Scaling up the delivery of health micro insurance in Kenya

Lessons from Britam's Bima Ya Mwananchi health micro insurance product

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Cenfri is an independent African think tank and non-profit organisation that works to support inclusive economic growth and sustainable development across emerging markets. Cenfri's focus is on building the fundamentals of welfare-enhancing digitalised economies that contribute to sustainable economic growth and inclusion for all. They target welfare-enhancing societal change that builds economies that are:
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Sustainable: Supporting resilience for households, businesses and governments against shocks, and helping societies adapt to the impact of climate change.
Opportunity creating: Building economic participation and advancement opportunities for individuals and small businesses through inclusive and competitive markets.
With safeguards: Providing fair outcomes for consumers, ensuring the integrity of the system and data protection for consumers and businesses alike.

Britam is a leading diversified financial services group in Kenya, providing a wide range of financial products and services across East Africa, including insurance, asset management, and property solutions. With a mission to provide financial security and a vision to be the leading diversified financial services company in their chosen markets across Africa, Britam is committed to innovation, customer focus, integrity, and respect. The company offers various insurance options, from health and life insurance to motor and property insurance, catering to both personal and business needs. They also provide investment opportunities such as unit trusts and retirement planning, demonstrating a comprehensive approach to financial services aimed at enhancing the financial stability and growth of their clients.

The Swiss Capacity Building Facility (SCBF) is a membership-based organisation of public and private entities promoting responsible financial inclusion. The members' commitment facilitates leveraging both public and private resources to support the development of an enabling ecosystem for financial inclusion. It provides catalytic finance and support to financial sector partners to design customised financial products and solutions that cater to the needs of low-income households, smallholder farmers, and micro, small and medium enterprises (MSMEs). Their vision is to improve the quality of life of low-income populations, especially women and those living in rural areas by enabling inclusive finance.

Table of Contents

List of tables

List of figures

List of boxes

Glossary

Term	Description
Microinsurance	Microinsurance refers to the provision of insurance to lower-income households (Cenfri, 2024).
Capitated contract	Providers are paid a fixed amount in advance to provide a defined set of services for each enrolled individual for a fixed period of time (WHO, 2024).
Catastrophic health expenditures	Catastrophic health expenditure is commonly defined as payments for health services exceeding 40% of household disposable income after subsistence needs are met (OECD, 2009).
Fire cash cover	Fire cash cover is an embedded benefit in Britam's products. The cover provides a cash pay-out in case a customer has a fire in their household or a place of work (they have to be the owner of the business to claim).
Last expense	Last expense is a funeral cover to help families deal with the burden of meeting the last respect expenses on the death of a family member.
Out-of-pocket	Out-of-pocket payments are expenditures borne directly by a patient where insurance does not cover the full cost of the health good or service. They include cost-sharing, self-medication and other expenditures paid directly by private households. In some countries they also include estimations of informal payments to healthcare providers (OECD, 2009).

Acronyms

Term	Description
AKI	Association of Kenya Insurers
B2B	Business-to-Business
B2C	Business-to-Customer
BYM	Bima ya Mwananchi
CGAP	Consultative Group to Assist the Poor
DFS	Digital Financial Services
FGD	Focus Group Discussion
FSD	Financial Sector Deepening
FSD Kenya	Financial Sector Deepening Kenya
GSMA	Global System for Mobile Communications Association
HMI	Health microinsurance
IDI	In-depth Interview
ILO	International Labour Organization
IP	Inpatient
KES	Kenyan Shillings
MFI	Microfinance Institution
MHF	My Health Funds
NHIF	National Health Insurance Fund
OOP	Out-of-Pocket
OP	Outpatient
P2P	Person-to-Person
SACCO	Savings and Credit Cooperative
SCBF	Swiss Capacity Building Fund
SHIF	Social Health Insurance Fund
SME	Small and Medium-sized Enterprise
SMS	Short Message Service
UHC	Universal Health Care
USD	United States Dollar

Executive summary

High healthcare costs and low health insurance penetration are pushing people into poverty. In 2023, 38.6% of Kenyans lived below the national poverty line, predominantly in the informal sector, where catastrophic health expenses pushed an estimated 1.1 million deeper into poverty in 2018 (FSD Kenya, 2023; Salari et al., 2019). The majority of Kenya's low income population works informally, where health insurance coverage is under 20% (National Health Insurance Board, 2023). The overall retention rate of National Health Insurance Fund (NHIF) is 41%, while the retention rate for the informal sector stands at a mere 24% (National Health Insurance Board, 2023). This is because many avoid renewing their NHIF coverage due to the perceived lack of value of insurance. Consequently, when healthcare needs arise, out-of-pocket payments, which can be catastrophic, become the default.

An urgent need for health microinsurance (HMI) solutions. This vicious cycle underscores the urgent need for HMI solutions tailored to the informal sector's unique needs, enhancing accessibility and providing value to curb the impoverishing effects of healthcare costs. This note synthesises the key lessons, findings and recommendations for the Kenyan HMI market, by learning from the partnership between Britam and CarePay.

The partnership between Britam and CarePay

Britam entered the HMI market by partnering with CarePay to codesign and underwrite an HMI product which would be distributed through the Bima ya Mwanachi (BYM) product. This HMI product aimed to bridge the insurance gap by addressing the issue of the lack of perceived value in health insurance by designing an affordable HMI product that provided access to higher-quality healthcare facilities. The BYM product and the partnership with CarePay leveraged consumer insights to design an insurance product that directly addresses the expressed needs of lower-income consumers, such as accessing higher-quality health facilities and providing more flexibility in how premiums are paid and collected.

Lessons from the Britam and CarePay partnership for the Kenyan HMI market. The partnership between Britam and CarePay has yielded significant insights for HMI strategies. Their collaboration on the BYM product, initially distributed through CarePay's M-TIBA health savings wallet, demonstrates the potential for leveraging digital platforms for distribution. These digital platforms are not only useful aggregators, but also a rich source of consumer data that can be leveraged for consumer insights research that empowers insurance providers and underwriters to better understand their target market and thus align product design with consumer needs.

Key lessons include the importance of understanding consumer behaviour to tailor insurance products that are perceived as valuable and the role of technology in reducing costs and expanding reach. For future HMI strategies, insurers should look beyond the number of customers digital platforms can aggregate and instead

understand the power of the data these platforms collect, and how this data is the key to designing insurance products that are responsive to consumer needs. This data-informed product design approach is what is needed to create insurance products that provide value to consumers and thus enhance uptake and retention in HMI offerings.

HMI distribution through mobile health wallets is promising but not a panacea. The partnership between Britam and CarePay adopted a digital-first approach by selling insurance through mobile distribution channels, which effectively aimed to address the distribution challenges commonly faced in reaching Kenya's predominantly low-income and rural populations. This approach was advantageous for Britam as 70% of their HMI customers were reached this way, however recent data indicates that overall product uptake was low, and they still struggled with retention. Further qualitative research indicated that although digital options were welcomed, they did not negate the need for the human touch as those onboarded by agents had a better overall customer journey experience. This underscores a key lesson on partnerships, which emphasises the need for the strategic selection of partners and for a human touch in digital distribution methods. This is because digitally or financially illiterate customers mistrust insurance and need face-to-face interactions to feel comfortable purchasing it. This note expands on these important lessons for the market in more detail.

Recommendations for the Kenyan market to continue expanding the uptake of HMI. The note concludes by providing various recommendations for expanding the reach of HMI products in Kenya. Since annual premium collection is still challenging in Kenya, there is a need to bundle insurance products in a way that overcomes this. The hypothesis when entering this partnership and product upscaling journey was that health savings wallets would allow people to save up to pay premiums, yet the data showed very few people were saving enough to even cover the cost of an annual premium. Therefore, there may be scope to consider a credit solution for premium payment. Tailored products that respond to specific consumer needs are also recommended to emphasise access to quality healthcare facilities and adaptable premium payment systems. Strategic use of digital distribution channels informed by customer data and insights can overcome distribution challenges, particularly among the unbanked and informal sectors. Moreover, the integration of HMI with national schemes like NHIF through complementary services can address gaps in coverage and quality, appealing to those seeking enhanced health services.

1. Introduction

Accessible health microinsurance (HMI) is key to supporting Kenyans to stay out of poverty. In 2023, 38.6% of Kenyans were living below the national poverty line, the majority (83%) of whom were employed in the informal sector (FSD Kenya, 2023). It is well documented that out-of-pocket (OOP) healthcare payments can have catastrophic and impoverishing effects, with research estimating that up to 1.1 million Kenyans were pushed into poverty due to OOP payments in 2018 (Salari *et al.*, 2019). To provide accessible, affordable, and sustainable health insurance to Kenyan citizens, the Kenyan government established the National Health Insurance Fund (NHIF). It was created to address the challenges of healthcare financing in the country, ensuring that citizens have access to quality healthcare services without facing financial hardship.

Snapshot of Kenya's microinsurance landscape

6% of the population covered by microinsurance [2015]

18 microinsurance underwriters [2022]

55 microinsurance products [2022]

11 HMI products [2022]

(AKI, 2023)

Although there is evidence that NHIF-enrolled households spend less on healthcare and are less likely to incur catastrophic health expenses, health insurance penetration rates are still very low, with less than 20% of the population covered (Mugo, 2023; Oyando et al., 2023). Of those insured, 88% are covered by NHIF, but they tend not to renew their cover. The overall retention rate of NHIF is 41%, while in the informal sector it stands at a mere 24% (National Health Insurance Board, 2023).

Designing HMI that responds to the needs of consumers. This low uptake and high attrition rates may be an indication of the perceived value (or lack thereof) of health insurance. To bridge the insurance gap by addressing the issue of the lack of perceived value in health insurance, Britam entered the HMI market by partnering with CarePay to codesign and underwrite an HMI product which would be distributed through their M-TIBA health savings mobile wallet (later rebranded as Bima ya Mwanachi (BYM)). The BYM product and partnership with CarePay leverage consumer insights to design an insurance product that directly addresses the expressed needs of lower-income consumers, such as accessing higher-quality health facilities and providing more flexibility in how premiums are paid and collected.

Valuable insights for the Kenyan HMI market. This case study aims to share lessons from Britam's experience of scaling its HMI offerings through its own BYM health insurance product and via the M-TIBA mobile wallet through its partnership with CarePay. The lessons showcase the challenges and opportunities they faced and provide insights on how HMI providers in Kenya should think about positioning themselves compared to mandatory health insurance funds like the NHIF.

This case study is organised as follows:

- **Section 2** provides the context of the product upscaling journey and includes an overview of challenges experienced when distributing health insurance in

Kenya, a description of the partnership between Britam and CarePay, and an overview of the Bima ya Mwananchi product.

- **Section 3** presents an analysis of the Britam and CarePay partnership, with specific reference to the customer segmentation exercises conducted at the start of the partnership, the data limitations in the partnership, and concluding with an overview of CarePay's strategic shift which impacted the partnership.
- **Section 4** provides lessons from consumer research. The section provides an understanding of the customer base; customer experience and feedback related to product improvements; and an analysis of the most effective tools for marketing.
- **Section 5** presents a look at how Britam has fared in scaling up its Bima ya Mwananchi product, as well as Britam's future plans for scaling up this product.
- **Section 6** provides an overview of the changing competitor landscape in the Kenyan market, with a specific focus on mandatory health schemes like the NHIF.
- **Section 7** concludes by providing practical recommendations for the industry based on the product upscaling journey.
- **Section 8** concludes.

2. Context

2.1. Realities of distributing an HMI product in Kenya

Distribution and profitability pose challenges for insurers to target low-income consumers. While microinsurance has the potential to better target low-income consumers, distribution is a major challenge (Smit, Denoon-Stevens and Esser, 2017) A large proportion of the microinsurance target market is unbanked, self- or informally employed, and/or living in rural areas which makes it difficult to reach them to sell policies, collect premiums, and pay out claims (Smit, Denoon-Stevens and Esser, 2017) Traditional insurance distribution channels generally rely on brick-and-mortar branches, brokers, agents, and aggregators such as employers and cooperatives. These distribution points tend to be available primarily for commercial enterprises, and concentrated in urban areas where there are higher concentrations of higher-income earners that are already banked (Smit, Denoon-Stevens and Esser, 2017) In addition, microinsurance premiums are lower than those for traditional insurance products, making this business model challenging for insurers, who must sell the product in high volumes for the business case to be viable. As a result, traditional channels for insurance deliveries can be costly, and insurers need to find alternative ways to reach clients (Smit, Denoon-Stevens and Esser, 2017).

Digital channels help to overcome distribution barriers and enable bundling. Digital platforms and technology-enabled partnerships can enable distribution at scale but at a significantly lower cost than traditional channels thus improving the reach of microinsurance (Smit, Denoon-Stevens and Esser, 2017). The ubiquity of mobile money and digital financial services (DFS) in Kenya presents opportunities for microinsurance distribution and bundling. Figure 1 below shows that there is a high mobile phone penetration and uptake of mobile money amongst both men and women in Kenya **(GSMA, 2023)**. Mobile money accounts are not only used for cash-in cash-

out and person-to-person (P2P) transactions but also for purposes such as bills and savings **(GSMA, 2023)**. Moreover, various forms of DFS are already helping clients pay for medical treatment, not only through insurance, but also through services such as digital credit or savings (Braniff & Hanouch, 2018). CGAP research in Kenya found that paying medical bills was one of the most common reasons people cited for borrowing from digital lending platform m-Shwari. Digital savings are another example, with the rising popularity of savings products allowing people to save in dedicated health savings accounts - such as using M-TIBA for savings (Braniff & Hanouch, 2018).

Bundling insurance can remedy price sensitivity. Research has shown that low-income consumers are especially price-sensitive and value liquidity, making them very conscious of the value they get from products purchased. Therefore, bundling insurance products with other digital financial services that meet a wider range of short-term and long-term healthcare needs will improve the perceived value of the purchase and increase product uptake and client retention **(Braniff and Hanouch, 2018; Hussain and Ahmed, 2019)**.

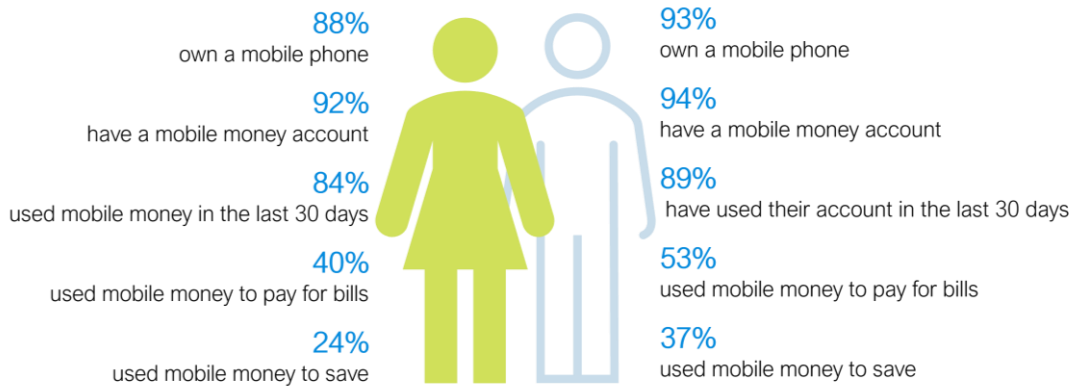


Figure 1: Overview of gendered uptake of mobile money and channels
Source: (GSMA, 2023).

2.2. Partnering to increase impact

Addressing challenges in distributing microinsurance via a mobile health wallet. In 2015, CarePay launched a digital health platform in Kenya, called "M-TIBA". One of the products under the M-TIBA platform is the MyHealthFunds (MHF) wallet - a product enabling individuals to set aside funds that can only be used for healthcare expenditures. Since its launch, over 4 million people have signed up for the platform, which has proven to be the end-to-end digital connector between various players along the healthcare journey (M-TIBA, 2022). The wallet aims to offer considerable benefits for the Kenyan market, including providing more people with access to healthcare and addressing key inefficiencies in the healthcare provision journey like lower administration costs, real-time processing of transactions, and reduction of fraud due to increased transparency (M-TIBA, 2022). Box 1 below provides further information on CarePay and M-TIBA.

Box 1: Description of CarePay and M-TIBA

CarePay is a startup that developed technology aimed at creating an end-to-end platform for members, providers, and insurers to make healthcare more affordable (Onkundi and Walmers, 2024).

