



Innovation Distribution Models

A presentation by Ashok Shah



APOLLO CENTRE
APOLLO ASSET
MANAGEMENT



About APA Apollo

- We are one of the largest Insurance Companies in Kenya,
- We serve both individuals and corporates across the country
- The flagship company was formed after the merger of the general businesses of Apollo Insurance Company and Pan Africa Insurance.
- With a combined experience of over 100 years (Pan Africa - 1946 and Apollo -1977), APA Apollo has become one of the largest insurance firms in the industry providing a range of innovative product offering.



**APA WINNER 2019
EUROPEAN
MICROFINANCE AWARD**
Strengthening Resilience to Climate Change

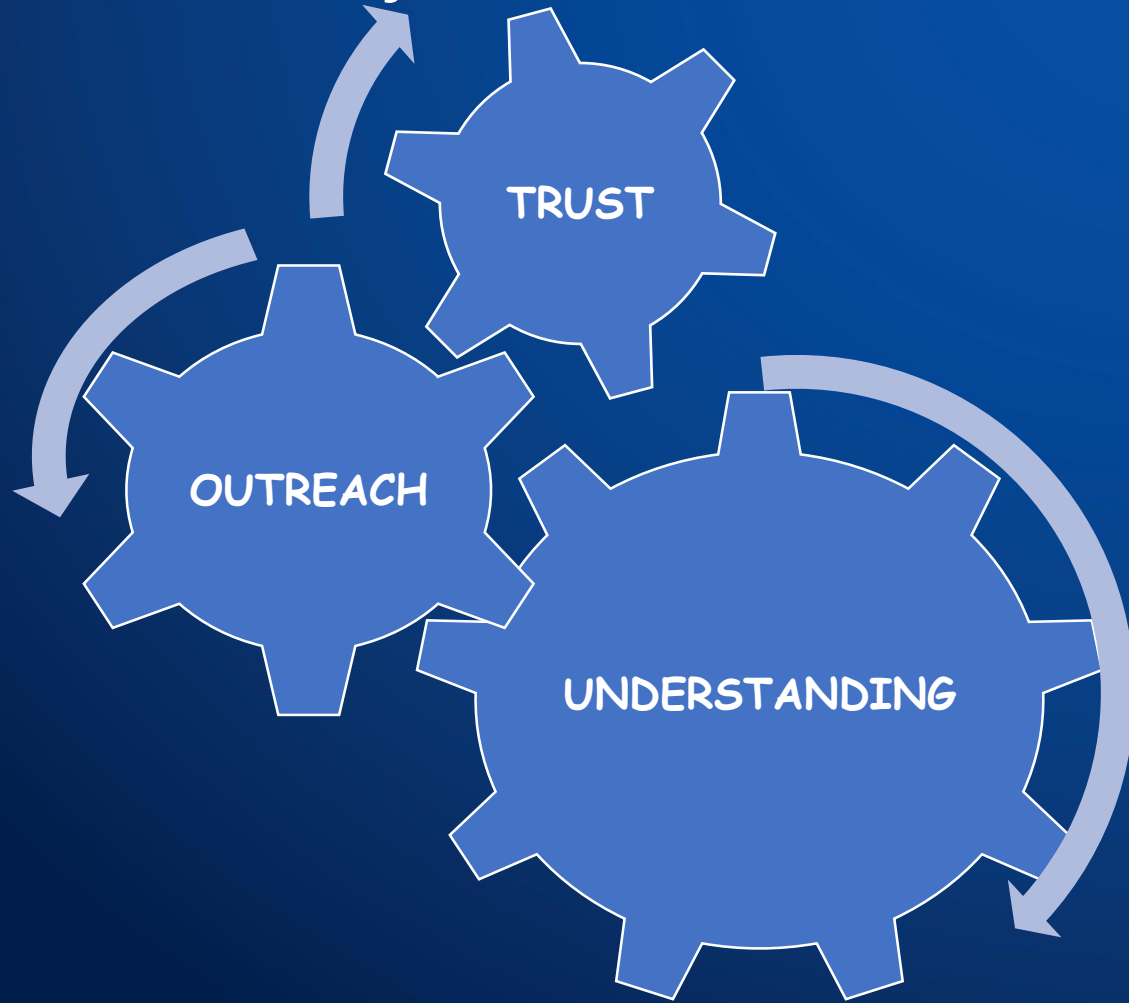


Understanding the market

- Not enough category knowledge and product understanding
- Traditional way of marketing is still relevant
- Intermediation of the traditional market
- Need for frequent communication by customer



Distribution: Has CV19 made any difference?



- Despite CV19, MI and Agri still use very traditional touch points
- Insurance is invisible and the insurance sales person is a stranger, but premium is tangible- How can the customer trust?
- Cost of reaching the customer is way higher than the premium itself and developing agents in rural/remote areas is difficult. Digitisation will be a great change
