



OPPORTUNITIES *for the* MAJORITY

## Accessible Insurance Solutions for All Haitians

### Boosting a Local Insurer

Haitians of all economic levels are interested in buying insurance products, increasingly so in the aftermath of the devastating earthquake of 2010. One traditional insurance company whose reputation was enhanced after honoring an unprecedented number of claims stemming from that earthquake has a strategic growth plan to expand services and products to the most vulnerable Haitians.

Haitian-owned Alternative Insurance Company (AIC) is making insurance more accessible with a plan to expand affordable funeral and credit life insurance in the lower-income market and to create new micro-insurance products. Yet AIC's financial reserves were depleted after the earthquake and despite strong growth the company needed to close an equity gap.

The Inter-American Bank's Opportunities for the Majority Initiative (OMJ) is a critical catalyst in the recapitalization of this market leader. OMJ is lending AIC \$2 million in the form of subordinated debt as part of an overall \$8 million recapitalization plan and has played a critical role in mobilizing investors from the US, Canada, Mexico and Haiti to invest in the private, Haitian-owned company.

### More Insurance for the Poor

While AIC is the top micro-insurer in Haiti serving low-income communities that are largely excluded from the formal financial sector, it currently does the bulk of its business through traditional insurance products for auto, commercial, property, health and life. The company is estimated to have a third of the Haitian insurance market. Responsible handling of an unprecedented number of claims in 2010 spread word of AIC's good practices and helped increase its market share. The company is profitable and growing fast, with record premiums and net income in 2011.

People at the base of the pyramid are more vulnerable to the effects of catastrophe, illnesses and a death in the family—especially if that person is the household breadwinner. Funeral costs can bankrupt a family. Losing a house in a natural disaster can be ruinous.

AIC offers micro-insurance for funeral and credit life and is expanding its portfolio of mass-market offerings for low-income Haitians, who make up the vast majority of the population. Products being developed are tailored to a population with little access to credit and few, if any, assets. The policies would pay off microloans in case of catastrophe or hospitalization and offer a savings benefit as part of life insurance.

### Wider Reach through Platforms

Working through micro-finance institutions and other existing platforms to make insurance accessible to as many people as possible while keeping premiums affordable, AIC aims to double its customer base over five years. Base of the Pyramid business is expected to grow at an average of 35 % for funeral policies and 10 % for credit life.

Olivier Barrau, AIC's founder and CEO says: "We want to improve lives of those less fortunate and piggyback on structures that are already in place to keep costs as low as possible." As a result, and thanks in part to the structuring of certain premiums, AIC's renewal rates for funeral insurance have skyrocketed.

### Raising Industry Standards

A winner of the 2008 Pioneers for Prosperity award, which aims to create greater prosperity in emerging markets by harnessing the power of private enterprise solutions to poverty, AIC is working to solve the question of how to bring insurance to the poor. It is also working to move the country's industry standard towards greater transparency and bring it more in line with international norms and standards.

OMJ's support of AIC's recapitalization is helping low-income Haitians increase their access to insurance while strengthening the country's insurance industry.



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