Is this microinsurance’s Uber moment?

12th International Microinsurance Conference
November 17, 2016
Uber finds an available taxi, estimates the price of the trip and the length (time), before you even need to request it vs. the traditional way of trying to hail a taxi and negotiate the price afterwards.

Uber is not about selling taxies, but providing transport solutions for our needs.
Why should we care? The evolving role of tech in insurance market development

Stage 1: Corporate assets
Stage 2: Group and bundled
Stage 3: Early retail
Stage 4: Diversified retail

Can tech expand outreach and value at lower levels of income?
Can tech enable voluntary, individual outreach?

Source: Adapted from Webb (USAID, 2006), Lester (2009), OECD (date unknown) and Dickinson (2000)
Technology is expected to drive the growth!

- 14 Countries
- Population ~ 146 millions inhabitants
- 161 licensed insurers
- Premiums = 2 billion dollars ~ 1% GDP
- Less than 10% of the population covered by an insurance contract

Microinsurance development plan adopted in 2014:

- aiming to increase the insurance penetration in our fourteen countries
- (Digital) Technology expected to drive the growth
- phone as a powerful tool,
- Few products launched recently
- Ongoing project to draft guidelines – expected to have new regulations next year.
- Planning to acquire our own « technological platform » to effectively supervise mobile (digital) operations.
When People protect People
02 Problems: Insurance User Experience

Problem 1
Negative User Experience

Problem 2
Generation Y & Older Satisfaction Deficit:
- Seniors: 43%
- Gen Y: 67%
Problem summary

# insurer’s view

FRUSTRATION LEVELS HIGH → GENERATION Y LEADS DECLINE

IT’S ONLY GOING TO ACCELERATE!

# user’s view

EVERYONE NEED PROTECTION → NOBODY LIKE INSURANCE

WHY?
Donald, welcome to the TONGJUBAO community!

Let’s review the reasons why you joined us.

1. « They take your money & they keep it! »

2. « They make profit from rejecting claims! »

3. « You sign 1 page summary and never read 40 pages of contract until it’s too late! »
Solution? Build P2P Communities

Sharing Risk between Members

Individual Service Contract Between Each Member & P2P

Modelisation
Platform
Claims
Community always get 75% back

Money Paid or Returned

25% Cut = Revenue model

75% Paid

OR

75% Returned

MONEY pooled
### Insurance Problems

- 😊 Profit from rejecting claims = conflict of interest
- 😞 Lack of transparency

### TongJuBao Solutions

- 😊 Claim as a service = no loss/gain from claims
- 😊 Monthly reporting = learning curve
- 😊 + return power to users

Money back + no conflict + transparency/empowerment
P2P INSURANCE by P2P PROTECT

3 components

VISION = MUTUAL & EQUITABLE

STRATEGY = UNIQUE PRODUCTS

EXECUTION = MOBILE EXPERIENCE
Innovative covers = go-to-market strategy

2015 - 2016
(12 months / 4 products)

- MARIAGE SAFETY - Q4 2015
- DIVORCE FIRST AID - Q2 2016
- ID LOSS & THEFT - Q2 2016
- CHILD SAFETY - Q3 2016

2017
(12 months / 12 products)

Enter traditional insurance field
- Travel
- Health
- Car Repairs

More innovative covers
- “terrorism”
- “Pollution”

And also
More micro-insurance as core go to market model
Unique in an emerging P2P insurance industry

Credit to Rick Huckstep – Insurtech Thoughtleader at TheDigitalInsurer
Execution = Web-mobile UX responsive
Discussion for Empowerment & Frequency

Users profiles

Discussions board

Vote on products

Vote results
Transparency

Dashboard

Reports
Usage of messaging social features

Social Communities feed Social Sales

Post to chat → Hongbao to chat → Chat to chat
New angle – more mutual focus

New design

Focus design on help network

Disconnect payment from period-premium

Wallet value

Give, Protect, Save

V 2

(+) Social Transparency = user proof of concept
Mobile Chat-bot interactions

Intended to be native for US – Europe launch

Bot In-App ➔ Facebook / WeChat integrated

Reduce operating costs

UX adapted to the full mobile generation

+ renovate forum using ‘Discourse’ open-source java script
FRANCE/US: 85% of surveyed persons react very positively to the value proposition

Partnerships based growth:

- China → Huaxia Finance
- US → Kuber Financial
- Europe → discussions ongoing (Insurers, Mutualists, retail finance, collaborative...)

