



## ZINGSURE READY TO UP-SCALE MICROINSURANCE IN PARTNERSHIP WITH FAITH-BASED AFFINITY GROUPS IN ZIMBABWE (2016-02)

*Interview with Marc Tison, Founder of Zingsure*

***InsureCo was Zingsure's first launch and was the very first recipient of Zimbabwe's new microinsurance license, in the context of Zimbabwe having only a 2-3% rate of insurance penetration. What gave you the confidence to launch Zingsure in such a difficult market?***

I do not think we were confident. I think we were just brave.

On a serious note, we knew it was never going to be easy, but we knew we would learn a lot from Zimbabwe, which we could apply to other territories. Today our choice has been vindicated. These learnings are already being applied in our other territories.

We are an agile business. It's our ability to adapt fast and to recover fast that sets us apart. Fortunately, we had support from our shareholders to explore new blue ocean territories (i.e. untapped new market spaces ripe for growth).

In the case of Zimbabwe, we partnered with large faith-based affinity groups (AG), representing more than 6 million people. We are providing these people with exclusive access to insurance and banking. This will without any doubt have an impact on insurance penetration rates. It is also why the regulator was so excited by what we were doing and why we are the first recipient of this category of license.

***What sets Zingsure apart from conventional insurers?***

We differ on four main fronts:

- We are different in that our shareholders do not come first. Society and their members do. I guess in a way we are moving back to a mutual mind set.
- Committing to a mutual mind set costs more money for shareholders because one has to invest traditional profit margin in society. The only way one can do this is to be highly efficient so that one can share in the savings achieved. We significantly outperform all expense ratios and so are highly efficient.
- Our early research showed that customers hate insurance companies, mostly because of how they experience a claim. Therefore, we invented a new way to process claims (this is now a filed patent in several Sub-Saharan territories) that allows us to process a term life claim in five minutes. This is from notification to payment!
- The legacy insurers believe insurance has to be sold. A few are exploring ways to shift this so customers buy insurance. We have gone beyond this point and can offer insurance perpetually for free.

***As a very early entrant to the market, how much of a role do you play in shaping the microinsurance environment in Zimbabwe?***

It was enormously difficult if I think back on this. We had to win over the minds of the Zimbabwe government and the insurance

regulator. They had to understand that we were doing this to make a macro difference to the economy.

I was asked to speak at a microinsurance conference (before this category of license was available) and soon after this the Commissioner asked us to comment on the draft framework. Many of our comments ended up being adopted in the microinsurance policy framework.

Zimbabwe's Microinsurance Framework was formally adopted in July 2017. We were issued with the first license in October 2017. We have since assisted the Malawian government with their microinsurance framework.

***Why do you think faith-based affinity groups make good distribution partners for group insurance schemes and how did you earn the trust of church leadership?***

We discovered that faith-based affinity groups are great at handling spiritual matters! Unfortunately, most lack business acumen and are not good distribution partners. This is one of the key lessons we learned. We had to shift and take control of distribution and collections.

As you rightly point out, trust is at the heart of it all. You have to have genuine intent to create social and economic upliftment. These are not the things a traditional insurance business does. They cost more money and further reduce profit margins, which traditional shareholders do not want.

We discovered that microinsurance and economic development must go hand in hand. Microinsurance cannot work without an investment in economic development. We need to protect savings on the one hand, but also create the ability for people to enhance their lives, thus we developed a concept of a "life value proposition" and got to know a lot more about the lives of these people and their daily struggles. We now have four personas identified for each segment of customers in these faith-based affinity groups.

The leadership of these faith-based affinity groups have endorsed us as a company because they see a genuine attempt to make a difference in the lives of their members. We have started covering faith-based affinity group members in Harare and the excitement we see in their bishops and how highly they speak of us to their members is what drives us to work each day. We have his blessing and endorsement and because of that members want to engage and do business with us, knowing every time they spend money with us a significant part of that will be ploughed back into the social and economic uplift of their communities.

We need to keep investing in this trust. Trust is earned over a long time.



