The Demand for Microinsurance in Rural Ghana

Household Survey Report on the Anidaso Policy of the Gemini Life Insurance Company (GLICO)*

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1. Background

1.1 Purpose of Study

This survey report on the demand for microinsurance in rural Ghana is based on a household survey which was undertaken from 09.01.2008 until 26.02.2008 in the villages Brakwa and Benin in the Central Region. It serves as a pilot study in the context of a research project on the demand for microinsurance in Africa conducted by the German Institute of Global and Area Studies (GIGA). Specifically, this project aims to examine the risk management strategies of low-income households and the conditions under which they demand microinsurance in Ghana.

In order to analyse the determining factors of the demand for microinsurance of low-income households quantitative household surveys and focus group discussions among currently insured and non-insured low-income households are implemented within the above mentioned project. As a precondition for the data collection, first an adequate institution was chosen among the existing and publicly known microinsurance institutions in Africa. In this ex ante selection process the insurance company Gemini Life Insurance Company (GLICO) in Ghana turned out to be a suitable case, as the provider serves all selection criteria set up by the project team, particularly regarding the supply of a voluntary microinsurance product.[1]

In the centre of the pilot survey is the collection of information on demographic and socio-economic characteristics of the households as well as details on the insurance contract, the relationship to the provider and the level of information on formal insurance. Besides, data was collected on other strategies applied by the households in their effort to manage risks in order to receive a broader picture about microinsurance in the context of risk management strategies in general.

This report aims at presenting major descriptive results of the analysis of the survey data with regard to the socio-economic profile of the target market, general knowledge of insurance, the characteristics, and the satisfaction of the Anidaso policyholders, business competition regarding other insurance providers and the potential demand in the area of observation. Finally the report will draw some conclusions in respect of the future development and further distribution of microinsurance in the survey area.

1.2 The Anidaso Microinsurance Policy

The Anidaso (= “Hope”) insurance policy was developed by CARE International in collaboration with Gemini Life Insurance Company (GLICO). It was designed and researched within a product development phase that lasted October 2001 to March 2004 and was funded by DFID under its Enterprise Development Innovation Fund (EDIF). The resulting product was then piloted in five Rural and Community Banks (RCBs) as the main channel of distribution in the regions Central, Eastern, Volta, Ashanti and Brong-Ahafo.[2] The policy is a

[1] In sub-Saharan Africa, the provision of microinsurance is mostly confined to health insurance or compulsory credit life insurance. However, since information on microinsurance providers and products is still fragmentary, it may well be that there exist more voluntary microinsurance products besides GLICO’s Anidaso policy that we are not aware of. Other selection criteria set up by the project team were the supply of at least two different products, at least three years of experience with microinsurances, formal institution, sufficiently large number of insurance holders, etc.

[2] For more information on the development and history of the Anidaso policy, please see Care International (2004): Product Guide “Anidaso” Insurance Policy for Low-income Market Segments in Ghana,

voluntary microinsurance product and is targeted at low-income people both in urban and rural areas.
At present, in these five regions GLICO cooperates with 26 RCBs for the sale and distribution of the policy. The range of Anidaso clients per RCB ranges from around 200 to over 1,000. Altogether, GLICO counted about 14,000 policyholders in November 2007.
The policy offers term life assurance up to age 60, accident benefits (income protection insurance with total/partial, temporary/permanent disability benefit lumped together), and in-hospitalization benefits (calculated per each day spent in the hospital) for the policy holder, the spouse and up to four children. Contributions towards a so called investment plan, which serves as a savings scheme and pays the accumulated account at the expiry of the term, can be added on a voluntary basis. Average premiums range from two to four US$, or more if the savings component is chosen.

1.3 Overview of the Household Survey Details

The survey area in Asikuma/Odoben/Brakwa district was chosen, because it guaranteed a high share of low-income people in the overall population[3] and offered a relatively high density of rural bank clients holding an insurance contract. The district is a highly agrarian local economy with over 80 percent of the population being engaged in farm activities, mostly at the subsistence level and to a small extent in cash-crop cultivation (i.e. cocoa). Activities outside farming concentrate on small scale industrial businesses and petty trading. The population in the selected two communities of Brakwa and Benin had access to the Anidaso policy either through a RCB in the town of Brakwa or a branch of this bank in the town of Asikuma.
For a meaningful statistical analysis, a sufficient number of households using microinsurance were required in the sample. As the number of households participating in the insurance scheme was too small to be adequately represented in a random sample of the total population, the sample had to be stratified along the insurance membership status. This included not only the participation in the microinsurance scheme (in this case Anidaso policy holders), but also participation in other insurance schemes, such as the National Health Insurance Scheme or those provided by Donewell or other private insurance companies. After listing all households in both villages, a total of 351 households were interviewed, including three groups of households holding the Anidaso policy (87), households holding other insurances (110) and non-insured households (154). Households within each stratum were chosen by random sampling, except for the microinsured stratum which was interviewed entirely. The survey questionnaire contained detailed sections on demographic and socio-economic household characteristics, household assets, the occurrence of shocks, risk management strategies, household attitudes towards risk and household financial knowledge. Further, information was gathered on the embedding of households in different financial institutions and the usage of loans, savings products and insurances.
The original objective to interview 150 households holding the Anidaso policy offered by GLICO was unfortunately not achieved. This happened due to limited information on the total number of clients in the survey area and because of the decentralized distribution channel of

http://www.microfinancegateway.org/files/38517_file_Product_Guide.doc or SyncConsult (2006): Impact Study; Innovation for 'Increasing the Security of Unserved and Needy Clients' (INSURANCE); Anidaso Micro-Insurance Product, http://www.microfinancegateway.org/files/40810_file_Anidaso_Impact_Study_Final_Report_July06__1_.doc

[3] The poverty headcount in the Central Region amounted to 19.9 percent in 2005/06. We assume that the poverty headcount was much higher than the regional average in the two villages where we conducted the survey due to the rural conditions found there.

the Anidaso policy via the partnering rural banks and their branches and agencies, which often have overlapping business areas. Therefore, it is very difficult to assign the specific number of clients to each rural bank and respective branch due to the lack of a centralized reporting system with detailed records of the clients. Instead of using a random sample of microinsured households from the total client base of one bank, we had to select communities, which were likely to have a high density of clients in the area. Furthermore, it was very difficult to locate the Anidaso policy clients, as several clients had not told their families or other relatives about their participation, so that they were not recognized during the listing of the two villages. Clients were eventually identified by the help of the local Personal Insurance Adviser (PIA) of GLICO in the RCB in Brakwa, the staff of the bank and scattered information from the banks account records.

2. Profile of the target market

2.1 Socio-Demographic Characteristics of Households in the Survey Area

As shown in Table 1, of the sample households (including clients and non-clients) there are quite a number of households having a female head (42 %). Households consist on average of 4.38 members and 2.7 of them may be classified as "dependant" in the sense that they are not contributing to the household income, as they are children, elderly, incapable to work, or unemployed.

Table 1: Household Characteristics

Characteristics	Mean	Std. Error
Female headed households	0.42	0.030
Household size	4.38	0.148
Number of dependant household members	2.7	0.122
Years of schooling of the household head	6.5	0.316

Source: Authors' calculation.
Note: Households in the sample are weighted according to their sampling probability by using the appropriate STATA commands for complex survey data.

