Public-Private Dialogue #8
DEVELOPING INSURANCE FOR MSMEs
March 25, 2020
# CLIB’s MSME Insurance Initiatives

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2018 Philippine Business Enterprises Distribution

- **Micro**: 887,272 (88.45%)
- **Small**: 106,175 (10.58%)
- **Medium**: 4,895 (0.49%)
- **Large**: 4,769 (0.48%)
MSME Distribution by Industry Sector

<table>
<thead>
<tr>
<th>Rank</th>
<th>Industry</th>
<th>Count</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles</td>
<td>461,765</td>
<td>46.29%</td>
</tr>
<tr>
<td>2</td>
<td>Accommodation and Food Service Activities</td>
<td>144,535</td>
<td>14.48%</td>
</tr>
<tr>
<td>3</td>
<td>Manufacturing</td>
<td>116,335</td>
<td>11.65%</td>
</tr>
<tr>
<td>4</td>
<td>Other Service Activities</td>
<td>66,162</td>
<td>6.63%</td>
</tr>
<tr>
<td>5</td>
<td>Financial and Insurance Activities</td>
<td>46,033</td>
<td>4.61%</td>
</tr>
</tbody>
</table>
### Regional Distribution

<table>
<thead>
<tr>
<th>Region</th>
<th>MICRO</th>
<th>SMALL</th>
<th>MEDIUM</th>
<th>LARGE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>LUZON</td>
<td>558,533</td>
<td>71,867</td>
<td>3,486</td>
<td>3,391</td>
<td>637,277</td>
</tr>
<tr>
<td>VISAYAS</td>
<td>144,982</td>
<td>17,024</td>
<td>728</td>
<td>728</td>
<td>163,504</td>
</tr>
<tr>
<td>MINDANAO</td>
<td>183,757</td>
<td>17,284</td>
<td>681</td>
<td>681</td>
<td>202,330</td>
</tr>
</tbody>
</table>

**Note:** The numbers represent the distribution of some metric across different regions.
Enhancements to productivity and technology are deemed to be the major drivers of MSME development and progress.

Business continuity planning framework enables MSMEs to direct and control their activities in order to ensure the continuity of services and recover losses after a disaster.

The business environment should be characterized by streamlined and simplified rules and procedures.

MSMEs need to be equipped to utilize diversified sources of financing.

To support methods for enhanced market access and integration into global value chains, there is a need to increase information on both domestic and global markets.
CLIB-GIZ-AXA collaboration on MSME insurance

Objective:
Develop disaster risk insurance products for Micro-Small and Medium Enterprises, along with financial literacy, and a strong distribution channel through private sector.

The collaboration will focus on the following areas:
- Development of a disaster resiliency overall strategy for MSMEs
- Consultation with local and international public and private organizations
- Support for capacity building measures
- Coordination on the development of a Miroinsurance Disaster Risk Insurance Product
# Insurance Products for MSMEs

<table>
<thead>
<tr>
<th>PRODUCT FEATURES</th>
<th>PROTEK NEG SYO</th>
<th>PROTEK MICRO BIZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Insurance (Fire)</td>
<td>PHP 5K – 100K</td>
<td>PHP 100K – 500K</td>
</tr>
<tr>
<td>Burglary &amp; Robbery</td>
<td>PHP 5K – 50K</td>
<td>PHP 50K</td>
</tr>
<tr>
<td>Comprehensive General Liability</td>
<td>-</td>
<td>PHP 10K</td>
</tr>
<tr>
<td>Personal Insurance for Owner and 2 employees</td>
<td>PHP 5K – 40K</td>
<td>PHP 25K</td>
</tr>
<tr>
<td>Accidental Death</td>
<td>PHP 5K – 20K</td>
<td>PHP 2.5K – 25K</td>
</tr>
<tr>
<td>Accidental Death and Dismemberment</td>
<td>PHP 5K – 20K</td>
<td>PHP 2.5K – 25K</td>
</tr>
<tr>
<td>Accidental Medical Reimbursement</td>
<td>PHP 5K – 20K</td>
<td>PHP 2.5K – 25K</td>
</tr>
<tr>
<td>Emergency Assistance (AXA Red Button)</td>
<td>-</td>
<td>Included</td>
</tr>
<tr>
<td>Premium</td>
<td>PHP 150 – 1,400</td>
<td>PHP 540 – 3,275</td>
</tr>
</tbody>
</table>
DTI Support on MicroDRI

