

ANALYZING THE CLIENT VALUE OF HOSPITAL CASH PRODUCTS

**International Conference on Inclusive Insurance 2020
Digital Edition**

Session 15

Thursday 5th November 2020

16h00 to 17h30 (CET)

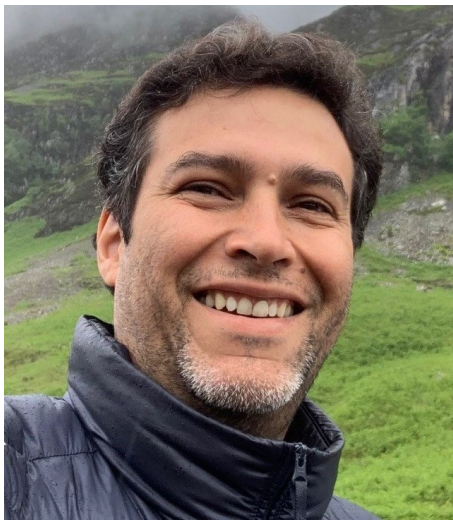


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Hosted by the Microinsurance Network and ILO's Impact Insurance Facility

Speakers



Erik Jarrin Peters

Head Latin America -
Life Division, Barents
Re, United States



Anne-Sophie Triboulet

Microinsurance Project
Manager, Women's
World Banking, Uganda



Neto Ikpeme

Founder and CEO,
Wellahealth, Nigeria



Lisa Morgan (Facilitator)

Technical Officer, ILO's
Impact Insurance Facility,
Switzerland

MiN Best Practice Group on Health and Financial Inclusion

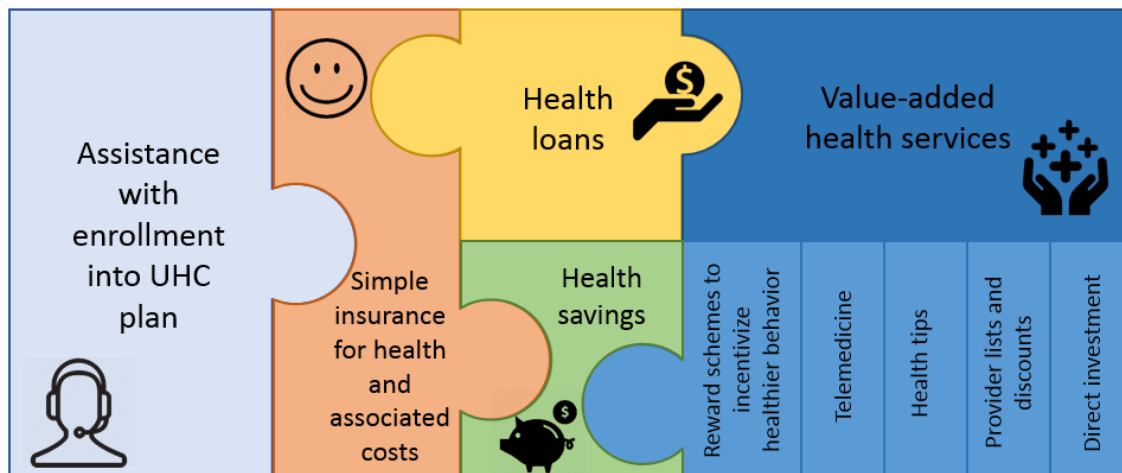
Purpose of the MiN BPGs: to identify and share good practices in specific fields of inclusive insurance

Members

Members of the BPG are also members of the MiN – all are volunteers

Wider health system considerations

Hospital Cash fits in with an integrated risk management approach, and is compatible with wider national plans aimed at Universal Health Coverage (UHC). Can play a relatively small, but still significant role.



From ILO Paper on [Financial inclusion and health](#). The above “puzzle” shows the different pieces that together constitute an holistic, integrated risk management approach to managing various tranches of health-related direct and indirect costs, and help with prevention and promotion of health-seeking behaviour.

Project Focus: Client value analysis of hospital cash products

Project: Client value analysis of hospital cash products

Rationale:

Nearly all of the health microinsurance/inclusive insurance products that survive without government subsidy and most of the products reported as health are hospital cash plans. There is clearly a market for this product, and it has proven viable.

Purpose of the study:

Purpose is to investigate client value to support improvements/development of this product and growth in the global market.

Comparative study:

We are comparing a set of hospital cash plans that have reached scale and analyzing them from the client's perspective.

Methodology:

- Using the **ILO PACE tool** (analysis along the lines of product, access, cost and experience)
- Comment on use of telemedicine as VAS during COVID-19 Pandemic

Our three “workstreams”:

