



Mobile Platforms for Distributing Insurance

Peter Gross
Regional Director - Africa
MicroEnsure

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Today's Agenda

- Introduction and Overview: Mobile Insurance in Africa
- MicroEnsure Experience
- Mobile Insurance - Demand and Supply
- Mobile Insurance - Three Loyalty-Based Examples
- Conclusion: Realizing the Potential of Microinsurance



Introduction and Overview: Mobile Insurance in Africa

Microinsurance: Growth in Africa

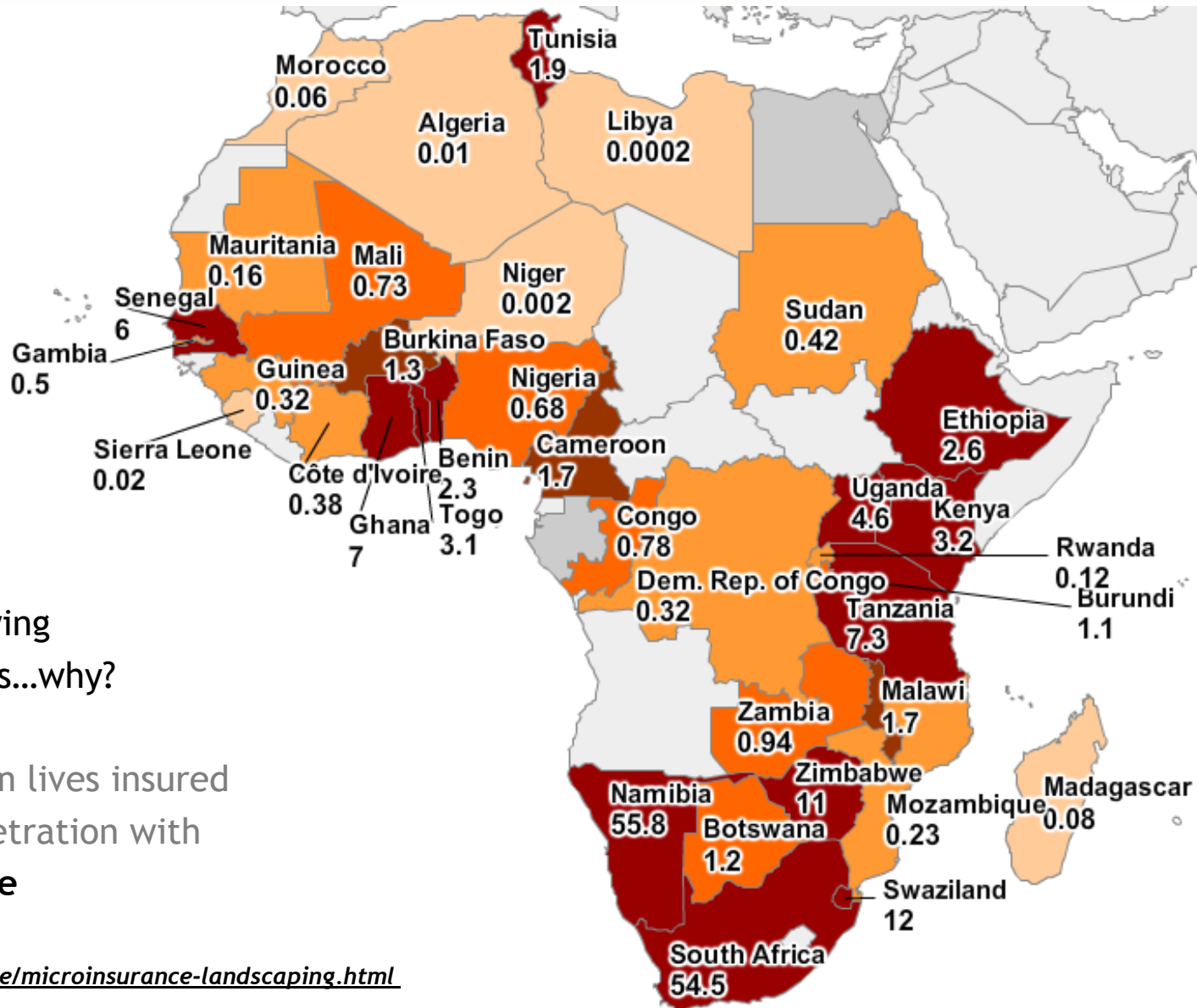
Growth in Africa
2010-2012: 200%

Tanzania: 7.3%
Namibia: 55.8%
Zimbabwe: 11%

Zambia: 0.94%...

Some markets are growing
much faster than others...why?

