

# Inclusive Insurance: Is there a business case?

Lorenzo Chan Jr.

President and CEO, Pioneer Inc.

Chairman, Microinsurance Network

Zambia

July 13, 2022



# What People say about insurance:



- Very technical



- “They’re all the same”



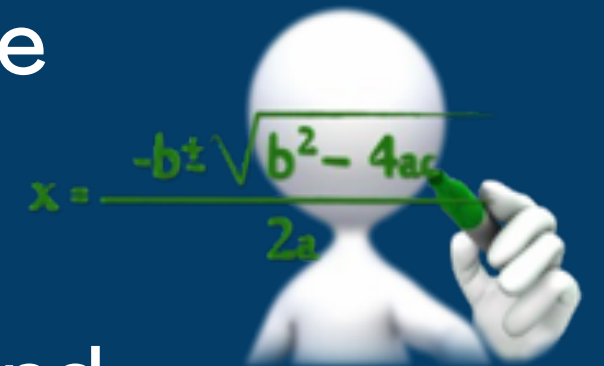
- Difficult to claim from



- Expensive



- Does not listen to the customers



- Difficult to understand

# The Philippines: At a Glance

- Over 7,000 islands
- 3 Major Island Groups
- 81 Provinces
- 33 highly urbanized cities, 16 of which are located in the National Capital Region (NCR)



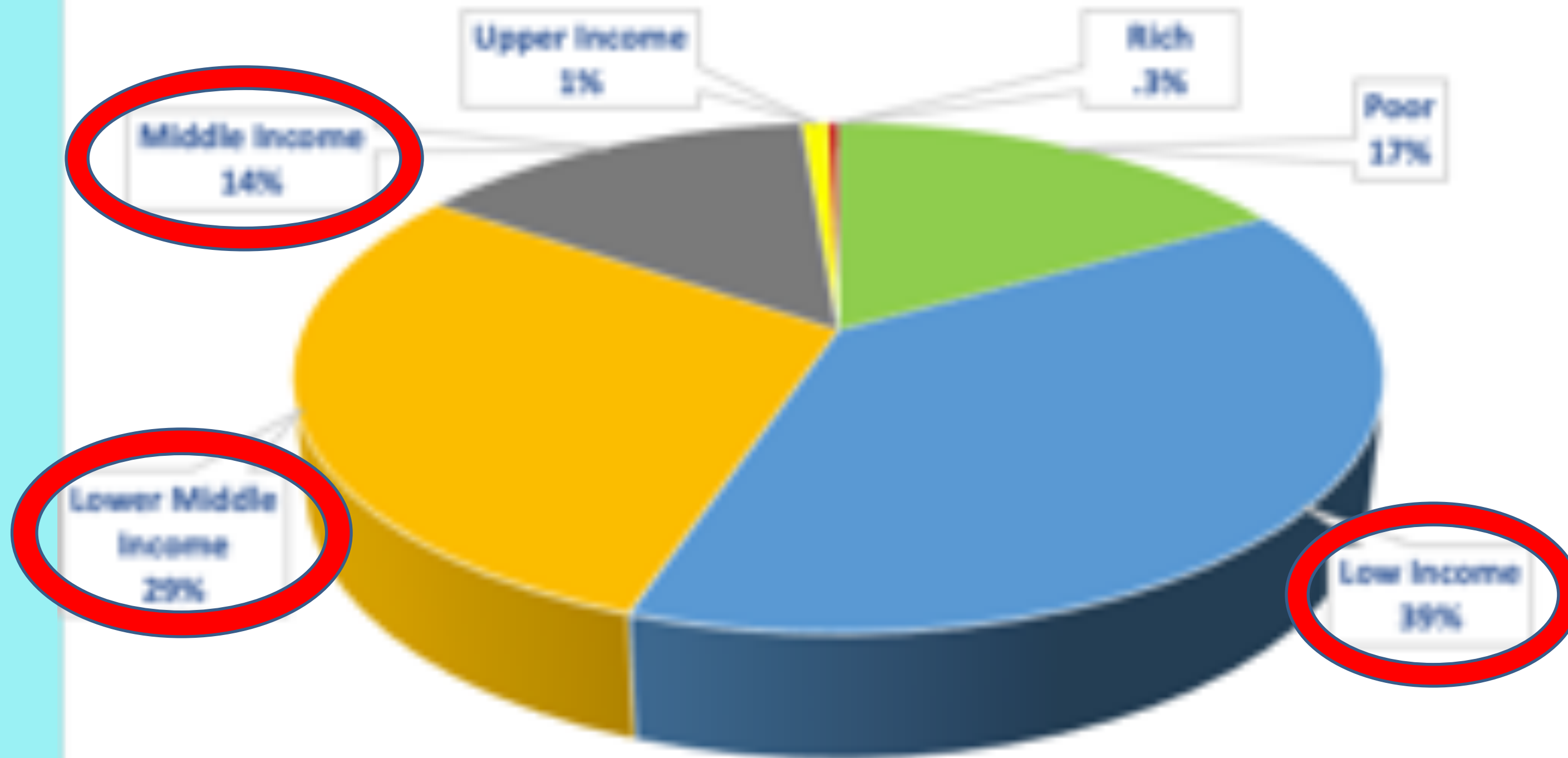
- NCR accounts for 36% of the nation's GDP
- Manila City is the most densely populated city with 73,920 persons per km<sup>2</sup>