CHINA ➔ WORLD: Window of opportunity to grow GLOBAL
# TEAM – 28 talents

<table>
<thead>
<tr>
<th>TEAM USA</th>
<th>TEAM FRANCE</th>
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<tbody>
<tr>
<td>Timothy Li</td>
<td>Beatrice</td>
</tr>
<tr>
<td><strong>Fintech Entrepren.</strong></td>
<td><strong>20+ y Insurance</strong></td>
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<tr>
<td><strong>CEO of Kuber Fi.</strong></td>
<td><strong>Mkt, Sales, Partn.</strong></td>
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<tr>
<th>Tang Loaec</th>
<th>Benny Li</th>
<th>Walker Jia</th>
<th>Han Qi</th>
<th>Daria Oley</th>
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<tbody>
<tr>
<td>Founder</td>
<td>CEO China</td>
<td>CIO</td>
<td>User-Market</td>
<td>Branding &amp; PR</td>
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<tr>
<td><strong>25 y bank &amp; insur.</strong></td>
<td><strong>25y bank-fintech</strong></td>
<td><strong>20y System &amp; IT</strong></td>
<td><strong>11y platform development</strong></td>
<td><strong>Soc. Med. &amp; Dig.</strong></td>
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<tr>
<td><strong>3rd fin-biz launch</strong></td>
<td></td>
<td><strong>Walt Disney, IBM</strong></td>
<td><strong>3rd internet finance platform</strong></td>
<td><strong>2nd start-up</strong></td>
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**CRÉDIT AGRICOLE**

**GROUPE BPCE**

**华夏信财**

**oney Bank**

**Auchan 欧尚**

**IBM**

**equancy**

**Bankers and insurers with a different perspective**

**Huaxia Finance**

**Kuber Fi.**
Are we a Uber of Insurance?

(+)
Truely a P2P model

(+)
Adressing users needs

(+)
Mostly mobile focused

- But in complex service
- With complex rules
Re-enchant insurance with us?

Come talk to us

tang@p2ppropect.com
“Quality, personal and affordable healthcare”
Life expectancy

Today, the average life expectancy of a human being is 71.

In Africa it’s 56 yrs – fifteen years below the global average.

Give or take Africa’s population of 1.1 billion – that’s 15 BILLION WASTED YEARS.

Not if we can help it...
Growth of mobile money

6

Major mobile money platforms in Kenya including M-Pesa, MobiKash, Airtel Money, Orange Money, Tangaza, and Equitel.

31.6m

Total number of mobile money subscribers in Kenya.

KENYA'S VOLUME OF MOBILE CASH (ALL PLATFORMS) Sh BN

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>16.32</td>
</tr>
<tr>
<td>2008</td>
<td>166.57</td>
</tr>
<tr>
<td>2009</td>
<td>473.41</td>
</tr>
<tr>
<td>2010</td>
<td>732.22</td>
</tr>
<tr>
<td>2011</td>
<td>1,169</td>
</tr>
<tr>
<td>2012</td>
<td>1,545</td>
</tr>
<tr>
<td>2013</td>
<td>1,901</td>
</tr>
<tr>
<td>2014</td>
<td>2,371</td>
</tr>
<tr>
<td>2015</td>
<td>2,816</td>
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</table>

MOBILE MONEY ACCESS

Kenya is now ranked top in Africa in terms of ease of access to financial services according to the World Bank 2014 Global Findex report.

Registered M-Pesa Subscribers

Active monthly M-Pesa users are 15.7 million. M-Pesa controls two-thirds of Kenya’s total mobile money users.

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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<tbody>
<tr>
<td>2015</td>
<td>20.63m</td>
</tr>
<tr>
<td>2014</td>
<td>19.34m</td>
</tr>
<tr>
<td>2013</td>
<td>17.11m</td>
</tr>
<tr>
<td>2012</td>
<td>14.91m</td>
</tr>
<tr>
<td>2011</td>
<td>14.01m</td>
</tr>
<tr>
<td>2010</td>
<td>9.48m</td>
</tr>
<tr>
<td>2009</td>
<td>6.18m</td>
</tr>
<tr>
<td>2008</td>
<td>2.08m</td>
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M-Pesa Revenue (Sh bn)

M-Pesa now makes up a fifth of Safaricom’s sales.

<table>
<thead>
<tr>
<th>Region</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>32.63</td>
</tr>
<tr>
<td>Nigeria</td>
<td>26.56</td>
</tr>
<tr>
<td>South Africa</td>
<td>21.94</td>
</tr>
<tr>
<td>Somalia</td>
<td>11.87</td>
</tr>
<tr>
<td>Kenya</td>
<td>10.78</td>
</tr>
<tr>
<td>Uganda</td>
<td>7.56</td>
</tr>
<tr>
<td>Somalia</td>
<td>3.93</td>
</tr>
<tr>
<td>Malawi</td>
<td>0.37</td>
</tr>
</tbody>
</table>

Sh7.7bn

Amount moved via mobile money per day on all platforms.

