

## Parallel session 2

## Innovations in microinsurance – matching customer needs

By Pedro Pinheiro

*Innovative solutions in insurance are commonly focused on administrative efficiency, and tend to be evaluated according to their impact on sales. In this session, examples of innovations that aimed primarily at improving the customer experience and understanding of the products were presented by the Women's World Banking, BIMA and Pioneer Insurance.*

### Behavioural economics insights to review mobile insurance products

Data from the Landscape of Microinsurance in Africa 2015 showed that the continent had 13% penetration of life insurance through mobile programmes, but the claims ratio of 0.4% undermined their value to customers.

The Women's World Banking (WWB) assisted insurer BIMA to review insurance products sold in partnership with telecom operator Smart in Cambodia, drawing on insights from behavioural economics in order to increase uptake and improve usage. The feedback from clients was that the products were affordable and meaningful, and processes were quick and hassle-free. But they generated limited trust and credibility, and limited interaction with the insurer through the mobile channel.

### BIMA Insurance + Smart telecom operator partnership in Cambodia

#### Smart Life Insurance

Launched end 2014  
Over 500,000 customers

#### Sum assured

12 million Cambodian riel (KHR)  
(US\$ 3,000)

#### Premium

6,500 KHR (US\$ 1.60) a month

#### Smart hospital insurance

Launched mid 2016  
Over 200,000 customers

#### Sum assured

40,000 KHR (US\$ 10) a day

#### Premium

325 KHR (US\$ 0.08) a day

WWB found that throughout the customer's journey, from enrolment through to the time there is an insured loss, clients and families tend to forget about the insurance. To counter this with a design methodology relying on listening to the customer and quickly prototyping, WWB came up with four tools to help create more memorable sales, and keep the clients engaged and ready to contact the insurer in the event of a loss.



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53 — Left to right: Mathilda Ström, Deputy CEO, BIMA, United Kingdom; Geric Laude, President and CEO, CARD Pioneer, Philippines; Michael J. McCord, Managing Director, Microinsurance Centre at Milliman, United States.

54 — Shilpi Shastri, Microinsurance Specialist, Women's World Banking, United States.

55 — Mandla Shezi, CEO, Hollard Life, South Africa sharing his experience with innovative insurance solutions.

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**Personalised sales scripts** were created with analogies for helping sales people to explain the products, and ask questions to double check if the product’s features were understood. **SMS messages** were restructured to give nudges with a call to action for the customer (‘don’t forget to top-up your phone!’). **Robot calls** were implemented, with public service announcements and testimonials about the relevance of insurance in times of difficulty. And customers were offered a **digital card** with their photo and personal details as a symbolic proof of the purchase that could be shown to their families (or posted on the fridge door).

After the field test, the four tools brought important behavioural insights that could also be implemented in other strategies. WWB and BIMA found, for example, that in the robot calls, customers prefer to listen to testimonials from people that were like them rather than public service announcements. The insurer, in fact, was surprised by how much time people could spend listening to a recorded message about their insurance product in Cambodia – an inclination that can vary a lot in different countries or regions of the globe. The digital card, in turn, was able to help improve trust by making the relationship between the customer and insurer “more official”.