- Lack of customer understanding: Critical illness VS critically ill, death VS death due to accident, pest attack VS uncontrollable pest attack -leads to mis-selling or misunderstanding

Our Approach to Solving Challenges

Outreach

Identifying partners who have feet on street (Agri Input companies, PayGOSolar, local NGOs, Church & International Development Organizations)

Developing existing community based resources (Village Representatives, County Coordinators) to work seasonally to build own low cost channel

Using technology to ease the process of enrollment and claims (MPesa for Premium collection and claim payment), and leverage partners' platforms

Using simple mobile based solutions such as USSD and SMS to educate the farmers on insurance and crop management

Partnerships



PARTNERSHIPS

Kenya Agriculture Insurance Group: a consortium of 6 companies which provide ability to retain risk, increase capacity, technical support, improved distribution and logistics.

Azuri - Pay go Solar

World Food Programme - CARITAS

One Acre Fund

Pula

Acre Africa

Apollo Agriculture

MFI's

Turaco

MicroEnsure

ARIFU

AND Many Others



APA's Approach to Solving Challenges

Trust

Using a tangible product to bundle insurance

Partnering with organizations having existing relationship with agriculture households

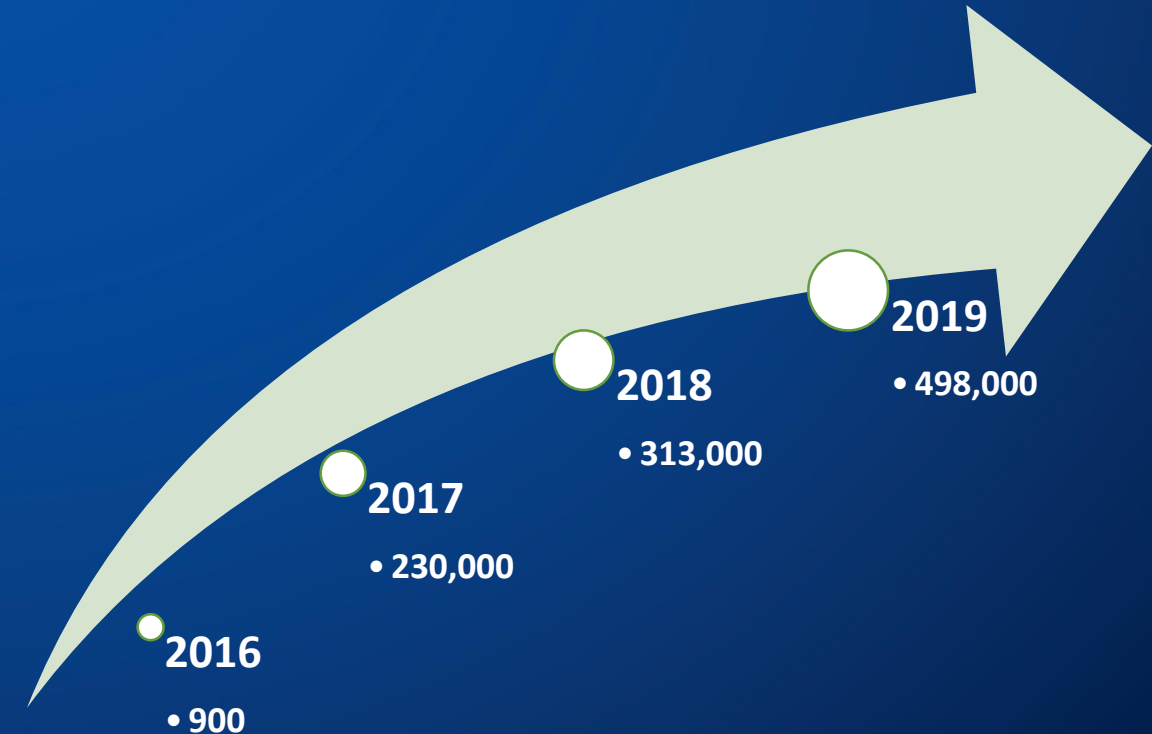
Publicize claim payouts Information about claims paid from multiple partners helps a lot