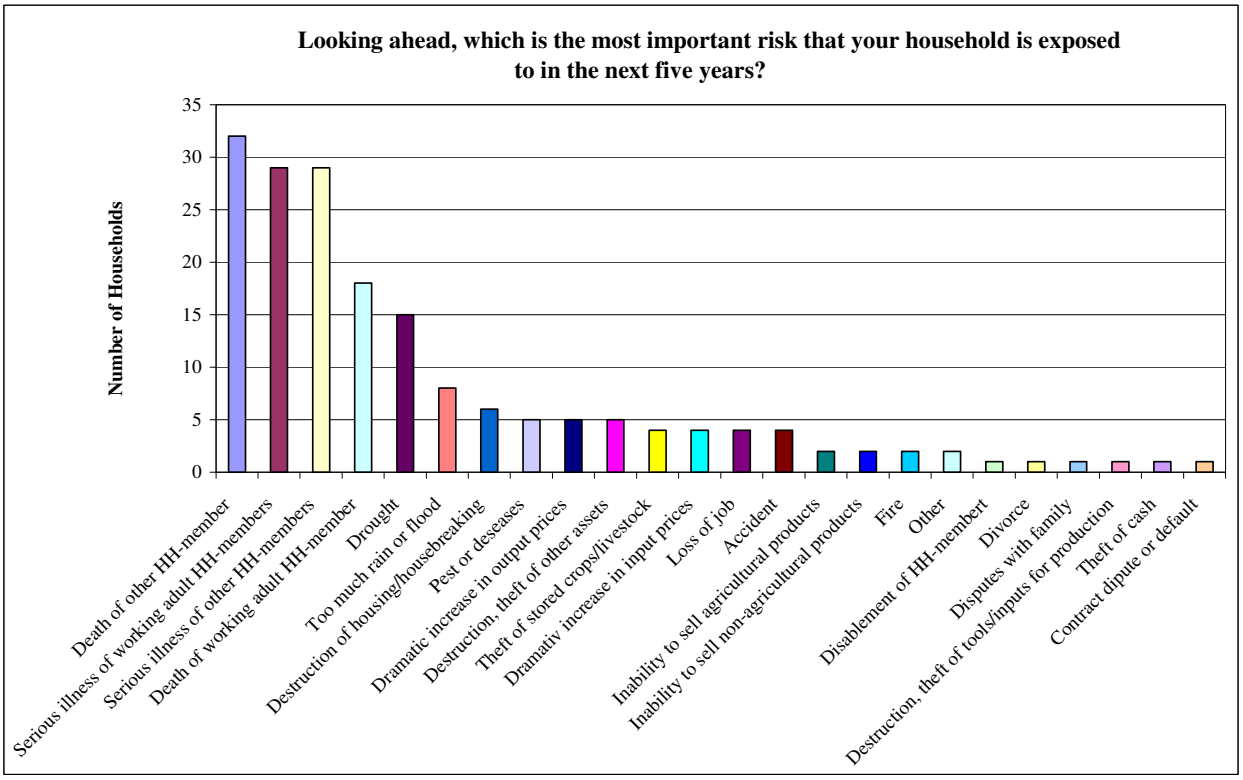
Regarding the education level in the survey area it is shown that the years of schooling of the household head average out to 6.5 years, reflecting the current situation of the Ghanaian school system where there is free primary education guaranteed, but all further education is to be financed privately. After a reform in 1987 today's education circle includes six years of primary school, followed (optionally) by three years at the Junior Secondary School (JSS) and successful candidates are then admitted to the four-year Senior Secondary School (SSS). However, due to finance problems and the workload in the (agricultural) business of the family the majority of the population in rural areas goes through primary education only.

2.2 Risks and Vulnerabilities

When looking at the demand for microinsurance in the target market it is of major importance to identify the risks, which are of highest priority to the target group. This will provide the basis to identify the needs and potentials for microinsurance among the target group and to examine whether the current supply is in accordance with this need.

When asked about the risks that households feared most in the next five years, the majority of the respondents referred to death and illness of household members as the most important risks, followed by agriculture related risks, i.e. drought and too much rain/flood (Figure 1). This finding is in line with many studies on risks and vulnerability in developing countries[4] and indicates that the Anidaso microinsurance offered in the area aims at mitigating risks, which are indeed perceived as most severe and also most likely to hit households in the target market.

Figure 1: Subjective Risk Assessment of Households



Source: Authors' calculation.

When looking at the most severe risks which have actually occurred in the last five years, this result is further underlined and understandable by the fact that far more than half of the households (64.39%) have experienced death or illness of members during that time (Table 2).

Table 2: Death or Illness Among Most Severe Risks

Answer	Number of HH	Percent
Yes	226	64.39
No	125	35.61
Total	351	100

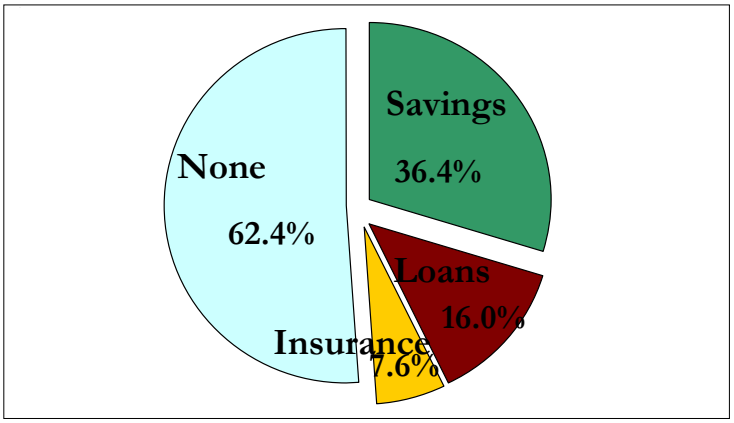
Source: Authors' calculation.

[4] (see e.g. the case studies on microinsurance by the CGAP Working Group on Microinsurance, http://www.microfinancegateway.org/resource_centers/insurance/insurance1/case_studies#1)

2.3 Use of Financial Services

Since insurance can be seen as an essential part of financial services in general, data was also collected on formal savings and formal loans, which could be accessed by households in the survey area. The qualification "formal" refers to services offered by RCBs, commercial banks, private insurance providers, microfinance institutions, and cooperatives.[5] Formal savings includes savings accounts, current accounts (which are often used for the purpose of savings as well) and other savings products offered by these institutions. Users of formal savings are only those households who can be identified to have intentionally decided to use such a product for the genuine purpose of savings or safe storage of money. This is important because some households were found to be "pseudo-savers" in the sense that they have opened a savings or current account as a precondition for receiving a loan or contracting insurance and have since not made use of their account for savings purposes. These households are excluded from the category of formal savings users. Formal loans include all loans taken up from the mentioned institutions. Formal insurance is confined to those types of insurance which are offered by private suppliers thereby excluding health insurance provided through the National Health Insurance Scheme. Hence, the category mainly includes the Anidaso policy and few other private insurances. As shown in Figure 2, in the survey area more than half of the population does not use any formal financial services at all (and hence assumably uses them informally). Among the remaining households there are 36.4% using formal savings products, clearly outweighing those using formal loans (16.0%) and even more those using insurance (7.6%). The demand for either of these services need not be exclusive; on the contrary, many of the households demand several of these services

Figure 2: Use of Financial Services in the Survey



Source: Authors' calculation.
Note: Households in the sample are weighted according to their sampling probability.

2.4 Understanding of and Demand for Insurance

The understanding of the insurance concept and the knowledge of the reason for buying insurance of the survey households is an essential precondition for a widespread distribution of microinsurance products such as the Anidaso policy in rural financial markets in Ghana. In a self-assessment question (see Table 3) more than 90% of all interviewed households report that they generally know the idea behind insurance.

