International Labour Organization | Impact Insurance

micro insurance network

Improving distribution strategies in inclusive insurance

Learning from the Leaders Working Paper Series

generation foundation

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About the Learning from the Leaders Series

The Learning from the Leaders series brings together insights from the most recent research of the ILO's Impact Insurance Facility and the Microinsurance Network on inclusive insurance. Information for the papers has been systematically collected through dozens of interviews with both insurers that do not currently offer inclusive insurance and leading inclusive insurers. Findings are also supported by earlier research on the topics.

Arranged into core working papers and related webinars, the goal is to generate and share practical knowledge to overcome key barriers identified in inclusive insurance, promoting the adoption of innovative and sustainable solutions in the sector. The series is designed to highlight success stories and actionable insights from industry leaders, helping insurers enhance the value and viability of their products for underserved markets.

A related webinar entitled "Improving distribution models and partnerships in inclusive insurance" can be found by following this link and scrolling to the bottom of the page.

The webinar brings together experienced practitioners who share their insights on the distribution challenges and solutions explored in this paper. The speakers featured are: Oscar Pinto, Business Line Leader for Agriculture Insurance at Seguros Bolívar S.A., Colombia; Siani Malama, Insurance Business Development Director at Vision Fund International, Kenya and Andrew Nkolola, Co-Founder and Executive Director at Intelikava Insurance Intermediaries Limited, Zambia. The webinar is moderated by Joyce Karimi Nthiga, Africa regional coordinator, at the Microinsurance Network and Lisa Morgan, Technical Specialist at the ILO's Impact Insurance Facility.

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Executive summary

Inclusive insurance – insurance designed for underserved and low-income populations – is an important tool for building financial resilience. Yet despite growing interest in the sector, a large protection gap remains. According to the 2024 Landscape of Microinsurance, participating insurers reached only 11.5 per cent of the population that could benefit from microinsurance across the 37 countries surveyed. Distribution challenges are one of the most significant barriers to scale.

This paper draws on earlier work done by the ILO and recent interviews with dozens of inclusive insurance practitioners across Africa, Asia and Latin America and the Caribbean, including insurers not currently offering inclusive insurance. Interviews focused on exploring the distribution challenges insurers face and how leading providers are overcoming them.

The 2024 Landscape of Microinsurance shows that agents and brokers remain the dominant distribution channel globally, reaching 62 per cent of policyholders, though significant regional differences exist. Nonetheless, distribution is evolving, as the growth of digital channels, changing customer behaviour and a more conducive regulatory environment are creating new opportunities to reach underserved populations at lower cost.

The research identifies four areas in which insurance providers can learn from leaders in the sector and improve distribution strategies. First, crafting an effective distribution strategy requires a human-centred approach not only to product design but also to designing the distribution strategy. Mandatory and embedded products are far more likely to reach scale than voluntary ones, and a multi-channel approach that leverages existing financial inclusion, agro-industrial, community and digital ecosystems, among others, is more effective than relying on a single partner. To successfully implement such a strategy, providers require an in-depth understanding of end clients but also of distribution channels. Insurers should recognize that large channels choose their insurance partners – not the other way around – and must build a compelling case to convince them to build and maintain partnerships.

Second, designing strategic distribution partnerships requires careful vetting of potential partners across five dimensions: strategic alignment, technical capacity, financial health, affordability of commission structures and brand credibility. Crucially, product design should be done together with the channel, with close attention to business processes, staff incentives and customer messaging. Building win-win incentive structures and monitoring performance rigorously are essential to sustaining productive partnerships over time.

Third, managing distribution costs is critical given the low premium levels involved in inclusive insurance. Partnering with channels that can handle multiple functions across the customer journey, using digital and AI tools to reduce administrative and claims costs, sharing costs across partners, and designing simple products that support lower commission negotiations are all effective approaches.

Finally, technology is a powerful enabler of inclusive insurance distribution but works best when combined with human touchpoints. Phygital models, which blend the efficiency of digital platforms and the trust achieved through personal contact, such as with agents and community actors, tend to be the most successful, particularly in markets with low financial or digital literacy.

Appendix A of this paper provides a practical checklist of actions that insurance providers can use to design and improve their distribution strategies across all four of these areas.

1. Introduction: The distribution of inclusive insurance

Inclusive insurance – which includes microinsurance[1] – is an important tool for advancing financial inclusion and protecting underserved and vulnerable populations against everyday risks. For households without insurance, a single financial shock, such as a climate event affecting crops or disrupting a small business, can have devastating consequences.[2] While the uptake of inclusive insurance has increased in recent years, the protection gap remains substantial. According to the 2024 Landscape of Microinsurance, participating insurance providers reached only 11.5 per cent of the population that could benefit from microinsurance across the 37 countries covered by the study, leaving an estimated protection gap of 88.5 per cent.[3]

One of the principal supply-side challenges facing inclusive insurance is distribution: reaching people who often work in the informal economy and may have limited familiarity with insurance. Designing effective distribution strategies is therefore essential to expanding access to insurance, achieving scale and supporting national financial inclusion objectives.

Designing an effective distribution strategy is rarely straightforward. It is shaped by an insurer's existing infrastructure, business model and partnerships, and typically involves coordination across multiple business units and external stakeholders. Distribution approaches developed for conventional insurance are rarely well suited to underserved populations. Low-income customers often live in remote locations, have irregular incomes, lower levels of financial and digital literacy, and limited trust in insurance providers. Reaching these customers sustainably therefore requires distribution strategies that are specifically designed around their needs, while remaining affordable for both insurers and policyholders.

Leading inclusive insurance providers increasingly combine digital innovation with aggregation to reach customers efficiently at scale. Rather than relying on voluntary standalone products, many are embedding insurance within existing products and services delivered through trusted partners. Examples include the life and hospital cash insurance products offered by BIMA through the mobile network operator Tigo in Ghana and Tanzania. In many African markets, increasing mobile phone adoption has enabled faster premium collection, claims payments and customer engagement, contributing to greater uptake of inclusive insurance. The following sections explore these and other emerging distribution strategies in more detail.

> The distribution models for microinsurance seem to have come full circle with providers moving beyond voluntary, mobile-based products to embedded products sold through digital platforms, which can seamlessly integrate flexible payment methods across the value chain.
>
> Ola Oyekan, Microinsurance (Mass Market) Specialist, RGA South Africa[4]

Successful distribution depends not only on efficiency but also on trust. While digital channels can reduce distribution costs, human interaction remains essential for building confidence, improving understanding and encouraging uptake. The most effective distribution strategies therefore combine technology with well-designed human engagement throughout the customer journey.

This paper provides practical guidance for insurance providers and other stakeholders seeking to strengthen their distribution strategies and partnerships. Drawing on interviews with experienced practitioners from across the sector, it highlights common challenges,

[1] Inclusive insurance is insurance designed for groups typically under-served by insurance (for example, women or micro and small businesses). Inclusive insurance includes microinsurance, which is insurance developed for low-income populations.

[2] More about the impacts of inclusive insurance can be found in Corina Constantinescu, Ida Ferrara and Séverine Arnold, "The Impact of Inclusive Insurance: A Systematic Review of the Literature (2013 to 2024)" (ILO, 2025).

[3] Microinsurance Network, *The 2024 Landscape of Microinsurance*, 2025. A total of 294 insurance providers participated in the study.

[4] Ola Oyekan, "Back to Basics? Evolution of Distribution Models in Inclusive (Micro) Insurance", (published online in 2020).

practical solutions and lessons from successful distribution strategies. The findings are organized around four themes:

- Crafting an effective distribution strategy
- Designing strategic distribution partnerships
- Managing distribution costs
- Leveraging technology to support distribution

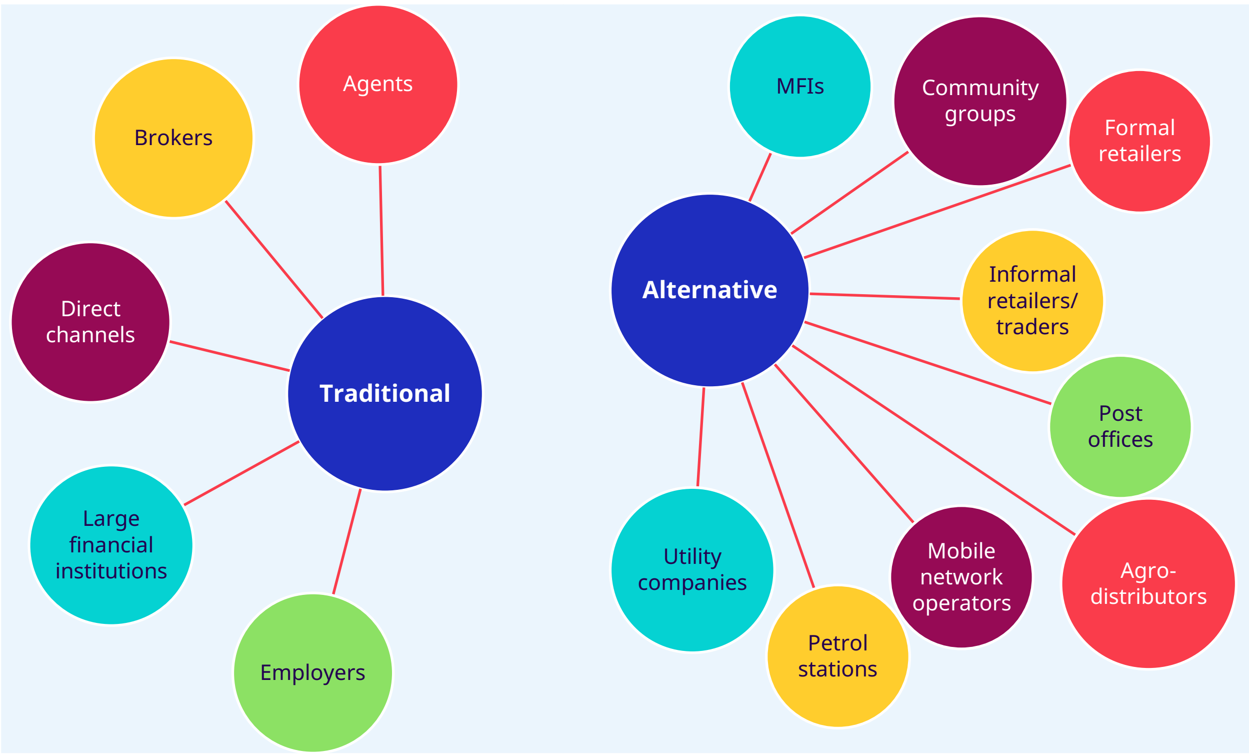
This paper forms part of the Learning from the Leaders series and accompanies a webinar on the same topic. Further information about the series is provided at the start of this paper.

