



# Microinsurance

The untapped opportunity; global and local experiences

# About FSDZ and Microinsurance Master



# Presentation Content

Business Case of  
Inclusive Insurance

01

Drivers of inclusivity  
and business growth

02

Business  
Strategies

03

Lessons  
learned

04



#### Latin America and the Caribbean

**7.89%**

Total microinsurance coverage ratio

48,576,627 lives insured

Year: 2013

#### Africa

**5.43%**

Total microinsurance coverage ratio

61,760,322 lives insured

Year: 2014

#### Asia and Oceania

**4.33%**

Total microinsurance coverage ratio

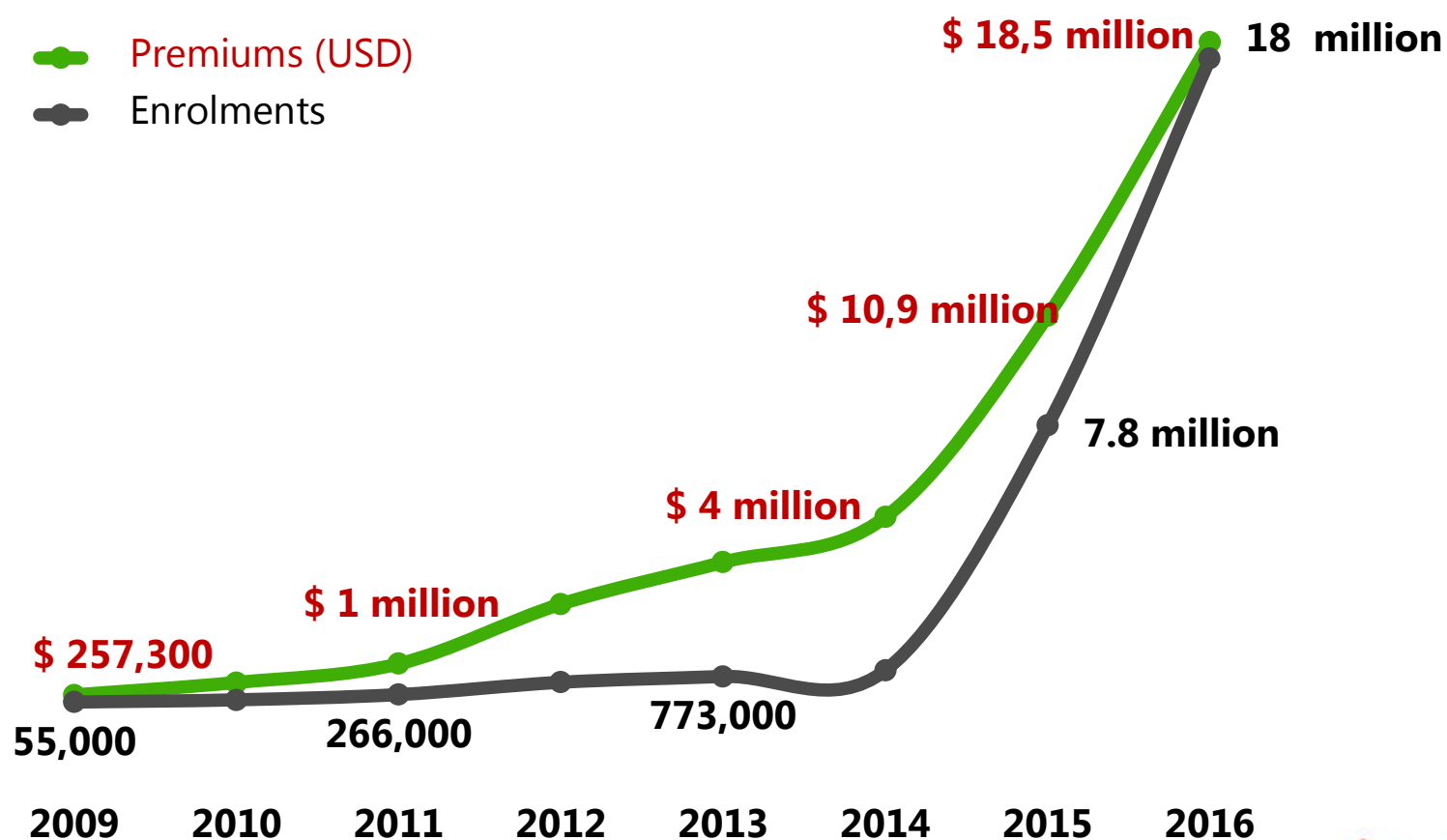
170,392,520 lives insured

Year: 2012

**Microinsurance is not only about  
doing good.  
If done well, it is also good for the  
bottom line**

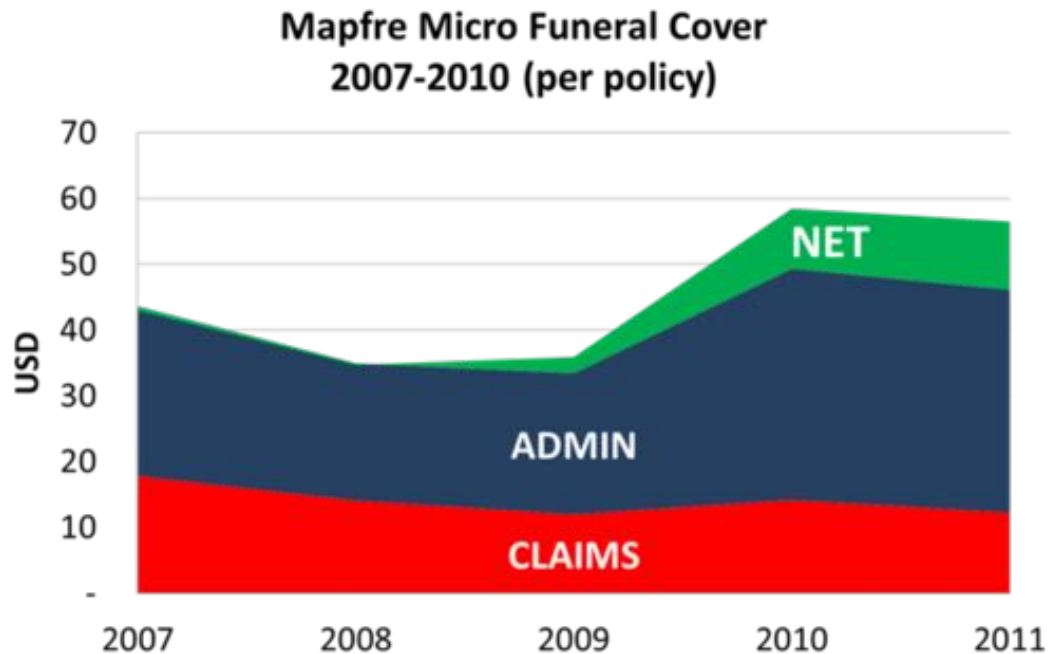
**Is it possible to achieve the balance  
between business viability and client  
value?**