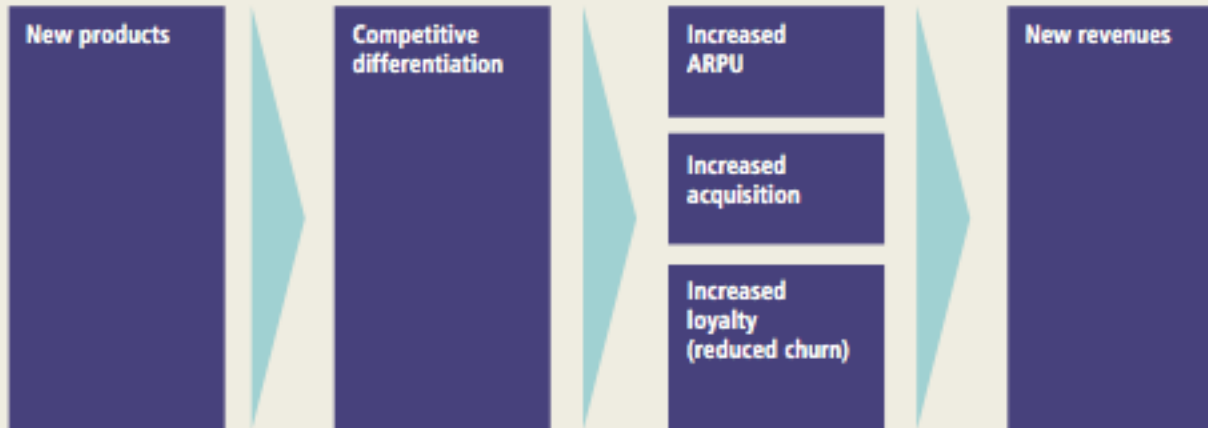
8 of 9 markets with >1m lives insured
have reached that penetration with
mobile micro insurance



Source: www.mfw4a.org/insurance/microinsurance-landscaping.html

Mobile Insurance Overview - Africa

Mobile operators



Insurers



Source: GSMA

MTN:

Cote d'Ivoire
Ghana
Zambia

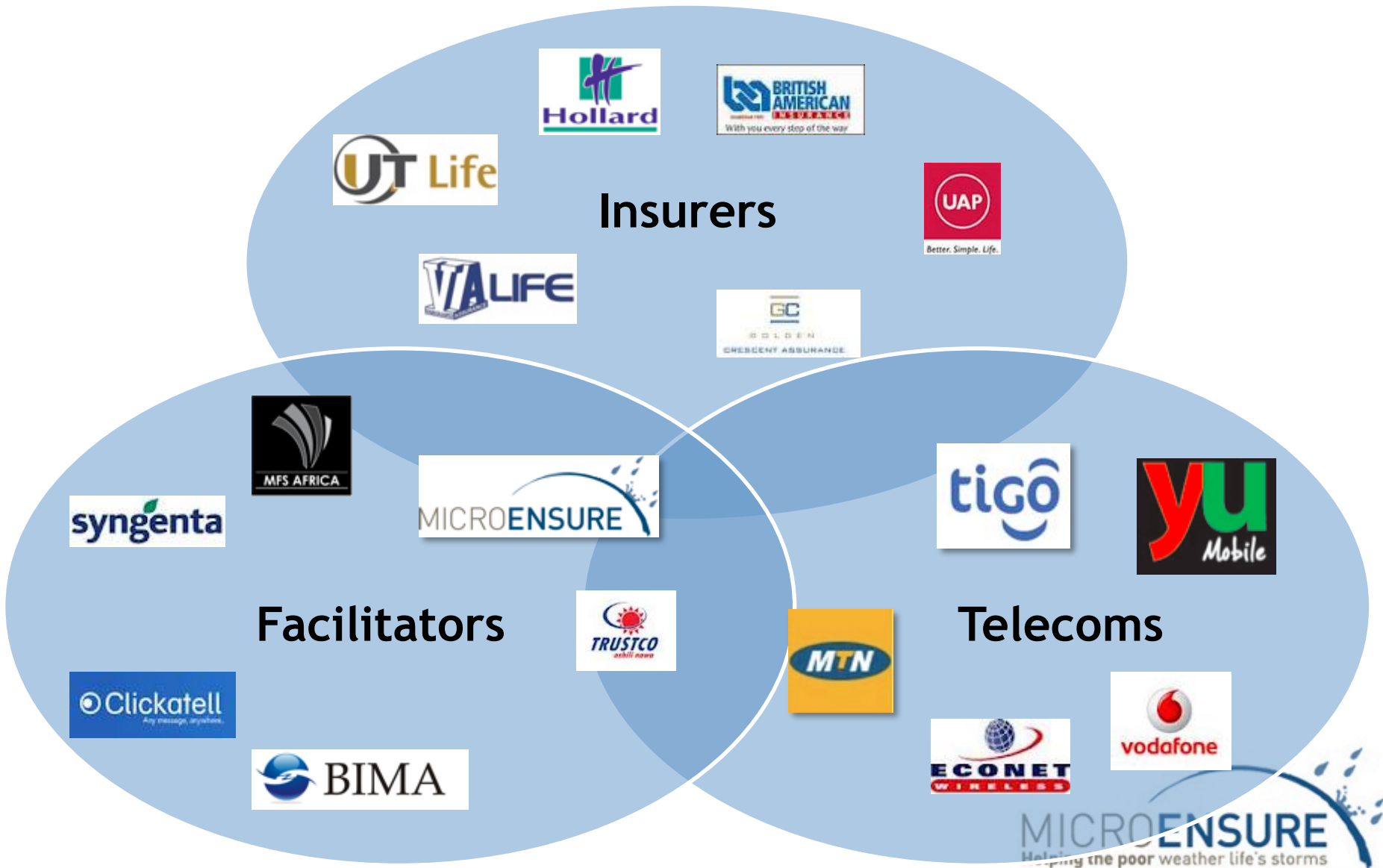
Tigo:

Ghana
Tanzania
Senegal
Mauritius

Vodafone:

South Africa
Tanzania

Mobile Insurance Organisations in Africa




Mobile Insurance - Taking Off?...

