

Keeping the “Micro” in “Mass” Insurance

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Parallel Session 15
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Hosted by Milliman



Speakers



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Agenda

- Topic introduction
- Overview of micro and mass insurance
- Mass and micro insurance – The Pioneer experience
- Serving the underserved – The BIMA way
- Key takeaways and closing remarks

“Mass” and “Micro” Insurance in Peru

Mass Insurance (2010)

These were defined as *standardized products* that:

- a) are constructed in simple language;
- b) are easy to understand and manage for policyholders, insured parties, and beneficiaries; and
- c) do not require special conditions in respect of the insured party or property; the simple acceptance by the insured party is sufficient.

Mass insurance could be sold via a wider range of entities than microinsurance, or “mass marketers”.

Article 3: Microinsurance Definition (2016)

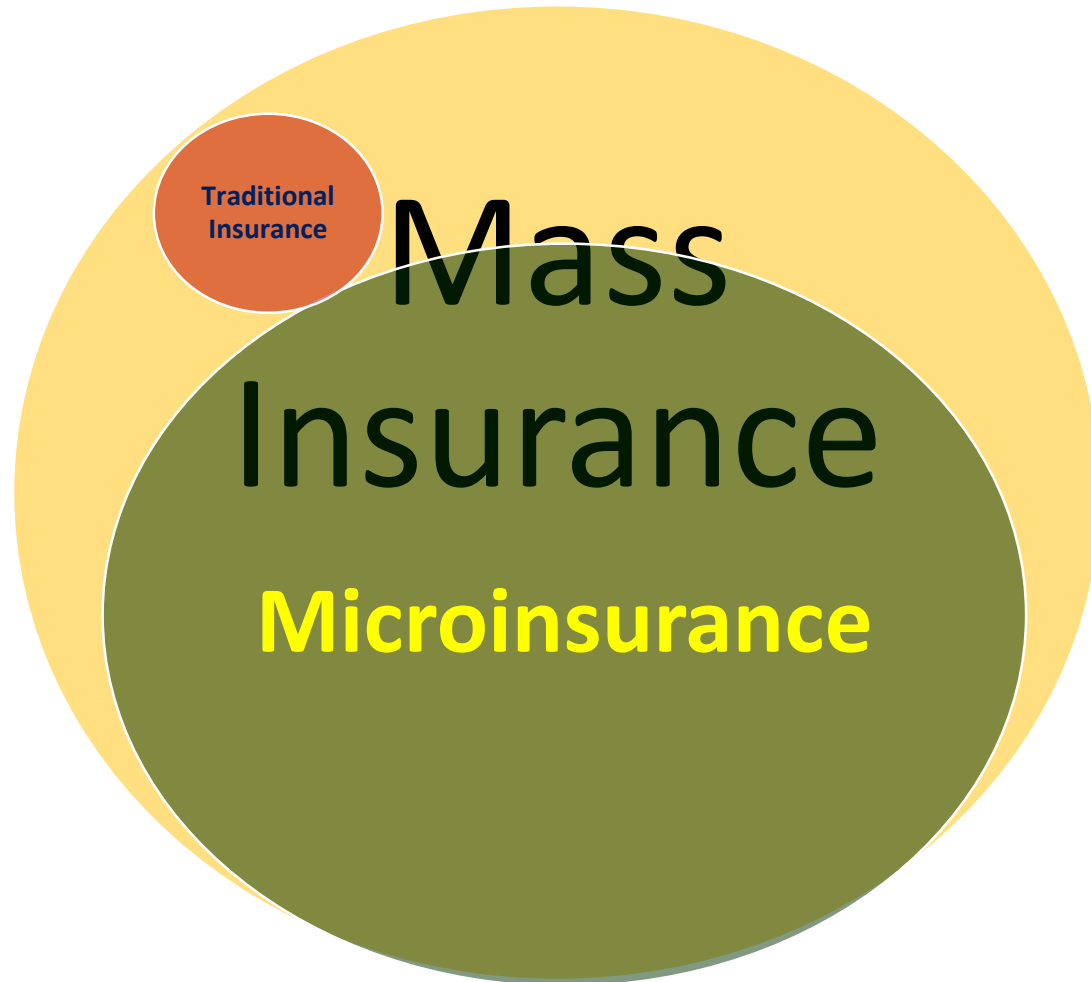
Microinsurance is insurance that is **accessible** to the low-income population ... through **proportionate premium payments** in accordance with the risks covered by the policy, can be **individual or group** insurance, and fulfills the following requirements:

