Microinsurance Learning and Knowledge

Business Case Summary

What is the Microinsurance Learning and Knowledge project?

Microinsurance Learning and Knowledge (MILK) is a three-year project funded by the Bill and Melinda Gates Foundation's Financial Services for the Poor program and managed by the MicroInsurance Centre. MILK is dedicated to advancing knowledge, through collaborative efforts and original research on two key questions. 1) Does microinsurance offer **value** to low-income policyholders and their families, and if so, under what conditions? And 2) Is there a **business case** for microinsurance among insurers and delivery channels, and if so, under what conditions?

How will MILK study the business case for microinsurance?

Through an extensive landscape exercise, MILK identified a body of research that represents a fairly robust "how to" for microinsurance but provides few conclusive answers about "whether" there is a business case for microinsurance or "why" a profit motivated firm should enter the field.

MILK will combine qualitative and quantitative measures to help answer these questions, looking at the business case for various players (insurers, intermediaries, and distributors) along the value chain. MILK's analysis will include in-depth case studies of particular life and health programs in several countries. Those case studies will be complemented by a broader global analysis of the microinsurance industry as a whole.

> **MILK Working Definition of Business Case**
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> Is the investment of capital and other resources in microinsurance justified over time such that the benefits, costs and risks balance out to create a commercial rationale for an insurer, intermediary or distributor seeking to enter and / or maintain a position in microinsurance?

What is MILK's business case research strategy?

Original case studies: MILK will conduct approximately 15 original case studies of insurers, intermediaries, and distributors. These will be clustered by product category (life and health) and country, and will include five years of data related to income, enrollment, expenses, and claims (among other variables). MILK will provide assistance in collecting and processing data through field visits when appropriate. Case studies will be published individually and consolidated in MILK's final report.

Leveraging case studies: MILK will leverage 20-30 existing case studies, consolidating and, where appropriate, updating their results.

Link into other research / data collection: MILK will link into other research and data collection efforts, compiling and analyzing research and data to provide a broader analysis of the breadth and scope of the microinsurance industry and to identify trends that are emerging.

Analysis of intermediaries: MILK will conduct a parallel analysis of several large intermediaries to gain further understanding of this business model.

MILK also aims to link studies of client value with business case analysis. For information about the MILK project, please contact Michael McCord: mjmccord@microinsurancecentre.org. For more information about MILK's client value work, please contact Barbara Magnoni: bmagnoni@microinsurancecentre.org.

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