

Microinsurance: Pioneer's Story

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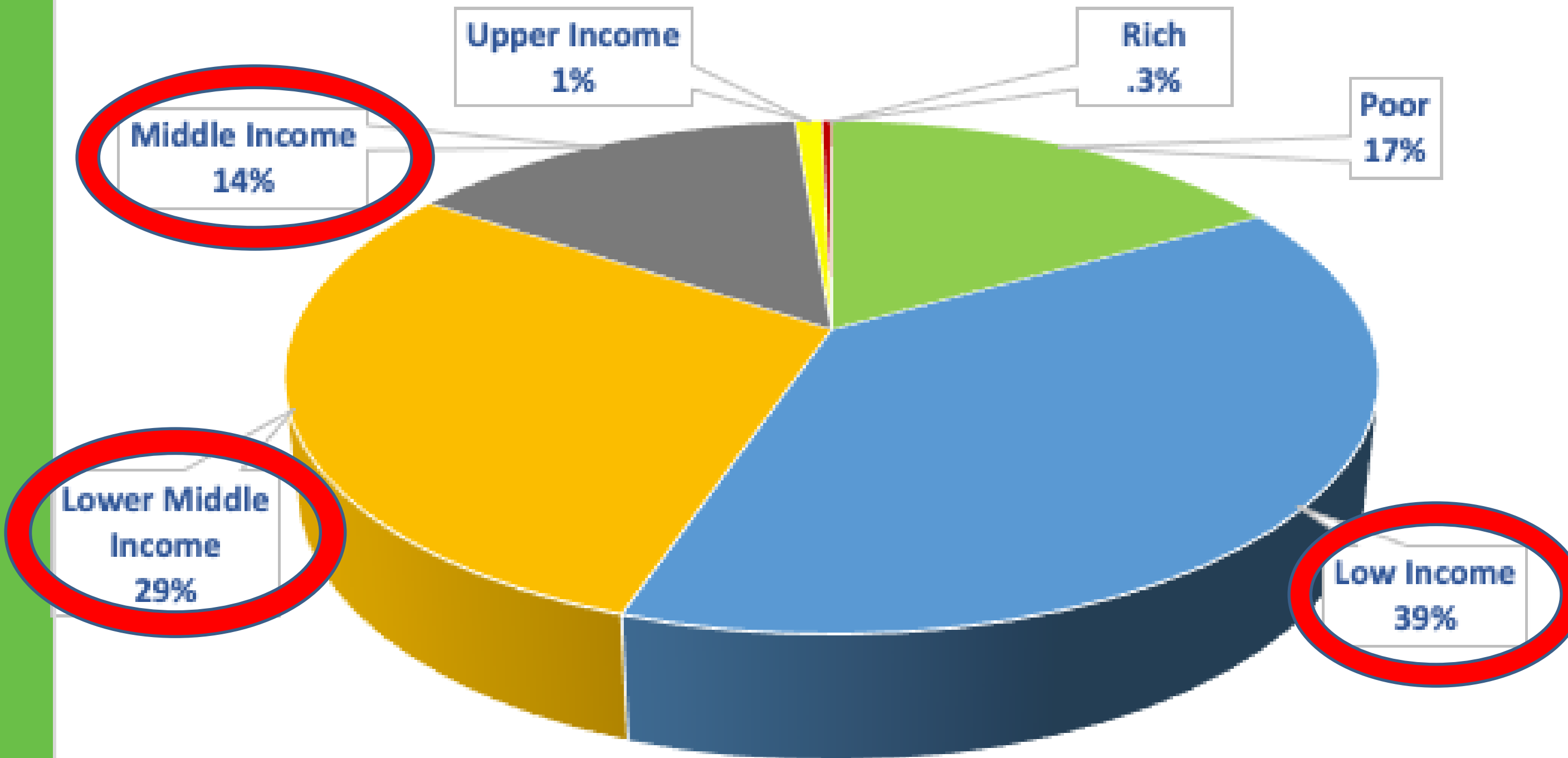
Jakarta, Indonesia
Sept. 20, 2023



