



THE POTENTIAL FOR MICRO HEALTH INSURANCE IN UGANDA

A top-down view of several hands of different skin tones reaching towards the center, holding a small, dark, textured globe. A small green plant with two leaves is growing out of the top of the globe. The hands are wearing various sleeves, including white and dark-colored ones. One hand has a gold bracelet, and another has a black leather watch strap. The entire image has a dark blue overlay.

1. UNDERSTANDING INSURANCE

1.1 Insurance the Pooling of Risks

Insurance is the **equitable transfer of the risk of a loss**, from one entity to another in exchange for payment, **premium** . It is a form of **risk management** primarily used to hedge against the risk of a contingent, **uncertain loss**.

The transaction involves the insured assuming a guaranteed and known relatively small loss in the form of payment to the insurer in exchange for the insurer's **promise to compensate (indemnify)** the insured in the case of a **financial (personal) loss**.



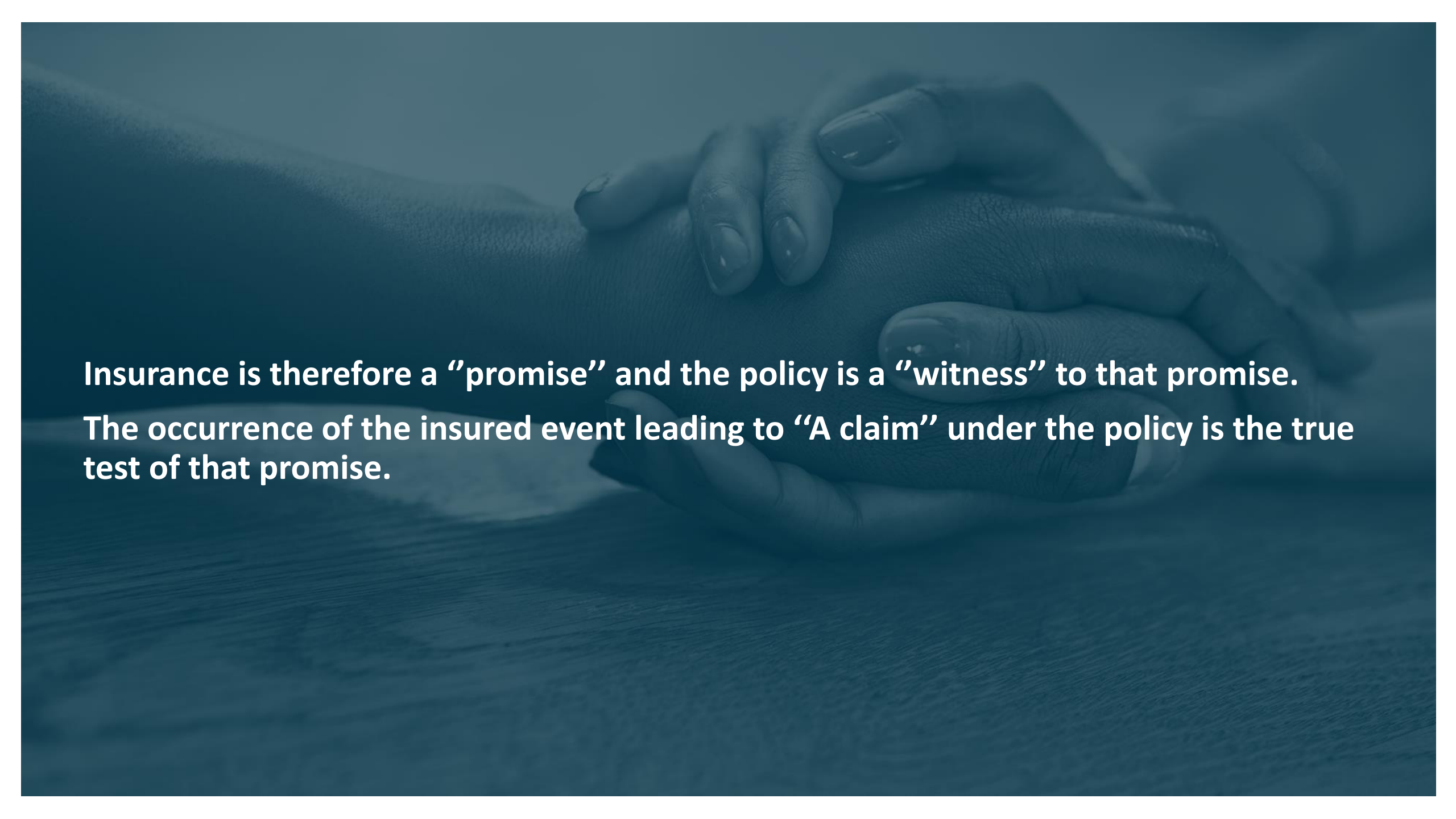
1.1 Insurance the Pooling of Risks

The insured receives a contract, called the **insurance policy**, which details the conditions and circumstances under which the insured will be financially compensated.