- a) Is **designed to respond to the protection needs of low-income people** and/or microentrepreneurs;
- b) Is distributed through intermediaries whose target market includes low-income people and microentrepreneurs;
- c) The monthly premium does not exceed 2% of the national minimum wage.

Channel focused

Market focused

Is there really an issue here?



- Segmentation matters
- Value is not universal
- Needs are not consistent
- Building an insurance culture
- Everyone could benefit
- Mass AND micro

Does this require action?

- Commitment to product value and service quality
- Understanding of the low-income market
- Flexible design
- Segmentation even beyond what we have now
- Monitoring
- Keeping the Micro in the Mass

Discussion Questions


- Why does the distinction between micro and mass matter?
- Are all clients served just as well with mass products?
- Do regulatory environments favor one or the other in LAC?
Elsewhere?
- What country is a good example of balancing micro and mass?
Why?



Mass and Microinsurance: The Pioneer Experience

By Lorenzo Chan Jr.






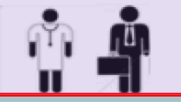













**VISION:
TO BE
THE INSURER
OF CHOICE.**

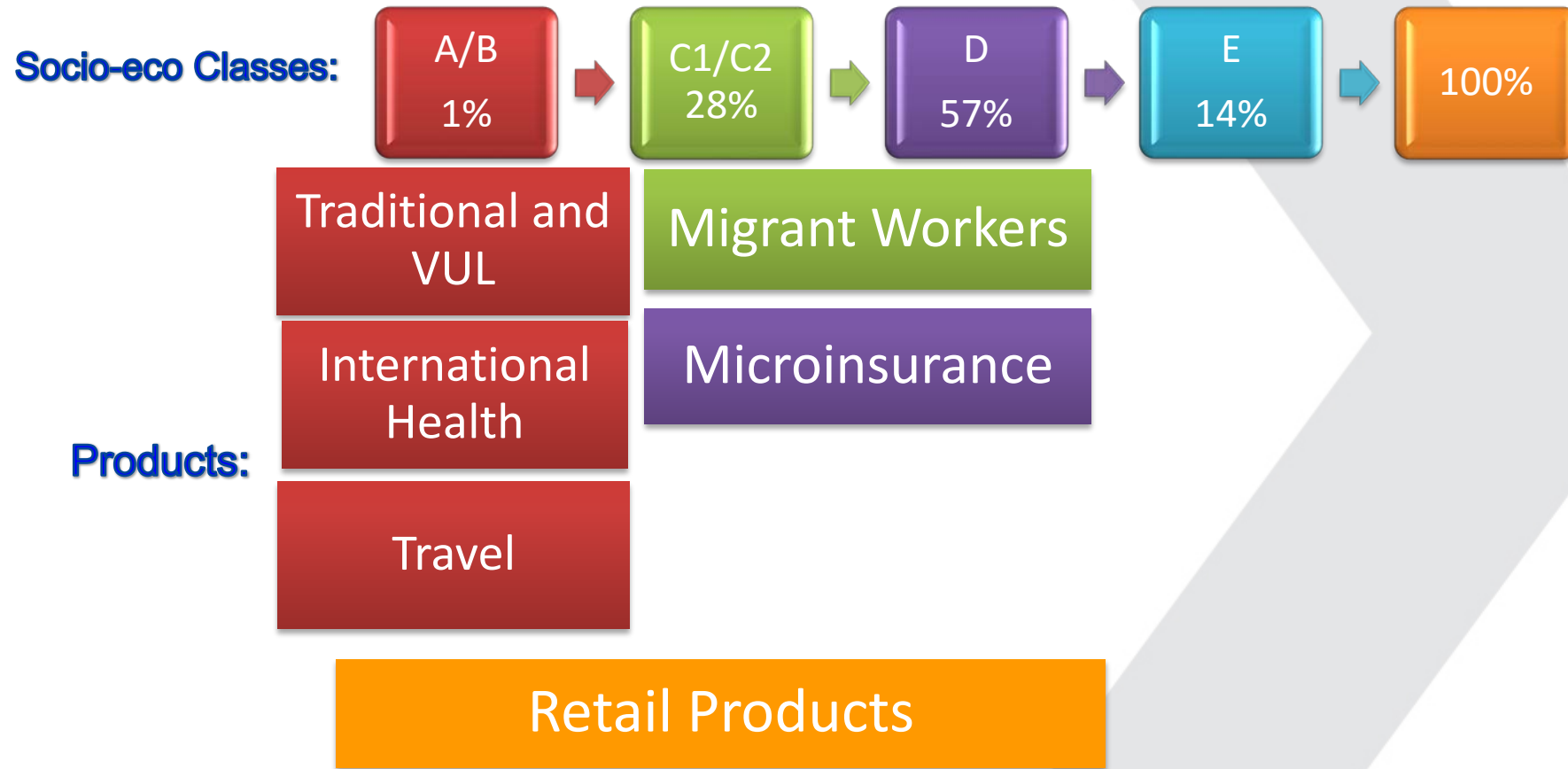


Philippine Socio Economic Classes

Class	Profession	Cars Owned	TVs Owned	Other Appliances	Minimum Monthly Income	Household Help	Percentage of Population
A B		 for A, the other car is not more than 5 years old	 at least 2 TVs	 8 & up facilities	USD 3,155 and up USD 2,125 and up		1.0
C1		 may or may not own a car	 at least 1 TV		USD 1,052 to 2,104	 C1: can have	28.0
C2	C1: White Collar C2: Blue Collar			C1: 8 & up facilities C2: 5-7 facilities	USD 420 to 1,051	household help C2: none	
D			 may or may not have a TV	 4 facilities at most	USD 210 to 419		57
E				 4 facilities at most	less than USD210		14