CarePay, in partnership with PharmAccess and Safaricom, developed M-TIBA, a digital platform that leverages mobile technology to facilitate inclusive healthcare in Kenya by connecting patients, providers, and payers for efficient healthcare financing (ILO, 2020). M-TIBA provides a mobile health wallet, MyHealthFunds, which is free for users and allows them to save funds that can only be used for healthcare expenditures by using a basic mobile phone (Nobert, 2020). The funds in the M-TIBA wallet can only be used for healthcare expenses at partner clinics and hospitals or to cover contributions to Kenya's National Health Insurance Fund (NHIF) (ILO, 2020). With this wallet, individuals can transfer funds from their M-PESA accounts to their health wallet or remit funds to a loved one's health wallet (Nobert, 2020). Initially used as a general savings platform, this digital platform now encourages users to use their savings to buy health insurance cover (Onkundi and Walmers, 2024).

Note: this document will refer to the MHF wallet interchangeably with the M-TIBA wallet.

Britam and CarePay partner to distribute HMI through the M-TIBA mobile wallet. In 2020, Britam and CarePay initiated a partnership to explore new mobile channels for Britam's fast-growing microinsurance portfolio and the future management of retail and small, and micro enterprise (SME) health insurance clients. This product would also digitise how Britam reaches its current and prospective customers and streamline its claims processes **(M-TIBA, 2020)**. The aim was to address the insurance gap in Kenya by offering simple and affordable health insurance that is easily accessible. To leverage the increasing utilisation of mobile phones, the insurance solution was to be offered on M-TIBA's mobile platform and underwritten by Britam. Mobile health wallets are popular in Kenya and can be integrated with different products and payment methods, providing a potential channel for the distribution of insurance products, as illustrated in Figure 2 below.

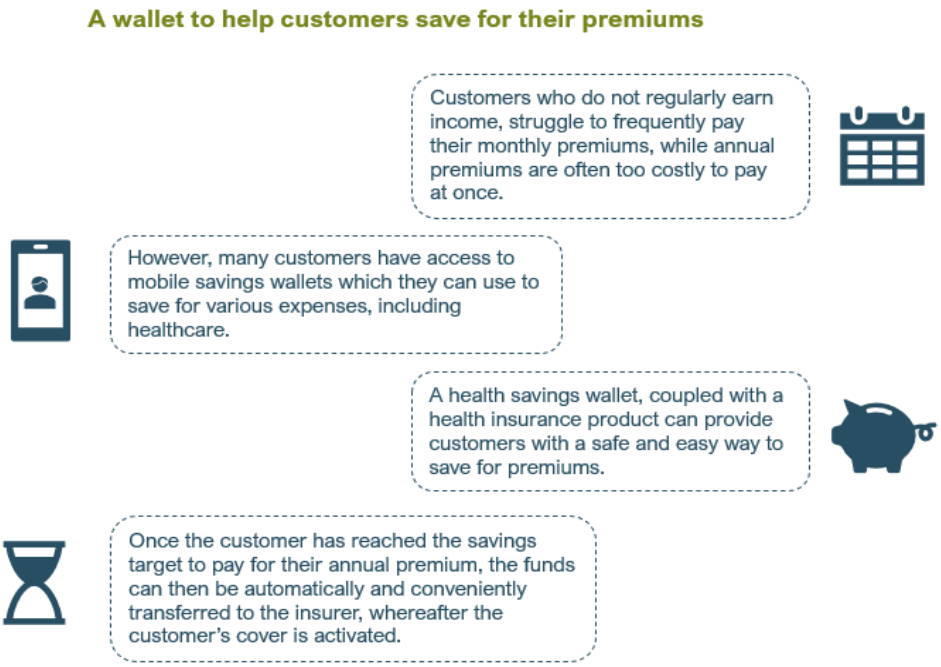


Figure 2: How a savings wallet can assist customers in saving for premiums

2.3. Overview of Britam's Bima ya Mwananchi product

The Britam and M-TIBA health cover was piloted in 2020 and has since been scaled up and improved iteratively, adjusting various benefits and features based on continuous research. In 2023, this product was re-branded to Bima ya Mwananchi (BYM) after expanding the product to include outpatient cover. Today, the product is distributed through multiple channels including the M-TIBA health wallet. The product- and partnership evolution is further illustrated in the figure below.

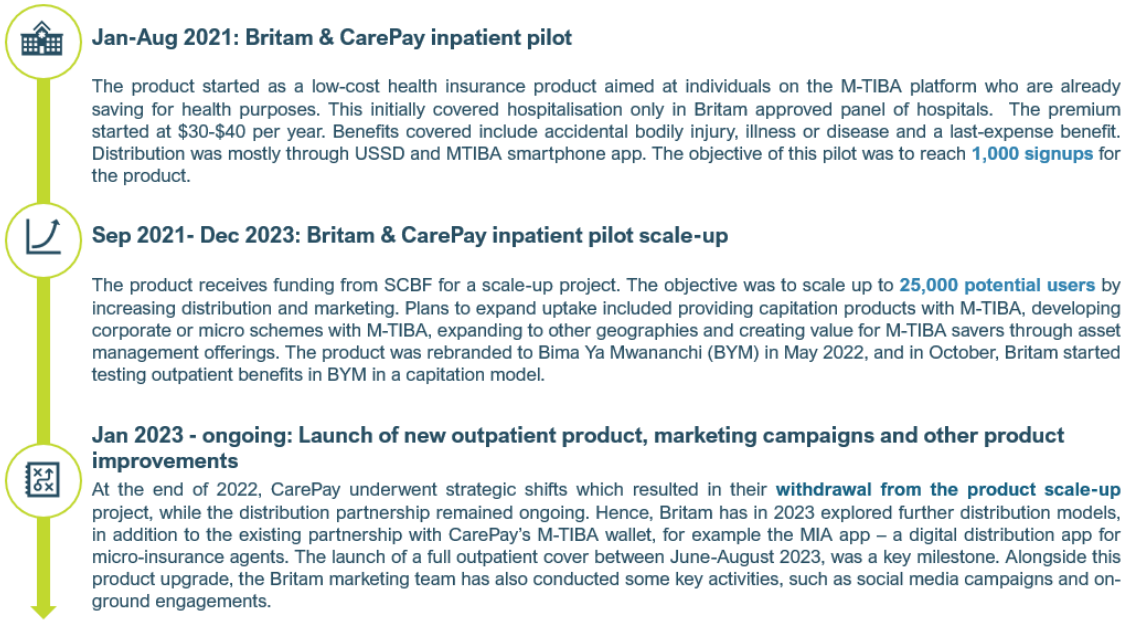


Figure 3: Timeline of BYM product evolution

Affordable medical cover for individuals and families offered via the Britam product. The Britam BYM product was designed to address the consumer need for access to higher quality, private healthcare facilities while remaining affordable. The product was mainly borne from a growing demand for a retail product by Britam's customer base as Britam was initially solely selling and distributing group health insurance products . In its early phases, the product focused on in-patient cover, including hospital costs, maternity costs, chronic and death benefits, and costing roughly KES3,894-5,192 (USD30-40) per year at the time, covering the policyholder for up to KES259,622 (USD2,000)[1]. Since the partnership, Britam has developed its BYM product to be more tailored to the needs of its customers.

Various distribution channels are used to distribute HMI to customers. In collaboration with CarePay, Britam has used the M-TIBA wallet to offer potential customers the opportunity to save up for their premiums via the wallet, as illustrated in

[1] US Dollar (USD) and Kenyan Shillings (KES) conversions throughout this document are based on an average exchange rate between Mar 2023 and Mar 2024, where 1 KES is equal to USD0,0076 (U.S. Department of Treasury, 2024).

Section 2.2 and Figure 2 above. Apart from this method, Britam also employs agents who have connections in communities, to conduct face-to-face sales. Direct sales via call centres were also employed, where call centre agents would follow up on website or social media customer requests and sell the cover over the phone. More recently, Britam has also introduced self-onboarding functionality, where customers can complete the onboarding process at their own pace online, with the option to request additional support from Britam. In addition, they have recently been testing a digital agent model through an app called Microinsurer advisors (MIA). A smaller proportion of customers are comprised of alternative channels, including group or corporate cover, where the BYM product was mandated by an individual's employer. Table 1 below shows the performance of each of Britam's distribution channels, with the proportion of customers onboarded via M-TIBA's channels (72%) far outweighing that which was onboarded by Britam. Among those channels used for non-M-TIBA client onboarding, though, agent-assisted onboarding seems to be the highest performer (55%), followed by onboarding through Britam's Micro Insurance Advisers app[2] (26%), launched in September 2023.

Overview of the number of customers[3] onboarded via the M-TIBA vs Britam channels	
Channel	**Proportion of customers onboarded via channel[4]**
M-TIBA	72% (4,689 customers)
Britam	28% (1,823 customers)
Breakdown of channels for non-M-TIBA onboarding	
Non-M-TIBA channels	**Proportion of active customer base[5]**
Brokers	10% (182 customers)
Britam financial advisors (agents)	55% (1,003 customers)
Independent Financial advisors	9% (164 customers)
Micro Insurance Advisors app	26% (474 customers)

Table 1: Overview of distribution channels used for BYM product

3. Analysis of the partnership

As part of their partnership agreement, Britam was provided access to anonymised customer data from CarePay's MHF savers, to conduct segmentation analysis on the potential target market using variables such as savings behaviour and demographics. The hypothesis was that since this customer base already uses the MHF M-TIBA wallet to save for healthcare costs, and therefore has an expressed need for health financing, they may be a suitable target market for selling insurance.

[2] The microinsurance advisers app is an agent-led distribution platform for microinsurance agents and intermediaries. These advisors are different from the traditional intermediaries.

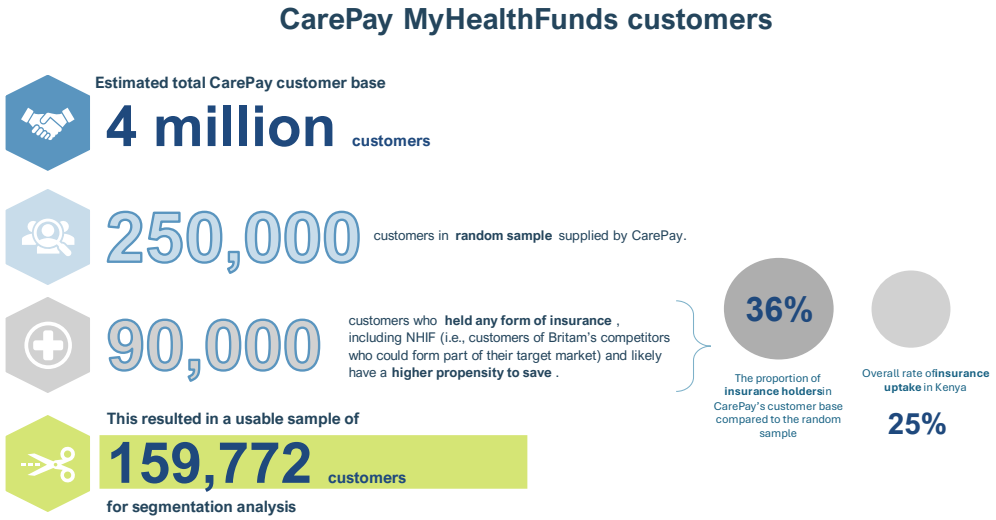
[3] Customers refers to all those covered by a BYM policy, both the principal member and their dependents.

[4] These numbers present the cumulative sum of all people ever insured with BYM health insurance cover (i.e.: all principal members and their dependents that have ever had BYM cover).

[5] Actively insured customers are those that are covered by active BYM policies during the relevant time period (including both principal members and their dependents).

3.1. Segmentation of MHF clients: Studying Britam's potential addressable market

Segmenting a customer base with limited or restricted data access. The initial estimation of CarePay's active customer base before the pilot was about 4 million individuals. CarePay was able to grant access to anonymised data from a sample of their clients, excluding individuals who were members of any other insurance scheme (private or public). Britam used this data in the early design phases of product design to conduct segmentation analysis on health wallet users and identify their potential target market; focusing on factors such as savings frequency, healthcare spending, dependents, and gender. As illustrated in Figure 4 from an initial random sample of



250,000 MHF users, approximately 90,000 were already covered by other insurance schemes and had to be excluded, leaving a sample of the addressable market of 159,772 users[6]. The exclusion of insured users, who likely have a higher propensity to save, limited the ability to fully understand the variables and behaviours associated with insurance uptake. However, on an aggregate level it was observed that the MHF users had a higher propensity to take up insurance than the national average – 36% of the sampled health wallet users had insurance compared to the national average of 25%.

Figure 4: Overview of the pool of customers for segmentation

Five typologies that classify Britam's HMI target market. The segmentation analysis further revealed five distinct groups of customers with varying potential for targeting an HMI product, as illustrated in Figure 5 below.

i. **Non-users**: At the time of the analysis, roughly 64% (101,669) of the customers who signed up on the CarePay MHF platform were not saving. This group may be difficult to target with HMI without a behavioural shift.
ii. **Individual savers**: This group consisted of those without dependents who showed positive savings activity.[7] They made up 9% and were a potentially promising

[6] The random sample was assumed to be representative of CarePay's 4 million clients. The users covered by other insurance schemes are for example those who are members of other private health insurance schemes or enrolled in other public of donor-funded insurance policies. The final addressable market is understood to be a representative sample of CarePay clients that do not have any insurance (i.e.: no public, private or donor-funded insurance).

[7] Positive savings activity refers to frequency of savings, e.g. having used the wallet.

group to target as they tended to have minimal healthcare needs, based on the frequency of treatment and annual healthcare spending. However, only about half of them saved regularly.

iii. **Family savers**: This group consisted of those with dependents who showed positive savings activity – 10% of the customers were family savers with one or more dependents. This was an important market segment, as targeting this group may have multiplier effects through dependencies.

iv. **High needs**: 1% of the sample fell into a high-needs segment that had higher than average health expenditures.

v. **New members**[8]: Finally, 16% of the customer base were new members who joined the platform in the year prior to this analysis. There were also disproportionately high female percentages in this segment.

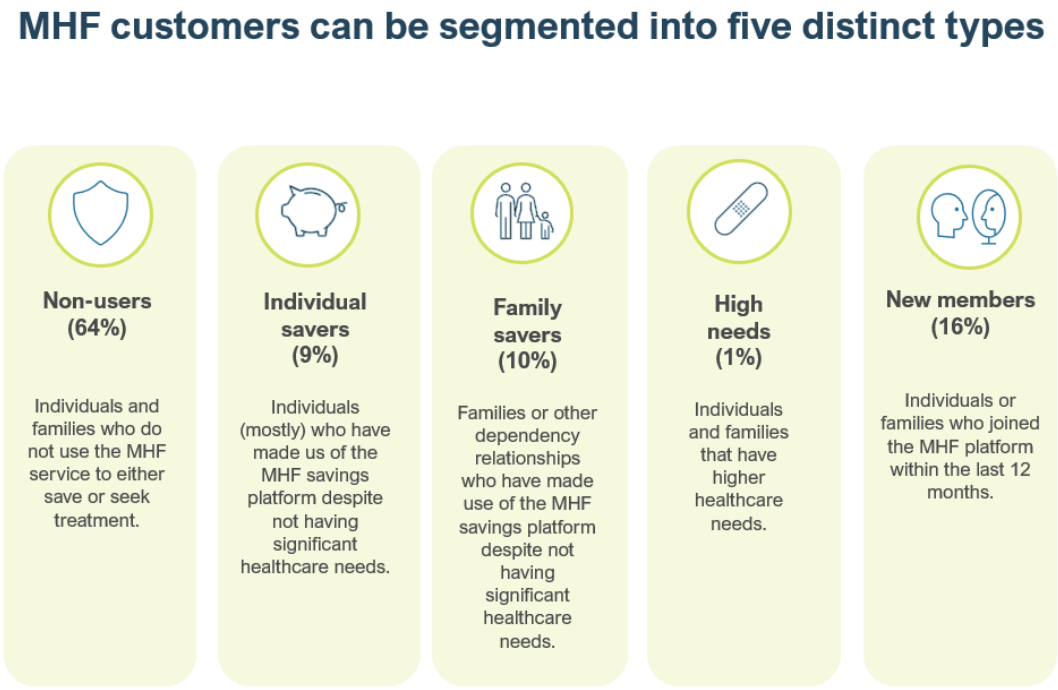


Figure 5: Customer segmentation based on data shared by CarePay

Table 2 below provides more detailed statistics of the demographics and savings behaviour of the typologies described above. There is a relatively even gender split across the segments, with the non-users on average being slightly more male-dominated while the family savers segment is more female-dominated. The high-needs category, however, is disproportionately skewed towards women with 65% of savers in this category being female. The average age across the segments is 34 years and most (81%) do not have any dependents. Across the target market identified, the average savings balance was KES170 (USD1.50) and only 2% of all users have ever been treated, with the average annual treatment cost amounting to KES 954

[8] New members represent a large market segment with a particularly large number of new members joining 10 and 11 months prior to data capture (i.e. joined in March and April 2021). A few of these members have saved and a negligible portion have received treatment already. Where savings and treatment have occurred frequencies are unrealistically high, which calls into question the accuracy of this data, so there is not too much that can be accurately inferred from this group.

