

## [Delivering impact insurance -- AXA Indonesia](#) [1]



**Country of Operation:** Indonesia

**Region:** Asia and the Pacific

**Sub Topics:** Business models, Other channels, Financial institutions, Product development, Retailers, Mobile network operators, Partnerships, Impact, Improving value, Composite products, Value-added services, Health, Life

### Organizational Overview

AXA Indonesia is part of the AXA Group, a worldwide leader in insurance and asset management in 59 countries. The group is a conglomerate of independently run businesses, operated according to the laws and regulations of many different countries.

### Project Description

AXA is one of the world's leading insurance and asset management groups, serving 107 million clients in 64 countries. Its mission is to help customers live their lives peacefully by protecting them, their relatives and their property against risks, and by managing their savings and assets. Well-established in Western Europe, North American and Asia/Pacific markets, AXA intends to reinforce its growth in the years ahead by intensifying its presence in high-growth markets. Its new strategy is to provide valuable insurance solutions to low- to middle-income workers and their families in developing countries, who will be the middle class of tomorrow.

AXA Services Indonesia comprises of five entities that offer life or general insurance to the market. Two business entities are joint ventures with Mandiri Bank and are leading financial services companies in the country. The Emerging Customers team, in collaboration with the local entities, has been tasked with executing the new strategy and accelerating AXA's presence in the low- to middle-income market.

### Activities Overview



The ILO's Impact Insurance Facility supports AXA's Emerging Customers team in Indonesia to develop tailored products to better address clients' needs. The Facility brings a wealth of experience from previous and current projects serving low-income markets. Through this two-year collaboration, the key output will be critical insight into the design and delivery of insurance products for excluded populations, especially women and migrants. To achieve this, the Facility and AXA will test relevant insurance products in Indonesia, and share resulting lessons and experiences with other country offices, and wider insurance and development communities. Both innovation (with regards to all parts in the insurance value chain, especially product design and distribution mechanisms) and change management will be needed to achieve this goal.

### Learning Agenda

- What are the health needs or pain points that emerging customers are facing?
- What value propositions and m-health solutions could help address those needs or pain points?
- What are the common health seeking behaviours by the emerging customers?
- How to deliver m-health solutions to the emerging customers, in terms of distribution channels and partners?

### Latest Updates



As of September 2018

One key focus is the development and implementation of a mobile health strategy for emerging customers in Indonesia. The initial strategy is to partner with one of the leading m-health service providers to offer a free doctor's telehealth service bundled with hospital cash insurance.

The project is currently on track and has achieved the following milestones:

- An optimal product design and pricing for hospital cash insurance has been developed and has been approved by the regulator
- The insurance offering and claims function have been embedded within partner's app ecosystem
- The partnership was formalized and launched in September 2018

## Lessons

Digital technology has significantly affected the partner landscape. It is important to realise that a consumer's first experience interacting with a digital interface in the insurance space will be extrapolated, in their minds, to the entire insurance market. A good experience can help build trust just as a negative one could taint the consumer's view of insurance as a whole. Such 'moments of truth', such as at the point of claims payment, are increasingly impacted not just by how easily the consumer interacts with the business but also by their experiences from interacting with the business' partners in the 'broader insurance ecosystem'. With this in mind, and as part of its collaboration with a mobile health partner, AXA Indonesia has embedded lead generation and claims process within the partner's digital ecosystem. For example, users can indicate their interest in the insurance product through the partner's mobile app and when it comes to claims, the users will upload the claims documents directly on the app. The solution is to work with partners to ensure a good customer experience.

Stakeholder management is critical to the success of any project. There was a slight oversight when not all internal stakeholders were involved from the start and not all their concerns were addressed adequately, which hampered the decision-making process. Learning from that experience, all stakeholders would be involved early and AXA had open discussions with them about their concerns and contributions. Another key success factor in the project is to build a strong and trustful relationship with the partners. The project had to be flexible and agile, while also ensuring open communication and transparency throughout the project.

In Indonesia, 60% of adults do not have bank accounts while 84% own a mobile phone. In this context there has been a rise of e-wallets and mobile payment applications offering digital payment options. AXA Indonesia is partnering with a fintech company that offers a mobile payment and remittance system to service emerging customers. This should address the challenges of premium collection among the unbanked and low-income customer segments, especially in remote areas outside big cities.

One of the key success factors in developing sustainable partnerships is to align the interests of both parties. In developing value propositions and business models with different partners, the project aims to understand the key drivers that support a partner's core business. This includes: (i) leveraging insurance products to increase enrolment rates, average revenue per user (ARPU) and retention; (ii) diversifying revenue streams by including insurance as one of the product offerings; and (iii) utilising insurance as a way to incentivize the partner's sales force.

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