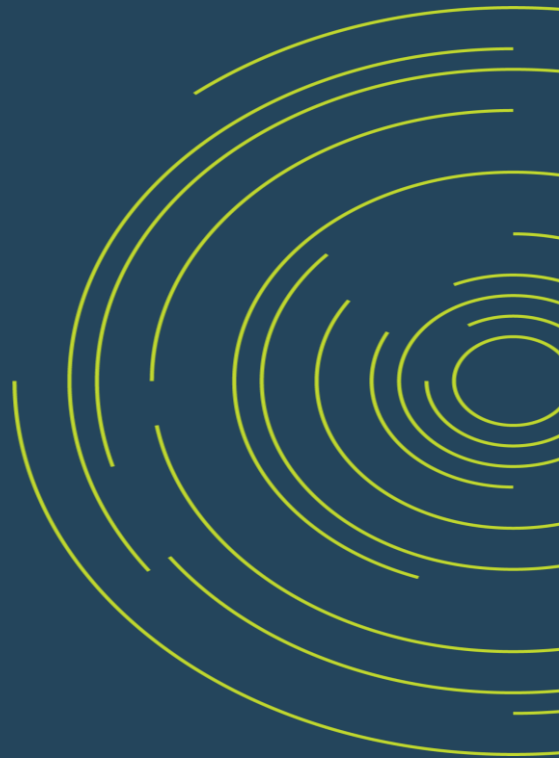


# Partnerships to unlock the MSME market

ICII 2022, Kingston Jamaica



# MiN Best Practice Group on Insurance for MSMEs – Briefing Notes & Case Studies

Published November 2020

Published May 2022

Published by:



Managing risks (more) effectively: Rethinking insurance for MSMEs



In cooperation with:



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How can lenders better protect MSMEs?



In partnership with:



Published by:



How can insurance providers leverage value chain aggregators to serve MSMEs?



In partnership with:



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How can digital platforms support the distribution of MSME insurance?



In partnership with:





# AXA Emerging Customers

Laura Rosado



Provide **simple, fair and accessible solutions** that reach **underserved communities** enabling **better risk mitigation** and overall financial health, **ultimately promoting sustained economic growth even** in the face of unexpected events

SERVICE HOTLINE

4服務熱線

2868 0000





# Partnering for climate **RISK ADMINISTRATION**

**Alejandra Díaz**  
**Sustainability Director**

*International Conference on Inclusive  
Insurance 2022*

# MSME Insurance :

Online Kiosk Model - Distribution

**MK Balanchandran**

# AXA Emerging Customers | The Inclusive Insurance arm of AXA

## Highlights

**9.5M**  
clients

**+15**  
countries

**108**  
Schemes in place

**40+**  
Community of  
experts around  
the world

## Our key partners



# Fundación delamujer in Colombia



**178k**

Customers

**63,3%**

Women

**30%**

Agri MSME

**92,7%**

Insurance penetration

National coverage

**91%**

of departments

**\$775**

Average microcredit





Insured farmers

**4.194**



Average monthly premium

**\$2,2**



Average insured value

**\$681**



Insurance penetration

**52%**

Data september 2022. Amounts in US dollars (TRM october 19)

# Insurance

We work to provide rural families with the **capacity to adapt to climatic risks** that may affect the stability of their **productive activity**.

Our insurance has two coverages

**Direct damages**

**Parametric**

  
**delamujer**

 **miCRO**

**SEGUROS  
BOLÍVAR** 

# Building an Eco System for Scale Up of Rural Distribution

What we look for ?

Focus on building a robust platform for rural distribution

## Built a strong Rural Foundation



### IT

- Partners who have the digital capability
- End to end Digital integration of products via API/redirection
- Distribution along with other digital services



### Reach

- Partners who have the presence at remote locations
- Who have access to customers – group/loan
- Trust worthiness among customers



### Resources

- Should have a team to drive insurance
- Capacity development of partners
- Partners should be eager to add insurance as an additional service

## Opportunity

- CSC
- SRLMs, FPOs
- Milk Cooperatives
- MFIs
- BCs
- Rural Retail Agency
- Agri Tech

