

A Gender-Sensitive Approach to Promoting Insurance

The Inclusive Insurance Factsheet Series, developed by the GIZ Sector Programme “Global Initiative for Access to Insurance”, highlights how insurance as a tool contributes towards meeting the needs of vulnerable individuals, households and micro, small and medium-sized enterprises (MSMEs) in developing countries and emerging economies. It furthermore accentuates insurance’s role in helping achieve goals of the following development agendas: sustainable development and poverty alleviation, gender and women’s empowerment, agricultural development and food security, MSME development, and climate change mitigation and adaptation.

This factsheet argues that there are gender differences in the risk profile and protection needs of women and men with implications for the way in which inclusive insurance products should be designed and distributed. Gender-sensitive inclusive insurance approaches have the potential to more effectively serve women clients, and thereby contribute to women’s empowerment. The note sets out: how the client profile of women differs from men; why inclusive insurance is particularly relevant for women, their families and businesses; and what international development cooperation agencies can do to foster the provision of valuable, massively provided and gender-sensitive insurance.

1. Role of insurance for women’s empowerment

Rationale for targeting women from a development perspective. In many emerging economies, women are increasingly better educated, earning a greater share of household incomes, and gaining greater control over household spending: The 2015 report “SheforShield:

Insure Women to Better Protect All” confirms this, and estimates that the global women’s insurance market has the opportunity to grow to US\$ 1.7 trillion by 2030. Within this, the low-income women’s segment has the potential to become an important market for inclusive insurance, allowing insurers to access new markets and sustainably contribute to development.¹ Women contribute to the labour force of many key industries such as agriculture, small trade or construction work, thereby contributing significantly to household incomes. Just as importantly, they shoulder a huge share of unpaid contribution to households and family care. Nevertheless, women are still disproportionately represented among the poor, and are still often in a weaker position culturally, socially and economically. Development policies target women to enhance their economic participation and empowerment, recognizing that women are a reliable and important entry point to alleviate poverty, improve health standards, create employment or enhance financial inclusion. Women have proven that they can act as change agents in society and community. In summary, women are an important entry point and market segment for inclusive insurance.

Women face different risks compared to men as a result of biological and socio-cultural differences.

Women’s reproductive role through pregnancy and childbirth, together with the associated health risks and resulting income gaps, result in unique protection needs. Social norms mean they shoulder greater responsibility for domestic chores and caring for children, as well as for sick and elderly relatives, resulting in their strong interest for family cover. Generally, this work is unpaid and restricts their productive paid work, which will limit their asset accumulation and discretionary spending. Moreover, women often outlive their male spouses, leaving the full burden for family care on their shoulders.



Women resort to a variety of traditional strategies to protect their livelihood, family members and business.

When a life-cycle event happens or a shock strikes, generally, women resort to traditional coping strategies such as asking neighbours for help, taking children out of school, borrowing money or not investing in the house or business anymore. This is because most women do not have access to formal insurance. Although the traditional strategies women resort to may be of immediate help, they cannot easily be used repetitively, cover only parts of the loss, and worse, often have negative longer-term effects on the family and business. One significant shock can destroy the development successes achieved so far for a very long time.

Why focus on women to foster massive coverages? The costs arising from such an event are often disproportionately shouldered by women as the household care-takers in charge of the social side of the family. Insurance can complement traditional risk mitigation strategies. An insurance pay-out can mitigate the repercussions in the case of birth, an illness, accident or death, or a fire in the house or theft. It can stabilize the family income, protect assets such as savings, the home or stock, and thereby sustain the business and ensure the continued education of children. Therefore, insurance can help make businesses more sustainable and families more resilient. This is true for any person or enterprise, regardless the gender. However, the particularities of women in society, business and within the family call for tailored solutions for women. At the same time, relying on women as change agents who are helping to foster insurance coverage in their social environment has important potentials. Women rely on what other women do. As insurance is based on a peer-network, listening to female sales agents, clients as testimonials and managers can make a convincing case.

In principle, insurance has important benefits for women.

Insurance targeted at women helps them to cope with life cycle events (such as child birth, marriage or retirement) and losses due to health, disability, accidents, the death of a family member, theft or a catastrophe like flooding or fire. Insurance protects women's assets such as houses, livestock, or vehicles, against the repercussions of theft, fire, loss, or the impacts of natural disaster and climate change.² As such, it frees funds, otherwise spent on managing the shock, for sustained livelihood and for productive investments. The insurance pay-out provides a certain independence from family and community members and contributes towards their social and economic empowerment. Having insurance can provide women with "peace of mind" as they know they will receive a certain level of protection when something unexpected occurs, or in the case of life cycle events. Finally, insurance can nudge women to assess their individual risk profile and consider taking a formally provided preventive measure to reduce the risk occurrence and severity.

Insurance provides a safety net for women working in the informal sector.