**‘Fail fast, fail plenty’**

**Sagip Plan (CARD Pioneer)**

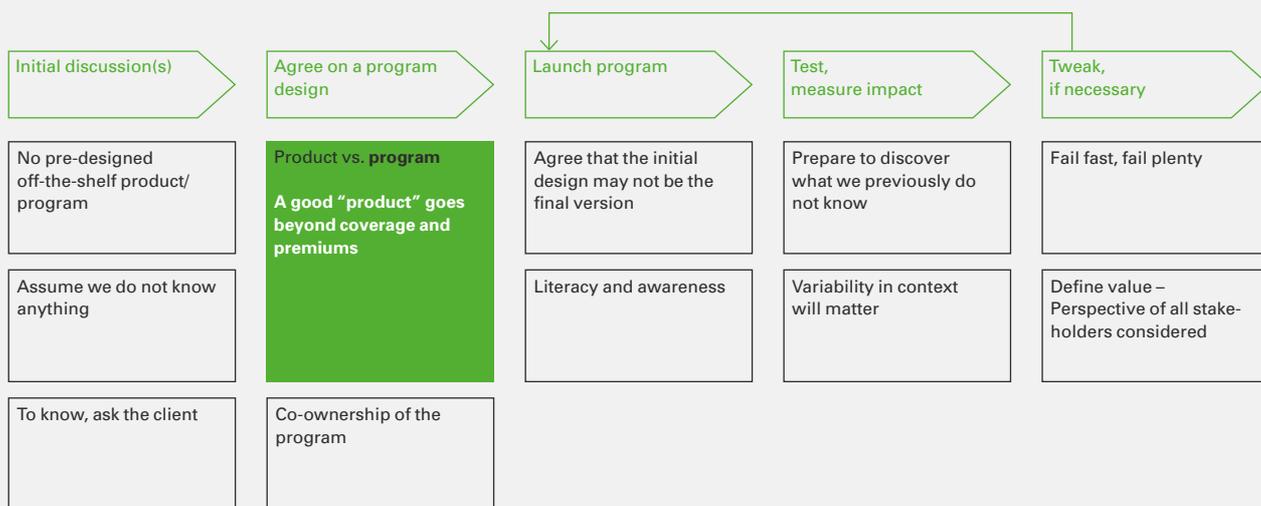
**Number of people insured**  
20 million

**Insured risks**  
Personal accident, funeral, home

**Premium range**  
PHP 2,000 (US\$ 40) per annum

For the Philippines-based CARD Pioneer, customer-centric innovation comes from “failing fast, failing plenty”. Since there is no blueprint for what good microinsurance is, the company adopts a methodology of figuring out what works and what does not work in the field, sometimes even living with customers – this could also be called “rapid prototyping” (see Figure 10).

Figure 10  
Microinsurance program (product) development approach



Program development is never static. It constantly evolves.

### Customer-centric rules

At CARD Pioneer, there are three employment rules. No one should run the business from behind the desk; staff – even senior managers – have to go out into the field. If they do not know anything about a product or process, they have to ask the client – the client will tell them what needs to be done. And then they have to go back to the office and re-engineer the organisation based on the lessons from the client.

### Automating the enrolment process – a learning journey

One of the failure cases that generated important insights to review products and processes was the attempt to improve enrolment processing using smartphones. When the improvement was launched, CARD Pioneer had one thousand microinsurance agents doing enrolment manually, which generated many errors in encoding, delayed access to information, generated a lack of confidence in the data and failures in customer service handling, all in a context of increasing volumes.

To reverse that scenario, the insurer provided the agents with smartphones and trained them to make sales with the devices. This strategy, however, proved a failure at first. The agents were not familiar with the use of smartphones, and the insurer was not structured to support their continuous learning. Intermittent connectivity due to lack of network availability also led to distrust on the part of the customers. CARD Pioneer soon learned that agents should have been treated as customers in that context, and that technology is not a magic pill – people and processes must be aligned.

In a relaunch of the project, the insurer adopted inputs from the microinsurance agents, and implemented Techie Nanay (Tech-mom), workshops on how to use the smartphones with a continuous buddy (peer-to-peer) support structure. The issue of connectivity was addressed by providing offline capability and offering internet connections in physical branches. But more importantly, people were put at the centre of the project, with technology becoming a tool for improving the sales experience.

### Lessons learnt

- Insurers must remember that, most of the time, it is a lot to ask of a customer to learn about insurance in the moment of purchasing it, so they need to adopt strategies to make the messages more straightforward and easy to understand.
- Customers forget the main features of the product after some time. They or their family might even forget they have insurance. So insurers must find ways to engage with customers on a continuous basis after sales.
- Sometimes sales agents must be treated like customers, in the sense of receiving assistance from insurers, in order to make adequate sales, especially when technology is involved.