# Pioneer Microinsurance

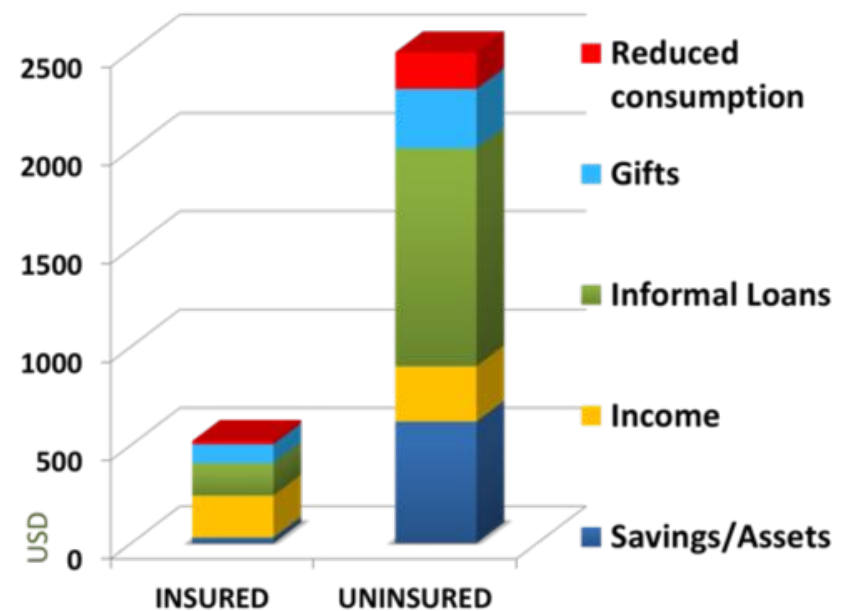


# Funeral insurance by Mapfre Colombia

## Business case

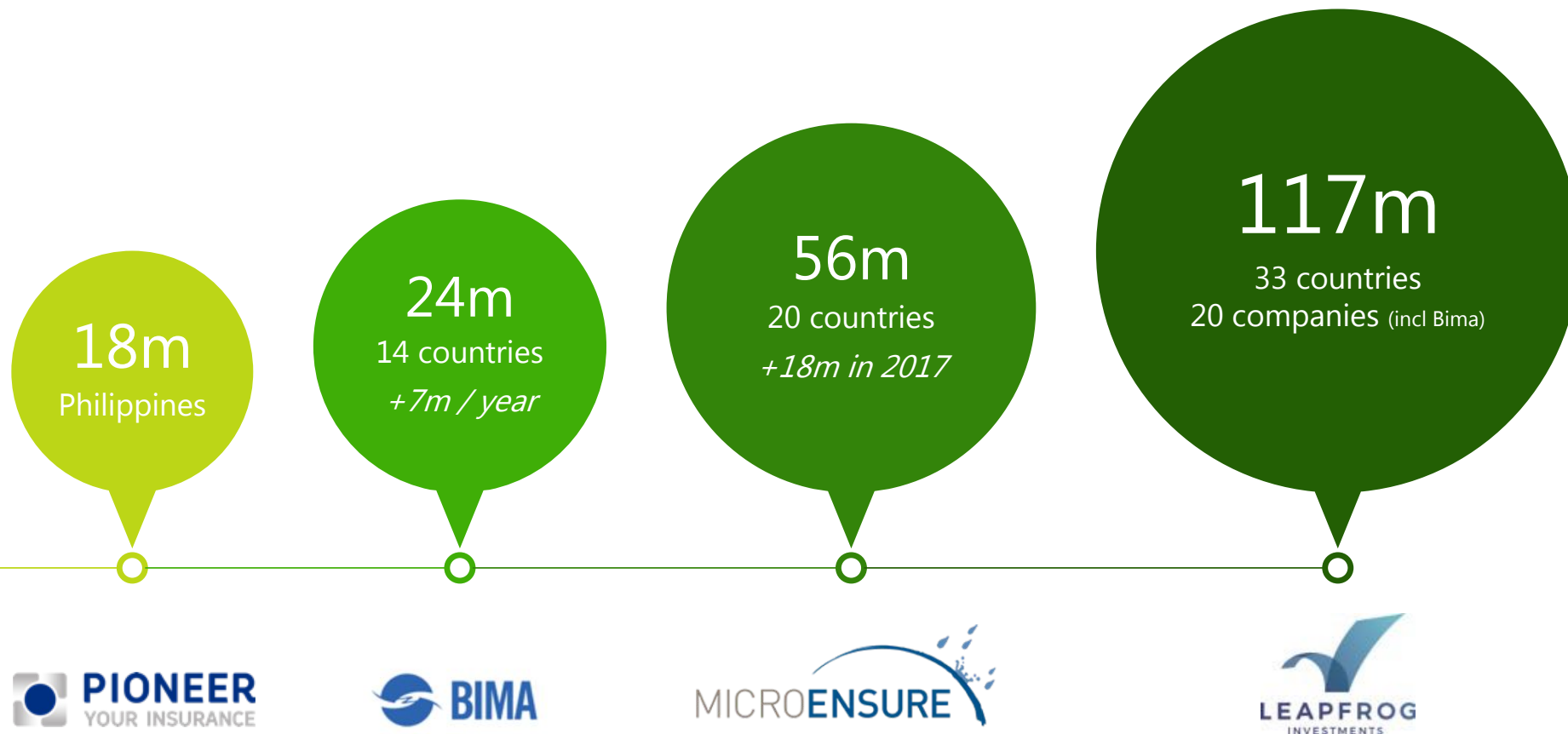


## Client Value





# Microinsurance Masters in 2017



**What type of investors are required  
for inclusive insurance?**

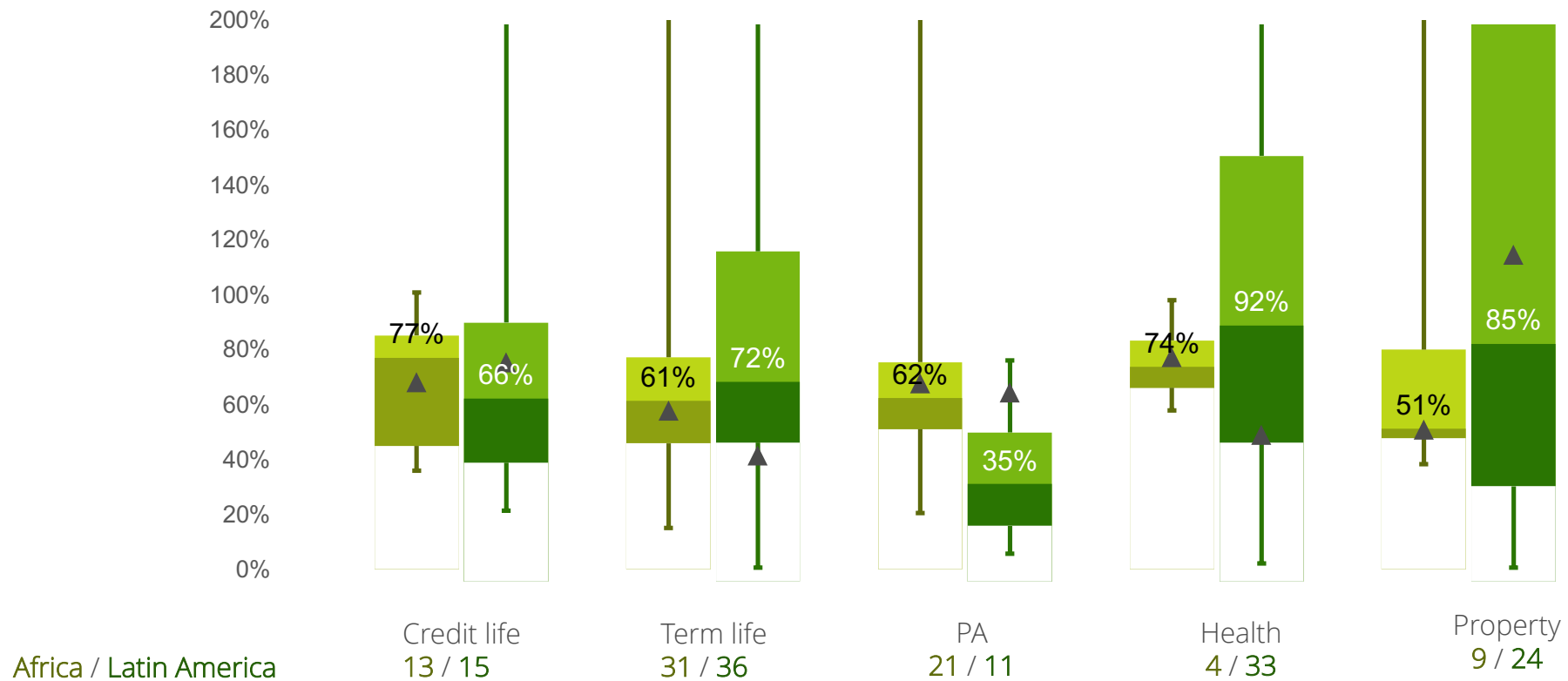
Investors with long-term  
investment perspective

**Does inclusive insurance have a  
positive impact on clients?**




Evidence affirms 'yes'

# Combined Ratio

Latin America 2014 & Africa 2015



# Evidence from impact studies

			
Lower out-of-pocket expenses	15		5
Less burdensome risk coping	12		
Higher investments and production		10	
Access to health service		7	
Utilisation of health services	14		3
Improved health		10	4

**What type of CEOs and Insurance professionals can drive inclusive insurance?**

**Innovators with customer  
centricity DNA**

"You have be  
passionate and  
crazy to drive  
microinsurance"

Lorenzo Chan, CEO  
Pioneer, Philipines





August 2, 2017

May 30, 2017

# CARD Pioneer Microinsurance Inc.

By Atty. Dennis B. Funa • MAY 30, 2017



Atty. Dennis B. Funa  
**INSURANCE FORUM**

CARD Pioneer Microinsurance Inc. (CPMI) is not only a leader in nonlife microinsurance, it is, in fact, the very first microinsurance company in the Philippines.

