Leveraging off technology to grow inclusive insurance markets

22 August 2017

EXPERTS IN CREATING
INCLUSIVE DIGITAL
INSURANCE MARKETS

4th EASTERN AND SOUTHERN AFRICA
REGIONAL CONFERENCE ON MICROINSURANCE

AGENDA

1. Introduction

2. New distribution models

3. Uber-isation of insurance

4. Data Data Data

5. Conclusions

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INTRODUCTION

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EXPERTS IN CREATING
**INCLUSIVE DIGITAL
INSURANCE MARKETS**

1.5-3 BILLION — Emerging consumers who are unprotected

1 — Mission: Create sustainable, inclusive digital insurance markets

4 — Core components of our offering: Design – Build – Operate – Innovate

40+ — Emerging countries we have experience in across Africa, Asia and Latin America

Backed by **RGA**

INSURTECH IS TAKING OVER THE WORLD
Some of the key buzzwords

Artificial Intelligence & Machine Learning

众安保险
ZhongAn Insurance

Lemonade™

brolly

Peer-to-Peer

friendsurance

so-sure

Internet of Things

LUMKANI
PROTECTING AGAINST FIRES

acre AFRICA

IFFCO-TOKIO
GENERAL INSURANCE
Muskurate Raho

Chatbots

SPIXII®

On Demand Protection

KENYA ORIENT
INSURANCE LIMITED

cover2go
METROPOLITAN

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NEW DISTRIBUTION MODELS

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MOBILE INSURANCE HAS THE POTENTIAL TO REACH TREMENDOUS SCALE

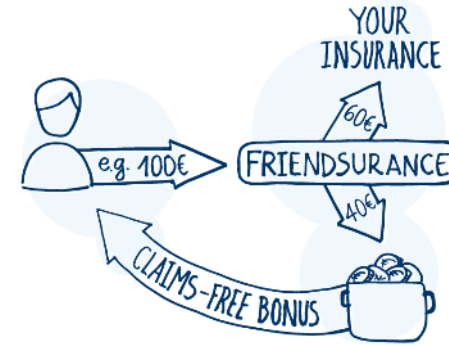|		
ECONET WIRELESS	EcoLife Zimbabwe reached 20% of the adult population in 7 months	Loyalty (life)
MTN	MTN Nigeria reportedly reached 1 million customers in a year	Paid (life)
tigo	Tigo Bima Ghana reached almost 1 million lives in 3 years	Freemium (life)
tigo	Tigo Bima Ghana supported 1.1 million people within first 2 years	Paid (HC)
telenor	Telenor Pakistan enrolled 1 million customers in first 6 months	Loyalty (life)
airtel	Airtel Nigeria had 200,000 customers in the first 3 weeks	Loyalty (life + HC)
telenor	Telenor India had more than 10 million subscribers opt-in in 10 weeks	Loyalty (life)

Many of these models have realized "the value of zero" from behavioural economics as they launch 'free to the consumer

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....WHICH HAS LED TO MOBILE OPERATORS MOVING UP THE INSURANCE VALUE CHAIN

