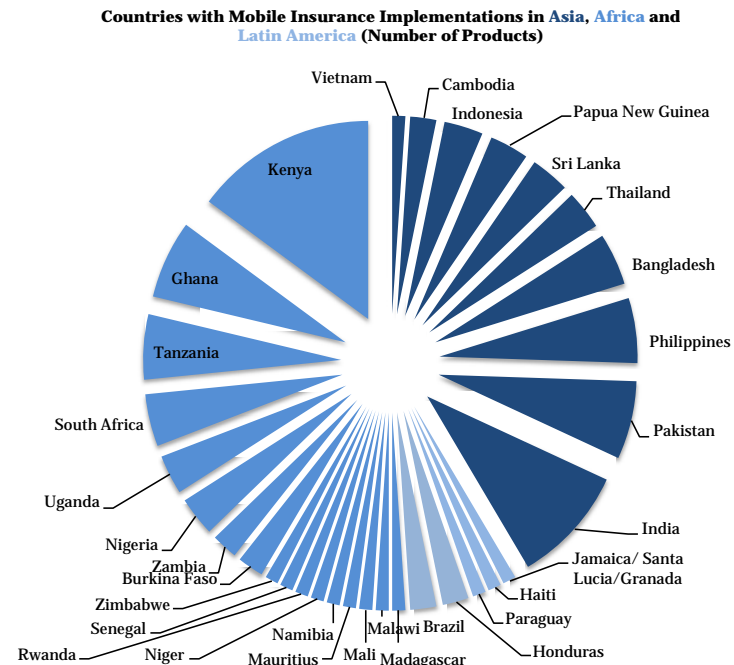
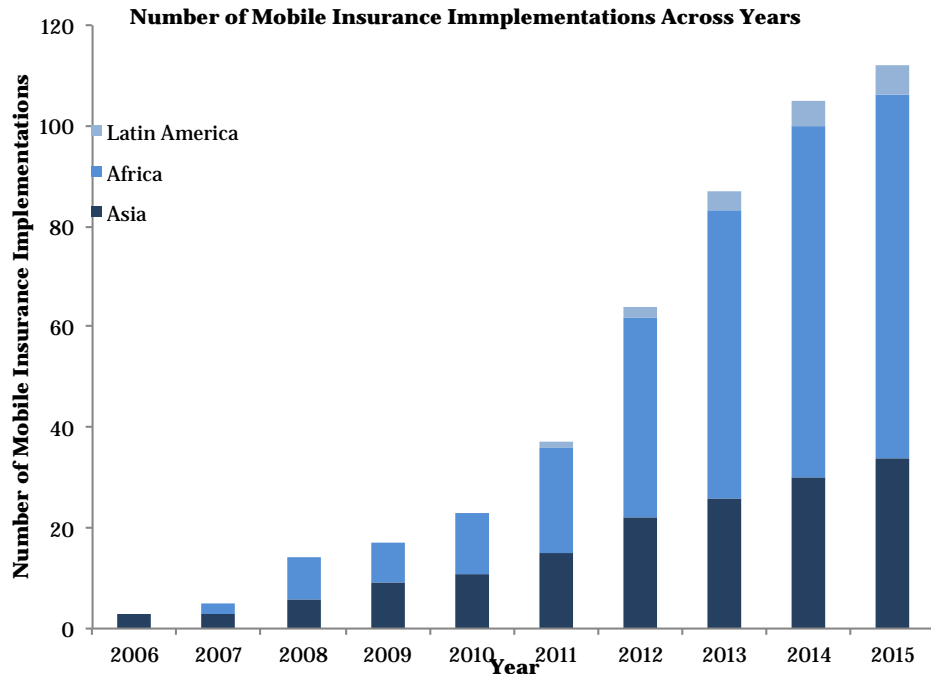


Emergence of Mobile Insurance Models

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Graham A.N. Wright
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Mobile Insurance Deployments are Taking Place Across the Globe