1.1. Emerging trends in inclusive insurance distribution

Conventional insurance – typically designed for middle- and high-income groups – is largely distributed through agents, brokers, direct channels (web, branches and call centres) and financial institutions. These channels can be expensive in terms of acquisition cost per customer, and they assume a level of financial literacy that many underserved clients do not yet have. Conventional insurance products can generally absorb these higher distribution costs. Inclusive insurance cannot and the imperative for cost efficiency has driven a significant evolution in how products are distributed.

The goal of inclusive insurance distribution is to meet clients where they are, in every sense. Microfinance institutions (MFIs) have long played a key role in inclusive insurance distribution, particularly for compulsory-embedded products such as credit life insurance[5]. For voluntary and voluntary-embedded products, however, insurers have increasingly experimented with alternative channels, including community-based organizations, retail chains, mobile network operators (MNOs), direct sales and aggregators such as agricultural distributors and utility companies (Figure 1). Further information on these channels is available in the ILO publication [Microinsurance distribution channels: Insights for insurers](#).[6]

Figure 1: Traditional and alternative distribution channels for inclusive insurance



[5] Inclusive insurance products can be categorized according to whether participation is compulsory or voluntary, and whether the insurance is sold as a standalone product or embedded within another product or service. Examples include compulsory standalone products such as mandatory motor third-party liability insurance; compulsory embedded products such as credit life insurance automatically included with a microloan; voluntary standalone products such as health insurance purchased directly by households; and voluntary embedded products such as optional handset, travel, or crop insurance offered alongside the purchase of a phone, ticket, or agricultural input.

[6] Alice Merry, Pranav Prashad and Tobias Hoffarth, "Microinsurance Distribution Channels: Insights for Insurers", ILO Microinsurance Paper No. 33, 2014.

Agents and financial institutions remain central to inclusive insurance distribution

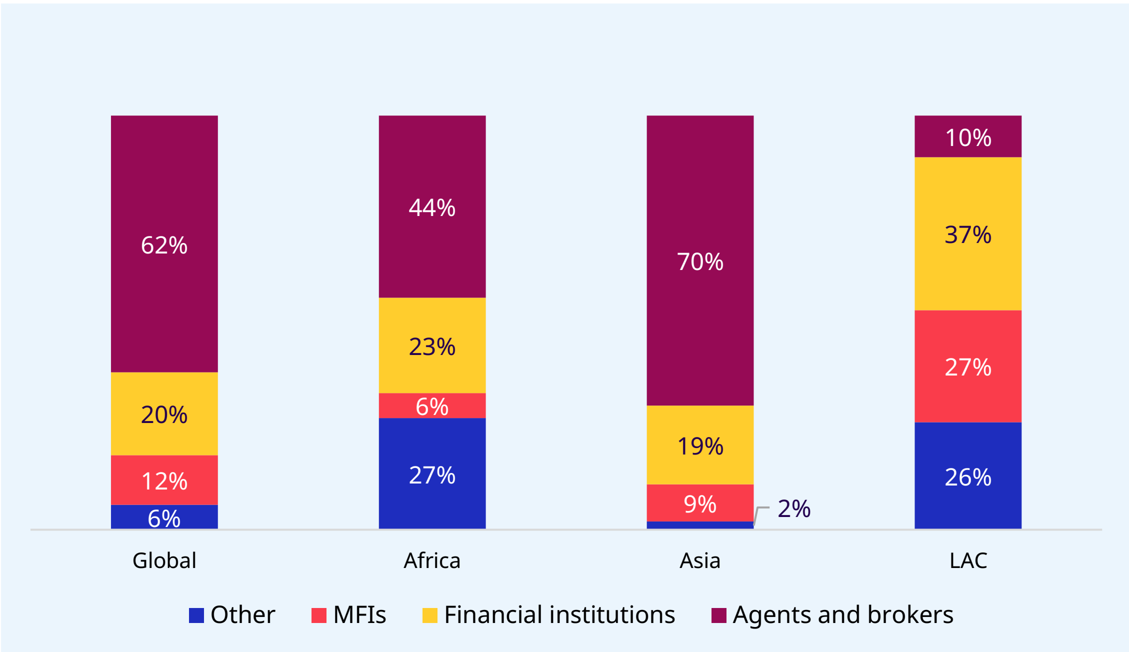
The *2024 Landscape of Microinsurance report* provides the latest evidence on distribution trends in microinsurance. As shown in Figure 2, agents and brokers remain the largest distribution channel, reaching 62 per cent of policyholders. It is worth noting that this category may include agents distributing on behalf of MFIs or MNOs, as well as brokers arranging partnerships with other channels. Financial institutions account for a further 20 per cent, MFIs for 12 per cent and other channels for 6 per cent.

The role of agents has evolved considerably: insurers now leverage agents for consumer education and awareness-building as a strategy to improve both uptake and retention. Village champions, loan officers offering loans with embedded credit-life insurance, local merchants acting as customer support officers, and agricultural extension officers providing advisory services alongside insurance all illustrate how diverse the agent network has become in the distribution of inclusive insurance.

There are important regional differences in distribution shown in the Landscape report. In Africa and Asia, agents, brokers and financial institutions account for 67 per cent and 89 per cent of policyholders respectively. Latin America and the Caribbean (LAC) presents a more diversified distribution landscape, with only 47 per cent of policyholders reached through these channels, 27 per cent through MFIs and 26 per cent through other distribution channels.

The dominance of life and accident products in inclusive insurance – estimated to reach approximately 80 per cent of all people covered globally – also shapes the distribution landscape, since these products are largely distributed through financial institutions and MFIs, as well as agents and brokers, across all three regions.

▶ **Figure 2: Proportion of policyholders reached per distribution channel in 2023**



Source: *The 2024 Landscape of Microinsurance report*

Inclusive insurance distribution is evolving towards alternative and digital channels

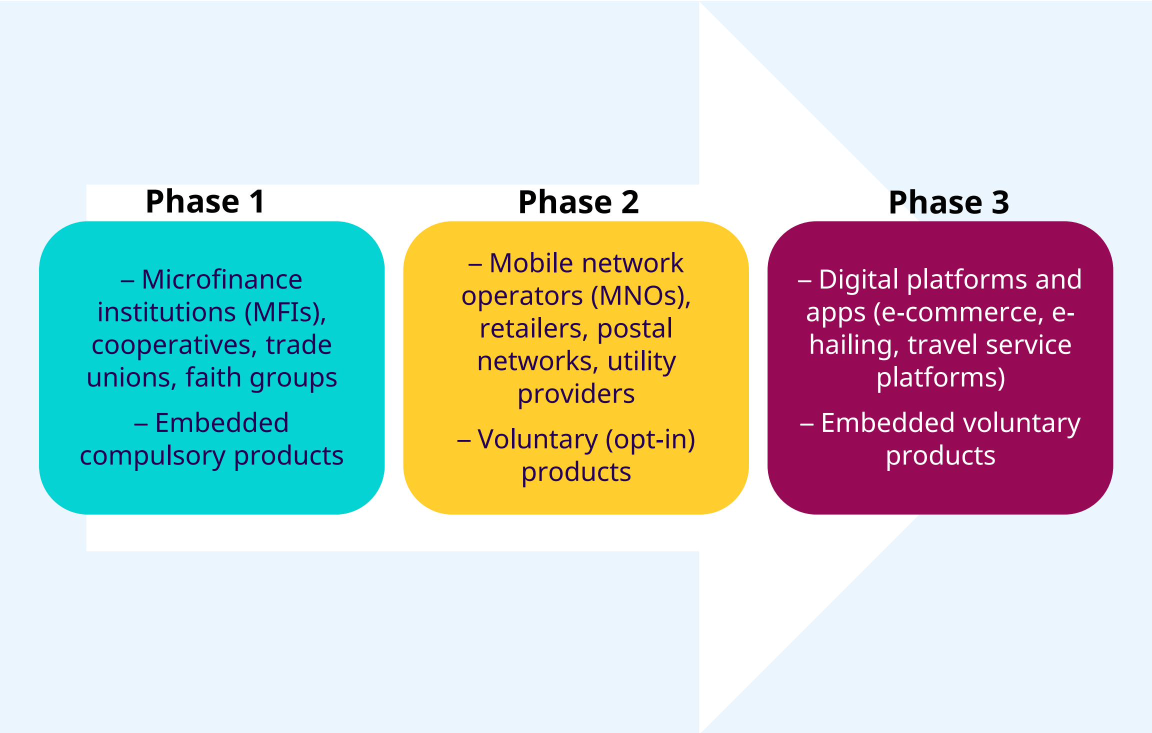
Shifts towards alternative and digital distribution channels have been driven by broader changes in how people access financial services, as well as the growing maturity of insurers' distribution strategies.

Initially, inclusive insurance products were largely distributed through MFIs, cooperatives, trade unions and faith-based groups, and sold as compulsory products linked to loans or group membership. While this strategy enabled rapid outreach, it was limited to customers already connected to financial and other institutions and relied heavily on credit-linked relationships.