***Can you outline Zingsure's life insurance scheme and talk about the process of designing life insurance for rural clients?***

Although our model operates on the surface like a traditional group scheme, we are really an individual model. Hence we talk of group-individual. This is a key point of departure, because in order to become a participant in financial services, we must know your customer (KYC). A client on our platform is KYC 'd and we deal with each

customer uniquely. On the other hand, we price for risk on a group basis so products are affordable.

We do place a lot of emphasis on customer segmentation (as I said we have defined four personas), where we focus on the mid foundation to the mid-mass market income segment in order to understand spending behaviors and wants. We spend a lot of time in the field securing feedback from the market. Armed with this data, we are able to create a customer value proposition (CVP) that aims to delight most of our customers in our target segment. We see insurance as a journey for our target market. We start out by providing cover to the main member of each family. Thereafter, they can increase cover or look at providing more cover for their loved ones.

Our benefits are paid in cash (electronic money). The primary purpose is to provide for funeral expenses. This makes it far easier for us to process a claim for a customer living in rural areas (opposed to the delays associated with delivering a funeral service). As long as they have cell phone coverage, they will get their money paid instantly and can then spend this anywhere using their bank card or at a Zing merchant.

Going self-direct on a mobile phone sounds great, but it's not where these customers will start the journey. The challenge with the emerging customer segment is that they need to be assisted initially and this comes at a significant cost if we assume this requires branches, agents and call centers. Again, the only way this can be delivered is to introduce efficiencies elsewhere into the business.



A big part of our product design is about how efficient we can be so that we can afford to blend an assisted model (branches with tied agents and a call centre) with a self-direct (mobile and Internet) model. We are able to do both successfully. For example in Zimbabwe, we will be rolling out 84 branches with a tied agent work force, have a call centre in place and also have a mobile application.

At the centre of all design is to truly understand the CVP and to ensure one has the necessary efficiencies to provide both an assisted and a self-directed service.

***In 2017, there were several new insurance products and services coming down the pipeline: can you give us a few updates on their development and roll-out?***

Our model will always pay out a cash benefit directly to the beneficiary nominated by the main member. Our license dictates what products we can distribute and controls what risks we can cover e.g. death, injury or loss of property.

Our microinsurance license allows us to provide both term life and general insurance cover and so we can cover most risks as long as the cover fits within the limits of cover we can provide. In our case cover ranges from as little as 25 to 4'000 USD.

So it is really a simple product, but there is so much we can do around pricing this for specific insured events. For example, we are engaging with a bus company to provide cover for their commuters in the event that they die whilst travelling. At the same time, we can provide for injury so people who survive an accident can get cash to pay towards their medical costs.

Extended family life cover is already bolted into our existing value proposition. This includes additional cover plus the spouse, children, the parents of the main member and/or spouse and extended family.

The product is designed so that it is very easy to adjust cover from month-to-month as and when one can afford to do so.

We are also proceeding with an acquisition of a general insurance company. This would never have happened had we not started out with microinsurance. This will allow us to provide higher levels of general insurance cover to those of our emerging market customers who require this and can afford to pay higher premiums.

There are numerous emerging and exciting opportunities that we are dealing with in the agriculture sector to assist smallholder farmers. We expect to be able to share more later in 2018.

***You forecast the creation of 15,000 jobs by the end of 2018 in Zimbabwe alone – how do you plan to accomplish this?***

We are creating employment for agents. These people can work inside our branches or be roaming in the communities. Our objective is to ensure we get these people to earn 10 USD or more a day. If we achieve this, we break their poverty cycle.

In addition, we are deploying a merchant model, which will see thousands more jobs created.

***What is Zing’s vision for a social enterprise and how does microinsurance fit into your broader strategy for inclusive finance?***

Our aim is to shift humanity to a world of financial freedom and abundant protection by providing affordable access to banking and insurance for all.

We are devoted to economic development and social uplift. Creating jobs, distributing some of the wealth we create and opening access to financial services (lending, banking and insurance) will ignite the markets and economies we service.

We have calculated that it costs a society with 1 million members about \$6m to bury their loved ones per year. If this money was invested back into these societies, imagine how many schools and clinics one could build.

Inclusive finance for us means customers who have access to banking, lending and insurance. Microinsurance forms an integral part of this offering just like microlending and micro banking do.

