/outreach:** This is the number of lives covered by the MI policies;
- **MI Provider:** This refers to NIC Regulated insurance companies that are currently providing (underwriting) or have previously provided microinsurance policies;
- **Supply side survey:** This refers to interviews of insurance companies providing microinsurance products.

⁷ In the second step a survey of 1,847 active and inactive clients of microinsurance providers from nine (9) out of Ghana’s ten regions was conducted to investigate and triangulate client perception and attitudes towards the microinsurance services consumed. The survey was conducted through one-on-one in-depth interviews and through focus group discussions.

⁸ Market Conduct (Microinsurance) Rule, 2013.

SECTION 2.0: THE MICROINSURANCE LANDSCAPE

2.1 Lives and Properties Covered In Ghana

2.1.1 Growth in Microinsurance Users

Microinsurance in Ghana has experienced a steady growth over the past three (3) years. The 2012 Microinsurance Landscape survey revealed that 1.8 million representing 7% of the Ghanaian population of 25.4 million as at that year had some form of microinsurance coverage. In 2013, this figure increased to 3.1 million representing 12% of the population in 2013 and 28% for the year 2014. Although the growth in coverage of the Ghanaian population is significant, it is no indication of the quality and value of the products to the low-income market.

The 2014 microinsurance (MI) landscape survey has further established that microinsurance (MI) penetration accounts for only 0.06% of the Gross Domestic Product⁹ (GDP) representing 2.7% of premiums for all insurance business (total gross written premium) of the relevant 13 microinsurance providers in Ghana. The number of lives and properties covered is currently **7.5 million** rising from 3.1 million in 2013 and from 1.8 million in 2012. These represent growth of 140% and 77% from 2013 to 2014 and from 2012 to 2013 respectively. The role of Mobile Network Operators (MNOs) in the industry has been a key enabler for these growth rates. Through partnerships with MNOs, MI providers reached 4.34 million lives (representing 58% of lives covered) in 2014. Furthermore microinsurance providers partnering with MNOs experienced significant growth in 2013 and 2014 having increased number of lives covered by 94% and 438% respectively over the corresponding years. Compared to the West African sub-regional MI industry growth rate of 251% over the period 2008 to 2012¹⁰, the Ghanaian MI industry can be said to be growing at a steady rate.

2.1.2 Geographical Spread

Ghana's population is a mix of rural and urban dwellers with 50.9% of the population being urban¹¹. Microinsurance targets low-income clients, who are spread across both urban (including peri-urban) and rural areas. With respect to coverage of MI products across urban and rural divide, most MI providers (8 out of 13 providers) largely operate in urban areas, which account for 10% to 75% of their focus.

With available data on regional distribution of outreach being scanty, regional distribution was measured by the presence of agents of MI providers in the various regions rather than the number of clients being served within the regions.

The above notwithstanding, it was discovered, during discussions with providers and their agents, that there are pockets of microinsurance clients in nine (9) regions of Ghana. The study team could not confirm the presence of microinsurance clients in the Upper East region since all MI providers interviewed had no agent within the region. There is however, the possibility that providers using mobile phone platform as their distribution channel may have reached clients in all ten regions. The trends in regional outreach will be clearer when there is full compliance with mobile phone number registration by subscribers as required by the National Communications Authority (NCA).

Over time, it is expected that total lives and properties covered and regional outreach will expand given the growing awareness among insurance companies of the market potential and improvement in delivery channels. Providers interviewed projected increasing growth for the microinsurance market and indicated their willingness to continue investing in the microinsurance segment of the business, a reflection of their confidence in the market and willingness to increase their participation.

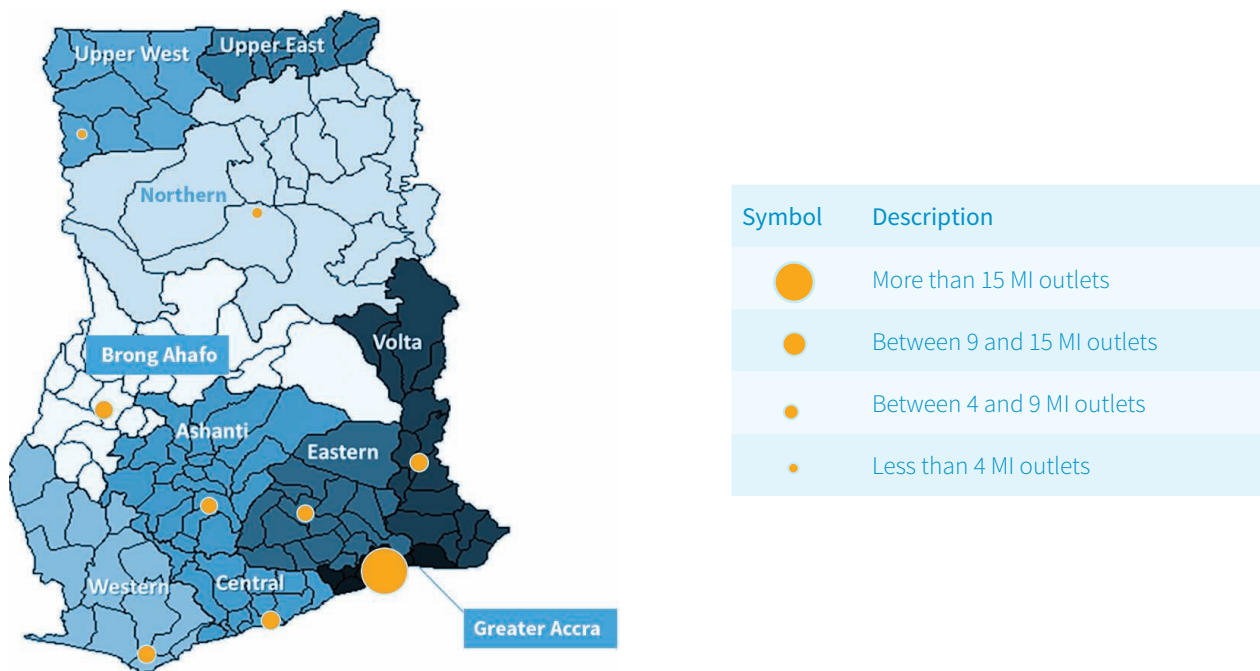
There are continuous opportunities to develop new products and to expand existing product lines to reach other segments of the low-income market. Expansion in geographical outreach however, will be determined largely by the distribution channels adopted by the providers. Figure 1 provides a depiction of the regional distribution and concentration of MI provider outlets (including agents and branches) across Ghana.

9 According to the Ghana Statistical Service, Gross Domestic Product in purchasers' value amounted to GHS113,436 million in 2014. (http://www.statsghana.gov.gh/docfiles/GDP/GDP2015/Revised_Annual_GDP2014_Jan2015.pdf)

10 The Landscape of Microinsurance in Africa 2012, Munich Re Foundation and GIZ Publication, March 2013

11 2010 Population and Housing Census: Summary Report of Final Results

Figure 1: Distribution of MI Provider Outlets across Ghana

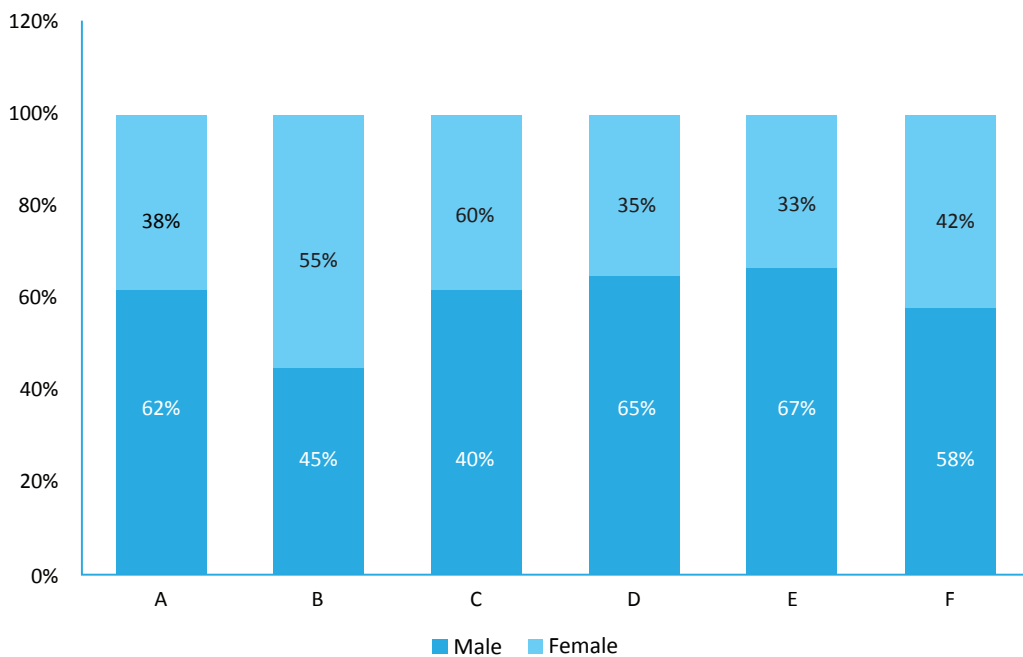


2.1.3 Gender Distribution

In Ghana, the male population constitutes 48.8% of the population while females constitute 51.2%¹². Six (6) out of thirteen (13) providers estimated percentages that ranged between 33% and 60% for women with percentage of male

clients dominating in most cases. The sex distribution for the six (6) providers (indicated with alphabets A to F) that reported is presented in Figure 2.

Figure 2: Gender Distribution of Lives Covered By Six (6) MI Providers



2.2 Providers

2.2.1 Overview of MI Providers

Ghana currently has a total of forty-seven (47) insurance companies comprising twenty-one (21) life companies and twenty-six (26) non-life companies. A total of thirteen (13) providers disclosed that they provide microinsurance products, compared to eleven (11) providers noted in the 2012 survey¹³. The providers include those who operate microinsurance as separate business units and those who have microinsurance as an integral part of the main insurance business. Out of the thirteen (13), eleven (11) operate microinsurance within their broader insurance business

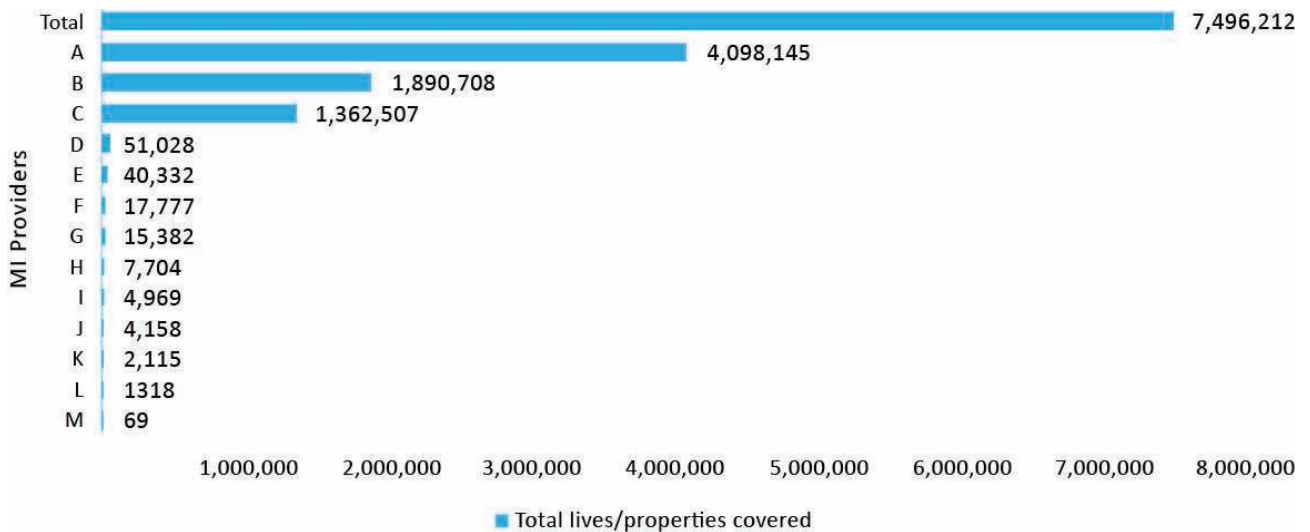
while two (2) carry out microinsurance business as an integral and core business. When asked of their motivation for providing microinsurance, the providers indicated among other reasons, the recognition that the bottom of the pyramid constitutes a significant business opportunity that can be developed and the search for alternative market segments. One (1) provider indicated that it had set up a separate business for microinsurance because it makes a business case to separate it from mainstream insurance.

2.2.2 Providers versus Lives/Properties Covered

The top three (3) MI Providers with respect to number of lives covered shared a total of 98% of lives covered for 2014. This can be attributed to their use of MNOs in product distribution by two (2) providers and the last provider's

strategy of operating MI business as a separate entity from mainstream insurance. Figure 3 shows the various providers in the industry (indicated with alphabets A to M) and the respective lives covered as at December 2014.

Figure 3: MI providers and respective lives/properties covered



13 Promoting Microinsurance in Ghana, NIC/GIZ Publication, November 2012

Box 1

Serving a Niche Market

Between 2012 and 2014, the number of policy holders increased by 127% from 710,695 in 2012 to 1,614,688 in 2013. In 2014, it increased by 17% to 1,890,708. Premiums on the other hand increased by 48% from GHS2.2million in 2012 to GHS3.2million in 2013 but decreased to GHS2.9million in 2014 (9% decrease). Good practices that have sustained the business include continuous market scanning to develop strategies that will take advantage of market opportunities. A strong market research effort ensures that the provider understands the market needs so as to match products and delivery channels. Serving a niche market requires unique strategies and the provider ensures that it offers low priced policies (GHS2-GHS10 for cover of GHS1,000); agents go to where clients are located such as in the market place to reduce cost of transactions and improve convenience for clients; adoption of a non-rejection claim policy with the intention of encouraging the low-income market to continue with the contract and 24 hour claim processing policy for claims below GHS200.

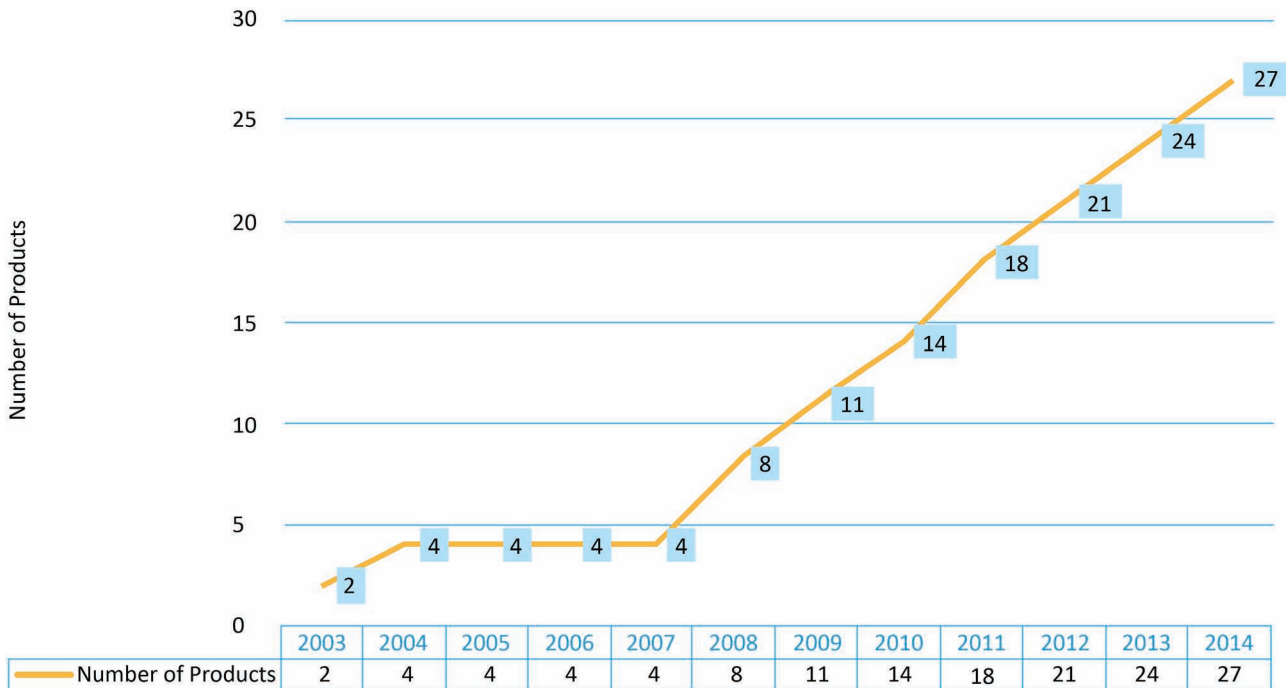
Channels for MI product distribution have been well differentiated including a mix of MFIs, retailers and staff. Close contact with clients on the field by staff and through microfinance outlets have proved helpful in increasing contact with clients to resolve client complaints. Continuous client satisfaction is assessed through feedback from the clients.

2.3 Products

Microinsurance products in Ghana cover the following risk types: life, credit life, hospitalization , property, personal accident and agriculture. Analysis of responses and follow-up interviews with providers identified a total of twenty-seven (27) microinsurance products provided by the thirteen

(13) providers. Compared to eighteen (18) products in 2011, this represents a growth of 50% over the period. Figure 4 presents the growth of MI products in Ghana from 2003 to 2014.

Figure 4: Growth of MI products in Ghana from 2003 to 2014



Ghana has a high number of life products with long-term savings components. In effect, insurance is often mistaken for savings by some MI clients. The predominant life products are credit life, term life and funeral. Out of the twenty-seven (27) products, twenty (20) are life products (term-life, savings-linked and funeral), three (3) are credit life, two (2) hospitalization, one (1) personal accident and one (1) agricultural cover.

Term life and savings-linked life policies are broadly distributed. Hospitalization is primarily hospital cash with a single value payment if someone is in the hospital for more than 3 nights. One (1) product is substantially an MNO

product. There are very limited agricultural MI products offered, serving 490, 436, and 2,115 insureds, for GHS 9,063; 14,901 and 70,492 in premiums, for 2012, 2013, and 2014, respectively. The MI products range from stand-alone products to bundle and embedded (primary covers linked with single or multiple secondary covers/riders).

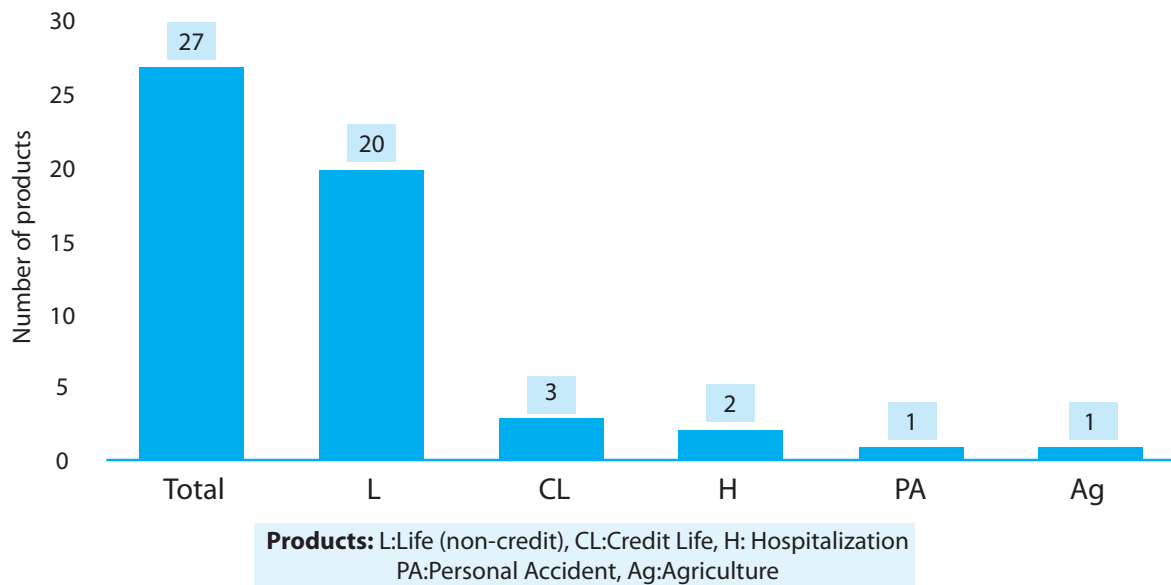
Table 1 presents MI products and their respective providers. These products, which are largely targeted at the “low-income” population, are also sometimes classified as mass-market products, given that they serve the general market as well as low-income segment of the market.

Table 1: MI Products (Risk Covers) and Respective Providers

Main Cover	Product Name	Provider
Life (non-credit)	Airtel Subscriber	Enterprise Life
	Church Funeral	Enterprise Life
	Savings Linked Ensure	Enterprise Life
	Edwadifo Ahobanbo	Donewell Life
	Skull Boafo Plan	Donewell Life
	Sika Plan	SIC Life
	Anidaso and Edwa Nkoso	Glico Life
	Worseeko	Unique Life
	Driva Pa	Unique Life
	Eye mnoa Funeral Policy	Star Microinsurance
	Abusua Nkyemfa	Star Microinsurance
	Gu aba pa	Star Microinsurance
	Airtel	Star Microinsurance
	Micro Pension Plan	Phoenix Life
	Micro Education Plan	Phoenix Life
	Church Life Assurance Product	Vanguard Life
	Abusua Anidasoo (sie bi)	Vanguard Life
	TiGO Family Care	Prudential Life
	MTN Mi Life	UT Life
	Gyae Su	GUA Life
Credit Life	Credit Protection	Star Microinsurance
	Credit Life	Old Mutual
	Credit Life	Enterprise Life
Personal Accident	BIMA Personal Accident Insurance	Prudential Life
Hospitalization	Micro Healthcare	Star Microinsurance
	TiGO Hospital Support Plan	Prudential Life
Agriculture	Drought Index	Ghana Agricultural Insurance Pool

Figure 5 shows the number of products being offered for the various risk types (this analysis is limited to primary covers). The most common types of risk cover are term life and funeral (both non-credit-life covers). Agriculture cover

(drought index) remains the lowest type of insurance cover for the microinsurance sector in Ghana. Property covers are not yet offered as primary covers.

Figure 5: Number of MI Products on the Market (Primary Covers Only)

2.3.1 Life (non-credit) products

Non-credit life products on the market include funeral covers, term-life, savings linked, whole life and educational policies. They form about 74% of the twenty-seven (27) MI products on the market. As of December 2014, non-credit life products in Ghana covered an estimated 4.64 million lives as primary covers and 5.22 million lives as both primary and secondary covers. The risk cover has experienced significant growth over the past three (3) years having risen by 74% in 2013 from 2012 and 309% from 2013 to 2014. As already mentioned this growth is mainly attributed to the involvement of MNOs in the MI sector. In 2014 alone, lives covered by the five (5) MNO-driven products on the market accounted for 4.34 million lives representing 58% of lives covered.

Average annual minimum premium for non-credit life products is GHS30 while the average minimum sum assured is GHS789. Other policies include the assured sum plus the

value of the insured's investment fund (in the case of policies with investment components).

Non-credit life covers are sometimes offered with secondary covers or are linked to savings or investments. Considering the amount of premiums collected and the minimum sum assured, non-credit life products are generally less expensive to manage relative to the other risk covers. This makes them easier to distribute via MNO channels. Funeral policies are very common among non-credit life covers in Ghana as a result of the significance of funeral ceremonies in the Ghanaian culture. Other common policies are savings-life or savings-linked products.

Delivery channels for non-credit life product include MNOs, churches, trade associations, financial institutions (MFIs, rural banks or savings and loans companies), marketing/sales agents of providers and post offices.

2.3.2 Credit Life Products

Credit-life products are risk covers on the lives or properties of individuals to whom loans are disbursed from financial institutions. It is the second common risk cover in Ghana mainly because of the specific loan protection they provide and the growing general microfinance industry in Ghana. There were three (3) credit-life products on the market representing 11% of the twenty-seven (27) MI products and covering an estimated 2.3 million lives and properties in 2014 (main risk covers) representing 31% of total lives covered in 2014. A number of MFIs realize the benefits of these covers

due to loan delinquency issues they face on a regular basis. Lives and properties covered by these products increased from 1.11 million lives and properties covered in 2012 to 1.96 million in 2013 representing a growth of 77%. However, growth increased at a much lesser rate (17%) to 2.3 million lives in 2014. This is a reflection of the performance and the trust of the MFI sector as a number of these institutions began to face shocks and collapse between 2012 and 2014 amidst regulations by BoG to increase their minimum capital and improve performance.

The average minimum premium for credit life product is GHS3 and the average minimum sum assured is GHS540. All the credit-life products offered in Ghana have secondary covers. These include hospitalization, property, accident or

death and disability. Credit-life products are offered using financial institutions like rural banks, savings and loans companies, MFIs and money lenders.

2.3.3 Personal Accident Products

There is only one personal accident MI primary cover being offered in Ghana and it covered 57,002 lives in 2014. However, there are other secondary personal accident covers attached to other risk covers. With respect to their role as secondary cover to other primary covers, these products covered 928, 4,870 and 3.09 million lives in 2012, 2013 and 2014 respectively. A major reason for this increase was the introduction of the Airtel Subscriber (MNO) product (which has an accident secondary cover) in the year 2014 which accounted for about 3.02 million lives. In 2014, the personal

accident product serving as a primary cover accounted for 1% of total lives covered while those that served as secondary covers to other risk covers accounted for 17% of total lives covered (primary and secondary covers). With only one primary cover on the market, personal accident cover can be said to be in its nascent stage. It could also be indicative of the cost of delivering this product. Typical features of the primary product are: a minimum premium of GHS12 and a minimum sum assured of GHS500. Delivery channel for this product are agents (mobile and call centre agents).

2.3.4 Hospitalization

There are two hospitalization products on the market serving as primary covers. These products covered 303; 23,703 and 488,661 lives in 2012, 2013 and 2014 respectively (primary covers) representing huge increases of 7,723% in 2013 and 1,962% in 2014. The use of an MNO as a delivery channel has been the reason for this surge. Average minimum premium for these products is GHS16.2 and average minimum sum assured is GHS55. Delivery channels for these products are agents, financial institutions and MNOs through their mobile agents and customer service centres.

One reason for the low coverage and low number of products compared to non-credit and credit life may be due to the amount of regulation surrounding healthcare-related risk covers and government's agenda for the National Health Insurance Scheme. In Ghana for instance, MI providers are not allowed to use the word "health" in naming their products. MI providers are also not allowed to cover critical illness with their products.

Hospitalization products also serve as secondary covers for five (5) products on the market.

2.3.5 Property Products

Property covers in Ghana serve as secondary covers to two (2) products on the market. One significant property cover is the cover for market fires which is not common in other countries. Property insured by these covers, as secondary covers in 2012 were 640,307 properties rising to 1,483,946 properties in 2013 and 1,732,774 properties in 2014. By

2014, property covers represented 9.54% of total lives and properties covered (primary and secondary covers). Currently, these products are delivered through the channels of their respective primary covers which are mainly financial institutions.

2.3.6 Agricultural Products

There is only one agricultural product offered in Ghana. Launched in 2011, the product serves as a weather index product for farmers to cover their yield against possible losses due to adverse weather conditions. Number of agricultural policies decreased from 490 in 2012 to 436 in 2013. However in 2014, there was an increase in number of policies to 2,115. This represents a decrease by 11% between 2012 and 2013 and 385% increase between 2013 and 2014. The significant increase in 2014 was due to an expansion of the providers' business. The product is usually offered in the

rural areas of Ghana mainly through member organizations (e.g. farmer based organizations). The minimum premium for this product is GHS4 with a minimum sum assured of GHS100. The slow growth in the number of agricultural products being offered in the country may be attributed to its complex nature and less convenient price structure as compared to alternative coping mechanisms of the target group; this is similar to observed trends on the African continent¹⁴.

