Microinsurance Advisory Report: The Philippines

MELBOURNE
MICROFINANCE
INITIATIVE

Introduction

Four Melbourne Microfinance Initiative consultants compiled this report after exploring the functions of the Filipino Microinsurance market. Motivating the composition of this document is a desire to inform readers of the role microinsurance can play in developing economies and to invoke discussion on optimal distribution of microinsurance products.

Section 3 and 4 of this report includes strategic recommendations. These recommendations have been developed in the context of primary findings arising from interviews and focus groups conducted during a research trip to Philippines. Implementation procedures for the strategic recommendations have been left intentionally broad as quantitative support for these recommendations is unavailable.

About the Melbourne Microfinance Initiative (MMI)

MMI is an Australian student-run organisation that provides pro-bono consulting services to underserved microfinance institutions globally, with the vision of having a direct and positive impact on communities in need. MMI aims to tackle the organisational challenges faced by these microfinance institutions, while also educating and empowering individuals to create social change.

Authors

Joseph Moshinsky
Project Leader

Jade Vergara
Project Leader

Faith Lee
Project Consultant

Sunny Bahuguna
Project Consultant

Contact Us

If you would like to get in touch with us for general enquiries or are interested in finding out more about what we do or how we can help you, please feel free to contact us through the links below. Discussion regarding observations, recommendations or rationale is also welcomed.

Faith Lee
Vice President of Initiatives (2020)
faith.lee.mmi@gmail.com

https://www.melbournemicrofinance.com/

Table of Contents

Section 1

Microinsurance Overview

1.1 Defining microinsurance

Microinsurance is defined as the delivery of specific insurance products and services that meet the needs of the low-income sector for risk protection and relief against distress, misfortune and other contingent events. The microinsurance policy is effective as of the first premium payment, and payout benefits are disbursed upon claim on the contingent event.

1.2 Objectives of microinsurance

While traditional insurance products and services provide a very broad insurance coverage to its policyholders, from accidents to asset protection, microinsurance provides more specific protection to low-income segments. Individuals with low-income are exposed to risks such as death and loss of employment, events that would require them to incur expenses they may not be prepared to handle. Microinsurance products are designed in such a way to protect them from such events and minimise the impact on their financial position, enabling the disadvantaged to improve their lives.

Since microinsurance is targeted towards low-income households, the premiums itself are well within the minimum wage worker's income. The Insurance Code of 2013 under Section 187 clearly outlines the regulatory requirements of the microinsurance product. These are:

a. Contributions do not exceed 7.5% of the daily minimum wage rate.
b. The maximum benefit is less than 1,000 times the daily minimum wage rate.

That means for a daily minimum wage of 537 pesos, the maximum daily payment is approximately 40 pesos. This ensures that these policies are affordable and accessible to the low-income segment In the Philippines.

Microinsurance product premiums typically start from less than 1 peso a day, meaning that microinsurance products can be designed to cost as low as 30 pesos per month depending on the coverage and the guaranteed benefits. Together with a claims settlement within 10 business days from document submission, microinsurance provides financial security to low-income policyholders in an accessible and simple way.

1.3 Filipino market

The Filipino microinsurance sector has experienced strong growth since the Insurance Commission (IC) introduced new regulations for Mutual Benefit Associations (Mi-MBAs) and formally defined microinsurance products in 2006. Since then, microinsurance coverage has expanded from 3.1 million households before 2008 to 14.8 million households in 2014. The ICMIF estimates that the potential market for microinsurance is estimated at 16.3 million households by 2020.

