

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2018-01: Introducing and up-scaling savings-linked endowment products
Country / Region	Bangladesh
Partner Financial Institution	Guardian Life Insurance Company Limited (GLIL)
Technical assistance provider	John Wipf, international microinsurance consultant (endorsed by SDC)
Overall Budget	CHF 34'110 (21% self-contribution)
SCBF Contribution	CHF 27'000
Date of Approval	30.11.2017
Duration	1.2018 until 12.2018, extended to 06.2022
Context	<p>Government of Bangladesh is committed to broadening financial inclusion for the underserved population with initiatives carried out by the central bank (Bangladesh Bank, BB), the regulator for MFIs (Microcredit Regulatory Authority, MRA), and the Ministry of Finance. Mainly, microfinance services are provided by NGO-MFIs to 25 million while Grameen Bank and ASA service another 13 million (overlap not known). An absence of adequate microinsurance protection leaves the majority of credit portfolios at risk, however. With SCBF support, partner institutions will enhance capacity to develop microinsurance services to low income populations in Bangladesh. Specifically, GLIL will partner with BRAC, the MFI with the largest outreach.</p>
Current Status of the partners	<p>GLIL, established in 2014, became profitable after just two years of operation. The three main areas of business focus are microinsurance, group insurance, and retail. In the first seven months of 2017, gross premium revenue amounted to CHF 8.2 million with 75% of this coming from microinsurance. The company is well capitalised at CHF 2.22 million. Funds are conservatively invested in Government Bonds and short-term deposits with reputable banks and other institutions as approved by the Board.</p> <p>BRAC, with a general aim to empower the poor through economic and social programmes, was established in Bangladesh in 1972 and now operates 11 countries. Its microfinance programme is the largest in the world, providing services through 2200 branches to 4.8 million of its 11.3 million Bangladeshi members. Recognizing the heterogeneity of its various target populations, special needs are addressed through customized products and services. It has already successfully partnered with GLIL in providing voluntary credit life to its micro-borrowers.</p>
Objective and Main Activities	<p>The overall goal of the SCBF intervention is to enhance partners' capacity for developing and delivering microinsurance products. At least one product, preferably savings-linked, will be developed and offered to one or more segments of BRAC membership. The major steps for this planned undertaking are:</p> <ul style="list-style-type: none"> • Conduct market research among the target market to determine preferred risks to be covered, access and willingness to save, the amount the market can afford and is willing to pay, and to capture other key information needed for optimum design of the planned microinsurance service; • Develop and price a product based on gathered information along with available internal and external data, results of actuarial and financial projections, desired profit margins, projected key indicators, and so on; • Get approval from regulators to sell the product in the market; • Prepare systems and processes for efficient distribution, administration, and performance monitoring; • Sell/test the product in a select pilot area for about six months, closely monitoring the results; • Finalize the product and distribution processes based on pilot feedback; • Make available the final product across the target market, monitoring performance indicators for continuous improvement. The targeted outreach is 0.5 million families by end of 2018 and 2.5 million by mid-2021. <p>Upon project completion, GLIL and BRAC should be in a position to develop additional microinsurance services as other needs/opportunities are identified within the vast and diverse BRAC membership.</p>