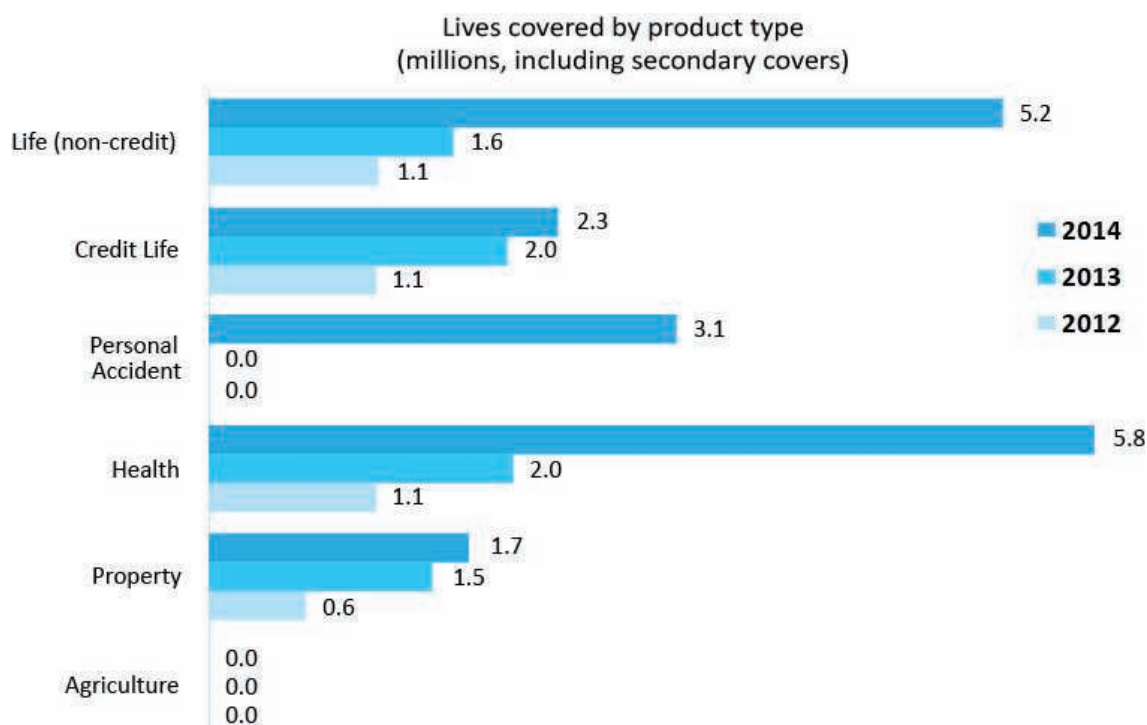
2.3.7 Savings/investment-linked products

Savings/investment-linked products include savings or investment components attached to them. In Ghana, they usually serve as secondary covers to the main risk covers being offered. Six (6) providers offer these kinds of products. There are currently ten (10) products forming 37% of MI products that are savings/investment-linked. The main benefit to the savings/investment linked product is that they encourage individuals to engage in microinsurance. However, such products, give some MI clients the perception

that they are engaged in savings or investment rather than insurance. This erodes the microinsurance understanding and culture being developed.

Figure 6 provides the number of lives covered per product type inclusive of secondary covers as at December 2014. Note that although agricultural products covered 490, 436 and 2,115 agricultural properties in 2012, 2013 and 2014 respectively, lives and properties covered is quoted as "0.0" because the figure is <0.0 (i.e. less than a million) lives covered.

Figure 6: Lives/Properties Covered by Product Type (Risk Cover) for 2012, 2013 and 2014



2.4 Multinational Microinsurance Brokers

Ghana's microinsurance market is dominated by the activities of two major multinational microinsurance brokers, MicroEnsure and Bima. A summary of the activities of these brokers is presented.

2.4.1 MicroEnsure

MicroEnsure is a multinational organization whose single focus is to address the mass market's need to mitigate risk through the provision of a range of microinsurance products. It started operations in Ghana in 2007 and by 2010 it was serving about 40,000 lives. As an intermediary, it has worked on reaching over 1 million microinsurance clients. MicroEnsure has achieved these through the introduction of innovative products and successful partnerships.

MicroEnsure Ghana has partnered with mobile phone companies and microfinance institutions to develop innovative products that are underwritten by various insurance companies. Products include a combination of credit life, funeral, property, permanent disability insurance, credit health (hospitalization cover) into one package policy covering borrowers and insured family members during their loan terms, all for an affordable one-off premium paid at the beginning of the loan term.

Other products include savings linked insurance account, a product that provides insurance incentives for bank savings. Other MicroEnsure products are 'EduSave', an innovative combination of savings, insurance and education which is

promoted through Opportunity International Savings and Loans.

MicroEnsure is also in partnership with Airtel Ghana through Enterprise Life Insurance in which Airtel has launched a free insurance product for its customers. Airtel insurance offers Airtel customers life, accidental permanent disability and hospitalization insurance with benefits increasing based on airtime usage. Airtel subscribers qualify for this product by spending as little as GHC5.00 with Airtel each month and as they increase their monthly usage, they earn more insurance cover up to GHS2,500 of insurance cover per month. The benefits of this arrangement includes the provision of insurance to the masses that otherwise would not have access. The main challenge remains how long Airtel will support this program.

2.4.2 Bima

Bima is a key actor in mobile-delivered insurance in emerging market. Bima as part of its operations partners with mobile operators and insurance companies, connecting the two to provide insurance including life, health and accident cover via mobile phone. Bima also provides its partners with product development expertise, dedicated distribution force, efficient customer service with rapid claims payment and a seamless mobile insurance platform. The increased mobile phone usage in Ghana has provided Bima with the opportunity to partner with TiGO and Prudential Life to use innovative technology and strategy to reach consumers as well as enable low-income consumers to access microinsurance products. Bima has brought benefits of accessibility, scale and innovative products to the Ghanaian market. Bima’s intervention has significantly added to outreach as shown in the over 1 million microinsurance policy holders of its partner, Prudential Life. Earlier, TiGO had worked with Bima and MicroEnsure to promote the TiGO Family Care.

2.5 The Role of Mobile Network Operators and Partnerships

Mobile Network Operators (MNOs) began operating in the MI industry in 2010 with the introduction of one product. Since then there have been subsequent launches of mobile insurance products.

Partnerships are usually in a form where the MNO serves as a distribution channel offering microinsurance on behalf of a licensed provider. Two (2) main categories of mobile insurance are found operating in Ghana: Strategic and Transactional mobile insurance (m-insurance)¹⁵.

Strategic m-insurance is where MNOs see the provision of insurance as a strategic initiative that they invest in to increase revenue as well as adjacent benefits like brand awareness. MNOs invest resources in the areas of marketing, client acquisition, premium payments as well as other parts of the insurance value chain.

With Transactional m-insurance, MNOs simply provide the infrastructure and provide other partners within the mobile insurance value chain (insurers and technical service providers¹⁶) access to their customer base thus allowing partners to potentially own the client base and derive revenues over time. MNOs practicing this approach usually provide limited or no additional support.

Underlying these two categories are three (3) dominant m-insurance models: loyalty-based, airtime deduction and mobile money. These are characterized by the premium mechanism utilized.

Table 2 shows the three models categorized under strategic and transactional m-insurance.

Table 2: Categories and Models of Mobile Insurance in Ghana

Category of mobile insurance	M-insurance model	Examples of MNOs offering this model	
Strategic	Loyalty-based	Subscribers receive free insurance or more correctly insurance at no direct cost to the consumer. Cover levels are linked to a behaviour that the distributor wishes to achieve, whether increased use of airtime, increased mobile money transactions or achieving a certain level of savings via mobile wallets.	Airtel Ghana
	Airtime deduction	This model is provided to the subscriber on a stand-alone voluntary basis where premium payments are made through the subscriber’s airtime balance.	TiGO Ghana
Transactional	Mobile money	This service is offered to mobile money subscribers on a stand-alone voluntary basis where clients are able to pay their premiums through their mobile wallets.	MTN Ghana

Source: Adapted from Leach and Ncube (2014)

15 Leach, J. Ncube, S. (2014). Managing risk while facilitating innovation: The case for m-insurance in Tanzania (p.4): Prepared for FinMark Trust

16 Technical service providers include operators like Bima and MicroEnsure

Box 2**Partnerships for Microinsurance Delivery**

By definition, microinsurance may only be applicable at the micro level for MSEs and households. In reaching the micro level, three (3) MI providers have adopted different degrees of partnership with mobile telephone network operators and brokers. The partnerships have resulted in increased client outreach as it has facilitated enrolment of clients, premium collection, renewals and claims payment. There are also claims that the use of mobile phone platform contributes to lower transaction cost with the potential of reducing cost for microinsurance clients. It is however, not clear how many of the microinsurance clients enrolled through the mobile phone network are low income. The Mobile Network Operators – MTN, Airtel and TiGO – are well known brands and their influence in the partnerships cannot be discounted. The Airtel Subscriber microinsurance is a loyalty product and that of TiGO and MTN are currently run as value added businesses. The use of mobile phone platforms hold a significant influence for Ghana's microinsurance market and are set to grow even further. The main challenge with the ongoing mobile phone mechanism is the inadequate profiling of clients to determine those who are actually reached and the perception that these channels are rather the insurers.

The use of MNOs is driving massive growth as 4.34 million lives were reached through MNO-linked products by December 2014 with one partnership alone generating a growth of 430%. It is important to remember that MNOs offer mass market products¹⁷. These are differentiated based on the level of utilization (more use, more cover). Otherwise any subscriber can get the same product.

The importance of the medium and its potential notwithstanding, there are initial signs that need to be noted. The MNOs are very visible service providers with strong and well-known brands. In a number of cases, clients consider that they are dealing with Mobile Network Operators and not insurance companies. There are examples of cases in which clients who got their policies through mobile phone companies turned to the MNOs as their first point of call for recourse. For these clients, there is a growing tendency to ignore the role of insurance companies and they may not receive the needed attention.

Box 3**Partnership Management**

The use of partnerships to grow microinsurance business is one of the main practices in the Ghanaian microinsurance market. Partnerships are entered into with various institutional channels. Providers indicated they have had partnerships with financial institutions including microfinance companies, retailers, savings and loans companies, rural and community banks, postal services and MNOs.

In the case of one provider that uses churches as its partner, premium collection process entails the collection of premiums from church administration at agreed dates after which the church collects individual premiums from its members. This approach was adopted when the initial approach of collecting individual premiums failed.

Interviews established that, there have been previous partnerships, some of which did not work well due to reasons such as non-alignment of interest among the various partners, inexperience in partnership management and failure to comply with some provisions of the agreements. The providers were unanimous in their view that positive gains from partnerships are based on well formulated memorandum of understanding that spells out the terms, roles and responsibilities as well as reviews. Special expertise lacking in some of the insurance businesses with respect to microinsurance has been provided through these partnerships and the technology/infrastructure platform has been utilized to increase outreach. MicroEnsure for example uses its own platform to provide a full service TPA arrangement for one provider. Partnerships with other intermediaries including microfinance companies, church groups and post offices are also worth noting.

Other areas of challenge include client profiling and education. Information on the database on policy holders who purchased their policies through mobile phones is limited to phone numbers only, leaving out the names and locations. This is because the database on phone subscribers is not complete and not all are appropriately registered. This hinders effective analysis and understanding of those who have signed on to microinsurance policies. Secondly, unless agents are used on the field prior to policy activation,

¹⁷ Mass market products are products designed to serve other client segments apart from low income individuals

there will be limited education of clients on the policies and their respective product features. This challenge has to be understood in the context of high illiteracy rates and the fact

that most people cannot read messages on their phones. The use of mobile phone thus has the potential to eliminate all interactions between the provider and policyholders.

One provider mentioned that the accredited agents of the MNO they were using as their main channel were not interested in promoting microinsurance because they either do not consider it as part of their schedule or do not derive any benefits from addressing issues relating to microinsurance clients.

Highlighting the challenges is not about diminishing the contribution of MNOs to client engagement. On the contrary, there have been good practices by providers that use MNOs, one of which includes “the recruitment of agents who are trained and allocated with demarcated zones to enrol clients

through education prior to signing on for policies through their mobile phones. The agents also follow up when renewals are due to ensure that clients are reminded of the importance and benefits of renewals as basis for renewing their policies”.

Box 4

Partnership with the Right Actors Works

The insurer entered microinsurance as part of agreements with providers of strong delivery channels. The provider has already recorded over 70% growth in number of policy holders increasing from 792,883 in 2013 to over 1.3 million in 2014, thanks to the use of a combination of strong delivery channels and commitment of the partnership to provide value in the microinsurance market.

The MI provider has partnered with an MNO and an intermediary, using a combination of the mobile phone platform and a strong agency force of about 175 to reach the over one million lives it currently serves. There are a total of three (3) products with features specifically designed to meet the needs of target market – ease of understanding, convenient mode of payment and renewals, proximity of agents to clients. Premium collection is appropriately managed by a technical service provider which also handles all claim processes using a mix of agents and technology platform. The partnership ensures that the two MI products meet the SUAVE criteria of “Simple to Understand, Accessible to clients, Valuable and Efficient to its clients”.

Customer solution through roll out of appropriate and simple products, adoption of a mix of distribution channels and receipt of client feedback is critical for sustainable growth. A minimum of 10% call back on clients to test product understanding and satisfaction is undertaken; mobile phone technology and use of sales representatives drive the distribution channel.

The effect of all these good practices is the creation of a business that recorded growth of 166% between 2012 and 2013 as premiums grew from GHS 665,188 in 2012 to GHS1.77 million in 2013. At the end of 2014, premiums reached GHS 4.18 million.

2.6 Policy Characteristics

Product characteristics, delivery channels, marketing and the target group have an impact on product uptake. Out of the thirteen (13) MI providers, ten (10) provided responses regarding group and individual policies. Four (4) providers, covering 56% of the market indicated that 100% of their products are offered using group policy while three (3) providers covering 19% of the market indicated that 100% of their products are offered using individual policies. The other three (3) had ratios as follows - 20% (group): 80%

(individual); 70% (group): 30% (individual) and 16% (group): 84% (individual)

2.7 Reinsurers

There are currently three (3) reinsurers on the Ghanaian insurance market: Ghana Reinsurance Company, Mainstream Reinsurance and GN Reinsurance Company Limited. Data on reinsurance was collected with respect to all MI products offered by the respective providers and not based on specific product covers. Out of the thirteen (13) providers, ten (10)

provided responses on reinsurance. Out of this number, four (4) insurers generating GHS 7.36 million in premiums indicated that they reinsure their products using either a quota share or an excess loss agreement. Two (2) indicated that they are reinsured by the Ghana Reinsurance Company and Mainstream Reinsurance; one (1) indicated it is reinsured by Ghana Reinsurance alone while another is reinsured by its parent company.

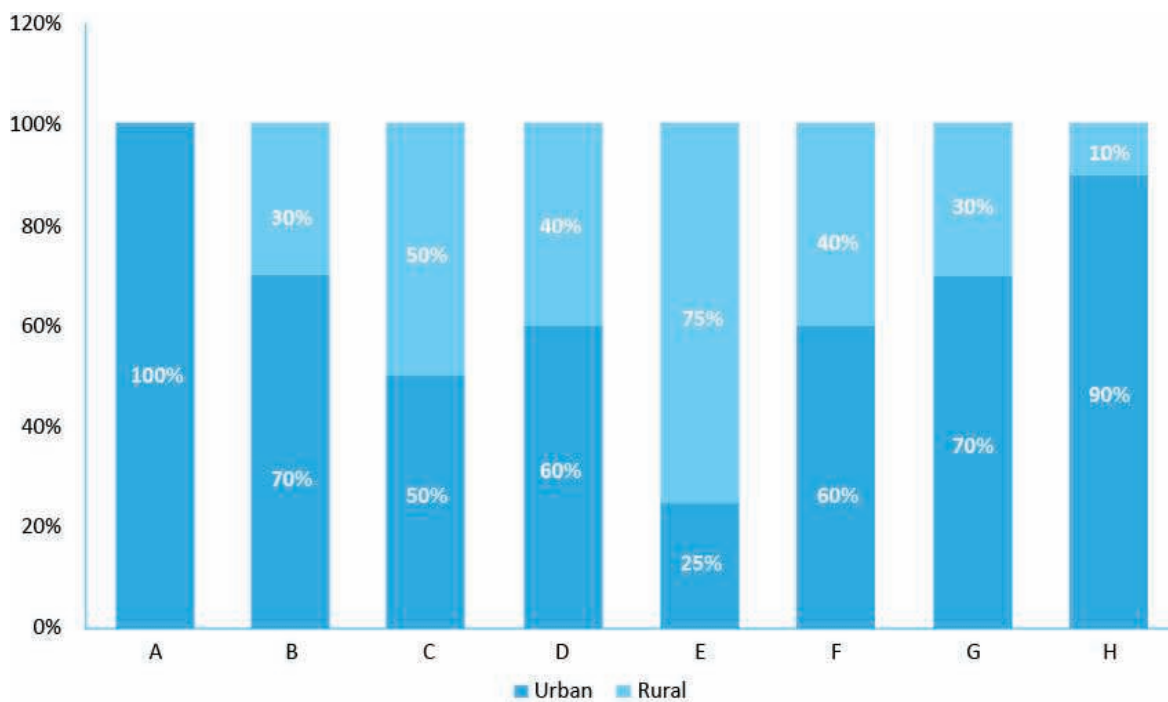
Reinsurance does not play a significant role in the MI market in Ghana but as the industry grows and more complex

products like agricultural and property insurance begin to enter the market, the involvement of reinsurers is likely to increase.

2.8 Rural-Urban Distribution

The rural-urban distribution as estimated by eight (8) MI providers (indicated with alphabets A to H) is presented in Figure 7. The distribution channels used, especially the sales representatives and commissioned agents of providers do not promote rural targeting.

Figure 7: Rural-Urban Distribution of MI Clients of Eight (8) Providers



2.9 Distribution Channels

Distribution is key for microinsurance access. Ghana has a wide array of distribution channels from agents working in the markets with policyholders to MNOs paying for their clients to be insured. Other common distribution channels for microinsurance have been community based organisations and microfinance institutions. In 2012, microinsurance distribution channels reported were mainly direct sales by company agents, sales representatives, MFIs and other financial institutions. The other channels reported by providers are MNOs and churches. The channels for 2014 remained largely the same except the deepening in the use of these channels. The areas of growing use include mobile phones (MNOs) and agents of insurance companies. Other

channels include market associations and small trade associations such as hairdressers’ associations.

The mix of channels shows the effort by insurers to cover more lives. The major actors (MI providers and technical service providers) have helped to promote the creation of an insurance culture, and have shown the value of microinsurance simply through the volumes they generated, as long as the volumes are serviced effectively

The use of mobile phones has seen the participation of Airtel, TiGO and MTN in the microinsurance landscape. MNOs were reported to be the channel for a total of 302,194 lives in 2011¹⁸. In 2014 however, Prudential and Enterprise

Life alone have reached over 4 million lives through mobile phone technology.

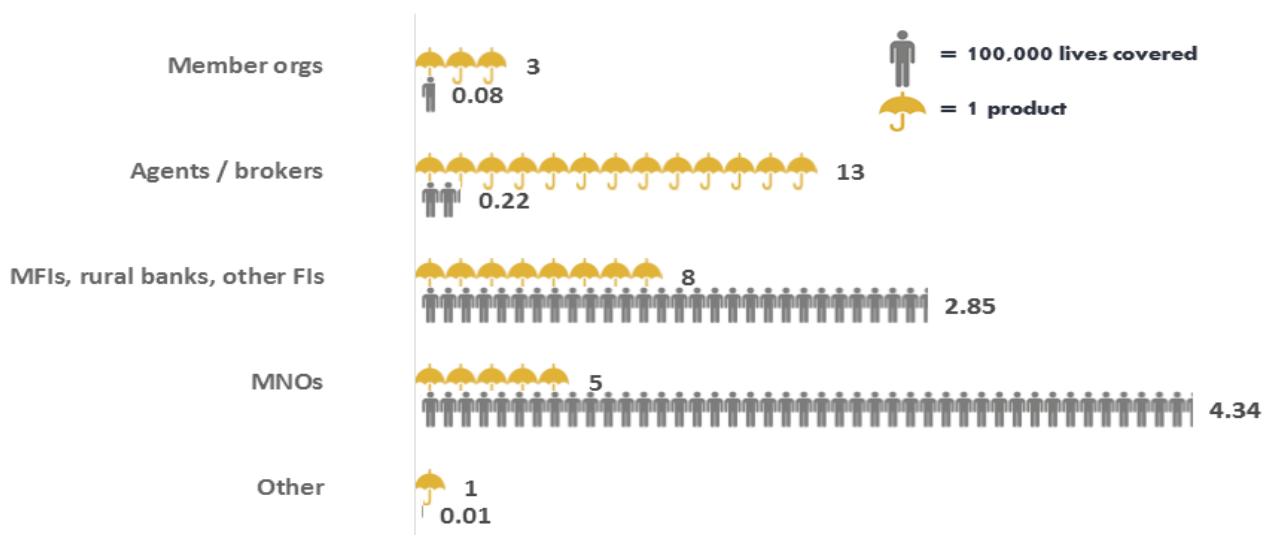
The choice of distribution channels however, needs to be aligned with the type of microinsurance product for effect. The use of microfinance institutions for example presents a more convenient channel for selling credit life products. The survey found that apart from accident and other hospital products which are largely through mobile phone subscription, faith based groups, agents and sales representatives are also used for microinsurance products that are not credit life.

Some distribution channels have implications on outreach as well as client education. Results from the client interviews for example have suggested that agents and

sales representatives who are paid on commission basis are limited in their outreach and many of them are not explaining policies adequately to clients. The situation has left many clients quite unclear on the type of relationship they have entered into. The agents on the other hand explained that clients are more comfortable with the idea of savings instead of insurance and this is the main motivator for promoting savings linked insurance products with emphasis on the savings component.

Figure 8 shows the effectiveness of various distribution channels in reaching MI clients. For example, the agents / brokers have a large array of products to offer people (13 products) but they cover very few lives (220,000). MNOs have a limited range of products (5), but cover many more people (4.3 million lives).

Figure 8: MI Distribution Channels and Lives Covered By Respective Channels



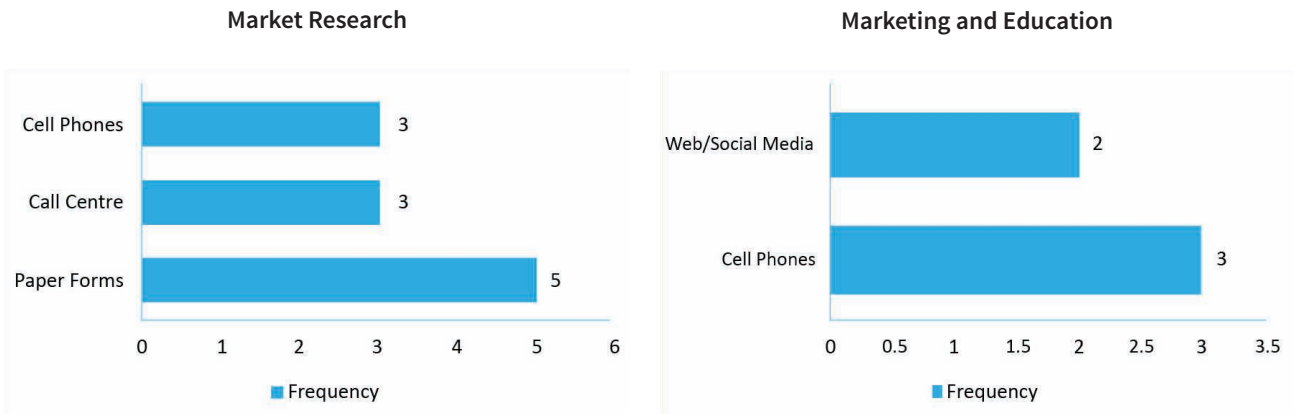
2.10 Technology and Microinsurance Delivery

The use of technology in the overall management and delivery of microinsurance is a key enabler for the industry. Information and communication technologies comprising computers and specialised software, mobile phones and other forms of electronic devices are facilitating the delivery

of microinsurance to low-income clients, most of whom will have remained unreachable

The mediums used for market research, marketing and education by the MI providers are presented in Figure 9.

Figure 9: Use of Technology for Market Research, Marketing and Education



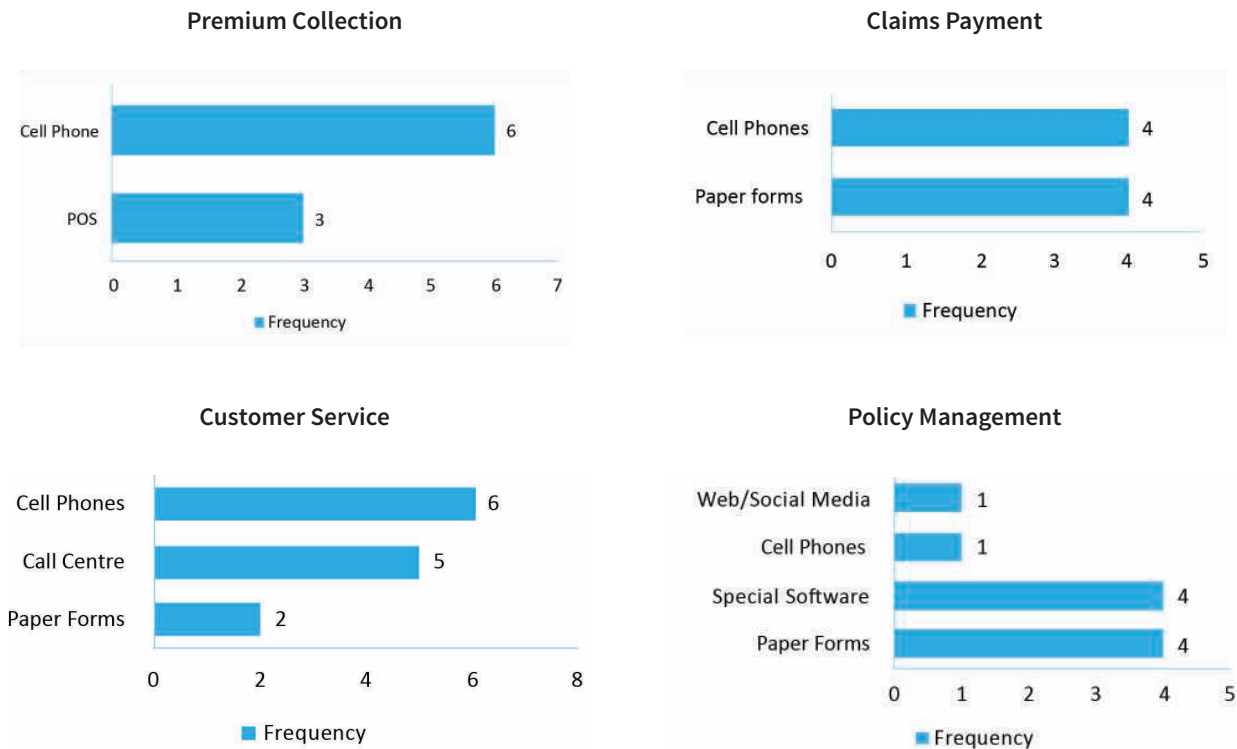
The main mediums reported by providers as used for market research are paper forms, call centres and cell phones. Three (3) providers covering 81% of the market indicated that they used cell phones for market research while another three (3) providers covering 44% of the market indicated that they used call centres. Five (5) providers representing 1% of the market use paper forms. For marketing and education, three (3) providers covering 80% of the market use cell phones, while two (2) providers who cover 18% of the market use web/social media. The use of social media is limited to

Facebook which may reach some low-income and informal sector operatives but its effectiveness has not been assessed.

Technology lightens the burden associated with premium collection. Mobile phones for example facilitate premium payments when managed effectively.

Figure 10 presents the extent to which different technologies and other mediums are used for premium collection, claims payment, customer service and policy management.

Figure 10: Use of Technology in Premium Collection, Claims Payment, Customer Service and Policy Management



Six (6) providers generating GHS 12.32 million in insurance premiums use cell phones for premium collection. Another three (3) providers generating GHS3.26 million in premiums use point of sales (POS) devices for premium collection. With respect to claims payment, four (4) providers generating GHS 11.48 million in premiums use paper forms for claims payment and another four (4) providers generating GHS 3.32 million use cell phones to facilitate payment of claims. In the area of customer service, five (5) providers covering 98% of

total lives covered use call centres, six (6) covering 44% of the market use cell phones and two (2) providers covering 1% of the market use paper forms. With respect to policy management, four (4) providers covering 80% of the market use special software, another four (4) providers covering 26% of the market use paper forms, one (1) provider covering 18% uses cell phones and another provider covering 0.1% of the market, uses web/social media.

Box 5

Customer Centric

The need for the MI provider to ensure that clients understand microinsurance product features and periodically measure client satisfaction levels with the products and services at all levels of the service chain and product cycle is critical for building acceptable products. However, the mechanisms for ensuring client focus service delivery are not well developed within the MI provider market. Results from demand side survey indicate weak engagement with clients and agents who are in a hurry to collect daily contributions in the normal Susu fashion without explaining the microinsurance product to the client.