Tigo Family Care Insurance
Special promotion

Xtra-Life

Get **DOUBLE** insurance for only **5Gp/day** or GHCT per month with Xtra-Life



Use more Tigo. Get more Insurance.

5Gp per day introductory offer for a limited time – only for subscribers that sign up before 10th January 2012.

tigo



MTN Life after Life
Providing you assurance that your family will receive support when you are no longer there.

MTN
everywhere you go

Protect you and your family with



tigo bima

Life & Hospitalisation Insurance



mi life
mobile insurance



Life Insurance for Everyone

MICROENSURE
Helping the poor weather life's storms

Golden Life Assurance Co. Ltd **MTN**

...Or Stuck on the Runway?

SalamaSure
Personal Accident Cover.
Dial *827# on your Safaricom line. Simple.

It's my life

Better. Simple. Life.

Dial
***525#**

Imeletwa kwako na:

With you every step of the way

Ikishirikiana na:

Terms & Conditions Apply

Unimobile
Use Airtel Money & Enjoy Free Life Insurance

BENEFITS

- Free Life Insurance cover for you & your loved ones up to Sh. 1,000,000.
- Ease of transferring money from one identification to another.
- Money transfer to your family and friends.
- Money transfer to pay your suppliers for business transactions.
- Receipt and fund payments via Airtel Money.

www.cic.co.ke

CIC M-BIMA

Your Insurance Premium has been received thank you.

MICROENSURE
Helping the poor weather life's storms



MicroEnsure Experience

Introduction to MicroEnsure

MicroEnsure is the world's first and largest company dedicated to serving the mass market with insurance.

➤ Fastest-growing insurance organisation in Africa, by outreach:
100,000 to 3,000,000 African clients in 24 months

➤ Track record of innovation:

➤ Winner of 2009, 2011 FT/IFC Sustainable Finance Award

➤ “One of Africa’s 20 Most Innovative Companies - 2012”
Financial Technology Africa Magazine

➤ “One of Five Development Innovations to Watch in 2013”
US Council on Foreign Relations

➤ Investors: IFC, Omidyar Foundation,
Telenor, Opportunity International



MicroEnsure Partners

MOBILE



BANKING

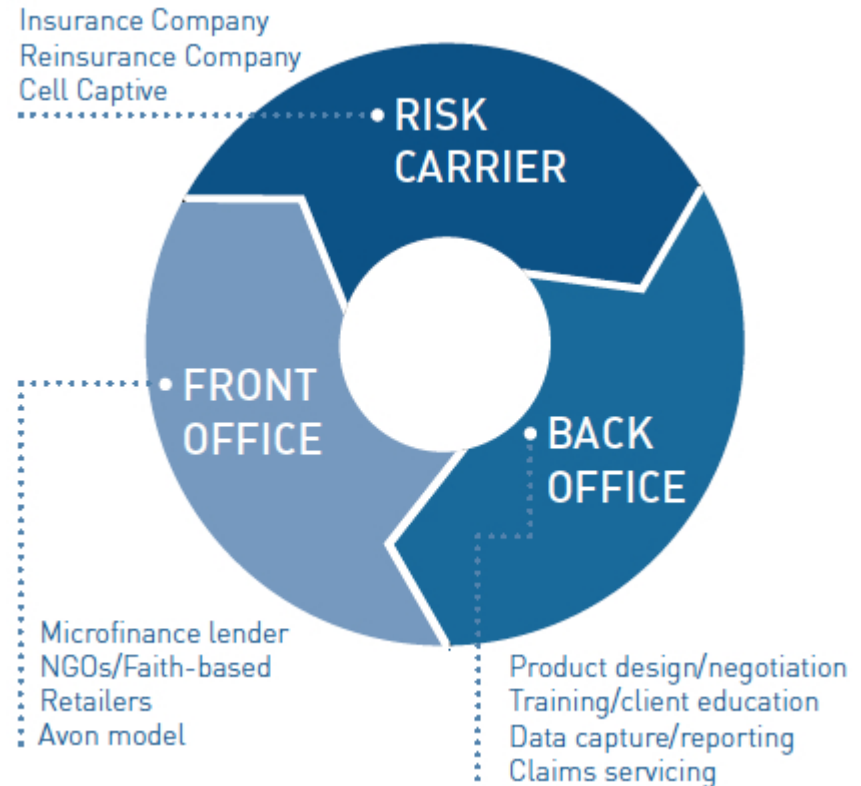


INSURANCE



MicroEnsure Business Model

- Insurance Delivery for the Poor
 - What **risks** do the poor face?
 - How can they be protected from those risks in a **sustainable** way?
 - What are the best delivery channels to serve the **largest** number of people?
- Back Office Services
 - Designing suitable **products** / **processes**
 - Making the **business case** to distribution channels
 - Reducing Operating Expense to make insurance **affordable** for the poor
 - Full policy **administration**
 - **Training** and client **education**
 - Customer service & **claims** administration



MicroEnsure - Mobile Insurance



Mobile Insurance - Demand and Supply

Do Low-Income People Want Insurance?

