Replacing the Agent: Mobile Technology for Scale and Quality

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**MicroEnsure** is the world’s largest insurance intermediary focused exclusively on serving the low-income market.

- **African footprint:** Tanzania, Kenya, Ghana, Rwanda, Zambia, Malawi
- **New market creation:** 200,000 served in Africa 2011 to 2,500,000 today
  - 80% of customer base never before insured
- **Track record of innovation:**
  - Named one of Africa’s 20 Most Innovative Companies in 2011 by *Financial Technology Africa* Magazine
  - CEO named to Devex “40 Under 40” Development Leaders
  - Winner of 2009, 2011 FT/IFC Sustainable Finance Awards

FT | IFC | MICROENSURE
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**Helping the poor weather life's storms**
Mobile Insurance - Partnership Roles

**Telecom**
- Marketing & Distribution
- Customer Interface

**MicroEnsure**
- Product & Process Design
- Policy & Claims Administration
- Client Education

**Insurer**
- Risk Carry
- Regulatory Liaison
- Claims Payment
Agents: Six Key Functions

- Marketing
- Education
- Enrolment
- Premium Collection
- Customer Service
- Claims Processing
MicroEnsure Africa - Mobile Insurance

- **Tigo**: Life, Hospital Cash
  - Ghana, Tanzania, Senegal

- **MTN**: Mobile Money Life
  - Ghana

- **Yu**: Loyalty-based Life
  - Kenya
MicroEnsure Africa - Mobile Insurance

Tigo: Ghana, Tanzania, Senegal

Partners: Tigo, Bima, Local Insurers

Reach: 1 million clients in 14 months

Product: Free life insurance > paid life insurance > other risks (health)

Marketing: Dedicated insurance agents, SMS and call centre

Enrolment: Paperless: computer, then USSD

Premium: 1) Loyalty 2) airtime-based (10’s of thousands paying)

Claims: Sustainable losses
Tigo: What We Have Learned

➢ The low-income market wants insurance
   Tigo - increased revenue and customer loyalty

➢ Agents provide high-quality education
   NIC-GIZ - “clients understand & value product”
   94% understanding, 61% client satisfaction

➢ But agents are expensive, inhibit growth
   Breakeven per sale - approx. 20 months
   Penetration of 33% - approx. 36 months, if ever

➢ Consumers expect telco-style marketing
   No billboards, TV = consumer doubt
**MicroEnsure Africa - Mobile Insurance**

**MTN Ghana**

**Partners:** MTN, MFS Africa, Hollard, UT Life  
**Reach:** 25,000 policies sold  
**Product:** Life insurance  
**Marketing:** Part-time agents  
**Enrolment:** Paperless, agent-assisted USSD  
**Premium:** Auto-deduction from mobile money wallet  
**Claims:** Initially very high, introduced waiting period
MTN: What We Have Learned

- **Mobile money is not a panacea**
  
  MTN - 11 million in Ghana, <100,000 active MM

- **Technology is not the product**
  
  First completely USSD-based product in the world, but access does not equal sales

- **Retention must be convenient**
  
  Client satisfaction is high, but <50% of clients retained due to low use of Mobile Money

- **Part-time agents do not educate**
  
  Insurance is not a ringtone or airtime promo
What Now?

- Mobile insurance overcomes the four main demand barriers: **cost**, **trust**, **access** and **complexity**.

- If clients **understand** our product, they will **buy** it: but they are new to insurance.

- **Agents** enhance understanding, but are economically **unfeasible**.

- We must force ourselves to **sell at scale** and **educate well** in order to maximize the opportunity of mobile insurance.
Agents: Six Key Functions

Breakeven takes too long, and penetration is too slow.

How do we perform these functions without agents?

What tradeoffs are we willing to make?
yuMobile - Kenya

**Partners:** yuMobile, Jubilee Insurance

**Reach:** 15,000 in first 3 weeks

**Product:** Life and Accident Insurance

**Marketing:** SMS

**Enrolment:** Paperless, client-driven USSD

**Premium:** Phase 1: Loyalty-based

**Phase 2: Airtime**

**Claims:** Too early to tell
New Mobile Insurance Model

Marketing: multi-layered approach

- **SMS**: twice weekly to Current Client Base
- **Posters** in 20,000 retail outlets
- **Billboard** space from insurer
- **Radio** spots with yuMobile personalities
- **Brochures** distributed by field staff
- **In-Store & Field Staff**: Awareness Only
- **New Product Offerings**: Every 3-4 Months
Education: what we do today

Kenya: second-highest insurance penetration in Africa...can lower-cost education succeed?

- **USSD:** “About yuCover” Phone Menu
  - What is yuCover?
  - Cover Options
  - Policy Terms
  - How to Claim

- **Brochures** distributed by field staff

- **Website:** Terms & Conditions Published

- **Call Centres: yu & MicroEnsure**
  - yuCare call centre fields first-level questions
  - MicroEnsure handles escalated calls
New Mobile Insurance Model

Education: who’s being schooled?

- Data from Call Outs to Failed Registrants
  - 78% never before insured
  - 46% failed due to poor understanding
  - 35% failed due to technical difficulties
  - 87% do not fully understand the product
New Mobile Insurance Model

Education: what will we do about it?

- Auto-outbound “welcome” calls to registrants, 2-3 minutes of education
- Monitoring & Evaluation: SMS “tests”
- MicroEnsure Call Centre audits
- 3-5 Regional product managers to support telco field staff and maintain awareness of product

Outcome: modify marketing materials, USSD
New Mobile Insurance Model

Enrolment: Seven Steps

1. First & Last Name
2. Age
3. ID Type & Number
4. Beneficiary Name
5. Beneficiary Age
6. Beneficiary Mobile
7. Confirm Information and Submit

USSD Session:
Allow 180 Seconds to Complete
**Enrolment: Month 1**

1,500 clients listed themselves as the policy beneficiary - required corrective calls

900 listed incorrect name formats

700 filled out all necessary information but did not confirm registration at the final USSD screen

*Technology doesn’t drive, but can inhibit the product...*
New Mobile Insurance Model

**Premium Collection**

Mobile insurance does this well: premiums paid via loyalty, airtime deduction, or mobile money.

**Customer Service**

MicroEnsure provides a single number as a point of contact: helps clients, reduces fraud.

*Recommend SMS vs call in order to limit volume*

**Claims Processing**

Documents collected via telco outlet, courier, even a smartphone snapshot!

*Allow digital documents*
The Six Key Functions - Limiting Cost

Marketing
- Engage the telco’s budget & existing infrastructure

Premium Collection
- USSD or SMS application: ensure regulatory approval

Enrolment
- Assess via SMS, educate less-informed via o.b. call

Education
- Assess via SMS, educate less-informed via o.b. call

Customer Service
- Loyalty: most efficient
- Airtime: VAT implications
- Mobile money: poor uptake outside East Africa

Claims Processing
- Digital documents are suitable for most claims: get them any way you can

Assess via SMS, educate less-informed via o.b. call
Thank You

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