



## CASE STUDY

Innovating for  
inclusive insurance  
**targeting women  
customers –**  
involving insurance  
supervisors  
in the process



This module is a product of the project 'Empowering supervisors to improve women's access to insurance' supported by the Swiss Development Cooperation (SDC). Read more about this funding partnership [here](#).

## INNOVATING FOR INCLUSIVE INSURANCE TARGETING WOMEN CUSTOMERS – INVOLVING INSURANCE SUPER- VISORS IN THE PROCESS

### The Context

To be able to provide well-designed insurance solutions that address the needs of low-income and excluded customers in a manner that is customer-friendly but also economically sustainable, calls for innovation – i.e. to do new things or to do things differently.

Women generally tend to be more uninsured as compared to men in a majority of emerging markets. In conversations with insurers and even those in the regulatory authorities, we see limited recognition of women as a viable customer segment. Even a gender-neutral approach to insurance, though well-intended, creates a disproportionate impact on women and unintentionally leaves them behind because some of the specific needs of women are not considered.

As insurers and practitioners introduce and test new products, new business models or newer ways to mitigate risks faced by the low-income sections, it demands more attention from the insurance supervisors. They are looking at innovation from the outside in as they are not part of the innovation process. This, in turn, creates a context of silos where technology leads and regulation lags behind, taking a toll on the resources of all stakeholders as well as on the final product.

Hence, there is a need to be innovative in approaches to addressing women customers, especially those who are from the low-income segments.



## A2ii's Inclusive Insurance Innovation Lab and Insurance Supervisors

A2ii's **Inclusive Insurance Innovation Lab** (iii-lab) provides a paradigm shift and makes the insurance supervisor a key stakeholder and a convener in the customer-centric innovation process. In each country where the lab is undertaken, the insurance supervisor becomes the anchor of the multi-stakeholder team. In forming the country team, the supervisor identifies other members and key stakeholders in the country's inclusive insurance market from insurance associations, brokers associations, relevant ministries and development organisations, customer side representatives and other similar entities. Together the team identifies the problem to address and follows an innovation process based on a social lab methodology<sup>1</sup>.

## Women as a Customer Segment

For the insurance sector, gender is not reflected or considered in the design of products or services - despite the two genders reflecting different risk profiles. Women, especially those from the low-income segments, face multiple and frequent risks, as do their families. Women tend to be under-represented in the formal sector in emerging markets and hence are less likely to be covered by formal or state-sponsored insurance programs. Women as main caregivers are adversely affected by illnesses of other family members, and this affects their earnings and health too. For example, if a child is sick, women are more likely to stay home and take care of the sick child, foregoing their income for the day.

Financial services, especially insurance, are unfortunately considered a male domain, and hence most information and awareness efforts tend to be targeted at men rather than women. Not surprisingly, most products are designed with the male customer as the default.

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<sup>1</sup> The social lab methodology involves gathering a diverse set of people to identify insurance-related problems in their social system, gather relevant insights and collaborate to develop and test innovative solutions. It includes elements of other innovation methodologies like Design Thinking and its elements like user research, designing solution prototypes, testing and redefinition among others.

## Understanding Why Women Do Not Renew Their Policies

During the 2<sup>nd</sup> iii-Lab, India's Insurance Regulatory and Development Authority convened India's iii-lab country team. Among the stakeholders that they selected were representatives from NGOs and organisations that have been offering inclusive insurance solutions to women. This group wanted to address the challenge of women clients not renewing their insurance policies on a regular basis.

To better understand what the reason for this behaviour was, the group undertook a series of Focused Group Discussions (FGDs) with women customers who had bought insurance previously but then did not renew. These discussions brought to light the challenge for women clients to manage different insurance policies. This was so because the same organisation sold them life coverage separately, health coverage separately, and other coverages such as property coverage separately. All these policies had their renewal dates, when the premiums came due, at different points of time, and women did not have the money available. This was understandable as the low-income segments tend to have irregular cash flows, and in case the premiums were due during a low liquidity situation, the women had to forego the coverage. As one of the customers said, *'Why don't you sell me one policy that covers all my risks and I have to keep one premium due date that I can plan for?'*.

## Designing a Prototype

Enlightened by this insight, the team got back to the table and brainstormed a solution that could meet the needs of the women customers in focus.

The following key points were defined:

- There was a need for a 'combi-product,' i.e., one product that covered multiple risks. This one policy could have one set of mandatory coverages (life and health) and then a set of optional alternative coverages to choose from, e.g., property insurance, livestock insurance etc.
- In order to keep the process simple, this one combi-product should ideally be sold through one touch point, possibly leveraging technology.

Based on these insights, the team drafted a comprehensive product prototype on a chart paper that detailed what the product would cover, the options it offers and how the processes and the customer journey would work. The next step was to test this prototype with the target women customers. Through the test, they wanted to understand how the customers perceived and experienced the product design, what combinations they valued, what are the appropriate levels of coverage and the willingness to pay for it.

## Testing the Prototype with Women (and Their Families)

For the prototype testing, the group interviewed and conducted FGDs with 66 customers, 60% of whom were women, and the remaining were their male relatives, usually husbands or sons. This group was largely working in the unorganised sector, having annual incomes under USD 2200 per annum, with irregular cash flows. The discussions began by sharing anecdotal life experiences and the risks they have had to go through in the last year or so. Building on this, the team brought in the combi-product idea and captured the responses. Some of the important takeaways were:

- Women appreciated the idea of a one-stop insurance solution that covered the important risks they and their households faced.
- The acceptance of technology, largely driven by access to smartphones, was higher than expected, and a good number of women were confident about using technology for buying insurance.
- The affordable premium range was identified as USD 25 to USD 30 for the combi-product.
- Women insisted on the need for ‘right’ and ‘trustworthy’ information for building trust in these products.
- The core coverages that the customers wanted the combi-product to offer were life, accidental death coverage, hospital cash coverage with options for insuring assets such as houses and critical coverages against illnesses such as cancer etc.

The team brought back these insights and drafted a product idea that tried to incorporate the feedback. A brokerage agency, also part of the A2ii iii-lab India country team, volunteered to engage with insurance companies to design and underwrite a product based on the refined prototype. The regulators offered to support the review and approval processes. In the follow up of the official lab process, the brokerage agency had gotten an in-principle agreement from one of the larger non-life insurers to develop and underwrite the product that would be distributed through the NGOs and MFIs offering women customers inclusive insurance solutions.

## Takeaways

Women-centric insurance solutions need to consider women's unique context and risk-mitigation needs. To achieve this, an intentional multistakeholder approach and regular women-customer feedback to adapt and improve products are needed.

Insurance supervisors need to be viewed as important stakeholders in innovation processes in order to ensure a richness of perspectives, appropriate customer-protection mechanisms as well as a regulatory context that goes hand in hand with product development and facilitates its becoming.

Insurance supervisors benefit from exposure to and involvement in innovation processes. When supervisors understand how a customer-centric, iterative innovation process works, they can better appreciate the innovations being tried and would be supportive of the process.

