

Women & Insurance: The Next Frontier

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INSURANCE & PROMOTING PROSPERITY

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 the goal of ending poverty.

FINDINGS

The penetration of insurance, measured by premiums to GDP is just 2.9 percent in emerging markets, compared with over 7 percent in the US and just over 9 percent in the UK. This suggests strong growth potential, particularly in countries where GDP per capita reaches \$5,000. Women are key to increasing the penetration of insurance, as they have less financial protection than men.

The *She for Shield* 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 could grow to between \$570 and \$890bn, an increase of 6–9 times.

WOMEN WORK IN THE INFORMAL SECTOR

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 women's acquisition of insurance. This is partly because of particular circumstances many women face. In many cases, insurance is provided by employers and is not tailored to the needs of women.

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 the UK, 42 percent of women work part-time, compared with 13 percent of men. In emerging markets, women are over-represented in the informal sector, with no 'employer' in the traditional sense. As most of the insured have policies through their employers, women's access to insurance is limited.

WOMEN'S PARTICULAR NEEDS

Women also have different 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, women tend to retire earlier but live longer than men. Women have far smaller pensions, if any, to help sustain their lifestyle and address financial and health challenges.



Increasing Women's Protection

Research in a recent report by IFC, *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 percent of their monthly incomes on insurance. This is consistent with the experience in microcredit, which suggests that women are more risk-aware and default less often than men.

We believe that it is realistic to increase the penetration of insurance for women. If this is successful, there are also important secondary benefits, such as:

- Women would be able to increase their participation in the economy.
- Children whose parents are insured could continue their education despite natural disasters or accidents.
- Women could find more employment opportunities in the insurance industry, particularly in distribution.

TACKLING THE CHALLENGE OF INSURING MORE WOMEN

Despite the business opportunity, the challenges outlined above may seem insurmountable. However, there are practical steps that companies can take to open this market by addressing 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 reinforces the theme that to make progress in marketing to women customers, firms must establish a clear baseline, KPIs and incentives related to growing their female customer base. Examples include an increase in women policyholders or growth in the number of active female agents.

Another important topic is the need for insurers to be solution-oriented. Women often look for a daily advisor to help them address challenges. Current insurance products, probably designed with men's needs in mind, fall short of women's expectations to mitigate risk in the present and to better prepare for the future. To address this will require a better understanding of women's financial and health concerns and equipping them with tools to prevent or mitigate risk.

Insurers also must call on women as influencers to increase their communities' knowledge and use of insurance, while enhancing the market's overall trust level. Partnerships with other stakeholders—governments, schools, hospitals, nonprofits, churches and temples—can help educate consumers about risk and protection.

SUCCESS STORIES

In South Africa, 1st for Women, part of the Telesure group, is a separate brand focused on the needs of women customers. Products include life, health, motor, buildings and home contents. Women like some features, including handbag coverage (part of home-contents policies), tailor-made women's health coverage and a concierge service called Guardian Angels.

Assupol, another South African insurer and an IFC investor, has a majority-female clientele. Overall, the percentage is 58 percent. For new business it has been as high as 65 percent in some years. Assupol attributes its success to two factors: products that address the different life stages of women, and a high proportion of women in client-facing roles, such as sales and client service. The company deploys mobile offices to townships and villages, making it easier for women who cannot leave their families for long meetings with insurance representatives.

In Brazil, Porto Seguro has added concierge services to its motor policy, Auto Mulher, aimed at women. Services include 24-hour vehicle or home assistance, access to drivers who can pick up children from school or drive people to the hospital, pick-up and delivery of cars for repair, and discounts on such items as car-safety seats. These innovations reflect research in *She for Shield* that women like helpful services, not just payment of claims, from their insurers.

In India, Tata AIG has developed the Wellsurance Woman Policy, covering critical illnesses, including breast cancer, along with other benefits. The policy offers a health helpline and discounts for health and wellness services and cosmetic

Next Steps

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



SUCCESS STORIES, CONTINUED...

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 four examples show that more insurers are placing attention on women customers. To be successful, companies that market to women must fully integrate gender into their strategies and have a deliberate women-centered business plan.

Regulation can provide an important stimulus, if focused on gender issues. Governments and the private sector must build capacity and better understand women's needs to make insurance more inclusive.

Finally, the industry can grow and flourish by promoting gender diversity within insurance companies and their intermediaries—at Board, management and working levels—and by sharing best practices. By taking such steps, targeting and serving the women's market becomes second nature.

