THE WORLD MAP OF MICROINSURANCE (WMM) PROJECT

LANDSCAPE STUDIES

TENDER FILE and TERMS OF REFERENCE

1. Background

Access to data generates market knowledge and development, furthers best practices and leads to better products and services. In other words, to support the development of the microinsurance sector, viable and accessible data is needed. The landscape studies, led by the International Labour Organisation (ILO), the MicroInsurance Centre, the Munich Re Foundation and other organisations, addressed this need by supporting before a tri-annual regional study and an online database together with the support from among others the Inter-American Development Bank, Making Finance Work for Africa (MFW4A), German International Cooperation (GIZ) and the Microinsurance Network.

To ensure a long-term follow up and access to the data, the landscape project has been taken up by the Microinsurance Network. One of the activities of this project is the data collection update of the previously published landscapes for Latin-America and Caribbean (LAC); Africa and Asia. This exercise is undertaken on an alternating annual basis in conjunction with the regional focus of the International Microinsurance Conference (IMC), which is being held each year on a different continent and in 2017 will take place in Lima, Peru.

Taken the before mentioned background into account, the Microinsurance Network is looking for a contracting organisation to implement the 2017 landscape study for Latin American and the Caribbean and to update the 2014 LAC landscape study.

2. Vision, mission and objectives of the World Map of Microinsurance

The **vision** of the World Map of Microinsurance (WMM) is a microinsurance sector that innovates and grows through an ongoing and transparent process of performance comparison and improvement.

The **mission** of the WMM is to collect data from the microinsurance sector that is factual, in an unbiased manner, with the objective of promoting transparency, monitoring growth, identifying trends and inspiring innovation in the microinsurance industry in order to serve larger numbers of low-income population with valuable insurance services.

The specific **objectives** of the World Map of Microinsurance are to:

- Collect and analyse progressively more comprehensive and relevant microinsurance data with no bias towards model, methodology, risk carrier, delivery channel or products;
- Provide continued access to aggregate data for the use of industry stakeholders through an online mapping tool as well as periodic thematic and analytical articles and publications;
- Provide analysis of trends and evolution of the sector overtime in a given geography;
- Provide customized reports for participants for the purposes of benchmarking; and
- Publish an annual "State of Microinsurance" industry report as the key annual output of the Microinsurance Network.

3. Defining microinsurance

The proposed analytical work aims to evaluate datasets and other existing research to describe the current landscape for microinsurance products based on a broad yet practical definition from the previous landscape studies[1]. Due to regional variations and regulatory requirements, levels are not qualified but some conditions should be used as assessment guidelines.

A product is generally defined as microinsurance if it meets the following conditions:

- **Modest premium levels**: Microinsurance has modest premium[2] levels based on the risks insured;
- **Developed for low-income people**: The product is developed intentionally to serve the low-income population. Mass market products may be included if they meet this and the following criteria.
- **Insurer covers main risk**: The focus should be on the insurer being the risk carrier (for more details see section C "providers and delivery channels" on page 6). However, government programmes can be included (e.g. through social protection schemes).
- **Goal of sustainability**: The product must be working towards profitability or at least sustainability, and managed on the basis of insurance principles.

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[1] E.g. The Landscape of Microinsurance in Latin America and the Caribbean, 2012, IDB, Munich Re Foundation, MicroInsurance Centre and CITI Foundation: http://www.munichre-foundation.org/dms/MRS/Documents/Microinsurance/2012MILandscape/2012LandscapeMILAC_E.pdf.
http://www.microinsurancenetwork.org/sites/default/files/Insights%20on%20MNO%20as%20distribution%20channel%20for%20MI%20in%20Asia_2016.pdf
http://www.microinsurancenetwork.org/sites/default/files/Landscape%20of%20microinsurance%20in%20Sri%20Lanka%202016.pdf
http://www.microinsurancenetwork.org/sites/default/files/Microinsurance%20Network_Africa%20landscape%20full%20report-WEB_0.pdf
http://www.microinsurancenetwork.org/sites/default/files/MiN_Landscape%20of%20Microinsurance%20in%20LAC%20.pdf
[2] The 2013 LAC study considered microinsurance to have premiums below 1% of GDP/capita for life and accident products, 4% for health, and 1.5% for property and agriculture products.

