Learning Journey

Pioneer Life

Overseas Filipino Workers (OFW) Family Savers and Wellness Club

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Project Basics

About the project

Pioneer Life Inc. is a leading life insurance company in the Philippines and a member of the Pioneer Group, which has been in operation for more than fifty years. Pioneer Life’s core business is to provide its clients with suitable financial options to secure what matters most to them. Pioneer makes itself relevant to its customers by identifying their particular needs and providing products and services through distribution channels suited to their unique requirements.

This project combines financial and risk management education with a product that bundles savings with life and accident microinsurance. The programme and products are offered through savers and wellness clubs set up in schools and churches. The project aims to be unintimidating by providing built-in savings in “bite-sized” amounts, alongside insurance cover. This is combined with education on savings and insurance to create awareness of their benefits and promote a culture of informed risk management. Savings can be topped up through technology such as mobile money and ATMs.

The clubs are initiated by the church in every diocese of target provinces. A network of school coordinators and parish leaders form a community of financial wellness facilitators who support the implementation of the programme. Facilitators also help impart the key messages of the financial and risk management education modules and increase club membership.

Delivery channel set up
### Project Summary

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<th><strong>Project Name:</strong></th>
<th>OFW Family Savers and Wellness Club</th>
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<tr>
<td><strong>Duration:</strong></td>
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<td><strong>Country:</strong></td>
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<td><strong>Product:</strong></td>
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Project Updates

Key Indicators

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What is happening?

As of December 2009

The signing of the memorandum of understanding (MOU) between Pioneer and the dioceses was the first critical step as it signified the official partnership between the dioceses and Pioneer. It allowed Pioneer to conduct grand launches and mini-launches of the savers and wellness clubs as well as to administer financial literacy seminars in the diocesan schools and parishes.

Grand launches were conducted in five out of the 11 targeted dioceses during the months of July to November. The project encountered difficulties in launching the club in six other targeted dioceses for a number of reasons:

- Bishops were not available to sign the MOU and endorse the programme
- Parishes and schools prioritized other activities already lined up for the same time period
- Concerns of the coordinators of the migrant desks (helpdesks provided for migrants and their families) because of the negative image of insurance
- Conflict of interest of some coordinators who are agents of other insurance companies
- Dependence on the coordinators to arrange the initial meetings with the parishes and schools and to organize the launches
- Lack of structured diocese/parish migrant desk offices
- High turnover of coordinators in some dioceses

These all resulted in a low saturation rate (per cent of the target market to which information was disseminated) of 20 per cent. The conversion rate (per cent of launch attendees joining clubs) was between 10 and 15 per cent, far short of the expected rate of 70 per cent to 80 per cent. Top-ups were low at this point as the focus of the launches was to increase club membership.

As of August 2010

The programme was launched in only one additional diocese in the first seven months of 2010, bringing the total to six dioceses. However, grand launches were planned for four more dioceses in the next three months, bringing Pioneer’s partnership to a total of 10 dioceses. Because communication and authorization must go through the church hierarchy, saturation was expected to be slow-paced. With the six dioceses, membership was gaining momentum with over 120 new members a month from July
2010. There were 1,701 members for both the savers and wellness clubs, and 247 top-ups had been made.

Training of trainers was conducted in three dioceses and resulted in accreditation of 22 facilitators. In addition, a total of 39 mini-orientations and nine financial literacy sessions were administered in the six dioceses.

At this point, the project had countered the negative stigma of insurance. Although the coordinators initially commented that the grand launch seemed to be a sales event for Pioneer, goodwill was created with the various migrant desk offices after they witnessed how the grand launches and mini launches were conducted. As a result it was hoped that coordinators would mobilize large numbers of participants in succeeding events (e.g. mini orientations, financial literacy seminars). To better understand how prospective customers make purchasing decisions, Pioneer incorporated relevant questions into its client feedback survey, which is administered when conducting financial literacy seminars. A calendar of club activities throughout the year was developed to inform club members of upcoming benefits and services. This was expected to stimulate further interest and enthusiasm.

