Market for Microinsurance in Armenia

Low-Income Households Needs and Market Development Projections

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February 2009

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This work was funded by IFAD.

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1. Introduction

This report presents findings on the potential future market for micro-insurance in Armenia and is the result of quantitative research conducted across low-income Armenian households. Research has been designed to explore the need for micro-insurance by low-income households as well as the likely opportunities and challenges faced in establishing the provision of micro-insurance services. As such, this report aims to project the growth and development of the Armenian micro-insurance sector.
This research compliments qualitative research conducted in July 2008 among low-income people.

The Microfinance Centre (MFC) for Central and Eastern Europe and the New Independent States together with Microinsurance Centre were responsible for the preparation of research design. This research builds on previously conducted studies in Romania (Matul et al 2006), Ukraine (Matul et al 2006) and Georgia (Matul 2005). Research design has also included consultation with David Porteous.
TNS Georgia (a Georgian research firm) and Marketing and Media (an Armenian research company) were contracted to administer quantitative data collection and analysis.

Chapter 2 of this report presents research objectives and an overview of research methodology. Chapter 3 provides background information on household demographics and income sources. Chapter 4 explores current risk-management techniques employed by Armenian households as well as the potential for new tools to be introduced. Chapter 5 provides background information on the current use and knowledge of, attitudes towards, and willingness to buy insurance. Chapter 6 provides micro-insurance market development projections and suggests strategies to tap the low-income market. Chapter 7 provides a conclusion to the report.

2. Research objectives and methodology

The main aim of this research is to explore the need, and potential market, for micro-insurance amongst low-income households in Armenia. Market research was undertaken in order to assess the potential opportunities and challenges to micro-insurance provision in Armenia and as a means to project micro-insurance market development.[1]

Micro-insurance is a market-based mechanism to reduce vulnerability of low-income households. Needs for micro-insurance are analyzed from a development perspective, in other words, how effective micro-insurance is in building economic security for low-income households. In contrast, opportunities and challenges in introducing micro-insurance products and services are analyzed with regards to commercial business incentives.

This research deals with four main areas of investigation:

- What are the most important risks facing low-income households in terms of their financial impact on the household?
- What are the largest gaps in risk-management strategies that can be replaced by micro-insurance?
- How is the current knowledge and use of, and attitude towards, insurance by low-income households likely to influence the future market for micro-insurance?
- How may household willingness to pay for micro-insurance be evaluated?

Access frontier methodology developed by David Porteous is an underpinning conceptual framework for this study (see section 6 for more details).

Face-to-face surveys were carried out across a representative sample of 1,000 households' heads. The survey was administered by TNS Georgia. The sample was stratified by 4 regions where interviews were proportionally distributed according to the size of settlement (Figure 2-1). Settlements were randomly selected from every group of settlements. Random route sampling technique was used.[2]

[1] Low-income household definition included in section 3.

[2] The survey questionnaire can be found in Annex 1. Fieldwork report is included in Annex 2.

Figure 2-1: Sampling plan.

Type	Region	Population type	Sample	Sample by Region
Total			1000	1000
Yerevan			336	336
Cities	North	Vanadzor	36	78
		Gyumri	42	
	South West	Echmiacin	18	36
		Hrazdan	18	
	South East	-	-	-
Medium & Small Towns	North	Alaverdi	18	30
		Ijevan	6	
		Artik	6	
	South West	Armavir	6	42
		Abovyan	24	
		Ashtarak	12	
	South East	Artashat	24	98
		Gavar	24	
		Kapan	30	
		Eregnadzor	20	
Villages	North	Gandzaqar	20	120
		Gargar	20	
		Hagharcin	20	
		Dsegh	20	
		Sarnaghbyur	20	
		Fanik	20	
	South West	Samaghar	20	140
		Qarakert	20	
		Lernanist	20	
		Byurakan	20	
		Solak	20	
		Voskevaz	20	
		Norapat	20	
	South East	Lusarat	20	120
		Vostan	20	
		Verin Artashat	20	
		Gandzak	20	
		Tsovagyux	20	
		Tegh	20	

3. Background information on household demographics

Household composition

The composition of surveyed households reflects the demographics of the Armenian population.

Out of 1,000 surveyed households 38% were located in rural areas. The remaining households were distributed among small and medium towns, cities and the capital of Yerevan where 33.6% of households were located.

The majority of household heads, 65.8%, were found to be male. In rural areas 72.1% of household heads were male.

In 78.1% of cases the household head was found to be married and living with a partner. In 14.7% of cases the household head was a widow/widower.

Across all households, 65.3% of households had 4 or more family members. Across low-income households this increased to 72%.

Over 50% of household heads were aged 50 and over. Over 95% of household heads had above primary education. Of those with university or higher education over 65% were located in Yerevan.

In 9% of cases the household head was found to have a permanent disability. In the age group of above 60 years old the number of disabled household heads increased to 14.5%.

Figure 3-1: Household demographics

Demographics	*Categories*	*%*
Settlement type	Rural	38
	Cities	11.4
	Medium and small towns	17
	Yerevan	33.6
Gender	male household heads	65.8
Marital status (household head)	Single	3.3
	Married/living with a partner	78.1
	Separated / divorced	3.9
	Widow(er)	14.7
Education grade completed (household head)	Primary (1-4) and none	4.1
	Secondary (5-12) and Vocational (technical)	69.1
	Incomplete higher	2.4
	University and higher	24.4
Age (household head)	Less than 30	7
	30 - 39	12.8
	40 - 49	25
	50 - 59	25.6
	More than 60	29.6
Chronic illness	% of households where household head suffers from chronic illness	17.1
Disability	% of households where household head has a permanent disability	8.7
Household size	1	6.3
	2	13.1
	3	15.3
	4	22
	5	20.5
	6	13.1
	more than 6	9.7

Income sources

Figure 3-2: Share of households receiving income from different sources	
Income sources	*%*
Wage employment	71.2
permanent job	47.7
temporary small jobs	32.8
Self-employment	12.3
trade	7.1
services	5.1
production	0.8
Agriculture	20.1
land	17.1
livestock	7.5
Pension	51.4
Social benefits	11.9
Remittances	14.7
external	11.2
internal	4.5

In total, 71.2% of households received income from wage employment, 47.7% from a permanent job and 32.8% from temporary small jobs.

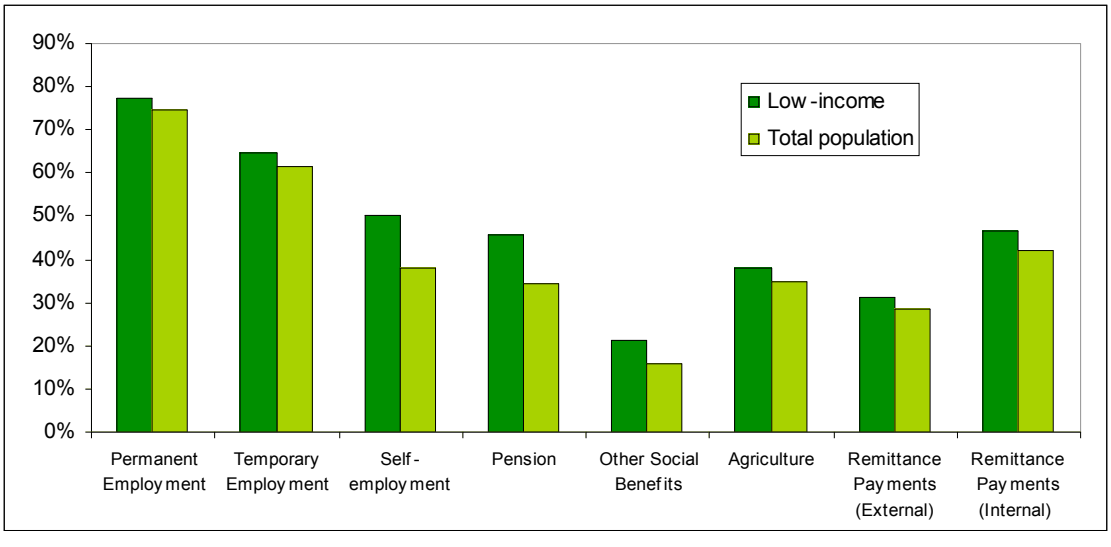
Agriculture and remittance payments are a source of income for 20.1% and 14.7% of households respectively. The majority of remittance payments are from external sources, 11.2%, as compared to 4.5% from internal sources.

12.3% of households receive income from some form of self-employment. This is a smaller percentage of households than those receiving remittance payments and perhaps indicative of a general tendency to seek work abroad in response to a lack of local employment opportunities.

Among households receiving income from permanent employment, 74.6% reported that income from permanent employment was a major source of total household income (that is permanent employment contributed more than 50% to total annual income).

Of those households receiving income from remittance payments, 28.6% and 42.2% of households reported remittance payments from, respectively, external and internal sources as a major source of income. While 12.3% of households reported receiving income from some form of self-employment, only 38.2% of these households received income from self-employment as a major source of income.

Figure 3-3: Households where the received income source is a major share (>50%) of total household income.



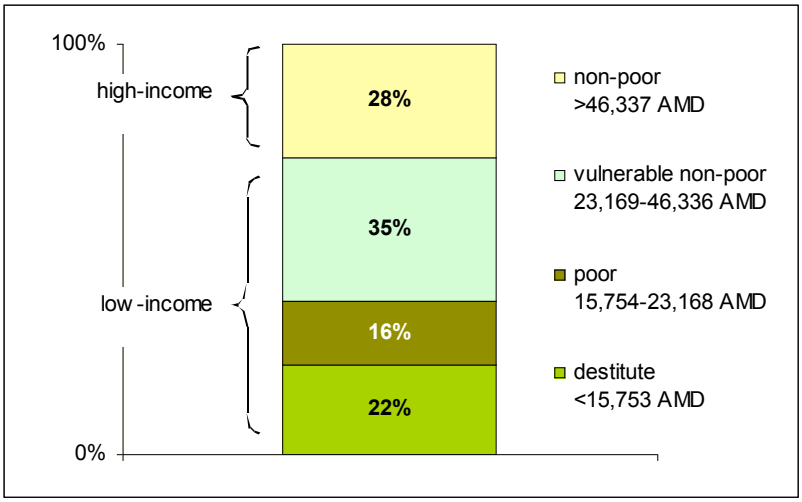
A significant proportion of surveyed households receive income from more than one income source. Across all households, 23.2% were found to receive income from 3 or more sources. Among low-income households this percentage was significantly lower at 17.4% with the majority of households receiving income from only one or two sources.

A statistically significant correlation (without knowledge of cause and effect) between income level and the diversification of income source was found to exist. This correlation is consistent with the results summarized in Figure 3-3.

Income level

Figure 3-4 presents a grouping of households by average monthly income per capita[3]. A significant proportion of Armenians, 28%, are classified as high-income (those earning greater than on average 46,336 AMD per month). However, at the lower end of the scale 21.9% of Armenians are classified as destitute (earning less than 15,753 AMD per month). A large proportion of households are classified as low-income, that is living below the threshold of 200% of the total poverty line - 73% of households live below the poverty line or are vulnerable to risks. This segment will be referred to as 'low-income' in the remaining parts of the report.

Figure 3-4: Household groups by income per person in relation to poverty lines

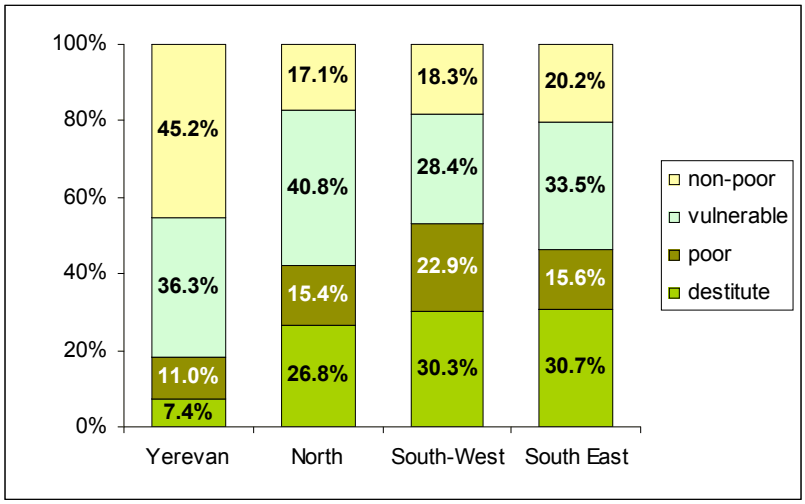


Household groupings by average monthly income per capita may be further analyzed across regions (Figure 3-5).

The largest proportion of destitute households is located in the South of the country and the lowest in Yerevan. However, when households living on income below 200% of the poverty line are grouped together, as many as 83% of households in the North and only 55% in Yerevan can be considered as 'low-income'. The proportion of high-income (non-poor) Armenians was twice as high in Yerevan than in any other part of the country. This indicates high income inequality between the capital and other locations throughout Armenia.

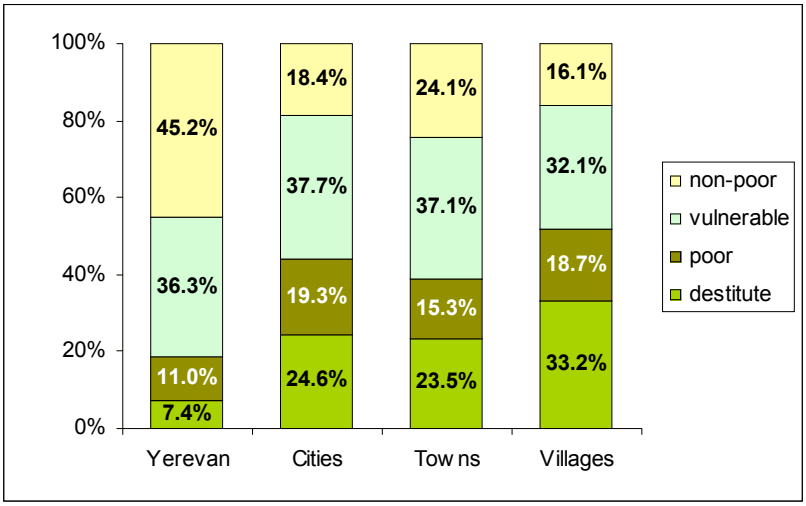
[3] Equivalence scale wa used to calculate income per capita: 1= household head, 0.7 = other household members

Figure 3-5: Income levels by regions.



Additionally, as Figure 3-6 indicates, the largest proportion of households classified as low-income was located in rural areas and the lowest in Yerevan. Destitute households were in particular overrepresented in rural areas.

Figure 3-6: Income levels by settlement type.



4. Needs for microinsurance

While risk is certainly not unique to low-income households, vulnerability (or the inability to manage risk) is often much higher among those with few assets and low income levels. In developing countries, policies targeting high growth may not only neglect to include appropriate expenditure on risk management but also, as household income is increasingly diversified for example, expose households to new and increased risk. As such, the need to address risk exposure and vulnerability of low-income households is increasing. In addition, where low-income households are found to engage in small business and self-employment activities there is an increased need to address not only household but also enterprise risk and importantly the interdependence between these two risk areas.

Perception of risk across low-income households is typically latent, that is households are not easily able to identify or articulate, in a generic fashion, the specific risks they face. Additionally risk coping mechanisms may often be informal and perhaps not easily identified.

Microinsurance services will need to be more effective than formal and informal services used to date. Moreover, identifying any specific gap in risk management will be important if microinsurance services are to be successful. An increasing trend towards self-employment and small business activity may for example require new risk management strategies where traditional coping mechanisms have become less appropriate.

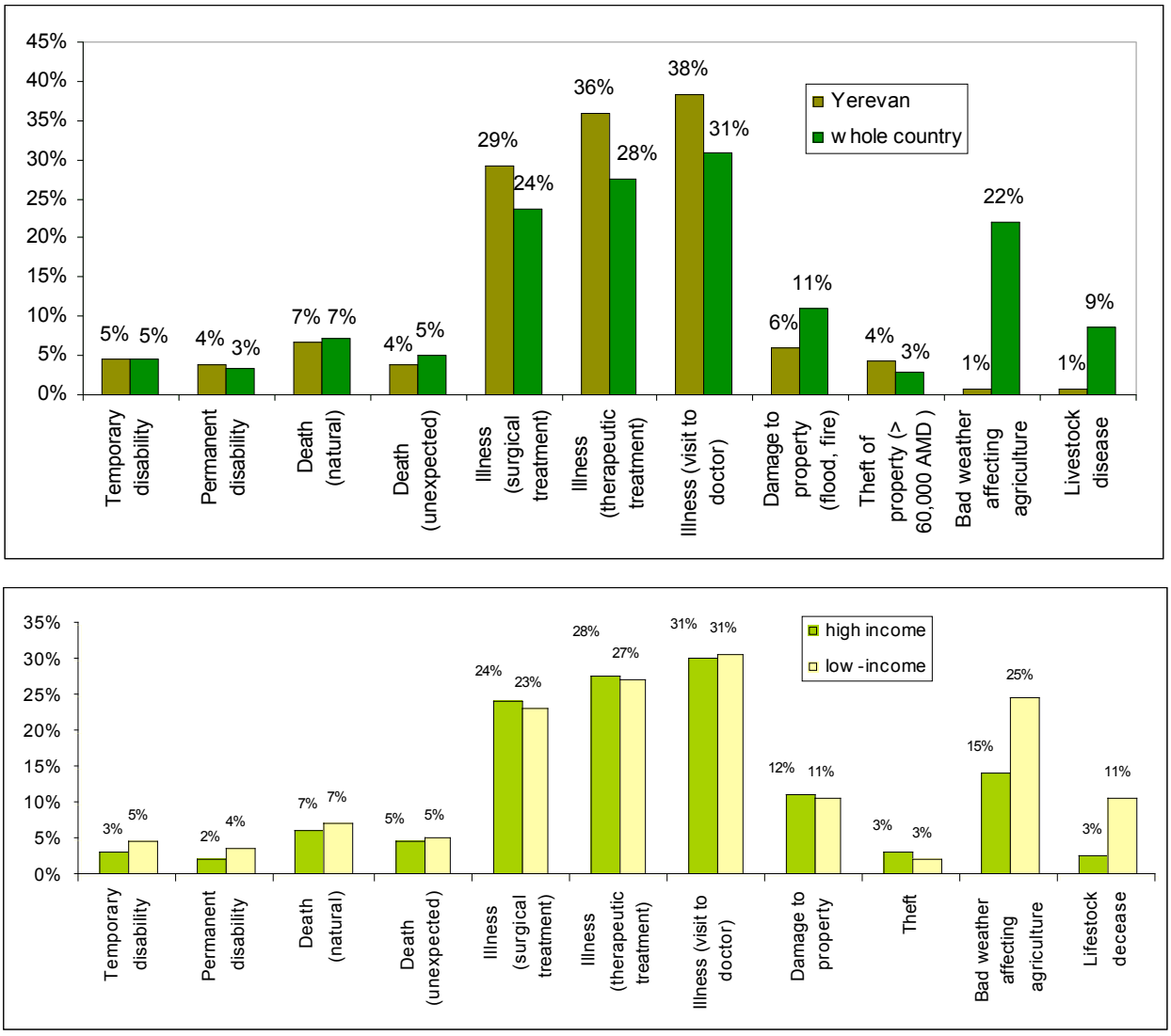
4.1. Risk exposure

Surveyed households had the greatest exposure to the risk of non-severe illness. Specifically, 30.9% of households had a family member who, in the last 3 years, required consultation with a doctor (Figure 4-1).

Additionally, 27.6% of households had a family member who, in the last 3 years, required hospitalization for non-surgical treatment while 23.7% of households had a family member who required surgical treatment. This would indicate that health-related risks are by far the largest component of overall household risk for Armenian households. Across those households located in regional areas, exposure to health-related risks appeared to decrease but may more accurately reflect poor access to medical care.

22% of households were, in the last 3 years, exposed to bad weather negatively affecting agricultural production. As such, the risk of bad weather is a significant component of household risk exposure. It is worth noting that over 35% of households receive income from some form of agricultural production.

Figure 4-1: Household exposure to different risks during last 3 years.



Except for risks connected with agriculture there were no significant differences between low and high-income segments. However, across destitute households the percentage of households where the natural death of a family member had occurred was also significantly higher with 11.9% of households exposed to this risk (as compared to 7.2% across all households). This most likely results from the higher proportion of elderly people living in low-income households.

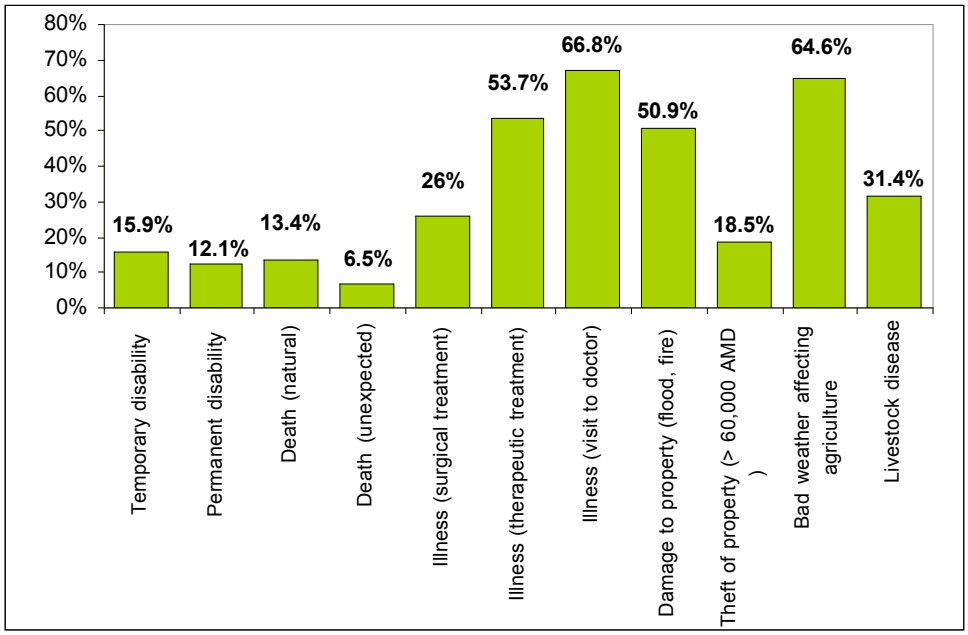
Frequency of risk exposure was also examined. Figure 4-2 indicates the percentage of households who were exposed to the same risk type more than once in the last 3 years.

Of households who had a family member requiring consultation with a doctor in the last 3 years, 66.8% of households were exposed to this risk at least twice. Additionally, of households that were exposed to bad weather conditions affecting agricultural output, 64.6% were affected by it more than once in the last three years.

Together, Figure 4-1 and Figure 4-2 indicate health-related and agricultural risks as the most frequently occurring and widespread. Livestock disease and damage to property are also seen to occur with frequency, however, a smaller proportion of households report exposure to these risks. Across rural households, agricultural risk may be considered severe.

Of the small proportion of households exposed to injury resulting in permanent or temporary disability a perhaps surprisingly high proportion of households reported frequent exposure to these risks. This may indicate the existence of a high risk group of households where family members are engaged in particularly risky occupations or activities.

Figure 4-2: Frequency of risks. Percentage of occurrence of more than one risk of the same type for those households that were affected by the risk in the last 3 years.

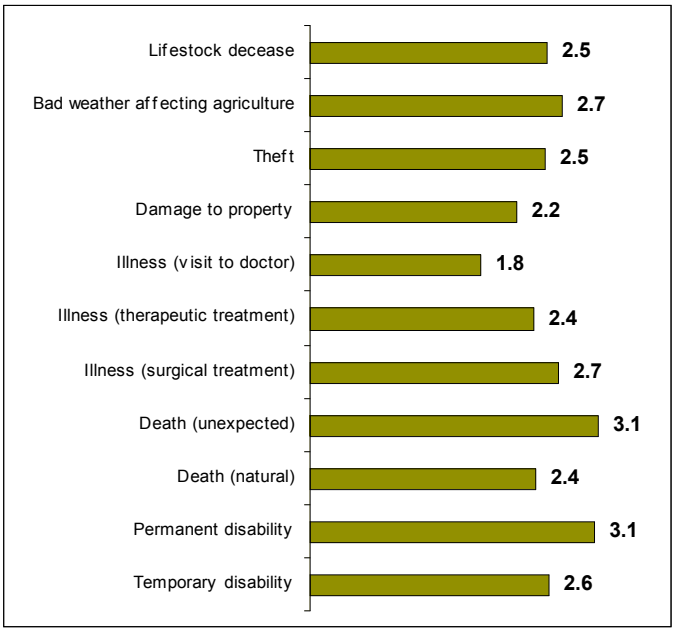


4.2. Coping with risk

In this study risk severity is determined in purely economic terms. That is, ignoring the fact that risk exposure may have more or less of an impact on the emotional and overall wellbeing of the household.

Vulnerability is a measure of the household's ability to cope with risk. Low-income households typically employ a wide variety of coping mechanisms.

Figure 4-3: Impact of risk on household economic standard of living



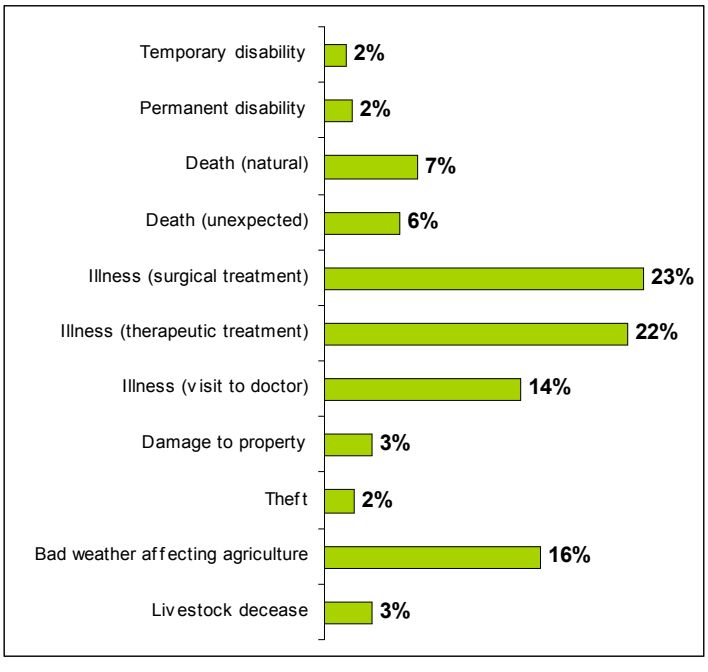
Scale: 1 – no influence, 4 – significant influence

Risk coping strategies depend on the severity of risk exposure. For example, for risks deemed only mildly severe coping strategies may consist of little or no action by the household. Figure 4-3 is used to indicate the impact of risk exposure on a household's economic standard of living and is a measure of the economic severity of risk.

Unexpected death and permanent disability have the most severe impact on the family economic situation and are most difficult to cope with.
80% of households saw a significant or dramatic impact on household standard of living resulting from the sudden death of a family member. 68% of households reported a dramatic or significant deterioration in household standard of living as a result of an accident leading to permanent disability. This is related to loss of income and on-going care.

Among households reporting exposure to bad weather affecting agricultural production 60.4% felt that the overall impact of the risk significantly or dramatically decreased the household standard of living. Given that agricultural risk was reported to occur with frequency and across a wide number of households, household exposure to agricultural risk may be considered severe. The large negative impact of agricultural risk on households is also indicative of the significant number, 28%, of households receiving income from agriculture and classified as destitute.