[5] The survey data show that there are at least one microfinance institution and cooperative active in the survey area. During our field visit, we did not become aware of these and hence do not know their names. For simplicity, we include services from cooperatives, even though they are semi-formal institutions, in the formal category.

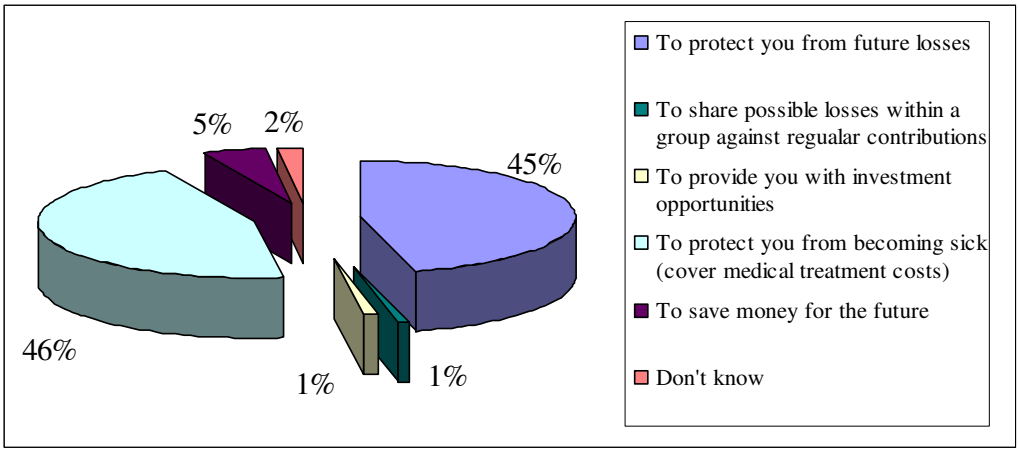
Table 3: Knowledge on the Concept of Insurance Among Households

Idea of insurance	Number	Percent
Yes	321	91.71
No	26	7.43
Don't know	3	0.86
Total	350	100.00

Source: Authors' calculation.

However, asking what the main reason is to purchase insurance, results in a more mixed picture (see Figure 3). 45% of all participating households gave the (correct) answer that insurance is supposed to protect you from future losses. Moreover, 46% of all interviewed households think that insurance will primarily protect you in cases of sickness, in the sense that it covers medical treatment costs.

Figure 3: Believed Reasons to Buy Insurance Among Households



Source: Authors' calculation.

The results of these two questions indicate that the interviewed households have a fair understanding of the idea of insurance. They are aware that insurance can help to protect them from future losses, but around half of the respondents only link this aspect to health insurance. This can be traced back to the well-known and widespread health insurance of the NHIS in the rural areas.

Table 4 shows, which types of insurances are purchased by the insured households covering the Anidaso policy and all other available and contracted insurances in the area under observation.

Table 4: Types of Insurance Purchased by Households (multiple answers allowed)

Types of insurance	Number	Percent
Life insurance	95	37.11
Old age annuities / pension	10	3.91
Accident insurance	1	0.39
Health insurance	144	56.25
Investment	4	1.56
Children's education	2	0.78
Total	256	100.00

Source: Authors' calculation.

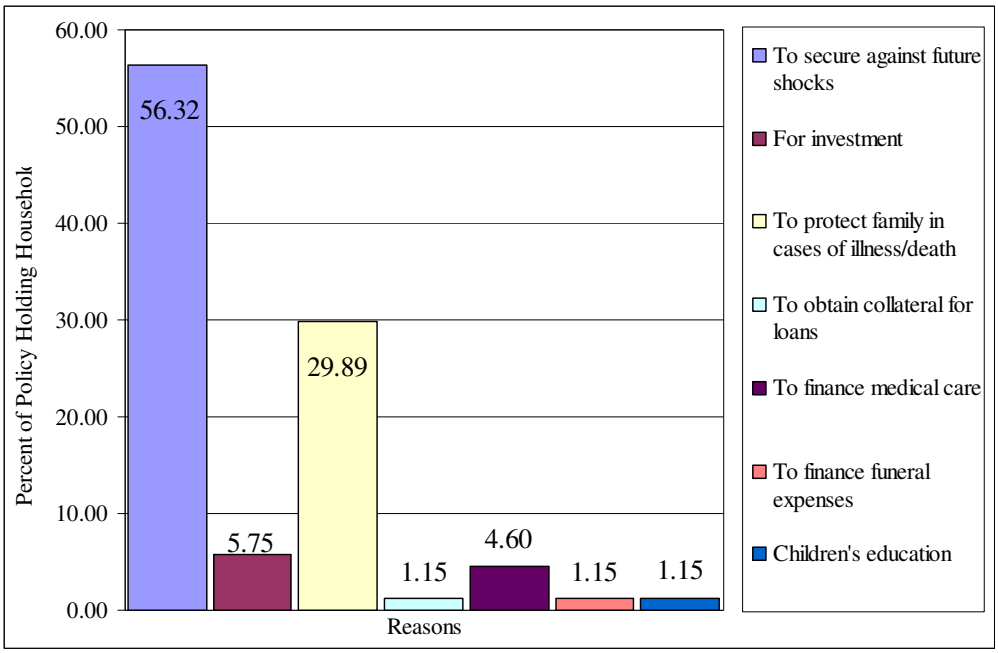
With 87 of 95 purchased life insurances, GLICO is the main life insurance provider in this area. Yet, the most contracted insurance type is the health insurance, which is mainly provided by the NHIS, followed by the Anidaso policy. The health insurance of the NHIS is accompanied by a large public campaign to underline the serious issue of common illnesses all over the country. With the combination of life insurance as the basic component and the additional, but compulsory component of hospitalisation benefits, with the Anidaso policy GLICO is able to provide a product which fits to the actual demanded insurance products in this certain rural area, though, beyond hospitalisation benefits most people are even more interested in coverage of medical treatment costs.

3. The Clients

3.1 Purchase Decisions, Contract Conclusions and Premium Payment

As Figure 4 shows, the two main reasons for Anidaso policyholders to buy the policy were to secure against future shocks (56.32%) and to protect the family in cases of illness or death (29.89%). It is obvious that most people buy the policy because of the life insurance component, rather than the additional components of hospitalisation and accident benefits or the bolt-on option of investment (see Figure 11 below on knowledge on the benefits of the policy).

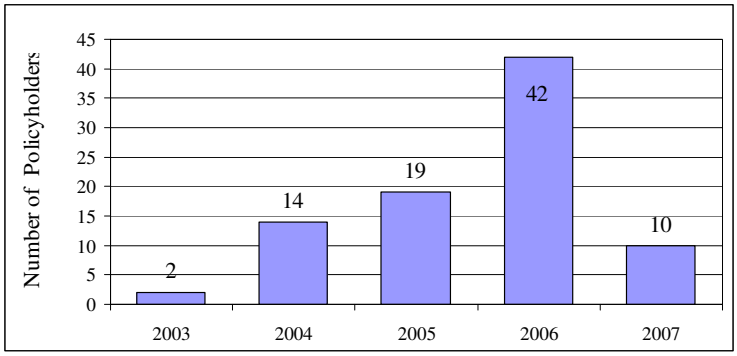
Figure 4: Reasons for Buying the Anidaso Policy



Source: Authors' calculation.

There is a peak of contract conclusions in 2006 (as 42 policyholders reported 2006 as the starting year of their policy). In 2007 contract conclusions seem to have gone down rapidly in the survey area (Figure 5).

