OPPORTUNITY INTERNATIONAL

Planning & Operations Support

Outreach, Sustainability, Transformation

Developing a business case for a microinsurance intermediary in South Africa.

Provided to FinMark Trust.

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1 Background

During the course of 2005 representatives from FinMark Trust and Opportunity International meet at the Munich Re microinsurance conference; during the discussion both parties realised that they had significant common ground. FinMark Trust provides market analysis through its FinScope studies as well as acting as a facilitator for increasing access to financial products amongst the low-income market in South Africa. Opportunity International was in the process of launching the "Micro Insurance Agency" (MIA) which is an insurance intermediary focused on the un-served and under-served market.

A range of legislation recently passed by the South African Government requires that commercial financial organisations provide access to the low-income sector. This "social access" agenda has coincided with an increasing commercial interest from the insurance sector toward the mass market in South Africa. FinMark Trust made the case to Opportunity that there was strong evidence that the poor wanted access to formal insurance products based upon the information already gathered but there was an absence of suitable distribution channels between the potential supply and demand. The Micro Insurance Agency concept provided this method of distribution as well as experience in product design and implementation within the low-income sector.

The South African market is vibrant with a well developed insurance market, diverse and complex informal sector and a world-leading technology sector that is leading the charge in reducing transactions costs. There are many factors that make South Africa a suitable market for a Micro Insurance Agency; notably the large informal sector that is already sensitised to the need for insurance type products through the wide use of burial societies and funeral parlours. It is also potentially a market that poses many challenges in terms of gaining access to the informal sector as the NGO MFI sector is virtually non-existent. This will undoubtedly cause the standard MIA model to be altered and revised to fit the context. However, the rewards for getting it right are significant; not only from an income perspective but also from the potential linkages with technology providers and cell phone networks that could have a significant impact upon the wider Opportunity network.

The purpose of this paper is to set out the findings of the visit to South Africa conducted in January 2006 with the intention of both reporting our findings to FinMark Trust as well as to act as a catalyst for discussion within the Opportunity Network.

FinMark Trust agreed to fund Opportunity International to conduct an initial market survey and to develop a conceptual business plan for an MIA in South Africa. If Opportunity International did decide to open an MIA within a fixed time period then 50% of the costs of establishing the plan would be refunded to FinMark Trust.

2 Market analysis

The South African financial market is sophisticated; some commentators have likened South Africa to a first world infrastructure with a third world population and this analogy is especially true of the financial markets. The key drivers for a Micro Insurance Agency will be derived from the client needs, regulatory landscape, insurance suppliers and the method of distribution; these are considered in turn.

2.1 Client needs analysis

Compared to other countries in Africa, the low-income market has many options for mitigating the risks it faces, especially in relation to death. The facts gathered from multiple sources estimate that;

- According to FinScope some 4,200,000 people purchase funeral insurance from an insurance company; 1,500,000 of these people are in LSM 1-5 (Monthly income of between R400-R1,250). Penetration is higher in urban areas.

- 8,000,000 pay into an informal burial society; monthly contribution range from R20-R50 and benefits are highly variable.

- According to MRFC there are 3,800,000 microfinance loans in South Africa with credit life. Of these loans, 1,200,000 were given to clients in LSM groups 1-5.

There is evidence that it is common practice for low-income households to purchase cover from multiple sources; especially for life. In the interviews we held with microfinance borrowers from Marang clients admitted to paying contributions into multiple funeral societies and funeral parlours. The reasons given were that clients wanted to spread their premiums between various options in case on became insolvent; there is also family pressure to join specific societies or church run societies.

The benefits provided to clients by the informal burial societies and funeral parlours are typically “in-kind” (e.g. the provision of food, transport and items for the funeral) rather than a cash benefit. Whilst the cost of these informal mechanisms is high both in terms of monthly premiums and initial joining fee in relation to the premiums that would be charged by a formal insurance company for the same value of benefit; it seems that clients value the social “inclusion” that these informal schemes provide.

One other threat that the existing products pose to any formal seeking to enter the market is in relation to expected service standards. The informal providers are able to pay claims or provide tangible services within a matter of hours and certainly within one day of the death. Clearly, a formalised insurance product will not be able to meet this claims payment expectation as the claim must be verified and processed all of which will result in claims being paid after 14 days of the death in most cases based upon our experience in other countries. (Please note that even if the insurance company pays the claim within 48 hours it will still take 14 days from the date of death due to the need for many parties to be involved in the process).

