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PRESS RELEASE

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SPBD marks one year in Tonga with a launch of micro-insurance product

Low-income women get 1,000 to 5,000 Pa'anga Life Insurance

SPBD celebrates its one year anniversary in the Kingdom of Tonga with the launching of a life micro-insurance product for its women members.

Recognizing that the low income sector needs a variety of financial services not just credit and savings, SPBD developed a life micro-insurance product to address clients' needs and help them reduce their hardship and vulnerabilities. According to SPBD's General Manager, Lorisa Canillas, the specific objective is to offer a simple and affordable insurance product that will reduce the burden of funeral expenses to families of SPBD members.

SPBD's focus group discussions with women members showed that if an adult family member dies, household finances are greatly affected. Households incur substantial bereavement and funeral expenses. Given the close-knit and extended family culture in Tonga, financial responsibility for other family members increases as children's education expenses and payments of food and utilities for example will fall on them. If a family is already experiencing hardship, a death worsens the situation. SPBD's research also showed that low income women such as micro-entrepreneurs lack access to life insurance as a form of protection.

The Life Micro-Insurance Product is available to all women members of SPBD. When an SPBD member dies during the period of the loan, her beneficiaries will receive a fixed payment of between 1,000 to 5,000 Pa'anga. The insurance is easy to obtain since medical check-ups are not required and there is only one price for all ages. It is easy to pay and once the required documents have been submitted, insurance claims will be paid out in 2 working days. The cost of the insurance is as low as 15 Pa'anga for one year.

During its first year in Tonga, SPBD disbursed 2,500,000 Pa'anga of unsecured loans for women to start or grow micro-businesses. SPBD now has 2,200 members from 37 villages in Tongatapu. Members also participate in a small savings scheme and 224,000 Pa'anga in savings have been mobilized.