**BusinessMirror**  
A broader look at today's business



The Insurance Commission has cited the **Pioneer group of insurance companies** as among the top non-life and life microinsurance players with the highest premium production and the most number of lives covered in the first quarter of 2017.



Insurance Commission  
Press Release  
August 2, 2017

# Profitability or Sustainability?



“To stay innovative and really challenge how insurance has been sold in the past, it’s important to look at things with fresh eyes, and I think that’s been one of our key success factors.

Gustaf Agartson, CEO Bima



"We focus on getting numbers that matter; it is easy to attract a million clients and lose them over night"



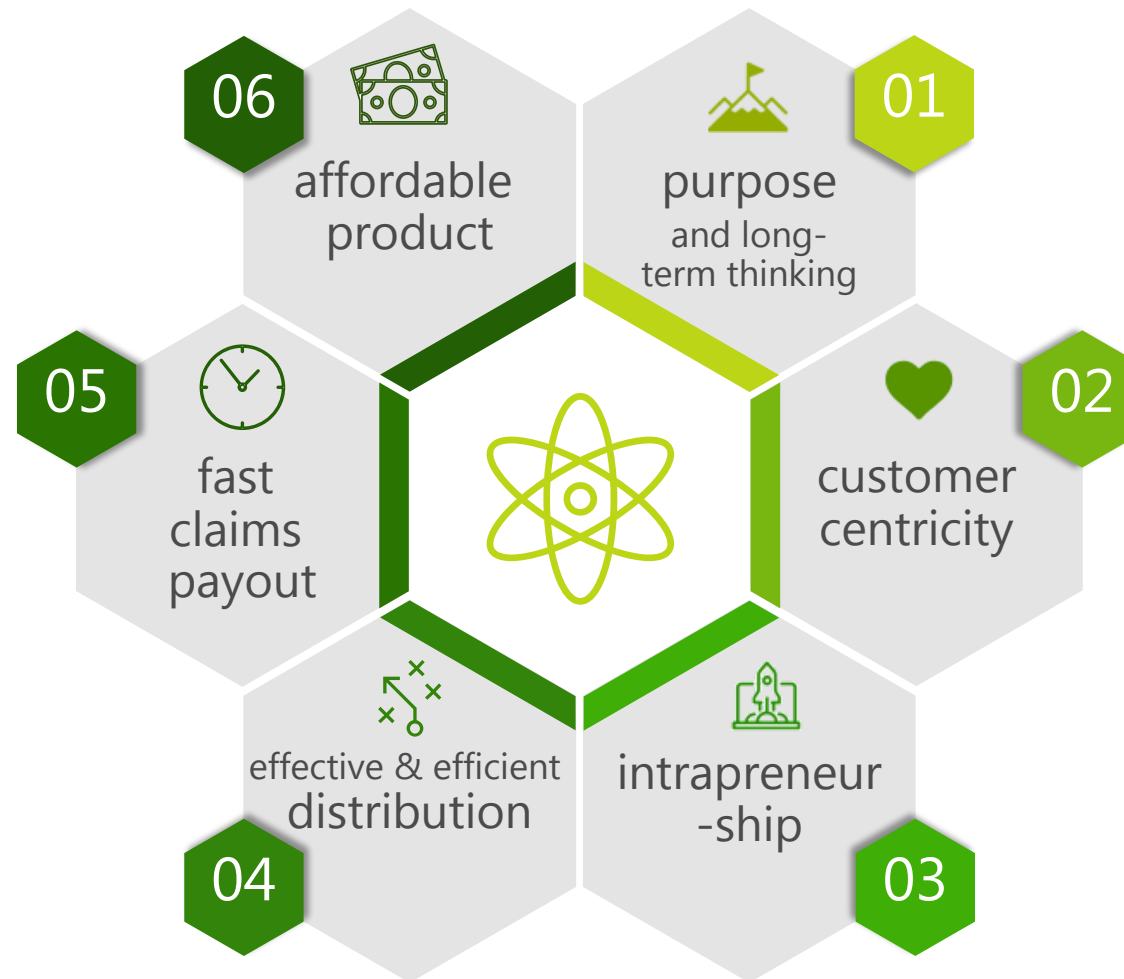
Mandla Shezi, MD  
Hollard, South Africa



A diverse group of people, including men and women of various ages and ethnicities, are shown in a celebratory mood. They are cheering, clapping, and raising their hands in the air. The image is overlaid with a green tint. The text "Microinsurance success factors" is written in white, bold, sans-serif font across the center of the image.