(USD8.30). Customers who form part of the individual savers, high needs and family savers segments had the highest incidence of ever having saved via the wallet.

Segment	Observations	% who have saved	Average savings balance amongst savers	% who have been treated	Average annual cost amongst treated	% who have dependents	% female	Average age
Total sample	159,772	20%	KSH 170 *(US$ 1.50)*	2%	KSH 954 *(US$ 8.39)*	19%	49%	34
Non-users	101,669 (64%)	0%	-	0.8%	KSH 73 *(US$ 0.64)*	7%	47%	34
Individual savers	14,877 (9%)	100%	KSH 171 *(US$ 1.50)*	2.7%	KSH 115 *(US$ 1.01)*	2%	50%	37
Family savers	16,526 (10%)	71%	KSH 157 *(US$ 1.38)*	0.6%	KSH 122 *(US$ 1.07)*	100%	53%	37
High needs	1,570 (1%)	98%	KSH 27 *(US$ 0.24)*	100%	KSH 582 *(US$ 5.12)*	9%	65%	36
New members	25,130 (16%)	17%	KSH 248 *(US$ 2.18)*	0.90%	KSH 7 570 *(US$ 66.58)*	23%	50%	33

Table 2: Key statistics from each customer segment

Data indicates low savings rates among the target population. Figure 5 above shows that only 36% of MHF clients (58,103 individuals) were active users of the wallet, the remainder had never saved using the MHF platform before. As evident from Table 2, individual savers have the highest prevalence of positive balances (98%), and also have the highest balances overall, with 20% having more than KES100 balance in their savings wallet. Family savers follow shortly after, followed by new members and high needs who have the lowest saving balances.

Even among those that save, the frequency of saving and value stored on the wallet is low. Figure 6 below illustrates the savings behaviour between the various segment shares, comparing how many have positive balances over KES100, with those who have a positive balance, i.e. higher than zero. Individual savers are the most likely to have a positive savings balance (98%) but only 20% have saved more than KSH100 (~USD 1). 64% percent of family savers have a positive savings balance with only 16% having more than KSH100 in savings. New members have significantly lower savings rates, despite new members having higher-than-average savings balances (see Table 2). This aligns with findings from research conducted by M-TIBA in 2020, which indicated that Kenyans are saving KES 100 (~USD 1) per transaction, while the average claim for healthcare is KES 400 (~USD 4) (Nobert, 2020). Therefore, the data shared by CarePay confirms that on average Kenyans are not saving enough to cover their healthcare claims, even when using the health savings wallet.

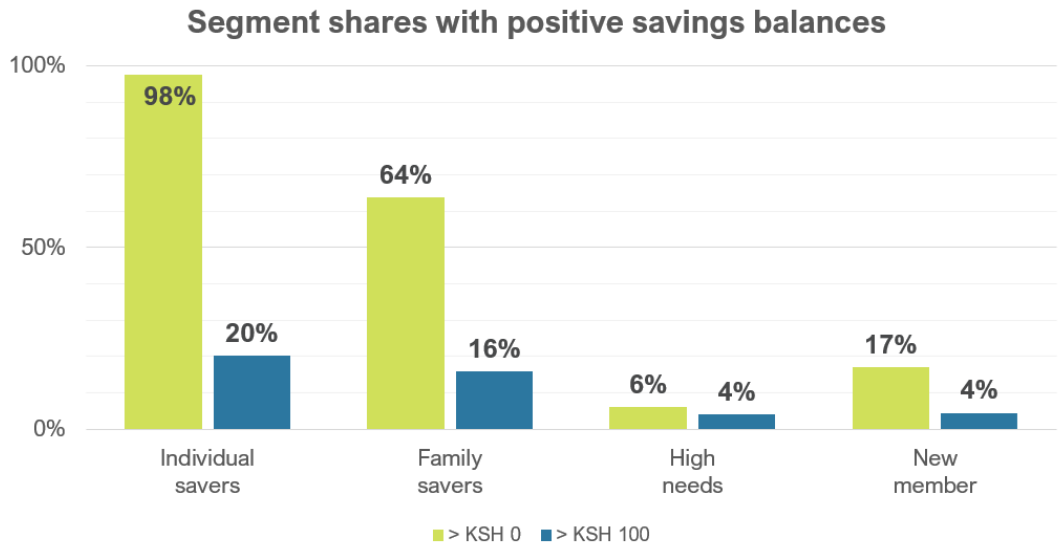


Figure 6: Shares of customer segmentation with positive savings balances

Those with dependents are more likely to save more frequently. Although this analysis shows that saving rates remain low among those who save, a more granular analysis shows potential among these users. Among the individual and family savers segments, subgroups of more frequent savers were identified with the common denominator among them being that they have dependents. Among the individual savers, 22% (3,176 users) were classified as "frequent savers" who saved at least every 10 months. Of these frequent savers, those that saved most frequently (every three months or more), had dependents. Among family savers, the frequency of savings increased with the number of dependents; those with three or more dependents, 19% (3,162 users) of this segment, saved most frequently (on average every 13 months). Despite these low savings rates, understanding the nuances of these customer segments empowers insurers to better target clients.

The importance of choosing your target market wisely. Although the high needs group is the lowest in number (1% of the sample), these 1,570 users represent a market segment with higher healthcare expenditure needs and therefore the biggest potential demand for healthcare insurance products. However, insurers should consider this group with caution[9]. These users are described in the health literature as "super-utilisers" and, as is evident from this analysis, despite making up a small share of health system clients, they tend to disproportionately drive costs (MacEwan *et al.*, 2023). Therefore, it is important to identify them to properly understand the risk pool and appropriately price insurance products. Note that new members have not been analysed, due to upward bias in their savings and treatment behaviour from a shorter observed period at the time of data extraction, which limits the potential for meaningful inference on their behaviour.

Current savings behaviour suggests viable target market is limited, but this does not mean the segment cannot be converted. Overall, the savings data suggested that usage of the wallet is quite limited which may indicate most CarePay customers

[9] Research has shown that households with a higher ratio of sick members are more likely to purchase insurance, i.e. confirming the existence of adverse selection in insurance (Ito and Kono, 2010).

would not be able to purchase insurance, at least based on the savings behaviour at the time of analysis. Of those that save approximately once a year, hardly any save enough annually to pay the KES3,200 (USD24.32) premium. However, it is worth noting that the segmentation analysis was done before the broader roll-out of the BYM and other insurance products through the mobile wallet. The savings behaviour may be reflecting the capabilities of the wallets at that point in time. External CarePay analysis has also shown that most MHF users around the time of analysis used their wallets for smaller, general outpatient costs between KES100-499 (USD0.75-4) (CarePay 2020). It is possible that at the time, there was no real need or viability amongst the customers to keep higher balances because the perceived use-case of the wallet was primarily for lower-cost health needs. As such, there is still a possibility that these same individuals could become more frequent savers if they perceive additional value in an insurance product and have a target amount to reach (such as an annual premium) to encourage positive saving behaviour.

Based on distribution channel data, 72% of BYM customers are onboarded through M-TIBA, indicating that the mobile distribution channel is effective relative to the other channels used by Britam. Despite this, overall uptake of the product is still low. Out of the sample of 250,000 clients received from CarePay at the start of the project, only 1.9% of clients converted into purchasing the BYM product.[10] This can be due to a combination of issues in distribution, as well as product shortcomings. As discussed further in 4.2, Britam has more recently worked on a number of product improvements aimed at increasing product uptake, although it may still be too early to say whether these product changes have (or will) result in improved uptake. Either way, mobile distribution channels may be more successful if an insurer can effectively target the right group of customers and supplement the mobile channel with additional channels and points of contact for consumers, also referred to as a hybrid model. Box 2 below compares the various distribution channels that insurers could consider. The alternative distribution channels employed by Britam are discussed in section 2.3.

Box 2: Comparing the efficiency of different distribution models – lessons from the literature

There are three main models for distributing insurance, namely: high-touch, high-tech and a hybrid model.

High-touch models

High-touch models use agents to sell to and educate customers (Leftley and Gross, 2015). Research conducted by the Microinsurance Network indicated that over half of microinsurance products exhibit a high use of agents, which underscores the necessity of human contact to sell and educate customers (Merry, 2020). These models, which involve direct and frequent personal contact, build trust and have a deep understanding of customer needs, resulting in higher retention rates. Although less scalable and more expensive, such approaches have been found to be particularly effective in health and life insurance sectors (Leftley and Gross, 2015).

[10] Calculations are based on the 4689 customers who came in through the M-TIBA channel, relative to the sample of 250,000 CarePay customers available to Britam at the start of the pilot. Note that the conversion rate cannot be accurately calculated as there is no exact data on the size of CarePay's entire customer base, and the fact that some customers were not available to Britam as they held other insurance products.

High-tech models

High-tech models leverage technology and digital distribution channels to reach customers without relying on face-to-face engagement (i.e.: agents). Mobile insurance has leveraged low-touch, tech-driven distribution channels to achieve rapid growth and higher penetration rates, using digital platforms and mobile devices for efficient service delivery (Leftley and Gross, 2015). High-tech models have significantly enhanced accessibility and reduced costs in the insurance industry in emerging markets by reducing dependency on direct agent interactions which accelerates the process and reaches a larger segment of uninsured populations. However, insurers must adapt innovative technology to local contexts and combine it with traditional methods for effectiveness, especially where trust and accessibility are critical (Insurance Development Forum, 2020). Extensive market engagement is crucial for the relevance and acceptance of tech-enabled solutions.

Hybrid models

This model leverages the best of both worlds, using advanced technology to streamline processes and maintain a necessary level of personal interaction where it enhances the customer experience (Wagner, 2019; Koyalloth, 2015). This model also allows insurers to leverage data and analytics and provide more value-added services. The approach requires insurers to shift agent roles from sales to advisory, improve data flow, and adopt agile working methods to stay responsive to market trends and customer needs (Kotanko and Chan, 2020). The hybrid approach not only improves flexibility and responsiveness but also ensures that customers receive personalised service when needed, which is crucial during stages like onboarding, for example, the self-onboarding platform that Britam employs as discussed in section 4.2.2. Post-onboarding, the tech-touch components can maintain engagement through automated updates and check-ins, allowing customer success managers to reach a broader audience more effectively.

3.2. Limitations of the data provided

Findings from this analysis do not align with insights from national survey data. The savings behaviour in Kenya has increased, and according to the 2021 FinAccess survey, Kenyans are saving more and using less credit (74% using savings compared to 60.8% using credit) (FSD Kenya, 2023). Savings have also become more formalised. In 2021, 54.9% of Kenyans indicated that they save via a mobile money provider (e.g. a wallet)[11]. Similarly, it appears that financial literacy levels are growing across all key demographics in the same way that formal savings are growing. Based on this information, mobile wallets should offer a promising market for companies looking to encourage saving, yet the analysis above shows otherwise. This could be due to the sample size observed for this study, or that national data does not provide enough granularity to understand individual savings behaviour.

Britam did not have access to CarePay's entire client database, limiting their ability to understand the insured segment. As mentioned earlier in this section and in Figure 4, for legal reasons CarePay could not provide Britam with data on clients that held non-Britam insurance policies. The trouble with this is that a proportion of the sample has an expressed interest in insurance that Britam was unable to analyse in the segmentation and design of its HMI product. As a result, the behaviours and characteristics of individuals who are more likely to take up insurance are unobserved, and we cannot say anything about their demographics, or savings behaviour. The

[11] While 14.2% save with a mobile bank, 22.7% in a secret hiding place, 9.2% in a SACCO, 25.7% with a Chama and only 3.1% with a traditional bank (FSD Kenya, 2023)

remaining health wallet users may be skewed towards individuals who perceive less value in saving for healthcare and thus have a lower potential of taking up insurance products. While private insurance uptake is relatively low in Kenya at 4%, and likely only accounts for a small proportion of the CarePay customer base, about 24% of Kenyans are covered by the public healthcare scheme NHIF (KNBS, 2022). As discussed later on in Section 6, the current Britam customer base often holds the BYM product as a complement and not a substitute to NHIF. Moreover, NHIF has a high attrition rate. Exclusion of this segment may have limited the ability to conduct a comprehensive analysis of potential customers. Although restrictions on full access to the customer data resulted in a limited understanding of customer behaviour, Britam should still have been able to successfully convert the segment by focusing its approach on attracting its ideal customer with a well-designed and targeted product.

Overall, access to anonymised client data from the broader financial sector, not limited to their own customer base, would allow Britam, and other insurers, to better design and target products. The idea of access to data to foster innovation in a market is enshrined in the concept of open finance, further discussed in Box 3.

Data does not include the change in value of the wallets over time. While the data suggests the balances held in the wallet are on average very low, indicating wallet holders are not saving enough to cover potential premium costs, it is worth noting that the data only shows the value of the wallets at one point in time, and we are not able to see how much was saved cumulatively over a period of time relative to how many withdrawals were made from the wallet. This means that we cannot infer whether their low savings balance can be attributed entirely to people simply not saving much, or if they have saved but also withdrawn from these savings to finance health care expenses. For example, the high-needs customer segment, which consists of individuals with high health expenditures, had the lowest wallet balance. It is possible that the balances are low because they have recently claimed with the wallet. To work around this, the segmentation considered frequency of saving as a proxy of usage, in addition to balances. Ideally, the data would have allowed a more comprehensive overview of the wallet usage over time to determine individuals' savings behaviour.

Box 3: **Open Finance catalyses innovation, promotes competition and fosters market development**

Access to data is a key enabler for innovation. It allows financial service providers to better understand and serve customers. Consequently, data is also an important competitive asset in which market players with large existing customer bases hold an advantage over start-up innovators who are finding their feet in the market. To better enable innovation, several countries are now implementing Open Finance and data portability rules, which require market players to share data with other accredited or licensed players on the basis of consumer consent. It rests on the principle that the customer is the owner of their own personal data, rather than the entity holding it.

The concept of Open Finance has evolved from a narrower concept of open banking to include all financial data, such as mortgages, pensions, savings, insurance, credit, transaction banking, and mobile money. In the context of insurance, Open Finance could foster competition in the market, where insurers compete on the basis of the value and innovation of their products rather than the data they hold. Access to data also enables insurers to improve product design and tailor insurance products for a wider range of customers. It can also allow for more accurate risk scoring, which can reduce risk and thus lower the cost for the end consumer.

Source: (Cenfri, 2022)

3.3. CarePay pivot from B2C to B2B model[12]

Selling retail health microinsurance via mobile health wallet proved challenging. CarePay underwent strategic shifts in early 2023, from only targeting MHF savers, to also including an offering for retail health insurance policies to the wider public (via their website and Mini App on the M-PESA App). They have also shifted focus towards business-to-business (B2B) or SMEs as key customer segments to distribute affordable insurance policies towards. The main reason for this shift came from a need to expand their revenue base, which was not being supported well enough through targeting individual policy (B2C) sales. Instead, CarePay moved to a group cover for SMEs focus which allows employers to tailor a health insurance product based on their employees' needs.

Prior to their partnership with CarePay, Britam already had a sizeable book of B2B health microinsurance business, and for them – as well as for SCBF – the aspired innovation was to achieve scale in the B2C field (or retail health microinsurance). Despite this, Britam has accommodated this strategic shift by adapting how the product is managed (with Britam managing the outpatient benefits and CarePay managing the inpatient care) to continue delivering an offering that best meets their client needs while preserving the partnership in a way that is still mutually beneficial.

A strategic shift to target group policies instead of individual policies. According to CarePay, their strategic shift from B2C to B2B approach to selling insurance has yielded better results. They acknowledge that although they initially faced challenges with their M-tiba platform, which struggled with low savings rates among users, the digital nature of their solutions has facilitated easier administration and higher customer uptake. CarePay reports that despite ongoing challenges related to affordability and awareness, the B2B model has enabled them to better address specific market needs, by developing tailored and affordable microinsurance products for SMEs, and enhance distribution efficiency (Onkundi and Walmers, 2024).

This strategic shift suggests that targeting mobile wallets alone is not enough to drive the uptake of HMI products. Section 4.3 delves further into understanding the preferences and needs of HMI users and discusses the need for multiple distribution channels for reaching the target market.

Emerging lessons & findings from the partnership.