The growth of digital channels facilitating customer journeys that blend digital and human interactions, and the integration of inclusive insurance into other financial or non-financial products have created new opportunities for insurers to reduce distribution costs and offer customers greater convenience.

RGA Reinsurance has described its own evolution across three stages, with each involving new distribution partners and approaches (Figure 3).

Figure 3: The evolution of inclusive insurance distribution



Source: *Ola Oyekan, RGA Insurance*

Most insurers have adopted, or are moving towards, a multi-channel approach that blends digital and traditional platforms. Insurers interviewed for this study identified the following factors driving this shift.

- **Technology and digital inclusion:** Technological advancement and the rise of fintechs and insurtechs have transformed how insurers design inclusive insurance products, collect premiums, assess claims and make disbursements. This shift has also given rise to ecosystem partnerships that are reshaping how distribution works in practice. One insurer interviewed noted that its distribution is handled entirely through a subsidiary insurtech in which it had invested heavily: the insurer designs the product, while the subsidiary manages distribution strategy and costs.
- **Regulatory development promoting innovation:** The regulatory environment has become more conducive to innovation. Sandbox frameworks have enabled experimentation, and licensing decisions have expanded the range of entities permitted to distribute insurance. In Uganda, for example, the insurtech Turaco was licensed to underwrite directly; in Kenya, Safaricom, one of the country's largest MNOs, was licensed as a distribution agency and has since developed products in collaboration with insurers. Regulators and development agencies have also supported a growing number of innovation challenges that invite inclusive insurers and insurtechs to develop products for low-income markets.
- **Changing customer behaviour:** With increasing mobile phone penetration and the growth of mobile money, many inclusive insurance customers are already active participants in the digital financial ecosystem. They transact through digital wallets, access credit, pay utilities, purchase goods online and use digital health and transport services. This creates an opportunity to leverage these

platforms to embed and distribute insurance within services clients already use, while drawing on richer data to price and segment products more effectively.[7]

1.2. Perceived and actual barriers to effective distribution

To understand the challenges insurers face in distributing inclusive insurance, we spoke to 37 service providers that do not currently offer inclusive insurance solutions, though some had tried in the past. Many cited distribution as either an actual or perceived barrier to market entry. These barriers fall into three broad categories, as summarize in Table 1 below.

Table 1: Perceived and actual barriers to offering inclusive insurance

Category	Comments related to perceived and actual barriers from insurers not offering inclusive insurance
High cost of acquisition (capital and labour)	▶ Distribution is perceived as both costly and labour-intensive, especially compared to traditional insurance. ▶ Low premiums mean that the cost of reaching and converting one customer can outweigh the premium value, making sustainability challenging. ▶ Rural and underserved populations often require in-person marketing, further increasing operational costs.
Complexity in choosing distribution channels	▶ Balancing single-channel versus multi-channel approaches. ▶ Licensing complexities. Different licensing requirements depending on geography (for example, in Nigeria a provider requires a state licence, meaning it can only distribute in a specific state, however, when scaling, the provider is required to apply for a national licence to distribute products nationally). ▶ Technology/digital platforms require high upfront investment to build or acquire, as well as continuous technology support and user training. ▶ Phygital models have higher ongoing operational costs. Recruiting, training and maintaining agent networks is expensive, especially in rural areas. ▶ Agent prioritization issues when selling multiple insurance products. Agents often have little time to sell insurance when bundled with other financial products, leading to low product prioritization.
Partnerships challenges	▶ High commission structures (which can reach 30–40 per cent of premiums) can lead to: ▪ Prioritization of sales volume over customer needs ▪ Risk of inappropriate sales practices ▶ Partnership challenges. Partnerships take a long time to solidify, and partners' priorities can shift, risking sustainability. ▶ Data privacy concerns and transparency issues. Different cyber security standards across partners create risks. In addition, limited interoperability of systems can make it difficult to verify partner sales and claims data.

The sections that follow present practical solutions to these challenges, drawn from the experience of leading inclusive insurers.

[7] Surendra Thakur et al., *Insuretechs: Current and Future Skills Needs* (INSETA, 2022).

2. Insights from experience: The secrets of success

2.1 Crafting an effective distribution strategy

Effective distribution requires reaching customers through channels that are relevant, trusted and sustainable. The inclusive insurance population is diverse, and a nuanced, flexible and client-centric approach to distribution is therefore essential. Several key strategies emerged from interviews with leading insurance providers.

2.1.1 Apply human-centred design to distribution strategies

Many inclusive insurers apply a human-centred design (HCD) approach to develop products that meet the needs and way of life of target customers. This approach is equally relevant when designing a distribution strategy.

> We focus on the customer, not the product. Because we strongly believe the customer knows what they want.
>
> Leading inclusive insurer

Conventional approaches to insurance distribution often overlook key aspects of a low-income consumer's daily reality – such as digital or financial literacy or access to infrastructure. Table 2 highlights key customer data points and their implications for distribution strategy design.

Table 2: Customer profiles and distribution strategy design

Customer data point	Leveraging the data point as an important input into a distribution strategy
Demographic information (such as age and gender)	▶ Leverage distribution channels that have direct access to the demographic you are targeting. ▶ For example, in rural communities, women are more likely to aggregate in informal groups and prefer in-person interactions.
Occupation	▶ In agriculture, for example, cooperative, MFIs and SACCOs tend to cater to farmer groups in rural areas. Agricultural dealers and input suppliers are also powerful distribution partners for farmers. ▶ However, it is important to note possible gender differences. For example, the 2024 Landscape of Microinsurance shows that in the distribution of agriculture insurance, only 23 per cent of clients reached through cooperatives are women, compared to 40 per cent through financial institutions.
Digital literacy	▶ In areas with low smartphone penetration and usage, USSD support, interactive voice response (IVR) options and agents play an important role. ▶ Where digital access or literacy is low, incorporate offline capabilities in your digital platforms or leverage USSD and IVR technologies that function on basic feature phones.

Payment patterns (daily, weekly, seasonal)	▶ Map the income cycle of the target population and set premium payment frequencies to match as closely as possible. ▶ Small, daily premiums may be most suitable for small-scale traders, whereas seasonal premiums suit farmers. Select a partner that can auto deduct or support auto renewal, especially for daily policies.

2.1.2 The best channels select insurers, not the other way around

The best channels select insurers, not the other way around.

> The largest channels in any market are routinely approached with proposals to distribute insurance products. The question for an insurer is therefore not only which channel to select, but how to make a compelling case for a channel to launch, scale and sustain an insurance offering.
>
> ▶ Peter Gross, Executive Director, BFA Global and co-founder of Turaco

Channels are most likely to commit, and to sustain that commitment over time, when four conditions are met. First, the customer experience must be good at every stage, from the point of sale through to claims settlement. Large mass-market channels have significant brand equity and customer loyalty to protect, and they will not accept distribution arrangements that expose their customers to poor service or opaque processes. Getting ahead of potential customer concerns – through transparency, clear communication and rigorous complaint handling – is essential, because the customer will ultimately hold the channel accountable.

Second, the economics of the partnership must reflect the realities of how channels operate. Most mass-market channels work on single-digit margins. Standard operational expense loadings can make a partnership unviable from the channel's perspective. Successful approaches include making marketing investments upfront, sharing underwriting profits, and ensuring that commission or revenue-sharing arrangements reflect the value the channel contributes to reaching its customers.

Third, the product should be designed to benefit the channel's core business, not merely to add a marginal revenue stream. Channel leaders are far more likely to invest in scaling an insurance product if it helps them achieve their own business objectives than if it simply offers a small commission. These might include improving customer retention, increasing transaction frequency, or strengthening credit performance. This alignment of objectives is also relevant to building win-win incentive structures, discussed further in section 2.3.2.

Fourth, the partnership should be built on ongoing learning and innovation. Channels have deep knowledge of their customers, their processes and what works in their operating environment. Insurers that treat the channel as a source of insight, continuously refining products, messages and processes in collaboration with channel staff, tend to build more durable and productive partnerships.

2.1.3 Embed insurance to achieve scale

Inclusive insurance products are far more likely to reach scale when they are mandatory or embedded in other offerings, such as compulsory credit life cover attached to a loan. Mandatory and embedded products reach scale more quickly and spread risk across a broader pool of customers. This lowers administrative costs, reduces the risk of anti-selection (when high-risk individuals are more likely to purchase insurance than low-risk individuals) and makes the business easier to sustain at scale.

Embedding insurance with loans has long been central to inclusive insurance distribution. However, insurers are increasingly finding opportunities to embed insurance in a wider range of everyday interactions, including mobile top-ups, mobile wallets, ride-sharing applications and bus ticket purchases.

The experience of Britam, a Kenya-based insurer with inclusive insurance operations in seven countries and around 2 million customers as of 2023, illustrates the importance of mandatory and embedded products. After launching its inclusive insurance business in 2012, the company initially struggled with profitability while offering voluntary products. In 2015, Britam shifted to a group-only model, and the effect was immediate: expense and claims ratios fell sharply as anti-selection was largely eliminated, and the business has been profitable since 2016. Britam reinforced this progress in 2019 by digitalizing its operations and expanding strategic partnerships. More on this case can be found in the ILO's Case study on Britam's inclusive insurance journey.