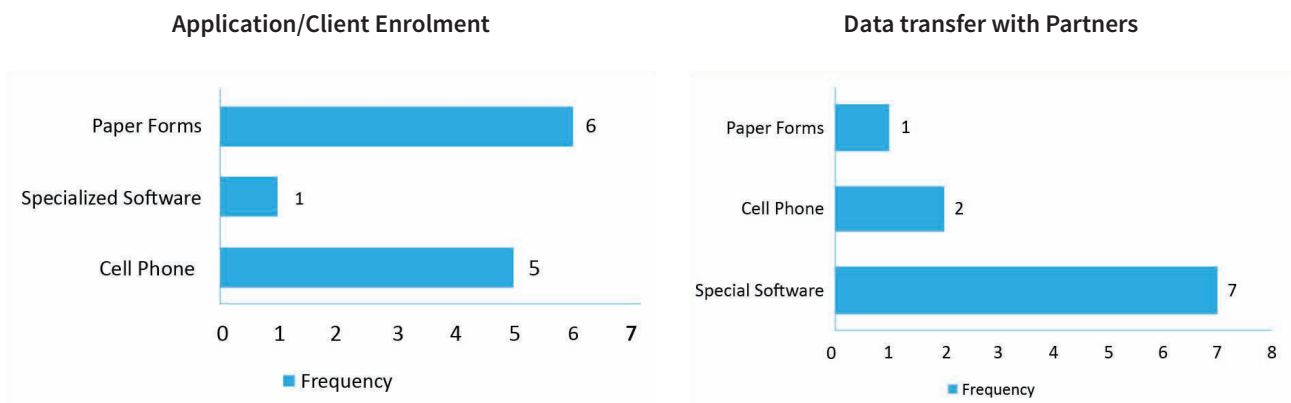
Box 6

Complaint Management

A number of MI providers have instituted mechanisms that address complaints made by clients. These mechanisms range from visits made by clients to “phone-ins”. Some providers have instituted policies on method for lodging complaints. Some institutions have in place methods and procedures which clients follow in lodging complaints about products and services. Despite the procedures instituted, it is clear that most of the clients prefer to complain to the agents who visit them for redress. Other providers use MI Clinics, which involve visiting target locations, setting up a tent or temporary shelter to receive and address client complaints and feedback.

Technology also facilitates client enrolment and data transfer among partners. Figure 11 presents the main mechanisms adopted for Applications/Client Enrolment.

Figure 11: Mechanisms Adopted for Applications/Client Enrolment and Data Transfer with Partners



Paper forms are used by six (6) providers (covering only 1.2% of the market) for client application/enrolment compared to five (5) providers, covering 99% of the market, who use cell phones. One (1) provider representing 25% of the market uses specialized software. In transferring data among partners, specialised software is used by seven (7) providers (generating GHS 12.18 million in premiums) followed by cell phones used by two (2) providers (generating 3.46million in premiums). One provider generating premiums of only GHS 512 indicated the use of paper forms in transferring data.

There are potential benefits of technology usage notwithstanding, providers indicated challenges with respect to the high level of investment required and reliability in some cases. Identified challenges include the absence of economies of scale; inadequate after sales support for technology; poor connectivity which affects the use of point of sales device and reduced client-provider engagement. Table 3 presents the microinsurance processes which involve (or not) the use of technology.

Table 3: Key Insurance Processes and Use of Technology

Processes	Use of Technology	
	Yes	No
Registration of Clients	√	
Collection of Premiums	√	
Claims Submission		√
Claims Processing	√	
Payment of Claims		√

Box 7

Client Education and Engagement

Client education in microinsurance is as critical as it is in the provision of other financial services. A well organised approach to client education builds confidence and trust between providers and clients. It also facilitates compliance with the terms of the policies and promotes business performance in general. It entails a well organised approach that orients clients in the low-income segment market on the major uncertainties as well as the range of products that can mitigate the effect of these uncertainties so as to help them make informed choices. MI providers who provided input on client education recognised the need for education but also highlighted challenges in reaching out to low-income clients due to the peculiar nature of this segment of the market.

Good practices documented include the institutionalisation of an after-sale call out program to selected customers to follow up on satisfaction as a means of keeping contact and ensuring that client relationship is improved. The provider in this case has a benchmark of reaching at least 10% of clients through phone calls to seek feedback on their understanding of the products. Other practices include organisation of periodic meetings with clients to provide education and obtain feedback.

Initiatives in support of client education to promote awareness have been supported by NIC/GIA/GIZ in twenty (20) pilot districts. As a result, tools, processes and instruments are available to the industry. Companies could take advantage of the results developed.

Box 8**Client Engagement through Client Clinic Sessions**

Maintaining contact with microinsurance clients throughout the distribution process is challenging along the key stages of marketing, sales, policy administration, claims payment and servicing. A number of Microinsurance providers, as part of efforts to maintain this relationship, carry out periodic “Client Clinic Sessions” in which three main activities are undertaken: marketing, sales and resolution of client complaints. The approach brings MI provider Management Team close to clients in an environment that clients are familiar with, thus providing them with confidence and a feeling of control over the process. The “Clients Clinic Sessions” provide a win-win situation for clients comprising traders, artisans and beauticians among others who by the nature of their various businesses are unable to visit offices of providers. The sessions provide existing and potential clients with the opportunity to shop for new products, for clarifications and resolve complaints. Microinsurance providers on the other hand obtain first-hand information from clients, gaining deepened insight of client needs and expectations with the potential for increased sales and client retention through client education.

2.11 Financial Performance

The study found that in several cases insurance companies merge revenues from insurance premium and savings deposit as well as expenses on claims payment and deposit withdrawals in the processes of accounting and reporting. Many MI providers could not easily provide information on the risk (mortality) premium portion of premium payment versus its savings component. Analysis has therefore been carried out with and without the savings component to measure the impact of savings on premium. Similar analysis has also been done to measure the impact of MNO providers vis-a-vis non-MNO providers in the MI industry.

2.11.1 Gross Written Premiums - with savings component

Data on gross written premiums (savings inclusive) for MI providers was provided by all thirteen (13) providers for the years 2012, 2013 and 2014. Total industry premiums increased from GHS 41.63 million in 2012 to GHS 48.04 million in 2013 representing a 15% increase. From 2013 to 2014 total MI premiums increased by 32% to GHS 63.26 million. Microinsurance (including the savings component) as a percentage of total insurance in the country was 15.36% in 2012; 13.22% in 2013 and 12.94% in 2014.

2.11.2 Gross Written Premiums - without savings component

Total MI premiums (exclusive of savings) increased from GHS 4.67 million in 2012 to GHS 7.68 million in 2013 representing a 65% increase. From 2013 to 2014 total MI premiums increased by 73% to GHS 13.3 million. Aggregate analysis of total premium written and MI premium written indicate that for 2012, total written premium for microinsurance represented 1.72% of the total written annual premiums for all products. In 2013, the share of microinsurance premium written to the total written premiums was at 2.11% and inched up to 2.72% in 2014, indicating slight growth in the sector based on the premiums and a clearer picture compared to premium-growth analysed with the savings component inclusive. Table 5 presents the MI product types offered in Ghana, the lives covered (main risk only) by each product type and the premiums generated by each product type in 2014.

Table 4 presents the MI product types offered in Ghana, the lives covered (main risk only) by each product type and the premiums generated by each product type in 2014.

Table 4: MI product types, lives covered and associated premiums (2014)

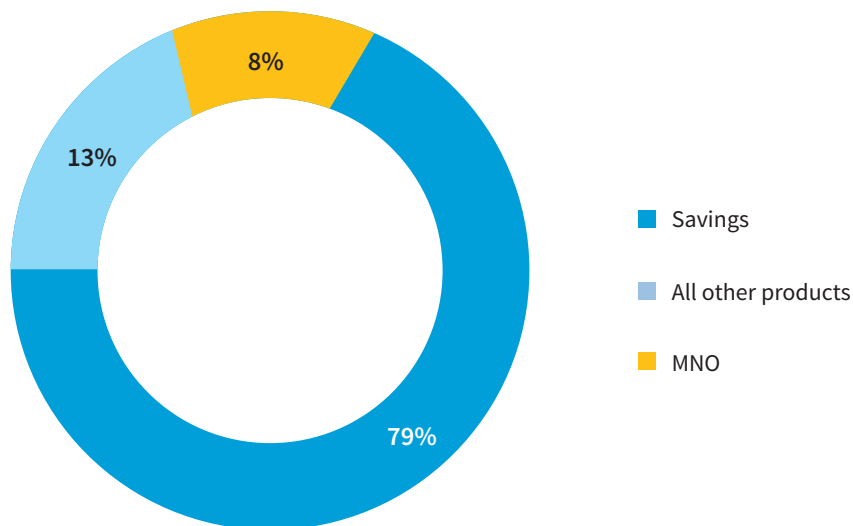
Product type	Lives/properties covered (Main risk only)	MI Premiums (Exclusive of Savings) (GHS)	Proportion of total MI premium (%)
Agriculture	2,115	70,492	1%
Hospitalization	488,661	1,518,920	11%
Personal Accident	57,002	433,123	3%
Credit Life	2,304,860	4,917,898	37%
Life (non-credit)	4,643,574	6,364,118	48%
Total	7,496,212	13,304,550	100%

2.11.3 Savings distortion and MNO impact

Figures 12 and 13 present the impact of savings and MNOs on MI gross written premium values as well as on the

financial performance for 2014. It is observed that savings components represent 79% of total gross written premiums while MNOs and risk components of the 27 MI products on the market account for 8% and 13% respectively.

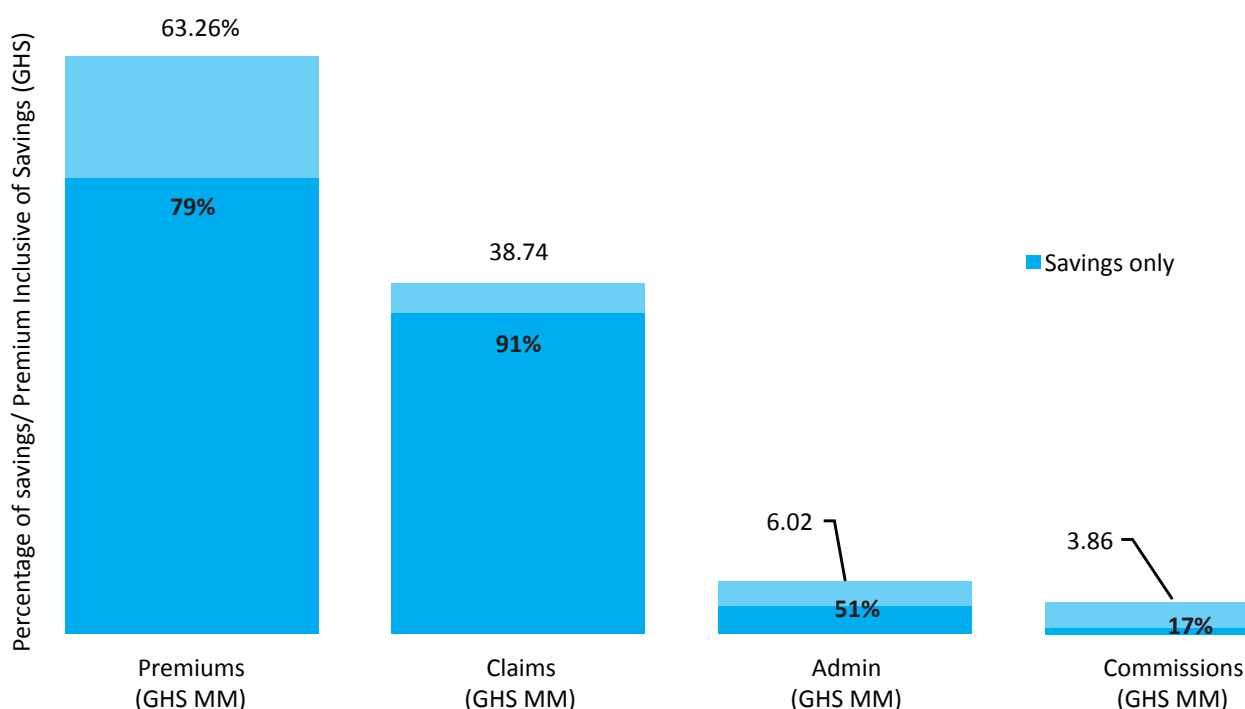
Figure 12: Impact of Savings and MNOs on MI Premiums



Ten (10) of the products offers some type of savings component. Figure 13 indicates that 79% of total premiums of GHS 63.26 million relate to savings payments made by policyholders. Withdrawals of these savings account for 91% of total claims paid out of GHS 38.74 million while administrative

expenses is split evenly between administrative expense for savings and other administrative expenses relating to the MI risk cover. Commissions are almost entirely not related to savings.

Figure 13: Impact of Savings on Financial Performance (2014)



2.11.4 Claims ratio, administrative expenses ratio and commission rate

The ratios used in assessing the industry in this report are the claims ratio, administrative expense ratio and commission rate. Due to the distorting factor of savings, key ratios have been analysed both inclusive and exclusive of savings.

Table 5 presents the weighted averages of key performance indicators of the MI industry exclusive and inclusive of the savings component.

Table 5: Key Performance Indicators Exclusive and Inclusive Of Savings

Key Performance Indicators (KPIs)					
(Weighted Average)					
	Net Premium ¹⁹	Claims Ratio	Administrative Expense	Expense ratios Commission rate	Total
KPI (Savings Exclusive)	27%	27%	22%	24%	46%
KPI (Savings Inclusive)	23%	61%	10%	6%	16%

The claims ratio seeks to determine the value of microinsurance products to clients by measuring the average proportion of premium that is returned to clients in the form of benefits. Since the claims ratio is computed by dividing the total amount of claims for the period by premiums collected in the same period, the ratio is distorted by the inclusion of savings to premium figures. Hence a claims ratio of 61% creates the impression that more value (in terms of benefits) is being provided to clients, when in actual sense, these are savings withdrawals. Exclusive of savings, the low claims ratio of 27% reveals the low level of benefits being

provided to MI insureds which cannot sustain the operations of providers because clients will soon lose interest as they cannot establish linkages between the premiums they pay and the benefits derived.

Meanwhile, this is a critical factor in creating a positive insurance culture. The main drivers of the low claims ratio in the market include low awareness of cover and limited coverage such as excluding the family of the primary policy holder.

¹⁹ Net Premium is the Premium amount remaining when expense ratio and claims ratio have been deducted from the Gross Premium

Figure 14: Key Performance Indicators (Savings Exclusive)

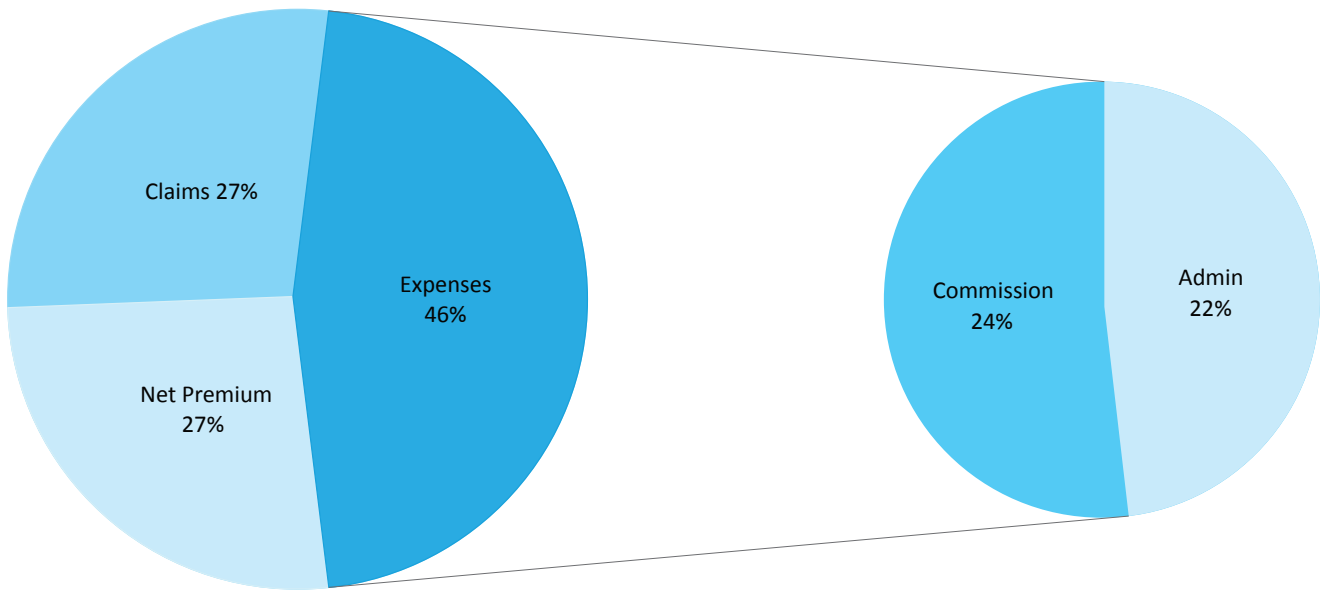
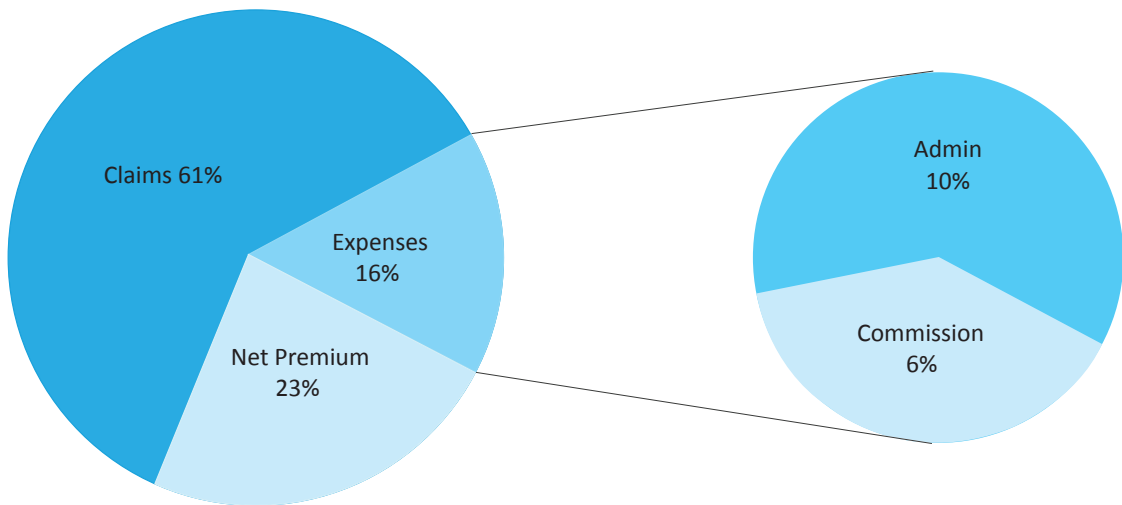


Figure 15: Key Performance Indicators (Savings Inclusive)



Administrative expenses and commissions are substantially diluted with the inclusion of savings because for most MI providers, administrative expenses are significantly composed of fixed costs which reduce with scale. With a large inflow of savings, the relative cost of the products reduces. Administrative expense ratio decreases from 22% (without savings) to 10% (with savings) while commissions rate decreases from 24% (without savings) to 6% (with

savings) as presented in Figures 14 and 15. Most providers do not provide commission on savings, though at least one has a 15% commission on the risk premium, and a 3% commission on the savings collected. With no savings, commission rate of 24% and administrative expense ratio of 22% (combined expense ratio of 46%) are within the range of other countries.

Box 9**Practices Related to Performance Management**

Effective performance management of microinsurance business is based on a well-developed business plan for microinsurance activities that clearly spell out the mission and key drivers of the microinsurance business segment as well as key performance indicators that are tracked. Practices documented from the supply side survey included cases in which most of the insurance companies that operate microinsurance business have them carried out as a service line or department that operates alongside other mainstream products without distinction and basis for cost allocation and tracking of operational performance efficiency using the key performance indicators. One (1) provider operates as a separate Agency where major costs such as staff, field and occupancy costs are accounted for separately. Even in this case, it is possible that other costs are incurred by the parent companies on behalf of the Agency.

Box 10**Dedication to MI Provision Yields Results**

A provider was established by its parent company as a full service microinsurance provider and started operations in 2008. Between 2012 and 2013 the number of lives covered had increased from 710,695 to 1.61 million representing a growth of 127%. In 2014, the number of lives covered reached 1.89 million. Premiums had also increased from GHS 2.16 million in 2012 to GHS 3.21 million in 2013 and a slight reduction to GHS 2.91 million in 2014. Claims paid increased from GHS 535,784 in 2012 to GHS1.52 million in 2013 (an increase of 184%). However, this decreased by 46% to GHS 822,978 in 2014.

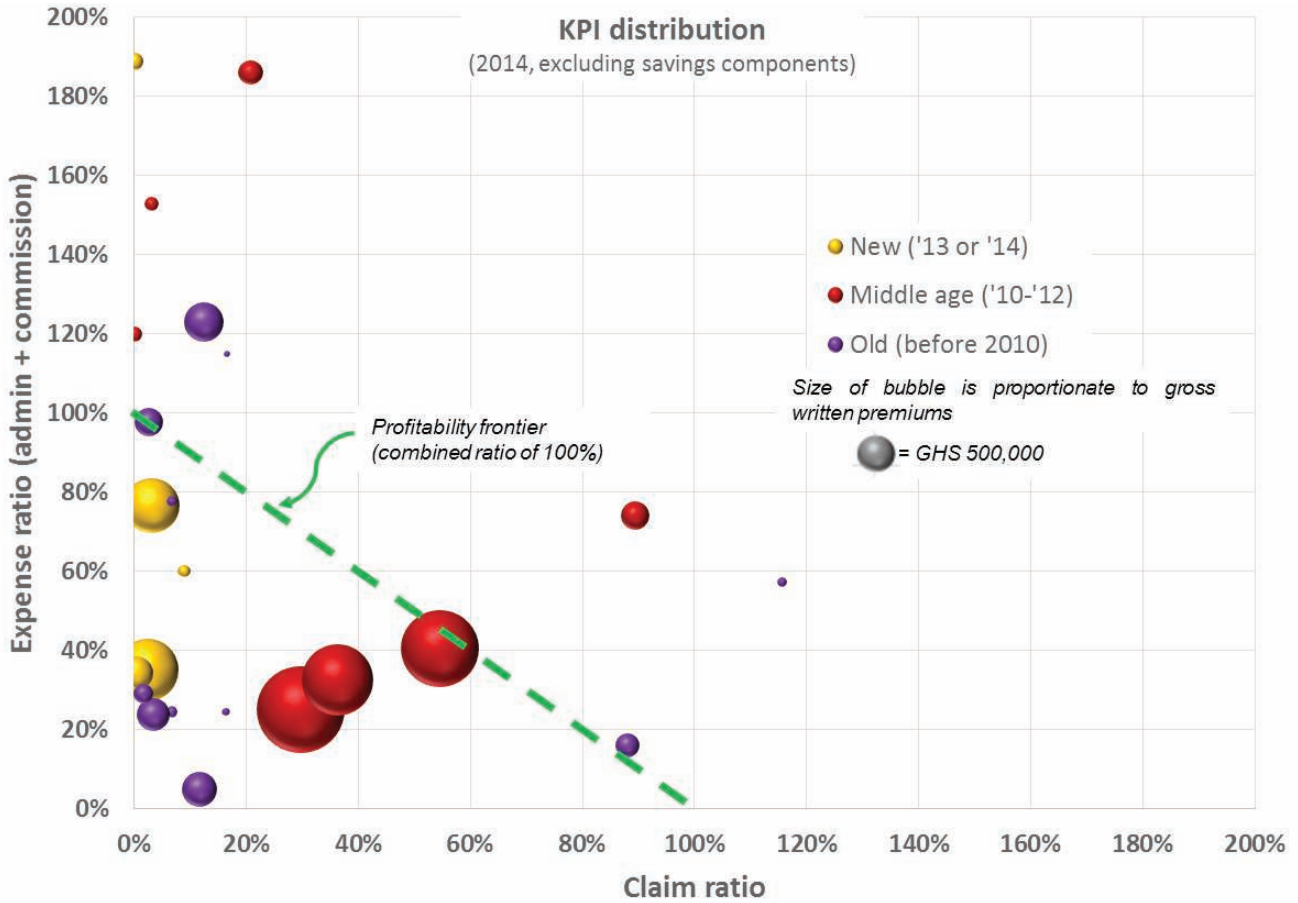
Good practices that have driven growth so far include a strong desire to serve the low-income with target group and affordable products that are developed through concrete efforts to understand client needs. Product development is linked to a framework that comprises customer surveys; product piloting to assess appropriateness; use of a wide range of distribution channels including microfinance institutions (savings and loans companies, rural and community banks, microfinance companies), company sales representatives and postal services as part of distribution strategy of proximity to the client. There are ongoing efforts to set up shops in market places to collect client premiums. Product acceptability is continuously tested through post sale call out programs to selected customers and general customer surveys to ensure products meet the needs of customers.

2.11.5 Profitability of MI products

Figure 16 analyses the profitability of the twenty-seven (27) MI products on the market using the combined administrative expense and claims ratio of each product. The green line represents a combined ratio of 100% (all products under this line are in the realm of profitability). Furthermore products

have been categorized into 'New' (products launched between 2013 and 2014); 'Middle Age' (products launched between 2010 and 2012) and; 'Old' (products launched before 2010).

Figure 16: Profitability of MI products



A handful of products that are beyond the frontier are relatively small scale, with low gross premiums as indicated by the smaller bubble sizes: this is mainly due to the administrative expenses (not claims). Moreover programs with lower scale have higher relative expenses. It is also observed that products that entered the market in 2013 or more recently (yellow bubbles) have very low claim ratios. This is not surprising, as it takes some time for experience to accumulate and for claims processing and client-

understanding of the claims procedure to improve over time. It is expected that over time those bubbles would shift to the right. The older products (launched prior to 2010, in purple) are, with one exception, products that contain significant savings/investment components. The pure insurance/risk portion, as represented in the diagram show very low combined ratios. The highly profitable products (red bubbles) are mainly credit life products (with secondary covers).

Box 11

Product Performance Assessment Practices

Product performance assessment is a practice that facilitates effective decision making on product related issues. These are carried out in a number of areas such as number of products sold, retention and claims ratios, profitability and individual product contribution to the product mix. Practices relating to product performance assessment remain weak in Ghana’s microinsurance industry as presented in the summary below. This situation has arisen probably due to the absence of well tested microinsurance software and poor data management. The respective cost elements are not monitored and there are hardly any reports on product performance.

Product Development	Product development remains weak in the industry. The majority of providers indicated they do not conduct market research as a basis for product refinement and product development. About three providers indicated they conduct detailed market research prior to the introduction of products. Others indicated they rely on brokers to determine products that are appropriate for introduction.
Product Features	Product features are well articulated by providers who use flyers and various forms of brochures to reach clients. Products that are signed on through mobile phone applications also state features but these may not be understood by all users.
Bundled Products	The use of mobile telephone for selling microinsurance products is on the ascendancy. In many of these instances, the respective products are linked to availability of credit on the subscribers’ line. Given the level of illiteracy and inability of some users to use data, it is obvious that not all subscribers would be aware of what they have signed for and may not be aware of the expiration of policies.
Registration	There are products “designated” by providers as microinsurance but are not registered as microinsurance products with the NIC. These “qualifying products” are however, registered with the NIC under designations other than microinsurance. The practice of non-registration as microinsurance by providers occurs because according to providers, doing so does not provide any extra benefit. Additionally, the products target other markets beyond “low income client” segment.

2.11.6 The impact of MNO premiums

As presented in Figure 17, although MNO driven providers are responsible for 58% of all MI lives covered (4.3million lives), they only accounted for 8% of total premiums (inclusive of savings) (i.e. GHS 5.19 million) and 4% (i.e. GHS 1.58 million) of total value of claims received in 2014 (inclusive

of savings withdrawals). MNO providers accounted for 44% of commissions for the year 2014. Table 6 also compares key performance indicators (KPIs) of both MNO and non-MNO providers.