Insurance Companies



MNOs



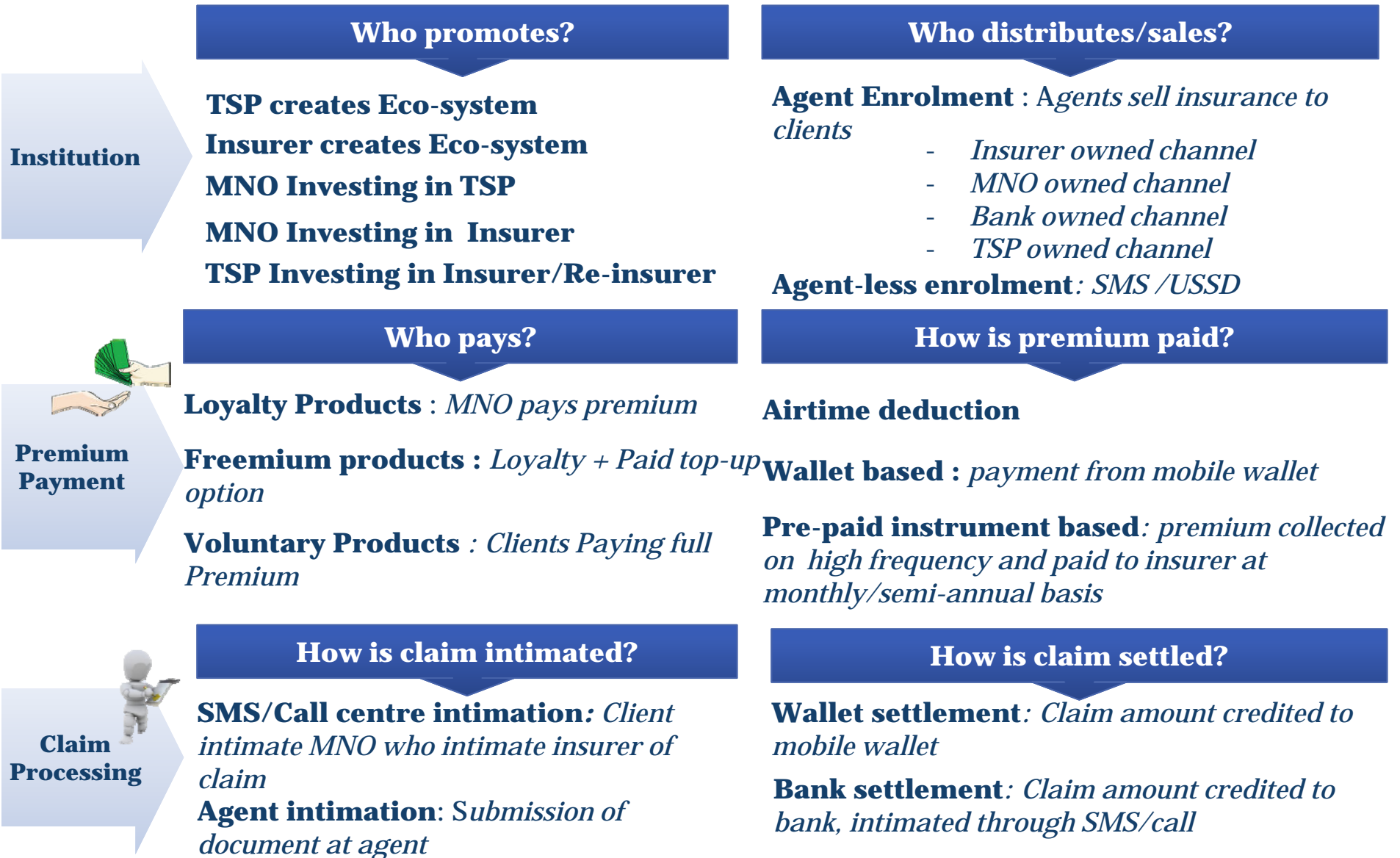
Support Organisations



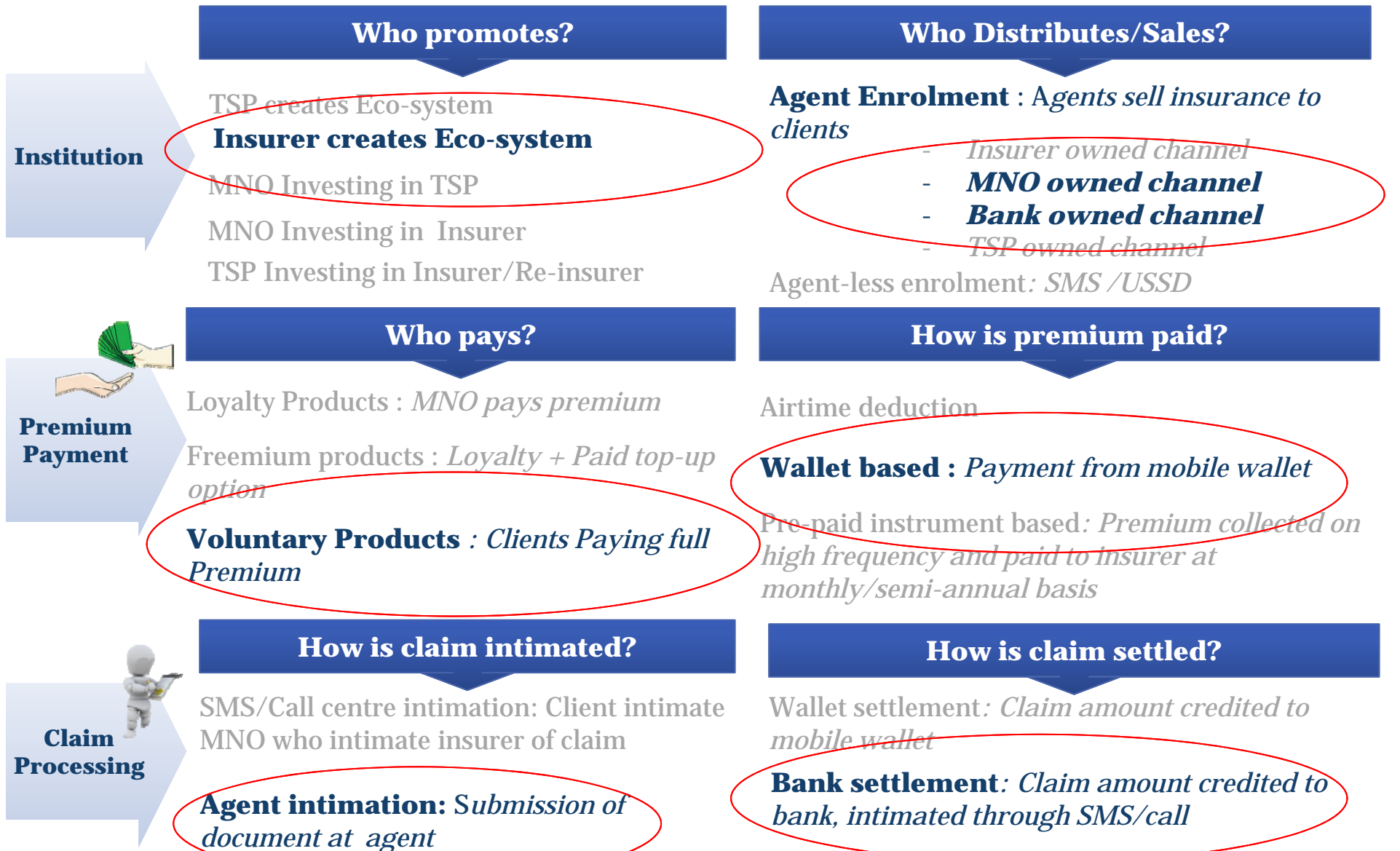
