



# **THE ROLE OF MICROFINANCE INSTITUTIONS AND FINANCIAL COOPERATIVES IN PROVISION AND IMPLEMENTATION OF MICRO HEALTH INSURANCE IN MALAWI**

**COOPERATIVE PERSPECTIVE**

# INSTITUTIONAL BACKGROUND

- Malawi Union of Savings and Credit Cooperatives (MUSCCO) is a membership based organization of Savings and Credit Cooperatives (SACCOs) operating through out Malawi.
- MUSCCO serves a membership of over 80,000 the majority of which are low income earners. There are over 60 cooperatives affiliated to MUSCCO.
- MUSCCO is committed to achieving Malawi's socio-economic development program through creation of savings and making available cost effective and convenient credit to all member SACCOs and through appropriate savings and investments as well as insurance services
- MUSCCO therefore falls in the category of microfinance organisations and this presentation serves to outline the role that such institutions could play in provision of Micro Health Insurance in Malawi.



# INTRODUCTION

- In Malawi, millions of rural/poor people across the country face difficult hardships when it comes to healthcare
- Many Malawian families are headed by a single dependable person usually the husband. Any sudden illness causes a household to permanently lose its income source for survival and leading them directly to poverty.
- As a risk transfer mechanism, micro health is characterized by low premiums and low coverage limits
- It is therefore designed for low-income people not served by typical social or commercial health insurance schemes.



# ROLE OF MFI'S

- Malawi is serviced by only one main health insurance company (MASM) and in-house medical schemes for companies. Another player tried to join the competition but has been experiencing capacity problems. Hence the current providers only service the working few which are only about 100,000 of the entire Malawi population.
- We have seen the proliferation of micro finance institutions and financial cooperatives that service the low income Malawians and this is the target group for micro health insurance.
- It is our belief that microfinance institutions and financial cooperatives can facilitate better in providing micro health insurance based on the target group as well as the law of large numbers because the MFI's already service the majority of rural communities.
- As MUSCCO, we work in partnership with other institutions such as agriculture cooperatives which can also form the general membership and target group for Micro Health Insurance.



# MFI/COOPERATIVE EXPECTATIONS

- We believe that MFI's can engage the target group through research and this would give direction as to the degree of potential for micro health in Malawi - particularly; gaining insights in the poor people's health seeking behaviour, their spending for health, their attitude towards health insurance and their willingness to pay for insurance.
- That micro health insurance can best be handled by micro finance institutions or those with cooperative experience to work with low level income Malawians and understand their basic needs and social status.
- That the aspect of micro health insurance can enhance the product offering for micro finance institutions and financial cooperatives towards developing an enabling environment for the development of low cost health insurance. This needs an institution which can give financial and management backup for community schemes

# CONCLUDING REMARKS

- We believe that micro health insurance is long overdue in Malawi, a country where access to quality health care is still below acceptable levels by international standards. The only health insurance companies and employer based services suffice for a few Malawians in formal employment. Majority of Malawians are not formally employed and do not have disposable income to insure themselves. In this regard, insurance in general is still viewed as a luxury.
- We foresee a great potential for the development of Micro Health Insurance to cater for the majority low income earners and general public. These are generally found in locally organized groups called cooperatives and they join such groups by common bond. It is also for this reason that financial cooperatives in Malawi are better placed at developing this system as we already work with such groups.
- Using the law of large numbers, the facility can be priced better to suit the income levels within our cooperative movement . With minimal administrative costs, members can now afford a decent health cover and simplified to their levels of comprehension.





**THANK YOU FOR YOUR  
ATTENTION**

