# Learning Journey

## Alternative Insurance Company

### Protecta – Funeral Insurance

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Project Basics

About the project

The Alternative Insurance Company (AIC) was the first insurer to launch a microinsurance product in Haiti in October 2007 with a Haitian microfinance institution (MFI), Fonkoze. The initial product for Fonkoze’s clients covers the borrowers’ remaining balance on their loan in the event of death, and provides a death benefit to the beneficiaries for a period of one year. AIC has since been working with other MFIs to launch other products adapted to the needs of their customers. In April 2009, in response to increasing demand in Haiti, AIC launched its first voluntary funeral microinsurance product: Protecta. Protecta is designed to cover the funeral expenses for its clients and is available throughout the country. Funerals are important in Haitian culture, but are very costly for all households, especially low-income households.

The product is sold through a range of distribution networks, including commercial banks, MFIs, and funeral providers, in order to reach large segments of the low income population in Haiti. Specific market segments have been identified for potential clients, and the product is currently delivered to these target markets through Banque Nationale de Credit (BNC) and two MFIs, Sogesol and Fonkoze.

Project Summary

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<th>Project name:</th>
<th>Protecta – Funeral Insurance</th>
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<tr>
<td>Launch date:</td>
<td>April 2009</td>
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<tr>
<td>Duration:</td>
<td>3 years</td>
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<td>Country:</td>
<td>Haiti</td>
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Project Updates

What is happening

As of December 2007

In 2007 AIC started offering credit life insurance through Fonkoze. AIC trained the Fonkoze staff, who in turn educated the clients about the product. To monitor the product and its implementation, AIC conducted interviews with clients every three months. The interviews assess client understanding of insurance and their life cover. It quickly emerged that clients wanted more in terms of coverage.

Providing this product gave AIC interesting insights. However, the product was limited, and only covered clients of Fonkoze’s credit programmes.

As of December 2008

In 2008, AIC began a partnership with Banque Nationale de Credit (BNC) to develop a bancassurance model. As a state bank, BNC has a large distribution network with over 40 agencies across the country and a presence in every major city. AIC’s initial aim was to provide microinsurance as widely as possible, therefore BNC’s extensive distribution network added considerable value in achieving this objective.

The product initially offered through this partnership was called “Vision 24”. It is a simple product with a fixed sum insured, a six month waiting period, and premiums of around US$ 12-14 per month. There is a choice between products with three different payouts, and pricing is based on three age brackets.

As of April 2009

AIC had almost completed developing its new funeral microinsurance product, Protecta, with the help of feedback from a survey. At this point it approached numerous funeral parlours to determine the cost of a funeral and the level of service possible at different prices. A survey of the target market provided insights into what clients might want in a funeral, how much they would be willing to pay for certain services, and what funeral parlours they would be most likely to use. The questions ranged from demographics, such as the average age of the deceased clients, to their preferences, such as their preferred colour to be used in the service.

In the end, AIC selected five funeral parlours in Port-au-Prince to be affiliated with the Protecta product. Protecta policy holders can also access services locally, with at least one affiliated parlour in most cities, however it was not always possible to provide a choice of funeral parlour outside of the capital. Non-affiliated funeral parlours continue to chase AIC to become service providers of the Protecta product.

In April 2009, the Protecta products were launched. Clients had a choice of four different products:

- Protecta Classic – covers the funeral service
- Protecta Plus – covers the funeral service and an additional benefit to a nominated beneficiary
• Protecta Cashback – covers the funeral service upon death, or returns a proportion of the premium (equivalent to around ten months) after three years if no claim is made
• Protecta Cinq Etoile – covers the funeral service as well as providing both an additional benefit and cashback

For each product, the client can select one of four limits ranging between 45,000 and 100,000 Haitian gourdes (HTG) (see product description).

