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**Zambia health insurance analysis  
using FinScope Zambia 2005**

April 2007



**Agenda**

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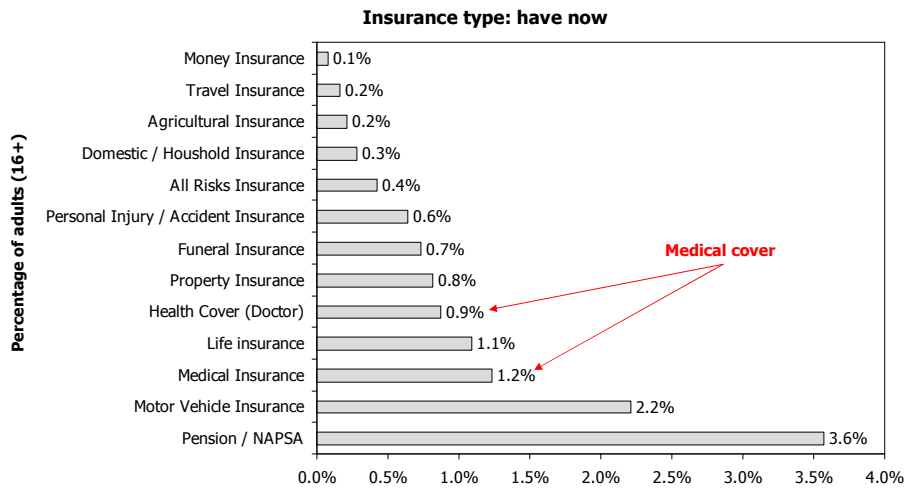
**1. Market overview**

2. Current market

3. Potential market

4. Access frontier for health cover

**Only 7 % of the total adult population answered yes to having any type of insurance. Medical insurance is ranked third in terms of all insurance products**

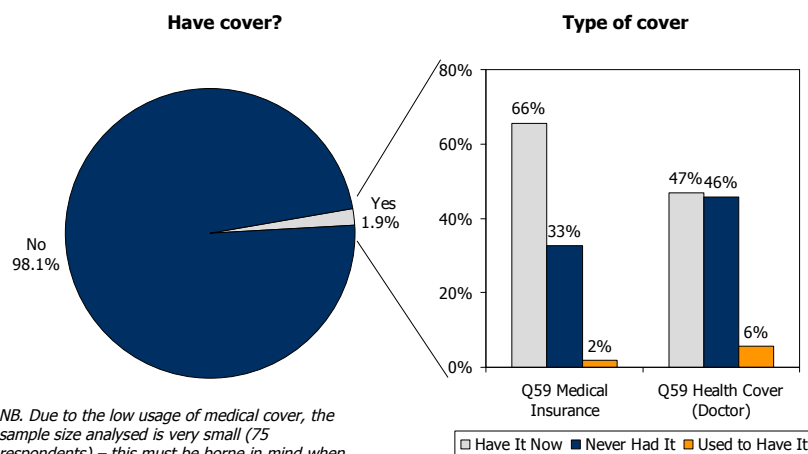


Source: FinScope Zambia 2005



2003 3

**Only 2% of the adult population have medical cover\* - medical insurance is the more popular option**



*NB. Due to the low usage of medical cover, the sample size analysed is very small (75 respondents) – this must be borne in mind when interpreting results*