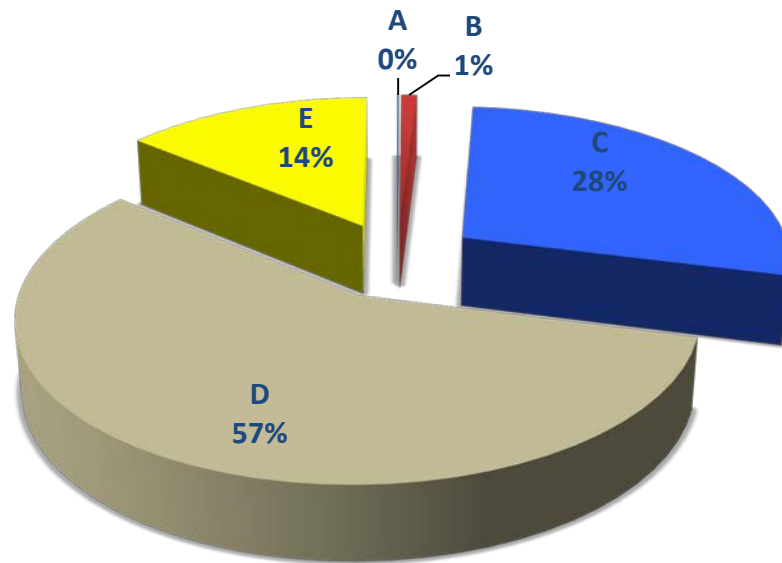
*Source: Nielsen

PIONEER PRODUCTS BY MARKET

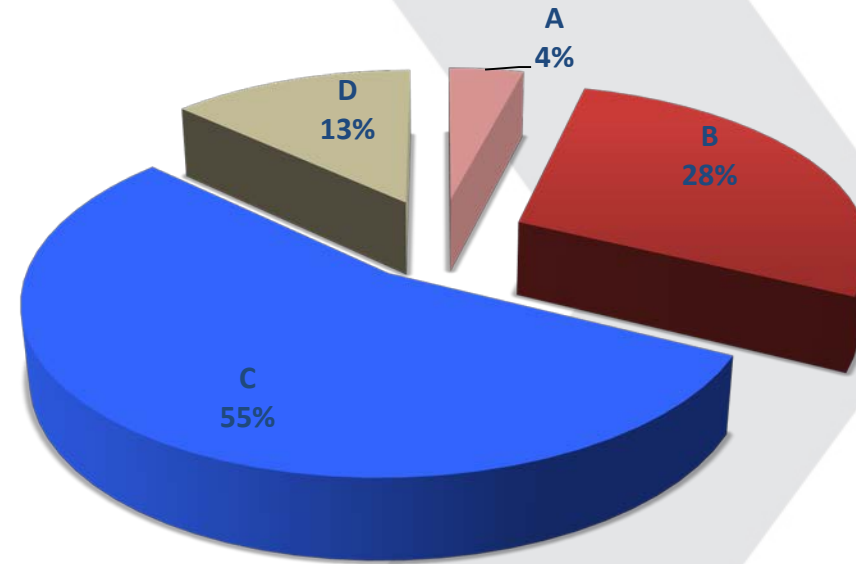


MARKET COMPOSITION (GPW)