- Although the uptake of mobile wallets for savings appears to be on the rise, their actual utilisation rates (i.e.: actual usage, frequency and volume of savings) may not be as promising as aggregated uptake figures may suggest. Therefore, their effectiveness for distributing insurance may require enhanced customer engagement and targeted customer education and marketing strategies.
- Insurers should have clarity on who constitutes active users in the aggregator's or distribution partner's customer base to ensure an accurate estimation of potential addressable market size.
- Partnership agreements that include data sharing agreements should allow access to data which enables the appropriate segmentation analysis because an

[12] B2C refers to a business-to-customer model, which is the more traditional retail approach where an insurer designs and sells policies as a retailer, to a client (Kenton, Brock and Perez, 2024). B2B refers to a business-to-business model, where insurers offer (tailored) cover to other businesses or employers (Chen, Mansa and Courage, 2024).

accurate understanding of customer behaviour is vital for appropriately designing and targeting insurance products to different consumer groups.
- Open access to client data improves competition in the market and is better for the client and ultimately the development of the insurance market.
- Ensuring alignment of incentives between partners is crucial for successful collaboration and maximizing the benefits of shared services in the insurance market.
- Partners should remain adaptable and ready to shift strategies in response to market feedback and changing conditions.

4. Lessons from consumer research

Section 3 provided an overview of the partnership between Britam and CarePay, which aimed to increase the uptake of HMI by leveraging mobile distribution channels, specifically CarePay's M-TIBA mobile wallets. This section aims to provide lessons from Britam's experience in scaling up their HMI product, regarding their experience of the M-TIBA partnership and their BYM product. This section is organised as follows:

- Understanding who their clients are (i.e.: the customer base)
- Articulating the customer journey, understanding their customers' pain points along this journey, and improving the product accordingly
- An analysis of their marketing campaigns and understanding how to effectively appeal to and connect with their customer base

4.1. Understanding the customer base

Qualitative interviews show a preference for private healthcare but an inability to pay for out-of-pocket costs. Focus Group Discussions (FDGs) and In-depth Interviews (IDIs) with the CarePay customers were conducted to understand the target market profile and current medical behaviour in more depth after the customer segmentation was conducted. Figure 7 presents a profile of the target market, predominantly comprising low-income individuals, with sporadic earnings, leading to limited savings and a reliance on social networks or asset liquidation for unexpected medical expenses. They tend to lack insurance but prefer private facilities and are most often not able to cope with the costs of care out-of-pocket.

"My husband is jobless so we even had to sell land so that we can pay the hospital bill"

[quote from respondent in qualitative interview].

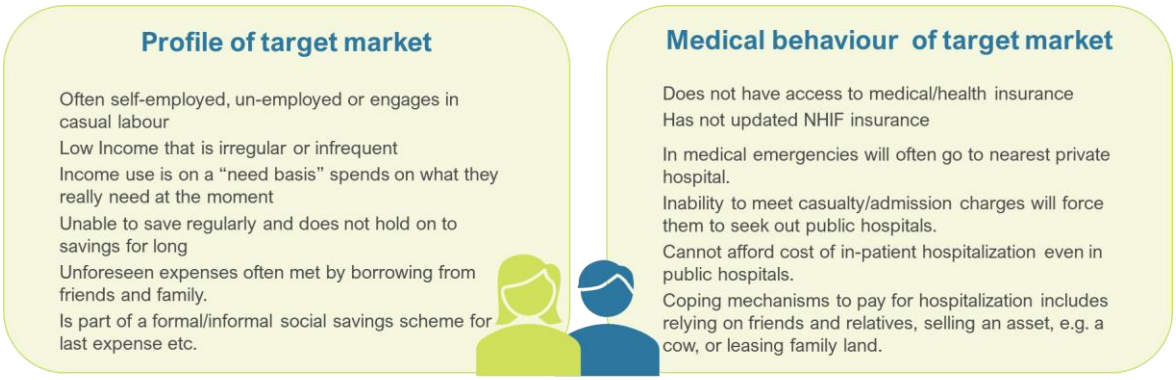


Figure 7: Target market

"You can earn interest on your savings, but with insurance, once you pay you will not get anything else other than the service"

[quote from respondent in qualitative interview].

Customers surveyed prefer savings over insurance. Responses collected from qualitative data collection indicate that respondents have mixed feelings about whether to take on insurance or save their money (for healthcare expenses, or other emergencies). Insurance is seen as inflexible, where benefits are not guaranteed and where flexible payments are not permitted. In comparison, savings are seen as easily accessible and able to earn interest. In theory, mobile health savings wallets would appeal to customers as they provide the flexibility of savings while saving towards an insurance premium that would allow them access cover for private healthcare facilities.

Personal savings are one of the main ways to fund inpatient healthcare costs. Research on Kenyan consumer spending habits, conducted by Frontier Consulting, finds that that although 13% of respondents utilise insurance and 36% utilise the NHIF to fund hospitalisation expenses, most still rely primarily on savings, supplemented by some form of borrowing. Figure 8 below shows that 69% of respondents indicate that they pay their hospital bills from their savings[13] (Frontier Consulting, 2023). This finding is the most prevalent for younger respondents (those aged 30-34 years), with 63% reporting that they use their savings to pay for hospital services, compared to 56% of older respondents (40-45 years). The preferred savings channel (for 59% of respondents) is through mobile wallets or digital savings, e.g. Mpesa, followed by physical bank account savings (34%) and informal savings groups (27%). 36% percent of respondents overall indicate that they receive support from the NHIF to fund their hospital services, compared to only 13% using non-NHIF insurance. A total of 45% of respondents used a combination of pooled funds from their familial, community and work network, debt/borrowing, or selling assets to finance their hospital expenses. Frontier's study also found that only 1% of respondents have insurance that they paid for themselves (i.e.: not paid for by work), for which they pay an average premium instalment of KES 6,931 per year; 2% of respondents have insurance through their employer, while 47% of respondents have no insurance at all (Frontier Consulting,

[13] The sample size for this analysis was 498 respondents

2023). Amongst those with existing healthcare cover, NHIF still seems to be the most popular form of insurance. This trend is explored further in Section 6.

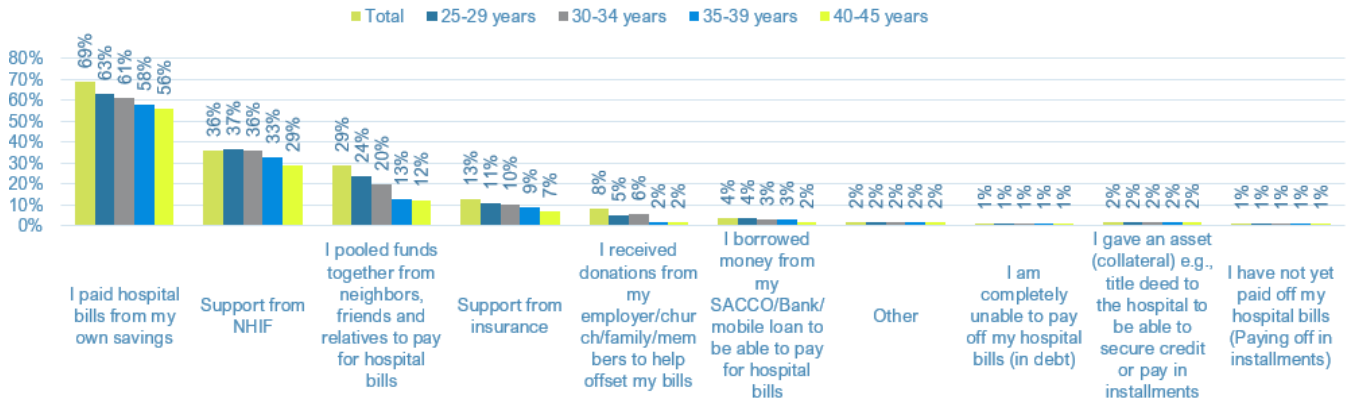


Figure 8: How people pay for hospital services
Source: (Frontier Consulting 2023)

Lack of awareness, mistrust and high costs are primary barriers to insurance uptake. Designing a product for consumers with little-to-no experience with insurance products is challenging. Uninsured survey respondents had the most negative attitudes towards insurance. Consumer research in the targeted low-income segment revealed several concerns and barriers to uptake, largely relating to low knowledge and awareness of insurance and how it works, general mistrust of healthcare schemes and facilities, and worries about high costs. This underscores the need to continue to invest in customer education and sensitisation if insurers wish to increase insurance uptake.

"Insurance is a business that profits from our ignorance"
[quote from respondent in qualitative interview].

Table 3 below provides an overview of the key challenges and concerns identified during consumer research under this project.

	Consumer challenges and concerns
Client experience with health system	• Difficulty in getting the correct diagnoses • Low perception of competency of doctors and hospital staff • Anxiety about recovery and potential recurrence of illness
Healthcare facility	• Uncertainty about which facilities they can access • Uncertainty about services offered at different health facilities • Ill-equipped facilities • Anxiety about being in the hospital for a lengthy time
Cost of healthcare	• Uncertainty about the portion of costs that the insurance will cover • Insufficient funds for excess or a requirement to carry cash when visiting facilities • Hidden costs resulting in unexpected expenses

	Consumer challenges and concerns
Financial literacy	• Insufficient knowledge of how insurance works • Lack of understanding of how insurance can benefit them • Uncertainty about how to claim from insurers • Lack of understanding of how the different policies provided work and how to compare them relative to each other
Health insurance policies	• Lack of clarity about which illnesses or medical emergencies are covered • Uncertainty about whether their medication is covered by the insurance product
Mistrust and uncertainty	• High mistrust of insurance model • Prior negative experiences with other insurance policies and providers such as NHIF • Cultural beliefs that buying insurance means 'inviting' illness or death • Uncertainty about whether their dependents will still be covered in the future

Table 3: Key challenges and concerns identified during consumer research

Despite these challenges, consumers are interested in exploring health insurance solutions beyond NHIF. While the research revealed several barriers and challenges to uptake, qualitative interviews showed that despite low awareness and high mistrust, consumers want to know how insurance works and how it can meet their healthcare needs. Private insurance is generally perceived to offer access to better healthcare facilities, and there were positive perceptions of insurance among consumers with prior experience of insurance (e.g. through past employment); as insurance was viewed to offer peace of mind. Moreover, experiences of poor service in public hospitals often force customers to seek out private health facilities even when costs are beyond their reach. Assurance that health insurance coverage will allow access to reputable private facilities is seen as a major incentive. In addition, a positive brand association with M-TIBA provides fertile ground for building trust in insurance products through the partnership. Figure 9 below illustrates the results from qualitative data collection conducted with 61 respondents, where they were asked what their main drawing factors to Britam's BYM product were. The results indicate that 31% of respondents noted affordability as their main drawing factor to Britam, followed by the benefits provided (21%) and knowledge of the brand (15%). Results further indicate that for those without prior Britam insurance, friends and family reviews, and the

benefits provided are the major drawing factors, while for those with prior insurance, affordability is the biggest drawing factor.

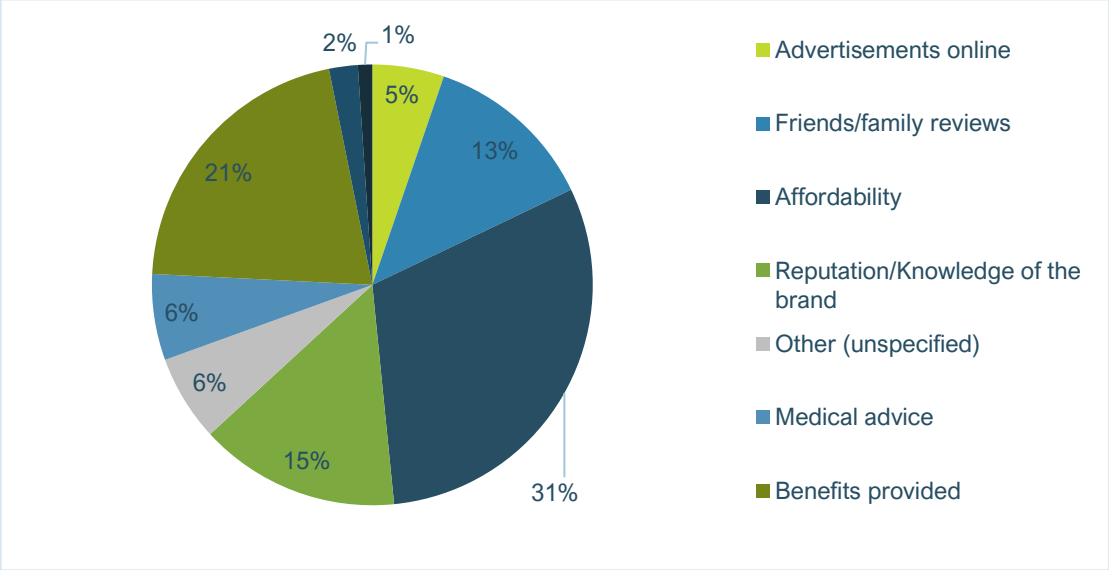


Figure 9: What attracted customers to the BYM product

4.2. Improving the product and customer journey to speak to customer needs

Consumer research provided a wealth of insights regarding the pain points that Britam would need to address. Knowing more about where these pain points occurred, also gave Britam further insight into where customers experienced challenges along the customer journey, and highlighted areas that Britam would need to address via product improvements. These are discussed below.

4.2.1. Simplifying the customer journey with biometrics and automated claims processes

Qualitative research found that BYM customers who were onboarded via M-TIBA initially followed the five-step customer journey illustrated in Figure 10 below. The figure below represents the customer journey before automation and product improvements were introduced.

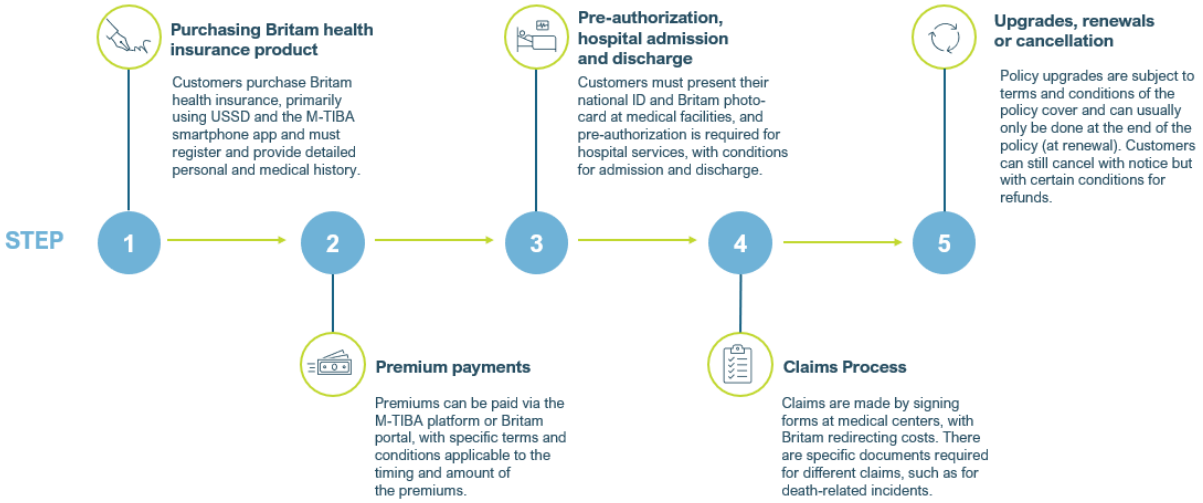


Figure 10: Customer journey for Britam client onboarded via M-TIBA platform

Customer journey marred by bureaucracy and delays impaired the customer experience. The qualitative research uncovered that this journey described above, specifically steps 3 and 4, often resulted in a negative customer experience. Customers report inefficiencies in processing the required documentation, arduous requirements, and delays in being able to access care due to lengthy authorization procedures. Post-care, the claims process was seen as complicated, lengthy, and particularly arduous for customers with limited levels of literacy.

> "Britam should be able to develop unique IDs, just a number for individuals, these things of cards, *[I]* am not a big fan"
>
> [quote from an uninsured female respondent who is also an Mpesa customer in the qualitative interviews].

Automation facilitates a seamless end-to-end claims process, lowering the burden on the client. Qualitative data collection indicated that providing proof of identification and the insurance verification process was a pain point for many respondents. To enable a smoother customer journey, Britam transitioned from verifying a patient's identification via card to a fully digital, biometric identification in June 2023. Now Britam's networked hospitals take biometrics for Britam clients the first time a client visits the hospital. After this, no card will be required to access benefits. The new system also allows claims to automatically be processed between the partner hospital and Britam, meaning the customer no longer needs to engage in any paperwork when receiving care. In the most recent qualitative data collection conducted in December 2023 with a purposive sample of 61 existing Britam BYM customers, 70% of respondents indicated that their healthcare facility knew about their

insurance coverage, and 50% indicated that their health insurance was easily verified at the healthcare facility. The new system is well aligned with financial inclusion objectives as it better caters to different literacy levels and limits barriers to access that may arise from forgetting your card or identification document at home. Although most customers surveyed (84%) had not yet used the biometric system, those who had used it indicated that it worked well, was efficient, and was a worthwhile product improvement. One customer also indicated that it was more convenient since they did not have to bring their Britam card along.