Other Players



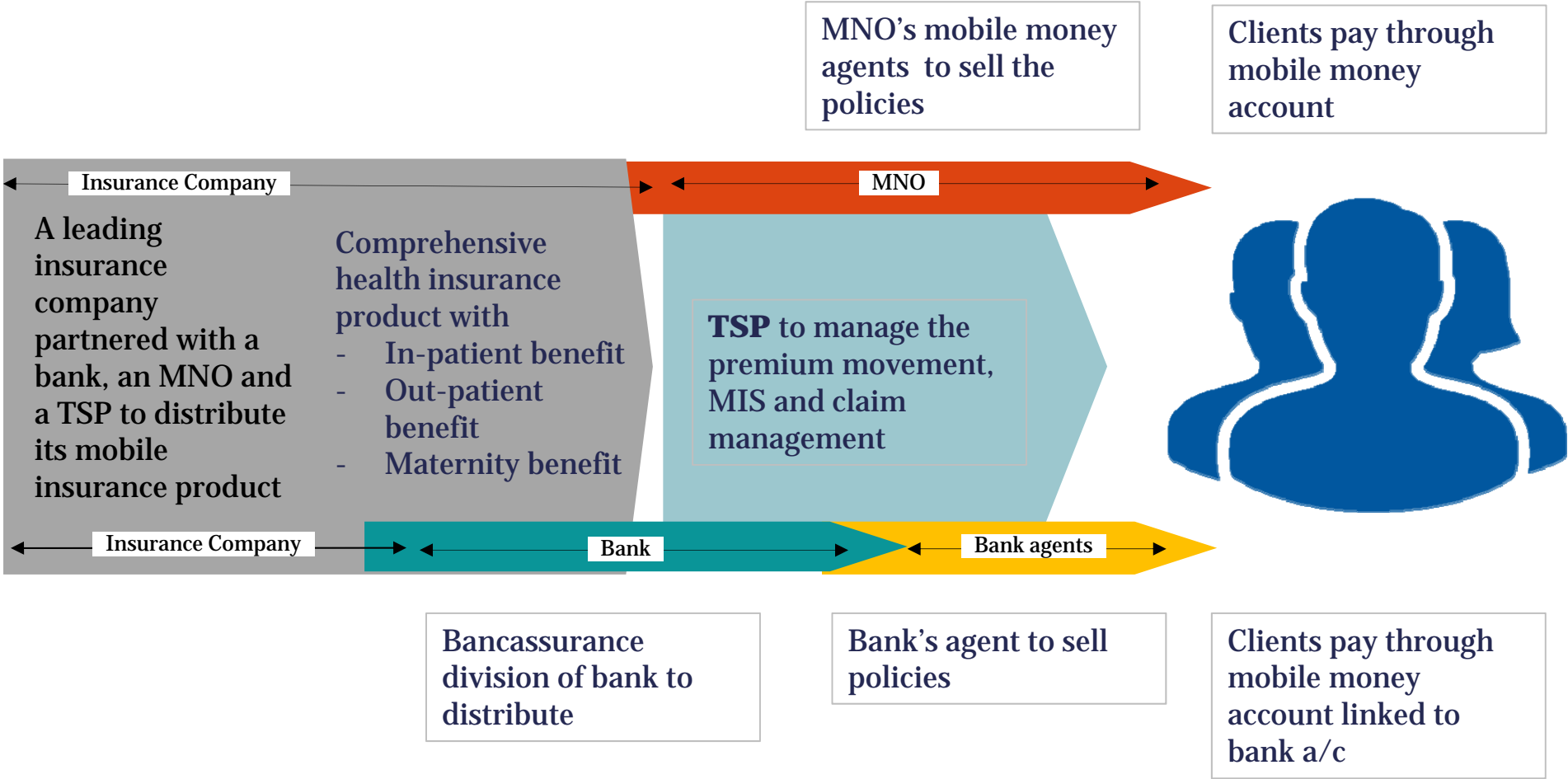
Variations in the Mobile Insurance Model