**Pioneer's Vision:
To be the insurer of choice.**



Philippines: Socio-economic Classification



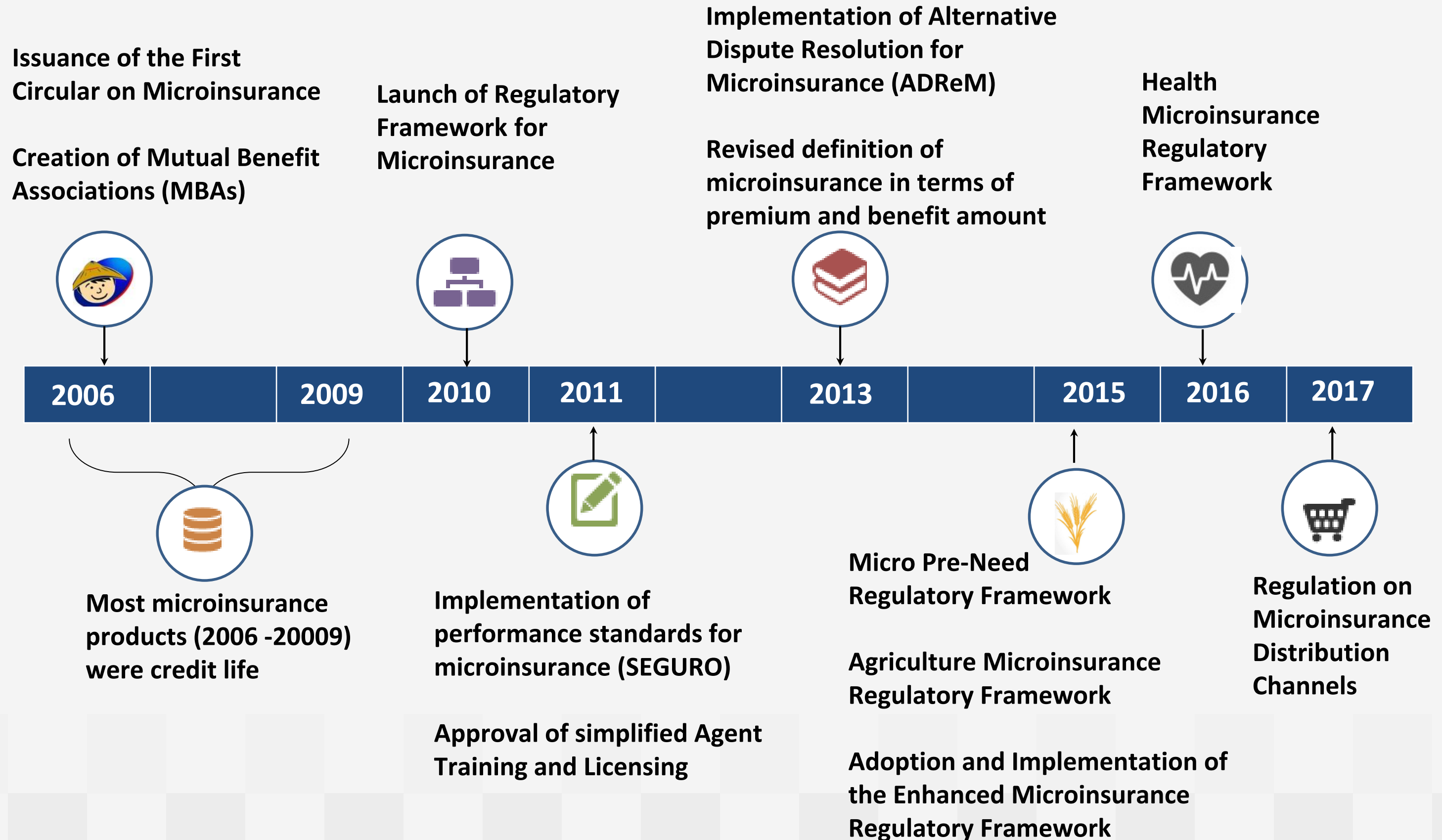
Mass Market:
82%

**Microinsurance
Market:** 68%

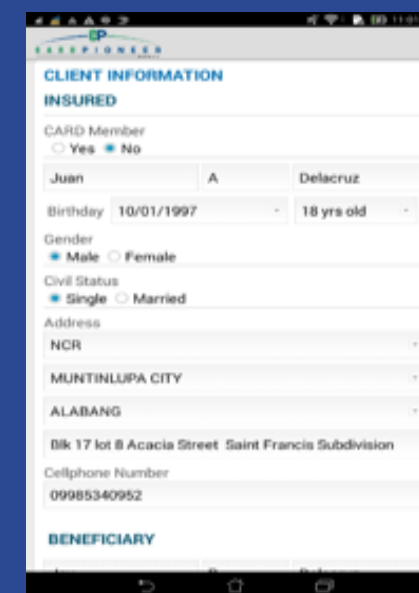
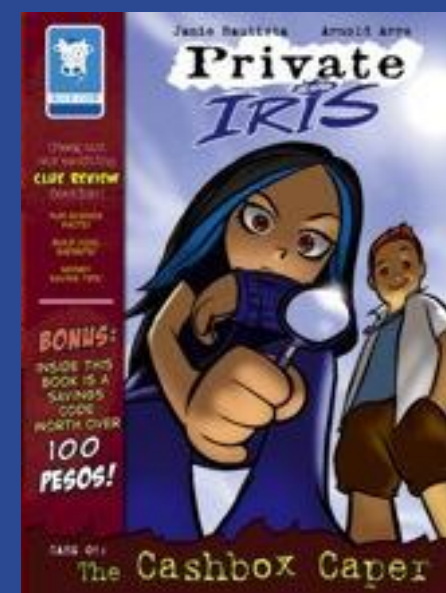
**Inclusive Insurance
Market:** 96 Million

Source: Poverty, The Middle Class and Income Distribution Amid COVID 19, August 2020; Discussion Paper by the Philippine Institute for Development Studies

Inclusive Insurance: Implemented Regulations in the Philippines



Early Attempts and Failures



Early Failures:

- ? Product
- ? Process
- ? Placement

What worked

vs.

What did not work

Focus on the customer

Focus on the product

Distribution through partnerships

One-to-one selling

Affordable

Cheap

**Organizational risk-taking
and agility**