Section 2

Distribution Channels for Microinsurance

2.1 Vehicles for microinsurance delivery

Mutual organisations dominate the microinsurance sector contributing 77% of the total microinsurance coverage. Two types of mutual organisations exist in the Philippines; the cooperative insurance societies (CIS) and affiliates of mutual benefit associations, recognised as Mi-MBAs. Mutual organisations also employ microinsurance agents to distribute their products, which act as another delivery channel. Of that figure, Mi-MBAs lead the microinsurance field with 51% of total coverage, whilst CISs contribute only 26%.

a. **Cooperative Insurance Societies:** a for-profit organisation with institutional (primary cooperative) membership. Individual members of the primary cooperatives are predominantly from the middle and low-income classes.

b. **Mutual Benefit Associations (Mutuals):** a not-for-profit that is entirely owned by its members. Any surplus income accumulated by the MBA is either retained or rebated to policyholders in the form of premium reductions.

c. **Mi-MBAs:** are formed to adequately provide for the insurance needs of the disadvantaged and wholly engaged in the business of providing microinsurance for its members. Mi-MBAs are also not-for-profit organisations with a low-income individual membership.

d. **Microinsurance Agents ("Partner Agent Model"):** whereby an insurance company (partner) and an MFI (agent) work together. The agent is responsible for marketing and delivering the product, whilst the partner provides actuarial, financial and underwriting expertise. The partner also absorbs the risk.

The MFI-based MBAs are being established by microfinance institutions as a subsidiary to handle their Insurance portfolio. Before that, the MFI either accessed insurance policies from a commercial insurance company or directly developed and provided its own insurance product.

Mi-MBAs have increasingly grown in prominence due to their greater ability to serve the low-income segment. This is largely due to the lower capitalisation requirements which support the growth of the mutual microinsurance entities. Amongst other factors, a Mi-MBA is only required to deposit a minimum amount of 5 million pesos as a guaranty fund to acquire a license to operate compared to 125 million pesos capital Required for new regular MBAs. This often makes Mi-MBAs a favourable means of microinsurance delivery in the Philippines.

The Centre for Agriculture and Rural Development Mutual Benefit Association (CARD-MBA) is the largest amongst several providers engaged in the delivery of microinsurance within the Philippines. CARD-MBA provides coverage to over 80% of the overall Philippine microinsurance sector, with 35% of policyholders living below the poverty line.

2.2 Mutuals: a powerhouse for success

With a core focus on enhanced social impact, mutual insurers differentiate themselves from other types of insurance companies through the following:

a. ***Member ownership:*** members have a vested interest in the organization through partial ownership.

b. ***Democracy:*** members can exercise democratic rights across different activities within the mutual.

c. ***Not for profit:*** the profit (or surplus) is passed onto members in the form of increased coverage or services, or premium reductions.

Mutual microinsurance, specifically through Mi-MBAs, is considered inclusive as it encompasses all types of low-income groups. This works two-fold. Firstly, MBAs allow small institutions to provide microinsurance services, enabling greater coverage to low-income segments and consistent claims delivery amongst MFIs. Secondly, the principle of operating on democratic controls means that members can participate in The design and development of products tailored to the needs of policyholders.

2.3 Supporting bodies in the delivery of microinsurance

RIMANSI is a network of MFI-based MBAs which acts as a resource centre to provide technical services in the continuous advisory support for Mi-MBAs. They play an imperative role in strengthening and unifying Mi-MBAs towards achieving a greater penetration of the microinsurance market. Other supporting bodies include Asian Actuaries, who may also aid in developing and supporting the delivery of microinsurance to policyholders.

Section 3

Products Offered by Mutuals

3.1 Inclusions

Microinsurance is offered specifically to borrowers and/or members of mutuals and microfinance institutions. This means that microinsurance products such as life and credit life are offered solely with borrowing from the microfinance institutions. As such, the current microinsurance market is not wholly supportive of non-borrowers who are seeking independent microinsurance products.

Mi-MBAs **solely** deliver life microinsurance products under regulation set out by the Insurance Commission and can only be availed by qualified members of the MBA. There are two life insurance products offered by Mi-MBAs:

a. **Basic Life Insurance:** This provides insurance cover for the death of the policyholder and qualified members of his/her immediate family (spouse and legal dependents below the age of 21 years) while paying only for a single premium.

b. **Credit Life *Insurance:*** This is designed to provide loan protection to the members' families in case of death or disability.