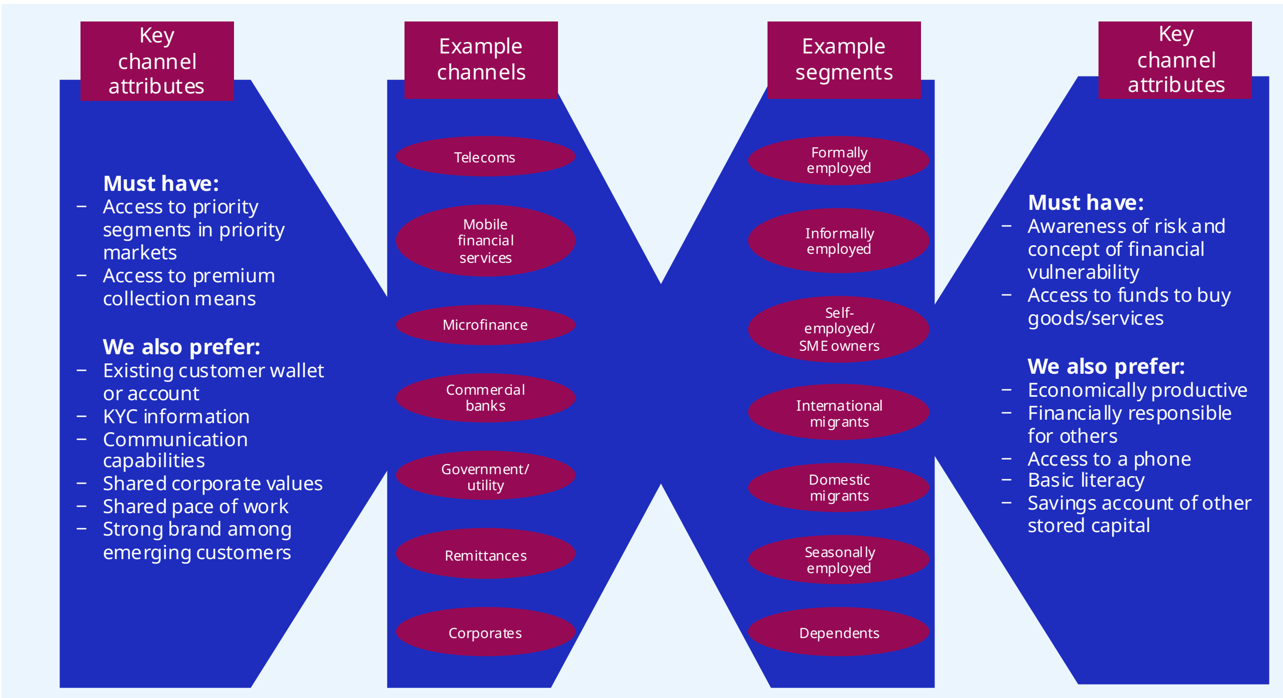
> Bundling insurance with other financial products is what has enabled us to reach the scale we have reached.
>
> Siani Malama, VisionFund International

2.1.4 Adopt a multi-channel approach

Scale is an essential condition for sustainability in inclusive insurance, where margins are thin. One of the principal barriers identified by insurers is reaching the minimum volume of customers needed to break even or achieve profitability. A multi-channel approach enables a wider reach, given that customer segments differ in their geographic, behavioural and technological profiles. It also spreads operational risk and reduces over-reliance on any single channel. According to data from the 2024 Landscape of Microinsurance study, most products have two or more distribution channels and the more channels used, the greater the outreach.

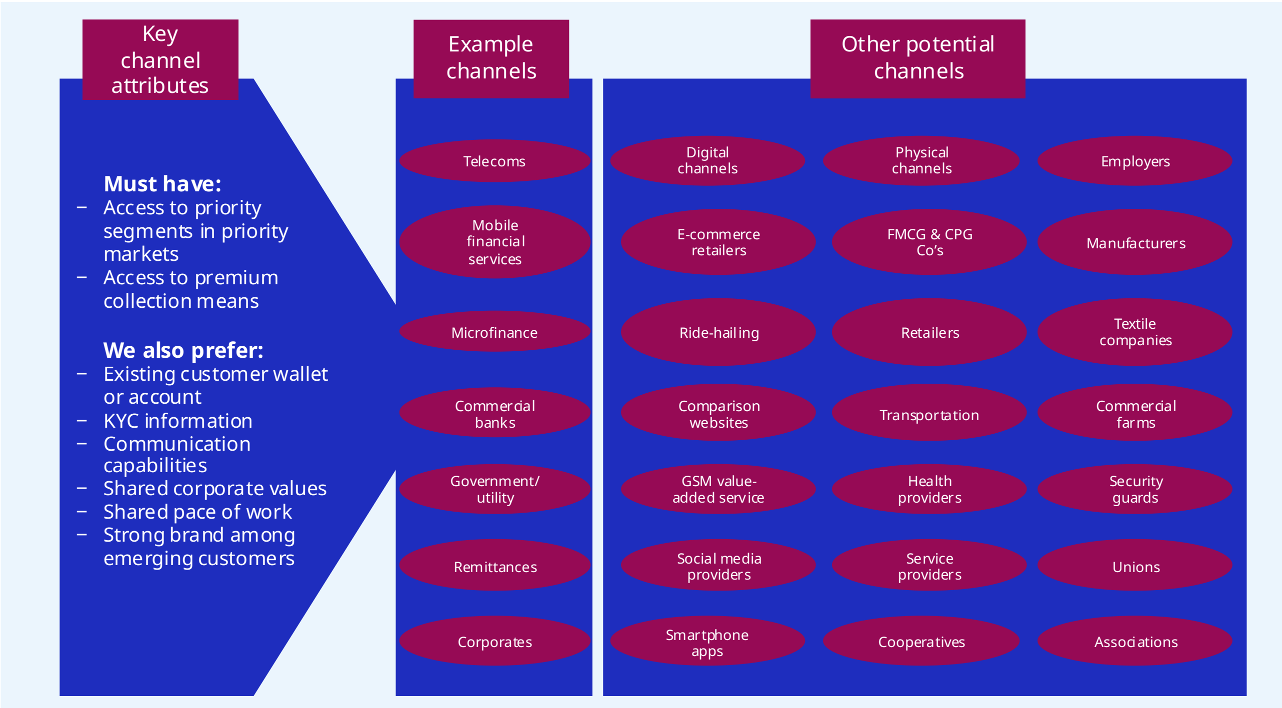
Research done by BFA Global (Figures 4 and 5) shows that priority distribution channels have emerged given their reach to priority customer segments. Some channels touch all priority customer segments (such as telecoms/MNOs), while others touch only a few. In developing the distribution strategy, all channels and their potential reach to targeted customer segments need to be considered and mapped, being mindful that working through channels is ultimately a business-to-business (B2B) strategy. The point in section 2.1.2. about the best channels selecting insurers, not the other way around, needs to be kept firmly in mind.

Figure 4: Priority distribution channels and priority customer segments



Source: *BFA Global*

▶ **Figure 5: Potential distribution channels**



Source: *BFA Global*

2.1.5 Leverage existing ecosystems

According to the 2024 Landscape of Microinsurance, the inclusive insurance sector is largely driven by life and accident products, with credit as the primary product in which insurance is embedded. The financial inclusion ecosystem is well suited to inclusive insurance distribution because it provides a ready-made, trusted and scalable infrastructure for reaching underserved populations. Most underserved clients enter the formal financial system through institutions such as SACCOs and MFIs. These institutions offer a cost-effective mechanism for insurers to embed insurance with existing financial products.

However, insurers can also take advantage of a range of existing ecosystems, such as agricultural, digital or community ecosystems. Leading insurers are showing how insurance can be successfully embedded across a range of ecosystems:

- **Community ecosystems:** Jamii.one partners with various community-based organizations in Ethiopia to digitize traditional record-keeping systems and expand access to affordable insurance for vulnerable families. The shift from manual to digital records improves transparency, data accuracy and trust in group financial management. In addition, by enabling groups to maintain accurate, transparent financial records through its user-friendly digital platform, Jamii.one helps build credit histories and digital identities for members, laying the groundwork for broader access to formal financial services. As a value-added offering, Jamii.one partners with local providers like Nib Insurance to offer affordable, relevant insurance solutions. These include products like life insurance, hospital cash benefits, and last expense (funeral) cover, all tailored to the realities of low-income communities. Jamii.one currently has 1 million members on its platform, with 90,000 accessing insurance.[8]
- **Agro-industrial ecosystems:** Seguros Bolívar leverages Colombia's agro-industrial ecosystems to implement parametric insurance solutions that enhance the climate resilience of smallholder farmers. The insurer has built a distribution strategy centred

[8] Find out more at Jamii.one

on strategic partnerships with agro-industrial actors including communities, financial institutions, government entities, and value-chain actors in the role of aggregators. Aggregators, such as cooperatives or buyer organizations, among others, bring farmers together and help design tailored insurance solutions. This approach has been fundamental because it allows producers to receive and purchase insurance more easily, making it possible to reach the scale achieved to date. Other actors within these ecosystems also benefit by linking insurance to their core activities and strengthening their impact.