AIC developed a marketing campaign from December 2008 to February 2009, including:

• Securing key locations in Port au Prince, the capital of Haiti, for billboard advertisement and selecting images for the advertisements
• Establishing ways for clients to be able to identify the distribution and funeral networks
• Selecting household celebrities for the television and radio commercials
• Preparing a promotional vehicle, which started touring the metropolitan area of Port-au-Prince in March

As of December 2009

Initially AIC looked into the possibility of setting up sales points to distribute the product. With the costs of internet, electricity, building security, rent and agent costs, it quickly decided that this option was too expensive. An alternative was to use employees of existing institutions to sell policies; a similar model to the Western Union money transfer kiosks, where an existing employee is given training and incentives to sell specific products.

AIC focused on developing the enrolment software to be used by the AIC staff. The AIC software was completed by American software designer, ImagiSoft, in March 2009 and the staff members were provided with additional training on how to use it. Delivery of the final version of the software was delayed for well over five months, delaying the product launch until April 2009.

AIC encountered challenges testing their DATANET software, and from April 2009 to October 2009 was in frequent correspondence with the developer, ImagiSoft. AIC recruited a chief information officer (CIO), in addition to its existing IT department.

Protecta was launched in April 2009 with the bank, BNC, and the MFI, Sogesol, as the first distribution partners. With BNC, AIC agents sell the policies, whereas Sogesol’s own agents cross sell Protecta.

Both BNC and Sogesol were important partners to AIC as they represented different and complementary markets. Sogesol enabled AIC to reach small merchants in market stalls, while BNC better represented the owners of small-to-medium enterprises. The different options of the product allowed it to cater to different groups.

AIC agents were placed to sell Protecta products At BNC branches. From lessons learnt implementing bancassurance in the past, AIC knew the bank tellers are not insurance salesmen, and tend to prioritize their core functions. AIC was willing to invest in training its own agents instead.
When establishing the bancassurance model, all staff members at the bank were given ten days of training at AIC, to cover everything from introducing the concept of insurance to the specifics of life insurance. This included everyone from tellers, customer service and credit officers, to operations and marketing staff. Back office IT and sales support was retained within AIC to ensure that BNC always had access to appropriate support.

At the MFI Sogesol, AIC used a different approach. Sogesol’s credit agents have direct client contact with clients to discuss how to manage money. These discussions are followed by once a month follow-up visits, which allow the credit agents one-on-one opportunities to introduce Protecta. As a result, AIC initially decided to train and use Sogesol credit agents to sell Protecta.

From the outset AIC observed that there was a great deal of interest in Protecta from varied groups. Individuals ranging from government officials to housekeepers, to young university students attended focus groups. Most interest came from the 40-45 year age group.

In Haiti there are large numbers of single mother households or households in which women are the breadwinners with the men unable to find work. As a result promotion targeted women, with advertising on radio, TV and large billboards all showing women. It was surprising to AIC, therefore, that after the product launch over 60 per cent of policies purchased were by men. Women interested in purchasing Protecta would always claim they needed to first consult their husband to get their consent. Over time the proportion of female policyholders slowly increased. By late 2010, women represented 55% of policies in force.

Sales of Protecta began, but predominantly through BNC. AIC was facing a familiar problem; Sogesol credit agents were not selling many policies as the incentives offered on credit were higher than those for insurance. These incentives were monetary and were sometimes as much as double their Sogesol salary.

In October 2009 after six months of Protecta sales, AIC approached the Sogesol directors with the comparative sales results between BNC and Sogesol. In some instances BNC and Sogesol sales points were within walking distance of each other, yet BNC sales would heavily outweigh those of Sogesol. Sogesol credit agent incentives were based on the number of loans, portfolio performance and the quality of the clients. AIC suggested adding some extra incentives, such as prepaid cards with HTG 5,000, dinners for two, and prepaid mobile minutes, for the Sogesol credit agents in order to get sales started. The effect was minimal and before long AIC again realized that Sogesol had a culture of focusing on credit and that AIC would be better using its own agents to sell Protecta in Sogesol’s branches.