Figure 4-4: Most difficult risks to cope with (share of respondents)

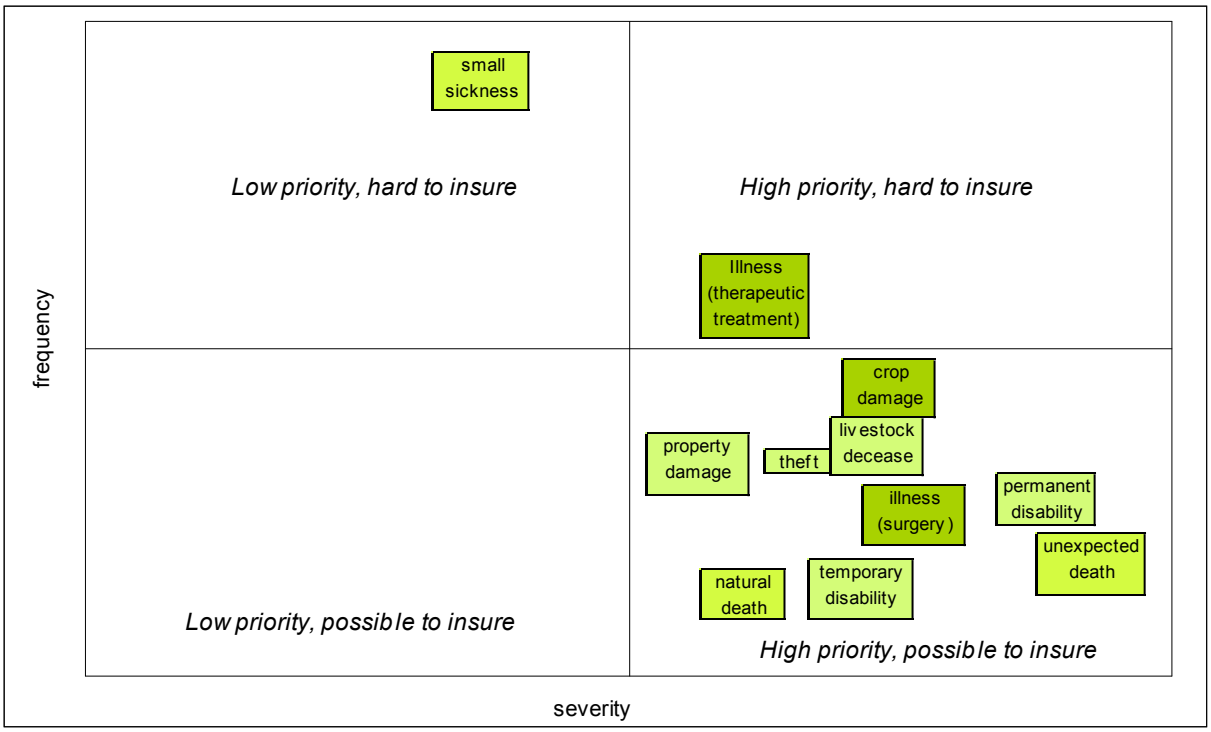


Health-related risks were found to have a large negative impact on household standard of living. For example, 58.6% of households felt that the overall impact of the hospitalization and surgical treatment of a family member significantly or dramatically

decreased the household standard of living. Such a large negative impact is likely the result of high costs associated with medical treatment.
Low-income households, as compared to high-income households, were found to be more severely affected by the risk of small sickness or property damage.

Risks that were the most difficult to cope with, in financial terms, included illness connected with hospitalization and requiring surgical or therapeutic treatment, crop damage from bad weather. Death and small sickness requiring a doctor's consultation were perceived as less difficult to cope with. (Figure 4-4). Current coping mechanisms to deal with these risks were largely perceived as insufficient.
Taken together all factors that influence the perception of risk

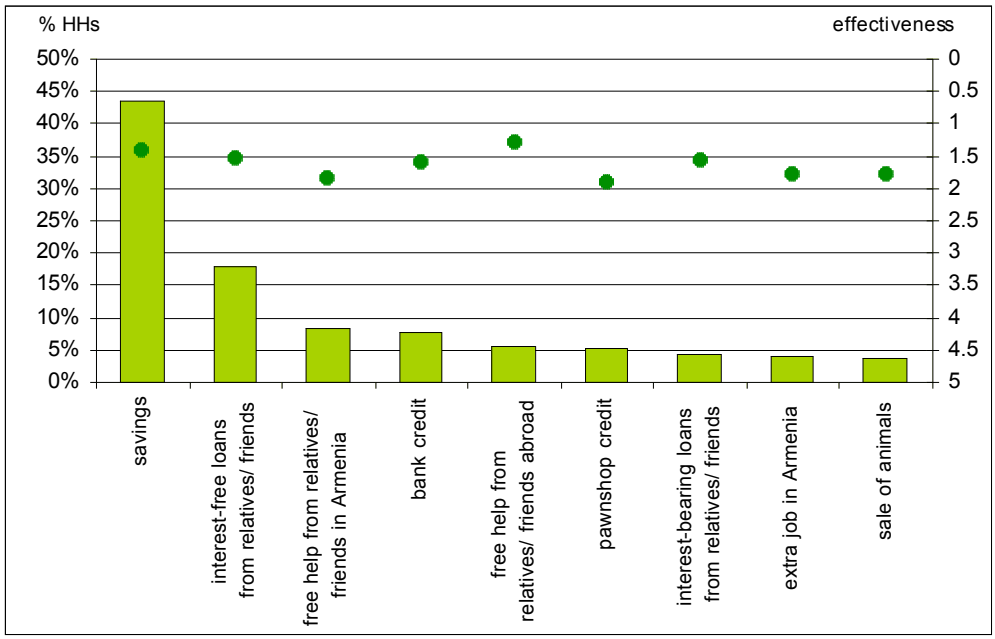
Figure 4-5: Market opportunities



The most commonly used coping mechanism to cover financial loss resulting from risk occurrence was the use of own savings. 43% of respondents indicated that they relied on savings in case of emergency. Other popular risk-mitigation techniques included: interest-free loans from relatives and friends, complimentary help from relatives, friends in Armenia and abroad and bank credit.

The most effective methods for raising a sufficient amount of cash to cover emergency expenses were sale of property, labor migration, free help from family living abroad and savings.
As such, it may be concluded that at least two coping mechanisms are effective for low-income Armenian households - savings and interest-free loans from friends and relatives. Both these coping mechanisms are frequently used and generally regarded as effective.

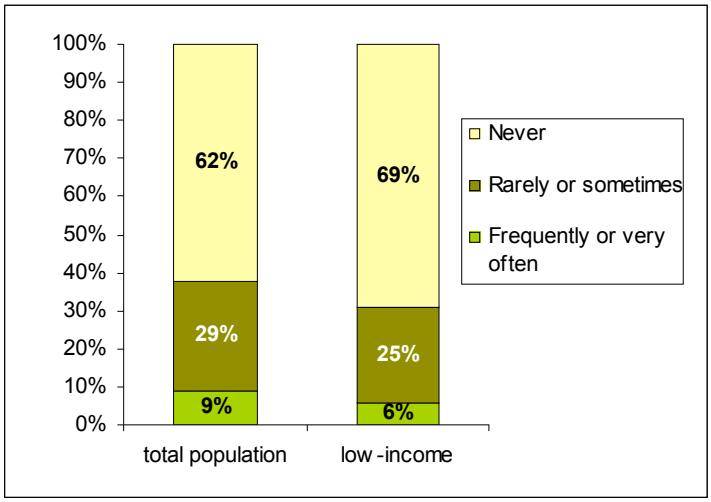
Figure 4-6: Use and effectiveness of coping mechanisms.



4.3. Personal financial intermediation

Personal financial intermediation relates to how well a household is able to manage its finances and cope with risks. Areas of interest typically include household saving patterns, how frequently and how much a household is able to save. It is important to note that the term 'saving' here refers to an accumulation of money stock and does not take into account the possibility that households are able to 'save' by the accumulation of other highly liquid assets, for example in the form of small livestock that may be sold off as the need arises.

Figure 4-7: Saving behavior.



Across all surveyed households, 62% reported that neither they nor any other family member put regular savings aside. Across low-income households almost 70% do not have a habit of saving.

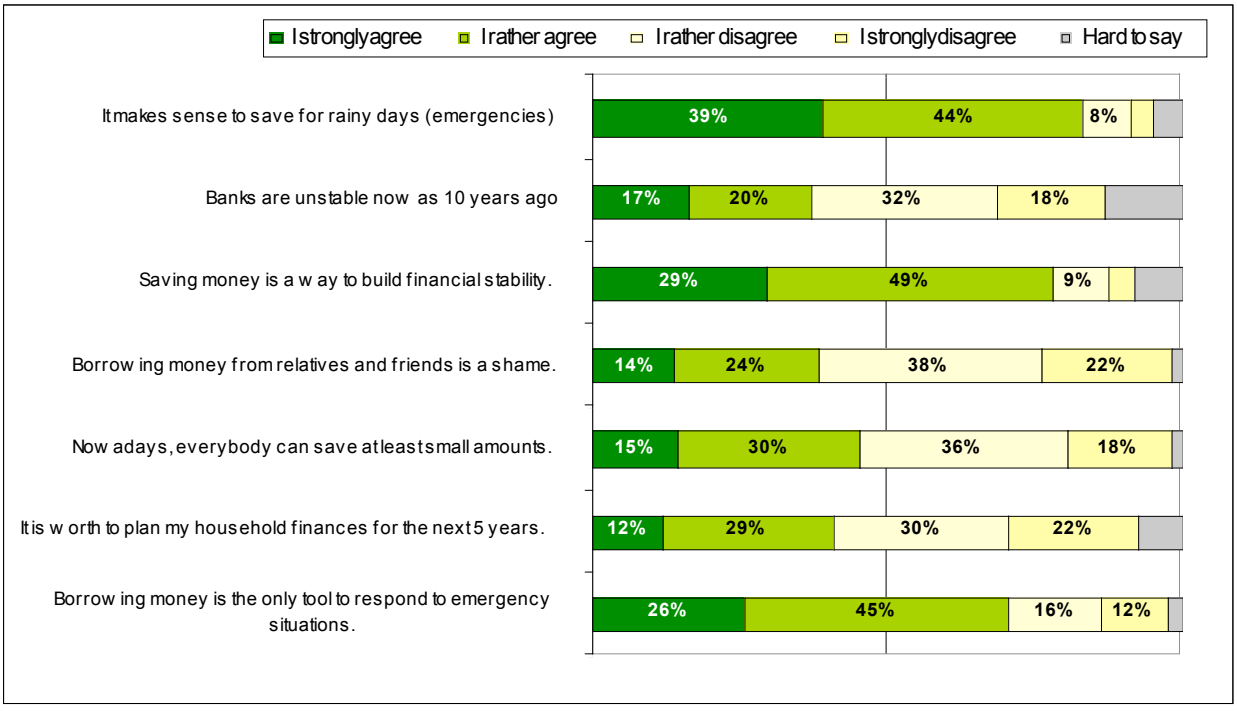
Although only 9% of households reported saving frequently or very often almost 40% save at least from time to time and admit to accumulating money. The low-income population less often saves but still 30% of these households occasionally puts aside some money.

While the frequency of saving appears to vary directly with income level, the proportion of annual income saved by low-income households is greater than for those with higher income.

Average yearly savings for all households are 157,498 AMD. For high-income households the average yearly savings are 200,000 AMD and for low-income households 125,000 AMD. Across low-income households, this translates to average annual saving at 14% of average annual income, and across high income households saving of only 6.3% of annual income.

The analysis of the attitudes to financial planning, saving, borrowing and financial institutions reveals saving and borrowing are regarded as equally helpful tools to cope with emergency expenses. Over 80% of household heads believe that saving for rainy days makes sense and that financial stability can be built through saving. Fewer respondents however believed that it is possible for everybody to save at least small amounts or that long-term planning of family budget is useful. Over 70% of respondents recognized that in emergencies borrowing was a way to cope with financial pressures and did not find it shameful to turn to friends and family for a loan. It confirms earlier finding of relying on friends and family to lend without interest in case of emergency.

Figure 4-8: Attitudes to financial planning, saving, borrowing and financial institutions



Access to and use of financial services is an important part of personal financial intermediation and household risk management. Across all surveyed households, 21.2% of households reported that at least one family member had a bank account. High-income households showed much higher use of bank accounts (37.1%) compared to the low-income (15.2%). Households located in Yerevan had much better access to banks (36.3%) than those located in rural areas (12.6%).
Across all households, 31.2% of households reported taking a credit from a bank in the last 3 years. The second largest source of credit was borrowing from friends and/or relatives - 30.2% of households reported borrowing from friends or relatives over the last 3 years.

Universal credit organizations were providing services to 8% of households, which is below that of private money lenders or pawnshops (9% and 9.9% respectively).

Low-income households more often resorted to the help of friends and relatives and less often were borrowers from banks or UCOs - 32.7% reported borrowing from friends or family, 28.8% borrowed from banks. Not surprisingly, bank credit was more available in rural areas and towns where 32.9% and 34.7% respectively borrowed from banks. High market penetration of an agricultural bank contributes to this situation.

A significant proportion of surveyed households were found to be in debt. Across all households 37% of reported that they were currently repaying a credit from formal or informal source low-income households and the better-off alike.

5. Insurance in the eyes of low-income households

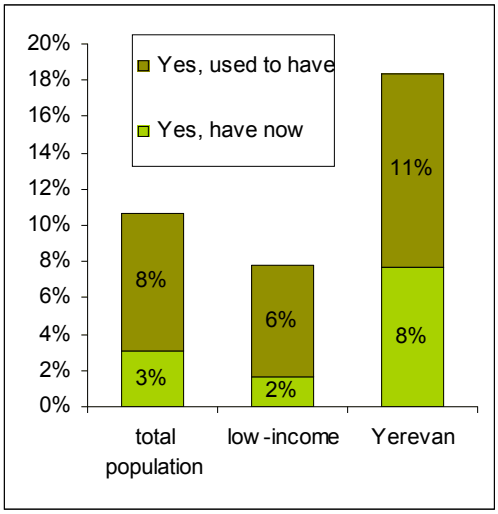
While low-income households are commonly found to employ a wide range of informal risk management strategies they are nonetheless less likely to purchase formal insurance than more affluent income groups.

Generally speaking, the low or non-use of formal insurance services stems from the inability of existing formal services to provide better risk management strategies than existing informal coping mechanisms. An analysis of the use, knowledge and attitudes towards insurance by low-income households aims to provide insight into why this might be the case.

5.1. Usage

Almost 90% of all surveyed households reported that they were not currently using and had never used any form of voluntary insurance. Only 3% of households reported that they were currently using an insurance product.

Figure 5-1: Use of any insurance product.

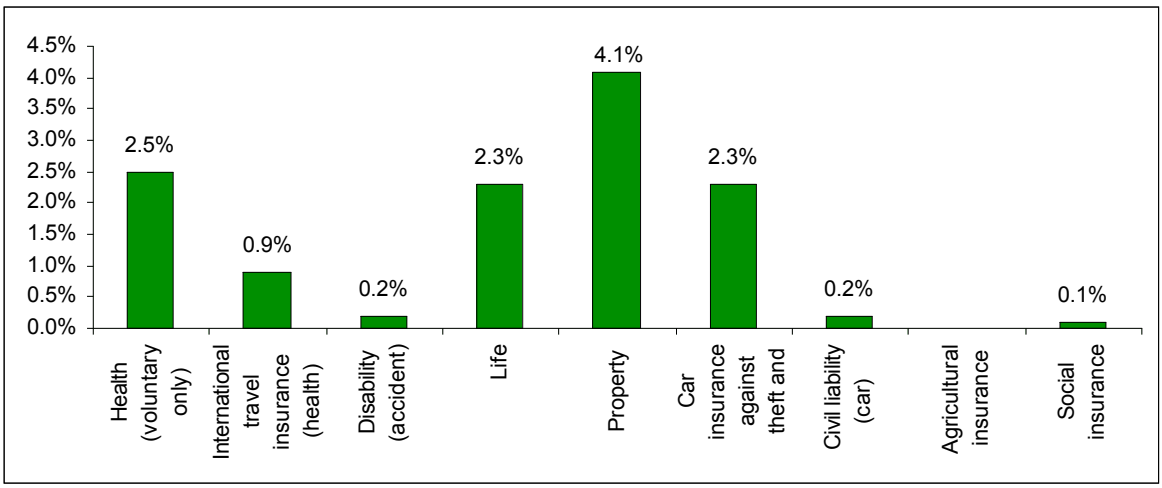


Use of insurance was found to be the highest in Yerevan. Of those households located in Yerevan, 7.7% of households reported that they currently had some form of voluntary insurance, while 10.7% reported that they had previously used insurance.

Across all households, the most frequently used voluntary insurance product was property insurance. 4.1% of households reported having purchased property insurance in the last 15 years. Health insurance, life insurance and car insurance (against theft and damage) were purchased by, respectively, 2.5%, 2.3% and 2.3% of surveyed households. None of the households surveyed reported using or ever having used agricultural insurance (Figure 5-2).

Households where a proportion of income came from self-employment were the most likely to have used property insurance. Low-income households were the most likely to purchase life insurance. Household demographics (including age, education level, and location) were otherwise not found to have any statistically significant effect on the type of insurance product purchased.

Figure 5-2: Type of insurance product used



In 44% of cases the policy holder did not pay for health insurance, rather an employer or other third party paid. For all other insurance types it was predominantly the policy holder who paid for insurance.

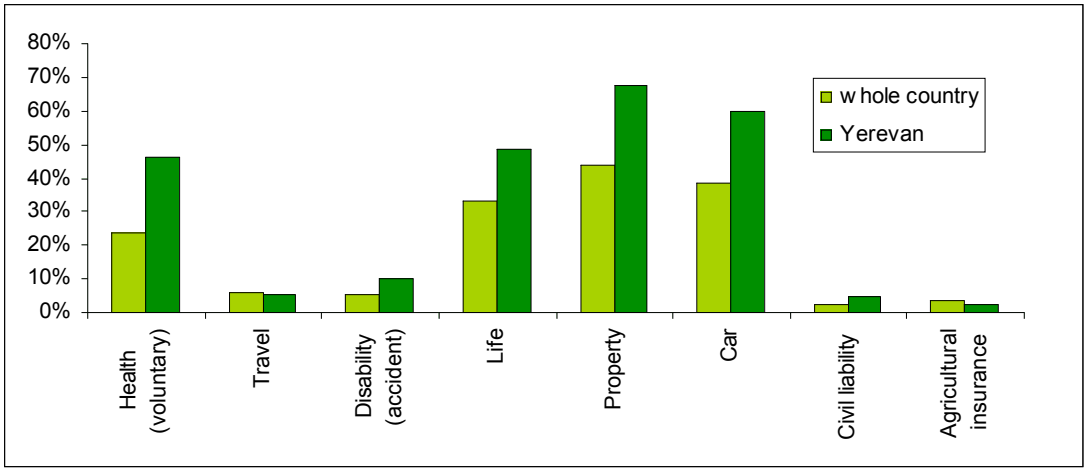
5.2. **Knowledge**

Households were asked to spontaneously list the insurance products they were familiar with. 41.5% of households were unable to name a single type of insurance product, suggesting a relatively low level of knowledge concerning insurance. The insurance types most frequently mentioned were property, car, health and life insurance. To a lesser extent a proportion of households were also able to cite travel, disability, civil liability and agricultural insurance (Figure 5-3).

Knowledge of insurance types would appear to be highly correlated with use. Specifically, life, property, car and health insurance were the most frequently cited and most frequently used types of insurance. Agricultural insurance however, despite not being used by any of those surveyed, was nonetheless recognized by a small number of households.

Knowledge of insurance was found to be highest in Yerevan. Over 80% of households located in Yerevan where able to name at least one type of insurance product.

Figure 5-3: Knowledge of types of insurance

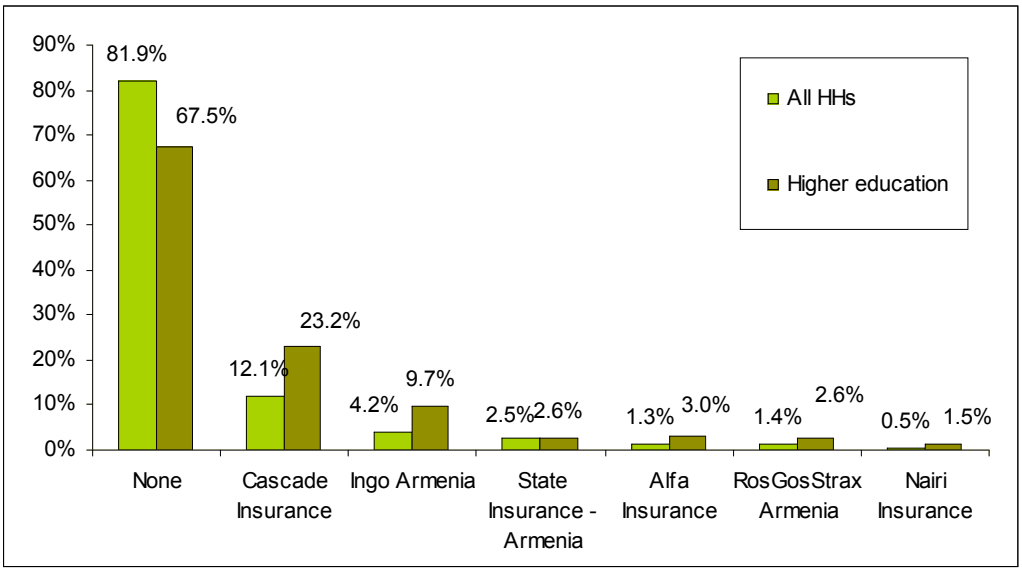


Knowledge of insurance companies was also found to be low. When asked to spontaneously list those insurance companies that were known to them, 81.9% of households were unable to name a single insurance company (Figure 5-4).

Across all households the most frequently cited insurance company was Cascade Insurance, with 12.1% of households indicating that they had heard of Cascade. Ingo Armenia and State Insurance Armenia where mentioned by, respectively, 4.2% and 2.5% of households. Nairi Insurance was mentioned by 0.5% of respondents.

Knowledge of insurance companies was found to increase with education level. For those households where the household head had attained university or higher level of education, 32.5% of households where able name at least one insurance company.

Figure 5-4: Knowledge of insurance companies



5.3. Attitudes towards insurance

Given that only a small minority of households reported using or having used insurance it is useful to analyze why this might be the case. The main reasons for not using insurance in the past are summarized in Figure 5-5.

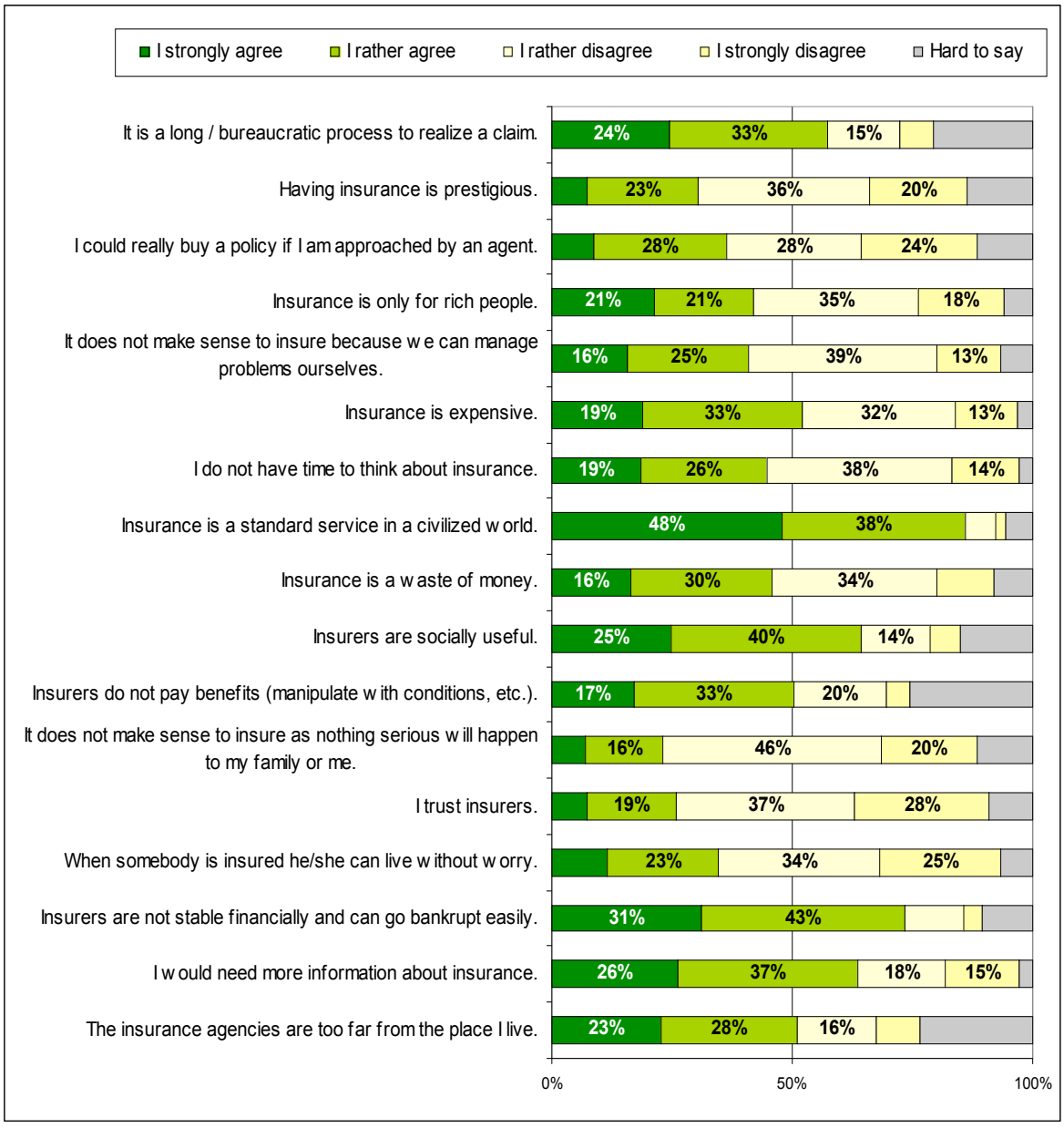
Across all households the main reason for not using insurance was a lack of information about insurance. 22.7% of households said they had never heard of insurance, while 40% of households said they would need more information. A large proportion of households also cited a lack of trust as the reason for not having purchased insurance. 34% and 23% of households respectively said they had no trust in insurers paying them correctly or that insurers can easily go bankrupt.

Figure 5-5: Main reasons for not using insurance in the past.	*% Total*	*% Yerevan*
Never heard of insurance	22.7%	10.3%
Do not have enough information / do not know how it works	**39.8%**	**30.1%**
I do not know where to find insurance /nobody approached me	19.6%	9.2%
The insurance agents are too far from the place I live	4.7%	2.6%
My household has not needed insurance (nothing serious will happen)	8.0%	13.5%
My household has not needed insurance because we can cope without it	11.9%	**23.5%**
Insurance is too expensive for me	10.2%	11.0%
Current terms and conditions do not suit me	6.8%	12.5%
Heard it is a long / bureaucratic process	15.8%	9.9%
No trust in insurer - heard that insurer do not pay claims	**33.6%**	**23.2%**
No trust in insurance companies - they can go bankrupt	**38.5%**	**27.2%**
I am not sure the insurance will work because of the third party	17.8%	17.3%
I do not have time to think about insurance	10.1%	3.7%
I am not used to it	20.3%	21.7%
Because of financial problems	3.7%	3.3%
I have no trust towards the state	0.2%	0.4%
I haven't thought about it	0.7%	0.4%
I think it's additional loss of money	0.2%	0.4%
I had bad experience in the past	0.9%	2.2%
Third party can claim additional fee	0.1%	0.4%
It will not work in Armenia	0.1%	0.4%
Sit not profitable	0.1%	0.4%
It's not usual in our society	0.2%	0.7%

It is interesting to compare attitudes towards insurance across all households with only those located in Yerevan, where knowledge of insurance was found to be considerably higher. However, of those households located in Yerevan the main reason for not using insurance remained 'not enough information'. A lack of trust also continued to be a major reason why people did not purchase insurance. Additionally, 23.5% of households located in Yerevan stated that they were able to cope without formal insurance.