# Microinsurance success factors

# Inclusive (micro)insurance success factors





purpose  
long-term thinking

01

# The strategic pyramid



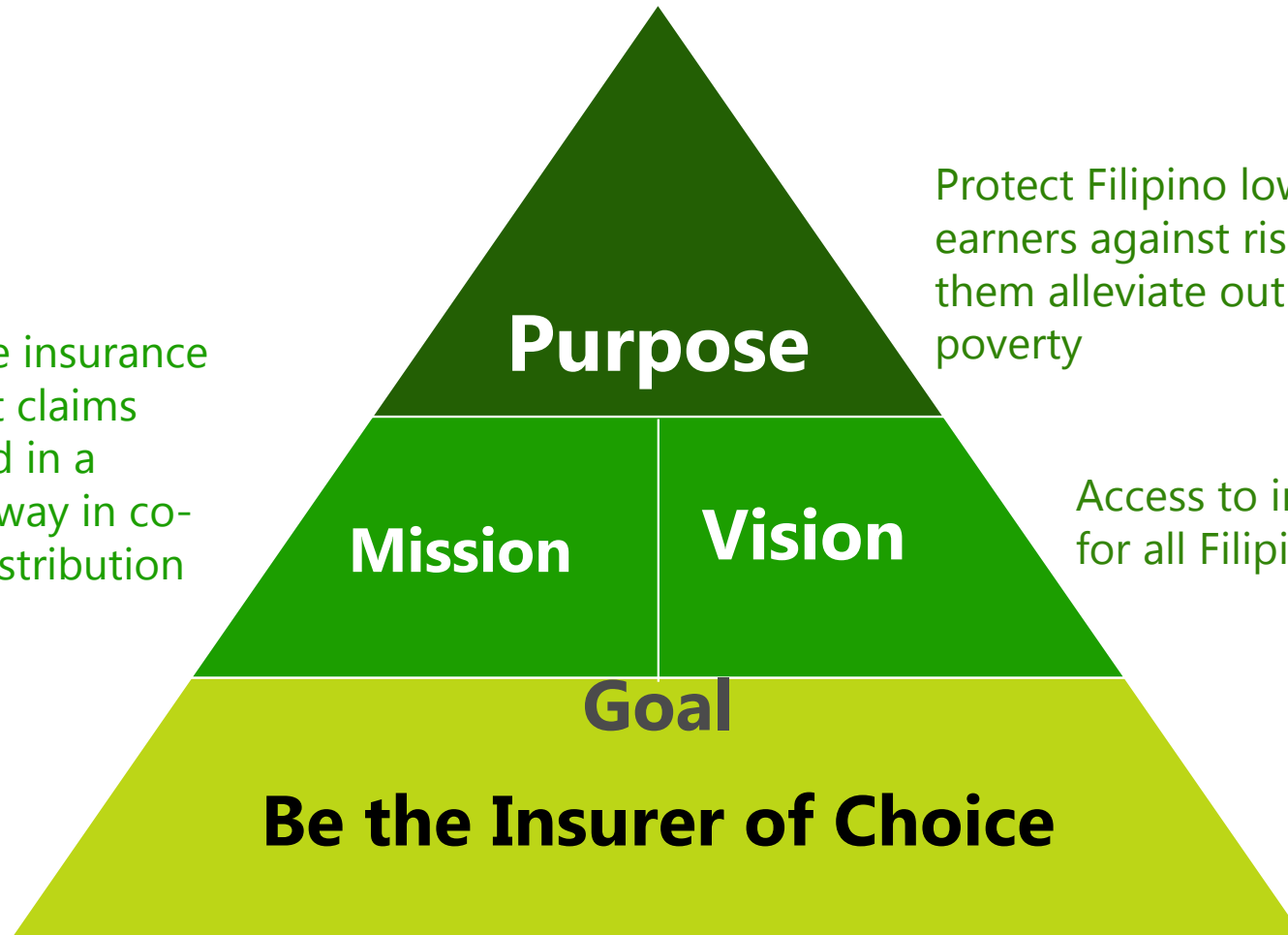
  
purpose  
long-term thinking

01

# The strategic pyramid



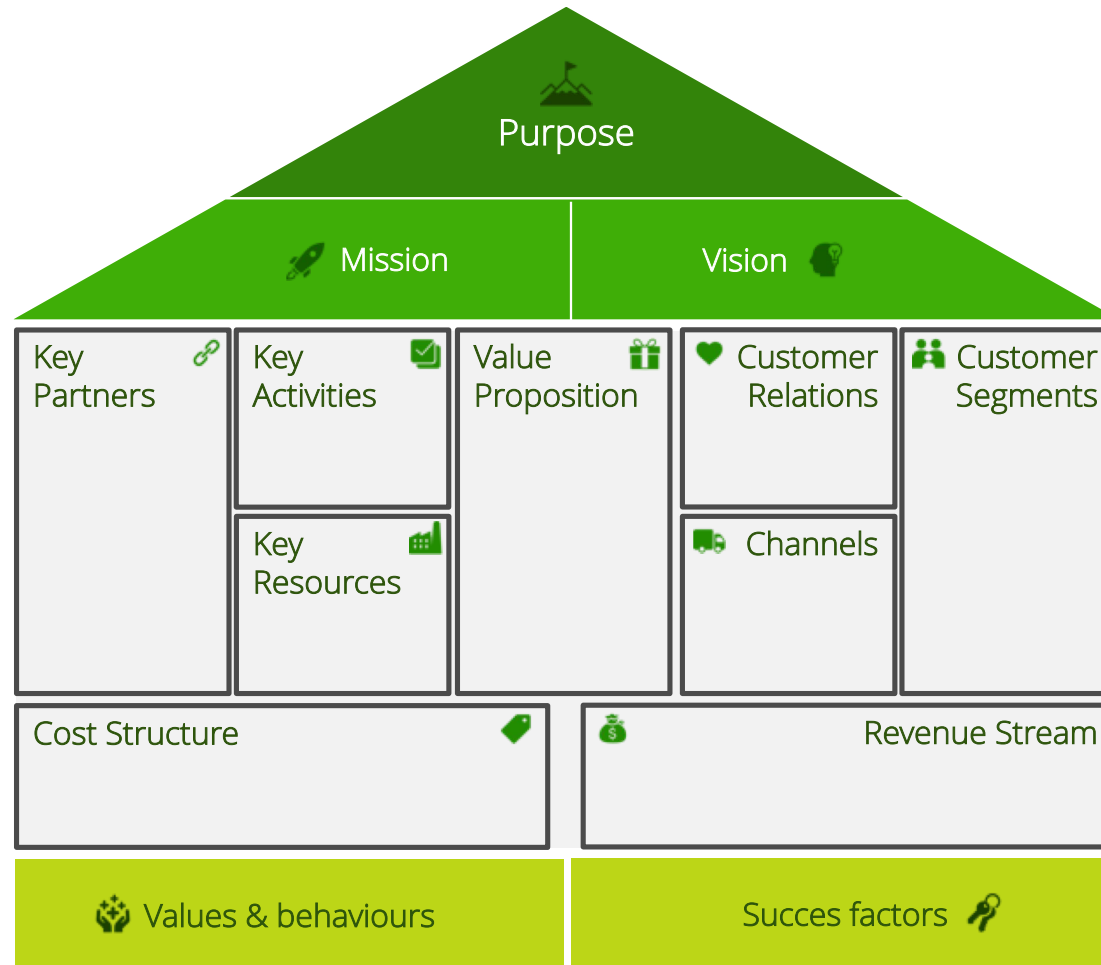
Provide affordable insurance solutions with fast claims handling designed in a customer-centric way in co-ownership with distribution partners



