

Accident, sickness and health insurance for savings groups by VisionFund Ghana

1. DEVELOPMENT RELEVANCE

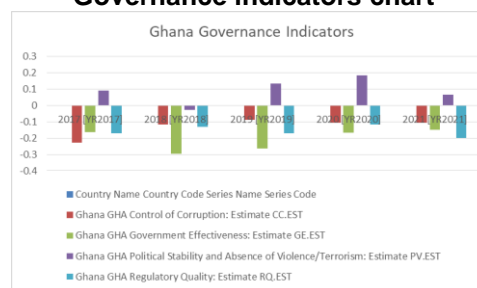
Economic and poverty context

Ghana experienced rapid GDP growth (7% per year between 2017 and 2019) but this was halted by the COVID-19 pandemic and the sharp decline in commodity exports in 2020. This was followed by a rebound of a 5.4% growth in 2021 and GDP growth is expected to slow to 3.5% in 2022, and to an average of 3.3% between 2022 – 2024ⁱ.

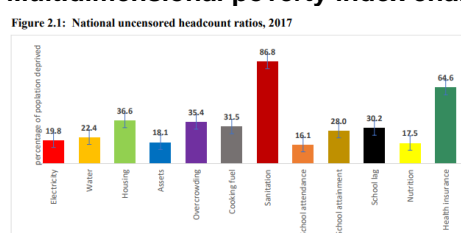
Inflation rose from 12.6% in 2021 to 50.3% in November 2022ⁱⁱ. The impact of soaring global commodity prices has been compounded by the depreciation of the cedi, which has so far lost more than 55% value against the US dollar between January and October 2022ⁱⁱⁱ. Currency depreciation and high inflation have driven up the cost of living, notably for food. This has put considerable strain on household budgets, particularly for the poor.

Table 1 ^{iv} : Population and economic indicators	
Population in million (2021)	31.7 m
GDP growth (2021)	5.4%
Inflation (2021)	10%
Trade balance (% of GDP) (2021)	1.4%
Foreign direct investment (net) (% of GDP) (2020)	2.7%
Net ODA received (% of GNI) (2020)	16.5%
Remittances received (% of GDP) (2020)	6.1%
Economic Freedom Index ^v (Rank among 186 countries) (2022)	59.8
Poverty indicators	
GDP per capita (USD) (2021)	2445.3
Gini Index (0= equality 100= inequality) (2016)	43.5
International poverty rate (2016); at 1.90 USD/day)	25.3%
National poverty rate (2016)	23.4%
National rural poverty headcount rate	N/A

Governance indicators chart^{vi}



Multidimensional poverty index chart^{vii}



Financial sector context

Ghana’s financial inclusion strategy is embedded in the National Financial Inclusion and Development Strategy (NFIDS), premised around five mutually reinforcing pillars of financial sector development: (a) Financial stability; (b) Access, quality, and usage of financial services; (c) Financial infrastructure; (d) Financial consumer protection; and (e) Financial capacity. This will be achieved through support of improvements to the supply of needs-based financial and insurance services, as well as accompanying measures to develop capacity of MSMEs to access and benefit from these services

According to the Bank of Ghana, insurance penetration rate still remains at 1%, largely concentrated in urban areas, similar to other financial services. Moreover, according to the World Bank’s Consultative Group to Assist the Poor (CGAP)^{viii}, only 58% of Ghana’s adult population had access to formal financial services in 2015. Lacking infrastructure and internet connectivity are some of the major limitations for insurance and other financial services in accessing rural areas.

Financial sector partner



VisionFund Ghana team

VisionFund Ghana is a pro-poor, faith-based microfinance institution belonging to the VisionFund International network working with caregivers in hard-to-reach, impoverished locations, so they can create secure futures for their children. It is dedicated to working with the most vulnerable families and communities regardless of religion, race, ethnicity gender, to create lasting change in their lives. VisionFund Ghana lends USD 5.75m to over 33,000 clients from 22 branches, 85% of whom are female and 52% of whom live in rural areas. VisionFund Ghana currently offers credit life insurance for its borrowers.

The vision and motto for World Vision Ghana is: “Our Vision for every child, life in all its fullness: Our Prayer for every heart, the will to make it so.” World Vision has 4,600 savings groups in Ghana with 100,000 members in their Area Programmes. These groups mainly consist of women, who save with and borrow from the group, but have no other formal financial relationship.

VisionFund and World Vision believed that health insurance products would be of great value to such groups and their dependents, and they could use some of their savings to pay insurance premiums.

Branch network map



VisionFund Ghana operates 22 branches in all the 16 administrative Regions of Ghana



Insured community in Bawku West

2. INTERVENTION APPROACH

Capacity building needs

World Vision Ghana has 4,600 savings groups with about 100,000 members. The savings group members also support each other during illness and bereavement forming a localised safety net. This provides fertile ground for a solidarity mechanism such as insurance, particularly a health Insurance product.