The inability to provide a social response and claims within a single day are significant issues that must challenge any formal provider to consider how a potential product should be positioned. A formal provider would be ill-advised to attempt to compete directly with the informal providers because price is not sufficient to meet client’s expectations. Rather, a prudent approach would be to position the formal product as complementary to the existing informal providers.

Market research (Jim Roth) suggests that funerals cost up to R10,000 which means that many low-income households choose to pay additional money in excess of the provision made by the burial societies and funeral parlours. Therefore, even with the help of the informal sector, many families need to fund an average of R3,000 per funeral because they choose to provide a better funeral than the basic one provided by the burial society or funeral parlour. A formal product could be position to provide a cash benefit of between R5,000 and R10,000 upon death which could be used to either clear the debt associated with the “better” funeral or invested into the microenterprise to facilitate additional earnings by the surviving family members to replace those lost by the deceased.

Based upon both the information in the public domain and the limited client focus groups held with clients of Marang, it would seem that there would be demand for a product with the following key features;

- Sum insured: R5,000 to R10,000 per person
- Coverage: Death arising from any cause for the insured plus family members (up to 10 people in all)
- Claims payment: within 14 days, but the quicker the better
- Premium: between R10 – R25 per month

Whilst the SAIA have developed a property insurance product specifically for the low-income market in South Africa (the so-called “shack insurance”) we do not envisage that this product would form the core of a potential entry strategy into the South African market. The reason for this is simply that demand for property insurance is unquantified and it would not be best sold via the traditional model of using a MFI’s clients. It may be that once an MIA was established using the life products that the market for property insurance could be considered.

2.2 Suppliers of insurance

South Africa is the most competitive insurance market within Africa and this competition has lead to competitive rates being available and also significant interest in the fringe sections of the market such as the low-income sector.

Based upon the discussions that were held with African Life, AIG, Hollard, Alexander Forbes and Munich Re during the visit in January, it is clear that the insurance market would be able to match or exceed client’s expectations on price. That is to say that the insurance companies would be able to offer a benefit of R10,000 for less than R25 per month premium.

There was also evidence to suggest that companies such as African Life had worked out how to settle claims in less than 48 hours, but question still remain about the distribution chain outside of the insurer. Other vital terms and conditions such as number of lives insured per policy, existing illness, waiting periods, medical examinations and the like all seem to be flexible from the insurers’ perspective. It is therefore extremely likely that a suitable and saleable product could be designed for the target market.

It is perhaps interesting to consider the motivations of the insurance companies to provide coverage to the low-income sector; there is certainly evidence of both push and pull factors having an effect. It is true globally that insurers have competed in terms of widening coverage which has lead to comprehensive coverage’s; the scope for further widening of coverage is limited and insurance companies are increasingly competing on price. This has caused the large global insurers to consider new markets and certainly there is evidence that the low-income market is being considered as an emerging market. In markets such as South Africa where competition for the “mainstream” commercial business is fiercest this pressure to move into the low-income market is most noticeable.

In addition to the commercial need to find new markets for their products, the insurance companies are facing the “social access” agenda. The governments of developing countries are starting to recognise the role that the commercial sector needs to play in developing the economy and in many countries, including South Africa, there is increasing legislative pressure for the insurers to provide coverage to a wider spectrum of society. This is covered under the next section.

2.3 Regulation relating to insurance

Whilst regulatory requirements in South Africa are more stringent then in many developing countries the process of establishing an agency or brokerage is not prohibitively difficult or expensive and a Micro Insurance Agency subsidiary would be easily established.

South Africa is in the process of developing (or recently developed) a range of “social access” regulation and consumer protection regulation. The FAIS regulation is perhaps of greatest concern as it relates to those that provide financial advice and if applicable would require each loan officer to be trained in insurance which would add a layer of cost that would not be feasible to the business plan.

The advice received to date indicates that MIA would not have to comply with the FAIS requirements because the MFI’s would not be offering clients a choice; the insurance product would be on a “take-it-or-leave-it” basis and as such would not be seen as providing advice to the consumer.