A Rescue Mission: The Mobile Insurance Case

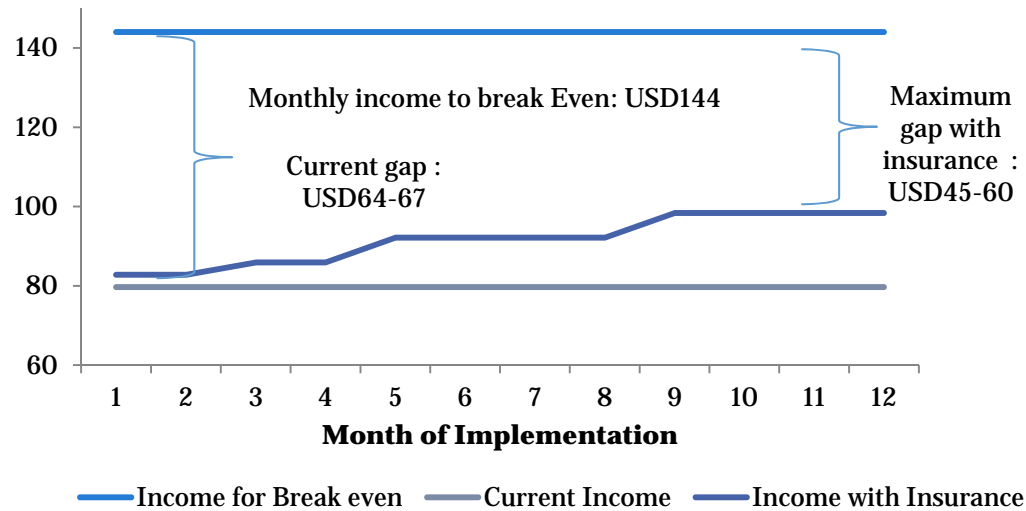


Value Chain of The Product



Value Assumption for the Distribution

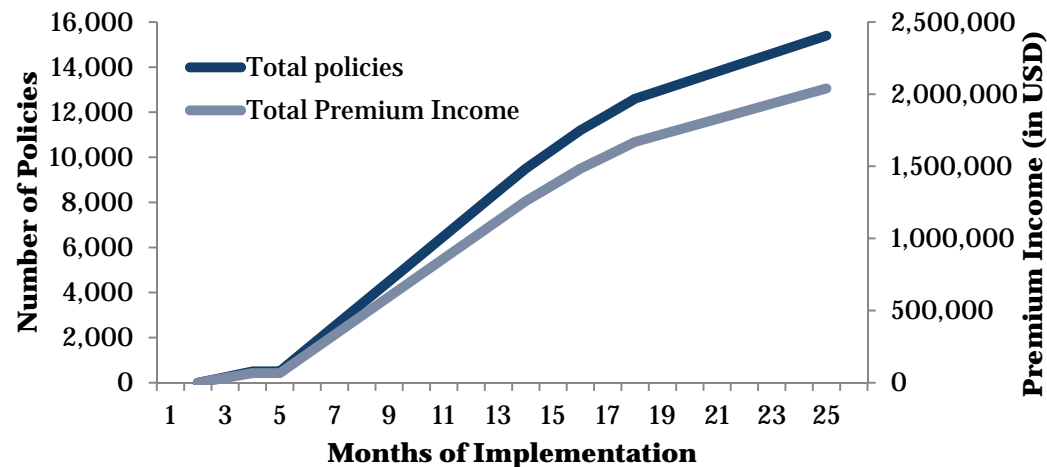
Insurance Can Help Improve Agent Economics Substantially (in USD)



Assumptions

- Number of policies per agent
 - Rookie (2 months' vintage): 1 / month
 - Learner (4 months' vintage): 2/month
 - Matured (>4months) : 1/week
 - Old (>9 month): 3 in 2 weeks
- Commission (Bank/MNO) : 10% of Premium
- Commission (Agents): 1% of Premium

Business Accelerator for Aggregator



- 15,000+ policies per month by 24th month
- 200,000 total policies in 2 years
- Premium collection: **USD26mn**
- Potential commission income by aggregator:
= **USD2.6mn in 2 years**

Reality Strikes Back

Number of
Agents who Sold

500 of 80,000
potential agents

Agents
uninterested to
put effort in
insurance
sales.