3.2 Exclusions

While some Mi-MBAs are beginning to offer non-life insurance services, many still exclude products including property and motor vehicle protection. As the Philippines is highly prone to natural calamities, such as earthquakes and typhoons. This vulnerability increases risk exposure to contingent events, and would unreasonably increase the required premiums for low-income individuals and families. Similarly, multiple claims by policyholders on an event (i.e. a super typhoon) jeopardises the longevity of Mi-MBAs to continue operating.

Problems associated with information asymmetry are common to the insurance industry in general; however, they appear to be especially problematic for microinsurance. This is particularly present for health insurance, where adverse selection and moral hazard chances are likely. Adverse selection is a fundamental problem as those individuals living in low-income segments of the market with high future healthcare needs (e.g. chronically ill people, elderly, restricted access to healthcare) are more likely to purchase health insurance. This inhibits insurers from offering microinsurance as they do not have all available information and/or resources to evaluate potential policyholders on a case by case basis. The increased risk from offering microinsurance products (such as health insurance) often mean That the premiums are not affordable by the low-income segment.

Section 4

The Regulatory Environment

4.1 Primary and secondary bodies

The mutual microinsurance landscape is shaped by government regulators, with the Insurance Commission as the main regulatory body. Other key bodies are the Bangko Sentral ng Pilipinas (BSP), which supervises and regulates all banks that sell microinsurance products; the Cooperative Development Authority (CDA) which registers, regulates and supervises all cooperatives; and the Securities and Exchange Commission (SEC) which registers all commercial insurance providers and MBAs as a legal entity.

All microinsurance providers need to obtain a certificate of authority from the Insurance Commission before engaging in the practice of microinsurance. Prior to this, mutual insurance entities need to be duly registered with the SEC except for cooperatives which need to register with the CDA. MBA licensing and supervision provides some protection for members since the supervision reduces the scheme’s vulnerability to fraud and mismanagement.

4.2 Government support in the delivery of microinsurance

The Filipino government is helping provide a supportive and appropriate policy framework to foster a healthy microinsurance market in the Philippines. In 2015, the government launched the National Strategy for Financial Inclusion to support ongoing growth and development of the microinsurance market. The financial inclusion policy recognises that the low-income segments of society are largely underserved and are not provided adequate risk-protection. These strategies, amongst others, provide the foundation on how insurance products can be easier to access by the low-income sectors whilst also making sure that benefits will be paid to the insured within 10 business days with minimum documentary requirements.

The regulatory environment remains supportive of the entry of new Mi-MBAs as demonstrated by the increase in the number of Mi-MBAs. This has increased from 1 Mi-MBA engaged in microinsurance in 2006, to 19 Mi-MBAs currently engaged in the delivery of microinsurance. Regulators are also offering stronger incentives for informal insurers to join existing Mi-MBA networks or create new ones. The intensification of competition is expected to provide more stability and consolidation of the sector resulting in fewer but bigger players. For example, start-up capitalisation requirements for foreign insurance companies (including CISs) are now 1 billion pesos, a 100% increase from 500 million pesos in 2006. In turn, this provides more stability and greater consolidation within the microinsurance market.

Amongst other factors, lower capitalisation requirements for Mi-MBAs and tax-free privileges continue to be an attractive proposition to enter the playing field for new mutual microinsurance providers.

Section 5

SWOT Analysis

Strengths	Weaknesses
• The emergence of RIMANSI has helped facilitate a stronger market for Mi-MBAs to offer supportive microinsurance policies. • Regulators are offering stronger incentives for informal insurers to join existing Mi-MBA networks or create new ones – providing more stability and consolidation within the microinsurance market.	• Poor access to technology hinders the ability for insurers to digitalise the claims process. • Non-borrowers are not in the market for independent microinsurance products. • The regulatory environment limits Mi-MBAs to offer only life products, and not expand coverage to meet demands for non-life products among member clients.
Opportunities	**Threats**
• Over 50% of the potential market remains unserved. • Innovations in network capabilities in rural communities offer the chance to widen reach, lower cost and enhance social impact.	• The lack of awareness and understanding of microinsurance by the target market is inhibiting the penetration and risk protection potential within the Philippines. • The Mi-MBAs strong focus on expanding locations, rather than enhancing capabilities from the ground up, will create growth pain points in the future. • MFI partner agents tend to focus on areas of higher economic growth rather than reaching poor regions. This restricts the fundamental purpose of microinsurance to directly assist low socioeconomic demographics.

