

# Micro Insurance Agency

## Media Contacts:

Don Ingle  
Opportunity International  
(630) 242-4128  
dingle@opportunity.org

Cynthia Greenwood  
Opportunity International  
(847) 404-8404  
cgreenwood@opportunity.org

## **Opportunity International's Micro Insurance Agency to Develop and Provide Life, Health and Crop Insurance for 21 Million Poor People**

*\$24.2 million in new funding from the Bill & Melinda Gates Foundation to help agency expand services in 11 new countries*

**Oak Brook, Ill. – Feb. 6, 2008** – Opportunity International, one of the world's largest microfinance organizations, today announced it has received a \$24.2 million grant from the Bill & Melinda Gates Foundation. The funding will help Opportunity International's subsidiary, the Micro Insurance Agency, greatly expand its insurance products to the poor in Africa, Asia and Latin America and will enable the world's first stand-alone microinsurance agency to enter 11 new countries and provide life, health and crop insurance to 21 million poor people by 2012.

Microinsurance includes a range of products that can help the working poor manage economic hardship such as flooding, drought, hospitalization, or a death in the family. Workers in the developing world are more likely to experience hardship that can make it impossible to rise out of poverty, yet less than three percent of people in the world's 100 poorest countries have any type of insurance to protect them from financial shock.

"Opportunity International is a trusted partner and the Micro Insurance Agency has great leadership and experience in this nascent industry," said Priya Jaisinghani, program officer at the Bill & Melinda Gates Foundation. "They are committed to testing different insurance products, methodologies and delivery systems all over the world, while helping to protect the poor from the severe financial consequences they face in their daily lives. The foundation is optimistic about the potential for microinsurance, and we have a lot to learn about products and services that will truly provide value to people living in poverty. We hope this grant will have tremendous impact by combining learning with doing."

The funding is part of the foundation's Financial Services for the Poor initiative, which is working with partners to develop and employ innovative ways to bring a wide range of financial services, including microinsurance, to people living in poverty throughout the developing world.

"The Bill & Melinda Gates Foundation grant will enable us to rapidly scale up the agency so we can offer insurance to poor people who have never enjoyed the basic protections that insurance provides," said Richard Leftley, president of the Micro Insurance Agency. "We are grateful that the foundation has acknowledged our capability to design, test and develop affordable insurance products that will give the poor a measure of economic security that doesn't exist in the developing world today."

An estimated 2.5 billion poor people worldwide have no access to insurance, Leftley explained. Only 0.3 percent of the poor in Africa have any insurance, and in 23 of the poorest 100 countries in the world, there is no identified microinsurance activity. "In some African countries, there is much education to be done because there isn't even a word for insurance in the local languages," Leftley said.

Opportunity International began offering microinsurance in 2002 and established the Micro Insurance Agency in 2005. Currently, the organization has 675,000 life, credit or crop insurance policies covering 3.3 million poor people in 10 African and Asian countries. Among its early innovations, the microinsurance pioneer developed a viable life insurance product in Uganda that includes coverage for persons with HIV/AIDS. In Malawi, a crop insurance program protects farmers from severe drought that caused starvation in their villages only a few years ago.

### **Will Enable Growth and New Products Including Health Insurance**

The Micro Insurance Agency has developed innovations and technology to create affordable insurance products for individuals and groups of the poor. A typical life insurance policy costs about \$1.50 per month and pays a death benefit for the head of household, spouse or child. "This keeps the economic shock of losing a family member from sending a working family back into poverty," Leftley explained. The life insurance product is so popular that about 40,000 new clients are signing up per month in the Philippines and 12,000 per month in Ghana.

In Malawi, the agency has successfully tested crop insurance for farmers in a country that frequently experiences drought. The insurance is combined with a loan that enables farmers to obtain higher quality, drought-resistant seed and fertilizer. The two-year pilot has been so successful that the World Bank, which provided initial funding, has selected the Micro Insurance Agency to expand crop insurance throughout Sub-Saharan Africa in the coming years.

The Bill & Melinda Gates Foundation grant also will enable the agency to expand into health insurance. “Health insurance is the most critical need of the poor and the most limited today. Few products exist and most are prohibitively expensive or are based on complicated models used in the developed world,” Leftley said. “Our plan is to develop affordable and easy-to-use health insurance, and to enable 2.4 million people to gain access to healthcare services as we test, refine and roll out new products over the life of this grant.”

The Micro Insurance Agency acts as an insurance broker and is working with many large international insurance companies that underwrite the policies. The organization has developed breakthrough efficiencies in its back-end administration that make the insurance affordable and enable payment of claims in an average of six days.

### **Third Bill & Melinda Gates Foundation Grant to Opportunity International**

This is the third significant grant from the Bill & Melinda Gates Foundation to Opportunity International since November 2005. The first two awards – \$7.6 million in grants and a \$10 million program related investment loan – are funding rapid expansion of the organization’s banks for the poor and technology innovations in Africa. The total amount provided to Opportunity International by the Gates Foundation is \$41.8 million.

“We are humbled and honored that the Bill & Melinda Gates Foundation, which is so passionately committed to helping the poor work their way out of poverty, has selected the Micro Insurance Agency to support its mission,” said Christopher A. Crane, president and CEO of Opportunity International. “The agency will now be able to expand rapidly to give the poor protection against the ravages of poverty and disease that they face in their daily lives.”

### **Micro Insurance Agency**

The Micro Insurance Agency is an insurance intermediary dedicated to serving poor people with an affordable and suitable range of insurance products. As the first stand-alone microinsurance agency, it is well-positioned to create and offer scalable, simple and understandable life, credit and crop insurance products. Through extensive market research and insurance expertise, products are designed to be affordable to the poor and sustainable for distributors and insurance companies. Established as a subsidiary of Opportunity International in 2005, the Micro Insurance Agency currently has 675,000 policies covering 3.3 million lives in 10 countries in Africa and Asia.

### **Opportunity International**

Opportunity International is committed to solving global poverty. Serving approximately 1.1 million poor entrepreneurs in 28 developing countries, Opportunity International is a pioneer in offering small business loans, savings, insurance and training in basic business practices to women and men living in chronic poverty. Founded in 1971 as one of the first microcredit lenders, Opportunity International provides small loans – sometimes as little as \$50 – and other services that allow poor entrepreneurs to start or expand a business, develop a steady income, provide for their families and create jobs for their neighbors. Opportunity International maintains a network of offices across the globe, with U.S. offices in Oak Brook, Ill. and San Diego. For more information, visit [www.opportunity.org](http://www.opportunity.org).

### **Bill & Melinda Gates Foundation**

Guided by the belief that every life has equal value, the Bill & Melinda Gates Foundation works to help all people lead healthy, productive lives. In developing countries, it focuses on improving people's health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, it seeks to ensure that all people – especially those with the fewest resources – have access to the opportunities they need to succeed in school and life. Based in Seattle, the foundation is led by CEO Patty Stonesifer and co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.

###