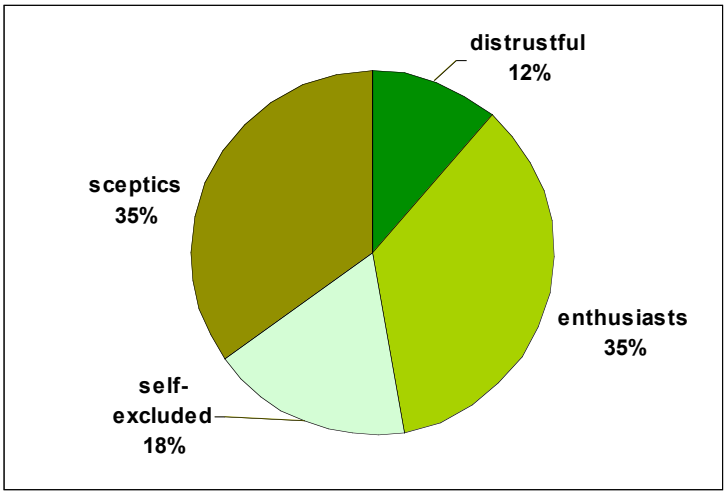
In addition to identifying why they had not purchased insurance, households were also asked to respond to a series of questions designed to assess attitudes towards insurance in general. The results have been summarized in Figure 5-6.

Figure 5-6: Attitude towards insurance



Based on the findings displayed in Figure 5-6 respondents may be classified into one of four broad groups. That is, based on general attitudes towards insurance households may be classified as: skeptics, self-excluded, distrustful or enthusiasts.

Figure 5-7: Key market segments by attitude towards insurance



Attitudes towards insurance were found to be significantly influenced by a number of different household characteristics. For example, education and income level were important factors in determining a household's general perception of insurance. The gender of the household head and the location of the household were also significant factors of influence.

'Distrustful' households were mostly found to be those households where the household head had only primary or no formal education. Low or uneducated households were also more likely to be 'skeptics'.

Households classified as high-income were more likely to be 'enthusiasts'. Conversely, destitute and poor households were overrepresented in the key market segment of 'skeptics'.

'Enthusiasts' were largely found in Yerevan, and were underrepresented in medium and small towns. 'Skeptics' were less likely to be located in Yerevan and were overrepresented in rural areas.

Households with a female household head were overrepresented in the key market segment, 'Skeptics'.

Further socio-demographic characteristics were found to be indistinct between attitude groups.

5.4. Expectations towards insurance product attributes

For the purpose of the analysis in Sections 5.4 and 5.5, respondents were presented with five generic microinsurance products (see Box 5.1). The products were presented in such detail as to allow households to respond to specific policy attributes and ultimately to decide if they would or would not be willing to buy the product.

Box 5.1: Microinsurance product concepts tested.

Health Insurance Product 1:

Coverage	This insurance product pays you fixed cash benefit if you have to stay in a private or public hospital **for emergency or planned surgical treatment** required for health reasons (not plastic surgery). The policy covers all types of surgeries but the amount of cash paid by the insurer depends on the option chosen and the severity of the surgery.		
Maximum Benefit	You can choose between three levels of protection:		
	Option A	**Option B**	**Option C**
	100,000 AMD per year	**200,000** AMD per year	**400,000** AMD per year
	The amount of benefit paid by the insurance company will depend on the type of surgery and its complexity. The benefit value will range from 50,000 AMD (for the smallest surgeries) up to the maximum amount of the chosen option. If the insured person has several surgeries during the year then the benefit is paid several times in that year in the amount depending on the complexity of each surgery but only up to the maximum amount. If nothing happens during the cover period, the insured receives nothing.		
Price (premium)	**600 AMD** per month	**1,200 AMD** per month	**1,500 AMD** per month
Frequency of premium payment	Payments can be done on a monthly basis, quarterly or up-front once a year**, in cash to a credit officer of AREGAK UCO or to an insurance agent of Cascade Insurance.**		
Proximity	The service is available throughout all Armenia.		
Claims processing	The insured person is obliged to inform the insurer about the insurance event within 48 hours. In order to receive compensation, the client has to provide the insurer with a medical confirmation of his diagnosis. Two cases: a) The stay at the hospital is less than 5 days: the insured provides the insurer in addition to the medical confirmation with a confirmation of this stay at the hospital. The insurer pays within 5 days. b) The stay at the hospital is longer than 5 days: the benefit is received during the client's stay at the hospital.		
Provider	Cascade Insurance/ AREGAK UCO		

Health Insurance Product 2:

Coverage	This insurance product pays you a fixed cash benefit **for each day you have to stay in a private or public hospital** for **surgery or non-surgical treatment**. The amount of the cash benefit is higher when you have to undergo surgery, but does not necessarily cover all

	your actual cost of the surgery. If nothing happens during the cover period, the insured receives nothing.		
Maximum Benefit	You can choose between three levels of protection:		
	<u>Option A</u> Hospitalization of up to **5 days**	**<u>Option B</u>** Hospitalization of up to **12 days**	**<u>Option C</u>** Hospitalization of up to **19 days**
	The amount of benefit paid by the insurance company will depend on the actual number of days spent in hospital and whether the treatment was surgical or non-surgical. In case of any surgery the benefit amount is **30,000 AMD per day**, in case of non-surgical treatment it is **20,000 AMD per day**.		
	<u>Option A</u> If there was a surgical operation the insured will receive up to **150,000** AMD or up to **100,000 AMD** if there is non-surgical treatment. The actual benefit amount will depend on the number of days spent in hospital, but only up to 5 days.	<u>Option B</u> If there was a surgical operation the insured will receive up to **360,000 AMD** or up to **240,000 AMD** if there is non-surgical treatment. The actual benefit amount will depend on the number of days spent in hospital, but only up to 12 days.	<u>Option C</u> If there was a surgical operation the insured will receive up to **570,000 AMD** or up to **380,000 AMD** if there is non-surgical treatment. The actual benefit amount will depend on the number of days spent in hospital, but only up to 19 days.
Price (premium)	Monthly payment of **2,200 AMD**	Monthly payment of **3,800 AMD**	Monthly payment of **4,600 AMD**
Claims processing	Cash benefit received by a person who is designated by the beneficiary at any **post office**. In order to receive cash benefit they have to bring confirmation from the doctor that he is treating the patient. Payment is done within one day.		
Provider	This insurance is sold through Haypost.		
Frequency of premium payment	Payments can be done on a monthly basis or up-front once a year**.**		
Proximity	The service is available throughout all Armenia.		

Personal Accident Insurance:

Coverage	This insurance product pays you fixed cash benefit if you have <u>an accident</u> and suffer from **permanent disability** or even **death**. The amount of the cash benefit depends on the degree of disability.
Limitations	If the injury or death is self-inflicted, then no payment is made.
Maximum Benefit	When you buy this product, you can decide upon the maximum compensation. The lowest level starts at **250,000** AMD, increasing in 3 steps and goes up to **1,500,000** AMD. In case of total disability or death you receive the total benefit amount (100%) and in case of partial disability a percentage of it. Examples: 70% in case of an arm or leg lost, 50% for a lost eye, 20% for a thumb, 10% for index finger. If the insured person has several accidents leading to disability during the year then the benefit is paid several times in that year in the amount depending on the degree of each additional loss but only up to the maximum amount. If nothing happens during the insurance term, the insured receives nothing.

	Option A: **250,000** AMD	Option B: **400,000** AMD	Option C: **800,000** AMD	Option D: **1,500,000** AMD
Price (premium)	**80** AMD per month	**120** AMD per month	**240** AMD per month	**500** AMD per month
Claim processing	You or a designated person have to inform the insurance company within **48 hours** after the accident. The insurance company will pay you or your beneficiaries the full amount within **14 days** after having received the medical confirmation from the hospital.			
Provider	The insurance company offering this product is **Nairi Insurance** or **Cascade Insurance**.			
Proximity	The service is available throughout all Armenia.			
Frequency of premium payment	Payments can be done on a monthly basis, quarterly or up-front once a year.			

Property Insurance:

Coverage	This insurance product covers your house (but not the content) against damage from fire, earthquake, flood or windstorm.		
Limitations	No limitations other than that the house has to be in good conditions when you buy the insurance.		
Maximum benefit	Depending on the value of your house you choose a cover level between AMD **1,000,000** and **3,000,000 AMD**. If there is no event during the term of the policy you do not receive anything.		
	Option A: **1,000,000** AMD	Option B: **2,000,000** AMD	Option C: **3,000,000** AMD
Price (premium)	**500** AMD per month	**1,000** AMD per month	**1,500** AMD per month
Claim processing	The insurance company pays you within **2 weeks** after having assessed the damage.		
Provider	**Cascade Insurance** is offering this insurance product in partnership with **Aregak UCO**.		
Proximity	The service is available everywhere in Armenia.		
	, depending on the benefit value chosen		
Frequency of premium payment	Payments can be done on a monthly basis, quarterly or up-front once a year**, in cash** to a **credit officer of AREGAK UCO** or to an insurance agent of **Cascade Insurance.**		

Gas Accident Insurance:

Coverage	This insurance product covers you, your family members and your house against financial loss from fire or explosion related to the gas supply in your house.
Limitations	No limitations other than that the gas supply infrastructure has to be in good conditions when you buy the insurance and you don't set fire intentionally.
Benefit	When you buy this insurance, you have to make 3 choices. These are: 1. For how much do you want to insure your home? The minimum is **500'000** AMD, the maximum is **6'000'000** AMD, intermediate steps are by 500'000 AMD. 2. How many family members do you want to protect? 3. What is the maximum amount per person you want your family members insure for? The minimum is 250'000 AMD, the maximum is 1'500'000 AMD, intermediate steps are by 250'000 AMD. Example: you insure your house for 4'000'000 AMD and include 4 family members

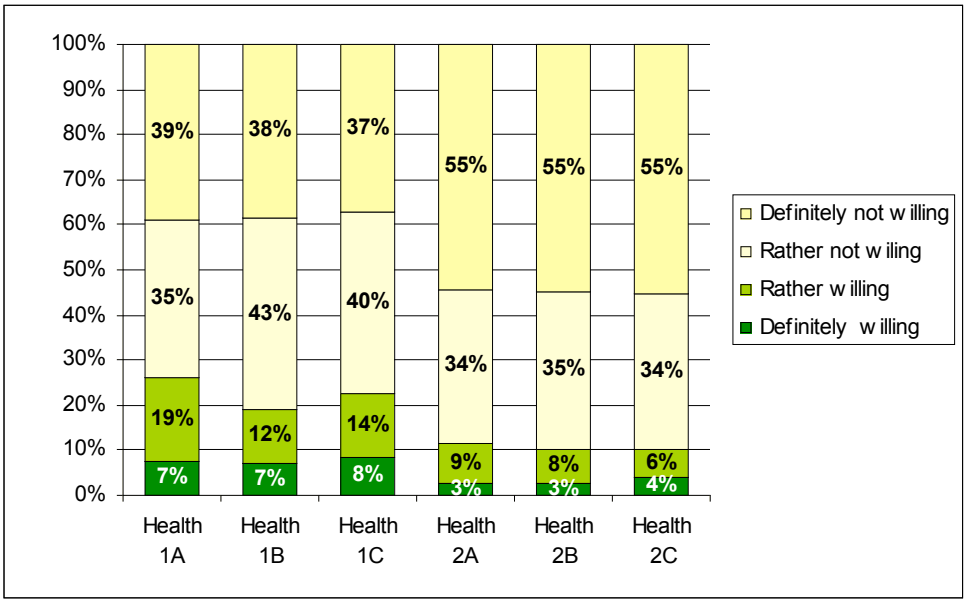
	for 1'000'000 AMD each. If you have a gas accident and half of your home is destroyed, as well as 1 family member dead and one suffers a disability of 50%, then you get: 2'000'000 AMD for the house damage, 1'000'000 AMD for the dead and 500'000 for the injured person. If there is no event during the term of the policy you do not receive anything.
Claim processing	The insurance company pays you within **7 days** after having assessed the damage.
Provider	**Nairi Insurance** is offering this insurance product.
Proximity	The service is available throughout Armenia.
Price	For the property damage (**per month**): minimum **80 AMD** and additional 80 AMD for each protection step of 500'000 more. Thus, the maximum is 960 AMD per month for the home. For the personal accident (per month): minimum **40 AMD** and additional 40 AMD for each protection step of 250'000 more. Thus, the maximum is 240 AMD per month per person. The example of above would cost: 640 AMD for the house plus 4 persons at 160 each gives a total of 1'280 AMD per month. For other combinations, see separate table.
Frequency of premium payment	Payments can be done up-front once a year.

5.5. Willingness to buy

Willingness to buy insurance was comparable to the overall willingness to buy seen generally in other countries and ranged between 10% and 33% depending on the product type. Personal accident insurance attracted the largest number of willing to buy households, specifically Option D with the highest benefit amount. Health insurance product 2 attracted the least number of willing to buy households, with only half the number of households willing to buy health insurance product 1. Across all products, except personal accident insurance, options with the lowest benefit amount and the lowest price were preferred.
Both high and low-income level households were found to have the same relative willingness to buy across all product types.

However, for all insurance products presented, half of respondents expressed unwillingness to buy. Almost half of households indicated that they were definitely not interested in the insurance policies on offer.
The two most often cited reasons for refusing to buy insurance were lack of need for a given type of insurance and, lack of trust towards insurance companies. These two reasons, unrelated to any specific feature of the product, show that the market is largely unprepared for insurance.
Among product features, price is the biggest barrier, however (and as will be further discussed in the following sections) there is little price sensitivity. That is, households unwilling to buy insurance because of its cost remain unwilling to buy even when the price is lowered.

Figure 5-8: Willingness to buy insurance products.



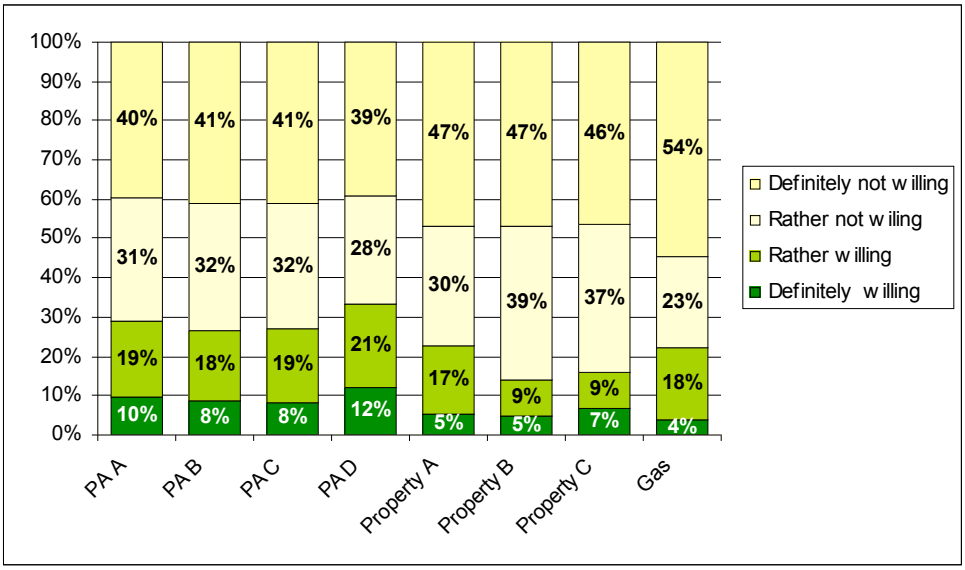
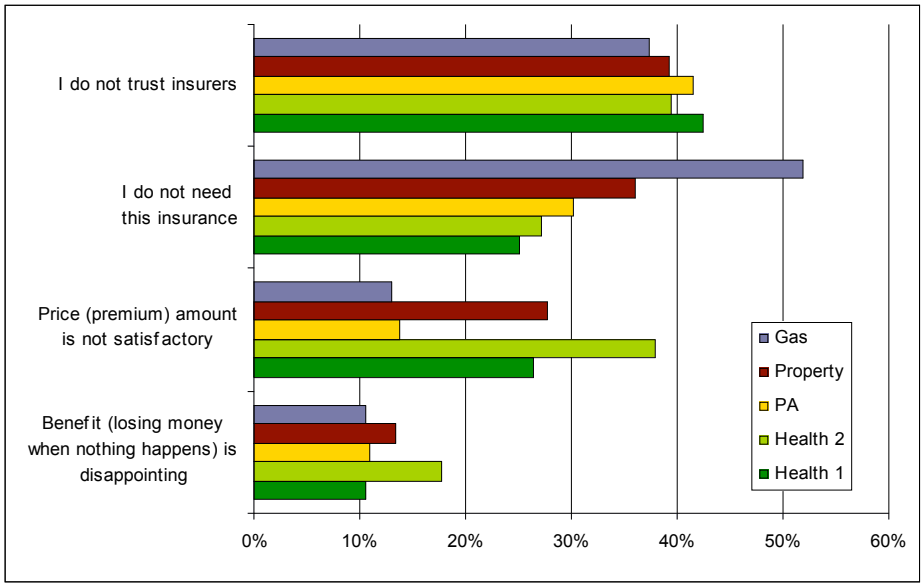


Figure 5-9: Most important reason for lack of willingness to buy.

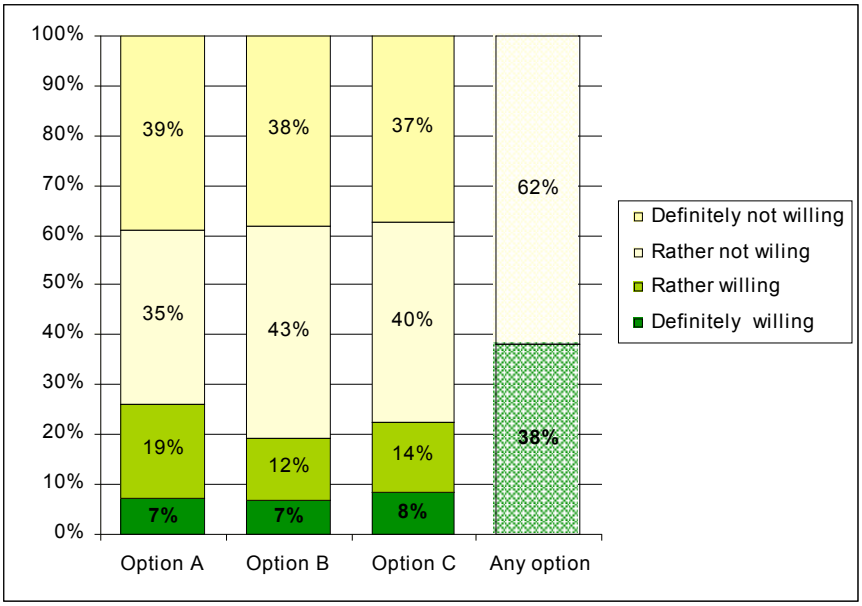


The lack of benefit and/or non-returnable premiums in the case that a risky event does not occur during the policy term were often found to be a factor in the unwillingness to buy insurance. This indicates to low understanding of the insurance pooling concept, resulting from the low overall level of financial education.

Health Insurance 1

Almost 40% of respondents were willing to buy at least one of the health insurance products on offer. Option A, with the lowest benefit and premium amount, attracted the largest proportion of willing to buy households.

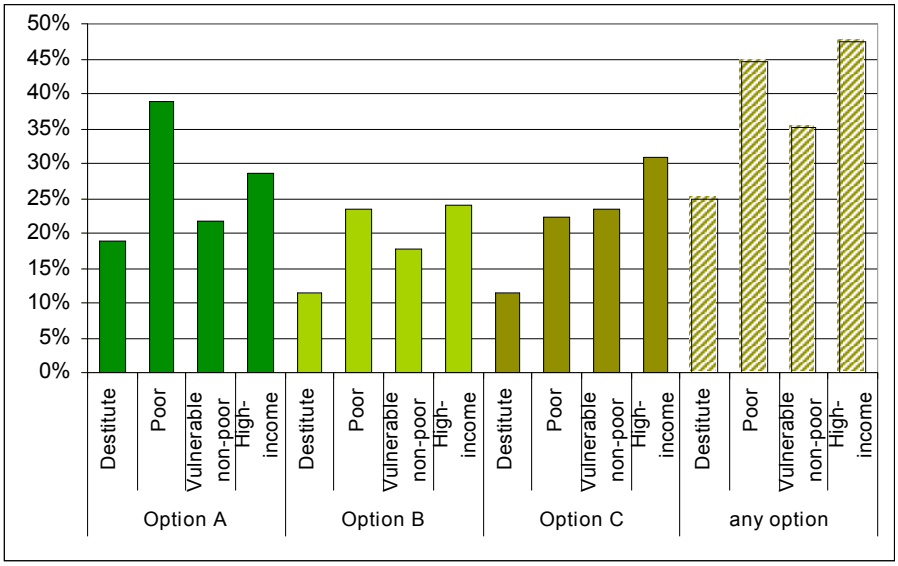
Figure 5-10: Willingness to buy Health Insurance 1



Willingness to buy insurance was the highest across high-income households as compared to the rest of the population (destitute, low-income and vulnerable households). Across high-income households 47% were willing to buy one of the options on offer, but also the poor were similarly interested in this product (45% of respondents)

Poor households had the highest interest in Option A (39% of poor respondents were willing to buy this product), while high-income households were most willing to buy Option C (30% of households).

Figure 5-11: Willingness to buy Health Insurance 1 by income segment



On average, households were willing to buy 2.4 policies (Option A and B) and 2.5 policies (Option C) to cover health of household members. A third of households wanted to insure only one family member.

Figure 5-12: Policies per household.

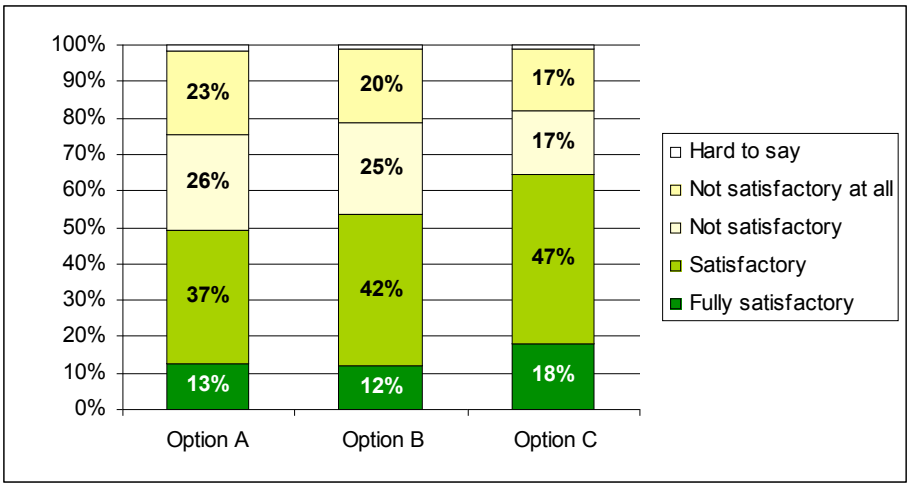
		number of policies in demand per household				
		1 policy	2	3	4	5-7
	average number of policies	*% of households*				
Option A	2.37	34.6%	28.9%	10.7%	10.7%	10.7%
Option B	2.37	33.3%	24.8%	7.7%	16.2%	7.7%
Option C	2.5	28.8%	23.7%	14.4%	18.0%	7.1%

There was found to be no statistically significant difference in the number of policies by the various income segments.

Further analysis of the product features was also carried out. Policy coverage was found to be positively evaluated by almost 60% of respondents. Poor and high-income households were most satisfied with the scope of insurance on offer.

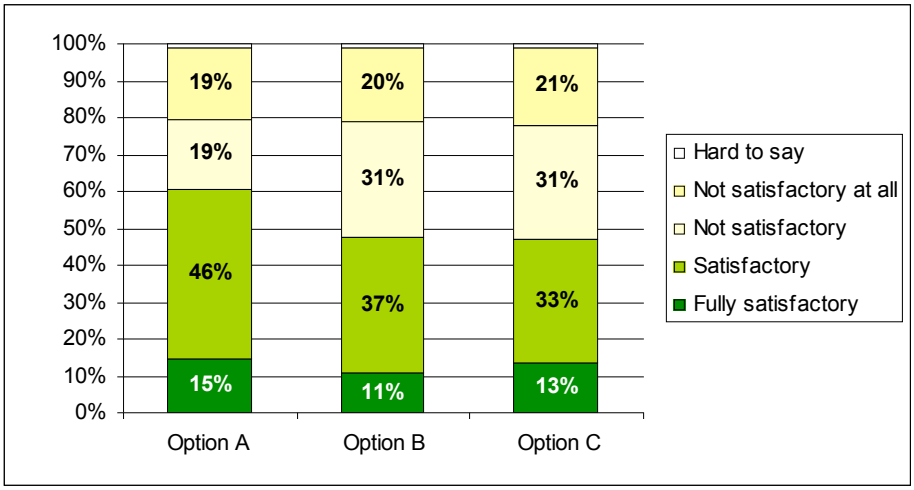
Over half of the respondents were satisfied with the benefit amount. Option C was seen as the most advantageous.

Figure 5-13: Attitude towards health insurance benefit amount



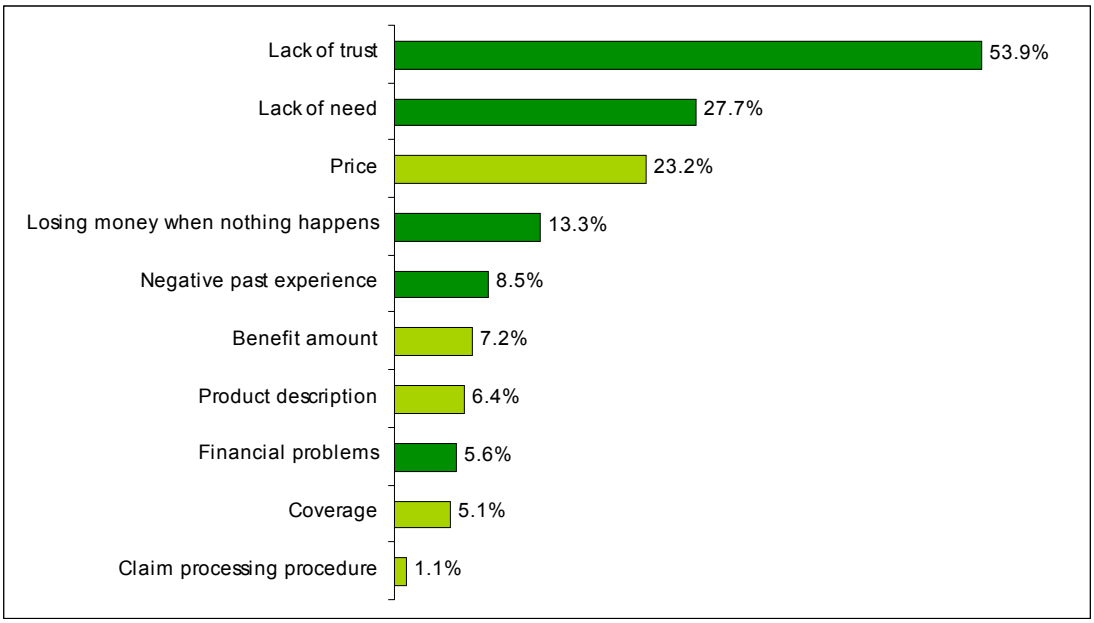
Regarding price, the cheapest Option A was found the most satisfactory option available.

Figure 5-14: Attitude towards health insurance premium amount.



Of those households unwilling to buy any of the policies on offer, the majority of households did not trust insurance companies and as such were unwilling to buy insurance. Over half of households unwilling to buy insurance were distrustful towards insurance companies, while one-third of households felt no need to insure either their own health or the health of any other family member.

Figure 5-15: Reason given for unwillingness to buy Health Insurance 1.



High-income households were the most not to trust insurance companies. High-income households also frequently stated that they did not want to buy insurance because of a bad past experience. In addition, high-income households were most likely to state that they had no need for health insurance.