Number of
Policies Sold

1,500 in two
years

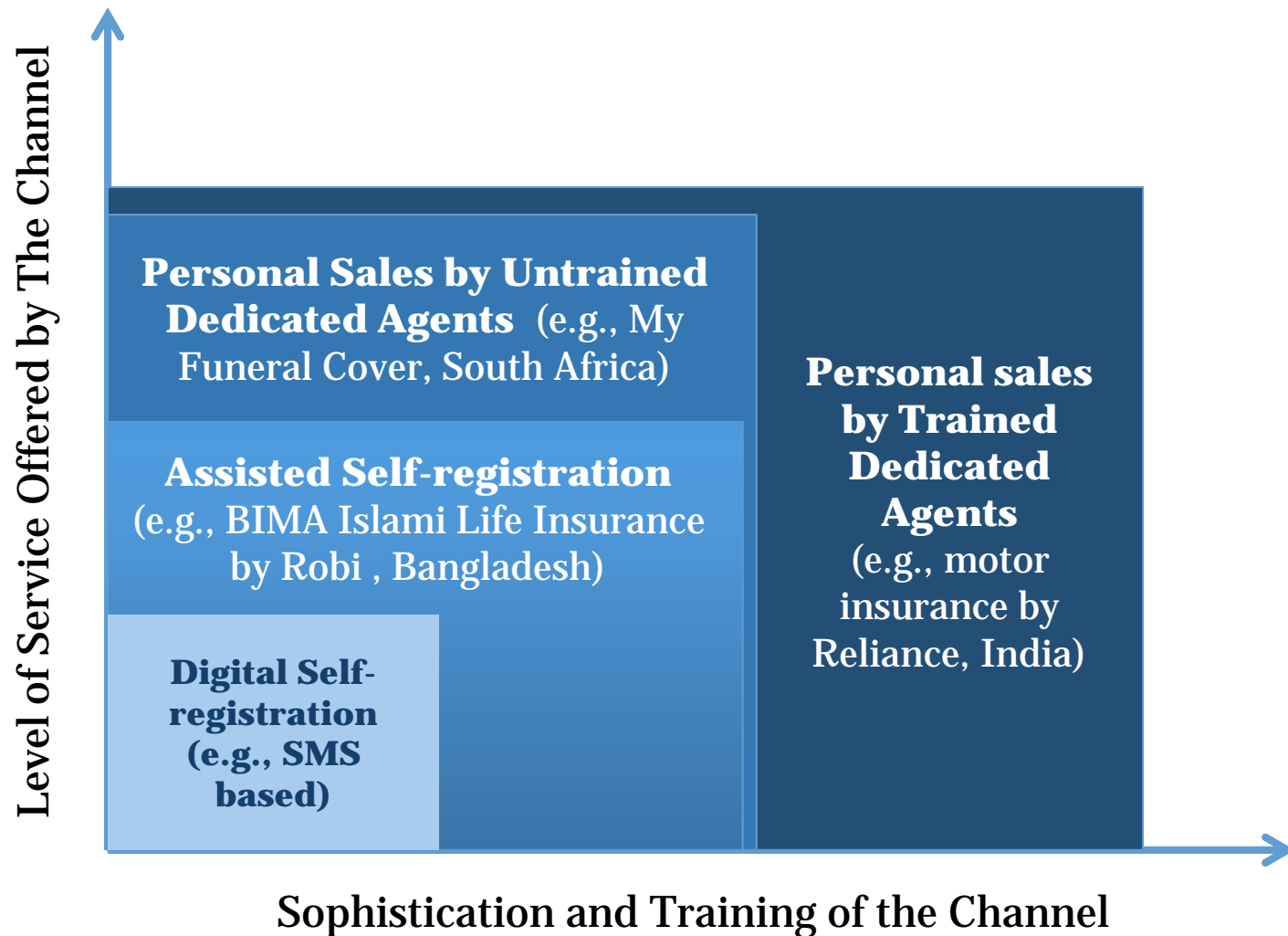
Agents unable
to sell complex
health
insurance
product to
clients

Claim Ratio

156%

Moral hazard
and adverse
selection
problem in
selling owing
to risk in out-
patient and
maternity
claim

Issue Lies in Mis-alignment of Product and Channel



Why Some Products Are Easier To Sell Than Others

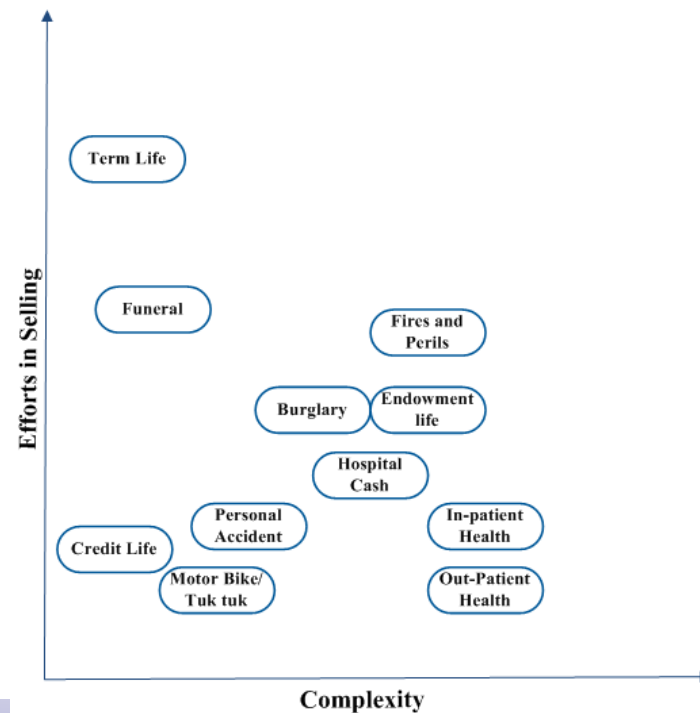
(Product Categorisation in Mobile Insurance)