Section 6

Problem Overview and Social Impact Analysis

6.1 Breaking down the problem

This report seeks to reduce the information loss that occurs along the microinsurance information delivery channel. It has been ascertained that information regarding optimal market segmentation is not effectively disseminated to microfinance institutions and other microinsurance resale branches. It was also observed that insured members often struggled to conceptualise microinsurance, failing to understand the functional benefits they were receiving by purchasing the product. It is hoped that this finding is addressed by reviewing communication procedures present in the market.

	Communication	Segmentation	
	Direct Member Communication	Understanding	Implementation
Stage 1	The member has no understanding of insurance and the benefits that can arise from risk protection. Microinsurance is seen as an additional cost of microfinance.	MBAs and branches do not have an appreciation for segmentation. There is no understanding that the effectiveness of microinsurance products can vary dependent on the customer.	MBAs and branches will not prioritise the sale of microinsurance products to specific individuals.
Stage 2	The member has some understanding of microinsurance but cannot conceptualise how funds can be used if paid out.	MBAs and branches understand the relationship between dependency and impact (see Section 3). Further, there is an understanding that selling microinsurance products to older individuals is not as financially viable as selling them to younger individuals.	MBAs and branches will prioritise the sale of microinsurance products to individuals within the target segment.

Stage 3	The member understands microinsurance and the benefits they derive from coverage. The member will seek to monitor their cover and may refer other parties to the product.	All staff members at MBAs and branches understand effective microinsurance segmentation and can appreciate the benefits that arise from the sale of products to individuals within the target segment.	MBAs and branches will actively pursue individuals within the target segments to ensure that they are covered. Microinsurance organisations will also continually communicate with individuals from the target segment to ensure the policies align with their demand.

Figure 1. Problem breakdown

Figure 1 represents perceptions regarding the current and potential levels of communication and segmentation within the Microinsurance market. The stage of microinsurance provision currently realised will not be ubiquitous among providers and regions. Thus, it is recommended that readers from microinsurance organisations use this report as a benchmark to evaluate their operations.

6.2 Risk protection

This section references case studies to supplement analysis. These case studies have been sourced from Kasagana-Ka's 10th Anniversary publication.

i. Cover holders

Insurance aims to protect policyholders and their family members from extreme financial loss. Microinsurance promotes financial inclusion by replicating this form of financial protection for families of lower socioeconomic status by increasing the affordability of protection. Microinsurance also promotes financial literacy among policyholders by highlighting the concept of risk and increases interactions between policyholders and providers. These case studies seek to demonstrate how basic and credit life insurance helped families recover after the loss of a loved one.

Case Study: Using basic and credit life insurance to start anew

Working hard to ensure that their four children could have a better life, Nanay Josefina and Tatay Carlos put up a sari-sari (small variety) store and travelled to a neighbouring island via ferry to replenish their stocks. However, due to an unforeseen ferry incident, Nanay Josefina passed away. A few days after, Tatay Carlos received the full basic life insurance (PHP100,000) and credit life insurance (PHP20,643) benefits, which he *was able to use to start an oil retail and wholesale business. He now has plans to reopen their sari-sari store as well as launching other businesses.*

In the report 'Mutual microinsurance and the Sustainable Development Goals' published by Cambridge University in 2019, victims of the Typhoon Haiyan in the Philippines were able to use the money they received from microinsurance "for rebuilding or repairing their damaged homes, re-investing into their business and for covering immediate survival needs such as medicines, daily expenses, food and appliances." Families were thus able to avoid or minimise the usage of savings, which has proven helpful for both short- and medium-term recovery.