Low-income households, as compared to high-income households, were most often unwilling to buy because of the policy price and household financial difficulties. They were less often distrustful of insurers and generally had a lower rate of bad past experience. In addition, low-income households were less often of the opinion that they did not need insurance. Low-income households, however, were slightly more likely not to accept the risk pooling concept and generally were more reluctant to use products with non-refundable premiums.

Although premium price was the most deterring product feature, the majority of those unwilling to buy health insurance product 1 were found to be insensitive to price.

Figure 5-16: Price sensitivity

	Option A	Option B	Option C
	% of those not willing to buy	% of those not willing to buy	% of those not willing to buy
price sensitive (willing to buy at a 30% discount)	1.3%	1.2%	1.5%
very sensitive (willing to buy only at a further discount)	9.5%	11.7%	15%
Total of all sensitive	*10.8%*	*12.9%*	*16.5%*

Lowering the price of the premium by 30% would only convince 1.2 -1.5% of those not willing to buy to change their decision. In total, 90% would not change their decision about not buying the product and 7.5% to 10% would reconsider whether to buy the product or not. There were no differences in price sensitivity among different income levels.

A larger share of those not willing to buy would be interested in buying the product if the price was even lower. The average monthly price suggested by the respondents constituted only 30% of the proposed premium and was 172 AMD for Option A, 369 AMD for Option B, and 537 AMD for Option C.

Health Insurance 2

Health insurance product 2, as compared to product 1, attracted a fewer willing to buy households. Only 19% of respondents were willing to buy any one of the options on offer. Respondents were equally willing to buy each of the options regardless of their income level. As many as half of households definitely did not want product 2, option A, B or C.

Figure 5-17: Willingness to buy Health Insurance 2

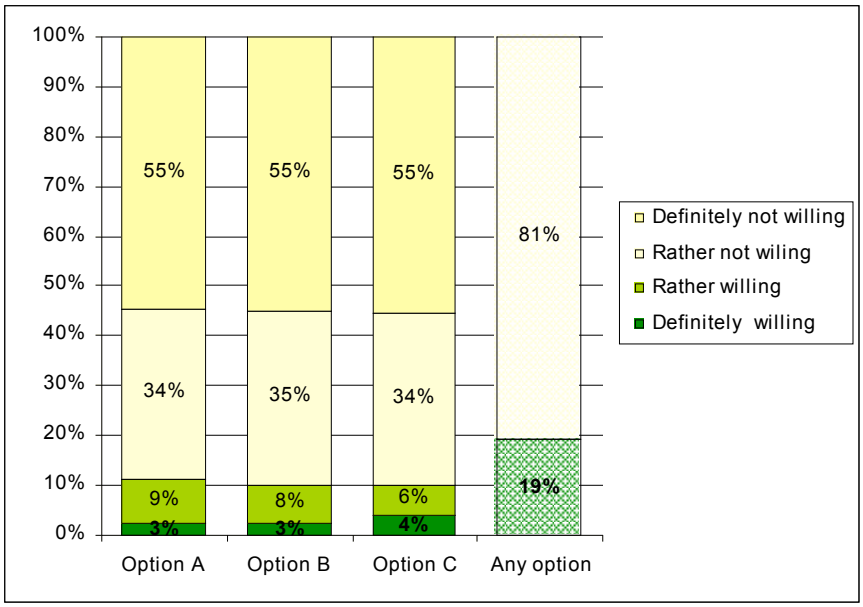
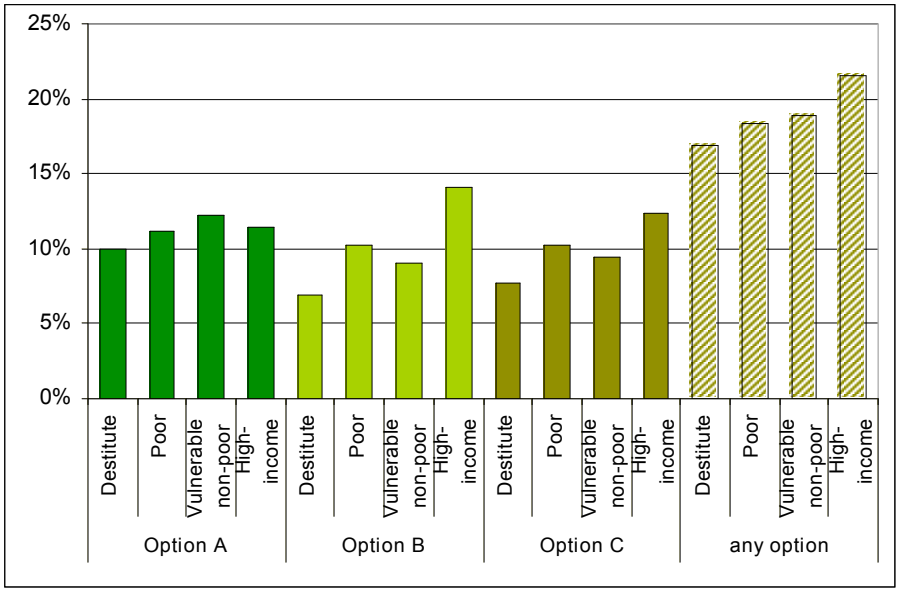


Figure 5-18: Willingness to buy Health Insurance 2 by income segment



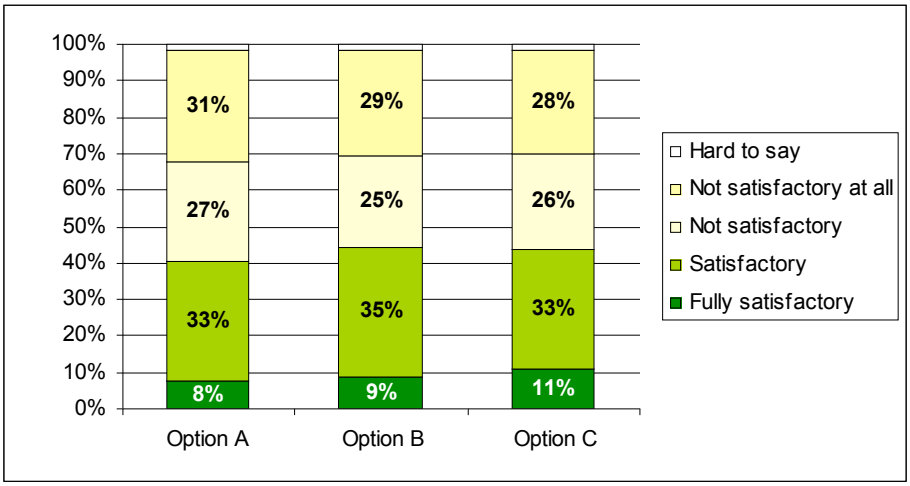
While overall interest in purchasing Product 2 was low, households that were willing to buy wanted to buy on average 2.5 policies per household. There was no statistically significant difference in the number of policies wanted by different income segments.

Figure 5-19: Policies per household.

		Number of policies in demand per household				
	average number of policies	1 policy	2	3	4	5-7
		% of households				
Option A	2.48	34.8%	26.1%	11.6%	17.4%	10.1%
Option B	2.59	33.9%	23.7%	11.9%	18.6%	11.9%
Option C	2.53	34.5%	25.9%	8.6%	20.7%	10.3%

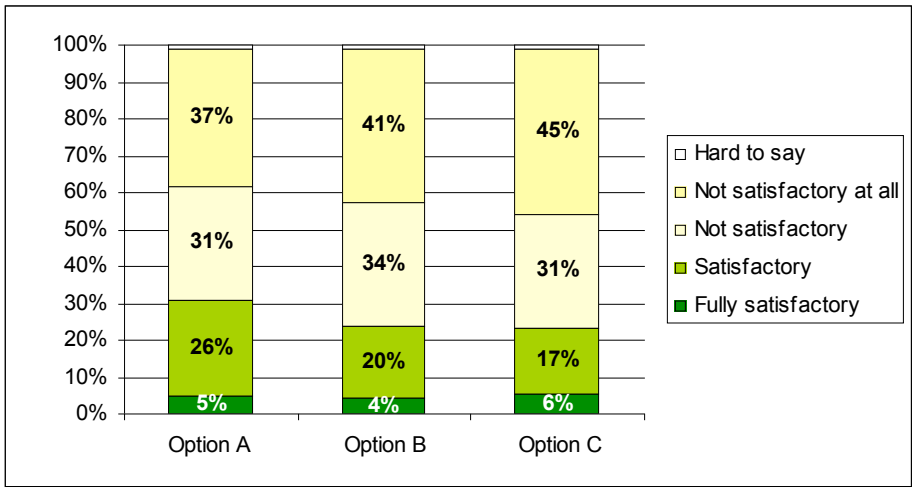
Evaluation of product features revealed that 43% of respondents regarded coverage as satisfactory, with the majority of satisfied households found to be high-income.
The benefit amount was evaluated positively by over 40% of respondents and there was little difference between relative opinions with regards to each option. High-income respondents were more often satisfied with the benefit amount offered by option B and C.

Figure 5-20: Attitude towards Health Insurance 2 benefit amount



Price was the least pleasing product feature. Option A – the cheapest option - was found most favorable. There was found to be no correlation between the evaluation of price and household income segment.

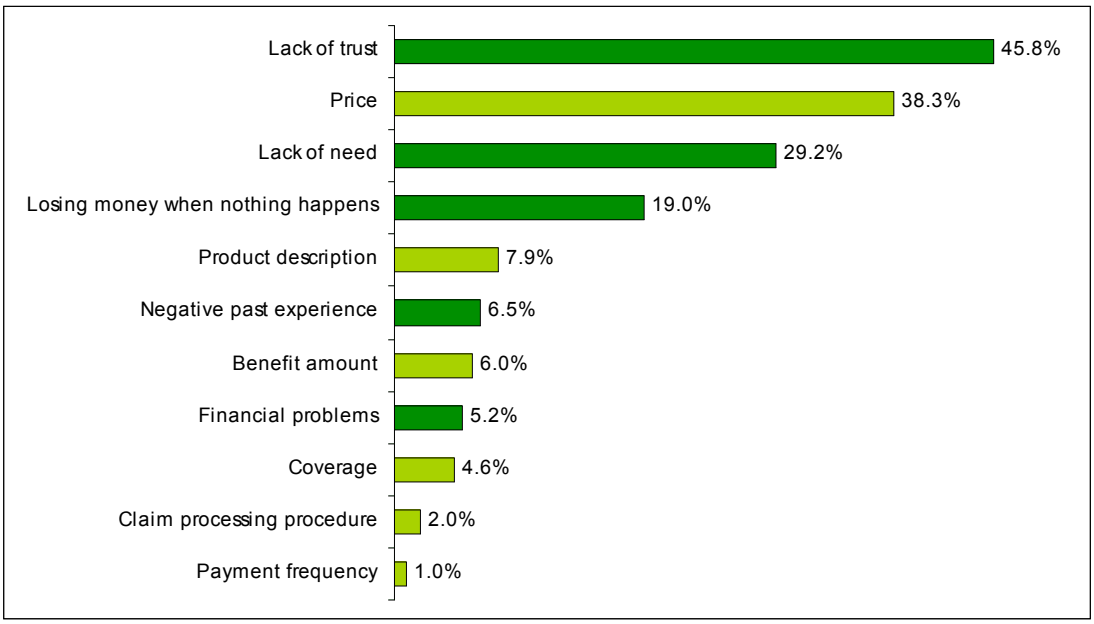
Figure 5-21: Attitude towards Health Insurance 2 premium price.



Almost half of those not willing to buy did not trust insurance companies. Among product features that were found to negatively impact on willingness to buy, product purchase price was the most significant. Close to 40% of respondents choose not to buy a given policy because of the premium amount.

8% of households indicated that they were unwilling to buy health insurance product 2 because the description of the policy and its features was not sufficiently clear.

Figure 5-22: Reason given for unwillingness to buy Health Insurance 2.



Those who were not willing to buy were found to be non-sensitive to price. Lowering the price of the premium by 10-13% would convince only less than 1% of those not willing to buy to change their decision. In total 92-94% would not change their decision about not buying the product and 3%-5.5% would reconsider it.

A larger share of those not willing to buy would be interested in buying the product if the price was even lower. The average monthly price suggested by the respondents constituted only 35% of the

proposed premium and was 773 AMD for Option A, 1,190 AMD for Option B, and 1,601 AMD for Option C. Different income segments did not show any difference in price sensitivity.

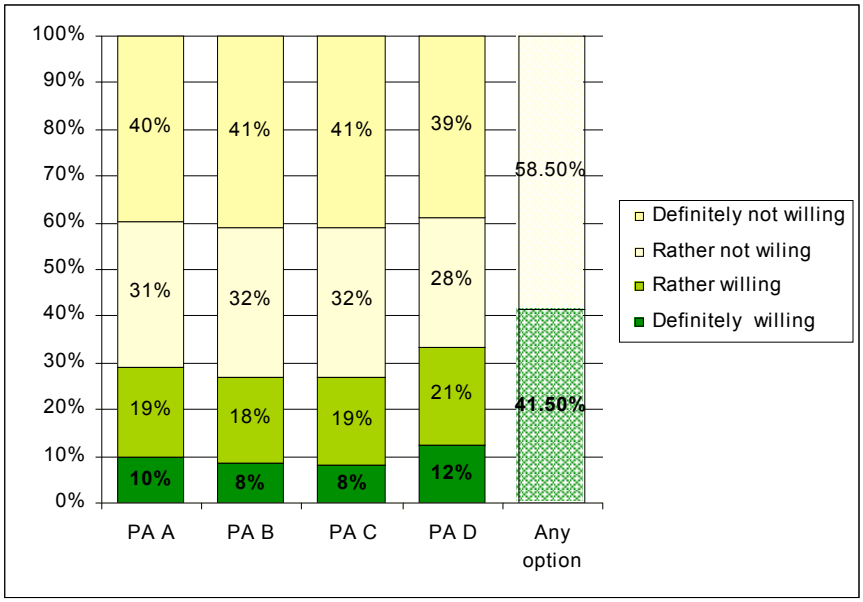
Figure 5-23: Price sensitivity

	Option A	Option B	Option C
	% of those not willing to buy	% of those not willing to buy	% of those not willing to buy
price sensitive (willing to buy at a 30% discount)	0.4%	0.2%	0.9%
very sensitive (willing to buy only at further discount)	12.4%	14%	16.1%
Total of all sensitive	*12.8%*	*14.2%*	*17.0%*

Personal Accident

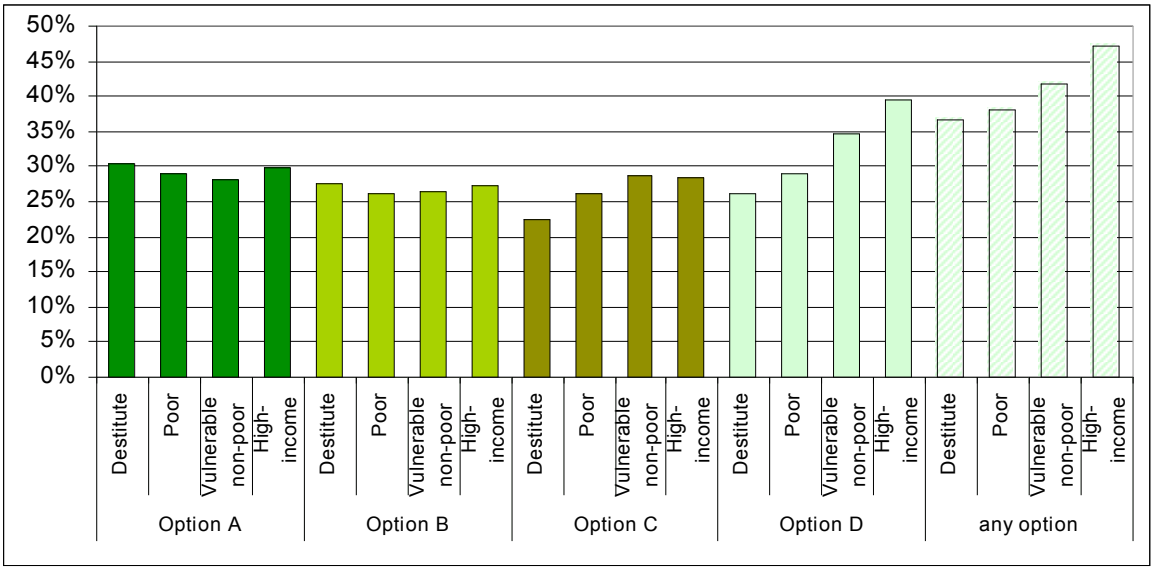
Personal accident insurance was the most demanded product with the fourth option (highest benefit) having the largest percentage of willing to buy households. In total, over 40% of surveyed households were definitely or rather willing to buy at least one of the options available.

Figure 5-24: Willingness to buy Personal Accident Insurance



Observing willingness to buy by household income segment revealed little difference in policy preference and overall willingness to buy. Option D was the exception with a large proportion of those households willing to buy being high-income households.

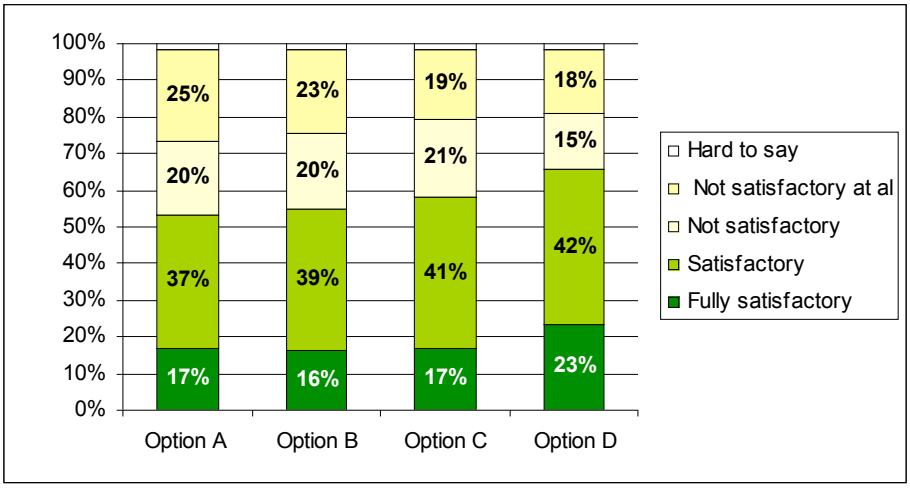
Figure 5-25: Willingness to buy Personal Accident Insurance by Income Level



Product features were positively evaluated by approximately two thirds of respondents. The coverage of the product was regarded as satisfactory by 60% of surveyed households. Respondents appreciated the combination of disability and death coverage. Only 6% would prefer just disability insurance and 1.7% only death coverage.

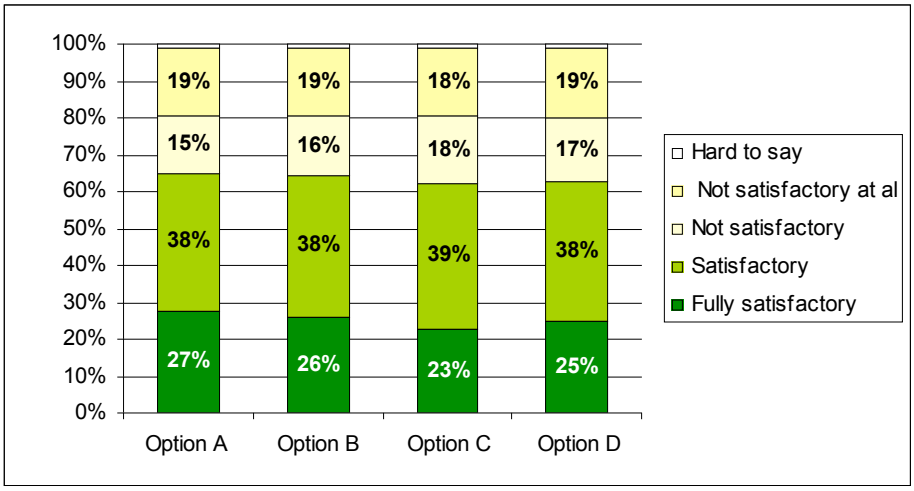
More than half of the respondents were pleased with the benefit of each of the product options. Option D with the highest benefit amount received highest evaluation score among all options – 65% of households evaluated Option D positively.

Figure 5-26: Attitude towards Personal Accident Insurance benefit amount



Regarding price, over 60% of respondents positively evaluated the price of each of the options. Amongst the different product options there were found to be only a slight variation in satisfaction level. Option A with the lowest price received the most positive evaluation.

Figure 5-27: Attitude towards Personal Accident Insurance premium price

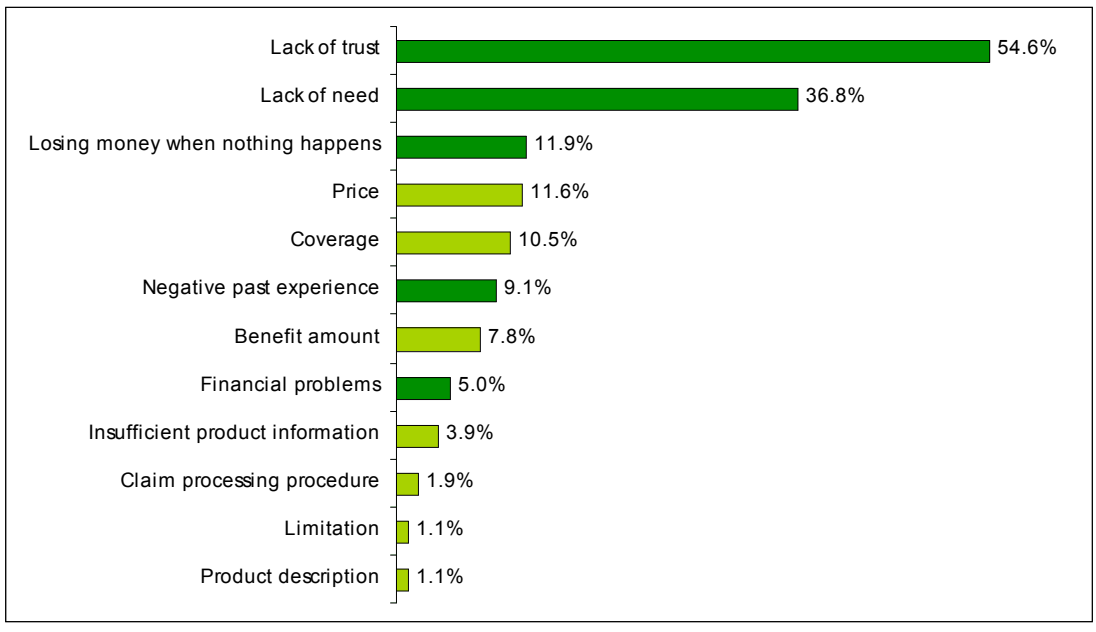


In general, low-income respondents were less satisfied with most of the product features than high-income households.

Lack of trust and no demand for this type of insurance were the major reasons for unwillingness to buy personal accident insurance. To a lesser extent disappointment regarding the concept of risk pooling deterred some respondents. Product features constituted secondary reasons for the low willingness to buy this type of insurance. Price and coverage were seen as the most important features with regards to purchasing or not purchasing personal accident insurance.

Different income segments were motivated by different reasons for product rejection. Low-income segments (destitute, low-income, and vulnerable) more often than better-off households disliked the concept of risk pooling. They were also more likely to reject the product because of the price and their own financial difficulties. Low-income households were less often distrustful and less often reported a negative past experience with insurance. Respondents from high-income households more often felt no need to insure and more often were critical with regards to the insurance coverage on offer.

Figure 5-28: Reason for unwillingness to buy Personal Accident Insurance.



Although the price was an important factor in decision-making a small price reduction (premium amount lowered by 30%) was not found to influence the decision. 90%-95% of respondents stated that they would stick to their initial decision (product rejection), up to 6% would reconsider whether to buy the product and only up to 1% of respondents would be attracted to buy the policy if it was offered at a 30% discount. Further decrease in the price of a premium by 40-50% would attract another 5% of households. On average, those respondents who were not willing to buy at a 30% discount suggested the following premium prices: 39A MD for Option A, 58 AMD for Option B, 74 AMD for Option C, 184 AMD for Option D.

Income level did not have any influence on price sensitivity.

Figure 5-29: Price sensitivity

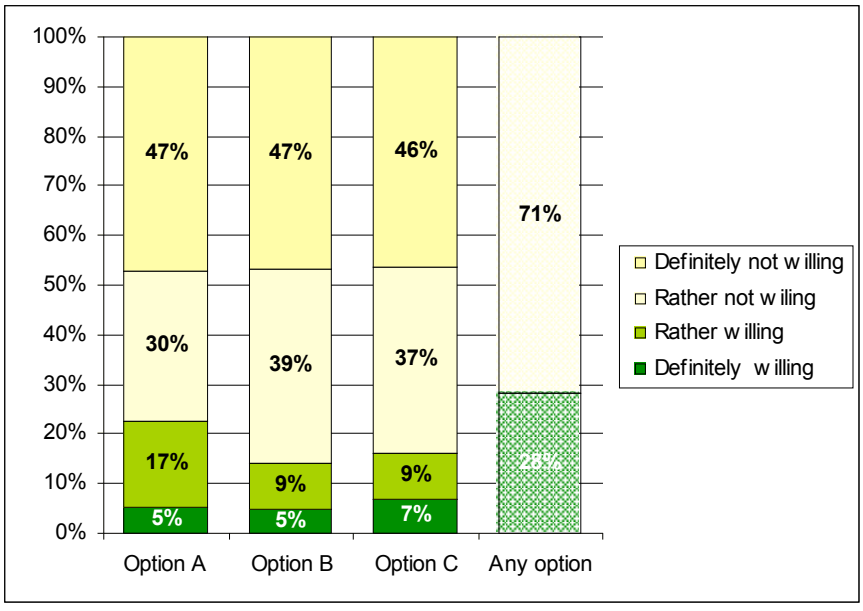
	Option A	Option B	Option C	Option D
	% of those not willing to buy	% of those not willing to buy	% of those not willing to buy	% of those not willing to buy
price sensitive (willing to buy at a 30% discount)	0.4%	0.6%	1.1%	0.5%
very sensitive (willing to buy only at a further discount)	3.5%	4.0%	4.4%	5.1%
Total of all sensitive	*3.9%*	*4.6%*	*5.5%*	*5.6%*

Shortening the claims processing time to 6 days would not change the decision to buy in 97% of cases.

Property Insurance

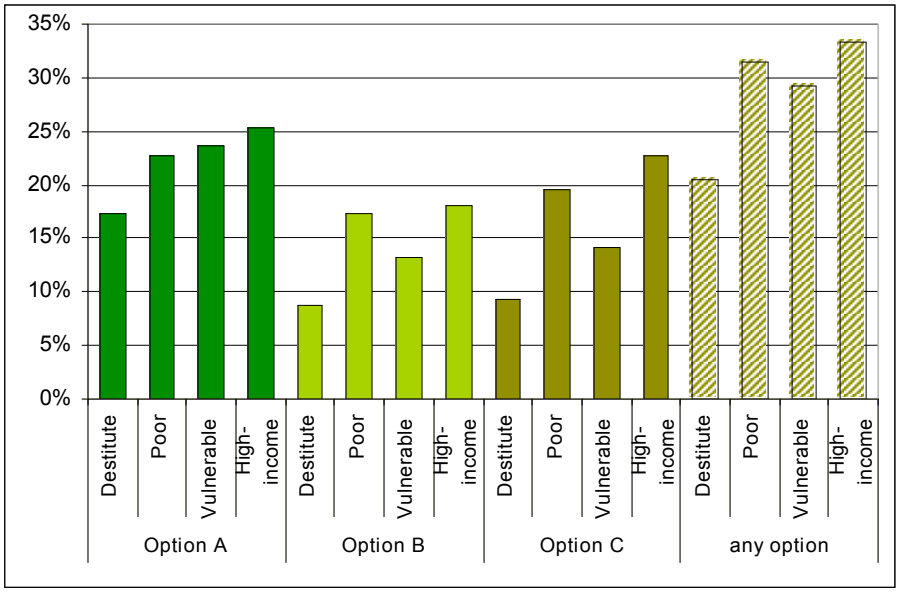
After personal accident insurance, the second most popular insurance type (as determined by the largest percentage of household willing to buy) was found to be property insurance. Altogether, 28% of households were willing to buy at least one of the presented options. The largest percentage of households was willing to buy Option A.