Source: FinScope Zambia 2005  
\* Health cover or medical insurance

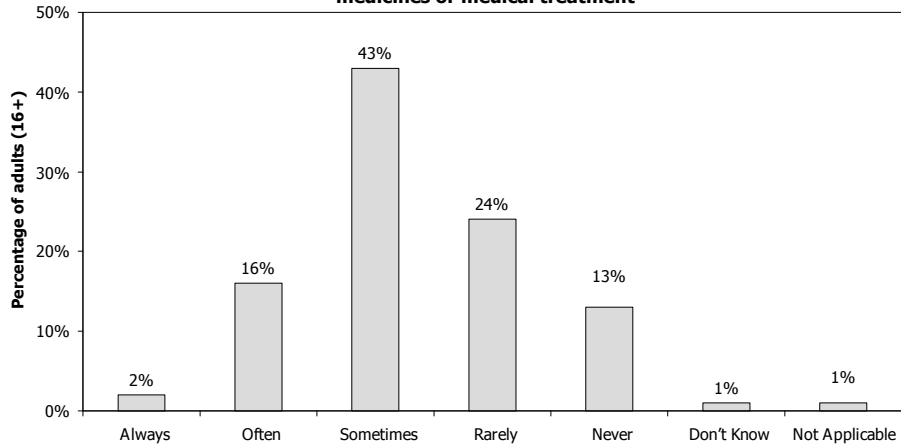


2003 4

## 1 in 5 Zambians say that they often/always go without enough medicine or medical treatment



In the past year, how often has your family gone without enough medicines or medical treatment