Case Study: Softening the financial toll of the loss of a loved one

Nanay Celeste passed away because of an undiagnosed cyst but had a life insurance policy which Tatay Felipe was able to claim on the same day as his submission of the documents. According to Tatay Felipe, the insurance pay-out was helpful to the family at a time when they had already used up all their savings. The PHP50,000 benefit was used for his wife Celeste's wake and interment, and the remaining funds were distributed to his children who already had families of their own.

Case Study: Insurance to secure an academic future

Nanay Estrella's passing due to pancreatic cancer meant that her six children were able to invest part of the PHP51,420 insurance into the repair of a jeepney of a relative. Her youngest daughter is now studying at a university, and her tuition and other fees such as her daily allowance are being sourced from the jeepney's income. Nanay Estrella's wish for the insurance benefits to be used for Anna's education can therefore be fulfilled.

Microcredit insurance can also act as an extra layer of financial security when experiencing accidents, sickness or death, the occurrence of which can burden families financially. In these cases, microinsurance therefore yields immediate tangible social impact for insurance policyholders and their family members, and supports long-term business, social and educational development.

ii. MFIs

The social impact of microinsurance not only extends to policyholders but also MFIs who provide insurance. Microinsurance policies are generally offered alongside microfinance loans. If members experience financial distress, microcredit insurance protects MFIs from defaults on the loans provided. An ancillary benefit realised is increased sustainability and security for an MFI's finances. Thus, MFIs can consistently create social impact through their loans or training programs for their members.

iii. Other funds

While microinsurance providers can create financial impact through their policies, there are additional avenues to generate meaningful non-financial impact. These avenues include scholarship programs to support member education, disaster relief assistance and 'mass weddings' (for the inclusion of partners under insurance policies). Education initiatives conducted by various MBAs also provide access to information that can assist members to adopt risk-reducing behaviours. This awareness has been found to improve their overall wellbeing; in terms of health, business skills and financial literacy.

Section 7

Segmentation

7.1 Introduction

Targeting the correct subset of potential microinsurance consumers will enable MBAs to allocate resources where the highest social and financial benefit can be realised. Collective understanding of the importance of segmentation across all microinsurance facilitators will increase protection for individuals most at risk of financial distress. This understanding will ensure that the social objectives of microinsurance are achieved.

The large proportions of microinsurance consumers who fall outside the suggested target segment may indicate that benefits of segmentation have not been realised. This section of the report will highlight the benefits that may arise from consumer segmentation, and briefly discuss strategies to achieve higher segment receptiveness.

7.2 Target segment

Socially beneficial outcomes are realised when the funds distributed following a claim serve to supplement income streams of those injured or killed. These funds should be directed towards the purchase of essential items to ensure that impact on livelihood is minimised.

The following are demographic characteristics traditionally exhibited by microinsurance policyholders.

Demographic characteristics of microinsurance policyholders

Income Level	Enough discretionary income to cover microinsurance premiums.
Location	Within proximity to an MFI/MBA branch. Typically, this restricts consumers to urban areas.
Age	Microinsurance is available to be purchased by those over the age of 18.

It is recommended that microinsurance providers consider additional behavioural characteristics as listed below.

Suggested behavioural characteristics for consideration

Employment	Employed and likely to be principal income earner for the family.
Dependents	Yes: children or non-working individuals.

Microinsurance facilitators should prioritise the sale of policies to consumers that align with these behavioural traits. Moving forward, it is worth considering whether increasing penetration in this consumer segment will be more impactful than expanding the provision of microinsurance to all consumers homogeneously.

7.3 Benefits of segmentation

Secondary harm minimisation

The individuals most at risk of secondary harm from an accident or death are those dependent on others' income for essential items of survival. The damage arises from the poor access dependents have to resources following an accident/death of a provider. Effective microinsurance segmentation will enable enhanced risk protection for these high-risk individuals.

Reduction in average age of insured members

Mortality schedules used by microinsurance organisations indicate that increasing the average age of microinsurance policyholders will reduce the proportion of members that make claims, subsequently reducing the costs involved with distributing microinsurance. These savings could potentially be passed onto members, increasing the financial accessibility of microinsurance.

