

Beyond sales: Growing alternative distribution channels into one-stop shops



Anja Smith
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Defining alternative distribution

- Characteristics:
 - ▣ Scale through concentration
 - ▣ Presence of infrastructure footprint
 - ▣ Transaction platform
 - ▣ Standalone voluntary products
 - ▣ Trusted brand
- What it is not:
 - ▣ MFI-based distribution with a specific focus on credit risks, bancassurance

Models reviewed

South Africa

Pep/Hollard

Take-it-Eezi/Hollard

Shoprite/Cover2go

Shoprite/Old Mutual

Wiredloop/Cover2go

Airtime networks/Cover2go



Colombia

CODENSA/Mapfre

Alico Chartis/Gas Natural

Colseguros/Carrefour



Brazil

Mapfre/Casas Bahia

Mapfre/Vivo

ACE/AES Elctropaulo

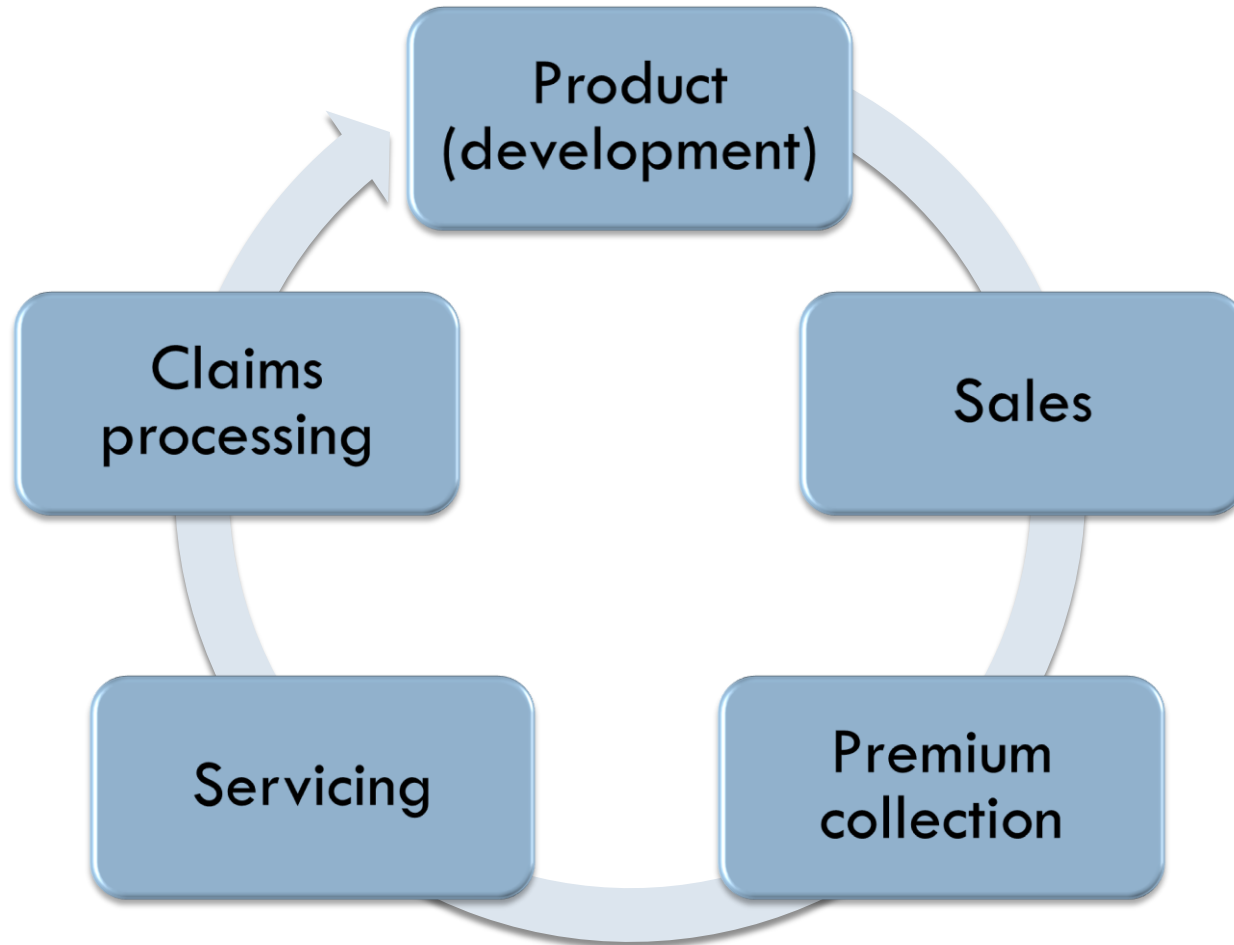
QBE/Brasil Telecom



India

May Vijay (Max New York Life)