**World Risk Report 2021:**  
Risk assessment on 181 countries based on exposure,  
susceptibility, coping capacities, adaptive capacities.

Rank	Country	World Risk Index
1	Vanuatu	47.73
2	Solomon Islands	31.16
3	Tonga	30.51
4	Dominica	27.42
5	Antigua and Barbuda	27.28
6	Brunei Darussalam	27.77
7	Guyana	21.83
8	Philippines	21.39
9	Papua New Guinea	20.90
10	Guatemala	20.23

## Philippines: Socio-economic Classification



Total = 82%

Source: 2015 Family Income & Expenditures Survey, Philippine Statistics Authority and 2018 Philippine Institute for Development Studies



2021 Philippine  
Population: 111 M



Inclusive Insurance  
Market: 91 Million







Who are your customers?

What are their common traits, values, lifestyle?

How do we go about it?

How will you stand out?

Challenge:

To deliver a consistent positive customer experience of insurance.



# Regulatory Challenges:

- If you are ahead of your time, how do you move forward?
- When regulations catch up, how do you re-calibrate?
- Product approval
- Work with what you have, what you've got







# Over 80 PARTNERS nationwide:

- MIFIs / Rural Banks / Cooperatives
- Pawnshops / Remittance Centers
- Schools
- Malls / Supermarkets
- Motorcycle Distributors
- Retailers
- NGOs



# CARD MRI

CARD Mutually Reinforcing Institutions





# Motortrade

- Over 209,000 units sold in 2021
- 80% of sales is acquired through financing

An infographic showing the benefits of two insurance policies: Motor and Ikaw. The Motor policy (top) includes a Motorcycle Repair Benefit of ₱10,000 (US\$200). The Ikaw policy (bottom) includes a Personal Accident Benefit of ₱50,000 (US\$1,000), a Funeral Benefit of ₱5,000 (US\$100), and a Hospitalization Benefit of ₱3,000 (US\$60).

Policy	Benefit	Amount (₱)	Amount (US\$)
MOTOR	MOTORCYCLE REPAIR BENEFIT	₱10,000	(US\$200)
IKAW	PERSONAL ACCIDENT BENEFIT	₱50,000	(US\$1,000)
	FUNERAL BENEFIT	₱5,000	(US\$100)
	HOSPITALIZATION BENEFIT	₱3,000	(US\$60)

\*Maximum amount of benefit.

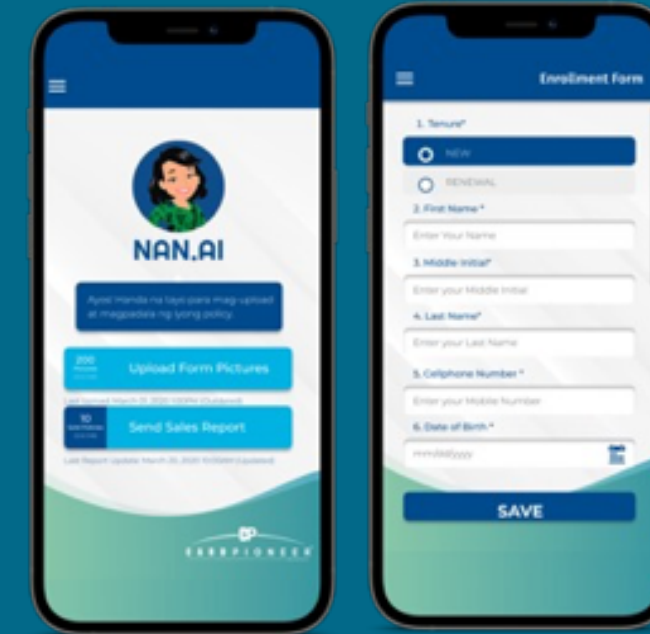
USD 1 = PhP 50

# Technology

What processes should be in place to ensure seamless execution?