A combination of practical solutions and customer education can improve the customer journey. There are numerous practical solutions that insurance providers can implement in their operations to address the challenges faced by customers in their journey, but it is essential to recognise that many issues lie in a lack of understanding of the product and its terms, recurring throughout the customer journey. The challenges often manifest in misconceptions about key policy elements like waiting periods. As such, they may require a combination of solutions of an operational nature, such as the sharing of policy documents through an online platform prior to purchase, together with more overarching efforts of customer sensitisation and education. Both components are crucial to empower customers to make informed decisions and feel confident about their purchases.

Table 4 below provides a summary of solutions that insurance providers can develop to address core challenges related to insurance customer journeys. Overall, the solutions focus on improving customer education, enhancing communication, and streamlining processes to address customer challenges during hospital admissions and claims, thereby improving their experience with Britam health insurance products.

Customer journey step	Challenge	Solutions for the market, as informed by the case study
1. Purchasing the Britam HMI product 	• Poor transaction confirmation or verification records • Buyers' "remorse"	• Send payment confirmation/invoices • Introduce self-onboarding • Online platform to share policy document prior to purchase • Customer education and awareness around product terms
2. Premium payments[14] 	• Low trust and awareness of tech & insurance transactions • Inability to keep up with premiums	• Implement a grace period around renewal (in line with regulation) • Customer education and awareness around product terms
3. Pre-authorisation, hospital admission and discharge 	• Lengthy pre-authorisation process • Health partners do not recognise insurance cover • Proximity to healthcare service provider	• Biometric identification or other backend automation to replace manual processes • Expand available facilities, considering geographic reach and customer preferred health facilities

[14] The partnership with CarePay provides access to the wallet which means more flexibility. As a standalone product, BYM requires upfront payment of premiums

Customer journey step	Challenge	Solutions for the market, as informed by the case study
4. Claims process 	• Complicated claims process • Long waiting periods	• Automated claims processing • Customer education and awareness around key insurance elements
5. Upgrades/ Renewal 	• Inability to upgrade cover before the policy renewal time is disappointing for customers who initially purchased lowest benefit cover and would like to upgrade • The termination clause was not clearly understood	• Allow customers to upgrade their cover whenever they choose to • Implement automated renewals, if allowed by regulation in your jurisdiction • Send renewal reminders and proactively manage those who let the cover lapse

Table 4: Potential solutions for insurance providers to core customer journey challenges

4.2.2. Introducing self-onboarding

Overcoming "buyer's remorse" by methods that empower customer choice. Previously, Britam BYM customers could apply for the product via a call centre, or in person via agents. Consumer research, however, indicated that customers who were not onboarded via face-to-face engagements often had a more negative experience of the product. Onboarding via call centres, for instance, proved to be a problem for customers, who felt that they did not get enough information to be able to make an informed decision or may have felt pressured to sign up immediately. However, since digital onboarding is cost-effective and still a preference for some customers who are more digitally literate, Britam is committed to exploring alternative solutions to these issues. Therefore, as of November 2023, customers can now sign up for the BYM product via the Britam website, which allows them to read through the information at their own pace, ask questions via the "contact us" function, and sign up when they are ready. The platform also allows potential customers to play around with different levels of the cover and see how the price changes when adding or removing dependents. To date, Britam has seen very limited usage of this option but has introduced a marketing campaign to drive self-onboarding and enhance uptake.

Bolster self-onboarding efforts by incorporating other technologies that customers are familiar with. Since most customers prefer not to engage at length with call centres and websites, health insurance providers can leverage technology to make customer onboarding easier. For example, currently, if a customer requests more information about a product via an organisation's website or social media, the organisation will receive a lead form for that request which is usually fed to call centres. However, using artificial intelligence, that lead form can be connected to a WhatsApp chatbot which will send the customer a WhatsApp to provide them with options to complete their request, e.g. requesting a callback, watching an informational video, or getting links to brochures or more information on the product. This places the power back in the customers' hands and allows them to onboard and learn more about the product at their own pace.

Face-to-face connection remains the most effective onboarding method. Although other methods are useful in reaching customers who wish to be onboarded digitally,

studies on customer journeys still indicate that where possible, in-person onboarding should be employed. In parallel with encouraging self-onboarding, Britam has recently increased its focus on agent onboarding through more in-person engagement and on-the-ground marketing activation. In markets like Kenya, where there is still a general mistrust of insurance or fear of being scammed, in-person engagements still serve to foster trust and bring the customer peace of mind about their insurance purchase. These face-to-face engagements with agents in communities also provide an excellent opportunity to educate the customer on insurance, the various terminologies used and the reason for certain caveats such as waiting periods, in an informal and familiar setting.

4.2.3. Expanded healthcare facilities

Increasing the number and geographic spread of networked healthcare facilities to improve access. In response to customers feeling that there is a lack of options for facilities or that facilities are too far away, Britam increased the number of facilities from 400 at the start of the project (adding 44 more facilities to their healthcare network in 2023 alone), to 611 health facilities by February 2024. This is a key drawcard for their BYM product, as qualitative research revealed many customers preferred Britam over NHIF due to them having more and higher quality of available facilities. Sixty percent of respondents in the qualitative data collection exercises indicated that they were satisfied with the number of healthcare facilities available.

Ensuring that healthcare facilities are geographically representative. Figure 11 below shows the distribution of healthcare facilities across Kenya. In total, there are 611 facilities, including inpatient and outpatient facilities, dental and optical, and inpatient-only facilities. The majority of facilities (407) offer both inpatient and outpatient services. Nairobi has the highest number of facilities (101), followed by 42 facilities in Kiambu and 32 in Mombasa. The expanded number of available facilities is also reflected in the increased proportion of rural customers, which has increased from 7% at the start of the project to 14.3% as of December 2023, indicating that more rural people can now access these facilities.

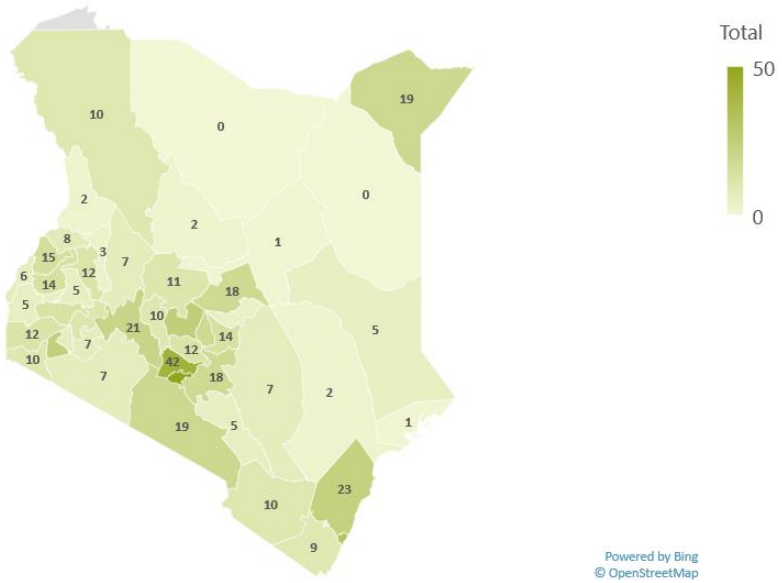


Figure 11: The distribution of Britam's partner healthcare facilities across Kenya

4.2.4. Adding an outpatient cover option

Costly outpatient care is a barrier to healthcare access. Based on findings from catastrophic health expenditure studies, out-of-pocket expenditure for outpatient care is the main expense that pushes people into poverty (Salari *et al.*, 2019). Similarly, the lack of outpatient cover in the original versions of the product was a key concern for existing and prospective customers. In response, an *optional* outpatient benefit / rider was added to the BYM product between June and August 2023, and communicated with clients via SMS blasts, social media marketing and financial intermediaries. For an additional fee, customers can choose to add outpatient benefits such as chronic illness, psychiatric, optical, and dental coverage through their outpatient coverage at the healthcare facilities that offer such services. Figure 12 below provides an overview of what the product looked like before and after the outpatient cover was added, comparing two of the 6 available cover options. As evident from the figure, the cover has increased the inpatient limit for chronic and pre-existing conditions and now provides the option to add outpatient cover to the existing cover at an additional premium. Although outpatient cover was a key request from the market, it should be noted that this makes the cover significantly more expensive, as the average cost is up to three times more expensive than inpatient cover alone.

Product version before outpatient addition:

Categories and Limits		
Benefit	**Option 1**	**Option 2**
In-patient	100,000 per family	200,000 per family
	Maternity Limit 20,000 both normal and C-section	
	25,000 limit for Chronic/pre-existing	50,000 limit for Chronic/pre-existing
Last-expense	50,000 for each life covered (principal member, spouse and children)	
Premium	3,200	4,200

Product after outpatient addition (March 2024):

Categories and Limits			
Benefit	**Option 1**		**Option 2***
In-patient	100,000 per family		200,000 per family
	Maternity Limit 20,000 both normal and C-section		
	50,000 for Chronic/pre-existing		100,000 for Chronic/pre-existing
	15,000 or Ambulance services		
Last-expense	40,000 for each life covered (principal member, spouse and children)		
Premium	5,000		7,300
Optional addition			
Outpatient	30,000	50,000	75,000
Premium	13,180	18,500	21,880

Figure 12: Product comparison before and after outpatient addition
Source: Britam policy documents

Despite this perceived benefit, customers are generally unaware of the BYM product feature improvements. When testing customers' experience with some of the product changes, namely the addition of outpatient cover and additional healthcare facilities, it was found that most customers were not aware of product changes. From the findings, the main emerging drawing factors include the benefits, the affordability, reviews by friends and family, and Britam's reputation. Disincentives for the product included slow or poor customer service, long waiting periods, issues with accessing emergency services, and other insurance products better meeting their needs and unmet expectations. These disincentives were in the minority, though, with a generally positive experience of the product reported by most respondents.

Product changes result in high customer satisfaction and an increased likelihood of renewing cover. Although only half of clients were aware of these product changes, the sample of BYM customers surveyed showed an impressive claims ratio of 37% for outpatient cover and that 23% had accessed the additional health facilities that were added. In addition, 75% of respondents indicated that the BYM product met their expectations, with close to 90% indicating that they intend to renew their cover. When BYM clients who were not aware of the product improvements were presented with additional information on what these product changes entailed, 87% indicated that these changes were relevant to their healthcare needs with 72% noting that these made the product more appealing to them.

Emerging lessons & findings from the product improvements.

- Biometric identification and automating manual claims processes results in cost savings for the insurer by reducing the incidence of fraudulent claims and streamlining administrative processes. It also makes the hospital admissions and claims authorisation process less stressful for clients, which in turn improves customer satisfaction and increases the likelihood of client retention.
- Consumer research is important for understanding customer needs, preferences and behaviours. Incorporating this feedback into an iterative product design process empowers insurers to design better products that speak to these needs and in turn increase customer satisfaction and retention.
- The purpose of product improvements, value-added benefits and increasing the number of networked health facilities is to improve the customer experience and the perceived value of the product. Qualitative research shows that this is the case but only when customers are made aware of these improvements. Therefore, insurers should ensure that they communicate these improvements in their marketing to show their clients that they are listening to them and are responsive to their needs.
- To increase awareness, understanding, and ultimately trust in health insurance, insurers need to make consumer education and engagement a core part of their marketing and client engagement strategy.

4.3. Considerations for effective marketing campaigns to reach more customers

Marketing strategy overhauled to more effectively engage their target market. The experience of scaling HMI in Kenya revealed an important lesson – effective marketing may be as important as product design. Britam was already an established brand in Kenya, but consumer perceptions highlighted a challenge: while the target market overall had a good impression of Britam as a brand, it was perceived as 'out of their financial reach'. This implied a need to shift the perception to align with the new HMI product. The collaboration with M-TIBA, a platform already used and trusted by the target demographic, played a key role in reshaping perceptions to underscore the product's affordability and was instrumental in bridging the gap between the product and the market's expectation. Recognising the need to reposition its brand image for its target market, Britam embarked on a journey to refine its marketing strategy to engage with the intended audience. Overall, the results suggest a spike in product

uptake around the two waves of marketing activities implemented in the second half of 2023, as seen in Figure 15 below. This section will speak to some of the key lessons in the marketing process.

4.3.1. Designing well-targeted advertisements

In designing advertisements, relatability, and price transparency matter. Qualitative research emphasised the importance of crafting advertisements and materials that resonate with the target audience. Consumer feedback highlighted a preference for advertisements to showcase relatable characters and scenarios, particularly the lower-income segment and family contexts, ideally set in a medical environment to speak to the intention of the product. A critical lesson is the need to clearly communicate benefits while keeping the amount of text minimal and language simple to allow for different literacy levels. In addition, price transparency is key. When the target audience engages with the marketing material, what is most top of mind is whether they will be able to afford the product. Including the price in the ad is therefore crucial.

Figure 13 below illustrates some example ads that were pushed by Britam as part of their re-vamped social media marketing campaign.

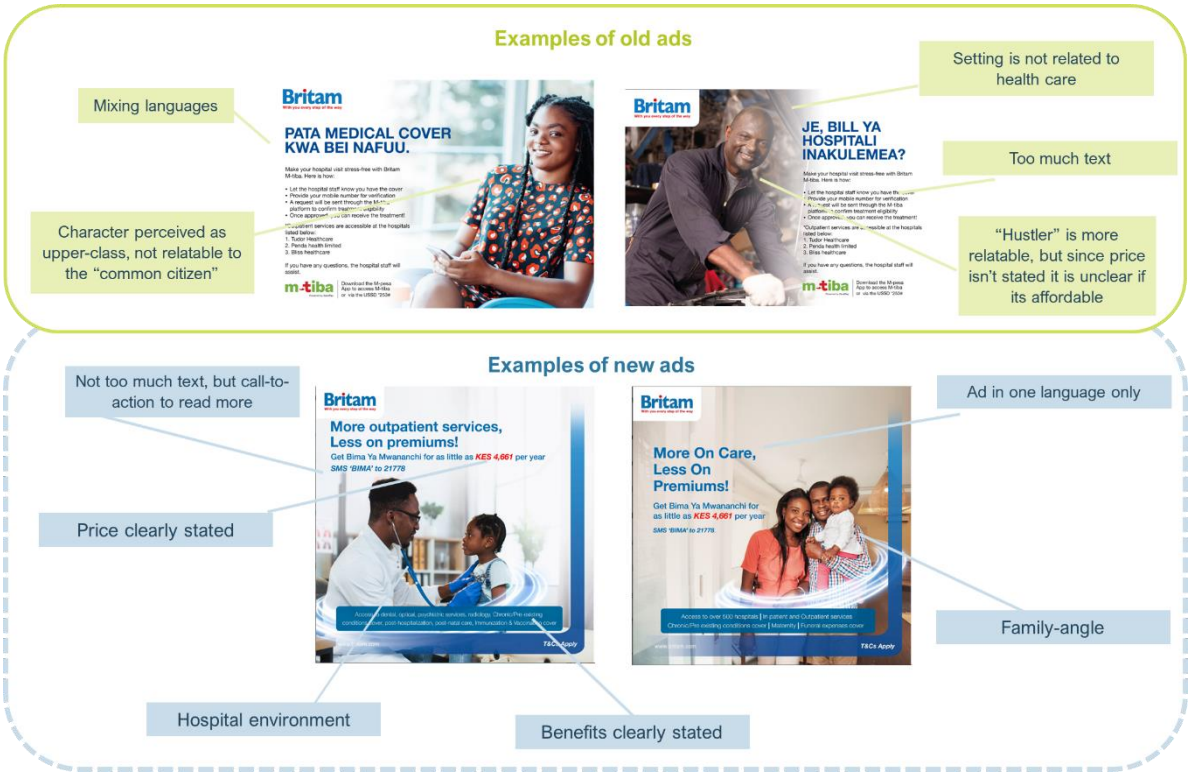


Figure 13: Example of new marketing materials

A nuanced understanding of consumer behaviour. A nimble behavioural evaluation study, conducted in 2021 to determine how uptake of the HMI product could be influenced by changes in marketing approach, found that the time of year, whether or not the price was included in the communication, and gender had an impact on the response rates to SMS marketing communications **(Schlemmer *et al.*, 2022)**. For

instance, the study found that insurance advertising should be avoided in December or January due to individuals' unwillingness to explore insurance options during this time. Men also tend to feel the need to provide for their families and will be the ones who make large household expenses. They should therefore be targets for advertising around funeral cover and related benefits.