Source: FinScope Zambia 2005



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## Agenda



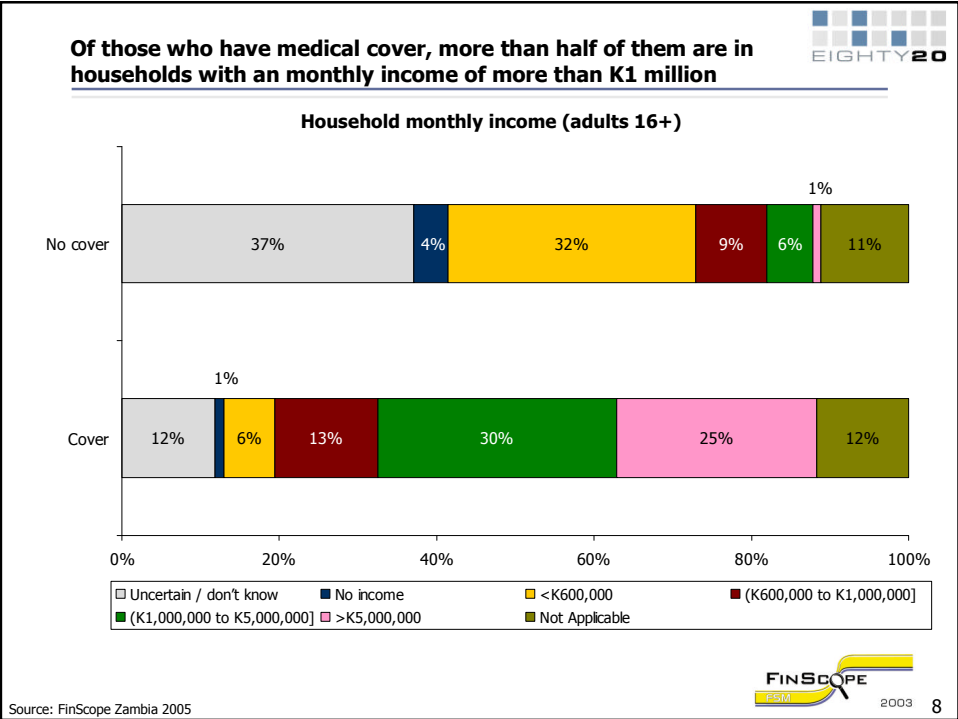
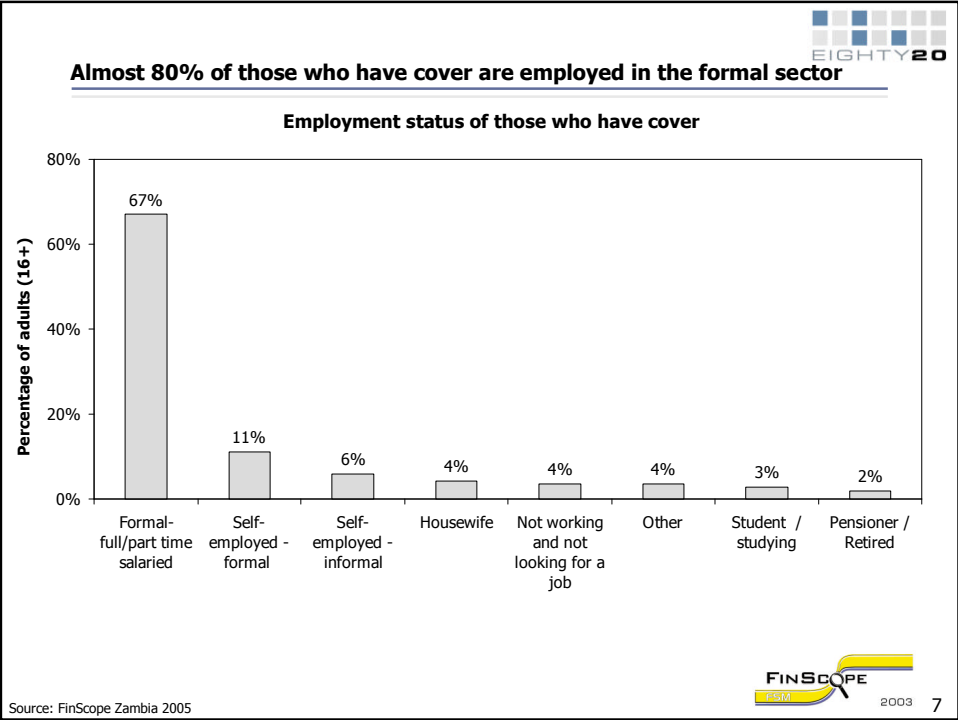
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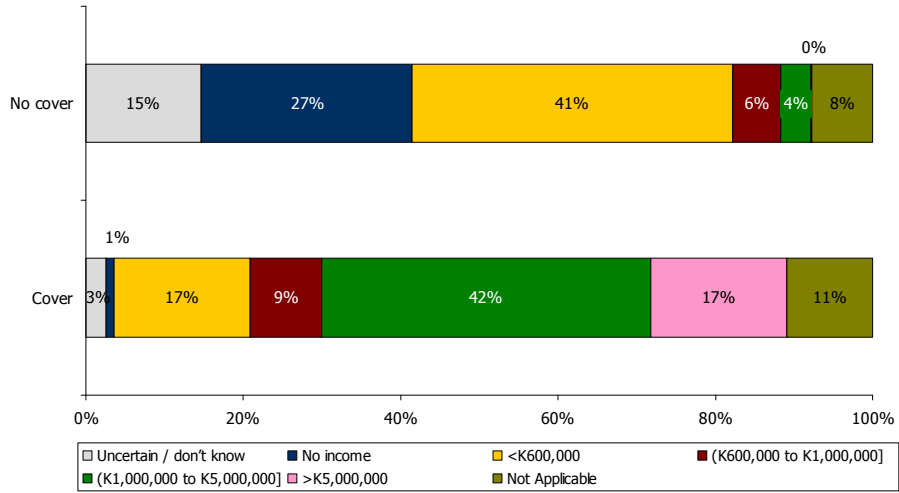
6