**Compliance with the rules and lack
of flexibility**



#1 Focus on the customer

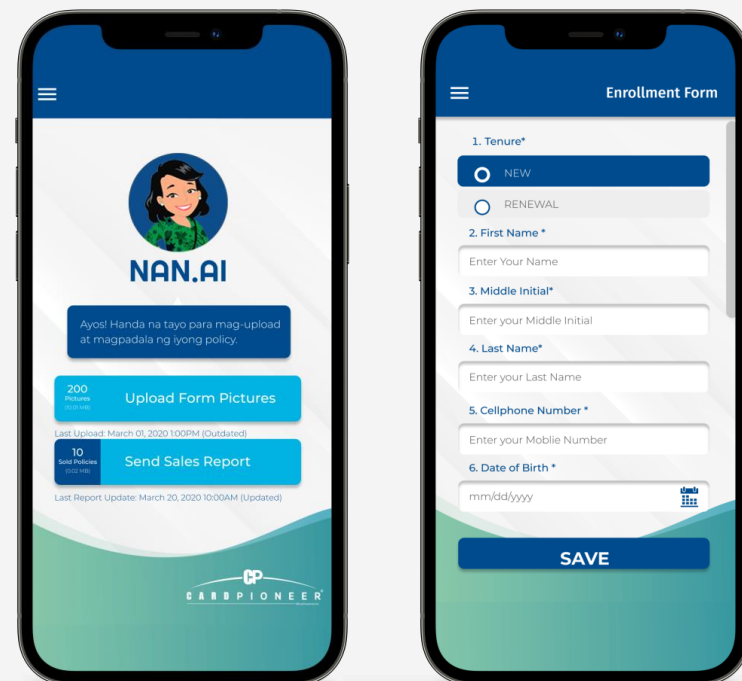
- Claims are the most important value proposition
- Tailor-fit products and programs
- Emphasize co-ownership of programs
- Open renewal during the pandemic lockdown



Role of Digitalization in Microinsurance



- Technology as an enabler
- Blended approach is still the way to go
- Digital approach can be used at enrollment, claims, renewals
- Digital with online and offline modes



Nan.ai Mobile App

- With offline mode
- Enhanced OCR (better photo quality)
- 3-in-1 Registration
- Form-based UI (faster encoding and editing)
- From March 2022 to June 2023: onboarded **1,963** MICs in **85** POs
- Total policies transacted via NAN.AI: **600,091**

Agri-insurance: is this a priority?

