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REMOVING OBSTACLES TO ACCESS MICROINSURANCE

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EXECUTIVE SUMMARY

Access to microinsurance is measured by the ease with which a low-income person can acquire available microinsurance products. Often, however, purchase or renewal decisions are postponed when clients encounter too many hurdles to enrol, pay premiums or renew a policy or when they have difficulties in understanding product benefits and logistics. Excessive documentation requirements, unclear forms and procedures, liquidity constraints, lack of channels to ask questions and lack of physical access are some of the important barriers that prevent clients accessing microinsurance products.

Improving business processes to ensure better access to microinsurance can have a dramatic impact on clients' satisfaction, take up, retention and hence the bottom line. Efficient enrolment and other front-end solutions can improve access and boost demand, benefiting both clients and providers.

The experience of a number of microinsurance schemes shows that there are many different ways to improve access. For example, a Pakistani health microinsurance initiative *Naya Jeevan* has redesigned its manual enrolment process taking into account the preferences, limitations and needs of its target groups and experienced a nine-fold increase in take up. Pioneer Life, an insurance company in the Philippines, has doubled renewal and new sales rates after a new sales incentive scheme was introduced. A social security scheme in Nicaragua doubled membership when it started carrying out enrolment at the workplaces of market vendors.

Based on a review of more than ten case studies, this study identifies barriers to access and provides strategies to overcome them. More specifically, it takes a closer look at three business processes that enable access – enrolment, premium collection and renewal – and some related success factors. The goal is to provide concrete examples of how microinsurance schemes can improve clients' access to products.

Table 1 summarizes specific access solutions implemented by microinsurance practitioners.

Table 1: Solutions to facilitate access

Process	Access solutions
Enrolment	o Provide the client with simple and quick procedures such as online applications, call centres or paperless enrolment via use of bar codes and GPRS systems o Offer relevant and convenient places and timing for enrolment, such as on-site enrolment o Ensure trustworthy interfaces for the client (e.g. peers, community leaders) at the time of enrolment and continuous face-to-face communication o Combine technology-based self-enrolment with frequent interventions such as automatic outbound calls, access to call centres and, possibly, interactive voice options
Premium collection	o Introduce non-cash payment solutions to resolve cash flow constraints o Use mobile money applications to facilitate premium collection from unbanked populations o Tie payment methods to existing networks or organizations by embedding them into service contracts or employment benefits, for example, automatic salary deductions, airtime deductions or top-up mechanisms o Leverage organizations that are linked to clients' daily life, such as community centres, agricultural retailers or cooperatives, and faith-based organizations o Support payment through technology-based reminders, such as SMS and direct calls
Renewal	o Educate clients on how to use the insurance product (e.g. trained agents, welcome meetings, home visits), and provide ongoing instructions (e.g. helplines, SMS information services, IVR) and other support services o Deliver value to clients via efficient claims payment processes, provision of relevant benefits and value-added services, for example, agricultural tips for farmers and

	health services (e.g. dial-a-doctor services, low-cost medical advice, health check-ups) o Ensure good client experience by responsive customer support o Make the operational processes of renewal easy for clients (e.g. reminders to prevent involuntary policy lapses, simple re-enrolment via phone, or less frequent payments to increase retention) o Incentivize renewal for clients and agents by introducing rewards, gifts, cash discounts, awards or coverage benefits

Besides process improvements, three factors emerged that are vital to improve access to microinsurance - client focus, technology and trust. Continuous communication with the client and availability of prompt support are crucial to avoid lack of understanding and to build trust. Technological solutions are of particular interest as they are swift, reduce cost and overcome problems of distance. Some solutions are summarized in Table 2.

Table 2: Key success factors to enable access

Success factors	Concrete measures to facilitate client access
Client focus	o Understand the clients' needs and translate them into product and process design o Promote a client-centred organizational culture, which seeks a link between client desires and financial viability o Support clients with customized solutions (e.g. simple brochures, FAQs, self-education via portals and SMS applications)
Technology	o Use technology to offer clients an insurance service that is cost-effective and convenient o Design interfaces with clients based on their preferences and capabilities, choose the most suitable technologies where applicable and layer solutions appropriately at each stage of the value chain o Introduce seamless processes that allow clients to navigate a simple procedure by combining suitable technology with low-tech elements o Optimize client facing transactions with web portals, online applications, smart cards and mobile money o Ensure a balance between technology and human interaction to increase efficiency and build trust o Provide training for both clients and agents on technology-based interfaces
Trust	o Create a foundation to build trust with simple operational processes that increase credibility and confidence o Build trust by introducing a multi-pronged strategy, which leverages trusted partners and existing community networks

1. > INTRODUCTION

Despite availability of microinsurance products in more and more settings many low-income persons are still not covered. One of the ways to increase coverage is to remove any obstacles consumers might have to access microinsurance.

Written for practitioners, this study identifies barriers to access and provides strategies to overcome them. It takes a closer look at three business processes that enable access – enrolment, premium collection and renewal. A review of more than ten case studies, involving staff interviews, revealed some concrete measures that can facilitate access, as well as some underlying prerequisites. When these aspects are taken into consideration, barriers can be lowered and a greater number of clients may benefit from insurance coverage.

For the purpose of this paper, access is defined as the ease with which a low-income person can acquire available microinsurance products. It is assumed that the person is already attracted or persuaded to buy insurance. Therefore, this paper does not cover either demand issues or appropriateness of the client value proposition but focuses on key business processes, especially enrolment, premium collection and renewal. As shown in Figure 1 these are particularly important for improving access for low-income clients. In addition, three overarching success factors have been identified (client focus, technology and trust) that contribute to the effective execution of access strategies.

Figure 1: Components of access
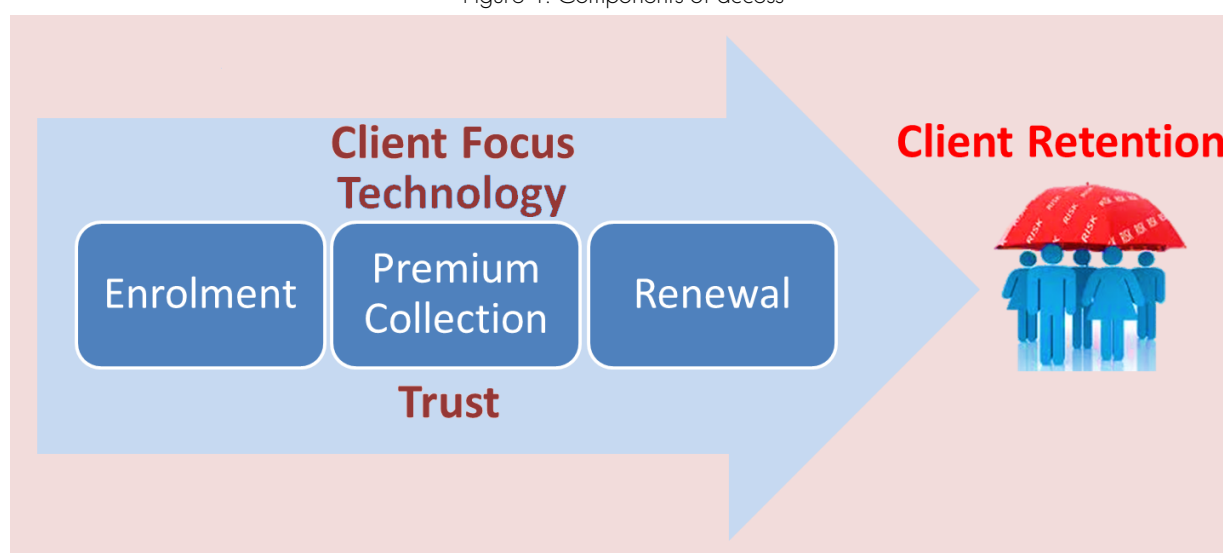
Ten cases were selected from a range of markets to illustrate specific access solutions (Table 3).

Table 3: Core cases reviewed

Name	Details	Country
AIC	o AIC has offered the funeral product Protecta since 2008 using multiple identification methods to facilitate enrolment o SMS reminders support premium collection and renewal with encouraging results	Haiti
Bradesco Seguros	o Financial services conglomerate, which uses on-site enrolment to decrease distance from clients o Pilots its microinsurance product through its Bradesco Expresso banking correspondents	Brazil

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GRET	o French NGO testing a comprehensive health insurance product o Has experimented with a range of renewal methods, including agent incentive schemes and payment flexibility, combined with client education	Cambodia
Hollard	o Has explored how to deliver voluntary property insurance to the low-income market since 2008 o Uses SMS broadcasts for premium collection and renewal o Has experimented with financial education for clients	South Africa
ICICI Lombard & RSBY (OP)	o Pilots outpatient cover within a smart card-based government health insurance scheme o Includes advanced hardware (biometric card reader, scanner and printer) o Mobile-based out-patient cover claim application o Entirely cashless and paperless transactions o Both private and public providers on panel o SMS-based process for ensuring transaction continuity	India
Kilimo Salama (Syngenta Foundation for Sustainable Agriculture)	o Provides agricultural insurance in cooperation with Kenyan insurer UAP for smallholder farmers to shield them from adverse weather o Capitalizes on innovative technology and commodity-based payments	Kenya
MicroEnsure *yuCover*	o Free life and disability product offered through yuMobile and Jubilee Insurance o Simple access provided through client loyalty credits paid via airtime, SMS marketing and a simple front-end Unstructured Supplementary Service Data (USSD) interface	Kenya
Naya Jeevan	o Micro-health insurance initiative targeting the low-income and informally employed o Provides cashless card-based services at more than 160 hospitals	Pakistan
Pioneer Life	o Has offered several life products for various low-income segments o Introduced client education tools to cope with poor client communication, decline in enrolment and difficulties with premium collection o Introduced new sales incentive scheme	Philippines
Uplift	o Community-owned health insurance scheme o Applies continuous face-to-face communication and client education during the policy term to promote enrolment and renewal	India

This paper is organized in the following way. Sections 2 to 4 analyze the components of access: enrolment, premium collection and renewal. Section 5 reviews the key success factors that have been found to influence these components, including client focus, technology and innovation, and trust. Section 6 offers a conclusion and recommendations.

2. > PROMOTING EQUITY: EXTENDING COVERAGE TO THE EXCLUDED

Success in enrolment relies on offering simple and quick procedures, convenient locations and timing and a trustworthy interface for the client. Procedures that do not demand frequent back-and-forth contact between the client and agent are most likely to lead to increased access. In this regard, technology has been a prime enabler. Mobile phone solutions (Box 1), scanners and GPS have facilitated the enrolment process by streamlining procedures, including client registration and documentation. However, it is important that clients feel comfortable with these methods. The most effective enrolment systems are those that combine some level of human interaction (e.g. call centre, agent) with technological solutions. Procedures should also integrate easily into clients' daily life and work routine.