Middle/Upper Income Clients:

Use savings

Raise money from community

Work an extra (temporary) job

Use insurance via employer

Take on low-interest debt

Low-Income Clients:

Move from city back to village

Remove children from school

Change to lower-paid/degrading work

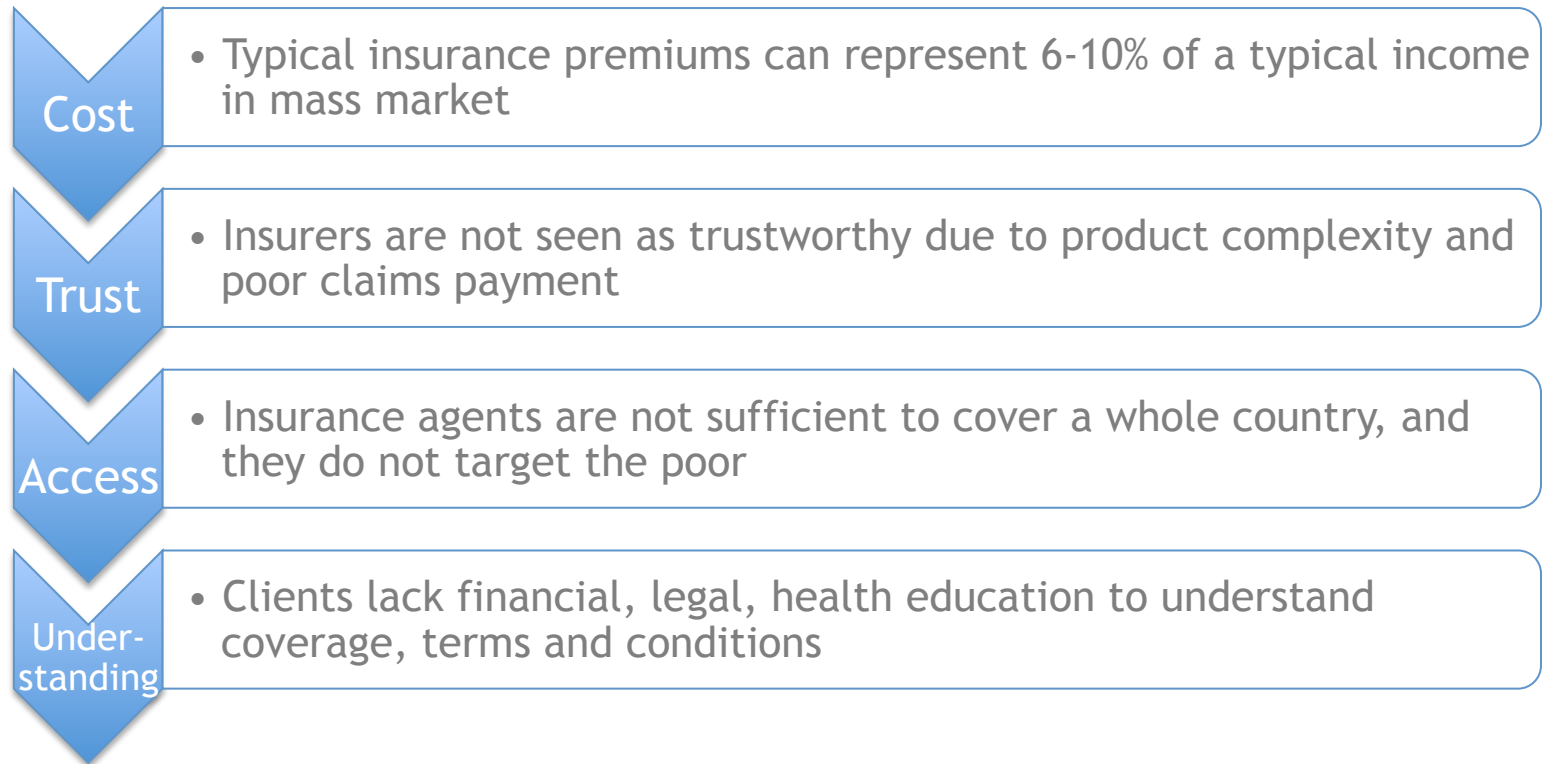
Sell household goods or assets

Take on high-interest debt

- The poor face more risk than any other population; they may not know about insurance, but they live with a variety of risks on a daily basis
- The poor have many insurance “policies” today: assets, informal loans, various savings spots, coping strategies
- The job of micro insurers is to offer more efficient risk mitigation tools, which are simple, accessible, valuable and reliable

