

Programme for Sustainable Economic Development (PSED) in Ghana

Promoting Insurance in Ghana - PromIGH

The challenge

Appropriately designed insurance products provide an indispensable tool to manage the risk of sudden financial shocks, especially those that cannot be fully covered by savings or formal and informal risk-sharing arrangements. Even though people in the informal sector are particularly vulnerable to various kinds of risks, they are typically excluded from the formal insurance market. Increased access to insurance is therefore a key tenet of financial inclusion and social protection policy.

At present, access to insurance services in Ghana is still very limited, especially amongst the low-income population. Only 4.1% of the total adult population held any commercial insurance policy in 2010 (excluding public health insurance). The commercial insurance sector comprises of 47 companies, whose combined gross premiums amounted to 1.16% of Gross Domestic Product in 2013, amounting to 1.052 Mio GHc. Recently, Ghana's insurance market has been growing rapidly. Many insurers and intermediaries are seeking to expand their services to the lower income population. According to the recent 'African Landscape Study (2012)', 1.7 million risks and lives have been covered by microinsurance services, while in 2013 already more than 3 million insurance microinsurance policies were active in Ghana.

The National Insurance Commission (NIC), as the regulatory and supervisory authority of the commercial insurance sector in Ghana, is actively spearheading the development of the insurance market. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), on behalf of the German Federal Ministry of Economic Cooperation and Development (BMZ), seeks to support the NIC in its endeavours to promote access to de-

mand-oriented and tailor-made insurance products for poor population groups.

Our approach

The project „Promoting Insurance in Ghana“ (PromIGH) aims to improve the access to and the usage of insurance products by low-income households and small-scale enterprises. In that framework GIZ supports a network of Ghanaian partners through a multi-level approach in four fields of activity.

Project name	Promoting Insurance in Ghana (PromIGH)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Ghana
Lead executing agencies	Ministry of Finance, National Insurance Commission
Duration	April 2014 – March 2016

Regulation and Supervision. As its main partner GIZ advises the National Insurance Commission (NIC) on the development and implementation of a regulatory framework that supports compliance with international insurance standards and practice as well as the development of microinsurance services.

Technical Capacity Building. Since providers of insurance services are often deficient in technical know-how and sufficiently skilled employees the project collaborates with several partners, as e.g. the Ghana Insurance College (GIC), Universities, the Ghana Insurers' Association (GIA), the Actuarial Society of Ghana



**Star Microinsurance
Services Limited**
Your tool for poverty alleviation

"Through the cooperation with the GIZ PromIGH project, we gained access to invaluable technical expertise: capacity building, research grant funds, insurance awareness tools, etc. This support has directly and indirectly culminated in the launch of several microinsurance products that are reaching previously untapped markets in Ghana."

Afiua Boahemaa Donkor
Executive Director, Star Microinsurance Services Limited

"Through the cooperation with the GIZ PromIGH project, I have been educated. Before-hand, I did not know what microinsurance means but through PromIGH's educative radio drama on microinsurance I now understand it and can even inform others about insurance based on what I have learned. I am grateful for this opportunity."

Ahmed Hamidu Damba
Programmes Director, Radio Savannah, Northern Region



(ASG), various insurers and intermediaries, as well as international networks (e.g. Microinsurance Network) to sustainably make available expertise and knowledge to the Ghanaian insurance industry.

Research and Development. Availability of information and data is a key precondition for the development of innovative and financially viable insurance products that can provide sufficient and long-lasting protection from various kinds of risk to low-income clients.

Financial Inclusion. Potential policy holders are often insufficiently informed about the concept and the benefit of insurance products; they often even show substantial scepticism towards insurance services. In order to enhance understanding and attitudes amongst the target group and to foster a client-relation built on mutual trust the project supports insurance awareness pilot campaigns at maximum proximity to the target group, develops print, radio and movie material, as well as supports the enhancement of client protection and responsible business conduct amongst insurance services providers.

What did we achieve so far?

...a more sound insurance industry that is effectively supervised:

Through the project's support, the national regulator avails over a complete new draft legal and regulatory framework largely compliant to the international Insurance Core Standards (ICPs). The regulator today supervises the industry in accordance to good practice standards for risk-based supervision. Reporting according to International Financial Reporting Standards (IFRS) has been automated by the off-site supervisory application VIZOR. The insurance industry follows a new solvency regulation, fostering risk-based management within insurance companies.

...enhanced capacities amongst (micro)-insurance practitioners, to increase outreach and market penetration:

Through the project's support to a network of actuarial and insurance experts specific professional qualification offers have been developed in partnership with international institutions. The Ghana Insurance College today provides diversified services to insurance students, mid-level and senior-level staff of insurance providers.

...new products and services are being offered through new delivery channels to the under-served population:

The project supports since five years promising insurance providers to foster institutional development, business viability and market development. Amongst all 47 insurance companies, today 13 offer 27 different microinsurance products to the low income population, in compliance with the Market Conduct (Microinsurance) Rules, which were established in February 2013.

... enhanced knowledge and trust into insurance services amongst the clientele:

Through the project's support the National Insurance Commission and the Ghana Insurers' Association today avail over a broad spectre of measures and instruments tested and proofed as suitable to increase insurance awareness amongst the low-income population in Ghana. Client faith and trust into microinsurance products has been enhanced in 20 pilot regions in the country through measures, suitable to be scaled up in the context of a national financial literacy strategy.

Who do we partner with?



Published by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Registered offices Bonn and Eschborn, Germany
Promoting Insurance in Ghana (PROMIGH)
7 Volta Street
P.O. Box KIA 9698
T +233 (0) 302 760448
F +233 (0) 302 773106
Branko.wehnert@giz.de
<http://www.giz.de/de/weltweit/19476.html>

Author(s) Branko Wehnert
Layout Branko Wehnert
As at September 2014

On behalf of Federal Ministry for Economic Cooperation and Development (BMZ)
Division Referat 202
Addresses of the BMZ offices
BMZ Bonn
Dahlmannstraße 4
53113 Bonn, Germany
T +49 (0)228 99 535-0
F +49 (0)228 99 535-3500
poststelle@bmz.bund.de
www.bmz.de

BMZ Berlin
Stresemannstraße 94
10963 Berlin, Germany
T +49 (0)30 18 535-0
F +49 (0)30 18 535-2501

GIZ is responsible for the content of this publication.