**Almost 60% of those who have medical cover have a personal monthly income of more than K1 million**



**Personal monthly income (adults 16+)**



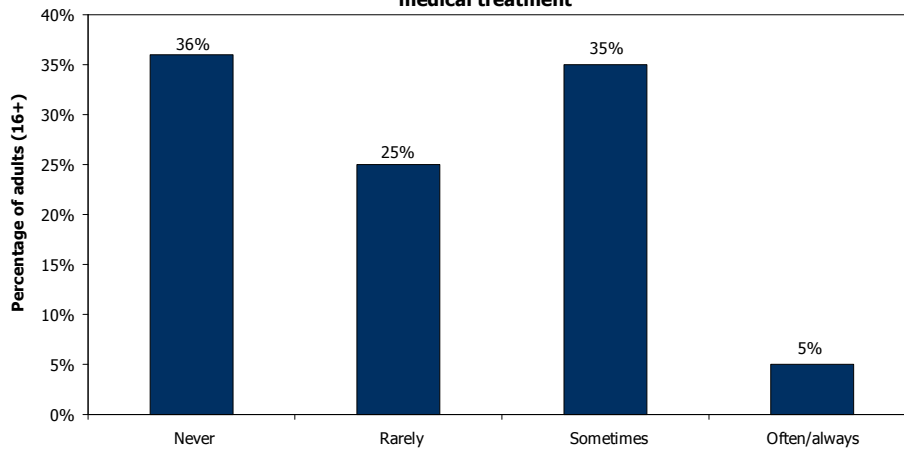
Source: FinScope Zambia 2005



**40% of those who have medical cover have insufficient cover (sometimes, often, or always)**



**Have cover: how often do you or family go without enough medicines or medical treatment**



Source: FinScope Zambia 2005



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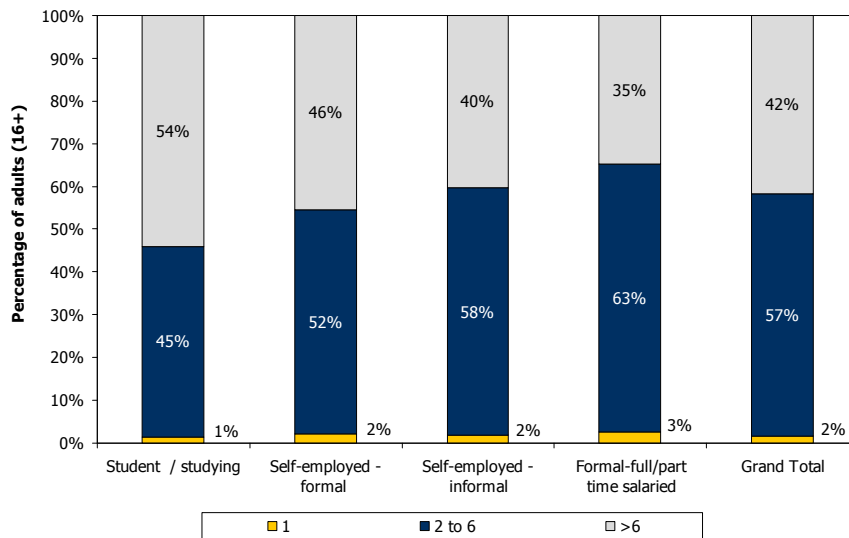
**3. Potential market**

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**A significant proportion of Zambia's population lives in households with more than 6 members. Currently most schemes provide cover for up to 6 members\***

