



## The Role of Microinsurance in Covering Micro Enterprises' Pure Risks: Case Study of ADIE during 2019-2023

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### Abstract:

The aim of this study is to know how microinsurance contributes in covering micro enterprises' pure risks. After the presentation of the micro enterprise and the microinsurance, we have studied the case of one of the French associations that cover micro enterprises' pure risks, which is represented by the ADIE association.

Through this study, it has been concluded that microinsurance contributes effectively in covering micro enterprises' pure risks by the microinsurance products provided often by the microfinance institutions, designed differently with reasonable premiums and few conditions comparing to the traditional insurance products which micro entrepreneurs cannot take.

**Keywords:** Microinsurance, Micro Enterprise, Risks, Microfinance Institutions, Microinsurance Products.

**JEL Classification Codes:** G21 ; G22 ; G32.



## دور التأمين الأصغر في تغطية المخاطر البحتة للمؤسسات المصغرة: دراسة حالة ADIE خلال 2019-2023

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### ملخص:

هدفت هذه الدراسة إلى معرفة كيف يساهم التأمين الأصغر في تغطية الأخطار التي يمكن التأمين عليها والتي تهدد المؤسسات المصغرة. فبعد عرض مفهوم كل من المؤسسات المصغرة والتأمين الأصغر، تم دراسة حالة إحدى الجمعيات الفرنسية التي تغطي هذا النوع من الأخطار، والتي تتمثل في جمعية ADIE. تم التوصل من خلال هذه الدراسة إلى أن التأمين الأصغر يساهم فعلا في تغطية الأخطار التي يمكن التأمين عليها والتي تهدد بشكل مباشر المؤسسات المصغرة من خلال منتجات التأمين الأصغر التي توفرها مؤسسات التمويل الأصغر، هذه المنتجات تكون مصممة بطريقة مختلفة حيث تكون أقساط التأمين مقبولة مع القليل من الشروط بالمقارنة مع منتجات التأمين التقليدي التي لا يمكن لأصحاب المؤسسات المصغرة اقتناءها.

**الكلمات المفتاحية:** التأمين الأصغر؛ المؤسسات المصغرة؛ الأخطار؛ مؤسسات التمويل الأصغر؛ منتجات التأمين الأصغر.

تصنيف JEL: G21؛ G22؛ G32.

## **1. INTRODUCTION**

The insurance industry is not considered as a new sector, it has been existed many years ago and has been developed with the evolution of the society and risks exposure.

Individuals and enterprises are exposed to various risks, some of which are borne by these individuals and enterprises, especially when these risks have little impact. However, individuals and enterprises often choose to transfer these risks to insurance companies.

Most of the times, the insurance services provided by the insurance companies are designed to protect individuals, small, medium and large enterprises against the various risks, this kind of insurance companies are known by their strength and capabilities to bear the risks against an insurance premium paid by the insured, and to pay back an amount in the event of claims.

Due to the development of the insurance industry for years, a new type of insurance named "Microinsurance" has appeared many years ago, this type is intended to a specific category, which is individuals with a low-income level and micro entrepreneurs, who want to start a new activity as a beginner using a micro credit providing by financial institutions.

Because of the great number of micro enterprises and their big contribution in the economy of many countries around the world, microinsurance is considered as a tool to protect and manage the pure risks of micro enterprises, in order to ensure their development and success, especially when they need a good protection with a reasonable price (Premium).

### **Problematic:**

From this introduction above, we can ask the problematic question as following:

How can microinsurance contribute in covering micro enterprises' pure risks?

### **Sub-questions:**

To answer this principal question, we can divide it into the following sub-questions:

- What is the meaning of micro enterprise?
- What are the risks faced by micro enterprises?
- What is microinsurance?
- What are the characteristics of microinsurance?

### **Hypothesis:**

To answer the problematic principal question and the sub-questions, we formulate the hypothesis as following:

Micro enterprises' pure risks can be protected by a specific microinsurance products provided by a financial institution.

### **Study plan:**

To answer the problematic question, we divided our research into three main parts:

- Part 01: Generalities about Micro Enterprise.
- Part 02: Generalities about Microinsurance.
- Part 03: Case Study of ADIE.

### **Study objectives:**

The objectives of our study are:

- To clarify the term “Micro enterprise”, its faced risks, and the funding operation;
- To clarify the term “Microinsurance”, its characteristics and its products;
- To provide a clear idea of microinsurance as a tool to protect the micro enterprises’ pure risks of the ADIE financial institution.

### **Study importance:**

Our study aims to present the concept of micro enterprise, microinsurance and how it can cover micro entrepreneurs’ pure risks to start a micro activity or a micro business, where our study was limited to the ADIE as a French financial institution that offers various micro services including microinsurance products.