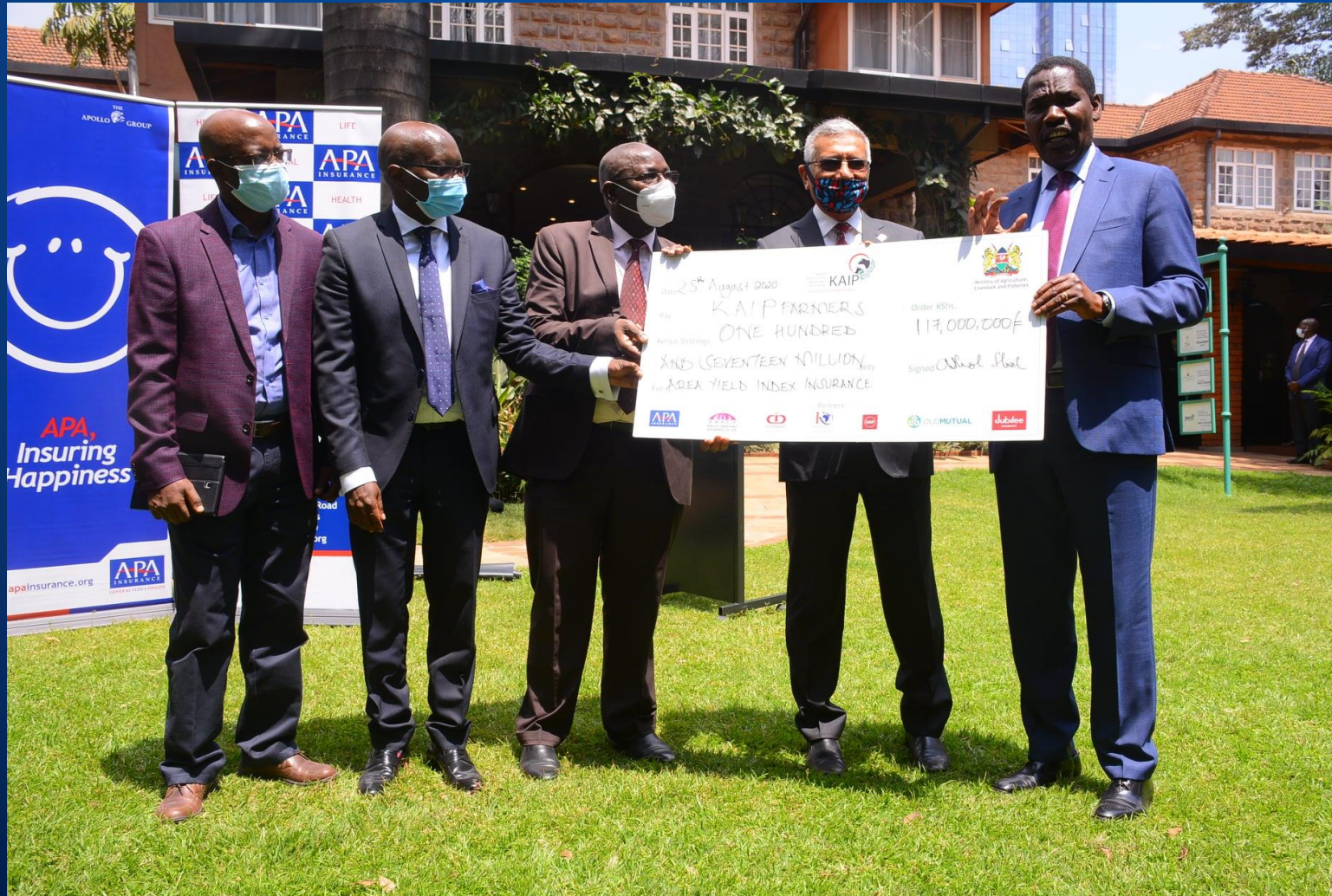
Kenya Agriculture Insurance Programme (KAIP) & Kenya Livestock Insurance Programme (KLIP)

