

Project Kudu

Learning to reach Emerging Consumers

Savings and Credit Forum

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Emerging Consumer / Microinsurance



Zurich HelpPoint

Zurich's South Africa at a glance



Zurich Insurance Company South Africa (ZICSA)

- Is the **leading global** short-term insurer in South Africa
- Founded in 1965, offers insurance products and services that respond to the needs of **individual, commercial and corporate customers.**
- Zurich is listed on the JSE and its major shareholder is **Zurich Financial Services** (58.5%). **Royal Bafokeng Finance** (RBF) holds 25.1% and the remaining 16.4% is held by a number of minority shareholders
- **Subsidiaries: Zurich Life SA Limited;** Zurich Risk Finance; Escape
- Head Office in **Johannesburg.** Operations in Botswana, Zimbabwe, Swaziland and an associate insurance company in Mauritius.
- Employs approximately **1 000** people
- Strategy focused on implementation of a **multi distribution** and **multi segment**
- Started **Emerging Consumer / Microinsurance** segment in 2006
- ECM is a very important part of the multi-segment strategy and is supported by **Zurich Group Emerging Consumer / Microinsurance Team**

KUDU is a Proof-of-Concept project



The challenge:

- Emerging customers must be reached where they live, work, shop
- Local regulation requires accreditation of representative in order to give insurance advice

Goal:

- The ultimate goal was to develop the ability to transact insurance business through various types of distribution channels including the following characteristics:
 1. Non-advice sales method.
 2. Mobile device supported process to be independent of location, paper and internet access.

Not the Goal:

This was a process experiment not a product test.

Involved Parties and Roles



Partner	Role
WIZZIT	Distribution partner through their WIZZKids
I-Lab	Development of mobile application Study design together with Zurich CH
Swisscontact	Contribution of own funds to further microinsurance Development and production of marketing material Development and execution of WIZZKids training
ELI (Ethics & Leadership Institute)	Subcontractor of Swisscontact in South Africa <ul style="list-style-type: none"> ● Developed marketing materials and hand-outs ● Perform the training and feedback sessions with WIZZKids
Europ Assistance	Administrator of Legal Plan product
CSC	Hosting of application back-end
Zurich South Africa	Risk carrier Legal and regulatory issues
Zurich Switzerland	Initiation of project Design of proof of concept Overall project lead

Background on WIZZIT

(www.wizzit.co.za)



- Launched in 2005 to offer secure and efficient payment mechanisms to the unbanked and under-banked in South Africa
 - Transacting via cell phone (any type of phone or SIM card) or Internet
 - Transactional bank account, no monthly charges, low transaction fees
 - Person-to-person payments, transfers and pre-paid purchases
 - Maestro debit card
- Written up in G20 Financial Inclusion Experts Group report
- Currently approximately 300,000 clients
- Viral marketing: selling through own network of WIZZkids
 - Typically unemployed
 - Approx. 600 – 800 active WIZZkids at any point in time
- Unbanked/under-banked market size 13 – 16 million people in South Africa; 700 million in Africa

Proof of Concept Design



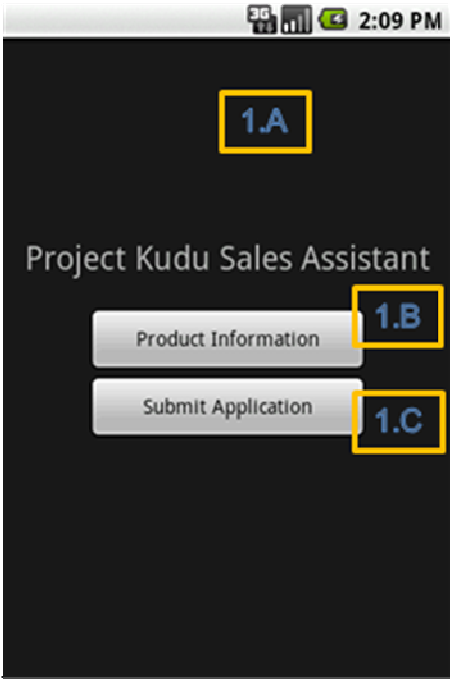
- 20 WIZZkids utilizing smartphone application to:
 - Introduce the product to prospective clients
 - Capture applicant's information
- Customer applications transferred regularly to Europe Assistance
- Premium collection by debiting WIZZIT bank accounts
- Location: Greater Johannesburg
- Product: Zurich Legal Plan
- Policy issuance, claims process by Europe Assistance as for other Zurich Legal Plans
- We had two levels of **financial education**:
 1. For the WIZZKids and
 2. For the end customers (via product presentation).

