

BLUE MARBLE

MICROINSURANCE®

Joan Lamm-Tennant, CEO of Blue Marble Microinsurance provides insight on providing socially impactful, commercially viable insurance protection through programs that deliver risk protection to the underserved.

While the banking sector has made significant progress extending access to credit and savings to the 3 billion people in the emerging middle class, this population remains particularly vulnerable to risk but lacks effective safety nets, such as insurance. The estimated size of the microinsurance market is 3-4 billion policies and \$30-40 billion in annual premium revenue. Insurance is especially meaningful to the underserved because of the significant toll that a shock, such as a drought or fire, takes on their livelihoods. Given their lack of or limited savings, these individuals are highly vulnerable to risk events. Many companies are participating in the development of a commercially viable microinsurance market, which is rapidly growing due to widespread awareness of the value of insurance in facilitating the economic wellbeing of the underserved, technology innovations and an enabling environment with government support. New business models are also proving to be encouraging.

Blue Marble Microinsurance, for example, has a unique business model that emphasizes collaboration. An incubator of a new way of doing microinsurance together, Blue Marble is owned by eight multinational insurance entities that collectively provide guidance, talent and risk capacity. The organization works in collaboration with its customers and partners to address specific social issues, such as food insecurity and income volatility. With a mission of providing socially impactful, commercially viable insurance protection, Blue Marble designs and implements programs that provide risk protection to the underserved that inform subsequent technology innovations and improvements in product design.

Partnerships are key in implementing new ways of thinking and driving shared value creation, a concept developed at Harvard, that involves “generating economic value in a way that also produces value for society by addressing its challenges. A shared value approach reconnects company success with social progress.” Blue Marble’s emphasis on collaboration and shared value creation extends beyond the insurance entities that own it. For example, one of our partners, Nespresso, redesigned its coffee procurement process by working intensively with smallholder farmers in its supply chain. Nespresso has an initiative called “The Positive Cup” and a vision to create a cup of coffee that has a positive impact on the world.

In partnership with Nespresso, Blue Marble is extending crop insurance protection against adverse weather conditions to smallholder coffee farmers in Colombia. Our partnership with Nespresso is mutualistic. It helps Nespresso maintain a sustainable supply of inputs while reducing the income volatility of smallholder coffee growers and creating a new market for microinsurance. The program has been quite successful. In 2019, we renewed the program and expanded coverage significantly, with a 46 percent increase in number of farmers relative to that of the previous year. We are continuing to grow the program across Colombia and expanding to

new countries. Blue Marble is also operating programs that involve public private partnerships. For example, we are working with The United Nations World Food Programme (WFP) to provide weather index insurance solutions for farmers across the African continent while advancing their R4 Rural Resilience Initiative. Our progress to date working in partnership with others is encouraging.

Technology is an essential part of our business and driver of scale. Blue Marble operates in a cloud-based operating environment. Blue Marble hosts a customer portal and mobile apps for enrollment with direct feed to an administration system for insurance premium collection and claims payment. For parametric weather index coverage, Blue Marble created user led design capabilities to customize crop and livestock indices, price on demand and generate term sheets. These technological innovations engage and inform the customer throughout the complete insurance cycle while providing efficiencies enabling affordability. Blue Marble is expanding to support personal lines offerings.

We recognize that addressing global issues requires collaboration across industries and sectors, advancements in technology innovations and especially new business models to inspire new ways of thinking. Providing meaningful, affordable financial services to underserved populations requires not only supplying a bundle of financial services that address the unique needs of this population, but also providing necessary education to stimulate demand. Insurance is a social safety net that enables access to credit, provides individuals with a sense of security and promotes savings. It is also a catalyst for development. I welcome organizations to join and follow Blue Marble's initiative of working together to close the insurance protection gap.