Another problem with the Sogesol model was that clients had a single account for both loan repayments and Protecta payments. When the account balance is low, there is no way of the bank knowing what each deposit is for. As an example, if someone was to deposit their Protecta premium a few days before it was due, and had a loan repayment due before the Protecta premium, the loan repayment would automatically deduct the necessary amount from the account, regardless of the premium due the next day.
In September 2009, AIC began a new promotional campaign to complement the existing distribution methods, using a van displaying Protecta posters and TV advertisements. The van would go to different locations each day based on a calendar of locations set up every month. Each area would be visited twice a week. On the first visit names of those interested in purchasing Protecta would be taken, and an appointment made for the next day, for which potential clients could be told exactly how much money to bring in order to purchase the policy. This also avoided the need for the van to carry change in order to make sales.

As well as the van and the BNC and Sogesol agents, AIC has used radio, TV, and billboards to advertise Protecta.

The planned pilot was reduced from six to three months, and despite the extensive outreach and marketing campaign only 2,331 new Protecta policies were issued from April 2009 to November 2009. Eight months into the launch, Protecta had been made available at 25 distribution points.

**As of July 2010**

On 12 January 2010, Port-au-Prince and some surrounding areas were hit by a devastating 7.3 Richter scale earthquake that left over 200,000 individuals dead and an estimated 1 million homeless. All AIC, BNC and Sogesol operations stopped immediately and indefinitely with staff unable to report to work.

In the six months following the earthquake, given its reduced sales force and capacity, Sogesol sold two policies. In the summer months of July and August, economic activity in Haiti slows down and financial investments are typically a low priority. The year 2010 was no exception and it was only late in the year that the situation remotely resembled business as usual again.

Branches opened one by one after the earthquake, with reduced working hours due to security issues after dark. A lot of staff had to be let go and operations scaled back. Many BNC branches were damaged and destroyed, and AIC had limited information about when they would be operating again. BNC was selling some policies, with an increased awareness of the need for insurance after the earthquake. There were eleven BNC branches in Port-au-Prince before the earthquake, but only six at the end of 2010. A seventh branch opened again only two years later in 2012.

After the earthquake, AIC’s promotional strategy changed. It was difficult to get the Protecta van back out to talk about death with so much death everywhere already. There were tent cities all over Port-au-Prince and, although at a later date there would be no problem subscribing those living there, people were not in the frame of mind to hear about Protecta in the months after the quake.

Fonkoze, the largest MFI in Haiti, lost their Port-au-Prince branch in the earthquake. They were unable to get a new one before September 2010. Once it opened in October 2010, Fonkoze became AIC’s third distribution partner, selling Protecta in its new branch.

AIC approached Sogesol in September 2010 to discuss their sales results and develop a new approach. It was agreed that AIC would provide their own sales agents, if Sogesol would provide the office space, and furniture, and clearance for AIC to promote their products in Sogesol branches and maintain the
existing commission structure. AIC would provide the IT equipment, internet, salaries for the sales agents, and pay a share of the electricity bill. AIC began using its own agents within Sogesol branches in May 2011.

The use of SMS campaigns started in May 2010, helping to kick-start sales after the earthquake. People in Haiti are used to receiving promotional SMS messages, but for AIC it was a way of reminding clients to pay their Protecta premiums in the month that they fall due. Agents are also encouraged to call the clients to remind them to pay their premiums, and are given 400 phone minutes each month to call their clients. When talking to a client, time is often spent answering questions and servicing the client’s general needs. If the 400 minutes are not enough for agents to contact all clients about their renewal payments, SMS campaigns support this reminder effort.

As of December 2010

Feedback from the Protecta product indicated a frustration that older age groups were not able to purchase Protecta. Younger people were interested in purchasing the protection for their parents, but only those up to the age of 55 were able to become policyholders.

In October 2010, Protecta Silver was introduced as a simple, funeral-only product available to cover those between 56 to 65 years of age. The initial aim was to allow younger existing policyholders to purchase the policy to cover somebody aged between 56 and 65. The younger policyholder would purchase and continue paying premiums for both policies. This idea created difficulties, however, as it was uncertain what would happen in certain situations, for example if the younger member stopped paying their own premiums but continued with those for the older policyholder. There was also negative feedback about obliging people to join up themselves in order to register their parents.

