Creating New Microinsurance Products for Remittance Service Providers in India

Team Pennsurance

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Abstract

Remittances represent significant financial flows between both developing and developed countries that have rapidly increased in volume in recent years. Families who are dependent on remittances from family members abroad are generally in a position of higher risk, and microinsurance is well-suited to reduce the risk of lower-income families. Currently, India constitutes the largest proportion of global remittances received. Because a strong microinsurance infrastructure already exists there as well, India is a prime target for our solution. We chose to focus our analysis specifically on the India-U.A.E. corridor (flow) of remittances because it is the largest source of remittances to India. It is also primarily composed of a demographic of poorer Indian migrants working in high-risk occupations like construction.

Our proposal recommends two new forms of microinsurance, which we have coined "Income Stream Insurance (ISI)" and "Family Remittance Insurance (FRI)". ISI insures the stream of income sent from migrant workers to their home countries in case they meet with an accident or fall sick. FRI directs a portion of the stream of remittance money into health microinsurance to help protect the livelihood of the families of the migrant workers. An essential element of this idea is a partnership between remittance service providers (RSPs) and microfinance institutions (MFIs) that operate in India and service this particular corridor. We believe that these microinsurance products would not only expand insurance penetration among low income families, but also target the needs of a population of people heavily involved in remittance transactions. There is significant profit potential for MFIs and RSPs in accessing new sources of revenue and cross-selling to existing customers by implementing this idea as well.

Acknowledgements

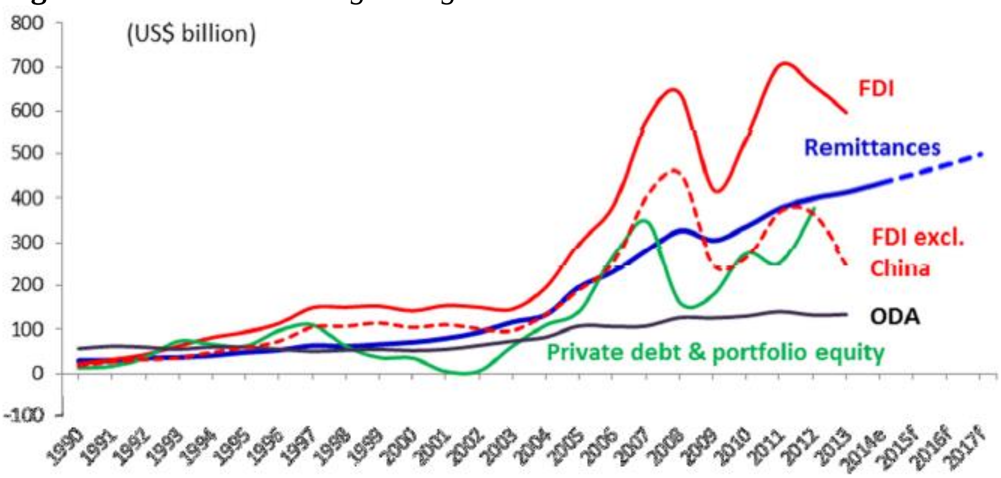
We would like to acknowledge Dr. Jeremy Tobacman, an Assistant Professor of Business Economics and Public Policy at the Wharton School. His research focuses on behavioral economics and microinsurance products in India. We would also like to thank Dr. Shing-Yi Wang, also an Assistant Professor of Business Economics and Public Policy at the Wharton School. Her research focus is on microeconomic issues and remittances. Dr. Tobacman and Dr. Wang provided us with invaluable advice on our proposal and offered their continued support for helping us implement our idea should we move forward with it.

Problem and Context

The global sum of remittances currently equals three times all official development aid worldwide, reaching $582 billion in 2014.[1] Remittances are commonly used by migrant workers to support their family; a migrant goes abroad for more promising work opportunities, while sending some of their earnings home. Families that rely on remittances for survival have several conditions that increase their levels of risk: the worker who is abroad is no longer able to directly care for their family, and they are most likely working in a dangerous job in their host country. Additionally, the family is now missing one member of its family and is consequently highly dependent on remittances for their financial security. As a result of these risks, we believe families who depend on remittances in India would greatly benefit from taking out microinsurance policies.

Microinsurance seeks to bring insurance products to a market segment that cannot afford or access traditional forms of insurance.[2] In fact, the Indian ministry of health found that a 25% of all hospitalizations pushed an individual or a family into poverty due to the cost of treatment, which health microinsurance solves for through the financial "safety blanket" that it provides.[3] However, there are few microinsurance products available that are specifically tailored to meet the needs of remittance dependent families. Remittances have already brought a formal financial channel into the lives of many where none previously existed. Microinsurance products tailored to remittance senders have a substantial target market as well as a distribution channel through which to thrive.