## **2. Generalities about Micro Enterprise:**

In this part, we are going to present details about micro enterprise, starting with the definition, the main differences between types of enterprises, then the financing of the micro enterprises.

### **2.1 Definition of Micro Enterprise:**

Micro enterprise can be defined as very small locally based organisation, established to serve the requirements of an individual or small group that hires five full-time employees or less (Hall Kelly, 2019, p. 04).

When we say micro enterprise, we mean micro entrepreneurship as well or micro business too.

It should be noted that micro enterprises, which include small businesses and shops, cottage industries, transport services, among others, enable low-income families to earn a livelihood and support their communities by providing goods and services. (Loudhe, 2014, p. 776).

We can highlight in the table below the main differences between micro, small, medium and large enterprises:

Parameter	Micro enterprise	Small enterprise	Medium enterprise	Large enterprise
Size	Fewer than 5 or 10 employees.	05 or 10 to 49 employees.	50 to 249 employees.	250 or more employees.
Revenue	Less than 100 000 \$.	Between 100 000 \$ and 1 million \$.	Between 1million \$ and 10 million \$.	More than 10 million \$.
Legal status	Sole proprietorships or partnerships.		Incorporated.	
Management structure	By the owner or a small team.		Multiple layers of management.	
Market reach	Local or regional market.		National or even international market.	

**Table 1.** The main differences between the types of enterprises.

**Source:** Prepared by the researchers based on several references.

From the previous table, we can note that the size and the revenue are the main differences between the micro and the small enterprises comparing to the other parameters.

Concerning the activities of micro enterprises, micro entrepreneurs can choose one of the three main ones that may be conducted under micro enterprises: (Loudhe, 2014, p. 777).

- **Production:** Agricultural and non-agricultural activities are possible for the poor. Farming, cattle rearing and fisheries are examples of agricultural activities. A wide range of operations, from food processing to the creation of various handicrafts and home items or goods like pots, carpets, textiles, etc., can be classified as non-agricultural production;
- **Trading:** This involves operating a small shop, selling particular goods like vegetables, fish, etc.;
- **Services:** These include rickshaws, boats, motor vehicles used as taxis, barbers, florists, cobblers, among other services.

According to the information above, we can say that micro enterprises are known as a small business with few workers, who try to satisfy the different people needs, through simple and necessary activities at the same time.

## 2.2 Risks Faced by Micro Enterprise:

Like the other types of enterprises, micro enterprises face various risks during their existence, we can summarize the main ones as following:

- **Financial risk:** It encompasses fluctuations in cash flows, financial results, and overall company valuation due to factors primarily influenced by the market,

such as changes in interest rates, currency exchange rates, and prices of commodities and stocks. In essence, this risk contributes to alterations in the company's financial position (BLACH, 2010, p. 03);

- **Operational risks:** Because it is commonly discussed that human error is the cause of business operations failure, these risks are sometimes summed up as human risks. However, risks associated with organizations' internal operations involving personnel, supplied goods or services, operational systems, and outside variables are all considered as operational risks (Duong, 2009, p. 13);
- **Strategic risk:** Refers to the probability of suffering a loss as a result of a poorly strategic business plan, a poor choice, or a plan that is inconsistently and inappropriately implemented. The viability of the company, earnings, and capital availability are all threatened by strategic risks. Since strategic plans serve as a guide for an organization's structure, goals, and direction, the stronger the organization is, the less probable it is that strategic risk will remain (Duong, 2009, p. 14).

These risks shown above are known as speculative risks, they are defined as circumstances that could result in either profit or loss (George E Rejda, 2017, p. 23) depending on the decision nature made by the micro entrepreneur. That's why, he should take the best decisions to realize positive things for his micro enterprise.

In addition, there is another type of risks which is called pure risk, unlike the first type presented above, pure risk is defined as a situation in which there are only the possibilities of loss or no loss (George E Rejda, 2017, p. 23). We can present some of them as following:

- **Liability risk:** Like other business entities in the real economy, liability risk poses a significant threat to micro enterprises since they may lack the funds necessary to cover losses without risking cash flow. Micro enterprises could be impacted by direct legal action or via contractual obligations, potentially resulting in expensive legal proceedings and penalties (SMITH, FISHER, CARLIN, & LONFAT, 2021, p. 20);
- **Business interruption risk:** It describes the financial loss a company experiences when its operations are interrupted for a few days. This loss includes lower sales, higher labor expenses, and the possibility of reputational damaging leading to the loss of future income sources (MARSH, 2018, p. 01).

In our study, we focus on this type of risks because it can be covered by microinsurance policies. Insurance and microinsurance policies typically cover uncertain risks rather than certain risks.