**Zambian household sizes (incl. persons <16)**

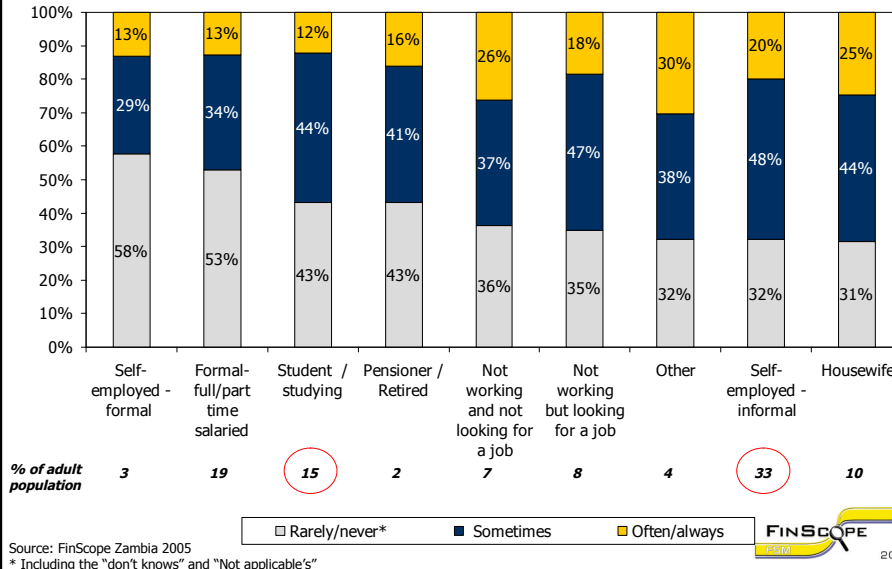


Source: FinScope Zambia 2005  
\* Principal, spouse and up to 4 dependents

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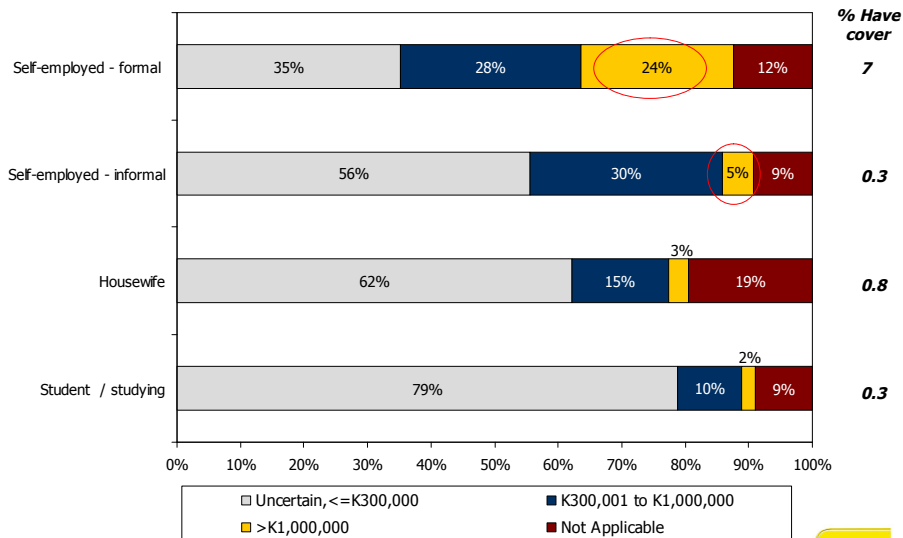
**Majority have insufficient access to medical services**

**Employment status: In the past year, how often has your family gone without enough medicines or medical treatment**



**Current target markets do not include self-employed individuals yet a significant proportion of them come from households with a monthly income of more than K1,000,000**

