



CASE STUDY //

# Pioneer Microinsurance

Building a Business around  
Positive Customer Experience  
Pays Off

# Introduction

With visionary leadership and a deeply rooted commitment to customer centricity, Pioneer Microinsurance (PMI) has built an insurance business in the Philippines based on creating a positive experience for its low-income clients.

PMI operates through partnerships with locally embedded organizations such as rural banks, pawnshops, and the largest microfinance institution in the Philippines to market its insurance policies and service its customers. The partnership arrangement is an important element in the company's business model but it also has a downside: although the partner-led business model helps accelerate growth, it also distances PMI from its end customers. This is critical because it means the quality of the customer experience depends largely on the level of the partners' commitment.

PMI reached out to CGAP in 2015 after receiving anecdotal information from its partners that as the organization grew rapidly (it doubled its staff from 50 to 100 in 2016), it was becoming harder to maintain the positive customer experience that the company had set out to deliver. While the customer base was growing through acquisitions, retention rates appeared low. PMI needed to put systems in place that would enable it to scale up in a customer-centric way. The company recognized this was a job for the entire organization and not just a few people.

This case study examines how PMI ensured consistent, valuable customer experience by adopting better strategies, processes and tools, putting new structures in place, and capturing and using customer data and insights to establish a customer-centric culture.

COVER PHOTO: CARD Pioneer Microinsurance CEO Geric Laude engages with a customer, Philippines.

## Context: Financial Inclusion and Microinsurance in the Philippines

Financial inclusion remains elusive for a large majority of the population of the Philippines, an archipelago with over 7,000 islands and 103 million people. Global Findex figures show that in 2017, only 34.5 percent of Filipinos had an account at a formal financial institution or reported using a mobile money service, a small increase from 31.3 percent in 2014 and 26.6 percent in 2011.<sup>1</sup>

In this context, the Philippine microinsurance industry has grown rapidly in the last ten years – in 2008, 3 million<sup>2</sup> Filipinos were covered by microinsurance, growing to 32 million by September 2017.<sup>3</sup> Unlike traditional insurance products, microinsurance aims to provide risk protection to people in the low-income sector. It is designed to be simple, affordable, accessible, and best-suited to their needs. While it does not necessarily compensate all losses in case of a life event, it provides enough to get people back on their feet. This level of protection can be made affordable in “sachet insurance” – a service offered in a small package that fits the needs of a low-income individual. Microinsurance products include life insurance (for example, term life, life policy with cash value, and group life insurance), and non-life insurance (for example, first-loss insurance covering fire, flood, typhoon, accidental death, and similar contingent events).<sup>4</sup> Using Nielsen figures, Pioneer has estimated the potential size of the low-income insurance market in the country at 80 million people. In 2017, PMI covered 17.6 million low-income Filipinos (16.6 million policy holders and 1 million dependents), capturing more than half of the existing microinsurance market.

Pioneer Microinsurance is part of the Pioneer Insurance Group, a family-owned commercial insurance provider in the Philippines. PMI has almost 100 institutional partners across the country – microfinance institutions, rural banks, cooperatives, and pawnshops – which serve as distribution channels and claims administrators. At the end of 2017, PMI further grew its business through the help of more than 100 staff and partnerships with 1,600 microinsurance coordinators (MICs – or agents) in the field. Its main product,

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1. <https://globalfindex.worldbank.org/>

2. [http://www.bsp.gov.ph/downloads/Publications/2015/FIP\\_1Qtr2015.pdf](http://www.bsp.gov.ph/downloads/Publications/2015/FIP_1Qtr2015.pdf)

3. <https://www.insurance.gov.ph/PR/microinsurance-growth-rate-and-outreach-continues-to-increase-as-of-end-of-3rd-quarter-of-2017>

4. Features of a microinsurance product are detailed in the Insurance Commission's circular 1-2010: <https://www.insurance.gov.ph/wp-content/uploads/2017/10/IMC2010-1.pdf>

### **Box 1: PMI's Mission and Vision**

#### **MISSION**

"We provide value to our stakeholders -

Our customers are consistently happy with our services, and recommend microinsurance programs to their family, friends and communities.

Our employees passionately work for a purpose in a culture of appreciation and continuous professional growth.

Our partners prefer to work with us and recognize the added value of our programs to their core business.