When women are not formally employed – unpaid family caretakers, small vendors or day labourers – they are excluded from public social protection schemes. Microinsurance, micro pensions or social microinsurance products, delivered by the private sector or through public-private partnerships, can provide a limited but affordable safety net. However, women, as well as their family members, need to be convinced that an investment in regular insurance premiums is a worthwhile way of spending their money, and providers close to this segment should develop such offerings. The case of the international Non-Governmental Organisation *Pro Mujer* in the box below presents such an initiative. Many of their clients are not formally employed and hence, have no access to social insurance.

Current insurance offerings reach out to poor women less than to men. Formal insurance offerings currently available in most markets fail to sufficiently protect women's lives, health and assets. The products offered are generally not tailored to insure their particular risks, not sold in such a way that women can easily understand, do not cover family members, and do not consider the affordability and accessibility specific to women. Few distribution avenues consider where and how women can be reached or how they can be convinced to purchase insurance. An exception is the Philippine Microinsurance Mutual Benefit Associations described in the box below. Public social protection schemes generally are not filling this gap, as many women are excluded from social protection schemes due to the fact that they are less formally employed than men. The only insurance most poorer women can generally access is in the form of informal schemes, which have limitations in terms of coverage offered and sustainability, or in the form of credit life policies that involve loans and insurance from Micro-finance Institutions (MFIs).

Women constitute an attractive segment for the industry; however, this aspect is largely unexplored. Generally, women have proven to be more risk aware and open to purchasing insurance than men.³ Traditionally responsible for the day-to-day management of a household, they do not want to be a burden to their families. In case they become sick or pass away, they want peace of mind that their family members are taken care of and their assets will be left to their children. In addition, increasingly many women have their own business and income streams. Importantly, women also spend differently to men, focusing their money on improving and protecting the family's welfare. These reasons in principle provide for a strong growth opportunity for insurers.⁴ There is an emerging business case for insurance providers to target women as a customer segment. However, to effectively serve women, insurers still need to be convinced in order to implement specific strategies such as insurance education, product development and marketing that considers the gender-specific risks, needs and preferences of women.



Even women who can afford insurance are not effectively insured. Middle-income women are able to afford insurance, but the offerings are limited. In addition, many women from the middle-income segment have difficulties understanding insurance, what their key risks are, and which insurance products would suit them best. When they indeed have insurance, they may not choose the products that are of high value or provide the right mix of caring for large risks and important life cycle events. There are also many women from the lower-income bracket with their own income who in principle could afford small insurance premiums. On the whole, current insurance offerings are not tailored to the situation, nor do they market the potential of women.

2. Emerging insurance services for women in practice

Insurance should be offered in a gender-sensitive way. Gender-sensitive insurance considers the particularities of women: the risks and life-cycle events they face, the way they need to be informed (e.g. ensuring that literacy work reaches women), the packaging of products that would be attractive for the different segments of women, and the distribution avenues reaching out to women effectively. Finally, data on insurance solutions for women should be available to support risk assessment (mortality and morbidity data), to assess if women are reached (gender data), and to check on the value of products (performance data).

Insurance for women on offer. Some insurance companies and mutuals have developed new business models, innovative products and distribution strategies for women's protection needs, addressing those risks and life-cycle events predominantly faced by women. These include: developing bundled products that cover multiple risks and/or include family members, using women as community agents to distribute insurance, and establishing new insurance providers that work predominantly with women (see box). Currently, many of the available insurance offerings for women are tied to a loan. More recently, mobile phone-based insurance offerings have become more common. Mobile phone-based insurance is a first entry point for providing insurance to women, and is easy to access; however, it often provides only for a very small coverage amount for life and accident risks. While the mobile phone is an important channel, insurance offerings tailored to the needs of women should also consider the value of the product.

BOX: EXAMPLES OF GENDER-SENSITIVE INSURANCE APPROACHES

Bundled life and health insurance product for female MFI clients in Nicaragua: Pro Mujer's insurance product "Because of you, woman" provides a basic life benefit on the death of the breadwinner to pay off any outstanding loans. This pay-out helps defray funeral expenses up to USD 500 and provides a monthly stipend of USD 100 to the family for living expenses during the first year after the death of the breadwinner. In 2015, Pro Mujer Nicaragua also introduced a critical illness (CI) coverage bundled with the existing life and accident coverage. The CI benefit provides a USD 700 payment to female clients upon their first diagnosis of either breast or cervical/uterus cancer. The CI payment can be used for treatment, medicine, transportation to the hospital, income replacement or childcare. Historical data from the health services programme made the design of the insurance coverage possible. The insurance costs USD 1.12 per month.⁵

Microinsurance Mutuels and other women-centred strategies in the Philippines: The Philippine market has achieved significant levels of insurance coverage with the Microinsurance Mutual Benefit Associations (MI-MBAs) offering life and pension products to women and their family members. Over the past decade, many MFIs have established a licensed Microinsurance Mutual. These mutuels have been champions in providing microinsurance to MFI clients. Of these, the 21 MI-MBAs (2014 data) had a market share of over 60% of total microinsurance offerings, insuring almost 4 million female members – a total outreach to 13 million insured including their family members.⁶ In addition, the Road Map for Financial Education on Microinsurance focused on women as a specific target group. At the end of 2014, the Philippines, with a population of 100 million, had over 30 million lives insured, of which the majority were women. Lastly, the National Insurance Commission is compelled by law to allocate a certain budget for promoting women's empowerment. Activities under consideration include sex-disaggregated data collection.⁷