Why lead with microinsurance? I am often asked this. The customers will want to lend first. The thing is, an insurance business has the ability to create capital. Capital is what is required to develop full financial inclusion offering and so it makes sense for us to start there.

There are exciting developments in our business to land a fully financial inclusion value proposition in the market by the end of



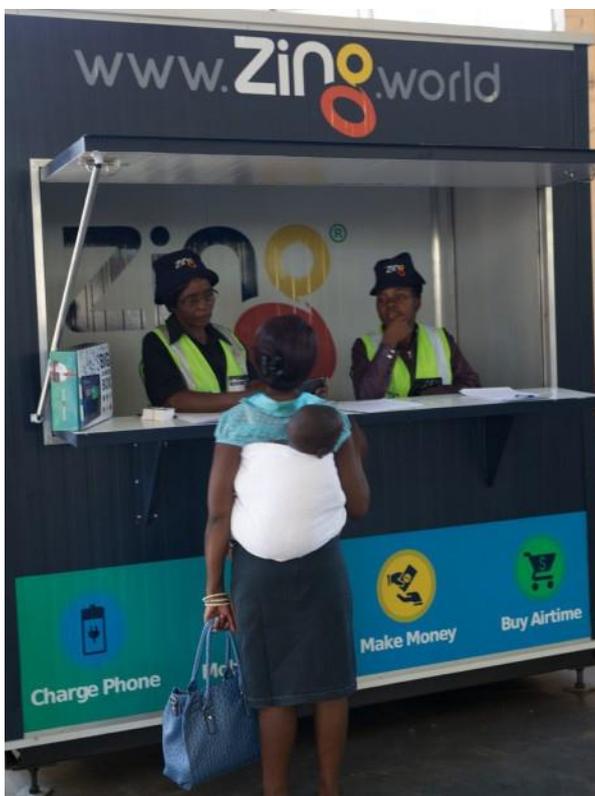
2018. We are excited because it will bring free access to financial services to customers at the bottom of the economic pyramid.

***Zing has leveraged a number of funding streams, ranging from crowd-investing, to partnerships with governments, aid agencies, local religious groups and multinational corporations. How did you appeal to all of these, sometimes opposing, groups at once?***

Fortunately, we come with experience dealing with funders who have very different investment mandates.

For now we have Swiss Re on board as a strategic investor. Because it is a strategic partnership, we have had the unique privilege to try, test and learn for two years in the worst possible country for opening an insurance business that anyone could have selected. This is something that works well for an agile business seeking blue oceans. Like Swiss Re is a strategic shareholder, we see the SCBF as a strategic alliance partner for the business on the grant side.

Introduced to us by Swiss Re, the SCBF is playing a significant role in assisting with funding to open each territory.



Through SCBF we know we will be exposed to other funders who may be interested in tackling much bigger projects as we pick up momentum in each territory around economic development initiatives.

For example, we are starting to look at how we can uplift smallholder farmers so they can make a meaningful and sustainable contribution to increasing agricultural output. We know this will require significant investment well beyond the SCBF mandate and will require a different kind of grant funder to create a package for smallholder farmers.

### ***Can you update us on Zingsure's progress on extending operations across the African continent?***

In Malawi and Zambia we signed up affinity groups with +6m members and expect our insurance license to be approved by Q2 2018, while in South Africa we have an exciting mobile retail offering to the Zimbabwean diaspora.

Post this, we will scale rapidly into other Africa territories. It is critical that for 2018 we settle on the above countries only. We are essentially a start-up fintech seeking the blue ocean. Profits have started to emerge. We need to ensure our model can scale rapidly beyond these initial territories. The business model is a franchise model in that it can easily be replicated. The other territories on our radar include: Botswana, Congo (DR), Egypt, Kenya, Mozambique, Namibia, Nigeria, Tanzania, and Uganda.



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*This interview has been edited for readability. It was taken from the SCBF's 2017 Annual Report. For more insights and interviews with key business leaders in the microinsurance, micro savings and microlending sector browse through SCBF's 2017 (available from July 3, 2018) and 2016 annual reports. They are available on the SCBF website at [www.scbf.ch](http://www.scbf.ch).*