Protect Filipino low-income earners against risks to help them alleviate out of poverty

Access to insurance for all Filipinos

# Business model recipe





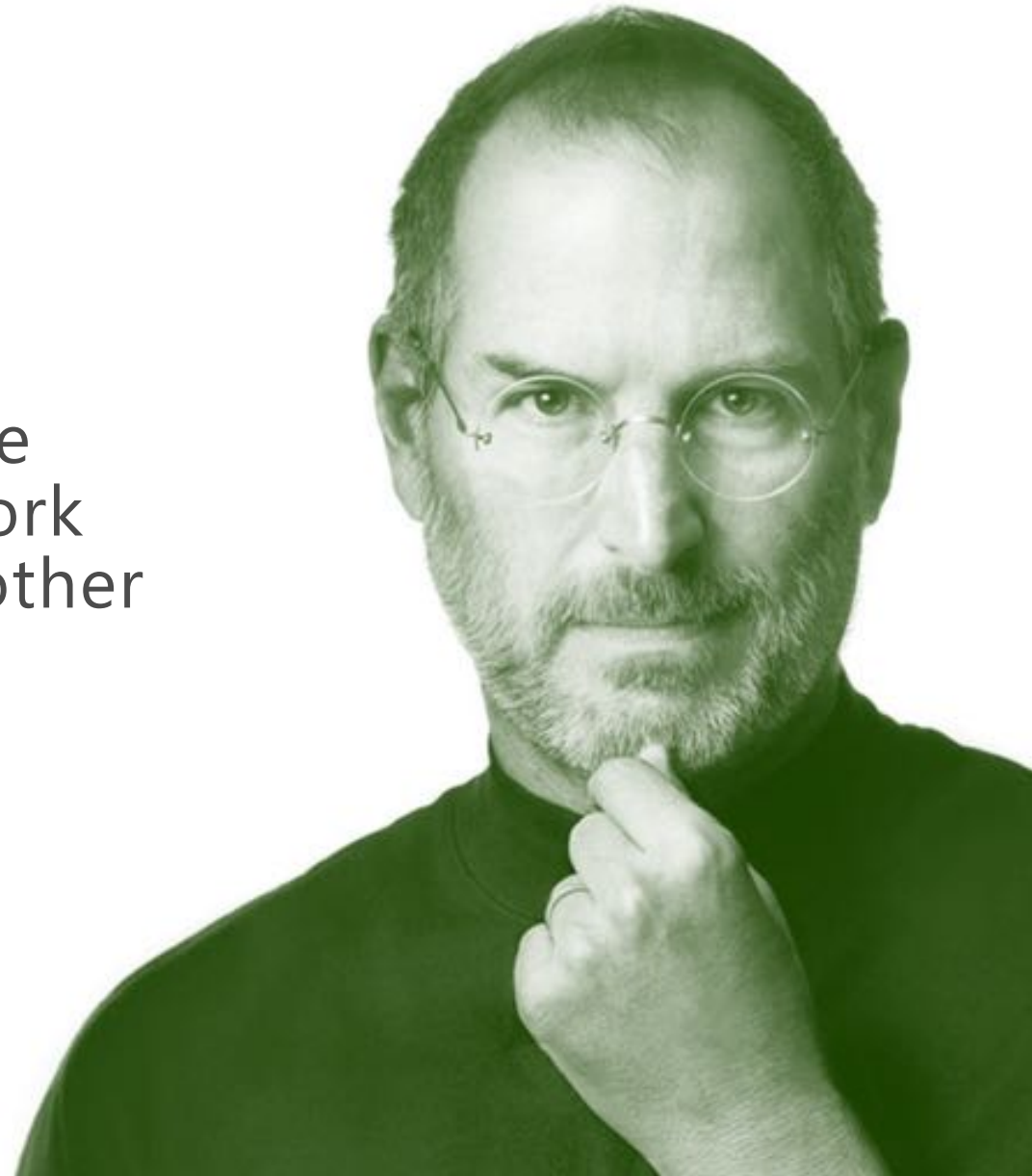


customer  
centricity

02

You've got to start with the  
customer experience and work  
back to the product, not the other  
way around.