Figure 5-30: Willingness to buy Property Insurance.



There were little differences in the willingness to buy among respondents from different income segments. However, a greater percentage of poor households, as compared to the high-income segment, found Option B and C to be attractive policy options.

Figure 5-31: Willingness to buy Property Insurance by income segment



Among product features coverage was satisfactory for 51% of the households and the benefit amount was acceptable for 47% - 53% of households depending on the option. Option C with the highest benefit was most positively evaluated. With regards to the insurance premium (price), the largest share of respondents (55%) was satisfied with the price of the cheapest Option A and the least with Option C.

Figure 5-32: Attitude towards Property Insurance benefit amount

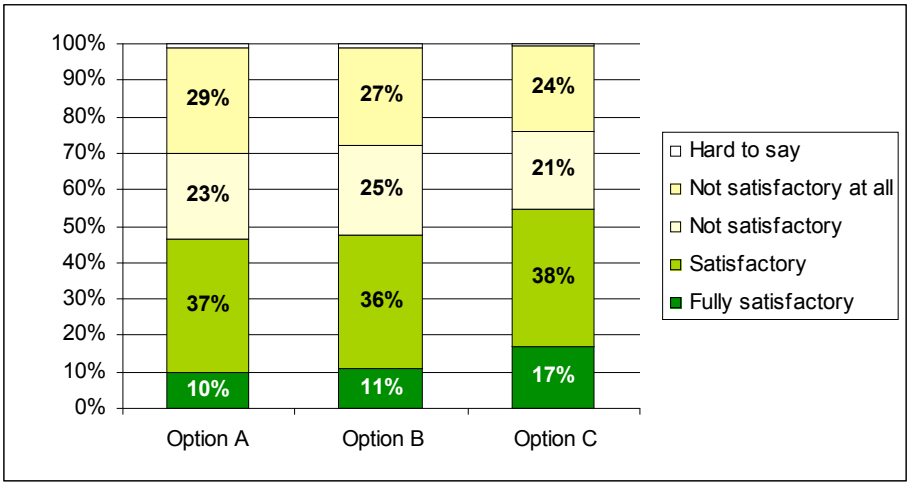
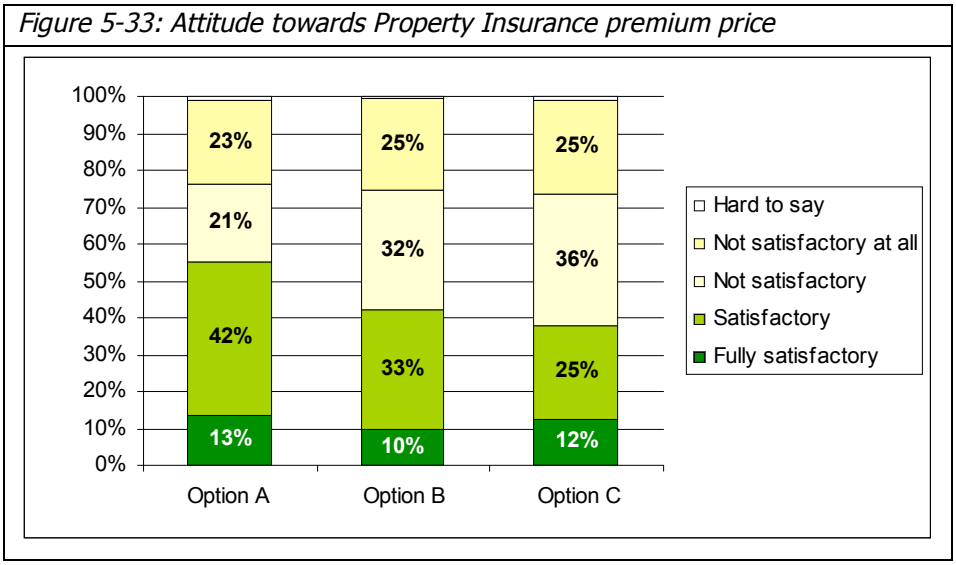
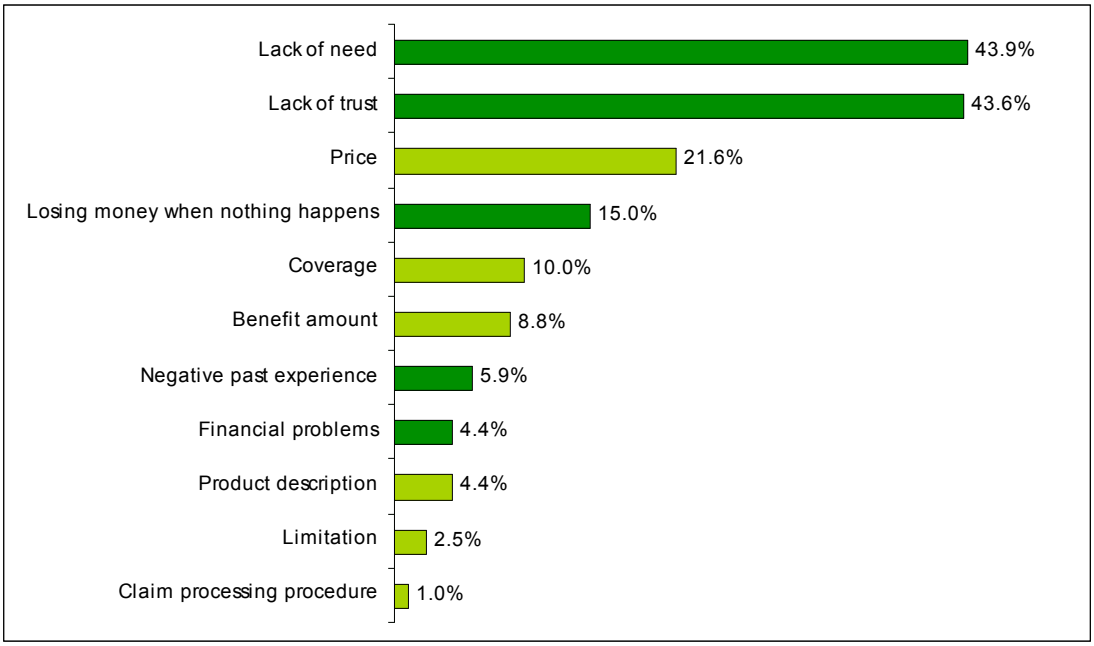


Figure 5-33: Attitude towards Property Insurance premium price



Those respondents that stated an unwillingness to buy property insurance did so because of, no need for such insurance and, low trust in insurance companies. These reasons were stated by a significant share of negatively inclined respondents. The third most important reason – the price – was found to be far less important for the purchase decision.

Figure 5-34: Reason for unwillingness to buy Property Insurance.



Further analysis of the influence of price on the choice of the insurance product showed low price sensitivity.

Figure 5-35: Price sensitivity			
	Option A	Option B	Option C
	% of those not willing to buy	% of those not willing to buy	% of those not willing to buy
sensitive (willing to buy at a 20% discount)	0%	0.2%	0.4%
very sensitive (willing to buy only at a further discount)	6%	9.8%	12.1%
Total of all sensitive	*6%*	*10%*	*12.5%*

Lowering the price of the premium by 20% would convince only less than 1% of those not willing to buy to change their decision. In total 91-93% would not change their decision about not buying the product and 5.3 - 7% would reconsider it.

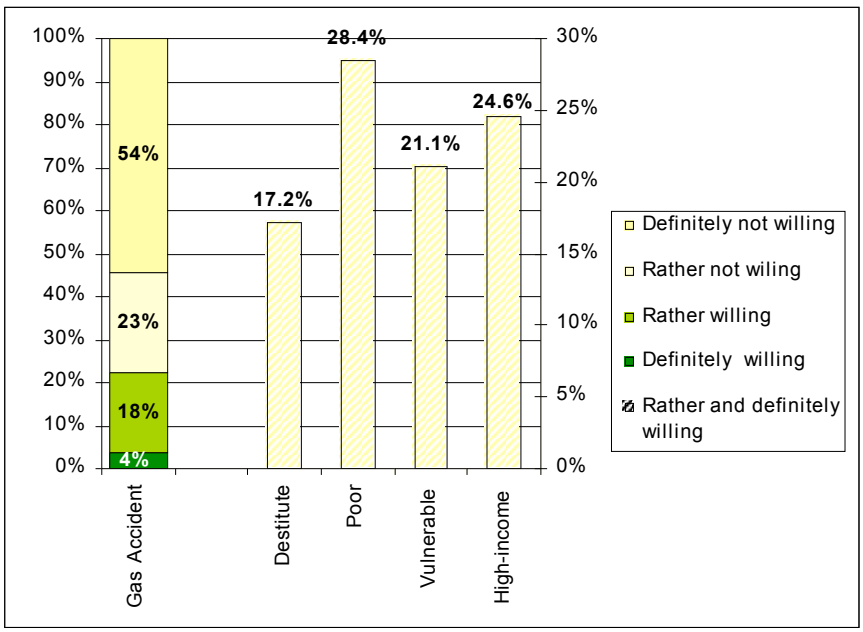
A larger share of those not willing to buy would be interested in buying the product if the price was even lower. The average monthly price suggested by the respondents constituted only 35-44% of the proposed premium and was 174 AMD for Option A, 439 AMD for Option B, and 618 AMD for Option C.

Gas Accident Insurance

Insurance against gas accident raised interest among 22% of respondents with 4% of households definitely willing to buy gas insurance.

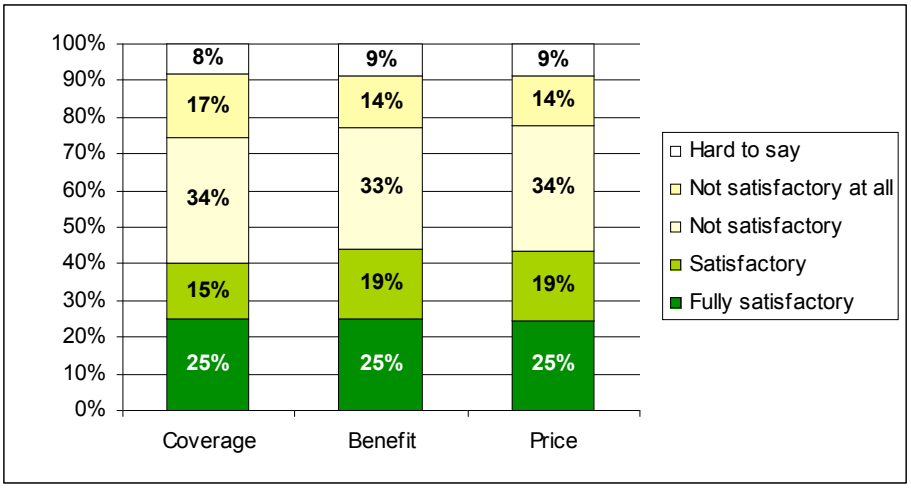
The poor and high-income households were among those most inclined towards gas insurance.

Figure 5-36: Willingness to buy Gas Accident Insurance.



Product features such as coverage, benefit amount and price were found satisfactory by 40% of households.

Figure 5-37: Attitude towards Gas Insurance product features



The product combines property (house) insurance and disability/life product features. On average respondents were willing to insure 3.63 persons to the amount of 690,000 AMD per person. The largest share of households was willing to insure over 5 household members. Most frequently (42%) respondents chose the coverage of 250,000 AMD per person.

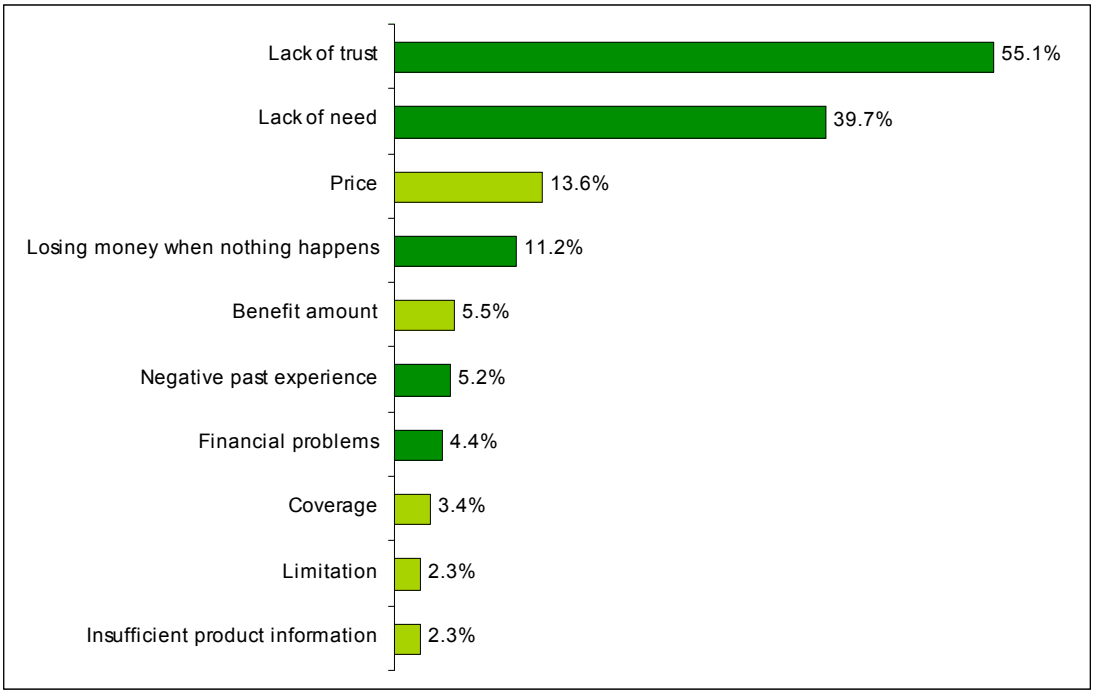
On average respondents willing to buy gas insurance planned to insure the house to the value of 3,100,000 AMD, most frequently for the amount of 500,000 AMD or 6,000,000 AMD.

Figure 5-38: Willingness to buy Gas Insurance, number of policies demanded.

	Number of persons to be insured per household				
average number of persons	1 person	2	3	4	5-7
	share of households				
3.63	7.5%	19.6%	19.6%	25.2%	28%
	Benefit amount for house insurance				
average value of the house	up to 0.5M AMD	0.5M AMD	1M AMD	1,5M – 3M AMD	3,5M – 6M AMD
	share of households				
3.1M AMD	8%	17%	10%	23%	42%

Reasons for choosing not to buy the gas insurance product are predominantly related to the lack of trust or demand for the given product. These are external factors, not relating to any specific feature of the product.

Figure 5-39: Reason for unwillingness to buy Gas Insurance.



Among product features found to deter potential clients, price was found to be a significant influencing factor. However, the households were found not to be price sensitive. That is, further lowering the price would make only 3% of those unwilling to buy to change their mind. Only 1% of those not willing to buy would change their decision if the price was lowered to 60 AMD for property protection and to 30 AMD for the protection of persons A further 2.1% of households would be willing to buy if the price was even lower and 6% would reconsider their decision.

Figure 5-40: Price sensitivity

	% of those not willing to buy
sensitive (to 25% decrease in price)	1%
very sensitive (give their own price lower than 70% of suggested price)	2.1%
Total of all sensitive	*3.1%*

6. Market development projections and strategies

As hardly anyone uses insurance in Armenia (and nobody has been using microinsurance) it is hard to project future microinsurance market development based on historical trends. The access frontier approach proposed by David Porteous (2005) is useful in projecting the market development for microinsurance.[4] The total market is divided into four segments. Given that access frontier methodology is difficult to apply to products that are not yet on the market, the projections are done using both segmentation by attitude towards insurance (Section 5.3) and willingness to buy based on the product concept test. This combination allows a much more accurate projection for each of the generic insurance products tested.

Figure 6-1: Access frontier methodology and its application in this study.

Segment	*Description of the segment*	*How defined in our study*
Natural limit	A group of households who is either not eligible for insurance schemes or they objectively do not need insurance.[5]	(DA, DB -Health/DC-disability) A – age (a4) above 65; (DA, DB -Health/DC-disability) A – health condition of household head Health condition (A5 and A6) – household head is disabled and/or suffers from serious illness (DD - property) I5 – not owning a flat/house (DE- gas accident) – Age (A4) – above 65 or health condition (A5 and A6) – household head is disabled and/or suffers from serious illness and I5 - not owning a flat/house.
Supra-market	A group of households who may wish to buy micro insurance but are unable to, mostly due to lack of surplus income.	H – household monthly income below affordability threshold of 15,754 AMD
Within access frontier in the future	A group of households who are likely to access the suggested micro insurance product concepts if terms and conditions are more adapted to them. They are also reluctant to buy now due to limited knowledge, distrust, skepticism, dissatisfaction from some product features, etc.	The rest of the market.
Within access frontier now	The percentage of households who can and wish to access the suggested micro insurance product concepts on current terms and conditions.	Those who are willing to buy suggested insurance products and are enthusiastic about insurance in general[6].

[4] As explained by David Porteous (2005): "The access frontier approach enables greater understanding of market development over time from the perspective of who is, and who will be, served by the market over time. The access frontier defines the maximum proportion of the eligible population who use the product under existing conditions. This frontier is likely to shift over time. Considering where it will move in the short to medium term (to the future access frontier) is an important part of assessing the capacity of market solutions to extend access. There is still a group of people who, largely because of poverty, the market will be unable to touch in the foreseeable future ('the supra-market group'). For this group, the state may decide to supply the service directly or regulate existing institutions to provide it (i.e. forced cross subsidy). The access frontier approach distinguishes three zones in a market based on where usage and the current and future access frontiers are: a market enablement zone, a market development zone and a market redistribution zone. The test of policies in the redistribution zone is whether they encourage or limit the outward movement of the access frontier so that more can be served through markets over time, so that state subsidy can be directed at those most needy."

[5] On more mature markets this group also includes those who declare that they do not need insurance and will not buy it in a short-term. In the case of microinsurance in Armenia it is hard to make a distinction if people declarations come from their low financial education and knowledge on insurance benefits or from their informed choice of not to buy insurance.

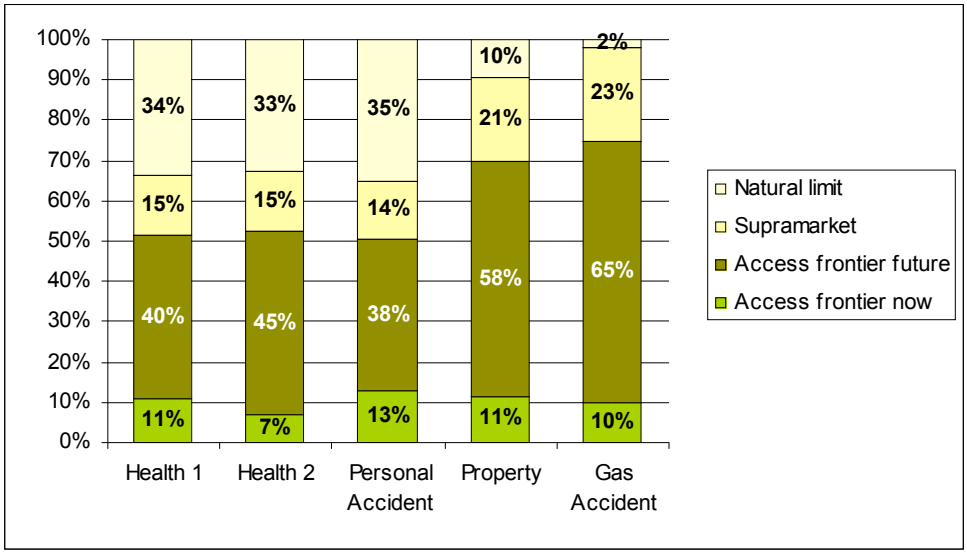
[6] Based on segmentation presented in section 5.3.

6.1. Market development projections

The access frontier approach identifies three zones on the market:

- *Market enablement zone* – this is a group that can be reached now (within access frontier now) because it is easy to be covered with new insurance products that are demanded by enthusiastic consumers. In Armenia it varies from 7% for health insurance 2 to 13% for personal accident insurance.
- *Market development zone* – this is a group within access frontier that might be covered if new products are well-adapted, effective marketing strategies are in place and there is an enabling environment. In Armenia the share of market development zone is especially high proving high immaturity of the insurance market. It varies from 38% for personal accident to 65% for gas accident insurance.
- *Market redistribution zone* – this is a group defined as supra-market. This is a task for the government to extend an adequate safety net and provide affordable risk-management tools for this group. This group is substantial in Armenia and varies from 14% to 23%.

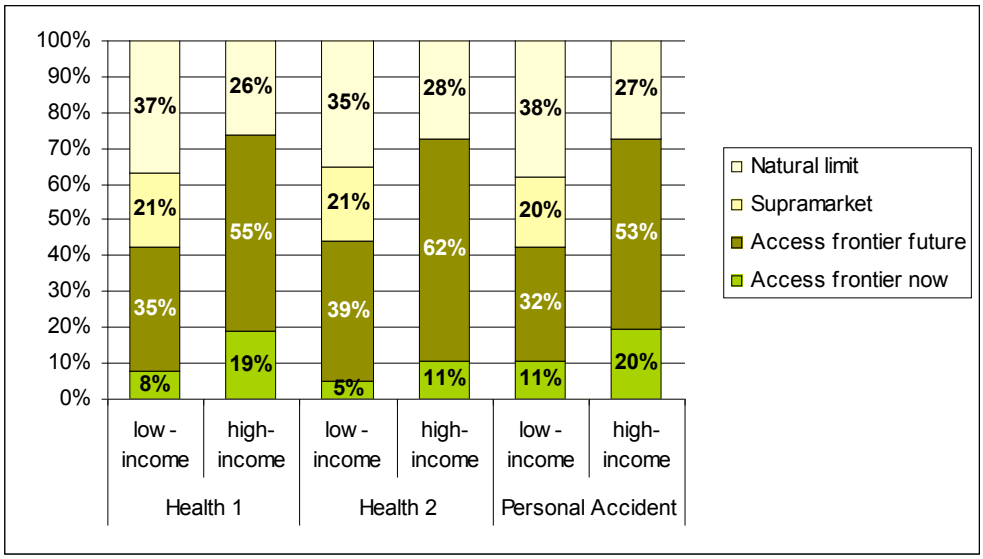
Figure 6-2: Market development projections for different micro insurance products (% of households).

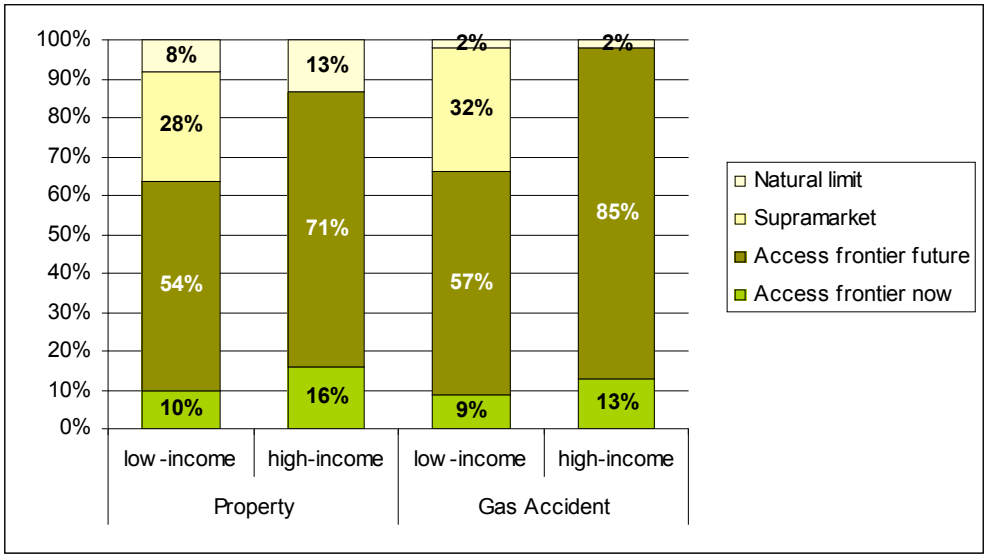


Considering only the low-income market, the market enablement zones was found to be half the size of that for the high-income segment. This is due to the fact that low-income households are more often skeptical towards insurance and more often fall into the market development zone or market redistribution zone because of the income level below severe poverty line.

Combined market enablement and development zones give an idea how many low-income people are eligible and can afford private micro insurance services and may benefit from better risk-management tools. It was found that 43% of the low-income population may benefit from health and personal accident insurance and 65% from property and gas accident insurance.

Figure 6-3: Market development projections for different micro insurance products (% of households) for total and low-income population.



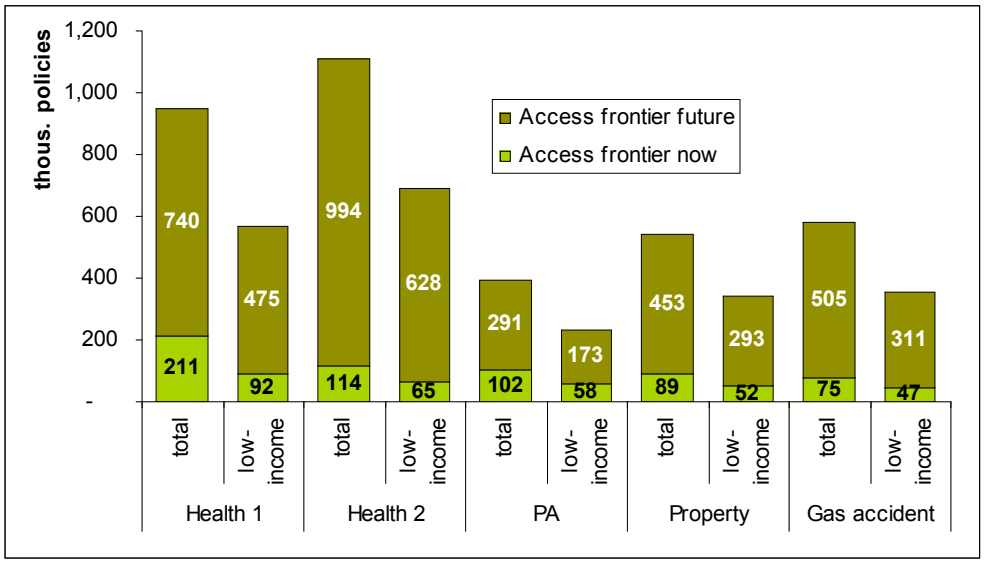


In total, the market to be tapped (both enablement and development zones) is slightly less than 1 million health, 390,000 personal accident insurance policies, 580,000 gas accident insurance policies and almost 540,000 property insurance policies. The volume of the "easier-to-reach" market (market enablement zone) under current circumstances is approximately 200,000 policies for health, 100,000 for personal accident insurance product, 90,000 policies for property and 75,000 for gas accident insurance[7].

As shown on Figure 6-3 low-income market, the one for microinsurance forms approximately 60-75% of the total market. It is an obvious business opportunity.

[7] It is calculated taken into account number of households, % of households in the group - access frontier now, and average number of policies willing to buy. See Annex 7 for detailed calculations by region, settlement type and income level.

Figure 6-4: Total and low-income market size projections.



6.2. Strategies to tap the low-income market

This report is the first-ever study into the potential future market for microinsurance in Armenia and provides a relatively simple and general overview of needs and opportunities for microinsurance. As such, with regard to tapping the low-income market only general future projections can be envisaged. For this purpose it is useful to consider the segmentation of the Armenian population by attitude towards insurance (presented in Section 5.3). The four segments identified are distinct in terms of household knowledge of and attitude towards insurance. Knowledge of and attitude towards insurance will likely determine the potential outreach and marketing strategies used when considering the implementation methodology of any new micro-insurance products and services.