4.3.2. Value of in-person marketing

In-person engagement still important for trust and awareness. Despite a general trend towards social-media and online channels in marketing, an important lesson throughout the scaling of the product was to not underestimate the value of in-person marketing in building trust and brand awareness, especially for the targeted demographic. Britam's initial sales strategy had an emphasis on call-centre marketing, but feedback from potential customers revealed apprehensions towards call centres which are often associated with scams. This underscores the need for direct, personal interaction. Responding to this feedback, Britam launched several in-person marketing initiatives towards the end of 2023, focusing on malls and other areas with high foot traffic. Overall, the engagements were well-received which validated the qualitative research findings on the significance of in-person interaction in fostering trust with potential customers. Qualitative data collection further shows that 96% of respondents first heard about the product from insurance agents who onboarded them, while 62% of respondents heard about the product via social media but did not use the same channel to purchase the product. Spikes in product uptake around the months of the in-person marketing are understood as a combined impact of the in-person engagement and online activities implemented in the same period. This emphasises the need for a balanced approach in which in-person and online can be seen as complementary activities.

"I talked face to face with a physical agent and I felt she had more information and that there's someone I can talk to in case of any problem"

[quote from respondent in qualitative interview].

4.3.3. Family and friends

In-person engagements and referrals are the most popular avenues to reach customers. Qualitative interviews with survey respondents indicated that face-to-face engagements (e.g. agent-led sales) and social networks, like family and friends, represent the most popular avenues for people to hear about the BYM product[15]. Figure 14 below indicates that 43% of respondents heard about the BYM product through agents or face-to-face engagements, 26% heard about the product through family and friends, and 21% heard about the product through social media[16].

[15] Sample size for this survey was 61 respondents

[16] Other responses include that they received the cover via their employer

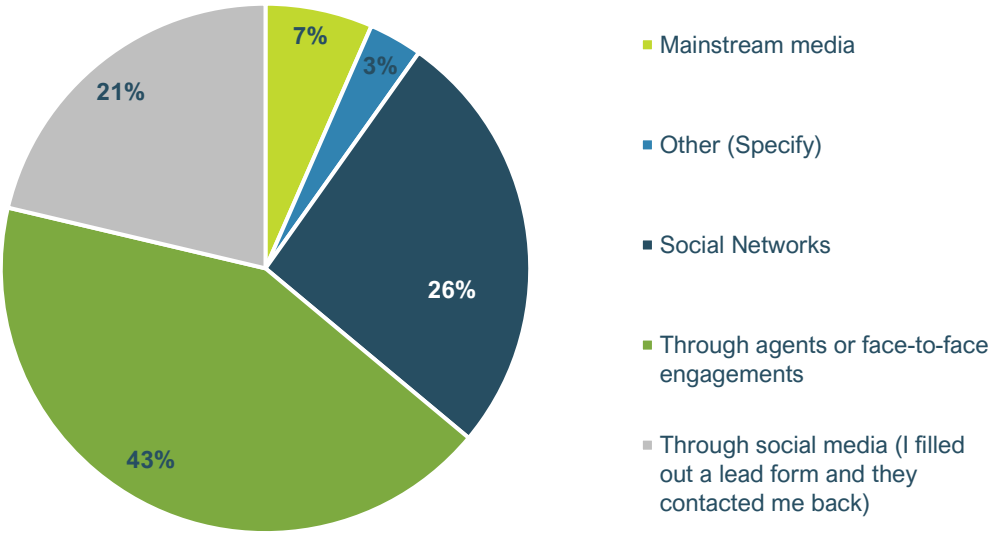


Figure 14: How customers came to hear about the BYM product

This highlights the importance of referrals and incentives for existing customers to reach more customers. Adopting this approach can not only cut down on acquisition costs by employing known successful avenues to reach new customers but can also increase customer retention and loyalty.

Leveraging insurers' wealth of available data to target marketing efforts. Analysts suggest that the insurance industry has the highest customer acquisition costs of any industry, with studies estimating that it costs seven to nine times more for insurance companies to acquire a new customer than to retain an existing one (Hammond, 2019). This is especially the case in the microinsurance sector, where premiums are low and clients are often challenging to reach. There is therefore a strong business case for keeping clients happy.

Tracking indicators on how long a customer has been a policyholder, or how many times they have renewed their policy would be a good start. This data allows you to create rewards and incentives for long-time policyholders and shows you where to target your marketing efforts, send reminders, etc. Given that insurance is used when a risk event occurs, clients often do not see the value of insurance before they have an opportunity to claim. Therefore, providing incentives or value-added benefits for clients who renew policies or don't make claims over a certain period may increase the perceived immediate value of the insurance product. There are various ways to design useful incentives, which can also add perceived value to your product. For example, suppose you want to increase customer loyalty. In that case, you can provide discounts if policyholders do not claim for a specific time or share referral codes via SMS or in-app for their family and friends who sign up which links to a benefit, resulting in a lower premium for the existing customer. Box 4 below is an example of another method of increasing customer retention.

Box 4: Gamifying health insurance to influence behaviour, increase customer loyalty and access valuable data – an example from Discovery Vitality [17].

Another method that combines adding value to products and providing incentives to loyal customers is Discovery Limited's benefits programme, Vitality.

Discovery Limited (Discovery), founded in 1992 in South Africa, developed the Discovery Vitality programme to reward their customers for healthy lifestyle choices (Discovery, 2017b) [18]. The Vitality programme is described as a *"dynamic and science-based behaviour change programme that combines data analytics with rewards and incentives to help [customers] make healthier choices"* (Discovery, 2017a) [19]. The programme gamifies healthy behaviour and enables customers to set personalised fitness goals and tracks them weekly (Devar and Hattingh, 2020). When these goals are met, rewards include cashback when purchasing healthy food, discounts on gym memberships, and other discounts for partner brands including pharmacies, holiday accommodations, and the latest fitness devices.

As a so-called "shared-value insurance model", Vitality shares material benefits between the insurer (more profits), clients (greater health and financial rewards), and society (lowered healthcare costs and a healthier, more productive workforce) (Vitality International, 2020).

The Vitality programme is not only useful in terms of the social benefits* that it provides but also the wealth of data that it provides Discovery. Since Vitality collects self-reported data from users, as well as data on their purchasing behaviour and how often they exercise, they can provide Discovery with a wealth of data to use for product design, targeting consumers, or derisking consumers. By using this data, Discovery has been able to expand its services to other insurance- and financial services and enter new markets (Porter, Kramer and Sesia, 2021). This highlights the importance of using data to improve product offerings and enable future growth opportunities.

Note: The various **social benefits further underpin the reason why programmes like Vitality should be explored in other countries. For example, it was found that Vitality members live on average 14 years longer than the insured South African population; hospital costs for engaged Vitality members are 10%-30% lower than non-engaged members for chronic conditions and admission rates are 10% lower; the length of stay in hospital is 25% lower* (Shared Value Africa Initiative, 2019).

Improved data management systems are essential for understanding customer churn and improving retention rates. Over the product upscaling period, it became apparent that Britam's systems do not calculate renewal rates automatically, as the system overlaps any previous policies when a member renews. This results in a) a lack of understanding of which customers should be targeted with marketing for certain offerings based on their tenure as a client and b) a lack of monitoring on how well they are retaining customers year on year, unless these rates are calculated manually. Therefore, it is recommended that insurers implement automated processes to better track who has renewed their policy and ensure that they better understand their customer base.

[17] Note: Discover Health is not a HMI provider, however there are many lessons that the HMI market can learn from their innovative approach to increasing customer loyalty and their use of data.

[18] Discovery Limited is a South African-founded financial services organisation that operates in the health insurance, life assurance, short-term insurance, savings and investment, wellness markets, and most recently, banking (Discovery, 2022).

[19] Vitality aims to motivate 100 million people worldwide to become 20 percent more active by 2025 through its Vitality Active Rewards (Discovery, 2019).

4.3.4. Keeping with the times: influencer marketing

As Kenyans are spending more time on social media, "influencers" are becoming increasingly important means of reaching new clients. A recent report on global social media usage showed that Kenyans spend on average three hours and 43 minutes on social media daily (Njeri, 2024), this makes channels like social media a powerful tool to promote visibility and awareness of insurance. Qualitative research respondents noted that products advertised by influencers have caught their attention and led to them purchasing products from other brands in the past. While influencer marketing tends to be associated with other types of consumer products such as clothes and cosmetics, lessons from Britam's social media influencer marketing campaign suggest it could also apply to insurance.

Leveraging trusted media personalities and influencers to drive engagement. In November 2023, Britam recruited a social media personality and journalist to amplify the BYM product on her platforms. The particular profile was selected based on her focus on customer education and commitment to their brand, as she had a history of promoting their product unprompted. Implemented at the same time as the on-ground marketing campaign in malls, the blogger played a key role in encouraging her audience to visit the Britam-stalls, as well as amplifying the product through social media and blog posts. The social media content generated over 300,000 impressions and 10,000 engagements, while the blog posts totalled 70,000 views[20]. This initiative demonstrates the need to embrace new channels to maintain relevance and effectively engage with diverse customer segments – although it is worth to note that especially in the context of a medical cover the success depends on carefully choosing social media personalities who are not just popular but also trusted to be associated with the brand and its values.

Emerging lessons & findings from the marketing campaigns.

- Customers resonate with advertising that communicates relatability and transparency; particularly transparency in benefits, restrictions (such as waiting periods) and pricing.
- Improved data management processes are crucial for understanding the drivers of customer churn and improving retention rates.
- There are benefits to using influencer and social media campaigns, however one needs to consider the right type of influencer/media personality that aligns with product being sold (e.g. a lifestyle or financial education influencer).
- Customers still prefer face-to-face engagement to learn more about and purchase insurance products; this fosters trust.

[20] "Engagement" refers to the number of interactions received from users (likes, comments, shares, saves, etc.), while "Impressions" refers to the number of times the content is displayed (Tagger, 2022).

5. Taking stock: where are we now?

By leveraging insights from consumer research, Britam implemented the product improvements highlighted in section 4, between 2022 and 2023. Over this period, however, various other changes occurred related to the project, including CarePay's strategic shift which could inhibit the ability to scale the product to its intended goals. The section below investigates how Britam has fared in meeting the original project target, what their current customer base looks like and what the plans going forward are to continually scale up the product. It should be noted that throughout this section, BYM customers refers to all those covered by a BYM policy, both the principal member and their dependents.

5.1. Current uptake of BYM

Product uptake has increased steadily but overall uptake is low. Figure 15 below, the green shaded section refers to the cumulative number of people insured (i.e. all principal members and their dependents that have ever had BYM cover), while the blue (non-cumulative) line refers people actively insured at the relevant time period (including both principal members and their dependents). Figure 15 shows the upward trajectory in product uptake since inception in January 2021, with clear peaks correlating with new marketing activities until September 2022. The number of active customers declined between late 2022 and early 2023 and it is not clear from the data what may have driven this attrition. However, since March 2023 client numbers have increased and continued to rise as product improvements, such as outpatient cover were introduced[21], and new marketing campaigns were launched. On average, overall product uptake has shown an upward trajectory since product inception, with a cumulative total of 6,842 clients as of May 2024[22]. This data shows that although the number of active customers during this period has increased with product improvements and marketing interventions, Britam has not yet overcome the challenges that the Kenyan health microinsurance market faces with client retention. That being said, the growth in the share of customers in rural areas, from 6.9% in 2021 to 16.4% by May 2024, is a positive indication of the product's appeal to more vulnerable segments of the population that struggle with access to quality healthcare services.

[21] A capitated healthcare contract is a type of payment arrangement between healthcare providers and insurance companies. In this model, the healthcare provider is paid a fixed amount of money per patient, per month, regardless of how many services the patient receives (WHO, 2024). In this case, it refers to a pilot rollout of the outpatient cover option, where a patient was limited to receiving healthcare services from one healthcare provider of their choosing. This method was more affordable for Britam to test the uptake of the cover before officially launching it as a standalone product offering (Wachira, 2024).

[22] Numbers are cumulative since the start to reflect total uptake over time. Not all policy holders have renewed their cover.

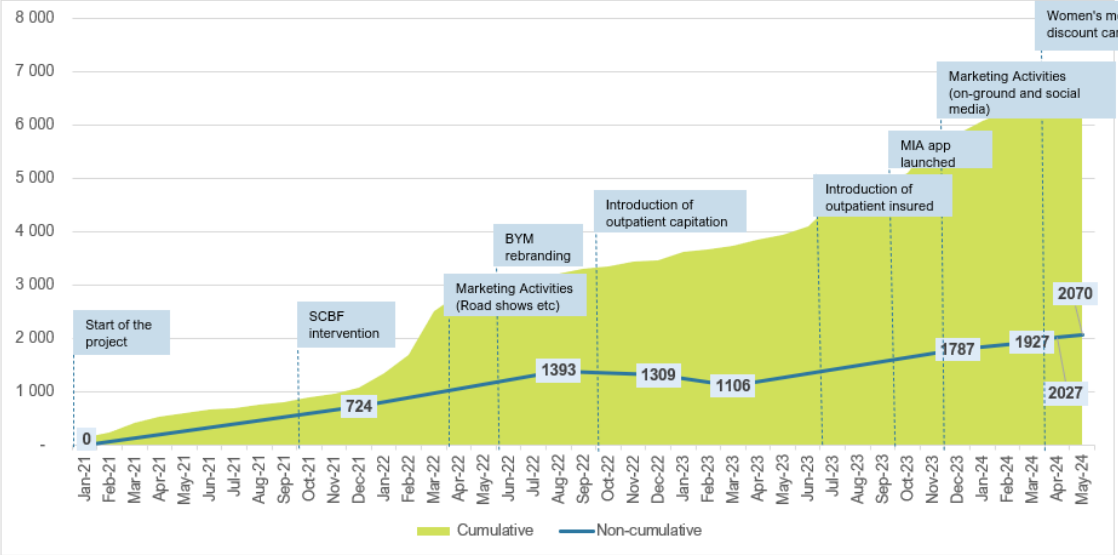
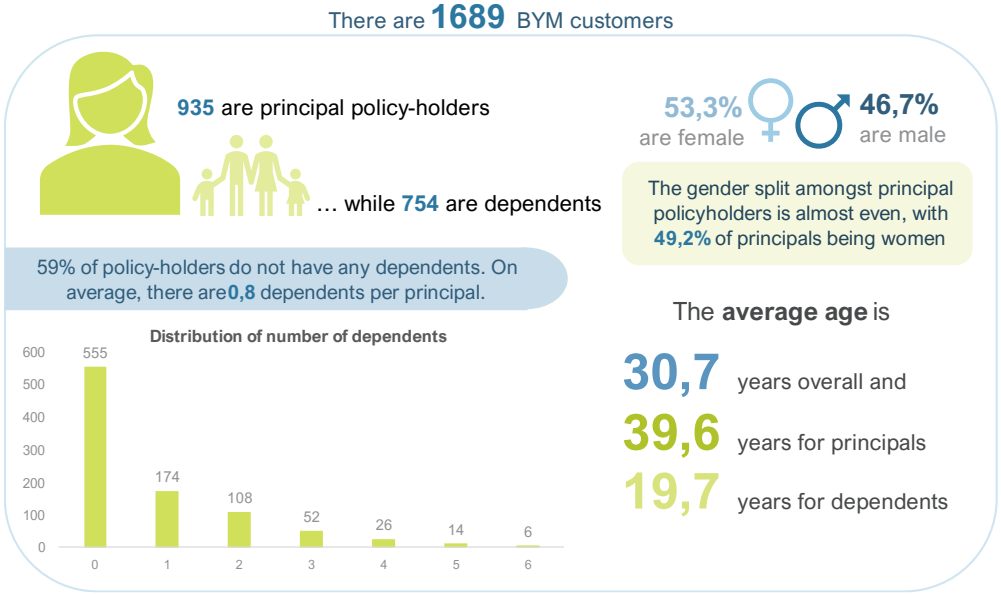


Figure 15: The upward trajectory in product uptake since January 2021

BYM customer base is diverse in gender and age representation, with the proportion of rural customers increasing. More detailed customer data shown in Figure 16, which allows for granular analysis, is only available up to the end of 2023 and shows the customer base for the BYM stood at 1,689 active customers at the end of 2023[23]. Customer data shows a relatively even gender split among principal policyholders (49.2% female), with the majority of policyholders having no dependents. The average age of dependents is also much lower than that of the policyholders, indicating that dependents are likely children or young adults in the care of the principal policyholders. This aligns with a finding from the qualitative research, that indicated that 9% of respondents choose to cover only themselves on the BYM product, if they take up the product as part of their company's group cover, while the rest of their family remains on NHIF.



