

**Project location:**

Kampot, Kampong Speu, Kampot, Kandal, Kep, Phnom Penh, Siem Reap

Preah Sihanouk, Takeo

Project start date:

1 July 2009

Funding source:

AusAID 45%, SAMIC 55%

Total grant funds approved:

A\$198,450

Updated December 2012

MEADA (SAMIC Microfinance) – Micro-insurance in Cambodia

ABOUT MEADA

The Cambodian company SAMIC is a local microfinance institute which provides micro-finance services through eight districts in Cambodia (seven provincial and one capital). In 2009, SAMIC was awarded an ECF grant to pilot a micro-insurance program called Measure for Economic and Accelerated Development for All (MEADA) which is now in the process of formalizing as a company.

THE PROJECT AND HOW IT WORKED

MEADA is an insurance provider that provides tailored insurance products to protect borrowers and immediate family members in the event of accidental death. The policies are paid by small premiums included in the loan repayments and cover the outstanding loan amount.

MEADA is using A\$199,450 in ECF funds to expand its reach, increase the total number of SAMIC borrowers covered by insurance and offer an education program for clients on health matters, family planning and insurance benefits.

It is estimated that over 41,000 beneficiaries (80% of them women) living in rural communities in Cambodia, who currently have no access to any type of insurance will be covered in up to five years.

This project is the first of its kind in Cambodia to be undertaken by a business and it is expected to be a good model for others in the country.

THE RESULTS

- MEADA has rolled out two insurance products to 17 SAMIC microfinance branch offices across the eight provinces. This includes a loan protection and a basic life product.
- Loan officers have been hired and trained to support clients with information on insurance coverage.
- As of December 2012, 10,215 clients were covered by loan protection and nearly 5,042 clients and their spouses were covered under basic life. To date, MEADA has settled 155 claims.

- Uptake of insurance is relatively high. 75% of borrowers have purchased the loan protection coverage and 22% have purchased basic life coverage.

As part of examining the benefit that insurance provides to the clients, ECF funded research to explore the social and economic impact of the insurance claims -

- Research undertaken by the Microinsurance Learning and Knowledge Centre in 2012 found the financial value of the loan cancellation averaged US\$199, which represented 100% of the SAMIC loan but less than half of the total debt burden that respondents faced. The loan coverage component of the insurance helped to eliminate the cost of servicing their SAMIC loan, though it did not address some of the additional debt burden of the deceased.
- The cash refund was on average US\$129 despite funeral cost of around US\$701-\$983. While the cash refund had small financial value, it did add to the product's expected value. By refunding this nominal amount, MEADA offers a tangible and psychological benefit to clients. This can improve the client's perception of the product's value, even if it does not substantially mitigate household costs.
- The service value of the product is high. Interviewed beneficiaries report that the claims process was easy and efficient: on average, beneficiaries reported receiving the benefit just seven days after the death, and just one day after submitting their documents. By providing immediate relief, the MEADA product quickly reduces uncertainty after a shock.

HOW ECF FUNDS ARE USED

ECF funding enabled SAMIC to extend MEADA to 17 branches by training loan officers and education programs for microfinance clients. SAMIC through MEADA is funding 61% of all project costs.