As found in various other countries subject to similar market studies, the market enablement zone in Armenia captures more low-income households than the market development zone which is more often composed of high-income households.

'Enthusiasts' are the easiest segment to tap of low-income people in the market development zone. Although they rejected presented insurance product concepts, they generally have positive attitudes towards the concept of insurance. Adapted or new products that better fulfill their needs as well as low-cost delivery channels are crucial for capturing this target group.

Although there is a significant share of 'enthusiasts' located in the market development zone, the largest share constitute skeptics followed by the 'self-excluded'.

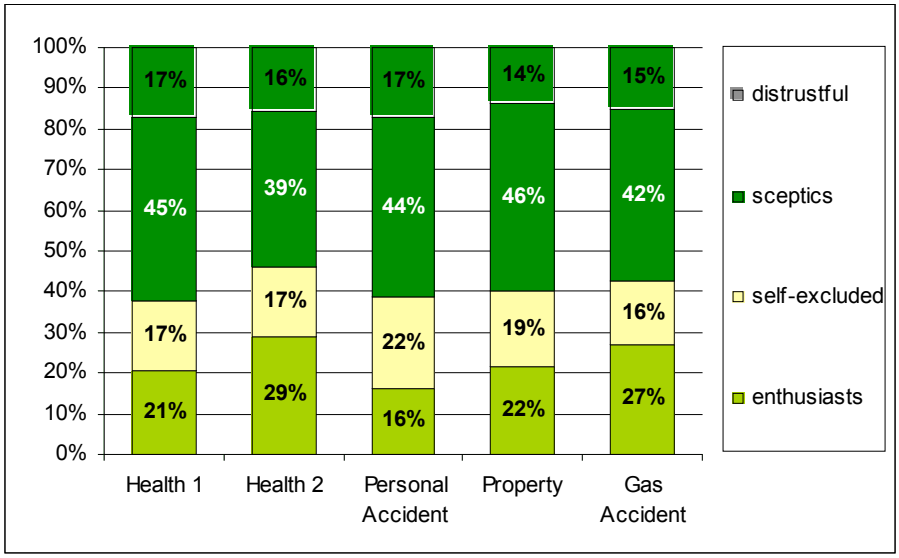
'Skeptics' are those who think that insurance is not for them and generally do not consider it an effective coping mechanism. In order to attract the attention of this group educational activities may need to be implemented with the aim to raise awareness of the advantages of using insurance, the concept of risk pooling and how insurance works in comparison to other financial products.

The 'self-excluded' do not believe that insurance will be useful. This is often because of low awareness of the advantages and little understanding of the concept of insurance and the way

insurance works. Across low-income households needs for insurance are often found to be latent. This may be because of little or no experience with insurance and therefore no demonstrated example of its effectiveness. This target group should first be prepared through financial education activities and awareness raising campaigns with the aim to raise understanding and appreciation for insurance as an effective coping mechanism.

The most difficult group to target are those households classified as 'distrustful'. Those households who do not believe in the honesty of financial institutions are likely to be difficult to convince otherwise by general statements, declarations or any educational efforts. A demonstrated example of the positive effect of insurance is needed. A more positive image of insurance may also be built through improved information on the soundness of insurance company operations and financial stability, with particular emphasis on the protection of client interests.

Figure 6-5: Structure of market development zone in low-income segment by attitudes towards insurance.



7. Conclusions

Despite recent declines in poverty, three-fourths of the Armenian population can be classified as vulnerable - living on low income, not sufficient for normal functioning in a society. Extreme poverty is higher in rural areas but poverty and vulnerability is common throughout the country outside Yerevan regardless of the settlement type.

The road out of poverty for low-income households in Armenia is hard and unpredictable. Such crises as the unexpected death of a family member, accidents leading to disability, serious illnesses and natural disasters causing damage to agriculture production put significant financial pressure on low-income households. Relatively high costs associated with these risks and a very limited range of available and effective coping mechanisms are major factors keeping people in poverty.

Evidently, low-income households need to increase their risk-management capacities. Microinsurance is one option that might be considered. Those products expected to significantly aid in reducing vulnerability are: life/disability insurance (against death and permanent disability), health insurance (against serious health problems needing an emergency service and surgery) and agricultural insurance against crop damage due to bad weather.

The total market for microinsurance in Armenia is sizeable. Depending on the product, the low-income market forms approximately 60-75% of the total insurance market, in terms of the number of policies to be issued. Specifically, the number of policies that may be provided are estimated at, 570,000-700,000 policies for health, 230,000 for disability, 360,000 for gas accident insurance and 345,000 for property insurance.

The market which is within access now is estimated at 11% - 25% of the total market (both market enablement and market development zones). The remainder of the market needs to be developed. Considering the low-income market there are 4 key segments in the market development zone. Up to 47% of households are 'skeptics (uneducated rural dwellers, destitute or poor and often with a female household head). As many as up to 19% are 'distrustful' (uneducated or with primary education only). In general, most households were found to be skeptical about insurance and distrustful towards insurers. In these circumstances, developing the market is a challenging task.

In order to develop the microinsurance sector a mixture of strategies is recommended in order to penetrate all three segments of ''skeptics', 'distrustful' and 'self-excluded'. Apart from developing new microinsurance products adapted to low-income market expectations, the outreach strategy should incorporate four other components:

- general financial education, which encourages people to be more proactive in managing risks,
- education on microinsurance, which focuses on building knowledge of the risk-pooling concept and explains the benefits of insurance,
- marketing strategy putting emphasis on the price factor and,
- low-cost delivery channels allowing affordable deliver services for the target group, especially those living in rural areas and small towns.

Annex 1 - Quantitative survey questionnaire

(the questionnaire to be administered with respondent starts on the next page)

Basic information

(to be filled out by the interviewer after the interview)

Address of the respondent:_____
Telephone number:_____
Name of the respondent:_____

Q1. Interview number: I__II__II__I

Q2. Interviewer number: I__I

Q3. Interviewer name: _____

Q4. Date (dd/mm/year) of the interview: _____

Q5. Region:

1.
2.
3.
…

Q6. Name of location: _____

Q7. Interview lasted: I__I minutes

Introduction

INT.: READ: „Good morning / good evening. My name is … and I work as an interviewer for research company. I would like to ask you some questions about you, your household, risks you face and activities you are engaged in. In addition, I would like to discuss your household needs for financial services, and especially insurance. All the gathered information will be combined with the information from other respondents and used to analyze opportunities to develop adequate insurance services for you. Please remember your answers are confidential and are used in the statistical tables. Please also remember there are no right or wrong answers and only your honest opinions are important for us."

S. SCREENING QUESTIONS

S1. Who is the key decision-maker in your household with regard to money and family budget matters? ***NOTE FOR INTERVIEWER: Do not read the answers.***	*1. Myself* **=> *CONTINUE*** *2. My partner* **=> *END*** *3. Myself and my partner* **=> *CONTINUE*** *4. Parent/s* **=> *END*** *5. Child/children* **=> *END*** *6. Other* **=> *END***

A. Household composition

INT.: READ: To start with I would like to talk with you about your household. As the household we define all the people living in the same place and sharing expenditures for food. We would like to talk about all the household members who are supported by household budget. This includes also children and other household members who left for short-period of time.

INT.: FIRST ASK ABOUT THE HEAD OF THE HOUSEHOLD (ID = 1, INPUT IN THE FIRST LINE) = the person who is the main decision-maker in financial matters of the household.

ASK FOR EACH MEMBER SEPARATELY. MARK ONLY ONE CODE IN EACH CELL.

							the questions from A7 to A8 do not apply to children below 16 years old	
A1. ID	Please give names of all your household members. INT.: WRITE A NAME.	**A2.** Relation to the household head *1 – household head* *2 – spouse / partner* *3 – child* *4 – parent* *5 – grandchild* *6 – other person*	**A3.** Gender *1 – male* *2 – female*	**A4.** Age *ENTER AGE OF THE PERSON*	**A5.** Permanent disability (loss of an eye, arm, leg, etc.) *1 – Yes* *0 - No*	**A6.** Suffering from a chronic (e.g. asthma) or any other serious illness (e.g. cancer, diabetes, heart attack, stroke, hepatitis, AIDS/HIV). *1 – Yes* *0 - No*	**A7.** Marital status *1 – single* *2 – married / living with a partner* *3 – separated / divorced* *4 – widow(er)*	**A8.** Education grade completed *1 – none* *2 - primary (1-4)* *3 – secondary (5-12)* *4 – vocational (technical)* *5 – incomplete higher* *6 – higher (university, PhD)*
1		1 2 3 4 5 6	1 2		0 1	0 1	1 2 3 4	1 2 3 4 5 6
2		1 2 3 4 5 6	1 2		0 1	0 1	1 2 3 4	1 2 3 4 5 6
3		1 2 3 4 5 6			0 1	0 1		
4		1 2 3 4 5 6			0 1	0 1		
5		1 2 3 4 5 6			0 1	0 1		
6		1 2 3 4 5 6			0 1	0 1		
7		1 2 3 4 5 6			0 1	0 1		
8		1 2 3 4 5 6			0 1	0 1		

B. Risks and risk management strategies

INT.: FIRST IDENTIFY ALL RISKS GOING THROUGH THE LIST AND THEN ASK NEXT QUESTIONS REGARDING EACH RISK THAT HAPPENED.

		B1. Have any of the following risks happened to you or other household members in the last 3 years (from the end of 2005 till today)? *MARK A CODE IN EACH ROW*		**B1.1 (Ask only if C or D is marked in B1)** Was any of these persons breadwinner or not		**B2.** How many times has it happened in your household during the last 3 years (from the end of 2005 till today)? *ENTER THE NUMBER OF TIMES* *99 – hard to say (do not read)*	**B3.** How would you evaluate the general impact of the risk itself and using coping mechanisms on your household economic standard of living? **READ CODES AND 🕮 SHOW A CARD #** *1- no influence* *2- decreased slightly* *3- decreased significantly* *4 – decreased dramatically* *99 – hard to say (do not read)*	**B4.** Which of the risks was the most difficult to cope (generated the highest financial pressure) in the last 3 years? (TICK THE CATEGORY **– one tick only, for the risk most difficult to cope**)
		1 – yes	**0 -no**	**1 – yes**	**0 - no**			
	Disability/death							
A	Accident of household member leading to temporary disability	1	0				1 2 3 4 99	
B	Accident of household member leading to permanent disability	1	0				1 2 3 4 99	
C	Death (natural)	1	0	1	0		1 2 3 4 99	
D	Death (unexpected)	1	0	1	0		1 2 3 4 99	
	Health							
E	Illness of household member (hospitalization and/or emergency service necessary, surgical treatment needed)	1	0				1 2 3 4 99	
F	Illness of household member	1	0				1 2 3 4 99	

	(hospitalization and/or emergency service necessary, only therapeutic treatment)							
G	Illness of household member (without hospitalization, but visit to a doctor)	1	0				1 2 3 4 99	
	Property							
H	Damage to property (due to forces that are out of the control of respondent, e.g. flood, fire.)	1	0				1 2 3 4 99	
I	Theft of property (household or business assets) valued more than 60,000 AMD.	1	0				1 2 3 4 99	
	Other							
J	Bad weather conditions affecting agricultural production	1	0				1 2 3 4 99	
K	Livestock disease	1	0				1 2 3 4 99	

- Take the risk from B4.

B5. How have you managed to find money to cope with the risk last time it happened? From the cards on the table pick all the mechanisms you used

B6. Rank the usefulness of mechanisms. Each mechanism has to have a specific ranking (number). Use relative ranking: from 1 – brought the biggest share to cover expenses; 2 – less than 1; 3 – less than 2, etc.

READ COPING MECHANISMS AND 🕮 SHOW A CARD #

Int. code all the mechanisms used in the right column below.

Coping mechanisms (CARDS)	**B5.** How have you managed to find money to cope with the risk last time it happened? (tick)	***B6.*** which of the coping mechanisms mentioned in B5 generated the biggest share to cover expenses related to risk (rank)
0. No coping action (i.e. neglecting the illness, not re-building the stolen assets, etc.)		
1. Insurance		
2. Using own funds, for instance savings, etc.		
3. Selling animals, poultry		
4. Selling fruits and other stored agricultural products (including barter arrangements)		
5. Getting additional job (or working more) in Armenia		
6. Going abroad for work		
7. Getting free of charge financial help from friends, neighbours, relative, other community members, working collective.		
8. Getting free of charge financial help from relatives and friends abroad		
9. Donation (getting free of charge financial help, government, local associations, organizations)		
10. Buy food with delayed payment		
11. Borrowing without interest from relatives and friends		
12. Borrowing with interest from relatives/friends/neighbours		
13. Borrow gold from relatives/friends with an intention to pawn it at a bank to get a bank loan		
14. Treatment on credit by the doctor acquaintance		
15. Borrowing from banks		
16. Borrowing with higher interest from moneylenders.		
17. Pledging household assets in pawnshops (including jewellery, household consumer durables, etc.)		
18. Selling household assets (including		

	jewellery, household consumer durables, land, transport vehicles, etc.)		
19.	Selling immovable property (House, apartment, land)		
20.	other _____		

C. Insurance – knowledge and use

C1. What insurance services do you know (heard about)?
INT. THIS IS SPONTANEOUS RESPONSE QUESTION. DO NOT READ ANSWERS.
PLEASE CIRCLE THE MENTIONED RESPONSES OR THE '0' BELOW. WHEN YOU GET THE FIRST ANSWER PROBE FOR THE NEXT SERVICE THEY HEARD ABOUT UNTIL THE RESPONDENT CANNOT RECALL ANY OTHER.

0 – do not know any insurance services**?**

Insurance services (DO NOT READ THE NAMES OF COMPANIES)!!!!	
A	Health (voluntary, not the state compulsory insurance)
B	International travel insurance (health)
C	Disability (accident)
D	Life
E	Property (housing, durables, business assets)
F	Car insurance against theft and damage/crash
G	Civil liability (car) –third party liability - driver's insurance against damage of the other car or injury of the other person in case of accident
H	Agricultural insurance
I	Other policies, specify_____

C2. Have you or any of your household members had a voluntary insurance policy during the last 15 years?
Only voluntary policies, the previous government insurance scheme does not count here.
0 – no GO TO QUESTION C3
1 – yes, used to have GO TO QUESTION C3
2 – yes, have now GO TO QUESTION C4
99 – hard to say (do not read) GO TO QUESTION C4

C3. Why not?
THIS IS A MULTIPLE ANSWER QUESTION.
DO NOT READ CODES – THIS IS A SPONTANEOUS ANSWER (IF THERE IS GENERAL RESPONSE "NO TRUST" PLEASE ASK WHY AND CODE RELEVANT ANSWER BELOW). Mark answer according to the order of mentioning. One answer in column 1 and 2. Several answers are possible in column 3.
AFTER THIS QUESTION GO TO QUESTION C6.

		I mentioned	II mentioned	III mentioned
1.	Never heard of insurance	1	1	1
2.	Do not have enough information / do not know how it works	2	2	2
3.	I do not know where to find insurance / nobody approached me	3	3	3
4.	The insurance agents are too far from the place I live	4	4	4
5.	My household has not needed insurance – I think nothing	5	5	5

	serious will happen to my family or me			
6.	My household has not needed insurance because we solve problems in other ways	6	6	6
7.	Insurance is too expensive for me / price is too high / I have other priorities	7	7	7
8.	Current terms and conditions do not suit me	8	8	8
9.	Heard it is a long / bureaucratic process to realize claim	9	9	9
10.	No trust in insurer – heard that insurers do not pay (manipulate with conditions, etc.)	10	10	10
11.	No trust in insurance companies – they can go bankrupt or run away stealing my money	11	11	11
12.	I am not sure the insurance will work because third party (e.g. hospital) might refuse to accept it	12	12	12
13.	I do not have time to think about insurance / if I were approached by an insurance agent I would have bought a good insurance policy.	13	13	13
14.	I am not used to it			
15.	OTHER: _____			
16.	*hard to say (do not read)*	99	99	99

GO WITH RESPONDENT THROUGH THE LIST.		**C4.** What was the type of policy you or any of your family members had in the last 15 years or you have now? 0 - no 1 – yes 99 – don't know	**C5.** Who have paid for it? 0 – somebody else (e.g. employer) 1 – policyholder (I or any of family members) 99 – don't know
A	Health (voluntary, not the state compulsory insurance)	0 1 99	0 1 99
B	International travel insurance (health)	0 1 99	0 1 99
C	Disability (accident)	0 1 99	0 1 99
D	Life	0 1 99	0 1 99
E	Property (housing, durables, business assets)	0 1 99	0 1 99
F	Car insurance against theft and damage/crash	0 1 99	0 1 99
G	Civil liability (car) - driver's insurance against damage of the other car or injury of the other person in case of accident	0 1 99	0 1 99
H	Agricultural insurance	0 1 99	0 1 99
I	I don't know exactly what kind of insurance it was	0 1 99	0 1 99
J	Other, specify_____	0 1 99	0 1 99

C6. Could you list names of existing insurers in Armenia? (top of mind)

IF NOT ABLE TO MENTION ANY PLEASE PUT '0' AND GO TO SECTION D _____

Insurance companies		Knowledge	
		First mentioned	Other mentioned
1.	Alfa Insurance	☐	☐
2.	AvantGuard Insurance Brokers	☐	☐
3.	Cascade Insurance	☐	☐
4.	First Mortgage Company	☐	☐
5.	Griar Insurance	☐	☐
6.	Guarant Limence	☐	☐
7.	Ingo Armenia	☐	☐
8.	ISG	☐	☐
9.	London-Yerevan Co	☐	☐
10.	Nairi Insurance	☐	☐
11.	Prime Insurance Brokers	☐	☐
12.	Rasco	☐	☐
13.	Resolution Apahovagrakan Broker	☐	☐
14.	Royal Insurance	☐	☐
15.	Sil Insurance	☐	☐
16.	State Insurance - Armenia	☐	☐
17.	Other _____	☐	☐

D. Product Concept Tests

INT.: READ: Now I would like to show you 3 insurance product concepts and ask a set of similar questions about each one. Please analyze each concept separately.

Int. ROTATE CONCEPTS AND TAKE 3 OUT OF 5 FOR EACH RESPONDENT

If you started the previous interview with DA; start this one with DB and then do DC, DD and DE.

D. *Mark the order in which the concepts were introduced, by putting 1, 2, 3.*

DA – health 1
DB – health 2
DC – personal disability
DD - property
DE – gas accident

DA. Health insurance product concept

INT. READ: I would like to talk with you about health insurance. Choosing to buy health insurance is a way to protect members of your family from financial shocks related to the health care costs **created by an accident or illness** of any of your family members. I will read to you the description of the product, and then I would like to ask for your opinion about it. **HAND OUT THE CONCEPT AND READ IT LOUDLY WITH RESPONDENT.**

Health Insurance product 1

Coverage	This insurance product pays you fixed cash benefit if you have to stay in a private or public hospital **for emergency or planned surgical treatment** required for health reasons (not plastic surgery). The policy covers all types of surgeries but the amount of cash paid by the insurer depends on the option chosen and the severity of the surgery.		
Maximum Benefit	You can choose between three levels of protection:		
	Option A	**Option B**	**Option C**
	100,000 AMD per year	**200,000** AMD per year	**400,000** AMD per year
	The amount of benefit paid by the insurance company will depend on the type of surgery and its complexity. The benefit value will range from 50,000 AMD (for the smallest surgeries) up to the maximum amount of the chosen option. If the insured person has several surgeries during the year then the benefit is paid several times in that year in the amount depending on the complexity of each surgery but only up to the maximum amount. If nothing happens during the cover period, the insured receives nothing.		
Price (premium)	**600 AMD** per month	**1,200 AMD** per month	**1,500 AMD** per month
Frequency of premium payment	Payments can be done on a monthly basis, quarterly or up-front once a year**, in cash to a credit officer of AREGAK UCO or to an insurance agent of Cascade Insurance.**		
Proximity	The service is available throughout all Armenia.		
Claims processing	The insured person is obliged to inform the insurer about the insurance event within 48 hours. In order to receive compensation, the client has to provide the insurer with a medical confirmation of his diagnosis. Two cases: a) The stay at the hospital is less than 5 days: the insured provides the insurer in addition to the medical confirmation with a confirmation of this stay at the hospital. The insurer pays within 5 days. b) The stay at the hospital is longer than 5 days: the benefit is received during the client's stay at the hospital.		
Provider	Cascade Insurance/ AREGAK UCO		

READ CODES AND 🕮 SHOW A CARD # **DA1.** How would you evaluate the coverage of this product – the risks it covers? When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).	1 – not satisfactory at all 2 – Not satisfactory 3 – Satisfactory 4 – Fully satisfactory 99 - *Hard to say (do not read)*

DA2. How would you evaluate the maximum benefit amount of each option?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**
Not satisfactory at all	1	1	1
Not satisfactory	2	2	2
Satisfactory	3	3	3
Fully satisfactory	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DA3. How would you evaluate the price of each option?

READ CODES AND 🕮 SHOW A CARD #

Price	**Option A**	**Option B**	**Option C**
Not satisfactory at all	1	1	1
Not satisfactory	2	2	2
Satisfactory	3	3	3
Fully satisfactory	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DA4. How willing would you be to buy this product?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**
definitely not willing	1	1	1
rather not willing	2	2	2
rather willing	3	3	3
definitely willing	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DA5. How many people in your household would you like to insure? (including respondent)

Option A	
Option B	
Option C	

99 – hard to say (do not read)

ASK ONLY THOSE NOT WILLING TO BUY <u>ANY</u> OF THE OPTIONS **DA10.** Why not willing to buy? INT.: THIS IS A SPONTANEUOS QUESTION. DO NOT READ ANSWERS.	1. I do not need this insurance 2. I had bad experience with insurance in the past 3. I do not trust insurers 4. The above product description does not give enough information to make a decision 5. I don't understand the above product description 6. coverage is not satisfactory 7. benefit (amount) is not satisfactory 8. benefit (losing money when nothing happens) is disappointing 9. claim processing procedure is not suitable 10. provider is unacceptable 11. price (premium) amount is not satisfactory 12. frequency of premium payment is not satisfactory 13. OTHER: …….. *99. hard to say (do not read)*

ASK ONLY THOSE NOT WILLING TO BUY <u>ANY</u> OF THE OPTIONS.
READ CODES AND 🕮 SHOW A CARD #

DA11. And if the premium is lowered how willing would you be to buy the product?

	<u>Option A</u> 400 AMD	**<u>Option B</u>** 800 AMD	**<u>Option C</u>** 1,000 AMD
0 – it will not change my decision			
1 –I might reconsider my decision but I don't know yet which option I would choose			
2 – I would be willing to buy it			
99. hard to say (do not read)			

ASK ONLY THOSE NOT WILLING TO BUY <u>ANY</u> OF THE OPTIONS IN QUESTION DA11

DA12. Is there any price at which you will change your decision and decide to buy?

	<u>Option A</u>	**<u>Option B</u>**	**<u>Option C</u>**
0 – No, I am not interested at all			
Yes, the price is:	[_____]AMD per month	[_____]AMD per month	[_____]AMD per month
99. hard to say (do not read)			

DB.Health Insurance Product 2

HAND OUT THE CONCEPT AND READ IT LOUDLY WITH RESPONDENT.

<table>
<tr><td>Coverage</td><td colspan="3">This insurance product pays you a fixed cash benefit for each day you have to stay in a private or public hospital for surgery or non-surgical treatment. The amount of the cash benefit is higher when you have to undergo surgery, but does not necessarily cover all your actual cost of the surgery.
If nothing happens during the cover period, the insured receives nothing.</td></tr>
<tr><td rowspan="4">Maximum Benefit</td><td colspan="3">You can choose between three levels of protection:</td></tr>
<tr><td><u>Option A</u>
Hospitalization of up to 5 days</td><td><u>Option B</u>
Hospitalization of up to 12 days</td><td><u>Option C</u>
Hospitalization of up to 19 days</td></tr>
<tr><td colspan="3">The amount of benefit paid by the insurance company will depend on the actual number of days spent in hospital and whether the treatment was surgical or non-surgical.
In case of any surgery the benefit amount is 30,000 AMD per day, in case of non-surgical treatment it is 20,000 AMD per day.</td></tr>
<tr><td><u>Option A</u>
If there was a surgical operation the insured will receive up to 150,000 AMD or up to 100,000 AMD if there is non-surgical treatment. The actual benefit amount will depend on the number of days spent in hospital, but only up to 5 days.</td><td><u>Option B</u>
If there was a surgical operation the insured will receive up to 360,000 AMD or up to 240,000 AMD if there is non-surgical treatment. The actual benefit amount will depend on the number of days spent in hospital, but only up to 12 days.</td><td><u>Option C</u>
If there was a surgical operation the insured will receive up to 570,000 AMD or up to 380,000 AMD if there is non-surgical treatment.
The actual benefit amount will depend on the number of days spent in hospital, but only up to 19 days.</td></tr>
<tr><td>Price (premium)</td><td>Monthly payment of 2,200 AMD</td><td>Monthly payment of 3,800 AMD</td><td>Monthly payment of 4,600 AMD</td></tr>
<tr><td>Claims processing</td><td colspan="3">Cash benefit received by a person who is designated by the beneficiary at any post office.
In order to receive cash benefit they have to bring confirmation from the doctor that he is treating the patient. Payment is done within one day.</td></tr>
<tr><td>Provider</td><td colspan="3">This insurance is sold through Haypost.</td></tr>
<tr><td>Frequency of premium payment</td><td colspan="3">Payments can be done on a monthly basis or up-front once a year.</td></tr>
<tr><td>Proximity</td><td colspan="3">The service is available throughout all Armenia.</td></tr>
</table>

READ CODES AND 🕮 SHOW A CARD # **DB1.** How would you evaluate the coverage of this product – the risks it covers? When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).	1 – Not satisfactory at all 2 – Not satisfactory 3 – Satisfactory 4 – Fully satisfactory 99 - *Hard to say (do not read)*

DB2. How would you evaluate the maximum benefit amount of each option?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**
Not satisfactory at all	1	1	1
Not satisfactory	2	2	2
Satisfactory	3	3	3
Fully satisfactory	4	4	4
Hard to say *(do not read)*	99	99	99

DB3. How would you evaluate the price of each option?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**
Not satisfactory at all	1	1	1
Not satisfactory	2	2	2
Satisfactory	3	3	3
Fully satisfactory	4	4	4
Hard to say *(do not read)*	99	99	99

DB4. How willing would you be to buy this product?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**
definitely not willing	1	1	1
rather not willing	2	2	2
rather willing	3	3	3
definitely willing	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DB5. How many people in your household would you like to insure? (including respondent)

Option A	
Option B	
Option C	

99 – hard to say (do not read)

ASK ONLY THOSE NOT WILLING TO BUY <u>ANY</u> OF THE OPTIONS. **DB6.** Why not willing to buy? INT.: THIS IS A SPONTANEUOS QUESTION. DO NOT READ ANSWERS.	1. I do not need this insurance 2. I had bad experience with insurance in the past 3. I do not trust insurers 4. The above product description does not give enough information to make a decision 5. I don't understand the above product description 6. coverage is not satisfactory 7. benefit (amount) is not satisfactory 8. benefit (losing money when nothing happens) is disappointing 9. claim processing procedure is not suitable 10. provider is unacceptable 11. price (premium) amount is not satisfactory 12. frequency of premium payment is not satisfactory 13. OTHER: …….. *99. hard to say (do not read)*

ASK ONLY THOSE NOT WILLING TO BUY <u>ANY</u> OF THE OPTIONS.
READ CODES AND 🕮 SHOW A CARD #

DB7. And if the premium is lowered how willing would you be to buy the product?

	<u>Option A</u> 1,900 AMD	**<u>Option B</u>** 3,400 AMD	**<u>Option C</u>** 4,000 AMD
0 – it will not change my decision			
1 – I might reconsider my decision but I don't know yet which option I would choose			
2 – I would be willing to buy it			
99. hard to say (do not read)			

ASK ONLY THOSE NOT WILLING TO BUY <u>ANY</u> OF THE OPTIONS.

