

# Emerging Consumers

formerly Microinsurance

2016 Full Year Report

Allianz SE

public



Allianz 

# Content

## News

- 1 What has happened since the last report (Oct 2016)
- 2 Full year results 2016
- 3 Feature story: Phone-based customer education in Indonesia

## Background on Emerging Consumers Business

- 4 What is it
- 5 Why we do it
- 6 Where we do it
- 7 How we do it

## Appendix

## What has happened since the last report (Oct 2016)

### News

- Premiums grow by 95% to €303mn despite a 10% drop in outreach [→ page 4](#)
- Allianz Indonesia launches phone-based product education [→ page 6](#)
- New life insurance claim story from Ivory Coast [→ page 9](#)

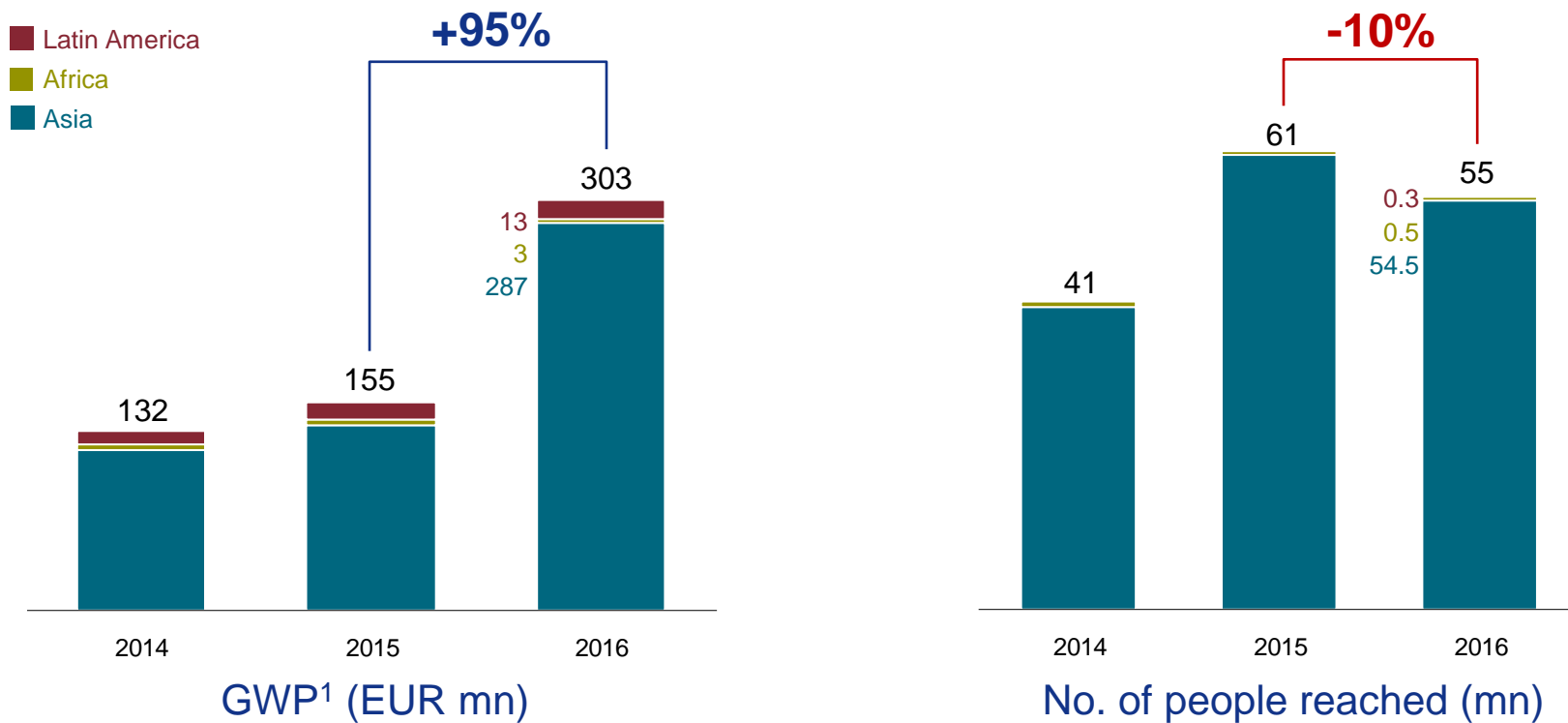
### Emerging Consumers products

- 1 product added, 2 products updated, 1 product phased out (Jun-Dec 2016) [→ product pool](#)



Phone based product education by our hero "Ms. Ali"  
[→ read interview](#)

# 2016 full year Emerging Consumer business results: Strong premium growth driven by India



1) GWP = Gross Written Premium

2) All figures are reported based on the new [Allianz Emerging Consumers definition](#) that came into effect in January 2016. Figures for previous years have been recalculated.

## 2016 full year results: Assessment

- 95% GWP growth is driven by two factors:
  1. Expanding crop insurance premiums in India thanks to the enlarged crop insurance program of the Indian government
  2. Higher average ticket sizes of our Indian [GTL business](#), as these policies are tied to microfinance loans of BajajAllianz' Indian microfinance distribution partners which have seen the average loan sizes increase, despite demonetization
  
- 10% drop in outreach is due to the effect of demonetization in India which has led to less people taking out [GTL-protected](#) microloans, but at higher amounts
  
- 9 products were added (6) or updated (3) in all of 2016, more than ever before, including a pure [mobile savings product](#) and a [micro equity pilot project](#).<sup>1</sup> This indicates an increasingly dynamic product development cycle towards voluntary products and towards financial services beyond insurance

▶ Allianz is committed to offering an increasing number of value-adding voluntary financial services to Emerging Consumers customers

1) The inclusion of one new product ([Ivory Coast mobile savings](#)) and the updating of one other product ([India crop](#)) are only due to the recent change in definition. Nonetheless the current reporting period has been the most active ever.