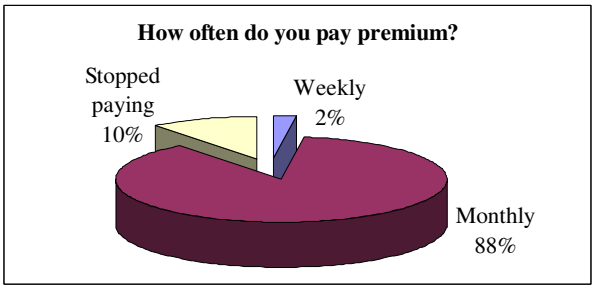
Figure 5: Year of Insurance Contract

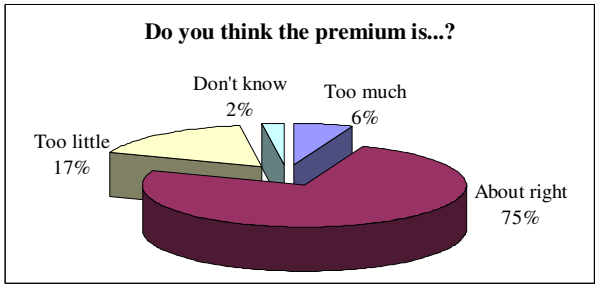


Source: Authors' calculation.

Knowing that premiums are to be paid on a monthly basis, we still asked how often policyholders paid their premiums, which has revealed that 2% reported wrongly that they were paying premiums on a weekly basis and, after all, 10% reported that they had stopped paying their premiums at all (Figure 6). Most of the policyholders, though, consider the amount of monthly premium to be about right (75%), and only 6 % of the policyholders thought, that the amount of premium they are paying is too high (Figure 7).

Figures 6 & 7: Premiums





Source: Authors' calculation.

3.2 Socio-Economic Characteristics of Policyholders

Regarding the gender distribution of policyholders in the survey area shown in Table 5, it is obvious that there are much less female policyholders. This is also true for the case of other insurances offered in the area (mostly by NHIS and few other private insurance providers).

Table 5: Sex of Anidaso Policyholders and Other Insurance Policyholders

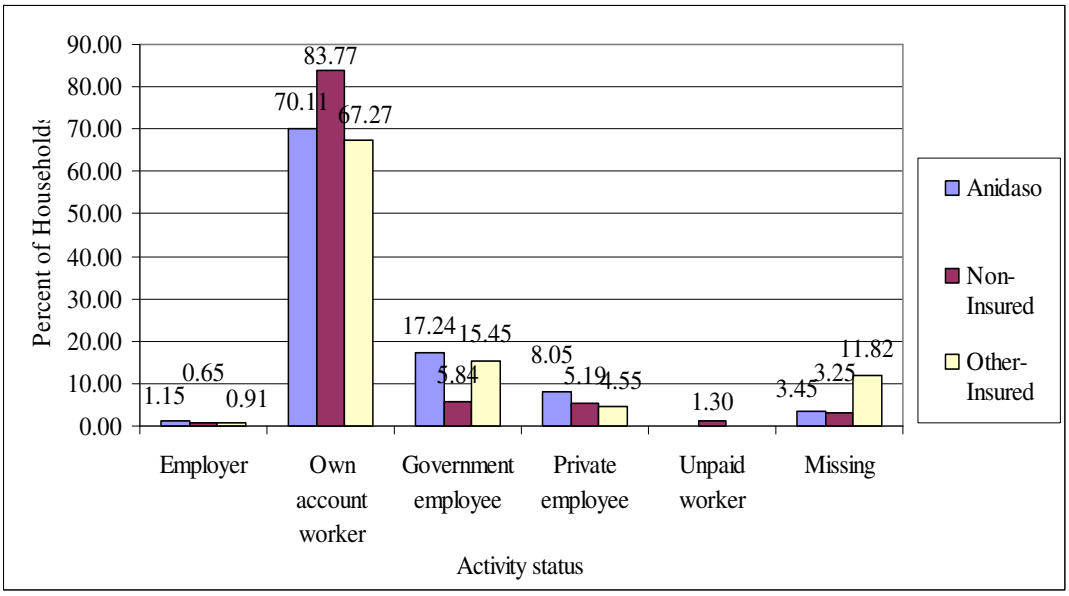
Sex	**Anidaso**		**Other insured***	
	Number	%	Number	%
Male	54	62.07	104	60.91
Female	33	37.93	64	39.09
Total	87	100.00	168	100.00

Source: Authors' calculation. * This group includes also Anidaso policyholders who are in the NHIS or other insurance schemes as well.

While generally most household heads in the area are own account workers (engaged in farm or non-farm self-employment), among those in Anidaso policy-holding households there are less own account working heads than in the group of non-insured households, the same of

which is true for the group of other insured households. In both of the insured groups there are more government employees and more private employees than in the group of non-insured households (Figure 8).

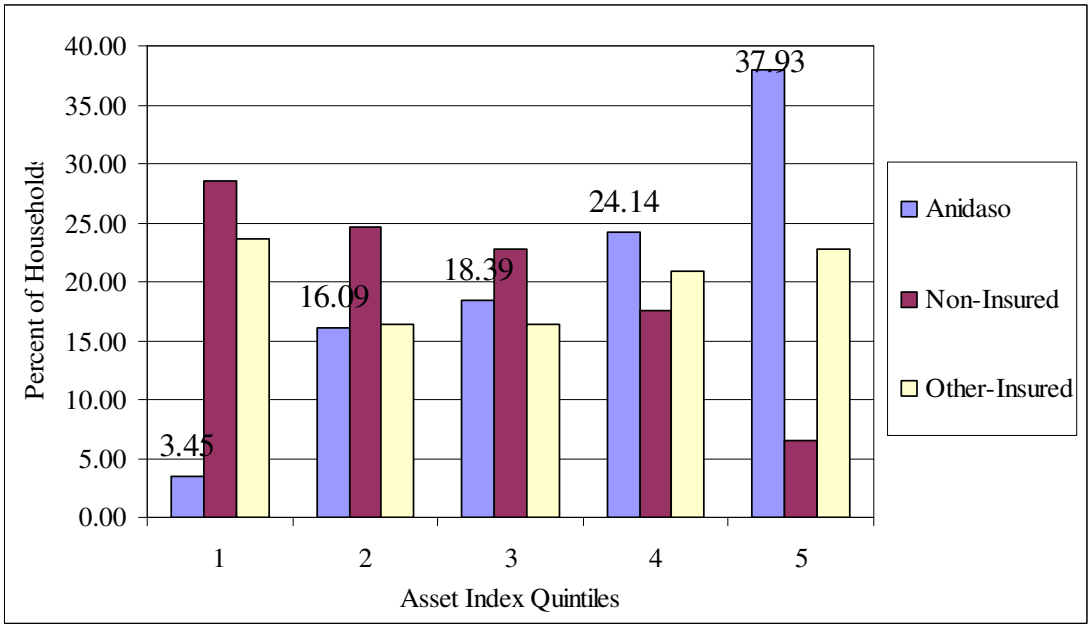
Figure 8: Employment Structure Among Policyholders and Other Households



Source: Authors' calculation.

The employment structure among the different households gives some reason to assume that Anidaso policy-holding households might be more engaged in more qualified jobs with higher incomes. This is even much more supported by the following graph in Figure 9, showing the distribution of Anidaso policy-holding across wealth levels, which are indicated by quintiles of households' asset endowment (asset index quintiles).