The major setback has been a lack of appropriately designed and priced products for this target market and the SCBF intervention enabled the development and implementation of such products. The second bottleneck was a lack of skills and capacity among staff to deliver such a product. The engagement of specialist consultants enabled the development of the product and the transfer of these skills to staff who in turn educated beneficiaries on insurance.

Main activity areas (goals, targets, resources & time frame) and outputs

Health services may be available to some savings group members, however, many members are unable or hesitant to access these services, as doing so would result in expenses such as for transport and food, or missed income through taking time off work.

The goal of the intervention was to provide resilience tools for accident, sickness and health insurance products, to a group of beneficiaries who have no formal financial relationship with a financial service provider. The project focused on members of World Vision supported savings groups.

The first step was to assess the needs and requirements of such groups, develop an appropriate insurance product, provide health and financial awareness, find the appropriate mechanism for providing the opportunity to purchase a suitable health insurance product, for making the premium payment, and for handling claims.

This intervention was designed to establish the most effective model for delivery of such products, whether through a network of full-time agents employed by VisionFund or part-time field officers employed by the local VisionFund entity or World Vision Office. Historically, such products function at their best with high volumes of participants, favouring full-time agents; however, they also benefit from keeping costs to a minimum, favouring the part-time (and less expensive) option where existing staff will cross-sell insurance to the target group. Six members of the management team and 264 field staff were trained on the concept of insurance. The project also had an IT component looking at automating the enrolment, management and claims process.

Following the adoption of a family product instead of an individual product and owing to a slow start due to the COVID-19 pandemic, the targets were adjusted to 2,000 policies covering 10,000 lives and 10,000 people reached with the educational module.

3. RESULTS ACHIEVED AND NOT ACHIEVED

Client level

Following the completion of market research, a tender was shared with insurance providers to propose an insurance product that responds to the identified needs and capacities of the target group. Allianz was selected as having the best product. The product is available for individuals at a premium of GHS 36 (USD 2.60 as of 30th November 2022) and for a family of up to eight members at a premium of GHS 48 (USD 3.40) per year. Benefits are as follow: a cash allowance of GHS 100 (USD 7) per night for hospitalisation for three nights or more, a death benefit of GHS 2,000 (USD 142) for the main insured, GHS 1,000 (USD 71) for a spouse and GHS 599 (USD 36) for a child. It also carries a disability allowance of up to GHS 2,000 (USD 265) depending on the severity of the disability. Insurance and financial literacy educational modules were also developed.



The project also developed educational videos on the concept of insurance (adapted from Malawi), malaria, nutrition, and stress management. Concurrently, a mobile phone-based application was developed to enrol clients, manage policies, and process claims.

It was noted that at the start of the programme many clients adopted a “wait-and-see” attitude, in other words, they wanted someone in their community to enrol and then wait to see if they would successfully claim. As soon as there were a few successful claims, enrolment numbers started to rise. This provided a key behavioural pattern among the target group. While financial literacy training was provided, it was not sufficient to lead to behaviour change. It is on this basis that the clients that had successful claim experience were made brand ambassadors to speak in meetings and share their experience. This was a very effective way of reinforcing client education. Some clients had attempted to claim on an unregistered family member, and this resulted in their claims being rejected. The lesson for clients here was that and to follow the laid-out conditions.



Insured community in Bawku East

There were a few death claims. The major setback on the death benefit was that it comes well after the burial and the family cannot use it for burial expenses. However, when the death benefit was paid, the family was able to recover and resuscitate their livelihood and economic activities. Those that were hospitalised and experienced loss of income in their economic activities also got compensated.



My name is Debora Allalbilla from Bugri. I fell ill and was admitted at the hospital for three nights and I was paid GHS 300 as claims. I want to state that whatever information we were given in relation to the Insurance is true because mine was hospitalization and I was paid the exact amount as stated by their staff. I would like to thank World Vision and VisionFund for introducing this Insurance to us.



My name is Ayebo Ibrahim, I am a native of Zambala. I had an operation on my left arm, and I was admitted at the hospital in Bolga for 5 nights. Because I was registered under the VisionFund insurance, I was paid GHS 500 as claims for the number of nights I spent at the hospital. I am very happy that I joined this insurance scheme.

Financial sector partner level

The programme started enrolling clients at the end of September 2021. As of the 25th of November 2022, VisionFund Ghana had enrolled 1,925 policies covering 11,447 people. Seven policies have been successfully renewed leaving a total of 1,699 active clients. Of the 1,924 policies, 116 (6%) were individual and 1,809 (94%) family. This corroborates the evidence gathered during the needs assessment that the target group prefers a product that covers the whole family. Of the 11,447 people covered, 5,952 (52%) were female and 5,495 (48%) male. Of the people covered 6,524 (57%) were children under 18 years of age.

The SCBF intervention has enhanced the insurance technical capacity of World Vision and VisionFund. Field staff are now able to articulate the concept of insurance and educate clients that live in deep rural areas that have always been excluded from access to insurance. It has also enhanced the productivity of field officers and volunteers who are now cross-selling insurance over and above their usual activities.