Our organization recognizes us for driving new and better ways of insuring more Filipinos."

#### **VISION**

"We are the benchmark in microinsurance.

We transform our employees to be the drivers of positive change,

We influence our partners to be the instruments of economic inclusion and sustainable development,

We support our organization to unlock and achieve new possibilities in insuring more Filipinos, and

We inspire Filipinos to live better lives and pursue bigger dreams."

the Sagip Plan (Save Plan), covers various calamity risks – typhoon, flood, earthquake, and fire – as well as burial expenses and personal accidents. PMI also cross-sells other small insurance “sachet” products to meet specific customer needs. These include Medicash, which provides medical cash assistance upon diagnosis of diseases such as dengue.

In 2017, PMI issued more than 16 million policies covering low-income Filipinos and generated over 1.2 billion pesos (\$24 million) in premiums (see Figure 1). Between 2014 and 2017 PMI saw its gross premiums more than quadruple and the number of enrollments almost double. The growth was largely thanks to PMI's five top accounts. The largest partnership in terms of enrollments was with a pawnshop chain that has the biggest retail network of brick and mortar branches in the country and mostly sells small, short-term insurance products. The fastest growing account in terms of enrollments and premiums was that of CARD Pioneer Microinsurance (see Table 1), which is serviced through a joint venture of Pioneer with CARD MRI (see Box 2).

Figure 1: A decade of Pioneer Microinsurance

**Gross Premiums Written (in USD) and Enrollments (2008–2017)**

Millions

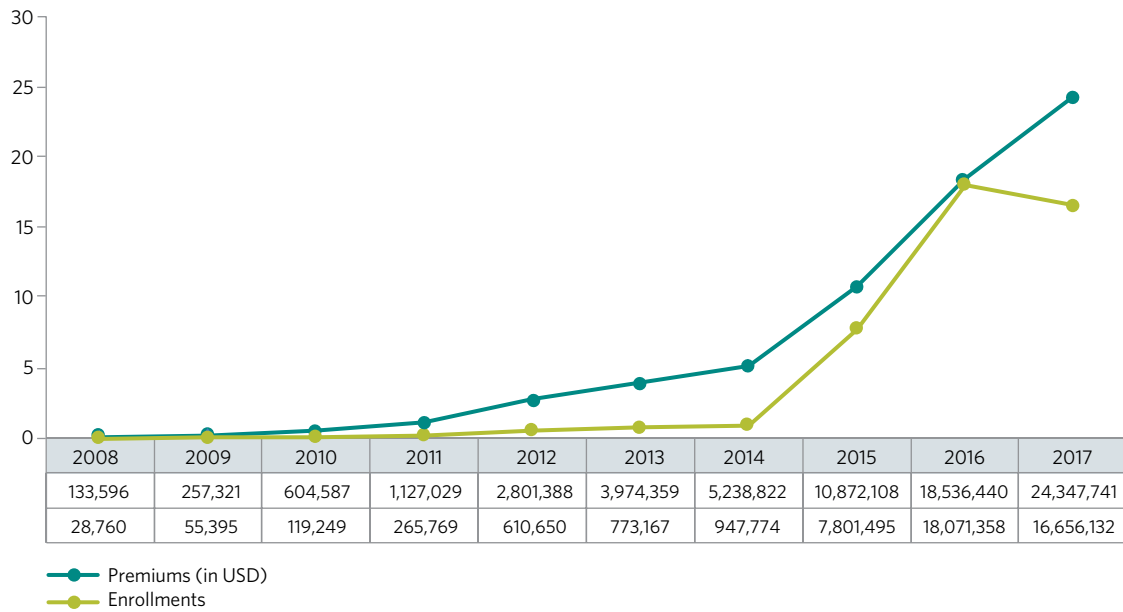
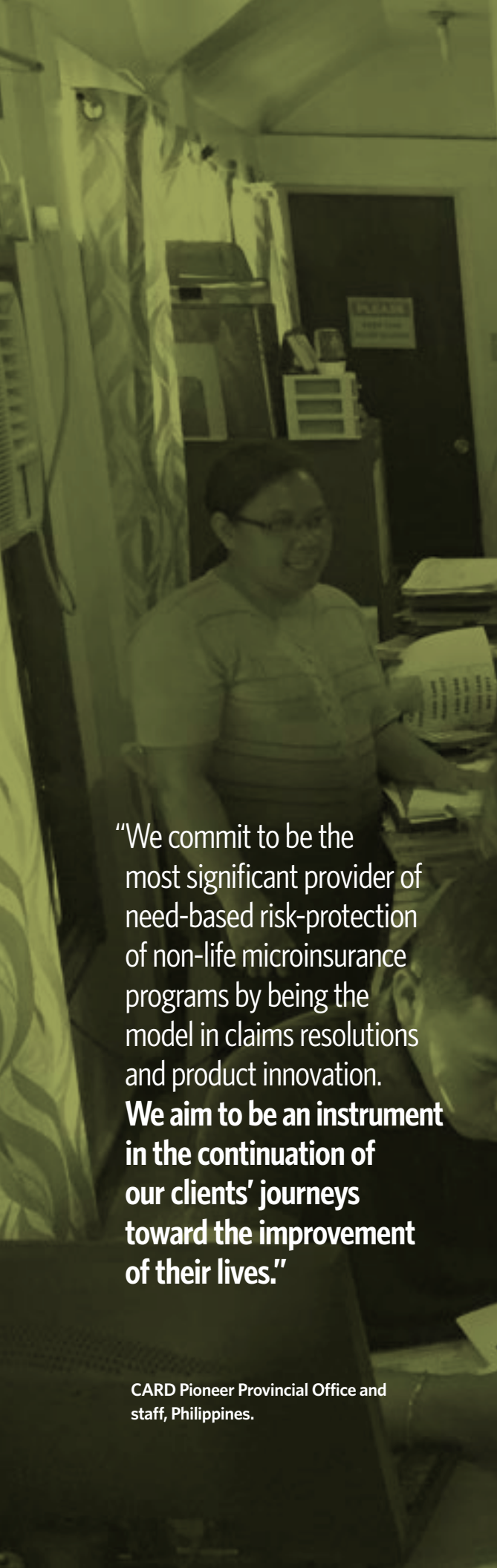


