

PROJECT FACTSHEET

Title of project	SCBF 2011-04: Innovative Microinsurance Products for Rural Poor in Nepal
Country / region	Nepal / Central Region (in 4 districts thereof 3 rural mountainous districts)
Financial Intermediaries	Manushi , a Financial Intermediary Non Governmental Organization (FINGO) PrimeLife Insurance Company Ltd. , a private life insurance company
Competence Centre mandated for execution	Association PlaNet Finance Suisse c/o Sogeti, 65 rue du Rhône, 1204 Geneva, Switzerland
Overall project budget	CHF 215'382 (30,6% self-contribution by partners)
SCBF contribution	CHF 149'570 (69,4% SCBF funding share)
Date of project approval	11.01.2012
Project period	02.2012 until 12.2013
Context	<p>The market penetration of savings and loans is estimated at 29,3% and 21,2% of the Nepalese population respectively (2010). In terms of access to insurance services, the condition is even worse as the microinsurance industry in Nepal is in an infant stage at present. Access to insurance for the rural poor is mostly limited to MFI-run informal insurance schemes that are largely insufficient to offer adequate protection. The overwhelming majority of the rural poor does not have access to insurance. Only a few pilot microinsurance schemes with minimal outreach exist so far.</p> <p>As part of its poverty alleviation strategy, the government promotes financial inclusion notably to expand financial services to the un-served rural areas. To support this, the government is setting up a new favourable insurance regulation. The current pilot product between PrimeLife and Manushi is in line with the Government's policy, being a micro life insurance scheme which offers the benefit of savings in addition to protection from risks.</p>
Current status	<p>Manushi is a leading FINGO (Financial Intermediary Non-Governmental Organization) operating in four districts and serving 15'416 female clients through 10 branches. Manushi has a strong social mission and has gained a good track record over the past years. Its partner PrimeLife is a private life insurance company known for innovation and commitment to microinsurance. It has a sales network in all 75 districts of Nepal.</p> <p>PrimeLife Insurance and Manushi started offering a micro life insurance (endowment) product to Manushi's clients since April 2011 using a partner-agent-model. However, the delivery process is time consuming and has increased operational expenses of both institutions. The product as well as the processes, internal control and cash management need to be improved through appropriate technical assistance. PlaNet Finance, Manushi and PrimeLife have jointly identified areas for technical assistance to improve and successfully scale up this product to rural areas of Nepal.</p>
Objective and main activities	<p>The objective of the project is to offer two microinsurance products on a sustainable basis to Manushi's clients to reach 4'500 new clients within the next three years. It is expected that a successful collaboration between Manushi and PrimeLife will invite others to replicate the expansion of microinsurance services to poor people.</p> <p>Following main activities have been planned:</p> <ol style="list-style-type: none"> 1. Review delivery process of pilot product and provide technical assistance to optimize delivery mechanism of both institutions for reduced transaction costs; 2. Integrate premium collection into Manushi's accounting system and recommend appropriate internal control process; 3. Assess Manushi's existing Management Information System (MIS) and prepare upgrade to an appropriate IT-based MIS. 4. Provide training to Manushi and PrimeLife to ensure effective up-scaling of microinsurance services; 5. Develop at least one new microinsurance product based on assessment of the needs of Manushi's clients and the feasibility of offering microinsurance products recently prioritized by Nepal's insurance sector regulator. <p>At the end of the project, Manushi and PrimeLife will have up-scaled the micro life insurance product and will have gained the capacity to manage microinsurance products in a sustainable way.</p>