



The Pacific Financial Inclusion Programme Legacies

Testing and scaling microinsurance products in the Pacific

The UN Capital Development Fund's (UNCDF) flagship Pacific Financial Inclusion Programme designed and supported projects to increase access to and usage of financial services for Pacific Islanders. All interventions were designed in such a way that all stakeholders involved were part of the solution.

UNCDF incentivised the development of

- enabling policies and regulations,
- invested in financial literacy and
- boosted the design of innovative financial products that meet the needs of Pacific users.

UNCDF and its partners took bold risks to test solutions successfully deployed elsewhere in the world in the comparatively smaller and dispersed Pacific markets. Risks that paid off, and, incrementally, more and more people can use products that allow them to settle their bills, transfers money, save for retirement and insure themselves and their properties.

Besides payments, the Pacific Financial Inclusion Programme invested in the development of microinsurance products, providing Pacific Islanders with a way to protect themselves against certain risks and potentially strengthening their financial health.

This brief is brought to you by the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP). With funding from the Australian Government, the European Union and the New Zealand Government, UNCDF and UNDP jointly administered the Pacific Financial Inclusion Programme.

February, 2022

Authors: UNCDF: Naomi de Groot, Knowledge Management and Communication Specialist and Rose Payne, Knowledge Management and Communications Consultant. Technical writer: Alex Reddaway. The authors would like to acknowledge contributions from current and former colleagues at UNCDF in the Pacific throughout the drafting process. Photos by John Rae.

Insuring Pacific Islanders against unforeseen crises has the potential of limiting the economic shock that often accompanies unfortunate events, such as a fire or high medical costs.

Therefore, the Pacific Financial Inclusion Programme worked closely with and supported insurance companies in the Pacific to jointly develop new insurance products, re-engineer business processes and create awareness and education campaigns to get more people and businesses in the region protected by insurance.

Profile project: Fijicare bundled micro insurance

Bundled insurance refers to a combination of insurance covers within one insurance policy. This type of product gives a consumer added convenience, needs less administration and potentially delivers cost savings.

Together with [FijiCare, a first bundled microinsurance product](#) was launched in the Pacific, offering term life, funeral expenses, property and personal accident cover at a standard, affordable premium. For distribution of the product across rural communities, UNCDF and FijiCare collaborated with sugarcane farmer organisations and dairy cooperatives.



The application of a human-centred design ensured that the bundled microinsurance product was [affordable and met customer needs](#). Collaboration with farmer organisation streamlined the payments when claims were made, further increasing the value proposition of the insurance to farmers. Large scale success of the product came when the [Fijian Government covered over 107,000 civil servants and social welfare recipients under the insurance scheme](#). And while the sustainability of the customer base must be proven, the FijiCare bundled micro-insurance, as the first bundled microinsurance in the region, successfully illustrated the proof of concept, incentivising FijiCare to explore opportunities for replication in other Pacific Island Counties such as Kiribati and Vanuatu.

Profile project: Funeral expenses insurance in Samoa

Together with the Apia Insurance Company, the Pacific Financial Inclusion Programme set out to develop and pilot a funeral expense insurance product in Samoa. Project partners were dedicated to onboard rural customers, with the use of remote onboarding strategies.

During the design and testing phase, the signing up of rural customers proved challenging. Substantial effort on product awareness and education was incorporated into the pilot, resulting in community visits by agents to explain the value proposition of such a product to customers. Future collaboration with mobile network operators and/or banks should be explored to ease distribution, also on digital channels.

Despite these challenges, the Apia Funeral Expense Insurance provides a clear example of how microinsurance can support Pacific Islanders during times of economic shock. By the end of pilot period over, 1,000 Samoans had purchased the insurance and around 22 clients had filed a claim. This showcased how, besides payments, insurance products have the potential to strengthen financial health once customers understand which risks insurance can cover.

Building on lessons learned

Improving the financial preparedness and Pacific people towards natural hazards

Pacific Small Island Developing States make up seven of the ten countries facing the highest risk of internal displacement from extreme weather events. The accelerated frequency and severity of the disasters due to climate change in the South Pacific region have disrupted economic and social progress, as well as development gains. Despite the high exposures to natural hazards, most people in this region do not have any form of insurance protection.

It is against this background, and building on the experience of the Pacific Financial Inclusion Programme that UNCDF in collaboration with UN Development Programme (UNDP) and UN University- Institute for Environment and Human Security (UNU-EHS), launched the [Pacific Insurance and Climate Adaptation Programme](#).

This initiative is developing a parametric microinsurance product that will allow Pacific Islanders to bounce back financially more easily after natural disasters caused by climate change.

Further reading

The road to launching 'Bundled Micro Insurance' in Fiji – Key Lessons

<https://www.rfilc.org/wp-content/uploads/2020/08/PFIP-FOCUS-NOTES19118.pdf>

Congregating During Covid-19: Leveraging a Church Network to Bring Life Insurance to Remote Communities in Papua New Guinea

<https://www.uncdf.org/article/6204/congregating-during-covid-19-leveraging-a-church-network-to-bring-life-insurance-to-remote-communities-in-papua-new-guinea>

Making Funeral Insurance Accessible to Samoans for the First Time

<https://www.uncdf.org/article/5808/making-funeral-insurance-accessible-to-samoans-for-the-first-time>

Scoping Insurance Opportunities for Fishing Communities in Fiji <https://www.uncdf.org/article/6210/scoping-insurance-opportunities-for-fishing-communities-in-fiji>