DB8. Is there any price at which you will change your decision and decide to buy?

	<u>Option A</u>	**<u>Option B</u>**	**<u>Option C</u>**
0 – No, I am not interested at all			
Yes, the price is	[_____] AMD per month	[_____] AMD per month	[_____] AMD per month
99. hard to say (do not read)			

DC. Personal accident insurance product concept

INT. READ: I would like to talk to you about an insurance product covering accident and permanent disability. Choosing to buy this insurance is a way to protect yourself and your family members from financial shocks related to the accidents leading to disability or death. For each of the family members you would like to insure you pay a fixed fee every month or once a year. If one of the protected persons has an accident, a claim is made and he or his beneficiaries receives in a timely manner a fixed cash benefit payment.

I will read to you the description of the product, and then I would like to ask for your opinion about it.

HAND OUT THE CONCEPT AND READ IT LOUDLY WITH RESPONDENT.

Coverage	This insurance product pays you fixed cash benefit if you have an accident and suffer from **permanent disability** or even **death**. The amount of the cash benefit depends on the degree of disability.			
Limitations	If the injury or death is self-inflicted, then no payment is made.			
Maximum Benefit	When you buy this product, you can decide upon the maximum compensation. The lowest level starts at **250,000** AMD, increasing in 3 steps and goes up to **1,500,000** AMD. In case of total disability or death you receive the total benefit amount (100%) and in case of partial disability a percentage of it. Examples: 70% in case of an arm or leg lost, 50% for a lost eye, 20% for a thumb, 10% for index finger. If the insured person has several accidents leading to disability during the year then the benefit is paid several times in that year in the amount depending on the degree of each additional loss but only up to the maximum amount. If nothing happens during the insurance term, the insured receives nothing.			
	Option A: **250,000** AMD	Option B: **400,000** AMD	Option C: **800,000** AMD	Option D: **1,500,000** AMD
Price (premium)	**80** AMD per month	**120** AMD per month	**240** AMD per month	**500** AMD per month
Claim processing	You or a designated person have to inform the insurance company within **48 hours** after the accident. The insurance company will pay you or your beneficiaries the full amount within **14 days** after having received the medical confirmation from the hospital.			
Provider	The insurance company offering this product is **Nairi Insurance** or **Cascade Insurance**.			
Proximity	The service is available throughout all Armenia.			
Frequency of premium payment	Payments can be done on a monthly basis, quarterly or up-front once a year.			

READ CODES AND 🕮 SHOW A CARD # **DC1.** How would you evaluate the coverage of this product – the risks it covers? When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).	1 – Not satisfactory at all 2 – Not satisfactory 3 – Satisfactory 4 – Fully satisfactory 99 - *Hard to say (do not read)*

DC2. How would you evaluate the maximum benefit amount of each option?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**	**Option D**
Not satisfactory at all	1	1	1	1
Not satisfactory	2	2	2	2
Satisfactory	3	3	3	3
Fully satisfactory	4	4	4	4
Hard to say *(do not read)*	99	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DC3. How would you evaluate the price of each option?

READ CODES AND 🕮 SHOW A CARD #

Price	**Option A**	**Option B**	**Option C**	**Option D**
Not satisfactory at all	1	1	1	1
Not satisfactory	2	2	2	2
Satisfactory	3	3	3	3
Fully satisfactory	4	4	4	4
Hard to say *(do not read)*	99	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DC4. How willing would you be to buy this product?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**	**Option D**
definitely not willing	1	1	1	1
rather not willing	2	2	2	2
rather willing	3	3	3	3
definitely willing	4	4	4	4
Hard to say *(do not read)*	99	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DC5: And if you had an option to limit the coverage to only disability or only death for half of the price would you prefer that choice? **READ CODES AND 🕮 SHOW A CARD #** When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).	0 - No, I would still prefer to have a combined coverage (disability and death) 1 - Yes, I would choose to buy only disability insurance 2 - Yes, I would choose to buy only death insurance 3 - I would not be willing to buy this product at all

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS. **DC6.** Why not willing to buy? INT.: THIS IS A SPONTANEUOS QUESTION. DO NOT READ ANSWERS.	1. I do not need this insurance 2. I had bad experience with insurance in the past 3. I do not trust insurers 4. The above product description does not give enough information to make a decision 5. I don't understand the above product description 6. coverage is not satisfactory 7. benefit (amount) is not satisfactory 8. benefit (losing money when nothing happens) is disappointing 9. claim processing procedure is not suitable 10. provider is unacceptable 11. price (premium) amount is not satisfactory 12. frequency of premium payment is not satisfactory 13. limitations 14. OTHER: …….. *99. hard to say (do not read)*

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS.
READ CODES AND 🕮 SHOW A CARD #

DC7. And if the premium is lowered how willing would you be to buy the product?

	Option A **75** AMD per month	**Option B** **100** AMD per month	**Option C** **200** AMD per month	**Option D** **400** AMD per month
0 – it will not change my decision				
1 –I might reconsider my decision but I don't know yet which option I would choose				
2 – I would be willing to buy it				
99. hard to say (do not read)				

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS.

DC8. Is there any price at which you will change your decision and decide to buy?

	Option A	**Option B**	**Option C**	**Option D**
0 – No, I am not interested at all				
Yes, the price is	[_____] AMD per month	[_____] AMD per month	[_____] AMD per month	[_____] AMD per month
99. hard to say (do not read)				

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS. **DC9.** And if the claims processing time is shortened to **6 days** how willing would you be to buy the product?	0 – it will not change my decision 1 – I might reconsider my decision but I don't know yet which option I would choose 2 – I would be willing to buy **Option A** for ___ people 3 - I would be willing to buy it **Option B** for ___ people 4 - I would be willing to buy it **Option C** for ___ people 5 - I would be willing to buy it **Option D** for ___ people *99 – hard to say (do not read)*

DD. Property insurance product concept

INT. READ: I would like to talk with you about property insurance. Property insurance covers you and your family from financial loss if your house should be damaged in a natural disaster such as **earthquake, flood or storm** and **fire**. In such an event you will receive a cash benefit payment. I will read you a concept of a new property insurance product, and then I would like to ask for your opinion about it.

HAND OUT THE CONCEPT AND READ IT LOUDLY WITH RESPONDENT.

Coverage	This insurance product covers your house (but not the content) against damage from fire, earthquake, flood or windstorm.		
Limitations	No limitations other than that the house has to be in good conditions when you buy the insurance.		
Maximum benefit	Depending on the value of your house you choose a cover level between AMD **1,000,000** and **3,000,000 AMD**. If there is no event during the term of the policy you do not receive anything.		
	Option A: **1,000,000** AMD	Option B: **2,000,000** AMD	Option C: **3,000,000** AMD
Price (premium)	**500** AMD per month	**1,000** AMD per month	**1,500** AMD per month
Claim processing	The insurance company pays you within **2 weeks** after having assessed the damage.		
Provider	**Cascade Insurance** is offering this insurance product in partnership with **Aregak UCO**.		
Proximity	The service is available everywhere in Armenia.		
	, depending on the benefit value chosen		
Frequency of premium payment	Payments can be done on a monthly basis, quarterly or up-front once a year**, in cash** to a **credit officer of AREGAK UCO** or to an insurance agent of **Cascade Insurance.**		

READ CODES AND 🕮 SHOW A CARD # **DD1.** How would you evaluate the coverage of this product – the risks it covers? When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).	1 – Not satisfactory at all 2 – Not satisfactory 3 – Satisfactory 4 – Fully satisfactory 99 - *Hard to say (do not read)*

DD2. How would you evaluate the maximum benefit amount of each option?

READ CODES AND 🕮 SHOW A CARD #

	Option A	**Option B**	**Option C**
Not satisfactory at all	1	1	1
Not satisfactory	2	2	2
Satisfactory	3	3	3
Fully satisfactory	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DD3. How would you evaluate the price of each option?

READ CODES AND 🕮 SHOW A CARD #

Price	Option A	Option B	Option C
Not satisfactory at all	1	1	1
Not satisfactory	2	2	2
Satisfactory	3	3	3
Fully satisfactory	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

DD4. How willing would you be to buy this product?

READ CODES AND 🕮 SHOW A CARD #

	Option A	Option B	Option C
definitely not willing	1	1	1
rather not willing	2	2	2
rather willing	3	3	3
definitely willing	4	4	4
Hard to say *(do not read)*	99	99	99

When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS.

DD5. Why not willing to buy?

INT.: THIS IS A SPONTANEUOS QUESTION. DO NOT READ ANSWERS.

1. I do not need this insurance
2. I had bad experience with insurance in the past
3. I do not trust insurers
4. The above product description does not give enough information to make a decision
5. I don't understand the above product description
6. coverage is not satifactory
7. benefit (amount) is not satisfactory
8. benefit (losing money when nothing happens) is disappointing
9. claim processing procedure is not suitable
10. provider is unacceptable
11. price (premium) amount is not satisfactory
12. frequency of premium payment is not satisfactory
13. Limitations
14. OTHER: .....

99. hard to say (do not read)

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS.

READ CODES AND 🕮 SHOW A CARD #

DD6. And if the premium is lowered how willing would you be to buy the product?

	Option A 400 AMD	Option B 800 AMD	Option C 1,200 AMD
0 – it will not change my decision			
1 – I might reconsider my decision but I don't know yet which option I would choose			
2 – I would be willing to buy it			
99. hard to say (do not read)			

ASK ONLY THOSE NOT WILLING TO BUY ANY OF THE OPTIONS.

DD7. Is there any price at which you will change your decision and decide to buy?

	Option A	**Option B**	**Option C**
0 – No, I am not interested at all			
Yes, the price is	[_____] AMD per month	[_____] AMD per month	[_____] AMD per month
99. hard to say (do not read)			

DE. Insurance covering property, death and disability in case of a gas accident

INT. READ: By now you know about the accident and disability insurance as well as about the property insurance. I would like to describe now a product combining these two covers. This new insurance product covers you, your family members and your house from damage resulting from fire or explosion related to the gas supply in your home. In such an event you will receive a cash benefit payment. I will read to you a concept of a new property insurance product, and then I would like to ask for your opinion about it.

HAND OUT THE CONCEPT AND READ IT LOUDLY WITH RESPONDENT.

Coverage	This insurance product covers you, your family members and your house against financial loss from fire or explosion related to the gas supply in your house.
Limitations	No limitations other than that the gas supply infrastructure has to be in good conditions when you buy the insurance and you don't set fire intentionally.
Benefit	When you buy this insurance, you have to make 3 choices. These are: 4. For how much do you want to insure your home? The minimum is **500'000** AMD, the maximum is **6'000'000** AMD, intermediate steps are by 500'000 AMD. 5. How many family members do you want to protect? 6. What is the maximum amount per person you want your family members insure for? The minimum is 250'000 AMD, the maximum is 1'500'000 AMD, intermediate steps are by 250'000 AMD. Example: you insure your house for 4'000'000 AMD and include 4 family members for 1'000'000 AMD each. If you have a gas accident and half of your home is destroyed, as well as 1 family member dead and one suffers a disability of 50%, then you get: 2'000'000 AMD for the house damage, 1'000'000 AMD for the dead and 500'000 for the injured person. If there is no event during the term of the policy you do not receive anything.
Claim processing	The insurance company pays you within **7 days** after having assessed the damage.
Provider	**Nairi Insurance** is offering this insurance product.
Proximity	The service is available throughout Armenia.
Price	For the property damage (**per month**): minimum **80 AMD** and additional 80 AMD for each protection step of 500'000 more. Thus, the maximum is 960 AMD per month for the home. For the personal accident (per month): minimum **40 AMD** and additional 40 AMD for each protection step of 250'000 more. Thus, the maximum is 240 AMD per month per person. The example of above would cost: 640 AMD for the house plus 4 persons at 160 each gives a total of 1'280 AMD per month. For other combinations, see separate table.
Frequency of premium payment	Payments can be done up-front once a year.

Pricing Table for Combined Property and PA Insurance

Home and PA values are given in 1'000 AMD. The matrix shows the monthly premium in AMD.

2 Persons

PA \ Home	500	1000	2000	3000	4000	5000	6000
250	160	240	400	560	720	880	1040
500	240	320	480	640	800	960	1120
750	320	400	560	720	880	1040	1200
1000	400	480	640	800	960	1120	1280
1250	480	560	720	880	1040	1200	1360
1500	560	640	800	960	1120	1280	1440

3 Persons

PA \ Home	500	1000	2000	3000	4000	5000	6000
250	200	280	440	600	760	920	1080
500	320	400	560	720	880	1040	1200
750	440	520	680	840	1000	1160	1320
1000	560	640	800	960	1120	1280	1440
1250	680	760	920	1080	1240	1400	1560
1500	800	880	1040	1200	1360	1520	1680

For example: if you have 3 people to insure with 1 million personal accident, and a home worth 4 million, the monthly premium would be AMD 1,120

4 Persons

PA \ Home	500	1000	2000	3000	4000	5000	6000
250	240	320	480	640	800	960	1120
500	400	480	640	800	960	1120	1280
750	560	640	800	960	1120	1280	1440
1000	720	800	960	1120	1280	1440	1600
1250	880	960	1120	1280	1440	1600	1760
1500	1040	1120	1280	1440	1600	1760	1920

5 Persons

PA \ Home	500	1000	2000	3000	4000	5000	6000
250	280	360	520	680	840	1000	1160
500	480	560	720	880	1040	1200	1360
750	680	760	920	1080	1240	1400	1560
1000	880	960	1120	1280	1440	1600	1760
1250	1080	1160	1320	1480	1640	1800	1960
1500	1280	1360	1520	1680	1840	2000	2160

6 Persons

PA \ Home	500	1000	2000	3000	4000	5000	6000
250	320	400	560	720	880	1040	1200
500	560	640	800	960	1120	1280	1440
750	800	880	1040	1200	1360	1520	1680
1000	1040	1120	1280	1440	1600	1760	1920
1250	1280	1360	1520	1680	1840	2000	2160
1500	1520	1600	1760	1920	2080	2240	2400

7 Persons

PA \ Home	500	1000	2000	3000	4000	5000	6000
250	360	440	600	760	920	1080	1240
500	640	720	880	1040	1200	1360	1520
750	920	1000	1160	1320	1480	1640	1800
1000	1200	1280	1440	1600	1760	1920	2080
1250	1480	1560	1720	1880	2040	2200	2360
1500	1760	1840	2000	2160	2320	2480	2640

DE1. How would you evaluate?

READ CODES AND 🕮 SHOW A CARD #

	Not satisfactory at all	Not satisfactory	Satisfactory	Fully satisfactory	Hard to say *(do not read)*
A. Coverage (what risks it covers)	1	2	3	4	99
B. Benefit (amount)	1	2	3	4	99
C. Price (premium amount)	1	2	3	4	99

READ CODES AND 🕮 SHOW A CARD # **DE2.** How willing would you be to buy this product? When answering use the scale presented on this card (INT. READ POSSIBLE ANSWERS).	1 – definitely not willing – **GO TO DD4** 2 – rather not wiling – **GO TO DD4** 3 – rather willing - GO TO DD3 4 – definitely willing - GO TO DD3 *99 – hard to say (do not read)*
DE3. What is the value of your house that you would like to insure?	[_____] AMD *99 – hard to say (do not read)*
DE4. How many household members would you like to insure through this insurance product?	Number of persons: [_____] *99 – hard to say (do not read)*
DE5. For what amount of benefit would you like to insure these persons? **Interviewer: Please read from the table on previous page the amount of monthly premium that the respondent will pay for the protection level chosen in DE3 and DE5 and check with the respondent if it is his final choice.** WHEN DONE **GO TO NEXT CONCEPT**	Amount per person: [_____] AMD *99 – hard to say (do not read)*
ASK ONLY THOSE NOT WILLING TO BUY **DE4.** Why not willing to buy? INT.: THIS IS A SPONTANEUOS QUESTION. DO NOT READ ANSWERS.	1. I do not need this insurance 2. I had bad experience with insurance in the past 3. I do not trust insurers 4. The above product description does not give enough information to make a decision 5. I don't understand the above product description 6. coverage is not satisfactory 7. benefit (amount) is not satisfactory 8. benefit (losing money when nothing happens) is disappointing 9. claim processing procedure is not suitable 10. provider is unacceptable 11. price (premium) amount is not satisfactory 12. frequency of premium payment is not satisfactory 13. limitations 14. OTHER: …….. *99. hard to say (do not read)*
ASK ONLY THOSE NOT WILLING TO BUY **DE5.** And if the premium is lowered to **60 AMD** per month for the minimum property protection level of 500.000 AMD and to **30 AMD** for the minimum protection for persons, how willing would you be to buy the product?	0 – it will not change my decision – GO TO DD6 1 – I might reconsider my decision – GO TO NEXT CONCEPT 2 – I would be willing to buy this insurance GO TO NEXT CONCEPT *99 – hard to say (do not read)*

ASK ONLY THOSE NOT WILLING TO BUY **DE6.** Is there any price at which you will change your decision and decide to buy?	0 – No, I am not interested at all 1 - Yes, if the price was [_____] AMD per month for the property protection level of [_____] AMD and if the price was [_____] AMD for the personal accident protection of [_____] AMD per person.

F. Attitude towards insurance

		I strongly disagree	I rather disagree	I rather agree	I strongly agree	*Hard to say*
F1	The insurance agencies are too far from the place I live.	1	2	3	4	99
F2	I would need more information about insurance.	1	2	3	4	99
F3	Insurers are not stable financially and can go bankrupt easily.	1	2	3	4	99
F4	When somebody is insured he/she can live without worry.	1	2	3	4	99
F5	I trust insurers.	1	2	3	4	99
F6	It does not make sense to insure as nothing serious will happen to my family or me.	1	2	3	4	99
F7	Insurers do not pay benefits (manipulate with conditions, etc.).	1	2	3	4	99
F8	Insurers are socially useful.	1	2	3	4	99
F9	Insurance is a waste of money.	1	2	3	4	99
F10	Insurance is a standard service in a civilized world.	1	2	3	4	99
F11	I do not have time to think about insurance.	1	2	3	4	99
F12	Insurance is expensive.	1	2	3	4	99
F13	It does not make sense to insure because we can manage problems ourselves.	1	2	3	4	99
F14	Insurance is only for rich people.	1	2	3	4	99
F15	I could really buy a policy if I am approached by an agent.	1	2	3	4	99
F16	Having insurance is prestigious.	1	2	3	4	99
F17	It is a long / bureaucratic process to realize a claim.	1	2	3	4	99

G. Financial practices

		I strongly disagree	I rather disagree	I rather agree	I strongly agree	*Hard to say*
G1	Borrowing money is the only tool to respond to emergency situations.	1	2	3	4	99
G2	It is worth to plan my household finances for the next 5 years.	1	2	3	4	99
G3	Nowadays, everybody can save at least small amounts.	1	2	3	4	99
G4	Borrowing money from relatives and friends is a shame.	1	2	3	4	99
G5	Saving money is a way to build financial stability.	1	2	3	4	99
G6	Banks are as unstable now as 10 years ago.	1	2	3	4	99
G7	It makes sense to save for rainy days (emergencies).	1	2	3	4	99

G8. Do you or any of your family members put from time to time some money aside to meet some future expenses (not current)?

1 – Never GO TO QUESTION G10
2 – Rarely GO TO NEXT QUESTION
3 – Sometimes GO TO NEXT QUESTION
4 – Frequently GO TO NEXT QUESTION
5 – Very often GO TO NEXT QUESTION

99 – Refuse to answer (do not read) GO TO QUESTION G10

G9. What is the usual amount of money you manage to put aside yearly?

_____ **AMD**

99 – refuse to answer (do not read)

G10. Do any of you family members have any bank account now (e.g. current account, term deposit debit card, credit card)?
0 – no
1 – yes
99 – hard to say (do not read)

	G11. Have any of your household members taken a credit from any of the following sources in the last 3 years?	**1 – yes**	**0 -no**
A	Bank	1	0
B	Universal Credit Organization/Microfinance institution	1	0
C	Private money lender	1	0
D	Pawnshop	1	0
E	Relatives, friends, neighbors	1	0

G12. Are you or any of your household members repaying any credit now?	**G13.** From how many sources are these debts that you are repaying now?	**G14.** What is the total value of debt repayment last month?
1 – yes – GO TO G13 0 – no - GO TO SECTION H *99 – hard to say (do not read)* - GO TO H	I_____I debts *99 – hard to say (do not read)*	I_____I AMD *99 – hard to say (do not read)*

H. Household economic activities and income sources

INT.: READ: I would like to talk with you about your households economic activities, all those undertaken by adult household members that generate income for your household.

	H1. I will read you different sources of income. Please tell me from which sources did your household receive income in the last 12 months?	**1 - yes**	**0 - no**
	Wage employment		
A	Permanent job	1	0
B	Temporary small jobs (usually of seasonal character)	1	0
	Self-employment (registered or unregistered)		
C	Trade activities (other than selling self-produced agriculture goods, those are under F)	1	0
D	Service provision (this includes renting car, equipment, apartment, etc.)	1	0

E	Production activities (not including processing of agriculture goods, these are in F and G)	1	0
	Agriculture (only income generating)		
F	Agriculture production (crops, vegetables, fruits, other and its processing)	1	0
G	Livestock breeding (including selling meat, milk, and other processing)	1	0
	Other sources		
H	Pension	1	0
I	Social benefits (incl. children allowances, unemployment benefits)	1	0
J	Money received on a regular basis from somebody living and working abroad	1	0
K	Money received on a regular basis from somebody living and working in Armenia	1	0
L	OTHER: _____ *Use only when you cannot classify in the categories above*	1	0

H1.1. In the past 12 months, did you or any other members of your household receive any other type of income that we have not yet been mentioned by you?

Note: This is a critical probe question. Use the list of household members in section A to assist with probe. Also, probe carefully for second jobs, occasional income, and casual income. If respondent reminds herself/himself of any sources of income that have not yet been listed, go back to table H1 and add the answers to this table. After listing all sources of income, then proceed to ask next questions for each listed source of income.

	H2. Please list all the members (by names) who have **wage employment** (permanent or temporary)	**H3.** Number of months during 2008 the income is generated	**H4.** Net income per average month (ENTER AMOUNT in AMD)
	PERMANENT		
A			[_____] AMD 99 – refuse to answer (do not read)
B			[_____] AMD 99 – refuse to answer (do not read)
C			[_____] AMD 99 – refuse to answer (do not read)
D			[_____] AMD 99 – refuse to answer (do not read)
E			[_____] AMD 99 – refuse to answer (do not read)
	TEMPORARY		
F			[_____] AMD 99 – refuse to answer (do not read)
G			[_____] AMD 99 – refuse to answer (do not read)
H			[_____] AMD 99 – refuse to answer (do not read)
I			[_____] AMD 99 – refuse to answer (do not read)
J			[_____] AMD 99 – refuse to answer (do not read)

	H5. Please list all the **self-employment activities** providing income (by activity)? PUT ALL DISTINCTIVE SELF-EMPLOYMENT ACTIVITIES IDENTIFIED IN H1 BY ADDING A SHORT DESCRIPTION BELOW	**H6.** Number of months during 2008 the income is generated	**H7.** Net income per average month (ENTER AMOUNT in AMD)
A	Trade1 _____		[_____] AMD 99 – refuse to answer (do not read)
B	Trade2 _____		[_____] AMD 99 – refuse to answer (do not read)
C	Trade 3 _____		[_____] AMD 99 – refuse to answer (do not read)
D	Services1 _____		[_____] AMD 99 – refuse to answer (do not read)
E	Services2 _____		[_____] AMD 99 – refuse to answer (do not read)
F	Services3 _____		[_____] AMD 99 – refuse to answer (do not read)
G	Production1_____		[_____] AMD 99 – refuse to answer (do not read)
H	Production2_____		[_____] AMD 99 – refuse to answer (do not read)
I	Production3_____		[_____] AMD 99 – refuse to answer (do not read)
J			[_____] AMD 99 – refuse to answer (do not read)
K			[_____] AMD 99 – refuse to answer (do not read)

	H8. Please list all the **agriculture activities** providing income (by type of activity)? PUT ALL DISTINCTIVE AGRICULTURE ACTIVITIES IDENTIFIED IN H1 BY ADDING A SHORT DESCRIPTION BELOW	**H9.** Number of months during 2008 the income is generated	**H10.** Net income per average month (ENTER AMOUNT in AMD)
A	Agriculture production1 _____		[_____] AMD 99 – refuse to answer (do not read)
B	Agriculture production2 _____		[_____] AMD 99 – refuse to answer (do not read)
C	Agriculture production3 _____		[_____] AMD 99 – refuse to answer (do not read)
D	Agriculture production4 _____		[_____] AMD 99 – refuse to answer (do not read)
E	Agriculture production5 _____		[_____] AMD 99 – refuse to answer (do not read)
F	Agriculture production6 _____		[_____] AMD 99 – refuse to answer (do not read)

G	Livestock breeding1 _____		[_____] AMD 99 – refuse to answer (do not read)
H	Livestock breeding2 _____		[_____] AMD 99 – refuse to answer (do not read)
I	Livestock breeding3 _____		[_____] AMD 99 – refuse to answer (do not read)
J	Livestock breeding4 _____		[_____] AMD 99 – refuse to answer (do not read)
K			[_____] AMD 99 – refuse to answer (do not read)

	H11. Please list all the members (by names) who obtain income from **other sources**?	**H12.** Number of months during 2008 the income is generated	**H13.** Net income per average month (ENTER AMOUNT in AMD)
	PENSION		
A			[_____] AMD 99 – refuse to answer (do not read)
B			[_____] AMD 99 – refuse to answer (do not read)
C			[_____] AMD 99 – refuse to answer (do not read)
	SOCIAL BENEFITS		
D			[_____] AMD 99 – refuse to answer (do not read)
E			[_____] AMD 99 – refuse to answer (do not read)
F			[_____] AMD 99 – refuse to answer (do not read)
G			[_____] AMD 99 – refuse to answer (do not read)
H			[_____] AMD 99 – refuse to answer (do not read)
	Money received on a regular basis from somebody living and working abroad		
I			[_____] AMD 99 – refuse to answer (do not read)
J			[_____] AMD 99 – refuse to answer (do not read)
K			[_____] AMD 99 – refuse to answer (do not read)
	Money received on a regular basis from somebody living and working in Armenia		
L			[_____] AMD 99 – refuse to answer (do not read)
M			[_____] AMD 99 – refuse to answer (do not read)
N			[_____] AMD 99 – refuse to answer (do not read)

	OTHER		
O			[_____] AMD 99 – refuse to answer (do not read)
P			[_____] AMD 99 – refuse to answer (do not read)

I. Additional household related questions

I1. How much time does it take you on average to get (using the transport you use the most often) to the nearest: (in hours; includes all the time usually spent to get there)

- Basic health care centre _____
- Hospital _____

I2. How would you evaluate quality of health services in your area?

READ CODES AND 🕮 SHOW A CARD #

1 – not satisfactory at all
2 – not satisfactory
3 – satisfactory
4 – fully satisfactory

I3. Do you have the following assets in your household?				**I4.** How old is the item? *(if several assets of the same category ask about the newest one)* 1- 6 years or older 2– newer than 6 years
		1 – yes	**0 -no**	1 2
A	Color TV	1	0	1 2
B	Personal computer	1	0	1 2
C	Refrigerator	1	0	1 2
D	Automatic washing machine	1	0	1 2
E	Regular washing machine	1	0	1 2
F	Car or truck	1	0	1 2
G	Tractor	1	0	1 2
H	Motorbike	1	0	1 2

I5. Does your household have ownership of the living place (flat/house)?
1 - Yes
0 – No (rented, state owned, etc.)

I6. Have any of your household members lost a job in the last 3 years?
0 - No
1 - Yes

I7. Have any of your self-employment activities gone bankrupt in the last 3 years?
0 - No
1 - Yes

THANK YOU☺

Annex 2 – Quantitative fieldwork report

Sample Size:
N=1,000 interviews

Geographic Coverage:
Urban and Rural locations

For the quantitative study a survey on representative sample of 1,000 household heads has been carried out using face-to-face method. The sample was stratified by 4 regions where interviews were proportionally distributed according to the size of settlement. Settlements were randomly selected from every group of settlements. Random route sampling technique has been used.