Enrolment is the most crucial of client interfacing processes. At this point, the initial attraction of the client to the product has to be transformed into a contractual agreement. It is a complicated early encounter in a relationship that should eventually bear fruit and facilitate client loyalty. When it works well, this process should also have a positive multiplier effect. Nevertheless, it can also be a 'hit or miss' situation, since should enrolment fail to proceed for any reason, the beneficiary will be left without the desired coverage. Encounters that do not result in enrolment mean that providers have been unable to transform a willing client into a policy on their books. What remains is a negative experience, which may hinder further business.

Box 1: Mobile Network Operators (MNO) and their potential role in facilitating client facing procedures

The possibilities of leveraging large networks of MNOs for the client facing processes of distribution, communication and financial transactions are many, due to the potential scale and impact. The MNO communication channel lends itself as a platform for interacting with clients through voice, via a call centre, SMS or an interactive message system such as USSD*. All client facing procedures can be enhanced through rapid communication methods, e.g. reminders, confirmation of status, calls in case of missed payments, etc. Equally, real-time support can be offered to clients to smooth out any hurdles they may face and build trust by adding a human element.

The existing outlet structure of MNOs suggests the value of using them as retail and distribution points. In theory, agents can facilitate face-to-face contact to support and educate clients about the product and procedures and carry out administrative steps. In practice, this may not automatically work smoothly, since agents must be well trained and given incentives to achieve good results.

The advantages of paying through MNO channels, i.e. mobile money, airtime accounts or loyalty credits, will be outlined in detail below. They include increased access for previously excluded populations, as well as more cost-effective collection procedures.

As insurance products that leverage mobile networks (m-insurance) have expanded rapidly in recent years, operators have begun identifying the trade-offs between service and scalability. While high-touch methods, such as individual agent sales, are valued for the high-quality education and service they offer, this approach has limited scalability. A secondary problem is the high cost of agents, which generally accounts for an unacceptably high percentage of the overall premium. On the other hand, m-insurance products may face challenges with regard to network availability and understanding, thereby limiting client impact and retention.

* USSD (Unstructured Supplementary Service Data) is a global protocol for mobile communication similar to SMS. It allows sending text between a mobile phone and an application program in the network.

ENROLMENT BARRIERS

Many enrolment challenges have been caused by burdensome procedures and insufficient client interfaces. Furthermore, the longer the enrolment procedure, the less likely clients will register, as other priorities might attract their attention.

A look at the multiple tasks and processes that must be undertaken in order to carry out the registration procedure effectively reveals the extent of the challenges. A great many steps have to fall into place in a short space of time. Several parties are involved and the difficulties are numerous:

- Step 1: Initial procedures (e.g. explaining the contractual agreement, its obligations and coverage implications) can already derail the client registration process, due to lack of clarity;
- Step 2: Collecting client information for the application, and transferring these details to the provider, can prove critical (e.g. photo, original documents);
- Step 3: Formalizing the policy contract with a signature, providing a receipt of policy enactment and arranging the formalities of premium collection are all procedures that can pose challenges.

The above process can prove costly, and may have the effect of diminishing client interest by being onerous and complex.

A summary of enrolment barriers that have been identified through this research is given in Box 2.

Box 2: Enrolment barriers faced by clients

- Too many or too specific identification/documentation forms required
- Forms are unclear, too long and time consuming to complete
- Lack of client awareness of what is needed to complete enrolment process
- No interaction available to ask questions or aid in registration procedure
- Liquidity constraints during a rigid enrolment window (see also premium payment)
- Lack of physical access to distributor: too far, unfamiliar place

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To reduce enrolment barriers, providers have introduced streamlined application procedures and used innovative processes. A good example of a successfully revised enrolment system is that introduced by *Naya Jeevan* in Pakistan (Box 3). A complex, paper-based data collection procedure did not produce the expected take-up and was substituted by online applications, in combination with call centre follow-up.

Box 3: Naya Jeevan: A change in enrolment procedures

Outcome
Redesigning the enrolment process, with the preferences, limitations and needs of the two distinct target groups in mind, has led to a nine-fold increase in take-up. Nevertheless, call centre activity has significantly raised enrolment costs, hence more scale is needed to make the program viable.

Background
Naya Jeevan is a Karachi-based health microinsurance initiative targeting the working poor in Pakistan. Naya Jeevan negotiates commercial group health plans from established insurers at competitive rates. There are two target groups: beneficiaries wanting coverage and their employers, who sponsor the premium. The beneficiaries are mostly informal

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domestic workers and low-income staff. Enrolment makes them eligible for cashless, card-based services at more than 170 hospitals across Pakistan. At present, more than 23,000 active members are enrolled.

Data collection and submission are obstacles to take-up
Initially, paper enrolment forms were given to the sponsor, who was tasked with collecting the necessary data, including that of employees, filling in the forms and sending them back. However, this system resulted in massive discrepancies between sales forecasts based on market research and actual take-up. Further investigation revealed that the manual process of collecting employee data and completing forms proved too cumbersome for the sponsor. Some employers were also hesitant about providing personal data relating to informal workers. As a result, many enrolment forms were never completed or returned.

Redesigning the enrolment procedure
A new simple and automated system was developed to address the problem. Online forms with minimal information requests were designed for the sponsor, who was asked to provide the cell phone number of the employee. From this point on, all remaining information would be collected by phone directly from the employee, via a call centre. The advantage here is that enrollees will have their personal information to hand, unlike their employers. This system also creates an opportunity for enrollees to ask questions.

Approximately 75 per cent of clients are reached on the first or second attempt, with about 4 per cent of calls going unanswered. The data collected during the calls is fairly accurate, and is checked against the National Insurance Card database. It is, however, difficult to corroborate additional family details, for example those of children, many of whom do not have birth certificates, since the majority are born at home. The cost of the phone-based enrolment process is an additional US$ 0.20 per family, or about 1 per cent of the total annual policy cost (US$ 20).

Source: Interview with Asher Hasan

GOOD PRACTICES IN ENROLMENT

Ease, convenience and trust have proved to be hallmarks of improved client enrolment. Many lessons learned or good practices can be taken from providers and distributors, who focus on client needs to improve enrolment procedures, and to various degrees integrate technology to facilitate convenience

Ease: Providing clients with quick, simple procedures

Providers and distributors have increasingly sought ways of easing access processes for the client by providing one-stop solutions which offer simple enrolment procedures and facilitate clients' ability to sign up. Many clients find it difficult to prepare the correct identification materials for enrolment purposes, or may lack documents such as formal identification papers (ID). Practitioners have been exploring ways to overcome this challenge by using multiple options for identification, leveraging technology, or removing the need for ID presentation altogether at the enrolment stage.

AIC – Multiple identification methods: In Haiti, AIC has been successful in introducing enrolment procedures that circumvent the identification challenges faced by low-income households. The sales agent offers numerous options for identification: passport, electoral card, driving license or identity card. Identification photographs are taken directly at the sales outlet using a webcam (Figure 2). The combined results of using all these elements means that AIC can now complete the enrolment process, i.e. issue a temporary identification card and signed contract, at the time of transaction (ILO, 2013a).

Figure 2: AIC's enrolment process in Haiti

AIC's enrolment process in Haiti

Kilimo Salama – Paperless enrolment process: In Kenya, *Kilimo Salama* has moved towards an instant, paperless enrolment process. This agricultural insurance product, offering cover for inputs and harvests, was launched in 2009 in cooperation with Kenyan insurer UAP. It is designed for smallholder farmers, to shield them from risks arising from adverse weather conditions. To penetrate the market in remote areas, *Kilimo Salama* is distributed via a well-established local network of agro-vets and administered through a mobile registration and payment system.

The *Kilimo Salama* process for individual farmers (Figure 3) provides an excellent example of how to drive efficiency by eliminating all paperwork, making the procedure quick and easy for vendors, as well as for clients, and allowing for immediate clarifications if questions arise. Farmers visit a certified agro-dealer, who offers *Kilimo Salama* for a premium in proportion to the cost of inputs purchased. Should the farmer decide to buy the insurance, the value of the inputs or harvest the farmer would like to insure is entered into a specially designed mobile phone application. This software then informs the dealer of the premium owed and the farmer pays the dealer for **both the goods and the premium, in cash or using the local mobile phone-based money transfer system *M-Pesa*.** The dealer in turn takes down the farmer's details: name, mobile number and location on the dealer's mobile phone, and transmits this information via **General Packet Radio Service** (GPRS) to the insurer through a central communications server. Immediately following registration, the farmer receives a text message with the policy number and coverage details. Both the vendor and the farmer feel comfortable with the procedure, as scanners have been introduced in Kenya for some time in local supermarkets. Finally, the agro-dealer wires the collected premiums electronically to the insurer via *M-Pesa* (Interview with Nila Uthayakumar).

Figure 3: The *Kilimo Salama* enrolment process

| Dealer is given a mobile phone with the Kilimo Salama application and scanning possibility | Dealer enters the farmer information including the closest weather station | Dealer scans QR code for each purchase to be insured (capturing crop, amount, insurance type) | Purchases are listed and confirmed | Dealer enters and confirms mobile number of the farmer | App transmits data to server in Switzerland where policy is automatically issued | Farmer receives confirmation on his mobile phone |

Source: Kilimo Salama, 2013

In 2013, the focus has broadened from insuring individual farmers to insuring whole groups through aggregators, i.e. MFIs, cooperatives and agribusinesses, with lower costs and higher volumes. The number of insured farmers rose to more than 100,000 in 2013 and coverage has been expanded to include other agricultural inputs, e.g. tools, land leasing fees, labour, etc.

Convenience: Providing the client with suitable locations and timing

Many access barriers still involve the distance between providers – often based in urban areas, with supportive infrastructure – and clients, living in remote rural areas, with fewer services. The time taken for a client to travel to the enrolment venue, and for the procedure itself, has a cost. It is also important to offer clients convenient arrangements by making enrolment timing flexible. Large, established distribution networks have in some instances closed the distance gap, while on-site enrolment has increased subscription rates.

'On-the-spot' enrolment: To support the inclusion of Nicaraguan market vendors in the national health-care plan on a voluntary basis, a study was conducted to understand the factors that influenced them in deciding for or against enrolment. Most market vendors had to go to an office for the enrolment procedure, while a smaller group was visited by an agent at their market booths. All vendors were given a 6-month premium subsidy. The enrolment effectiveness is described in Figure 4.