As mentioned above, popular or mass insurance products that fit the above criteria are equally in scope for the World Map of Microinsurance project[3].

The surveyed microinsurance products are classified into three categories:

- **Fully commercialised microinsurance** without or with low level use of subsidies;
- **Significantly subsidized microinsurance** with medium to high level use of subsidies, but which have risks covered by an insurer;
- **Social protection schemes** which are funded by the government, which also carries the risk.

This broader mapping looks at services that are explicitly developed and marketed for low-income populations, and includes an in-depth comparison with previously collected data sets and highlight trends through dynamic analysis.

4. Scope of work

Previous landscape studies have been carried by different contractors. The Landscape of Microinsurance in Africa in 2015 and the Landscape of Microinsurance in Latin America and the Caribbean of 2014, were conducted by the MicroInsurance Centre; the Landscape of Microinsurance in Asia of 2013 was conducted by MicroSave. The most recent landscape study of Sri Lanka and the MNO study of Asia (2016) was conducted by Basix. Except for this last Sri Lankan landscape and the Asian Mobile Network Operators (MNO) study, the other studies have provided the next generation of data on microinsurance.

The scope of work is to update the Latin America and Caribbean (LAC) landscape study and built upon the 2014 LAC study, that serves as a basis to track and draw conclusions from the evolution of the sector.

Countries that were studied in the previous LAC study were Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, and Venezuela. The scope of work includes as a minimum these countries, but the contracting organisation can include additional countries as well (Uruguay, Cuba; Guatemala, Trinidad, Guyana and others).

a. Phases

To better understand the microinsurance activities[4] in the LAC region it is necessary to track information in an ongoing, consistent manner to identify changes, growth, gaps, and quality. **Understanding movements and trends in the microinsurance landscape** on a periodic basis

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[3] Mass insurance products address "the wide-ranging client base of the mass channel irrespective of their socio-economic status, whereas microinsurance primarily addresses the low-income segment. Client segments for the two models can overlap but are not necessarily the same". See: http://www.microinsurancenetwork.org/sites/default/files/3rd%20Consultative%20Forum%20Notes%20Mexico_Microinsurance%20Network_FINAL_0.pdf. In Brazil, mass insurance products are generally referred to as popular insurance. http://www.susep.gov.br/menuingles/microinsurance

[4] From this part onwards, microinsurance and mass insurance are used synonymously

and **conditions that constraint or promote microinsurance** is critical to all parties that want to improve microinsurance products and their delivery. The key target audience for the study are bi and multilateral donors, the commercial, (non)-governmental and academic sectors.

The 2017 LAC landscape study is meant to build upon on previous data collection efforts, in particular the 2014 LAC landscape study, but should consider expanding the types of data collected in order to gain a more comprehensive view of the sector (e.g. benchmarking).

The contracting organisation is expected to collect data from various sources such as insurance companies, regulators, supervisors. The contracting organisation needs to collect as a minimum the same data set as the 2014 LAC study and is advised to adapt and use the 2014 landscape study questionnaire of the Microinsurance Centre. Organisations that provided data in 2014 should be revisited so that an evolution of the given products can be tracked. The contracting organisation should collect data from sufficient insurance products that allow to form a confident view of the state of the microinsurance sector in any of the researched countries. Trends can further be supported through in-depth interviews with a selected number of insurance companies, supervisors and regulators as well as other sources. In other words, data is collected through a questionnaire and through structured in-depth interviews. Again, other data may come from third parties (regulators, supervisors, other studies), but in such cases, the contracting organisation should verify that the methodology used in these studies, is similar to the one in this landscape study.

Further, based on the collected information, the new and updated landscape study for Latin America and the Caribbean will look at conditions that constrain or promote microinsurance initiatives. This could include a number of factors, which the contracting organisation will work to identify.