Figure 9: Wealth Status Across Policyholders and Other Households



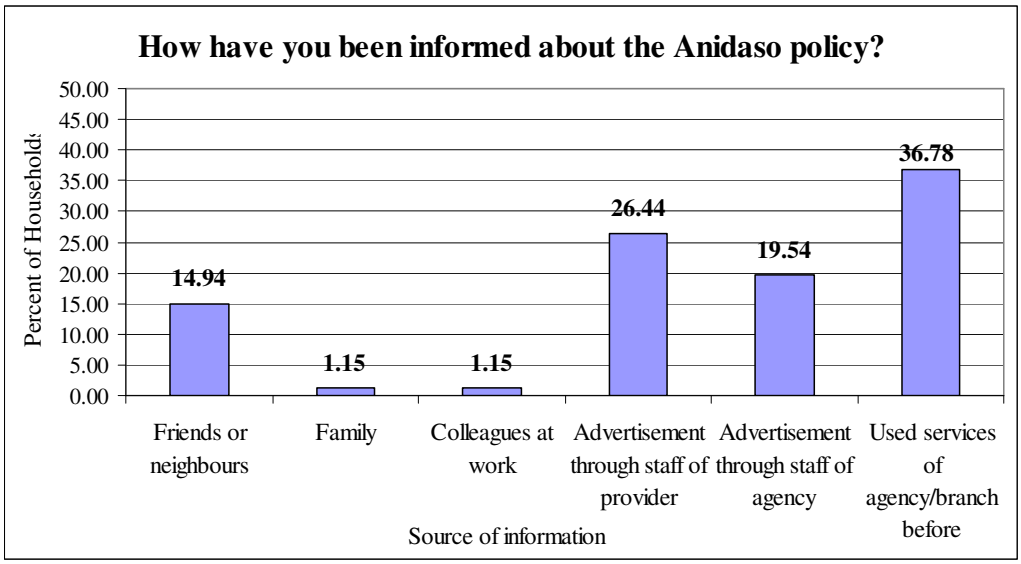
Source: Authors' calculation.

The share of households having an Anidaso policy increases continuously from the bottom quintile (1) to the highest quintile (5), which represents the asset richest households (38%). In contrast, the number of households having no insurance rises with decreasing levels of wealth and has the highest share in the poorest quintile of households.

3.3 Information, Knowledge and Trust on the Policy and the Provider

Among the Anidaso policyholders, information on the policy has been acquired primarily through advertisement of the staff of the provider GLICO itself (26.44%) or of the staff of the agency, i.e. the Brakwa Rural Bank (19.54%). Another high share of the policyholders had been clients of the Brakwa Rural Bank before, so that they can be seen as belonging to these groups as well (36.78%). Friends or neighbours are also multipliers to some extend in the sense that they advise others to contract insurance as well. Advertisement through public channels (radio, television, newspapers etc.) is probably not provided or at least not perceived by the target group.

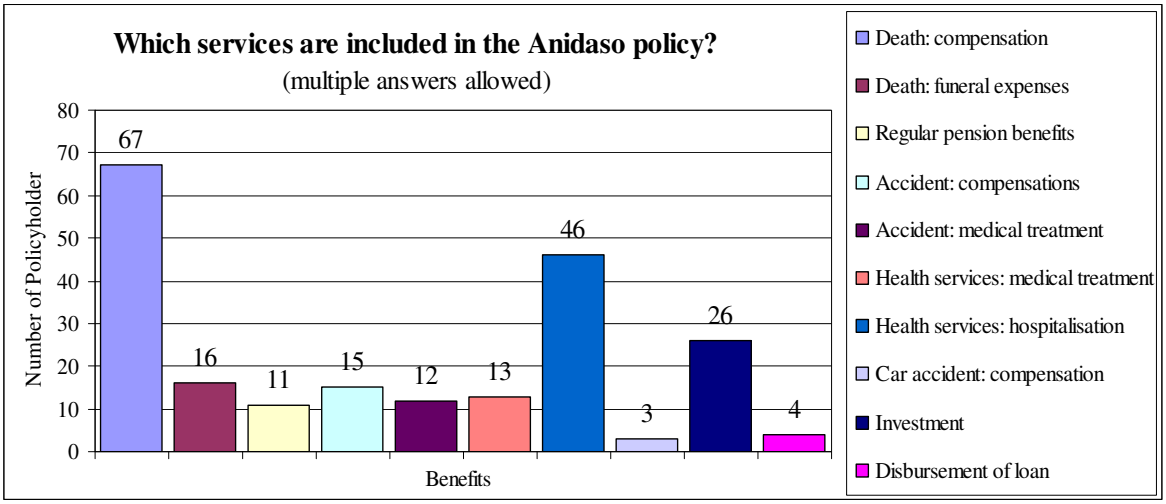
Figure 10: Information on Anidaso Policy



Source: Authors' calculation.

In order to examine the knowledge and information about contract details, benefits and rights, as well as the understanding of the policy, we asked clients about the services contained in their policy. It seems that most of the clients have a good understanding of the benefits, which are included in their insurance contract, with 67 clients mentioning compensation in the case of death, and 46 mentioning coverage of hospitalisation. Less well known seem to be the additional components of accident benefits and the option of investment of the Anidaso policy. Apparently, there are also some misunderstandings in the sense that 12 clients assume they would receive medical treatment benefits after accidents, 13 clients think they get medical treatment benefits in general, three clients think they would receive compensation after a car accident and four assume that their contract assures a loan from the provider (Figure 11).

Figure 11: Services Included in the Anidaso Policy According to the Knowledge of the Insurance Holders



Source: Authors' calculation.

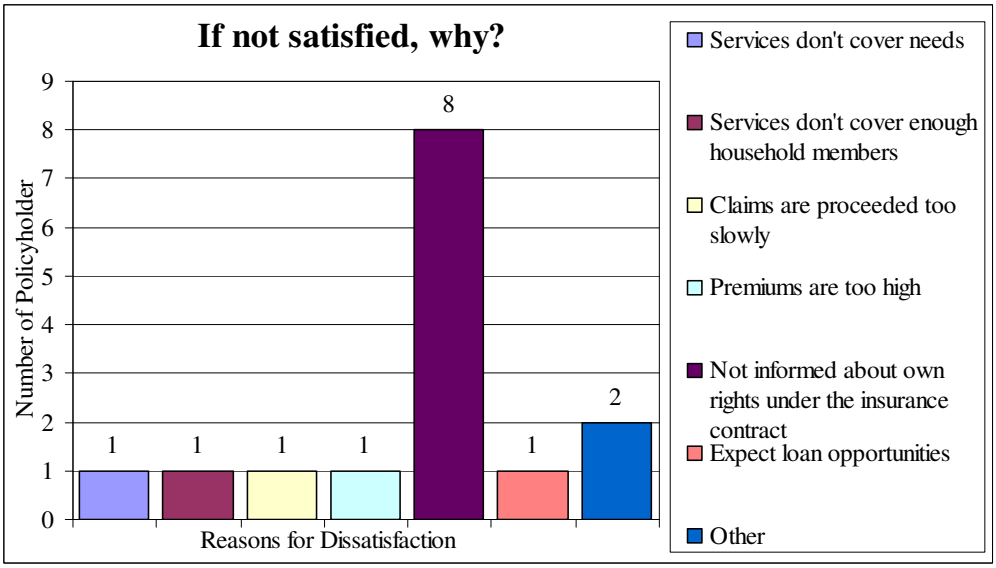
In terms of customer satisfaction 70% of the clients are highly satisfied and 13% quite highly satisfied, whereas only 17% are not really satisfied (see Table 6). The main reason for dissatisfaction is the fact that they are not informed about their own rights under the Anidaso policy scheme (Figure 12).