South Africa is in the process of implementing a Credit Act which makes reference to the sale of insurance linked to a loan. The Act requires that the borrower be given the option of purchasing life insurance from whichever source she wants; the lender is permitted to make credit life a requirement but is not permitted to force the sale of their own in-house credit life to a borrower. This aspect of the Credit Act would not impinge upon the MIA as any borrower would be permitted to make his or her own arrangements for life insurance; the majority will take the cover that is on offer at the point of sale for the loan. The reason is that the group policy will be much cheaper than an individual life contract for a small sum insured.

2.4 Potential customers & distributors

The model utilised by MIA is to seek large groupings of poor people that are currently being served by a single organisation that preferably has existing financial systems; examples of such organisations include MFI’s, rural banks, co-operatives and savings societies. By targeting such organisations the MIA is able to reach a large number of people relatively quickly which enables it to reach financial sustainability in the shortest possible time.

The financial sector that is focused on meeting the needs of the poor in South Africa is broad and diverse and ranges from NGO-MFI’s that are providing group loans, through commercial salary advance lenders and includes even retail outlets that are starting to enter the mass market financial sector by offering loans and insurances. Whilst this diversity could potentially provide the MIA with a wide range of distribution options, in reality it forces the standard model to be rewritten which must be seen as a risk.

2.4.1 The NGO microfinance sector

The microfinance sector in South Africa is certainly not typical of sub-Saharan Africa. There is a small number of NGO MFI’s offering a traditional microfinance loans to either groups or individuals. The loans are for working capital or capital investment in a business and are typically over four to twelve months in duration. There is a small number of these NGO’s operating in South Africa and only two are financially sustainable and of notable scale; these are SEF and Marang.

In addition to SEF and Marang there are a number of NGO’s involved in longer-term housing finance projects including Habitat for Humanity. Whilst it is not the purpose of this paper to debate the reason for their being such an undeveloped NGO MFI sector; the lack of possible partners does pose a threat to the standard MIA business model.

Discussions have been held with both SEF and Marang during the visit to South Africa in January. These discussions showed that both SEF and Marang are seeking to introduce insurance products to their portfolio; the motivations are three fold;

- To meet an identified client need
- To provide a competitive advantage to the lending programme in an increasingly competitive lending market
- To generate revenue through commissions to off-set increased pressure on earnings and rising costs

From these discussions it emerged that SEF was ready to implement a product and so would not seek involvement from MIA at this stage; but Marang were at the start of the process and may seek to work in collaboration with MIA to develop suitable products. However, Marang would require a stream of revenue and this would need to be factored into the product design and pricing.

2.4.2 The commercial microfinance sector

The vast majority of loans made to low-income households in South Africa are made by the commercial microfinance sector that offer short-term salary advance loans to wage earners; some estimates are as high as 90%+ of all loans are made by these organisations.

Within this segment of the market there is a significant range of organisations from African Bank and Capitec at one end through to much smaller organisations serving a few thousand borrowers each at the other end of the spectrum. The largest providers in this sector are serving many hundreds of thousand of borrowers and are highly sophisticated banks in their own right. In fact, African Bank has its own insurance vehicle for offering credit life insurance; it's most profitable product line. Capitec relies upon technology to drive down transaction costs and increase customer satisfaction to the extent that accounts can be opened in real time and without any paperwork. The majority of organisations in this sector are served by an industry APEX body; the MFSA.

Whilst these commercial microfinance lenders are serving a very large number of borrowers there are some significant issues that may preclude MIA from playing a full role;

1. The larger players such as Africa Bank and Capitec would not see the benefit of using MIA as they are more than able to negotiate with the insurers themselves and build suitable back-office systems to reduce transaction costs. Capitec may see some strategic advantage of partnering, but this would probably be over the short term and MIA should expect to be disintermediated over the medium term.

2. The very small organisations are not large enough to be economical to serve.

3. There are a number of medium sized organisations serving 25,000 – 35,000 clients each which have strong management and would be the most likely clients of MIA. Organisations such as Thuthukani would fit into this category; they are too small to leverage the insurance companies and would see added value in the administration offered by MIA. There is some concern that these medium sized MFI's will eventually be consolidated into one of the larger MFI's. As the larger MFI's reduce transaction cost and achieve economies of scale the medium sized organisations are going to face increased pressure on earnings as interest rates drop. Over the medium to long term this is a real threat as MIA's target market is consumed by those larger MFI's that do not need intervention from MIA.