It was necessary to install a database in the dioceses to process application forms and payments. It minimized errors in determining the amount of money to be remitted to Pioneer and the administration work that should be completed by the dioceses. The database also increased operational efficiency since hard copies of the application forms need not be sent immediately to Pioneer, and a new member can be quickly signed up. The installation of the database was finally completed when laptop and desktop computers were donated to the various dioceses. Moreover, the insurer facilitated the organization of migrant desks in those dioceses where they did not exist. Point persons were assigned and trained to manage the database. However, an alternative approach to install the software must be found, as the approach is very time consuming.

Pioneer Life carried out user acceptance testing of payment facilities through banks and phones.

As of February 2011

In order to encourage a culture of savings, Pioneer Life started financial literacy seminars. The 23 seminars conducted between July 2010 and early 2011 were open to all members of the community. While the seminars were initially intended for members of the club, the Pioneer Life staff realized that the seminars could be used as a marketing tool and welcomed a total of 710 people to the seminars. In addition, Pioneer Life held an all-day livelihood fair in several areas that reached 1,168 individuals.

Two new marketing activities were launched: Shop-to-the-Top, a top-up campaign which ran from July to December 2010 to encourage members to top-up as much as they could with the winner receiving a two minute shopping spree paid for by Pioneer, and Top-them-All, another top-up campaign which ran from July to September 2010 with prizes for wellness club members and savings members. There was no winner of the Shop-to-the-Top campaign as the winner was required to top-up at least US$ 1000.

Pioneer Life also increased the number of trainers by conducting two training of trainers sessions. However, these were not expanded, so most of the financial literacy seminars and orientations were still conducted by Pioneer trainers. To try to motivate accredited trainers, Pioneer Life offered incentives for organizing an orientation, conducting an orientation independently, and soliciting membership.
The reason that attendees most often gave for attending events was that they were convinced to do so by a priest or migrant desk coordinator. Out of the 6,300 people that Pioneer was able to reach from July to December 2010, 2,316 applied for membership, a conversion rate of 40 per cent, reinforcing that orientations are key to increasing membership.

As of August 2011

Pioneer Sparxx Hub was introduced early in 2011 to four dioceses to complement the existing OFW Wellness and Savers Club in Pamilyang. Though it also targets the families of overseas Filipino workers, it is primarily intended to motivate the migrant desks, parishes and school coordinators to push the product to the target beneficiaries. The insurance features of Sparxx Hub differ slightly from the initial product. Some of the new features included in Sparxx Hub are fire insurance and accident medical reimbursement for adults. This product is designed for lower-income people to learn how to save and enjoy the benefits of insurance protection at a price they can afford. It is made up three composite products, which provide graduated benefits responding to the needs of the target beneficiaries.

More importantly, this product has built in incentives to encourage and reward migrant desks, parishes and school coordinators for attracting more members to the club. For every purchase of the product by the target beneficiaries, they get a referral commission ranging from 60 to 210 pesos, with added commission when depending on the amount of savings the beneficiaries make. They also get benefits based on monthly registrations, such as 500 pesos worth of gift items or 2,000 pesos medical allowance. Benefits based on quarterly registrations are items like a LG fully-automatic washing machine or a touchscreen phone. The person who achieves the highest number of registrations over the whole year receives a benefit such as a vacation package for two or hospitalization outpatient/inpatient benefits of 250,000 pesos for the year.

The new incentive scheme and monthly training of coordinators resulted in a substantial increase in new registrations every month from February 2011. Registrations to Sparxx Hub doubled on a month to month basis. Additionally, Pioneer is receiving requests from the coordinators to include other church workers to help them saturate the area and to participate in the incentive scheme. As a result, the number of coordinators working on the project increased. Church volunteers who are not active in the migrant’s desk but are active in the other apostolates of the church were also trained to sell the product.

Appointing two local staff in the distribution areas improved the project, not only financially, but also in terms of increased saturation and enhanced operational efficiency. With the staff available in the area around the clock, scheduling orientations and local events is no longer a challenge. Furthermore, managing records, addressing customer complaints and remitting premium collections became more efficient. The processes for premium collection, replacement of IDs, and coordination with church leaders significantly improved. Additionally, these staff facilitate the collection of feedback from members.
As of June 2012

Over time, Pioneer Life improved its processes. With the endorsement of the church and the introduction of the programme, Pioneer Life was authorized by the national headquarters of the migrant desks to communicate directly with the migrant desks of the parishes. Monitoring and managing the performance in the field became smoother due to this direct communication with the local migrant desk coordinators.