Given the apparent demand for the product, AIC expected to see an instant spike in sales. Unfortunately it did not come, perhaps due to the factors listed above, or perhaps due to the lack of publicity for the in the months following the earthquake. Between October and December 2010, Protecta Silver represented less than 15% of sales in the Protecta portfolio.

Further focus groups carried out at the end of 2010 took a slightly different form. Instead of meeting at an external centre, policyholders were invited to come to see the company behind the Protecta product, and see why it is still running and launching new products after the earthquake.

In September 2010, AIC launched new selling points in Cape Haitien and Ouanaminthe. In October 2010, AIC commenced its relationship with Fonkoze, opening sales points in Port-au-Prince and Mirebalais.

Between October and December 2010 the Haitian presidential campaign took place. AIC was forced to put all promotional activities on hold in order to protect the lives of its staff and avoid association with any particular part of the election campaign. Mobile agents and the Protecta van were put on hold and no sales point launches were made. Radio and television advertising were the only promotional activities that remained active during this time.
Riots commenced in Haiti around the time of the election in December 2010. Political instability continued during the coming months. The new president was announced in February of 2011, but AIC did not resume normal operations until after May 2011 when the new president was sworn in.

As activities resumed from May 2011, AIC finally began to sell in Sogesol using its own agents. The Protecta van restarted operations, but as the mobile agent left AIC during the period of inactivity, the van returned to simply providing marketing on its neighborhood visits. During the search for a new mobile agent, a more reliable internet connection was also sought out for the van.

Another challenge was the cholera outbreak in October 2010. AIC temporarily stopped the sale of new policies in branches in the concerned areas, as well as a planned launch in the area of the outbreak. As a result, the sales target was reduced from 10,000 new clients since December 2010 to 6,000 clients. However, Protecta was only able to reach a little over 5,500 clients.

As of December 2011


All agents from all locations met in Port-au-Prince every three months. The meeting provided an opportunity for them all to interact with each other, but it was also an opportunity to assess their portfolio in comparison to goals, to revisit basic sales information, to share issues, and to solve problems collectively.

It is estimated that around one million Haitians live in the United States with a further 150,000 in Canada and 100,000 in France. A large number of the funerals in Haiti are sponsored by the Haitian diaspora. AIC sought to tap this market through the development of Protecta beyond Borders, or “Soutni Fanmi W” (“Protect your family”).

The first trip was made to Florida to sign up agents who had been identified by a consultants. The product was presented to the population and feedback was collected. The second trip to the US involved further recruitment and finalizing the IT systems of the company established in the US. The third trip was used for training the agents and eventually launching the product.

To facilitate the sale of the product in the US, an organization, Alternative Management Solutions (AMS), was established to represent AIC in the state of Florida. Protecta beyond Borders involves the sale of a service within the US, to establish an insurance contract within Haiti. This is important as it means that AMS is not an insurance company, does not need an insurance license, and is not subject to US insurance legislation and regulations. In effect, the person in Florida does not benefit from the policy and can be seen as making a type of cash transfer by purchasing the product.

The final product offered the following features:

- Funeral service worth HTG 100,000 (approximately US$ 2,500)
- Lump sum of US$ 500 paid to beneficiary for the expenses of the wake
• Financial assistance of US$ 100 paid to the beneficiary every month for twelve months following the funeral. This was sold to the sponsor as additional revenue to be sent to the beneficiary, particularly in the case of the death of a breadwinner, which provides extra security while the sponsor sources more funds to allow them to provide on-going support after that time. The financial assistance aspect also allows AIC on-going contact with the family after the death.

The product was launched in October 2011. AMS continues its operations in Florida with three employees: a secretary; a supervisor of the agent network; and an office manager responsible for overseeing all staff.