## When the hero calls: “At first I tried to speak to her”

Since December 2016, Allianz Indonesia is using automatic post-sales calls to educate customers about their microinsurance product. Esih Kurniasih is one of the first who received a call from Ms. Ali, the fictive hero character that personalizes the experience.

### How was it when Ms. Ali called you for the first time?

**Esih Kurniasih:** I was very surprised. At first I thought Ms. Ali was a real person. I tried to speak to her. Then I realized that it was a recorded message.

### How do you like the program?

It makes me proud. It shows me that I am officially a customer of Allianz. I already got used to receiving calls from Ms. Ali. Through her, I learn more about my Allianz product.

### What could be improved?

Recently Ms. Ali asked if I had already told my family that I have bought insurance. I was supposed to press something to answer YES or NO. But Ms. Ali was speaking so fast that I did not know how to react. This was very new to me. Maybe she can speak a bit slower next time.



Esih Kurniasih, shopkeeper



→ Watch the [Ms. Ali video](#)

# Content

## News

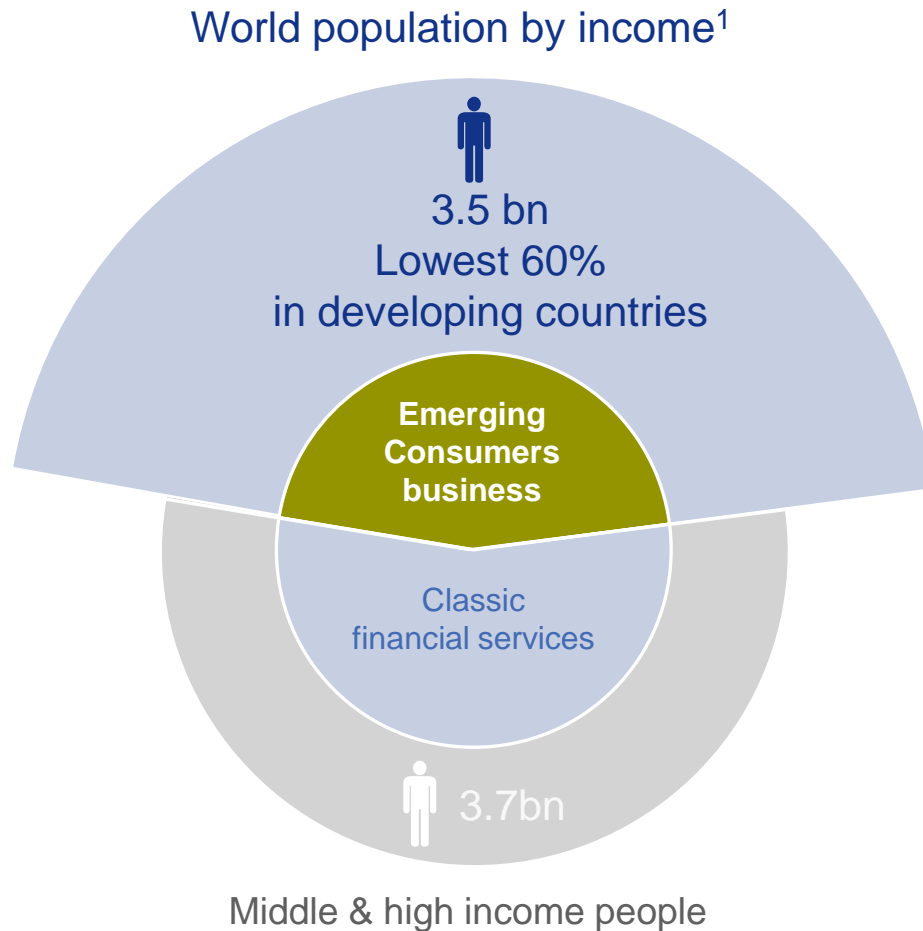
- 1 What has happened since the last report (Oct 2016)
- 2 Full year results 2016
- 3 Feature story: Phone-based customer education in Indonesia

## Background on Emerging Consumers Business

- 4 What is it
- 5 Why we do it
- 6 Where we do it
- 7 How we do it

## Appendix

# What is Emerging Consumers business?



**Emerging Consumers business**

addresses the financial needs of the bottom 60% of families in developing countries, e.g. with insurance, assistance and related financial services<sup>2</sup>