Figure 1: *Remittances are growing and resistant to market shocks.*



[1] World Bank Migration and Development Brief. "Migration and Remittances: Recent Developments and Outlook." October 2014. http://siteresources.worldbank.org/INTPROSPECTS/Resources/3349341288990760745/MigrationandDevelopmentBrief23.pdf
[2] United Nations Department of Economic and Social Affairs (UN DESA). "Assessing the success of microinsurance programmes in meeting the insurance needs of the poor." October 2009. http://www.un.org/esa/desa/papers/2009/wp84_2009.pdf
[3] Tina Rosenberg. New York Times. "The Microinsurance Revolution." http://opinionator.blogs.nytimes.com/2012/06/06/the-microinsurance-revolution/

Figure 2 above demonstrates that remittances are integral to foreign aid. Despite the 2008 financial crisis, the amount of remittance money sent internationally continued to grow; notably, this trend was distinct from other comparable development flows such as foreign direct investment (FDI), official development assistance (ODA), and private debt and portfolio equity. To demonstrate the counter-cyclicality of remittances, the volume of remittances to the Philippines increased substantially after typhoons Reming and Yolanda to assist in relief and reconstruction. This highlights how remittances are used as an informal insurance mechanism in times of hardship. However, our product seeks to formalize the insurance aspect of remittances. We believe linking remittances to other financial products could potentially encourage the growth in remittances currently sent to India as well as worldwide.

Solution

Our solution is to create two new products that combine microinsurance products with remittance transactions to India. To our knowledge, similar financial products have only been tried through a few pilot programs in remote regions of the world.

Our proposal creates two new products: Family Remittance Insurance (FRI) and Income Stream Insurance (ISI). Currently, there are no existing options to insure a flow of remittance money that migrant workers send to their families. For example, if a migrant worker falls sick for a lengthy duration of time, our ISI microinsurance product would pay out to cover the worker's family during the period when they are no longer receiving regular remittances. Additionally, for FRI, we propose that a migrant worker can decide to set aside a certain percentage of the remittance funds they send into an insurance account that will cover their own family's health in case of emergency situations back home in India. EA Consultants has written a primer exploring the concept of remittance-linked microinsurance, with ISI and FRI being comparable to product types (ii) and (iv) of their paper.[4] Reaching out to, interviewing, and potentially working with their team of experts would be advisable should we proceed to further work on developing and implementing this project.

By who, what, how and when would it be implemented?

India is our choice of pilot location for two reasons. First, India is the largest recipient of remittances in the world, and the large amount of remittances flowing into India provides a substantial potential customer base.[5] In 2013, over $70 billion in remittances were sent to India,[6] which is a significant portion of the total world remittances of $582 billion in 2014. The second reason we chose to focus on India is because there is a large penetration of microinsurance products already in India. In fact, India has the fourth highest microinsurance coverage ratio in

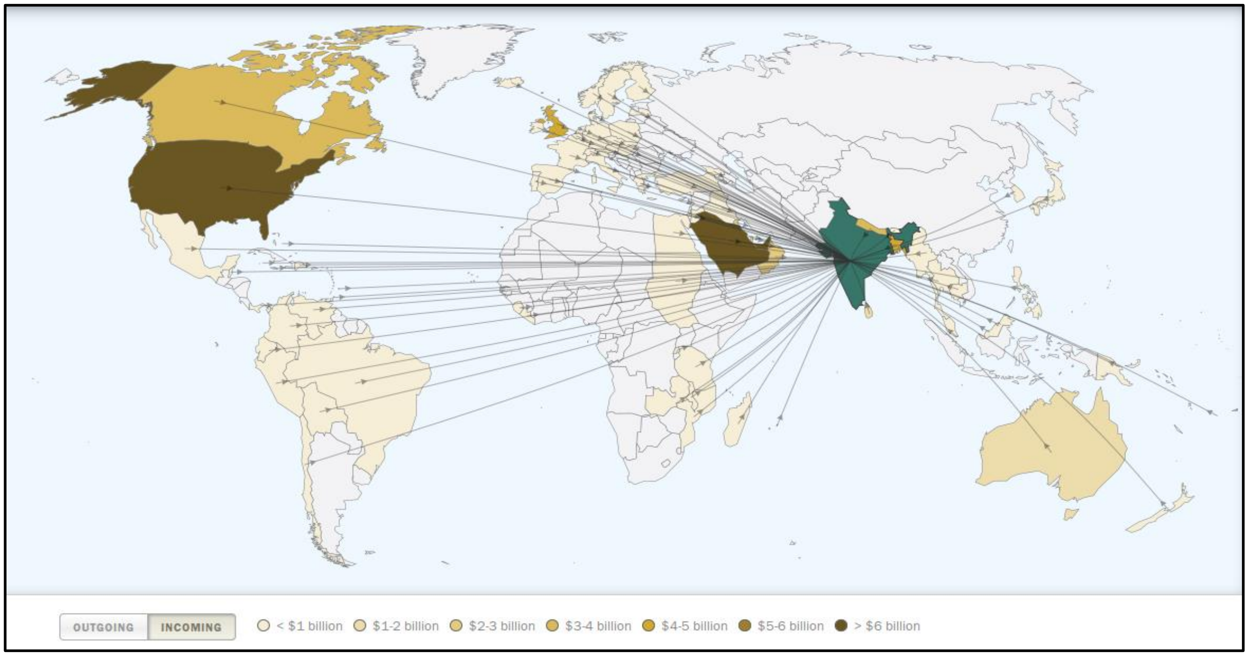
[4] Powers et al. Microinsurance Innovation Facility, International Labour Organization. "Briefing Note 6: Formalizing the Informal Insurance Inherent in Migration." January 2011. http://www.ilo.org/public/english/employment/mifacility/download/brnote6_en.pdf