What potential problems or gaps should be addressed to achieve success?

What metrics should be established to monitor results?



## Nan.ai Mobile App

- With offline mode
- Enhanced OCR (better photo quality)
- 3-in-1 Registration
- Form-based UI (faster encoding and editing)

**CHOOSE HOW YOU WANT TO GET INSURED**

	or		or		or	
Fill out return stub, and drop in designated Pioneer drop boxes		Take a photo of the completed stub and email to <a href="mailto:retail@pioneer.com.ph">retail@pioneer.com.ph</a> or Viber to 0917 531 7213		Call 750 5433		Text 0917 531 7213 and we will call you

Multi-platform registration

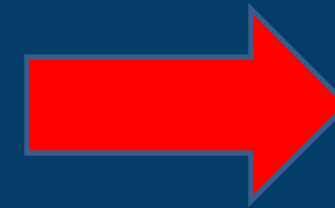
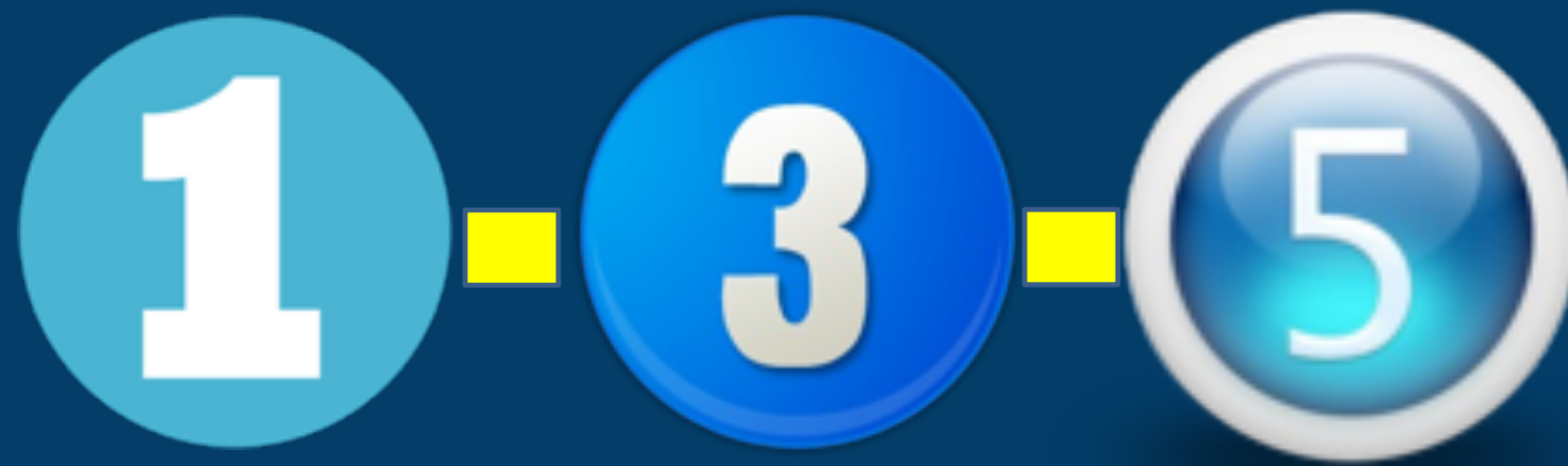


Facebook Group



# Claims

Currently: 1-3-5 Days



Target: 8-24



**PIONEER**  
YOUR INSURANCE

**micro**  
insurance  
network

# Top Line: Income-generating programs



Promo Mechanics: (Aug. to Dec. 2017)

- For the client: Free MediCash Dengue insurance for every Sagip Plan
- For the MIC: Increased commission (+ US\$ 0.60 for every Sagip Plan sold)



# Top Line: Income-generating programs



Promo Mechanics: (Aug. to Dec. 2018)

a. For the MIC: US\$20,000 sales

b. For the MIS: 50% of the total premium target of all MICs under them

Prize: 3D/2N all-expense paid trip to Cebu

\* An MIC FB Group was created for promo updates and other communications

# Top Line: Income-generating programs



Promo Mechanics: (Aug. to Dec. 2018)

- For the Client: Every Sagip purchase gives the client a chance to win Tata Ace mini truck or home appliances
- For the MIC: Increased commission at US\$.60 for every Sagip Plan sold
- For the PO:
  - Sell 700 to 1,399 units, they get their own provincial raffle
  - Sell 1,400 units or more, they get two sets of raffle items