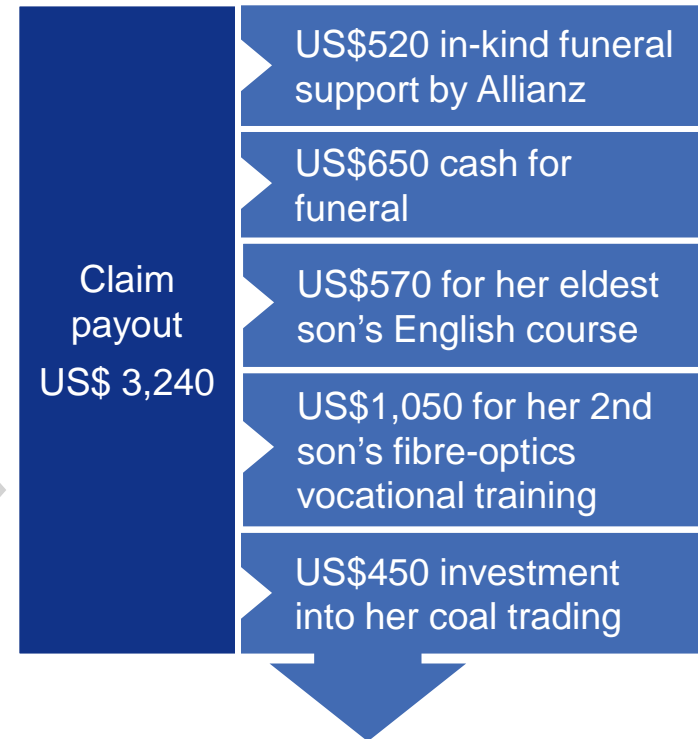
1) World Bank [World Population Dataset](#) (2015)  
2) See the complete [Allianz Emerging Consumers definition](#) for further details



## A Claim Story from Ivory Coast

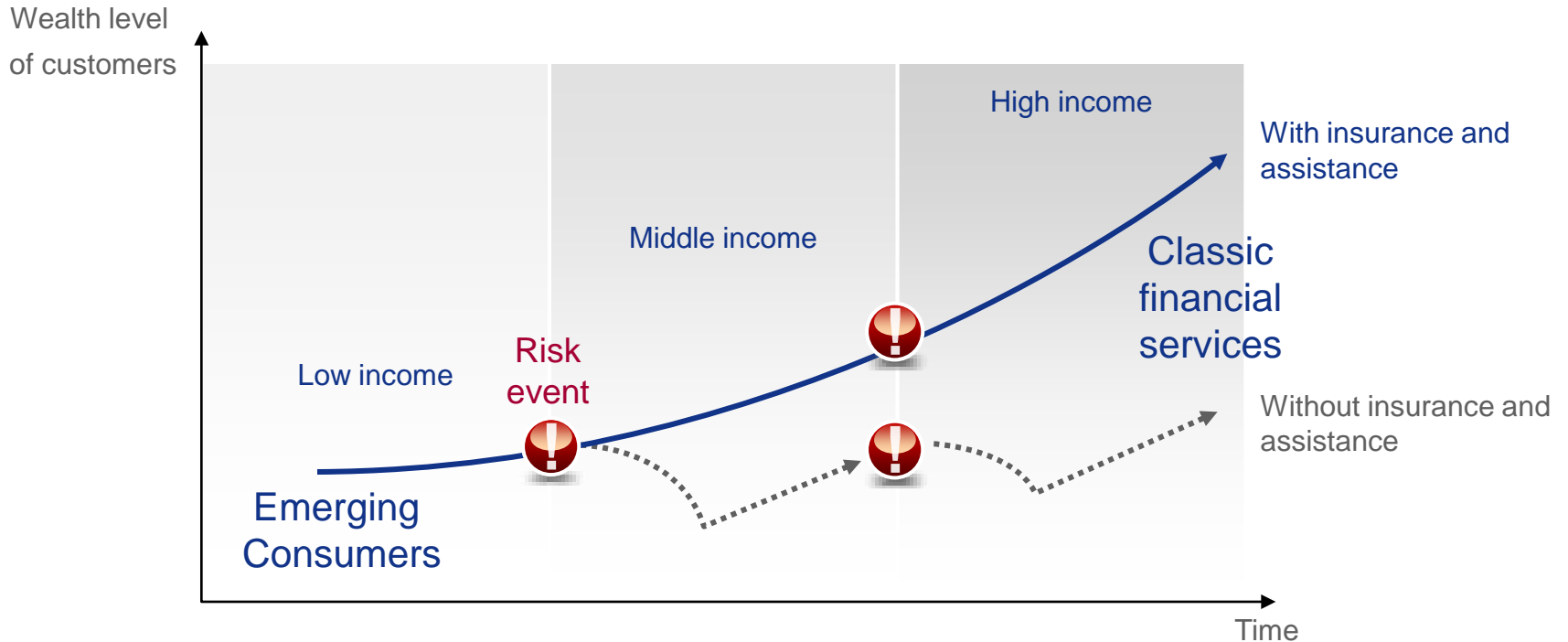


- In 2012, Madame Odi (photo) takes out Allianz [COOPEC Solidarité](#) life insurance policies for her family and also one for her mother
- In October 2016, Mme. Odi's mother dies in her home village close to Abidjan
- Allianz immediately authorizes in-kind benefits for the funeral worth US\$520
- One month later, Allianz transfers the remaining sum insured of US\$2,720
- Madame Odi uses the funds to pay off some additional funeral expenses, supports the education of her two sons (photo) and invests into her coal trading business