Early Stage

More Mature

Advanced

Everything / Everywhere

Strategic partnerships & investments
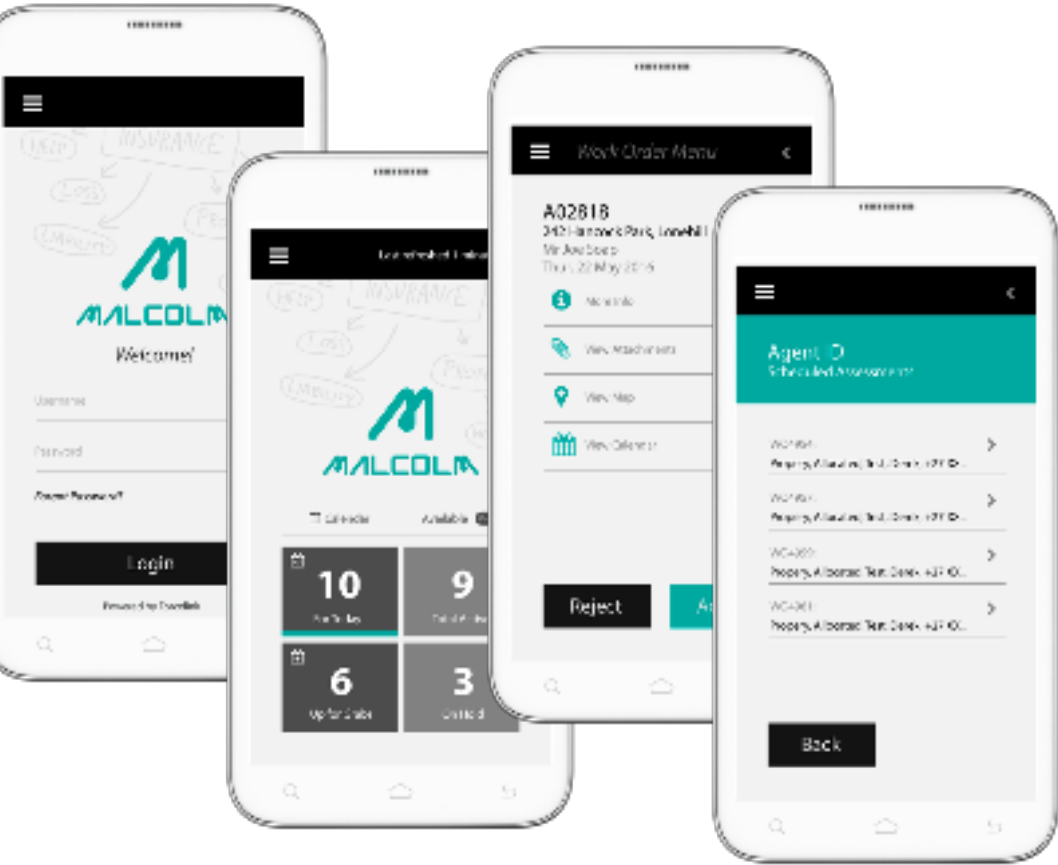
Mobile operators as insurers