Product



- Legal Plan (assistance and protection)
- Single 1 cover option
- Payments start on the first business day of the month following the acceptance of the application
- Free coverage until first payment

Mobile Application



Introduction Presentation



When disaster strikes you or a loved one

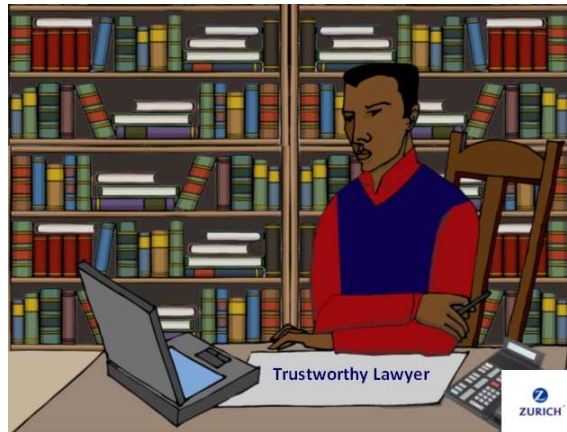


You and your family will have **immediate** access to 24/7 **telephonic** legal advice and standard **legal documents**.

Introduction Presentation



From **4 months** after taking out the **Legal Plan**, we will cover the cost of a **trustworthy lawyer**, subject to the terms and conditions of the policy wording.



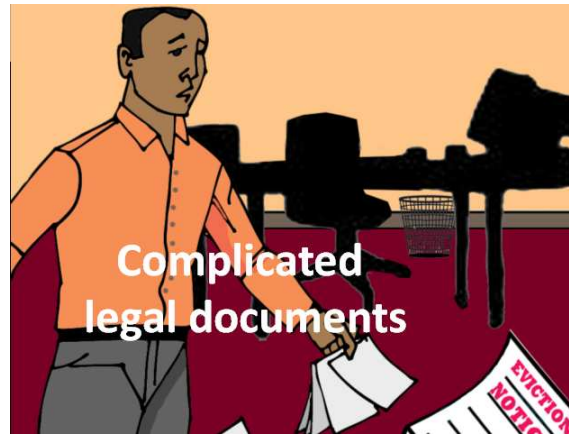
This insurance provides full cover for you and your immediate family for up to **R30 000** a year.

We will defend ...
You and your family including children under the age of 18, as well as, **one nominated spouse** and **dependant parents** living with you.



That's right!
For only **R1** per day we will help you with

Introduction Presentation



1. Name changes
2. Reversing blacklistings
3. Marriage contracts
4. Wills
5. Negotiating settlements
6. Evictions
7. Failure to fulfil contractual duties
8. Divorce (after a 12 month waiting period)

Legal matters are normally **very** expensive.

This **Legal Plan**, will provide professional legal advice for you and your family.

24 hours a day. 7 days a week.



Limit of cover per benefit year

24/7 telephonic legal advice	No limit
General advice or drafting of documents	½ hour free per incident
One will, trust or marital contract	R500 per family per year
Legal applications for reversing blacklisting or name change etc.	R500 per family per year
Failure to fulfil contractual duties	R10 000 per family per year
Divorce proceedings	R10 000 per family every 5 years
Bail applications or defence for criminal cases	R10 000 per family per year
Labour matters	R10 000 per family per year
Should you wish to sue or are being sued for damages suffered as a result of a negligent act, e.g. property damage	R10 000 per family per year

Introduction Presentation



Please take note:

Standard Exclusions

Full details will be in your policy wording but here are some of the exclusions.