Marketing efforts in the US have proved very expensive. To date, promotion has been limited to community radio and community television as a means of reaching the Haitian population. The Haiti-based AIC have also been involved, participating in many radio shows and giving people the opportunity to ask questions live on air. There is also advertising on local radio websites.

Currently, six people (called “Rabbateurs”) have been trained to go into communities to talk about the product. The sales agents are currently individuals that work in the money transfer bureaus. They sell so many products that they have very little time to convince people about Protecta.

Maintaining a high level of standards and enthusiasm amongst US-based Protecta agents is crucial, but also difficult when managing from afar. AIC is aware that a lack of supervision of the agents could be all that is needed for everything to fall apart, and managing this is difficult. Communication with the agents needs to be kept open, with someone there to answer questions and address concerns. For clients, the presence of the AMS office was important to gain their trust. Many previous schemes have claimed to provide support for loved ones in Haiti without delivering anything. AIC needed and needs to fight the attitude that “nothing Haitians do is serious”, however trust takes a long time to build, particularly during difficult economic times.

**As of December 2012**

In April 2012, an evaluation and review of different aspects of the product implementation, marketing and sales was carried out. Despite a commission of US$ 6 for each transaction (sales and renewals), sales were not forthcoming. Agents have the trust of the Haitian community, but lack the time and skills to sell the product. Selling insurance is a low priority, and the drop in economy activity and tourism in Florida has led to increased unemployment and economic difficulties amongst the Haitian community. In most cases, insurance is a new concept for an undereducated population with limited familiarity with AIC.

In early 2012, AIC decided to begin the process of recruiting its own agents to work at the point of sale. Protecta beyond Borders was being distributed from 60 different sales points. Each of these points has costs involved, largely in terms of printing marketing materials.

Protecta beyond Borders also set up a website for online subscription. Many have already used this, including some as far away as France.
Protecta Cashback started paying the “cashback” in April 2012, three years after the initial launch. Clients due to receive cashback can opt to collect it at the original point of distribution or another Protecta agent location.

The local Haitian Protecta products continued with business as usual in 2012. The Protecta van continued to visit the various locations of the network, while new BNC, Sogesol and Fonkoze sales-points also opened.

In May 2012 a pilot programme started that allowed three agents to sell outside of their office in their respective locations. Identified by their uniform, the agents would approach people on the streets and ask for their thoughts on the product. The results would be shared amongst the team to determine whether this was a worthwhile strategy. The idea came about through agents sharing their frustrations on Skype about how it is always the same people who come into the bank branches to carry out transactions.

There are currently 31 agents working throughout Haiti. AIC actively try to retain their staff by offering incentives such as promotion opportunities within the team. Promotions are made based purely on performance, without a need to work for the company for a minimum time. While a lower level agent earns HTG 11,000 per month, a promotion to a higher level results in a salary of HTG 13,000 a month. From there agents can progress to supervisor and head office positions.

In September 2012, AIC developed a partnership with a Haitian university to provide agents with access to higher level education that might not otherwise have been available to them. Providing opportunities for growth in knowledge and responsibility benefits both the individual and the organization. Instead of searching for higher qualified people to hire, AIC believes in investing in the human capital that it already has. As a result, its active retention strategies are not simply monetary.

To date, no analysis has been done on whether the training costs are justified by increased sales. However, by providing attractive pay to its agents, AIC runs a lower risk of losing staff to jobs of a similar level, such as bank tellers.

Following the success of their previous campaign, further advertisements featuring TonTon Bicha have been planned. The line from the TV commercial is widely recognized in Haiti, “we will all go one day so let’s plan ahead”.

Overall, the focus for 2012 was on Protecta beyond Borders, and using the momentum from the older Protecta products to firmly establish a successful new product. Projections showed that Protecta could be sustainable by the end of September 2012, depending largely on the success of Protecta beyond Borders during the year.