aYo Holdings
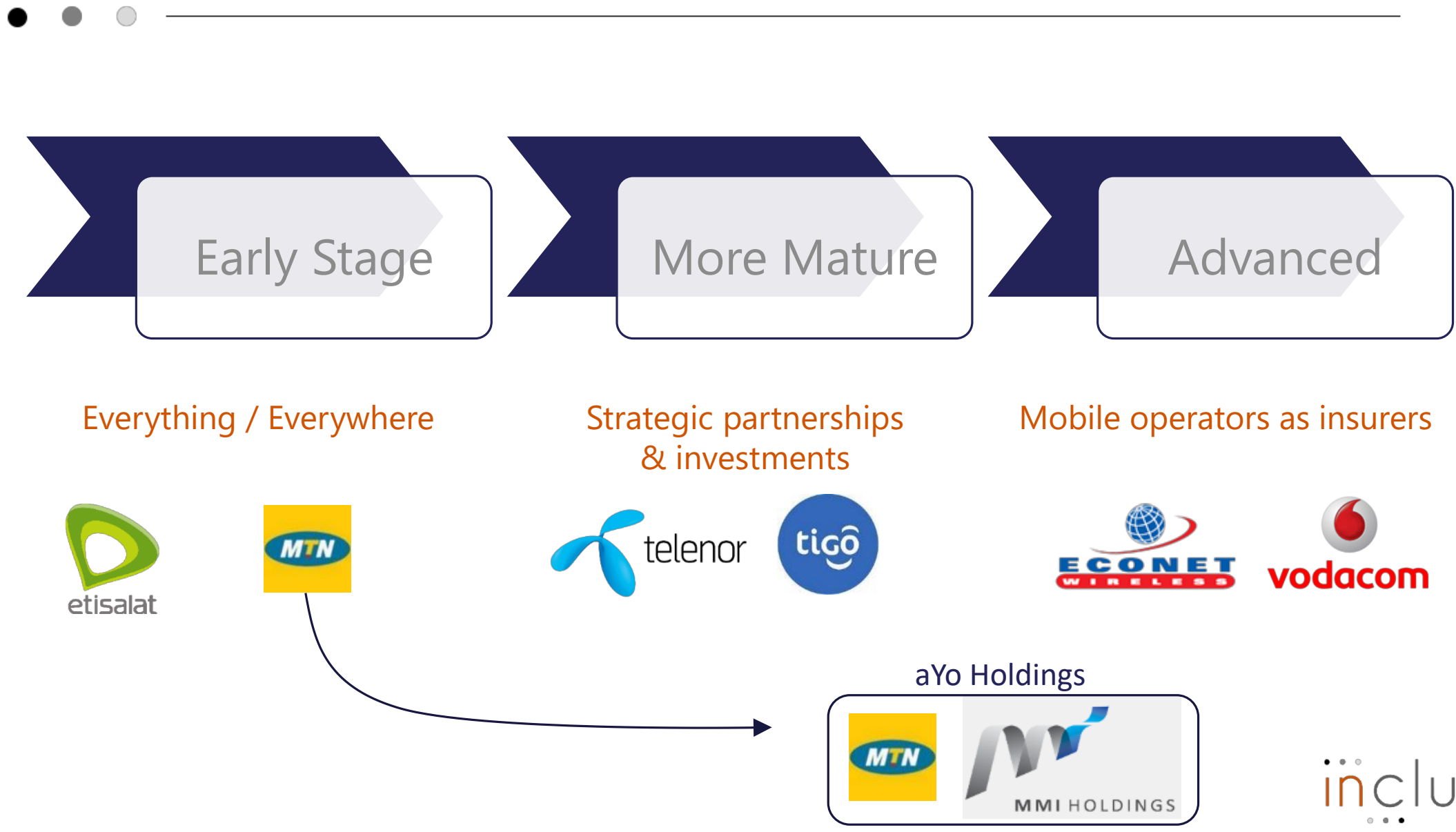
- Savings shown of 33-80% over traditional products, created by groups' shared incentives to minimise fraudulent claims.

- P2P already exists in various forms in emerging markets
  - ROSCAs, VSLAs, ASCAs, Stokvels, Burial Societies

- Challenges
  - Balancing low-touch with the value of social interaction
  - Balancing complex concept without smartphones / visuals / high data costs
  - How do you scale pools while also maintaining the benefits of social solidarity?

UBER-ISATION OF INSURANCE

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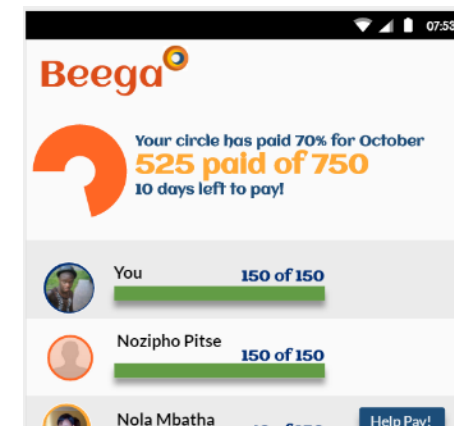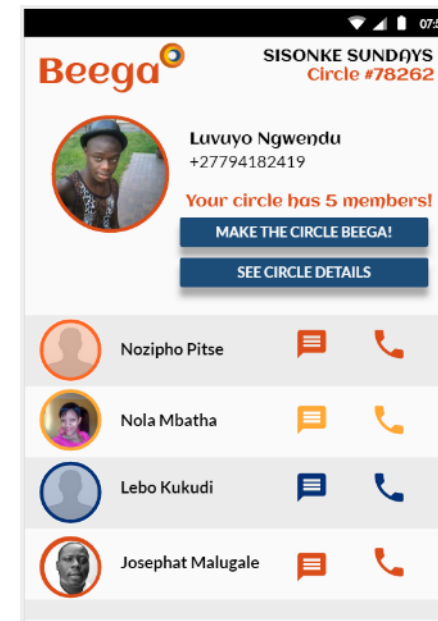
Lowering claims assessment costs

Simplifying claims procedures

ABC

Improving client administration

Removing barriers to entry

Increasing insurance market size

Available through Inclusivity Solutions

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Make an appointment in seconds, talk to a doctor in minutes, anywhere, anytime.