Demand for the Insurance Product/ Effort Required for Selling the Product

- Affordability of premium
- Linked Product vs, Standalone
- Mandatory vs. voluntary choice
- Free vs. paid products
- Tangibility of benefit in near term

Complexity of the Product

- Multiple coverage in same policy
- Documentation requirement
- Underwriting complexity
- Ease of claim settlement process
- Involvement of Third Party



Why All Channels Are Not Equal

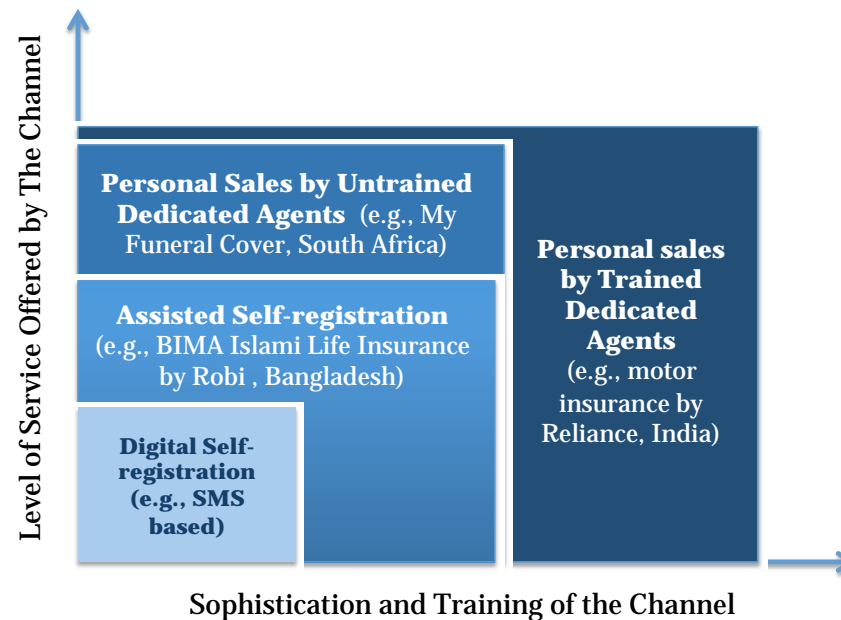
(Channel Categorisation in Mobile Insurance)

Sophistication and Training of Channel

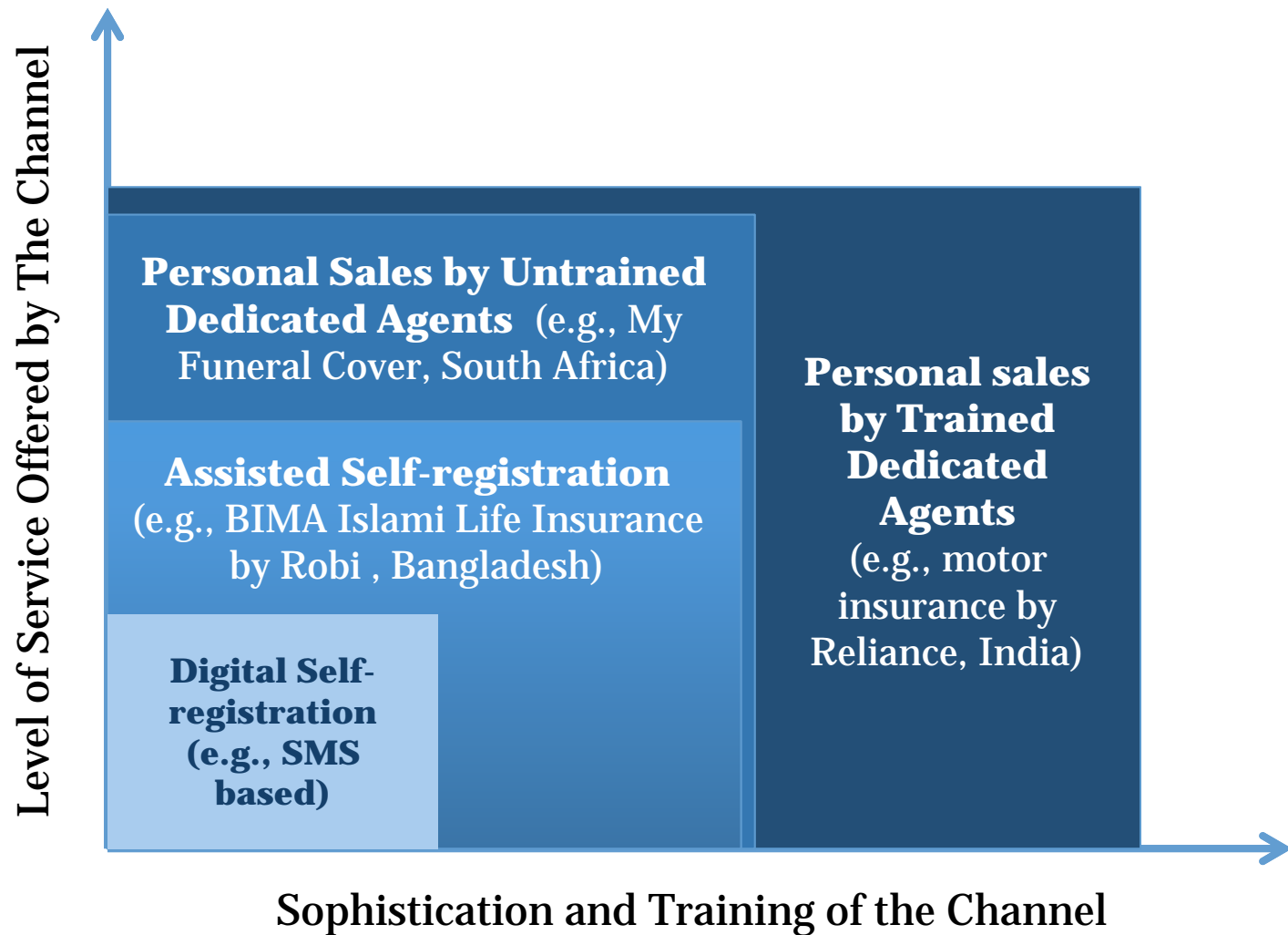
- Exclusivity of the channel for insurance
- Training and qualification of sales staff on financial services and specifically insurance
- Level of investment required to create the channel
- Dis-incentive and sophistication to maintain healthy portfolio