SOURCE: SAFARICOM ANNUAL REPORT | WORLD BANK 2014 GLOBAL FINDEX REPORT.

<table>
<thead>
<tr>
<th>Number of adults holding a mobile money account</th>
<th>Number of adults holding both mobile money and bank accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>75%</td>
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</tbody>
</table>
Launched on 27th November 2012, M-Shwari is a mobile-centric banking solution offering both savings and loan products, with the objective of availing simple and affordable financial services closer to the customers, thereby supporting the financial inclusion agenda in Kenya. It is an innovative and visionary product of Commercial Bank of Africa (CBA) in partnership with Safaricom.

**DRIVING A SAVINGS & INVESTMENTS CULTURE**
- Females are utilizing the savings product more
- Males over 40 years old are saving at a higher rate
- 25-34 year olds hold the greatest value of loans outstanding across all genders, with males contributing 71% to this value

**THE STORY SO FAR**
Various accolades from the financial services and Telco sectors globally.

Over 14 million
Customers in 37 months.

**M-SHWARI LOCK SAVINGS ACCOUNT**
This is a flexible fixed deposit account offered through M-Shwari that allows the customer to customize depending on the purpose of the savings. Its aim was to encourage savings.

**Average Lock Savings**
- 147,213
- 9,069
- 7,926
- 3.8 Months

**Non-Performing Loans**
Non-Performing Loans is at 1.92% which is below the industry average of 5.3%
Kenya Health Pain-points

- Ability to pay
- Time spent accessing healthcare

- Access to doctors
- Access to quality medical advice
“Hello Doctor has the power to reduce the incidence of avoidable health problems, improve efficiency, and potentially save more lives”

H.E. Margaret Kenyatta, August 2015
Sema Doc

- First commercial telemedicine provider in Africa
- First to offer immediate and paperless claims settlement
- Ave. customer rating for doctor calls: 99%

24/7 Doctor Access  Health Account  Health Loans  Hospital Cash Benefits  Health Tips
Customer Experience Story

1. Customer opts into Hello Doctor
2. Customer contributes monthly to mobile health savings account
3. Customer selects relevant health module and interacts with interactive health content
4. Customer engages our Doctors (text or telephonic consultation)
5. Customer visits a health facility and pays using health savings account or health loan
6. Customer is admitted to hospital and sends a claim
7. Claim is paid into customers M-Shwari account
8. Happy customer!

60 minutes: Doctor calls customer to validate claim
“Quality, personal and affordable healthcare”
What could this look like? Disrupting the insurance value chain

Will technology break the traditional links between insurers, intermediaries and clients?
Value Proposition: Uber vs. microinsurance
Will this create new value for the consumer? Moving from risk cover to risk management

1. Covering multiple risks from same contribution and changing the rules of insurability (e.g. marriage)

- Marriage
- Death
- Personal accident
- Income replacement to get to the hospital

2. Credit

- Insurance

- Savings

3. “Formalising the client” through biometric identity and increased digital data

- Risk sharing as opposed to transfer

- Risk management as opposed to insuring risk (bundling credit and savings with insurance)

- Informal savings group
- Community-based health financing
- Funeral parlours
IAIS FIWG Drafting on the *Use of Digital in Inclusive Insurance*

- As part of the Roadmap 2016-17 the IAIS Executive Committee has approved a project on the *Use of Digital Technology in Inclusive Insurance* (RM 38). This project is a spin-off of the Issues Paper on Conduct of Business in Inclusive Insurance.

- **Objective**: draft an Application Paper (AP) to:
  - address the crucial role of the use of new technologies in inclusive insurance markets
  - provide guidance on the proportionate application of relevant ICPs

- **Content**: This AP will:
  - provide additional material related to Insurance Core Principles (ICPs)
  - provide further advice, illustrations, recommendations or examples of good practice to supervisors on how supervisory material may be implemented.

- The first draft is expected for consultation during the **first semester 2017** and adopted by the **end of the year 2017**.
THANK YOU!

Cenfri (The Centre for Financial Regulation & Inclusion) is a global think tank that bridges the gap between insights and impact in the financial sector.

We are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy.

Our core focus is on generating insights that can inform policymakers, market players and donors seeking to unlock development outcomes through inclusive financial services and the financial sector more broadly.

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