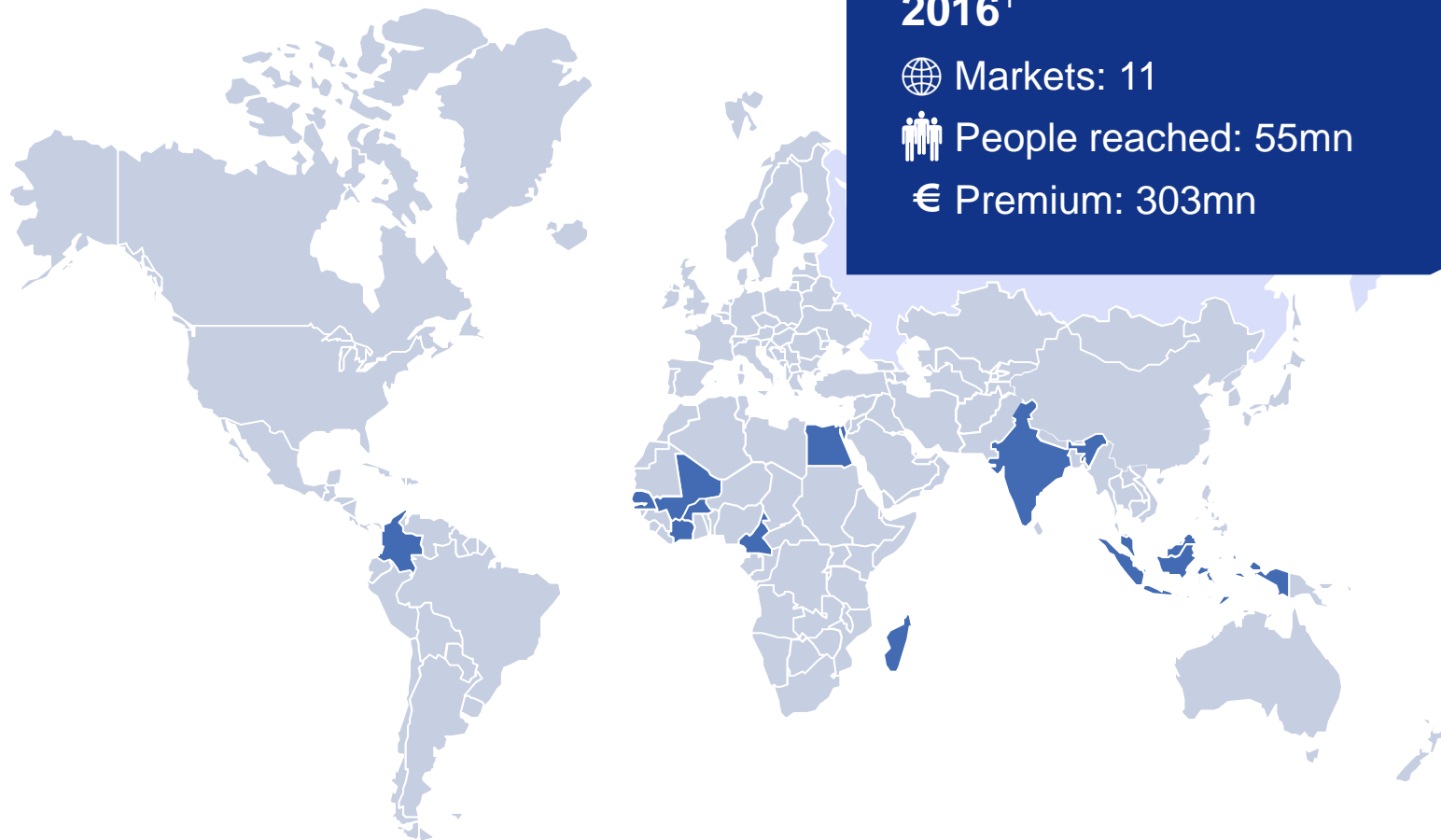
- The investment into Mme Odi's coal business has boosted the family's income
- Without insurance, she would have had to take an expensive loan for the funeral and would not have paid for her sons' further education

# Why we do it: Double bottom line of social and business benefits



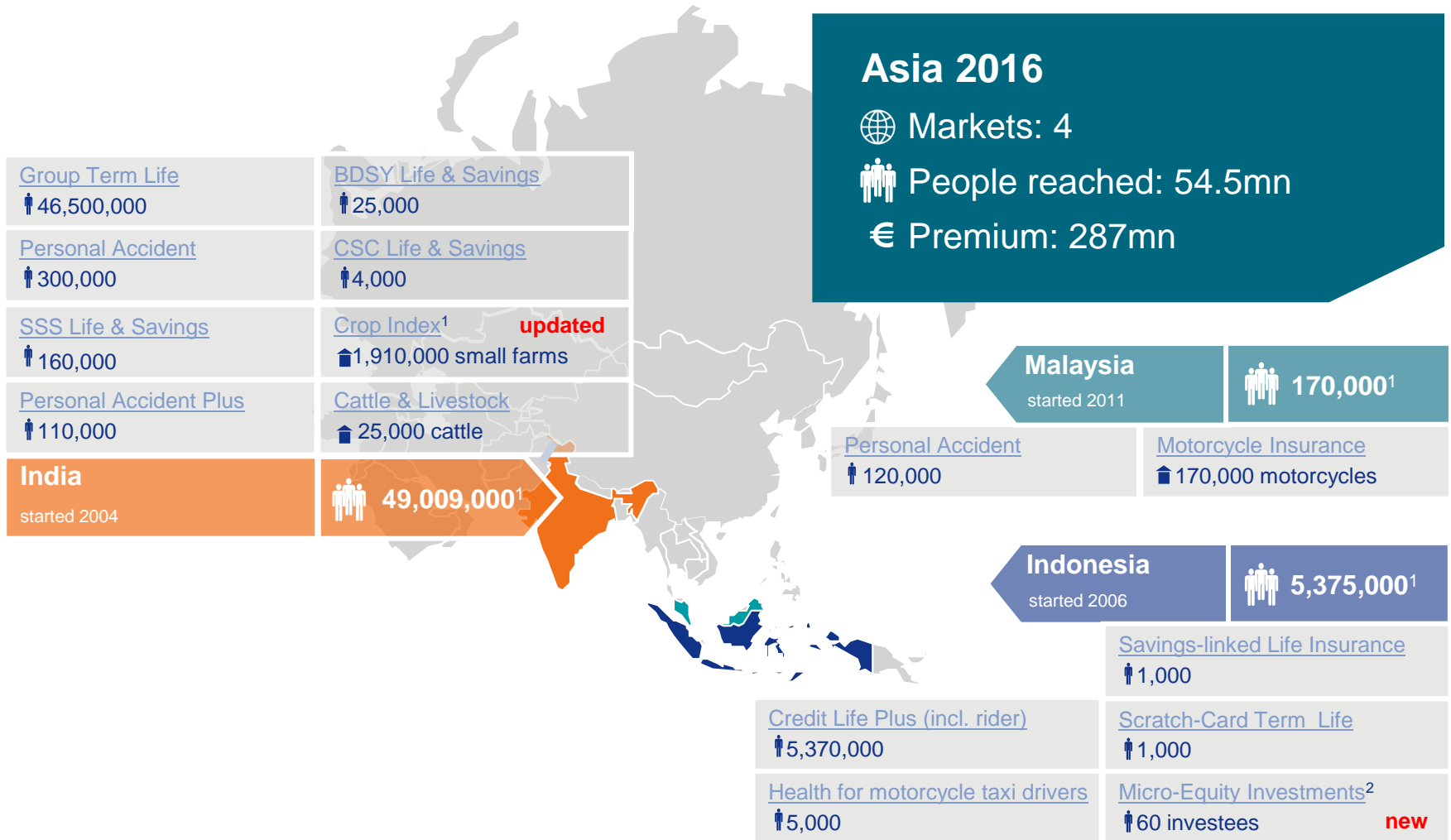
► **Social Benefit:** Microinsurance protects socio-economic progress  
**Business Benefit:** Allianz can grow with customers from micro to conventional business