4. The majority of the loans made by these organisations are for terms of just one month. Whilst it is possible to sell credit life insurance to protect the lender; the short term makes the loan unsuitable as a mechanism for distributing funeral insurance or other classes of insurance. The loan term is too short to collect the

premiums. This greatly reduces the outreach and earnings potential of this group of organisations to the MIA.

Whilst the commercial microfinance sector offers a range of possible clients for the MIA, there are significant issues in sustaining client outreach through this sector for the reason listed above.

2.4.3 Other possible sources of distribution

There are many different groups and organisations providing services to the low income sector in South Africa. Perhaps the most strategic would be to partner with a bank using mobile phone technology such as Wizzit or MTN Bank. These organisations are positioning themselves as the lowest cost provider of financial services in South Africa and it may be possible to partner with them to provide their clients with insurance products.

As noted earlier the informal insurance sector is significant in South Africa with products being provided by funeral parlours and burial societies. There is some limited evidence that these organisations may seek to formalise their activities in response to Government pressure and the MIA would be well positioned to link the informal sector into the formal insurance companies.

African Life has provided the Zionist Church with a funeral policy for nearly 20 years and has maintained a significant outreach over that time. Efforts to include other denominations have failed for a number of reasons and at this stage the Church would not be a suitable target for the MIA.

Retails such as Edgars and Shoprite are either offering or seeking to offer the poor access to a range of insurance products. Whilst it is unlikely that these outfits would need help from the MIA, other retail outlets may follow suit and be willing to work in partnership.

It is clear that there are multiple options available to the MIA to reach large numbers of poor people in South Africa and outreach does not need to be constrained to just the microfinance sector. Indeed, South Africa will lead the continent of Africa in new innovations in the distribution of financial products and it could be argued that valuable lessons and strategic alliances could be forged in South Africa that would benefit MIA regionally.

However, these alternative methods of distribution will take time to set in motion and so it would be foolish to enter the market without having a more traditional form of distribution in place. Work can continue to secure these alternatives in the medium term; but they do not represent a low-risk or sustainable entry strategy.

3 Proposal for MIA South Africa

Based upon the market information gathered a proposal for establishing a Micro Insurance Agency in South Africa has been developed. In this section the key requirements and business drivers are established.

3.1 Potential entry strategy

As a result of the unique and complex financial landscape in South Africa the best point of entry to the market would be to identify a willing MFI partner to help develop suitable products and to act as the initial point of sale. The most likely products would centre on the provision of life insurance in the form of credit life, funeral or a combined product. The partner should be large enough to deliver the majority of the clients needed to drive the MIA to financial sustainability.

Based upon the limited research conducted to date the most likely partner would be either Marang (NGO MFI) or one of the medium sized commercial MFI's such as Thuthukani; both of which are serving in the region of 20,000 – 30,000 each.

Table 1: Projected costs & income for MIA South Africa based upon customers reached.

No of customers	Premium	Commission	Agency operating costs	Trainer cost	Manager Cost	Net Income	Cumulative Income
2,000	8,000	1,600	(2,500)	(2,500)	(1,500)	-4,900	-4,900
5,000	20,000	4,000	(2,500)	(2,500)	(1,500)	-2,500	-7,400
10,000	40,000	8,000	(2,500)	(2,500)	(1,500)	1,500	-5,900
15,000	60,000	12,000	(2,500)	(2,500)	(1,500)	5,500	-400
20,000	80,000	16,000	(2,500)	(2,500)	(1,500)	9,500	9,100
25,000	100,000	20,000	(2,500)	(2,500)	(1,500)	13,500	22,600
30,000	120,000	24,000	(2,500)	(2,500)	(1,500)	17,500	40,100
37,000	148,000	29,600	(2,500)	(2,500)	(1,500)	23,100	63,200
45,000	180,000	36,000	(2,500)	(2,500)	(1,500)	29,500	92,700
52,000	208,000	41,600	(2,500)	(2,500)	(1,500)	35,100	127,800
60,000	240,000	48,000	(2,500)	(2,500)	(1,500)	41,500	169,300
75,000	300,000	60,000	(2,500)	(2,500)	(1,500)	53,500	222,800
		300,800	(30,000)	(30,000)	(18,000)	222,800	

Based upon the information gathered in relation to fixed and variable costs, it is estimated that the monthly cost of running an MIA in South Africa with a manager (see section on personnel below), training manager and two data entrants would be in the region of $6,500 per month.