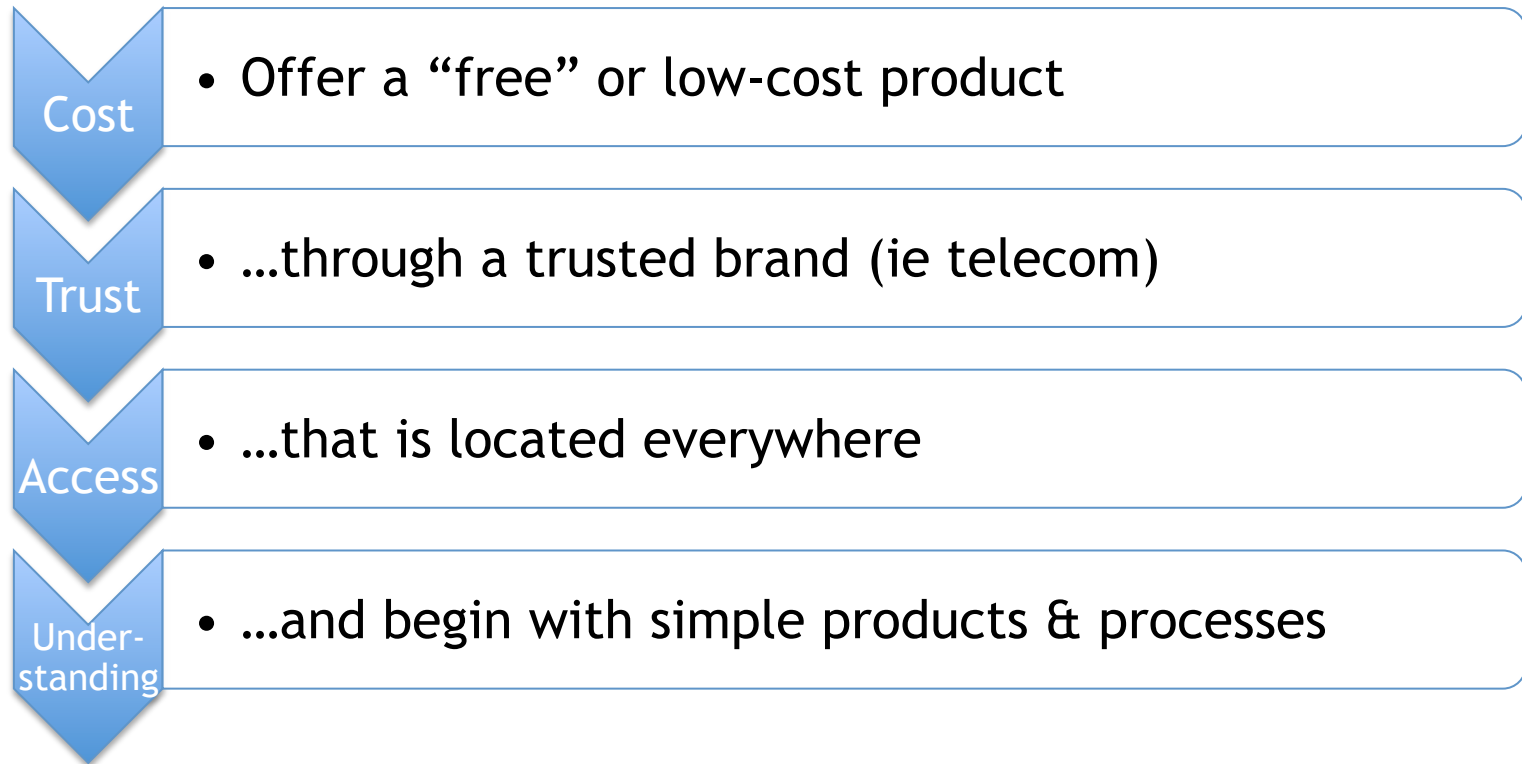
Demand for Insurance

Why low-income Zambians do not have insurance today:



Demand for Insurance

How mobile insurance overcomes these demand challenges:

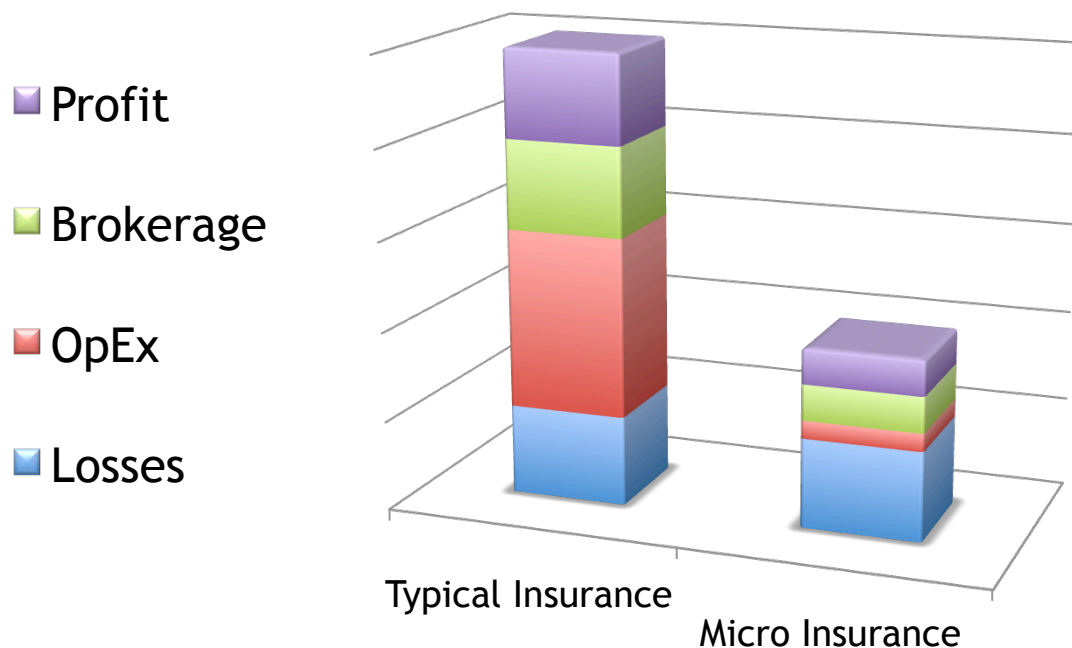


Consumers may not wake up looking to buy insurance, but they do wake up worried about risk...