Figure 4: Enrolment effectiveness for subsidized group in Nicaragua
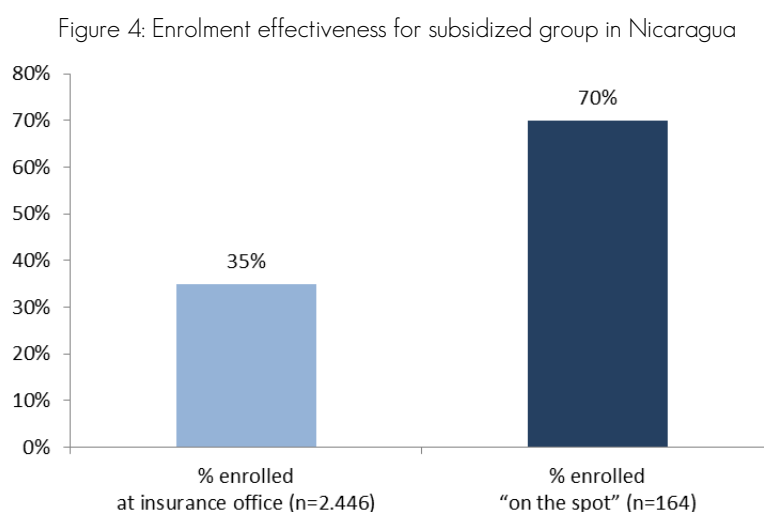
Source: Hatt et al., 2009

The results clearly illustrate the substantial costs borne by market vendors in terms of time. Signing up for insurance at a central office required workers to locate their government identification card, make a photocopy, obtain two passport-size photos of themselves and collect birth certificates of beneficiaries. In addition, the workers had to complete a form, travel to the office and wait in a queue to register in person. The process took up an entire day – a substantial cost for small business owners, since it meant losing a day's revenue. By contrast, on-site enrolment reduced costs associated with travelling to an office to enrol for insurance and enabled vendors to continue running their business. Furthermore, the personal attention offered by a dedicated agent visiting the client's own market stall is likely to be far superior to the quality of interaction received by vendors waiting their turn to speak to an agent at the insurance office. Naturally, the on-site enrolment procedure implied an additional cost for the insurer, and this must be taken into consideration.

Bradesco, a Brazilian financial services conglomerate, has used client proximity and on-site enrolment to decrease the distance with end-clients (Box 4).

Box 4: Bradesco - Leveraging correspondent banking networks

Founded 75 years ago, Grupo Bradesco is one of the biggest banking and financial services companies in Brazil. Bradesco is present in all Brazilian cities, even in the most remote areas. The group is divided between Banco Bradesco, its banking arm, and Bradesco Seguros, its insurance arm. Bradesco Expresso is the organization´s initiative for increasing its national coverage, through banking correspondents. There are around 44,000 Bradesco Expresso Banking Correspondent units, which have the potential to market microinsurance and reduce the distance between the provider

and the end client. For this reason, Bradesco Seguros currently reaches more than 37 million customers by offering a range of insurance products, including automobile, assets, casualty, health, life and pensions.

Distribution points and the importance of proximity
It would be very difficult and costly to set up a network of banking correspondents from zero, just to sell microinsurance. However, *Bradesco Seguros* was able to leverage *Banco Bradesco's* existing network. *Bradesco Expresso* banking correspondents are small retail businesses such as hairdressers, locksmiths and pharmacies.

By the end of 2012, *Bradesco Expresso* had sold 10,000 policies, largely through the network of correspondent banks using POS technology. The correspondent sells a life insurance product with funeral assistance attached. The product has four price bands, offering increasing levels of coverage. The name of the product is *Expresso Premiavel.* The goal is to introduce new products into the market on a national scale later on.

Clients benefit from the proximity afforded by the system, as well as from the convenience of doing transactions in places with which they are familiar, and where they probably feel more comfortable.

It is, however, important to provide staff with proper knowledge for insurance distribution. For this reason, *Bradesco* offered a training course, teaching staff about the product and how to explain it to clients, as well as how to use POS technology to capture sales.

On a regular basis, *Bradesco Expresso* correspondents receive feedback on how to explore the best ways of identifying customer needs. Advice is also given on opportunities for further training and acquiring product knowledge. One-to-one visits, conference calls and training materials (such as CDs and DVDs) are some of the tools used to enhance contact between *Bradesco Expresso* and its correspondents.

Source: ILO, 2013b; Interview with Ivo Lisboa

Trust: Providing clients with a trusted interface

Effective enrolment can only reduce the gap between the provider, distributor and the end-client if it offers clients simplicity combined with a business model that is user-friendly and fosters trust. While technology has reduced enrolment costs and simplified procedures, human interfaces continue to play an important role in helping to integrate technology in line with clients' needs (ILO, 2013e). Two providers – Uplift and MicroEnsure – provide different insights into the degrees of client interaction that are available.

Uplift – Continuous client communication: Uplift, an Indian community-owned social protection model, has effectively employed face-to-face communication with clients and leveraged financial literacy to enhance end-client communication and build trust. Uplift prides itself on using a multi-pronged strategy consisting of informing, educating and communicating in order to reach out to members. It regards client education as a continuous process. Uplift has used welcome group meetings with end-clients to provide a clear understanding of the product they are buying. During the welcome group meeting, a policyholder card is distributed and complete information on the policy is conveyed, including how to use referrals and claims. Well informed agents use tailored materials to bridge information gaps. Clients are informed of the benefits to which they are entitled. This introductory process is subsequently followed up with post-enrolment information and/or training sessions.

MicroEnsure, a specialized insurance intermediary, offers example of the importance of human interface. The company has been working with mobile phone operators in Bangladesh, Ghana, Kenya, Malawi, Malaysia, Senegal and Tanzania to improve enrolment through a combination of agent assistance and mobile self-subscription. Agent involvement has proved to be cost-intensive; therefore, an evolution to mobile-based enrolment has been the next logical

step in maintaining a low-cost sales infrastructure. In November 2012, MicroEnsure launched the self-enrolment model in Kenya. The scheme soon encountered challenges linked to the agent-free strategy, and is now developing options to address drawbacks (Box 5).

Box 5: MicroEnsure launches agent-free self-enrolment

MicroEnsure cooperates with *yuMobile* and Jubilee Insurance in Kenya to offer *yuCover*, a free life and disability insurance product. The system relies on self-enrolment, with all marketing efforts supplied via a single short mobile phone code, *555#, from which subscribers can access a USSD menu. This provides basic product details on *yuCover*, allows customers to register, provides real-time policy information, and allows for the submission of a claim. Effectively, MicroEnsure has made enrolment agent-free and reduced one of the most significant cost factors. This method also overcomes significant access barriers by allowing customers to enrol at any time, from anywhere, by simply using the phone.

Challenges of self-enrolment: slow connections, multiple sessions, missing interfaces
While MicroEnsure anticipates a cost reduction of more than 50 per cent with the move to self-enrolment, the model is not free of challenges. For example:

- A USSD session only lasts for 3 minutes, and network outages can also cut the session short. As a result, clients must often use multiple USSD sessions to learn about and register for the product.
- Because no individual sells the product, potential customers often do not know how or why to access the menu. As a result, clients who may want to enrol may be unable to do so.
- The information menu on the USSD application is static (does not change), whereas the registration menu is dynamic – it interacts with data entered by customers. These two applications often sit on separate servers and as a result the interface can be slow, leading to a poor user experience.

Addressing pitfalls via automatic outbound calls, SMS assistance, Interactive Voice option
In order to address the challenges associated with self-enrolment, the *yuCover* partners are considering a variety of options. If a subscriber accesses the USSD but does not successfully enrol, an automatic outbound call may be triggered to inform potential clients about the product and encourage subscription. Alternatively, clients may receive an SMS directing them to the MicroEnsure's call centre – or receive a call from MicroEnsure directly – so they can be assisted in completing registration. To date, no such in-person registration option is available, which inhibits subscribers experiencing technical challenges. The yuCover partners are considering an IVR (interactive voice) option in Swahili, so that illiterate subscribers can easily enrol for the product.

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3. > PREMIUM COLLECTION

Various premium payment solutions, such as group-based, mobile transfers, as well as payment in kind supported by appropriate technologies, can facilitate a successful collection process and improve access to microinsurance. Leveraging existing networks can prove cost effective for the provider. Premium collection requires a well-thought out and designed process, since low-income households face liquidity constraints. Premium payment also sustains the contractual relationship between the provider and the beneficiary. Payments need to be made on time, regardless of whether they are monthly, seasonal or single premiums. Collection systems that work efficiently build trust, while those that fail, e.g. by recording payments inaccurately, can destroy trust overnight. Premium collection is also a major cost factor, since an infrastructure is required for financial and data transfers between the client and the insurer.

When designing premium payment methods to keep administrative costs for the provider and transaction costs to the customer as low as possible, it is critical to bear clients' circumstances in mind. They often have irregular and unpredictable cash flows. Already, at the enrolment stage, the premium payment mechanism must find ways of timing payments so that they correspond with periods when the households have surplus income or more regular cash flows.

Increasingly, existing networks (e.g. telecommunications, utility) are being used to facilitate payment processes for a fee. Mobile phones and mobile money systems are proving especially useful for collecting premiums from unbanked and remote households (Box 6). Similarly, mobile phone proliferation allows for a cheap and fast way to communicate with clients, and potentially to prevent problems, such as lapses due to missed payments.

Box 6: How mobile money can facilitate microinsurance access

The growth of mobile phone penetration in developing countries has in some areas been accompanied by the emergence of mobile money applications. The availability of mobile networks in low-income communities, including remote areas, has heightened hopes for rapid financial inclusion through mobile money accounts. In 2007, Safaricom launched M-Pesa in Kenya and today, mobile money services are available in some 70 countries worldwide. The transaction platform offered by MNOs allows unbanked clients to access financial service that were previously unavailable to them. Mobile money is cheaper, more reliable and safer than cash for most clients (Donovan, 2012). Typically, the largest MNO in a developing country has 100-500 times more airtime reseller outlets than banks have branches. This implies better outreach and accessibility than any bank can offer. Many transactions can be done without any outlet interaction. The success of mobile money can best be observed in Kenya. The system has now spread worldwide. The association of mobile network operators (GSMA) reports that in 2013 there are 150 planned or existing mobile deployments around the world serving as an alternative to traditional banking for the poor.

PREMIUM COLLECTION BARRIERS

Many obstacles to premium collection, as highlighted in Box 7, are a direct outcome of limited means or channels through which to conduct financial transactions. Irregular incomes, coupled with poor access to financial services impede clients' ability to execute efficient payment transactions.