If the MIA sold policies with an average monthly premium of R25 ($4) per client and was receiving a 20% commission on premium volume then the MIA would need to be servicing between 15,000 and 20,000 clients before it was in a break even position. The detailed breakdown can be seen in table one which is not intended as a projection of client outreach or profitability but is based upon projected operating expense (both fixed and variable) are provides net income projections for set number of policies sold. This analysis is intended to help demonstrated the projected number of clients required to breakeven and provide information on what the monthly income would be for certain levels of client numbers based upon a standard product of $4 per month in premium spend.

Whilst this estimation of cost is not meant as a definitive measure; it does give an indication of the scale of operations required in order to break even. Securing a single MFI partner is probably sufficient to brake even which places the MIA in a relatively low risk position.

3.2 Required infrastructure and staffing

The Micro Insurance Agency has developed its infrastructure around a remote MIS system based upon eMerge utilising the off-line branch utility module (eMbu). The eMerge server is located in Denver with a smaller eMbu server in the country of operation. This approach significantly reduces costs for each country as all MIS system administration is handled centrally.

The typical MIA model has a local CEO who's role it is to develop and maintain relationships with partner MFI's, a training manager who provides training to staff and clients of the MFI and data entry staff which are flexed in relation to business volume. Strategic direction and insurance expertise is provided by the holding company which greatly reduces cost because the local CEO need not be an insurance expert.

Whilst this model has worked well in Uganda, it would need to be amended for the South African context. Local regulations require that the CEO would need to have sufficient experience and within the South African employment market; these skills are expensive. If we were to establish a MIA in South Africa then it would be optimal to have Shadreck Mapfumo act as the CEO and to perform the role part-time. Shadreck would be assisted by a local Training manager whose role would be to both provide training to the MFI's as well as perform a relationship management role.

Shadreck would then act both as the figurehead for the regulators as well as to provide strategic direction and insurance expertise. This would significantly reduce the input required from holding company staff and hence costs associated with travel.

3.3 Insurance company partner

The insurance market in South Africa is competitive and there are a broad range of potential partners who would be able to provide saleable products and excellent customer service. Many of the local and international companies are actively looking for ways to enter the low-income market due to increasing pressure from the Government for "social access".

If the MIA did open in South Africa then there would not be a problem finding a suitable insurance supplier (or range of suppliers); options include Hollard, African Life and AIG. If a global alliance is agreed with AIG then South Africa would be an obvious location to work together assuming suitable products are forthcoming in terms of price and coverage.

It is clear that some insurers have already made significant inroads into the low-income market; most notably African Life through its Zionist Church scheme and Hollard in its tie ups with large retailers such as Edgars. This underlines the commitment and interest in the sector from the commercial insurance market.

3.4 Funding

During the visit in January the author meet with the local representatives from the Ford Foundation which is looking to make grant funding available to a micro insurance project. Having discussed the Micro Insurance Agency model the local representatives expressed an interest in providing at least a potion of the start-up costs for MIA South Africa.

Applications for funding would be invited during Q3 2006 and from the indications given in January we would have a strong chance of receiving funding.

Based upon our experiences in Uganda, we should seek to raise a minimum of $250,000 in order to cover the expenses of establishing the MIA which includes all set-up costs, capitalisation, hardware, software and local staff costs over the first two years.

3.5 Potential advantages and disadvantages

In establishing this proposal for MIA to open an operation in South Africa the following potential advantage and disadvantages have been identified;