Philippine Socio-eco Classes



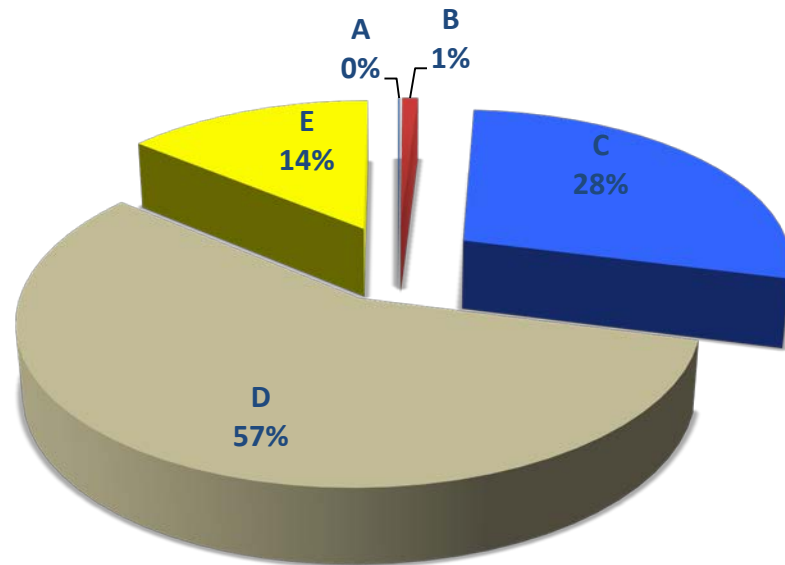
Pioneer Premium Breakdown *



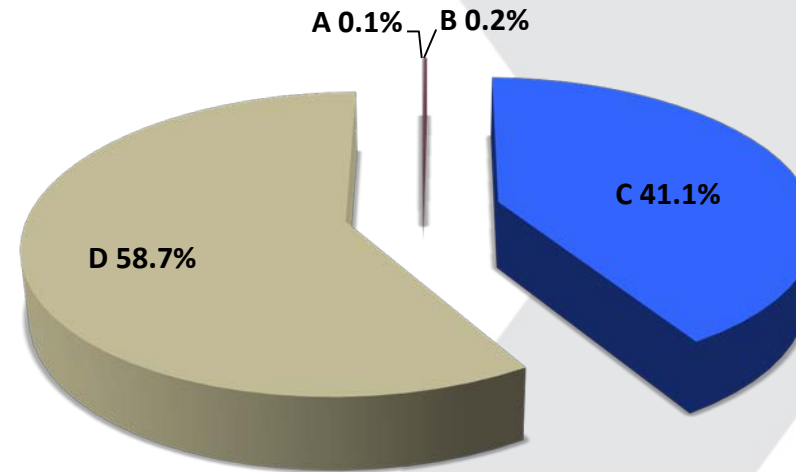
* Jan. to Sept. 2017

MARKET COMPOSITION (Lives Covered)

Philippine Socio-eco Classes



Pioneer Breakdown: Lives Covered








* Jan to June 2017

Mass and Microinsurance Products

Product Description	Distribution Channels
a. Mass Insurance	
1. Medical cash assistance	     
2. Comprehensive travel insurance	
3. Loss of income cover for migrant workers due to job termination	
4. PA and fire cash assistance for small business owners	
5. Regular VUL without medical requirement	
b. Microinsurance	
1. Hospital cash assistance	     
2. PA with burial and hospital cash assistance for the owner + own damage cover for the motorcycle	
3. Group PA with burial benefit and fire cash assistance	
4. Crop Insurance	
5. PA benefit with burial and calamity aid for individual and family	
6. Four-month PA cover and fire cash assistance	



PRODUCT ADAPTATIONS

From Mass to Microinsurance

Product Description	Distribution Channels
a. By Price Point	
<p>Free  MediCash <small>Dengue Insurance</small> for principal holders of  SAGIP PLAN</p> <p> PIONEER <small>YOUR INSURANCE</small> InstaLife Regular VUL with lowered annual premium and with no medical requirement.</p> <p> KabuklodPlan Premium adjusted to what is affordable to the target market</p>	<p>Pawnshops, Rural Banks</p> <hr/> <p>Microinsurance Agents</p>
b. By Payment Scheme	
<p>Premium loan with weekly installment term for  SAGIP PLAN</p>	<p>MFIs, Microinsurance Agents</p>

PRODUCT ADAPTATION

From Micro- to Mass Insurance

Product Description	Distribution Channels
PA and property cash assistance with no underwriting and claims adjustment required for  	Supermarket Chains, Manufacturing Firms

BENEFITS

To the Partners: differentiation in their market, additional source of income, value added

To the clients: ability to re-start/rebuild sooner, positive experience of insurance

To the industry: wider reach

To Pioneer: increase market share by way of an additional revenue stream that is sustainable; help dispel the negative stereotype of insurance

To the country: less dependence on government dole outs during calamities



Thank you!



Discussion Questions

- Is “touch” equally necessary for micro and mass clients? How do you provide it differently for the micro vs. the mass?
- Do you find that micro clients grow economically into the middle class and the mass market? How do you “follow” and “lead” them up-market?
- Do you have any mass products that have been adapted to the low-income market?
- What support was required to make your range of products successful?



SERVING THE UNDERSERVED

THE BIMA WAY



BIMA

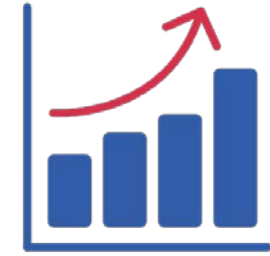
PROTECTING THE FUTURE OF EVERY FAMILY

BIMA USES MOBILE TECH TO BRING EASY TO USE, AFFORDABLE INSURANCE & HEALTH SERVICES TO LOW-INCOME FAMILIES IN EMERGING MARKETS