# Sagip Plan Sales 2016-2020



2016 2017 2018 2019 2020

# Bottom Line

- Automated processes
- Optimizing resources (DT, Marketing, etc.)
- Regular reviews
- Continuous innovations on the 6 Ps





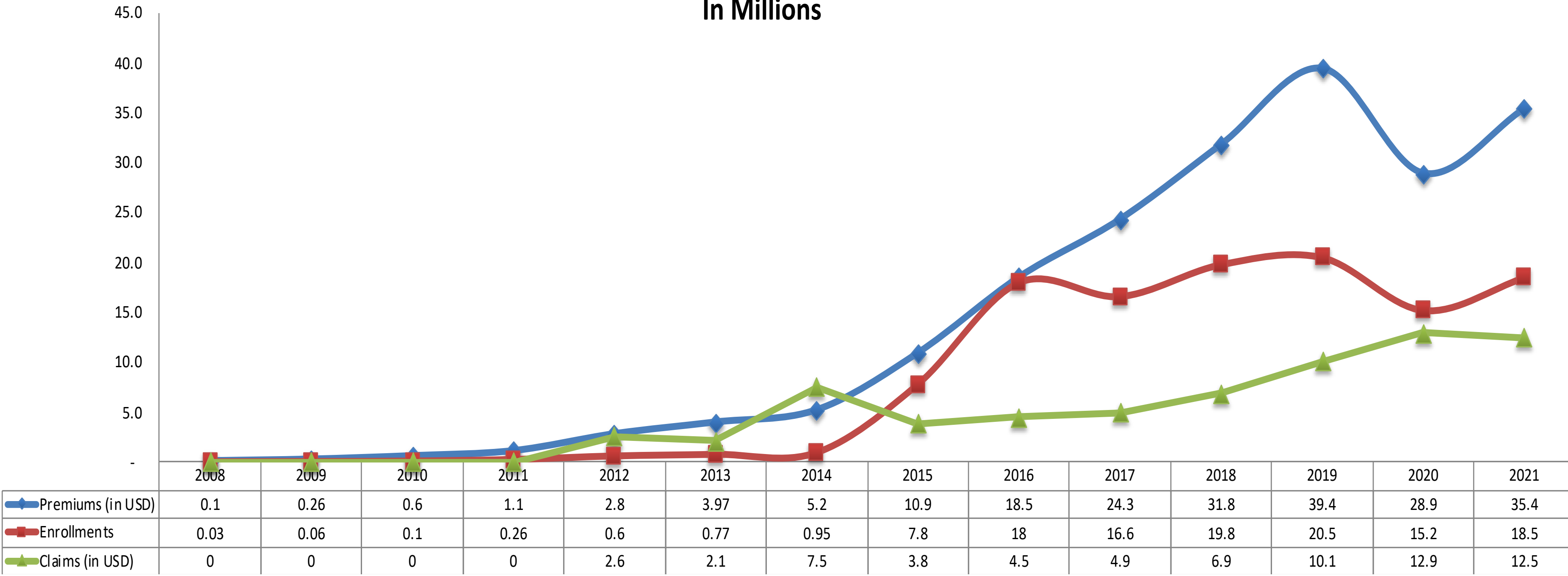


## Early Failures

- ✓ Products
- ✓ Process
- ✓ Placement



# Enrollments, Gross Premiums Written and Claims (2008-2021) In Millions



USD1 = PHP50



# What worked vs. What did not work

Focus on Customer

Distribution  
through  
Partnerships

Affordable

Organizational  
risk-taking and  
agility

Focus on Products

One-to-one Selling

Cheap

Compliance with the  
rules and lack of  
flexibility





# #1 Focus on the Customer

- Claims are the most important value proposition
- Tailor-fit products and programs
- Emphasize co-ownership of programs
- Immersion program
- Open renewal during the pandemic lockdown







## #2 Distribution through Partnerships

- Partnerships offer better opportunities
- Bigger volume brings opportunities to pay claims; paid claims increase client's confidence and belief in the value of insurance
- Ability to scale enables the organization to be agile, which increases the chances of success
- Touch and tech blended approach







## #3 Affordability

- Clients are willing to pay for good value, not necessarily cheap
- Consult partners on pricing



# #4 Organizational Risk-taking and Autonomy

- Secure support from the top
- Appoint a Champion
- Create a young team, give them authority to underwrite and settle claims, and responsibility over P&L
- Get out of the office and go to the field (immersion program)
- Shared Services





# Insurance is about being...

- Inclusive
- Relevant
- Innovative
- True to its Purpose





Thank you!