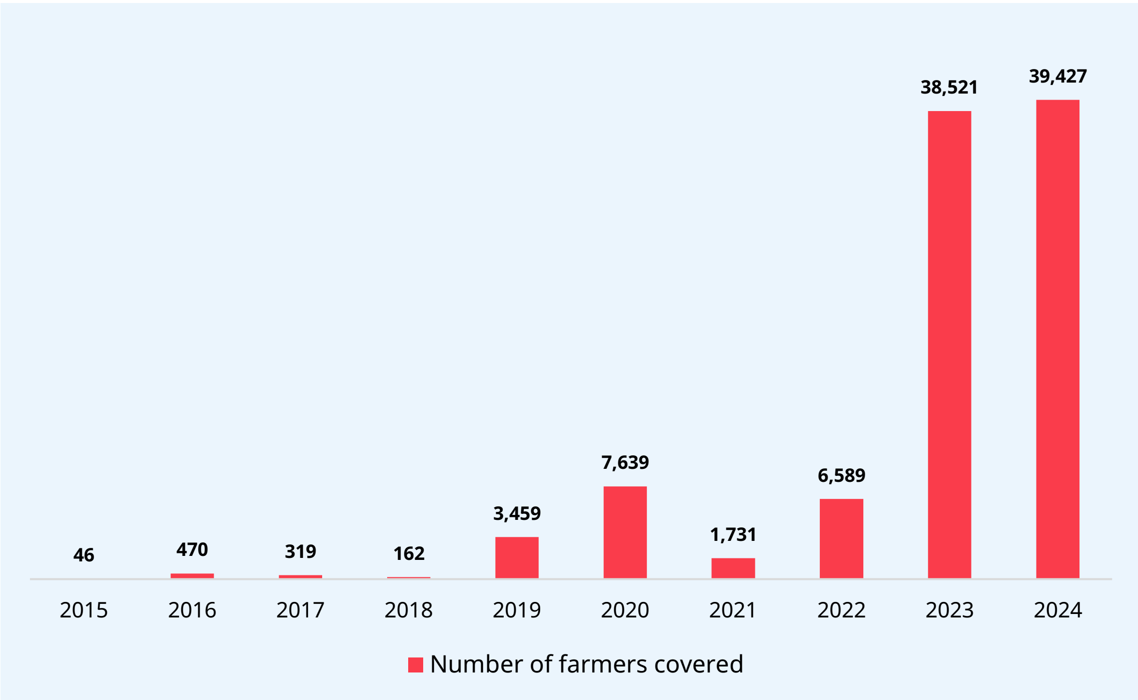
The implementation of this multi-sector ecosystem also made it possible to incorporate key success factors for parametric insurance, including:

- **Collaborative design approach:** engaging partners in a seven-stage design process covering everything from risk identification to sustainability strategies.
- **Innovative distribution model:** a distribution channel that simplifies product placement and payment processes for aggregators and insured clients.
- **Faster payouts:** compatibility with mobile wallets covers transaction costs, enabling a broader user base for the platform.
- **Effective communication:** coordination among all partners, using lightweight tools such as text messages (SMS) and WhatsApp to quickly and clearly communicate payout status to clients.

By the end of 2022, Seguros Bolívar had consolidated its ecosystem approach in the coffee value chain in central Colombia. This gave it visibility and allowed it to replicate the model in different regions, enabling growth in the number of insured farmers (Figure 6).

> At Seguros Bolívar, we view insurance not just as a protection mechanism against climate events, but as a tool for inclusion and progress. Our goal is to bring insurance to places that historically had no access and to help secure a more resilient future for our producers.
>
> Oscar Pinto, Seguros Bolívar

Figure 6: Growth in farmers covered by Seguros Bolívar from 2015 to 2024



Source: *Seguros Bolívar*

- **Financial inclusion ecosystems:** VisionFund International (VFI), the microfinance arm of World Vision, is committed to delivering financial services to some of the world's most vulnerable communities. Recognizing the fragile coping mechanisms that many low-income families rely on – such as selling assets, borrowing informally, or withdrawing children from school - VFI's insurance initiative aims to provide a safety net that prevents these households from falling deeper into poverty during times of crisis.

  Currently operating in 28 countries and distributing microinsurance in three countries, VFI has developed a scalable distribution strategy that leverages a wide network of partners including MFIs, NGOs, aggregators, and risk carriers. VFI provides technical assistance to build its partners' capacity in insurance delivery, support in navigating regulation to ensure compliance in both financial and insurance sectors, and a customer-centric design approach that ensures products are responsive to the needs and contexts of the end users.

  One example of successfully linking insurance to financial inclusion ecosystems can be seen in VFI's work with savings groups. VFI launched a pilot with savings groups in August 2023. The insurance was mandatory for all members taking loans of more than US$400 and covered 5,350 members in a three-month pilot with three branches.

  Across all its insurance programmes, VisionFund International collected US$15.8 million in insurance premiums, reaching 2.3 million people with credit life, health and hospicash insurance through MFI partnerships in three countries, along with an additional 33,000 individuals covered via World Vision's health and hospicash offerings.

- **Mobile and digital ecosystems:** BIMA Milvik (BIMA), a fintech company operating across the Global South, uses mobile technology to provide health and life insurance to low-income populations. In developing its strategy, BIMA identified two core barriers to scaling inclusive insurance: the absence of cost-effective registration mechanisms, and the lack of a reliable recurring payment channel. To address both, BIMA integrated its proprietary mobile insurance platform directly with MNO systems, enabling premium payment via mobile phone and eliminating the high distribution costs associated with traditional channels.

  The strategy rests on four elements (Figure 7). First, a mobile-first approach means policyholders can access insurance products and health services through their mobile devices, removing the need for physical infrastructure and offering convenience to clients who may never visit a branch or speak to an agent. Second, mobile money integration enables seamless premium payments and claims processing. Third, BIMA bundles insurance with telehealth services and discounts, strengthening the overall value proposition and giving clients tangible, immediate benefits alongside their coverage. Fourth, and critically, the digital approach is supported by a network of 3,500 agents who build awareness, educate consumers and create the trust that is essential when introducing insurance to new markets.

Figure 7: BIMA Milvik's strategy for leveraging MNOs for inclusive insurance

Source: *BIMA Milvik*

The results demonstrate the potential of this approach. BIMA now processes frictionless payments through more than 30 leading fintechs, has reduced the cost of care for clients by between 40 and 90 per cent, and operates across seven countries in Asia and Africa, reaching over 10 million active users.[9] To read more on opportunities for leveraging MNOs to design and distribute microinsurance products, see the GSMA's paper on Emerging Practices in Mobile Microinsurance.

2.2 Designing strategic distribution partnerships

Strategic partnerships are essential to the growth of an inclusive insurance business. Evidence shows that both public-private partnerships (PPPs) and private-sector partnerships can significantly reduce operational costs, improve market access, build trust and credibility, and promote collaborative innovation. Insurers interviewed for this paper acknowledged the importance of such partnerships, while also noting the challenges involved in establishing them – including the time required to build a partnership, the difficulty of designing arrangements that work for both parties, and the need to manage commission or profit-sharing expectations. The sections below explore how to build solid and productive partnerships for distribution.

2.2.1 Carefully identify and vet strategic partners

Careful vetting of potential partners is a crucial step that directly influences the success and sustainability of any distribution partnership. The right partners will serve as strategic assets, helping to bridge gaps in distribution infrastructure, technical capacity and customer outreach, while also supporting claims processing and regulatory compliance.

Leading practices include conducting due diligence on a partner's financial health and regulatory compliance and adopting a phased implementation approach – moving from a small-scale pilot to full-scale implementation – as an effective way to test and validate a partnership before committing fully. The following factors are worth assessing when identifying and vetting distribution partners.

- **Strategic alignment:** Are the mission and vision of the potential partner organization aligned? Assess if you share a common goal, for example, are they looking to serve the same population as you are? Do they also have financial inclusion goals? Do they have products, services or other solutions in which you could embed insurance? Do they have relationships with other partners that could be leveraged? Consider also the partner's environmental, social and governance (ESG) commitments.
- **Technical capacity:** Inclusive insurance distribution requires certain technical capabilities. The partner's ability to contribute technical expertise (for example, access to and analysis of consumer data), infrastructure (designing and hosting digital platforms), or other distribution capabilities is critical to product success. Seek partners who have proven access to the target market for inclusive insurance customers. In addition, consider their ability to distribute your products. These include looking at their distribution networks and on-ground presence, and technology infrastructure. Are there efficiency gains from the partnership and how flexible are they? Assess their innovation and adaptability capabilities, that is, the capacity to collaborate on product customization and adjust to evolving market conditions or client feedback. The capacity to establish simple and transparent claims processes with the partner is vital. Ideally the channel would also have a mechanism for monitoring impact and customer satisfaction.
- **Financial health:** The financial capacity of the prospective partner is a critical determinant, especially if distribution costs are to be shared (as explored in section 2.3.3). Due diligence on the potential partner's financial health is important when it comes to distributing the risk.
- **Affordability:** It is important to assess the commission and expense structure to ensure that the product remains affordable.
- **Brand credibility:** Brand reputation is a significant determinant of trust and credibility. Select partners that have a trusted brand in the market, checking their brand reputation across the different geographies in which they operate. Some MFIs, for example, might have a good reputation in one part of the country but a weak reputation in other areas. Additionally, investigate the organization's relationships with other stakeholders, their reputation within the sector and regulatory compliance.

[9] BIMA Milvik, "Introduction to Microinsurance at Bima", September 2020.

> Define the partnership objective. What are you trying to achieve? This will give you clear objectives and ambitions for you and the partner. Then work on a collaborative workplan that can be implemented jointly.
>
> ▶ Siani Malama, Vision Fund International

2.2.2 Work closely with the distribution partner starting with product design

Distribution partners should ideally be involved as early as possible, including in product design. Understanding the needs of the target customer is vital for a successful inclusive insurance product, but it is not sufficient. Product design should also be closely aligned with the realities and needs of the distribution channel, making sure that insurance works well within their wider business. Processes, messaging and incentives are all vital elements of design that should be carefully developed alongside distribution channels.

Evidence from leading inclusive insurers suggests that too many product design processes are conducted in isolation from the distribution channel, and that this is a significant and avoidable cause of failure.

2.2.3 Build win-win incentives for partners

Alongside careful partner selection and collaboration, building win-win incentive structures and a clear value proposition for partners is essential to keeping partnerships productive over time. The first step is to define and agree on the objectives of the partnership. Each partner should be clear on the expected outcomes, the shared workplan, and the value-added services each party brings to the collaboration. The framework used by VisionFund International (Box 1) provides a good example of how this can be put into practice.

▶ Box 1: VisionFund International – Drivers of effective partnerships

VisionFund International (VFI) uses insurance as one of its core tools for promoting financial inclusion among vulnerable populations. Through partnerships with MFIs, VFI has reached close to 2.3 million customers with insurance products, with a further 33,000 reached through World Vision and other partners. Its distribution model draws on a network of over 25 MFIs worldwide, providing access to credit, savings and insurance products.

VFI has developed a structured framework for building and sustaining strategic distribution partnerships, organized around five principles. First, defining the partnership objective clearly – setting out shared goals and ambitions from the outset. Second, understanding the partner’s needs and capabilities, to identify what each party brings to the collaboration. Third, developing a joint action plan that can be implemented collaboratively. Fourth, scaling and sustaining the partnership through an ongoing shared approach. Fifth, identifying and mitigating risks to ensure the long-term stability and sustainability of the relationship.