24 MILLION

Customers
reached



575,000

New customers
a month



14 COUNTRIES

Covered by
BIMA's service

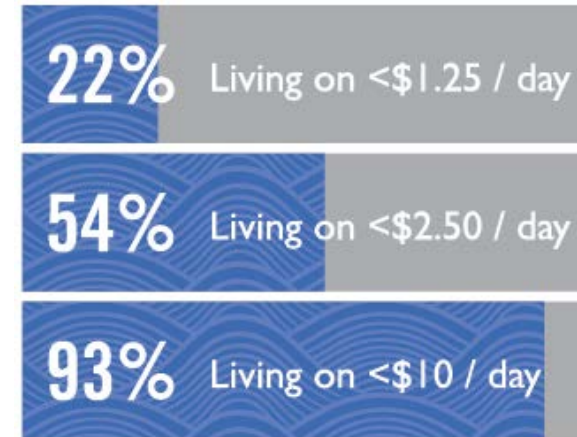


75%

Customers accessing
insurance for the first time



BIMA CUSTOMER PROFILE



“ I am very happy and feel very great to receive such big amount of money. I’ll use the money to expand my poultry keeping project ”

Adolf Felix (47yrs old) - Tanzania

“I am really grateful to BIMA Family Life. The money will be used to make sure that my brother’s kids continue going to school and have a bright future”

Aki Armstrong – Papua New Guinea



BIMA'S MODEL IS BUILT ON OUR PARTNERSHIPS, PLATFORM, PEOPLE AND PRODUCTS



PARTNERSHIPS with Mobile Operators to reach scale and be at the forefront of innovation in emerging markets



Award-winning tech **PLATFORM** that delivers a user experience that works for our consumers