An insurer, or insurance carrier, is selling the insurance; the insured, or policyholder, is the person or entity buying the insurance policy.

The amount of money to be charged for a certain amount of insurance coverage is called the premium.





**Insurance is therefore a “promise” and the policy is a “witness” to that promise.
The occurrence of the insured event leading to “A claim” under the policy is the true test of that promise.**

1.2 The Key partners

- ☐ The Client/ Policyholder.
- ☐ The Insurer/ Underwriter
- ☐ The Regulator
- ☐ The Reinsurer
- ☐ The Actuary
- ☐ The Intermediary
- ☐ The Service Provider
- ☐ The Claims Assessor/ Adjuster
- ☐ The Educator/ Public Awareness





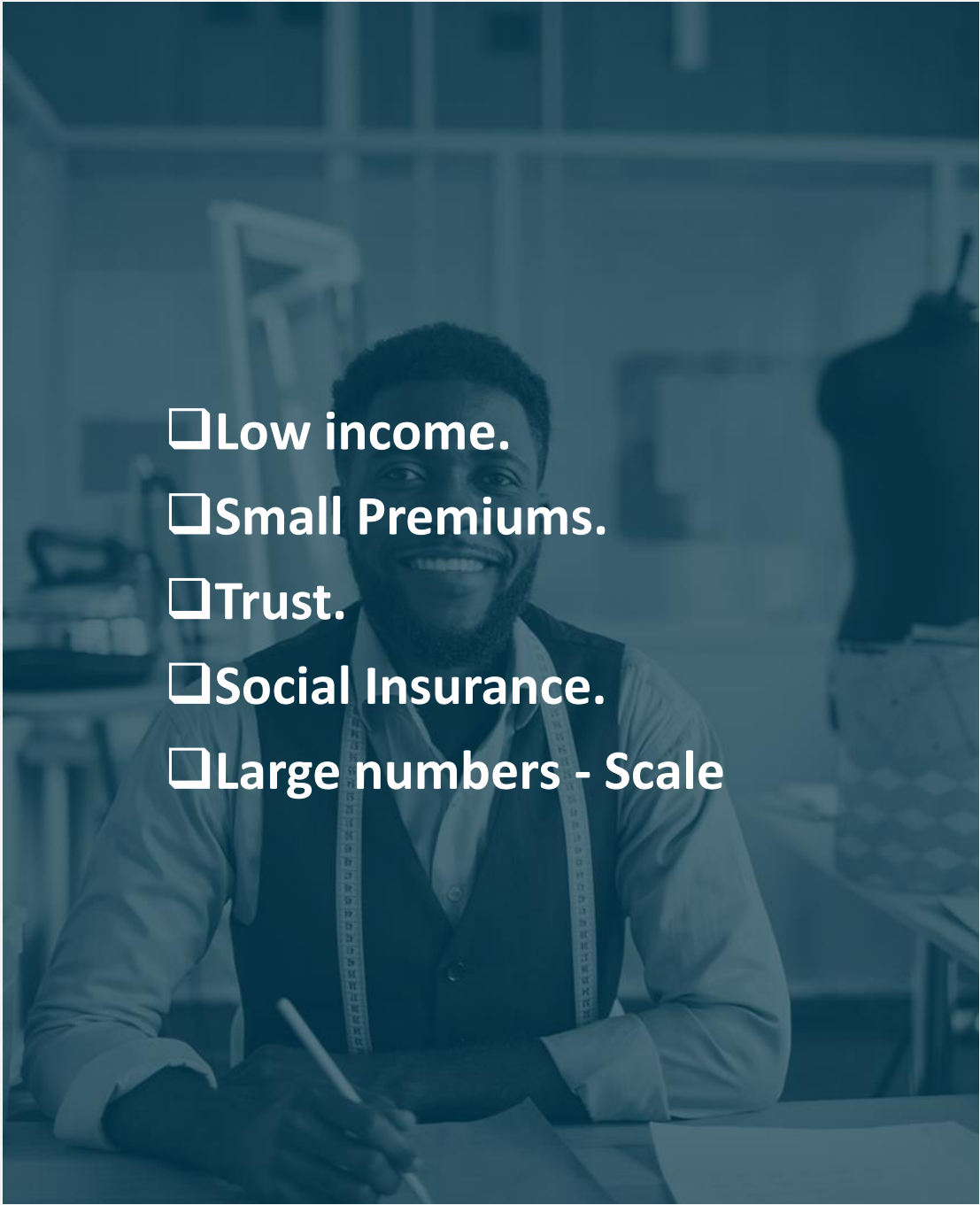
2. MICROINSURANCE AND MICRO HEALTH INSURANCE

2.1 Micro Insurance

Microinsurance is the protection of low-income people against specific perils in exchange for premium payments proportionate to the likelihood and cost of the risk involved.

Microinsurance typically refers to insurance products designed for low-income individuals. The word 'micro' represents the relatively small transactions size or lower premiums.

- Microinsurance differs from traditional insurance in many ways such as the size of premiums, coverage limits, product features, distribution, policy administration and target customers.

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- ☐ Low income.
 - ☐ Small Premiums.
 - ☐ Trust.
 - ☐ Social Insurance.
 - ☐ Large numbers - Scale

2.2 Micro Health Insurance

There is no definition of Micro Health Insurance, but this can be defined as insurance targeting the low income to provide compensation in case, they need medical treatment as a result of sickness or accident.



2.3 Considerations for Microinsurance

1. **Target Group**- Proper Understanding
2. **Product Offering**-
Benefit/Affordability/Accessible/Simple/Responsive
3. **Price** – Affordable/Flexible payments/Minimal transaction costs/Opportunity Cost
4. **Partnerships**- Distribution/Trust/Scale
5. **Claims**- Simple processes/ Fast/Hassle Free
6. **Knowledge & Understanding** – Consumer Education/Public Awareness/ Marketing-Communicate Value and Benefit.