Conduct of Insurance Learning Sessions at Negosyo Centers

MEMORANDUM

FOR: ALL REGIONAL DIRECTORS AND OFFICERS IN-CHARGE
COPY: ZENAIDA CUISON MACLAYA
Undersecretary, ROG
DATE: 21 September 2018

SUBJECT: INSURANCE LEARNING SESSIONS IN NEGOSYO CENTERS

To further support our campaign in MSME development through Business Information and Advocacy, specifically about Business Resilience, CEBUANA LHUILLIER INSURANCE SOLUTIONS (CLIS), a subsidiary of PJLI Group of Companies (Cebuana Lhuillier Pawnshop) and one of the partners in the Micro Disaster Resilience Insurance Project will be coordinating with DTI Regional/Provincial Offices to conduct Insurance Learning Sessions in some Negosyo Centers with NCR as the initial target location.

For any inquiry you may directly coordinate with Mr. Mike Garcia, Insurance Analyst at (02) 899-6305 / 895-1065 or through email at msparcia@pjlihuiller.com.

For your kind attention. Thank you.

EMMA C. ASUSANO
Chief-of-Staff Program Manager, NC-PMU

Information Dissemination regarding availability of MicroBizProtek

MEMORANDUM

FOR: ASE. BLESILA A. LANTAYONA
ROG Officer in Charge
JERRY T. CLAVESILLAS
Director, BSMED
DATE: 07 August 2019

SUBJECT: MICROBIZ PROTEK MICROINSURANCE PRODUCT

To further support our campaign in MSME development through Business Information and Advocacy, with a strong emphasis on Business Continuity and Resilience, we are endorsing the attached project brief and guide in accomplishing the DRRM-BCP-DRI Checklist for Business Counsellors to utilize when diagnosing a business.

MicroBiz Protek Microinsurance is the product of tri-sector collaboration between DTI, GIZ-Regulatory Framework Promotion of Pro-poor Insurance Markets in Asia (GIZ-RFPI Asia), and Cebuana Lhuillier Insurance Solutions (CLIS). The product which may be availed through any Cebuana Lhuillier outlets is aimed in increasing the MSMEs’ financial capacity while decreasing their reliance on restrictive government funding in the occurrence of adverse situations.

Should you have any questions or concerns, you may coordinate with Mr. Althea Rei L. Galapon of BSMED through AltheaReiGalapon@dti.gov.ph or (02) 791-3325.

For your kind attention. Thank you.

Dir. EMMA C. ASUSANO
Program Manager, NC-PMU
Marketing Initiatives

Launching of MicroBizProtek In Davao City

Participating in DTI Business Fora

Partnering with GoNegosyo
Marketing Initiatives

Participating in various GoNegosyo’s Fora

Partnering with different MSME associations

Conducting Insurance Learning Sessions in DTI Negosyo Centers
Marketing Initiatives

MicroDRI flyers in Negosyo Centers

MicroDRI brochures in Negosyo Centers

MicroBiz Protek flyers
Marketing Impact

MANDATORY

• NegosyoProtek is bundled in retailer packages from Partners

VOLUNTARY

• MicroBiz Protek is offered after orientations in DTI Negosyo Centers and DR Fora
• Retail selling to interested MSMEs
Results

- **Insured Amount**: 134,600,000
- **Issued Policies**: 1,346
- **Total Premium**: Php 1,210,850
- **Premium Results**: Php 1,000,000
- **Microbiz Protek**: 2
- **Microbiz Protek**: Php 4,550
Experiences

Mandatory selling by making it a part of the partner’s retailers’ package is effective for NegosyoProtek. Voluntary selling for MicroBizProtek, with premiums that vary depending on risk classification of every business location and higher amount in coverage, seems not effective.

Bundling of NegosyoProtek with the partner’s retailers’ package worked because it doesn’t need approval from the insurance partner for high risk areas. For MicroBizProtek, insurer requires prior approval for high risk areas.

Voluntary application of the MicroBizProtek didn’t work because during on-site selling, staff from CLIB have limited time to tend to the queries of the clients. Clients either lost interest or forgot about the product.
Key Insights

✓ Insurance products for MSMEs must be:
  • affordable
  • accessible
  • appropriate (relevant in light of COVID-19)

✓ Enrollment process must be simple and quick; digital platform may expedite enrollment

✓ Mandatory selling with distributors works to create initial traction

✓ Multi-stakeholder collaboration is key
Thank You.