Philippines:

- 24% of the population (28M) are engaged in agriculture
- Exposure to cyclones/typhoons: average of 20 per year
- Agricultural damage due to typhoons:
 - 2010-2019: USD1.8 B
 - 2020: USD 280 M
 - 2021: USD 226 M (Rai only)
 - 2022: USD 60 M (Noru only)
 - 2023: USD 60 M (Khanun and Doksuri only)



**Faster recovery
vs.
Ground Zero and Debt**



Challenges:

- Only 2 insurance providers: one government and one private
- With limited government subsidy, only 13.6% (3.8M) farmers have insurance
- High admin and operating costs
- Anti-selection
- Damage assessment during claims

Note: USD 1 = PhP 50

Sources:

<https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=PH>

Office of Civil Defense/Department of Agriculture

Philippine Statistics Authority

https://pcic.gov.ph/wp-content/uploads/2023/04/PCIC-Monitoring_PES-FORM-3-2022-4th-Quarter-FARMERS-UPDATED.pdf

<https://ap.fttc.org.tw/article/1056>





#2 Distribution through partnerships

- Benefit of credibility
- Bigger volume brings opportunities to pay claims; paid claims increase client's confidence and belief in the value of insurance
- Ability to scale enables the organization to be agile, which increases the chances of success



#3 Affordability

- Clients are willing to pay for good value, not necessarily cheap
- Consult partners on pricing

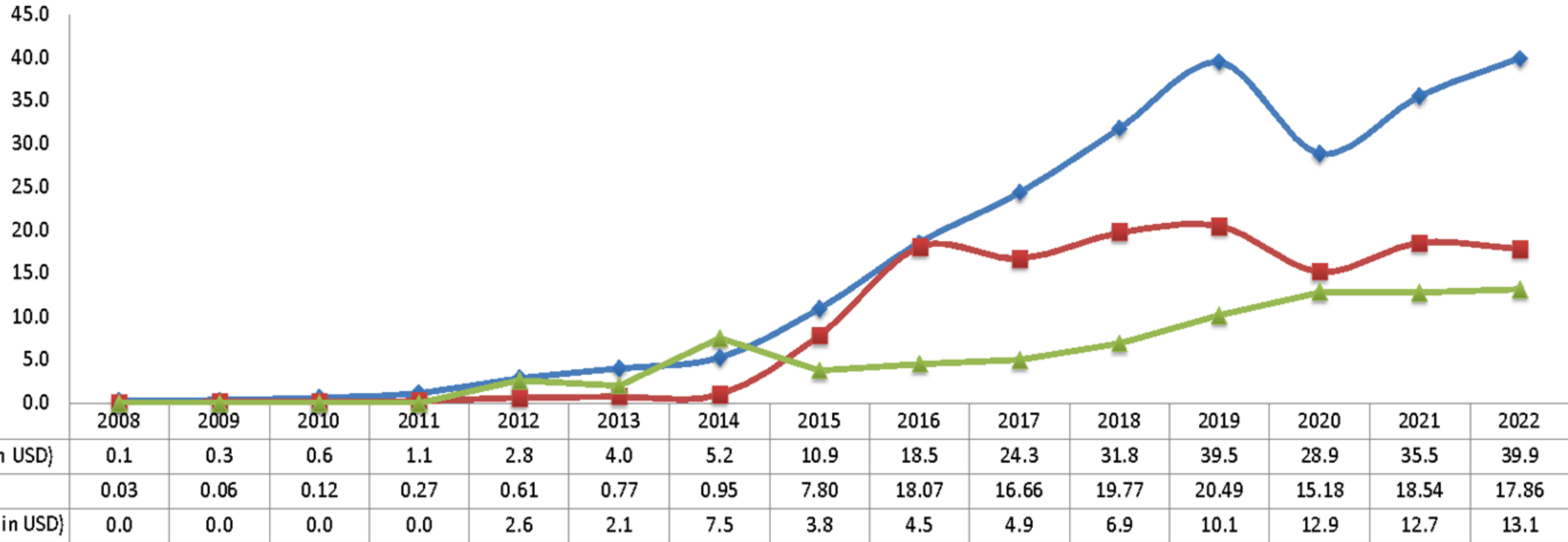




#4 Organizational risk-taking and agility

- Secure support from the top
- Appoint a Champion
- Create a young team, give them authority to underwrite and settle claims, and responsibility over P&L
- Get out of the office and go to the field (immersion program)

Enrollments, Gross Premium Written and Claims (2008-2022)



In Millions
US\$1 = P50



Thank you.