Box 7: Premium payment barriers faced by clients

- Liquidity constraints due to irregular income flows
- Lack of access to financial services
- Physical remoteness to payment facility
- Other spending priorities
- Forgetting to pay instalments

To overcome barriers, providers can proactively explore premium collection schemes that match client needs. Some of the predominant client characteristics that should be considered in evaluating how premium collection schemes are designed include:

- Irregular income flow requires products with flexible premium payments;
- Limited access to bank accounts or financial instruments, as well as the perceived and real dangers of holding and transporting cash, favours payment mechanisms such as mobile money, direct cash collection schemes or commodity-based transactions;
- Lack of access to automatized payment schemes increases need for payment reminders;
- Low level of trust in insurance can be countered by leveraging the better reputation of a partner (e.g. a mobile provider, an agricultural store or a cooperative) to administer premium collection.

AIC has successfully sought to overcome some of the payment barriers by using SMS reminders and direct calls (Box 8).

Box 8: AIC uses SMS and direct calls as reminders for premium payment

SMS technology is an effective medium for both promotion and communication with clients. AIC started using SMS campaigns in May 2010, helping to relaunch its product after the devastating earthquake of 2010 in Haiti. This proved a successful way of promoting the product and reminding clients to pay their *Protecta* premiums in the month that they fall due. Agents are also encouraged to call the clients to remind them to pay their premiums, and are given 400 phone minutes each month for this purpose. When talking to a client, time is often spent answering questions and servicing the client's general needs. If the 400 minutes are not sufficient for agents to contact all clients about their renewal payments, SMS campaigns are used as back-up.

Tracking of client payments reveals a spike in activities on the day of, and the three to four days following, an SMS campaign. These are timed for the middle of the month, to coincide with pay day on the 15th. If a particular campaign has not been as successful as planned, a second attempt is sometimes made around the 29th of the month, before the next pay day on the 30th or 31st. Messages are never sent more than twice a month, so that the effect does not wear off. The cost to AIC of each SMS sent was HTG 1 (USD 0.02).

Source: ILO, 2013a

Hollard, a privately held South African insurance group, sold 675,000 funeral policies between 2006 and mid-2013 through PEP, a cash-based retailer. Clients obtain a policy card with their purchase and pay the premiums on a monthly basis, in cash at a PEP store. A key success factor has been the use of SMS to remind clients when the premium is due. The SMS contains the policy number and can, in the absence of a policy card, be presented at the counter at the time of payment. SMS reminders have had a strong impact on persistency levels in cases where customers must come in person to settle their premium. In addition to the reminders, Hollard has started to send a 'thank you' SMS to confirm receipt of premium payments (Leach, 2010; Buthelezi, 2013).

PREMIUM COLLECTION OPTIONS

To overcome premium payment challenges, providers and their intermediaries have introduced a number of platform-based solutions that facilitate payment using technology. The most successful of these options leverage established networks and navigate existing supply and demand chains. The leveraging of existing relations (e.g. employer-based, mobile coverage, retail points of sale) integrates elements of familiarity and trust, which is otherwise often lacking for clients. Proven business relations also transmit to providers an increased sense of security, as they rely upon well-tested supply chains with an established track record.

It is also advisable for providers to focus on policy holders' employment or income situation. Knowledge of the source of a client's funding to pay premiums can help to cut transactions costs and the risk of lapses by collecting 'en masse' from that source. Providers should also gauge the time at which a client will be most likely to have enough disposable income to pay premiums. Payment schedules and modes should be designed to accommodate the client's situation accordingly. A good example of deferred payment schemes is that of swine insurance in China, where credit vouchers give farmers the possibility of buying a policy and postponing the premium payment. At the end of the insured period, when farmers generally sell their pigs and have funds available, the premium falls due. During an initial baseline survey, 75 per cent of farmers indicated their preference for a plan with premium payments at the end of the insurance period, and more than half of those questioned said that they were not able to raise the premium sum to pay at the time of enrolment. The implementation of a deferred premium payment possibility increased the purchase of the insurance from 5 per cent to 16 per cent between 2010 and 2012 (Cai et al., 2010).

In order to accommodate client requirements, some providers have introduced various non-cash payment options. These can be grouped into three categories:

Group-based: Providers have adapted collection procedures by tying payments to existing networks or organizations. Premium payments are embedded in service contracts, such as those of mobile communications or utility bills, or may be part of an employee-employer benefits plan. Payment methods rely on top-up mechanisms, usage-based customer loyalty credits or automatic salary deductions. The advantages of such collection schemes are that the premium is included in a pre-existing plan, tangibility is sometimes enhanced by the connection with a well-known product, and proximity to sales intermediaries is not a requirement. Non-payment and subsequent lapses are reduced by a more predictable and reliable cash flow stream. When designing frequent or flexible premium payments to accommodate the changing liquidity of a client, an automatic deduction is sometimes favourable, so as to avoid missed payments and limit the administrative costs for the provider. GRET, a French NGO, which has been active in Cambodia since 1998, presents an interesting example of a group-based health solution with an automatic collection mechanism.

Box 9 GRET: Automatic salary deductions

Since 2009, GRET's pilot health insurance scheme, Health Insurance Program (HIP), has been offered to garment sector workers at a monthly premium of US$ 1.6. In participating factories, where enrolment is voluntary, the premium is 50 per cent co-funded by employers, with the remainder financed by the employee. In factories where enrolment is mandatory, the employers pay 100 per cent of the premium. In both cases, the employer transfers the full premium to the HIP team at the beginning of each month, and in the case of factories adopting voluntary participation, deducts employees' share of the premium from their pay checks. Premium payment is completed either by cheque or wire transfers. When cheques are used, the HIP team collects them directly at the factory, generally combining this with another activity (such as an information session). However, GRET encourages factories to use wire transfers, since they are simpler and safer. Automatic deductions have not only added to the viability of the scheme, but have also added value for clients, by helping them to avoid coverage loss if they forget to pay premiums. Another advantage of the automatic deductions system is that it solves problems of liquidity constraints. By automatically deducting a premium from employees' pay checks, schemes can ensure that the premium will be collected, when money is most readily available, directly from the source. As of February 2013, ten factories were part of the HIP network, covering a total of 6,430 workers.

Mobile money-based: The advent of mobile money has introduced a convenient payment mechanism, which is increasingly being used by insurance operators and their intermediaries. These systems rely on clients opening electronic money accounts tied to their mobile number Box 10). Premiums are transferred via the mobile money account to the provider. In this way, the payment constraints of proximity and cash handling are eliminated, thus facilitating the payment process. Clients can remotely handle their premium obligations, while providers may be able to reduce the costs associated with premium collection.

Currently, three categories of mobile payment transaction are most common. Their differences and advantages with respect to microinsurance payment from a client perspective are outlined in Table 4.

Table 4: Pros and cons of mobile payments

Type of mobile payment		+	-
Loyalty credit-based account	Loyalty credits accrued by the mobile phone client and based on call volume, are used to pay the premium	Without fee to the user (MNO pays it) Good to introduce a product	Clients lose coverage when they change provider. Limited coverage level and typically very short term cover (i.e. one month)
Airtime deduction	Airtime balance on prepaid phone account is used like a currency. Payments are executed via SMS or made automatically post-registration and airtime is deducted.	Can be issued on the spot and without ID	Costly to the client due to VAT charges
Stored value mobile money account	Actual account is attached to mobile phone contract	Most versatile and closest to bank account	More cumbersome to set up Documents required

MicroEnsure's recent experience in Kenya combines a number of mobile payment practices (e.g. customer loyalty credits, airtime and mobile money) to facilitate easy premium payments (Box 11).

decision. Premium collection via airtime (i.e. a periodic deduction from a subscriber's prepaid account) is a useful means of premium collection. However, VAT and other fees can make the method too costly. Alternately, mobile network operators may provide a mobile money or airtime credit 'loan' to ensure a timely premium payment. Each of these solutions relies on complex technical tools that are only recently emerging in the marketplace. MicroEnsure has used both airtime deduction and mobile money account deduction in its work with Tigo, MTN and Airtel, and will continue to use both tools with *yuMobile* and other operators, as products evolve into their next stages of development.

Commodity-based: It is often easier for clients to barter their economic output, e.g. agricultural goods in exchange for insurance cover, than raise cash to pay a premium. Existing infrastructures such as cooperatives, agricultural retailers etc. can be used to facilitate the transaction, since they are already set up for this type of procedure. Such an arrangement eliminates the problem of farmers' seasonal cash flow. Integrating microinsurance into a client's livelihood and community can foster trust in the provider and lead to a better understanding of insurance for the client. Two examples from the agricultural sector are outlined below:

Opportunity Bank – crop payments: In Malawi and Mozambique, Opportunity Bank, a subsidiary of Opportunity International, offers a crop insurance product, which allows farmers to acquire a loan for fertilizer and drought resistant seed. The insurance premium, which is included in the loan processing fees, is pre-financed by Opportunity International. Farmers repay the premium to Opportunity Bank as part of their weekly loan instalments. After the harvest, the loan and any outstanding insurance premiums are repaid in cash or in the form of the crop itself. Should the harvest fail due to drought, there is an immediate pay-out. This linkage of a premium payment and risk coverage, which is directly tied to the client's livelihood and output market, has proved effective in easing liquidity constraints (Opportunity International, 2010).

Kilimo Salama – milk payments: This Kenya-based product features several good practice techniques that combine cash and payments in kind. Premium collection is facilitated by simple processes and interfaces with trusted intermediaries, thereby answering farmers' needs and leveraging aspects of group, mobile and commodity-based collection tools (Figure 5). A low-cost livestock insurance product was launched in February 2013 to protect small-scale dairy farmers against major losses resulting from the deaths of their cattle. The existing social and business structure of the *Tanykina Dairy Cooperative* is used to market and administer the product.

The cattle insurance product has been added to the list of purchasable services. The premium is pre-financed by the cooperative and the amount owed is then deducted from farmers' milk deliveries through their existing internal credit structure. Farmers deliver their milk to the cooperative on a daily basis and pay for value-added services such as veterinary packages, financial loans, etc. by having the money deducted from payment for their milk deliveries. The value of 4.3 litres of milk per month, over a period of one year, covers the amount owed for the insurance and care package for an average high-yielding dairy cow.

Figure 5. *Kilimo Salama* client

Pius Ng'etich gathers milk from farmers by bicycle and delivers to a chilling plant at Tanykina Dairy Plant Ltd. in Kipkaren Salient village, Kenya

4. RENEWAL

Efforts to increase renewal rates must focus on overall client satisfaction, while making the operational processes of renewal easy for clients. Key measures that support renewal include repeated instruction about product details, tangible benefits, reminders to prevent involuntary policy lapses and easy re-enrolment and payment procedures. Renewal usually refers to term products and requires insured clients to take an active decision to sign up again for a policy that is about to expire, and hence extend their coverage. The microinsurance sector struggles with low renewal rates, with opt-in products rarely achieving renewal rates of more than 30 per cent (Matul et al., 2013).