# Where we do it



1) Number of markets and people reached are as per 31 December 2016. Premium figures are Jan.-Dec. cumulative figures. Double counting, e.g. if a person has a Life and a Home insurance product is avoided where possible but cannot be entirely ruled out. The [Allianz Emerging Consumers definition](#) may differ from local regulatory definitions.

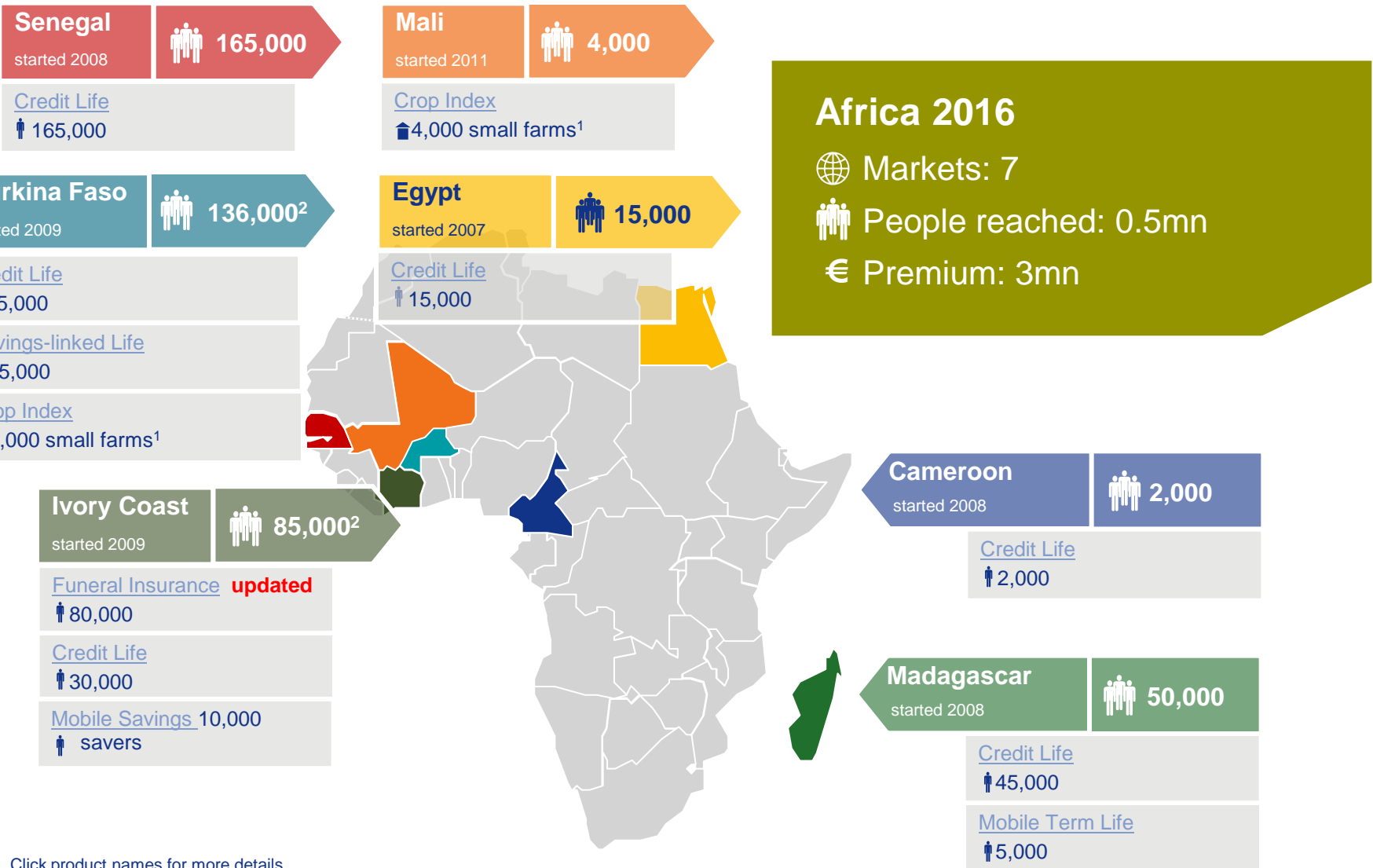
# Where we do it: Asia



Click product names for more details.

