

PARTNER PROFILES



MICROINSURANCE CATASTROPHE RISK ORGANISATION (MICRO)

Haiti

GLOBAL INDEX
INSURANCE FACILITY

FUNDED BY



Country	Haiti
Market launch	2011
Clients	61,097 women-owned micro-enterprises (2014)
Partners	Insurers: Alternative Insurance Company (AIC) Reinsurers: Swiss Re, MiCRO Delivery Channels: Fonkoze Financial Services (microfinance institution)
Products	Natural catastrophe and weather index insurance
Insured Perils	Floods, hurricanes, earthquakes
Total Insurance Portfolio	\$7.97 million (Fonkoze 2014)
Insurance Payouts	\$8,897,427 (2012/3) [Haiti is one of the most disaster-prone countries in the world with earthquakes, hurricanes and flashfloods. MiCRO and Fonkoze have redesigned the index insurance portfolio product to reduce basis risk and excessive payouts.]
Average Cost of Insurance	5.3% of value of microloan (MiCRO is covering up to 50 percent of premium cost)
Development Impact	<ol style="list-style-type: none"> 1. Micro-loans and Payouts: While previously MiCRO/Fonkoze issued payouts to clients, under the current programs, micro-enterprises are no longer eligible for direct payouts; however, should an event trigger payout under the policy Fonkoze uses the funding from MiCRO to recapitalize borrowers that may have been adversely affected by a catastrophic event. The \$8.9 million payout in 2012/13 helped thousands of women-owned micro-enterprises repair damages, replace inventory and reopen businesses. 2. Access to Finance: Index insurance gives Fonkoze the risk management financial protection they need to increase lending to their microenterprise clients although no hard figures are available on increased access to finance due to insurance.
Background	The average Fonkoze microloan is \$200, and Fonkoze's micro-loan portfolio is \$9.6 million.
Project Description	MiCRO is a reinsurance provider based in Barbados. MiCRO currently provides natural catastrophe and weather index insurance to microfinance institutions (MFIs), which in turn insure low-income micro-enterprises.
Success Factors	The MiCRO pilot is still being tested. The key to success will be improving the rain, wind, and seismic parameters that guide the micro-insurance payouts so that both end clients and MFI distributors find the products more affordable and attractive.
Challenges	Due to basis risk (claims submitted by clients not matching payouts – and claims surpassing the payouts from MiCRO) - Fonkoze switched from micro-retail coverage for individual clients to portfolio coverage through the MFI. The biggest challenge now is helping Fonkoze assess its risk and determine the level of insurance coverage needed, while ensuring insurance premiums are affordable.
Opportunities	<p>MiCRO works through MFI Fonkoze, and hopes to reach economies of scale through other MFI distributors. Through GIFF technical assistance, the project will expand the reach of the product offer to more low-income microfinance clients by adding at least one additional MFI to MiCRO's distribution channels by the end of the project. With GIFF grant funds, MiCRO is able to cover the costs of up to 50 percent of the premiums for three years, allowing MiCRO time to bring its index product up to a sustainable market level.</p> <p>Approximately 70,000 micro-enterprises are expected to be insured by the end of December 2016. The total projected value of active insurance contracts is estimated to be \$20.5 million by 2016.</p>
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