Client satisfaction is a prerequisite for renewal. This is influenced by all the experiences clients have had during the duration of a policy and the extent to which their expectations have been met. Contributing, or detracting from client satisfaction will be all client facing processes, the degree to which they proved simple or cumbersome, and the quality of service.

RENEWAL BARRIERS

The observed barriers to renewal from a client perspective fall into the two categories of insufficient client satisfaction and process related obstacles (Box 12). Insurance providers and distributors have contributed to non-renewal by failing to recognize client needs. Insufficient client satisfaction prevents a renewal, no matter how straightforward and easy the renewal process may be.

However, some satisfied clients fail to renew due to process related issues. They may be unaware that their policy is about to expire, or may find the administrative effort of renewal too burdensome. Often, people simply forget to renew their insurance policies or prioritize other, more short-term spending goals. Clients who are willing to renew must be alerted, and their re-enrolment must be facilitated using a convenient process.

Box 12: Renewal barriers faced by clients

Insufficient client satisfaction:
- Negative perception of value of insurance
- Negative experience with service quality
- No interaction with insurer during the policy term;
- No visibility

Process related hurdles:
- Unawareness of policy expiry
- Lack of availability of funds at renewal time
- Lack of information as to how, or where to renew
- Cumbersome renewal process

With *yuCover*, MicroEnsure experienced retention challenges in the first months after launch, partly due to lack of a direct relationship with the client, or high visibility. In Box 13, MicroEnsure illustrates its strategy to overcome these challenges through improved client interfaces.

As a product lasting one month, *yuCover* is structured so that clients maintain loyalty to *yuMobile*. The client relationship is managed by *yuMobile*, with MicroEnsure largely providing back-office and customer support services. Clients are re-enrolled automatically each month, with premiums paid from loyalty credits. Policy renewal is not a challenge, as long as subscribers maintain *yuMobile* as their network operator.

Partnership risk and spillover effects for provider and clients
Partnership risk created renewal constraints for the *yuCover* product as the following examples illustrate:

- Although the product initially created a strong retention effect, shortly after launch *yuMobile* became exclusively focused on urgent infrastructure improvements that inhibited the growth and automatic renewal feature of the product. This partnership risk created a performance constraint for the *yuCover* product.
- Because MicroEnsure was wholly reliant on *yuMobile's* relationship with its client base, some key elements of product success or failure were outside its control. For example, *yuMobile's* in-network call rates are very low or free, meaning that the top-up values on the network often remained small for the low-income customers that MicroEnsure was targeting. Clients may have been using the *yuMobile* network. But since they had free in-network calls, they had no need to top up, and as a result did not qualify for the *yuCover* product, which was based on airtime spend.
- Another element of partnership risk surfaced during the period, when *yuMobile* focused resources on its own physical infrastructure, causing a delay in a proposed marketing campaign. The campaign was created to increase product awareness, remedy renewal challenges and boost product uptake.

Increasing provider visibility and shortening distance
While MicroEnsure sees partnership with MNOs as a risk worth taking due to the unprecedented scale of the opportunity they offer, it is considering steps to shorten the distance between itself and the end users of its insurance products, in order to improve renewal rates. Initiatives currently active or under development include:

- Outbound welcome calls to new registrants in order to solidify understanding of the product
- Interactive Voice Response menu in English and local languages so as to connect with clients, who may be illiterate and/or do not understand English. The initial product was only offered in English text over a USSD menu
- Outbound MicroEnsure call centre, targeting clients, who indicate a lack of understanding via their behavioural interaction with the USSD phone menu and who may benefit from additional information
- Targeted, long-form SMS to current and potential clients, as well as MNO field staff, so as to supplement their understanding of the product, test their knowledge and provide feedback
- MicroEnsure Engagement Managers to work with *yuMobile* field staff in explaining the product and ensuring a high-quality customer experience
- Improved USSD menu, with local language option.

All these interventions will be enhanced through wider marketing by *yuMobile*. With improved education, nationwide marketing will create a network messaging effect, which can provide a stronger basis for product adoption. Initiatives will include street posters, brochures distributed via 500 *yuMobile* field agents, road shows, radio and other activities.

GOOD PRACTICES TO STIMULATE RENEWALS

The two levers that increase renewal rates – client satisfaction on the one hand, and an easy and conducive operational process on the other – presuppose a number of conditions that must be fulfilled if the renewal process is to work well. These conditions include the following:

- the client has to be sufficiently satisfied to want to renew the policy;
- the client has to understand the product so as to be able to use it;

- the client has to be aware of the expiry date of the policy and the need to renew;
- the client has to be able and willing to pay for the renewal in a particular time window;
- the client needs to be aware of how to renew the policy;
- clients have to act upon their intention to renew.

Education, service quality and tangible benefits are important. The perceived return to clients is the deciding factor for policy renewal. Specific measures aimed at increasing the value of an insurance policy to clients fall into the following categories:

Product use: on-going support and good instructions

Concrete and on-going instructions to clients, on exactly how and when to use the insurance policy, are crucial. Examples are helplines, trained agents, welcome meetings, home visits and use of SMS. As illustrated in the case of *Swayam Shikshan Prayog* (SSP) clients who have actually used a product in the past are much more likely to renew when they have experienced a concrete benefit (Box 10). However, first it is important that they understand the details, e.g. the benefits provided, exclusions that apply, how and where to get support and how to file a claim. Only when they have this knowledge will clients be able to benefit, avoiding the risk of delusion due to poorly understood promises. The challenges experienced by ICICI & RSBY and MicroEnsure clearly highlight the importance of ongoing support and good instructions to all actors involved.

ICICI & RSBY – Health microinsurance in India: Initial awareness campaigns for outpatient health insurance had misjudged the complexity of the product and the procedure involved. The information given to beneficiaries and health-care providers was complex and left them confused about both the process and the benefits. As a result, physicians were not proactively asking about the RSBY biometric card, since they did not understand how the free public health service system and RSBY would function together. Awareness was not spread by word-of-mouth, since product use levels were low. Also, due to lack of proper understanding of the benefits offered, providers were unable to explain these accurately to visiting patients. Initial difficulties encountered with new technology have since been addressed by ICICI, which has provided intensive staff training and introduced improved software. Similarly, extended back-up batteries for mobile devices and Bluetooth connectivity have allowed providers to operate even in regions which are challenged, both in terms of network and power connectivity.

MicroEnsure - *yuCover*: When *yuCover* was originally launched in Kenya, with an English-only USSD menu, non-English readers, as well as the illiterate, experienced problems. Furthermore, the system allowed subscribers to register for the policy, without first learning about it from the information menu. These two factors resulted in low levels of understanding for many clients. The product covered permanent disability, which clients struggled to understand. Broken arms, bruises, scrapes and scars were all submitted for claims payment and had to be rejected, producing a negative impact on renewal. It became obvious that clearer information was required if the product was to have a high impact and maintain a good brand reputation for *yuMobile*.

In order to address barriers to client understanding, MicroEnsure and *yuMobile* looked into:
- Using voice technologies such as outbound calls and Interactive Voice Recognition (IVR) to ensure a high degree of comprehension;
- Ensuring that clients who enrolled received a consistent educational message;
- Introducing local language USSD applications and call centres.

Other providers have also attempted to reduce barriers to client understanding. GRET has set up helplines to reach out to its Sky and HIP clients, and Uplift has used welcome meetings and home visits to make contact with new clients.

Given the importance of good instruction, it is critical to supply adequate training to agents and support staff, in how to communicate product details effectively.

A successful claims settlement is the most value-creating event during a policy period. It is, however, a rare occurrence, unless the cover is provided for a high-frequency event. Value-added services (VAS) can have a significant positive impact on how clients value a policy, and hence on renewal rates.

VAS that improve the client's life in a concrete way add value and build trust. Relevant and ongoing benefits offered throughout the policy duration add positively to the client's level of satisfaction. Good examples for valuable services attached to an insurance policy include the case of *Naya Jeevan's* dial-a-doctor remote consultation and health check-up service, as well as low-cost medicines offered by SSP and Uplift (Pott and Holtz, 2013).

However, VAS do not necessarily have to be health-related, or administered by the insurer. Partnering with an existing service provider may prove convenient. Mobile applications (m-apps) hold significant potential, since they enable valuable information to be distributed in a cost- effective manner to millions of subscribers, and allow the client to benefit in a meaningful way. Two examples for existing m-app services that could potentially enhance microinsurance schemes are:

- IKSL in India, which delivers agricultural tips to farmers via voice message to overcome low literacy levels (Jadhav et al., 2011);
- MOTECH Ghana, a service for pregnant women and their families in rural Ghana. It delivers weekly automated voice or SMS messages, with time-specific information, encouraging them to make health-care choices such as receiving recommended vaccinations or maintaining proper nutrition (Grameen Foundation, 2012).

The contribution of value-added services to renewal rates has also been verified in the case of the Indian health microinsurance scheme SSP, which offers discounted outpatient services (Box 14).

Box 14: Use of VAS boosts renewal

SSP finds use of outpatient services by clients to be associated with increased renewals. As an added benefit of its cashless inpatient health insurance product, SSP offers clients a discount on consultation fees from a network of local physicians and on retail prices of drugs.

Those who accessed discounted outpatient services were three times more likely to renew their policy than those who did not use them. Clients who did not use either outpatient or inpatient services had a 15 per cent renewal rate, compared with a 45 per cent renewal rate for those who used outpatient services, and a 69 per cent renewal for those who used both outpatient and inpatient services.

Clearly, use of the benefit, and to an even greater extent, use of the VAS, increased the perceived value to clients, leading to policy renewal.

Renewal rate by inpatient and outpatient services used

In Patient	Out Patient	
	Not Used	Used
Used	33%	69%
Not Used	15%	45%

3 times more likely to renew

Source: ILO, 2012c

Ideally, value-added services do not just increase clients' perceived value of a policy, but also impact positively on their living conditions. Potentially, such services can actually diminish client risk and make it less expensive to insure them (e.g. informed farmers may have higher yields and informed women may have healthier pregnancy outcomes).

Quality of services: client interaction and good service

Continuous customer interaction and support, together with client focused processes, contribute to positive renewal decisions. Real-time client support via phone, SMS or in person, throughout the policy duration, coupled with easy and convenient processes, help to ensure a satisfying client experience. The simplest tool – communication – can contribute significantly to improving retention rates by reinvigorating the human dimension in the end-client and provider relationship. Furthermore, continuous coaching of operational staff must be considered an integral part of a company's commitment to client servicing in order to ensure sufficient service quality.