With the introduction of Sparxx Hub and the corresponding incentive programme, insurance is now considered a business opportunity for the migrant desk coordinators. It is interesting to note that the original strategy of the Pamilyang OFW Wellness and Savers Club was to educate first the parishioners about financial literacy (highlighting the importance of savings and the value of owning an insurance policy) with an end objective of selling them an insurance product. This purpose has been sidelined for the Sparxx Hub because both the migrant desk coordinators and the parishioners focused more on enrolment in the programme than financial literacy.

The appointment of dedicated staff in the field improved sales, enrolment and financial transactions. More timely responses to complaints about lost membership kits and to customer inquiries were observed. Headquarter staff travels decreased, since the field staff handle the monthly meetings. Initial registration and top-up records in the diocese became more organized and cascading of incentive programmes became much clearer and quicker. The additional project efficiencies justify the additional staff costs.

Pioneer Life is now extending the Sparxx Hub product to other institutional partners and selling it through in-house agents. The insurer customizes the process with each institutional partner and is able to operationalize a process within one month of signing a MoU.
Project Lessons

On the viability of the church as a distribution channel

Getting the distribution channel right is much more important yet much more challenging than product design and marketing. If a functional distribution channel is found, suitable product designs will follow because the channel knows its clients. Client education and marketing will also follow because clients want to listen to and buy from those they trust.

Partnership with the church, especially in a country with a largely Catholic population, is a notable strength. Because of the church’s presence in almost every community, it is easy to establish credibility and a distribution network among the people with the endorsement of the church. However, to achieve scale, the distribution channel should have sufficient influence over its members. Beyond endorsement, the distribution channel needs to convince its members of the benefits of insurance. In addition, insurance needs to be actively and continuously presented to the market. Even with the endorsement of the church, take up would be low without a sales force of some sort.

Understanding the inner workings of the distribution channel’s structure and dynamics is critical for leveraging the support of the system to gain the trust of the market and increase take up. The relationship between headquarters and different dioceses, parishes and schools is complex and varies across geographical areas. The endorsement from the national headquarters and coordination with the various migrant desk offices of the dioceses is crucial to access the delivery channel. However, the endorsement from the national headquarters does not guarantee the cooperation of the parishes and schools. A few parishes and schools did not allow launches to be conducted in their areas. The absence of organized migrant desks in dioceses, parishes and schools also presented a challenge. One remedy is for Pioneer to actively assist the diocese coordinator to operationalize a migrant desk. Pioneer supported diocese and parish coordinators by crafting and distributing meeting invitation letters, helping draft the leadership and formation activities of coordinators, and organizing activities that would elicit active involvement of parishioners and students. Another remedy is for Pioneer to hold a comprehensive briefing or orientation during clergy meetings and principals’ assemblies to raise awareness and interest. This could result in building buy-in for the project and the appointment of point persons who would coordinate the activities of the club.

On the human resources needed for distribution

The distribution channel must commit sufficient human resources to support the dissemination of information and the receipt of requests in order to complement the insurer’s efforts. Pioneer found that insurance, in whatever form, and whether endorsed by a reputable institution like the church, or not, still needs an intermediary to bridge the gap between the risk carrier and the market. Educating the market on insurance does not automatically translate to product purchase. The time needed to persuade someone to buy may be shortened by financial literacy training, but the potential customer still needs to be motivated repeatedly to act.

With only one counterpart from the national headquarters of the migrant desks working across 28 provinces and 31 dioceses, launches have not increased membership enough. This lack of momentum calls into question the viability of the church as a channel at this point in time.
Dedicating a few staff to manage the project in the field increases the likelihood of success. Their ability to suggest relevant and practical improvements allows the programme to respond to the needs of the customers. For instance, one migrant coordinator suggested providing statements for savings accounts to motivate members to top-up savings and see their account grow. This also contributed to the take up of the product.