[5] World Bank Migration and Remittances Unit. "Migration and Remittances Factbook." http://siteresources.worldbank.org/INTPROSPECTS/Resources/334934-1199807908806/Top10.pdf

[6] The World Bank. "Personal remittances, received (current US$)." http://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT

the world at 9.22%.[7] Therefore, Remittance Service Providers (RSPs) already have an existing base of customers who regularly remit money back to their families in India.

Figure 2: *Heat map of remittance flows to India*[8]



As we see in Figure 2, the countries that send the largest amount of remittances to India include the United Arab Emirates and the United States, making both of these countries the target host location for our customers. Our microinsurance products target households earning $2-4 per day; the marginalized poor would not have the ability to pay any money for insurance, and wealthier families may already be the targets of existing insurance packages. We believe people earning in the $2-4 per day range will have a small amount of income they can set aside for insurance without jeopardizing their families' sustenance.

Both of our microinsurance products aim to address the psychological distance between the family and the worker. Spending long periods of time abroad can cause a withdrawal effect from the household, which will make the remittance sender feel a significant loss of involvement in their family's lives and finances.

Two of the countries with a notable Indian migrant worker population are the United States and the United Arab Emirates. In particular, the U.A.E. has experienced rapid growth in the past 10 years, and is projected to experience further expansion in the coming years. This rapid growth has seen with it a drastic increase in the number of high-risk construction projects in some of the

[7] The MicroInsurance Centre. "The World Map of Microinsurance." http://www.microinsurancenetwork.org/world-map-microinsurance
[8] Pew Research Center. "Social and Demographic Trends." http://www.pewsocialtrends.org/2014/02/20/remittance-map/

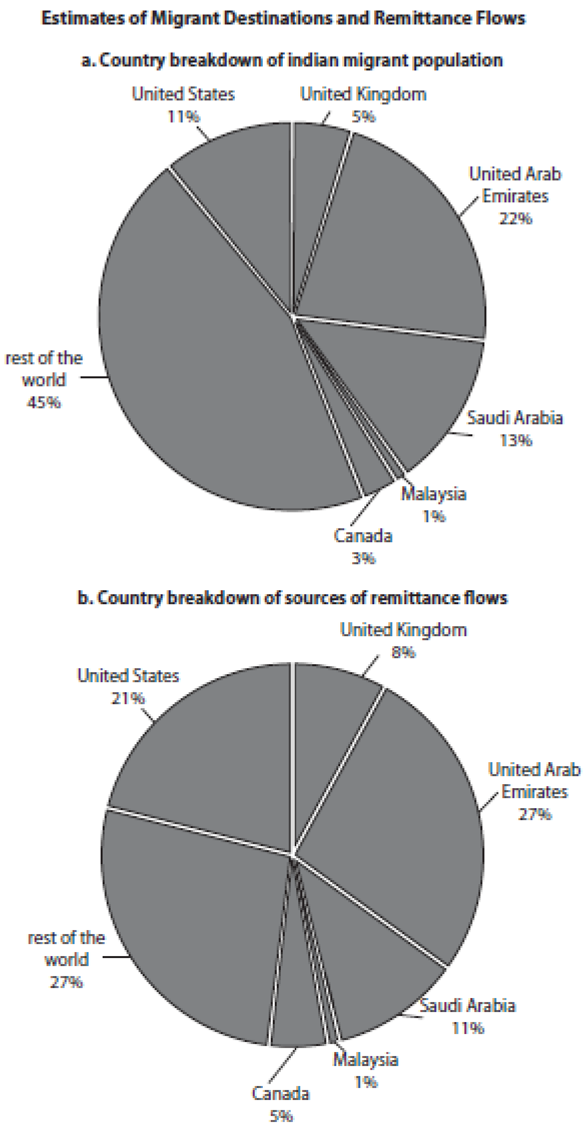
largest tourist cities in the world including Dubai and Abu Dhabi. For instance, foreign workers constitute 96% of the total labor force in the U.A.E. from 2015 research.[9] Consequently, the U.A.E. has a large demand for migrant construction workers, a majority of whom arrive from India.