### 2.3 Micro Enterprise Funding:

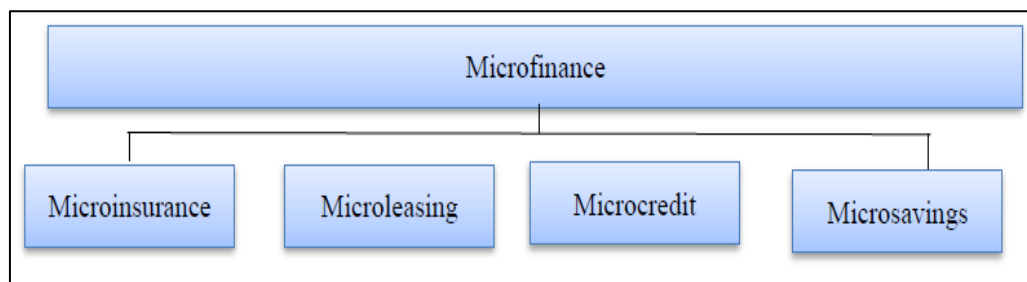
In the traditional situation, entrepreneurs who decide to join the business side can get loans from the banks under some conditions, especially the minimum level of revenue, the initial contribution and guarantees. The borrowers should reimburse the credit and the interest amount during a determinate period.

In contrast, the main problem that faces micro entrepreneurs to create their micro enterprises is the funding, more often, their financial resources are limited and they do not allow them to start a micro activity which does not require large amounts. Furthermore, a significant number of individuals and enterprises continue to be unable to take advantage of these legitimate financial services (Mohamed Adam, 2019, p. 02).

Thanks to microfinance, which addressed the issue of the traditional financial sectors' immaturity of inclusion, including banks, this problem has been resolved (Mohamed Adam, 2019, p. 02). Attempts to offer financial services to individuals and micro enterprises that are not eligible for standard commercial banking services are known as microfinance (Mohamed Adam, 2019, p. 02).

We can summarize the major tools of microfinance in the following scheme:

**Scheme 1.** Major tools of microfinance.



Source: Japan International Cooperation Agency (JICA). (2019). Previously cited work. P 02.

**Source:** (Mohamed Adam, 2019, p. 03).

From the scheme above, we can notice that microinsurance is one of the microfinance services, as well as microleasing, microcredit and microsavings, all of these services are designed to a specific category (Individuals and micro enterprises which cannot use the traditional services) provided by the microfinance institutions (MFIs) instead of the traditional institutions or companies.

### 3. Generalities about Microinsurance:

In this part, we are going to present details about microinsurance, starting with the definition, the difference between it and the traditional insurance, then the characteristics and products.



### 3.1 Definition of Microinsurance:

Microinsurance has many definitions, we have chosen the one of the International Association of Insurance Supervisors, established in 1994: “Microinsurance is the insurance that is accessed by low-income populations, provided by a variety of different entities, but run in accordance with generally accepted insurance practices, this means that the risk insured under a microinsurance policy is managed based on insurance principles and funded by premiums” ((IAIS), 2012, p. 11).

In addition, microinsurance can be defined as: “The protection of low-income people against specific perils in exchange for regular premium payments proportionate to the livelihood and cost of the risk involved” (Churchill, 2006, p. 12).

According to the two definitions above, we can say that microinsurance is proposed by many market actors in the form of contracts based on the same principles of traditional insurance, destined to a low-income people who pay the premiums in order to protect themselves against the various risks.

Of course, low-income people mean individuals with relatively small revenue, and when there are those who want to create micro businesses, they become micro entrepreneurs.

### 3.2 Microinsurance and Traditional Insurance Differences:

Microinsurance is considered as a derivative insurance product designed to a specific category of people, we set in the table below the main differences between traditional insurance and microinsurance:

**Table 2.** The main differences between traditional insurance and microinsurance.

Parameter	Traditional insurance	Microinsurance
<b>Policies</b>	Complex policies with many exclusions.	Policies are written in a simple language with few or no exclusions.
<b>Group policies</b>	Yes.	No.
<b>Client nature</b>	Low risk in an established culture.	High risk and vulnerability in a weak insurance culture.
<b>Premium calculation</b>	Individualistic based on age and other factors.	Price-sensitive market with group pricing higher premium to cover ratios.
<b>Premium collection</b>	Monthly/yearly payments through debit/invoice.	Irregular payments depending on the client's financial situation.
<b>Claims handling</b>	A complicated process with lots of document verification.	Simple and fast procedures.

**Source:** (SPIXII, 2023).

From the previous table, we can say that there is a real difference between the two types of insurance, despite the same principles of the field, there are some



different settings especially the destined category of people, the nature of the policies, premiums and claims specification.