Table 6: Satisfaction with the Anidaso Policy

Households Satisfaction	Number	Percent
High	61	70.11
Quite high	11	12.64
Quite low	7	8.05
Low	8	9.20
Total	87	100.00

Source: Authors' calculation.

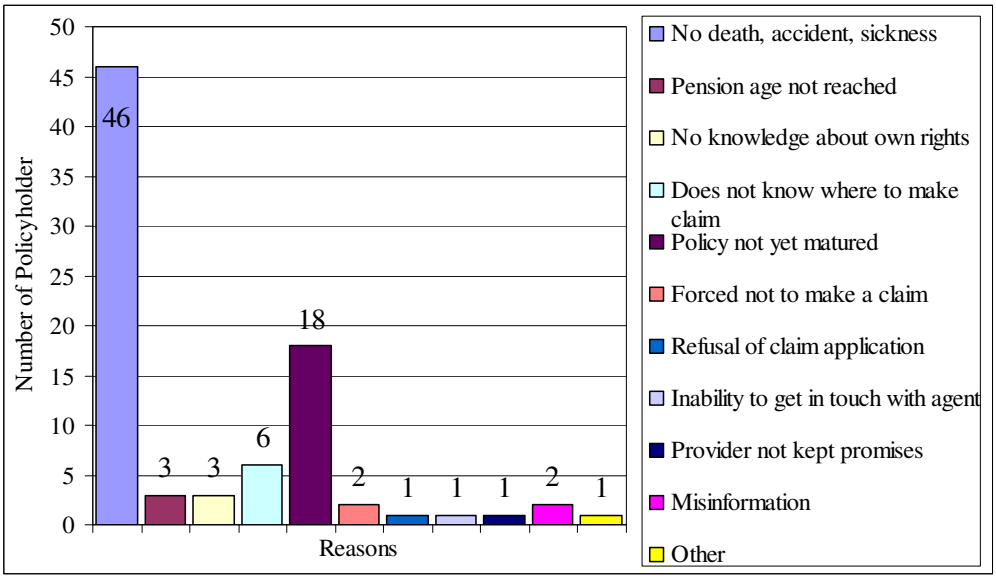
Figure 12: Reasons for Dissatisfaction



Source: Authors' calculation.

Remarkably, in the whole survey area there has been only one single claim since the introduction of the Anidaso policy, although events of loss can be assumed to take place more often, at least regarding hospitalisation and accidents. Here there seem to be some misunderstandings and obstacles as well: 18 clients think that they cannot submit a claim, as their policy has not matured (some of them might have contracted the insurance primarily because of the investment option, others might have contracted the insurance under false premises, expecting to receive a loan and maybe not aware of other benefits included in their policy). Six clients do not know where to make a claim, three clients do not have enough knowledge on their rights under the contract, three clients think they cannot claim anything as their pension age is not reached, two clients declare, that they have been forced not to make a claim, and two complain about misinformation (Figure13).

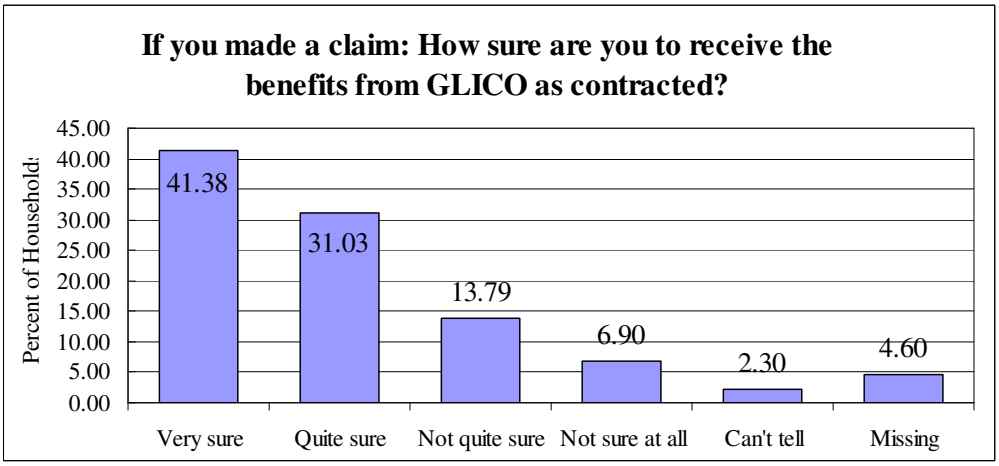
Figure 13: Reasons for Not Submitting Claims



Source: Authors' calculation.

Trust in GLICO seems to be quite high, despite the low experience with claims, with 41.38% of the clients reporting to be very sure to receive the benefits from GLICO as contracted, followed by 31.03% who are quite sure (Figure 14).

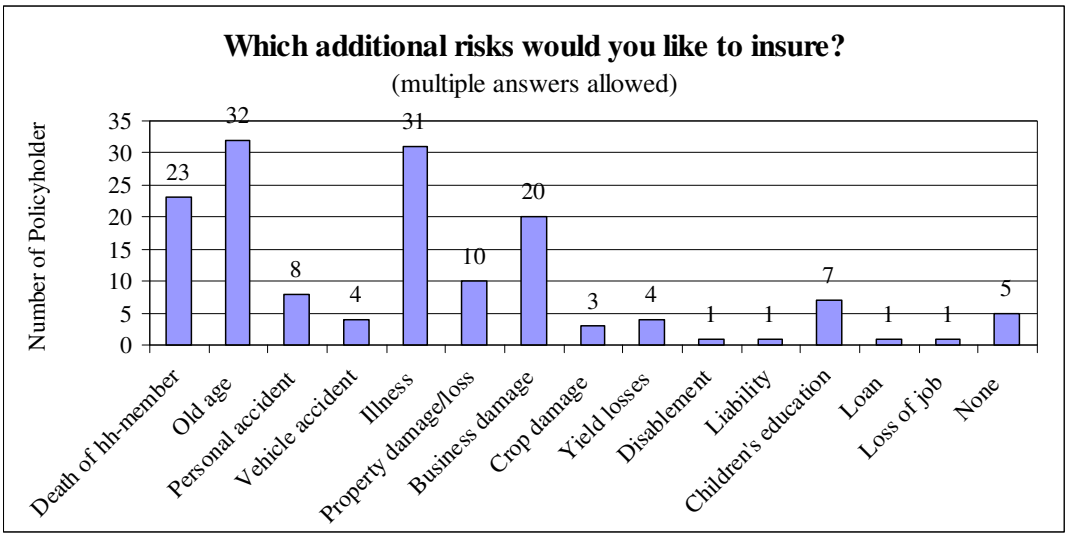
Figure 14: Trust in Insurance Provider GLICO



Source: Authors' calculation.

When asked, which additional risks Anidaso policyholders would like to insure (Figure 15), the majority reported "old age" (32) directly followed by "illness" (31). Other important risks mentioned were the death of household members (most probably this refers to household members which could not be insured under the Anidaso contract), business damage (20) and property damage or loss (10). Seven households answered, that they would like to insure children's education, which is not actually a risk with insurable losses associated. This indicates that the understanding of the insurance concept is incomplete to some extent.

