

2023-05 | Building resilience with digital micro health solution for low-income consumers, Ethiopia

Financial sector partner (FSP)	NIB Insurance Company	SCBF contribution	CHF 84,766 (72.3%)
Grantee/TA provider	Democrance DMCC	Matching contribution	CHF 7,500 (6.3%) – Grantee CHF 24,958 (21.3%) – FSP
Country	Ethiopia	Theme	Financial resilience
Duration	June 2023 – May 2025	Product	Health Insurance
Potential outreach	30,000 – lives covered 15,000 – Financial education	Target group	Low-income clients
Thereof women	50%		

CONTEXT

In Sub-Saharan Africa (SSA), insurance penetration has remained low at less than 3% penetration compared to matured markets where penetration is over 7%. The low uptake of insurance in SSA is driven by many underlying challenges, both from supply and demand side. In Ethiopia, insurance penetration is even lower at less than 1%, creating opportunity in the region for innovative solutions that can address customer pain points.

Health costs and access to affordable primary health care remains a huge barrier for many low income consumers. Covid 19 pandemic accelerated the need for health insurance related products, as we continue to see an increased trend for such products, in particular, hospital-cash. The structure and design of hospital-cash products continues to stimulate product demand for low-income consumers, as most products provide immediate gratification for consumers by paying cash due to hospitalization. The National Bank of Ethiopia (NBE) implemented the National Financial Inclusion Strategy (NFIS), a key tool to poverty reduction, with the vision of providing **Access** and **Usage** of high-quality financial products and services by 2025, for all individuals and enterprises. Through the project innovation, which is under-pinned by technology, product design and first mover advantage of digital micro health solution, the project is aligned in contributing to the NFIS strategy.

CURRENT STATUS OF THE FSP

NIB Insurance began general insurance operations in May 2002 with only 4 branch offices in Addis Ababa, and acquired a composite insurance license in September 2007. NIB now offers life & general insurance solutions, which includes micro insurance business and is operational through 47 branches and 6 contact office situated in different parts of the country in and outside of Addis Ababa.

Micro insurance products are designed to support low-income households, which constitutes the great majority of Ethiopia’s population, with low-cost coverage. To reach low-income households, technology will play a key role to drive efficiency and minimize administrative costs. The support from SCBF will greatly aid in having a technology platform that will assist in achieving the goals in the following areas: (i)To address the market segment and secure inclusivity; (ii)To effectively utilise resources; (iii)To achieve organisational objectives such as increasing the customer base and new product development; (iv)To serve low income communities, with insurance protection.

OBJECTIVES AND MAIN ACTIVITIES

The support from SCBF for this project will enable Democrance, as the lead digital technical assistance provider, in partnership with NIB Insurance, to implement a digital hospital cash product in Ethiopia. The project will leverage innovations on product design, financial awareness and education, product distribution by bundling insurance with existing financial products consumed by target customers.

Upon project completion, the financial institutions should be in a position to safe guard 30, 000 low income consumers against out of pocket health costs. This objective is aligned with the NBE’s financial inclusion strategy of providing adequate and suitable financial products and access points.

Partnering with:



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Nib Insurance Company (S.Co.)