### **3.3 Microinsurance Characteristics:**

As we present it above, microinsurance differs from the traditional insurance, that's why their products need to be designed differently, the Microinsurance Center promotes the need for the "SUAVE" conception as following: (Actuarial review, 2023)

- **Simple:** The products must have few or no exclusions and straightforward benefit structure. Most benefits have a fixed amount;
- **Understood:** People won't purchase a product if they don't comprehend it. The majority of the microinsurance target market consists of newly insured individuals;
- **Accessible:** It is necessary to reach low-income individuals where they are through sales channels like cooperatives, input suppliers, microfinance institutions, or basic mobile phones;
- **Valuable:** Products must offer apparent value to insurers as well as clients;
- **Efficient:** A target client with a low-income has less capacity to pay premiums. Efficient and inexpensive methods are essential for products to be reasonably priced. It's critical that claims be fulfilled promptly.

This conception presents the main conditions of microinsurance products comparing to traditional insurance products.

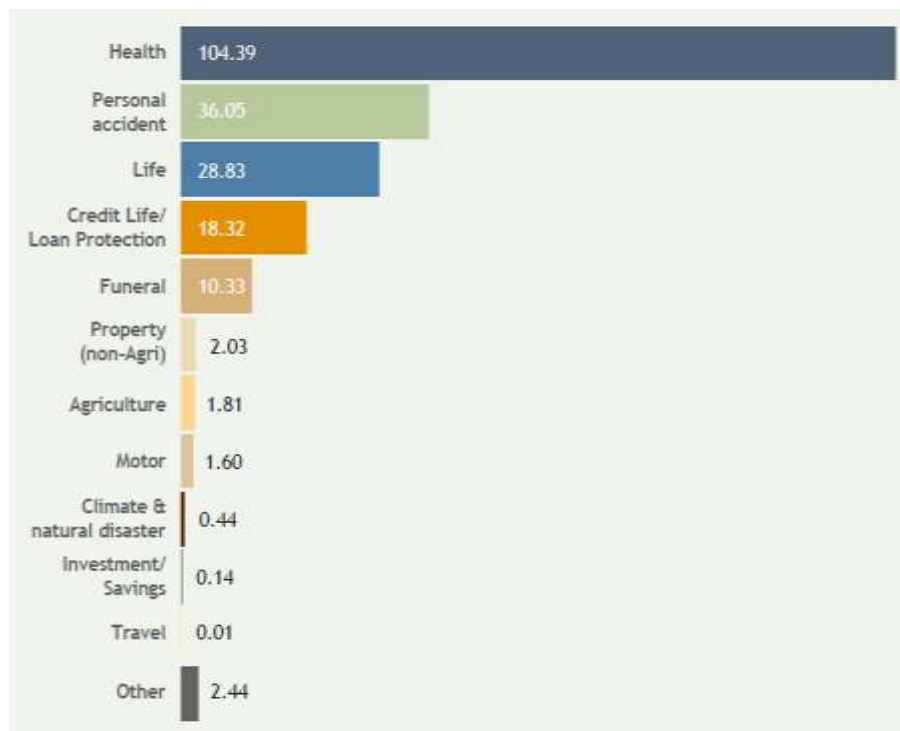
### **3.4 Microinsurance Products and Providers:**

Like the traditional insurance, microinsurance has many products for covering low-income people risks and those who are considered as micro entrepreneurs, we can present the main ones as following:

- **Credit life insurance:** Credit is sometimes linked to life insurance since it provides a life benefit that supports the remaining family after the borrower passes away and covers credit loss (Jim Roth, 2007, p. 30), it can cover the funeral costs too;
- **Health insurance:** This insurance product offers protection against the financial fallout from pregnancy and illness. Financial impacts can take many different forms: direct medical bills for diagnosis, treatment, and prevention (Such as fees for doctor visits, laboratory tests, medicines, hospital stays, deliveries, etc.); direct non-medical costs like transportation and food expenses in the event of a hospital stay, etc. ((CGAP), 2007, p. 18);
- **Property insurance:** The less fortunate frequently reside in small buildings that are vulnerable to fire and other risks such as floods. Although there is still a limited demand for this kind of insurance in comparison to life or health insurance (Jim Roth, 2007, p. 42);

- **Agricultural insurance:** Small farmers are the target market for this kind of insurance, which covers risks like livestock, loss of crops, plantations, and agricultural equipment damages, etc. (Microinsurance Center, 2009, p. 26);
- **Disasters insurance:** As it indicates, this kind of insurance protects against risks associated with natural catastrophes or catastrophic events like typhoons, earthquakes, and floods, etc. (Microinsurance Center, 2009, p. 16).

We can present the commercialized microinsurance products in the world by the following figure:



**Figure 1.** People covered in all regions by microinsurance products (Millions).

**Source:** (Alice Merry, 2021, p. 31).

According to the figure above, we can see that the main demanded microinsurance product is the one of health covering, followed by the personal accident in the second position, life in the third position and the credit life/loan protection in the fourth position, the other products follow after. It is quite logical that the human life risk is more important than the others because human life is priceless.