Figure 17: Impact of MNOs on Financial Performance

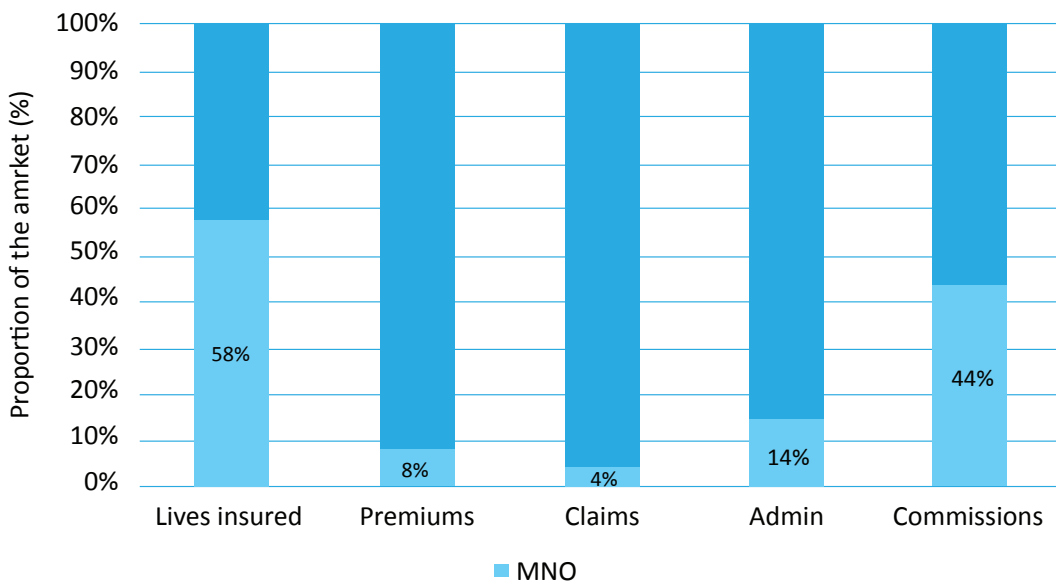


Table 6: Key Performance Indicators (MNO Providers versus Non-MNO Providers)

Key Performance Indicators (KPIs)					
(Weighted Average)					
	Net Premium	Claims Ratio	Expense ratios		
			Administrative Expense	Commission rate	Total
KPI (MNO providers)	21%	31%	16%	32%	48%
KPI (Non-MNO providers)	23%	64%	9%	4%	13%

The net premium ratio is higher for non-MNO providers than their counterparts indicating that non-MNOs make a higher profit than MNO providers. This is primarily because of the higher MNO commissions and lower costs of servicing for non-MNOs. Also, claims ratios are lower for MNO providers than non-MNO providers. This may be indicative of low

awareness on claims processes among clients of MNOs or their inability to appreciate the benefits of the products offered by MNO providers. Moreover non-MNO providers are able to offer microinsurance at a lower cost than MNO providers who incur up to 32% commissions rate compared to 4% for non-MNO providers.

Figure 18: Average Premium, Claims and Cost

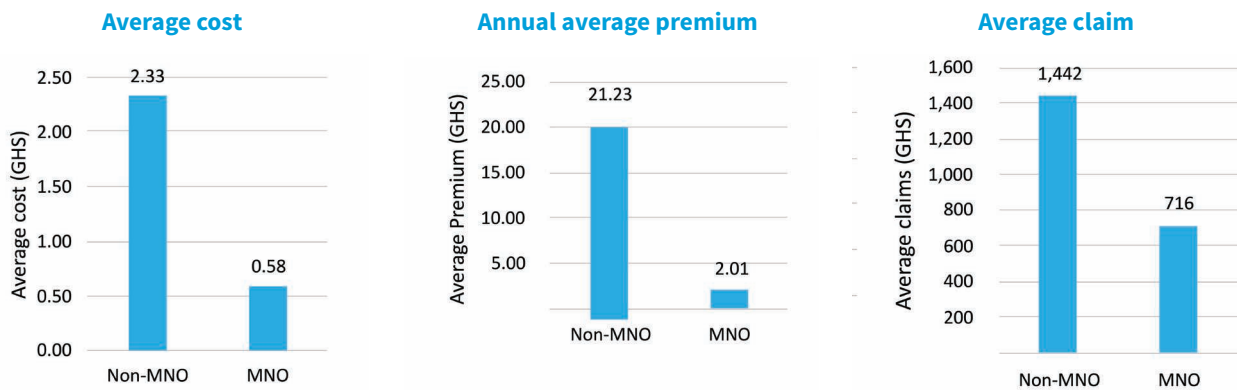
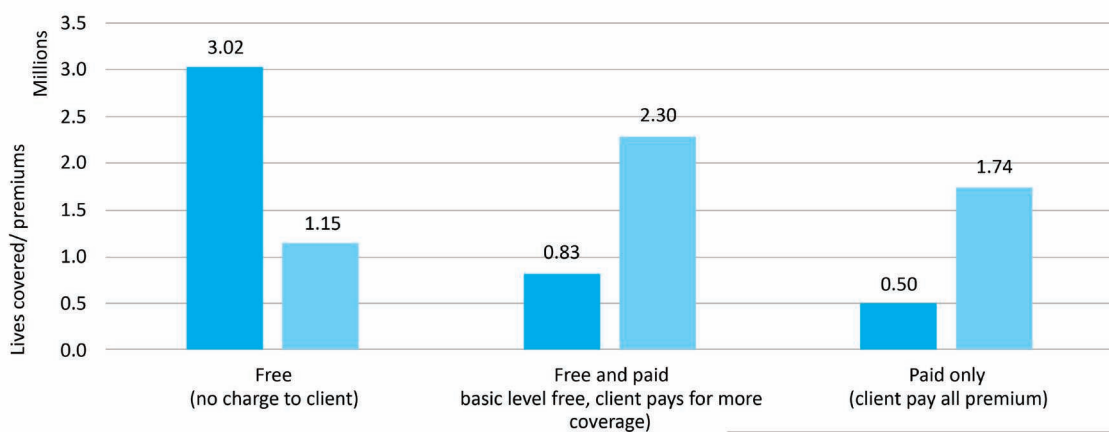


Figure 18 indicates that the average cost per policyholder is significantly lower for MNO providers than non-MNO providers. This is also the case for MNOs when comparing their average annual premium per policyholder to that of non-MNO providers. Additionally, the average claim for MNO

products is lower than for non-MNO products. This is directly related to the low monetary value of MNO products. This low monetary value is an important factor for the ability of the MNOs to sell microinsurance since more people are willing to pay for insurance provided at a relatively lower cost.

Figure 19: Models of MNO Product Distribution and Their Impact on Coverage and Written Premium



Note: all models require clients to opt-in or register in some way

■ Lives covered ■ Written premium

MI products can be profitable; however, administrative expenses (including commissions) usually drive costs and not claims. Figure 19 compares three (3) different microinsurance models of product distribution being carried out by MNO providers indicating the number of lives covered by each model and the respective premiums derived with each model. It is observed that free models certainly reach more people, but collect lesser premiums. This is because these business models offer the most basic products. The opposite holds for 'free and paid' and 'paid only' models which cover fewer lives but collect higher premiums.

2.11.7 Mode of premium payment

Premium payment in the sector is a mix of approaches: agent daily collection (Susu); client direct payment; group daily collection (Susu). For those using mobile phone technologies to pay the premiums, various practices prevail. The premiums are either paid directly by the telecom provider such as Airtel (as part of a loyalty program) or paid by subscribers using air time deducted by the mobile network operator such as Tigo. Other payments are made through MFIs who make deductions through client loan repayments.

2.11.8 Claims Payment Duration

Claims processing duration depends on type of policy, operational setup of the partner agent model and quality of database. One MI provider indicated that claims below GHS200 are processed within 24 hours especially if these claims relate to withdrawals from savings. Accident claims are settled within 7 days and hospital claims are settled within 3 days. Higher amounts require longer processing period so as to minimise fraud.

The average claims processing duration indicated by providers is about 7 days with ranges between one (1) to ten (10) days with the exception of one (1) provider that recorded an average of 30 days for claims processing duration. Providers indicated that delays in processing are generally caused by factors such as volume of business and growth leading to high volume of claims and false claims. Claims duration is important for building client confidence in insurance providers. The nature of the low-income segment of the market is that microinsurance clients are even more sensitive to claims payment duration.

Box 12

Premium Collection and Renewals Management Practices

New businesses, premium collection and renewal of policies are critical elements that influence microinsurance transaction cost and coverage of the MI provider. When managed well, premium collection and renewal collection offers the client convenience, flexibility and low transaction cost. This has remained a challenge for most MI providers, given the nature of the low-income segment of the market. In Ghana, most MI providers have addressed this through partnerships with microfinance institutions and small business associations and groups. The entry of technology especially mobile phone technology has provided opportunities for practices that enhance improved premium collection and renewals management. MI providers who have partnered with mobile telephone companies deduct initial premiums and renewals from the credit balances of subscribers who have signed onto the policies. Airtime tax in addition to these deductions may reduce the available airtime that clients can use when credit is uploaded and would increase recharging cost of clients. Another platform used by only one (1) provider is the money transfer mode where all money transfer clients have the opportunity to sign on to the insurance policy. The use of mobile telecommunication has ensured timely payment of premiums and renewals through deductions from credits and payments through mobile money wallets. A technical service provider uses a call centre approach to reach customers and remind them of their renewals and other product related information. The approach makes premium collection easier and more effective.

SECTION 3.0: CONDUCTIVE FRAMEWORK CONDITION FOR MICROINSURANCE IN GHANA

3.1 Industry Feedback on Microinsurance Regulatory Framework

Industry feedback on the microinsurance regulatory framework was provided by those offering MI and those that are currently not participating in the microinsurance market.

3.1.1 Awareness of Microinsurance Conduct Rules

Out of forty-three (43) providers surveyed, twenty six (26) responded to the question on awareness of the microinsurance conduct rules with sixteen (16) responding yes and ten (10) responding no. Out of the thirteen (13) MI providers, nine (9) stated that they are aware of the microinsurance conduct rules. The low awareness can be explained by the fact that if the provider or individual respondent is not working on microinsurance, he or she may not be aware of the microinsurance conduct rules. The feedback on awareness of the MI conduct rules however, indicates that more education among the providers is needed in order to improve awareness on the conduct rules.

3.1.2 Workability of the Requirements

Assessment of the workability of the requirements in MI conduct rules was answered by nine (9) respondents. The general feedback is that the criteria provided are workable. The industry has to work with the requirements as a basis for developing the microinsurance market.

One provider indicated that the contract must be accessible without the insurer having to issue individual policy documents for each policy holder. Another provider indicated that the requirements are not easy to work with and they were compelled to ask for technical support that came to them at a cost.

3.1.3 Improvement in the Existing Market Conduct Rules

Suggestions for improving the existing market conduct rules came from twelve (12) providers. Seven (7) of them thought it was too early to provide suggestions to the improvement of the existing market conduct rules. Suggestions from the remaining providers included the need for continuous education on microinsurance policies; need to improve and increase promotion of group approach instead of individual, given the high risk nature of the low-income segment; need

for market conduct rules to obligate providers to make clear distinction between pure risk versus endowment products when submitting products. These can be done through putting in place mechanisms such as random surveys in the market to check the extent of compliance with the rules on the market as well as mechanisms for enforcement.

3.1.4 Introduction of Special Licenses for Non-Regulated Underwriters

Out of twenty-one (21) providers who indicated their views on the subject of introduction of special licenses for non-regulated underwriters, nine (9) of them indicated “yes” and twelve (12) said “no”.

Providers who were of the opinion that special licenses should be given to non-regulated underwriters gave various reasons such as, MI is a special field and appropriate licenses have to be given to operators for smooth operation; licenses will ensure regulating of activities and licensing will open up the market for microinsurance.

Those who disagreed with the special license had reasons such as, the need for regulation because there are too many institutions and if not regulated, this can affect quality of service, professionalism and efficiency; special license will create unnecessary bottlenecks in developing products; existing companies are adequate to serve market needs; unregulated companies may carry out misdemeanours; there may be terms unfavourable to the underwriter; might expose industry to fraud; all underwriters must be regulated to bring accountability and promote fairness for both companies and the insured.

3.1.5 Feedback on Resubmission of Designated Products

Insurance companies were asked to provide feedback on the NIC’s requirement that products designated should be resubmitted for approval. A total of fifteen (15) providers responded to the question with most of them indicating that resubmission is appropriate and suits the development of the new microinsurance market. The expectation is that, resubmission will further enhance market standardization and protect the low-income segment market.

On the contrary, one provider was of the view that the resubmission requirement is unnecessary. Another provider indicated resubmission is necessary for guiding providers

because microinsurance is a new area but was of the view that the process itself is bureaucratic. Another provider was of the view that “resubmission” should have been limited to new products only, so that NIC itself does the selection of old products that do not meet the criteria.

3.1.6 Feedback on Experiences with Filing at NIC

Nine (9) providers offered feedback on their experiences with filing at the NIC. Highlights of the descriptions of experiences include, “it is a difficult process”; “delays in the approval of submissions made” and “handling of queries delay the process”. One provider indicated that the process is usually strengthened and quicker when all necessary documents are provided and another provider explained that the filing was done by MI broker so it did not experience difficulties. There is need for increased and continuous engagement between providers and NIC to address any expectation gaps with respect to the filing process.

3.1.7 Feedback from Insurance Companies not Offering MI products

Insurance companies that presently do not offer microinsurance were asked why they currently do not offer MI products. Reasons given for not providing microinsurance products included regulatory constraints; lack of technical expertise; insufficient market information to help in the design of microinsurance products for the low-income segment of the market and inability to assess the demand for insurance in low income population.

The feedback suggests that if there is clarity in available market opportunities with increased support for the industry, more providers are likely to join the microinsurance market. Twenty-one (21) companies which currently do not offer microinsurance products indicated they either planned to offer mass market products (12 providers) or target low-income categories directly (9) in the future. The

consideration to serve the low-income market directly or through mass market products are reported to be the recognition of untapped market among low-income earners and proposals from brokers.

3.2 Industry Feedback on Clients’ Economic Activities

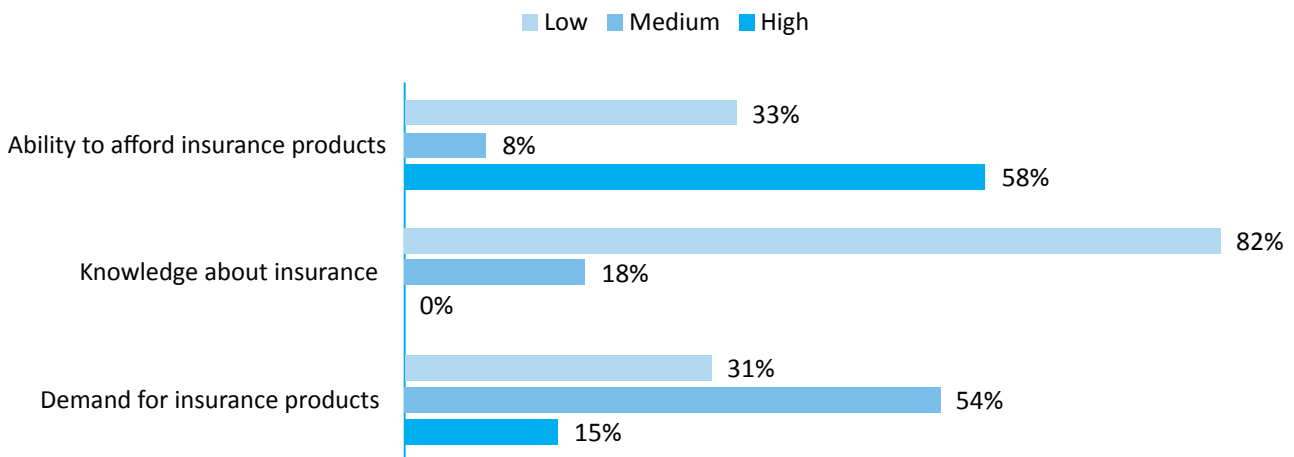
Industry feedback is limited to issues relating to the economic activities of clients in the low income segment of the market. Feedback is analysed with respect to expectations of growth for MI providers, perception of insurers of potential MI clients, profitability of MI product offering, enabling factors for provision of MI products and distribution channels.

3.2.2 Perceptions of Insurers on Potential MI Clients

Perceptions of insurers on potential MI clients was analysed on the basis of clients’ ability to afford insurance products, knowledge about insurance and demand for insurance products. With respect to perceptions of insurers on potential MI Clients, seven (7) respondents out of twelve (12) providers indicated that the low-income category has the ability to afford insurance products. Four (4) respondents indicated that the low-income category have low purchasing power in terms of affording insurance products on the market.

With respect to knowledge about insurance, nine (9) respondents representing 82% ranked the knowledge about insurance policies among the potential low-income client base as high whiles two (2) respondents representing 18% ranked knowledge levels as low. With respect to demand for insurance products, seven (7) respondents representing 54% out of a total of thirteen (13) ranked the demand for insurance products among potential MI clients to be medium (average). Figure 20 presents the Perception of insurers on Potential MI clients.

Figure 20: Perceptions of Insurers on Potential MI Clients

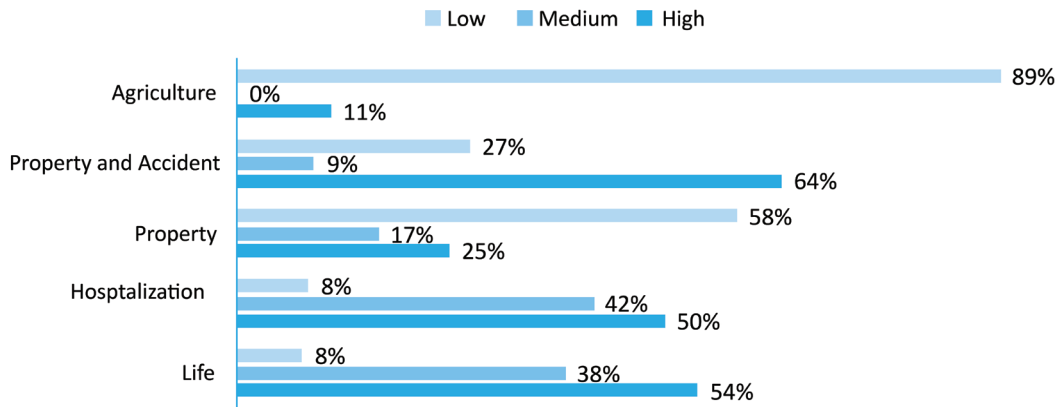


3.3 Profitability Perception of MI Product Offering

Though microinsurance providers generally target the low-income population, there is the need for them to offer products profitably to ensure their sustainability. Profitability is analysed on the various products such as agriculture,

personal accident, property, hospitalization and life. Figure 21 presents ranking of profitability among the various MI product offering by providers.

Figure 21: Profitability of MI Product Offering



There is a correlation between the perception of MI providers on the profitability of the various MI product offerings and the actual premiums being generated by the product types in the industry for the year 2014 (see table 5). It is not surprising that 54% of respondents are of the view that life products (credit and non-credit life) are highly profitable, since these products account for 85% (GHS 11,282,015) of the gross MI premiums (exclusive of savings). Fifty percent (50%) of respondents also affirm the profitability of hospitalization products as they account for 11% (GHS 1, 518,920) of gross MI premiums. Moreover the perception of 89% of MI providers on the low profitability of agricultural insurance is indicative of the fact that agricultural insurance only accounts for 1% (GHS 70,492) of gross MI premiums (the lowest premium earner among the five (5) main risk covers). Throughout Africa, limited agriculture cover reflects some of the core constraints in African insurance including limited

markets, weak ability to pay and insufficient reinsurer interest as well as crowding out by government²⁰.

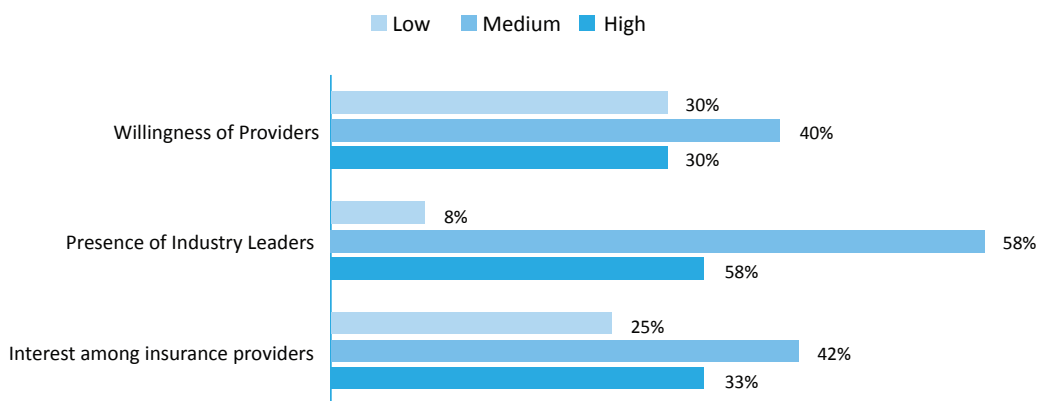
3.3.1 Enabling Factors for Provision of MI products

Enabling factors for provision of MI products by providers include the following:

- Willingness of providers to provide MI products;
- Presence of industry leaders; and
- Interest among insurance providers to offer MI products.

It is, evident that, interest outweighs willingness indicating that they may comply with any regulation regarding MI products. Figure 22 presents the various levels of interests among the respondents.

Figure 22: Market Aspects Relating to MI Provision



20 The Landscape of Microinsurance in Africa 2012, Munich Re Foundation and GIZ Publication, March 2013

SECTION 4.0: CONCLUSIONS AND RECOMMENDATIONS

4.1 Conclusions

The microinsurance landscape survey 2014 has established improvement in Ghana's microinsurance landscape with respect to increased outreach, products, delivery strategies and increased use of mobile phone technology to reach low-income segments of the population. The proportion of the population with access to microinsurance has increased. Providers generally find the conduct rules workable and view them as a strategy to improve standardisation in the industry, notwithstanding concerns by some providers that the process is bureaucratic. Observed practices include use of partnerships in microinsurance distribution; technology in client enrolment; use of client service clinics to enrol clients and address client complaints; use of call centres to reach clients and receive client complaints. The perceived potential for the industry is high with all MI providers expressing interest in expanding current portfolio. Other companies who are not currently offering microinsurance, plan to either introduce mass market products or specific products for the low-income segment of the population.

The growth drivers for microinsurance identified include:

- Involvement of mobile telephone companies and bancassurance channels such as Savings and Loans Companies as well as Rural and Community Banks, which have created the platform for reaching more clients and also facilitating effective premium payments and renewals;
- Increased interest of insurance companies in the low-income segment of the market;
- Multiplicity of distribution channels as demonstrated by the use of call centres of BIMA, use of group methodology and existing financial service providers of low-income market such as microfinance institutions;
- Product diversity.

Most of the MI providers expect to experience growth in the microinsurance market. The results point to potentially good fortunes for the industry with its attendant benefit for improved financial inclusion. The growing use of technology and increased understanding of the potential offered by the low-income segment of the market will result in more people taking up microinsurance policies.

The positive strides notwithstanding, the market is still in a developing stage with challenges that would have to be addressed for its full potential to be realised. The landscape survey has identified a number of issues that have to be addressed for further development of the microinsurance market in Ghana. These issues and related recommendations are provided.

4.2 Issues and Recommendations

4.2.1 *Focus on Developing Products for the Low-income Market and Identification of Delivery Options*

Insurance companies providing microinsurance products have provided more of mass market products which ensure that both low-income and other segments of the market are reached. This is a good promotional effort on the part of providers but run the risk of not deepening outreach in respect of low-income clients. Most of the providers are reluctant in researching into the low-income segment of the market and are relying on microfinance providers in reaching the low-income market. This situation needs to be improved through increased research support for microinsurance providers for them to deepen understanding of the market and serve it effectively. There is also the need to identify a variety of delivery options for MI providers in reaching low-income clients. These may include the use of an increased number of retailers and partnerships with utility companies and other service providers.

4.2.2 *Need for Improved Database Management at MI Provider Levels*

The study has established gaps in data management and transparency with respect to microinsurance. Most of the providers were unable to provide detailed performance indicators with respect to their microinsurance business. Specifically, there are challenges with the management of financial and operational performance data including the mixing of savings and insurance. The dearth of data has deprived providers of the opportunity to analyse profitability of products and make more data driven decisions. There is the need to consider the adoption of appropriate software to facilitate effective data management and repeat training for providers in the Key Performance Indicators (KPIs).

4.2.3 *Redefinition of Role of Mobile Network Operators*

Mobile telecommunication businesses in general are very influential due largely to the nature of service provided. These providers are also principal actors in the microinsurance market, providing a useful platform to facilitate delivery of microinsurance policies. Although they are not licensed as insurance providers, telecommunication businesses are major channels in the market and there is need to address their growing influence to ensure fair market conduct especially in the areas of client education and client protection. One provider mentioned they are losing their brand to the mobile telecommunication businesses.

The sustainability of the involvement of telecommunication businesses also has to be addressed especially in the case of loyalty programs as promoted for example by Airtel. With almost 1 million subscribers on the Airtel programme, there is the need to consider the effect on the wider insurance industry if the loyalty program ends. Additionally the decision of a telecommunication business to withdraw from any of the ongoing partnerships could have significant confidence implication for the industry.

The National Insurance Commission (NIC) and National Communications Authority (NCA) will be key in leading discussions on how to manage these issues.

4.2.4 *Registration of Microinsurance Products with the National Insurance Commission*

Before the introduction of the MI Regime, a number of insurance companies were providing products and services which could be designated as microinsurance. The introduction of the regime necessitated the registration of their products and services as “**Microinsurance**”. However, a number of these providers do not see the need to re-register their products. Even though clients under the low-income category will still be served, for the purposes of records keeping and to promote the standardization of products as the MI regime is intended to achieve, the regulator needs to actively encourage and promote the registration of products on the part of providers through the provision of tangible incentives that will trigger registration.

4.2.5 *Ownership and Management of Data*

There are ongoing challenges with some partnership agreements with intermediaries in the areas of information and client data ownership. There are a number of cases in which the insurance companies do not have control over the client database managed by the partners. These needs to be reviewed further in the light of data privacy requirements and need for insurance companies to have access to that segment of the data that is required for operational management.

4.2.6 *Inadequate Institutional Capacity for Microinsurance Operations*

Most providers lack research capacity and institutional structures to effectively develop and deliver microinsurance business. Additionally, there is a weak understanding of the general microinsurance business. Formal and sustained arrangements are needed to support capacity building on microinsurance business management. NIC and the industry association are encouraged to work together in identifying services that can benefit providers on a shared basis.

4.2.7 *Need to consider the Implications of Growth in Savings Mobilisation by Insurance Companies*

Deposit mobilization by regulation is the preserve of institutions licensed by the Bank of Ghana. Insurance companies are however, deeply involved in savings mobilization beyond the premiums paid for policies. This growing trend needs to be further discussed especially between the two regulators – National Insurance Commission and Bank of Ghana to ensure that client interest are adequately preserved.

Demand Side

SECTION 5.0: INTRODUCTION, BACKGROUND, OBJECTIVE AND SCOPE

5.1 Introduction

Section 5 describes the scope and overall approach and methodology adopted for the demand segment of the market study. It also discusses the various stages for undertaking the assignment; survey challenges and limitations.

5.2 Scope of the Demand Side Survey

The demand side survey covered a sample size of one thousand eight hundred and forty-seven (1,847) microinsurance clients from twelve (12) microinsurance service providers in Ghana. The service providers are:

Donewell Life Insurance Company; Enterprise Life Insurance Company; Ghana Union Assurance Company; Phoenix Life Insurance; Old Mutual Insurance Company; Prudential Life Insurance Company; SIC Life Insurance Company; Star Microinsurance Services; Unique Life Assurance Company; UT Life Insurance Company, Vanguard Life Insurance Company and GLICO Life Insurance Company.

The survey covered ‘*demographic characteristics, level of insurance knowledge and awareness, attitude towards insurance services and perceived benefits of insurance*’.

Figure 23: Approach to Demand Side Survey



5.3 Approach and Methodology

The overall survey was undertaken in four (4) main interrelated stages as depicted diagrammatically in Figure 23.

A combination of quantitative and qualitative methodologies was adopted. The quantitative methodology largely entailed the administration of structured questionnaires to respondents to facilitate analysis of insurance knowledge and awareness levels. The qualitative methodology entailed in-depth interviews through focus group discussions to

obtain – among others – attitudes and perceptions with respect to insurance.

5.3.1 Preparatory Activities

Approach Adopted for Regional Sample Allocation

Using data from the Ghana Population and Housing Census Summary Report, the regional distribution of the economically active population of 15 years and above, who engage in financial and insurance activities was extracted and a proportion sampled as presented in Table 7.