Table 1: PMI's top five partner accounts in 2015, 2016, and 2017 (Enrollments)

ACCOUNT	2015	2016	2017
CARD	641,669	916,474	1,608,232
Partner A	—	606,750	636,766
Partner B	6,620,671	16,001,800	13,497,915
Partner C	24,427	31,063	45,814
Partner D	103,981	104,040	106,079

Source: Pioneer.



“We commit to be the most significant provider of need-based risk-protection of non-life microinsurance programs by being the model in claims resolutions and product innovation. **We aim to be an instrument in the continuation of our clients’ journeys toward the improvement of their lives.”**

CARD Pioneer Provincial Office and staff, Philippines.



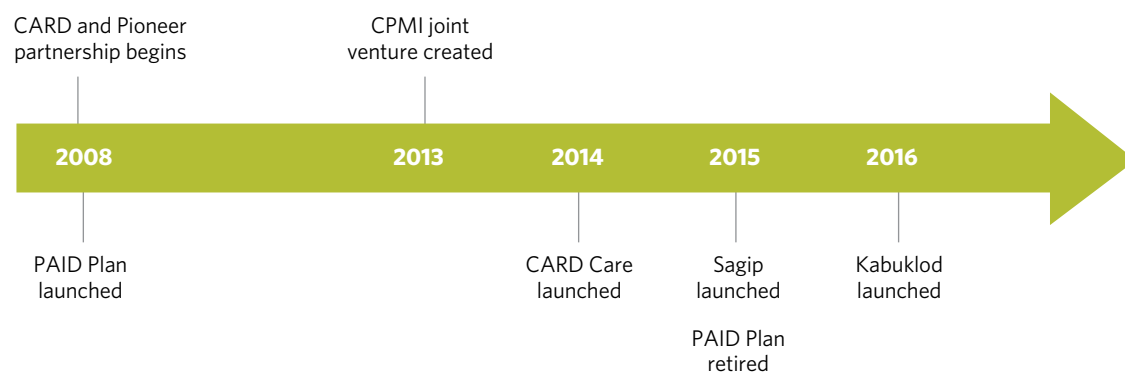
## Box 2: CARD Pioneer Microinsurance Inc.

