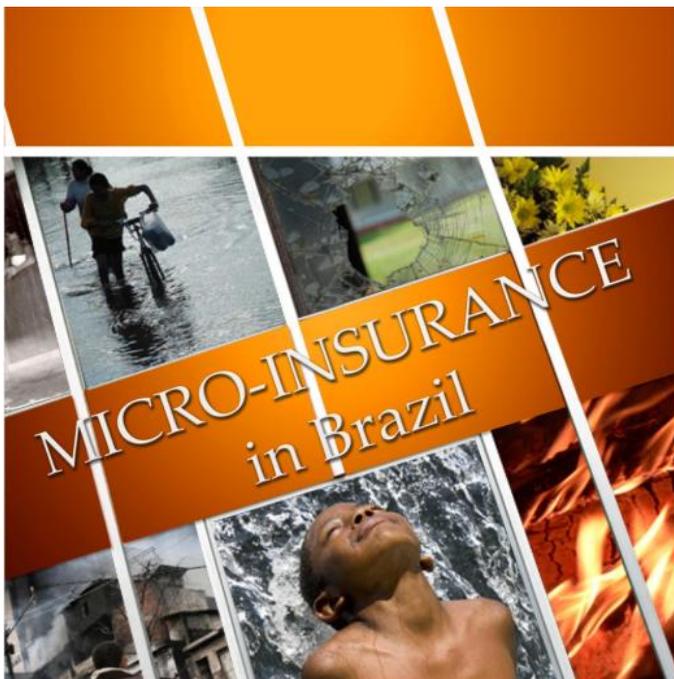


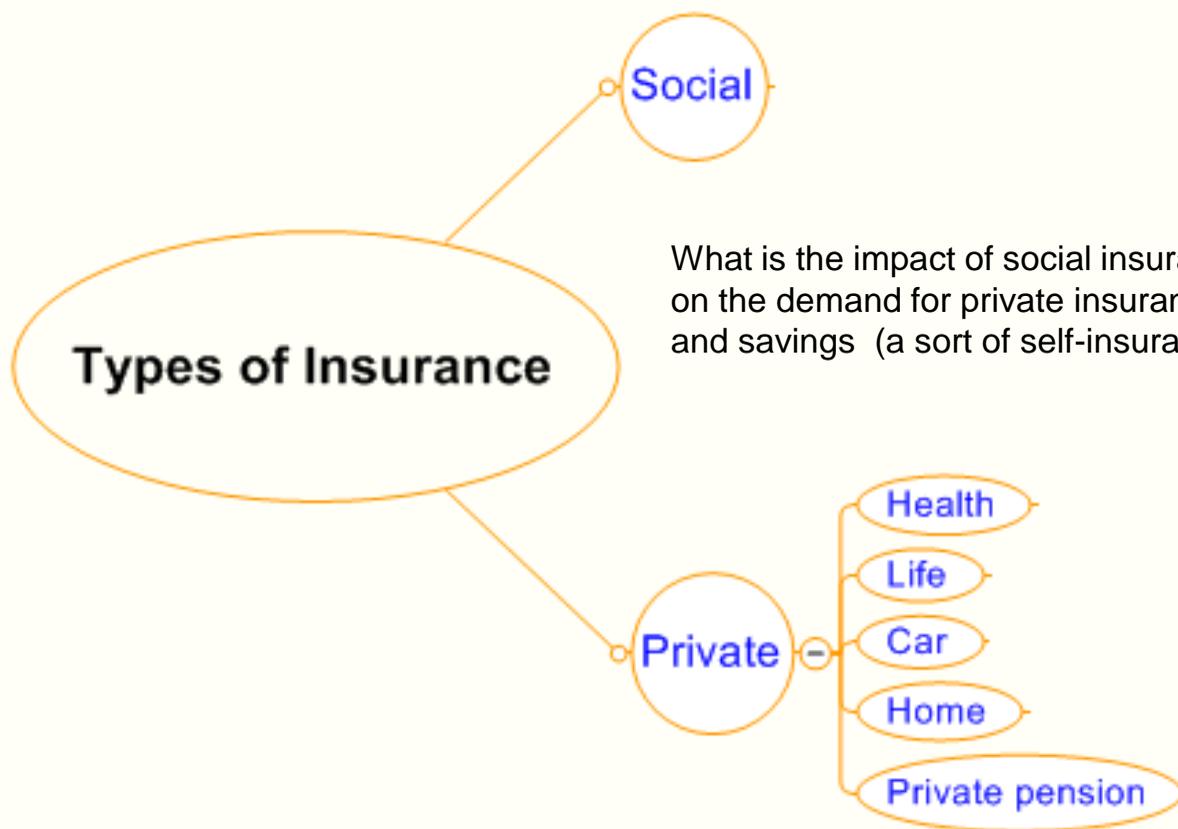
MICROINSURANCE



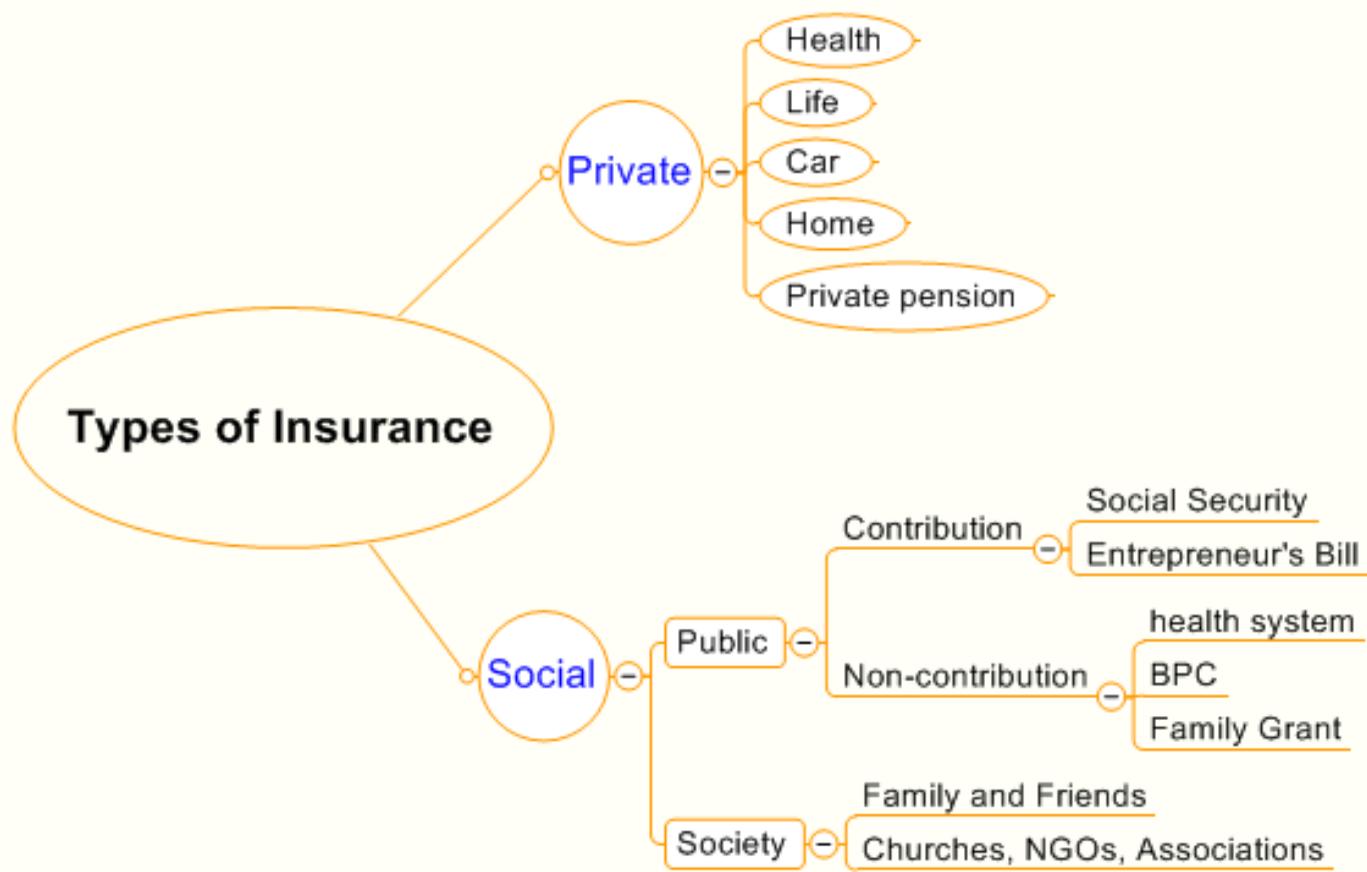
Connecting Microfinance Products:

1. Microinsurance refers more to the target group than to the financial product.
2. Savings = Negative Credit
3. Insurance Demand is an uncertainty driven choice. It can be also thought Using precautionary savings framework.
4. In spite of substitutibilities those that demand one luxury service also demand + others financial services.

