



Solvay Brussels School
Economics & Management

Essays on Micro- insurance in Fragile States

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- Introduction
- Background
- Preliminary research ideas/topics
- Relevance
- Methodology

Introduction

- 2 main components
 - Micro-insurance
 - A means of protecting low income / un- and underserved households against specific risks in exchange for a premium whose amount is proportional to the likelihood and cost of the relevant risk.
 - Fragile states
 - A (low income) country characterized by weak state capacity and/or weak state legitimacy leaving citizens vulnerable to a whole range of shocks (definition answers.com).
 - Furthermore, economic factors are often among the explaining variables for instability of fragile states.

Background

- Previous micro-insurance research mainly focused on
 - Product characteristics
 - Marketing characteristics
 - Household characteristics
 - Risk attitudes (e.g. risk aversion)
 - No studies focus on implications for fragile states

Preliminary research topics

- Multidisciplinary field
 - Actuarial Sciences
 - E.g. fair pricing, underwriting
 - Economic Sciences
 - Welfare effects of micro-insurance schemes and products
 - Regulation
 - However, more fields/sciences/perspectives essential

Preliminary research topics

- Little empirical studies on demand and impact
 - Mechanisms influencing demand
 - Mechanisms responsible for impact
 - Contextual factors (e.g. models of micro-insurance, social capital, insurance products)
 - Standardized impact and outcome indicators
 - The impact of innovations (e.g. mobile phone technology)

Preliminary research topics

- Organization of local and national/international insurance market(s)
 - Different stakeholders (e.g. governments, international (re)insurers)
 - Regulation (consumer protection)
 - Management (e.g. premium collection, claim-handling)
- Types of risk management next to micro-insurance
- The role of trust in micro-insurance
- Reinsurance (impact, structure)
- Pricing (underwriting)

Relevance

- Financial protection against risks could form an important mean to stabilize the life of individual people
- Therefore, a mean to help stabilize fragile states

Methodology

- Depending on final PhD topic:
 - Preference for a mix of quantitative and qualitative elements
 - Randomized control trials
 - Case-studies
 - Empirical research
 - External validity
 - Incorporate local context
 - However:
 - Data constraints
 - Time constraints