



International
Labour
Organization

CASE BRIEF: **NBC MOZAMBIQUE**

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Description: NBC Companhia de Micro-seguros (NBC Mozambique) was established in 2014 and is currently the only licensed microinsurer in Mozambique. NBC Mozambique is part of NBC Holding, a South African group which focuses on pension funds and the company is therefore linked with Mozambique Previdente, Mozambique's first private pension provider.

Products offered: Pensions and life and funeral insurance

Distribution channels: Group cover through corporate employee schemes and partnerships with funeral providers

Mozambique faces high levels of financial exclusion, particularly among the two thirds of the population living in rural areas. A study conducted by FinScope in 2014 found that just 24% of the adult population had a bank account or other formal financial service, such as from a microfinance institution. The figure is just 13% among the rural population.

Access to insurance lags far behind. The same FinScope study found that just 3.4% of adults currently have an insurance product, which drops to just 1% in rural areas. Insurance is poorly understood in the country, with 14% of respondents reporting that they knew what insurance means and 69% of respondents reporting that they had never even heard of the term.

In this context, microinsurance development in the country is nascent. Mozambique's Insurance Act makes provision for microinsurance, describing it as "an integral part of the insurance activity in this country". It also provides for insurers to be licenced as microinsurers. Four companies have so far received a licence, but only one – NBC Mozambique – is currently offering microinsurance products.

The company did not initially offer microinsurance products. NBC Mozambique was established in 2014, offering group policies to corporate employees. Having developed its position in the market, NBC Mozambique decided to introduce inclusive insurance products into its offering and partnered with the ILO with support from FSD Mozambique. The main objective of the project was to identify and secure partnerships to distribute microinsurance in the country.

With the ILO, NBC Mozambique conducted market research and an extensive analysis of possible distribution channels. Since established distribution channels did not exist, it was important to assess a wide range of possible channels, including NGOs, post offices, financial providers, funeral parlours, and solar power providers. Table 1 lists the strategic fit between the various channels and NBC.

Channel	Funeral parlour	Post Office	Churches	AEIMO	MOWOZA	Saving groups	NGO	Municipality ("Direção de Mercados")
<i>Product development</i>	medium	low	high	high	high	high	high	medium
<i>Sales experience</i>	high	medium	low	low	high	medium	medium	low
<i>Access</i>	low	medium	high	low	high	medium	medium	low
<i>Exp. Delivering Fin. Services</i>	high	medium	low	low	high	high	high	low
<i>Brand trust</i>	medium	high	medium	low	medium	high	medium	medium

Firstly, NBC Mozambique has identified funeral parlours as a particularly promising channel. Some funeral providers in Mozambique have several stores in various cities in the country, reaching urban, low-income customers. In addition, these stores also have partnerships with other local institutions, particularly local churches, which are used to share information and promotional materials about the funeral providers' services. NBC partnered with one such funeral parlour, Ebanezer, to introduce a life-funeral coverage to its members.



Secondly, NBC Mozambique is working to close a partnership with a company offering solar power on a pay-as-you-go basis. This company is a promising channel because it has a strong existing agent network of 250 agents that reaches 18,000 customers in underserved parts of the country, representing a close match with the customers NBC Mozambique aims to reach. In particular, solar energy services have gained momentum in Mozambique in rural areas, where provision of services is generally low.

Finally, NBC Mozambique is exploring the possibility of working with the country's first insurtech. It hopes to capitalise on the fact that access to mobile phones in Mozambique, at almost half of the population according to FinScope, is higher than access to financial services in order to reach lower-middle class urban and peri-urban customers who are increasingly making use of mobile phones and digital services. The insurtech company provides a technology platform based on USSD technology, as well as promotion through SMS messages, designed to deliver microinsurance through basic feature phones.

NBC Mozambique has faced considerable internal and external challenges in building distribution partnerships with such channels. Externally, it faced high levels of financial exclusion and low financial awareness in the country. Insurance regulations also posed serious challenges in reaching the low-income market. In particular, insurance regulation requires insurers to collect from each customer their national identification, photograph, their taxpayer identification number, information on their income and a statement of their income or employment. These requirements are designed to avoid money laundering and financing of terrorism, but result in a significant barrier to the majority of the population working in the informal market or as small-scale farmers who are very unlikely to be able to provide this documentation. Even for customers able to provide this documentation, processing it creates additional administration which is difficult to implement for low-cost microinsurance products which depend on low administration costs.

The company also faces internal challenges, including the need to strengthen the brand projection, improve IT systems, and adopt an HCD approach to product development. This limits the company's ability to grow and has proved off-putting to potential partners. Finally, the company staff, used to dealing with human resources department of established companies, have needed to adapt to understand the needs of low-income partners and the realities of working with very different types of organizations in order to reach them.

Nonetheless, NBC Mozambique has already secured partnerships with two funeral providers and launched sales of funeral insurance with one of them in September 2019. In a nascent market and a challenging regulatory environment, NBC Mozambique has found it necessary to look outside of typical insurance channels and to design a distribution strategy based on multiple partners that reach underserved populations in the country.



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