The contracting organisation will go through the following phases:

Phase	Details	Responsibility	Support
Preparation	Contact and data databases; set up of local, regional and global partners (aggregator and data generators); customised reports, project evaluation	Contracted partner organisation	Network
Data gathering	Gathering and cleaning, accuracy checks	Contracted partner organisation	Local and regional partners
Data analysis and writing	Country and regional level, dynamic analysis	Contracted partner organisation	Network and global partners (e.g. universities)

The key focus of the **analysis** will be on trends and issues, revealed through dynamic analysis.

The analysis will pay particular attention to discerning trends in insurance provision to the poor by country and/or region. The analysis should also distinguish between (formal) insurance companies and informal schemes providing microinsurance.

The analysis should further take into consideration contextual information from relevant stakeholders with a focus on particular areas, i.e. regulation or reinsurance.

It is understood that team members of the contracting organisation will not go and visit the various countries to collect data and that data collection will primarily be carried out via telephone/Skype, e-mails, on-line surveys, secondary data, and other more cost-effective means. As always with these studies, the resulting information will "at least" indicate the amount of microinsurance in the region.

It is understood that part of microinsurance is local and community-based and difficult to identify for such research. Nevertheless, the contracting organisation is expected to make a decent attempt to identify and include large schemes and possibly estimate the size of this market.

Additionally, it is recognised that some insurers may refuse to participate in this study and that others, even if they wish to participate, may not have the data available in a form that allows participation. Also, here the contracting organisation will work diligently in collecting the data as proposed in this tender document.

It is finally implicit that the contracting organisation will have access to tools used in the previous studies as well as the previous data sets the Network has and use those data sets at dynamic and comparative analysis.

b. Products

Data will be collected and updated such as (but not necessarily limited to) outreach, premiums and sums assured; total written premiums, commissions paid, administrative expenses and claims paid in local currency and in USD; Key Performance Indicator (KPIs) ratios such as commission, expense, claims net income and combined ratios; other KPIs (# of claims; # of rejected claims; claims rejection ratio; reasons for rejection; claims duration; renewal rates and the like); and product characteristics (group; individual; tied; voluntary/compulsory; terms) per product. The contracting organisation will research the following products, and categorise the products according to the three categories mentioned under "Defining microinsurance":

- **Life insurance**: credit life, credit life plus (with additional parties being covered), savings-linked, funeral, term life, endowment, pensions
- **Accident and disability**: any cause, work, travel
- **Health**: primary health, hospitalisation, comprehensive health, supplementary cover (hospital cash), dread disease
- **Agriculture**: livestock, crop, farm credits and inputs, micro- as well as meso-level to protect the poor against natural disasters. Distinctions between indemnity and index-based solutions will be identified.

- **Property**: home, other possessions, microenterprise (MSMEs), to protect the poor against natural disasters and climate change.

In addition to this, it should be specified if the product covers several (simultaneous) risks, which product types are **the primary and the secondary** ones, and noted if a product is covered by **reinsurance** (or not).

c. Risk takers and delivery channels

Collect and update data on the microinsurance market in Latin America and Caribbean by type of risk takers and delivery channel. The research will include the identification of different risk takers and the delivery channels they use to sell and service microinsurance. This will include formal and informal, public and private providers, for-profit and not-for-profit insurers and delivery channels.

Risk takers in previous studies were:

- Commercial insurers
- Cooperatives and mutuals
- Non-Governmental Organisations (NGOs)
- Community-based organisations (CBOs)
- Government agencies (social security/protection)
- Parastatal insurers (majority owned by government)
- Informal societies or businesses
- Funeral parlours
- Reinsurers
- Takaful providers

For delivering microinsurance to the end clients, the following delivery channels should be considered (list is not exhaustive):

- Micro Finance Institutions (MFIs)
- Cooperatives
- Community-Based Organisations
- Mobile Network Operators (MNOs),
- Brokers
- Retailers
- Other agents (in-house; external)
- Employers
- Fintechs, Third Party Administrator (TPAs) and other IT intermediaries (m-insurance)
- Utilities providers
- Others

With the evolving sector, this list is not exhaustive and should look at additional providers, like for example, specialised tied microinsurance agents (thus agents working directly for the insurer, but focused only on microinsurance) and others.

