**About the Project**

**Project Name:** CIC M-Bima -- CIC Insurance Group  
**Type of Facility Project:** Microinsurance innovation grantee  
**Country of Operation:** Kenya  
**Region:** Africa  
**Sub Topics:** Business viability, Client interface, Premium collection, Renewals, Enrollment, Sales, Promotion, Product development, Improving value, Demand, Life  
**Type of Risk Carrier:** Regulated insurance company  
**Type of Distribution Channel:** Direct sales, own agent network  

**Organizational Overview**

CIC Insurance Group is the third largest insurance company in Kenya with a total premium volume of Kshs. 6.7 Billion (US$ 78.8 Million) in 2011. It is fully owned by approximately 1,562 cooperative societies and 3,875 individual members. CIC has a strategic focus on microinsurance and has a vision of becoming a household name for the microinsurance market in Kenya and the region. CIC ventured into microinsurance in 2001, piloting microcredit life insurance with KADET, a leading MFI and later expanded distribution through Faulu Kenya, K-Rep development agency, Eclof Kenya, and Opportunity International (now Opportunity Kenya), among others.

**Project Description**

CIC Insurance Group is the third largest insurance company in Kenya with a total premium volume of 6.7 Billion Kenyan shillings (KES), or US$ 78.8 million, in 2011. It is fully owned by approximately 1,562 cooperative societies and 3,875 individual members. CIC has a strategic focus on microinsurance and has a vision of becoming a household name for the microinsurance market in Kenya and the region. CIC ventured into microinsurance in 2001, piloting microcredit life insurance with KADET, a leading MFI and later expanded distribution through Faulu Kenya, K-Rep development agency, Eclof Kenya, and Opportunity International (now Opportunity Kenya), among others.

**Beneficiaries**

The beneficiaries of the project are low-income households, mostly self-employed with irregular incomes. The project will start with a core group of savers in Nairobi. CIC hopes that others in the communities will follow the example of the core group, thus promoting saving and insuring with formal financial institutions.

**Learning Agenda**

- What are the success factors in stimulating regular savings?  
- Which elements of the marketing strategy are the most cost-effective?  
- What is the value of a savings-linked product to low-income households?  
- What are the success factors for a retail distribution model? How to develop a sales force within this model?

**Project Status**

**Key Performance Indicators**

Based on their initial experience, additional market research and business analysis, CIC developed a new marketing strategy for its M-Bima Jijenge Savings Plan. Product design remained the same, while promotion, distribution and customer care strategies were revised significantly to improve scale and persistency and to align with new product positioning (i.e. targeting good savers).

The strategy was pilot tested from March to June 2014 in two zones in Nairobi with 99 new outlets, mostly small shopkeepers involved in mobile money transactions.

Compared to initial experience with Jijenge using multi-channel strategy (including CIC staff selling to their contacts), the results of the pilot are as follows:
<table>
<thead>
<tr>
<th>KPI</th>
<th>KPI description</th>
<th>Before pilot (11.2010–02.2013)</th>
<th>Pilot (03-06.2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New proposals</td>
<td>All proposals received</td>
<td>15,424</td>
<td>2,470</td>
</tr>
<tr>
<td>Conversion rate</td>
<td>Policies converted (activated) / new proposals received</td>
<td>50%</td>
<td>58%</td>
</tr>
<tr>
<td>Policies in force</td>
<td>All active policies (at the end of the period)</td>
<td>7,705</td>
<td>1,421</td>
</tr>
<tr>
<td>Persistency rate 2m</td>
<td>1 – (lapse rate 2m and cancellation/surrender rate)*</td>
<td>28%</td>
<td>48%</td>
</tr>
<tr>
<td>Arrears ratio 5%</td>
<td>share of premium in arrears &lt;=0.05 (at the end of the period)**</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Mis-selling rate</td>
<td>policies with less than KES 600 (minimum monthly premium) / policies in force***</td>
<td>49%</td>
<td>73%</td>
</tr>
<tr>
<td>Agent productivity</td>
<td>New policies converted by agent per day</td>
<td>na</td>
<td>0.13</td>
</tr>
<tr>
<td>Payment ratio</td>
<td>Average payment / monthly premium</td>
<td>48%</td>
<td>30%</td>
</tr>
<tr>
<td>Claims ratio</td>
<td>Claims paid / premiums received</td>
<td>only few claims received</td>
<td></td>
</tr>
</tbody>
</table>

* Persistency rate as calculated here overestimates persistency for the pilot as period is short and policies from last two months did not have a chance to lapse. Lapse rate = Policies lapsed (policies in arrears > 2 months) during the period / [policies in force in the beginning of the period + converted policies during the period]; Cancellation/surrender rate= Policies cancelled/surrendered during the period / [policies in force in the beginning of the period + converted policies during the period]

** This underestimates persistency (especially in pilot data) as many policies are topped up when policyholder is reminded. Hence, actual persistency rate in the pilot is between the two indicators Arrears ratio and Persistency rate.

***Again, this overestimates mis-selling in the pilot as policies from last month do not need to be higher than 600 KES.

Please also find more info in the annex of the Full Learning Journey document of CIC [3].

Project Updates

Based on their initial experience, additional market research and business analysis, CIC developed a new marketing strategy for its M-Bima Jijenge Savings Plan. Product design remained the same, while promotion, distribution and customer care strategies were revised significantly to improve scale and persistency and to position the product differently, targeting it at good savers. The strategy was pilot tested from March to June 2014 in two zones in Nairobi with 99 new outlets, mostly sma...READ MORE [2]

Project Lessons

On clients? needs versus endowment plans and other savings-linked insurance solutions Low-income people?s needs for medium-term savings solutions are not being met. Recent financial diaries by BFA in Kenya confirm that low-income people lead complex financial lives. Each manages more than 15 financial relationships to make ends meet and manage emergencies. They have aspirations to invest in their children?s future and build their assets. Yet the many f...READ MORE [2]

On marketing savings-linked insurance product sold through a retail distribution model A retail model without a strong brand and local presence cannot build enough trust to sustain saving behaviours. M-Bima Jijenge clients made it clear in focus groups that they tried the new product but abandoned savings as there was no local presence. Even if some appreciated an option to call the customer service centre, they still would prefer to get more ?physical? ...READ MORE [2]

On viability of retail distribution model The MMO retail model did not work to sell Jijenge. The pilot proved that the current distribution model (mostly mobile money agents) is very difficult to execute at the current stage of market development in Kenya. Results are very disappointing ? low take up, very low persistency and very high mis-selling. Mobile money outlets as agents are not sophisticated enough to sell complex insurance products and still seem...READ MORE [2]

On technology A wireless application protocol (WAP) app is a must to improve the quality of customer data capture and to build persistency. Good quality of customer data is key for a product with frequent transactions like Jijenge. CIC established a good process to collect proposal forms but still some human errors occurred, especially when it was not clear who should input the information. This impacted 12 per cent of pilot clients who were either not reach...READ MORE [2]

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**Date of last update:** February 2014

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