Steve Jobs





# 5 Pillars of Customer Centricity



Customer-centric  
leadership & culture



Customer focused  
operations



Empowering people with tools  
and insights



Customer experience  
design and delivery

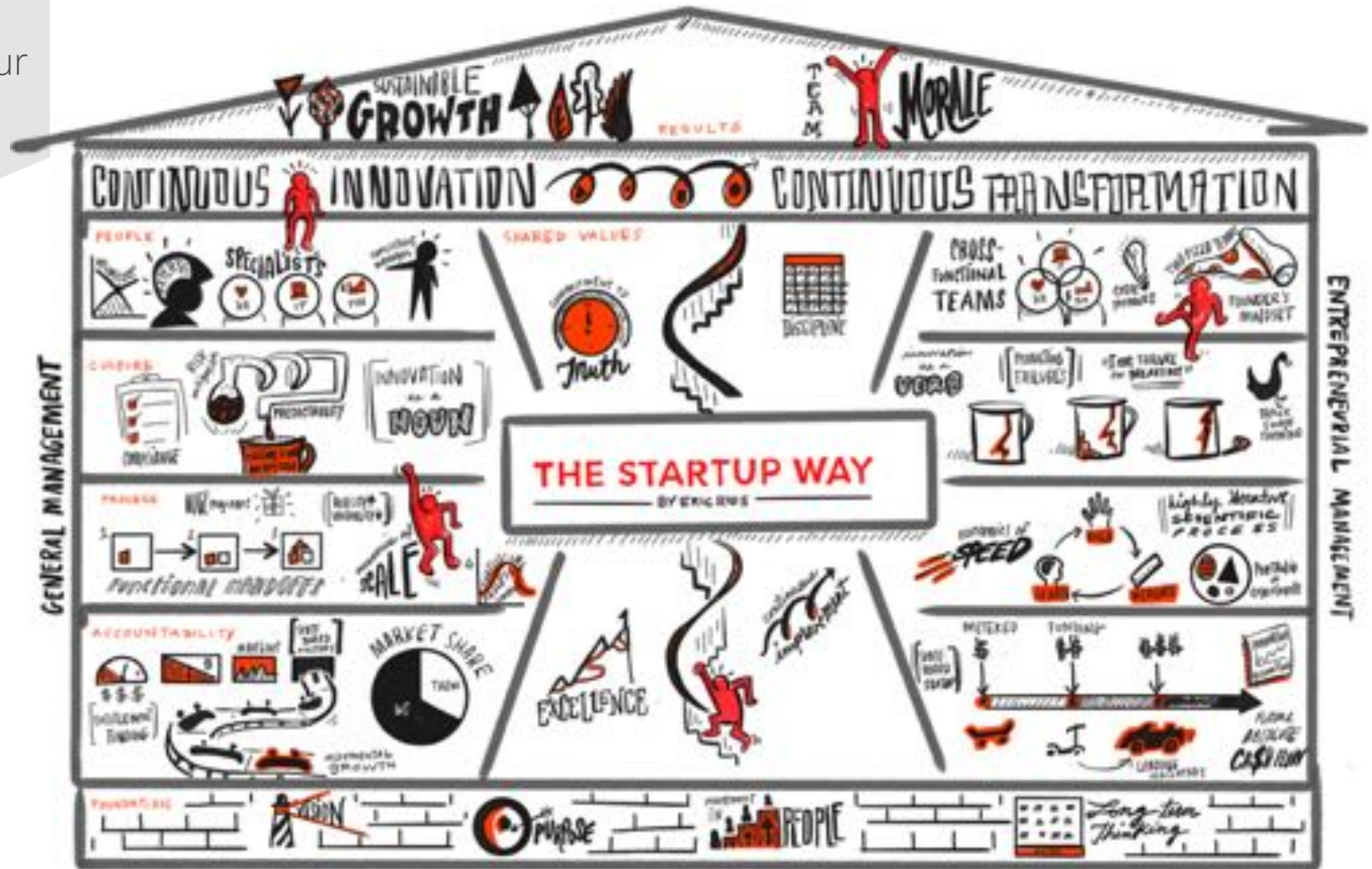


Customer value leading  
to business value



intrapreneur  
-ship

03



# No Business Plan Survives First Contact With A Customer.

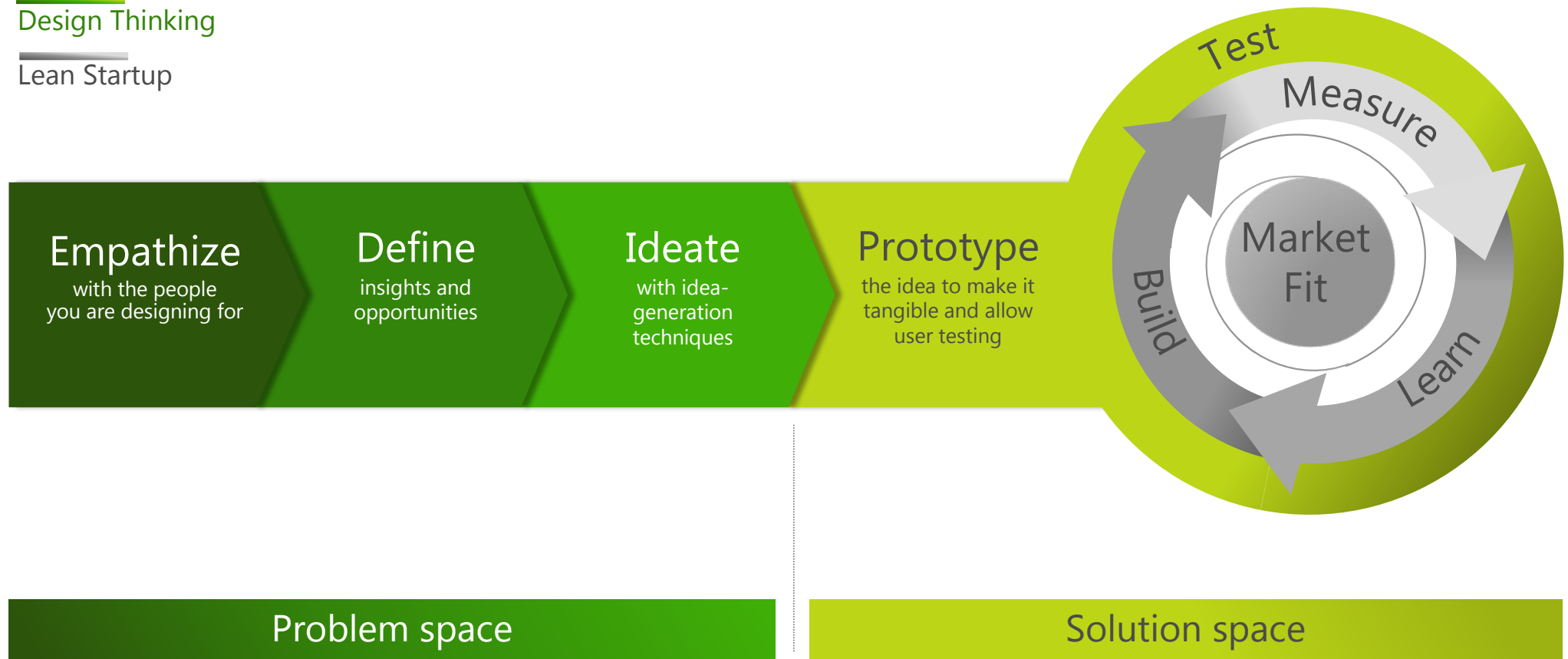
Steve Blank, Silicon Valley serial-  
entrepreneur and Lean Startup  
missionary