- No. of people reached per product adds up to more than the stated total number of people reached per country because double counting is factored out, i.e. persons with two or more Allianz products are only counted as one person reached on country level (although some double counting cannot be entirely ruled out).
- Though** this service is below our 1,000 people reporting threshold, it has been included because micro-equity does not aim for large outreach.

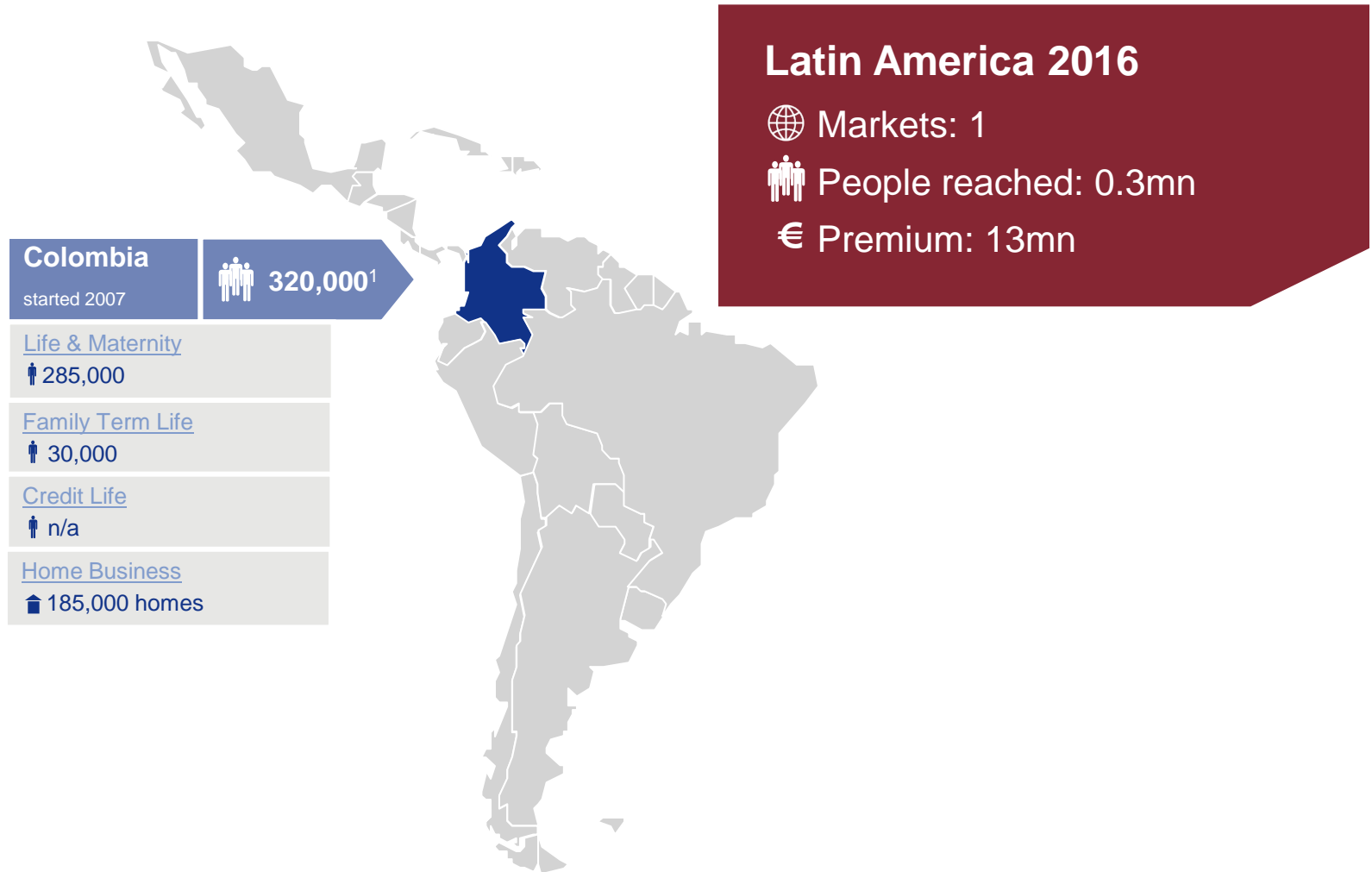
# Where we do it: Africa



Click product names for more details

1) For crop index, number of policies sold Jan.-Jun. 2016. Most policies have already expired by 30 June 2016 due to their short duration of three to four months.  
 2) No. of people reached per product adds up to more than the stated total number of people reached per country because double counting is factored out, i.e. persons with two or more Allianz products are only counted as one person reached on country level (although some double counting cannot be entirely ruled out).

# Where we do it: Latin America



[Click product names for more details.](#)

1) No. of people reached per product adds up to more than the stated total number of people reached per country because double counting is factored out, i.e. persons with two or more Allianz products are only counted as one person reached on country level (although some double counting cannot be entirely ruled out).