- KLIP-An innovative cover designed to protect pastoralists against the risk of drought related livestock risks
- More than 20,000 households covered since inception
- Covers the forage, premium charged per head of cattle in terms of Tropical Livestock Units (TLUs) with a Sum insured per TLU being Kes. 14,000 - equivalent to the forage the animal needs.
- KAIP-Product offered is Area Yield Index Insurance
- Latest Cover - more than 30 counties
- Premium - 50% Government subsidized. MPCl - to give broad protection
- Cumulatively reached over 1 Million smallholder farmers since 2016
- Insured by agriculture insurance pool
- APA leads the pool - 6 like minded local insurers

Farmers Insured



Farmers Claim Pay-out



APA's Approach to Solving Challenges

Awareness

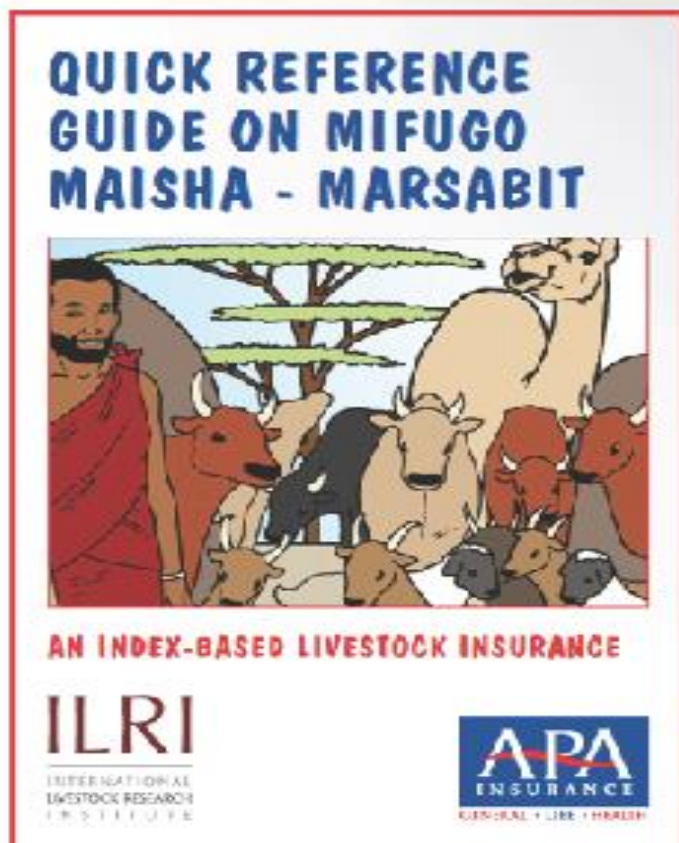
Simplified & transparent policy conditions make it easier for agents to explain and rural customers to understand the policies