The claims settlement process has a particular impact on renewal rates. A claim that is paid promptly, and with minimal fuss, helps to make the promise of insurance real for the customer and lends credibility to the product and its provider. A case in point involved an insurance company in Uganda, which had drawn up an agency agreement with MicroEnsure in 2007. After the devastating Owino market fire in February 2009, MicroEnsure submitted 243 claims to the insurance company. The company adopted an investigative approach, taking a whole year to complete the process. The consequences were devastating for policy-holders and the insurance company lost considerable renewal business. Its understanding of the crucial impact of claims settlements has led MicroEnsure to reduce its claims processing time to 14 days or less in Africa and Asia. Recently, MicroEnsure was able to put this learning process into practice in Ghana, where the company and its partners were able to resolve more than 300 claims within two weeks after a large market fire in Accra. As a result of the fast claims pay-out, MicroEnsure and partners reported a strong surge in interest for a variety of insurance products (MicroEnsure, 2013). The importance as a trust-building factor of settling claims quickly and reliably is recognized. For this reason, testimonials from satisfied clients are used by providers to build up a positive reputation through multiplier effects.

It is also crucial that both the actual product and service delivery are of high quality. If not, clients are unlikely to renew. Should medical procedures or funeral services be of sub-standard quality, clients will feel cheated and lose trust in such schemes. In health microinsurance, it is particularly difficult to separate the related provision of health care from the insurance product. They are separate entities, but are also closely linked. A good and efficient health-care system may not be accessible to many due to lack of insurance. However, a good health insurance plan is of limited use if health-care service is not adequate.

Ease of access to health care is often considered a product feature. Similarly, poor quality of health centres is identified as one of the primary reasons for low demand for health microinsurance (Criel and Waelkens, 2003; Basaza et al., 2008; De Allegri et al., 2006). Quality of the client value proposition is even more relevant in the context of renewals. Dong et al. (2009) indicate that the perception of the quality of the health centres is a key factor underlying the decision to renew or not.

The risk of inadequate quality extends to partner networks. If an MNO experiences network problems, this can have a negative impact on the renewal ratio of the microinsurance product attached to it. As seen earlier in this section, MicroEnsure experienced such partnership risks in the initial stages of the yuCover introduction, with subsequent impacts on retention rates.

An operational process of renewal that is easy, flexible and with real-time support is the second most important feature in increasing renewal rates. Measures to improve the renewal process are often extensions or add-ons to the access solutions mentioned earlier. The renewal process itself is inherently a "re-enrolment" one, usually conducted in conjunction with request for a premium payment. Many improvements rely on technology for policy extension, offering convenient, simple, and immediate solutions to the client, and a cost-efficient system to the provider. Incentive schemes for the agent

or client can be used to encourage renewal. Examples of these operational or system-driven measures that facilitate renewal include:

Reminders, often using technology: Automatic reminders forewarn the client of an upcoming policy expiry and give clients time either to renew an existing policy or to be informed of a valid alternative. Most frequently, SMS are used as automatic reminders, building on the positive experience of premium payment SMS reminders, or of policy details that have been provided via this route. For example, South African insurer Hollard has extended the use of monthly SMS payment reminders to cover renewals, as a way of communicating with policy-holders. As a result, the company is experiencing growing success with its funeral product and has sold nearly 700,000 policies since 2006 (Buthelezi, 2013).

Another example is in rural India. According to Yogesh Gupta, head of business procurement and microinsurance at India's *Bajaj Allianz Life*, a major issue with microinsurance in India has been the cost of renewals. Reasons appear to include customers' low literacy levels, lack of insurance awareness, language barriers, lack of infrastructure and difficulties in keeping track of customers. However, *Bajaj Allianz Life* has been able to reduce microinsurance costs through various unusual methods, including sending handwritten postcards in the local language, organizing public announcements accompanied by beating drums and staging street plays. These activities are conducted in villages across the country, reinforcing messages about the importance of renewals (Saraswathy, 2013).

Easy interfaces: Re-enrolment measures that do not require clients to travel long distances or leave their workplace save customers costs. In Nigeria, Hygeia Community Health Plan (HCHP), an NGO distributor of inpatient health insurance, noticed that one of the main causes of low renewal rates was linked to clients' lack of access to convenient points of sale. As a result, HCHP has decided to introduce a mobile phone-based payment system, which will allow clients to renew policies from any location. A vendor has been chosen and the project was due to be launched in the second half of 2013. In Kenya, Kilimo Salama activates renewals automatically, whenever a farmer buys new seeds at a certified cooperative. Clients only have to deal with the issue of insurance when purchasing agricultural goods. Renewal is thus without effort or additional cost aside from the premium, e.g. foregone income or long travel.

Opt-out versus opt-in: Another way of adapting product design to alter renewal impact can involve a decision by providers to choose a system of automatic renewal, with an opt-out possibility for the client (Box 15).

Box 15: Opt-in vs. opt-out

Automatic renewal appears to be advantageous for retention rates because only clients who decide to discontinue a policy need to take action – all others remain enrolled. For the provider, the need to alert and remind clients is eliminated, as are inadvertent policy lapses, and renewal processes are limited to facilitating the opt-out procedure. *Naya Jeevan*, for example, has resorted to a stay-in solution. However, this provider gives the client the possibility of opting out at any point up until the end of any month. Equally, it must be made clear to clients that unless they cancel the policy, premium payments will continue to be due. Consumer protection should be a constant concern. For example, if a product is free, or paid out of loyalty credits, automatic renewal may be the better solution for a client, since this system alleviates behavioural constraints. For the provider, this option is also less costly and simpler.

Opt-out vs. opt-in: a valuable solution in certain contexts
Garment workers often forgot to renew their policies, despite GRET's massive renewal campaign. But since HIP agents were present in the factory, and the complaints system showed that most workers were satisfied, GRET decided to change HIP to an opt-out system. With this new system, clients who no longer want to pay for the health coverage must call the GRET hotline one month before the policy expiry date. The procedure is very simple and, given that HIP will soon be mandatory and managed by the government, the new opt-out system is a good way of protecting workers who value the product, but often forget to renew it.

Incentivizing renewals: Providers have sought ways to incentivize the main actors involved in renewals – clients and sales representatives – by introducing rewards, gifts, cash discounts or increased coverage benefits. For example, on the client side, CARE Foundation has introduced incentives in India by launching a health microinsurance product, which is sold by grassroots community health workers (Village Health Champions or VHCs). To incentivize renewal by non-claimants, the VHCs offer additional product-related benefits (e.g. return on investment via a savings component or increased coverage) or discounted premium (ILO, 2012d). On the sales side, Pioneer Life, a Philippine-based life insurance provider, has sought to increase low renewal rates by incentivizing sales coordinators through a number of measures. These include referral commissions, cash rewards, medical allowance benefits and even gift items, such as washing machines or touchscreen phones. The sales coordinator who sells the highest number of policies over a period of 12 months receives a vacation package for two or hospitalization outpatient/inpatient benefits for one year. Since the launch of the sales incentive programme in 2011, renewal and new sales rates have more than doubled the levels achieved in previous years.

A more comprehensive use of incentive schemes was made by GRET, the French NGO, which combined agent incentivization with payment flexibility and product education in order to enhance renewal success (Box 16).

Box 16: GRET - Enhancing renewals through agent incentivization and flexible payment

Context
In 2000, GRET launched the SKY project, a community-based health insurance scheme which offers voluntary health coverage in public health facilities and primary health clinics. In 2012, GRET transferred management of the scheme in rural areas to local operators, only maintaining responsibility for managing the scheme in the city of Phnom Penh. Before the transfer, in 2011, SKY had reached approximately 73,000 beneficiaries.

Renewal barriers
GRET faced retention issues with the SKY schemes. Despite large numbers of enrolments, drop-out rates were a major concern for SKY in 2008. Among the main reasons undermining renewal rates were cash constraints, exacerbated by a system based on monthly payments, and a low perceived value of insurance. Incentives for agents were inadequate, and failed to promote renewals of existing client business.

Solutions/good practices
To enhance SKY renewals, GRET piloted a new agent incentive model and later expanded it to all districts where SKY was operating. The new system cost approximately the same as the old one, and introduced a fixed monthly salary of US$ 100 for agents, plus a fixed monthly incentive if the number of enrolments exceeded the number of dropouts by three. The amount of this fixed incentive depended on the number of months for which each family had enrolled. It could range from $ 1 for a 3-month period to $ 5 for a 12-month period. If the number of dropouts exceeded four per month, a penalty of $ 1 per dropout (with a ceiling of $ 20) was imposed. In this way, agents were given incentives to attract new members, while maintaining existing ones. Since GRET started this system immediately prior to transferring SKY management to local operators in rural areas, it was not possible to evaluate the impact of the scheme. However, the overall impression is that dropout rates declined after the introduction of this new model. In 2011, dropout rates averaged 4.4 per cent per month.

Less frequent payments
As a response to cash constraints faced by SKY clients, GRET changed the premium payment method to one of quarterly instalments. It also encouraged the take-up of longer lasting policies by offering discounts for insurance products lasting for one year.

Constant client communication
GRET provides SKY clients with a 24-hour hotline, which they can call in the event of doubts, questions, complaints or emergencies. This guarantees that clients can receive the information they need, and that they have a contact point if

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they encounter problems. The cost of this service to the client is that of a monthly phone card ($ 5). The average number of calls per day is five, and the system addresses the following issues:

- provides details of the benefit package, particularly for clients wanting access to facilities outside Phnom Penh, for emergency or child delivery services;
- health questions, when no hostesses are present (e.g., on weekends) at the health facilities;
- ensures access to health facilities, even if, for example, clients have forgotten their membership card and booklet; the hotline can check status of the member (active or inactive) by SMS;
- offers a way of dealing with member or employer complaints, regarding care quality or health facility staff.

Source: Interview with Pascale Le Roy; ILO, 2012a

5. HOLISTIC VIEW OF PROCESS

Practitioners need to think of client facing processes in a more holistic manner, rather than exclusively in terms of cost-efficiency. They offer significant opportunities for improving client value.

The following three success factors emerged in our research as key considerations for practitioners:

- Client focus: a continuous effort to understand clients' needs and translate them into better products and processes;
- Technology: use of technology to deliver a cost-effective insurance offer, which is convenient for clients
- Trust: the need for confidence on the part of clients that the insurance provider will fulfil its obligation. Consistent business processes play a vital role in building trust.