There is a large segment of Indian migrant workers in the U.A.E. working under harsh conditions for construction projects. According to research by a trade publication entitled *Construction Week*, a total of 880 migrant construction workers died in the U.A.E. in 2004, 460 of whom came from India.[10] Moreover, the World Bank states that 75% of the Indian migrant workers in the U.A.E. are employed in construction work.[11] The high-risk work sites and harsh conditions that Indian migrants operate within in the U.A.E. makes the probability of injury substantial for migrant workers in the U.A.E., making insurance a potentially valuable tool. Moreover, we believe there is a significant need for our remittance insurance products (ISI and FRI) in the U.A.E. According to 2011 World Bank Global Findex data, 78% of U.A.E. individuals did not save their money in a financial institution, and migrants are unlikely to bring cash and valuables back with them to their countries of origin.[12]

We believe this is likely due to the fact that migrant workers' conditions are so harsh that they lack security for their stream of money being sent back to families in India. Because of the large proportion of Indian migrant workers in the U.A.E. who specifically have a perceived need for our product, we believe the U.A.E. would be an ideal location to target our product.

[9] Shing-Yi Wang. The Wharton School. "Asymmetric Information and Remittances: Evidence from Matched Administrative Data." February 20, 2015. http://assets.wharton.upenn.edu/~was/wage_remitV6.pdf
[10] Hadi Ghaemi. "Building Towers, Cheating Workers." Accessed through Google Books. http://tinyurl.com/lm5qftw
[11] The World Bank Directions in Development: Finance. "The Remittance Market in India." https://www.cbd.int/financial/charity/india-remittance.pdf
[12] Shing-Yi Wang. The Wharton School. "Asymmetric Information and Remittances: Evidence from Matched Administrative Data." February 20, 2015. http://assets.wharton.upenn.edu/~was/wage_remitV6.pdf

Figure 3: *The U.A.E. is the leading destination for Indian migrant workers as well as source of remittance flows.*[13]



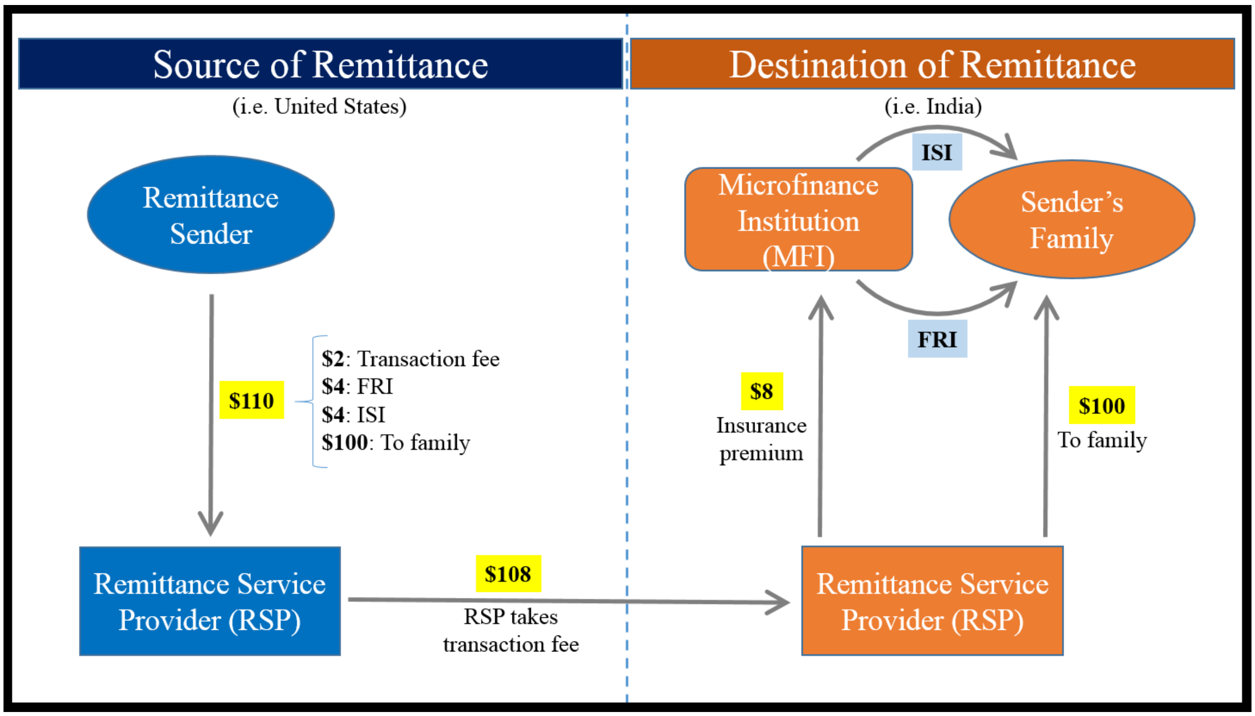
Our FRI product gives migrant workers, who prefer that their remittance be used for investment over consumption, the opportunity to invest directly in their family's well-being. The FRI can be used to dedicate a certain percentage of their remittance to a microinsurance product insuring their family's health. This is a key behavioral feature of our product, as the remitter gains influence over having the money invested rather than spent entirely on consumption purposes.

