

## Leapfrog reaches halfway to \$100m target

**The pioneering microinsurance fund has garnered \$50m from the likes of the European Investment Bank and Dutch development finance company FMO. The fund will invest in developing countries in Africa and Asia.**

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Leapfrog Investments, the first private equity firm to focus solely on investments in microinsurance, has reached the halfway mark on its debut fund. Investors committed to the fund so far include the European Investment Bank (EIB) and Dutch development finance company The Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO).

A \$50 million first close for the fund is scheduled for mid-March.



*Developing nations:  
underserved by financial  
products*

The fund has been well received by investors, UK-based Leapfrog partner Jim Roth said in an interview. "People have realised this is a big opportunity and many investors want to be the first in," he said, adding that the relatively uncorrelated returns from microfinance investments were also proving attractive to institutions.

The fund will make between eight and 10 investments of \$5 million to \$10 million each in Asia and Africa. The microinsurance industry gives low-income people and businesses access to insurance products, typically in developing countries. The market for microinsurance is estimated at around 1 billion people, only 3 percent of whom currently have access to insurance, according to a report from specialist consultancy The Microinsurance Centre.

Leapfrog's is the first vehicle to focus on this area. Plutarchos Sakellaris, vice president at the EIB, said his organisation's commitment of \$20 million was "the Bank's first ever involvement in a microinsurance fund and we are confident that similar successful operations will follow".

"The fund will play an important role in developing the highly underserved micro-insurance segment," said Gert-Jan Monster, private equity investment officer for the FMO.

Logical targets for microinsurance investment are South Africa, India, Pakistan, Nigeria, Uganda, Kenya, Indonesia and the Philippines.

LeapFrog has three different investment strategies it plans to pursue. The first is to invest in existing microinsurance companies. The second is to form a joint venture with existing companies with large distribution networks and help them add microinsurance offerings to their operations. The third approach is to work with larger insurers in the markets to add products for low-income people.

Leapfrog's fundraising received a fillip in September when former US President Bill Clinton formally launched the fund in front of 1200 global leaders and 1000 press at the Clinton Global Initiative annual meeting.

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