Mobile Insurance Demand: Anecdotes from the Field

- A chief of a rural village **hired a coach** to bring his people to sign up for insurance
- Customer in Ghana: “**Thank you Lord** for blessing us with this; I never dreamed I would have insurance!”
- M-Insurance in Ghana, Senegal, Namibia, Zimbabwe has more than **doubled the insured population** in the country within 12 months, compared 40 years of typical insurance via 20 companies
- **94%** of Tigo insurance customers in Ghana can explain the product
- **61%** of Tigo insurance customers in Ghana chose the highest satisfaction level out of five options
- **42%** of the Ghanaian public knows about the Tigo product
- Telecom: “**Insurance** will be core for us, **like ringtones.**”

Supply-Side Considerations



The cost of delivery and operations puts many micro insurance products outside mass market reach.

Core Problem:

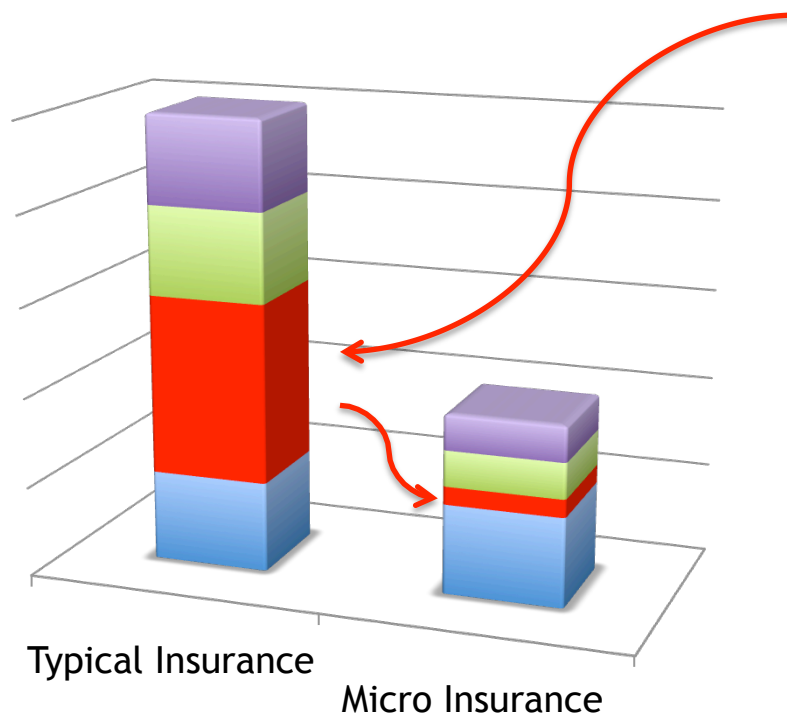
How do you offer insurance to people that **face more risk** and **can't afford to pay** the same premium?

Solution:

Reduce Complexity
Reduce Expenses
Reach Scale Quickly

Supply-Side Considerations

- Profit
- Brokerage
- OpEx
- Losses



Reducing OpEx:

- Pricing
- Product Design
- Training
- Marketing
- Policy Administration
- Loss Adjustment
- Underwriting
- Reinsurance
- Policy Reporting
- Claims Processing
- No Excess “Costs”

Revenue per policy is lower, but microinsurance **creates markets** for current and future growth opportunities.

Mobile Insurance Supply - A Problem of Perspective?

Insurers are used to winning business with relationships;
Telecoms are used to sophisticated business cases

Insurers think in hundreds or thousands of customers;
Telecoms think in hundreds *of* thousands of customers

Insurers usually launch 2 or 3 new products per year;
Telecoms usually launch 100+ new products per year

Insurers see the low-income market as difficult to serve;
Telecoms see the low-income market as ideal to serve

Insurers are worried about fraud and anti-selection;
Telecoms are worried about talk radio and competition



Mobile Insurance - Three Loyalty-Based Examples

Example 1 - Tigo Insurance

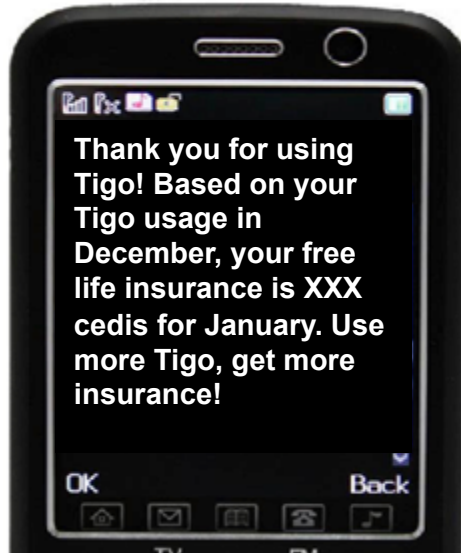
Use at least this much Tigo airtime in a month...