A photograph of a male doctor in a white coat using a stethoscope to examine a young child. A woman, likely the mother, stands behind the child, looking on. The scene is outdoors, possibly in a rural setting. The image is overlaid with a semi-transparent blue filter.

3. The Health Insurance Market in Uganda and Opportunities for Micro Health Insurance

3.1 The Insurance Market

Health/ Medical insurance in Uganda is underwritten by Non-Life & Life Insurance Companies and Health Management Organizations (HMO) all regulated by the Insurance Regulatory Authority (IRA).

For the year 2018 **the total market premium was UGX.856 Billion and of this UGX.203 Billion (24%) was medical premium** with insurance companies writing UGX.134 Billion and HMO's UGX.69 Billion.

856Bn

Total Market Premium
Underwritten

203Bn

Medical Premium

134Bn

Underwritten
by Insurance
Companies

69Bn

Underwritten
by HMOs

3.1 The Insurance Market

Health/Medical insurance is now the fastest growing line of insurance. The population appreciates the need and sees value in medical insurance. The main target market of these insurers has been corporate and private organizations who buy this medical insurance for their employees.

The estimated number of policies issued are no more than 20,000 with about 1,000,000 lives insured (Proximate).

With a projected population in Uganda of about 40 million, this gives a big potential for Health insurance.



3.2 Opportunities for Micro Health Insurance

Grand Micro Insurance (GMI) was registered in June, 2018 as the 1st Microinsurance company in Uganda. As a specialist microinsurance company we recognize the massive opportunity in the micro health insurance space:

- a) Government health funding stands at about 8% of the national budget with majority of population funding health through out of pocket spending.
- b) The public knows and appreciates the need for health insurance.
- c) This is an untapped market especially the low income and informal sector.
- d) The commercial insurers are not focusing in this area. The company schemes only cover about 1% of the population.
- e) The National Health Insurance Scheme plans to work with private insurance players and the informal/low income.

