

**MALAWI MICROFINANCE
NETWORK** - *Improving Access to
Financial Services*



Pro MHI Africa – EU-African
University Network to strengthen
community-based Micro Health
Insurance

Determinants of enrolment and the problem of low renewal rates

Workshop on Micro Health Insurance
Lilongwe, 2-3 June 2010

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Financial Inclusion in
Malawi (FIMA) Project
Ministry of Finance



Pro MHI Africa is kindly funded by the ACP-EU Cooperation Programme in Higher Education (EDULINK). A programme of the ACP Group of States with the financial assistance of the European Union.

Objective

- To identify determinants for low enrolment and low renewal rates
- To identify and discuss possible strategies to prevent the problem in your organizations



Some data from the literature on SSA

- Coverage rate: 8.2%
- Coverage rate among community-based schemes: 3.2%
- Coverage rate among schemes nested within MFIs or other cooperatives: 40% to 75%

(Waelkens and Criel, 2004)



More data from the literature

- High fluctuation rates
- Drop out rates ranges from 30 to 50%



VIDEO

Interview with Peter Wrede, Microinsurance Actuary, Aga Khan Agency for Microfinance



Why is low enrolment/low renewal a problem?

- Small pools = low resource mobilization
- High exposure to risk of insolvency = threat to the scheme's financial viability
- Indication of adverse selection
- Poor negotiating power with health care providers



Reasons for low enrolment

- Inability to pay or to pay the premium at once
- Poor quality of health care services on offer
- Distance to the contracted health care facility
- Lack of trust in scheme and/or in providers
- Benefit package does not meet community preferences



Reasons for low enrolment (2)

- Cultural resistance to investing in health
- Health as a private matter
- Lack of insurance knowledge/understanding
- Custom of reciprocal vs. conditional solidarity



Reasons for low renewal

- Poor quality of care
- Inability to pay
- No direct benefit accrued
- For MFI schemes: end of credit period



Possible solutions to problem of low enrolment/low renewal

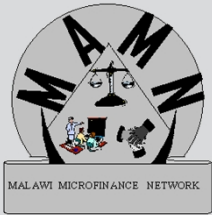
- Endow people with means to be able to pay
- Invest in adequate sensitization campaigns
- Secure access to quality health care services
- Develop benefit package with community
- Introduce element of compulsion?



What are possible strategies that your organization could set in place to limit

- a. low enrolment**
- b. low renewal rates?**





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