[13] The World Bank Directions in Development: Finance. "The Remittance Market in India." https://www.cbd.int/financial/charity/india-remittance.pdf

Our proposal allows for families and migrant workers to have the option of signing up for either an ISI or FRI account, or both simultaneously. Figure 4 depicts a hypothetical flow of remittance money from a migrant worker to India, in which a migrant worker is signed up for both the ISI and FRI products. Migrants will decide with their families how much money to allocate towards their ISI and FRI accounts (in our example in Figure 4, the migrant worker and their family decide to allocate $4 towards the ISI premium and $4 towards the FRI premium). Below, we describe the streams of cash from the migrant worker to their family:

a. The first stream of money is a $100 base amount of remittance money that families in India would directly receive.
b. The second component of this is a $4 premium towards the FRI account.
c. The third stream is a $4 premium for the ISI account.
d. The final amount of money is a $2 RSP transaction fee

Figure 4: *Example of remittance-linked microinsurance product design*



Once the remittance has reached India, the RSP in India keeps the $2 transaction fee. Under our proposed plan, the RSP is also responsible for the distribution of the remittance base amount of $100 to the families receiving the payment. The MFI is responsible for holding insurance money in an account under the family's name, and distributing insurance payouts in cases where the conditions of the FRI or ISI products apply.

We believe RSPs will have a strong incentive to cooperate with MFIs. In particular, we believe there will be a segment of the population that did not previously make use of RSPs but who will now be drawn to use their services because they feel as though their payments are safeguarded against risk. RSPs can benefit from gaining a larger number of people who want to use their services and will gain higher profits by handling more cash and generating more RSP fees. The figure below demonstrates the various benefits and potential risks faced by various stakeholders affected by our proposed solution.

Figure 5: *Stakeholder benefits and risks*

Analysis of Benefits and Potential Risks of Major Stakeholders

Migrant	Family	Microinsurance Institution	Remittance Service Provider	World Bank
Benefits: - Protects family back home - Reduces psychological distance from family - Provides more control over how remittance money is spent - Reorients spending behavior from consumption to investment - Helps families avoid poverty due to costs of treatment - Potential opportunity to build credit history **Potential risks:** - May not want to pay for the price of the product - Potentially a double-margin problem	**Benefits:** - Provides access to insurance - Insurance and risk reduction against health or accident shock that can cause families to enter poverty **Potential risks:** - May prefer money to be spent at own discretion	**Benefits:** - Additional revenue in insurance premiums - Access to previously untapped customer base **Potential risks:** - Infrastructure setup costs, SG&A, and overhead costs - Opportunity cost	**Benefits:** - New source of revenue in remittance fees - Appeal to new base of customers - Additional revenue from existing customers **Potential risks:** - Infrastructure setup costs, SG&A, and overhead costs - Opportunity cost	**Benefits:** - Adheres to its mission and strengthens global brand through practical and innovative application of research from Bank's Migration & Remittances Team **Potential risks:** - Dealing with government regulations - Strong-arming the duopoly in the remittance market

Product Design & Infrastructure

As with traditional forms of insurance, an ISI or FRI policy would require a claim to be initiated for payments to be issued. For ISI policies, the migrant worker would be responsible for filing a claim demonstrating a forced interruption in remittances (i.e. long-term recovery after an accident). However, because the MFI will not have a local presence in the migrant worker's host country, a system will need to be created that allows the worker to send their claim documents back home to the Indian MFI. We propose that the RSP be in charge of this linkage, and in their partnership with the MFI create a channel through which claims documents are transmitted. With FRI, the whole process would be very similar to a regular health insurance policy, and the family in India would need to file a claim with the local branch of the MFI.