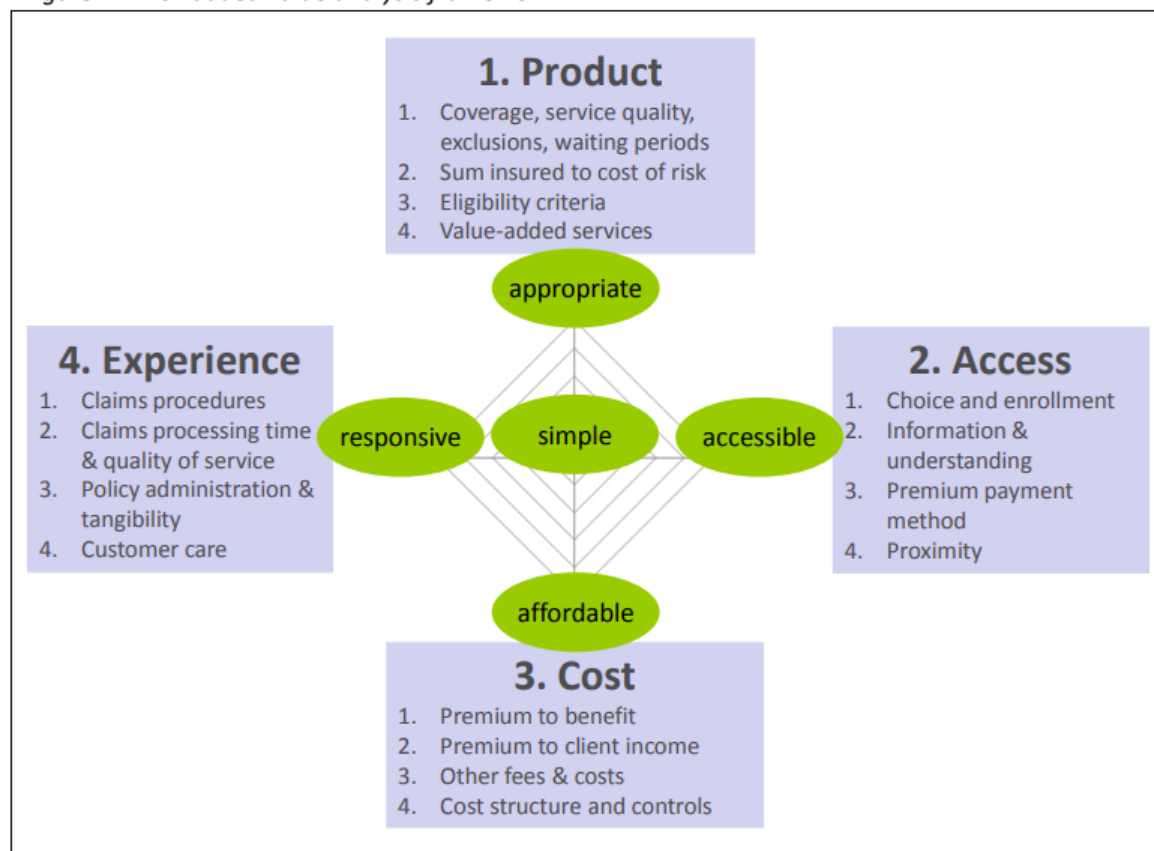
- **Latin America:** Pedro Pinheiro (CNseg), Erik Jarrin-Peters (Barents Re), Maximiliano Selva (Varese Brokers), Nicolas Morales (MiN)
- **Africa:** Kate Rinehart (CENFRI), Denis Garand (DGA), Ikpeme Neto (Wellahealth), Nomahlubi Mavikela (CENFRI), Anne-Sophie Triboulet (Women's World Banking), Mehi Mirpourian (Women's World Banking)
- **Asia:** Mehi Mirpourian (Women's World Banking), Anne-Sophie Triboulet (Women's World Banking), Lisa Morgan (ILO)

ILO's PACE Tool

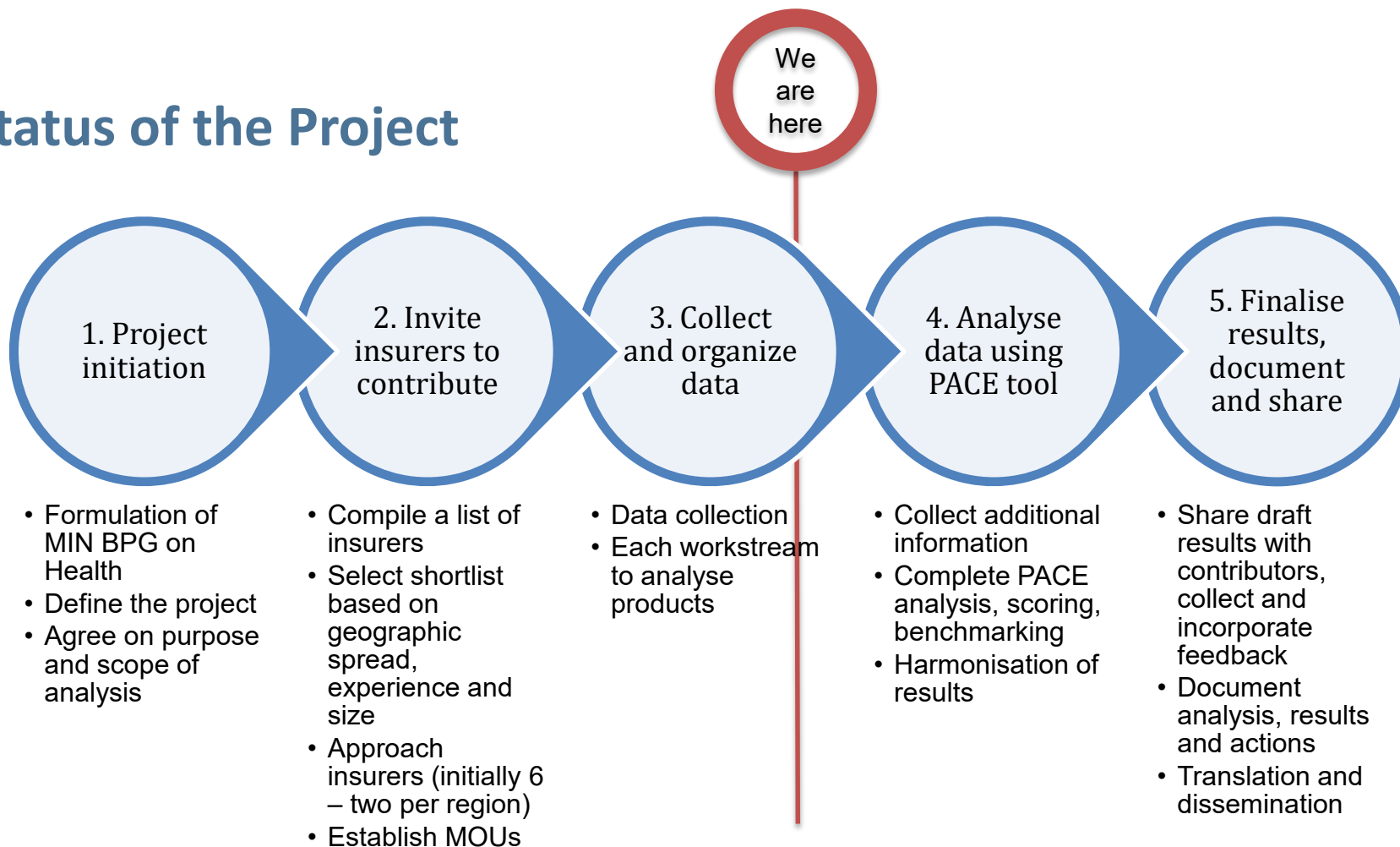
The ILO's [PACE tool](#) (follow hyperlink)