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5. Copyright

Any intellectual creation resulting from the contracting organisation's work during the service is the exclusive intellectual property of the Microinsurance Network, even if the production in question mentions the contracting organisation as the author. The contracting organisation will be named as the consultant who carried out the study on behalf of the Microinsurance Network.

The Microinsurance Network will publish the study and acknowledge other stakeholders for their role in this study.

6. Deliverables

To work towards this, the following outputs will be produced by the contracting organisation:

Preparation

- Detailed (or reviewed) strategy and methodology;
  - o With updated country and contact list;
  - o With updated questionnaire and definitions;
  - o With updated bibliography for desk research;
- Fully functional contact and data base;
- Operations guide for aggregators and data collectors.

Data gathering

- Bi-weekly update brief and call.

Data analysis and writing

- Landscape Brief (4 pages) and presentation (10-15 slides) for the International Microinsurance Conference;
- Landscape report for the LAC region (+ / - 25 pages);
- Ready data to update the online World Map of Microinsurance database.

Other outputs can be discussed but will be subject of separate agreements.

The contracting organisation will also participate in the annual project feedback discussion.

The contracting organisation will hand-over all project related files to the Secretariat of the Microinsurance Network at the project end.

The following is an indicative outline of the landscape report:

- Overview chapter on trends and issues in the countries in the LAC region and for the region as a whole, products and delivery channels and with particular references to

main changes that have occurred since the last landscape study and the underlying analysis for these changes;
- 3-4 chapters focusing on key trends and issues;
- Tables and graphs with aggregate data per country and for the LAC region;
- Profiles and trends in microinsurance per country if relevant (boxes).

All intermediary deliverables and reports are in English and the final deliverables are in both English and Spanish.

7. Expected timeline for 2017

Activity	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Feb
Bidding process	█	█									
Selection of the contracted partner organisation		█									
Finalisation of the contract		█									
Review of survey and existing information			█								
Outlie paper and updated questionnaires			█								
Collection of data in the LAC region				█	█						
Clean and consolidate data						█					
Analysis and comparison with previous studies						█					
Proposal for issues chapters							█				
First draft of summary brief and final summary brief							█				
Draft of presentation and final presentation								█	█		
Presentation at IMC and feedback process										█	
Draft of final report and online data update											█

First draft of landscape study by **August 1**, 2017
Final submission of study by **August 23**, 2017

8. Team and experience required

The contracting organisation will set up and coordinate the team, which should include local experts. The lead consultant will take responsibility for this and act as key contact to the Secretariat of the Microinsurance Network, which will also designate a project contact.

It is the responsibility of the contracting organisation to provide regular updates to the Secretariat of the Microinsurance Network as well as to highlight any issues that might put timelines, scope and/or quality of the study at risk.

9. Other information

The Microinsurance Network will provide all necessary background information to the successful tender organisation including the previous survey instruments and evaluation document of previous landscape study prepared by the Microinsurance Centre; all micro and aggregated data collected in the previous LAC study. Additional information will be provided upon request.

The Microinsurance Network through the Advisory Committee will also provide an opportunity to the contracting organisation for feedback (through skype call) within 10 days after the signing of the contract agreement.

The tender evaluation grid includes the following criteria with weighing:

Quality of the methodology/overall proposal quality	35%
Experience of the contractor/quality of the CV/team	20%
Demonstrated capacity to carry out the assignment	20%
Financial details (transparency **and** total amount)	25%

10. Bid deliverables

To participate in this tender, the Secretariat of the Microinsurance Network needs the following bid deliverables:

- Brief description of understanding of project, methodology and process to be applied
- Overview suggestions for expansions based on previous landscape content
- CVs for consultant(s)
- List of carrying out similar studies in the past with name of the contractor, description of the project/study; contact details of the contractor (to assess previous experiences)
- Detailed (transparent) budget for specific process tasks

Interested organisations should submit their proposal and bid deliverables by **21 March 2017 COB**, to Henk van Oosterhout at hvanoosterhout@microinsurancenetwork.org