

Partnerships to unlock the MSME market

ICII 2022, Kingston Jamaica

micro
insurance
network

cenfri

20 Years
DRIVING INCLUSION



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

Published November 2020

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Published by



Managing risks (more) effectively: Rethinking insurance for MSMEs



In cooperation with



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How can lenders better protect MSMEs?



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



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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

4th 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"> Shopkeeper policy Covers only shops ATS – 10 USD 	<ul style="list-style-type: none"> End to end digital module Real time policy issuance Easy user interface Simple issuance journey Assisted issuance No documents uploaded 	<ul style="list-style-type: none"> Launched in FY'22 Policies issued: 5000+ Avg time taken of issuance : 2 mins Claims reported : 5 Settled: 4 WIP: 1

Advantages

1. Reach at remotest locations
2. Digital issuance – Low COA
3. Point for after sales service

Challenges

1. Activation of centers – large count
2. Training and capacity development
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

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

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

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