

## Factsheet microinsurance business model

# Philippines: MicroHealth, accident insurance and healthcare delivery – A cooperation of commercial company and network of healthcare facilities

### The challenge

Healthcare financial risk protection in the Philippines is mainly being provided by the government through the Philippine Health Insurance Corporation (PhilHealth), other social protection programs, and by the licensed private insurance companies and Health Maintenance Organizations (HMOs).

PhilHealth has coverage of 87% of Filipinos (Dec2014). However, out-of-pocket expenditures of the total healthcare cost remain high. The 13% uncovered population consists largely of the low-income and informal sectors, which are the target market of Microinsurance. Microinsurance is continuously growing since it began in 2006, reaching its current outreach of 31 Million Filipinos. Through the national strategy on Microinsurance established by the Philippine government, a path has opened for the private sector to participate in Universal Health Care (UHC) national agenda by offering affordable complementary and supplementary products, which contributes to the global Sustainable Development Goal (SDG) #3 on Good Health and Wellbeing.

### Enabling policies and regulations

On April 2016, the Insurance Commission (IC) issued Circular Letter (CL) 2016-22 on 'Regulations for the Provision of Health Microinsurance (MicroHealth) Products and Services'. The circular has adopted the Health Microinsurance Framework developed by a multi-stakeholder Technical Working Group. The Framework seeks to attain the following objectives:

1. Inclusive health insurance for the general population with focus on the low- income and the informal sectors.
2. Proactive and increased private sector participation.
3. Greater coverage and easier access to a wide range of innovative MicroHealth products and services.
4. Enhanced consumer value and client protection.

A Memorandum of Understanding was signed on April 2016 between the Department of Health (DOH) and the IC which encourages both agencies to cooperate and coordinate its respective regulatory functions to enable the MicroHealth market participants to offer complementary and supplementary products and services to the insuring public.

### WGC PreparedCARD, pre-paid benefits

The WGC **PreparedCARD** is one of the MicroHealth products that are in the market today. It is an individual Microinsurance Plan launched on June 2016 for accidental death, total disablement and/or dismemberment, fire, and earthquake.



Additionally, it provides a P20,000.00 (\$415) pre-paid coverage for a one time use of hospital emergency room (ER) for emergency cases. Whether the emergency room benefit has been fully availed of or not, the rest of the insurance benefits will remain in force. Customers can avail of up to three (3) cards, therefore, accumulating the insurance coverage. Membership eligibility is from 5 to 65 years old.

PreparedCARD is underwritten by Western Guaranty Corporation (WGC, a private non-life company established in 1964). The ER benefits are accessed through the network of more than 500 ERs in accredited hospitals. The product is approved by the IC as a microinsurance product, thus, it



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satisfies not only the quantitative thresholds of premium and sum assured but most importantly it complies with product quality and administration procedures mandated by the IC regulations.

Product details	WGC PreparedCARD	
Annual premium	Php 750.00 (USD15.7)	
Sum insured/risk	<ul style="list-style-type: none"> <li>Php120,000, Accidental death</li> <li>Php5,000, damage to personal belongings or dwelling due to fire &amp; earthquake</li> </ul>	<ul style="list-style-type: none"> <li>Php120,000, permanent disablement/dismemberment</li> <li>Php20,000, use of Hospital emergency room</li> </ul>
Enrolment	Scratch off card, 3 days activation upon registration	
Coverage	Up to 3 active cards per insured per year	
Prepaid health servicing	Access to treatment in over 500 hospitals nationwide accredited by Cocolife HMO	

The PreparedCARD, being prepaid benefits for use of ER, is more advantageous than the usual Medical Reimbursement cover under the standard Accident and Health Insurance product which necessitates initial cash outflow by the patient because it follows a reimbursement procedure.

WGC has another MicroHealth product called **AcciHealthCARD** group insurance launched on September 2016 especially designed for workers of micro, small and medium sized enterprises (MSMEs). AcciHealthCARD provides pre-paid packages of in-patient hospital benefits as a rider to the main Accident Insurance coverage, (including drugs used in hospital) and emergency care up to a maximum coverage limit per illness per member. Covered members will also have access to outpatient and preventive care through another hospital network provider with over 1,000 accredited hospitals and clinics nationwide.

Like the PreparedCARD, the AcciHealthCARD is also more beneficial than the usual Medical Reimbursement product offered by most insurance companies which only reimburses the patient upon discharge from the hospital. Both products cover accidents and illness. Unlike the WGC PreparedCARD which may be availed of on individual basis, the WGC AcciHealthCARD is being sold by group.

## Product Distribution

Distribution of PreparedCARD and AcciHealthCARD are through licensed agents and brokers of WGC. Very soon, the PreparedCARD will be available through massive channels such as consumer stores and online platforms. Overseas Filipinos can now also avail of these products for their loved ones in the Philippines through the facilities of a remittance company.

Through the work of the TWG, the IC is soon expected to issue an enhanced circular on microinsurance distribution that would allow various potential channels such as convenience stores, telecommunication companies, utility companies, and online merchants to participate in the distribution of microinsurance. The channels only need to satisfy an accreditation process with its respective contracting agent/broker and with the regulator.

## A win-win business synergy

Reimbursement-type health insurance product is common in the microinsurance space, but not for pre-paid or cashless package of treatment which is otherwise practiced only in the traditional HMO market. WGC's investment in building business relationships with the network of healthcare facilities is an elevated initiative to ease the burden of clients that come from initially paying for this health emergency need. WGC will pay for all the benefits covered under the policy, while the role of hospital network providers is only to provide access to treatment in its accredited healthcare facilities.

WGC, being one of the early participants in the microinsurance market, brings experience and expertise in the area of insurance inclusion. Furthermore, it has partnered with networks of microfinance institutions and other distribution channels. The networks of healthcare facilities, on the other hand, have acquired new business from servicing the low-income and informal sectors whose capacity to pay for healthcare is enhanced by its entitlement in insurance.

The AcciHealthCARD requires that its policy holders have PhilHealth insurance, which enables enrolment to the social insurance scheme and also to keep the premium low.



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