About the Project

**Project Name:** Bima ya Jamii - Insurance for the family -- SCC  
**Type of Facility Project:** Microinsurance innovation grantee  
**Country of Operation:** Kenya  
**Region:** Africa  
**Sub Topics:** Business models, Financial institutions, Claims, Enrollment, Sales, Partnerships, Consumer education, Demand, Composite products, Health  
**Type of Risk Carrier:** Regulated insurance company  
**Type of Distribution Channel:** Credit union, cooperative or other member-based financial institution

**Organizational Overview**

Swedish Cooperative Centre (SCC), a non-profit, non-governmental organization, was established in 1958 to provide development support to co-operators and other pro-poor people’s organizations. Together with its member organizations, SCC works in partnership with organizations in developing countries and Eastern Europe to contribute to the development of strong, efficient civil society, aimed at improving the living conditions of the poor. SCC is the leading partner responsible for the management and administration of the project.

Cooperative Insurance Company (CIC), one of the first regulated insurance companies to serve low-income market in Kenya, provides a composite microinsurance product called Bima ya Jamii (BYJ). The BYJ product provides in-patient health, accidental death and disability, and funeral coverage for a single annual premium of 3650 KHS (approximately 50 USD). It covers the entire family with no limits on number of children, no age limit and no exclusions.

The project is a partnership between CIC and the government-sponsored National Health Insurance Fund (NHIF).

The NHIF underwrites the health cover and provides access to public hospitals.

CIC carries the life risk and is responsible for marketing and servicing the product. The product is delivered by Microfinance Institutions (MFIs) and cooperative channels such as Savings and Credit Cooperative Organizations (SACCOs) and other member-based organizations.

The SCC supports all stakeholders by assisting them to streamline processes between them and by building their capacities to scale up the product. SCC is also in charge of building insurance culture in targeted areas through consumer education on risk management and insurance. It delivers the education through study circles, a learning methodology that is administered by communities themselves with supporting materials provided by SCC. People organize themselves to follow ten sessions spread over a period of 1-2 months.

**Project Description**

SCC and CIC plan to pilot test and distribute a composite microinsurance product (3-in-1 covering health, accidental death and disability, and funeral) on a mass scale through member-based organizations and MFIs in Kenya. The project includes: building capacity of CIC to manage the new product (new MIS, staff training); building the capacity of delivery channels (SACCOs, MFIs, artisans associations, youth associations, welfare and faith-based groups) to distribute the product; and d... [READ MORE]

**Beneficiaries**

The project targets 280,000 individuals, 85 per cent of whom are between Living Standard Measure 1 and 8. The project will be pilot tested in the Kiambu County, a peri-urban area bordering Nairobi.

The typical target household consists of seven members. Household members are typically secondary school educated and run small businesses or have small plots of agricultural land. Research shows that about half of the households save from their income. Health is a major concern as typified by the following comment: "for me health comes first then my family, because if I’m sick, I am unable to work and support my family."

**Learning Agenda**

- How can the insurer assist intermediaries to provide effective delivery and customer service?
What is the added value of providing comprehensive coverage in one product? Does it help? Do people understand it? Do they use it correctly? Are they being ?forced? to buy some benefits that they do not really want? Are some benefits just added as ?window dressing??

How can the cooperative movement in East Africa be involved in massifying microinsurance through member-based organizations (SACCOs, etc.)? To what extent can the Kenyan experience be replicated in other East African countries?

What is the added value of education campaigns for increasing outreach and changing attitudes of the target groups?

How efficient is the linkage with the National Health Insurance Fund?

### Project Status

#### Key Performance Indicators

The following performance indicators are valid as of August 2010.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Dec 2008</th>
<th>Dec 2009</th>
<th>June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outreach (active membership, lives covered)</td>
<td>16,144</td>
<td>13,914</td>
<td>8,279</td>
</tr>
<tr>
<td>Claims ratio for life component</td>
<td>7%</td>
<td>15%</td>
<td>40%</td>
</tr>
<tr>
<td>Claims ratio for health component</td>
<td></td>
<td>120 %</td>
<td>120 %</td>
</tr>
<tr>
<td>Renewal rate</td>
<td></td>
<td>30%</td>
<td>25%</td>
</tr>
</tbody>
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### Project Updates

As of April 2009 Based on a 2007 pilot with Kenyan Women Finance Trust, a large MFI in Kenya, the product was launched in 2008 and presented to SACCOs and other MFIs. Two key challenges were streamlining processes with NHIF and recruiting more delivery channels. SCC and CIC spent more time than planned on operationalizing the link with NHIF. They had to simplify claim procedures and improve information flows between health care providers and NHIF/CIC. CIC faced some challenges with getting MF...

### Project Lessons

**On the business model and linkages with government-sponsored health insurance** Exclusive of pilot investments, microinsurance can be profitable. The BYJ product was profitable for CIC in 2009 with a margin similar to group life insurance business. This takes into account only operational costs in 2009 and does not consider initial investment in pilots from 2006-2008. Given recent developments and demand challenges this finding would need to be reevaluate...

**On client value from a composite product** Client satisfaction surveys reveal majority of clients appreciated the product. Client satisfaction survey conducted in August 2010 showed that overall 79% of clients were satisfied with the product and only 3% assessed their experience as very bad. Even if pilot test with KWFT was successful, it was too optimistic to assume that other low-income groups in the Kenyan market will perceive this product in the same way. Composit...

**On key demand determinants, purchasing decisions, marketing and consumer education** Know your market before you scale up. The first results of the impact study (baseline data collected early 2010) show that target groups are very price sensitive and do not know much about insurance. Even if pilot test with KWFT was successful, it was too optimistic to assume that other low-income groups in the Kenyan market will perceive this product in the same way. Composit...

**On the distribution** It is hard to rely on SACCO?s staff to sell more complex products unless there is senior management buy-in. It is a challenge to introduce insurance products among the range of products offered by the delivery channels and incentivize their staff to sell insurance, which is a ?hard-sell? compared to credit products. SACCO employees do not know much about insurance either so it is hard for them to explain different product features...

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