Focus groups for Protecta beyond Borders were conducted in New York and Boston during August 2012. There is a growing awareness among the US-based Haitian population that the Protecta product is also available for sale at a cheaper price within Haiti. Possible adjustments include adding a health component or a family plan to the US product. Interest in these additions will be tested in focus groups before a product launch. The product premium would not change.
Project Lessons

On client value and product design

Constant client feedback is needed to design and improve new products. Throughout time AIC has constantly carried out research, collecting client feedback at the point of sale, organizing group discussions and interviewing agents to improve existing products and design new ones.

Based on market research and initial experience with Fonkoze and BNC, the organization developed a universal funeral insurance product called Assurance Funeraire Universale (AFU) in 2008, which provided a funeral service for a deceased policyholder.

AIC ran surveys both inside and outside of Port-au-Prince to understand what could be improved about AFU and what in general was desired in a funeral insurance product, including which add-ons would make the product more appealing. Survey results were presented by region, ensuring that any geographical trends were also noted.

The survey results uncovered a desire for funeral coverage along with an additional benefit. Feedback on the types of additional benefits desired informed the development of the different Protecta products and the pricing strategy.

Of those surveyed, over 90 per cent claimed that insurance was very important, yet only 23 per cent had any kind of insurance coverage. Over 90 per cent of respondents had no opinion on which insurance company they would purchase from, the next highest percentage being 5 per cent with a preference to purchase from AIC. The respondents also played a role in selecting the name “Protecta”, meaning “something that protects you”.

Protecta Silver was also introduced in 2010 in response to feedback from clients that they wanted to be able to buy a policy for those who were too old for the age range of the initial product.

In January and February 2011, a consulting firm in the USA undertook market research and an initial survey of the target population for Protecta beyond Borders. The survey looked to provide understanding on how much, how often, to whom and through which channels money was being sent from the US back to Haiti. Results were analyzed geographically. The preliminary results available in March 2011 showed potential for the product in Florida, Boston, New York, New Jersey and Connecticut, and helped to form decisions on the distribution channel, coverage and the price range. The product changed many times during the period of development, with numerous visits and analysis of client surveys.

Simplifying enrolment processes allows the organization to deliver a better experience to clients and delivery channels. AIC designed the enrolment process to be carried out directly by the sales person, who would issue the policy document at the moment of the transaction. There are four identification documents that are accepted: elector card; passport; identity card; and driving license. This provided more options for low-income households with limited means of identification. The photo for the policy is taken on spot using a webcam and the server works in real time to follow up on the status of the
enrolment. The integration of all these elements has enabled the organization to provide a temporary identification card and the signed contract at the time of transaction, and the actual bar-coded card within five to eight days.

**The selection of funeral service provider is important for product development.** Having developed a Protecta product prototype, AIC approached numerous funeral parlours to determine the cost of a funeral and the level of service possible for a given price. A survey of the target market included questions to try to find out which funeral parlours clients would be most likely to use. It was often the case, for example, that a particular funeral parlour would be chosen based on individuals having attended the funerals of other family members at that same parlour. It was uncertain, however, how much weight this carried in the decision. These kinds of insights seemed to apply across social levels, and were used as the basis for the questions which AIC asked of the funeral parlours during selection.

There were a number of options for the funeral services provided, such as the type of coffin, the number of days at the morgue, the type of service, the transportation, the use of flowers, the use of videos, and the wake. These choices all had consequences for the limits that should be set for the policies.

Funeral parlours were interested in discussing the Protecta product as it would give them access to new clients. From the perspective of AIC, the quality of the funeral parlours and their services was very important, as the reputation of their product and company depended on it.

Funeral service prices were agreed with the parlours and the AIC team compared and projected the options available for each service to decide what to include as a part of each standard offering. AIC negotiated down the funeral price so that it would be more expensive for people to access the same service without the Protecta product.

AIC had difficulties developing its network of funeral providers in rural areas because the majority of providers are concentrated in urban areas. This limited the growth of the network of sales branches as the product couldn’t be offered in a place where there were no affiliated funeral parlours.

