



Exploring the Use of Mobile Money to Strengthen Health Systems

Case Study: MICROENSURE



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Background

MicroEnsure is a social business that designs and delivers high-impact insurance products to provide financial risk-protection for poor and underserved populations. As of June 2013, the company covered more than 4.5 million clients across 13 countries in Africa and Asia, oftentimes partnering with private and not-for-profit sectors to deliver insurance products to mass-market consumers.

In May 2010, MicroEnsure partnered with **Tigo**, a mobile network provider, to develop a life insurance product (that MicroEnsure named, “Family Care”) for the network’s subscribers in Ghana (see box A.1.1). The partnership quickly expanded to Tanzania and Senegal, reaching one million lives insured within 14 months of the formal launch in January 2011. MicroEnsure’s efforts to build awareness about the value of insurance among its rapidly expanding client network helped to create ambassadors life insurance, thereby setting the stage for health insurance. Following the rapid success of the Family Care Insurance Plan, Tigo Tanzania asked MicroEnsure to design a micro-insurance health product for its subscribers. In October 2012, MicroEnsure and its partners, Tigo, Bima and Golden Crescent, piloted a health insurance product, “Pona na Tigo Bima” (Get Well with Tigo Insurance), which offers life insurance and cash for inpatient hospital care at a defined network of private and public hospitals.

The product offers six tiers of life and hospitalization coverage based on the premium level (between US\$0.45 and US\$6.00), which are paid via three monthly installments that are deducted from the customer’s airtime balance. Clients receive hospital cash via Tigo’s mobile money service, “Tigo Cash.” Initially launched in Dar es Salaam, within the first year, tens of thousands of memberships were sold and the product was expanded to other regions in Tanzania, making it the fastest-

Type of program: mobile phone-based claims payments
Date launched: 2001
Stage: scale up
Size: N/A
Countries: Kenya, Tanzania, Ghana
Key partners (in Tanzania): Tigo, Bima, Golden Crescent

growing health insurance product in East Africa over the past year.

Mobile Money

MicroEnsure uses mobile money transfers for claims payments. With Tigo Cash, they can pay claims to subscribers within minutes of claims submission and anywhere in Tanzania. By switching from paper to mobile claims payments, MicroEnsure reduced claims processing time from 11.0 to 3.2 days (a number that is expected to be further reduced over time). Claimants were surprisingly willing to register for mobile money payments and expressed interest in learning about the details of the payment process, and the timely and reliable nature of the payment has built client trust in both mobile payments and MicroEnsure’s health product.

Box A.1.1 MicroEnsure–Tigo Partnership

MicroEnsure designed the insurance product and the processes to manage and deliver it to consumers. On a day-to-day basis, they perform overall administration and oversight for the insurance product, including claims processing and customer service.

Tigo distributes the product and manages the technology side of delivering the insurance product to clients. Tigo works with **Bima**, a Swedish company that provides the technical platform for enrollment and that trains and manages the network of sales agents. Tigo also partners with **Golden Crescent**, a local licensed insurer that underwrites the product.



Lessons Learned

- **Establish strategic partnerships.** An essential part of establishing a successful partnership between MicroEnsure and Tigo was to clearly define the role and responsibilities of each partner. This clarity ensured that all parties agreed from the outset and benefited from the partnership arrangement.
- **Training sales agents about health product and mobile money.** MicroEnsure and its partners use a network of sales agents to educate consumers about the “Pona na Tigo Bima” program. MicroEnsure provides one-day training to all sales agents that covers both the insurance and mobile payment components of the program. MicroEnsure conducted agent trainings for the first two years of the program; today, Bima trains and manages the agent network using a variety of approaches to deploy agents, including placing agents in Tigo shops and working with call centers.
- **Design payment mechanisms for users.** Although MicroEnsure explored the possibility of using mobile phone payments for premium payments, mobile money utilization in Tanzania is still too infrequent to secure regular premiums. The company opted to use automated premium deductions (via airtime) to make premium contributions as convenient as possible for clients. Tigo clients are willing to pay for health insurance, but they face difficulties in paying standalone payments on a monthly basis – just as other mass-market consumers do. By bundling health insurance in a package of Tigo services and automatically deducting premiums, MicroEnsure established a convenient payment mechanism for its clients that ensure regular and timely contributions for premiums.

Challenges

- **Low utilization rates for mobile money.** Whereas MicroEnsure is interested in expanding its use of mobile money to other areas (e.g. premium payments), low utilization rates for mobile money in Tanzania limit opportunities for mobile payments. Mobile money potential continues to increase as familiarity grows across Tanzania, and more widely across the continent.
- **Education of clients about health insurance.** MicroEnsure and its partners intended to launch a product that was easy to understand and operate, such as its life insurance products; however, health insurance has proven to be more challenging product for clients to understand than life insurance products. The company is continuing to address this challenge in its product development, messaging and underwriting work.

Looking Forward

MicroEnsure has established itself as a clear leader in the rapidly-growing field of mobile insurance, including health. Over the next few months, MicroEnsure plans to launch new products to extend financial protection and deliver high-quality insurance coverage using mobile money payments to new markets. MicroEnsure aims to continue to build consumer trust both in insurance and in the use of mobile money as it extends the reach of its products to new populations.

Sources

- Interview with Peter Gross - Regional Director, Africa, MicroEnsure UK Ltd (peter.gross@microensure.com ; +254 786 499 100)
- <http://www.microensure.com/>
- <http://www.tigo.com.gh/tigo-cash/tigo-cash-3-easy-steps>

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About HFG:

A flagship project of USAID’s Office of Health Systems, the Health Finance and Governance (HFG) Project supports its partners in low- and middle-income countries to strengthen the health finance and governance functions of their health systems, expanding access to life-saving health services. The HFG project is a five-year (2012-2017), \$209 million global health project. The project builds on the achievements of the Health Systems 20/20 project. To learn more, please visit www.hfgproject.org.

The HFG project is led by Abt Associates in collaboration with Broad Branch Associates, Development Alternatives Inc., Futures Institute, Johns Hopkins Bloomberg School of Public Health, Results for Development Institute, RTI International, and Training Resources Group, Inc.

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