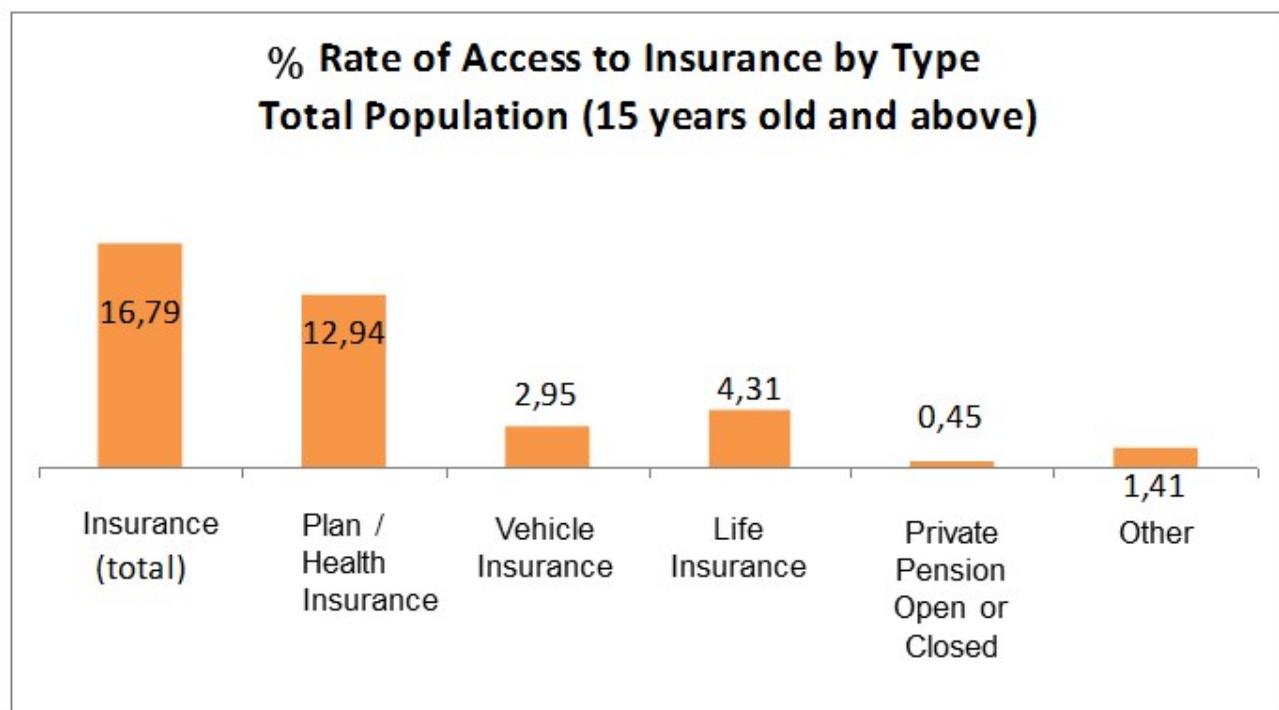
www.fgv.br/cps/ms



What is the impact of social insurance on the demand for private insurance and savings (a sort of self-insurance)?