...get this much life insurance for you and a family member - for free!

Gh¢5	Gh¢200
Gh¢10	Gh¢400
Gh¢15	Gh¢600
Gh¢25	Gh¢800
Gh¢40	Gh¢1000

Tigo Family Care Insurance
means that if you or your registered family member were to pass away, your family will receive an amount of money based on your Tigo airtime usage during the previous month.
Cover is renewable monthly, it does not accumulate.

Tigo Ghana,
Tanzania,
Senegal



Life insurance - FREE to Tigo subscribers

Cover based on monthly airtime usage

Covers subscriber and one family member

Churn reduction and ARPU + paid for product

Named "Most Innovative Mobile Product" 2012

1 million lives assured within 14 months

Example 1 - Tigo Insurance

How does Tigo Family Care Insurance work?

- 1 Sign up for Tigo Family Care Insurance – it's free! Tigo will give free insurance for you and one family member that you register. Insured must be in good health and between 18-69 years of age.
- 2 Show this brochure to your family so they know you have Tigo Family Care Insurance.
- 3 You will receive an SMS each month to inform you how much insurance cover you have earned based on your Tigo usage the previous month.
- 4 The insurance cover you earn lasts for one month and is renewed every month depending on your Tigo airtime usage. Use more Tigo get more Insurance!

If an insured person passes away



SMS "CLAIM" to 027 2000 007.

A friendly MicroEnsure agent will call to help you.



Product Features

- No enrolment form or claim form
- No waiting period or medical examination
- No proof of relationship requirement, no ID numbers at enrolment (depending on market)
- No exclusions for HIV/AIDS, pre-existing conditions
- Easy, customer-centric claims process (1,200 claims paid)
- Loss ratios stable due to large volumes, low sums assured
- Clients see value for money through claims marketing

Stage 2: Xtra Life

- Current subscribers can double their free insurance by paying GHS 1.30 (US\$0.65) per month from airtime
- 400,000 have purchased paid products; uptake much higher after prior sensitization through "free" insurance
- Sales via SMS and USSD menu lowers cost



Example 2 - yuCover Kenya



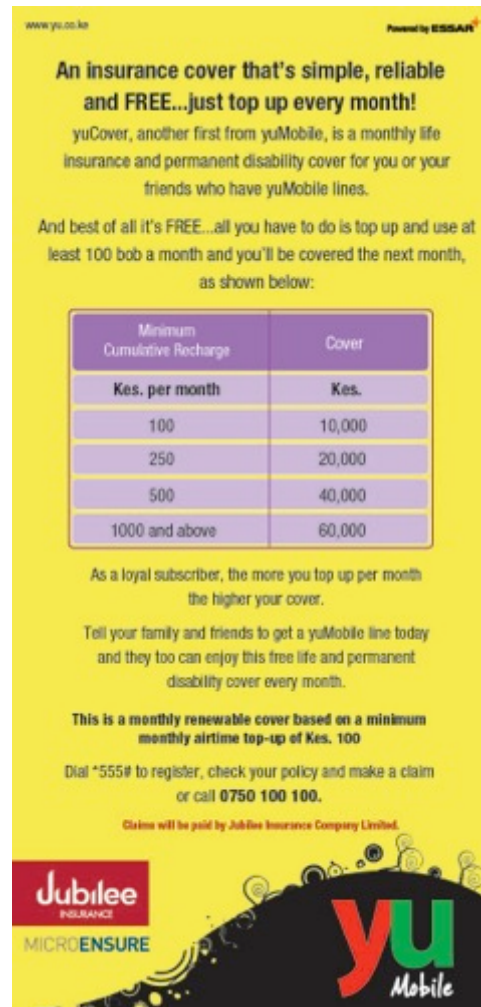
www.yu.co.ke Powered by ESSAF

yuCover

Life insurance for you from yu!

Dial *555# and be covered every month.

Jubilee INSURANCE MICROENSURE yu Mobile



www.yu.co.ke Powered by ESSAF

An insurance cover that's simple, reliable and FREE...just top up every month!

yuCover, another first from yuMobile, is a monthly life insurance and permanent disability cover for you or your friends who have yuMobile lines.

And best of all it's FREE...all you have to do is top up and use at least 100 bob a month and you'll be covered the next month, as shown below:

Minimum Cumulative Recharge	Cover
Kes. per month	Kes.
100	10,000
250	20,000
500	40,000
1000 and above	60,000

As a loyal subscriber, the more you top up per month the higher your cover.

Tell your family and friends to get a yuMobile line today and they too can enjoy this free life and permanent disability cover every month.

This is a monthly renewable cover based on a minimum monthly airtime top-up of Kes. 100

Dial *555# to register, check your policy and make a claim or call 0750 100 100.

Claims will be paid by Jubilee Insurance Company Limited.