Figure 15: Additional Risks Wanted to Be Insured

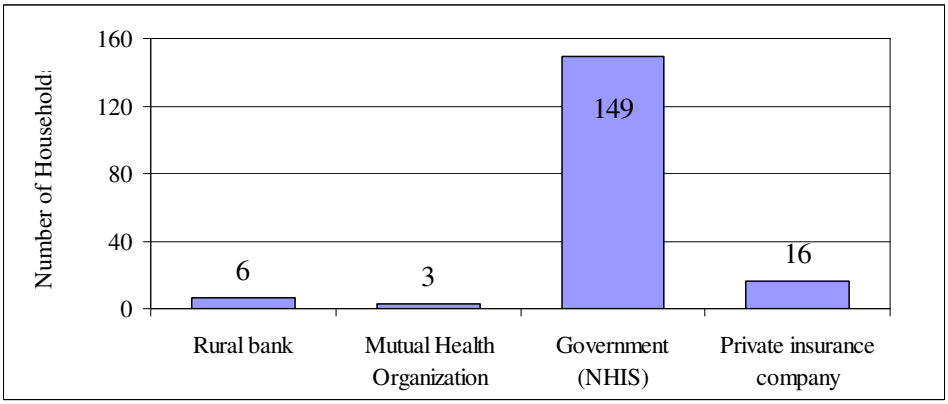


Source: Authors' calculation.

4. Other Insurance Products / Business Competition

Competition within the insurance market is quite low in the survey area. Other private insurance providers are rarely represented and one can assume that the few households reporting to have insurance with another private insurance company (16) are richer households, which have access to insurance products beyond the "micro"-market. The largest other insurance provider is the government with its National Health Insurance Scheme (149 households) offering rather a complementing, than a competing insurance product (Figure 16).

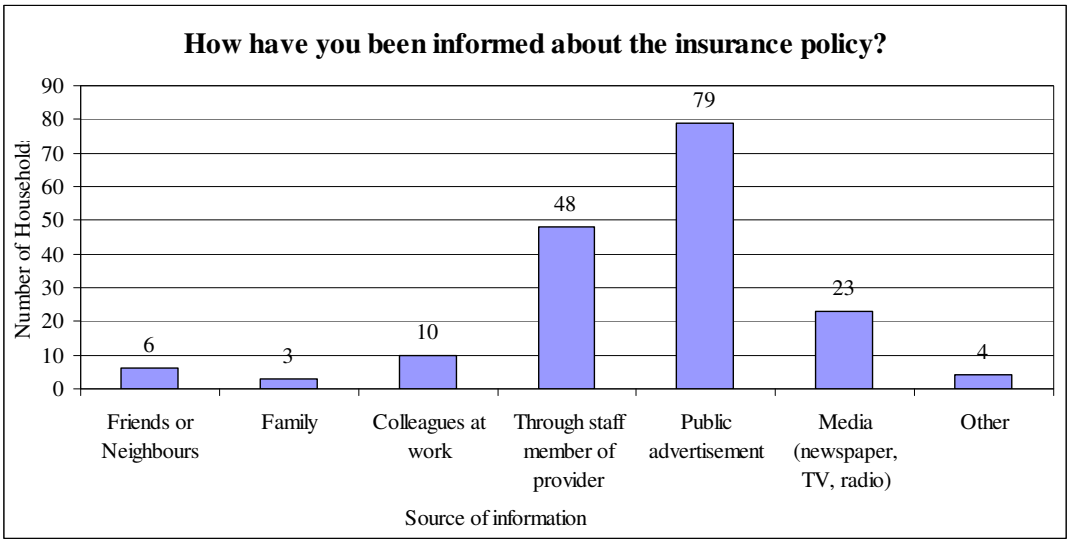
Figure 16: Other Insurance Providers Used by the Survey Households



Source: Authors' calculation.

According to this situation, it is well understandable, that the main reason for households to buy other insurances than the Anidaso policy is to finance medical care (84.39% of the households declare that reason).
Interestingly, though, the majority of other insured households reports, that they have been informed about the insurance via public advertisement (79), 48 households have been informed by staff members of the provider and 23 households via the media, including newspapers, TV or radio.

Figure 18: Information on Other Insurances

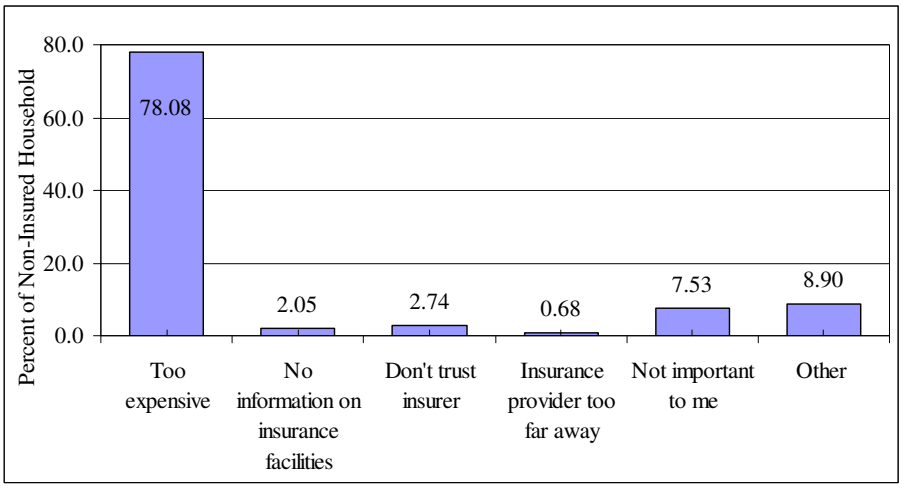


Source: Authors' calculation.

5. Potential Demand and Customers

The 154 interviewed non-insured households are of special interest, as they represent possible clients for GLICO. In order to attract them as new clients, it is important to know, whether these households are actually interested in buying insurance and if yes, which kind of insurance. Furthermore, it is important, why they have not contracted any insurance so far and why they are not covered by any insurance from other providers.
In general, around 95 % of the non-insured households are interested to participate in any insurance scheme. This shows that the respondents are commonly open-minded to buy insurance, but gives no insight, why they currently do not purchase any insurance at all. Figure 19 shows that around 78 % of the households think that contracting an insurance product is too expensive for them, whereas other reasons apparently play a minor role for not buying insurance. Certainly, in some cases, it can be true that even microinsurance is simply not affordable by the household. However, the experience from our field visit has shown that a high share of the participating non-insured households is just not informed about any provided, adequate insurance product in this area, such as the Anidaso policy, which is affordable for them.