[23] For updated numbers on the active customers, refer to Figure 15 above

Figure 16: Overview of current Britam customer base

Policy uptake by the type of cover indicates customers are willing to pay for their health care needs, rather than just opting for the lowest cost cover. Analysis of the BYM customer base in Figure 17 provides insight into the different policy tiers and options that are in demand. Notably, more than half of customers opted for the outpatient add-on despite it raising the premium significantly compared to inpatient only. Customers are willing to pay more for inpatient cover, with the highest cover options dominating. For the outpatient cover, which comes at a higher cost than inpatient, most opt for the least expensive option, but the customers are relatively evenly dispersed across the tiers and the highest cost option is the second most popular. These observations challenge the belief in microinsurance that you need to make the premiums as cheap as possible for people to buy (Loewe, 2021). Instead, it appears that people are also value-sensitive, and willing to pay for something if they believe it gives them value for money, even if the absolute price may be higher (Cenfri, 2023).

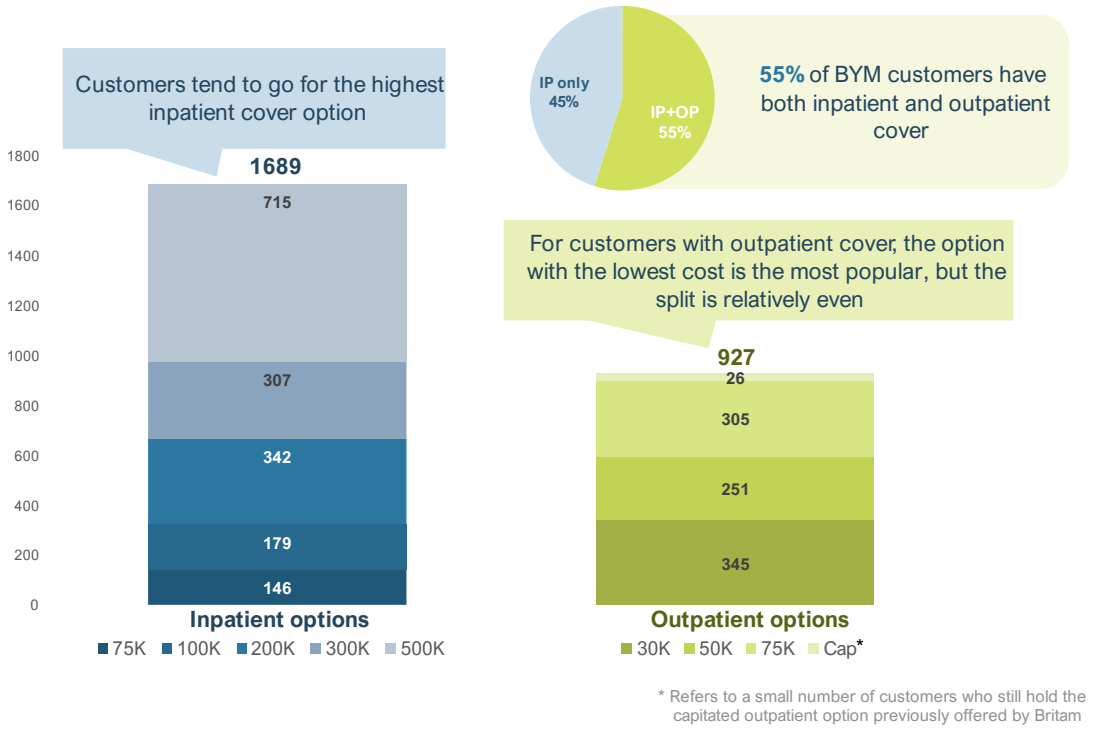


Figure 17: Inpatient and outpatient uptake in the BYM customer base

A significant improvement from the old product. The updated product which includes outpatient cover and the product improvements as mentioned in section 4.2, have achieved success in reaching more customers. Table 5 below provides a comparison of the performance of these products. As the table shows, the product has reached more women clients, rising from 43% to 51% between 2021 and 2024, and increasing the number of rural customers as active policyholders, as discussed in Figure 15. There has also been an increase in the number of younger active insured clients (below 35 years old), increasing from 55% to 61%. Total premiums collected have also increased more than three-fold, but this is most likely driven by the increase

in the average price of the premium due to the introduction of outpatient cover, which is more expensive than inpatient cover.

In terms of claims paid, Britam has seen a significant increase in the claims ratios and the size of the claims paid since product improvements have been implemented, with an average claims ratio from 40% at baseline to 64% in May 2024[24]. The Microinsurance Network reported that the median claims ratio for health insurance products is 23%, increasing by 16% since 2020, therefore Britam's claims ratio is very good in terms of customer value[25] (Merry and Calderon, 2023). The data below represents a two-year period, and shows movement in the right direction. Continually improving claims ratios, and the overall ease of the claims process for clients is essential for improving the perceived value of the insurance product and thus improving retention rates.

	Old product		New product (improved)			
Timeline	***Baseline, 2021***	***December 2022***	***September 2023***	***December 2023***	***March 2024***	***May 2024***
Cumulative total number of people insured (including family members of policyholders)	**660**	**3,156**	**5,149**	**5,830**	**6,512**	**6,842**
Percentage of new active insured women clients (policyholders)	43%	45%	49%	49%	52%	51%
Percentage of new active insured clients in rural areas (policyholders)	7%	14%	14%	14%	17%	16%
Percentage of new active insured clients below the age of 35 (policyholders)	55%	53%	57%	57%	62%	61%

[24] A claims ratio is calculated as the total value of all claims paid divided by the total amount of premiums collected during the same period (Korir and Kumar, 2020). This ratio also indicates the company's ability to pay claims, as a 50% claims ratio means that for every KES 1,000 of premium earned in a period, KES 500 is paid back in the form of benefits (claims).

[25] If this ratio is too low, members may feel that they are not getting enough value from their premium payments, and therefore be less attracted to renewing their policy (ILO, 2007). Similarly, if the ratio is too high, the company may struggle to pay premiums, while covering their expenses or accumulating enough reserves for the future.

	Old product		New product (improved)			
Timeline	***Baseline, 2021***	***December 2022***	***September 2023***	***December 2023***	***March 2024***	***May 2024***
Total annual premiums collected	USD 10,751	USD 59,567	USD 105,158	USD 146,933	USD 169,122	USD 186,426
Average annual premium price[26]	USD 24	USD 29	USD 43	USD 60	USD 76	USD 76
Total value paid out in claims	USD 4,300	USD 23,826	USD 63,094	USD 88,159	USD 109,929	USD 119,313
Average claim paid out[27]	USD 130	USD 233	USD 247	USD 261	USD 271	USD 269
Number of insured clients who filed a claim	33	102	255	338	406	444
Claims ratio	40%	40%	60%	60%	65%	64%

Table 5: comparison of product performance over product upscaling period

A need to improve data management and analysis practices. Britam currently needs to employ manual processes to calculate customer retention and renewal rates, which are not automatically visible in the system. This manual approach can hinder the company's ability to accurately monitor product performance and client retention rates. Upgrading data management processes to automate the calculation of key indicators, such as retention rates, can empower Britam with timely insights into customer behaviour so that they can quickly identify trends and patterns that enable them to proactively manage product performance. For example, analysing the profiles of customers who do not renew their policies compared to those who do can help Britam tailor its products and marketing strategies more effectively. This targeted approach can improve customer satisfaction and retention.

Britam estimates its retention rate to be approximately 60-70%, which is significantly higher than the 42% retention rate reported by NHIF (National Health Insurance Board,

[26] Figures rounded to one decimal place

[27] Figures rounded to one decimal place. The average claim cost refers to the average of the cost for every claim (episode) received.

2023). However, Figure 15 shows that although product uptake has increased alongside different interventions and product improvements, without more granular data on retention rates, it is difficult to see how well the product is actually performing in terms of keeping existing customers.

5.2. The way forward: future plans for expanding the reach of BYM

Exploring flexible monthly payments. Another potential solution for those who cannot afford to pay annual premiums upfront, which Britam is considering, is to enable monthly flexible payments. These payment options would support the 72% of respondents in the consumer research who received income monthly. However, there are still various challenges that they would need to overcome to enable monthly flexible payments. Firstly, the formal banking penetration in this segment is quite low, therefore Britam cannot sustainably provide direct debit options in the purchase of the product. It is also expected that the lapse rates will be extremely high if the product has monthly payment options without an auto deduction from an account, which would lead to an increase in premium to manage the lapse risk and the time value of money, making the product more costly[28]. Mobile money wallets (which is where most of this segment transacts) currently do not have the flexibility to auto deduct. However, should the Central Bank of Kenya approve automatic deductions in the future, this payment option can be implemented in the future design of the product once the service providers, such as CarePay, implement the required functionalities on their platforms.

Partnering with microfinance institutions (MFIs) to assist customers in affording annual premiums. Although mobile wallets afford clients the opportunity to save up to pay annual premiums, having to pay the full annual premium upfront before activating the cover may still be a challenge for some customers. The target market for HMI predominantly has very low and/or irregular incomes therefore it may take a long time to save enough money to pay for these premiums, especially when they may need to pay for other competing out-of-pocket health needs. Britam is currently exploring the ability to partner with institutions like MFIs to offer premium financing options, which could enable customers to enjoy their cover while making monthly premium loan instalments to the MFI. According to the 2021 FinAcess survey, 60.8% of Kenyans had taken up credit in the last 12 months (FSD Kenya, 2023), suggesting there is potential to explore this in the market.

Reducing transaction costs to enhance affordability. Britam is currently exploring several solutions to reduce transaction costs and make the product more affordable for its customers. These include using a technological distribution platform to reduce onboarding- and underwriting costs, as well as including affordable hospitals in their panels to ensure that the cost of claims is well contained with premium rates.

Designing with women's needs in mind. Britam aims to include a women's rider benefit to the BYM product[29]. Studies have found that globally, women's OOP medical

[28] Some countries do not permit automated collections or -payments, which inhibits the potential for flexible payments. This is due to the risk of customers being exploited by potential misuse, unexpected-, fraudulent withdrawals, or unauthorised transactions.

[29] A rider is an insurance policy provision that adds benefits to or amends the terms of a basic insurance policy (Kagan, 2021)

costs are disproportionately higher than men's for every single age grouping from 19 to 64, even when excluding pregnancy-related services (Deloitte, 2023). The segmentation analysis in Section 3 aligns with this finding, showing that 65% of the high-needs segment was female. A women's rider benefit could go a long way in meeting medical needs specific to women, however, as emphasised in the previous section, nuanced consumer research should be conducted to inform the product design process.

Emerging lessons & findings from the progress in scaling up the BYM product.

- Improve data management practices so that key metrics such as customer retention can be used to monitor product performance
- Whether it is partnering with MFIs, providing monthly premium collection options or women's rider benefits, consumer research and customer data analytics should underpin product design considerations so that they are meeting a real need for a viable market

6. NHIF and SHIF have changed the competitor environment

In conjunction with planning how Britam can continue scaling uptake of the BYM product, they are also remaining mindful of their competitive environment. This entails keeping up with changes to the mandatory or nationwide insurance schemes, like the NHIF which will require Britam to reconsider their market placement as a complement to these schemes, instead of as a substitute.

Box 5: National Health Insurance Fund (NHIF) and the introduction of Social Health Insurance Fund (SHIF)

What is NHIF?

Kenya's government-run health insurance scheme. It was established to provide health insurance coverage to Kenyans, aiming for universal health coverage. Mandatory for salaried employees and voluntary for others, NHIF offers basic health coverage, including outpatient and inpatient services, maternity care, and some chronic conditions treatment. Employee contributions are tiered based on specific earnings.

What is SHIF?

In 2023, the Kenyan government signed new legislation to extend public healthcare coverage to all Kenyans and long-term residents. The legislation introduces 3 new funds: The Primary Healthcare Fund, the Social Health Insurance Fund and the Chronic and Critical Illness Fund. Registration and participation will be required for all Kenyans and foreigners residing in Kenya for over 12 months. Before these reforms, public healthcare coverage was compulsory only for formal employees. Contributions to the SHIF will be 2.75% of earnings for workers in formal employment at a min of KES300 (roughly USD2) and a max of KES5,000 (roughly USD39).

Informal earners will be subject to an annual SHIF contribution based on household income, subject to means testing.

Source: (WTWCO, 2023)

Expanding health insurance access as a government strategic priority. Universal Health Care (UHC) is a strategic priority for the Kenyan government; the right to quality health care is entrenched in the Constitution of Kenya **(2010)** and Kenya Vision 2030 **(Government of the Republic of Kenya, 2007)** (Kenya's long-term development blueprint) prioritises improving the quality of healthcare and reducing disparities to healthcare access. The National Health Insurance Fund (NHIF) is expected to drive UHC. Of the 25% of Kenyans that had access to health insurance in 2021, 83% of them were insured through NHIF. However, NHIF reports a low retention rate with most people not renewing their subscriptions in subsequent years **(FSD Kenya 2023)**. The overall retention rate of NHIF is 41%. In the formal sector retention it is 72%, while in the informal sector it stands at 24% **(National Health Insurance Board, 2023)**. NHIF was initially only compulsory for formal employees, but in 2023 new legislation was promulgated to establish the Social Health Insurance Fund (SHIF), expanding health care to all Kenyans and mandating contributions for all Kenyans and foreigners residing in Kenya for over 12 months. The contributions will be deducted as 2.75% of salaries for formal workers, whereas the 80% of workers engaged in informal employment will be subject to annual SHIF contributions based on household income **(Social Health Insurance Act, 2023; WTWCO, 2023)**. The changing public healthcare landscape and upcoming introduction of mandatory SHIF raises the question of what the implications are for private health insurers, especially HMI providers who target lower-income segments where disposable income is lower.

Table 6 below provides a comparison of the relative affordability between Britam's BYM product and the NHIF, compared to a profile of an average Kenyan.

Profile of average Kenyan	National Health Insurance Fund (NHIF)	BYM
Average monthly income/salary:	**Cost of monthly premiums**:	**Cost of monthly premiums:**
KES 72,130 (USD556) (formal sector)[30] KES 14,315 (USD110) (informal sector)[31]	KES 150 - 1,700 (USD1-13) per month based on salary bracket	KES 1,482[32] (USD11) per month
Average monthly out-of-pocket healthcare expenditure:	**Cost based on average monthly salary**:	**Cost based on average monthly salary**:
KES206 (USD2)[33]	Formal sector: KES 1,400 (USD11) – about 2% of monthly salary Informal sector: KES 500 (USD4) – about 3.6% of monthly salary	Formal sector: 2% of monthly salary Informal sector: 10% of monthly salary

Table 6: Comparison of Britam's BYM product and the NHIF against a profile of an average Kenyan

Relative cost comparability between BYM and NHIF cover options. The table above provides a profile for an average Kenyan, in terms of their salary and monthly out-of-pocket healthcare expenditure. It further compares this average profile with that of BYM and NHIF. From the comparison, it is evident that NHIF is a more cost-effective option compared to the average monthly salary for those employed in the informal sector, but that the cost of annual premiums is relatively similar between NHIF and BYM. The mode of premium payment also differs. With NHIF, premiums are paid monthly and can be directly deducted from the salaries of formally employed individuals. Those in the informal sector must actively register and make their contributions using channels like M-PESA, but missing monthly payments results in a penalty fee of 10%, which could be burdensome for individuals with fluctuating incomes **(NHIF, 2024)**. NHIF also offers bulk payments up to the full annual premium, which opens up for paying in a bit more in good times. The BYM product requires payment annually, but the incorporation of M-TIBA health wallet offers considerable flexibility as it allows individuals to save incrementally at their own pace until they reach the annual

[30] Based on Nominal annual average earnings in the modern sector, KES865600/12 (Kenya National Bureau of Statistics (KNBS), 2023)

[31] Based on Mean monthly earnings for employees in informal sector, KES14,315 (Kenya Minister of Labour and Social Protection (KLMIS), 2020)

[32] Based on the total of the lowest annual cost of inpatient cover (KES4,600) and lowest annual cost of outpatient (KES13,180), divided by 12 months

[33] Based on Average annual per capita out-of-pocket health expenditures, KES2,470/12 (Kenya Ministry of Health, 2018)

premium amount. This may be advantageous for those with fluctuating incomes, as they can contribute to the wallet sporadically and secure their coverage for a full year once enough funds have been accumulated, without the worry that they will incur growing penalty fees every month they cannot contribute. Still, neither of these options are perfectly adapted for individuals with irregular income. Britam is exploring other premium financing options, further discussed in 5.2.