- Helps organizations examine their products from the clients' perspective by comparing the insurance offering with other formal and informal risk management tools.
- Provides a framework to evaluate the value of products and related processes across four dimensions:
 - Product, Access, Cost and Experience
- Allows practitioners to identify, consolidate, and then prioritize potential changes

Figure 2: PACE added value analysis framework



Status of the Project



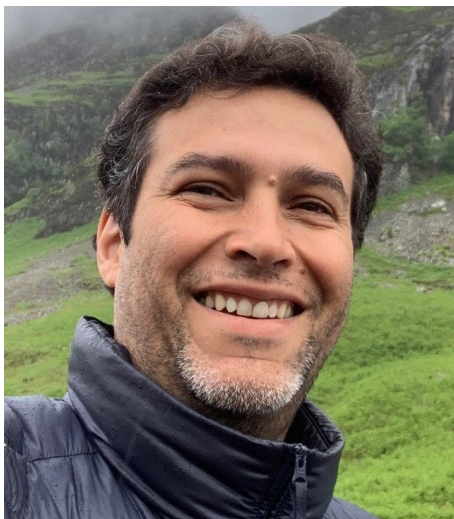
Poll Q # 1

- Which sector/group do you represent?
 - Government / Regulator
 - Insurance / Reinsurance Industry
 - Consumers
 - Financial Institution
 - Distribution partner
 - Other

Poll Q # 2

- If you are an insurer, reinsurer or financial institution: do you currently offer a hospital cash product or are you looking to do so in the near future?
 - Yes
 - No

Latin American Workstream, presented by...



Erik Jarrin Peters

Head Latin America - Life Division, Barents Re, United States

Erik is a professional with more than 25 years of experience in the insurance and reinsurance industry. He is a senior executive and member of the board of “Risk Management”, a leading French consultancy firm providing services across all the insurance value chain, at the same time he is the Latin America Head of the life practice for Barents Re, a niche reinsurer that supports the development of inclusive and microinsurance programmes. Erik is also the Co-Founder of www.tunajali.com an insurtech venture created to support the emerging population of Latin America.



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Hospital Cash Product Paraguay

Product

- ☐ Benefit period up to 60 days
- ☐ Covid-19 included
- ☐ Waiting period varies
- ☐ Sold individually – online
- ☐ Death benefit
- ☐ 1 day deductible

Access

- ☐ Voluntary basis - Customers select the level of benefits - automatic process for controls and renewal reminder. Agents can get access to offer product. Online sales – all territory. Payments for full period or instalments.

Cost

- ☐ Benefit is related to the income level of the population
- ☐ Lowest indemnity offered is the equivalent of \$13 USD per night of hospitalization during 10 nights @ \$1.25 per month

Experience

- ☐ Online notification
- ☐ Simple documentation
- ☐ Payment within 5 days
- ☐ Only management can reject a claim



Poll Q # 3

- Which insurance products do you have?
 - Life
 - Personal Accident
 - Critical Illness
 - Cancer Indemnity
 - Health insurance
 - Hospital Cash
 - Car / motor
 - Homeowners
 - SME
 - Other

Hospital Cash Product Peru

Product

- ☐ Benefit period up to 60 days
- ☐ Covid-19 included
- ☐ Waiting period varies
- ☐ Sold individually – sponsors
- ☐ Future pandemics covered
- ☐ 3 day deductible

Access

- ☐ Promoted by agents
- ☐ Sold through Sponsors and its branches.
- ☐ Voluntary Scheme
- ☐ Monthly payments
- ☐ Options for benefit levels, enrolment open for the family group

Cost

- ☐ Benefit is related to the income level of the population
- ☐ Lowest indemnity offered is the equivalent of \$14 USD per night of hospitalization during 15 nights @ \$7.50 annual

Experience

- ☐ 3 day deductible takes away many potential claims
- ☐ Claims presented are for serious conditions.
- ☐ Payout is usually on the high end of the sum insured
- ☐ ICU flat benefit



Hospital Cash Product Bolivia

Product

- ☐ Benefit period up to 15 days
- ☐ Covid-19 included
- ☐ Waiting period varies
- ☐ Sold as group policy
- ☐ Bundle with Life Benefit
- ☐ 1 day deductible

Access

- ☐ Group policies only, 10 members minimum
- ☐ Promoted through agents or sponsors
- ☐ Annual or instalment plans
- ☐ Only available major cities – carrier branch

Cost

- ☐ Benefit is related to the income level and cost of health care
- ☐ Lowest indemnity offered is the equivalent of \$50 USD per night of hospitalization capped to 15 nights + \$1,000 Life benefit @ \$20 annual

