



# “The 100 million dollar baby”

Successful scale-up of Allianz micro-endowments

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Manila, 10-Nov-2010

Allianz 

## SSS Micro-Endowment product, India

- launched in April 2008
- by BajajAllianz Life Insurance, India
- distribution partnerships with SKS Micro-finance and over 30 other institutions



- **Over 3 million policies sold until today**
- **Biggest microinsurance scheme by a commercial insurer worldwide**

## SSS figures

Indian Financial Year	Premium
<b>2008/2009</b>	<b>US\$ 25.4 million</b>
<b>2009/2010</b>	<b>US\$ 75.0 million</b>

- **Over US\$ 100 million in premiums generated**
- **13-month persistency of 82% (as of July 2010)**
- **1<sup>st</sup> expense underrun expected for FY 2010/2011**

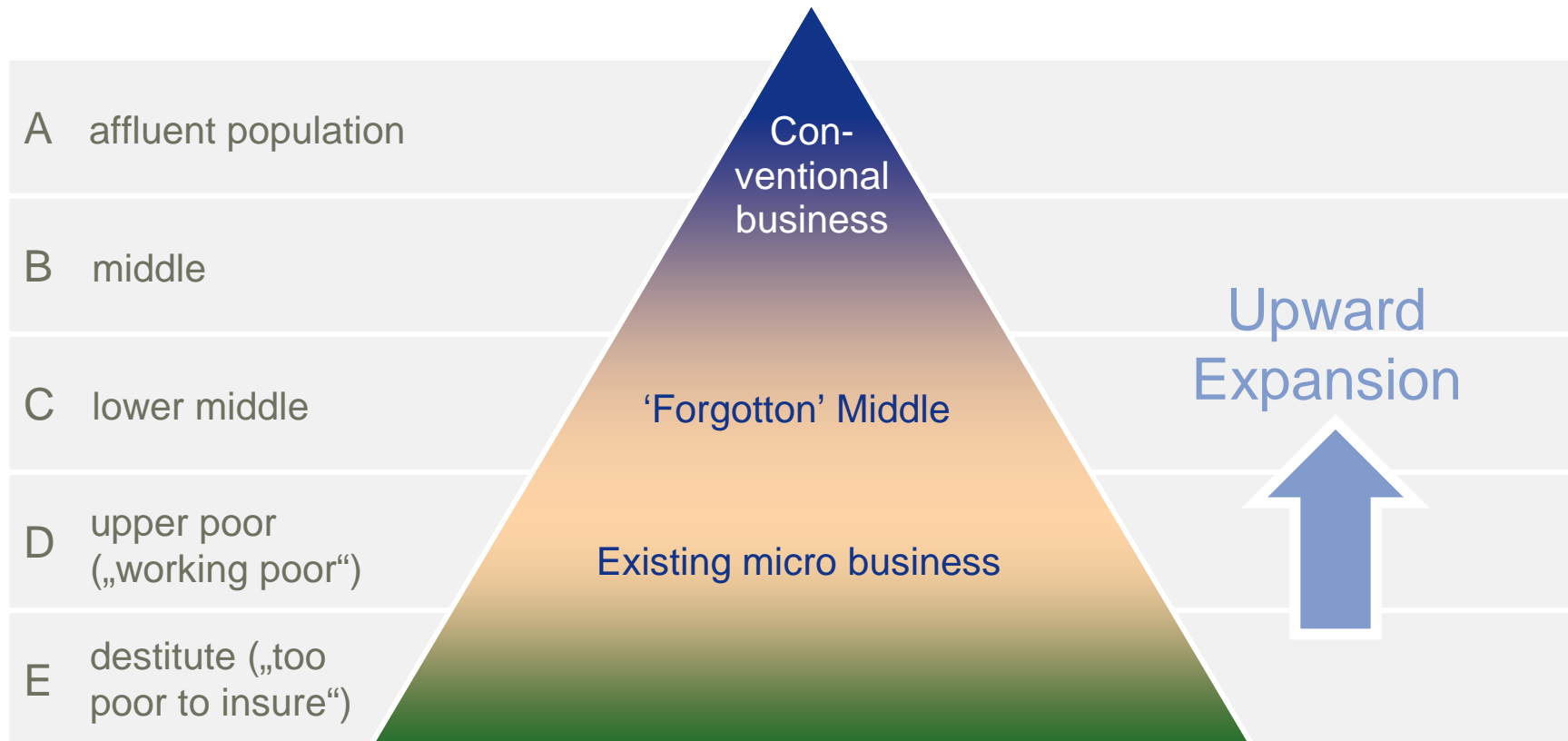
# SSS Product Features @ SKS

<b>Product type</b>	<ul style="list-style-type: none"> <li>▪ Voluntary group insurance</li> <li>▪ Combines systematic savings and protection</li> </ul>
<b>Premium</b>	<ul style="list-style-type: none"> <li>▪ US\$ 0.4 per week</li> </ul>
<b>Premium Paying Term / Policy Term</b>	<ul style="list-style-type: none"> <li>▪ 5 years</li> </ul>
<b>Premium usage</b>	<ul style="list-style-type: none"> <li>▪ Net of Scheme Administration charges</li> <li>▪ Invested by BajajAllianz in Government securities and secure assets</li> </ul>
<b>Maturity Benefit</b>	<ul style="list-style-type: none"> <li>▪ Account Value after 5 years (Net Premium + Interest)</li> </ul>
<b>Natural Death Benefit</b>	<ul style="list-style-type: none"> <li>▪ US\$ 100 + Account Value</li> </ul>
<b>Accidental Death Benefit</b>	<ul style="list-style-type: none"> <li>▪ US\$ 200 + Account Value</li> </ul>
<b>Surrender</b>	<ul style="list-style-type: none"> <li>▪ After minimum 6 month</li> <li>▪ Account Value – Surrender Charges</li> </ul>