Dual coverage within the customer base suggests consumers use BYM as a complement to NHIF. Qualitative research of BYM customers revealed that over half of respondents hold dual insurance covers (see Figure 18) and most of these hold BYM in combination with the public healthcare scheme, NHIF. The reasons for holding dual covers vary – for some, it is driven by the mandatory nature of NHIF for salaried employees while also receiving BYM through their work resulting in overlapping coverage[34]. However, a number of respondents hold dual covers by choice, for example by opting for NHIF for their children and BYM for themselves. Others use BYM for inpatient care but NHIF for outpatient care since outpatient cover is included in the NHIF cover but is an added cost for the BYM product. Overall, when asked why they are holding dual covers, customers largely attribute it to perceived limitations with NHIF, particularly regarding the benefits, quality, and reliability of the available healthcare facilities available through the public scheme. These sentiments appear to position BYM as a supplement to NHIF rather than a substitute, for those who can afford it.

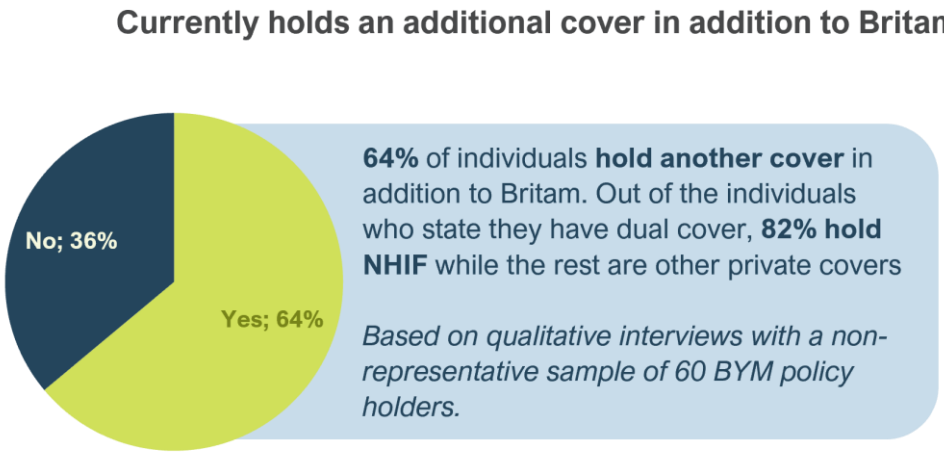


Figure 18: Britam policy holders with dual insurance cover

Current patterns suggest demand for private health insurance is likely to remain amongst existing customers. While mandatory SHIF contributions might impact disposable income and the perceived need for additional coverage, the existing pattern of customers having BYM on top of existing NHIF coverage underscores that there is a segment of the population that desires more comprehensive benefits and better healthcare facility access that NHIF has not fully satisfied. More research is needed to understand whether this sentiment is true in the broader population beyond existing BYM customers and at a large enough scale. It is possible that in lower income segments the products may be perceived more as substitutes, while amongst

[34] BYM doesn't offer a specific corporate/business product, but there are a number of employers who have purchased the individual BYM product for their employees.

customers with higher disposable income there may be a higher demand for additional benefits offered through private facilities. Moreover, the ambitious expansion of the healthcare system to provide care for a population of over 50 million people may result in some pressure on the public facilities due to increased demand, suggesting private health insurance may be even more attractive going forward (WTWCO, 2023). Future research can focus on the broader implication of a SHIF rollout, and how it may affect product uptake particularly if targeting customers in the lowest income-segments who are currently not covered on either NHIF or other products. It will be imperative for HMI providers to keep thinking about how they will position themselves in a changing landscape, and continuously assess the target markets' needs and preferences.

Emerging lessons & findings from the competitor landscape.

- HMI providers should not focus their efforts on competing with the NHIF/SHIF, since it is/will be a mandatory requirement for all citizens. They should rather focus on how their offerings can complement or supplement NHIF/SHIF, seeking to bridge gaps left by the system for those who wish to seek higher quality of care.
- Even with the presence of an NHIF system, health insurance products will still be useful for people who can afford to not only think about getting access to healthcare but also the quality of care that they receive.
- More research is needed to understand how consumers make trade-offs between mandatory insurance contributions and cover (i.e. NHIF/SHIF) and voluntary health insurance products (i.e. BYM).

7. Key recommendations for successfully scaling retail health micro insurance

The case study provides a wealth of lessons for the Kenyan health insurance market, on how insurers can develop their product to meet the needs of their customers and how they can continue to improve their offering to scale up the uptake of their product. This section will provide the lessons from the case study and recommendations for the Kenyan health insurance market.

Leverage customer data to design more well-targeted products.

The statement "*Data is the new oil*" has gone from being radical foresight to a cliché but its original sentiment still holds a valuable lesson. Much like oil, data can be refined into something more valuable than its raw form. Aggregators and health insurers such as Britam, sit on a wealth of data on their clients that allows them to distil valuable insights. Collecting and keeping up-to-date data on the customer base is crucial to ensure that you understand your customer base and can tailor the product for them and ultimately improve customer retention.

Know your customer: Understanding customer needs is vital to reach the untapped market.

It is imperative to ensure that you understand your customer base, as this will determine how you market your product, and which benefits you should incorporate to meet their needs. For example, researching the customer base for your product can provide information on the average customer's age, location, and preferences, which can inform your product design and marketing approach. It is also crucial that you do not make assumptions as oftentimes insurers assume they know what consumers will value and design products or engagement channels without engaging in customer research.

Rolling out a new product is often associated with high costs and a long timeframe for insurers. Therefore, a key lesson is that testing solutions incrementally can aid in proactively identifying pain points and areas of concern for customers. This enables the insurer to remain agile in adapting to the market's needs, and therefore a more attractive solution provider for the untapped market. In practice, an iterative approach can be facilitated by collaboration between product development and actuarial teams to work closely together (Wachira, 2024). Remaining willing to conduct continuous research and development will eventually result in the correct product-market fit.

Consumers will pay more for value-added services that meet their needs and offer them good value

When piloting the addition of an outpatient cover option, Britam introduced it via an outpatient capitation method. This method relied on very few hospitals to provide care

to customers, and therefore customers were very sensitive to the quality of care provided. If customers had a poor experience with one healthcare provider and felt that the care received was not up to standard, this could have posed reputational damage to Britam. However, after conducting the pilot and introducing more hospitals to the network for outpatient care, Britam had to increase the price to enable access to higher-quality hospitals and offer customers more choices.

Although there is always a fine balance to be struck between quality of care and affordability, this case study has shown the addition of the outpatient cover optional has proven successful despite the relatively high cost. The key here is that this option was added based on the consumer research that showed that there was a demand for this value-added service and, as Figure 17 shows, over half of BYM clients (55%) have opted to add outpatient cover to their policy.

Britam stated that they plan to add a women-specific rider to the BYM product and the consumer segmentation analysis shows that there is a case to be made for it since the majority of the high need and family saver segments are female.

The key lesson here is that value added services can increase the uptake and retention of HMI by making the benefits of insurance more tangible, but the bundling of these services should be informed by an understanding of customer needs so that they provide value.

Customer journey and client experience 	• Incorporating new technology like self-onboarding can reduce the need to call and follow up with clients to close a deal and may improve the customer journey • Adding biometric identification can reduce issues with, for example, forgetting your insurance card, and enable smoother access to care • Enabling automatic claims processing can better cater to people with different levels of financial literacy
Product features 	• Iterative design that is informed by an understanding of who their target market is and what their needs are, will encourage increased product uptake and perceived value-add • Understanding the target market, for example where they are predominantly based and which hospitals are preferred, will increase customer satisfaction in being able to access care more easily and conveniently

The “human touch” is central to building trust

Insights from qualitative research show that trust is a major factor in the decision to purchase insurance. Specifically, trust in recognisable and reputable brands – Britam is perceived to be a trusted brand in the Kenyan insurance industry – and trust in word-of-mouth recommendations.

Friends, family, and influencers

Surveys of BYM customers showed that 25% of respondents purchased the product on the recommendation of a family member or friend. Insurers can leverage this to market their products by providing referral codes to their clients for their family and

friends to use when they sign up. These referral codes can be linked to value added benefits, such as a discounted premium, a voucher for a discount at a networked pharmacy, or a payment into their medical savings wallet, etc.

A recent report on global social media usage showed that Kenyans spend on average three hours and 43 minutes on social media daily (Njeri, 2024), this makes channels like social media a powerful tool to promote visibility and awareness of insurance. Much like friends and family, social media influencers are trusted by consumers because they are perceived to be relatable and trustworthy than other public figures or celebrities – this is what makes influencer marketing so powerful.

Britam's social media influencer marketing showed this strategy can be effective but it is important to choose the right influencer for your brand; someone with credibility, who can educate consumers about the benefits of your product in a language which they understand.

High-touch and hybrid models

As discussed in the previous sections, although high-tech models (using digital onboarding) provide a degree of convenience, there is still a strong preference for high-touch or hybrid models that prioritise in-person engagement. Consumer research on the customer journey showed that clients who had been onboarded through high-touch models (i.e. agents) showed higher levels of customer satisfaction and an overall better customer journey experience compared to those who had a purely digital onboarding journey, i.e. following the high-tech model. This speaks to the importance of the "human touch" in fostering trust and a positive customer experience.

Leverage digital technology to engage with customers and encourage renewals

Despite the need for more in-person engagement, the use of digital channels (high-tech models) such as mobile health wallets to distribute insurance will still enable a wider reach and an easier sign-up process. However, the digital nature of the interaction, while convenient, is relatively passive unless active efforts are made to drive customer engagement and renewals beyond the first policy term. Therefore, insurers should use these digital technologies to implement features that promote customer engagement, such as SMS reminders and WhatsApp chatbots that nudge customers to save consistently for their next premium, inform them of product updates and improvements, educate them on the benefits of insurance, or advertise loyalty and referral programs, to foster a habit of renewal.

Marketing 	• Digital marketing is effective in creating awareness, brand exposure and positioning but customers are not yet comfortable with digital onboarding channels. In-person engagement is recommended for fostering trust and is more likely to result in sales than digital channels. • Adjusting a marketing strategy to include more in-person marketing can foster trust in markets with low insurance take-up and provide good traction for the closing of sales face-to-face. • Remaining up to date with the latest marketing trends can put you ahead of your competitors. • Customers trust recommendations from family and friends. Employing an influencer or social media personality which customers trust, can add credibility to existing marketing campaigns and serve as an endorsement similar to a recommendation from a family member or a friend.

Understand your market positioning

Although Britam is a private insurance provider, its main competitor in the Kenyan HMI sector is the public NHIF cover. Because NHIF, and soon SHIF, are compulsory, private health (micro)insurance providers will have to consider how their customers are making the trade-offs between private and state insurance.

Surveys of BYM clients have shown that over 50% of survey respondents have both BYM and NHIF cover, and they are used as complementary products rather than substitutes. This should inform how the product is sold to clients by communicating the value proposition in relation to the NHIF, and soon SHIF. Insurers can take on an educational role to showcase to customers how their products are complementary to SHIF.

Leverage technology to improve the customer experience

Research by McKinsey indicates that insurance customers globally have come to embrace digital channels and expect the same experience when buying insurance online and offline. *"A seamless, consistent "multi-access" experience in every channel is now the gold standard for insurers"* (McKinsey, 2022).

Britam's consumer research has shown that the claims and admissions process for their clients was mired with complications, largely due to partner hospitals being unable to efficiently verify insurance cover. The introduction of a biometric verification process simplifies this for both clients and partner hospitals. However, this does not negate the importance of client sensitisation and appropriate client and partner hospital onboarding onto these digitised systems. Where possible, manual processes should be available for those who are unable to use the more technologically advanced ones.

Choose a partner with shared incentives

Reflections from Britam and CarePay's partnership

Although Britam and CarePay's partnership is still ongoing, the changes in the partnership as it relates to CarePay's strategic shift and withdrawal from the product upscaling have resulted in various lessons and recommendations that the market can learn from. One such learning is that a lack of data sharing can inhibit one or both parties to understand customer needs and jointly develop an appropriate product and

customer journey. The lack of human engagement available through the CarePay channel and limited direct access to customers for Britam was also a key challenge, particularly in understanding customers' behaviour and engagement. Since CarePay partners with multiple insurers, they are not actively promoting or selling any specific product which makes their engagement strategy quite passive and can result in a lower reach than the partnership initially predicted.

Recommendations for the market

Every partnership requires a situation where both partners can benefit or extract value from the arrangement. In Britam and CarePay's case, Britam has the largest market share in Kenya's insurance industry but wanted to expand its services to additional low-income customers. Similarly, CarePay's M-TIBA service already had a large customer base with an expressed desire to save for health expenses, therefore making them a great aggregator for Britam to partner with. There was also value alignment between both parties, in terms of bringing down the cost of accessing healthcare and reaching a previously excluded and overlooked market segment, i.e. low-income customers.

Both parties should ensure that they have the flexibility to adapt the product to market needs. Many insurance providers and partnerships fail due to poor product-market fit, especially if it was not informed by extensive customer research. In any partnership, whether it be leveraging an existing offering or designing a new product offering, both partners need to be prepared to adjust the product for the market's needs, ideally on an iterative basis. Investing in research and the ability to be agile, are two key success factors. For example, Britam had an actuarial team that worked very closely with the product development team which allowed them to swiftly tweak products to customer feedback. While the digital channels help with the administration of solutions and reducing costs, as with any insurance product it can be hard to design a one-size-fits-all product.

Partnerships should leverage strong brand associations to build trust. From the qualitative data collection, respondents indicated that they were drawn to the product through strong brand associations with M-Pesa (which can be used to pay premiums) and Britam. This served to build their trust in the product and can ease customer concerns in a market like Kenya where there are high levels of mistrust in insurance. Partnerships between insurance providers and other well-known and trusted insurance innovators, fintechs or other technology providers, can assist in building customer trust and encouraging product uptake.

Product market positioning

The way a product is positioned in the market affects cost and customer perception. When it comes to partnering to develop a new product, how it is introduced to the market, can determine the uptake. If a product is placed in the market as a standalone product, the insurer must do a lot more marketing, and promotion, provide more incentives for agents, and enhance awareness-raising efforts. If it is placed in the market as an embedded product, for instance in partnership with another technology provider or telco, it is more cost-effective, and less marketing and promotion is required as it is automatically offered along with another product. However, for embedded products, customers are often unaware that they have the product (as seen with BYM product improvements like the last expense or fire cash cover), so more awareness raising for existing customers is required to communicate the value-add.

Partnerships 	• Partnering is an effective way of managing product risk, especially as it relates to cost. • Partnering with like-minded organisations ensures unified and effective collaboration. • Access to partner data allows for the customization of products to meet specific consumer needs. • Traditional insurers can save costs with partnerships that leverage embedded products • Shared values and incentives between partners aid in the targeted design and delivery of products.

8. Conclusion

This case study has allowed us to walk the journey with Britam and CarePay as they collaborated to leverage consumer insights to design an insurance product that directly addresses the expressed needs of lower-income consumers, such as accessing higher-quality health facilities and providing more flexibility in how premiums are paid and collected. The details of the numerous lessons to be learned from this partnership are described in detail above however there are two overarching themes which stand out not only for Britam and CarePay but for the Kenyan insurance market as a whole:

i. The first is that although uptake of mobile savings wallets appears to be high, meaningful utilisation rates are actually very low. If the average annual savings on these wallets (among the few that do save) is lower than the cost of an annual insurance premium, then the viability of this distribution channel is doubtful. Although in relative terms the mobile wallet seemed to be more successful than Britam's traditional channels, due to their limited ability to accurately determine retention rates and the low rates of overall product uptake to date, one cannot conclude that Britam and CarePay's partnership was a success.

ii. The second is the way in which NHIF/SHIF will impact market dynamics. Qualitative data analysis has shown that consumers will often have NHIF alongside a private insurance and they will use these policies as compliments rather than substitutes. Given that NHIF/SHIF are compulsory and therefore purchasing

private health insurance would be an additional cost over and above what they will pay for NHIF/SHIF. Therefore, private HMI providers should consider what *additional* value their policies provide over and above what NHIF already does.

The qualitative research presented here has shown that consumers value the quality of care that private healthcare system provides, and they are willing to pay more for it. Digitalised customer data management and claims processes allow insurers and their technology partners to tap into the wealth of data they already have on their clients to generate powerful insights into how consumers behave and thus how to design better products to meet this demand. Beyond standard metrics such as retention rates and client tenure, simple segmentation analysis, like what we've presented in this report, empowers insurers to design products that actually speak to what clients need and thus create value – and creating value for the client is the only way we will actually see meaningful uptake and usage of health microinsurance.

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