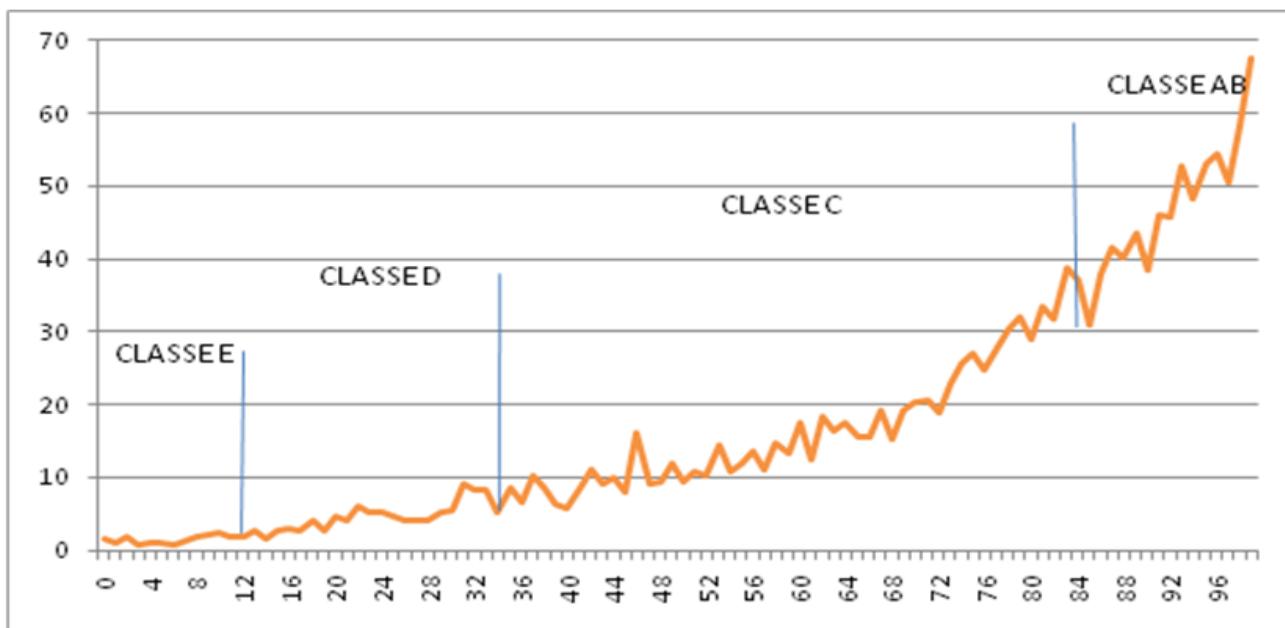


Example of Using Consumer Expenditure Survey to Study Demand



Source: FGV Social based on POF/IBGE microdata

Marginal Rate of Access to Insurance per capita income percentile - %



Source: CPS/FGV based on POF/IBGE microdata

Insurance Inequality & Income elasticity

Insurance-Related expenses Total Population*

	Mean	Theil T	Concentr.	Income elasticity
Per Capita Income	832,9	0,6748	0,5768	-
Total Expenses	23,96	2,4829	0,9349	1,6207
Health Insurance	16,80	2,6358	0,9448	1,6379
Car Insurance	3,22	3,7643	0,9812	1,7010
Life Insurance	2,17	4,0792	0,9860	1,7094
Private Pension	1,03	6,3212	0,9985	1,7311

Source: CPS/FGV based on POF/IBGE microdata

*share of the population over 15 who have answered to the insurance question

“the inequality in insurance expenses (Concentration Index 0,94) is close to 1, when only one person would hold all insurance in Brazil”.

****STEPWISE Model for variable selection**

Has some private insurance-related expenses

	ORDER OF INTRODUCTION IN THE MODEL	
	Insurance	Micro-insurance#
Economic class	1	3
Has credit card	2	1
Pays social security tax	3	2
Position in the household	4	5
Years of schooling	5	6
State UF	6	7
Age groups	7	9
Has car expenses	8	10
Job position	9	8
Has a car	10	4
Household are	11	11
Attends school or nursery	-	12

CDE Classes

Source: FGV Social based on POF/IBGE microdata

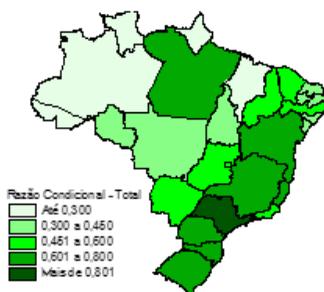
****What are the determinates of the demand for insurance?**

- Importance of economic variables vis à vis socio-demographic and spatial variables. Classes E, D, C e AB
- Race and religion do not explain once there are other controls
- Gender variable depends on the insurance: health is more feminine and the remaining types are more masculine.
- There is a plateau in the demand over the age of 50
- **Complementary relationship between private insurances**
- ***A person's income does not matter, but his family's, as in the definition of micro-insurance***
- **More household income creates more demand for health insurance (causality implied from a quasi-experiment)**

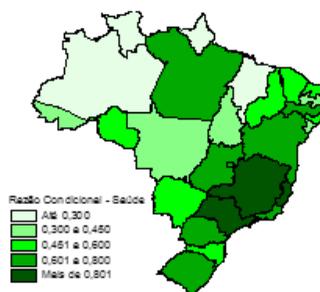
Repress Demand – Comparing Similar Individuals in Areas - Odds Ratio of Access to Insurance



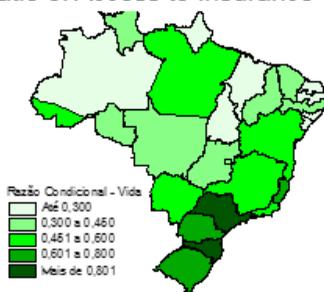
Odds Ratio of Access to Insurance - Total



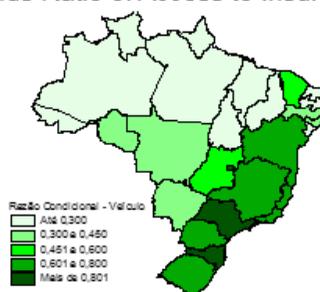
Odds Ratio of Access to Insurance - Health



Odds Ratio of Access to Insurance - Life



Odds Ratio of Access to Insurance - Vehicle



Source: FGV Social based on POF/IBGE microdata

São Paulo is the Meca of Insurance beyond Paulistas individual characteristics

The Promise of Micro-Insurance

- *“Micro-insurance holds the promise to be now, what microcredit has been in the world in the 2000s”.*
- *“Greater predictability creates well-being gains, without fiscal implications, which makes the stability effect of the insurance particularly attractive”.*
- *“During the boom we gave the emerging poor groups to the insurance market; whereas now we should give markets to the poor. We need to reach them through the creation of an appropriate institutional framework”.*