

Mobile Insurance as a Distribution Channel for Microinsurance

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The face of insurance marketing is being redrawn by digital technology. Mobile phone-based insurance or simply mobile insurance, which is the sale of insurance products using mobile phones, is an emerging distribution channel for

microinsurance. InsurTech in the world of microinsurance. In this regard, Mobile Network Operators (MNOs) or telecom companies have gotten into the picture as major players in the promotion of microinsurance. Providing these services is also seen as enhancing customer loyalty for the MNOs and improving the over-all customer experience. Hence, MNOs have not only looked at providing insurance but other financial services as well such as banking and investments. In other words, the use of mobile phones as a distribution channel has become a mutually beneficial endeavor for both the insurers and the MNOs.

As of 2016, there are an estimated 2.6 billion SIM cards all over the Asian region. The Microinsurance Network and Munich Re Foundation estimate that MNOs have sold insurance products (life insurance, personal accident, and health) to over 40.3 million people using mobile phones, as of mid-2016. Microinsurance Network is a platform of over 300 microinsurance experts, from over 40 countries, dedicated to promoting access to microinsurance to low-income populations. It is funded by the government of Luxembourg. In India, the telecom provider Telenor, provides insurance to 53% of its subscribers. In Bangladesh, Grameenphone provides to 15% of its subscribers. In Sri Lanka, the largest telecommunications provider, Dialog Axiata, has sold over 1.46 million mobile insurance policies, from 2013 to 2016, to its subscribers. This trend is driven by the widespread use of smart phones, the decreasing costs of mobile technology, and the technology savvy young population.

The sale of microinsurance has not been easy. Reaching out to the low-income population has been beset with challenges primary of which is accessibility. The mobile phone has provided the missing link. The payment of premiums can either be through airtime or mobile-money.

In the Philippines, the Philippine Long Distance Telephone (PLDT) Company, a local MNO, through its subsidiary Voyager Innovations, Inc. has launched the

FINTQnologies Corp. (FINTQ) to provide financial access through mobile services. It aims to promote microsavings, microlending, microinvestment, and microinsurance. FINTQ has called them “sacheted” financial products. Taking its cue from the term “financial inclusion”, this program has been launched under the KasamaKA (you are included) battle-cry and brand. This is the first of its kind in the Philippines. Using the power of the mobile phone, digital technology will be used to access the low-income families in the Philippines. With 7 out of 10 families being unbanked, its microsavings program seeks to help Filipinos start saving. Interest-bearing savings account can now be opened for as low as Php 20.00 through the sari-sari store. A customer only has to register in the KasamaKA website or mobile app and open an account. Deposits can be made through the nearest sari-sari store and the customer will receive a notification via SMS for every successfully deposit made. The savings account can be viewed in the mobile phone itself. As for microlending, with 1 in 5 families being “loan underserved”, credit has also been made more accessible.

For microinsurance, the customer can acquire insurance protection for as low as Php 10.00. The insurance coverage, premiums paid, and the benefits can be viewed as well in the mobile phone itself. For this purpose, FINTQ has been licensed as an insurance agency by the Insurance Commission and will receive commissions as an agent. It has partnered with a number of insurers for this endeavor.

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