Together, these success factors help to address client needs, as well as respond to cost-efficiency issues for providers. They help to ensure sustainable business by increasing uptake and renewal rates and achieving continuous improvement of the value proposition. Several cases (e.g. *Kilimo Salama, Naya Jeevan* and MicroEnsure) featured in this study support a holistic view and improve clients' experiences. *Naya Jeevan* applies client focus by reaching beneficiaries through contacts with prospective sponsors at their workplace, in the case of larger corporations, and then following them down the supply chain. MicroEnsure, on the other hand, relies heavily on the benefits of technology, leveraging mobile applications across the insurance value chain to make access easier and enhance flexibility of payment and renewal. In the case of *Kilimo Salama*, the agro-vet store is part of the client community – farmers need to go there anyway to buy supplies, and they trust the vendors to give reliable agricultural expertise. These examples can provide practitioners with valuable tips on how to adopt a more holistic approach towards clients.

CLIENT FOCUS

Adopting a client perspective is important if access and retention rates are to be improved for microinsurance. Resources need to be invested in order to acquire an in-depth understanding of client needs. The goal must be to engage with customers so as to understand their lives and align products and services to their preferences and means. Client focused design and segmentation should be used in an effort to appreciate customer behaviour and understand what they purchase, where acquisition is most convenient, how frequently income arrives and what risks are present.

As illustrated in Box 17, possible solutions should be explored in the overlap between the three circles, i.e. the products have to be desired by the client, technologically feasible and financially viable.

Box 17: Client focused design

In the quest to design better adapted financial products for the low-income population, the Consultative Group to Assist the Poor (CGAP) has turned to IDEO, a human design consulting group to guide it through an exercise known as the HCD (Human Centred Design) process, with a particular focus on the needs of low-income communities. CGAP's work in Applied Product Innovation aims to understand how customer-centric design methodologies used in other industries could be tailored to achieve better financial service offerings. Pilot projects were implemented in 2012 in Brazil, Mexico and Uganda. HCD may serve as a valuable model to design more customer focused, client facing microinsurance processes.

DESIRABILITY
What do people desire?

FEASIBILITY
What is technically and organizationally feasible?

VIABILITY
What can be financially viable?
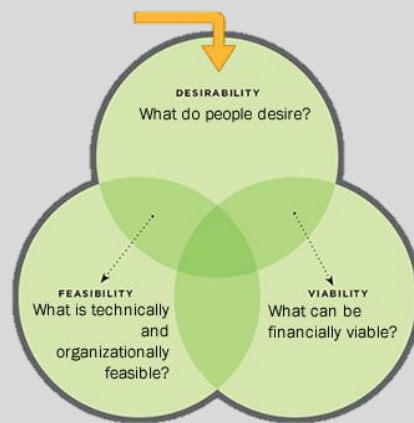
Source: CGAP, 2013

Customer-centric methodologies such as HCD focus on interviews conducted in customers' homes or workplaces, observation of users' daily routines, understanding the context in which products will be used, and in-depth, one-on-one interviews so as to thoroughly understand how clients behave and the underlying needs they have. On the basis of thorough client research, a creative process begins to synthesize and develop prototypes that must then be tested for client acceptance, as well as for feasibility and financial viability from the provider's perspective.

CLIENT FOCUS IN PRACTICE

Providers who promote a client-focused business culture facilitate the flow of information and generate transparency (Dror et al., 2012). When management and operational staff lack insight into client needs and preferences, more mistakes may be made, costs inevitably rise and inefficiency is likely to gain ground.

Kilimo Salama exemplifies good practice in demonstrating how client focus can be put into practice. All questions posed by *Kilimo* clients receive an immediate personal response. Questions that vendors may have on technological or product issues can be answered by a telephone helpline. The distribution location offers clients proximity, familiarity and trust, together with an immediate and simple mechanism for insuring the inputs that the farmer came for in the first place. As far as renewal is concerned, farmers have to return on an annual basis to buy new seeds, which provides the perfect opportunity to remind them about extending their policies.

Another example of client focus in practice is Pioneer Life's use of multiple measures to galvanize client communication and increase sales (Box 18).

Poor client focus leads to declining enrolment rates
Pioneer Life, the Philippines-based life insurance provider, experienced poor client communication, leading to a decline in enrolment, difficulties with premium collection and challenges for renewals. Pioneer prided itself on being able to design solutions and access strategies suited to its clients' needs. It had placed two life insurance products on the market for low-income clients: 1) a savings product bundled with life and accident insurance; and 2) a life insurance product including fire insurance and accident and medical reimbursement for adults.

A multi-pronged approach to address client needs
The company used a multi-pronged approach to address client needs and close service gaps. Pioneer Life increased financial literacy seminars, but realized that these would be insufficient if not coupled with proactive marketing initiatives. As a result, the company launched an SMS campaign, increased agent interfaces in the regions and extended insurance benefits to club members, offering high interest rates and other privileges usually reserved for corporate partners. Through these efforts, Pioneer Life was able to increase its sales conversion rate from 15 per cent to 40 per cent, indicating that the strategy of bundling together different measures was an effective one. Pioneer Life's success is attributed to the close relationship it has fostered with its client base.

Source: ILO, 2012b

USE OF TECHNOLOGY

Use of technology is important for optimizing client facing transactions. Seamless processes that allow clients to navigate a simple procedure conveniently and with ease can facilitate scale and cost savings. Client interaction has proved to be a double-edged sword, since it is a core pillar of the business itself, yet also carries a significant cost.

Technological advances, particularly the rapid proliferation of Internet and mobile network availability, have generated new ways of facilitating and improving client access (e.g. enrolment, premium collection, renewal, claims handling and client communication). Web portals, online applications, smart cards and mobile money are among tools that can lead to cost reduction. By the same token, all these technologies have the potential to improve access for previously excluded client segments and make administrative procedures easier for them.

The growing importance of mobile phone networks as a vehicle for microinsurance has played a special role in revitalizing the debate on the business potential of the microinsurance sector. Indeed, the term 'mobile microinsurance' is now used for any type of microinsurance product that leverages mobile channels to improve part of the insurance value chain.

Multi-layered solutions
A single technological tool is rarely sufficient to meet clients' needs and the cases reviewed show that successful client interfacing combines appropriate technology with low-tech elements in an innovative way. A multi-layered approach has proved most effective in catering for various customer and stakeholder needs. These diverse elements must then be merged into one seamless process, so as to ensure a consistent user experience. The agricultural insurance of *Kilimo Salama* is a good example of a successful response to distinct needs by using different tools. It works like this:
- Farmers pay cash for their goods, including the insurance premium top-up. The vendor scans the price tag and wires it electronically, together with the personal information of the client, to the insurer. The insurer then issues a receipt via SMS directly to the client's cell phone if available. The vendor periodically sends the insurance premiums he receives in bulk, via a mobile money account with *M-Pesa* to the insurer. Diverse interfacing technologies are the backbone of such a process. Nevertheless, the traditional element of cash is smoothly embedded because clients require it.

As outlined in the case study earlier, *Naya Jeevan* has also integrated two distinct enrolment procedures to improve take-up: the first uses quick online applications for the educated employer; the second involves a personal inquiry by phone to collect data directly from the beneficiary.

Good practice in this area is achieved by:
- Designing interface processes based on client preferences and capabilities;
- Choosing the most appropriate technologies where applicable;
- Layering them appropriately at each stage of the value chain so as to provide choice;
- Avoiding unnecessary complexity;
- Seamlessly merging technological applications with low-tech processes to provide a consistent user experience.

Table 5 summarizes how MNOs in particular can be used to support client access in an efficient manner.

Table 5: MNOs and their potential contribution to improving client access

Relevant mobile infrastructure	Client Focus	Enrolment	Premium	Renewal
Communication channel • Call centres • Auto outboundcalls • Interactive voice menus • SMS • STK or USSD*	Explaining product features, value-added communication messages, real-time support over the air	Enrolment via USSD phone menu, confirmation via SMS, data collection through mobile phone call	Premium payment reminders can be sent out to client	Renewal reminders can be sent out to client; easy renewal possibility via automatic renewal, by phone handset or over the air by client
Retail sales & distribution: • Airtime dealers • Mobile money agents • MNO field agents • MNO shops	Face-to-face customer service interaction, operational questions by agents	Distribution and acceptance of enrolment forms by agents	Premium can be paid by client via mobile money, airtime, loyalty credit etc.; vender can take cash or commodity from client and then wire money in bulk to provider	Renewal can be done in person if desired
Payment mechanisms: • Pre-and post-paid airtime accounts • Stored value mobile money account • Over-the-counter mobile money • Loyalty credit for airtime usage, top-ups, money transfer volume, etc.				Renewal premium can be paid by client via mobile money, airtime, loyalty credit etc.; vendor can take cash or commodity from client and then wire money in bulk to provider
Transactional data:	Insurers can collect and analyse MNO client data to better understand customer behavior and preferences. These insights should be used to continuously impove and adapt product, price and client facing processes			
Brand:	Co-branding can build confidence and trust in microinsurance			
* STK and USSD messages create a real-time connection during a user session. The connection remains open, allowing a two-way exchange of a sequence of data. This makes STK and USSD more convenient than services that use SMS Source: Tellez, 2012				

Challenges

Technologies bring great promise in terms of increased efficiencies, reduced costs and increased outreach, albeit at the cost of human interfaces or more time-intensive and interactive processes. It is neither new nor surprising that trust is a

particularly important factor in the relationship between low-income clients and providers. However, this is one element that deserves a fresh look in the light of the role technologies and innovation will play in developing the microinsurance sector. Some of the emerging challenges linked to the introduction of technology in client facing elements of the value chain are listed in Box 19:

Box 19: Technology and its challenges

- Reduced human interfaces increase distrust among clients
- Excessively advanced technological solutions can challenge clients' and operators' ability to use them
- Complex process or product features may not be sufficiently well explained using technology-based interaction alone
- Unreliability of technology (erratic connectivity of Internet or mobile coverage, in particular) can challenge the value proposition as such, by introducing new barriers and may undermine client confidence
- Technological front-end tools cannot make up for an ill-defined process and require an equally efficient and well-functioning back-end system on the provider side.

Technological advances have sometimes alienated or confused clients, who would often prefer to connect with a trusted partner, receive face-to-face counselling on the complexities of and need for insurance or obtain personalized, periodic updates. Technology and innovative practices have intentionally reduced human interfaces (e.g. sales agent networks and customer service centres) so as to increase efficiency and reduce cost. But at the same time, they have unintentionally contributed to lower levels of trust due to a reduction in human contact. Not only does the 'look and feel' of these systems need to be humanized, but, more importantly, the manner in which they interact with clients should be re-examined.