You will not be covered:


1. Outside of South African borders
2. Business or commercial transactions
3. Transfer duties, transfer costs and bond registration costs
4. Natural occurrences, disasters or circumstances beyond human control
5. Matters against ZURICH or any of its subsidiaries



You will receive your policy document within 30 days of application approval.

Please be sure to read the documentation carefully.

Company Registration No: 1965/006764/06
FSP Number: 17703



Zurich Legal Plan
Your peace of mind



Application Process



2:14 PM

Personal ID: 9108175211087

Name: MOSHE, LEBOGANG

Mobile Nr: 0734213416

Information Validated

Exit Call Zuri Next

5:16 PM

Street, Nr: 213 Substreet

ZIP Code: 3142

City: Urban Town

Information Validated

Exit Call Zuri Back Next

5:05 PM

I have seen, read and understand what the Legal Plan is about and I am interested in buying it.

The Introducer did not give me any financial advice about how the Legal Plan fits into my personal or financial situation.

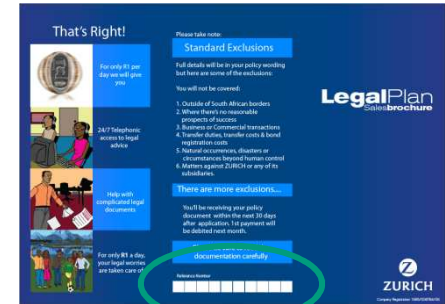
I know that my insurance needs were not looked at in detail, but I fully understand the results of buying the Legal Plan.

I understand that the Introducer will submit my application to Zurich and if it is successful, I can afford to pay for the Legal Plan.

I have freely given permission to Wizzit to take money from my account and to pay Zurich each month for the Legal Plan.

I have been told an SMS will be sent

Exit Call Zuri Back Next



2:16 PM

Referral Nr: 1213121213

Agrees to apply

Brochure handed out

Exit Call Zuri Back Finish

SMS:

Client receives an **SMS** on his cell phone confirming the appl being processed under the referral no.

Policy Documents:

Within 30 days customer receives:

- Full Policy Terms and Conditions;
- Policy Schedule;
- Printout of confirmation statement

Timing



- Initial idea in discussions with I-Lab April 2009
- First contact with WIZZIT and Swisscontact May 2009
- All-hands workshop in Johannesburg Sep 2009
- WIZZKids training 21 – 23 April 2010
- First day of introduction activities 23 April 2010
- 1st feedback session with WIZZKids 11 May 2010
- 2nd feedback session with WIZZKids 21 July 2010
- Last day of introduction activities 21 July 2010
- All-hands review workshop 22 July 2010

Training of Wizzkids



- Topics:
 - UNIT 1: Your role and responsibilities
 - UNIT 2: The product and marketing strategy
 - UNIT 3: Understanding what Zurich Legal Plan offers
 - UNIT 4: Operate the Smartphones
 - UNIT 5: The Zurich Legal Plan presentation and application
- Methodology:
 - The theoretical study school section of the training conducted as a 2-days workshop
 - Additional training activities included buzz groups, rotating role plays, simulations, games and brainstorming sessions, as well as group discussions



Lessons Learned



- Customers are reached in a setting that is familiar to them and by people of their own culture
- Non-advice process is feasible (incl legal opinion) and workable
- Importance of the staff training (content, presentation and methodology)
- Incentive is a key element of the whole package
- Mobile technology accepted by WIZZKids and customers
 - Phone gives credibility but does not per se lead to higher sales
- Reduced costs by using a process that does not require accreditation of sales force
- More emerging customers can be reached as such a process allows Zurich to work with basically any distribution channel that commands the customers' trust
- Customer feedback were captured by the WIZZKids on the 2 sessions. We would leverage that by contact a random sample of clients directly.

Main Issues



Technical problems	- Non-availability of network connection for data transfers
Missing credibility	- Who is Zurich? - Where are they?
Limited payment methods	- Need to indicate day to debit account - Need to accommodate non-WIZZIT accounts
WIZZKid incentive system	- It takes too long for WIZZKids to get cash
Smartphone	- Too expensive for WIZZKids to purchase - Potential threat to personal security

Outlook

- Build on this proof of concept learnings for next projects
- Learning by doing it!