Table 7: Economically Active Population

Regions	Ashanti	Brong Ahafo	Central	Eastern	Greater Accra	Northern	Upper West	Volta	Western	Upper East
Population ²¹	15,618	4,087	4,028	4,604	33,532	1,416	454	2,759	5,361	807
Proportion sampled	21%	6%	6%	6%	46%	2%	1%	4%	7%	1%

21 http://www.statsghana.gov.gh/docfiles/2010phc/Census2010_Summary_report_of_final_results.pdf

Regional Allocation of Clients Interviews

Based on the sampled economically active population engaged in financial and insurance activities (Table 7), the

demand survey sample size of one thousand eight hundred and forty-seven (1,847), originally 1,760²², was allocated on regional basis using the regional proportions indicated in Table 8.

Table 8: Regional Client Sample Allocation

Regions	Ashanti	Brong Ahafo	Central	Eastern	Greater Accra	Northern	Upper West	Volta	Western	Upper East
Sample Ratio	21%	6%	6%	6%	46%	2%	1%	4%	7%	1%
Allocated Client Sample Size	378	99	98	112	812	34	11	67	130	20

Allocation of Regional Sample Size among Microinsurance Providers

Using the list of contact details of microinsurance agents as a basis for determining the presence of microinsurance clients in the regions, the team allocated the number of interviews to be held per each microinsurance provider.

Selection and Training of Enumerators

Given the time frame within which the survey had to be completed, twenty-one (21) field enumerators were selected from the various regions and trained. Training covered general background of the survey, objectives of the microinsurance survey and survey instruments

Pilot Survey

The pilot survey was restricted to the Greater Accra Region. Three (3) microinsurance providers were surveyed and a

total of seventy-five (75) clients were interviewed. The results from the pilot survey informed decisions on the average number of interviews to be undertaken per enumerator and amendments to the survey instrument.

5.3.2 Field Survey

The field survey was conducted from the 8th to 22nd of December, 2014 in nine (9) out of the ten (10) regions in Ghana. A total of one thousand eight hundred and forty-seven (1,847) clients of twelve (12) microinsurance providers were interviewed. In addition to this, six (6) focus group discussions (FGD) were held: two (2) in Greater Accra and Ashanti Region; one (1) in the Brong Ahafo Region and one (1) in the Northern Region with a total of thirty eight (38) participants. Table 9 presents the total number of individual interviews and focus group discussions held per region. There were no interviews in Upper East, due to the absence of agents of the respective microinsurance providers.

Table 9: Total Number of Interviews per Region

Regions	Ashanti	Brong Ahafo	Central	Eastern	Greater Accra	Northern	Upper West	Volta	Western	Total
No. of Individual Interviews	397	106	149	113	808	38	16	67	153	1,847
No. of FGDs	2	1	-	-	2	1	-	-	-	6

5.3.3 Data Review, Entry and Validation

The instrument review was undertaken for completeness as soon as they were submitted by enumerators. All one thousand eight hundred and forty-seven (1,847) questionnaires were coded in order to facilitate tracing within the data entry tool. A data entry template using

EpiData²³ was designed for the purposes of the assignment. Data entered was further validated for quality control checks.

22 The original sample was 1,760; however, this number was increased in order to be assured of obtaining the original sample in the event that some of the interviews had to be rejected.

23 EpiData is a program for entering and documenting data. A strong part of EpiData is the possibility to specify rules and calculations during data entry and skips if necessary.

5.3.4 Data Analysis and Report Writing

Data analysis and report writing were undertaken in parallel. The data analysis tool used for analysis was the Statistical Package for Social Sciences (SPSS). Adequate quality control measures were adopted to ensure that analysis was done accurately and in line with survey objectives. Findings from both primary and secondary data were compiled to prepare the report in line with requirements of the terms of reference.

5.4 Survey Limitations

- **Difficulty in identifying inactive clients²⁴:** As part of the sample for the survey, inactive clients were to be interviewed alongside active clients of microinsurance providers. However, since providers (and their agents) no longer deal with inactive clients, this presented a challenge to enumerators in identifying and interviewing them.
- **Exclusion of GAIP from survey due to IPA confidentiality with farmers:** The Ghana Agricultural Insurance Pool (GAIP) was initially selected as part of the microinsurance providers who have clients to be interviewed as part of the demand segment survey. GAIP, however, operates through Innovations for Poverty Action (IPA) which has direct dealings with the clients. Due to issues of confidentiality, it was impossible to get access to GAIP clients through IPA.
- **Challenges in dealing with intermediaries such as microfinance companies:** Some microinsurance providers, as part of their delivery channels, provide microinsurance products and services through intermediaries such as microfinance companies. A number of the microinsurance companies prevented the survey team from interviewing microfinance clients, who are also microinsurance clients.

The above limitations notwithstanding, the findings from the study reflect the market situation and should serve as a useful reference document on the demand segment.

5.5 Terminologies in the context of this report

- **Demand survey:** Demand survey refers to the survey amongst microinsurance clients (active and inactive) to assess their background, current practices, knowledge, attitude and perceptions of microinsurance products and services.
- **Insurance provider:** In the context of this report refers to insurance companies offering microinsurance products.

24 A total of sixty-eight (68) inactive clients were interviewed, representing 3.7% of the total sample. For findings on this specific group, please refer to Appendix 5.

SECTION 6.0: FINDINGS FROM THE QUANTITATIVE AND QUALITATIVE ANALYSIS

6.1 Introduction

This section presents the field data analysis results categorised along general background and characteristics of respondents; knowledge and awareness of insurance and attitudes of respondents towards insurance.

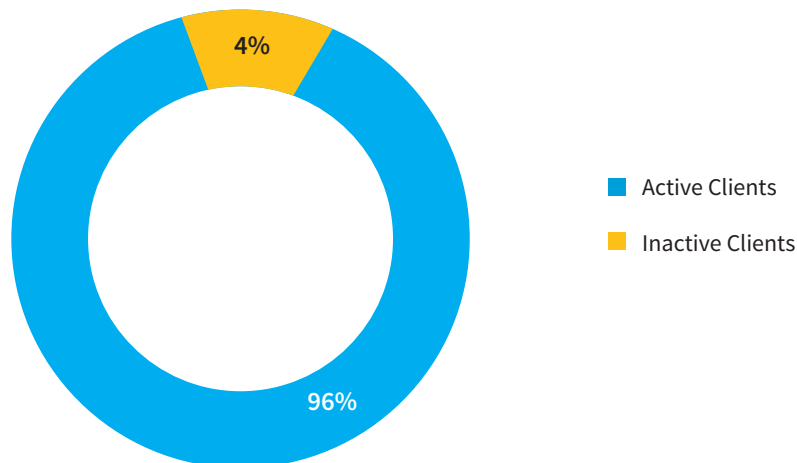
The section contains text boxes with corresponding results from the focus group discussion (FGDs) and thus triangulates quantitative findings and interpretations. FGDs were held with 6 different groups in four regions, specifically Greater Accra, Ashanti, Brong Ahafo and Northern Regions.

All members of the groups interviewed were microinsurance clients (active and inactive).

6.2 General Background and Characteristics of Respondents

A total of one thousand eight hundred and forty-seven (1,847) clients (comprising 1,779 active and sixty-eight (68) inactive clients (see Figure 24) from twelve (12) microinsurance providers were interviewed.

Figure 24: Distribution of Active and Inactive Clients Interviewed



Appendix 4 presents the total number of interviews held per each microinsurance provider with a detailed breakdown of interviews held per respective microinsurance providers in the various regions. For regional statistics on respondents' socio-economic characteristics, knowledge about insurance and attitude towards insurance as well as statistics on active and inactive clients, please see Appendix 5.

6.2.1 Client socio demographic profile

Gender and Religion

The results of the survey show that males constitute 45.6 percent and females 54.4 percent of the clients interviewed

(Figure 25). This indicates a gender ratio of eight-five (85) male clients to every one hundred (100) female clients. Clearly, women have been the focus of all microinsurance efforts when the main distribution channels are considered. Religious affiliation of clients is shown in Figure 26. The

Christian religion is dominant (87%) among clients, followed by Islam (11%) and traditional religions (1%). The remaining one percent (1%) indicated they had no religion²⁵.

Figure25: Gender

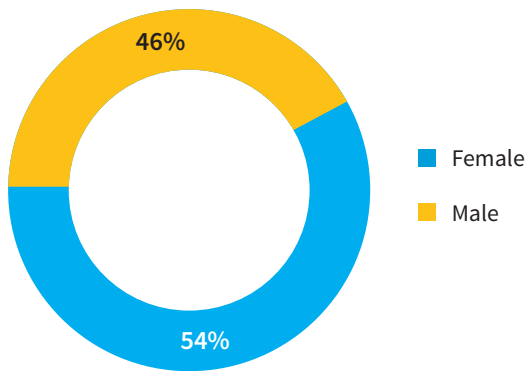
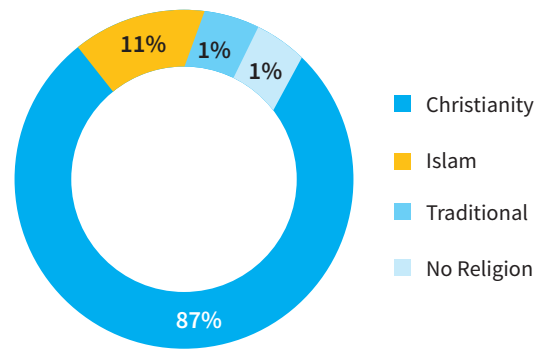


Figure26: Religious Affiliation



Age Distribution

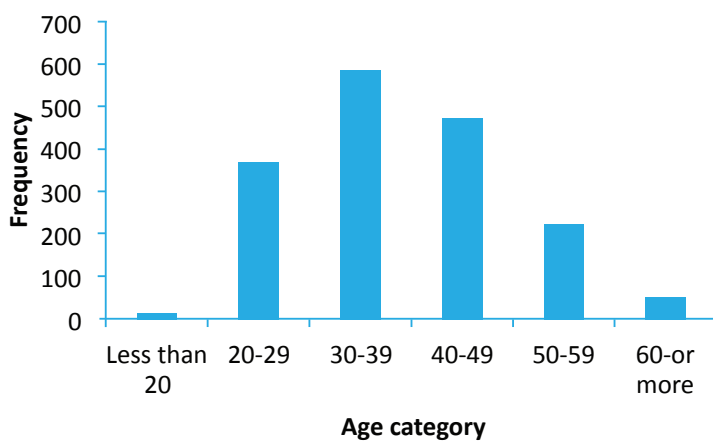
Table 10 presents the age distribution of respondents²⁶. Respondents’ age range between 18 to 76 years (mean age = 38.34 years). Majority (96.5%) of the clients form the major target age group of 20-59 years. Clients under 20 years

account for 0.8 percent of the survey while persons 60 years and older constitute 2.7 percent. The age group of 60 years and above may be a low interest group for microinsurance providers.

Table 10: Age Distribution

Age Distribution	Respondent Number	Percentage (%)
Less than 20	14	0.8
20-29	372	21.6
30-39	586	34.0
40-49	478	27.8
50-59	225	13.1
60 or more	46	2.7
Total	1,721	100

Figure 27: Histogram of sample age distribution (including mean, standard error, median, mode and standard deviation)



Mean:	38.34
Standard Error:	0.25
Median:	37
Mode:	30
Standard Deviation:	10.26

²⁵ GLSS6 report shows there are 73 percent Christians, 20.2 percent Muslims, 0 percent Traditionalist, no religion 6.7 percent and other 0.1 percent.

²⁶ A Shapiro-Wilk’s test ($p < .05$) and a visual inspection of the histogram, normal Q-Q plots and box plot showed that the age distribution is not normally distributed, with a skewness of 0.427 (SE = 0.059) and a kurtosis of -0.248 (SE=0.118).

Marital Status

Table 11 presents the marital status of respondents from the survey which shows that 67.2 percent of them have ever

married (married, divorced or separated, widowed) while 32.8 percent have never married.

Table 11: Marital Status

Marital Status	Respondents	Percentage (%)
Single	606	32.8
Married	1,084	58.7
Divorced or Separated	97	5.3
Widowed	60	3.2
Total	1,847	100

Children/Dependants

On average, respondents have 2.23 children and 1.5 dependants²⁷. The maximum children and dependants a respondent has is 22 and 20 respectively. Quintile income groupings and summary statistics of number of children and dependents of respondents are presented in Appendix 6.

Educational Level

The level of educational attainment of the respondents is shown in Table 12. About 13.4 percent have never been to school while 23.0 percent have up to primary level. Most (43.2%) of the respondents have up to secondary level of

education and only 5% acquired Vocational/Commercial/Technical School or higher. Most (79.6%) of the target group of microinsurance providers have no formal education or have education up to secondary level. Thus, respondents with tertiary education seem to be a non-target group of microinsurance providers, which would correspond to the basic assumption of income levels by qualification and the definition of microinsurance in Ghana. Consequently, respondents in that category would predominantly be expected to be operating in the formal sector and might have subscribed to conventional insurance.

Table 12: Educational Level

Educational level	Respondents	Percentage (%)
No formal schooling	248	13.4
Up to primary level	424	22.9
Up to secondary level	797	43.2
Vocational/technical/commercial level	92	5.0
Up to tertiary level	286	15.5
Total	1,847	100

Employment Status and Sectors of Operation

Table 13 shows that microinsurance providers target mainly the self-employed without employees (51.6%) group. This is followed by people in formal wage employment (15.5%),

self-employed with employees (15.1%) and informal wage employment (14.7%). The least targeted group is the retired (0.9%), unemployed (0.7%) and those at home (0.2%).

Table 13: Employment Status

Employment Status	Respondents	Percentage (%)
Self-employed without employees	940	51.6
Formal wage employment	282	15.5
Self-employed with employees	276	15.1
Informal wage employment	268	14.7
Student	19	1.0

²⁷ Dependents here do not include spouse and children.

Employment Status	Respondents	Percentage (%)
Retired	17	0.9
Unemployed	13	0.7
Home (housewife/husband)	4	0.2
Other	4	0.2
Total	1,823	100

Table 14 presents results on the sectors of employment. The majority (61.8%) of the clients of microinsurance providers are traders. Microinsurance clients in the sectors of real estate, fishing and other community services did not come

across as key targets as they recorded very low proportions of, real estate (0.5%), fishing (0.4%) and other community services (0.3%).

The breakdown on sector basis is presented in Table 14.

Table 14: Sectors of Operation

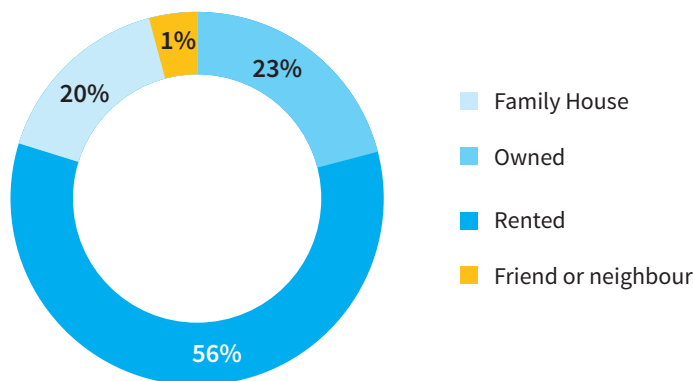
Sectors	Percentage of Respondents in Sector (%)
Trade	61.8
Manufacturing	5.9
Education	4.1
Transport and Communication	3.0
Public Administration	2.7
Financial Services	2.5
Agriculture	2.1
Electricity/Energy	2.0
Health and Social Work	1.7
Construction	1.6
Hospitality	1.6
Real Estates	0.5
Fishing	0.4
Other Community Services	0.3
Other	10.1
Total	100

Housing Status

Figure 28 shows the housing status of the microinsurance clients. More than half (56%) of the respondents live in rented houses. Twenty-three percent are house owners and 1 out

of 5 lives in a family house. Those who live with a friend or neighbour form the least category (1%).

Figure 28: Housing Status



3.1.1 Income and Expenditure

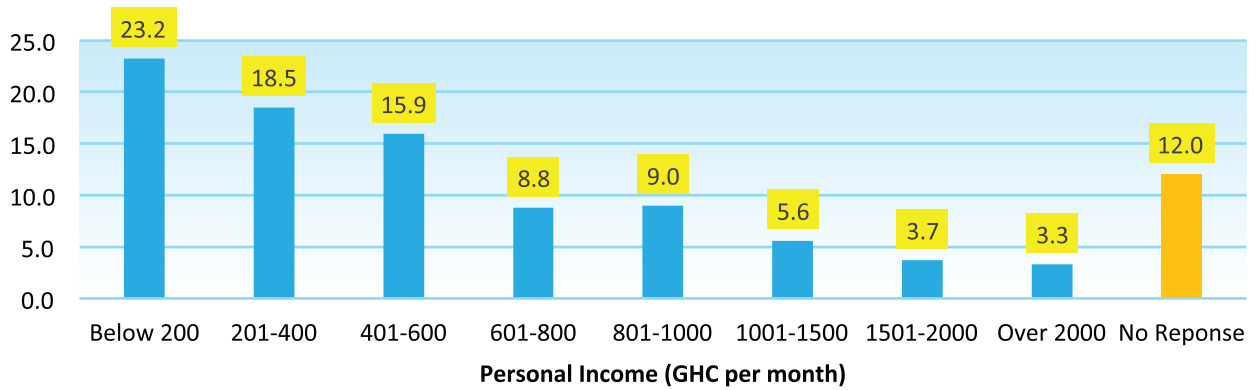
For the following sub-chapters information from clients collected differentiated between individual and household level.

Clients Monthly Income

Figure 29 shows that more than half (57.6%) of the clients earn less than GHS 600. About two hundred and twenty-one (221) respondents representing 12 percent of the total

sample were not able or willing to disclose their monthly income. The average monthly income earned per client is GHS 700. Appendix 6 shows the income of clients by quintile. Although microinsurance is targeted at low-income clients, the outcome from the survey revealed that some clients earn more than GHS 1,500, an indication that products actually cut across income levels. Appendix 8 presents the demographic characteristics of those 7% of sampled clients, who earn above GHS1,500.

Figure 29: Monthly Income



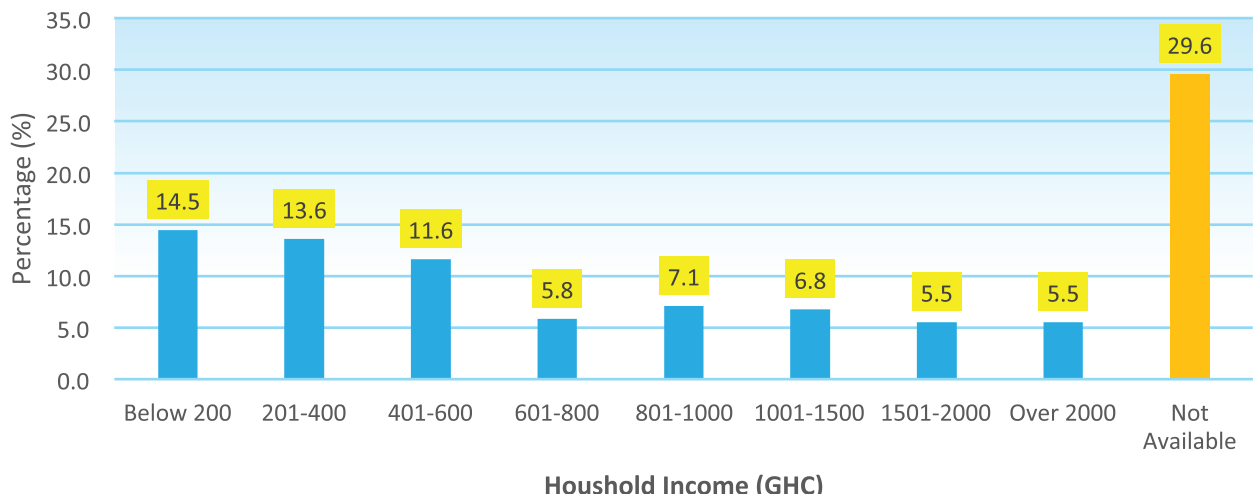
Mean	699.34
Standard Error	26.43
Median	500
Mode	500
Standard Deviation	1,065.45

Clients' Monthly Household Income

Figure 30 shows the monthly household income of clients. A segment of the clients (29.6%) interviewed were either unaware of their monthly household income or reluctant to disclose this information. Results, however, indicate that

most respondents (45.5%) have their monthly household income below GHS 800. Average household income was calculated at GHS 897.26. Appendix 7 presents further analysis into this variable.

Figure 30: Clients' Monthly Household Income



Major Assets owned by Clients

In order to assess the purchasing power of clients, respondents were asked to indicate the type of major assets they possess. The most owned assets were mobile phones (27.1%) and television sets (21.9%). These are

communication gadgets that serve as channels for reaching microinsurance market. Table 15 presents the results on major assets owned by clients of microinsurance providers.

Table 15: Major Assets

Major Assets	Respondents	Percentage (%)
Mobile Phone	1,822	27.1
TV	1,471	21.9
Fridge	1,324	19.7
Sofa Set	650	9.7
Microwave	369	5.5
House	348	5.2
Car	297	4.4
Polytank /Water Pump	221	3.3
Others	136	2.0
Motorcycle	90	1.3
Total	6,728	100

Number of Mobile Phones and Money Spent on Credit per week

Clients were asked to indicate the number of mobile phones they possess. Majority (71.5%) of the clients indicated that they own one mobile phone while the remaining (28.5%)

indicated that they own more than one mobile phone as presented in Table 16.

Table 16: Mobile Phone Use

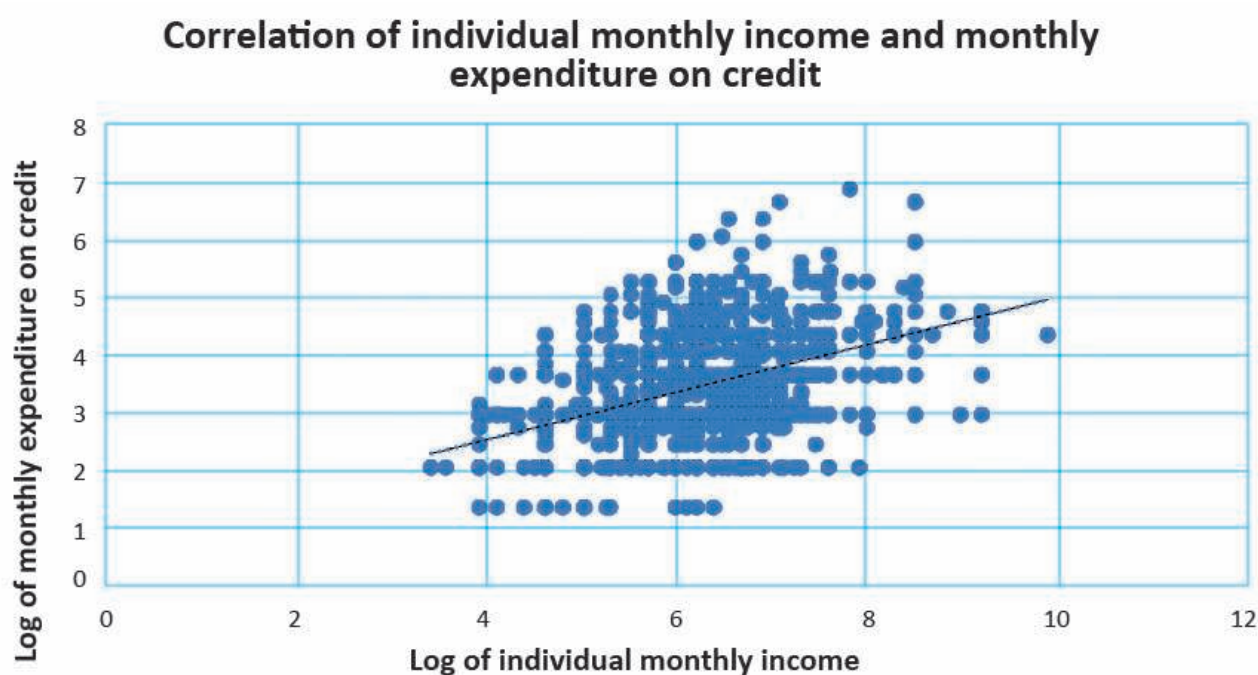
Number of Mobile Phones	Respondents	Percentage (%)
Zero	25	1.4
One	1,320	71.5
Two	453	24.5
Three	44	2.4
Four	5	0.3
Total	1,847	100

Figure 31 also analyses the relationship between individual monthly income and monthly expenses on mobile airtime/ credit.

The correlation (r) between individual monthly income and monthly expenditure on credit was found to be 0.239. This means that there is a weak positive association between individual monthly income and monthly expenditure on

credit. That is, as one monthly income increase his or her monthly expenditure on credit will also increase.

The trend line suggests that a unit percentage change increase in monthly income will translate into a 0.41 percent increase in monthly expenditure on credit. Presented in Appendix 9 is the Percentile grouping of the credits purchased by clients per week.

Figure 31: Correlation of individual monthly income and monthly expenditure on mobile airtime/credit**Amount Paid for Utilities per Month**

Clients were required to indicate the amount of money spent on utilities such as electricity, water and gas/charcoal/wood per month. Responses from clients indicated that the average amount spent every month on utilities is GHS 83.96 with a maximum amount of GHS 6,000. Detailed analysis of this variable is presented as Appendix 10.

Financial Institutions Used

Clients were required to indicate the financial institutions they currently use. Commercial/Universal banks (48.4%) came out as the most common type of financial institution used followed by Susu Collectors (13.8%); Rural and Community Bank (12.0%). Table 17 presents the results on the types of financial institutions used by clients.

Table 17: Financial Institutions Used

Financial Institutions Used	Respondents	Percentage (%)
Commercial/Universal Bank	975	48.4
Susu Collectors	277	13.8
Rural and Community Bank	242	12.0
Savings and Loans	235	11.7
Microfinance Company	172	8.5
Credit Union	99	4.9
Other	13	0.7
Financial NGO	1	0.0
Total	2,014	100

It can be said of results obtained from clients monthly income (more than half – 57.6% – earning less than GHS 600); clients monthly household income (majority – 45.5% – of clients earning below GHS 800); **major assets owned by clients** (mobile phone – 27.1%; and TV – 21.9%); number of mobile phones owned (one mobile phone – 71.5%; amount paid for utilities per month (average monthly amount of GHS

83.96) and financial institutions used (Commercial/Universal banks – 48.4% – and Susu collectors – 12.8%) that products designated as microinsurance are generally reaching the target market, given that asset ownership and categories of assets reflect possessions of low income people. As noted earlier client types, however, go beyond the low income segment.

6.3 Analysis on Knowledge about Insurance

Clients were tested on their insurance knowledge. This was broken down into whether they were aware of what insurance is, how they became aware, their definition of insurance, types of insurance products known, knowledge on how insurance works etc.

Awareness of Insurance and Source of Awareness

The majority (97.7%) of clients indicated that they had heard the term insurance while a minority (2.3%) indicated

that they had never heard the term insurance. This is in spite of the fact that all clients have (active) or have had in the past (inactive) some kind of insurance policies with microinsurance service providers.

When asked to state the various sources from which they heard the term “insurance”, marketing agents (1,323 responses) came out to be the most popular source. This was followed by ‘on radio’ (766 responses) (See Table 18).

Table 18: Source of Insurance Awareness

Source	Number Aware through Source	Percentage (%)	Percent of cases (%)
Marketing Agent	1,323	46.6	74.6
Radio	766	27	43.2
Friend/Family	328	11.5	18.5
Newspaper	215	7.6	12.1
Other	159	5.6	9.0
Fliers	51	1.8	2.9
Total	2,842	100	160.2*

**Multiple response analysis*

The agents, currently being the most popular source of insurance information, indicates that the agents have to

be well trained and monitored to ensure effective client orientation from the onset²⁸.

Client’s Definition of Insurance

Clients were asked to define what insurance is. The majority (51.9%) of clients responded correctly to the definition of insurance as it being “protection against a potential risk”. Another 13.7% defined insurance as “savings to protect me

in the future when I go by all its rules” and 11.9% as “Susu”. The outcome of these responses indicates that some clients consider insurance to be a form of savings²⁹.

Presented in Table 19 is the statistics of their responses.