A further consideration is VFI’s value proposition to its partners. VFI offers the technical capabilities needed to support distribution and underwriting, ensuring that each partnership is designed around customer needs, partner strengths and regulatory requirements.

Key considerations for effective incentives include:

- **Craft financial and non-financial incentive structures for partners and agents with clearly defined outcomes.** Financial incentives could include tiered commissions based on the type of policies sold, performance bonuses and revenue-sharing arrangements. Wherever possible, tie incentives to specific, measurable, achievable, relevant and time-bound (SMART) goals to avoid ambiguity and potential conflict.
- **Incorporate value-added reward schemes into incentive structures for agents and partners.** These might include skills development support, technology tools that reduce the effort of client onboarding, or customer service training. This investment in capability strengthens the overall distribution network, improving client satisfaction and policy performance.

- **For long-term commitment, align partnerships around shared social and economic values.** Partnerships grounded in a common purpose tend to be more durable than those driven by short-term transactional gains and are better placed to withstand the challenges that inevitably arise over time.

2.2.4 Monitor distribution performance

Monitoring the performance of distribution is essential. Having a clear framework for assessing the effectiveness of each channel and the return it generates allows insurers to make informed decisions about where to invest and where to adapt. Box 2 sets out the key metrics recommended for assessing inclusive insurance distribution.

Box 2: Distribution effectiveness metrics for inclusive insurance

The following metrics can be calculated, monitored and analysed to assess the effectiveness of each distribution channel/partner:

Outreach and market penetration

- Number of new policyholders acquired
- Policyholder growth rate (monthly/quarterly/yearly)
- Geographic coverage (number of new areas reached)
- Percentage of target population enrolled (penetration rate)

Sales and conversion performance

- Lead-to-policy conversion rate
- Average number of policies sold per channel/partner
- Partners' engagement and efficiency
- Partner satisfaction score (via surveys)
- Drop-off rate during the sales process
- Percentage of embedded customers aware of coverage
- Percentage of customers who understand product essentials

Customer satisfaction, retention and engagement

- Policy renewal rate
- Customer churn rate
- Repeat purchase rate (for add-ons or supplementary policies)
- Claim frequency among existing clients (can indicate relevance and trust)
- Estimated rate of underclaiming (including customers who experienced a loss event but did not claim and those who started and did not finish claims)
- Time taken from onboarding to first sale per partner
- Net promoter score (NPS)
- Customer satisfaction survey results
- Testimonials or referrals generated

Financial viability

- Cost per policy sold (CPA)
- Customer acquisition cost (CAC)
- Commission and incentive payout ratios
- Distribution costs in comparison to revenue generated

Operational performance

- Time taken from onboarding to first sale per partner
- Average time from sale to policy issuance

- Claims turnaround time (broken down in stages: from loss to claim report, from report to required documents received and from document reception to claim payment)
- Claims rejection rate
- Number of support queries per client
- Complaint resolution rate

Sources*:* *Social Performance indicators for Microinsurance, WWB Microinsurance performance management, ILO Distribution of Microinsurance, IAIS Supervisors' use of key indicators to assess insurer conduct, inputs from inclusive insurers interviewed*

2.3 Managing distribution costs

One of the most cited barriers to distributing inclusive insurance is the high cost of reaching underserved customers relative to the low premium levels involved. Insurance providers report significant costs in establishing distribution partnerships, acquiring customers and operating inclusive insurance. Leading insurers have found several effective approaches to managing costs through their distribution strategies.

2.3.1 Partner with distribution channels that offer value and can reduce costs throughout the customer journey

Working with a partner that has the capability and infrastructure to handle multiple functions, such as claim investigations, premium collection and claims disbursements, allows insurance activities to be integrated into existing partner operations, reducing administrative and operational costs.

Establishing a physical presence is generally costly. Partnering with existing local retailers, input suppliers, MNO agents or loan officers who can provide education, answer queries and support claims processes allows insurers to deliver the in-person support needed to build trust without developing this capacity separately and at great expense.

The cost of administering claims can be particularly burdensome for insurers. Distribution partners can contribute significantly here by, for example, recording claims information, collecting photographs and other claims evidence and channelling claims payments directly to customers.

2.3.2 Leverage digital tools to facilitate distribution

Digital tools play a central role in reducing costs and enabling distribution partners to take a more substantial role in the customer journey. Simple digital tools can allow agents to onboard clients efficiently and easily, integrating the task into their existing interactions with customers. Such tools can range from straightforward solutions such as Google Forms to fully developed chatbots or applications that simplify the onboarding process.

Digital tools also have significant potential to reduce the costs of claims submission, assessment and payment, which represents one of the most cost-intensive activities in insurance provision, particularly in rural markets and for agricultural products. Artificial intelligence (AI) tools are increasingly used to assess claims, reducing the need for staff to travel to the site of damage. These tools can be integrated with the distribution channel. For example, AI tools can be used to analyse photographs and damage records submitted by distribution partner staff.

2.3.3 Share costs across partners

Developing a cost-sharing strategy across partners can help manage costs and align incentives. When Pioneer Insurance entered a joint venture with CARD MRI, for example, each partner agreed to share the costs of shared services. Pioneer covered product development and all technical aspects, while CARD absorbed the costs of distribution and claims adjustment.

2.3.4 Leverage product simplicity to negotiate lower commissions

Designing simple products that can be easily integrated into a partner's existing products, services or infrastructure makes a strong case for negotiating reduced commission rates. AXA EssentiALL, for example, was able to negotiate its distribution costs down by 6 percentage points – from 20 per cent to 14 per cent – for one of its simplified products. The simplicity of the product required less underwriting effort from agents, which justified the lower fee.[10]

> We managed to negotiate the distribution cost down by 6 percentage points with our distributing partner because our product was simple to administer.
>
> Quentin Gisserot, AXA EssentiALL

2.4 Leveraging technology to support distribution

One of the greatest enablers of inclusive insurance distribution has been technological advancement, which has reshaped the entire value chain. Insurers interviewed for this paper described leveraging technology across operational, administrative and customer-facing functions to distribute products in a more cost-effective way and improve customer experience. Key applications of technology to support inclusive insurance distribution are explored below.

2.4.1 Leverage technology to improve customer experience and retention

Customer retention is directly linked to customer satisfaction. One leading insurer attributed its 97 per cent retention rate primarily to the quality of its customer support infrastructure – ensuring clients could reach the company whenever needed. Inclusive insurance clients depend heavily on customer support, especially given that insurance is unfamiliar to them.

- **Marketing and awareness:** Mobile platforms, including interactive voice response (IVR) and SMS, are increasingly used to raise awareness of insurance products, complementing agents on the ground. MNOs have particularly wide coverage, providing insurers with mass-market reach.
- **Chatbots and digital agents:** WhatsApp chatbots and AI-driven digital agents can facilitate customer support in real time, handling customer queries, complaints and the end-to-end process of purchasing insurance. This reduces administrative overhead and improves response times. A compelling example is the South African insurtech Naked (Box 3).
- **Smart contracts:** Blockchain technology enables smart contracts that automatically execute insurance agreements and trigger payouts based on real-time data. ACRE Africa and Etherisc adopted blockchain technology for smart contracting, reducing operational costs by 80 per cent.[11]
- **Customized product offerings:** Consumer and behavioural data derived from digital footprints can be used to design tailored insurance products. Products that closely match customers' needs are more competitive and achieve higher uptake.
- **Policy renewal reminders:** Automated reminder messages can significantly reduce policy lapses. Radiant Yacu, for example, sends automated reminders to both the policyholder and the recruiting agent, reducing the administrative costs that would otherwise be needed for in-person follow-up. This system has contributed to a renewal rate of 95 per cent.

[10] ILO and MiN, "ILO-MiN Webinar Series Learning from the Leaders. Webinar 1: Improving Profitability", April 2025.

[11] Etherisc, "Next Exciting Chapter for Etherisc: Acre Africa Crop Insurance Is Now on Celo Blockchain", Etherisc Blog (blog), 2 February 2023.

