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26 Sep 2008 23:12 CET LeapFrog Investments aims to provide 25 million low-income individuals in Asia and Africa with access to microinsurance in the next 10 years. The market for microinsurance on the two continents includes more than one billion people.

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[Suzanne Weinstock](#)

Former US President Bill Clinton today announced the launch of LeapFrog Investments, a private equity firm committed to investing \$100 million (€68.9 million) in the next 10 years in microinsurance. Clinton made the announcement at the Clinton Global Initiative annual meeting.

The Clinton Global Initiative aims to bring together global leaders of diverse backgrounds to encourage the formation of cross-sector partnerships aimed at creating solutions to global problems.

LeapFrog plans to complete eight to 10 transactions of \$5 million to \$10 million each in Asia and Africa, Andrew Kuper, the founder of LeapFrog, told *PEO*. The firm aims to provide 25 million low-income individuals with access to microinsurance, small insurance plans managing risk to life, homes, property, health, crops and businesses.

Kuper said the low-income population around the globe, which consists of four billion to five billion people, is the largest untapped market in the world. He said that 80 percent of the population of Africa and 75 percent of Asia's population fall into the low-income category.

"We found that there is a huge demand, over one billion people, demanding microinsurance," said Kuper, referencing the findings of LeapFrog's 100 country landscape study of the insurance industry in Africa and Asia. "In other words, they can pay and they're willing to pay for insurance products that protect them."

“They can pay and they're willing to pay for the insurance products that protect them.”

Andrew Kuper

Kuper said there are several countries that are logical targets for investment: South Africa, India, Pakistan, Nigeria, Uganda, Kenya, Indonesia and the Philippines. These are countries with large, low-income populations and "relatively decent" infrastructure, said Kuper.

LeapFrog has three different investment strategies it plans to pursue, Kuper said. The first is to invest in existing microinsurance companies. The second is to form a joint venture with existing companies with large distribution networks and help them add microinsurance offerings to their operations. The third approach is to work with larger insurers in the markets to add products for low-income people.

"We don't believe that there should be a tradeoff between profit and purpose...that's not a statement about LeapFrog, that's a statement about the potential in these markets," Kuper said about targeting traditional private equity returns. He added that a number of development banks have been very profitable investing in funds aimed at low-income populations.

Kuper said LeapFrog's strategy requires a longer investment period than might be needed in other markets.

"Typically, if you make social investments, it takes a little longer to take off and then the curve is much steeper so you have to be prepared to stay in it a little longer in order to get up to the best part of that steep curve in terms of the value of the business," Kuper said.

Kuper said LeapFrog expects to encourage the creation of many more investment firms in the microinsurance space.

"What we as the world's first microinsurance investment firm wanted to do is something of sufficient scale that we could demonstrate just how plausible this wholesale financing vehicle is," said Kuper.