



Article from

International News

May 2018

Issue 74

aYo Ghana and Innovations in Microinsurance

By Francis Gota

The concept of insurance is nothing short of sheer brilliance and has made significant impacts in our world and changed lives. In Ghana, the microinsurance and insurance scene as a whole is steadily progressing, but at a slow pace with a less than 1.5 percent insurance penetration rate. Most Ghanaians struggle with the notion of protecting themselves against a loss that is uncertain. This, and other reasons such as costly premiums and cumbersome policies are major contributing factors for the low overall penetration rate.

In light of these factors, the collaboration between Mobile Network Operations (MNO) and Insurance Companies has been crucial to expanding the patronage of insurance among the masses. The ubiquitous usage of mobile/cellular phones with a penetration rate of about 128 percent, offers insurers wider outreach, increased coverage, and facilitation of easy payment of premiums and claims, hence making access to insurance easier and convenient. Also, from an actuarial perspective the challenge with microinsurance is relatively small premium coupled with high expenses. Mobile applications and a paper-free set up help address this issue by facilitating scaling of these products, lower administrative expenses, making the product viable.

aYo Intermediaries Ghana Limited, a subsidiary of aYo Holdings, a joint venture between MMI Holdings and MTN Group, in partnership with MTN Ghana and MetLife Ghana, offers relevant, accessible, and easy-to-use insurance solutions to MTN subscribers and also aims at providing a future where everyone uses insurance.

With the current upsurge of mobile money business in the country, aYo Ghana is the first to have introduced a microinsurance innovation: Send with Care. This enables subscribers of MTN to send money to loved ones on the mobile money platform with an added insurance cover. In addition, aYo is making preparations to introduce its second insurance offering dubbed Recharge with Care, which enables subscribers of the network to buy life and hospitalisation insurance anytime they



The two pictures depict aYo agents engaging customers at the informal sector. This is mainly market women, artisans, lorry station attendants, etc.

recharge their airtime and the premium is deducted from their airtime. With about 17.6 million MTN voice subscribers (NCA July 2017 report), offering insurance to the subscriber base is significant in addressing the insurance deficit especially in the less privileged communities. The penetration rate is expected to increase with a range of ingenious products yet to hit the market.

Adding aYo Send with Care to MTN Mobile money transfers to your family members ensure that you get 3x the amount you send as life insurance cover for yourself and the recipient (family member), and up to 3x as hospitalisation cover for yourself.

Enrollment and claim filling are **Unstructured Supplementary Service Data (USSD)**-based, with limited human intervention and simple terms and conditions, consequently no proposal form is required. This automated process helps lower administrative expense which is crucial to having a sustainable microinsurance product.

Although we are at the very infantile stage, the excitement with which subscribers have welcomed the concept of easy access to insurance in this nearly complete self-served process has been phenomenal. Riding the wave of the generally positive feedback, the team remains resolute in revolutionizing the mobile insurance market in Ghana and meeting the insurance needs of Ghanaians. ■



Francis Gota is an associate member of the Actuarial Society of Ghana and country head for aYo Intermediaries Ghana Ltd. He is based in Accra, Ghana and can be reached at fgota@icloud.com.