Experience

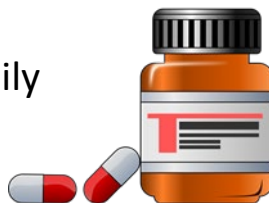
- ☐ Simple documentation
- ☐ More complex if includes death benefit





Value Added Services

- Existing:
 - Telemedicine
 - Nutritional orientation
 - Psychological orientation
 - Discounts in pharmacies/drugstores/lab work/doctors visits
- Customers are asking for:
 - Free services – doctor office visit
 - Annual exams – check ups
 - Coverage for extended family
 - Medicine plans



What we have learned so far

- Customers are not always part of the design process
- The market can adapt to a sudden need – could do better with planning
- Customers are looking for immediate satisfaction – tangible products – have the intention to use the product
- Social media and mobile devices are the preferred research method for customers – nowadays (other figures pre covid-19) – much higher search / requests

Poll Q # 4

- To buy insurance, I:
 - Contact my insurance agent
 - Contact an insurance company
 - Do it myself online
 - Get it through my financial institution
 - Look at the offer from my phone provider

Hospital Cash Product

	Paraguay	Bolivia	Peru
Benefit per night	\$13 per night	\$50 per night	\$13 per night
Price starting @	1.25	1.66	0.63
Indemnity	Min / Max 60d	Cap 15 days	Min 15 / Max 60d
Deductible	1	1	3
Waiting period	Covid - 21d Illness 90 Accident NIL	Covid - 14d Illness 90 Accident NIL	Covid - 14d Illness 90 Accident NIL
Distribution	Online	Sponsors / agents	Sponsors / agents
Payment	Installment	Installment	Installment
Covid-19	Included	Included	Included
Other benefits	Life coverage Telemedicine Discounts	Life coverage	none
Sold	Individually	Group	Individually
Changes	Focus	Interest	New pandemics

**BEST
DEAL**
?

Africa Workstream, first product presented by...



Neto Ikpeme

Founder and CEO, Wellahealth, Nigeria

Dr Ikpeme Neto is an internal medicine physician turned tech entrepreneur. He's the founder of Wellahealth a micro insurtech in Nigeria that's enabling new models of care to improve the affordability and accessibility of health insurance.



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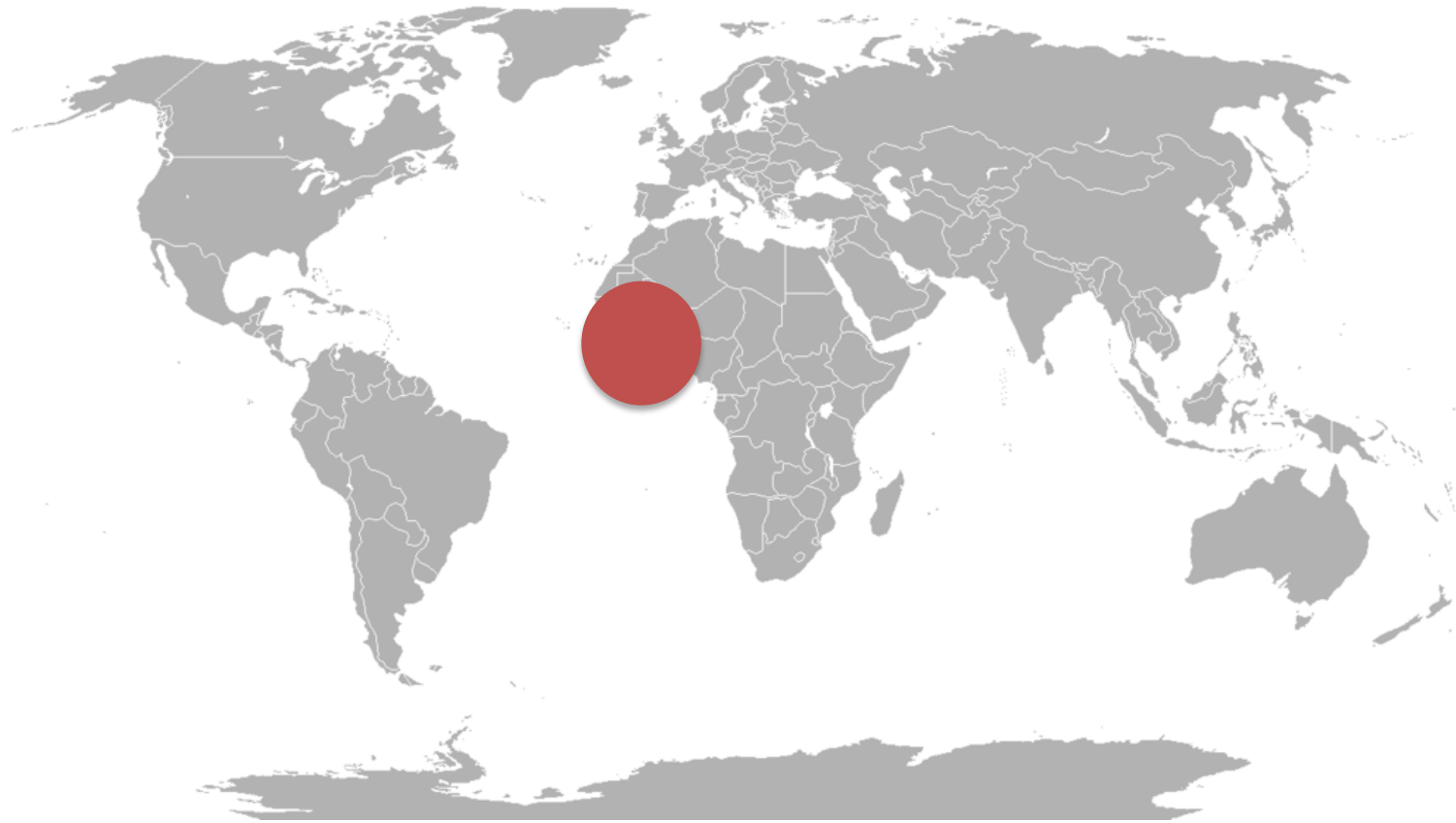