**On marketing**

**Designing messages and testing them with the target audience improves the impact of the promotion campaign.** At the time of the Protecta product launch, AIC chose the slogan “Nap ede’w bwote denye chay la” (“We will help you get rid of the last burden”). However, there were problems with the term “bwote”, which in Haitian vernacular has a negative connotation of getting rid of something you do not want (and is used for getting rid of garbage). Feedback on the slogan was suggesting that individuals would not subscribe to the product as a result. Despite requiring a large effort to replace all the existing marketing material, the slogan was immediately changed to “Nap ede’w pote denye chay” (“We will help you carry the last burden”).

**SMS technology is an effective medium for both promotion as well as communication with clients.** SMS campaigns started in May 2010, helping to re-launch the product after the earthquake. This proved a successful way to promote the product and remind clients to pay their Protecta premiums in the
month that they fall due. It also complements other promotions and reminders, for example, backing up agent calls to remind clients to renew.

The number of payments transactions after the SMS campaign began in May

Tracking client payments shows a spike in payments on the day of, and the three to four days following, an SMS broadcast. Campaigns are timed for the middle of the month to coincide with payroll on the 15th. If a particular broadcast has not been as successful as planned, a second attempt is sometimes done around the 29th of the month before the next payroll on the 30th or 31st. Messages are never sent more than twice a month so that the effect does not wear off. The cost to AIC of each SMS received was HTG 1.

This experience shows that unconventional enrolment methods can improve penetration rates among the mass market who do not necessarily visit the bank.

Vehicles with a sales team of mobile agents can provide an additional channel for both distribution and promotion. In September 2009, AIC began a new promotional campaign to complement the existing distribution methods, using a van displaying Protecta posters and TV advertisements.

The van’s sales target was eight policies a day, compared to the sales target of four policies a day for branch agents, given that the agents in the van would be able to speak to more individuals on an average day. When the van started, it was a huge success, averaging over eight sales per day. By comparison, branches averaged one and a half sales per day.

The van used a microphone and speakers to project messages about Protecta. The messages could be heard several blocks away and drew people to the event. Internet was used to directly subscribe people that wished to join, and a mobile box was used to connect the van to the internet. This sometimes created difficulties in areas that did not have a strong signal.

The parked van created a fun ambiance in its location each day, playing jingles and popular music songs. The mobile agents would talk about insurance and about Protecta, and there would be trivia questions on the information, with prizes to be won. The heat proved to be the main difficulty, as without the
means to provide shade, people coming to see the van would not wait more than ten minutes before they had to leave.

**Certain natural disasters and catastrophic events can be leveraged for building the brand image of a microinsurance product and to provide tangible proof to clients.** After the earthquake in Port-au-Prince in January 2010, all AIC, BNC and Sogesol operations stopped immediately and indefinitely with staff unable to report to work. However, at this time AIC tried to assess the safety of its own team and policyholders. Clients were called one-by-one to see that they were okay, whether lives were lost and whether their phone number was still functional. At this point in time, Protecta had around 3,000 clients.

On the 19th January, AIC received its first claim for somebody that had died at home during the earthquake. There were a total of around fifteen claims, all of them asking what would happen under their policy. Under the policy contract AIC were only obliged to provide a funeral service and in some cases, an additional benefit. In order to run the service, only the body was needed. AIC was unable to offer funeral services for individuals that had been dead for several days, never found, or sometimes had already been buried. Further to this, funeral parlours were already overloaded. Each claim was treated on a case-by-case basis and discussed by the AIC strategic team. In one example, a mother and father, both insured, passed away in the earthquake. AIC decided to pay two times HTG 84,000 to the legal guardians of the orphaned children. Some clients were reimbursed their premiums, but in general AIC did not want a situation where people were coming to AIC expecting to receive a cash payout in lieu of their funeral coverage claim. Many claims were made some months after the event. In any of the cases, adequate documentation needed to be shown.

The earthquake was terrible and the aftermath even worse, but it was during this time that the Protecta clients were able to recognize the tangible benefits of the product.