Community meetings before sales ensure that farmers get answers to their questions and gain confidence by peer learning

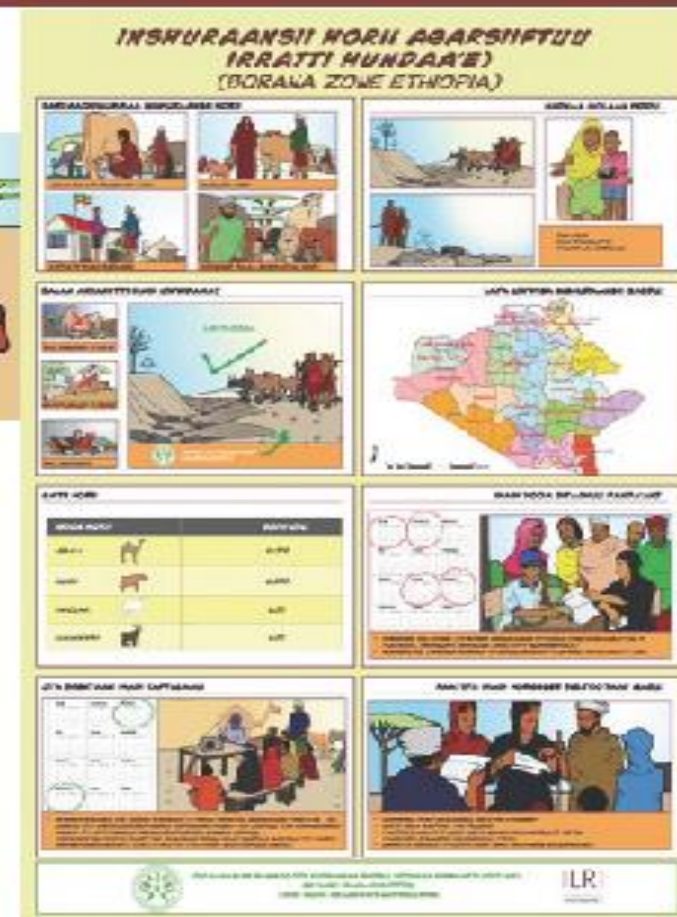
Community meetings before claim disbursement have shown great results in terms of renewal as question related to claims calculation are addressed



Not just education...