Increased customer lifetime value

Younger consumers are more likely to continue to purchase microinsurance for extended periods of time, enhancing the longevity of income streams arising from these consumers.

7.4 Strategies to achieve segmentation

Two key methods by which microinsurance providers can increase coverage of individuals who fall into this target segment have been considered:

1. By increasing **purchase incentives**
2. By increasing **awareness** of microinsurance

Increasing purchase incentives for target segment

Segment subsidies	
Overview	This strategy will involve **reducing the cost** of microinsurance premiums for individuals with several dependents on their income stream.
Impact	Reduced costs will increase the probability of individuals within the target segment purchasing microinsurance, subsequently, **enhancing the level of secondary risk protection** achieved by microinsurance products.
Feasibility	This strategy is considered feasible; however, upon implementation, it should be considered **how subsidies can be funded**. This may require increased prices for other members, lower margins for branches or smaller allocation of resources towards ancillary funds.
Implementation	Further research will need to be conducted to examine the **best source** of the funds required for subsidisation. However, it is worth considering **increasing premiums for higher-risk individuals**, a strategy used by many retail insurance providers.

Figure 2. Segment Subsidies

Fund distribution support	
Overview	From interviews conducted, it was determined that a factor that reduced receptiveness to microinsurance was the **poor conceptualisation** of microinsurance benefits. This limitation is amplified when it is young dependents receiving benefits. It is suggested that MBAs develop a team to **assist payout recipients in utilising funds**. This service would appeal mainly to individuals

	with young dependents as it would provide a sense of comfort that some assistance exists upon a claim being made.
Impact	This impact of this service is two-fold. Firstly, it **reduces the risk of secondary harm** by providing support to family members. Secondly, it **increases the incentive to purchase** for individuals in the target segment.
Feasibility	This strategy is **resource-intensive** as it requires staff to be trained and available to assist in the rollout of this service. The feasibility should be independently assessed by each institution.
Implementation	This strategy may require **financial support** from MBAs. To minimise the costs of this initiative, conditions can be set to ensure that the service is selectively available to certain members. This approach would also ensure that the service is accessible for those who need it most.

Figure 3. Fund Distribution Support

Increasing awareness of microinsurance

Section 4 of this report will consider strategies that can be implemented by microinsurance facilitators to improve awareness within the market. If these communications channels focus on individuals within the target segment, they can be utilised to enhance the level of segmentation present within the microinsurance market.

Section 8

Enhancing Understanding of Microinsurance

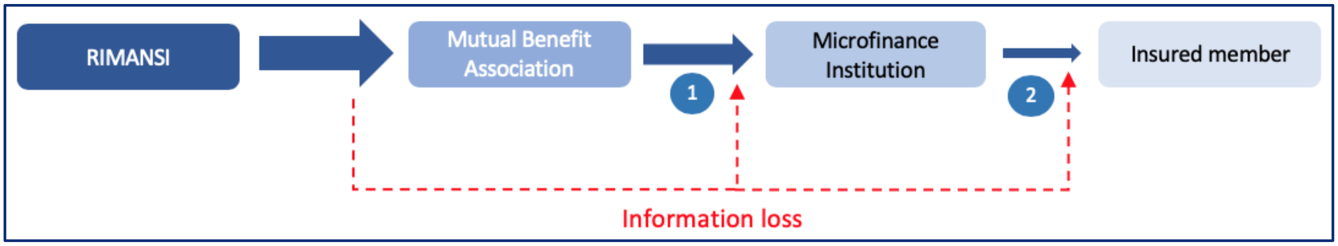
8.1 Poor conceptualisation of microinsurance

Despite purchasing microinsurance, some individuals remain unaware of the purpose and benefits that arise as a policyholder. In many cases, this is also partly due to their perception that microinsurance products are embedded within a microfinance loan. Some individuals may not make a distinction between the separate benefits that arise from each financial product, leading to uncertainty during the claims process.