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Poll Q # 5

- Thinking about what you know Hospital Cash so far, what do you think would improve client value the most?
 - Integrating hospital cash with a range of other financial products designed to manage health risks
 - Bundling hospital cash with other inclusive insurance covers (such as life or funeral insurance)
 - Focusing more on the wellness/preventative aspects and offering enhanced value-added services



PRODUCT:

- ❑ Hospitalization cover; minimum 3 nights of hospitalization
- ❑ No exclusions on health conditions.
- ❑ 3 months waiting period.
- ❑ 3 options; including one free option with minimum number and amount of transactions; one option for individuals and one for family
- ❑ Up to 30 years per year.
- ❑ Value added services: Life insurance

ACCESS:

- ❑ Customers from a MNO reached through a call center.
- ❑ No additional documents to enroll
- ❑ Education done via ads or through service center agents about their products. Some info provided via USSD, SMS.
- ❑ Does not require frequent travels to PoS.
- ❑ No policy document

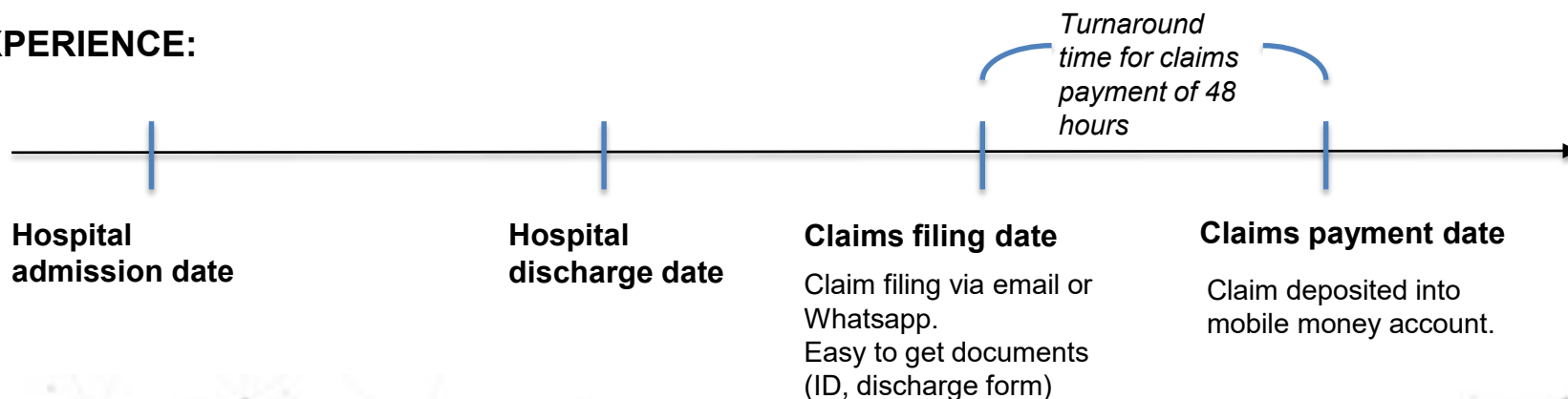
COST:

- ❑ 3 options:

Plan	Premium	Payout	Life benefit
Free	5 transactions > \$9 / month	\$5.30/ day	\$62
Personal	\$1/ month \$5.90/ 6 months	\$18/ day	\$178
Family	2,880F 15,400F	\$18/day/p erson	\$178

- ❑ Claims ratio doubled on average over last 3 years
- ❑ Premium is 1.5% of minimum wage
- ❑ Payment in instalments , monthly and biannually

EXPERIENCE:



Africa (continued) and Asia Workstreams, presented by...



Anne-Sophie Triboulet

Microinsurance Project Manager, Women's World Banking, Uganda

Anne-Sophie Triboulet is a Regional micro-insurance project manager at Women's World Banking. Based in Kampala, she supports partner institutions to develop insurance solutions for women in East Africa. Prior to joining Women's World Banking, Anne-Sophie worked as a project manager for development and humanitarian affairs at the French Embassy in Kenya.