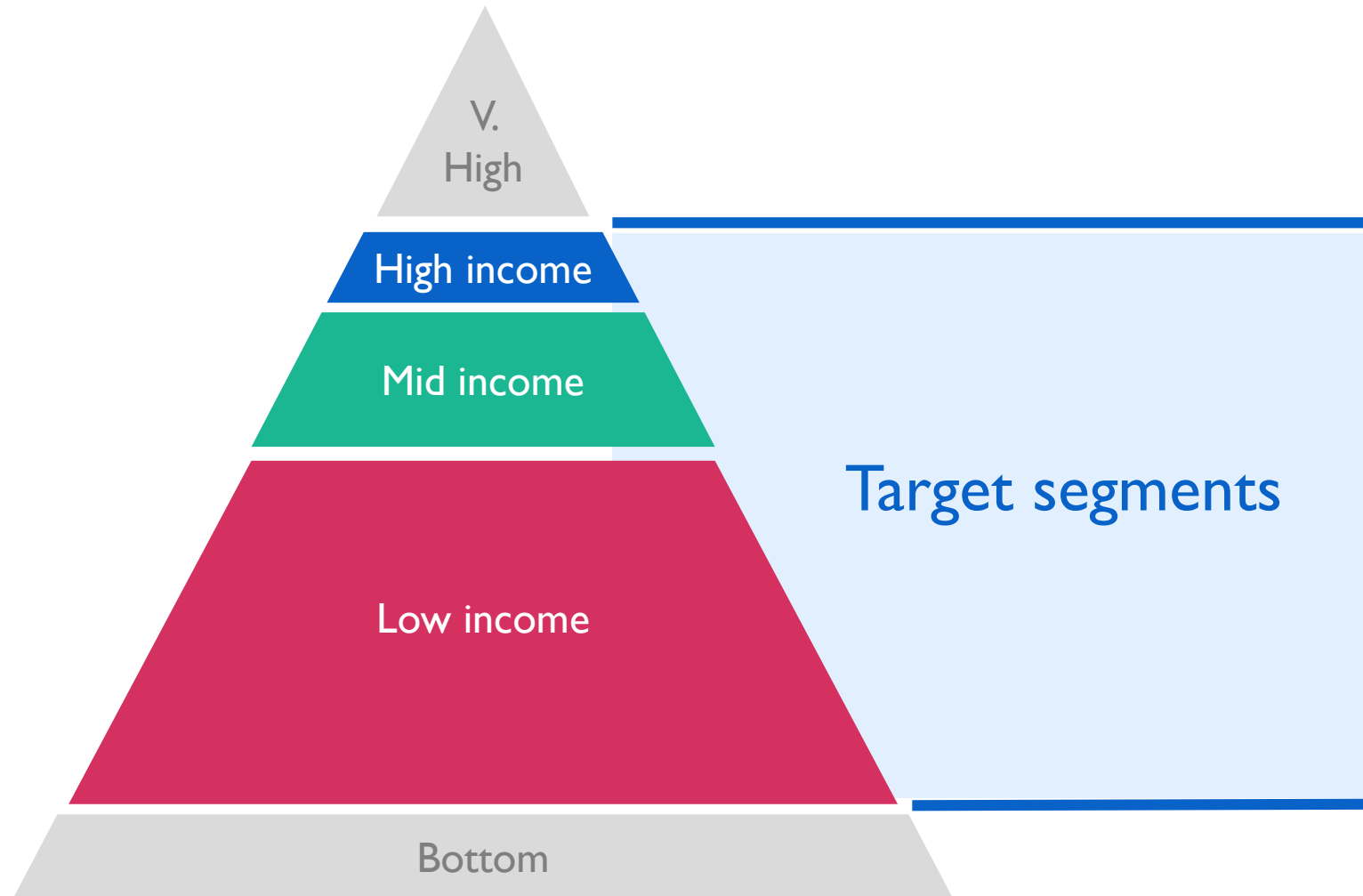


PEOPLE or agent force dedicated solely to distribution of BIMA products, our providing vital product education



High value **PRODUCTS** that are easy-to-use and built around the needs of the customer

WE NEED TO CATER THE PRODUCT MIX AND SALES APPROACH TO PARTICULAR SEGMENTS



PRODUCTS NEED TO BE AFFORDABLE, VALUABLE AND SIMPLE FOR OUR TARGET CONSUMERS



BIMA's Protection Service enables you to pay for personal accident insurance through automatic deduction from your prepaid load balance or postpaid account.

HOW IT WORKS



Choose your level and send the respective keyword to **2462**: BIMA45, BIMA60, or BIMA70



Provide your details to a BIMA agent, or contact the BIMA office at **0918 663 3248**



You will be charged **₱5** per day for no more than 9, 12, 14 days depending on availed package. This will be deducted from your prepaid load or billed on top of your postpaid account.



You will receive sms updates with your monthly cover.

HOW TO CLAIM



Call BIMA Claims at **621 4505** or **0917 464 BIMA, 0918 663 3248 (SMART)**



Submit necessary documents (check on Terms & Conditions)



