FSD Zambia is committed to the expansion and deepening of insurance coverage in Zambia, particularly through microinsurance. This spotlight provides a snapshot of microinsurance market developments supported by FSD Zambia in the year 2018. The year has seen significant advances in the microinsurance sector, particularly in demand stimulation, supply strengthening and enabling environment. Some of the notable developments are as follows:

Registration of the Technical Advisory Group (TAG)

A major milestone was achieved in the Zambian insurance industry when the Microinsurance Technical Advisory Group (TAG) was registered as an association to coordinate all microinsurance activities in the country. Established in 2009 as a multi-stakeholder technical advisory group to drive microinsurance development in Zambia, the TAG was officially handed its registration status as a microinsurance association on 22nd August 2018.

Zambia remains a great testament of progress that can be achieved through concerted efforts when industry stakeholders come together and work for a common goal. The microinsurance industry in Zambia has grown significantly since 2009 when less than 1% of Zambians were covered with insurance. Now, only nine years later, more than 2 million Zambians have microinsurance cover. These achievements are attributable to various market facilitation initiatives and activities spearheaded by the TAG towards the development of a vibrant, inclusive insurance sector in Zambia. The TAG has been pushing the microinsurance frontier. Its current strategy aims to enable market actors to reach 5 million Zambians with insurance services by 2021.

The TAG is now playing a microinsurance sector coordination function recognised by the Government of Zambia, multilaterals and bilateral partners. Its registration as an association enhances its...
lobbying and advocacy role to accelerate the development of microinsurance in Zambia by addressing both market and regulatory issues.

Zambia hosts the 14th International Microinsurance Conference

Since 2005, Munich Re Foundation has collaborated with the Microinsurance Network (MiN) to organise international microinsurance conferences in different continents on a rotational basis, to make participation accessible to key stakeholders worldwide. In 2018 Zambia hosted the 14th International Microinsurance Conference (IMC). This was the first time that the conference was held in Zambia and the fifth time on the African continent.

The 14th IMC was arranged and sponsored through the TAG in collaboration with the Munich Re Foundation and the Microinsurance Network, and also supported by the PIA, GiZ, Prudential Insurance and FSD Zambia. The conference took place in Lusaka from 6th to 8th November 2018 under the theme “Inclusive Insurance for Emerging Markets” and attracted over 400 delegates representing 54 countries, with 80 speakers. The conference gave Zambia an opportunity to showcase its microinsurance activities to the world and boosted its microinsurance profile worldwide, with very high coverage rates. During the conference, the presentation on the preliminary results from the Microinsurance Network’s landscape survey named Zambia as one of the more progressive microinsurance markets in Africa. The 15th IMC will take place in Bangladesh in November 2019.

Government and Mayfair Insurance provide Weather Index Insurance for one million Smallholder Farmers

FSD Zambia through its innovation stimulation support fund (MAF) co-financed the provision of weather index insurance and client education to about 1 million smallholder farmers participating in the Government’s Farmer Input Support Programme (FISP). Just before the 2017/2018 farming season, the Government tendered weather index insurance cover to add on to the FISP subsidies, and Mayfair Insurance Zambia Limited won the contract. The government through the Ministry of Agriculture partnered with Mayfair Insurance to roll out weather index insurance to all smallholder farmers under the FISP. This is the first Public Private Partnership for weather index insurance in Zambia. The weather index insurance is meant to compensate farmers for crop losses that could occur if there is any adverse weather such as dry spell or excessive rainfall. This initiative will continue to be further enhanced in the 2018/2019 farming season.
Upscale of Chilala Weather Index Insurance

FSD Zambia partnered with Pula Advisors to support a seed germination insurance product based on weather index called Chilala Insurance. Pula Advisors, a specialist advisory firm offering comprehensive risk mitigation and transfer options for index-based insurance, partnered with Monsanto to embed the Chilala product on every DEKALB seed bag sold. The Chilala insurance product is carefully designed to compensate a smallholder farmer in case of poor rains or drought during planting time. A period of 3 weeks with no rain enables a farmer to get back free seed, and there are no extra costs for the cover as all costs are included in the purchase price of the seed. The FSD Zambia-supported initiative also aimed to build capacity of promoters (agro-dealers) to effectively market the insurance product. At the end of the first implementation phase, the intervention had trained 394 agro-dealers who subsequently sold the insurance-embedded seed product to 9,039 smallholder farmers. Pula Advisors has scaled up in the 2018/2019 farming season and have so far reached 29,775 smallholder farmers.

Launch of three IIUCF supported Life Insurance Products

FSD Zambia supported the development of three microinsurance products with different partners through its Inclusive Insurance Upscaling Challenge Fund (IIUCF). The IIUCF is an innovation facility that supports market actors to increase their capacity for innovation in insurance products targeting low income individuals, and to help existing products work better for this target group through improvements in scale, outreach and client value.

In March 2018, Madison Life launched its low-cost Domestic Travel Insurance Policy at inter-city bus terminus. The product covers accidental death, permanent disability and offers medical expenses and hospitalisation due to the insured person’s involvement in a road traffic accident. Daily premiums are as low as ZMW5 per beneficiary.

Barclays Life launched a funeral product known as ‘Twafwane’ in March 2018 at Chisokone market in Kitwe. The funeral product targets affinity groups such as marketeers and traders and has an offering of as low as ZMW10 premium per month. The product covers the main beneficiary, spouse and up to 5 children.

Sanlam launched a Hospitalization and Funeral Policy in Mumbwa in April 2018. The product targets low-income individuals and has since been distributed through aggregators such as Agora Microfinance. With annual premiums as low as ZMW70, the policy provides for hospitalisation and funeral benefits for the main beneficiary, spouse and up to 4 children.
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