3.2 Opportunities for Micro Health Insurance

Against this background, GMI has gone into partnership with Micro Health Initiative (MHI) a specialist micro health organization in Tanzania which has leveraged IT and the Primary Health Care model to extend micro health insurance to the low-income population in the Kilimanjaro region. We have a micro health product we are ready to test in the market. Below are some of the lessons:

- a) **Regulation** – The regulator has been supportive and provides guidance.
- b) **Product Design** – This has been a challenge as you require resources initially to research, evaluate, design, actuarial pricing, re-insurance, test, launch and onboarding.
- c) **Service Delivery** – IT set-up, service/health provider contracting, call centre setup and staff product training, value add services and partners.
- d) **Premium collection and payments**- Aggregator financial institution/ Telecoms.

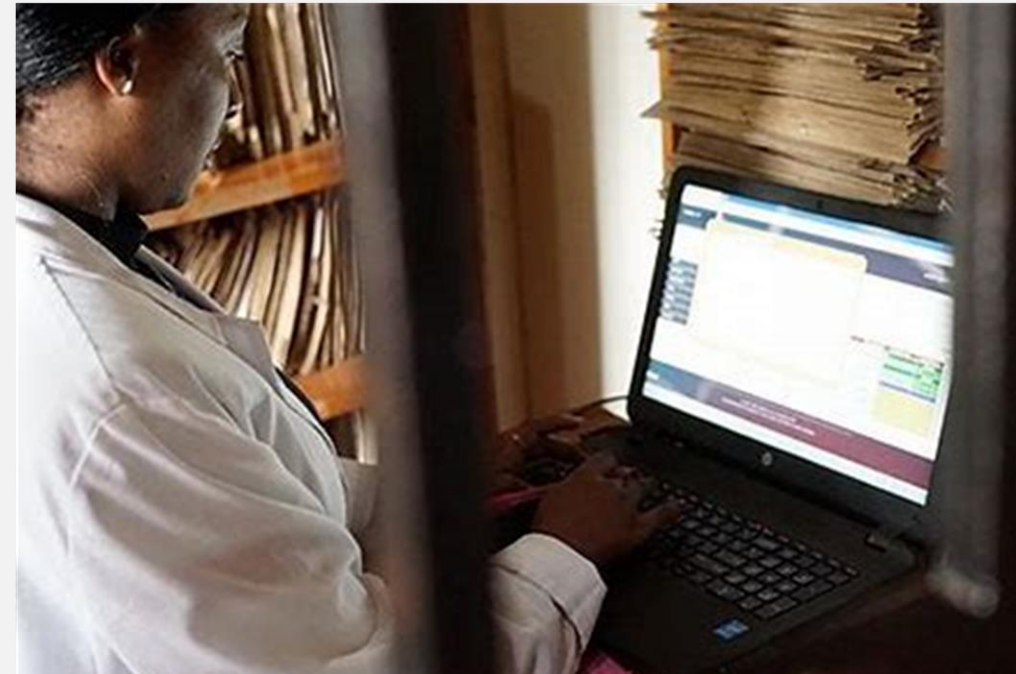
3.2 Opportunities for Micro Health Insurance

- e) **Distribution** – Identification/training and support.
- f) **Marketing and communication strategy** – Show value, benefit and ease of service delivery.
- g) **Aggregation and Scale**- Currently need to work with partner financial partners, the National Health Insurance scheme to drive numbers – collection challenge with informal sector.
- h) **Government** – Subsidy on premiums and tax waivers (Health is VAT exempt.).



Micro Health Initiative (MHI)

- ❑ Micro Health Initiative (MHI) is a social business that provides affordable health cover to low and middle-income earners across Tanzania
- ❑ MHI delivers the micro insurance model of health insurance targeting the un- insurable low income groups.
- ❑ They are leveraging on the strength of emerging mobile smart technology to reduce the cost of health care delivery and at the same time improve the quality of administration.
- ❑ MHI provides Electronic Medical Record (EMR) solutions to health care providers . Has over 145 service providers –clinics and dispensaries.
- ❑ Currently have over 100,000 clients and targeting 1,000,000 by 2023.
- ❑ MHI's efforts in affordable health access, maternal care and access to pre-financed health services complements the government of Tanzania efforts in health care delivery.





4. The Micro Health Product

- a) Following a market research.
- b) Product developed, covers both Outpatient and Inpatient, with funeral rider.
- c) Minimum limit is UGX 1.3m for an annual premium of UGX 100,000. Projected lives covered in 1st year projected at 500 lives.
- d) Focus on primary health care.
- e) Identification by card linked to the central data base.
- f) Highly IT driven, registration through APP and service delivery through Electronic Medical Records System visit to discharge is all automated with little human intervention to curb fraud.