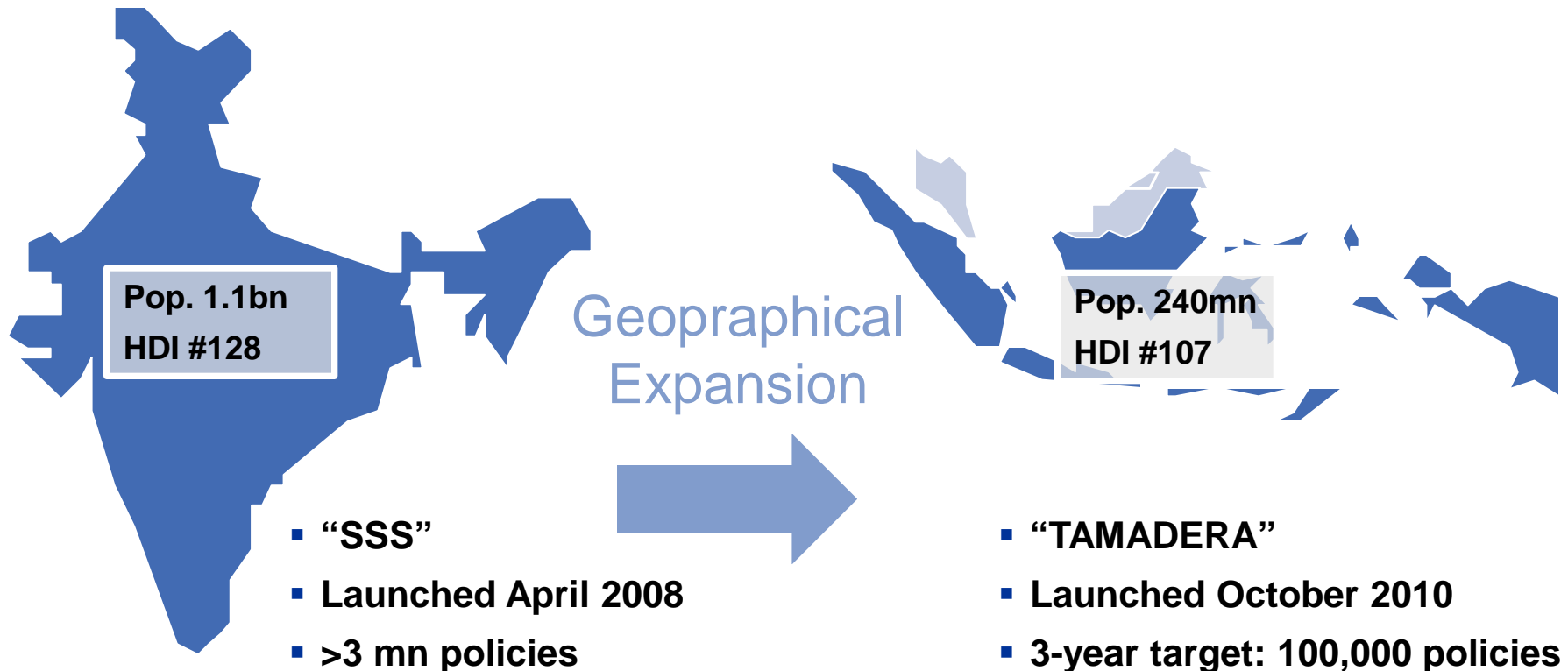
# Success factors & Challenges

Success Factors	Challenges (and Mitigation)
<ul style="list-style-type: none"> <li>▪ High customer demand</li> <li>▪ Strong distribution partners (SKS, Coops, Regional Rural Banks [RRBs])</li> <li>▪ Simple Product</li> <li>▪ Simple Processes</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low financial literacy               <ul style="list-style-type: none"> <li>→ Financial Literacy campaign underway</li> </ul> </li> <li>▪ IT system at partner level               <ul style="list-style-type: none"> <li>→ IT system upgrade at SKS about to be completed</li> </ul> </li> <li>▪ Initial reliance on one major distributor               <ul style="list-style-type: none"> <li>→ Partner network is growing fast</li> <li>→ Expansion into higher market segments ongoing</li> </ul> </li> </ul>

# Emerging Trend: Opportunity at the 'forgotton' Middle of the Pyramid, e.g. through RRBs





# Geographical Expansion: Taking SSS to Indonesia



## ... but every market is different ...

Example	India	Indonesia	Indonesia vs. India
Distribution	High number of large partners (MFIs, RRBs, Coops)	Fragmented, small number of large partners	Harder to reach scale
Poverty level (US\$ 2/day)	80.4%	52.4%	Higher premium payment capacity