Order prescriptions and pick up your medicine from a local phamacy.

Access your clinical records, stored securely and available to you instantly.

*811#

babyl
everyone's personal health service

CHATBOTS ARE INCREASINGLY BEING DEPLOYED TO SUPPORT THESE LOW TOUCH MODELS

- Insurance examples: Spixii, Lemonade, etc.

- Facebook Messenger:
  – 34,000 chatbots in first 6 months
  – Challenges persist with bad user experience, but successes are evolving
  – Best Use Cases:
    ▪ Driving people toward subscriptions
    ▪ Facilitating small transactions
    ▪ Customer service

Low-Touch vs. High-touch

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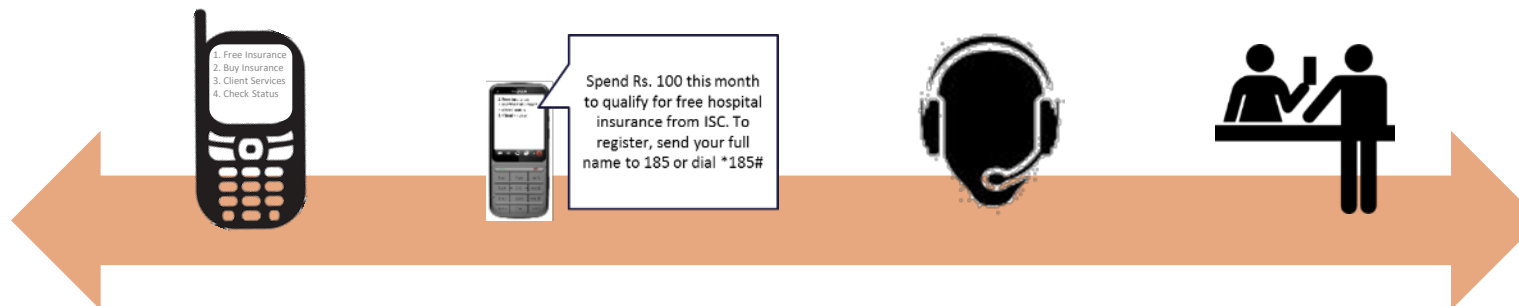
DATA DATA DATA

Artificial Intelligence/
Machine Learning

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ARTIFICIAL INTELLIGENCE/ MACHINE LEARNING

Leveraging new and unstructured sets of data

Digitising paper and supporting automation

ZhongAn Insurance

- **535m** customers with **7.56bn+** policies
  - **380m** policies written in one day for Nov 11, 2015 shopping festival in China
  - Reportedly worth in excess of $10bn

…BUT THE POTENTIAL CAN UNDERMINED…

- Big challenge: Reliable datasets, regulations around protection of personal information:

MTN faces US$8.5mln fine over license breaches in Rwanda

Companies | 17 May 2017, 2:44pm

ANA Reporter

The fine relates to non-compliance with the directives issued by the regulator prohibiting the inclusion of MTN Rwanda in the MTN South and East Africa (SEA) IT hub based in Uganda. RURA said MTN breached licensing obligations by hosting its IT services outside the country, in contravention of Enforcement Notice and Directives issued by the regulator.

..as many of the insurers in Rwanda are Kenyan, this means Kenyan insurers are unable to leverage their Kenyan platforms

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CONCLUSIONS

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- Technology has the potential to be transformative, grow the market, support more efficient models, driving new insights, and of course delight the customer

- However, significant challenges remain:
  - Protection of personal information causing some tension around the need to protect data whilst supporting market growth
  - Smart phones still in take off mode – affordable data and storage size an issue
  - New distribution models challenging regulators. Kenya's draft microinsurance policy already includes the living will concept to manage a responsible exit

And who wants an insurance app..?

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