# How we do it: Our 4 Emerging Consumers values

## Passion

### We believe in what we do...

- Access to finance for more people
- Willingness to learn and create

## Quality

### We know what we do...

- Quality staff & quality partners
- Value for the customer
- Service oriented

## Fairness

### We are fair in what we do...

- Thinking win-win
- Respectful customer treatment
- Promoting financial literacy

## Transparency

### We show what we do...

- Clear communication to customers
- Sharing of information with the public

## ... and we live our values

### Implementation examples

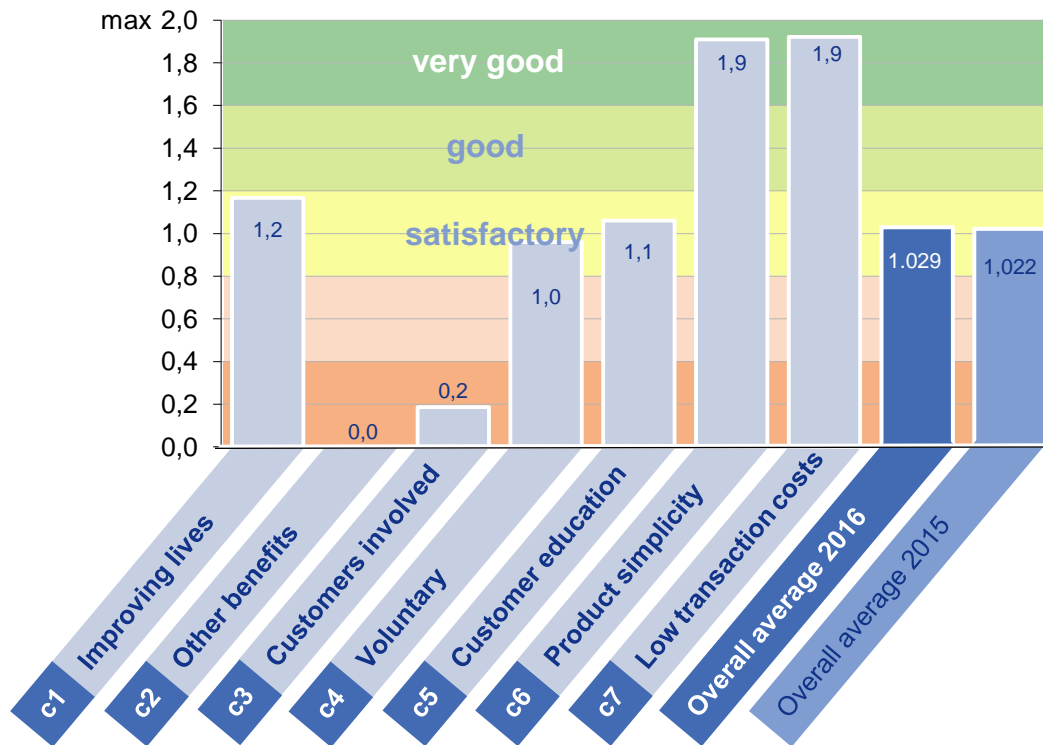
1. Customer research before product development
2. Fair pricing
3. Customer education
4. Responsible sales practices
5. Customer satisfaction survey
6. Grievance mechanisms
7. Social performance indicators
8. Financial performance indicators
9. Knowledge sharing on the [Allianz website](#)

# How we do it: We constantly assess the quality of our Emerging Consumer products

- Allianz self-assesses its Emerging Consumers portfolio on seven quality criteria outlined in the [Allianz Emerging Consumers assessment tool](#)<sup>1</sup>
- The global portfolio as per 31 December 2016 performs as below:

▪ Allianz products tend to perform best on “simplicity” and “low transaction costs”