Potential disadvantages	Potential advantages
The NGO MFI sector is small in South Africa; this has been our entry point in Uganda.	There is a willing and capable insurance industry in South Africa that is interested in serving this target market.
Relatively low levels of consumer financial literacy which will make it hard to wean people off informal mechanisms that are community based.	MIA posses understanding of the informal sector which other domestic players have largely failed to demonstrate.
The larger commercial MFI organisations have the capacity and money to not need input from MIA.	The potential for clients to spend more on insurance is demonstrated by current informal habits. This increased spend drives the MIA's income.
Some market analysts suggest that consolidation within the commercial MFI market is inevitable. If this happened the market would probably not require input from MIA.	The current regulation does not directly impinge on MIA's business plan and operating in South Africa would be feasible.
The majority of microfinance loans are salary advance loans and are for short terms of one month and are therefore not an ideal platform for insurance.	OI will have a suitable CEO located in South Africa as Shadreck Mapfumo is relocating later in 2006.
There is increasing pressure on earnings within the MFI sector and pressure to reduce interest rates will increase. This will force MFI's to look for ways to reduce costs and increase earnings which could lead to MIA being disintermediated.	The target market in South Africa is currently uses informal and formal risk mitigation strategies so they are aware of risk and the need for insurance.
South Africa is a sophisticated market and MIA would need to be able to keep up with changes in technology.	The potential to develop new distribution methodologies and strategic alliances with cell phone networks could have a positive impact upon OI's business.
Increasing regulatory pressure on the financial services industry and on consumer rights may bring additional burdens to those operating in South Africa in the future.	We have access to good market information and contacts through involvement with FinMark Trust.

The market oversight provided by FinMark Trust will be extremely useful to the MIA as it seeks to establish itself in South Africa. FinMark Trust not only has an excellent understanding of the financial landscape in South Africa through its FinScope project, but it also has the widest range of contacts within the formal and informal finance sectors as well as at the Governmental level. FinMark Trust's backing of the MIA would provide it with the credibility and access to information and contacts that are required to establish a successful business.

3.6 Expansion strategy

Whilst the entry strategy of targeting a number of the NGO or commercial MFI's is the lowest risk entry point, it would be prudent to identify an expansion strategy prior to entry because there is a chance of consolidation and disintermediation, especially within the commercial microfinance sector.

There are certainly a range of options open to the MIA all of which will have a longer lead time than its standard operating model of partnering with an MFI, these include;

- Approaching the larger and better run informal funeral societies and offering to formalise the source of risk carrier and perform administration leaving the burial society to perform its social function and provide services to its members.

- Develop products for sale via different medium such as cell banking and the retail sector. This will require protracted negotiations due to the sophistication of the organisations we would be dealing with.

- Potential to develop a direct marketing approach using a franchise model of people selling our insurance to their friends in return for a commission. In order to do this process to reduce cash handling fraud will need to be established.

- Identify other groupings such as unions, co-operatives and stokvels as potential partners for reaching large numbers of individuals.

Whilst none of these alternatives to the MFI route are certain to provide a suitable and sustainable market, South Africa does provide MIA with the best option of trying new approaches which would be applicable certainly within Africa and potentially globally. Viewed as the test-bed for innovation within the distribution of insurance it becomes a potentially strategic move for the business.

4 Recommendations

South Africa is clearly a complex market that represents a significant potential market for MIA as well as a significant potential challenge to its standard operating model. The challenge will be to find suitable MFI partners in the short term to provide income whilst work is conducted on new methods of distribution to the mass market. Whilst this may seem like a risk, the work on distribution channels outside the MFI needs to be conducted by MIA soon because it is relevant to many other countries. For example, pressure to enter India will require us to have worked out how to deal outside of the MFI networks and South Africa is certainly more manageable in terms of scale than India.

It is also the case that consolidation, regulation and sophistication in other African countries will follow the lead of South Africa and this will require a new distribution methodology to remain relevant. Entering South Africa then should be seen as an investment in the future. There are also a range of other factors that are significant in making the decision to enter South Africa;

1. We will have qualified staff in South Africa in the form of Shadreck Mapfumo. Shadreck can provide oversight to the project on a part-time basis and this significantly reduces the cost associated with having a leader of his calibre who is not required full-time for the business to flourish.

2. As the leader in technology and especially cell phone technology on the continent; there are significant linkages that can be forged that will benefit Opportunity.

3. We have the backing of industry bodies such as FinMark Trust which will be critical in providing credibility and contacts to the MIA as well as valuable market insight.

4. There is interest from the Ford Foundation in providing the funding.

5. Opportunity International recently made a decision to launch a commercial MFI in South Africa which would provide a suitable client for the MIA.

6. There are a range of potential strategic partners (insurance companies) in South Africa that have expressed an interest in developing a partnership that extends beyond South Africa. These include AIG, Hollard and Munich Re.

Based upon these factors, we would recommend that South Africa be considered as a suitable country for the Micro Insurance Agency to establish itself toward the end of 2006 once Shadreck Mapfumo is in country and the potential strategic alliance with AIG is understood.

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