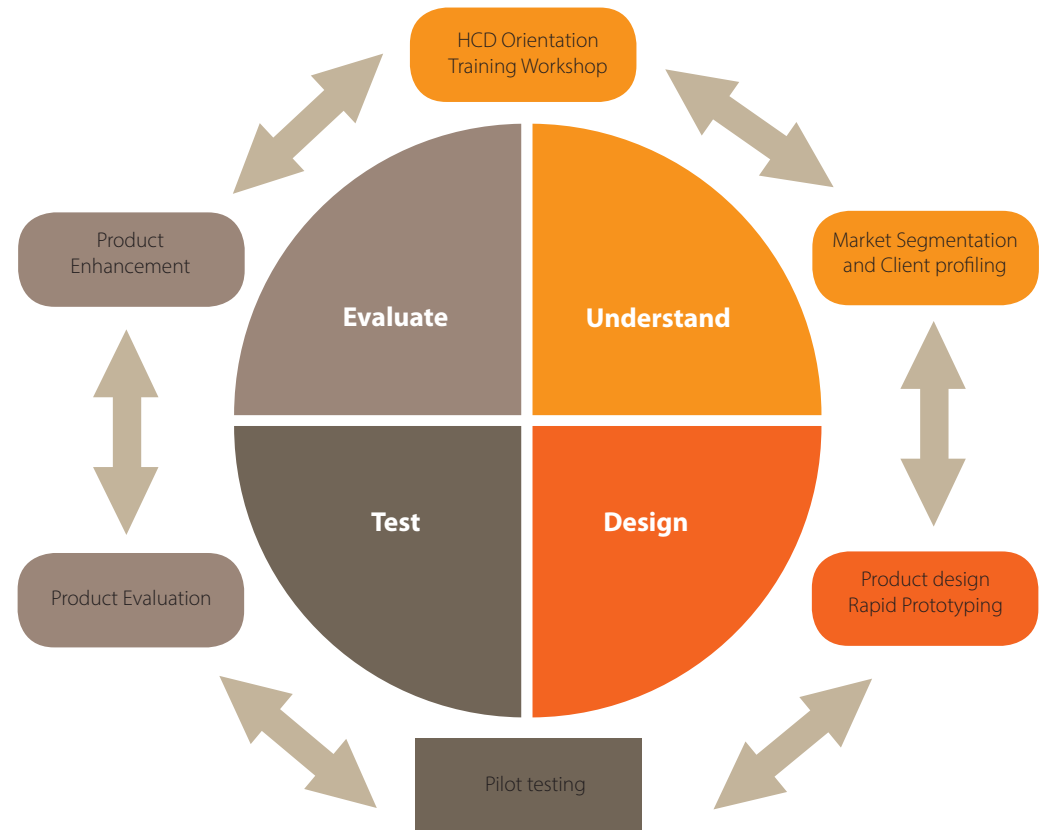
# Design Thinking and Customer Centricity

Design Thinking

Lean Startup



# FSDZ's New Innovation Facility



# Motivation of distribution channels for insurance



**Customer  
loyalty**



**Profitability of  
core business**



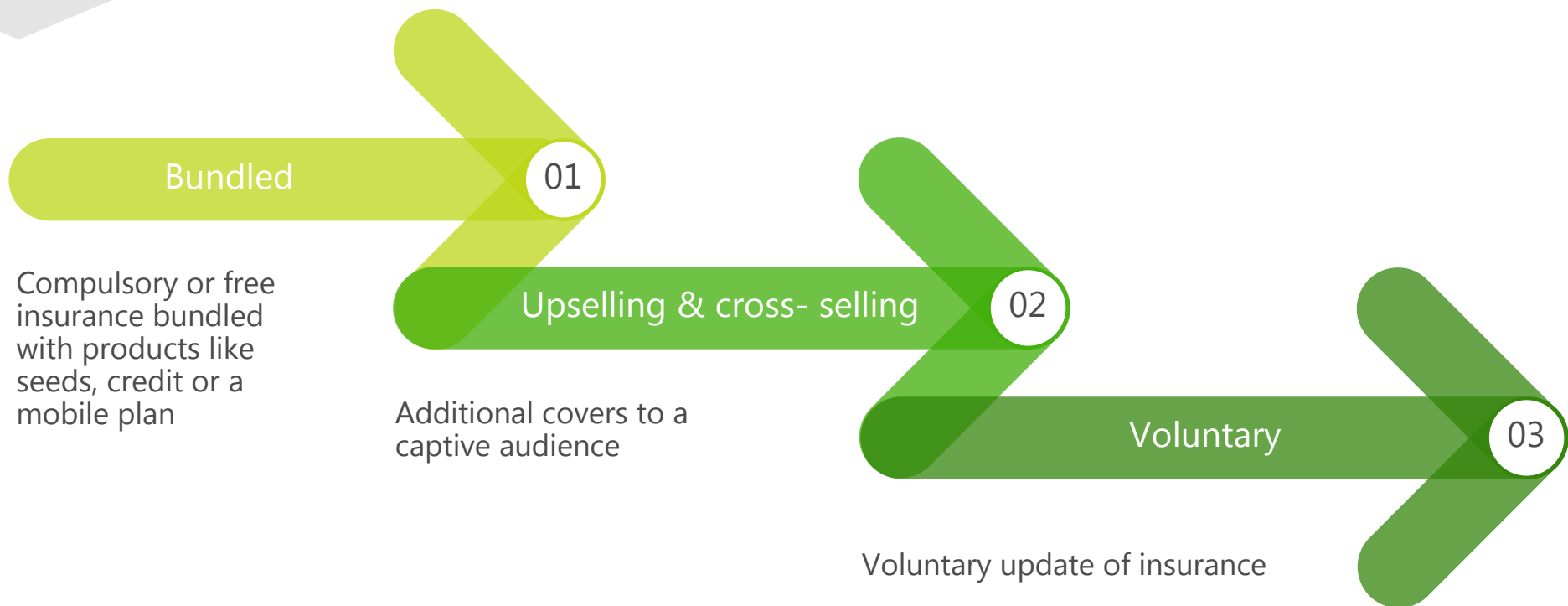
**Risk transfer**



**Competitive  
advantage**



# The “ideal” inclusive insurance growth path



## Protect the image of insurance in a distribution partnerships

Econet Ecolife



Loyalty scheme product provided to subscribers for “free”



Zimbabwe's largest MNO: 7 m subs.



First Mutual Life - Zimbabwe's largest insurer



Trustco Namibia served as the tried and tested technical service partner

**1,6m covers in 6 months**

**Fall out with Trustco. Product cancelled**

**Product cancelled: 62% not notified**

**63% ruled out buying similar product in the future**



# 8 tips for successful distribution partnerships

## Screening

- 1 Thoroughly assess potential channels
- 2 Help solve your distributor's problems: go for win-win-win
- 3 Understand and manage partnership risk