Valid claims will be paid within 10 working days

Are you prepared for the unexpected?

Speak to your **BIMA Agent** or call us using the numbers below to find out more information about how you can register today: **621 4505** or **0918 663 3248 (Smart)** or visit: **www.bima.ph**



BIMA Philippines, Insurance Agency Inc.

Unit 1202 Presige Tower, F. Ortigas Jr. Rd.
Ortigas Center, Pasig City
Insurance Commission Licence No:
1049574-8080223-90000000
Registration No. (SEC) CS201403469



PROTECTION SERVICE



PROTECT THE FUTURE OF YOUR FAMILY FOR AS LOW AS **₱5** A DAY



PAPERLESS SUBSCRIPTION

FREE 30K FIRST MONTH INSURANCE



Service available to Talk'N Text and SMART subscribers



CHOOSE YOUR LEVEL and SEND KEYWORD TO 2462.

- FREE registration
- FREE ₱30,000 first month cover
- Accident and Disaster protection in one
- Choose your protection level and send a text with the respective keyword to **2462**: BIMA45, BIMA60, or BIMA70

CODE TO SUBSCRIBE	BIMA45	BIMA60	BIMA70
COVER MAX CASH BENEFIT	₱ 135,000	₱ 180,000	₱ 210,000
DAILY COST	₱ 5 (9 days)	₱ 5 (12 days)	₱ 5 (14 days)
MONTHLY COST	₱ 45 (9 days)	₱ 60 (12 days)	₱ 70 (14 days)