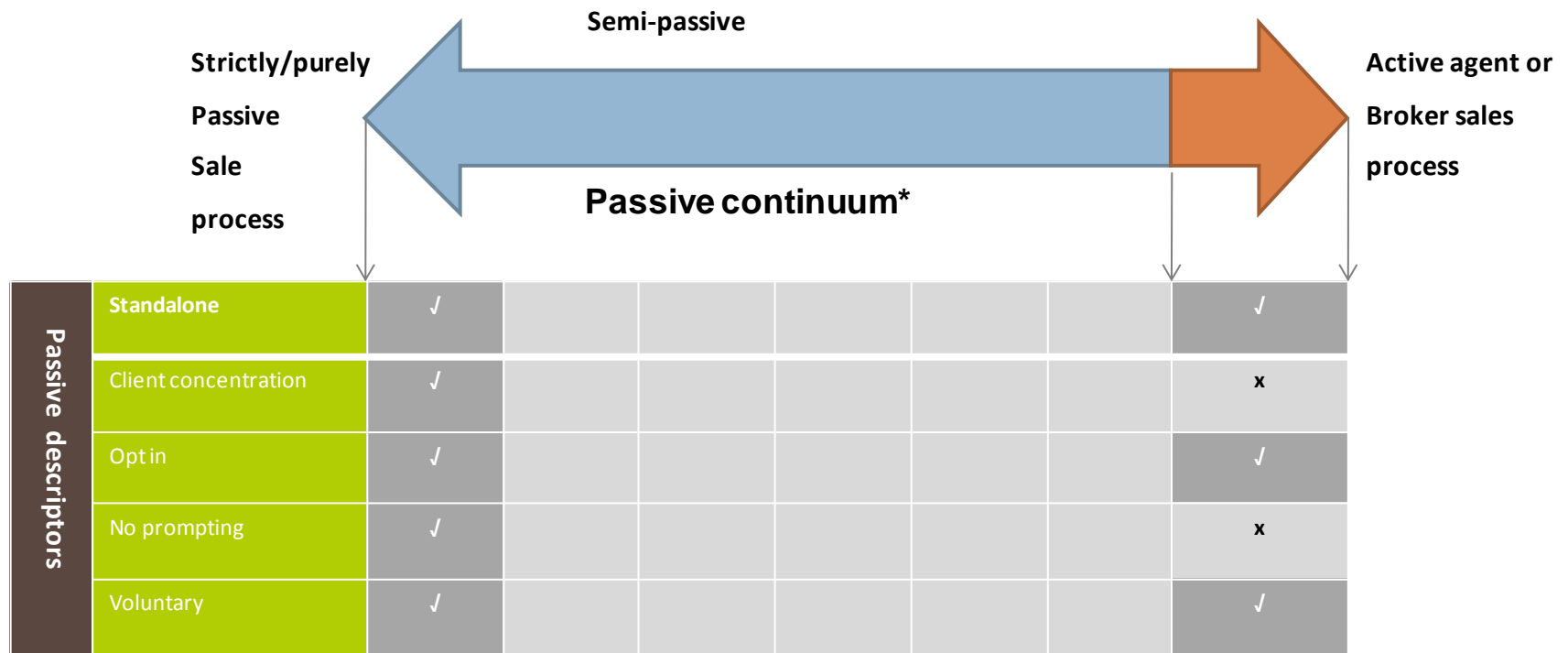
Distribution cycle



Balanced distribution required

	Business perspective	Client perspective
Product features	<ul style="list-style-type: none"> Realistic pricing Ease of administration 	<ul style="list-style-type: none"> -Meets needs -Simplicity
Sales	<ul style="list-style-type: none"> -Most important phase for business -Achieve take-up -Client retention 	<ul style="list-style-type: none"> -Informed purchase decision -Understand value proposition and costs -Understand how to successfully realise value from products (servicing and claims)
Premium collection	<ul style="list-style-type: none"> -Low cost -Integration into insurer management system 	<ul style="list-style-type: none"> -Ease/convenience -Flexibility -Low transaction cost
Servicing and administration	<ul style="list-style-type: none"> -Real time information and reporting to track performance -Low cost 	<ul style="list-style-type: none"> -Easy access -Ease/convenience -Low transaction costs
Claims processing	<ul style="list-style-type: none"> -Only pay legitimate claims -Cost-effective claims assessment and administration -Risk monitoring and management 	<ul style="list-style-type: none"> -Most important phase for the client -Ability to claim successfully -Easy access -Low transaction cost -Simplicity (few documents required) -Quick turnaround

Active vs. passive



Emerging alternative distribution categories

Channels	Characteristics and issues
Cash-based retailers (e. supermarkets and clothing retailers)	<ul style="list-style-type: none">-Examples: Pep, Shoprite, Carrefour-Cash premiums-No account-Limited client information-FMCG environment, regular interaction (client will return)-Lack of financial services culture may make active sales difficult
Credit-based retailers (e.g. furniture and white goods stores)	<ul style="list-style-type: none">-Example: Casas Bahia-Existing financial services capacity allows for active sales-Credit-based contractual relationship-Extensive client data-Screened/filtered client pool-Benefit settles outstanding credit (but with some additional value)
Utility and telecommunications companies	<ul style="list-style-type: none">-Examples: Codensa, Gas Natural, Telefonica, Telmex, AES Electropaulo-Contractual client relationship (account-based)-Benefits provide for continued service-Various sales approaches: agents, mail shots, in- and out-bound call centres-Low claims may signal low value to clients
Third-party payment providers	<ul style="list-style-type: none">-Example: Take-it-Eezi, Cover2go, Wiredloop-No data on clients-No contractual relationship-Loose client relationship (lower reputational risk) – no trusted brand-Premium payment rather than sales channel?

Love at first sight?

- Motives for distribution partners:
 - ▣ retention (cash-based retailers)
 - ▣ protection (distraction?) (credit-based retailers)
 - ▣ attraction (third party payment systems)
- Above determines:
 - ▣ division of roles and responsibilities:
 - partners with more to lose (and gain) take on more responsibility
 - ▣ remuneration structures.
- Successful partnerships require dedication, investment and keep evolving!

Where to from here?

- Models focused on communicating value to clients:
 - ▣ Voluntary (opt-in)
 - ▣ Closer to clients' lives
 - ▣ Reliance on brand
 - ▣ Tangibility
- Offering value to clients?
 - ▣ Need for greater emphasis on servicing and claims payment
 - ▣ Distribution partners as one-stop shops
- Intermediary chain becoming longer (and more expensive)

Thank you!

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