If high-tech solutions are introduced too rapidly and are too complex for the knowledge and technical capacity of clients and operators, procedures will often fail and take-up will suffer. A sequenced introduction can ensure that the human interface is not overwhelmed by complexities, and that the technology works sufficiently well so as not to threaten the process as such. Technological investment also needs to be matched by education and training for clients and staff (Smith et al., 2011). Most importantly, the client facing process must be well designed, with client needs defining the selection of interaction tools, whether they be technological or otherwise. One insurance service provider, MicroEnsure, has considerable experience of the kind of glitches that must be ironed out, if trust issues are to be avoided, particularly where technology is replacing human interfaces. With *yuCover*, MicroEnsure and *yuMobile* have attempted to scale up a product at low cost and with high client impact. In order to accomplish this goal, MicroEnsure identified six key functions of agents – marketing, education, enrolment, premium collection, customer service and claims processing – and tried to identify technological means of ensuring a valuable customer experience without agent involvement. Much was accomplished via SMS marketing and using a simple front-end USSD interface, accessible via a short code on subscribers' phones. The initial results of the pilot phase were strong in some respects – notably client behaviour change – but weak in others, such as client understanding.

In order to overcome client barriers, MicroEnsure is now planning to use a range of tools (e.g. voice technologies, more basic product descriptions and a multilingual call centre) to improve the customer experience. It has become clear to MicroEnsure that no single technology can provide all the services needed to fulfil customer requirements. Best practices identified by MicroEnsure in this area include: offering a simple product that can be explained in one minute or less; catering for illiteracy and language requirements; ensuring that each customer reviews the product explanation at the time of enrolment.

TRUST AS KEY

Lack of trust has been identified as one of the greatest barriers to insurance take-up, so trust-building efforts need to be integrated into all aspects of access. Microinsurance products differ from credit products, for example, in that people are required to pay a certain cost up front and trust that the insurer will keep its promise. In this sense, the insurance policy itself represents a risk to the client. This is particularly relevant in the context of rural areas, where formal contracts may be worth little, and many people do not have addresses or even identity cards, are unaware of their rights and could not enforce them even if they did. In such areas, it is of paramount importance that providers convey the message to the client that they are both able and willing to fulfil the contractual obligations.

Major barriers to trust, which can impede access, are as follows:
- Concept of insurance is not understood;
- Providers' willingness to fulfil obligations is not trusted;
- Business processes fail to deliver services effectively and create negative experiences (or reputation);
- Sole proof of insurance being beneficial to client is a settled claim;
- Even immediate 'peace of mind' benefit requires trust in insurance policy.

One example that illustrates how trust barriers can lead to low insurance uptake involves a study of rural pig farmers in south-west China. Chinese farmers' reluctance to participate in a government-sponsored insurance scheme revealed low levels of trust in the government's ability to fulfil contract obligations, as well as past negative experiences. Despite substantial subsidies, farmers – who faced risks such as natural disasters and disease – failed to enrol, with take-up rates stagnating at 50 per cent. The study authors explain that since insurance represents an up-front cost, with benefits received later, the farmers must be confident that the provider will pay out benefits. Since the farmers' had previously experienced pressure from the local authorities wanting to generate additional revenues or create new fees, they did not trust the provider's commitment to meet obligations. In addition, should the local government fail to pay-out, farmers have few, if any, options for legal recourse (Cai et al., 2009).

In order to build confidence in the concept of insurance and improve access, practitioners should approach trust with a multi-pronged strategy, which focuses on business processes (e.g. the components of access) and includes many of the measures highlighted in this study (Table 6).

Access components	Role of trust	Trust-building approaches
Enrolment	Simple, quick procedures, combined with effective interfaces and a convenient time and place, overcome distrust	• Client facing procedures can be enhanced through quick communication and real-time support, (e.g. reminders, confirmation of status) • Face-to-face communication can enhance trust by building the relationship between client and provider • Integrating technology effectively and addressing self-enrolment pitfalls via automatic outbound calls, SMS assistance, and IVR
Premium collection	Systems that work efficiently build trust, while those that record premiums inaccurately can destroy trust overnight	• Established and well-functioning collection mechanisms (e.g. employer-based, mobile coverage, retail point of sales) leverage familiarity and build trust. • Low trust in insurance can be countered by embedding premiums in existing products that are familiar, tangible and immediately needed by the client (e.g. loans, supply purchases)
Renewal	Client satisfaction creates a positive multiplier effect by retaining existing clients and adding new ones as a positive reputation, trust and loyalty grow among the target population	• Value-added services (e.g. information on agriculture, weather forecasts or dial-a-doctor) improve clients' lives and build trust • Fast and reliable claims payouts, supported by claims celebrations and testimonials, contribute to increased interest in insurance products • Quality services and products reassure clients, while sub-standard quality (e.g. poor medical procedures or funeral services) leave clients feeling cheated and diminish trust

The cumulative effect of the above factors is a combination of client satisfaction and easy or conducive operational processes that convey credibility and trustworthiness to clients. The impact of all client–provider interactions should leave clients feeling they can rely on functioning processes that are adapted to their needs.

However, even if clients trust the concept of insurance, they still may not necessarily have confidence in the industry, i.e. particular providers or distributors. At the core of this mistrust is lack of familiarity, or past negative experience with providers (as in the case of the Chinese pig farmers), which can effectively reduce enrolment and renewal rates. Providers must therefore work hard to build confidence and may use different approaches, including the following:

Leveraging trusted partners, who may include community leaders, peers or familiar retail networks: Many cases exist of providers who have introduced trusted intermediaries to communicate more effectively with their clients and build relationships. This concept of 'cascading trust' involves providers relying on local partners, who are knowledgeable of local practices and are trusted in their communities. Through these networks, providers gain access to clients and can leverage the good reputation of intermediaries. In turn, the intermediaries rely on the trustworthiness of the provider to deliver a reliable product. For example, in India, *VimoSEWA* (VS), a community-based insurance scheme that provides health, life, asset and accident insurance, employs women, who are recognized as community health workers, as its primary distribution channel. This selection is effective, since VS focuses primarily on women clients due to the union structure. These community leaders are known to clients, are familiar with the clients' lifestyles and are able to transpose the clients' trust in them to the insurance offer (Garand, 2005).

The experience of VS also raises the important issue of peer pressure in insurance sales. Peers or individuals, who are known to clients within their community and who have purchased insurance, can spread important knowledge about the product and raise the likelihood of more insurance purchases within the community (Matul et al., 2013). Lastly, the use of familiar retail networks has been employed successfully in South Africa, as the examples of *Shoprite* and *Take it Eezi* illustrate. In both instances, the shops displayed insurance products, such as funeral or accident policies, and sold them,

via store counters in the case of *Shoprite*, or non-advice application forms with boxes to tick off in the case of *Take it Eezi* (Smith et al., 2011).

Engaging clients in a familiar environment: Providers who engage clients in their own community bridge the distance – geographic or knowledge-based – that can exist between the two sides. By participating in clients' daily routines, providers take an important step towards gaining trust. One study, by Patt et al. (2009), has indicated that farmers place trust in institutions of which they are members and that with time, this trust grows. *Kilimo Salama* has demonstrated how it combines several inputs (e.g. a familiar environment, agricultural supplies, technology-based solutions and educational information) to develop close ties with its clients and provide them with an environment where they feel comfortable in making insurance purchase decisions. Similarly, in Bangladesh, Delta Life has used the strategy of employing agent networks to address clients in the familiarity of their own home or work environments. For example, they use a door-to-door system to collect premiums. This has the added benefit of developing and maintaining relationships with low-income clients, provides privacy and also enables women, who may not be allowed to travel, to participate (McCord et al., 2005).

Offering socially responsible community support: Providers realize that an important component of the trust-building process is their direct contribution to the development of the local community and to the creation of social impact. For example, Allianz Indonesia, working through the Allianz Peduli Foundation, has carried out a number of community-building initiatives, including renovating elementary schools, launching a mobile library and training school staff in responses to natural disasters (Allianz Indonesia, 2012).

Another provider, South Africa's Old Mutual Group, created the Old Mutual Foundation in 1999 to manage social responsibility community support initiatives, with a focus on enterprise development, skills capacity building, education and staff voluntary work. In the area of enterprise development, the Old Mutual Foundation provided the *Bulungula Incubator* lemon grass project with more than 1 million rand to support 14 farmers over a 3-year period starting in 2009. The project has since expanded to benefit 20 farmers (Old Mutual Foundation, 2012).

Any, or a combination of all the measures outlined here, can help to narrow the gap between clients and providers. Consumer protection measures and regulatory interventions can also enrich an environment that enables clients to trust providers, who in turn are held accountable for their conduct. The issue of trust merits considerable further research, so as to reveal additional strategies and approaches that might assist practitioners.

6. CONCLUSION

Access barriers are identified along the value chain from the enrolment stage to the point of renewal, and include, but are not limited to, complexity of systems and processes, lack of communication between the end client and provider; and the end client's general misunderstanding and/or distrust of insurance. To overcome access barriers, it is suggested that:

- Enrolment is simple, with quick procedures. Trusted interfaces and use of convenient times and places should help to overcome barriers such as lack of trust or mobility.
- Premium collection is facilitated through various premium payment solutions, such as group-based mobile payments, as well as commodity payments. These should be supported by appropriate technologies to promote a successful collection process and improve access.
- Renewal should focus on overall client satisfaction, and the operational processes of renewal should be made easy for clients. Repeated instructions for product details, tangible benefits and reminders to prevent involuntary policy lapses are key measures to support renewal.

Evidence suggests that a holistic view of access as an integral part of the client-provider relationship is the most promising approach to improving access procedures. Providers must recognize interdependencies among these components and apply measures across the entire value chain. Appropriate solutions can then be designed, based on clients' needs, contributing to the development of a trusting relationship with the provider. Technology is often a valuable tool for enabling such an approach in a way that is cost-effective for the insurer, thereby promoting financial inclusion for low-income clients. To summarize, three critical success factors have been identified to support effective access along the value chain:

- Client focus: continuous efforts to understand clients' needs and translate them into better products and processes;
- Technology: using technology to enable a cost-effective insurance offer that is convenient for clients;
- Trust: since insurance products cannot generally be tested, it is important that clients have confidence that the policy will fulfil its obligation. Well-functioning business processes are indispensable in efforts to build a trustworthy reputation.

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8. ANNEX: LIST OF INTERVIEWEES

People interviewed for the case studies:

Name	Institution	Interview date
Asher Hasan	Naya Jeevan	April, 2013
Ivo Lisboa	Bradesco	May, 2013
Nila Uthayakumar	Kilimo Salama	April, 2013
Pascale Le Roy	GRET	April, 2013

MICROINSURANCE INNOVATION FACILITY

Housed at the International Labour Organization's Social Finance Programme, the Microinsurance Innovation Facility seeks to increase the availability of quality insurance for the developing world's low income families to help them guard against risk and overcome poverty. The Facility was launched in 2008 with the support of a grant from the Bill & Melinda Gates Foundation.

See more at: www.ilo.org/microinsurance

International
Labour
Office

micro Insurance
Innovation facility
The social dimension of finance

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