It should be noted that in the majority of cases, sales of microinsurance products will be made up of combined products, such as protection, health, and life products, which are packaged and offered by a single agent or provider (Microinsurance Center, 2009, p. 31). The aim is to offer large protection for policyholders.

About the providers of microinsurance products, we can present them as following: (Insurance Commission, 2018, p. 08)

- **Life Insurance Companies:** Operates within the life insurance industry and provides life insurance products;

- **Non-Life Insurance Companies:** Operates within the non-life insurance industry and provides non-life insurance products;
- **Mutual Benefit Associations (MBAs):** Any society, association or corporation, that does not have capital stock and is formed primarily to provide members with financial support during their unemployed period or to pay sick benefits to members;
- **Cooperative Insurance Societies:** Autonomous and duly registered associations of persons with the ability to form a cooperative insurance entity.

Mutuals in the form of associations offer usually microinsurance products after having signed partnership agreements with life and non-life insurance companies, especially the microfinance institutions (MFIs) which offer at the same time microfinance services as we presented before.

#### **4. Case Study of ADIE:**

The third part is devoted to a case study of ADIE, first, we give a presentation and some details of this organization, then we unveil their offered services, and we demonstrate the proposed microinsurance products for covering the pure risks of micro entrepreneurs.

##### **4.1 Presentation of the ADIE:**

ADIE (Association for the right to economic initiative) has been created in 1989 (ADIE, Our history, 2024), it is the solidarity association that defends the idea that everyone, even without capital, even without a diploma, can become an entrepreneur if he has access to credit and professional, personalized support, based on trust, solidarity and the responsibility (ADIE, Our mission, 2024). It is based in Paris - France and has many agencies on the French territory.

The goal of this association is to help individuals who want to start an activity or to extend the one that already exists, it can finance any type of professional activity up to 12 000 € and it provides personalized and free monitoring for each project by the specialists (ADIE, Our mission, 2024).

It should be noted that there are many associations around the world which provide microfinance services like the ADIE, but the lack of available information of those MFIs led us to take the example of the ADIE as a case study.

In the table below, we can present the statistics of the ADIE as following:

**Table 3.** The ADIE activity in numbers.

Year Parameter	2019	2020	2021	2022	2023	Evolution (2019-2020)	Evolution (2020-2021)	Evolution (2021-2022)	Evolution (2022-2023)
Financed enterprises	19 375	21 804	24 776	26 317	27 812	11,14 %	12 %	5,86 %	5,38 %
Active clients	60 660	65 270	72 596	81 456	89 574	7,06 %	10,10 %	10,88 %	9,06 %
Mobility micro credits	6 913	7 296	8 234	7 245	7 411	5,25 %	11,40 %	-13,65 %	2,24 %
Professional micro credits	21 218	20 537	24 024	28 219	28 155	-3,32 %	14,51 %	14,87 %	-0,23 %
Microinsurance	3 461	2 729	/	/	/	-26,82 %	/	/	/
Clients under the poverty level	48 %	49 %	58 %	49 %	52 %	2,04 %	15,52 %	-18,37 %	5,77 %
Clients without a diploma	24 %	24 %	25 %	22 %	19 %	0 %	4 %	-13,64 %	-15,79 %

**Source:** Prepared by the researchers based on the annual reports of ADIE (2019, 2020, 2021, 2022 and 2023).

From the table above, we can observe the activity of the ADIE in numbers, the evolution between 2019 and 2023 was great for all the parameters except two of them.

We can summarize the table information as described below:

- The number of both the financed enterprises and active clients has increased;
- Unlike the number of mobility credits which increased from 2019 to 2021 but decreased in 2022 and increased a little bit in 2023, the number of professional micro credits decreased in 2020, it passed from 21 218 to 20 537, a difference of 681 (Minus 3 %) compared to 2019. Similarly, the number of the microinsurance policies passed from 3 461 to 2 729, a difference of 732 (Minus 27 %) compared to 2019. The 2020 report did not provide explanations for the decreases, but it seems that these results could be explained by the corona virus pandemic. The pandemic likely influenced the entrepreneurs' decisions to open up micro enterprises after the closing restrictions and economic uncertainties;
- In 2021, the number of professional micro credits increased again by almost 15 % compared to the previous year and decreased a little bit in 2023. However, regarding the number of microinsurance policies, the annual reports of 2021, 2022 and 2023 did not provide this information, and we were unable to find it on the internet. As a result, we couldn't calculate the three evolution percentages;
- With regards to clients living under the poverty level (An average of 50 %) and those without a diploma (An average of 23 %), it is evident that the association is making commendable efforts with the noble intention of assisting future micro

entrepreneurs from disadvantaged backgrounds.