Literacy	Low (20% of SKS customers)	High (80% of MFI customers)	Easier to communicate product features
ROSCAs	Not pervasive ("Chit Funds")	Pervasive ("Arisan Funds")	Stronger competition from informal savings
Life coverage	Highly valued	Not highly valued (taboo)	Life coverage alone not a strong selling proposition

## ... so products need to be adapted ...





Product Feature	SSS 	TAMADERA 
Minimum Premium	US\$ 0.4/week	US\$ 1/week
Natural Death	✓	✓
Accidental Death	✓	✓
Critical Illness Rider	✗	✓
Product Complexity	Low	Slightly higher (CI waiting periods, CI exclusions, health questionnaire)

- Higher TAMADERA minimum premium (1) accounts for less scale opportunities and (2) relies on higher premium payment capacity
- CI rider (1) distinguishes from informal savings, (2) compensates limited attractiveness of life coverage and (3) relies on higher literacy

... while still keeping things as simple as possible

“TAMADERA” Sales Illustration

100% cash back guaranteed

 Premium	 Savings target	 Critical illness (Cancer, Stroke, Heart attack, Kidney failure, Major burns)	 Death
<i>minimum</i> <b>1</b> / week	<b>250</b>	<b>250</b>	<b>250</b>
<b>5</b> / week	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>
<i>maximum</i> <b>10</b> / week	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>

USD

Thank you...