Table 19: Definition of Insurance

Indicated Definition	Frequency	Percentage (%)
Protection against a potential risk	923	51.9
Savings to protect me in the future when I go by all its rules	243	13.7
Susu	212	11.9
Savings I can make and redeem whenever I need it	140	7.9
To protect my family when something happens to me	97	5.5
Don’t know	58	3.3
Other	46	2.6
To provide financial assistance when one is sick	34	1.9
To provide you with investment opportunities	20	1.1
It is a mandatory requirement for a loan (additional fee for the loan)	3	0.2
Because it is required by law	2	0.1
Total	1,778	100

²⁸ However, as the supply-side Landscape analysis showed, agents are the least efficient distribution channel for microinsurance products and might be substituted by alternative ones on the medium term and as soon as microinsurance providers reach significant scales.

²⁹ Interviews and focus group discussion in the context of this landscape survey, as well as other recent analysis (Insurance Awareness Campaign) showed that clients having a term-life microinsurance policy often bought endowment products. Those insurance products incorporate a savings / investment component, which will lead to a pay-out of savings / returns at the end of the policy term. Clients rarely are in the position to distinguish between the insurance cover and the savings/investment component of such combined products.

Findings from the Focus Group Discussions on Insurance Knowledge

The initial question on knowledge was to determine where (sources) participants heard the term insurance. The most common responses were: families, neighbours, billboards, radio and television. In addition, participants were asked how they got involved with their various insurance companies and majority indicated that visits of the company agents influenced them.

In assessing clients' basic knowledge and understanding of insurance, participants were asked to explain in their own words how insurance works. Statements from participants indicated very little understanding and clear misconceptions about the concept of insurance. Explanations provided by participants to buttress this conclusion are presented.

Tamale

'Insurance is a form of susu that is paid to insurance companies in order to secure a loan in future to help one's businesses and payment of children school fees.'

'Insurance is what we take to hospital for treatment.'

'I don't know what it is; I saw my friends doing it and also joined them.'

'It is a form of savings against future loans when I need money.'

Some participants, however, proved they have appreciable level of knowledge about insurance and how it works. Responses to support this statement are presented.

Accra

'Insurance is a form of protection against potential risks in future.'

'A situation whereby you pay premiums to the insurance company so that in case of the incident you have insured against, the company will indemnify you'

'An agreement between an individual or a group of people and the insurance company to assist them in times of eventualities.'

Knowledge and Types of Insurance Policies Known

Clients were asked, as part of the knowledge assessment questions to mention at most seven (7) types of insurance policies they know of. Fifty-four (44) clients were able to mention a maximum of seven insurance policies followed by eighty-two (82) clients who were able to mention a maximum of six (6) policies. Six hundred and seventy-nine (679) clients were able to mention only one (1) insurance policy with fifty-nine (59) mentioning no product. The highest mentioned

policy was the Health Insurance or NHIS one thousand one hundred and twenty-five (1,125). This was followed by life or funeral insurance nine hundred and ninety-five (995) and then motor or car insurance five hundred and fifty-five (555). The least known insurance policy is the crop or livestock insurance ninety-one (91). Tables 20 and 21 present the knowledge of insurance policies and the type of insurance policies known respectively. Averagely, respondents were able to mention 2.3 types of insurance products.

Table 20: Knowledge of Insurance Policies

Number of Policies	Number of Respondents	Percentage (%)
0	59	3.2
1	679	36.8
2	506	27.4
	269	14.6
4	131	7.1
5	62	3.4
6	82	4.4
7	54	2.9
8	5	0.3
Total	1,847	100

Table 21: Insurance Types Known

Types of Insurance	Number of Respondents Aware	Percent (%)	Percent of cases (%)
Health Insurance or NHIS	1,125	26.5	62.9
Life or funeral insurance	995	23.5	55.6
Motor / car insurance	555	13.1	31
Property insurance (e.g. fire, theft)	451	10.6	25.2
Pension / retirement insurance /SSNIT	441	10.4	24.7
Accident or disability insurance	375	8.8	21.0
Crop or livestock insurance	91	2.1	5.1
Other	209	4.9	11.7
Total	4,242	100	237.2*

*Multiple response analysis

Knowledge of Insurance Service Providers

Clients were asked to mention at most four insurance companies they had heard about, as a measure of their knowledge in insurance. Three hundred and seventy eight clients were able to mention a maximum of four insurance companies and 307 clients mentioned a maximum of three

insurance companies. Table 22 presents the results of the knowledge of clients on the number of insurance companies known. On average, respondents were able to mention 2.1 insurance companies.

Table 22: Knowledge of Insurance Service Providers

Number of Companies	Number of Respondents	Percentage (%)
0	207	11.2
1	495	26.8
2	460	24.9
3	307	16.6
4	378	20.5
Total	1,847	100

Findings from the Focus Group Discussions on Insurance Knowledge

Participants were asked to mention some of the insurance companies they know. Names mentioned include:

'SIC', 'Star Microinsurance', 'NHIS', 'Donewell Life', 'GLICO', 'Enterprise Life', 'Vanguard', 'Provident Insurance' (Old Mutual), 'Phoenix Life', 'Star Assurance' amongst other names. The most mentioned names were NHIS, SIC and Star Microinsurance.

Rating of Knowledge on Insurance

Respondents were required to rate their level of knowledge of insurance. The majority (37.2%) of clients indicated that they had little knowledge about insurance, while 36.4%

indicated that they had some knowledge about insurance. Clients with good knowledge (18.1%) about insurance fell in the minority. Responses are presented in Table 23.

Table 23: Rating on Insurance

Parameters for Rating	Number of Respondents	Percentage (%)
Good knowledge	317	18.1
Some knowledge	639	36.4
Little knowledge	653	37.2
No knowledge	121	6.9
Refuse to answer	24	1.4
Total	1,754	100

Test on Insurance Knowledge

Clients were required to provide answers to specific statements relating to insurance in order to assess their insurance knowledge levels. An index was constructed (see Appendix 12) to measure clients' insurance knowledge levels. A unitary index of '1' represents the highest level of

knowledge on insurance while that of '0' represents the lowest. Therefore, the higher the knowledge level, the higher the index. The index is constructed from correct responses to questions on insurance. Presented in Table 24 is the proportion of respondents who got each question right.

Table 24: Knowledge Questions

Statements	Proportion of respondents with the correct answer (%)
1. Insurance is for free	91.9
2. If someone has an insurance policy, he does not have to pay regularly; he can just pay when he wants.	83.7
3. If someone has an insurance policy, he can go to the insurance company to get the money whenever he wants it.	76.3
4. If an insurance policy has a waiting period, it means you cannot make any claim during this period.	75.5
5. If someone pays for insurance, his premiums might be used to pay claims for other people who are part of the same insurance scheme.	66.9
6. If someone has insurance and a catastrophe befalls him, the insurance will always help him regardless of what caused the catastrophe.	58.2
7. If someone has an insurance policy and misses some of his payments, the insurance company will refuse to pay him in case something happens.	53.6
8. If someone pays regularly for insurance and never needed to use it, he will get the money back.	46.6

Average Insurance Knowledge Index³⁰**0.45 (Standard Deviation: 0.19)**

The average insurance knowledge index computed from the outcome of responses as presented in Table 24 is 0.45. This shows a fair level of knowledge about insurance relative to the highest knowledge index of 1 and serves as basis for improvement. Basic questions in insurance such as whether a policyholder would get his money back if he pays regularly and never has need to use it could not be answered correctly by a large proportion of clients (53.4%). It is however, encouraging that respondents know that insurance is not for free (91.9%) and payment of premiums must be regular (83.7%). Industry and stakeholders would still need to do more on insurance capacity building amongst their clientele to improve knowledge in other areas where lower correct responses were recorded. A lack of knowledge would over

time very likely lead to wrong understanding, misperceptions and disappointments at the client side.

The average knowledge index of clients was also compared along regional basis, gender, educational levels and clients' own ratings on their level of insurance knowledge. With respect to regional categorization, Greater Accra Region recorded the highest level of insurance knowledge (0.51) followed by the Brong Ahafo Region (0.44). The Volta Region recorded the lowest level of insurance knowledge (0.30). Although the Upper West region (which has a low number of insurers and agents) recorded insurance knowledge level of 0.51 (indicating high levels of insurance knowledge), this was only based on a sample size of 16 clients. Table 25 presents the insurance index score by region.

Table 25: Insurance Knowledge Index Score by Region

REGION	MEAN	STD. DEVIATION ³¹
Upper West	0.51 ³²	0.10
Greater Accra	0.51	0.19
Brong Ahafo	0.44	0.15
Central	0.43	0.17
Ashanti	0.43	0.18
Western	0.39	0.16
Northern	0.36	0.10
Eastern	0.30	0.14
Volta	0.30	0.14

With respect to gender and educational levels, it is evident that knowledge of insurance tends to be higher with men (0.51) than with women (0.41). Tables 26 and 27 present the details on insurance index by gender and educational level respectively. From Table 27 it is also evident that

higher educational levels significantly influence insurance knowledge amongst individuals with clients at the tertiary level recording an average level of 0.62 and those at primary level recording an average of 0.38.

Table 26: Insurance Index Score by Gender

Gender	Mean	Std. Deviation
Male	0.51	0.19
Female	0.41	0.18

Table 27: Insurance Index Scores by Educational Level

Current educational level	Mean	Std. Deviation
No Formal Schooling	0.39	0.16
Up to Primary Level	0.38	0.16
Up to Secondary Level	0.45	0.18
Vocational/Technical/Commercial Level	0.46	0.17
Up to Tertiary Level	0.62	0.18

30 For a methodology on the computation of the knowledge index, see Appendix 12. The lowest possible score is 0 and the highest possible score is 1.

31 Standard deviation measures how the respondents' indices per region deviate from the regional mean.

32 Based on a sample size of 16 clients.

It was noted that clients, who ranked themselves high on the rating on levels of insurance knowledge (see Table 28) recorded a high average level of insurance knowledge (0.53) as compared to clients, who indicated that they had no knowledge about insurance (0.26). Table 21 presents the

scores on insurance index by level of insurance knowledge rating. Thus, the index confirmed the self-assessment of the respondents in average, aiding to support the reliability of the data received.

Table 28: Insurance Index Score by Level of Insurance Knowledge Rating

Rate your level of knowledge about insurance?	Mean	Std. Deviation
Good Knowledge	0.53	0.19
Some Knowledge	0.50	0.18
Little Knowledge	0.40	0.16
No Knowledge	0.29	0.18
Refuses to Answer	0.36	0.21

Findings from the Focus Group Discussions – Further Statements on Insurance Knowledge

Participants were required to respond to some insurance statements to further assess their knowledge base. They were asked, if they perceived that insurance was free and whether payments are done at one's own convenience. The majority of the participants said "No" to each of these questions possibly because they all hold an insurance policy and know it is not free and there are scheduled days for paying premiums. Surprisingly, some held the view that NHIS would be free of charge. Respondents, who indicated insurance premiums could be paid at one's own convenience, provided the following reasons to back their claims.

Tamale

They explained that "anytime the agents come around and we do not have money we asked them to go and come another day so that when we have the money we pay them". When the participants were asked whether they have missed some of their premium payments, they said "yes"!

Participants were asked of their views on the consequences of not paying premiums regularly especially in cases where claims are to be made in case a misfortune occurred during that period. Most group members were aware that they will not be provided with the needed support in this case. Some responses provided are presented.

Kumasi

"Insurance company would forfeit your money and would not mind you, especially the NHIS providers"

Techiman

One participant however indicated that he expected the insurance company to pay him some of his money "because they have benefited from him, at least by investing the money to make some profit".

Members of the focus groups were asked of their opinions on the effect on their benefits in the event where their policies expired or were cancelled. Most of the participants indicated that they would forfeit their benefit, which is actually the case. Some interesting responses are presented.

Tamale

*"The insurance company must pay some benefits instead of letting everything go down like that".
"I expect some benefit from them".*

Techiman

*"I would curse them if they deny me of any benefit for my money with them".
"The insurance people told a participant that if she changed her bank accounts number without informing them the contract ceases to exist between them and therefore would forfeit her benefits".*

Participants in the focus group discussion were asked what could be the main reason why an insurance contract will expire. Most of the respondents said it is due to delay in paying benefits whilst some still said they do not know the response to the question since their policies have never expired. Some responses provided are presented.

Techiman

“The bureaucratic procedures for claims payment are too much. Even sometimes after producing all evidence they still toss you up and down”.

“We do not have money to continue afterwards”.

Accra

“It is due to delay in paying claims”.

Tamale

“We the Northerners don’t like being tossed about. Procedures for claims payments are too long so we get angry and give up”.

“There’s no money for us to continue paying premium.”

Clients were also interviewed on the type of insurance needed when someone dies through an accident. The majority of clients (63.6%) provided correct response to this question. The results show that clients must be provided

with more education apart from what they receive on the insurance policies they purchase. Table 29 presents the scores to the question asked.

Table 29: Insurance Needed When Someone Dies from Accident

Insurance needed when someone dies from accident	Frequency	Percentage (%)
Life/Funeral/Accident Insurance	1,163	63.6
Refuses to Answer	290	15.9
Others	217	11.9
Health Insurance	118	6.5
Property Insurance	41	2.2
Total	1,829	100

Insurance Policy Types Purchased by Respondents

Clients were required to indicate a maximum of two insurance policies they hold. This was to identify the highest and least

purchased policies on the market. The life insurance policy (66.4%) tends to be the highest purchased policy by clients followed by health insurance (14%). Table 30 presents the types of insurance policies purchased by clients.

Table 30: Insurance Purchased

Insurance Policy Types Purchased by Respondents	Respondents	Percentage (%)
Life Insurance	1,153	66.4
Health Insurance	243	14.0
Old age Annuities /Pension	135	7.8
Automobile Insurance	100	5.8
Accident Insurance	53	3.1
Property Insurance	39	2.2
Liability Insurance	14	0.8
Total	1,737	100

Reasons for Purchasing Policies

Clients were required to indicate why they purchased the policies they hold. Clients with at least one or more policies provided responses. The majority of clients indicated

reasons such as, to secure against future shocks, to protect the family in cases of illness and/deaths and for investment as their highest reasons.

Benefits Obtained from Policy Choice

In order to assess whether respondents know the benefits for purchasing a particular policy, they were asked to indicate the benefits of the policies they had purchased. Clients indicated benefits such as coverage of funeral expenses, regular pension benefits and benefits related to child

education. Some respondents indicated Susu as part of benefits they expected to receive from products which have no savings package attached to it. This gives an indication that some clients still confuse insurance with susu and that there is the need for further education. Presented in Table 31 are the responses to product 1 and 2.

Table 31: Benefits from Insurance Purchased 1

Benefits from Insurance Purchased	Product 1		Product 2	
	Respondents	%	Respondents	%
Accident: expenses for medical treatment	86	4.1	13	5.9
Accident: other compensation payment	63	3.0	7	3.2
Car Accident: compensation benefits	57	2.7	24	11.0
Death: benefits for funeral expenses	642	30.6	48	21.9
Death: other compensation benefits	270	12.9	24	11.0
Health Services: expenses for medical treatment	146	7.0	23	10.5
Health Services: hospitalization costs	127	6.1	28	12.8
Other benefits	345	16.5	12	5.5
Property damage/loss: compensation	59	2.8	7	3.2
Regular pension benefits	302	14.4	33	15.1

Amongst all respondents, two hundred and nineteen (219) clients (12.5% of the sample) had at least a second insurance policy; in most cases this second policy covered funeral expenses.

Findings from the Focus Group Discussions – Further Statements on Insurance Knowledge

The groups discussed their understanding of the policy contracts they hold including what it is all about, what they pay and the benefit resulting from them. It was clear that the majority of the respondents did not really understand their contracts. The following responses confirm their lack of understanding.

Techiman

“Instead of explaining the details of the contracts, they rather convinced us to believe that we are in good businesses.”

Tamale

“The agents always tell us that anytime we need our money we will get it back even with interest but it is always different when it comes to claims payment. It is there and then that they start to explain the terms of the contract to us and that always leaves us more confused.”

“Even the processes for paying benefits are too tiring for some of us. We need improvement.”

Accra

*“To some extent yes, once I pay premium regularly - if something happens to me I am entitled to the **payment of the insurance sum**. I don’t understand the policy so I don’t know what I am entitled to.”*

“Lack of knowledge and information about facilities, terms of insurance contracts are not always explained to the clients understanding. We are ignorant.”

The groups were asked to state what they understand by the term “insurance claim”. Responses provided are presented:

Kumasi

“It is the assistance we receive after the unforeseen risk happens.”

Techiman

“It is the benefit for taking a policy with an insurance company”.

“It is the Susu money I would go for when I am old”.

“It is the money the insurance company would pay me when something bad happens to me. For example, an accident”.

Accra

“Monies insurance companies pay you, payment you receive from insurance company”.

“What you get when your money matures”.

“What the insurance company gives you when the risk you have insured against occurs”.

“The indemnity the insurance company pays you”.

“The money you get when your insurance matures or you stop it”.

Influential Factors for Type of Insurance Policy Purchased

Clients were asked to indicate who determined the type of policy they purchased. Table 32 indicates that for clients with one policy, 84% of purchases made were by respondents' own decision and 9.4% being promoted by

the marketing agents. For respondents who had a second product, 207 (89.2%) indicated that they chose the products independently.

Table 32: Determinant of Sales Closure

Determinant of Sale Closure	Product 1		Product 2	
	Respondents (One Product)	%	Respondents (Additional Product)	%
Myself	1,552	87.2	207	89.2
Agent	174	9.8	11	4.7
Friend/Family	36	2.0	8	3.5
Institution	13	0.7	6	2.6
Other things	4	0.2	0	0
Total	1,779	100	232	100

Mode of Sales

Clients were asked about how the products were sold to them. Majority of insurance products sold can be said to be through face-to-face sales by individual agents (94.5%),

while other modes included telephone (4.3%) and through intermediating institutions (1.1%). Table 33 presents results of clients, who have both one and two products.

Table 33: Mode of Product Sale

Mode of sales (Product 1 and 2)				
Mode	Respondents	(%)	Respondents	(%)
Face-to-face by individual agent	1,395	94.5	220	92.8
Telephone	63	4.3	7	3.0
Through an intermediating institution	16	1.1	9	3.8
Others	2	0.1	1	0.4
Total	1,476	100	237	100

Basis of Choice of Provider

Clients were required to indicate why they chose a particular provider for the purchase of their microinsurance policy. For the majority of clients (54.8%), they chose a particular provider because the agent convinced them. Presented in Table 34 are the results.

Table 34: Influence over Choice of Provider

Influence over choice of provider	Product 1		Product 2						
	Respondent	Percentage (%)	Respondents	Percentage (%)					
The agent convinced me	1,021	54.8	78	32.5					
I like the services they offer	316	17.0	51	21.3					
I like the product features	246	13.2	47	19.6					
The premiums are reasonable	100	5.4	20	8.3					
Other	97	5.2	16	6.7					
Their adverts/ commercials convinced me	83	4.5	28	11.7					
Total	1,863	100	240	100					
PRODUCT 1									
How was the policy sold to you?									
Reason of choice	Face-to-face		Telephone		Through an intermediary		Others		Total
	Respondents	%	Respondents	%	Respondents	%	Respondents	%	
The agent convinced me	743	95.5	29	3.7	5	0.6	1	0.1	778
Their adverts/ commercials convinced me	69	93.2	5	6.8	0	0.0	0	0.0	74
I like the product features	201	95.3	5	2.4	5	2.4	0	0.0	211
The premiums are reasonable	77	96.3	2	2.5	1	1.3	0	0.0	80
I like the services they offer	256	92.4	17	6.1	3	1.1	1	0.4	277
Other	82	96.5	1	1.2	2	2.4	0	0.0	85
Total	1,374		58		16		2		1,450
PRODUCT 2									
How was the policy sold to you?									
Reason of choice	Face-to-face		Telephone		Through an intermediary				Total
	Respondents	%	Respondents	%	Respondents	%			
The agent convinced me	55	90.2	2	3.3	4	6.6			61
Their adverts/ commercials convinced me	22	95.7	0	0.0	1	4.3			23
I like the product features	42	100.0	0	0.0	0	0.0			42
The premiums are reasonable	16	100.0	0	0.0	0	0.0			16
I like the services they offer	36	92.3	1	2.6	2	5.1			39
Other	13	92.9	1	7.1	0	0.0			14
Total	175		4		7				186

**Percentages and totals are based on respondents.*

In relation to respondents, who had only one product, the majority (54.8%) indicated the agent convinced them to buy from the provider. This was followed by 316 (17%) clients who said they liked the services offered by the provider. Responses obtained from clients, who had a second product still followed a similar trend as the first with ‘the agent

convincing me’ as the highest response. Moreover most respondents purchased their insurance policies through face-to-face interactions. The least reason provided by 8.3% of clients in this second product is that of premiums being reasonable.

Findings from the Focus Group Discussions – Premium Payment

Participants of the focus groups were asked to say how frequent their premiums are collected, how much they pay and how they feel about it. Discussions brought out the following issues from the various groups.

Kumasi (both groups)

- Four members, two females, two males said they pay daily and the other two indicated weekly and monthly payment schedules.
- The daily premium ranges from GHS 5 to GHS 10
- Weekly premium ranges from GHS 10 to GHS 20
- The monthly premium ranges from GHS 20 to GHS 50

Techiman

- Four (4) members, two females, two males said they pay daily and the remaining two (2) indicated weekly and monthly.
- The daily premium ranges from GHS 2 to GHS 10
- Weekly premium ranges from GHS 10 to GHS 20

Tamale

All 6 members of the group said they pay monthly an amount of GHS 30 (3 members) and GHS 20 (3 members).

Clients’ Own Assessment of their Knowledge on Insurance Policy

Clients were required to assess and indicate whether they have good understanding of their insurance contracts. For clients with one product, 849 (47.8%) of them indicated they had good understanding of their products whilst 269 (15.1%) indicated they did not have good understanding of their products. For the clients with a second product, 119 out of

a total 368 respondents (64.7%) indicated they have good understanding about their second insurance products. Thus, as it appears, a better insurance knowledge (as per index confirmed) positively impacts on the purchase of more than one insurance product. Table 35 presents the analysis on clients’ knowledge assessment of their insurance products.

Table 35: Clients’ Own Knowledge Assessment

Do you have good understanding about your product?	One product 1		Two or more products	
	Respondent	Percentage (%)	Respondent	Percentage (%)
Yes	849	47.8	119	64.7
No	269	15.1	14	7.6
Somehow	658	37.0	51	27.7
Total	1,776	100	368	100

Findings from the Focus Group Discussions – Perception of Being Informed about Insurance by Clients

Participants of the focus group discussions were further asked to rate their knowledge of insurance using the following parameters: good knowledge, some knowledge, little knowledge and no knowledge. At least three participants in each of the 6 groups indicated that they have some knowledge about insurance with 2 groups interviewed from Kumasi and Tamale having 1 and 3 members respectively saying they have no knowledge about insurance.

Level of Satisfaction with Respect to Policy

Clients were required to rate their level of satisfaction in relation to their products. Both clients with one product and a second additional product (if any) responded to this question. For clients' first product, 842 representing 47.5

percent indicated that they were satisfied with their product. The second product had a total of 178 clients with the majority (46.1%) indicating they are satisfied. Presented in Table 36 are the results for this variable.

Table 36: Policy Satisfaction Level of Client

Rating	Product 1		Product 2	
	Respondents	Percentage (%)	Respondents	Percentage (%)
Very high	302	17.0	22	12.4
High	395	22.3	49	27.5
Satisfactory	842	47.5	82	46.1
Low	160	9.0	19	10.7
Very Low	73	4.1	6	3.4
Total	1,772	100	178	100

Reasons provided for these levels of satisfaction (Very High, High and Satisfactory responses) include the following: *Being able to collect money whenever in need of it; being able to pay children's fees and being able to cover future expenses when needed.*

Table 37: Relationship between insurance cover and level of satisfaction (Product 1)

Policy cover	What is your level of satisfaction with respect to the policy (Product 1)?											
	Very high		High		Satisfactory		Low		Very low		Total	
	Respondents	%	Respondents	%	Respondents	%	Respondents	%	Respondents	%	Respondents	%
ACCIDENT	2	18.2	2	18.2	5	45.5	1	9.1	1	9.1	11	100.0
AUTOMOBILE	7	24.1	5	17.2	15	51.7	1	3.4	1	3.4	29	100.0
EDUCATION	24	22.6	28	26.4	45	42.5	6	5.7	3	2.8	106	100.0
FIRE	2	66.7	0	0.0	1	33.3	0	0.0	0	0.0	3	100.0
LIFE*	198	16	264	21	634	50	124	10	39	3	1,259	100
HEALTH	5	5.8	23	26.7	35	40.7	10	11.6	13	15.1	86	100.0
LIABILITY	0	0.0	1	33.3	1	33.3	1	33.3	0	0.0	3	100.0
PROPERTY	0	0.0	1	25.0	3	75.0	0	0.0	0	0.0	4	100.0
Total	238	16	324	22	739	49	143	10	57	4	1,501	100.0

**Includes funeral policies, term life, whole life as well as polices with savings/investment/pension components*

Table 38: Relationship between insurance cover and level of satisfaction (Product 2)

Policy Cover	What is your level of satisfaction with respect to the policy (Product 2)?											
	Very high		High		Satisfactory		Low		Very low		Total	
	Respondents	%	Respondents	%	Respondents	%	Respondents	%	Respondents	%	Respondents	%
ACCIDENT	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1	100.0
AUTOMOBILE	6	21.4	3	10.7	13	46.4	4	14.3	2	7.1	28	100.0
EDUCATION	2	8.0	9	36.0	13	52.0	0	0.0	1	4.0	25	100.0
LIFE*	6	16	25	21	34	50	11	10	0	3	76	100.0
HEALTH	3	10.0	8	26.7	17	56.7	1	3.3	1	3.3	30	100.0
PROPERTY	1	20.0	1	20.0	0	0.0	2	40.0	1	20.0	5	100.0
Total	18	11	46	28	77	47	18	11	6	4	165	100.0

**Includes funeral policies, term life, whole life as well as polices with savings/investment/pension components*

Tables 37 and 38 provide information on the relationship between policy covers and the level of satisfaction of respondents who purchased the respective policies.

With respect to clients' first product (Product 1), it was observed that majority of respondents (1,259 out of 1,501 respondents who provided valid responses) had life policies comprising various forms of permanent and temporary life insurance. A number of respondents indicated that their life policies had savings, investment or pension components. Moreover, 37% of respondents with life covers indicated "high" to "very high" satisfaction levels compared to 13% who indicated low levels of satisfaction. Fifty percent (50%) of the respondents rated their life policies as satisfactory. Education policies had the second highest frequency among

respondents with 49% of respondents with education policy covers indicating "high" to "very high" satisfaction levels and 42.5% rating the policy as satisfactory.

Similarly, most respondents with additional policies (Product 2) had life policy covers. Thirty-seven percent (37%) indicated that they had "high" to "very high" levels of satisfaction and 50% rated the policy as "satisfactory". Health covers had the second highest frequency of 30 respondents out of the 165 respondents with an additional insurance product. Out of this number, 36.7% indicated that they had "high" to "very high" levels of satisfaction, while 56.7% rated the policy as "satisfactory".

Overall, respondents indicated that they were generally satisfied with their policy covers.

Findings from the Focus Group Discussions – Level of Satisfaction and Willingness to Further Purchase Insurance

Focus group participants were asked their thoughts and perception about paying insurance premiums regularly and not making claims. They were also asked, if that has any effect on their willingness to continue paying premiums. The views of participants are presented.

Kumasi

"Yes, I will still contribute since it will provide me with security in case something happens anytime in the future".

"They only help when you die, I don't like the policy".

Accra

"We are dissatisfied in the services provided by the insurance companies. They take our monies to make themselves good. It is bad to delay in paying claims.

"I am not happy since I have not made any claim for three years now, I am just paying".

Techiman

"At times, they gave us half of our monies contributed and that is not fair to us. The reason why we still do it is because of risk".

Tamale

"We feel most at times dissatisfied with their services. It is like they are robbing us of monies to enrich themselves. It is very frustrating when you need the money to go and buy goods and the insurance people are delaying you. The reason why we still do it is because we want loans to expand our businesses".

Knowledge of Complaint Avenues

Clients were required to provide responses on whether they know where complaints are to be made when they are dissatisfied with a policy they had purchased. Majority of clients (51.2%) indicated they knew where to make

complaints in cases of dissatisfaction whilst 39.7% of clients indicated they did not know. The remaining nine percent said they were somehow informed of avenues for making complaints in case of dissatisfaction of policies.