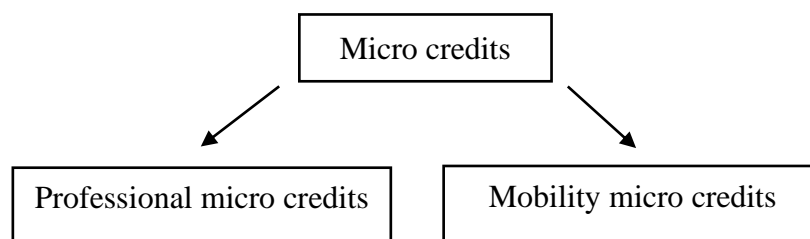
#### 4.2 ADIE Micro Credit Products:

As we mentioned in the previous table, the ADIE association offers two types of micro credits for the future micro entrepreneurs to launch a business in any industry including hairdressing, driving, travel agency, design, video game development, painting, photography, grocery store management and so on (ADIE, Our mission, 2024).

These micro credits are granted by its own financial resources (Volunteering and loans margins), as well as its partners (Public funds of France and Europe, BNP PARIBAS, JP MORGAN CHASE, AXA, SOCIETE GENERALE, etc.) (ADIE, Annual report, 2022, p. 36).

The two types of micro credits are shown in the scheme below:

**Scheme 2.** Micro credits types provided by ADIE.



**Source:** Prepared by the researchers based on the ADIE website.

##### ➤ **Professional micro credits:**

This type of credit is granted to open or develop enterprises, it is destined to self-employed person, micro entrepreneur, student, etc., who cannot get financed directly by banks under some conditions: (ADIE, To create or develop my business, 2024)

- The maximum of money needed do not exceed 12 000 €;
- 50 % of the borrowed amount must be guaranteed by the person the borrower must know;
- The borrower receives credit with 9,87 % fixed rate;
- The solidarity contribution is set at 5 % of the credit amount in order to support the association's operation and enable financing for others;
- Repayment period is fixed from 6 to 48 months.

##### ➤ **Mobility micro credits:**

This type of credit is granted to the mobility field, in the other terms, credit to buy or repair a car or to pass the driver license, it is destined to a temporary worker, part-time worker, full worker, student, etc., who cannot get financed directly by banks under some conditions: (ADIE, To buy a vehicle or pass my license, 2024)

- The maximum of money needed do not exceed 6 000 €;
- The borrower receives credit with 9,87 % fixed rate;

- The solidarity contribution is set between 3,5 % and 5 % of the credit amount in order to support the association’s operation and enable financing for others;
- Repayment period is fixed up to 42 months.

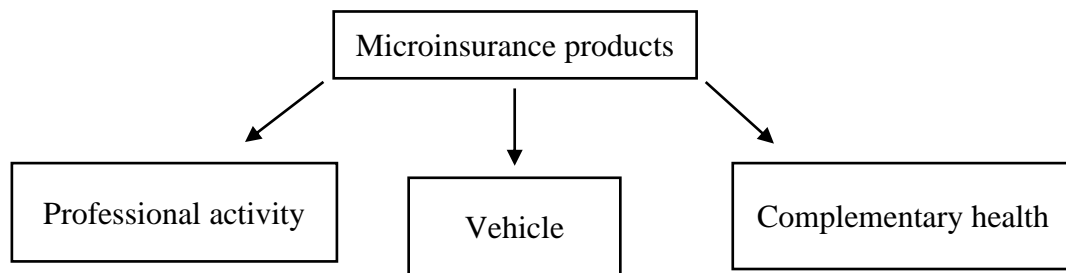
In terms of conditions, when we contrast them with the traditional conditions of the banks, we can claim that they are generally simple and affordable.

**4.3 ADIE Microinsurance Products:**

As we mentioned in the previous table, the ADIE association provides microinsurance products for the poor future micro entrepreneurs to cover their risks, these microinsurance products are granted by its partners which are the life and non-life insurance entities (AXA, ALLIANZ and VIASANTE – Mutual of the AG2R LA MONDIALE Group).