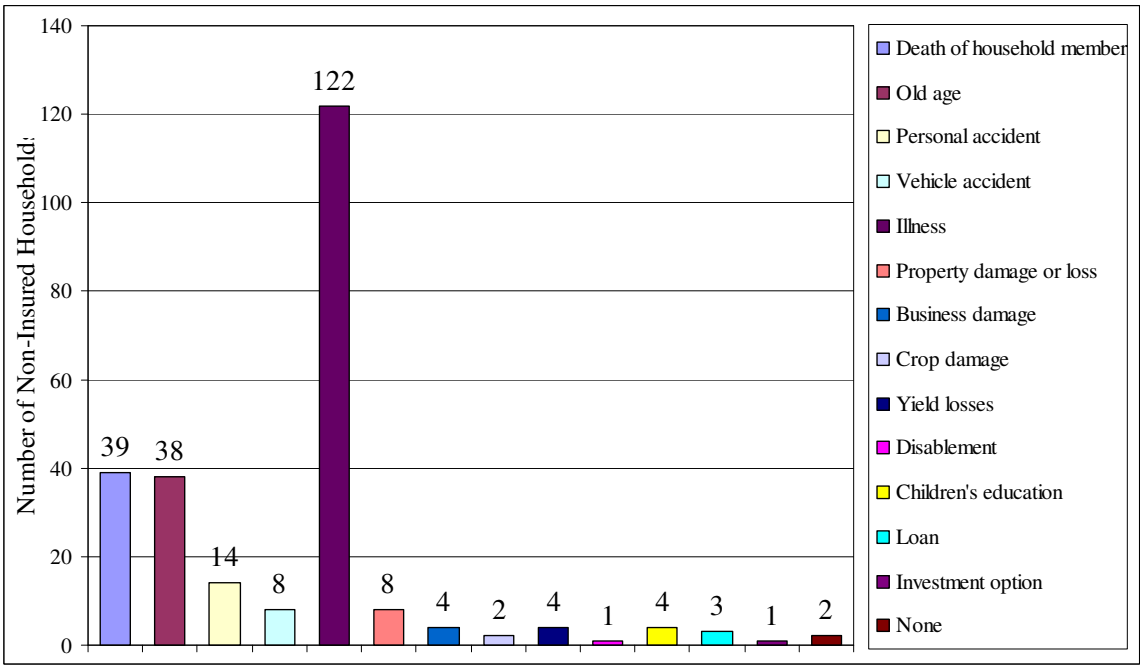
Figure 19: Reason for Not Contracting Insurance



Source: Authors' calculation.

Figure 18 shows that a high share of the non-insured households, 122 of 154 interviewed households, would want to cover illness by insurance (multiple answers were allowed). Furthermore, around 40 households would like to purchase insurance to cover the death of household members or insure the risk of old age. The households are significantly interested to insure against personal or vehicle accidents. The four main groups of insurable risks mentioned by the households are identical to the product features of the Anidaso policy, though not in order of relevance. Nevertheless, this outcome makes clear that it may be a promising measure to strengthen the public notice of the hospitalisation benefit or to cover other and more medical treatment costs in order to gain new clients in the Anidaso policy scheme.

Figure 20: Insurance Needs of Non-Insured Households

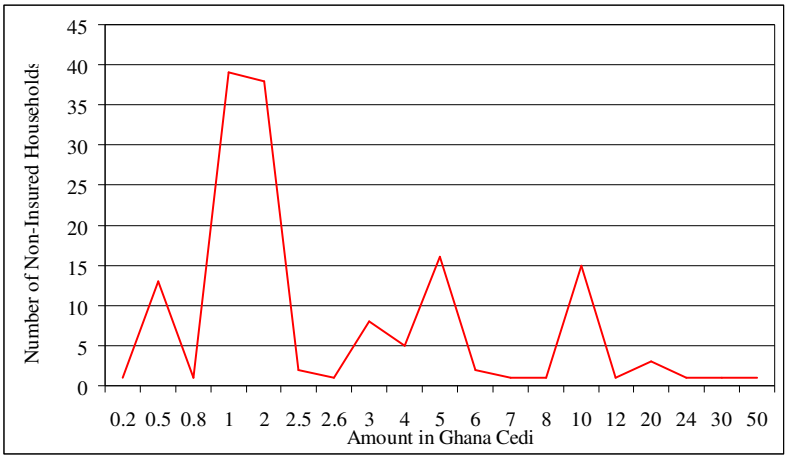


Source: Authors' calculation.

The willingness to pay of the so far non-insured households for any type of insurance product is shown in Figure 21. Around 40 households (25 %) are willing to pay one and two Ghana Cedi, whereas around fifteen households (10 %) each can afford to pay five or respectively

ten Ghana Cedi per month as a premium. Moreover, it is clear that 90 % are willing to pay more than one or respectively 60 % more than two Ghana Cedi. Based on this information, at least half of the interviewed non-insured households can afford the Anidaso policy. To improve the business perspectives of the Anidaso policy product, it could be essential to direct the product more to the lower end of the low-income groups especially in the rural areas and most notably to attain a better implementation and communication of the policy benefits and especially the amount of premium.

Figure 21: Willingness to Pay



Source: Authors' calculation.

6. Concluding Remarks

The concluding remarks aim at giving some recommendations with regard to the future development and further distribution of microinsurance in the survey area, which will certainly give some indications on how to deal with other, similar target markets in rural Ghana as well. The extensive expansion of pioneering microinsurance products such as the Anidaso policy will be of major importance given the fact that profits in the microinsurance business are highly driven by economies of scale. The recommendations are based on the key findings of the analysis presented above.

- Understanding of the concept behind insurance among the potential as well as the actual clients is somewhat mixed. Whereas the majority of all households in the survey reports, that they generally understand the idea behind insurance, most of them only refer to the case of health insurance (the NHIS in particular), which is very well known in the area. Accordingly, most of the potential clients are interested in buying health insurance. ***Life- or other types of insurances provided by the private sector are not very well known***. When asked about the reasons for anyone to buy insurance, quite a share of people was also confused about the difference of insurance to savings products.

- Among the Anidaso policyholders the majority of people seem to be aware of the concept behind life insurance. Nevertheless, when asking more detailed questions it turns out that there is quite a share of clients who are ***unaware or confused about the range of benefits*** included in their policy. This concerns especially ***additional components*** of the policy, i.e. hospitalisation benefits, accident benefits and the voluntary investment option. Some clients were not informed about the benefits altogether; others thought that medical treatment is included. We also got the impression that for some clients a strong ***motive*** for

buying the Anidaso policy in the first place was to receive a ***loan***, which was promised to them by sales agents. These clients were generally disappointed that they had not been given a loan so far and some had already or were about to stop paying their premiums. Altogether, evidence suggests, that it is extremely important to ***educate clients*** very profoundly about the content of their policy and sell the policy under clear premises.

- A share of clients reported that they had stopped paying the premiums. This was mostly due to lacking knowledge about their rights and benefits under the contract. A good option would be to trace back clients who stopped paying and provide the necessary information to them or find out the reasons for their unwillingness to pay. This is only possible by taking and filing good information on contact details of the clients. Generally, beyond the acquisition of new clients, also within the microinsurance business it seems very important to follow the principles of ***customer care***.

- While for instance the NHIS was very well known among the population through public advertisement or via the media (newspapers, radio, television), information on the microinsurance policy was mostly acquired through the staff of the provider on the ground or the partnering agent (rural bank). In addition, a large group of clients had already been a client of the rural bank before. The authors are sure, that ***providers of microinsurance would be able to reach much more potential clients by expanding advertisement through public channels*** and also by going ***out into the field*** and do advertisement and insurance ***education programmes*** directly where the people live. Our experience suggests, that large parts of the population do not actively look for options to use formal financial services in the area themselves, unless they are close to the institution, attracted through the advice of friends or family members, or are well educated and know about the benefits of formal financial services in advance.

- Up to now, microinsurance is mostly used by richer people. ***Outreach to the target group of poorer segments in society seems to be rather limited***. Providers could focus on the lower end of the target market as soon as there is a sufficiently large base of clients in a scheme.

- After all, the ***potential demand for insurance in the survey area seems to be very high***, with 95% of the non-insured survey households showing a general interest to buy insurance. Most of the potential clients are interested in health insurance, yet this is followed by quite a large share of households which show interest in insuring death or old age. By putting effort in the measures suggested above, we are sure that microinsurance providers will be able to reach a much higher number of clients in the survey area. We also assume that our evidence would be comparable with other areas where there are potential cooperating agencies such as the RCBs.

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