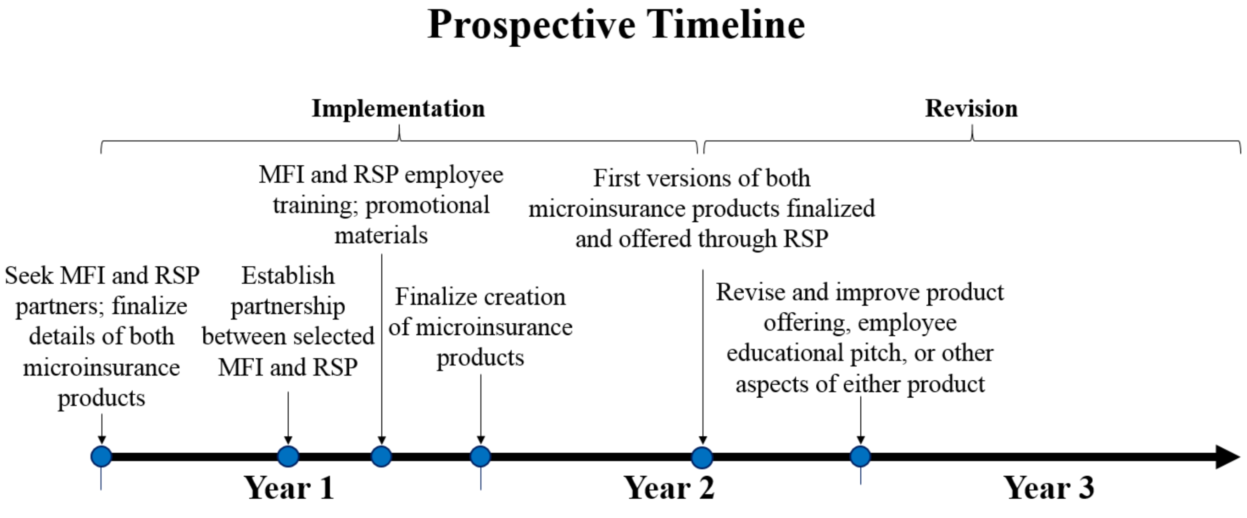
The additional technology that would need to be developed for the implementation of the ISI and FRI products are minimal. The novelty with the FRI product is that it allows a migrant worker to fund his family's health insurance, but the health insurance product already offered by the microfinance institution otherwise remains unchanged. This means that beyond changing the source of revenue on the policy, the processing system is the same. As mentioned above, for the ISI product a channel would need to be created for transmitting claims documents, but outside of that addition no significant development would be required.

Timeline

Our prospective timeline for implementation covers a span of three years. During the first year, we would seek to find both MFI and RSP partners, and begin the process of finalizing details about both microinsurance products. With work from the insurance, financial, and legal sectors required to formally create our microinsurance products, we would expect the full creation of both microinsurance products to take eight to twelve months. To accelerate our timeline, an MFI partner would be sought out first, so the development of the insurance products can begin as early as possible. Once this process is underway, our search for a suitable RSP partner would begin.

Towards the middle of the first year, our team's focus would be on establishing a partnership between the selected MFI and RSP. Following their partnership, employee training at both the MFI and RSP would need to occur, and promotional materials would begin to be developed; we believe this would take approximately three to six additional months. Roughly twenty months after the beginning of the process, the first versions of both microinsurance products would begin to be offered through the RSP, ending the implementation period. We would diligently collect feedback from early customers and store visitors, proposing changes to the MFI and RSP as frequently as possible. To provide time for fully understanding the needs of our emerging market segment, we are allocating an additional year in which changes would be made to the product offering, employee educational pitch, or other aspects of either product. The figure below illustrates our proposed timeline.

Figure 6: *Proposed timeline for implementing our proposal*



Expected Impact

We believe our solution will impact the lives of lower class families in India in several ways. Firstly, we believe that our microinsurance products tied to the RSP services will provide a chance to lower risks for these families whose lives are already the subject of many unexpected events (health, weather, and diseases). The families our plan targets will also become more financially literate regarding the importance of insurance and various ways of spending and saving their money.

Our solution is unique because it will allow migrant workers to have the capability to "invest" in their family's welfare through insurance. We believe migrant workers will feel more secure about their family's safety and future. A possible impact is that more migrants may be attracted to RSP services, and more money will consequently be sent overseas to families in India that depend on these funds to sustain their livelihoods.

Figure 5 in an earlier section of our paper delves into the benefits and risks to each stakeholder of our idea to further detail. Market sizing, market research, and modeling out pricing and claims rates with migrant risk behaviors as the main variable would be the next steps in analyzing profitability for MFIs and RSPs. A high volume of detailed, high-quality data would be necessary to fully carry this out.

Comparable Product Offerings

Similar products are rare but do exist around the world. However, they are both at a much smaller scale than what we are proposing and without World Bank heft to help provide advice and technical assistance to the RSPs, MFIs, and government players.

In November 2007, Seguros Futuro, a cooperative insurance company in El Salvador, piloted a “Repatriation and Remittance” microinsurance product in five cooperatives. It was marketed to a customer base of low to middle-income sectors in both urban and rural areas of El Salvador with especially high volumes of remittance transactions over a three-year time period. Should the migrant worker in the U.S. or Canada perish, the policy covers the full cost of repatriating the body of the relative and provides twelve monthly payments varying between $1,000 and $10,000 to substitute for the $300 monthly average remittances that the individuals withdraw from cooperatives or service points of Seguros Futuro. As a result of the project, Seguros Futuro tripled its underwritten premiums, proving the success of leveraging remittance flows for microinsurance as a growth factor for insurance companies.[14]

In 2007, the Center of International Development and Research (CIDR) began to enable the sharing of premium payments between migrants and their families for the Comoros Islands off the east coast of Africa. CIDR markets the product through contact with migrant organizations in

[14] Impact Insurance. “Enhancing access to microinsurance among remittance recipients – Seguros Futuro.” December 2013. http://www.impactinsurance.org/projects/lessons/enhancing-access-microinsurance-among-remittance-recipients

Southern France and addresses the migrants during their vacations on the Comoros.[15] By linking remittances and microinsurance, CIDR intends to support their financial viability because their scheme previously suffered from high dropout rates. These were due to either the inability of families to pay the yearly premium payment, or to the families using remittance money for consumption rather than preventative purposes.