Complaints and Claims

Clients were required to indicate whether they had ever had issues with their service providers and whether they ever complained to the service provider. In addition they were to indicate what the issues were. Common issues faced by clients included *refusal of insurance company in disclosing account balance to client; delays in withdrawals, delays in paying claims, refusal of insurance companies to receive premiums in instalments and disagreements in amounts paid in claims.*

Clients were also asked if they had ever made claims on microinsurance, 484 (26.4%) clients indicated they had made a claim. They were further required to indicate whether they received any payments from their service providers. An astonishing number of 408 clients (84.3%), indicated they received the payment of an insurance sum, while the remaining 15.7% responded they did not (indicating that their claim had been rejected).

Findings from the Focus Group Discussions – Experience with Claims Processes

Further discussions were held on claims and what experiences they had, how long it took to settle their claims. Generally, most people in the groups had not made claims at the time of the interview. Responses from participants, who had made claims are presented in the following:

Accra

“I wanted to insure my unborn child with an educational policy and the agent said it was possible, but I have to do life insurance for myself so that when I give birth they will transfer it to the baby. After I gave birth, the company said it was not possible so I stopped it and collected my money. I didn’t get what they promised so I stopped it. It even took three months to collect my claim”.

“The insurance company kept tossing me around so I gave up”.

Finally on knowledge discussions, the group members were asked, if they were informed of avenues for making complaints; whether the avenues provided had ever been used and how the complains were handled. Responses from participants are presented.

Techiman and Tamale

“We do not even know the office location; the agents always come around so we direct our complaints through the agents”.

Accra and Kumasi

“We were not provided with any avenues for making complaints”

A total of four hundred and six (406) clients, who received a payment of an insurance sum, were asked to indicate how long (in weeks) it took after the reporting date for the claim to be settled. The average period provided was 2.65 weeks, with the maximum provided being 50 weeks. Furthermore, 216 (representing 53.2% of the 406 respondents) stated that their claims were settled one week after reporting. Another seventy-seven (77) respondents stated that their claims were

settled two (2) weeks after reporting. This indicates that out of the four hundred and six (406) respondents, 72% of claims processes were in the regulatory standards of 10 days.

Clients were to indicate some experience they had during this claim process. Responses included: *“I received what I was promised”*; *“The claim payment was fast”*; *“The amount paid was lesser than what I was promised”*; *“I made a claim and they were not ready to pay so I left”*³³.

33 This statement has to be interpreted towards the background of insurance knowledge: the client cannot expect that the agent, who he approaches for making the claim, will make the payment the same day of visit. Furthermore, the insurer and agent have 10 days to comply with microinsurance market conduct rules for making a payment.

Findings from the Focus Group Discussions – Experience with Insurance Companies

Focus group members also discussed some personal experiences they have had as policy holders. The first part of the discussion required them to mention how satisfied they were with their insurance companies. Answers provided in the various groups showed varied satisfaction levels but 4 people in the Kumasi groups indicated they were ‘totally satisfied’. Discussions indicate that the majority of group members were ‘somewhat dissatisfied’ and ‘satisfied’.

The group members discussed what they like about their policies. Almost all the responses were similar in the various groups. However, one aspect that was not too clear was the issue of insurance companies giving loans. Responses are provided below;

Techiman

“The flexible mode of paying premiums”.

“The savings aspect of it”.

“They give loans”.

“They give cash back”.

Tamale

“The flexible mode of paying premiums” (almost all the respondents agree to this point).

“The savings aspect of it”.

“They give loans”.

Kumasi

“Ability to save unconsciously”.

“Helps for investment”.

Accra

“You don’t have to go to the office; they come to you for the premiums”.

“It is stress-free since you do not have to walk to them”.

“It serves as a savings for me”.

“The premiums are reasonable”.

“The susu people have been running away with our money so I am comfortable dealing with these big companies since they are well established”.

“It finances my funeral expenses and gives me a form of investment”.

“I like the investment component”.

“It gives me life assurance in the form of investment”.

“It will help to finance my children’s’ education for me in the future”.

Participants in the focus group discussion were asked of what they do not like about their policies. The responses obtained are presented.

Knowledge of Crop and Disaster Insurance

Clients were required to indicate whether they were aware of crop insurance. The majority of one thousand three hundred and eighty-one (1,381) clients (74.8%) did not know anything

about it, whilst 407 respondents (22.8%) knew about crop insurance.

Accra

“Yes, so they stop depending on the government”.

“Yes, to help them in such times”.

“Yes, to help reduce their losses”.

Kumasi

“Yes, the insurance company will provide or support them whenever the fire or flood destroys their stuff”.

Techiman

All the respondents said “yes” and further explained that “this will help the community members to recover some of their items in case disaster strikes”.

Tamale

All the respondents said “yes” and explained that by doing so “it will help them in case of any unexpected disasters in future in order to get back some of their destroyed items”.

Kumasi

“Yes, because the insurance will provide or support them whenever the fire or flood destroys their things. Also because one does not know when it will be his/her turn for his things to get burnt”.

Accra

“Yes, it will help them restore their properties”.

“No I don’t think the companies will be interested since the people will have to move from that place permanently”.

“No, those leaving there cannot pay premiums”.

“No, insurance companies may not be interested”.

6.4 Attitude towards Insurance and Existing Products on the Market

An index was developed (see Appendix 12) to measure clients' attitude towards insurance using a Likert Scale³⁴. The insurance attitude index is the mean of favorable and non-favorable attitudes of clients towards insurance. A unitary index (1) represents a perfectly favorable attitude (i.e. best attitude) towards insurance. Thus, the more positive the

attitude towards insurance, the higher the index will be. The index is constructed from responses (degree of agreement) to subjective statements about insurance concept, insurance companies and risk in general as presented in the summary of outcomes in Table 39.

Table 39: Statements on Insurance

Statements on insurance	% of respondents					
	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Refused/ Don't Know
Insurance Concept						
Insurance is not needed since it is God who protects.	4.9%	9.2%	5.7%	40.9%	35.3%	4.0%
Insurance is not needed when no one is sick right now.	2.4%	7.7%	7.4%	50.4%	30.4%	1.7%
It is normal not to receive payment if no calamity befalls policy holder.	8.7%	22.9%	15.3%	30.6%	16.4%	6.0%
Buying insurance against accidents means inviting accident to happen.	2.2%	3.7%	7.6%	41.6%	42.8%	2.1%
Insurance is about helping each other.	18.4%	52.7%	13.4%	6.4%	4.1%	5.1%
It is better not to think about risks and emergencies in advance.	10.5%	28.9%	13.5%	31.3%	12.4%	3.4%
Insurance is something for rich people.	4.1%	5.8%	6.0%	36.7%	45.0%	2.4%
Insurance is necessary to protect your family	28.6%	48.0%	12.6%	5.0%	2.9%	2.9%
Insurance Company						
Insurance companies delay and/or make it difficult when it comes to claims.	26.5%	24.0%	20.2%	13.3%	6.4%	9.7%
Insurance companies try to help their clients.	15.8%	54.0%	13.8%	9.5%	3.6%	3.2%
Insurance companies care more about saving money than about helping you.	24.9%	22.5%	16.9%	21.0%	8.2%	6.5%
General Risk Perception						
I worry about the risks that my family and I face.	9.6%	41.9%	19.9%	13.5%	8.4%	6.7%
My family and I can handle our problems ourselves.	4.8%	24.0%	18.1%	34.9%	13.5%	4.7%
When someone is insured, he/she can live without worry.	8.2%	26.8%	11.6%	35.9%	13.5%	4.1%
It is better to use your savings in an emergency than to take a loan.	34.0%	42.8%	9.2%	7.5%	3.5%	3.0%
Saving towards future emergencies will bring bad luck to your family.	2.8%	4.7%	6.8%	40.4%	43.4%	1.9%
I cannot put money aside for emergencies because there's never any money left at the end of the month.	8.2%	15.2%	11.4%	43.1%	16.6%	5.4%

Questions referring to the concept of insurance generally drew very positive responses by the combined insurance concept index³⁵ of 0.68 (see Table 40). Clients generally know the importance and relevance of insurance. From the outcome, it can be said that clients are not exhibiting

attitudes that show a dislike or deterrence towards insurance. The majority (47.0%) of clients, however, did not agree to the statement that '*It is normal not to receive payment if no calamity befalls policy holder*'.

34 Likert scale is the most widely used rating scale developed to measure attitudes by asking people to respond to a series of statements about a topic, in terms of the extent to which they agree with them, and so tapping into the cognitive and affective components of attitudes.

35 For a methodology on the computation of the attitude index, see Appendix 12.

With respect to questions about insurance companies, the majority (69.8%) of clients indicated that insurance companies try to help their clients. When respondents were asked whether companies delay or make it difficult when it

comes to claims, 50.5 percent agreed. About 47.4 percent of clients also agree that insurance companies care more about saving money than about helping policy holders.

Table 40: Insurance Attitude Index

Insurance Attitude Index	Mean	Std. Deviation
Average Index for Insurance Concept	0.68	0.13
Average Index for Insurance Companies	0.49	0.20
Average Index for Risk Perception	0.64	0.12
Combined Index (Concept and Company)	0.63	0.12

Table 41 presents the insurance concept, company, risk and perception as well as combined attitude index (concept and company) scores by region. Both the Ashanti Region (0.68) and the Western Region (0.68) demonstrated good attitude

towards insurance. The least attitude towards insurance was observed in the Northern (0.50) and Upper West (0.55) Regions.

Table 41: Insurance Concept, Company, Risk and Perception; and Combined Attitude Index Scores by Region

REGION	Insurance Concept Index		Insurance Company Index		Risk and Perception Index		Combined Attitude Index	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
ASHANTI	0.74	0.13	0.53	0.21	0.65	0.11	0.68	0.12
BRONG AHAFO	0.64	0.12	0.35	0.16	0.60	0.14	0.56	0.10
CENTRAL	0.65	0.10	0.48	0.19	0.65	0.10	0.61	0.10
EASTERN	0.67	0.15	0.55	0.19	0.64	0.16	0.64	0.12
GREATER ACCRA	0.67	0.12	0.47	0.19	0.64	0.12	0.61	0.11
NORTHERN	0.57	0.12	0.29	0.10	0.64	0.11	0.50	0.09
UPPER WEST	0.57	0.06	0.49	0.12	0.52	0.06	0.55	0.04
VOLTA	0.60	0.15	0.49	0.20	0.57	0.17	0.57	0.13
WESTERN	0.73	0.13	0.55	0.21	0.68	0.11	0.68	0.12

Findings from the Focus Group Discussions – Attitudes and Perceptions towards Insurance

Group members were asked to mention some risks their families could face in the near future and the extent to which they worry about them. Most of the responses indicated that the fears informed their decision to purchase insurance. Responses from the various locations are presented.

Accra

The most common risks feared is “ill health but surprisingly we are not worried about it at all”

Some mentioned “fire disaster, death and loss of property”.

“When I am not around, my family will not get any support from my extended family” (Student, 37 years).

“I am separated from my husband so I need insurance for the future, when I cannot work” (Police, 34 years).

Kumasi

“Fire, death, illness and accident. We worry at a very low level; that is not that much”.

Techiman

“Death, fire, flood, accident, my children’s school fees and old age when I cannot work anymore”.

“You can imagine not being able to pay your children school fees. The kind of worry and sleepless nights the family will face and the psychological effect on the children”.

“When someone dies and you are not able to get money to organize a befitting burial and funeral for the person is very worrying”.

“When something bad happens for example accident and you do not have money at that instance, you can imagine the kind of trauma that you and your family would go through”.

Tamale

“Illness, death, fire and accident, but we worry little about it”.

“You can imagine not being able to pay your hospital bills and children’s school fees”.

“For us Muslims, we don’t worry so much about funeral because it is He (Allah) that gives and he takes”.

Group members were asked about some major risks they faced and how they overcame them and whether they handled it themselves or with the support of other people. Some participants said they had not experienced any risks at all. Some responses are presented:

Tamale

One female respondent said: “it was my children’s school fees. But my brother gave me some money”.

Another respondent said, it was sickness and when he went to the hospital the family was not having enough to support him; that was why he has bought a policy with a microinsurance provider so that in case something happens he can fall on for support.

Another respondent said, it was his mother’s funeral. He said even though family supported, it was not enough to solve the problems so the insurance company gave him some money.

Another respondent said, his business was going down but he went to an insurance company for help.

One respondent said, it was her children’s school fees. But the insurance company gave her some money.

Accra

“The market got burnt and I lost all goods. I had to take a loan to restart my businesses”.

“My goods were stolen and my church came to my aid”.

“The market was flooded and I had to take a loan to restart”.

Group members were asked, if they set money aside for emergency situations and why they do it. Most of the responses showed that people had different opinions about emergencies. Some indicated they save and others provided reasons why they do not save.

Accra

“Sometimes work does not regularly bring in money for you to even save. The system is not flexible to help in saving”.

All respondents agreed they need to put money aside for emergencies since it is better that way than going for a loan.

Techiman

“Yes to meet unseen future problems”.

Tamale

“Yes and no. Yes, that is to meet unseen future problems and no because it is Allah who protects human beings”.

When group members were asked whether insurance would not be needed when risks occur, some said it would not particularly necessary, whilst some said it will be. Statements to affirm these conclusions are presented:

Accra

“Sometimes insurance is not needed since the process of making claims will be long and you will need other avenues to solve them earlier before they come in”.

“Insurance is needed, thus if the claim will be paid on time and they will not put you through a lot more stress such as look for a lawyer”.

Techiman

“Insurance is needed because it helps to cushion you and alleviate some of the problems when it comes to money issues”.

Tamale

“Insurance is not needed because it is Allah, who takes care of human beings”. Others said “yes it is to help you in time of need”.

Kumasi

“It is insurance that will help us when the unfortunate things occur”.

Participants were asked to mention some insurance types and the risks they cover. They had the opportunity to respond for death, accident, flood, fire, home, crop and others.

Some insurance types mentioned include: fire, death, pension, accident, property, investment plan amongst others. It was also noted that, some group members mentioned product names such as Sika plan instead of the type of insurance.

Trust of Insurance Companies to Pay Back Claims

Clients were required to indicate whether they trust insurance companies to pay them when they make claims. Presented in Table 42 below are their responses. It is clear from the table that there are a lot of people, who have insurance but doubt its authenticity. 26.8 percent (with responses as “not

quite sure”, “not sure at all” and “can’t tell”) are candidly doubtful about whether insurance providers will help them when their risks crystalize. Trust issues must therefore be dealt with on the market.

Table 42: Trust of Companies

Level of trust	Frequency	Percentage (%)
Very sure	829	45.7
Quite sure	498	27.5
Not quite sure	235	13.0
Not sure at all	122	6.7
Can’t tell	129	7.1
Total	1,813	100

Clients were further asked whether they trust insurance companies to take care of their insurance business/savings and will honour the contract they have with them. A total of one thousand eight hundred and twenty (1,820) responded in the following manner: one thousand five hundred and twenty-two (1,522) representing 83.6 % of respondents indicated they could trust them, whilst two hundred and ninety-eight (298), representing 16.4% indicated they cannot trust them to do that.

In addition, opinions were sought from clients on whether they think personnel at the Nation’s Health Insurance (NHIS) care more about saving money than getting them the required treatment. Majority (76%) indicated “yes” to the statement that personnel at the health insurance care more about saving money than providing the needed services whilst the remaining four hundred and thirty-one (431) representing 24% indicated “No”.

Findings from the Focus Group Discussions – Trust in Insurance Companies

Respondents were asked to what extent they can trust an insurer to take care of their business/savings and to honour their promises. Responses are presented:

Kumasi

“We do trust them that they will honour their promises”.

“I trust them so much that they can help when the need arises”.

“I can trust about fifty percent to take care of my insurance business for me and to honour it”.

Tamale

“Less than fifty percent because of what I have been hearing from friends about the delays in claims payments”.

Techiman

“We trust them to some extent because the agents are very respectful to us. So we are hopeful that they would honour their promises”.

Accra

All respondents from Accra said they do not trust insurance companies; they have already done it and have no choice.

In response to the question on the extent to which respondents trust insurance companies to honour terms of claims as stated in the policy, responses provided showed that, the clients believe they have a contract with the companies and they must therefore provide them with what they promised. Responses in support of this conclusion are presented.

Accra

“They will need to provide the claims even if they don’t have it, it is an investment so I am sure they will pay me”.

“I have the contract form so I’m sure”.

Tamale

“We believe that we have done our part by meeting some of the conditions for claims. So we are expecting them to honour their part”.

Techiman

“We believe that we have done our part by meeting the conditions for claims. So we are highly optimistic that they would give the benefits as we deserve”.

All respondents believe that there will be a difference between benefits and what was promised because they do not trust insurance companies’.

Kumasi

“We have seen other people receive their claims with no difficulty, and we are trying insurance for the first time so believe they will do as they said”.

Dislikes about Current Policy Terms

Clients were required to indicate what they do not like about their current policies. The majority (25%) indicated that the

settlement period takes too long resulting in a failure of the purpose of being insured. The least share of respondents (8.5%) indicated the insurance providers were too far. Presented in Table 43 are the responses provided by clients.

Table 43: Dislike about Insurance Policy Terms

Reasons	Respondents	Percentage (%)
Settlement periods take too long	494	25.0
Don't trust insurer	268	13.5
I do not understand the contract	252	12.7
Too expensive	194	9.8
Insurance provider too far away	168	8.5
Other (specify)	603	30.5
Total	1,979	100

Findings from the Focus Group Discussions – Attitudes and Perceptions towards Insurance

In response to what their spouse, friends and family think about insurance, the feedback was mixed. Some members were of the opinion that, insurance does not work in this part of the world and that it is deceptive, others said it was good. Responses from the various locations are presented:

Techiman

“My family members think that insurance is deceptive”.

“Individuals believe insurance is susu that is paid on a daily basis to the insurance company for our future investment”.

Tamale

“My friends think that insurance companies are thieves because any time we demand our money they toss us and finally deny us of our monies”.

When focus group participants were asked to describe how they will consider an insured person, various responses were noted. These are presented.

Kumasi

“They will be considered as wise and secured”

“Someone who is insured can live without worry”.

“One who would have peace of mind because you know that in case of any unforeseen event happening you can call on them to help you”.

Tamale

“It is Allah who protects so it does not really matter you insure yourself or not. I did the insurance because I need a loan to expand my business”.

Participants in the focus group discussions were asked to state some of the reasons why people do not want insurance. Responses are presented:

Accra

“They don't trust insurers; the process for filing the form is too long; the agents do not tell the truth; information on insurance is not readily available; long process to obtain claims; they have the impression that it is for rich people; poverty is the main reason why people don't hold insurance policies”.

Kumasi

“Some think it is a waste of money; some also have not experienced any risk so do not see the need to have insurance at this time; some say they will need it when they are rich; some have negative ideas about it and think it is a waste of money”.

Tamale/Techiman

“The processes for payments normally take a long time so sometimes we end up giving up; lack of knowledge and information about insurance; cost of insurance premium scare some people; terms of insurance contracts are not always explained to the people to their understanding; ignorance”.

Reasons Why Individuals May not Buy Insurance

Clients’ opinions were sought on why they would no longer want to buy insurance. The majority of 499 clients (24.1%) indicated that they would no longer want to buy insurance, if the claim realisation process was too long. Distance or

location of an insurance company was the least (3.4%) factor selected by respondents. Presented in Table 44 are the responses.

Table 44: Why a Respondent Would Not Buy Insurance Again

Reasons	Respondents	Percentage (%)
Long process to realize claims	499	24.1
Other	359	17.4
No information on insurance facilities	298	14.4
Don’t trust insurer	233	11.3
Too expensive	209	10.1
Insurers do not pay when claims are made	200	9.7
Not important to me	183	8.8
Insurance provider too far away	87	4.2
Total	2,068	100

What Clients like about their Current Microinsurance Policies

Clients were required to indicate what they like about their current policies. Factors clients prefer about their microinsurance policies: (i) *“It protects my business in cases of emergency”*, (ii) *“It finances funeral expenses”*, (iii)

“It finances my medical care”, (iv) *“It provides collateral for loans”*, (v) *“It addresses my welfare”*, (vi) *“It provides me with funds”*, (vii) *“It covers future disasters that will happen to me according to the policy”*, (viii) *“My children benefit from it”*.

Findings from the Focus Group Discussions – Attitudes and Perceptions towards Insurance

On why the members in the focus group discussion would not want to buy insurance, various responses were provided. The key ones are presented:

Accra

“When I make a claim and they don’t pay as they promised or it takes too long a time than promised”.

Kumasi

“When I have been cheated”.

Techiman

“Failed promises by insurance companies”.

Tamale

“Delay in payments”

The qualitative analysis generated a lot of issues considered useful for the microinsurance sector. There is need for more education and engagement with clients; insurance companies need to keep their promises to build the needed partnerships with clients and agents need to explain policy details as part of client engagement to build the needed client confidence in the insurance companies.

Products Meet Needs of Clients

Clients were required to indicate whether their policies meet their needs. The majority (55.7%) indicated that the

products meet their needs and three hundred and sixteen (316) representing 18.4 percent neither agreed nor disagreed to the product meeting their needs. Presented in Table 45 are the responses.

Table 45: Products Meet Needs of Clients

Products meet the needs of clients	Respondents	Percentage (%)
Strongly agree	209	12.2
Agree	956	55.7
Neither agree nor disagree	316	18.4
Disagree	96	5.6
Strongly disagree	39	2.3
Don't know	101	5.9
Total	1,717	100

Major Issues in Relation to Microinsurance in Ghana

Respondents were required to provide their candid opinion about issues with microinsurance in Ghana. Trust (25.5%) came out as the highest concern or issue presented

by respondents. The second highest issue was little or no information (21.7%) about microinsurance policies. Presented in Table 46 are the responses on the major issues with microinsurance in Ghana.

Table 46: Major Issues with Microinsurance in Ghana

Major Issues with Ghana Insurance	Respondents	Percentage (%)
Don't trust insurers	495	25.5
Other	474	24.4
No information on insurance facilities	421	21.7
I don't understand the contracts	337	17.4
Insurance provider too far away	128	6.6
Too expensive	87	4.5
Total	1,942	100

SECTION 7.0: CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

This section presents the general and specific conclusions from the demand survey. It also discusses recommendations in line with the survey objectives. The conclusions are based largely on the findings from the individual interviews, focus group discussions and interactions with the agents and other officers of the insurance companies.

7.2 Conclusions

7.2.1 General Conclusion

The objective of the survey was to assess the background, knowledge, attitudes and perception of microinsurance clients towards insurance. It was conducted not only to serve as a reference and comparison document for the 2012 survey³⁵. The survey results show that clients of microinsurance providers are mostly women and are generally low income earners (65.5% earn monthly income of GHS600 and below) who work in the informal sector with majority in trading. There are indications that clients, who cannot be described as low income also participate in the microinsurance market as shown by about 14.3% of the respondents, who earn above monthly income of GHS1,000.

On the assessment of knowledge, attitude and perception towards microinsurance, respondent clients demonstrated reasonable knowledge returning a mean of 0.45 on the knowledge score; a score of 0.68 on attitudes and 0.64 on perceptions towards insurance. The majority of the clients have demonstrated genuine desire to protect themselves against unforeseen future circumstances; but some of them indicated they only resort to insurance companies because they do not have a different choice.

7.2.2 Specific Conclusions

The specific conclusions focus on the key areas of client background, knowledge, insurance attitude and perception of insurance.

- **Background of Clients**

The typical client served by microinsurance providers is middle-aged woman, who is engaged in trading and concerned about the need to protect herself, family and business from unforeseen adverse future circumstances. The survey results show that most of the clients are self-employed women (especially traders), who fall within the age bracket of 30-39 years. The majority (57.6%) of clients earns an amount of GHS 600 and below, an indication that

microinsurance providers are largely serving clients, who fall in the low-income category and operate largely in the informal segment of the market. Most of the clients have basic education levels and below.

- **Knowledge**

The results from the assessment of insurance knowledge of clients indicate that the knowledge on the basic insurance concept is generally fair (mean = 0.45, standard deviation = 0.19). On average, respondents were able to mention 2.3 types of insurance products and 2.1 insurance companies. The types of insurance products mentioned most frequently include health insurance or NHIS, life insurance and motor/car insurance. Basic questions on insurance, such as whether a policyholder would get his/her money back, if he/she pays regularly and never has need to use it, could not be answered correctly by a large proportion of clients (53.4%). Most clients, however, knew that insurance is not for free (91.9%) and that they have to pay regularly (83.7%).

- **Insurance Attitude**

The attitude towards insurance was measured by the degree of agreement with a series of subjective statements about insurance concept and insurance companies using a Likert Scale. Questions referring to the concept of insurance generally drew positive responses by the combined attitude index of 0.68. The majority of the clients included in the sample knew the importance and relevance of insurance.

- **Perception of Insurance**

Clients' perception of insurance was generally drawn from the question on what their spouses, friends and family think about insurance, as well as particular reasons on why people do not want to buy insurance. The responses received were somewhat generally positive on the concept of insurance but negative with respect to insurance companies. Responses received included 'You would have peace of mind, because you know that in case of any unforeseen event happening you can, you call on them to help you'. With respect to insurance companies, responses received included 'My friends think that insurance companies are thieves because any time we demand for our money they toss us and finally deny us of our monies'; they don't trust insurers; the process for filing the form is too long; the agents do not tell the truth; information on insurance is not readily available; long process to obtain claims; they have the impression that it is for rich people'.

7.3 Recommendations

- ***The Need to Intensify Microinsurance Client Education.***

The market survey indicated that microinsurance clients lack understanding of basic insurance concepts. This is evident in the ratings from clients' responses to questions on insurance knowledge. There is the need for microinsurance service providers to improve on education provided to their clients. Most of the microinsurance clients interviewed were enrolled by insurance agents, but insurance agents are not a reliable source for client education due to a combination of factors such as performance targets and compensation practices. There is need for an elaborate mechanism that focuses on client education to ensure that clients are well versed in their rights and responsibilities.

- ***The Need for an Appropriate Mechanism Complaint Resolution for Microinsurance Clients***

There is need to design an appropriate framework that facilitates redress and general complaint management support. Clients interviewed either do not know of redress mechanisms or find them cumbersome. The agent is the main recipient of complaints and this may not always be in the client's interest especially where the complaint is about the agent. Industry actors need to consider convenient and affordable mechanisms for microinsurance clients to complain at different levels – agent, branch, head office and regulator. The majority of clients have a mobile number and should for example be able to dial into toll-free number to make complaints and seek redress at a first level. Client education needs to include step-by-step procedures on complaint management and avenues for seeking redress.

- ***Enforcement of Sanctions as a Strategy for Increased Market Confidence***

There have been several instances during the field study, when clients mentioned that promises made to them were not fulfilled. There may be occasions when agents used unethical strategies to increase sales and there may be other instances where clients themselves may have failed to comply with clauses in the policy. In all cases however, it is important that the regulator institutes a mechanism to receive such complaints and – above all – acts on them to serve as a deterrent for the agents and companies (e.g. through enforceable market conduct rules) on one hand and as a confidence booster for the clients (e.g. through the microinsurance logo) on the other hand.

