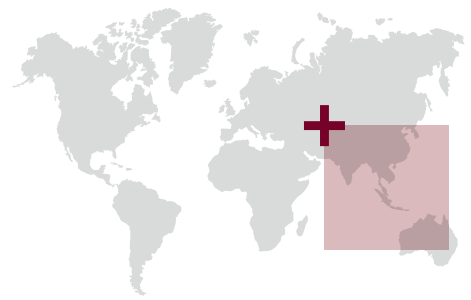


MIPSS –

Microinsurance Innovations Program for Social Security



AT A GLANCE

Name

Microinsurance Innovations Program for Social Security (MIPSS)

Duration

January 2009 – December 2012

Focus Area

Philippines (country-wide)
Focus Regions: Caraga and the Visayas regions

Target group

Low-income households and Micro-and-Small Enterprises (MSEs) across the country.

Funds available

The project is funded by the German Ministry for Economic Cooperation and Development (BMZ) with 3.3 million EUR.

The project is jointly implemented by ...

Department of Finance, Insurance Commission, Department of Health, Philippine Health Insurance, Philippine Crop Insurance Corporation, local insurers and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The core objective is ...

to improve risk protection for low-income Filipinos across the country through the introduction of affordable and comprehensive microinsurance products.

On behalf of:

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

BMZ  Federal Ministry
for Economic Cooperation
and Development

of the Federal Republic of Germany



BACKGROUND

The Philippines rank as the third most risk-prone country in the world for natural disasters. Most of the damage is caused by typhoons (storms), floods and earthquakes. It is afflicted by an average of 20 typhoons per year with an estimated two billion Euros of accumulated damages since 1986. Low-income Filipinos are the most vulnerable to these types of risks and have the least amount of resources available in order to recuperate.

The current risk coping mechanisms available are also very limited. The majority has to rely on social capital in the community, turning to relatives, friends and neighbors for support. The informal community-based risk funds called “damayan”, are run by cooperatives, and are most often inefficient and insufficient.



APPROACH

Within this context, the MIPSS project supports the formalization of a responsible microinsurance sector in the Philippines through the following three components:

1. Enabling Framework for Microinsurance (Component 1)
2. Microinsurance Innovations (Component 2)
3. Social Protection in Case of Illness (Component 3)

The activities of component 1 focused on the creation of the Microinsurance National Strategy, the Regulatory Framework and formulated the Microinsurance Performance Standards for the industry. Furthermore, the project supported its stakeholders to implement an Insurance Literacy Road Map and provides microinsurance education in target areas across the country.

Component 2 “Microinsurance Innovations” aims to introduce new microinsurance products on life and non-life, which are appropriate for the needs of low-income families. In order to achieve this, MIPSS partnered with local insurers in designing target group oriented products that offer protection for life, dwellings and livelihood risks from accident, fire, lightning, typhoon and flood.

In addition, in partnership with the GIZ Project “Enhance Food Security in the Visayas (EFOS), an area – based yield (ARBY) index insurance product for irrigated rice was offered complementing the traditional government crop insurance resulting in 5,000 farmers on Leyte Island receiving coverage. The development of the ARBY insurance index product for irrigated rice has taken a significant leap forward from MIPSS linkage due to the use of remote sensing/radar data in measuring yield at the field level. ARBY provided options for a national scale-up of insurance products using satellites that can record images in various resolutions without the investment of field equipment, constant recalibration, and monitoring – tasks required by other index insurance products.

Component 3 “Social Protection in Case of Illness” started in 2010 and continued the work of the GIZ Health Program that ended in December 2009. It supports the Philippines Health Insurance Corporation (PhilHealth), a nation-wide mandatory social health insurance scheme, in expanding its coverage and its corporation with care providers.

Challenges:

1. Data collection to monitor the translation of the national microinsurance strategy into market action needs a systematic approach.
2. The complementation of government-implemented insurance schemes with market-driven products and services require continuous efforts from all stakeholders involved.
3. Financial literacy level and knowledge about microinsurance with the target group should be examined in further depth in order to be able to translate knowledge and understanding into actual purchase of insurance coverage.

Opportunities:

1. Development of a systematic approach to collecting and analyzing microinsurance data and using these as advocacy inputs and evidences of good practices.
2. Facilitating dialogue among public and private stakeholders to encourage complementation of approaches, particularly for insurance development for the agriculture and health sectors.
3. Enjoin all relevant stakeholders to sustain financial literacy measures for microinsurance either jointly through public-private partnerships or through individual efforts of the stakeholders.



OUTCOME

MIPSS contributed in strengthening the microinsurance industry in the Philippines. It has had significant effect on regulation, financial literacy and consumer protection. MIPSS component 2 became the spring board for the on-going dialogue between the state-owned Philippine Crop Insurance Corporation (PCIC) and the Philippine Insurers and Reinsurers Association (PIRA) on crop insurance. For the first time in more than 30 years, it has facilitated the foundations for the collaboration of PCIC and PIRA on product development for a remote sensing-based ARBY insurance for irrigated rice.

LESSONS LEARNED

1. The advancement of a new paradigm for insurance market promotion requires the cooperation of the government, the market players and the available support institutions.
2. The government is the main driving force of microinsurance promotion. Its ownership of the initiatives encouraged the participation of and dialogue with the market.
3. The demonstration of good practices and experiences by microinsurance providers is crucial in encouraging the others to adopt innovation.



IMPRINT

Published by

Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

Registered offices

Bonn and Eschborn
P.O. Box 5180
T +49 61 96 79 – 0
F +49 61 96 79 – 11 15

E acri@giz.de

I www.giz.de

Foto credits

GIZ (single credits to be checked with acri@giz.de)

Eschborn, May 2014

CONTACT

E Dr. Antonis Malagardis (antonis.malagardis@giz.de)
Agricultural and Climate Risk Insurance (acri@giz.de)

I www.giz.de