Service Offered by the Channel

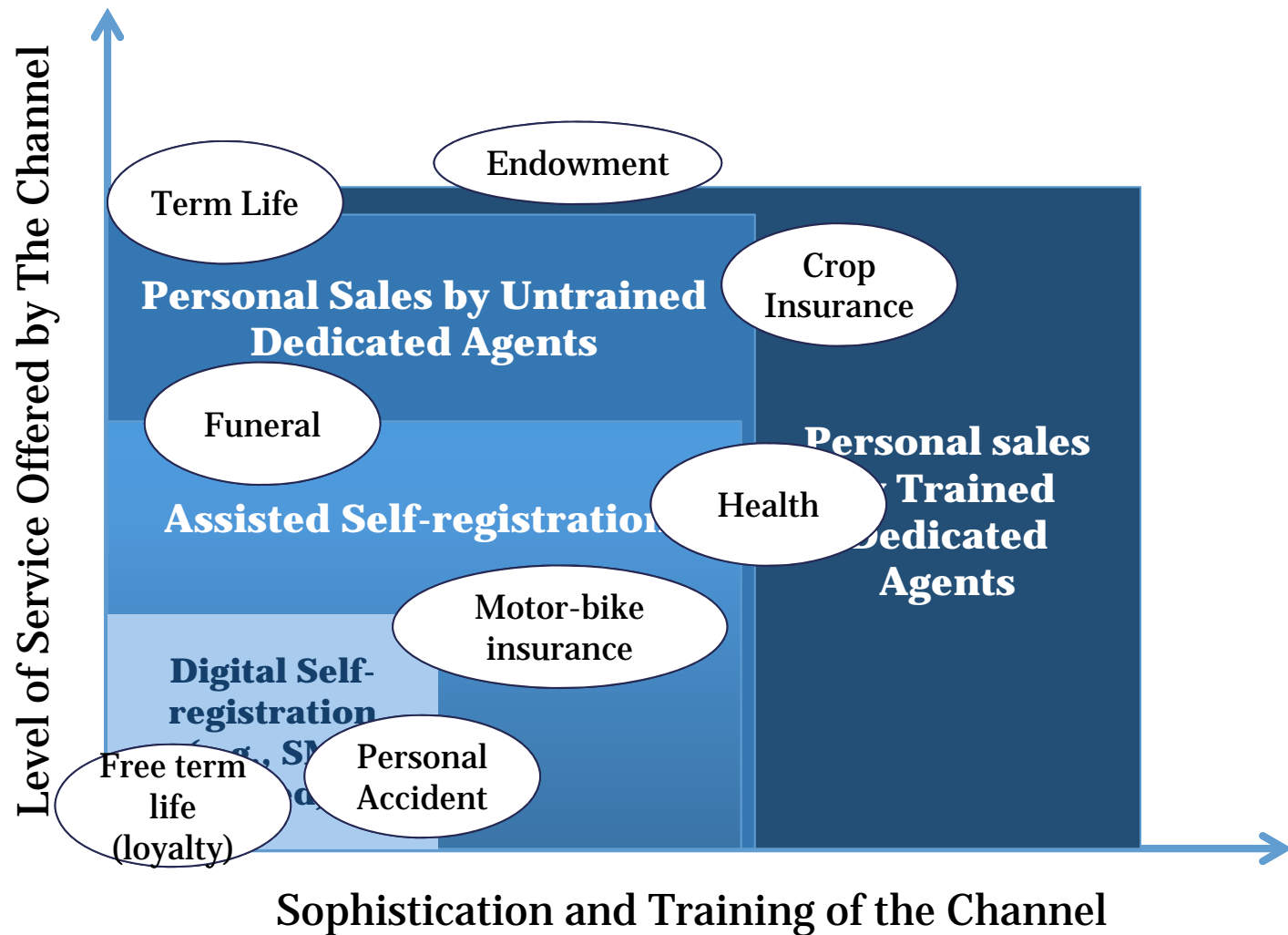
- Regularity of seller-client interaction
- Loyalty of client to the channel
- Level of personal contact
- Sophistication of other services offered by channel
- Typical transaction size and duration



The Solution: Product Channel Optimisation is Key



The Solution: Product Channel Optimisation is Key



Litmus Tests for Mobile Insurance



Alignment of business objectives of value chain stakeholders

- Design logic for mobile Insurance- Whether loyalty or paid model suits;
 - Whether target clients can actually access the product/s;
 - Whether value chain members are well incentivised and trained.



