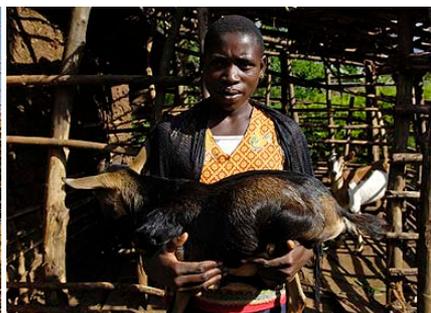


Unlocking demand: provide and measure value to clients

Aparna Dalal

IMC Conference, Colombo



1



2



3





Lives of low-income households

- Select a photo
- Who is this? Give a name.
- Where do they live/work?
- Who is in the family? Names/ages?
- What is the income, assets, expenses?
- What risks do they face?

Emerging consumers lead complex financial lives

Income and Expenditure (US\$)



- Cash flows: frequent, chaotic
- Many competing priorities to satisfy with scarce budget
- Use many financial services

Formal

Informal



Different patterns

Upper and Middle Income

Income Function

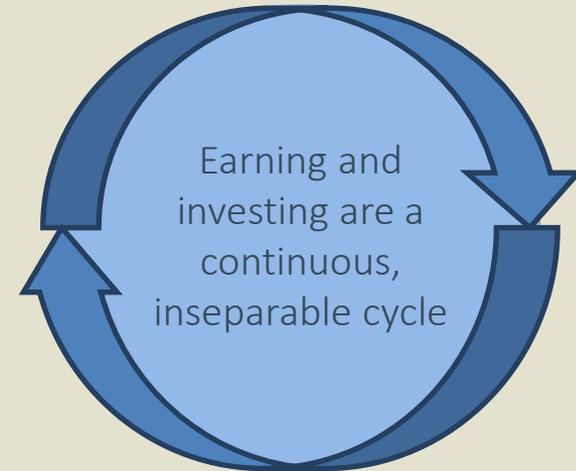
Receive Salary

Financial Management Function

Allocate net income to manage debt, savings, investment

- Cash flows: regular, orderly
- Financial decisions: large, infrequent, analytical
- Requires: specialized knowledge and analytic skills
- More like strategic planning

Low Income



- Cash flows: frequent, chaotic
- Financial decisions: small, daily
- Requires: discipline
- More like managing your diet

How LIHs manage risk

- Low, irregular incomes and few assets make it more difficult and more important to manage risk
- Need to pool resources from multiple informal and formal tools
- Manage risk daily, not monthly or annually
- Behavioural factors are important
- Low-income households actively look for risk management solutions; they don't think "insurance"

Ten blueprints for providing value

FUNDAMENTALS

- 1** START SIMPLE WITH PARTIAL, SINGLE, MANDATORY COVER
- 2** BOOST ACCESS AND UNDERSTANDING
- 3** ENSURE GREAT CLIENT EXPERIENCE THROUGH CLAIMS AND SERVICING
- 4** OFFER COMPLEMENTARY SOLUTIONS

ENHANCEMENTS

- 5** BUNDLE INSURANCE WITH OTHER FINANCIAL SERVICES
- 6** INCLUDE VALUE-ADDED SERVICES
- 7** USE TECHNOLOGY WITHOUT LOSING CLIENT "TOUCH"
- 8** EXPAND BENEFITS
- 9** PROVIDE CHOICE THROUGH VOLUNTARY OPTIONS
- 10** OFFER MULTI-RISK PRODUCTS

<http://www.impactinsurance.org/publications/cvb2>

Measuring value

- Understand clients better to target new markets and segments
- Improve client experience
- Evaluate value of products for decision making

“You are what you measure”