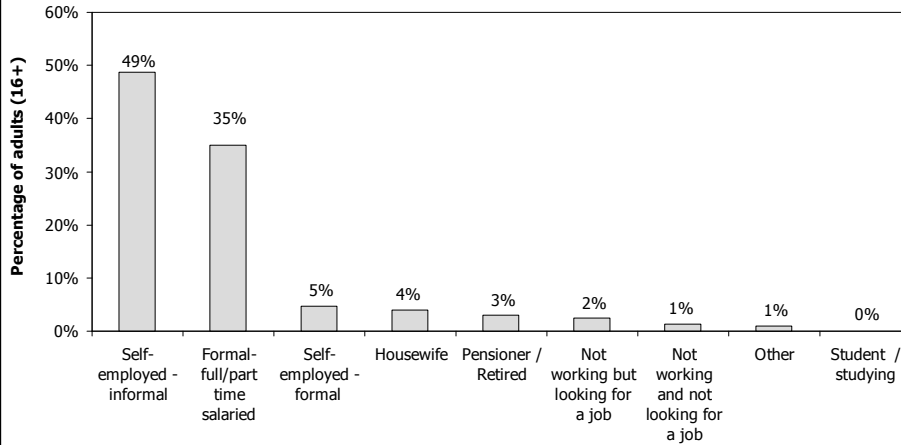
**Employment status: Income levels**



**4% of Zambians make use of a microfinance institution. More than half of them are self-employed individuals**



**Financial service from a microfinance institution**



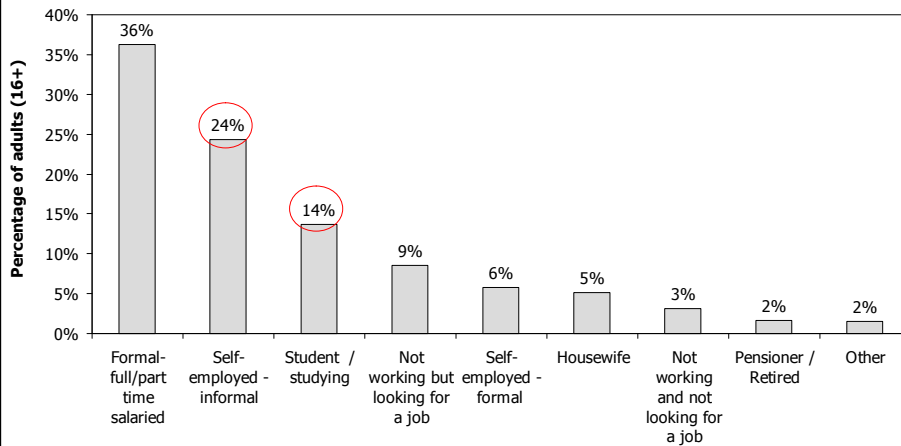
Source: FinScope Zambia 2005



**28% of Zambians have access to a cellphone. A significant proportion of them are self-employed in the informal sector**



**Have access to now: Cellphone**



Source: FinScope Zambia 2005



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## Product specifications

### Basic product description

- Cover includes medication, outpatient and inpatient care, and surgery
- Ceiling limits do apply. There is no co-payment
- Cover for employee, spouse and up to 4 dependents
- Minimum premium of K409,000 per annum

### Availability

- Group based product for employees
- Theoretically individual cover is available – however, this is currently not a target market\*

### Sales channels

- Sold direct to companies
- Traditional channels including brokers and agents

### Premium collection

- Paid annually in advance

### Client requirements

- Maximum age of 65
- NRC or passport number required

Source: Carolijn Gommans (CG) – Just Good Business  
 \* CG proposed that for this analysis it should be assumed that such a product does not exist

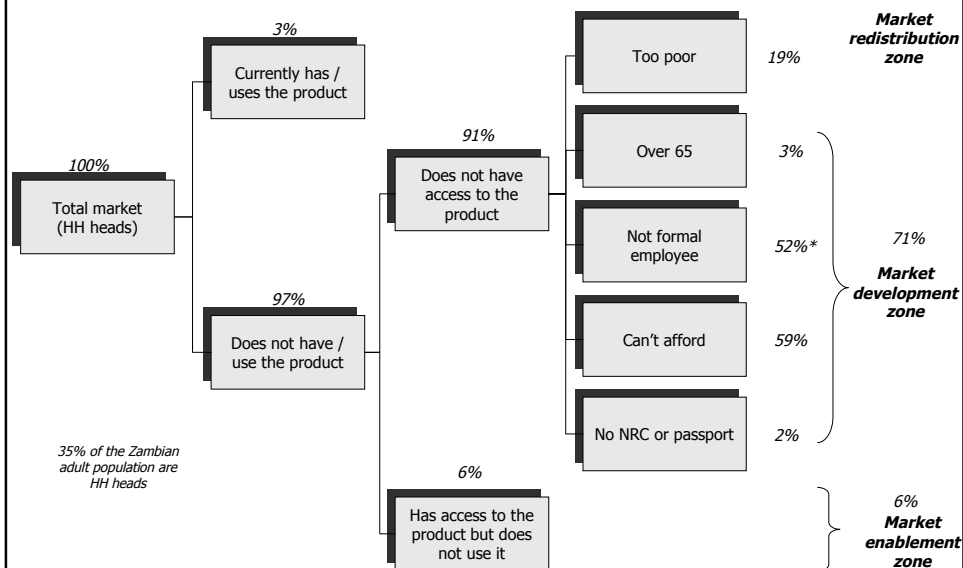
### Assumptions and criteria used for analysis

- Product type**
  - Assume this is a household (HH) product – restrict analysis to respondents who are household heads only
  - This a group cover product → HH head must be employed in the formal sector (excluding self-employed – must work for company)
  
- HH income requirement**
  - Min premium = K409,000 pa
  - Assume household can afford to spend 3.5% of gross household income on health cover
  - Therefore, min. HH income
 

|                    |             |
|--------------------|-------------|
| = K409,000 / 3.5%  | (per annum) |
| = K11,685,714      | (per annum) |
| = K973,810         | (per month) |
| → Use = K1,000,000 | (per month) |
  - Affordability is not a constraint if the employer subsidises cover (shown in Access frontier #2)
  
- Market redistribution zone**
  - Assume those who say that they often/always go without enough food to eat are too poor and lie in the market redistribution zone
  