Women's World Banking

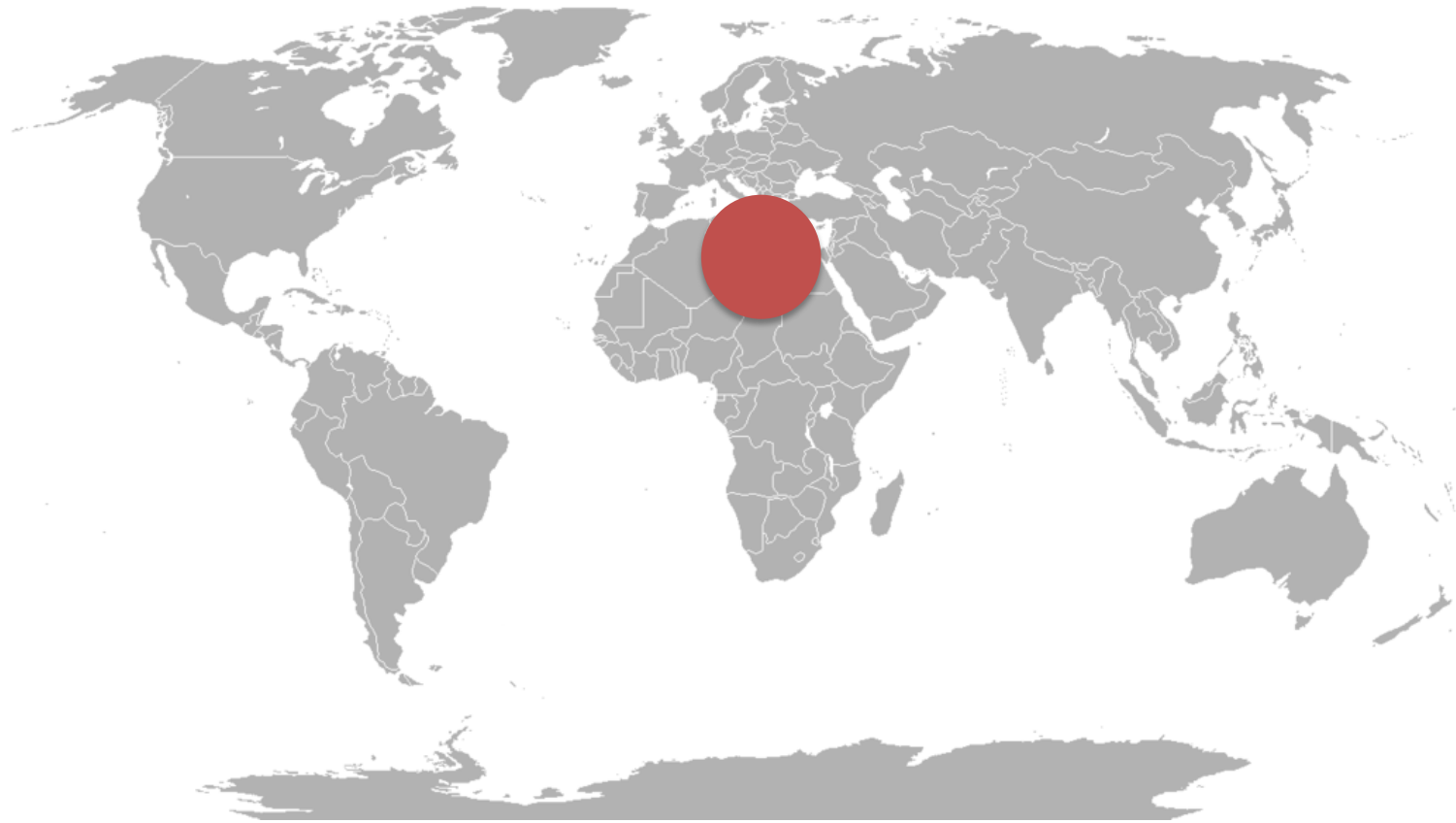


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PRODUCT:

A hospital cash product to serve low-income women

- ☐ No exclusions for any health conditions; including maternity and child birth related admissions; from the first night of hospitalization
- ☐ No waiting period
- ☐ Up to 40 nights per year
- ☐ Value-added services: Life insurance

ACCESS:

A bundled product with easy-to-understand client education

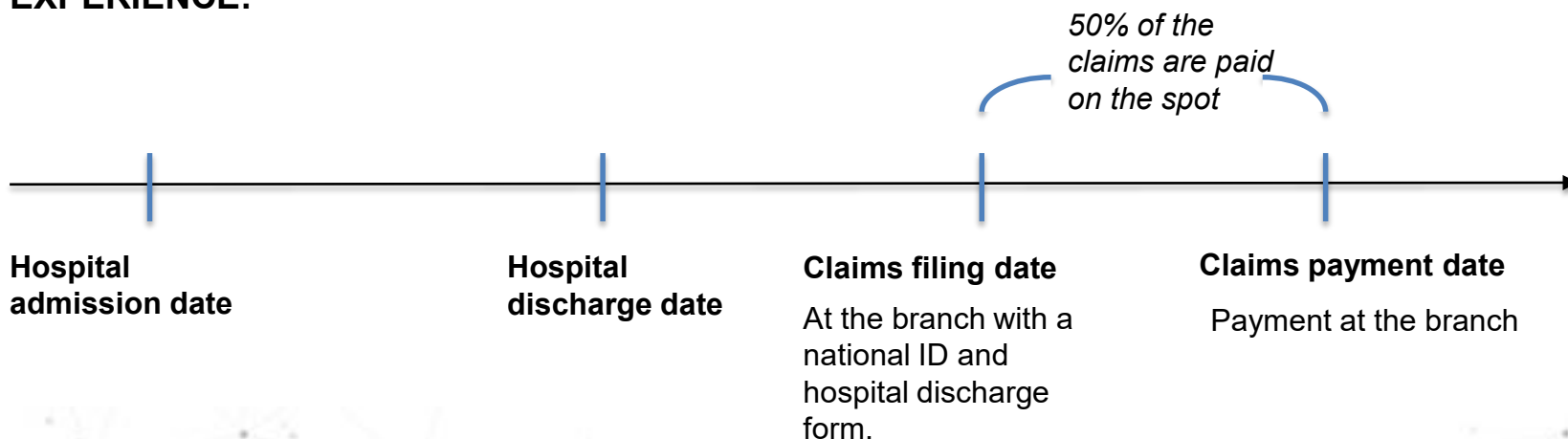
- ☐ Bundled with loan.
- ☐ No additional documents to enroll.
- ☐ Product explained in 3 key features
- ☐ Awareness phone survey

COST:

An affordable product for the low-income segment

- ☐ Premium paid in monthly instalments, together with the loan instalments
- ☐ Customer has to go to the branch to pay for his/her premium
- ☐ Daily benefit/ annual premium= 1.67