In 2008, Lorenzo Chan, president and CEO of Pioneer Life and retail organization head of the Pioneer Group, approached Dr. Jaime Alip, founder and chairman of CARD MRI, the largest microfinance group in the country, to explore a partnership that would serve CARD's two million mass market customers.<sup>5</sup> CARD had been offering life insurance since 1994, forming a mutual benefit association in 1999. However, CARD was looking to provide a new type of product beyond life insurance that would cover property in the event of fire, flood, typhoon, or earthquake, as well as personal accident and death/burial, which did not exist in the market at that time. CARD spoke with several insurance companies but only Pioneer was willing to meet CARD's strict "1-3-5" quick response policy.<sup>6</sup>

CARD and Pioneer partnered in 2008, and together developed a 3-in-1 product called the PAID Plan ("Package Assistance in Case of Disaster"). The product was offered as an option to loan customers of the CARD MRI Group. The PAID Plan product grew from 20,000 lives covered in 2008 to 350,000 lives covered in 2013. CARD's extensive field presence facilitated fast and geographically diverse distribution. The PAID Plan product was profitable during its first two years but became unprofitable from 2011, with an increasing loss ratio due to a number of typhoons and floods, as well as higher expenses due to investment in growth.

In early 2014 Pioneer and CARD engaged in a product review of the PAID Plan, focused on coverage and pricing, with the aim of ensuring continued protection of clients' risks in a sustainable way. As a result, a new product called the Sagip Plan was launched in 2015, offering better coverage at a higher cost. Customers were offered a credit from CARD to pay the annual premium and most made use of this option. In 2013 CARD and PMI had launched a joint venture with the creation of CARD Pioneer Microinsurance (CPMI) in which risks and profits were shared by both organizations. CPMI was the first non-life microinsurance company created to focus on the needs of the Filipino poor. CARD is PMI's fastest growing account (see Figure 2).

Figure 2: CPMI timeline



5. CARD MRI, which currently has over 5 million members, is a network of more than a dozen institutions that provide microfinance and community development programs.

6. Under this policy, on day one the claim is submitted, on day three it is processed or more information is requested, and on day five it is settled in full or the client is provided information on why the claim cannot be paid.



CARD Microinsurance customer,  
Philippines.



# Milestones on PMI's Journey Toward Customer Centricity

Pioneer's strong leadership and vision, coupled with a deeply-rooted commitment to be customer-centric, inspired a transformation in the company. This had started long before the 2015 partnership with CGAP, which focused on turning the vision into reality.

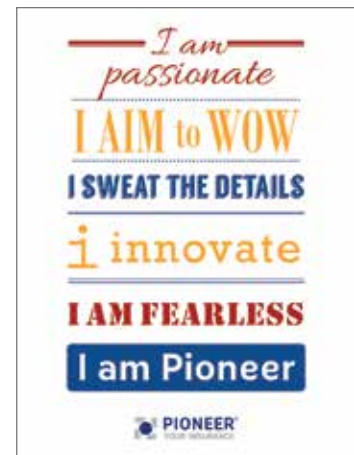
## **A STRONG BASIS: LEADERSHIP AND VISION FOR CUSTOMER CENTRICITY**

Pioneer's leadership is determined to make the company a one-stop shop that meets the needs of all Filipinos, including those that have previously been excluded from insurance markets. Its mission statement is: "We're in the business of affording our clients peace of mind by providing them with financial options to secure what matters to them."

Pioneer President and CEO Lorenzo Chan strongly advocates customer centricity and is investing in building a culture and infrastructure that can support a transformation from a product focus to a customer focus (view a visual case study of **CARD Pioneer's Journey to Customer Centricity here**).<sup>7</sup> Chan created the Pioneer Pledge (Figure 3), which invites employees in all business areas to make a personal and passionate commitment to customer-centric values every time they read it.

Pioneer recognized that the transformation to customer centricity would take time, particularly in traditional lines of business that have focused on products, so it established PMI as an autonomous business unit and gave it permission to experiment and innovate to serve the low-income market.

Figure 3: The Pioneer Pledge



7. <https://youtu.be/TRnCUrHYPCE>


In 2009 Pioneer appointed a visionary leader to build out the microinsurance activities. Geric Laude was the branch manager of Pioneer Insurance in Cebu when he was selected to become the organization's microinsurance champion. To win support for the experiment, Laude shared his unit's lessons and innovations within the organization.

