

Secure yourself,
Secure your future



Insurance for the Underserved: Closing the Protection Gap for Every Zimbabwean

Martha Tigo's cousin, Tilda Munda, a 34-year-old cross-border trader based at Mbare Musika, specialised in selling electronic gadgets, from cell phones and chargers to Bluetooth speakers and accessories. She had always believed that insurance was for the wealthy or the formally employed. Just like Mbare, her life was filled with daily hustles and bustling, from buying goods in Dubai to selling them in Harare's vibrant market. Then, one night in October last year, a fire broke out at Mbare Musika and wiped out her entire stock. With no insurance, Tilda had no safety net. Her business collapsed overnight.

When she heard her cousin Martha talk about insurance during a family gathering, Tilda became curious. Could insurance work for someone like her, who earns an irregular income and operating outside formal structures? The answer, she discovered, was a resounding yes.

Understanding the Underserved Market

Millions of Zimbabweans, like Tilda, operate in the informal economy, from market vendors to smallholder farmers, artisanal miners, and rural entrepreneurs. Despite being the most vulnerable to numerous risks such as illness, accidents, theft, climate change, and business loss, they are the least protected, as they are generally excluded from traditional insurance services.

Historically, insurance products were designed for the formally employed or the affluent. They required regular, often high premiums and paperwork that the average informal worker could not afford or understand. This barrier has left the majority of the population financially vulnerable when shocks occur. This gave rise to Microinsurance.

What is Microinsurance?

Microinsurance is tailored insurance designed for low and irregular-income earners, such as informal sector individuals. It offers simplified products, lower premiums, and flexible payment options, often aligned with the cash flow patterns of the underserved.

Unlike traditional insurance, microinsurance focuses on essential risks such as health, life, agriculture, and funeral cover. It plays a critical role in promoting financial inclusion and contributing to poverty alleviation. Policies can be bought using mobile phones or through cooperatives, associations, churches or organised groups. Claims are paid quickly, often without complicated paperwork.

The Rise of Inclusive Insurance in Zimbabwe

To close the insurance protection gap, the Insurance and Pensions Commission (IPEC) issued the Microinsurance Framework in 2017. As a result, access to microinsurance products has improved significantly. As at 31 December 2024,

IPEC had licensed 16 dedicated microinsurance companies, some of whom, are offering financial relief and enabling people to bounce back from unexpected events.

One example is a group of smallholder farmers in Goromonzi, who took part in piloting of agricultural index-based insurance (Farmer's Basket Insurance Product). When the El Niño-induced drought struck during the 2023/2024 agricultural season, the insurance payout helped them buy new seeds and keep their families fed. Without that insurance, the alternative would have been food aid or debt.

Available Insurance Products for the Informal Sector

The local insurance market – both dedicated microinsurance entities and conventional insurers offer a range of products tailored to the needs of informal sector players. These products are flexible, affordable, and designed to protect against common risks encountered by the informal sector, like Tilda.

Business Plan Policy (Fire Class): This policy allows a trader to choose from a selection of eight cover options, including Fire, Burglary, Goods in Transit, Business All Risks, Money, and Public Liability. The policy can be customised, so you can select a combination of covers best suited to your business needs or take the entire package. This is ideal for traders operating in market stalls, small shops, or with mobile goods.

Individual Personal Accident Policy: This is a must-have for individuals, especially those who travel frequently as part of their business operations. It provides compensation in the event of injury, disability, or death caused by accidental means. This policy gives peace of mind to business owners, ensuring their well-being is secured while they run and grow their ventures.

These innovative products, offered by dedicated microinsurance providers and conventional insurers, bring essential protection to informal business owners and promote resilience within the sector. Products must be simple, affordable, and distributed through various channels, such as mobile networks. Public-private partnerships, especially with cooperatives and savings groups such as Savings and Credit Cooperative Society (SACCOS), which can also accelerate the uptake of insurance.

About IPEC

The Insurance and Pensions Commission (IPEC) is a statutory body established in terms of the Insurance and Pensions Commission Act [Chapter 24:21] to regulate the insurance and pensions industry for the protection of policyholders and pension scheme members.

For feedback or enquiries, please contact us at: pr@ipec.co.zw