Outreach growth in comparison to the business model/projection

- When and how the business is going to break-even?
- Whether the outreach is justified by cost and revenue.



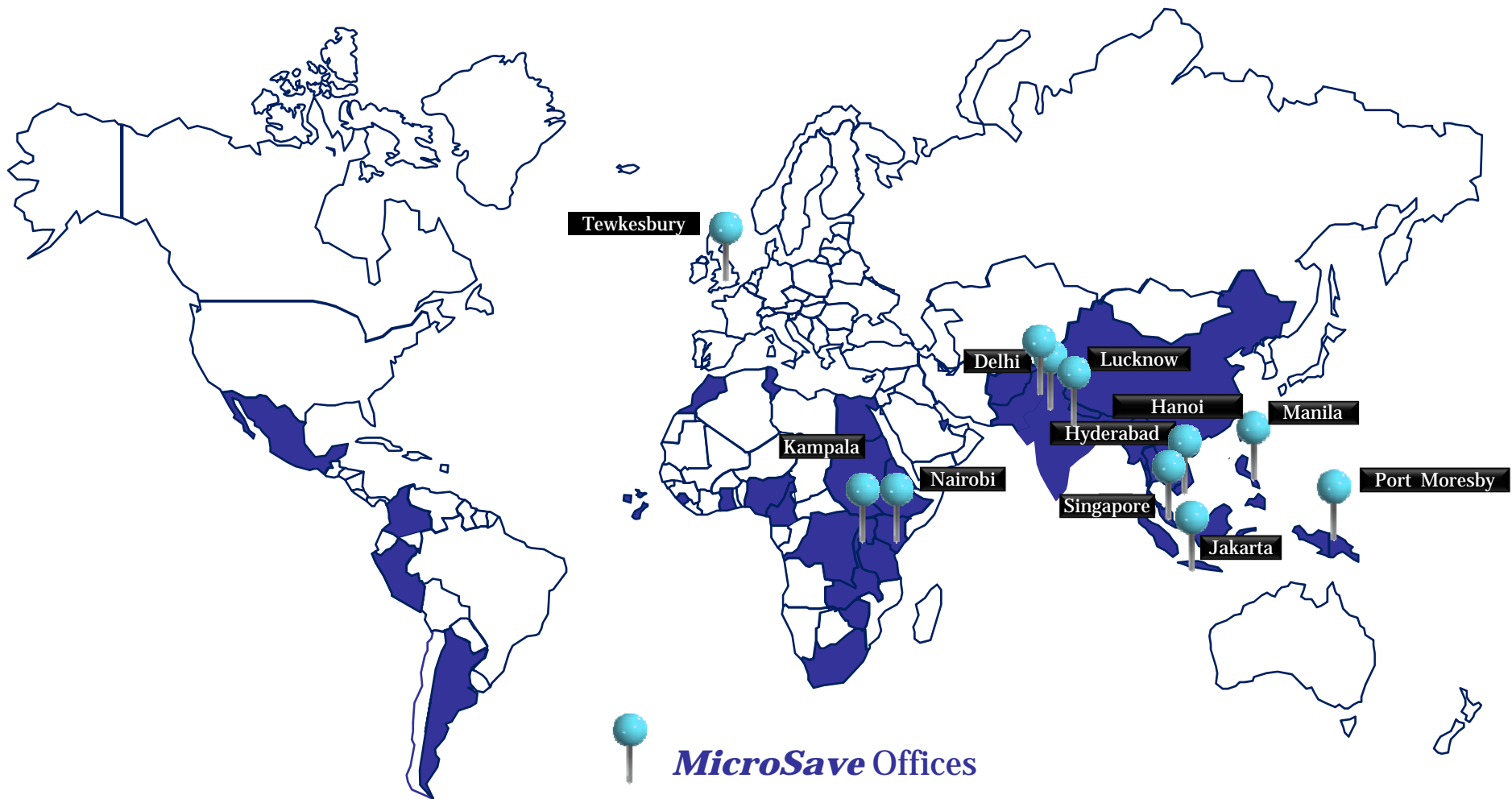
Impact of mobile Insurance on business economics of the value chain members

- Business economics of channel partners
 - For MNO: $\Delta \text{AoN} \times \Delta \text{ARPU} \times \% \text{ margin} > \text{Cost of MNO (Premium+ Marketing)}$;
 - For ANMs/Banks: $\Delta \text{revenue from insurance} > \Delta \text{loss of opportunity to sell alternative product/s}$;
- Whether mobile insurance is making any un-planned impact on business.



Client experience and actual usage of the product and its benefits

- Whether clients can raise claims in time bound manner;
- Whether clients can realise claims in time bound manner.



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