## Co-ownership

- 4 Agree on targets and standards
- 5 Align incentives
- 6 Design your process starting from the client's perspective
- 7 Support your distribution channels
- 8 Communicate and monitor performance regularly



fast claims  
payout

05

## Obra Pa' Ghana – property insurance

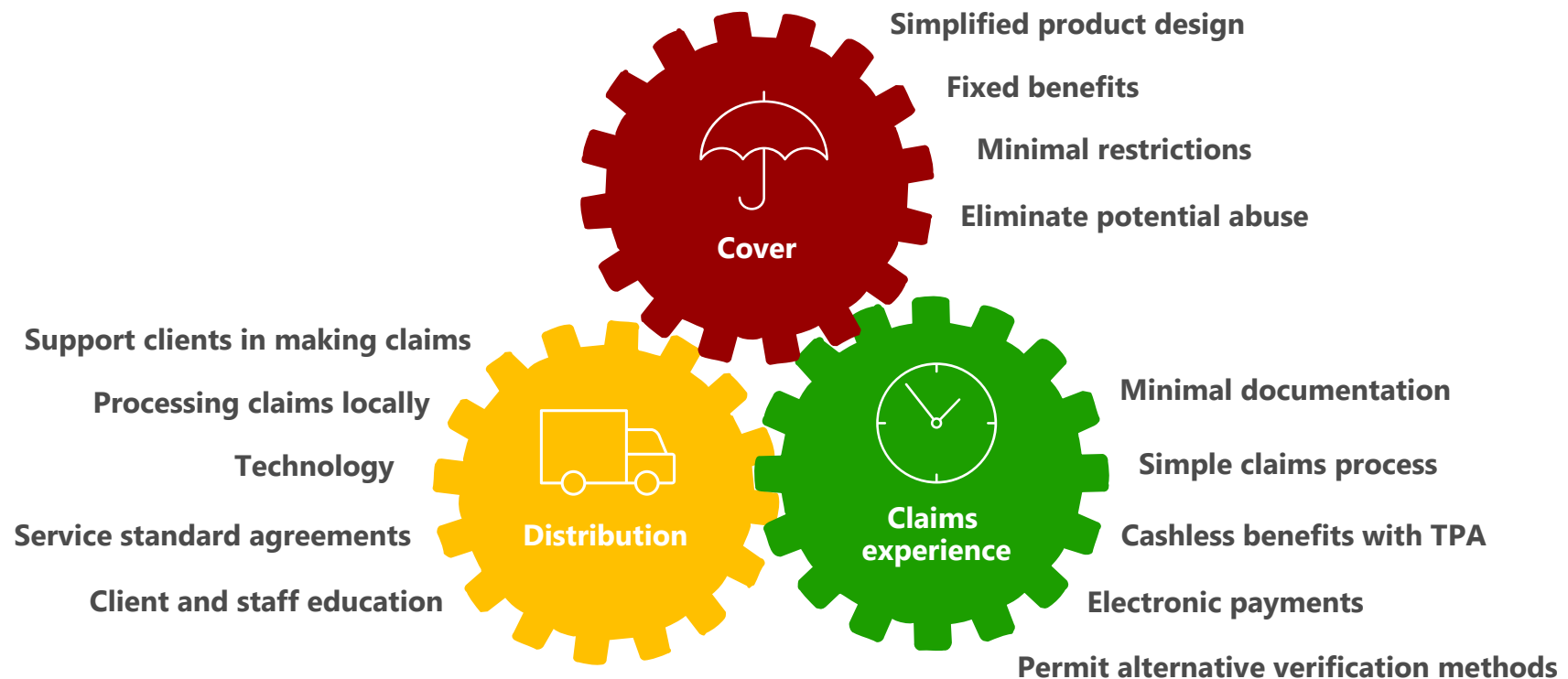
"

*most insured respondents (79%) noted that having to wait for their benefits posed a financial burden, and thus reduced its value."*

*Source, Microensure newsletter, May 2012*



# Fast claims turnaround time





affordable  
product

06

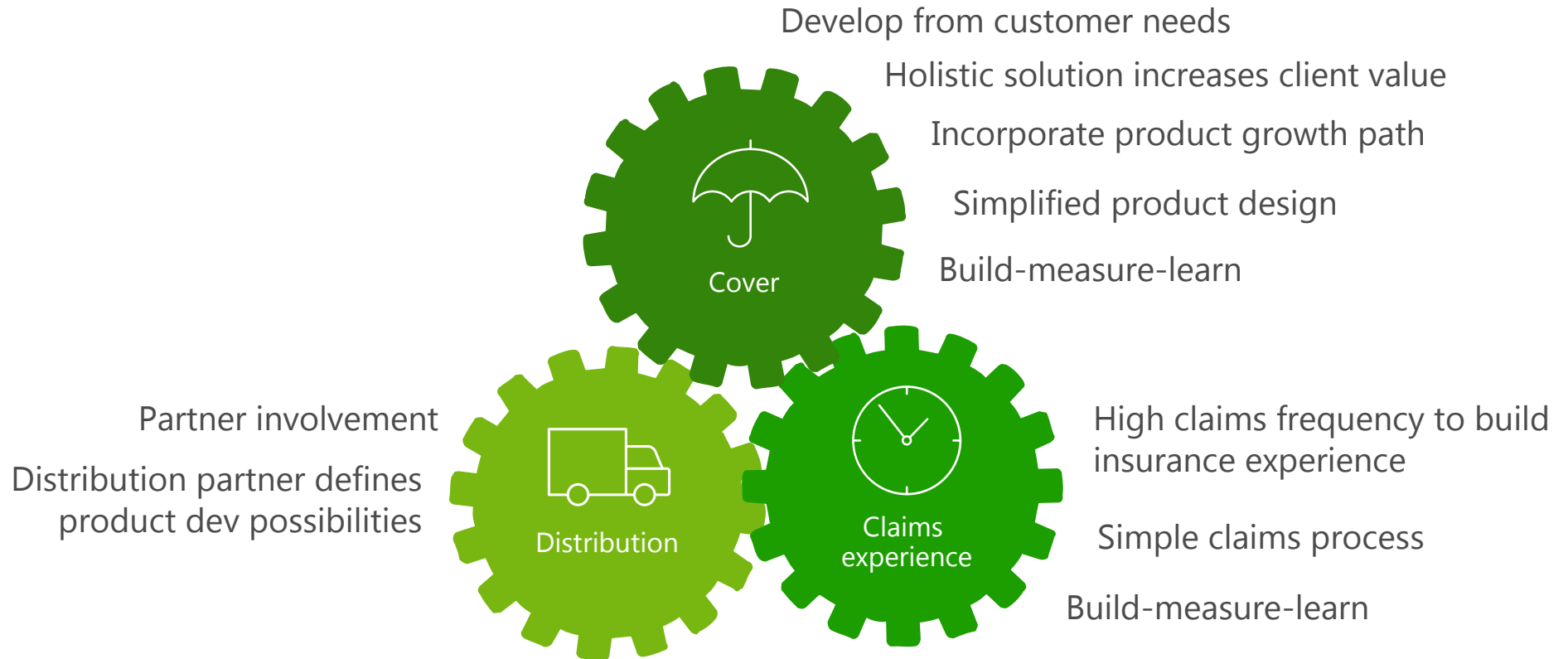


KITWE



MUMBWA

# Product development



# Local experiences and lessons

Mobile is not the ultimate solution

Primary motivation of distribution channels is not selling insurance

Even with mandatory or embedded models, consumer education is critical

Boardroom products do fail

Do not put your eggs in one basket

Persistence is required; you need a long-term perspective

Microinsurance is not only about small premiums and sum assured

Investing in the right organizational structure, culture and people is critical

Regulations and sound business principles can help avoid product or business failure

## Conclusion

Going down the market is the **only business growth area** for insurers in most developing insurance markets. **Inclusivity and business growth** are therefore complementary

# Thank you

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