Jubilee INSURANCE MICROENSURE yu Mobile

Life & Disability Cover - free to registrants

Sold directly via USSD menu, not agents

Covers subscriber only, launched Oct 2012

Churn reduction and ARPU + very strong

yuMobile has prioritised as a top initiative

Stage 2: will add hospitalisation cash cover

yuMobile: "The most successful product we have ever launched for ARPU and loyalty"

Example 3 - Ecolife Zimbabwe



- **1 million subscribers purchased in 9 months**
 - *Demonstrated demand for insurance*
- **But: product features were a problem**
 - *Complicated purchase process, 12-page brochure*
 - *Subscribers not aware of cover amount*
 - *Constant '3111' messages led to critical Facebook group with 8,000 members*
 - *6-month waiting period led to loss ratio of only 0.9%*
- **And partnership value wasn't shared equally**
 - *Trustco charged \$1.11 per user per month for insurance product - 25% of African telecom revenue*
 - *Trustco & EcoNet went to court July 2011*
 - *EcoLife canceled by EcoNet in February 2012*



Conclusion: Realizing the Potential of Mobile Insurance

How to Pitch a Telecom

How is the Chief Marketing Officer's annual bonus determined?

Revenue

- Acquire new customers
- Sell more widgets
- Achieve higher per ticket sales
- Up-sell products

Footfall

- Increase transactions per customer
- Increase store visits per month
- Cross-sell new products and services

Loyalty

- Reduce churn
- Consolidate spending
- Build brand
- Enhance trust
- Show social responsibility

Tip: This is not traditional affinity insurance - it's placing insurance at the front of a product as a marketing tool.

How to Pitch a Telecom

Craft the Business Case:

1. Understand telecom customer segmentation and targets
2. Identify likely customer penetration per ATL and/or BTL Marketing
3. Identify revenue sources for telecom: commissions/fees, ARPU, churn
4. Factor in VAT charges as well as any statutory fees/taxes
5. Identify expenses for telecom: marketing, technical development
6. Demonstrate insurer income, operating costs, claims costs
7. Distribute underwriting profit: 50/50 is a good deal for the insurer

Tip: Don't hide any costs – they will ask about where every penny goes, and you must be able to account for it to earn their business.

How to Pitch a Telecom

Telecom Type	Internal Goals	Stage 1 Product	Stage 2 Product
Recent Entrant	Establish the brand, steal customers	Embedded Product	Free Product Enhancement
Up-and-Comer	Beat the market leader at all costs	Embedded Product	Paid-for Product Enhancement
Big Spender	Make a splash, leap quickly to top of heap	Large, Benefit-Rich Embedded Product	Subscription Product w/ ATL Marketing
Embattled Competitor	Reduce churn, change direction	Subscription Product with In-Life Benefits	Reward for loyal customers only
Market Leader	Diversify income, reduce churn, innovate	Simple Subscription Product	Offerings targeted to customer type

Internal Capability Review

Test operations for scale, or find scalable partners:



Can we serve 5 million customers in each of these stages? If we can't, who can?

Can technology help us to do any of these things faster and cheaper?

Internal Capability Review

Brand & Sales

- Use the aggregator's brand - minimise yours & you will earn more
- Share marketing costs to ensure aggregator commitment
- Focus on marketing claims stories of low-income claimants: use word of mouth as advantage

Human Resources

- Find personnel who know the channel - their vision, business model, ethos, etc.
- Hire marketers from Vodafone, Unilever, Coca-Cola to understand mass market
- Invest in training events for companies that demonstrate mass-market success in *any* industry

Under-writing

- Open the door wide at first; word of mouth must be an asset,
- Short term products to protect yourself...allow to modify over time
- Expect loss ratios of 45-65% - you are competing with the mattress!

Claims

- Be prepared to pay thousands of claims, **fast** - eliminate bureaucracy
- Ensure document requirements are widely accessible for all citizens
- "Audit the second claim" and build robust trend analysis system

Executive

- Understand the key risk: not fraud but talk radio
- Share the value - and demonstrate to the aggregator that they are getting it
- Prepare for medium-term results: incentivize staff on # of policies as well as profits

Internal Capability Review

Process Notes for Mobile Insurance

- Consolidate the policy wording, terms & conditions onto 1-2 pages
- Eliminate any important word that a 12-year-old doesn't understand
- Consider alternatives to “wet” signatures: may involve regulators

Claims:

- Accept documents that are accessible & meaningful in rural contexts
- Audit the *second* claim (that looks out of sorts) and do trend analysis
- Be proactive, accessible, and helpful in claims processing: incentivize claims officers on how fast claims are paid from event to payment
- Start the clock when the event occurs, not when documents received
- Measure the customer's full experience from event to receipt of cash
- Accept digital documents for speed (but protect right to hard copy)

Keeping and Growing the Partnership

Stage 1: Simple Life/Accident

Market Creation

(6-12 Months)

Start with “free” loyalty product to generate fast uptake and introduce customers to insurance

Stage 2: More Complex; Hospi-Cash/Education Fees

Market Development

(9-24 Months)

Respond to demand for more product offerings as insurance scales up

Stage 3: Mine the database

Full Service Provision

(18-36 Months)

Target customers with data: telecom now the customer's insurance provider of choice for all risks

Maintain client value by connecting to business intelligence or analyst departments in telecom: conduct market research, analyze loss ratios, and make revisions where necessary

Conclusion



Thank You

Peter Gross

Regional Director, Africa

MicroEnsure

Phone: +254 786 499 100

peter.gross@microensure.com