PMI deliberately hired young millennials without insurance expertise so they would not be "tainted" by traditional ways of delivering insurance. It built its expansion strategy around harnessing their energy and talents in fields such as marketing and psychology. Early on PMI had an immersion program for its young staff, having them live and work with poor customers for a few days. This was incredibly effective in getting staff to think about solutions that work for poor people.

Visionary leadership drove not only Pioneer, but also its key partner CARD MRI. The founder and chairman of CARD MRI, Dr. Jaime Alip, bought into the idea of joining forces with Pioneer to expand on the insurance selection CARD MRI was offering and leverage the expertise and license of Pioneer. Initially Pioneer relied on CARD staff to sell its products, and then created a network of agents – the microinsurance coordinators. In 2013 it took the partnership with CARD MRI to a new level by creating a joint venture company, CPMI (see Box 2). CPMI became the first non-life microinsurance company in the Philippines to offer vulnerable populations insurance cover against natural disasters related to flooding, loss of agricultural assets, and sudden unexpected income loss. By listening to customers, the team realized that the claims process was the biggest customer pain point. CPMI responded with a new vision statement: *"We commit to be the most significant provider of need-based risk-protection of non-life microinsurance programs by being the model in claims resolutions and product innovation. We aim to be an instrument in the continuation of our clients' journeys toward the improvement of their lives."* To fulfill its vision of becoming first in claims in the industry, CPMI re-engineered its claims process and reduced payout times to just five days. Among commercial insurers in the Philippines, CPMI was the first to introduce a simplified process.

## **THE BUSINESS CHALLENGE IN 2015: FROM ACQUISITION TO RETENTION**

In 2015, PMI had 600,000 microinsurance customers served through CARD Pioneer Microinsurance working with close to 1,000 agents (from CARD's network). While PMI was growing rapidly and customer acquisition went well, it was hard to maintain positive customer experience and by 2015 retention rates were estimated at slightly above 20 percent. With a fast-growing organization, PMI needed to put systems in place that would allow a scale-up in operations to take place in a customer-centric way. It recognized this was a job for the entire organization and not



**“When I was selected . . . it gave me the opportunity to re-engineer traditional insurance and make it work for the poor.** But I was also nervous because there really was no blueprint. My mission was very simple - to take microinsurance wherever I thought it needed to be taken. And that was good, because it essentially gave me the space to experiment. We knew our existing solutions would not work and that we needed to work out new ways of doing things for the markets we wanted to reach, to reverse engineer.”

— Geric Laude, CEO of CPMI

CPMI CEO Geric Laude and team members look at metrics, Philippines.

### Box 3: Pioneer's vision: Create a customer-centric transformation of PMI by 2019

A strategy workshop<sup>8</sup> was conducted with the senior management team at Pioneer in February 2016, resulting in this statement:

"Our core focus remains sustainability – the consistent and meaningful creation and delivery of both customer and company value in a profitable way. In our past we were largely dependent on our partners as a source of 'customer information.' We will develop our organizational capability to **better understand our customers** for improved and enhanced decision making. We will rapidly develop **customer metrics and a dashboard** to leverage our improved understanding of our customers.

We will very temporarily step back and **consolidate to ensure we are building a solid, robust foundation and platform** to enable sustainability across our business. The robustness of our foundations and our systems enable a more focused growth approach, having recognized that the number of effective sales aggregators are diminishing hence the need to optimise our business model. Competition will increase and our differentiation will diminish unless we continue to innovate in both value creation and in value delivery.

Collectively, as a team and through associates and networks who have influence, we need to pull together to **reinforce our belief, commitment and message that supports the impact we are having on peoples' lives**. We will continue developing unique and distinctive products, services and experiences to ensure our competitive advantage."

