
LeapFrog Poised to Invest \$112 Million in Insurance and Microfinance Companies, After Historic Commitments by IFC, KfW, Flagstone and Soros

Frankfurt and Washington – March 29, 2010: LeapFrog Investments, the world’s first microinsurance fund, announced today that it has surged past its \$100 million target capitalization, months ahead of schedule. The fund invests in high-growth, high-impact insurance and financial services companies in countries including India, the Philippines, South Africa, Kenya, and Ghana. LeapFrog’s dual aims are to deliver strong returns for its investors and to bring affordable insurance to 25 million low-income and vulnerable people in Africa and Asia. For the 83 percent of Asians and 95 percent of Africans at the base of the economic pyramid, quality insurance is critical to permanently escaping the cycle of poverty and to catalyzing entrepreneurship. “Today we have achieved the synergy of profit and purpose,” said Dr. Andrew Kuper, President and Founder of LeapFrog. “We have opened the gates of the capital markets, ensuring that millions of vulnerable people, for the first time, will be able to build futures without fear.”

Leading global investors have aligned behind LeapFrog’s ground-breaking profit-with-purpose investment strategy, with four new investors announcing their commitments today. IFC, a member of the World Bank Group, committed \$20 million. The board of the Soros Economic Development Fund has approved a \$7 million investment. Flagstone Reinsurance, a global reinsurer, has committed \$12 million. In the largest investment announced today, KfW Entwicklungsbank and BMZ, the German Ministry for Economic Cooperation and Development, committed \$26 million. Together with the \$47 million raised by LeapFrog in 2009 amid the global financial crisis, these commitments bring the fund to \$112 million, making LeapFrog the largest dedicated investor in microinsurance worldwide.

“We are delighted to join a group of visionary investors backing the LeapFrog team to build high-growth companies that support critically underserved communities,” said Stewart Paperin, President of the Soros Economic Development Fund. “Our investment represents a step in a very exciting direction, giving IFC the opportunity to increase our impact in an area where the need is great,” added Jyrki Koskelo, IFC’s Vice President for Global Industries.

The commercial success and social impact of microinsurance are driven by intensive demand from low-income people, who are willing to pay for quality products that protect their families and businesses. Without the safety net of insurance, their lives, property and livelihoods are constantly at risk, and shocks from major life events such as illness or a death in the family can mean destitution. The total estimated market for microinsurance is 1.5 billion people, according to Lloyds and the Microinsurance Center, and the microinsurance industry now has an annual growth rate in excess of 18 percent. Yet the market is seriously underserved, with well over 90 percent of low-income people still without any access to insurance. To date, the microinsurance industry has lacked a specialist fund to drive its growth with intelligent capital.

Launched with President Clinton at the Clinton Global Initiative, and hailed by the former President as the Insurer to the Poor, the LeapFrog fund has taken just 18 months to reshape the landscape of microfinance and alternative investment. The fund seeks to invest amounts between \$5 million and \$15 million in high-growth potential businesses that will bring insurance to financially excluded people – including life, property, catastrophe, and health insurance.

LeapFrog made its first investment of over \$6 million USD in AllLife, an innovative South African life insurer profitably serving people living with HIV, with life-changing benefits. Whereas other insurers reject people with pre-existing conditions, assuming they will die in five to seven years, AllLife connects HIV-positive people to an adherence program that helps them to manage their health so that they can live for a long time, making them insurable and giving them the support to imagine and invest in a meaningful future.

LeapFrog’s investment approach is to meet the escalating demand for microinsurance products at the right time, with the leading global team and experts in the industry. The fund is able to invest in both growth-stage opportunities and

to partner with distribution players that reach relatively low-income populations, from banks and retail stores to mobile phone networks, religious groups, and microfinance institutions. In addition to providing investment capital, the LeapFrog team adds value to portfolio companies in business planning, product design, regulatory and risk management, and development of efficient and high-volume distribution channels.

Investors stressed the transformative social impact as well as financial opportunity in tapping the underserved microinsurance market. "Our support alongside like-minded investors helped prove that microfinance constitutes a viable business model. We strongly believe in microinsurance as the next logical step beyond microcredit to provide sustainable protection to poor people," said Dr. Norbert Kloppenburg, Managing Board Member of KfW Bankengruppe. At least 15 million of LeapFrog's anticipated beneficiaries will be women and children.

Mark Byrne, Founder and Chairman of Flagstone Reinsurance, added: "Investing in ways that will couple a reasonable commercial return with flexible entrepreneurs has been shown to outperform direct charity as a way of improving outcomes for poor populations. Flagstone views our investment in LeapFrog as supporting our corporate social responsibility goals, but also as a foundation for an emerging high growth business opportunity". BMZ Director General Harald Klein concluded by highlighting the diverse investors who now stand behind LeapFrog, in virtue of its "collaborative and innovative approach to minimizing risks for poor people".

Major institutional investors in the fund also include the European Investment Bank, Omidyar Network, FMO, the Triodos-Doen and Hivos-Triodos funds, Accion International, SCOR, and Calvert. The team anticipates a third and final capital raise in the coming weeks.

With \$112 million at the ready, LeapFrog's team is now seeking out innovative insurance and financial services companies, as well as Asian and African businesses that own strong distribution platforms. Many others see low-income people as charity cases. LeapFrog sees them as the aspiring and inspiring majority of emerging market consumers, ready to seize the simple but essential financial tools needed to change their own lives.

About LeapFrog Investments

LeapFrog is the world's first microinsurance fund, hailed by President Clinton as the Insurer to the Poor. LeapFrog's dual aims are to deliver strong returns for its investors and to reach 25 million vulnerable people in Africa and Asia with quality insurance – protecting their lives, families, property, and businesses. The fund's profit-with-purpose investment strategy has attracted leading global banks, funds, insurers and microfinance investors – making LeapFrog the largest dedicated investor in microinsurance globally. LeapFrog has also been recognized by many global leaders and media as opening up a new frontier for microfinance and alternative investment. www.leapfroginvest.com.

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