Box 3: Naked Insurance – 100 per cent digital insurance platform

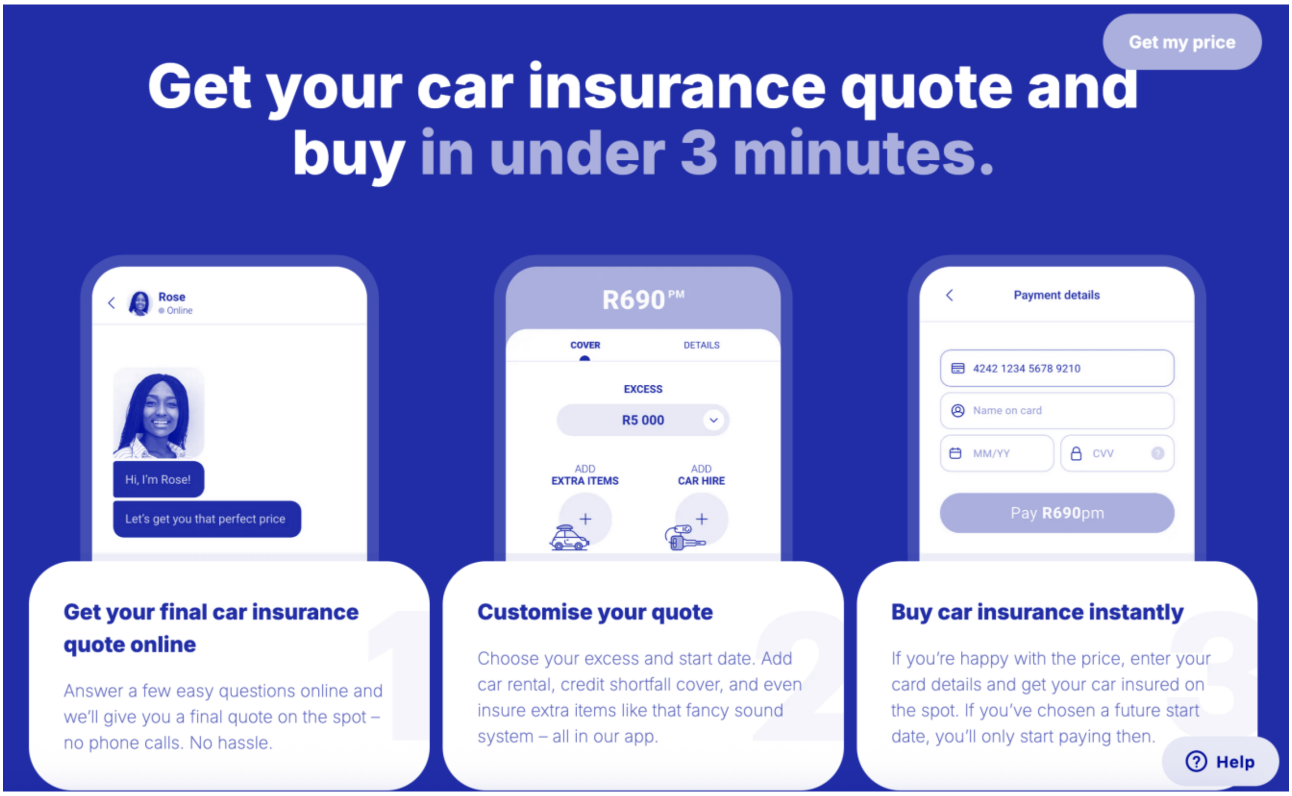
Naked Insurance, a South African insurtech company, is pioneering the use of AI to transform the inclusive insurance landscape. By leveraging AI and automation, Naked aims to make insurance more accessible, affordable, and transparent, particularly for underserved populations (Figure 8).

Naked leverages AI across the entire customer journey to provide a 100 per cent digital interaction.

- AI-powered customer interaction: Naked's AI chatbot – Rose – handles all customer interactions. This includes assisting users in obtaining quotes, purchasing policies, managing coverage and filing claims, all through a user-friendly mobile app.
- Automated underwriting and risk assessment: AI algorithms analyse consumer data, including user behaviour within the app, to assess risk and determine premiums, offering competitive pricing tailored to individual risk profiles.
- Fraud Detection and claims processing: Naked's AI systems automate the detection of fraudulent claims by identifying anomalies and patterns in the claims data submitted.

This approach removes geographical and logistical barriers and reduces operational inefficiencies, lowering premium rates and making them competitive and more affordable. In addition, Naked also contributes its annual surplus to social impact causes chosen by their customers, creating a reputation of transparency. To date, they have distributed 3.2 million South African Rands to various charity causes.

Figure 8: Naked Insurance's three step digital platform



Source: *Naked Insurance*

2.4.2 Blend digital and human interaction through "phygital" distribution strategies

The "phygital" approach integrates physical (human-led) and digital touchpoints to distribute inclusive insurance products. Digital platforms streamline processes, but agents are the face of the product on the ground. Since trust is vital for inclusive insurance, agents are key to bridge the gap between the provider and potential customer. In most markets, financial literacy, consumer awareness, and digital literacy remain low among underserved populations. By combining the personalized touch of in-person interactions with the efficiency of digital platforms, insurers can better serve clients, as illustrated by ACRE Africa (Box 4)[12].

Box 4: ACRE AFRICA – Combining digital infrastructure and the "village champion" model to reach smallholder farmers

ACRE Africa is a for-profit social enterprise specializing in risk management solutions for agricultural stakeholders. Operating across 11 countries in Africa, it has to date reached 3 million farmers with crop insurance products designed to meet their specific needs. By linking partners to localized tools, including insurance and climate change adaptation strategies, ACRE Africa works to reduce the risks associated with agriculture and climate variability, lowering the cost of insurance for farmers by between 30 and 50 per cent.

ACRE Africa's approach blends digital infrastructure with human networks. At its core is a suite of integrated digital platforms that support the customer journey from registration through to claims payment. Digital platforms support insurance onboarding, as well as connecting farmers with farm input suppliers, credit financiers and other distribution partners, and delivering SMS-based advisories directly to farmers. For crop monitoring and assessment, a picture-based system allows farmers and village champions to upload images for remote review, enabling faster and more accurate claims assessment. Claims processing itself is handled through Bima Bolt, which monitors weather data in real time and uses blockchain technology to perform automated assessments and produce payout schedules.

The impact of automating claims processing has been significant. In a pilot targeting 12,500 smallholder farmers in Kenya, smart contract integration reduced payout times by 97 per cent, from an industry average of 45 days to just 24 hours. Automating payouts and reducing operational costs led to increased coverage of smallholder farmers, and the adoption of automated verification processes reduced operational costs by 80 per cent. The transparency of smart contracts also built trust: over 50 per cent of farmers reported increased confidence in insurance products, and 40 per cent said that access to insurance had improved their quality of life by reducing financial stress and strengthening their resilience to climate shocks. The success of the pilot led ACRE Africa to commit to placing all its parametric insurance products on blockchain, with plans to expand the solution beyond Kenya.

This digital infrastructure is complemented by the "village champions" programme, active across three countries with network of 1,000 champions. These are community members, often local leaders, recruited through existing networks and trained by ACRE Africa to distribute insurance and other financial services. Their role goes beyond distribution, providing support to farmers throughout the farming cycle, from planting to harvest, reducing the risk associated with insuring or lending to farmers. They also deliver value-added services such as record-keeping training, which improves farmers' creditworthiness with financial institutions. As trusted peers with influence in their communities, champions build awareness and trust, complementing the efficiency of ACRE Africa's digital infrastructure.

[12] Reuben Saina and Linda Busienei (ACRE Africa), "Index Insurance Enabling Technology: New Approaches to Working with Farmer Organizations for Affordability, Sustainability and Scale", paper presented at the International Conference on Inclusive Insurance, 23 October 2024.

3. Conclusions and recommendations

As part of the research for this paper, we interviewed 37 institutions across Africa, Asia and LAC to understand what barriers prevent some insurers from offering inclusive insurance products. Distribution consistently emerged as one of the greatest challenges in making a compelling business case. The perceived difficulty of balancing low premium levels against high distribution costs was cited as a significant risk, leading many businesses to focus on conventional insurance instead. Across markets, even as innovation in inclusive and embedded insurance continues to grow, most low-income and informal households remain underserved. However, as has been discussed with the leading insurers of inclusive insurance, it is possible to serve these households and small businesses with a carefully thought-out distribution strategy.

As one interviewee observed, scale does not come from relying on a single channel, but from meeting people where they are – through the channels they trust and use regularly. Embedded or mandatory insurance continues to be one of the most effective ways to reach scale, especially when linked to credit, agriculture or health. Evidence has shown that successful distribution starts with understanding how people live, earn and manage risk. Flexible premium payments that match income cycles, simple products and distribution embedded in services people already use all matter. As well as a deep understanding of clients, it is vital that insurance providers understand and respond to the needs of distribution partners, building a compelling case for the channel to choose the insurance provider.

While digital tools are highly promising, human touch points are needed to build trust as well as awareness, both of which directly affect uptake. Agents, community organizations, cooperatives, and value chain actors remain essential, especially in rural areas and low literacy contexts. The strategies that work best tend to combine both: digital systems for efficiency, and human touchpoints for education, trust and ongoing support.

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Partnerships are critical for inclusive insurance to reach scale. Working with MFIs, MNOs, FinTech, agribusinesses, retailers, governments, and community organizations allows insurers to better reach customers and at lower cost. However, partnerships only last when incentives are aligned, roles are clear, data is handled responsibly, and value is created for everyone involved. Ongoing performance management, shared learning, and transparent cost sharing are key to sustain these partnerships.

Regulators and public authorities play a central role. More harmonized agent and intermediary licensing can reduce fragmentation and make it easier to build multi-channel and ecosystem-based models. Clear, proportionate rules on data sharing, backed by strong consent and consumer protection, can help partners improve onboarding, claims and product design without putting customers at risk. Continued investment in digital public infrastructure, such as digital ID, payment systems, and rural connectivity, is also critical if phygital models are to work at scale and reach underserved communities. For development partners, there is a need to create space for innovation, supporting ecosystem approaches, and strengthening the public infrastructure that makes inclusion possible.

Insurance providers face the need to shift from traditional ways of designing and distributing insurance to investing in phygital models and embedding insurance into everyday services, as well as building long-term distribution partnerships. Appendix A provides a useful checklist which insurance providers can apply in designing and improving distribution strategies for inclusive insurance. The checklist covers four key topics:

- **Crafting an effective distribution strategy:** Apply human-centred design to design distribution strategies, remember that channels choose insurers and build a compelling case, favour mandatory and embedded products, adopt a multi-channel approach, and leverage existing ecosystems.
- **Designing strategic distribution partnerships:** Vet partners carefully across five dimensions, build win-win incentive structures with clearly defined SMART outcomes, design closely with channels, and monitor channel performance using the metrics like those presented in Box 2.
- **Managing distribution costs:** Partner with channels that can handle multiple functions across the customer journey, use digital and AI tools to reduce administrative and claims costs, share costs across partners, and simplify products to negotiate lower commissions.
- **Leveraging technology to support distribution:** Use mobile platforms, chatbots, smart contracts and digital footprint data to improve customer experience and retention, and combine digital and human touchpoints through a phygital approach.