Potential Challenges

The first and foremost challenge in our path will be ensuring the cooperation of MFIs and RSPs in order to create a linkage for our remittance microinsurance product. In order to convince these two stakeholder groups to join the initiative, the incentives they will receive from enabling these transactions must be clearly communicated to them.

In the case of MFIs, the most important incentive for their cooperation in this project is revenue growth; MFIs will be able to provide a new microinsurance product which will result in a new revenue stream and strengthen their relationship with the migrant worker customer segment. However, the biggest challenge to ensuring an MFI partner's involvement will be the large sum of infrastructure setup, selling, general, and administrative (SG&A) costs that the MFI will incur. Therefore, it must also be clarified to the MFIs that the proposed product has scalability and promises positive returns in the long run. Only through a rigorous pitching process and sound quantitative analysis showing profitability can this partner be persuaded to join the remittance microinsurance project.

In the case of RSPs, the incentives for cooperation are, similarly, a potential new revenue stream and strengthened relationships with the migrant worker segment. There are many different types of RSPs in India. Banks enable the remittance transactions of 60% of the market and at much larger sizes. Money transfer operators (MTOs), such as Western Union and MoneyGram, have 35% of the market. The rest of the market is served by internet remittance providers. For the UAE-India remittance corridor, the banks charge the highest remittance fees among all RSPs. This is why we recommend the involvement of an MTO as an RSP partner for our project in the long-term; while having an MFI enable the remittance transactions would be a simpler soultion for the short-term, involving an MTO for the RSP role with put a lower margin on the product. Since affordability is very important for a microinsurance product, an MTO's cooperation is essential.

[15] Federal Ministry for Economic Cooperation and Development. "Microinsurance and Remittances: Teaming up for development or obstructing each other." May 2011. http://www.giz.de/expertise/downloads/giz2011-en-microinsurance-remittances.pdf

Figure 7. *Average remittance size by bank and RSP*[16]

U.S. dollars

	Banks					Money Transfer Operators (MTO)			
	Citibank	ICICI bank	HDFC bank	Axis	SBI	WU/ HDFC	Wall Street Forex	WU	UAE Ex.
Average Remittance Size	2,000–3,000	1,500–2,000	5,000–10,000	1,600–2,000	1,000	500–700	400–500	500	350–450
	Internet (Times of Money)					India Post			
Average Remittance Size	2,000					70			

Sources: Industry sources; authors' interviews and survey.
Note: SBI = State Bank of India; UAE Ex. = UAE Exchange; WU = Western Union.

The second important challenge is keeping the remittance microinsurance product affordable. Due to the involvement of two different financial service providers, there will be two different expectations of profitability from the product, which will lead to a double-margin problem. We sincerely hope that the host and home country governments, as well as the World Bank, can play a significant role in demonstrating the potential this product poses for international development to selected RSP and MFI partners in order to negotiate its final price to a reasonable range. It would be extremely beneficial if either the host country (UAE) or home country (India) governments, the MFI, or the RSP could provide subsidies to make this product affordable throughout pilot program.

The third biggest challenge will come during the implementation phase of our project. The logistical process of aligning remittance transactions with their designated microinsurance accounts will require a great deal of communication and collaborative information technology efforts on the part of MFIs and RSPs both. The process of setting up the infrastructure for this money transfer will definitely require the expertise, funds, and time from both parties. Our ultimate goal is to create a partnership where MFIs will contribute their expertise in microinsurance products and RSPs will contribute their channels for international money transfer. If both parties are prompt responsive, the timeline of implementation can definitely be shortened.

Another important challenge to the implementation phase of our project is the regulation structure for India's microinsurance that needs to be understood. There are several rigid regulations on microinsurance in India, including, but not limited to:

a) Minimum capital requirements for insurers, (Updated 1938 Indian Insurance Act, Article 6)
b) Limit on a foreign partner's involvement in a joint insurance venture, (Updated 1938 Indian Insurance Act, Article 7(A)(b))

[16] The World Bank Directions in Development: Finance. "The Remittance Market in India." https://www.cbd.int/financial/charity/india-remittance.pdf

c) Restrictions on offering life insurance and other insurance products together (Updated 1938 Indian Insurance Act, Article 11).[17]

None of these regulations deem our proposed product unfeasible; however, they do impose certain guidelines that must be followed. In order to comply with the national regulations in India, the MFI and RSP strategic partnership will have to design the product within legal limits. For example, it may be impossible for the MFI in this partnership to offer the ISI and FRI insurances within the same package as pure life insurance. We must also bear in mind that if this solution is considered for implementation in other geographies as well, the local insurance regulations may differ drastically, which can necessitate alterations in product design.