The intervention enables VisionFund Ghana to deepen its impact by being able to serve clients that would not usually qualify for its normal credit products. Insurance is a deeper financial inclusion product that reaches previously excluded men and women and directly covers the lives of children, too. The intervention has enabled VisionFund Ghana to broaden the range of financial services in its product offering. VisionFund Ghana now offers credit, savings, and insurance.

The SCBF support has allowed VisionFund Ghana to enhance its partnership with Allianz. In this partnership the insurance company is now able to offer a health insurance product going beyond the credit-life product that has been offered to VisionFund Ghana clients. VisionFund Ghana and Allianz are now looking at introducing new insurance products such as agri-insurance or motor insurance. These new product offerings are expected to result in improved customer satisfaction and higher client retention as VisionFund Ghana will be seen as an important development partner in the communities that it serves. The intervention has also enhanced collaboration between World Vision and VisionFund Ghana.

Key Performance Indicators

KPI	Target	Actual Achieved (30.11.2022)	Variance
# Policies Sold	2,000	1,924	-4%
# People/Lives Covered	10,000	11,447	+14%
# People educated on Insurance	10,000	11,992	+20%
# Educational Videos Developed	4	3	-25%

With seven rejected claims out of 113 submitted, the claim rejection ratio at 6% was fairly low at 6%. The value of claim pay-outs was USD 5,272.

VisionFund Typical Branch



Typical VisionFund Ghana Branch – on the outside and the inside.

4. LESSONS LEARNT

The SCBF intervention was very valuable to both VisionFund and World Vision as both organisations learnt lessons that will help them scale up and replicate insurance services.

1. Sales Channels

At the design stage, the intervention planned to use World Vision staff (10% of their time) to cross-sell the product and one insurance officer fully dedicated to insurance per Area Programme to compare the two sales channels.

- Learning: at implementation it became clear that World Vision did not have sufficient staff numbers and those that were in place had limited additional capacity to take up promoting insurance.
- Learning: it also became clear that communities did not trust or believe in insurance officers as they did not belong to the communities and, as result, insurance officers struggled to make sales.
- Adjustment needed: the project had to use World Vision volunteers. The biggest advantage with this arrangement was that the volunteers lived within the community and were already working with the savings groups. Using existing community structure and staff who are known in the community helps to enhance trust as insurance is an intangible good. All the capacity building that they receive remains in the community unlike World Vision employees who can be transferred. The downside was that the volunteers needed more training and support as their educational level and experience of insurance or on how to use an enrolment application was not strong.

2. Product

- Learning: clients prefer the family product (94% in Ghana) as it provides more impact to children and families served. It is also cheaper to buy a family product than to buy individual policies for all family members. For example, in Ghana the family product covers up to eight family members, again more flexibility to select those eight members was required by families.
- Learning: the product must be balanced between benefits and premium (not too low) to be sustainable but remain attractive to clients. The expected claim ratio in Ghana is high due also to the voluntary enrolment which showed a slow take-up at the beginning. Securing a product and a premium for at least two years should be a strategic point to ensure smooth implementation.

3. Management commitment

- Learning: the time needed to ensure that the middle and top management teams were committed to prioritize this initiative was under-estimated.

4. Marketing and promotion

- Learning: resources were allocated to educate people on the concept of insurance and on health tips, however more resources were needed to promote the scheme. Having a proper launch at the right time, providing flyers to the community to take that home could have been a good additional option unlike relying on digital tools alone.
- Learning: effective time management is crucial, as is the necessity to launch the product at a time when people can focus their attention on the product and have available funds to enrol - harvest season is ideal. Missing this optimum time window could result in a slower uptake at the beginning and a slower growth of the scheme.

Recommendations and critical success factors

- Start by identifying the target group needs and capacity to pay and then match the product with the needs and the premium with the capacity to pay and the seasonality of income.
- Balance premium and benefit to keep the product affordable but attractive
- For the sales channel, it is important to use local structures and personnel that are known and trusted in the community.
- Build in comprehensive training for all level of staff and an educational module for clients.



i <https://www.worldbank.org/en/country/ghana/overview#:~:text=GDP%20growth%20is%20expected%20to,policy%20measures%20depress%20aggregate%20demand>.

ii https://www.statsghana.gov.gh/gssmain/storage/img/marqueeupdater/CPI%20November_2022.pdf

iii <https://www.trade.gov/market-intelligence/ghana-currency-depreciation>

iv The World Bank Group (2021). World Development Indicators database. Washington, DC. <http://data.worldbank.org>. Accessed (2021)

v Heritage Foundation, (2022) Index of Economic Freedom, <http://www.heritage.org/index/ranking> Accessed (2022)

vi The World Bank Group (2021). Worldwide Governance Indicators database. Washington, DC. <http://databank.worldbank.org>. Accessed (2022)

vii Oxford Poverty and Human Development Initiative (2021). Global Multidimensional Poverty Index Databank. OPHI, University of Oxford. http://www.dataforall.org/dashboard/ophi/index.php/mpi/country_briefings Accessed (2022)

viii World Bank’s Consultative Group to Assist the Poor (CGAP) “Ghana Financial Inclusion Insights Survey” (2015)