

**Assessing the prospects of commercial  
microinsurance in Zimbabwe**

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**Submitted in partial fulfillment of the  
requirements of Master of Science Degree in Risk  
Management and Insurance in the Graduate School  
of Business,  
National University of Science and Technology**

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**FEBRUARY 2014**

## **ABSTRACT**

Insurance penetration and density are much lower in developing countries than in developed countries, thus meaning that it is less used in developing countries or by the poor who need it the most. Statistics show that for an equal number of disaster victims or same financial loss, there is more insurance payouts in developed countries than paid in less developed countries. The significance of insurance in helping economies grow has been demonstrated in various papers, however this benefit to has not accrued to Africa and Zimbabwe in particular.

Africa and Zimbabwe in particular have high poverty levels thereby it can logically be concluded that microinsurance might respond to the need to provide insurance to the poor. Microinsurance is one way to protect the poor against vulnerabilities to risks and economic shocks. By helping low income households manage risk, microinsurance can assist them to maintain a sense of financial confidence. There have been efforts in some parts of Africa to promote microinsurance but Zimbabwe seemed to lag behind other nations in this regard. The research surveyed and noted various areas which need be done to improve the uptake of microinsurance in Zimbabwe and these include having a sound legal framework for the transaction of microinsurance business, adequate knowledge to be imparted to potential market about the products sold and also the need for insurers to ensure they are more consumer-centric as opposed to product centric.

The research gathered data from the low income earners (urban dwellers and rural dwellers), microinsurance providers and the regulator. The data was statistically analyzed using SPSS version 16 whereby evidence of association was investigated using the independent t-testing and Pearson's Chi-square analysis

If microinsurance is well packaged it can benefit the economy at large, the insureds, the providers (insurers), and even the uninsured in the community.

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Limitations