**On distribution channels**

**A regular training program for new sales staff can be a very effective means of tackling constant staff turnover.** AIC organized an open house for recruiting additional staff and sales representatives for the Protecta project. The initial recruiting process lasted three weeks from December 2008 to January 2009. 50 applicants attended the open house, 20 candidates were considered and 14 were selected for the three week extensive training course on:

- Basic information on insurance
- Importance of client education
- Client loyalty
- Protecta product information
- Sales approach and techniques
- Software
The candidates were trained at the Protecta Nursery program, designed to maintain constant recruitment of qualified agents. AIC found that the Protecta Nursery program was a very effective means of maintaining the quality of sales staff. In the event that a trained agent was lured away to another organization, it was very easy for AIC to replace the agent from the Nursery. The training capacity of AIC enabled it to be more responsive to the demands of the distribution partners and a changing environment such as the one in Haiti between 2010 and 2011. The Nursery was critical in AIC’s response to the earthquake because extra AIC agents were ready and able to return to their selling points as BNC progressed with the renovation and relocation of their damaged branches.

Even if several products were being developed in the Protecta range (at least five different options with different insured amounts and levels of service), the fact that the sales force of AIC is only dedicated to the promotion of microinsurance has allowed AIC to offer this variety of products without affecting the performance or understanding of the agents.

**Sales force salaries and incentive schemes can be designed and modified to achieve a desired portfolio and retain staff.** Initially, agents were remunerated through a salary of HTG 6,500 per month and 2.5% commission on all transactions plus extra incentives. If an agent sold more than 20 policies in a given month, he/she received HTG 1,500. Similarly, if the agent sold more than 30 or 40 policies, he/she would receive HTG 3,000 or HTG 4,500 respectively.

This structure was maintained until the first half of 2011 when a new incentive scheme and performance indicators were introduced. The indicators placed a greater emphasis on renewal rates and attracting a pool of good risks to the Protecta product, on top of the existing push for new business. As well as adjusting incentives, AIC increased agents’ pay in an effort to retain trained staff.

The agent salary was increased to HTG 11,000 in March 2011. In Haiti, the income tax-free threshold is HTG 5,000 per month, so the package was expressed as HTG 5,000 in salary, HTG 4,000 in food allocations and HTG 2,000 in transportation allocations. Agents continued to be paid 2.5 per cent commission on all transactions, and were offered an incentive of an additional month’s salary every six months for accomplishing 80 per cent of the following goals for their portfolio:

- A minimum of 15 policies sold per month
- A retention rate of 80 per cent
- Less than 30 per cent of the portfolio paying monthly
- At least 40 per cent of the portfolio in the 31-40 year age bracket

**On the role of technology**

**The addition of the CIO contributed greatly in the communication with the software developer and in troubleshooting in an efficient and timely manner.** When the software arrived, AIC encountered challenges testing their DATANET software and from April 2009 to October 2009 they were in frequent correspondence with the developer, ImagiSoft. This resulted in AIC recruiting a chief information officer (CIO), in addition to the already existing IT department. This significantly improved communication and troubleshooting.
Some technology is too expensive to provide microinsurance at a price that is reasonable for clients. When trying to choose the type of card to use for Protecta, a cost benefit analysis was conducted. AIC compared cards with chips, magnetic bands and bar codes. In this context they figured out that the only suitable solution in terms of cost was the bar code cards, as the other more technologically advanced solutions were not financially sustainable.

Improving practice in terms of software selection allows for better implementation of IT systems within the organization. AIC’s after-implementation audit highlighted that its selection of software could have been improved in the following ways:

- A call for proposals to make providers compete within a clearly defined scope of evaluation and qualification. Some of the criteria could have included adapting to the commercial platform of the organization, the technical needs of the systems, the functional needs, integration to existing platforms for back office and migration, and the complexity of production
- Interaction with the developer during the proposal evaluation for clarifications
- A preliminary study on the directing diagrams, existing architecture, and target architecture
- An allocated person within AIC directly in charge of IT systems

Even though the software that was implemented fully responds to the needs of the insurance company, a better structured development phase might have avoided certain problems during the launch of the product.