APPENDICES

APPENDIX 1: INSTITUTIONS THAT PARTICIPATED IN THE MICROINSURANCE LANDSCAPE SURVEY

No	Insurance Company
1.	GUA Life
2.	Vanguard Life
3.	Enterprise Life
4.	GLICO Life
5.	Unique Life Insurance
6.	Ghana Agricultural Insurance Pool (GAIP)
7.	UT Life Insurance
8.	Phoenix Life Insurance
9.	Prudential Life
10.	Donewell Life Company
11.	Old Mutual
12.	SIC Life Company
13.	Star Microinsurance Services
14.	National Insurance Commission (NIC)
15.	BIMA
16.	Airtel Ghana
17.	Micro Ensure

APPENDIX 2: ASSESSMENT FRAMEWORK FOR MICROINSURANCE PROVIDERS AND PRODUCTS

PRACTICE AREAS	PRACTICE	REFERENCE	COMPANIES (✓ – Good Practices, ✗ -Not Too Good Practices, – Not Examined)											
			A	B	C	D	E	F	G	H	I	J	K	L
Institutional motivation and capacity		A firm must intend to and have the ability of running a sustainable, i.e. profitable business with keeping the client value in mind. Profits should be moderate in the long run and products provide real value to the client and deliver positive social impact.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Assessment	Conduct institutional assessment of all involved partners.	✓	✓	✓	✗	✓	✓	✗	✓	✓	✓	✓	✗
Operations		Acknowledging the specificities of the target market and setting up operations accordingly is paramount to success in microinsurance.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Dedicated Team	Setting up a dedicated microinsurance team or even department has proven beneficial.	✓	✓	✓	✓	✗	✓	✓	✗	✗	✓	✗	✓
	Premiums	Flexibility is key in premium collection. Frequency of payments should address the income volatility of the segment. Where possible, automation of premium collection is a best practice because it reduces lapses and increases retention.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Claims	Claim processing must be streamlined and efficient for both the insurer and the beneficiaries. Filing and documentation requirements should be a minimal as possible.	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓
	Automation	In order to keep operational costs down, the appropriate use of front-end and back-end technology should be considered. The choice of technology greatly impacts the institution's growth possibilities.	✓	✗	✗	✓	✓	✓	✗	✓	✓	✓	–	✓
Distribution														
	Partnerships	Microinsurance is often sold through third-party delivery channels in order to create operational synergies and reach large numbers quickly. The challenge is to maintain the relationship and ensure that all partners have a viable business, while still providing value to the consumer.	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗

PRACTICE AREAS	PRACTICE	REFERENCE	COMPANIES (✓ – Good Practices, x -Not Too Good Practices, – Not Examined)											
			A	B	C	D	E	F	G	H	I	J	K	L
	Product development	Apply Microinsurance product development framework, which includes market surveys and pilot testing. http://www.ifad.org/ruralfinance/pub/manual.pdf	x	✓	✓	✓	-	✓	-	-	-	✓	-	✓
	Product features	Microinsurance products should be SUAVE: Simple, Understood, Accessible, Valuable and Efficient	✓	✓	✓	x	-	✓	✓	✓	✓	✓	✓	✓
	Bundled products	In many instances, microinsurance is sold in a package with other services (e.g. credit, or as a loyalty program). Where this is the case, measures have to be in place to make sure clients are aware of the cover and agree on paying for it. Compulsory products can provide scale quickly and are sometimes necessary to eliminate anti-selection. They can be bad if customers are unaware of the product or it is not suitable.	✓	✓	✓	✓	x	x	✓	x	✓	✓	✓	✓
	Registration	Products should be registered with and approved by insurance supervisor as per the regulatory regime.	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓
Customer Centric		Both demand and client preferences are assessed ex-ante, or products are intensely market-tested with regular review cycles. Clients' understanding of the product features and satisfaction levels with the product and services at all levels of the service chain and product life cycle are regularly tested and proactively tested.	x	x	x	✓	-	-	-	-	✓	-	-	✓
	Client satisfaction	Clients' understanding of the product features and satisfaction levels with the product and services at all levels of the service chain and product life cycle are regularly tested and proactively tested.	✓	✓	✓	✓	-	-	✓	✓	✓	✓	✓	✓

APPENDIX 3: GLOSSARY

Agent	<i>An insurance company representative who sells and services insurance contracts for the insurer; the intermediary between the insurer and the policyholder.</i>
Beneficiary	<i>The person who receives a life insurance benefit in the event of the policyholder's death.</i>
Claim	<i>A request for payment under the terms of an insurance contract when an insured event occurs.</i>
Claims processing	<i>The system and procedures that links the occurrence of an insured event with a pay-out.</i>
Claims ratio	<i>The actual claims divided by the expected claims (or risk premium). Insurers generally prefer for the claims ratio to be less than 100 percent—i.e., actual claims are less than expected claims.</i>
Cover or coverage	<i>The scope of protection provided under an insurance contract.</i>
Credit life	<i>Insurance coverage that repays the outstanding balance of a loan if a borrower dies.</i>
Endowment policy	<i>This is a life insurance contract designed to pay a lump sum after a specific term or on death</i>
Expense ratio	<i>The ratio of a company's operating expenses to premiums.</i>
Insurance	<i>A system under which individuals, businesses, and other entities, in exchange for a monetary payment (a premium), are guaranteed compensation for losses resulting from certain perils under specified conditions.</i>
Insured	<i>The policyholder, the person or entity protected in case of a loss or claim.</i>
Life insurance	<i>Coverage providing for payment of a specified amount on the insured's death, either to the deceased's estate or to a designated beneficiary; or in the case of an endowment policy, to the policyholder at a specified date.</i>
Market Conduct Rules	<i>Framework designed to enhance the supply of insurance products to the low-income population</i>
Mass Market Product	<i>Products which serve other client segments apart from low income individuals.</i>
Microinsurance	<i>Insurance for low-income earners</i>
Microinsurance Service Provider	<i>Insurance company providing microinsurance products as a service to clients (low-income)</i>
Outreach	<i>The total number of MI clients currently insured by the service provider.</i>
Policy	<i>The legal document issued by the company to the policyholder that outlines the conditions and terms of the insurance; also called the policy contract or the contract.</i>
Policyholder	<i>A person or entity that pays a premium to an insurance company in exchange for the coverage provided by an insurance policy.</i>
Premium	<i>The sum paid by a policyholder to keep an insurance policy in force.</i>
Written Premium	<i>The recorded premium paid by a policy holder to within a specified period of time to keep an insurance policy in force.</i>
Sum assured	<i>The sum or total amount guaranteed to be paid out.</i>
Underwriting	<i>Process of selecting risks for insurance and determining in what amounts and on what terms the insurance company will accept the risk. See also screening.</i>
Waiting period	<i>The length of time a policyholder must wait before one's coverage becomes effective. Designed to control adverse selection; for example with life insurance, a delay between the time when policyholders begin paying premiums and when the coverage is applicable reduces the risk that someone who is about to die will purchase a policy.</i>

APPENDIX 4: SAMPLE INTERVIEWED (REGIONAL AND COMPANY)

	REGION									Total
	Ashanti	Brong Ahafo	Central	Eastern	Greater Accra	Northern	Upper West	Volta	Western	
Donewell Life Insurance	27	0	0	0	32	0	0	26	0	85
Enterprise Life Insurance	0	3	0	0	93	0	2	0	2	100
Ghana Union Assurance	0	0	3	0	1	0	0	0	42	46
Glico Life Insurance	117	1	79	0	110	0	0	0	0	307
Phoenix Life Insurance	68	33	1	2	77	0	10	38	43	272
Old Mutual Company Limited	7	0	0	0	16	0	0	0	0	23
Prudential Life Insurance	7	0	13	0	93	0	0	0	0	113
SIC Life Insurance	67	64	53	28	100	0	4	0	37	353
Star Microinsurance Services	104	2	0	77	91	38	0	3	29	344
Unique Life Insurance	0	0	0	6	62	0	0	0	0	68
UT Life Insurance	0	0	0	0	65	0	0	0	0	65
Vanguard Life Insurance	0	3	0	0	68	0	0	0	0	71
Total	397	106	149	113	808	38	16	67	153	1,847

APPENDIX 5: REGIONAL STATISTICS

REGIONAL STATISTICS	ASHANTI	BRONG AHAFO	CENTRAL	EASTERN	GREATER ACCRA	NORTHERN	UPPER WEST REGION	VOLTA	WESTERN
Gender									
Male	56.9%	63.2%	37.6%	30.1%	43.9%	2.6%	18.8%	43.3%	46.4%
Female	43.1%	36.8%	62.4%	69.9%	56.1%	97.4%	81.3%	56.7%	53.6%
Housing Status									
Owned	22.2%	28.6%	25.5%	26.5%	19.3%	39.5%	26.7%	32.8%	32.2%
Rented	58.1%	45.7%	55.7%	53.1%	59.4%	15.8%	46.7%	50.7%	53.3%
Family House	19.2%	24.8%	18.1%	20.4%	20.2%	44.7%	26.7%	16.4%	13.2%
Friend/Neighbour	.5%	1.0%	0.7%		1.1%				1.3%
Formal Wage Employment	7.8%	13.7%	9.4%		26.1%	2.6%	37.5%	1.5%	4.6%
Informal Wage Employment	27.0%	11.8%	14.8%	1.8%	11.1%		6.3%	51.5%	2.6%
Retired	.5%	1.0%			.6%		50.0%	1.5%	
Unemployed					1.6%				
Employment Status									
Self-employed without employees	46.2%	61.8%	53.7%	85.0%	45.6%	94.7%	6.3%	37.9%	62.7%
Self-employed with employees	17.9%	10.8%	18.8%	11.5%	12.9%	2.6%		7.6%	30.1%
Housewife/Husband			2.0%		.1%				
Student	.3%	1.0%	1.3%	.9%	1.7%				
Other	7.8%	13.7%	9.4%		26.1%	2.6%	37.5%	1.5%	4.6%
Awareness about Insurance									
Yes	99.5%	100.0%	100.0%	90.1%	98.2%	97.4%	100.0%	81.8%	98.7%
No	.5%			9.9%	1.8%	2.6%		18.2%	1.3%
Source of Awareness									
Radio		26.0%	18.2%	34.3%	34.6%	26.3%		18.8%	21.1%
Newspaper		5.7%	4.0%	4.3%	2.0%	9.9%		9.4%	1.3%
Flier		1.6%	.6%	.4%		2.9%			
Marketing Agent		40.2%	52.3%	47.6%	51.0%	45.9%	89.7%	37.5%	64.5%
Friend/Family		14.2%	25.0%	6.7%	5.9%	10.9%	10.3%	34.4%	7.9%

REGIONAL STATISTICS	ASHANTI	BRONG AHAFO	CENTRAL	EASTERN	GREATER ACCRA	NORTHERN	UPPER WEST REGION	VOLTA	WESTERN
Rating on Knowledge about Insurance (Total Correct Responses per Region)	58%	56%	62%	43%	60%	42%	80%	43%	59%
Old age annuities /Pension	72.8%	49.0%	80.7%	87.5%	65.5%	53.6%	100.0%	25.0%	59.6%
Accident insurance	6.9%	16.3%	7.2%	5.0%	5.1%	12.5%		65.9%	1.1%
Property insurance	1.8%	16.3%	1.2%		2.7%	3.6%			2.2%
Automobile insurance	1.8%		2.4%		3.0%	1.8%			2.2%
Health insurance	5.5%	1.0%	1.2%	2.5%	6.7%	1.8%		4.5%	13.5%
Liability insurance	10.0%	17.3%	7.2%	5.0%	15.8%	26.8%		4.5%	21.3%
Life insurance	1.1%				1.1%				
Very High	25.8%	17.6%	10.9%	20.9%	10.4%	8.1%	20.0%	6.2%	38.0%
High	28.2%	7.8%	35.4%	17.3%	17.8%	5.4%	13.3%	21.5%	36.0%
Satisfactory	38.9%	56.9%	44.9%	43.6%	54.9%	70.3%	40.0%	49.2%	25.3%
Low	5.0%	15.7%	6.1%	17.3%	10.7%	10.8%	13.3%	13.8%	
Very Low	2.1%	2.0%	2.7%	.9%	6.2%	5.4%	13.3%	9.2%	.7%

STATISTICS ON RESPONDENTS: ACTIVE VERSUS INACTIVE CLIENTS

Regional Distribution

REGION	Status: Is client active or inactive				Total	
	Active		Inactive		No.	%
	No.	%	No.	%		
ASHANTI	360	20.2	37	54.4	397	21.5
BRONG AHAFO	104	5.8	2	2.9	106	5.7
CENTRAL	147	8.3	2	2.9	149	8.1
EASTERN	113	6.4	0	0.0	113	6.1
GREATER ACCRA	788	44.3	20	29.4	808	43.7
NORTHERN	37	2.1	1	1.5	38	2.1
UPPER WEST	16	.9	0	0.0	16	.9
VOLTA	62	3.5	5	7.4	67	3.6
WESTERN	152	8.5	1	1.5	153	8.3
Total	1779	100.0	68	100.0	1847	100.0

Number of Active and Inactive Clients

	Frequency	Percent
Active	1779	96.3
Inactive	68	3.7
Total	1847	100.0

Gender

Status of client :active or inactive		Frequency	Percent
Active	Male	793	44.6
	Female	986	55.4
	Total	1779	100.0
Inactive	Male	49	72.1
	Female	19	27.9
	Total	68	100.0

Level of Satisfaction with Policy – Clients with one policy

Rating	STATUS			
	Active		Inactive	
	Respondents	Percent (%)	Respondents	Percent (%)
Very high	282	16.5	20	31.3
High	387	22.7	8	12.5
Satisfactory	819	48.0	23	35.9
Low	151	8.8	9	14.1
Very Low	69	4.0	4	6.3
Total	1,708	100.0	64	100.0

Level of Satisfaction with Policy – Clients with an additional policy

Rating	STATUS			
	Active		Inactive	
	Respondents	Percent (%)	Respondents	Percent (%)
Very high	22	12.6	0	0.0
High	49	28.2	0	0.0
Satisfactory	80	46.0	2	50.0
Low	17	9.8	2	50.0
Very Low	6	3.4	0	0.0
Total	174	100.0	4	100.0

APPENDIX 6: QUINTILE INCOME GROUPINGS AND SUMMARY STATISTICS OF THE NUMBER OF CHILDREN AND DEPENDENTS

Percentile Group		Respondents	Minimum	Maximum	Mean	Std. Deviation
First (Lowest)	No of children	429	0	22	2.17	2.292
	No of dependants	429	0	20	1.17	1.960
Second	No of children	235	0	9	2.46	2.182
	No of dependants	235	0	15	1.55	2.257
Third	No of children	311	0	10	2.05	1.833
	No of dependants	311	0	11	1.28	1.922
Fourth	No of children	418	0	10	2	1.776
	No of dependants	418	0	13	1.45	1.956
Fifth (Highest)	No of children	232	0	15	2.47	2.091
	No of dependants	232	0	20	2.49	3.146

APPENDIX 7: RESPONDENT INCOME CATEGORISATION

Quintiles	Respondents	Minimum	Maximum	Mean	Std. Deviation
First (Lowest)	429	0.00	200.00	106.4103	78.73595
Second	235	201.00	350.00	287.6617	30.96865
Third	311	360.00	500.50	458.0595	46.85479
Fourth	418	501.00	1000.00	798.1089	151.43601
Fifth (Highest)	232	1019.00	20000.00	2358.2500	2058.78177

Income categorization for respondents earning GHS 600 and below:

Quintiles	Respondents	Minimum	Maximum	Mean	Std. Deviation
First (Lowest)	230	.00	100.00	41.3913	43.69429
Second	199	120.00	200.00	181.5578	24.62005
Third	214	201.00	300.00	282.2570	26.53148
Fourth	169	300.50	496.00	403.2751	31.84715
Fifth (Highest)	253	500.00	600.00	532.8518	45.77610

APPENDIX 8: DEMOGRAPHIC INFORMATION OF CLIENTS WITH INCOME ABOVE GHS1,500

Gender of Respondents

Gender	Number of Respondents	Percent
Male	73	56.6
Female	56	43.4
Total	129	100.0

Age of Respondents

Age	Number of Respondents	Percent
20-29	18	15.0
30-39	44	36.7
40-49	32	26.7
50-59	21	17.5
60+	5	4.2
Total	120	100

Religion of Respondents

Religion	Number of Respondents	Percent
Christianity	114	88.4
Islam	12	9.3
Traditional	1	0.8
No Religion	2	1.6
Total	129	100.0

Educational Level of Respondents

Current educational level	Number of Respondents	Percent
No formal schooling	15	11.6
Up to primary level	18	14.0
Up to secondary level	53	41.1
Vocational/Technical/Commercial level	3	2.3
Up to tertiary level	40	31.0
Total	129	100.0

Marital Status of Respondents

Marital Status	Number of Respondents	Percent
Single	26	20.2
Married	93	72.1
Divorced or separated	9	7.0
Widowed	1	0.8
Total	129	100.0

Type of dwelling

Type of dwelling	Number of Respondents	Percent
Owned	49	38.0
Rented	63	48.8
Family house	16	12.4
Friend or neighbour	1	0.8
Total	129	100.0

Employment Status of Respondents

Employment Status	Number of Respondents	Percent
Formal wage employment	34	27.2
Informal wage employment	10	8.0
Retired	1	.8
Self-employed without employees	36	28.8
Self-employed with employees	44	35.2
Total	125	100.0

Sector of Operation of Respondents

Sector of Operation	Number of Respondents	Percent
Agriculture	13	9.4
Manufacturing	5	3.6
Electricity/Energy	6	4.3
Construction	5	3.6
Trade	66	47.5
Hospitality	1	.7
Transport and Communication	2	1.4
Financial Services	10	7.2
Real estates	2	1.4
Public Administration	13	9.4
Education	3	2.2
Health and Social Work	3	2.2
Other	10	7.2
Total	139	100.0

Minimum and Maximum Number of Children and Dependents of Respondents

	Number of Respondents	Minimum	Maximum	Mean
How many children do you have?	129	0	15	2.52
How many dependants do you have?	129	0	20	2.76
Age	120	22	74	40.38

Regional Distribution of Respondents on basis of Average Number of Children, Dependents and Age

REGION	How many children do you have?		How many dependants do you have?		Age	
	Number of Respondents	Mean	Number of Respondents	Mean	Number of Respondents	Mean
Ashanti	30	2.27	30	2.43	30	37.80
Brong Ahafo	1	13.00	1	13.00	1	55.00
Central	8	1.38	8	3.50	8	37.75
Eastern	5	3.40	5	0.60	5	43.60
Greater Accra	66	2.00	66	2.92	60	39.68
Volta	2	3.00	2	2.50	2	48.50
Western	17	4.59	17	2.41	14	47.07

Regional Distribution of Respondents on basis of Gender

REGION	Gender				Total	
	Male		Female		Number of Respondents	% within Region
	Number of Respondents	% Within Region	Number of Respondents	% Within Region		
Ashanti	14	46.7	16	53.3	30	100.0
Brong Ahafo	1	100.0	0	0.0	1	100.0
Central	3	37.5	5	62.5	8	100.0
Eastern	5	100.0	0	0.0	5	100.0
Greater Accra	40	60.6	26	39.4	66	100.0
Volta	1	50.0	1	50.0	2	100.0
Western	9	52.9	8	47.1	17	100.0
Total	73	56.6	56	43.4	129	100.0

Regional Distribution of Respondents on basis of Age

REGION	AGE										Total	
	20-29		30-39		40-49		50-59		60+		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%		
Ashanti	7	23.3	12	40.0	6	20.0	4	13.3	1	3.3	30	100.0
Brong Ahafo	0	0.0	0	0.0	0	0.0	1	100.0	0	0.0	1	100.0
Central	0	0.0	5	62.5	2	25.0	1	12.5	0	0.0	8	100.0
Eastern	0	0.0	2	40.0	2	40.0	1	20.0	0	0.0	5	100.0
Greater Accra	11	18.3	23	38.3	13	21.7	11	18.3	2	3.3	60	100.0
Volta	0	0.0	0	0.0	1	50.0	1	50.0	0	0.0	2	100.0
Western	0	0.0	2	14.3	8	57.1	2	14.3	2	14.3	14	100.0
Total	18	15.0	44	36.7	32	26.7	21	17.5	5	4.2	120	100.0

Regional Distribution of Respondents on basis of Religion

REGION	RELIGION								TOTAL	
	Christianity		Islam		Traditional		No Religion		No.	%
	No.	%	No.	%	No.	%	No.	%		
Ashanti	28	93.3	2	6.7	0	0.0	0	0.0	30	100.0
Brong Ahafo	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Central	7	87.5	1	12.5	0	0.0	0	0.0	8	100.0
Eastern	5	100.0	0	0.0	0	0.0	0	0.0	5	100.0
Greater Accra	56	84.8	7	10.6	1	1.5	2	3.0	66	100.0
Volta	2	100.0	0	0.0	0	0.0	0	0.0	2	100.0
Western	16	94.1	1	5.9	0	0.0	0	0.0	17	100.0
Total	114	88.4	12	9.3	1	.8	2	1.6	129	100.0

Regional Distribution of Respondents on basis of Current Educational Level

REGION	CURRENT EDUCATIONAL LEVEL										Total	
	No formal schooling		Up to primary level		Up to secondary level		Vocational/Technical/Commercial level		Up to tertiary level		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%		
Ashanti	3	10.0	7	23.3	14	46.7	0	0.0	6	20.0	30	100.0
Brong Ahafo	1	100.0	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0
Central	1	12.5	3	37.5	1	12.5	1	12.5	2	25.0	8	100.0
Eastern	0	0.0	0	0.0	5	100.0	0	0.0	0	0.0	5	100.0
Greater Accra	5	7.6	4	6.1	25	37.9	2	3.0	30	45.5	66	100.0
Volta	0	0.0	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0
Western	5	29.4	4	23.5	6	35.3	0	0.0	2	11.8	17	100.0
Total	15	11.6	18	14.0	53	41.1	3	2.3	40	31.0	129	100.0

Regional Distribution of Respondents on basis of Marital Status

REGION	MARITAL STATUS								Total	
	Single		Married		Divorced or separated		Widowed		No.	%
	No.	%	No.	%	No.	%	No.	%		
Ashanti	9	30.0	17	56.7	3	10.0	1	3.3	30	100.0
Brong Ahafo	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Central	2	25.0	5	62.5	1	12.5	0	0.0	8	100.0
Eastern	0	0.0	5	100.0	0	0.0	0	0.0	5	100.0
Greater Accra	15	22.7	46	69.7	5	7.6	0	0.0	66	100.0
Volta	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0
Western	0	0.0	17	100.0	0	0.0	0	0.0	17	100.0
Total	26	20.2	93	72.1	9	7.0	1	.8	129	100.0

Regional Distribution of Respondents on basis of Type of Dwelling

REGION	TYPE OF DWELLING								Total	
	Owned		Rented		Family house		Friend or neighbour		No.	%
	No.	%	No.	%	No.	%	No.	%		
Ashanti	6	20.0	17	56.7	7	23.3	0	0.0	30	100.0
Brong Ahafo	1	100.0	0	0.0	0	0.0	0	0.0	1	100.0
Central	3	37.5	5	62.5	0	0.0	0	0.0	8	100.0
Eastern	2	40.0	3	60.0	0	0.0	0	0.0	5	100.0
Greater Accra	24	36.4	33	50.0	8	12.1	1	1.5	66	100.0
Volta	2	100.0	0	0.0	0	0.0	0	0.0	2	100.0
Western	11	64.7	5	29.4	1	5.9	0	0.0	17	100.0
Total	49	38.0	63	48.8	16	12.4	1	.8	129	100.0

Regional Distribution of Respondents on basis of Employment Status

REGION	EMPLOYMENT STATUS										Total	
	Formal wage employment		Informal wage employment		Retired		Self-employed without employees		Self-employed with employees		No.	%
	No.	%	No.	%	No.	%	No.	%	No.	%		
Ashanti	5	18.5	5	18.5	0	0.0	9	33.3	8	29.6	27	100.0
Brong Ahafo	0	0.0	0	0.0	0	0.0	0	0.0	1	100.0	1	100.0
Central	1	12.5	0	0.0	0	0.0	3	37.5	4	50.0	8	100.0
Eastern	0	0.0	0	0.0	0	0.0	1	20.0	4	80.0	5	100.0
Greater Accra	26	40.0	5	7.7	1	1.5	17	26.2	16	24.6	65	100.0
Volta	0	0.0	0	0.0	0	0.0	1	50.0	1	50.0	2	100.0
Western	2	11.8	0	0.0	0	0.0	5	29.4	10	58.8	17	100.0
Total	34	27.2	10	8.0	1	.8	36	28.8	44	35.2	125	100.0

		Statistic	Std. Error	
Cash income earned by household in a month	Mean	897.2675	33.23631	
	95% Confidence Interval for Mean	Lower Bound	832.0648	
		Upper Bound	962.4702	
	5% Trimmed Mean	744.3804		
	Median	500.0000		
	Variance	1,437,152.415		
	Std. Deviation	1,198.81292		
	Minimum	0.00		
	Maximum	20,000.00		
	Range	20,000.00		
	Interquartile Range	792.50		
	Skewness	5.741	.068	
	Kurtosis	62.933	.136	

APPENDIX 9: HOW MUCH DO YOU SPEND ON CREDIT PER WEEK

Percentile	Respondent	Minimum	Maximum	Mean
First (Lowest)	416	0.00	4.00	2.1923
Second	405	4.50	5.00	4.9988
Third	509	6.00	10.00	9.2181
Fourth	293	11.00	20.00	17.6024
Fifth (Highest)	221	25.00	800.00	63.0973

APPENDIX 10: MONEY SPENT ON UTILITIES PER MONTH

Descriptive				
How much do you spend on utilities per month?			Statistic	Std. Error
Mean			83.9662	4.26731
95% Confidence Interval for Mean	Lower Bound		75.5969	
	Upper Bound		92.3355	
5% Trimmed Mean			66.1329	
Median			60.00 00	
Variance			33415.247	
Std. Deviation			182.79838	
Minimum			0.00	
Maximum			6000.00	
Range			6000.00	
Interquartile Range			70.00	
Skewness			21.520	0.057
Kurtosis			636.713	0.114

APPENDIX 11: QUINTILE ANALYSIS OF MONEY SPENT ON UTILITIES PER MONTH

Percentile Grouping	Respondents	Minimum (GHS)	Maximum (GHS)	Mean	Std. Deviation
First (Lowest)	367	0.00	24.50	8.8065	8.55148
Second	522	25.00	50.00	40.5364	8.77522
Third	271	52.00	70.00	63.0959	5.11081
Fourth	350	74.00	100.00	90.6329	9.54151
Fifth (Highest)	325	105.00	6000.00	248.8169	389.50108

APPENDIX 12: COMPUTATION OF INSURANCE KNOWLEDGE AND ATTITUDE INDEX

The level of insurance knowledge and insurance attitude was measured using an index toolkit developed by the Institute of Statistical, Social and Economic Research (ISSER) at the University of Ghana. It provides a quantitative measure of a person's knowledge of and attitude towards insurance and insurance companies.

Insurance knowledge is defined as the objective knowledge of insurance concepts and companies, as well as the familiarity with available products and providers.

The knowledge index consists of three sub-indices which are combined to create the overall index. The indices are:

- X: Types of insurances known to the respondent.
- Y: Insurance companies known to the respondent.
- Z: True or false statements about the concept of insurance.

The index scale developed identifies two scoring stages, having a range from 0 to 1, which is defined as follows:

- 0 – Lowest possible score
- 1 – Highest possible score

For the X index, the score 1 means “seven or more types of insurance are known to respondent” and score 0 means “no type of insurance is known to respondent”.

To find the index, the sum of the correct answers was scaled, with:

- one correct answer = 1/7;
- two correct answers = 2/7;
- three correct answers = 3/7;
- four correct answers = 4/7;
- five correct answers = 5/7;
- six correct answers = 6/7 and finally
- 7 or more correct answers = 7/7.

The index is estimated by the sum of all these answers:

$X = \Sigma$ of all scores

For the Y index the score 1 means “four insurance companies have been heard of” and score 0 means “no insurance company have been heard of”. Meaning if four companies have been mentioned by the respondents, it was scored with 1.

- Zero companies scored with 0,
- One company scored with 0.25,
- Two companies scored with 0.5,
- Three companies scored with 0.75,

Which equals this equation: **$Y = \Sigma$ of all scores**

The Z index contains eight “true” or “false” questions/statements. The score of the index is 1 or 0, which means that if the respondent answers correctly 1 was scored, if the answer was wrong it was scored with 0. In the case the respondent refused to answer or chose “don't know” the answer was counted as false.

The calculation of Z is: **$Z = \Sigma$ of all scores/ 8**

The combined calculation of the insurance knowledge index is computed as follows:

Overall Insurance Knowledge Index = $0.4 * X + 0.2 * Y + 0.4 * Z$

The coefficients of the sub-indices reflect the impact of the questions of the respective category. It is assumed that stating different types of insurances shows a deeper knowledge than naming insurance companies. The same holds for the eight true and false statements. A correspondent who is able to distinguish between right and wrong statements shows a good insight of insurance knowledge. Thus, the sub-indices X and Z are double weighted in the analysis. The single weighting of Y reflects the minimal awareness required to answer the question.

Insurance attitude refers to the subjective perception and valuation of the attitude towards the concept of insurance (e.g. importance of being insured) and insurance companies (e.g. level of trust in insurance companies).

The index is made up of nine statements concerning the attitude towards the concept of insurance and five statements concerning the attitude towards insurance companies.

To create the attitude index all 14 statements are combined to create and the scores are defined as:

- 0 – Poorest attitude
- 1 – Best attitude

The statements are phrased in a way that if the respondent chooses “strongly disagree” he or she yields the highest score 1, while “disagree” scores 0.75, “undecided” 0.5, “agree” 0.25 and “strongly agree” 0. For statements 3, 5, 9, and 10 the ranking is vice versa. As before, in case the respondent “refused” to comment on a statement it was counted as “undecided” to not bias the results. Thus, the equation for the attitude index is:

Insurance Attitude Index = Σ of all scores/ (11)



... insurance may be good for you!!