

FEASIBILITY STUDY FACTSHEET

Title of Feasibility Study	SCBF FSW-09: Feasibility of microinsurance partner-agent model for ENPO with CIL
Country / region	Egypt / Upper Egypt (Beni Suef, Menia, Assiut), Giza, Cairo
Financial Intermediary(ies)	Egyptian National Post Organization (ENPO) Commercial International Life Insurance Company (CIL)
Competence Centre mandated for execution	FIDES (arranged by SDC)
Overall project budget	23'400 CHF (0% self-contribution by partners)
SCBF contribution	23'400 CHF (100% SCBF funding share)
Date of project approval	19.12.2013
Project period	01.2014 until 04.2014
Context	<p>Established in 1865, ENPO is a state-owned company operating under Law 19 of 1982. It is responsible for managing all postal services and the national savings scheme 1954 by law 86. It also offers money transfer / remittance services. As ENPO has not yet transformed its financial services (which represent around 70% of its total operations) into a postal bank, its current legal framework does not allow for the direct of loan and insurance products.</p> <p>CIL is the insurance company that has been selected as insurance partner by the two microcredit organisations under SCBF project #2011-07 that have pioneered the launch of first microinsurance product with savings component.</p> <p>The Egyptian financial sector regulation is still not very conducive for deepening financial inclusion, but the new Government is firmly committed to improve it with ample support from the donor community. The microinsurance penetration rate is still extremely low in Egypt with premiums less than 1% of GDP.</p>
Current status of the MFI	<p>ENPO is one of the largest financial service providers in Egypt with more than 22 million savings accounts. Its network and customer base is larger than the entire Egyptian banking sector. It offers a large range of payment services (e.g. saving accounts, current accounts, money transfer, investment accounts, and debit/cash/prepaid cards) and offers the highest deposit rates. It also collaborates with several insurers by assuming the role of an insurance broker.</p> <p>ENPO lacks so far innovative savings and microinsurance products to leverage its huge network of more 3'800 branches for reaching out to low-income people, notably in rural areas where there are no other financial service providers.</p> <p>CIL just started to offer the first microinsurance product with a saving component through ABA and DBACD (refer to SCBF project #2011-07).</p>
Objective and main activities	<p>The objective of the Feasibility Study is to analyze how the partner-agent model could best function for ENPO to start offering saving-based microinsurance products as agent of CIL. It also covers a market study to understand the insurance and savings needs of ENPO's low income clients. Main activities under the study are:</p> <ol style="list-style-type: none"> 1. Assessing the legal framework governing ENPO's ability whether to offer insurance directly through its branches in a partner-agent model with CIL. 2. Analysing the capabilities of ENPO staff involved at the pilot branches and head office in managing the microinsurance value chain, as well as of ENPO's capacity of its IT system and operational processes. 3. Designing a six-month operational action plan for ENPO and CIL to pilot launch microinsurance products right upon completion of the study. 4. Assessing ENPO's clients' needs regarding proposed product features and likely product uptake. <p>Upon project completion, ENPO should be in a position to select the most viable model to extend microinsurance that would meet the need of their clients. ENPO would then be able to better understand the capacity gaps of their staff.</p>
Next steps	Upon positive results of the Feasibility Study and the re-stated commitment by ENPO, SCBF is prepared to co-fund the pilot testing in the three pilot regions and the subsequent up-scaling of the microinsurance products as well as related financial education for low-income clients in order to help ENPO create a solid foundation for offering such products through its large branch network.