We can present the microinsurance products provided by the ADIE in the scheme below:

**Scheme 3.** Microinsurance products provided by ADIE.

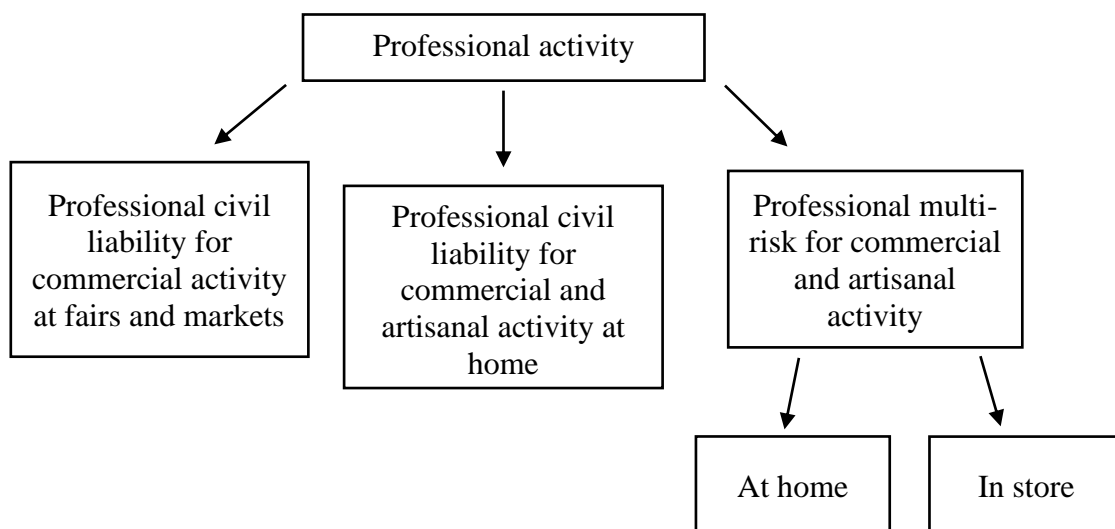


**Source:** Prepared by the researchers based on the ADIE website.

➤ **Professional activity:**

With the AXA partnership, the different microinsurance products to protect the professional activity are: (ADIE, To ensure my professional activity, 2024)

**Scheme 4.** Professional activity products provided by ADIE.



**Source:** Prepared by the researchers based on the ADIE website.

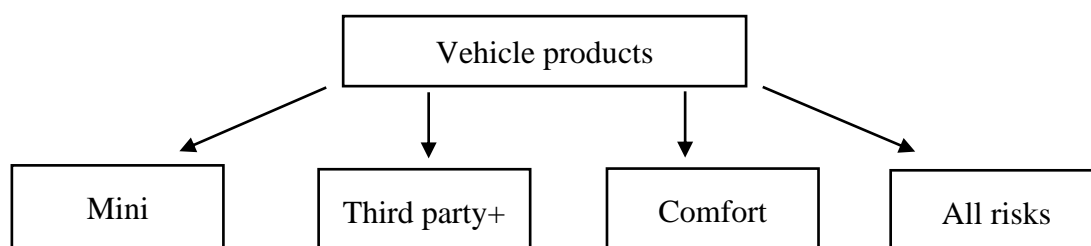
- **Professional civil liability for commercial activity at fairs and markets:** This product is designed and negotiated to protect the professional civil liability risk that can be occurred at fairs and markets by the employee or customer injuries, damages that may be caused by the marketed products, etc. The lawsuits and fines are in general costly and they will be reimbursed by the association due to AXA partnership, it covers the defense and the recourse costs by just paying 80 € per year.
- **Professional civil liability for commercial and artisanal activity at home:** This product is nearly identical to the previous one, it is created and negotiated to safeguard against potential professional civil liability risk that may arise at home following customer or employee injuries, potential marketed products damages, etc. Due to AXA partnership, which only requires an annual payment of 120 €, the association will reimburse defense and the recourse expenses associated with lawsuits and fines that are in general costly.
- **Professional multi-risk for commercial and artisanal activity at home:** In addition to the professional civil liability presented above, this product also includes protection of the assets against fire, explosion, water damage, electrical damage, theft, and the activity cessation for more than 15 days, after an accident, hospitalization and guaranteed claim, for 210 € per year.
- **Professional multi-risk for commercial and artisanal activity in store:** This product is like the previous one but in the case of exercising the activity outside in a store, it includes the same risks presented above in addition to broken glass for 330 € per year.

It should be noted that the microinsurance premiums presented above for the different options are reasonable, and the coverage conditions are simple comparing to the traditional insurance premiums and conditions.

➤ **Vehicle:**

With the ALLIANZ partnership, the different microinsurance products to protect the vehicle are shown below: (ADIE, To insure my vehicle, 2024)

**Scheme 5.** Vehicle products provided by ADIE.



**Source:** Prepared by the researchers based on the ADIE website.

- **Mini:** This product includes the following microinsurance guarantees: civil liability, defense and recourse, driver's personal guarantee, breakdown, accident and natural disasters.



- **Third party+:** In addition to the mini offer presented above; this product adds storms, attacks, fire, explosion, theft and broken glass microinsurance guarantees.
- **Comfort:** In addition to the third party+ offer presented above; this product adds collision damage warranty microinsurance guarantee.
- **All risks:** In addition to the comfort offer presented above, this product adds, as it is named, all accident damages warranty.