Simple

Affordable

Multiple tiers

BIMA'S PLATFORM DIGITALIZES THE CUSTOMER EXPERIENCE TO ENABLE EFFICIENT REGISTRATION AND PAYMENT



Registration

PAPERLESS
REGISTRATION
IN < 2 MINUTES



Confirmation

MSISDN AS
DIGITAL
SIGNATURE



Payment

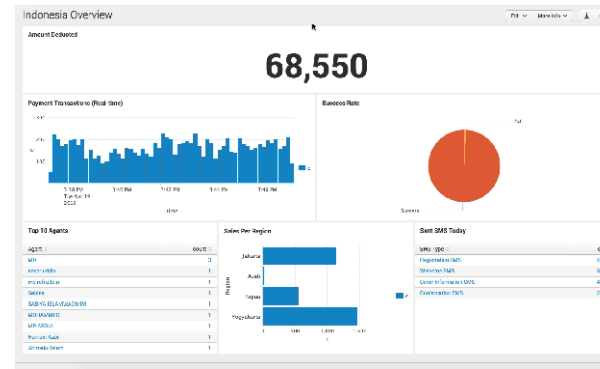
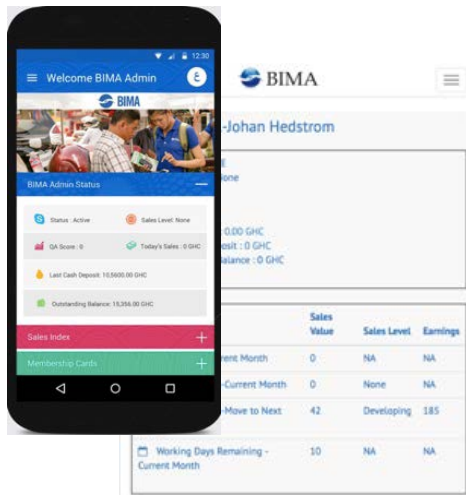
Cover Notifications

MANAGEMENT OF OVER 27
MILLION MICRO-PAYMENTS
EACH DAY



Claim

ELECTRONIC
CLAIMS
TRACKING



BIMA Claim List

Name	KTP	Member's Card Number	Claim #	Status	Initiated Date	Sent
BIMA-000001	3200000000000	00000000	001-000000000000	Approved/Success	15 Apr 2015	Sent
BIMA-000002	3200000000000	00000000	001-000000000000	Approved/Success	15 Apr 2015	Sent
BIMA-000003	3200000000000	00000000	001-000000000000	Approved/Success	15 Apr 2015	Sent
BIMA-000004	3200000000000	00000000	001-000000000000	Approved/Success	15 Apr 2015	Sent
BIMA-000005	3200000000000	00000000	001-000000000000	Approved/Success	15 Apr 2015	Sent



THANK YOU



BIMA
PROTECTING THE FUTURE OF EVERY FAMILY

Discussion Questions

- Is “touch” equally necessary for micro and mass clients? How do you provide it differently for the micro vs. the mass?
- What are the cost implications of making a special effort to include micro products? Does this net out to positive results?
- Over time do you find that there is an expansion of the insurance spend of your clients that started out as micro?
- How does BIMA ensure client value at all economic levels with their mass products?

Key Takeaways and Closing Remarks

Chan

- There is a win for every stakeholder in a mixed mass and micro approach.
- Making a distinction between mass and micro is necessary to more effectively address the needs of the micro market.
- Micro clients can and do grow economically into the middle class/mass market hence it is important to be part of their journey.

Ström

- A segmented sales and product strategy to address micro and mass is key to make it viable.
- Digitization of the customer journey creates efficiencies and allows scale in the micro segment.
- There are a few considerations when designing products for the micro segment: digital literacy is low so help in digital registration and education is needed for adoption, you need a digital payment channel to enable micro-payments, you need to design an easy claims process.

Key Takeaways and Closing Remarks

McCord

- There is a win-win opportunity for those who look to the low-income market with intentionality to service them appropriately with products that fit their needs.



Thank You