To serve bottom of the pyramid

# Common Service Centers (CSC)

Online Kiosk Model – MSME Policy

**250,000** centers

Active centers

**40,000** SBIG @ 25% activation  
with 10K touchpoints



**4<sup>th</sup>** Rank out  
of 13

**12%** Market  
Share

Village level digital centers providing multiple services – B2C, G2C

Digital integration with CSC/BC partner portal

Centers present in every village

Distribution Channel	Direct Partnerships	Kiosks for Insurance	
Proposition	MSME	Model	Results
  Offerings	<ul style="list-style-type: none"> <li>Shopkeeper policy</li> <li>Covers only shops</li> <li>ATS – 10 USD</li> </ul>	<ul style="list-style-type: none"> <li>End to end digital module</li> <li>Real time policy issuance</li> <li>Easy user interface</li> <li>Simple issuance journey</li> <li>Assisted issuance</li> <li>No documents uploaded</li> </ul>	<ul style="list-style-type: none"> <li>Launched in FY'22</li> <li>Policies issued: 5000+</li> <li>Avg time taken of issuance : 2 mins</li> <li>Claims reported : 5</li> <li>Settled: 4 WIP: 1</li> </ul>

Advantages	Challenges
1. Reach at remotest locations	1. Activation of centers – large count
2. Digital issuance – Low COA	2. Training and capacity development
3. Point for after sales service	3. Product awareness and acceptance



# Product innovation | mSME insurance in The Philippines

A solution that addresses the interrelation of climate risks & financial vulnerability



“My dream is to expand my business. But I need to protect it too: my shop is all I have to send my children to college. I want them to have a good office job. Education will be their inheritance.”

Myra, 46  
Sari-sari store owner

<b>Value prop.</b>	<i>An affordable and complete insurance cover that supports microentrepreneurs grow their business</i>
<b>Covered risks &amp; benefits</b>	<i><b>Climate:</b> Damage to structure /contents du to Typhoon, Fire, Lightning, Flooding due to Natural causes, Earthquake <b>Theft:</b> coverage in case of robbery <b>Person:</b> PA for owner and 1 employee, Emergency assistance</i>
<b>Delivery model</b>	<i>Physical: Pawnshop network Coming soon: digital partners and brokers</i>
<b>Premiums</b>	<i>\$4 to \$15 / year</i>



# Delivery model | leveraging FMCG partnerships to protect 100k mSMEs

## Insurance as a reward to top performing mom & pop stores



*"My husband and I have been growing this store for over 15 years, it is our family's greatest asset. Many companies offer to paint your store, or place big banners, but insurance we only get it from one."*

*Lucila, 43  
Mom&Pop store owner in Mexico*

<b>Value prop.</b>	Offer insurance coverage to top performing shopkeepers and their family, to protect livelihood and reduce inventory risk
<b>Covered risks &amp; benefits</b>	<p>Twice a year, sales were estimated per store, if mom&amp;pop stores achieved targets, they received cover depending on their tier</p> <p><b>Tier 1 sellers:</b></p> <ul style="list-style-type: none"><li>• Life cover &amp; funeral expenses</li><li>• P&amp;C cover – theft, fire damage, liability cover</li></ul> <p><b>Tier 2 sellers:</b></p> <ul style="list-style-type: none"><li>• Life cover &amp; funeral expenses</li></ul>
<b>Delivery model</b>	Via FMCG company's delivery network
<b>Premiums</b>	Paid by the FMCG company ca. USD 20 – USD 10/year

# Conclusions

## Value proposition design

- Balance between business and personal
- Sector matters a lot
- Services can increase tangibility

## Distribution approach

- Finding the right aggregators is sector-dependent
- If physical – salesforce training is critical
- Voluntary covers are a long-term game

## User experience

- Distribution channel dependent
- Digital but not too digital

## HIGHLIGHTS

## LESSON LEARNED

Index insurance to  
**expand penetration**



**Partnering** to scale up  
and effective premium  
collection



**Voice validation** tool



**Early warnings:** to admin  
risk and make insurance  
tangible



**Aligning expectations:**  
co-create and train.  
Tradeoffs



**Adjusting** processes  
and services



**Payouts:** reduce credit  
installment Vs. direct  
payment



**Fail and learn fast to  
adjust soon**





***Committed to closing the  
protection gap to  
strengthen people's  
resilience***

SEGUROS  
BOLÍVAR