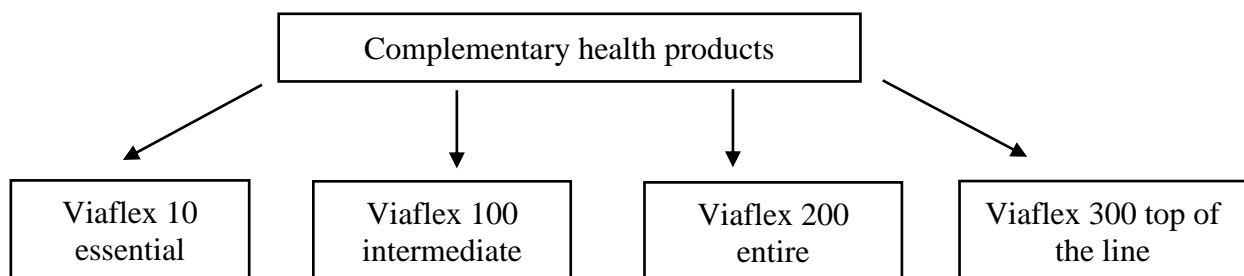
It should be noted that the insurance premiums are not fixed, they differ in relation to the power of the vehicle, its value, its age, etc. These products can be granted under some conditions:

- Having a driver's license;
- Be the owner of the vehicle or the spouse's one;
- The vehicle has a power of less than 10 fiscal horsepower;
- The vehicle costs less than 15 000 €.

➤ **Complementary health:**

With the VIASANTE partnership (Mutual of the AG2R LA MONDIALE Group), the different complementary health microinsurance products to protect the health of the micro entrepreneurs are shown below: (ADIE, To benefit from complementary health insurance, 2024)

**Scheme 6.** Complementary health products provided by ADIE.



**Source:** Prepared by the researchers based on the ADIE website.

- **Viaflex 10 essential:** This product includes 100 % reimbursement of expenses, all medication covered by social security, optical+ and dental+ coverages for 24,26 € per month for a single person aged 30.
- **Viaflex 100 intermediate:** In addition to the Viaflex 10 essential offer presented above, this product adds exceeding fees+, private room in the event of hospitalization+, self-medication and alternative medicine+, optics++ and dental++ for 32,52 € per month for a single person aged 30.
- **Viaflex 200 entire:** In addition to the Viaflex 100 intermediate offer presented above, this product adds the private room in the event of hospitalization++, self-medication and alternative medicine++, optics+++ and dental+++ for 44,52 € per month for a single person aged 30.

- **Viaflex 300 top of the line:** In addition to the Viaflex 200 entire offer presented above, this product adds exceeding fees++ and dental++++ for 54,21 € per month for a single person aged 30.

It should be noted that the insurance premiums are not fixed, they differ in relation to the age of the person, its general state of health, etc. The difference between +, ++, +++ and ++++ coverages could be explained by more advantages in term of limits, deductibles amounts and assistance.

## **5. CONCLUSION**

After presenting an overview of micro enterprises, the risks they face, the primary funding sources for starting a small business, and how the microinsurance industry protects these businesses from potential threats through products tailored to low-income individuals and micro entrepreneurs, we ultimately arrived at a conclusion that validates the study's hypothesis: The micro enterprises' pure risks can be protected by a specific microinsurance products provided by a financial institution.

We also discovered that the microinsurance is among the microfinance services tailored for individuals in poverty, particularly those excluded from traditional banking and insurance systems, by providing various credits and microinsurance products. Microfinance institutions like ADIE aim to empower these individuals to become future micro entrepreneurs and protect their activities at affordable prices.

The most important results of the study are shown below:

- Micro enterprises represent the start of new projects in the society, and they play a crucial role in economic development by creating jobs;
- Micro enterprises are threatened by many types of risks that can affect their development and sustainability;
- Microinsurance products are designed specifically to cover the micro enterprises against risks;
- There are many differences between the traditional insurance and the microinsurance products especially the coverage conditions and premiums amounts;
- The ADIE association, as a financial institution, offers many micro credits and microinsurance products destined to the micro entrepreneurs;
- The ADIE association has helped numerous micro entrepreneurs to succeed in their various projects.

From the reached results, the most important recommendations can be presented as follows:

- For a better support of the micro enterprises, governments should take in consideration more creation of microfinance institutions around the world;

- The ADIE association, in addition of the complementary health coverages, should propose other types of microinsurance products to cover the micro entrepreneurs against death and illness risks;
- The ADIE association should keep their microinsurance offers up to date according to the evolution of the risks that can be covered;
- More partnerships should be signed between the ADIE and the life/non-life entities (companies and mutuals) for more microinsurance offers.

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