

MICROINSURANCE

The Time Is Now

The poor are more resilient when they have insurance.

With insurance, a breadwinner's death no longer means financial devastation for the family. People are also more likely to invest in expanding their farms, establishing new businesses, or sending their children to school. In Uganda, studies show, the seriously ill take nine days to go to the hospital if they have no insurance; with insurance, they take just two and a half.

Microinsurance—the provision of affordable insurance to the poor—is now one of the world's most demanded financial services. It is one that low-income people will pay for when it is commercially available, making up a 1.5 billion-person market that is only 5 percent penetrated at present, according to a recent study by one of the world's largest private insurers, Lloyds of London.

To help build this much-needed industry, IFC has just invested \$20 million in LeapFrog Financial Inclusion Fund, the world's first commercial microinsurance investment fund. Our stake helps LeapFrog reach its target size of \$100 million, capital it will use to enable 25 million people to access insurance in the coming years.

"We cannot ignore the fact that 83 percent of the population in Asia and 95 percent in Africa are low-income or poor," says LeapFrog President Andrew Kuper. "The industry has a historic opportunity to

develop profitable businesses that serve this immense customer base. We can generate strong returns for investors while helping millions of people with their daily struggle to get out and stay out of poverty."

The fund's first investment is in AllLife, a South African firm targeting HIV-positive and diabetic people that others consider uninsurable. Ensuring that clients undergo testing and actively manage their health reduces the risk AllLife covers, underpinning a profitable, high-impact business model.

LeapFrog is pursuing similarly innovative investments in Ghana, Kenya, India, Indonesia, and the Philippines, with IFC a close partner at every stage, helping the firm combine social impact with strong financial results.

**LeapFrog Financial Inclusion Fund:
The world's first commercial
microinsurance investment fund.**



Affordably priced insurance can mean everything to lower-income people in Africa and Asia. They comprise a vast untapped market that the IFC-backed LeapFrog Financial Inclusion Fund is now targeting, using a business model that seeks strong social impact as well as return on investment.