- Client requirements**
  - Maximum age of 65
  - NRC or passport number required

Source: Carolijn Gommans (CG) – Just Good Business  
 \* CG proposed that for this analysis it should be assumed that such a product does not exist

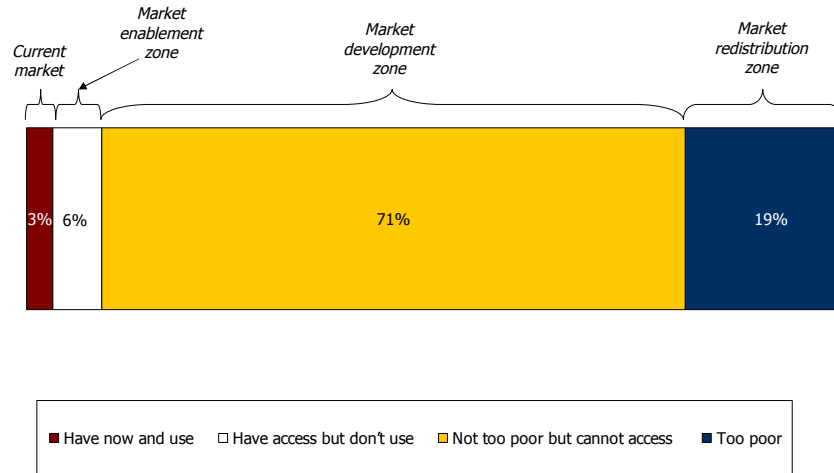
### Access frontier #1: Health insurance (percentage of total market)



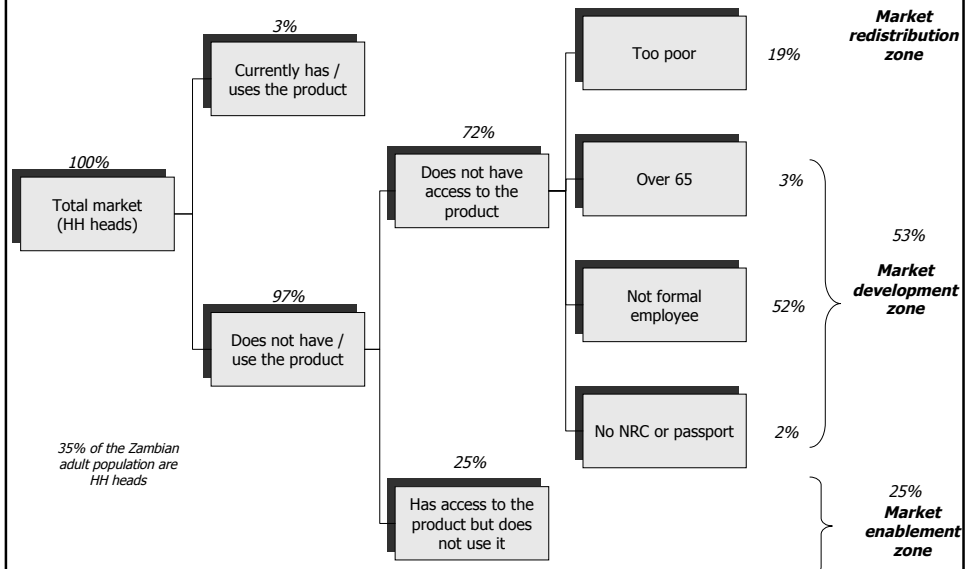
Based on a paper entitled "The Access Frontier as an Approach and Tool in Making Markets Work for the Poor" by David Porteous  
 NB. Percentages may not add up exactly due to rounding off errors  
 \* Two-thirds = self-employed informal sector, one-third = self-employed formal sector

### The access frontier for health cover in Zambia

#### Access frontier for health cover



### Access frontier #2: Health insurance excluding the affordability criterion – employer subsidy. (percentage of total market)



Based on a paper entitled "The Access Frontier as an Approach and Tool in Making Markets Work for the Poor" by David Porteous  
 NB. Percentages may not add up exactly due to rounding off errors

### The access frontier for health cover in Zambia excluding the affordability criterion – employer subsidy



#### Access frontier for health cover