Edutainments
Radio programmes



ILRI
—40—
YEARS

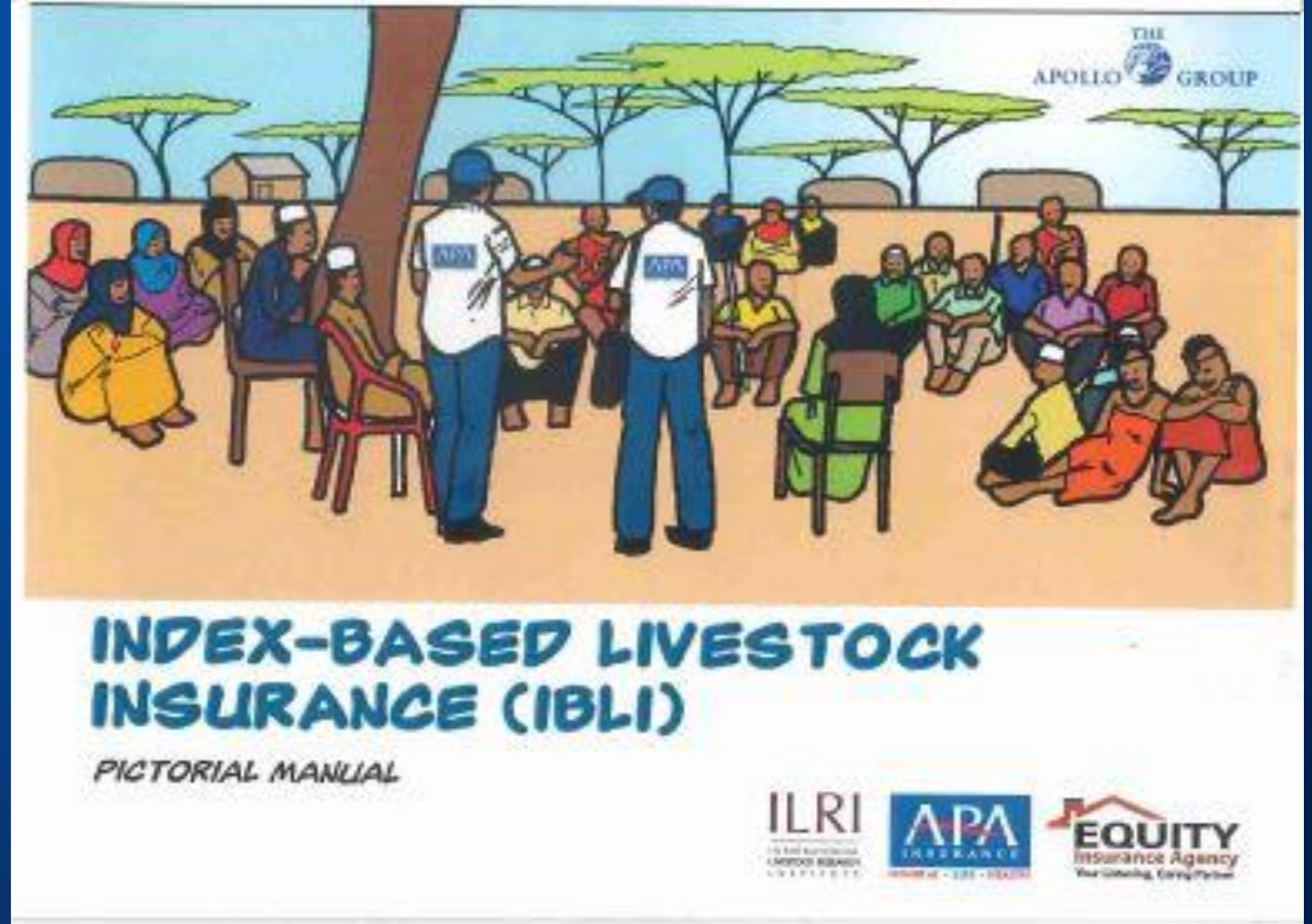
Defining lives through livestock



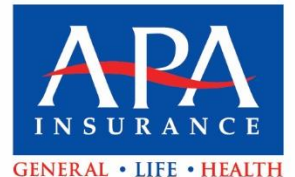
But also getting feedback ...



Sample Marketing Materials



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Lessons Learned

1. **Scale**- One of the key lessons is that without the government support, reaching scale in these scheme/programs would be difficult. The kind of infrastructure required is not yet available, therefore it becomes easy to join hands with Government till we develop our own infrastructure (Infrastructure includes people on the ground, more offices, more capacity building activities)
2. **Trust**- If a scheme is backed by the Government the trust factor among the low income households is taken care of, which is usually difficult to create through entities like agents, brokers or other entities not known in the specific area. People are generally averse and do not trust insurers, hence partnership with the government provides credence for trust.
3. **Pricing**- Due to the lack of reliable data, pricing of agriculture insurance product is usually high (4% to 18%) compared to other classes of insurance. Without the Government subsidies it is difficult for small holder farmers and low income households to afford.
4. **Risk Sharing**- With the creation of insurance pool in Kenya, today we are insuring crops worth Ksh 2.5 billion which is expected to be Ksh 10 billion by year 2022. We have reached to a level where other neighboring countries are asking for our support to develop agriculture insurance for example Uganda (UG pool) and Tanzania (tobacco & Rice).



Digital Progress

**Micro Life
Product**

Low Premium 2\$

**Modest Sum
Insured
\$1000**

**Distribution
USSD
Mobile app
Aggregators**

**Cash Back
50% of annual
premium
\$12**



THANK YOU

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