

## Virtual Roundtable Series on COVID-19 Mitigation Efforts #11:

Insuring SMEs

June 4, 2020

Q&A Summary

### Question for Insular Life Assurance Co.:

- 1. It is great that you support SME digitization. Can you explain how these services are provided? Are they offered for free and does your company provide these services itself or through partnerships?*

Insular does not directly support SME digitization, but rather we support SME business continuity through our own digitization and easy-access services. All our insurance applications and policy purchasing processes are offered online and we have a customer portal that enables service requests and questions to be handled online. Our client representatives can also support customers from the comfort of their own home through digital servicing. Additionally, several weeks ago we offered an online workshop for SMEs with a behavioral economist that discussed about how to better understand their relationship with money on a personal and business level. We've been working to create relevant COVID-19 content to support customers with both their business and personal health.

### Question for Bajaj Allianz General Insurance: (Nikita)

- 1. Does Bajaj Allianz General Insurance provide specific insurance for low-cost, non-state schools or to parents/schools for school fees?*

The company has devised personal accident and health policies at nominal prices that cover parents, schools, and students through its various distribution channels. Leveraging technology, Bajaj Allianz also offers IOT based - Personal Accident cover for school children. By using IoT, it tracks the bus & school kids providing real-time location through GPS and beacons inserted in the identity cards of kids. This one of its kind policy, provides cover against accidental OPD and accidental hospitalization of kids.

- 2. In regard to risk management, do you cover MFIs/banks, or the SHGs and women micro-entrepreneurs per se?*

Yes, we do cover the interest of MFI/banks to secure the loans. We have special designed products and assistance for SHG as well.

- 3. Women led SMEs are more likely to face business continuity and stability challenges due to low capital injection, giving them a higher risk profile. Do you offer affordable premiums to attract these women to buy insurance policies?*

Premiums start at \$10, so our premium is quite affordable for all genders when it comes to Credit Linked protection coverage. For our products specifically designed for women, we have affordable pricing encouraging greater number of women-led SMEs to buy our policies. Furthermore, we

introduced a special women's program last year with four pillars targeting financial literacy, health and wellness, women-specific solutions, and social and business network access.

4. *What kind of insurance products do you offer for the SHGs and women micro entrepreneurs?*

We offer Women's Critical Illness Cover, Credit Linked Health Plan, and Hospital Cash & Accident Insurance.

5. *As much of the lending was happening in India under the Mudra program which already had a component of insurance in it, in what ways can we reach out to these MUDRA loaners?*

Majority of MUDRA loans are distributed through banks and we work closely with the banks to cover these loans for any kind of exigency. We have one of the largest bank networks in the country, where we partner with more than 200 banks of all shapes and sizes.

6. *Is there data on whether the claim ratio has increased due to the COVID-19 crisis?*

We have registered no significant changes in claim ratios during the pandemic.

#### Questions for all:

1. *From the chat: What has been the value of mobile telephones to scaling up access to insurance products for SMEs?*

**Bajaj:** India is one of the largest smart phone markets of the world, with 350+ million people using it. Hence as insurers we have scaled up our offerings and our solutions in a way to benefit the customers in the wake of this trend. From policy issuance to claims settlement, to even inspecting and assessing their business premises, we offer a slew of services through our company mobile app. For one of our largest customer base i.e. our farmers, we offer insurance and allied farming advisories even in vernacular languages to ensure ease of usability.

2. *What are the possibilities for credit insurers to use their data and experience to rate online SMEs and thus provide partial relief from collateral requirements?*

**Hokodo:** In general, insurers tend to have less data than banks on account transactions and the financial profile of an SME because they mostly rely on annual touchpoints for their data. This is beginning to change, as we are better integrating our platform with customer accounts and thus have greater insight into how that business is performing from a financial perspective. However, we would be concerned if a bank was lending to an SME and asked us to credit ensure the bank's risk, because we assume the bank has equally good access to the client's information.

**Insular:** In the case of our group Credit Life products, SMEs can extend benefits to employees including loans to employees and our Credit Life product will provide risk analysis and mitigation tools, however we don't rate SMEs to provide relief from collateral requirements ourselves.

- 3. Are women-led SMEs considered to be a higher risk because they face more challenges accessing capital? IFC has conducted some research that shows women-led SMEs to be a lower risk, but that may vary from your perspectives. Is gender one of the things you consider when you're pricing and rating policies? Do you have data supporting different risk profiles for women-led SMEs and men-led SMEs?*

**Bajaj:** We aren't currently capturing this data, as from our perspective accidents are just as likely to happen to people regardless of gender. As a result, besides our work supporting women-led SMEs, this isn't a major factor in our analysis. We do however offer discounted prices to women-led SMEs in order to help support their access to insurance.

**Hokodo:** This is a very interesting idea, we haven't looked specifically at this question, but we do build all our own credit models and Hokodo is a very data-focused organization. As we are not trying to assess the data risk of our customer, but rather the risk of our customer's customer, gender as a means of analyzing credit risk is not specifically relevant. When working with customers, we wouldn't really consider gender, as risk would be very much determined by the data. Thus, gender is not a feature currently included in our models, but we do have the data and could conduct this statistical analysis theoretically. Furthermore, in Europe it's probably illegal to price insurance based on gender.

#### **Resources provided during the session:**

- Inlife's Sheroes program

<https://www.inlifesheroes.com/>

- IFC's Partnership with Insular Life

[https://ifcextapps.ifc.org/ifcext/pressroom/ifcpressroom.nsf/vwAllDocumentsByUNID\\_NL/C473AFF2A0B7944D852583BB0032C47B](https://ifcextapps.ifc.org/ifcext/pressroom/ifcpressroom.nsf/vwAllDocumentsByUNID_NL/C473AFF2A0B7944D852583BB0032C47B)

- IFC's Childcare in the COVID-19 Era guidance

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/gender+at+ifc/resources/childcare+and+covid+guidance+for+employers](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/childcare+and+covid+guidance+for+employers)

- IFC's Women's Insurance Program

[www.ifc.org/IFCwomensinsurance](http://www.ifc.org/IFCwomensinsurance)

- IFC's report on Women's Insurance and COVID-19

<http://wrlld.bg/6Jmb50zYd2w>

- IFC's Banking on Women Program

[https://www.ifc.org/wps/wcm/connect/Industry\\_EXT\\_Content/IFC\\_External\\_Corporate\\_Site/Financial+Institutions/Priorities/Banking\\_on\\_Women/](https://www.ifc.org/wps/wcm/connect/Industry_EXT_Content/IFC_External_Corporate_Site/Financial+Institutions/Priorities/Banking_on_Women/)