3. Advice on implementation for development cooperation

Recognising that insurance for women protects the gains of other development agendas. The relevance of insurance as one element of financial inclusion is recognized in the Sustainable Development Goals.⁸ In fact, insurance offerings, which are tailored to women's risks, financial needs and affordability, and which are sold in a way that reaches women, can contribute to the development goal of closing the gender gap in financial inclusion. Insurance can be used in a complementary way to protect the progress made by other development efforts related to

poverty alleviation, employment generation, agricultural and rural development, food security, health and social protection, and climate change adaptation and mitigation. This requires integrating insurance approaches in development support as proposed below.

A gender-sensitive approach to fostering inclusive insurance requires action and collaboration between a multitude of stakeholders from the public and private sectors. These include central banks, insurance supervisors, women ministries, insurance associations, insurance providers and intermediaries (e.g. agents, brokers), as well as non-traditional distribution channels (e.g. mobile money providers or retailers). International development cooperation agencies also play an important supporting role. Possible entry points for development cooperation agencies to further this agenda include:

- » **Sensitisation and education:** Women should be sensitised and informed to understand and insure the large risks they, their businesses and their families are facing in their daily lives, and in their life cycles, e.g. death of the breadwinner or disaster. Women also need to understand their short-term insurance needs and longer-term investments options, including pension products for the middle segment. This requires ensuring that the content and channels of financial literacy programmes are generally responsive to women. Modern information channels such as platforms or social media should be used.



» **Enabling environment:** At policy and regulatory levels, there is a need to identify and address regulatory, supervisory and policy constraints which indirectly hinder women's access to and usage of insurance. Examples are promoting gender-sensitive consumer protection mechanisms, allowing flexible Know-Your-Customer requirements to address women's lower levels of personal identification documents, allowing innovative delivery channels that are close to and trusted by women, and integrating gender-sensitive support measures for insurance in national financial inclusion strategies as well as implementing these measures in a way that ensures women are specifically considered.

» **Data and gender-sensitive information:** Key entry points are collecting and analyzing sex-disaggregated insurance data on women's risk management behavior, demand and supply of products, sector development, and performance, in addition to risk data that allows insurers to better calculate prices of products. More information is needed regarding the limitations and potentials of current offerings. There are still few cases of documented practices focusing on women that can inform a replication process. The business case of insurance targeted at women is, however, crucial to making a convincing case for providers and development projects.



» **Industry support:** Industry should be stimulated to engage in inclusive insurance market research and should be aimed at developing innovative solutions regarding new products and distribution channels, while targeting women clients. This endeavour can be supported with funding for the development and implementation of gender-sensitive insurance products. Finally, sensitisation can help to promote gender workforce diversity in the insurance industry, including increasing the number of women at senior management and board level and integrating women into the sales force.

» **Digitally supported insurance:** Digital finance solutions should be analysed with regard to the potential to leverage these technologies and approaches for insurance solutions tailored to the situation of women, as part of a visionary approach for integrating women as insurance clients.

Endnotes

- 1 Accenture, Axa and IFC (2015) She for Shield: Insure Women to Better Protect All. The report identifies five key segments: salaried women without children, working mothers, retirees, women entrepreneurs and low-income women customers.
- 2 A2ii (2016) Inclusive insurance protects households and promotes economic growth. http://www.microinsurancenetwerk.org/sites/default/files/A2ii%20Briefing_Note_Inclusive%20insurance%20protects%20households%20Oct%202014.pdf.
- 3 IFC, AXA and Accenture (2015) She for Shield: Insure Women to Better Protect All. <http://documents.worldbank.org/curated/en/228381492593824450/pdf/114402-WP-SheforShield-Final-Web2015-PUBLIC.pdf>.
- 4 IFC, AXA and Accenture (2015) She for Shield: Insure Women to Better Protect All.
- 5 Felipe Botero (2015) (unpublished) Case Study Pro Mujer. MicroInsurance Centre.
- 6 GIZ RFPI (2015) Regulatory Impact Assessment of Microinsurance, Regulatory Framework Promotion of Pro-Poor insurance Markets in Asia. <http://www.inclusiveinsuranceasia.com/docs/RIA-MI-PH-report.pdf>.
- 7 BMZ, IFC, Women's World Banking (2017) Mainstreaming Gender and Targeting Women in Inclusive Insurance: Perspectives and Emerging Lessons. <http://www.inclusiveinsuranceasia.com/docs/RIA-MI-PH-report.pdf>.
- 8 BMZ (2017) Inclusive Insurance and the Sustainable Development Goals. <http://www.microinsurancenetwerk.org/groups/inclusive-insurance-and-sustainable-development-goals>.

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