Last but not least, a challenge for the use of the remittance insurance product may come from unexpected conditions that current national insurance regulations do not cover. For example, the remittance sender may fall short on his periodic insurance payments for a month due to a behavioral lapse, moderate sickness, or accident. In cases like these, there must be regulations placed to ensure that the microinsurance provider will not take any unfair measures that negate the positive wealth effect of the remittance insurance product; immediate insurance cancellation or unreasonable fee increases should not be immediate consequences of such a situation.

Alternative Implementation Opportunity

One potential challenge that our proposal faces is the necessity to create linkages between MFIs and RSPs. We believe this is an issue that will be resolved through several means. Firstly, we believe that because there are sufficient gains for both MFIs as well as RSPs from adopting our proposal. Moreover, an existing institution, ICICI, already exists to fulfill both of these roles, which we believe would be a perfect pilot institution for our proposal. ICICI allows migrants to send remittance money to India (our target country). The institution also recently started its first micro insurance policy entitled Sarv Jana Suraksha. We believe that ICICI will be a perfect institution to implement our products through because of its large size and the compatibility with its current model. Moreover, piloting our proposal with ICICI will cut the remission fee required by the sender in half, because instead of having to pay two separate fees to an MFI and an RSP separately, they would now have to send only one fee to ICICI. However, the main problem with this is that the prices charged by banks in the India-U.A.E. corridor often exceed RSP prices by over 10 times as demonstrated in Figure 8 below.

[17] Allianz AG, GTZ and UNDP Public Private Partnership. "Microinsurance: Demand and Market Prospects, India". http://www.undp.org/content/dam/aplaws/publication/en/publications/capacity-development/microinsurance-demand-and-market-prospects-for-india/Microinsurance.pdf

Figure 8. *Average remittance costs by size and corridor*[18]

Source country	Average cost of remitting US$200		Minimum cost of remitting US$200		Maximum cost of remitting US$200		Average cost of remitting US$500		Minimum cost of remitting US$500		Maximum cost of remitting US$500	
	%	US$	%	US$	%	US$	%	US$	%	US$	%	US$
Canada												
Banks	10.3	20.7	4.4	8.7	20.1	40.1	6.9	34.6	3.0	14.9	15.9	79.4
MTOs	7.3	14.6	5.6	11.2	9.1	18.2	4.5	22.5	2.8	14.1	5.8	28.8
Total average	9.5	18.9					6.2	31.0				
Saudi Arabia												
Banks	5.1	10.3	4.4	8.8	5.8	11.7	3.1	15.3	2.4	12.0	3.6	17.9
MTOs	4.7	9.5	3.1	6.3	5.8	11.7	2.7	13.6	1.9	9.7	3.6	17.9
Total average	4.9	9.8					2.9	14.3				
Singapore												
Banks	6.1	12.2	3.1	6.2	11.0	21.9	3.8	19.1	2.6	13.0	5.8	29.0
MTOs	3.9	7.8	2.9	5.8	5.5	11.0	3.3	16.4	2.8	14.2	3.9	19.3
Total average	5.0	10.0					3.5	17.7				
United Arab Emirates												
Banks	26.0	51.9	22.6	45.1	29.4	58.7	11.7	58.4	10.3	51.6	13.0	65.2
MTOs	2.7	5.4	1.4	2.8	4.2	8.4	1.6	7.8	1.0	5.0	2.6	12.8
Total average	4.9	9.8					2.5	12.7				
United Kingdom												
Banks	3.9	7.8	1.3	2.6	5.5	10.9	2.2	10.9	1.3	6.5	3.0	14.8
MTOs	6.2	12.3	2.6	5.2	10.2	20.4	4.1	20.3	2.5	12.3	6.5	32.3
Total average	5.4	10.8					3.4	17.2				
United States												
Banks	8.4	16.7	1.2	2.4	15.0	30.0	5.5	27.3	1.2	6.0	10.8	54.0
MTOs	5.9	11.7	2.3	4.7	8.4	16.9	3.5	17.7	1.6	7.9	6.7	33.7
Total average	7.0	13.9					4.4	21.9				

Source: World Bank 2010b.
Note: MTO = Money Transfer Operator.

Future Outlook

We believe that remittance microinsurance will make a direct impact on the income sustainability of Indian lower class migrant workers and their families. The thorough product design allows for scalable implementation and promises long-term profitability.

Additionally, if a pilot program for this product is successfully implemented in India, we see the potential for expanding our idea into different geographic regions where remittance income is essential to a significant fraction of the population's livelihood. We believe there are several other countries where there would be demand for our idea. One example is the Philippines; in this country, incoming personal remittances constitute 9.8% of the GDP. Furthermore, the Philippines has an established microinsurance market and a thriving financial technology sector that is ripe for mobile remittance payments. Therefore, it is the ideal next setting to launch a remittance microinsurance product. In the future, we would like to explore regulatory and cultural constraints in Philippines, as well as other eligible countries, to make our idea scalable and global.

[18] The World Bank Directions in Development: Finance. "The Remittance Market in India." https://www.cbd.int/financial/charity/india-remittance.pdf