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Appendix A: Best-practice tool – Checklists of actions to improve distribution

Checklist 1: On crafting an effective distribution strategy

- **Apply a human-centred design (HCD) approach** to distribution strategy design. ☐
- **Use key customer data points, including demographics, occupation, digital literacy and payment patterns,** to inform distribution strategy design. Table 2 provides a practical framework. ☐
- **Map out the income cycle of the target population and align premium payment frequencies accordingly.** Select a partner that can support auto-deduction or auto-renewal. ☐
- **Make a compelling case for the channel.** Channels choose insurers, and not the other way round. Structure partnership economics to reflect the channel's operating margins, invest in customer experience at every stage from sale to claim, and align the product to the channel's core business objectives rather than offering commission revenue alone. ☐
- **Favour mandatory and embedded products over voluntary opt-in products** wherever possible. ☐
- **Embed insurance within products and services customers already use,** including loans, mobile top-ups, mobile wallets, ride-sharing applications and bus ticket purchases. ☐
- **Adopt a multi-channel approach** rather than relying on a single distribution channel. ☐
- **Leverage existing financial inclusion, agro-industrial, community and digital ecosystems.** ☐
- **Embed insurance within the products and services** already offered by ecosystem partners. ☐
- **Map the full range of actors within a given ecosystem** and identify synergies and aligned incentives across partners. ☐

Checklist 2: On designing strategic distribution partnerships

- **Conduct due diligence on a partner's financial health and regulatory compliance** before entering a partnership. ☐
- **Adopt a phased implementation approach, from small-scale pilot to full-scale rollout,** as an effective way to test and validate a partnership. ☐

- ▶ **Assess potential partners across five dimensions** – strategic alignment, technical capacity, financial health, affordability of commission and expense structures, and brand credibility. ☐
- ▶ **Assess strategic alignment** – whether the partner shares the same mission, serves the same population and has financial inclusion goals. Consider also the partner's ESG commitments. ☐
- ▶ **Assess technical capacity,** including distribution networks, on-ground presence, technology infrastructure, and ability to contribute data and analytics. ☐
- ▶ **Assess financial health** – the partner's capacity to share the costs of shared services. ☐
- ▶ **Assess affordability** – the commission and expense structure – to ensure the product remains affordable. ☐
- ▶ **Assess brand credibility,** including reputation within specific geographies and communities, stakeholder relationships, and regulatory compliance. ☐
- ▶ **Define and agree on partnership objectives, expected outcomes and a shared workplan** before the relationship begins. ☐
- ▶ **Design with the channel, not in isolation.** Work with distribution channel partners to co-design business processes, staff incentives and customer messaging – not only to understand customer risks and needs. ☐
- ▶ **Craft incentive structures – both financial and non-financial – with clearly defined, SMART outcomes.** Financial incentives might include tiered commissions, bonuses and revenue-sharing arrangements. ☐
- ▶ **Incorporate value-added reward schemes** such as skills development support, technology tools or customer service training. ☐
- ▶ **Align partnerships around shared social and economic values** for long-term durability. ☐
- ▶ **Develop a framework to assess the effectiveness of each distribution channel and the return it generates.** Use the metrics set out in Box 2 as a starting point. ☐

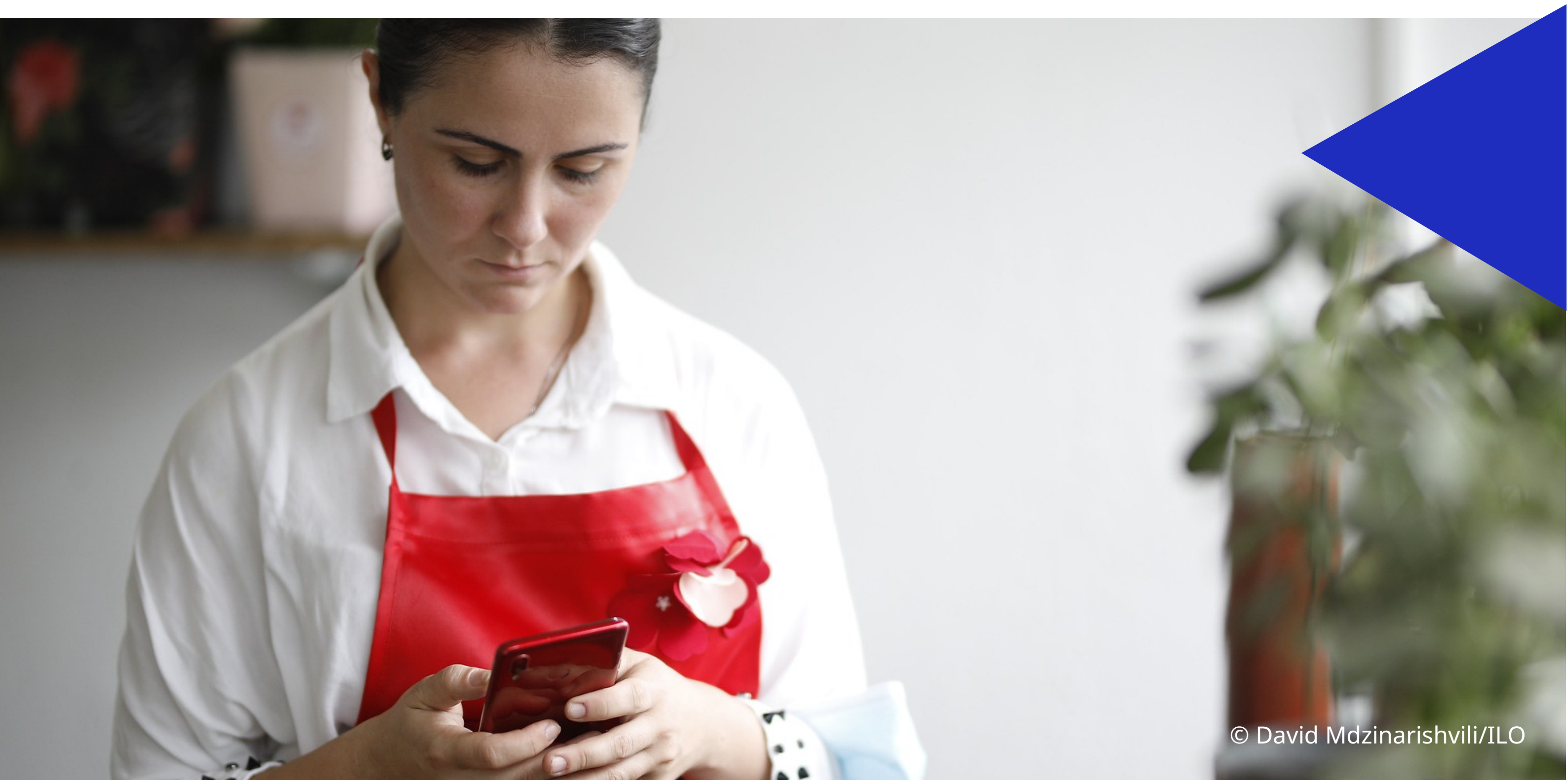
Checklist 3: On managing distribution costs

- ▶ **Work with partners that can handle multiple functions – such as claim investigations, premium collection and claims disbursements** – to reduce administrative and operational costs. ☐
- ▶ **Partner with existing local retailers, input suppliers, MNO agents or loan officers** rather than establishing a separate physical presence. ☐
- ▶ **Leverage distribution partners to support claims administration,** including recording claims information, providing photographs and making claims payments directly to customers. ☐
- ▶ **Use simple digital tools to allow agents to onboard clients efficiently,** ranging from basic forms to fully developed chatbots or applications. ☐

- **Use AI tools, where possible, for example to assess claims remotely, reducing the need for staff to travel to the site of damage.** Integrate these with distribution partners who can submit photographs and damage records. ☐
- **Develop a cost-sharing strategy across partners,** with each party shouldering the costs of shared services such as product development, marketing and claims adjustment. ☐
- **Design simple products that can be easily integrated into a partner's existing product, service or infrastructure,** and use this as the basis for negotiating lower commission rates. ☐

Checklist 4: On leveraging technology to support distribution

- **Use mobile platforms – including interactive voice response (IVR) and SMS** – to raise awareness of insurance products and complement agents on the ground. ☐
- **Deploy chatbots and AI-driven help desks** to handle customer queries and complaints in real time. ☐
- **Consider blockchain-based smart contracts** to automatically execute insurance agreements and trigger payouts based on real-time data. ☐
- **Leverage consumer and behavioural data derived from digital footprints** to design tailored product offerings. ☐
- **Use automated policy renewal reminders** sent to both the policyholder and the recruiting agent to reduce policy lapses. ☐
- **Combine digital and physical (phygital) channels.** Digital platforms streamline processes; agents build trust and bridge the gap between provider and potential customer. ☐



About the ILO's Impact Insurance Facility

Housed in the Social Finance Programme of the International Labour Organization, the ILO's Impact Insurance Facility enables the financial services industry, governments and their partners to realise the potential of insurance for social and economic development. Impact insurance reduces vulnerability, promotes stronger enterprises and facilitates better public policies. The ILO's Impact Insurance Facility has nearly two decades of experience of supporting insurance innovations, connections to an extensive network, a qualified technical team, leadership in customer-centricity and the largest one-stop shop for inclusive insurance know-how. Since 2008, the Facility has pushed the innovation frontier through grants and technical support for product and process innovations.

The Facility has established itself as a global hub for knowledge and capacity development, extracting lessons from pioneers, facilitating learning and sharing successes and challenges with all interested stakeholders. In collaboration with local insurance schools, the Facility's capacity building programme trains hundreds of insurance professionals every year. The Facility's knowledge management platform is visited by over 4,000 online users every month with access to over 40 practitioner-oriented papers, tools and training modules, another 40 plus research studies and 100 plus bite-sized insights on burning issues.

About the Microinsurance Network

The Microinsurance Network is the global multi-stakeholder platform for professionals and organisations that are committed to making insurance inclusive. Membership-based, they bring together diverse stakeholders from across the value chain who share our vision of a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks. The Network encourages peer-to-peer exchange and learning, facilitates the generation of knowledge and research, and acts as an advocate, promoting the role that effective risk management tools, including insurance, play in supporting the broader development agenda.

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