Region	Marz	Number of interviews
Yerevan	Yerevan	336
North	Lori, Shirak, Tavoush	228
South-West	Aracatsotn, Armavir, Kotayq	218
South-East	Ararat, Gegharqouniq, Syuniq, Vayoc dzor	218
		1,000

The Project Manager has conducted the main briefing for all interviewers in Yerevan and for the Regional Filed Managers. After the main briefing, the Regional Field Managers conducted local briefings for their interviewers.

The interviewers went in the field and recruited potential respondents using random route methodology. The survey has been conducted door-to-door on a nationally representative sample for the Armenian population.

Field control was done in 3 stages:

1. Visual control/Checking questionnaires for accuracy of completion and consistency -100% was controlled
2. Logical Control – After Data Entry was finished. (Data entry was done by scanning, so data entry errors did not exist). 100% of questionnaires passed logical control.
3. Field quality control – Telephone and face-to-face back-check control

Any violations of field procedures resulted in additional interviews. Invalid interviews were discarded and replaced by additional interviews. A total of 20% of the questionnaires have been controlled at that stage.

Annex 3 – Market enablement zone projections[8]

Market enablement zone by regions – total population

			Health Insurance 1								
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.9	17.30%	45,134	2.67	120,358	906,061	40,894,534,227	3,691	166,587,099
Aracatsotn	168	40.38	6.50%	2,624	2.50	6,561	700,000	1,837,119,375	2,850	7,479,700
Ararat	271	65.22	9.30%	6,066	1.00	6,066	340,000	2,062,356,733	1,320	8,006,797
Armavir	271	65.22	4.10%	2,674	7.00	18,719	700,000	1,871,905,067	4,200	11,231,430
Gegharqouniq	207	49.69		-		-		-		-
Lori	304	72.99	11.90%	8,686	2.29	19,853	257,143	2,233,427,798	1,543	13,400,567
Kotayq	265	63.67	6.30%	4,011	2.67	10,697	1,066,667	4,278,640,154	4,000	16,044,901
Shirak	284	68.33	5.20%	3,553	1.00	3,553	400,000	1,421,244,000	1,500	5,329,665
Syuniq	162	38.82	23.30%	9,046	2.14	19,384	514,286	4,652,142,651	2,186	19,771,606
Vayoc dzor	65	15.53		-		-		-		-
Tavoush	149	35.72	12.00%	4,286	2.67	11,430	966,667	4,143,224,423	3,700	15,858,549
Total	**3,230**	**776.466**	**11.10%**	**86,188**	**2.44**	**210,681**	**730,159**	**62,930,748,626**	**3,024**	**260,615,383**

[8] Estimations of market enablement zone differ slightly depending on the segmentation used. Significant differences in estimations of property policies value are due to low number of responses to this question.

			Health Insurance 2							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.9	10.20%	26,611	2.30	61,205	1,027,500	27,342,858,617	9,100.0	242,160,597
Aracatsotn	168	40.38	3.10%	1,252	2.00	2,503	720,000	901,197,900	7,600.0	9,512,645
Ararat	271	65.22	11.10%	7,240	1.00	7,240	290,000	2,099,533,941	3,133.3	22,684,620
Armavir	271	65.22		-		-		-		-
Gegharqouniq	207	49.69	2.30%	1,143	4.00	4,572	1,440,000	1,645,860,185	15,200.0	17,372,969
Lori	304	72.99		-		-		-		-
Kotayq	265	63.67	8.00%	5,094	2.00	10,187	1,087,500	5,539,310,913	9,000.0	45,842,573
Shirak	284	68.33	3.60%	2,460	1.00	2,460	570,000	1,402,111,869	4,600.0	11,315,289
Syuniq	162	38.82	19.40%	7,532	2.33	17,574	735,000	5,535,816,815	7,666.7	57,743,214
Vayoc dzor	65	15.53		-		-		-		-
Tavoush	149	35.72	6.70%	2,393	3.50	8,376	1,995,000	4,774,173,211	16,100.0	38,528,415
Total	**3,230**	**776.47**	**6.90%**	**53,576**	**2.12**	**113,530**	**912,857**	**48,907,396,669**	**8,261.9**	**442,641,279**

			Personal Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.89	14.20%	37,047	1,379,032	51,088,680,279	457	16,945,906
Aracatsotn	168	40.38	9.40%	3,795	1,500,000	5,693,051,250	500	1,897,684
Ararat	271	65.22	16.70%	10,892	1,005,556	10,952,782,514	331	3,606,552
Armavir	271	65.22	1.90%	1,239	1,500,000	1,858,860,433	500	619,620
Gegharqouniq	207	49.69	11.40%	5,665	920,000	5,211,890,585	296	1,676,869
Lori	304	72.99	31.10%	22,699	1,463,158	33,212,538,797	486	11,038,988
Kotayq	265	63.67	9.40%	5,985	1,030,000	6,164,552,674	340	2,034,901
Shirak	284	68.33	5.20%	3,553	716,667	2,546,395,500	233	829,059
Syuniq	162	38.82	18.20%	7,066	1,291,667	9,126,714,844	430	3,038,313
Vayoc dzor	65	15.53	16.70%	2,593	325,000	842,854,219	100	259,340
Tavoush	149	35.72	3.10%	1,107	1,500,000	1,660,861,514	500	553,621
Total	**3,230**	**776.47**	**13.10%**	**101,717**	**1,263,529**	**128,522,536,595**	**418**	**42,553,644**

			Property Insurance						
	population '000	number of households	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.89	13.30%	34,699	2,653,846	92,085,086,050	1,327	46,042,543
Aracatsotn	168	40.38	3.20%	1,292	1,000,000	1,292,040,000	500	646,020
Ararat	271	65.22	9.60%	6,261	2,400,000	15,027,419,077	1,200	7,513,710
Armavir	271	65.22	5.80%	3,783	3,000,000	11,348,832,115	1,500	5,674,416
Gegharqouniq	207	49.69	2.80%	1,391	3,000,000	4,174,283,077	1,500	2,087,142
Lori	304	72.99	32.00%	23,356	1,000,000	23,356,107,692	500	11,678,054
Kotayq	265	63.67	10.00%	6,367	2,200,000	14,007,452,885	1,100	7,003,726
Shirak	284	68.33	4.10%	2,801	2,000,000	5,602,981,154	1,000	2,801,491
Syuniq	162	38.82	20.00%	7,765	2,333,333	18,117,548,077	1,167	9,058,774
Vayoc dzor	65	15.53		-		-		-
Tavoush	149	35.72	4.20%	1,500	3,000,000	4,500,398,942	1,500	2,250,199
Total	**3,230**	**776.47**	**11.40%**	**88,517**	**2,151,515**	**190,446,018,357**	**1,076**	**95,223,009**

			Gas Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.89	15.8%	41,221	5,757,692	237,338,095,926	915	37,720,427
Aracatsotn	168	40.38	3.6%	1,454	6,250,000	9,084,656,250	1,000	1,453,545
Ararat	271	65.22	5.3%	3,457	7,000,000	24,197,797,212	1,120	3,871,648
Armavir	271	65.22	2.1%	1,370	2,250,000	3,081,794,928	360	493,087
Gegharqouniq	207	49.69	3.3%	1,640	9,000,000	14,759,072,308	1,440	2,361,452
Lori	304	72.99	10.0%	7,299	1,650,000	12,042,993,029	264	1,926,879
Kotayq	265	63.67	13.3%	8,468	4,625,000	39,165,156,617	740	6,266,425
Shirak	284	68.33	2.3%	1,572	2,000,000	3,143,135,769	320	502,902
Syuniq	162	38.82	16.0%	6,212	5,587,500	34,708,045,673	910	5,652,675
Vayoc dzor	65	15.53	9.1%	1,413	750,000	1,059,876,563	120	169,580
Tavoush	149	35.72	4.0%	1,429	2,500,000	3,571,745,192	400	571,479
Total	**3,230**	**776.47**	**9.7%**	**75,317**	**4,995,918**	**376,278,760,597**	**797**	**60,057,041**

Market enablement zone – low-income population

Low-income population			Health Insurance 1							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	13.80%	18,955	2.14	40,618	785,714	14,893,324,193	3,107	58,896,32
Aracatsotn	142.10	32.8		-		-		-		
Ararat	187.22	43.2	5.70%	2,465	1.00	2,465	250,000	616,128,520	1,050	2,587,74
Armavir	242.30	56.0	4.50%	2,518	7.00	17,627	700,000	1,762,663,332	4,200	10,575,98
Gegharqouniq	193.91	44.8		-		-		-		
Lori	226.20	52.2	13.60%	7,105	2.17	15,394	250,000	1,776,196,929	1,500	10,657,18
Kotayq	190.71	44.0	2.90%	1,277	2.00	2,554	800,000	1,021,791,781	3,000	3,831,71
Shirak	248.72	57.4	3.80%	2,183	1.00	2,183	400,000	873,096,776	1,500	3,274,11
Syuniq	125.97	29.1	21.70%	6,313	1.80	11,364	480,000	3,030,355,987	1,980	12,500,21
Vayoc dzor	54.91	12.7		-		-		-		
Tavoush	135.66	31.3	9.10%	2,851	2.50	7,128	850,000	2,423,354,774	3,300	9,408,31
Total	**2,342.44**	**541.0**	**8.00%**	**43,278**	**2.12**	**91,803**	**587,879**	**25,442,445,504**	**2,464**	**106,622,20**

Low-income population			Health Insurance 2							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	12.10%	16,620	2.29	37,989	972,857	16,168,969,786	8,800	146,256,760
Aracatsotn	142.10	32.8		-		-		-		-
Ararat	187.22	43.2	5.40%	2,335	1.00	2,335	255,000	595,374,718	3,000	7,004,408
Armavir	242.30	56.0		-		-		-		-
Gegharqouniq	193.91	44.8	2.50%	1,120	4.00	4,478	1,440,000	1,612,179,463	15,200	17,017,450
Lori	226.20	52.2		-		-		-		-
Kotayq	190.71	44.0	2.90%	1,277	1.00	1,277	570,000	728,026,644	4,600	5,875,303
Shirak	248.72	57.4	2.00%	1,149	1.00	1,149	570,000	654,822,582	4,600	5,284,533
Syuniq	125.97	29.1	16.00%	4,655	2.50	11,637	637,500	2,967,514,503	7,500	34,911,935
Vayoc dzor	54.91	12.7		-		-		-		-
Tavoush	135.66	31.3	3.80%	1,191	4.00	4,762	2,280,000	2,714,407,985	18,400	21,905,749
Total	**2,342.44**	**541.0**	**5.30%**	**28,672**	**2.25**	**64,512**	**897,500**	**25,733,058,232**	**8,417**	**241,322,087**

Low-income population			Personal Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	13.00%	17,856	1,378,125	24,608,201,300	458	8,169,253
Aracatsotn	142.10	32.8	3.60%	1,181	1,500,000	1,772,129,838	500	590,710
Ararat	187.22	43.2	12.20%	5,275	860,000	4,536,435,393	280	1,476,979
Armavir	242.30	56.0	2.20%	1,231	1,500,000	1,846,599,681	500	615,533
Gegharqouniq	193.91	44.8	12.20%	5,463	920,000	5,026,417,304	296	1,617,195
Lori	226.20	52.2	36.40%	19,016	1,456,250	27,691,693,737	484	9,198,872
Kotayq	190.71	44.0	5.10%	2,246	950,000	2,133,871,198	310	696,316
Shirak	248.72	57.4	2.00%	1,149	250,000	287,202,887	80	91,905
Syuniq	125.97	29.1	11.10%	3,229	1,500,000	4,844,031,028	500	1,614,677
Vayoc dzor	54.91	12.7		-		-		-
Tavoush	135.66	31.3	3.30%	1,034	1,500,000	1,550,821,737	500	516,941
Total	**2,342.44**	**541.0**	**10.70%**	**57,885**	**1,282,353**	**74,228,797,629**	**424**	**24,561,333**

Low-income population			Property Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	15.00%	20,603	2,529,412	52,114,515,019	1,265	26,057,258
Aracatsotn	142.10	32.8	3.60%	1,181	1,000,000	1,181,419,892	500	590,710
Ararat	187.22	43.2	7.90%	3,416	2,666,667	9,108,613,447	1,333	4,554,307
Armavir	242.30	56.0	4.30%	2,406	3,000,000	7,218,526,027	1,500	3,609,263
Gegharqouniq	193.91	44.8	2.90%	1,299	3,000,000	3,896,100,369	1,500	1,948,050
Lori	226.20	52.2	31.60%	16,508	1,000,000	16,508,183,221	500	8,254,092
Kotayq	190.71	44.0	5.60%	2,466	2,000,000	4,932,787,909	1,000	2,466,394
Shirak	248.72	57.4		-		-		-
Syuniq	125.97	29.1	13.00%	3,782	1,666,667	6,303,543,880	833	3,151,772
Vayoc dzor	54.91	12.7		-		-		-
Tavoush	135.66	31.3	4.30%	1,347	3,000,000	4,041,535,435	1,500	2,020,768
Total	**2,342.44**	**541.0**	**9.70%**	**52,475**	**2,023,810**	**106,199,493,512**	**1,012**	**53,099,747**

Low-income population			Gas Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	17.60%	24,175	5,243,750	126,765,931,859	829	20,040,802
Aracatsotn	142.10	32.8		-		-		-
Ararat	187.22	43.2	4.30%	1,859	6,750,000	12,549,565,124	1,080	2,007,930
Armavir	242.30	56.0	2.30%	1,287	2,250,000	2,895,804,046	360	463,329
Gegharqouniq	193.91	44.8	3.60%	1,612	9,000,000	14,509,615,168	1,440	2,321,538
Lori	226.20	52.2	12.20%	6,373	1,650,000	10,516,130,641	264	1,682,581
Kotayq	190.71	44.0	9.10%	4,008	5,000,000	20,039,450,882	800	3,206,312
Shirak	248.72	57.4	2.80%	1,608	2,000,000	3,216,672,333	320	514,668
Syuniq	125.97	29.1	11.10%	3,229	5,500,000	17,761,447,102	880	2,841,832
Vayoc dzor	54.91	12.7	10.00%	1,268	750,000	951,126,443	120	152,180
Tavoush	135.66	31.3	4.30%	1,347	2,500,000	3,367,946,196	400	538,871
Total	**2,342.44**	**541.0**	**8.60%**	**46,524**	**4,418,750**	**205,579,098,991**	**702**	**32,660,035**

Market development zone – toal population

			Health Insurance 1							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.9	46.20%	190,200,165	2.48	472,221,099	906,897	172,491,873,620,992	3,548	674,882,653,825
Aracatsotn	168	40.38	29.00%	11,709						
Ararat	271	65.22	29.60%	19,306	1.86	35,854	500,000	9,653,029,615	2,100	40,542,724
Armavir	271	65.22	34.70%	22,632	2.50	56,581	783,333	17,728,745,495	3,200	72,423,811
Gegharqouniq	207	49.69	38.50%	19,132	2.67	51,019	800,000	15,305,704,615	3,600	68,875,671
Lori	304	72.99	39.00%	28,465	1.56	44,279	155,556	4,427,928,750	933	26,567,573
Kotayq	265	63.67	56.30%	35,846	1.50	53,770	600,000	21,507,807,202	2,250	80,654,277
Shirak	284	68.33	34.50%	23,574	1.80	42,432	360,000	8,486,466,577	1,620	38,189,100
Syuniq	162	38.82	43.30%	16,810	2.80	47,069	900,000	15,129,446,755	3,780	63,543,676
Vayoc dzor	65	15.53	50.00%	7,765	4.67	36,235	866,667	6,729,375,000	4,000	31,058,654
Tavoush	149	35.72	20.00%	7,143	3.00	21,430	800,000	5,714,792,308	3,900	27,859,613
Total	**3,230**	**776.466**	**40.30%**	**312,916**	**2.37**	**740,421**	**704,225**	**220,363,336,268**	**2,920**	**913,626,392**

			Health Insurance 2							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.9	52.60%	137,230	3.00	411,689	1,318,000	180,868,555,011	11,827	1,622,968,217
Aracatsotn	168	40.38	37.50%	15,141	5.00	75,705	1,800,000	27,253,968,750	19,000	287,680,781
Ararat	271	65.22	33.30%	21,719	1.50	32,579	225,000	4,886,846,243	3,300	71,673,745
Armavir	271	65.22	35.30%	23,024	2.67	61,397	960,000	22,102,828,892	9,067	208,748,940
Gegharqouniq	207	49.69	34.90%	17,343	2.00	34,686	300,000	5,202,945,692	4,400	76,309,870
Lori	304	72.99	57.40%	41,895						
Kotayq	265	63.67	54.00%	34,382	3.00	103,146	1,080,000	37,132,484,192	11,400	391,954,000
Shirak	284	68.33	37.50%	25,623	2.00	51,247	1,140,000	29,210,663,942	9,200	235,735,183
Syuniq	162	38.82	38.70%	15,025	3.00	45,074	1,710,000	25,692,106,695	13,800	207,339,808
Vayoc dzor	65	15.53	58.30%	9,054						
Tavoush	149	35.72	33.30%	11,894						
Total	**3,230**	**776.47**	**45.40%**	**352,516**	**2.82**	**994,598**	**1,203,214**	**424,151,951,631**	**10,921**	**3,849,975,269**

			Personal Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.89	46.60%	121,576	296,078	35,996,029,778	98	11,943,054
Aracatsotn	168	40.38	37.50%	15,141	250,000	3,785,273,438	83	1,261,758
Ararat	271	65.22	25.90%	16,893	214,286	3,619,886,106	71	1,206,629
Armavir	271	65.22	30.80%	20,089	187,500	3,766,638,245	63	1,255,546
Gegharqouniq	207	49.69	25.00%	12,423	409,091	5,082,325,175	136	1,694,108
Lori	304	72.99	21.30%	15,546	1,384,615	21,525,797,330	462	7,175,266
Kotayq	265	63.67	47.20%	30,052	250,000	7,513,088,365	83	2,500,356
Shirak	284	68.33	39.70%	27,127	195,652	5,307,383,792	65	1,769,128
Syuniq	162	38.82	42.40%	16,461	621,429	10,229,389,492	204	3,362,765
Vayoc dzor	65	15.53	41.70%	6,476				
Tavoush	149	35.72	28.10%	10,037	377,778	3,791,605,952	124	1,249,000
Total	**3,230**	**776.47**	**37.50%**	**291,175**	**346,516**	**100,896,869,212**	**115**	**33,508,978**

			Property Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.89	66.70%	174,015	423,077	73,621,910,902	212	36,810,955
Aracatsotn	168	40.38	64.50%	26,043				
Ararat	271	65.22	53.80%	35,090	107,143	3,759,650,048	54	1,879,825
Armavir	271	65.22	50.00%	32,612	423,077	13,797,209,689	212	6,898,605
Gegharqouniq	207	49.69	44.40%	22,064	312,500	6,895,021,154	156	3,447,511
Lori	304	72.99	50.00%	36,494	760,000	27,735,377,885	380	13,867,689
Kotayq	265	63.67	68.00%	43,296	235,294	10,187,238,462	118	5,093,619
Shirak	284	68.33	51.00%	34,848	760,000	26,484,335,308	380	13,242,168
Syuniq	162	38.82	60.00%	23,294	1,000,000	23,293,990,385	500	11,646,995
Vayoc dzor	65	15.53	50.00%	7,765				
Tavoush	149	35.72	45.80%	16,359	90,909	1,487,144,816	45	743,572
Total	**3,230**	**776.47**	**58.30%**	**452,680**	**410,029**	**185,612,104,110**	**205**	**92,806,052**

			Gas Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	1,085	260.89	72.5%	189,147	5,641,176	1,067,012,744,966	896	169,386,882
Aracatsotn	168	40.38	64.3%	25,962	5,000,000	129,809,643,750	800	20,769,543
Ararat	271	65.22	57.9%	37,764				
Armavir	271	65.22	48.9%	31,894	1,250,000	39,867,664,543	200	6,378,826
Gegharqouniq	207	49.69	43.3%	21,517	6,375,000	137,173,650,577	1,020	21,947,784
Lori	304	72.99	76.0%	55,471	2,500,000	138,676,889,423	400	22,188,302
Kotayq	265	63.67	66.7%	42,468	4,291,667	182,258,716,028	653	27,745,793
Shirak	284	68.33	65.1%	44,482	9,500,000	422,580,938,365	1,520	67,612,950
Syuniq	162	38.82	68.0%	26,400	5,500,000	145,199,206,731	880	23,231,873
Vayoc dzor	65	15.53	54.5%	8,463	2,750,000	23,274,578,726	440	3,723,933
Tavoush	149	35.72	60.0%	21,430	2,000,000	42,860,942,308	320	6,857,751
Total	**3,230**	**776.47**	**65.1%**	**505,480**	**5,022,500**	**2,538,771,247,536**	**796**	**402,159,563**

Market development zone – low-income population

Low-income population			Health Insurance 1							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	38.50%	52,882	2.69	142,375	1,046,154	55,322,805,139	3,992	211,121,587
Aracatsotn	142.10	32.8	32.00%	10,502						
Ararat	187.22	43.2	22.90%	9,901	2.25	22,278	700,000	6,930,905,390	2,850	28,218,686
Armavir	242.30	56.0	27.30%	15,276	2.25	34,372	725,000	11,075,401,270	3,000	45,829,247
Gegharqouniq	193.91	44.8	37.80%	16,928	2.50	42,320	600,000	10,156,730,617	3,150	53,322,836
Lori	226.20	52.2	34.10%	17,814	2.00	35,628	200,000	3,562,842,075	1,200	21,377,052
Kotayq	190.71	44.0	47.10%	20,744	1.00	20,744	400,000	8,297,653,948	1,500	31,116,202
Shirak	248.72	57.4	32.10%	18,438	2.00	36,877	350,000	6,453,448,867	1,650	30,423,402
Syuniq	125.97	29.1	39.10%	11,375	2.80	31,851	900,000	10,237,925,037	3,780	42,999,285
Vayoc dzor	54.91	12.7	50.00%	6,341	4.67	29,591	866,667	5,495,397,229	4,000	25,363,372
Tavoush	135.66	31.3	18.20%	5,702	2.00	11,404	800,000	4,561,608,987	3,000	17,106,034
Total	**2,342.44**	**541.0**	**34.50%**	**186,638**	**2.55**	**475,483**	**742,857**	**138,645,403,051**	**3,086**	**575,911,674**

Low-income population			Health Insurance 2							
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. number of policies per household	demand (no. of policies)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	45.70%	62,772	3.25	204,008	1,537,500	96,511,536,945	13,250	831,725,440
Aracatsotn	142.10	32.8	34.60%	11,355	5.00	56,774	1,800,000	20,438,564,127	19,000	215,740,399
Ararat	187.22	43.2	27.00%	11,674		-		-		-
Armavir	242.30	56.0	27.30%	15,276	2.00	30,553	300,000	4,582,924,663	4,400	67,216,228
Gegharqouniq	193.91	44.8	32.50%	14,554	2.00	29,109	300,000	4,366,319,379	4,400	64,039,351
Lori	226.20	52.2	54.80%	28,628		-		-		-
Kotayq	190.71	44.0	45.70%	20,128	3.00	60,383	1,080,000	21,737,739,291	11,400	229,453,915
Shirak	248.72	57.4	32.70%	18,783	2.00	37,566	1,140,000	21,412,698,431	9,200	172,804,233
Syuniq	125.97	29.1	36.00%	10,474	3.00	31,421	1,710,000	17,909,822,827	13,800	144,535,412
Vayoc dzor	54.91	12.7	50.00%	6,341		-		-		-
Tavoush	135.66	31.3	30.80%	9,650		-		-		-
Total	**2,342.44**	**541.0**	**38.70%**	**209,359**	**3.00**	**628,078**	**1,314,706**	**275,245,765,950**	**11,776**	**2,465,512,409**

Low-income population			Personal Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	42.30%	58,102	340,385	19,776,899,081	113	6,547,606
Aracatsotn	142.10	32.8	35.70%	11,716	300,000	3,514,724,178	100	1,171,575
Ararat	187.22	43.2	19.50%	8,431	-	-	-	-
Armavir	242.30	56.0	24.40%	13,654	272,727	3,723,721,671	91	1,241,241
Gegharqouniq	193.91	44.8	24.40%	10,927	450,000	4,917,147,362	150	1,639,049
Lori	226.20	52.2	13.60%	7,105	1,250,000	8,880,984,644	417	2,960,328
Kotayq	190.71	44.0	38.50%	16,956	216,667	3,673,899,328	72	1,220,865
Shirak	248.72	57.4	35.30%	20,277	83,333	1,689,710,318	28	563,237
Syuniq	125.97	29.1	40.70%	11,841	654,545	7,750,449,644	215	2,540,425
Vayoc dzor	54.91	12.7	44.40%	5,631	-	-	-	-
Tavoush	135.66	31.3	26.70%	8,365	425,000	3,555,141,345	140	1,171,105
Total	**2,342.44**	**541.0**	**32.00%**	**173,114**	**333,660**	**57,761,088,631**	**111**	**19,144,322**

Low-income population			Property Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	60.20%	82,688	500,000	41,344,181,915	250	20,672,091
Aracatsotn	142.10	32.8	60.70%	19,920	-	-	-	-
Ararat	187.22	43.2	47.40%	20,494	-	-	-	-
Armavir	242.30	56.0	48.90%	27,363	478,261	13,086,771,654	239	6,543,386
Gegharqouniq	193.91	44.8	47.10%	21,093	312,500	6,591,462,909	156	3,295,731
Lori	226.20	52.2	44.70%	23,352	647,059	15,109,965,916	324	7,554,983
Kotayq	190.71	44.0	66.70%	29,377	333,333	9,792,171,237	167	4,896,086
Shirak	248.72	57.4	50.00%	28,720	619,048	17,779,226,328	310	8,889,613
Syuniq	125.97	29.1	60.90%	17,718	857,143	15,186,691,871	429	7,593,346
Vayoc dzor	54.91	12.7	55.60%	7,051	-	-	-	-
Tavoush	135.66	31.3	43.50%	13,628	100,000	1,362,843,344	50	681,422
Total	**2,342.44**	**541.0**	**54.10%**	**292,670**	**407,725**	**119,329,006,629**	**204**	**59,664,503**

Low-income population			Gas Accident Insurance					
	population '000	number of households '000	access frontier now (% of population)	demand (no. of households)	avg. policy value per household (AMD)	demand - total value of policies (AMD)	avg. value of monthly premium per household (AMD)	total value of monthly premiums (AMD)
Yerevan	594.75	137.4	61.50%	84,474	5,271,429	445,298,619,977	843	71,247,779
Aracatsotn	142.10	32.8	62.50%	20,511	5,000,000	102,553,810,046	800	16,408,610
Ararat	187.22	43.2	39.10%	16,906				
Armavir	242.30	56.0	45.50%	25,461	1,250,000	31,825,865,718	200	5,092,139
Gegharqouniq	193.91	44.8	42.90%	19,212	6,375,000	122,475,258,587	1,020	19,596,041
Lori	226.20	52.2	70.70%	36,934	2,500,000	92,336,119,758	400	14,773,779
Kotayq	190.71	44.0	63.60%	28,011	4,950,000	138,655,383,005	752	21,064,414
Shirak	248.72	57.4	58.30%	33,488	9,500,000	318,134,637,748	1,520	50,901,542
Syuniq	125.97	29.1	66.70%	19,405	5,166,667	100,260,289,850	827	16,041,646
Vayoc dzor	54.91	12.7	50.00%	6,341	2,750,000	17,437,318,129	440	2,789,971
Tavoush	135.66	31.3	56.50%	17,701	1,125,000	19,913,960,938	180	3,186,234
Total	**2,342.44**	**541.0**	**57.40%**	**310,522**	**4,813,462**	**1,494,687,746,911**	**762**	**236,761,405**