8.2 Information loss

Limited conceptualisation of microinsurance can be a result of information loss that occurs along delivery channels as is shown in Figure 3. The first loss of information (1) is between MBAs, who have a more robust understanding of effective microinsurance segmentation, and MFIs. This information loss prevents MFIs from properly marketing microinsurance products, and reduces the extent to which educational programs are prioritised for certain clients. The second disruption to the information channel (2) occurs between MFIs and microinsurance members who often do not fully comprehend the concept of insurance. This was found to reduce customer satisfaction, probability of repurchase and probability of referral.

Figure 4. Information Delivery Channels



8.3 Benefits of greater understanding

Individuals who can articulate their understanding of claims processes and payout benefits are substantially more receptive to information. By understanding these benefits, members are more likely to purchase microinsurance as a precautionary measure rather than purchasing products only after experiencing loss or death. A greater understanding will therefore result in a higher rate of claims made, and thus a higher proportion of individuals who receive benefits of the claims that cover them.

8.4 Strategies to achieve a greater understanding

Shown in Figures 5, 6 and 7 are three potential strategies that support member understanding of the concept of microinsurance.

School-based education initiatives	
Overview	School-based education initiatives for parents are recommended as they can effectively **educate potential consumers** in the **target segment** on microinsurance. Education on risk management, through seminars and forums, will allow parents to become familiar with microinsurance concepts. They will also serve as an effective marketing tool for microfinance and microinsurance products.
Impact	Schools provide a **receptive regional network** of potential consumers. Workshops can be tailored to ensure that they specifically engage the audience. The potential impact generated through this initiative is considered significant.
Feasibility	**Workshops and seminars** are considered extremely feasible. Few financial resources are required to design and present these workshops. Further, the facilities at schools provide for an appropriate educational forum.
Implementation	The first step for implementation will involve **reaching out to education providers** and discussing potential access to the parent network. Contingent on interest, MBAs should design a presentation tailored to parents with young children. The presentation should highlight the role that microinsurance plays in protecting **dependents** if an accident were to occur.

Figure 5. School-Based Education Initiatives

Referral programs	
Overview	Referral programs leverage **word-of-mouth communication channels** that have been proven efficient within Filipino communities. This incentive scheme would encourage policyholders to discuss the merits of microinsurance with their peers.
Impact	As mass communication channels are not prevalent or effective in the Philippines, trusted sources of information occur through word-of-mouth communications. Thus, referral programs can catalyse the growth of pre-existing microfinance operations, which can lead to increased social impact.
Feasibility	These programs are implementable as they require minimal labour costs and resources. Thus, they can be **easily integrated** into pre-existing operational processes.
Implementation	Establishing a **financial reward** for those referring new members will encourage increased communication within Filipino communities. In lieu of compensation, it may be worth considering discounted insurance premiums for referring members. These discounts may be subsidised by premiums paid by new members. It is also worth considering that staff may require additional training to process referrals.

Figure 6. Referral programs

Updated brochures/pamphlets	
Overview	As members of MFIs have a limited comprehension of risk protection, they may not conceptualise potential benefits of the payouts. To **promote a comprehensive understanding** of microinsurance and the benefits of risk protection, MBAs and MFIs should strive to ensure their pamphlets/brochures are engaging.

Impact	The use of **case studies and visual aids** throughout documentation provided to new members will ensure that **oral communication is complemented.**
Feasibility	Producing pamphlets can be relatively labour intensive due to the time and effort required for their design. As such, it should be considered whether **standardising information** across all MBA branches would be most effective in promoting consistent messaging and reducing design expense.
Implementation	The initial implementation stages require **drafting and editing** to ensure information is visually engaging and easy to understand. Information should demonstrate when and how claims may be made. Additionally, it is important to ensure **relatable and relevant examples** are provided.

Figure 7. Updated Brochures and Pamphlets

Section 9

Conclusion

9.1 Concluding remarks

This report considers the Filipino microinsurance market, including key stakeholders and the regulatory environment. After consideration of the core social motivations behind microinsurance, this report discusses communication and segmentation strategies that will support enhanced microinsurance distribution.