

For immediate release

For Further Information contact:

William Martirez, Country Manager of MicroEnsure Philippines

Phone: +63 333290729

email: William Martirez <william.martirez@microensure.com>

MicroEnsure and Idiom join forces to build new generation insurance system

Imagine that you are a poor farmer working in a remote location as the primary provider for your extended family. You do not have cash reserves. Suddenly you need urgent medical assistance. Perhaps you've been injured in an accident or suffered a medical emergency like appendicitis. Without hospital attention, death is possible.

Your immediate need is to get to hospital. Once you are there, you will need personal care. Your attention will quickly turn to whether your family have sufficient money to survive in your absence. And while you are in hospital you will need medicines. Each of the above needs can only be met by ensuring that sufficient money is available as and when it is needed.

Contrast this requirement with a traditional health insurance product which typically reimburses the policyholder for health spending after they have already paid for it, or which requires prior approval if it is to be paid direct to the hospital. Both of these options present insurmountable hurdles for the farmer in the above example. Delay in receiving an insurance claim payment for wealthier policy holders is an inconvenience, whereas for the poor it can be the difference between life and death.

The ideal policy for a poor farmer would provide an immediate and steady flow of money to quickly get him to hospital, to sustain him and his family while he is incapacitated, and to provide funding for the medicine he needs.

This ideal policy is very different from a traditional health insurance product. Understanding this need is what separates products that work for the poor from traditional insurance products.

MicroEnsure understands these differences and is constantly developing new products that will improve the lives of the poor. This ongoing search for better microinsurance solutions has resulted in a range of important new products, including weather index insurance and health insurance products, specifically developed to ensure that money flows when it is needed.

For instance, the new MicroEnsure health product pays every three days during a period of hospitalisation, with separate funding for drugs. The new weather index insurance pays whenever an adverse weather event occurs – the affected farmer does not even need to make a claim!

Since 2007 MicroEnsure Philippines has covered more than 5 million lives with products carefully tailored to meet local needs. William Martirez, Country Manager of MicroEnsure Philippines, describes MicroEnsure's approach:

"Microinsurance is nothing else but immediate relief. Our primary concern is to provide for the policyholder's immediate needs after a devastating loss. Claims should be paid immediately; that is, 24 hours for funerals, every three days for hospitalization and within 10 days for life, calamity and weather index."

MicroEnsure's products are unique in their focus on underwriting simplicity and on timely claims payment. Underwriting simplicity is important to ensure that the poor can get insurance through the extended and usually unsophisticated channels that they can access. Prompt payment is essential to provide funds when they are required, rather than some time later when the immediate need has passed.

Counterintuitively, the nature of MicroEnsure's products and their delivery to remote customers in poor areas requires sophisticated, low cost computer systems that adapt easily to 'low tech' environments. MicroEnsure has embarked on developing a purpose built insurance system that serves the needs of the poor in large numbers.

Idiom Limited, a New Zealand based software vendor, has been working with MicroEnsure for several years to develop a good understanding of the technical challenges posed by MicroEnsure's unique market offerings and the environments in which they must operate.

Now MicroEnsure and Idiom have joined forces to deliver new systems that will further improve MicroEnsure's ability to serve the poor. Martin Fuller, Chief Operating Officer at MicroEnsure, is the business sponsor for MicroEnsure's system development project with Idiom. The project has been

named ARK in alignment with MicroEnsure's mission to help the poor weather life's storms. Martin summed up the importance of the ARK system development project to MicroEnsure:

"At MicroEnsure we are constantly seeking better ways to service our customers, the world's entrepreneurial poor, in a cost effective and efficient way. This means investing in the right technology that will enable us to be flexible to the ever changing needs of our business, whilst keeping business transaction costs to a minimum. We are very excited to have teamed up with Idiom for the ARK project and believe that together we are developing a truly unique and innovative solution that forms a core part of our capability to most effectively serve the world's poor."

The ARK project was the reason for a recent visit to MicroEnsure Philippines Iloilo office by Mark Norton, Idiom's Managing Director. Mark concluded:

"In our view, MicroEnsure is one of the most innovative insurance product and market development companies in the world. More importantly, this innovation is directly targeted at helping the world's poorest people.

The practical implementation of MicroEnsure's innovative insurance product and channel strategies relies on a new generation of software. Idiom's decision automation tools are the core of a robust, agile and cost effective software solution that is designed to allow MicroEnsure to quickly and at low cost, define and deliver its many and varied products to markets that are too small to attract first world insurers.

While these markets might be small in economic terms, they represent the lives of large numbers of people. Idiom is pleased to be supplying its proven tools and development approaches to help MicroEnsure improve the economic circumstances of so many people."

For more information on how microinsurance serves the poor, visit www.microensure.com

For more information on how Idiom's products and techniques help to deliver the MicroEnsure vision, visit www.idiomsoftware.com