

## PRODUCT UP-SCALING SUPPORT – FACTSHEET

<b>Product Up-scaling Support</b>	2016-02: InsureCo setup in Zimbabwe in partnership with ACCZ and Zingsure Limited												
<b>Country / Region</b>	Zimbabwe/Southern Africa												
<b>Partner Financial Institution/s</b>	Zingsure Limited and InsureCo (final name TBA by the ACCZ)												
<b>Grantee</b>	Zingsure Limited												
<b>Overall Budget</b>	CHF 519,725												
<b>SCBF Contribution</b>	CHF 101,500 (20% SCBF funding share)												
<b>Date of Approval</b>	18.12.2015												
<b>Duration</b>	January 2016 until June 2016, extended to March 2017												
<b>Context</b>	<p>InsureCo is a partnership, to setup an insurance company, between Zingsure Limited and the Apostolic Council of Churches of Zimbabwe (ACCZ) to increase insurance penetration and stimulate wealth creation. This partnership is in line with financial inclusion vision of the Zimbabwean government as contained in the Zimbabwe Agenda for Sustainable Socio-Economic Transformation ("ZimAsset - 2013").</p> <p>Zimbabwe's insurance penetration rate per capita is extremely low (2%), compared to the world average of 6.5%. Additionally, insurance is inaccessible to most of the country population of 14.2 million people. A recent briefing note published by the Microinsurance Network – "The Landscape of Microinsurance Africa 2015" (2015)- came to the conclusion that only 1.1% of the population in Zimbabwe is covered by microinsurance.</p> <p>InsureCo will have a significant impact on improving the insurance penetration (initially through reach) in Zimbabwe. InsureCo will reach 2 million households representing 8.5 million people, or 58% of the country's population via group cover. Over time, InsureCo will implement an up- and cross-selling strategy to introduce voluntary insurance products, such as top-up covers.</p> <p>InsureCo will consider lessons learned from the failure of Econet Life in 2011 and we have agreed to support the Regulator in order to make this a best practice case study.</p>												
<b>Current Status of the MFI</b>	InsureCo is a start-up initiative.												
<b>Objective and Main Activities</b>	<p><b>1. INCREASE INSURANCE PENETRATION</b></p> <ul style="list-style-type: none"> <li>Initially through <b>Reach</b> (Phase 1 – in scope): InsureCo will offer cover to all registered member households of the ACCZ Churches. This segment is large and represents at least 8.5 million people (58% of the population) across Zimbabwe in both urban and rural areas.</li> <li>Through <b>Penetration</b> (Phase 2 – not in scope): InsureCo will implement an up-selling and cross-selling strategy in order to complete the base cover and to introduce other insurance products.</li> </ul> <p><b>2. INVESTMENT REQUIREMENT</b></p> <ul style="list-style-type: none"> <li><b>Solvency Capital Requirement:</b> \$2m via a cell re-insurance arrangement.</li> <li><b>Equity Capital Raise:</b> minimum of \$1.75m, via a capital raise with the Churches as the nominees and their members, managed by a professional institutional broker.</li> </ul> <p><b>3. FINANCIAL INCLUSION</b></p> <ul style="list-style-type: none"> <li><b>Distribution of Value:</b> The ACCZ Churches and members will subscribe for 60% of InsureCo's equity. InsureCo is planning to list in the future (+ 5 years) and at that time, shareholders will be able to unlock value for shareholders.</li> <li><b>Corporate Social Investment:</b> InsureCo will be setting aside 5% of premiums for a development fund (CSI - Nyka upliftment program) that will upgrade wellness facilities.</li> <li><b>Share in Risk Profits:</b> InsureCo's re-insurance agreement will provide for an additional sharing in the risk profits.</li> </ul> <p><b>4. KEY PROJECT MILESTONES:</b></p> <table border="1"> <tr> <td>1</td> <td>Register business</td> </tr> <tr> <td>2</td> <td>Secure insurance license</td> </tr> <tr> <td>3</td> <td>Raise equity (dependent on 1)</td> </tr> <tr> <td>4</td> <td>Develop product(s)</td> </tr> <tr> <td>5</td> <td>Implement operation (Dependent on 3)</td> </tr> <tr> <td>6</td> <td>Launch (Dependent on 5)</td> </tr> </table>	1	Register business	2	Secure insurance license	3	Raise equity (dependent on 1)	4	Develop product(s)	5	Implement operation (Dependent on 3)	6	Launch (Dependent on 5)
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