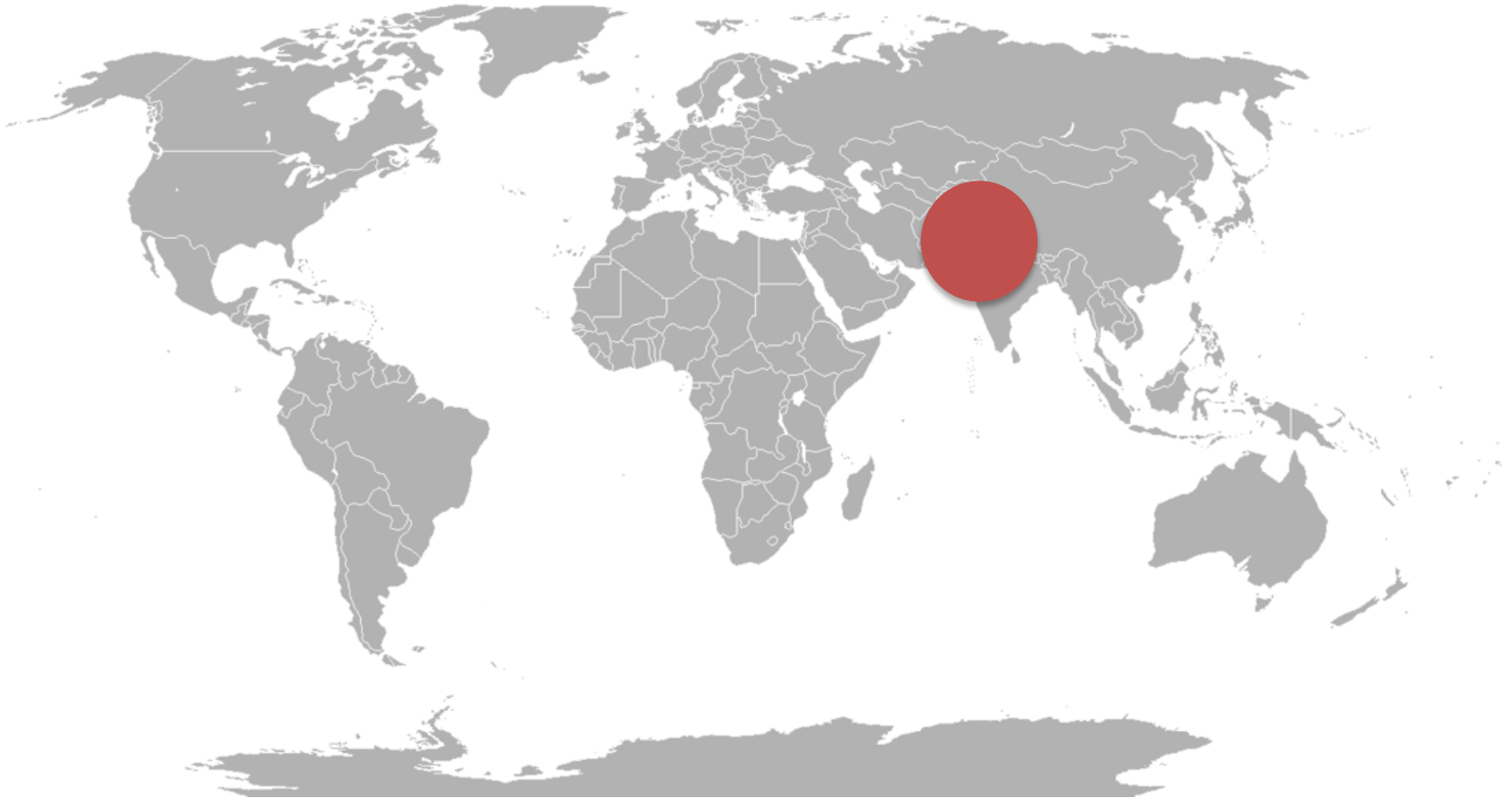
EXPERIENCE:



Comparison between Hospital Cash plans in Africa

		West Africa	North Africa
Product	Target market	Low-income segment	Low income segment, with a focus on women
	Exclusions	None	None
	Options	Yes	No
	Waiting period	3 months	None
	Max. days of compensation	30 days	40 days
	Minimum hospital stay	3 nights	1 night
	Value-added services	Life insurance	Life insurance
Access	Bundling	Standalone	Bundled
	Enrolment process	Digital, through a call center No documentation required	At the branch No documentation required
	Client education mechanisms	Ads or service center agents	By the loan officers using simple messages Phone survey
	Premium financing options	Mobile banking	Payments at the branch
Cost	Premium in relation to benefit	Daily benefit/ annual premium= 1.53	Daily benefit/ annual premium= 1.67
	Payment	Instalments	Instalments
Experience	Claims filing	Digital, on WhatsApp or via email	At the branch
	Documents required	Discharge form and national ID	Discharge form and national ID
	Claims turnaround time	48 hours	50% paid on the spot
	Policy documents/ insurance cards	No	No

Hospital Cash Product in South Asia (Asia- 1)



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Poll Q # 6

- Which value added service do you think low-income customers would value the most?
 - Telemedicine / Digital medical consultation
 - Second medical opinion (face-to-face)
 - Discounts on health-related services (e.g. pharmacies)
 - Health cashback (limited cash amount for outpatient services)
 - Education on preventative health, safety or other topics linked to health outcomes
 - Health screenings and preventative consultations
 - Financial education

Hospital Cash Product in South Asia

PRODUCT:

A solution with large value-added services that caters the needs of the low-income population

- ❑ In-patient hospitalization in case of illness, from the first night of hospitalization
- ❑ 15 days waiting period for sickness only
- ❑ 30 days limit per admission; no limit on number of admissions in policy year
- ❑ Value-added services: accident insurance, digital consultation, healthcare cashback

ACCESS:

Enrolment through a call center and reinforced client education

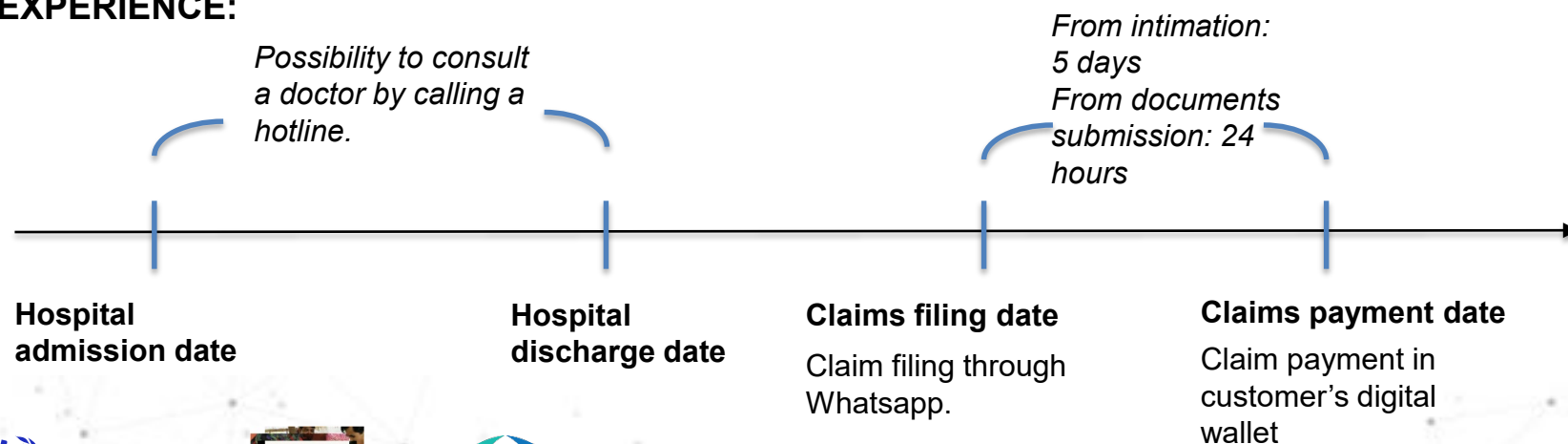
- ❑ Voluntary product
- ❑ Customers from a MNO reached through a call center.
- ❑ No additional documents to enroll.
- ❑ Product explained in 5 minutes.
- ❑ Client education reinforced with the establishment of a "quality team".

COST:

An affordable product for the low-income segment

- ❑ Premium paid upfront; 6 months or 1 year coverage
- ❑ Premium is paid through customer digital wallet
- ❑ Double benefit for intensive care unit confinement
- ❑ Daily benefit/ annual premium= 1 (general hospital)/ 2 (ICU)

EXPERIENCE:



Comparison with Hospital Cash plans in Africa

		West Africa	North Africa	South Asia
Product	Target market	Low-income segment	Low income segment, with a focus on women	Low-income segment
	Covers include	Any health condition	Any health condition	Illness and injuries
	Options	Yes	No	Yes
	Waiting period	3 months	None	15 days
	Max. days of compensation	30 days	40 days	None
	Minimum hospital stay	3 nights	1 night	1 night
	Value-added services	Life insurance	Life insurance	Accident insurance, Digital consultation, Health cashback
Access	Bundling	Standalone	Bundled	Standalone
	Enrolment process	USSD, call center No documentation required	At the branch No documentation required	USSD, In-app, outbound call center and inbound call center No documentation required
	Client education mechanisms	Ads, service center agents	By the loan officers Phone survey	Social media marketing, SMS blasts, outbound call center agents and quality officers
	Premium financing options	Mobile banking	Payments at the branch	Customer digital wallet
Cost	Daily benefit/ annual premium	1.53	1.67	1 (general hospital)/ 2 (ICU)
	Payment method	Instalments	Instalments	Upfront
Experience	Claims filing	Digital, on WhatsApp or via email	At the branch	Digital, on WhatsApp
	Documents required	Discharge form and national ID	Discharge form and national ID	Discharge form and national ID
	Claims turnaround time	48 hours	50% of the claims paid on the spot	5 days from intimation, 24hours from documents submission
	Policy documents/insurance card	No	No	No

Highlights from 6 products – initial analysis

PRODUCT

- Ability to adapt to COVID-19 pandemic, in particular the Latin American products dropped the exclusion for COVID-19 (under pandemics) and shortened the waiting period if hospitalized due to COVID-19
- Focus on women in North Africa, maternity covered
- Useful Value Added Services for some products (Telemedicine, nutritional advice, psychological advice, discounts in pharmacies/drugstores/ lab work/doctors visits, , digital consultation, healthcare cashback)
- Bundled with life insurance, accident insurance

ACCESS

- Online products
- Advertising on TV helped illustrate how the product worked, watched by target market
- MNO distribution
- Product in South Asia uses customer's digital wallet
- No additional documents to enroll
- Does not require frequent travels to PoS
- Awareness phone surveys for mandatory bundled products

Adding Client Value: Highlights from the 6 products presented

COST

- Increasing claims ratios
- Affordable
- Benefit options making more affordable for some

EXPERIENCE

- Fully digitalized process – no point of sale and use of WhatsApp for claims submission
- COVID-19 related messaged sharing good information
- Quick turnaround times (North Africa: 50% of the claims are paid on the spot. 80% are paid in 4 days. Other products: 2 days, 5 days)

THANK YOU



Microinsurance Network

39 Rue Glesener
1631 Luxembourg

+352 262978

info@microinsurancenetwork.org

www.microinsurancenetwork.org



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The ILO's Impact Insurance Facility
impactinsurance@ilo.org

www.impactinsurance.org