



BUSINESS PLANNING FOR MICROINSURANCE A BRIEF GUIDE

The Capacity Building Working Group responds to the increased need for capacity building by compiling and developing training materials and programmes, striving towards coherent basic quality standards.

Towards these objectives, the Working Group has authored a guide titled “Business Planning for Microinsurance – A Brief Guide”. The purpose is to describe the main components of a microinsurance business plan and to assist with developing these.

BACKGROUND

In recent years, microinsurance has been increasingly recognised as an effective mechanism that can assist the low-income populations with managing some of the insurable risks that they face. This has sparked intense interest in the subject from a wide range of stakeholders such as donors, governments, development and service organisations, insurers, delivery channels, and the primary beneficiaries themselves.

While industry development has been rapid, many products are set up without the benefits of a thorough business planning exercise. Without a plan the chances of success are greatly diminished, just as with any other type of business venture, because the business planning exercise contributes to assessing the business opportunities, assessing the costs involved, testing the pricing, enabling the microinsurance providers to systematically plan and monitor all activities and hence, striving for enhanced effectiveness and sustainability.

WHAT IS A BUSINESS PLAN?

In the numerous publications on this subject, a business plan is typically understood as a written declaration of business objectives with a plan on how these will be attained. Business plans are prepared when starting, expanding, or purchasing a business venture or an organisation, or when working to improve the management of an existing organisation. Normally, they are tailored for specific purposes such as securing funding from an investor or donor, or to guide the stakeholders of an enterprise with respect to its plans.

Microinsurance programmes are very diverse in terms of type and complexity of the product, management, and structure. Whether the emphasis is on developing a for-profit business or on a not-for-profit social enterprise, all ventures should be preceded by a comprehensive study and business plan. For existing programmes, business plans are equally important and should be kept current since they serve as a blueprint for monitoring and development.

THE GUIDE

The guide, which has been funded by GIZ/Social Protection Systems and written by John Wipf and Denis Garand, is targeted at microinsurance providers that have limited experience in developing a business plan. First, it contains all relevant information to be considered when developing a business plan. Secondly, as it guides the reader through the business planning process, it delves into a number of topics that should be reflected on and explores some of the central decisions that must be made when setting up a microinsurance programme.

It is not intended as a “how-to”, rather, it is a depiction of the larger picture, which can hopefully guide some decisions on whether microinsurance is an activity that their organisation may pursue. To assist with deepening the reader’s knowledge, a sprinkling of references towards more detailed reading is included.

The main chapters are:

- What is a Business Plan?
- Product Idea, Business Goals
- Market Place and Competition
- Product Development and Pricing
- Marketing and Distribution
- Form of Company, Organisational Aspects
- Financial Planning
- Risk Assessment

DISSEMINATION

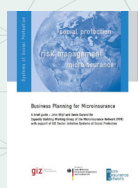
The Capacity Building Working Group will promote the guide at conferences, through social networks, and in online and print media. In addition, it is intended for dissemination to donors and technical assistance providers for use in their projects with microinsurance providers.

BUSINESS PLAN TRAINING COURSE

In addition to the brief guide, the Capacity Building Working Group has developed a Business Plan training course which is for institutions that either intend to start microinsurance, extend their microinsurance programmes and/or develop new microinsurance products. Furthermore, the course would be useful for TA providers that support organisations in enhancing the effectiveness and efficiency of their microinsurance business. If you are interested in participating in a training course, please contact the secretariat.

ADDITIONAL INFORMATION

Visit the Capacity Building Working Group website for updates of activities and other ongoing projects:
www.microinsurancenet.org/workinggroup/Capacity-Building/1.php



BUSINESS PLANNING FOR MICROINSURANCE – A BRIEF GUIDE

Working Group: Capacity Building

Organisations: GIZ / Microinsurance Network

Year: 2011

Target readers: Microinsurance practitioners and support organisations, technical assistance providers

For more information, please visit our website or contact the Microinsurance Network secretariat.