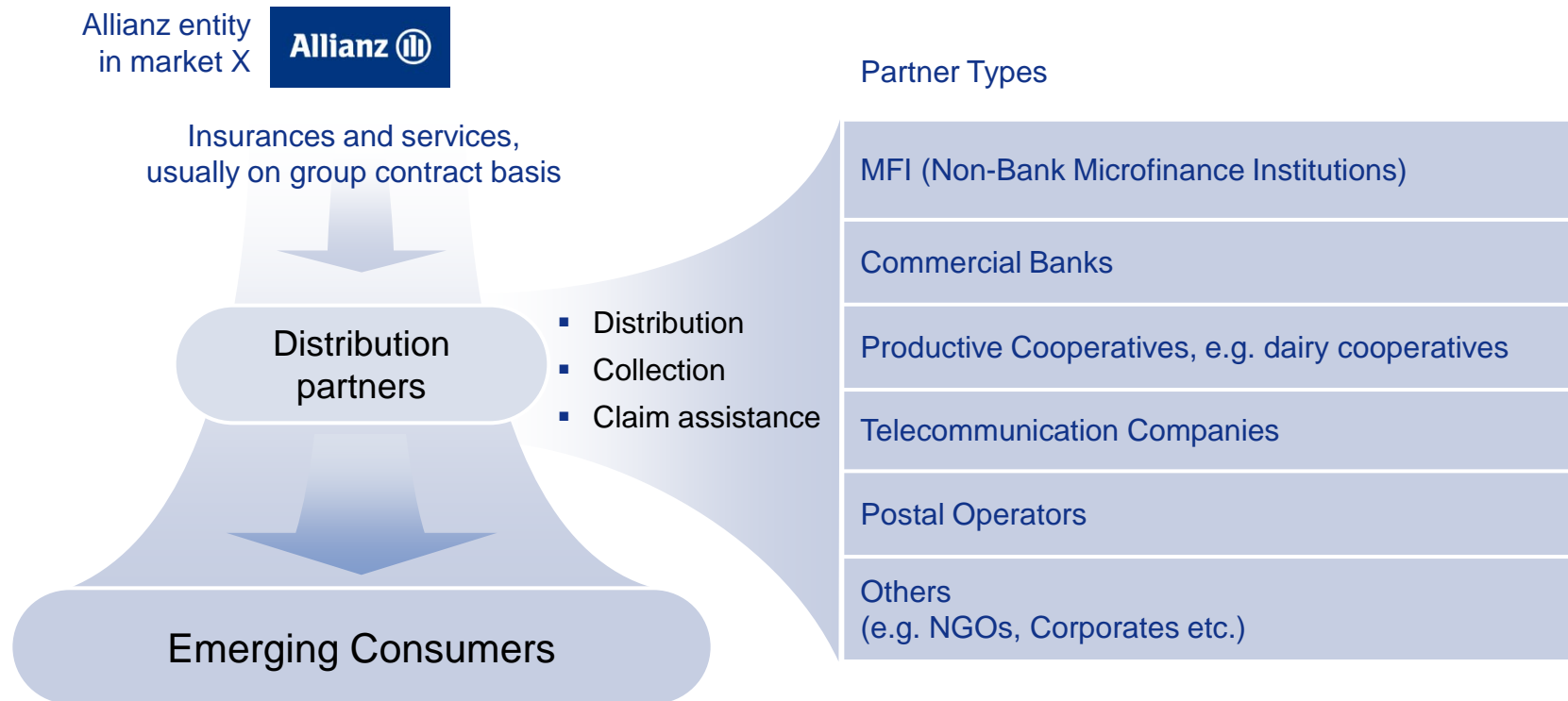
▪ In 2016, the overall average has again improved from 1.022 to 1.029



1) All Emerging Consumers products in 2016 (n=24 products) as listed in our [product pool](#) are included in the analysis. The assessments are self assessments as per the [Emerging Consumers assessment tool](#) and have been weighted by the number of people reached per product. This means that good quality products with little outreach have less weight than products with lower ranking but many people reached.



# How we do it: Distribution



▶ Allianz local entities are the drive and own the Emerging Consumers business. They work with over 700 experienced partners to reach out to customers.

# Disclaimer

These assessments are subject to the following disclaimer:

## Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency

levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

### **No duty to update.**

The company assumes no obligation to update any information contained herein.

# Content

## News

- 1 What has happened since the last report (Oct 2016)
- 2 Full year results 2016
- 3 Feature story: Phone-based customer education in Indonesia

## Background on Emerging Consumers Business

- 4 What is it
- 5 Why we do it
- 6 Where we do it
- 7 How we do it

## Appendix

# Our engagement in public sector insurance schemes

## Asia

### RIICE - Remote sensing-based Information and Insurance for Crops in Emerging economies

- Project to insure 5mn small-holding rice farmers in several Asian countries
- Started 2012 in cooperation with multiple partners → [learn more](#)

## India

### Multiperil Crop Insurance

- Program of local insurers
- Covers 30mn farmers against crop losses
- Subsidies are approximately 90%
- Allianz Reinsurance provides proportional and non-proportional reinsurance cover since 2009

## China

### Multiperil Crop & Livestock Insurance

- Several programs of local insurance companies
- Covers 150mn farmers
- Subsidies are approximately 70%
- Allianz Reinsurance provides proportional and non-proportional reinsurance cover since 2009



- Premiums are partially or fully subsidized through government funding
- Like Emerging Consumers business, these schemes mostly or exclusively benefit low-income families
- If people are only indirectly covered by Allianz through these reinsurance schemes then they are generally not included in our Emerging Consumers customer count<sup>1</sup>

1) Compare our [Emerging Consumers definition](#), page 5.

## Resources & Contact

### Recent videos

- 2016: [Indonesia: Micro-equity program documentary](#)
- 2014: [Indonesia: Playing the insurance game](#)
- 2013: [9 customer awareness interviews \(by GfK\)](#)

→ For more videos, visit our [YouTube channel](#)

### Reports & Studies

- MILK Claim Assessments by Microinsurance Centre: [Crop-index Burkina](#) (2015) & [Credit Life Indonesia](#) (2015)
- [Case Study: Escaping the Credit Life trap](#) (Allianz 2015)
- [Case Study: How Allianz Indonesia microinsurance reached over 1 million people](#) (Allianz 2013)
- [Micro-education endowment learning journey](#) (ILO 2012)
- [Assessment of the social impact of Allianz microinsurance in Indonesia](#) (Hintz 2010)

### Website

- [Allianz Emerging Consumers website](#)

### Contact

Martin Hintz

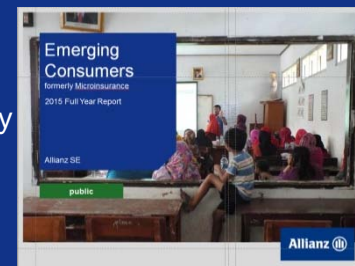
+49 89 3800-18401

Emerging Consumers  
Allianz SE

E-mail:  
[martin.hintz@allianz.com](mailto:martin.hintz@allianz.com)

### Report subscription

If you would like to subscribe to our half-yearly Emerging Consumers report, just send a short request to above contact.



**Publishing Date: 3 April 2017**

**Is this really the latest report?**

→ [Check here for our newest Emerging Consumers reports and publications](#)