

WOMEN AND INSURANCE

THE NEXT FRONTIER

Introduction

The mission of the World Bank and IFC is to end extreme poverty and promote shared prosperity. The journey out of poverty is never easy, but when personal or natural disasters strike it can be a major setback. That's why we believe that access to financial services, including insurance, has an essential role to play in achieving this goal of ending poverty.

Findings

The penetration of insurance, measured by premiums to GDP is just 2.9% in emerging markets compared with over 7% in US and just over 9% in UK. This suggests strong growth potential, particularly in countries where GDP per capital reaches \$5000.

Women are a key segment to increasing the penetration of insurance especially as they have less financial protection than men. The SheForShield report, published by IFC, Axa and Accenture in 2015, estimated that by 2030, the global market for insurance for women could reach \$1.45-1.7bn, double the current size. In emerging markets, the potential growth is exponential. The report estimates that the market can grow to \$570-890bn, an increase of 6-9 times.

Research in a recent report, Mainstreaming Gender and Targeting Women in Inclusive Insurance: Perspectives and Emerging Lessons, suggests that even low to middle income women are prepared to spend 10-15% of their monthly income on insurance. This is consistent with the experience in micro credit, which suggests women are more risk aware and default less than men. We, therefore, believe that is realistic to increase the penetration of insurance for women. If this is successful, there are also important knock on effects such as women being able to participate more in the labour markets, children getting a better education if the mother has the benefit of insurance when things go wrong in the family and finally the greater employment opportunities from women in the insurance industry, particularly in distribution.

The potential for the insurance industry is clear, but, despite some notable examples, there has not yet been widespread adoption of a strategic approach towards increasing the take up of insurance by women. This is partly due to some circumstances many women face. In many cases insurance is provided by employers, and is not usually tailored to the needs of women customers.

To add to this problem, in both developed and emerging markets, women are more likely to be engaged in part time, or even unpaid work. In a report by the Chartered Insurance Institute (CII) and Insuring Women's Futures, called Risk, Exposure and Resilience to Risk in Britain today, even in UK, 42% of women work part time compared with 13% of men. In emerging markets women are overly represented in the informal sector, i.e. with no 'employer' in the traditional sense. As most people insured have policies through their employers, women's access to insurance becomes limited.

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Women also have some particular needs, especially in relation to health insurance, which, in emerging markets, are often not met by standard policies. The most obvious example is cover for pregnancy. In addition, as women tend to retire earlier but live longer than men, they typically have a far smaller pension pot, if any, to help them sustain their lifestyle and address any financial and health challenges they may face.

Despite the obvious business opportunity, these challenges outlined above may seem insurmountable to many. However, there are practical steps that can be taken to open up this market and address women's needs.

First, companies need to make sure they have accurate data about the gender of their customers, not just overall but also by product. IFC's extensive experience with its Banking on Women program, strongly reinforces the theme that to make progress on growing women customers you need to establish a clear baseline and KPIs directly related to this, and create an incentive structure that rewards progress. Examples would be the number of women customers buying an insurance policy or using a service, or the number of active female agents.

Another important topic is the need for insurance companies to be solution oriented. Women are often looking for "a daily advisor" that will help them address the challenges they face. Often current insurance products, which may have been originally designed a long time ago and based on men's needs, fall short of women's expectations to mitigate risk in the present and to better prepare for the future. To address this will require an increase in women's financial and health knowledge as well as equipping them with tools to prevent or mitigate risk.

Insurers will also need to leverage women as influencers to increase knowledge and use of insurance, while enhancing the market's overall trust level. Partnerships with other stakeholders, including governments, schools, hospitals, community associations, churches and temples to increase understanding about risk and protection are also important.

There are several insurers already targeting women customers in emerging markets. In South Africa, 1st for Women was started in 2004, initially as a broker but later as an insurance company. Whilst part of the Telesure group, this is a separate brand focusing on the needs of women customers. Products include life, health, motor, buildings and home contents. There are some particular features like handbag cover included in home contents, a tailor made women's dread disease cover and a concierge service called Guardian Angels.

Assupol, another South African insurer, in which IFC is an investor, has women as the majority of their customers. Overall the percentage is 58% but for new business it is as high as 65% in some years. Assupol put this success down to two main factors: product that consider and address the different life stages of women customers, and a high proportion of women in their client facing functions such as sales and client service. They also deploy mobile offices which go out into the townships and villages, thus making it easier for women who may not be able to leave their family or home for long periods of time to meet a company representative.

In Brazil, Porto Seguro, has added concierge type services to its motor policy, Auto Mulher, aimed at women customers. These include 24 hour vehicle or home assistance, access to drivers who can collect children from school or drive people to hospital, pick-up and delivery of cars for repair services and discounts on items such as child car safety seats. This idea backs up the research in the SheForShield report that women often said they required access to assistance rather than just payment of claims from an insurance policy.

In India, Tata AIG has developed the Wellsurance Woman Policy, covering critical illness including breast cancer, along with other benefits such as a health helpline and discounts for health and wellness services and

cosmetic reconstruction surgery after an accident. They also offer a family policy which among other features covers children's education in the event of the death or total disability of the policyholder.

These examples show that more insurers are placing attention on women customers. To be successful this must be fully integrated into the strategy and be part of a deliberate women-tailored business plan.

Regulation also has a part to play and can provide an important stimulus if focused on gender issues. For this reason, there is also a need to build capacity and understanding on both gender and inclusive insurance within governments and the private sector.

Finally, industry players can help themselves and each other by promoting gender diversity within insurance companies and intermediaries, at Board, management and working levels, and to share best practices. That way, targeted and serving the women's market will be second nature.

IFC is currently working with insurance companies on pilots to enhance their offerings to women customers. For more information please contact Susan Holliday sholliday@ifc.org or Esther Dassanou mdassanou@ifc.org