Monthly meetings to monitor the performance of migrant desk coordinators are integral to the success of the programme. The attendance and frequency of these meetings contributed to membership and take up. During monthly meetings, various topics from product features to presentation skills are covered to empower the distributors to handle queries and effectively solicit business. The monthly meetings are also opportunities to distribute lists of members who are due for renewal and remind distributors to follow-up.

The training of trainers conducted in three dioceses seem to have created positive results but with challenges. Coordinators in some areas are now organizing and facilitating orientations by themselves. Regular convening of accredited coordinators needs to be in place to improve the conduct of the orientation. In addition, a monetary incentive system would help motivate the trainers.

On targeting client characteristics and preferences

Families of overseas Filipino workers seem to be more inclined to purchase products with short or medium term returns. This conclusion was reached from the results of the surveys conducted by Pioneer during its product launches in six dioceses. Savings for education and emergencies are still more popular than those for retirement.

Inability to pay is often the reason given by attendees for not joining the clubs. This is partly attributable to the fact that most of the attendees are unemployed. More parishes and schools have to be targeted to increase the saturation rate. In addition, there was a preference for single-pay endowment products in small denominations compared to those with longer paying period and maturity.

Preliminary feedback coming from the distributors, and first-hand experience in the first half of 2011, suggested that the medical reimbursement feature is attractive to the target market.

On marketing

The sudden growth of club membership can be attributed to the sustained promotional activities conducted by Pioneer. These included raffles during the months of February and March, and livelihood fairs during the months of July and August 2010. Requiring parents to attend the orientations conducted in schools also contributed to the increase in membership, particularly among adults.

Incentives and bonuses are critical to encourage migrant desk coordinators, who are church volunteers, to promote membership and top-ups. Intermediaries are the most important link for success. While experiences differ from one distribution partner to another, what is a common is that all intermediaries want to know ‘what is in it for me?’ In the first year and a half of the programme the initial membership turnout was below expectations due to the absence of a sales incentive scheme including both monetary and non-monetary elements. However, in the half a year since the launch of a
sales incentive programme at the beginning of 2011, sales more than doubled compared to the previous year and a half. Pioneer’s observation is that product take up is heavily dependent on the party pushing the product. If coordinators are motivated to introduce the product, even without the insurer’s presence, the target market will respond to the sales efforts and make a purchase. However, incentive schemes for sales people have a short term effect. Over time, the frustration of rejection overwhelms the incentive package. So this type of remuneration needs to be frequently repackaged and marketed to sales people.

Adding more benefits and services, and increasing promotion activities are ways to improve saturation rates. Delivering insurance through channels that provide privileges in addition to insurance attracts customers. A campaign to encourage club members to top up their savings was launched, including raffle promotions, programme flyers, promotion blasts through SMS messages, livelihood fairs and an incentive package for migrant desk coordinators. The SMS campaign implemented during the months of June, July and August resulted in a significant increase in top-ups and in membership. It is expected that these numbers will pick up as the campaign gains momentum.

New activities have to be introduced to the launches so that attendees do not become tired of predictable activities. Attendees liked the activities and the freebies at the launch, though they had reservations about the venues used. What seemed to be lacking were pre-event and post-event activities. An example of a pre-event activity is the use of reply slips. This activity created awareness among invited participants that they needed to bring money to pay the membership fee should they become interested in joining the club. Furthermore, the use of reply slips enabled Pioneer to be more cost efficient where participants were given snacks during the event. The preparation of a full yearlong calendar of activities is a good post-event activity, to allow members to anticipate future events. Conducting immediate follow-up on each of the activities in a series is critical to generating and maintaining the interest of the market.

On the use of technology

Club members still preferred traditional transactions (paying over the counter) as opposed to mobile money in the form of G-cash or Globe cash payment systems. The use of G-cash as an alternative to banks was met with some hesitation. Clients are not comfortable parting with their money to an electronic or online machine rather than to a human teller or cashier.
Next Actions

Pioneer Life developed its distribution and sales during its work with the church. It now plans to build on this and extend its reach by delivering the product through other channels in addition to the church.