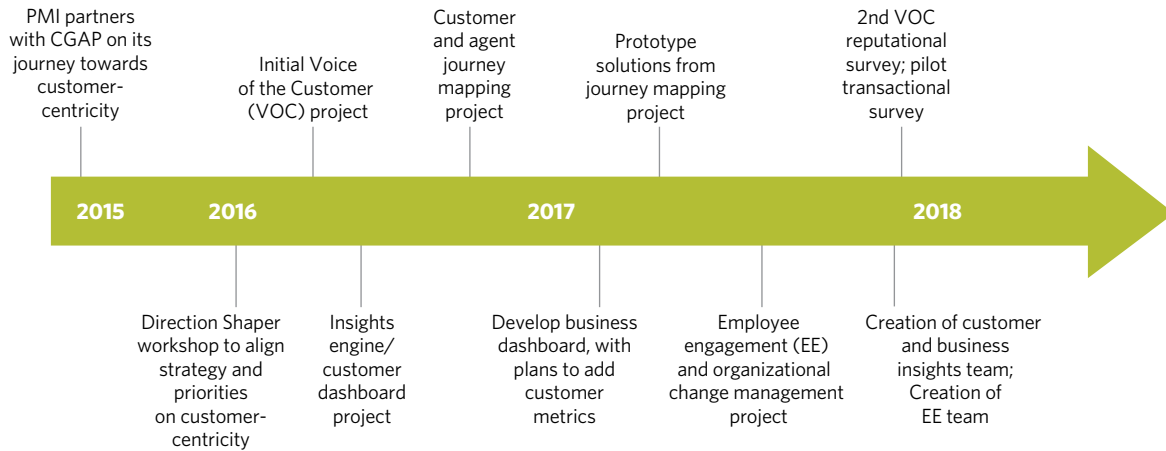
just a few people. Geric Laude and Lorenzo Chan brought key people together from within PMI and the Pioneer Group to think strategically about how to effect a customer-centric transformation (see Box 3).

Following this statement, PMI embarked on a journey to embed customer centricity in its business model. PMI gave priority to strengthening the organization's capability to better understand its customers and developing customer metrics and a dashboard for better decision making. It acknowledged that customer-centric transformation represented organizational change and that required building a customer-centric culture throughout the organization. Data and Insights and People and Culture became the core areas of focus for the following 18 months. The focus of the transformation project was on PMI's operations with CARD customers served by CPMI. PMI considered that if it could test out and demonstrate the usefulness of customer-centric tools and processes (for example, what type of customer research was needed to gather insights and act upon them) it could later expand this to other parts of its portfolio and other accounts. The CPMI board strongly supported this and approved the investments required.

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8. This "Direction Shaper" workshop was an important strategic meeting that helped the leadership to decide on priority projects on the journey to becoming a customer-centric organization.

Figure 4: Timeline of PMI initiatives with CGAP to improve customer centricity



**Box 4: Getting inspiration from other customer-centric organizations**

PMI employees participated in CGAP’s Customer Centricity Leadership Challenge and won a prize with their submission – **a video demonstrating lessons learned**<sup>9</sup> from a staffer immersing with customers. As a result, they were able to travel to South Africa to visit the insurance agency Hollard and the retailer PEP, and to Zambia to visit the financial services company Zoona and **learn from their experiences about becoming more customer-centric**.<sup>10</sup> At its own cost, Pioneer took four staff members from Pioneer Group’s Retail and Shared Services along. This exposure opened their eyes and has contributed to changes being made at Pioneer.

“The trip to South Africa was very helpful – we got a feel for what Zoona and PEP can do, and it inspired us. Now I think: even with technology challenges – if you want to serve the customer, you can do it, since Zoona and PEP can do it. During the trip, seeing their dashboards and treating employees as partners, it gave us possibilities of what we can do.”

—Mymy Rapes, head of Knowledge and Information Management, Pioneer

9. [https://www.youtube.com/watch?v=JYyTD\\_ckFPg&feature=youtu.be](https://www.youtube.com/watch?v=JYyTD_ckFPg&feature=youtu.be)  
 10. <http://www.cgap.org/blog/leading-%E2%80%93-learning-%E2%80%93customer-centricity>



Pioneer Group President and CEO  
Lorenzo Chan engages with a customer  
household, Philippines.

# Customer Data and Insights: A Key Driver of Customer Centricity

In PMI's journey to build customer centricity, customer data was required to convince the board that it needed to become a more customer-oriented organization, which would require investment and a reorganization. PMI launched several initiatives in 2016 to strengthen its data capabilities, including customer and agent journey mapping, establishing a voice of the customer (VOC) instrument, and developing a dashboard for improved decision-making. Each initiative went through the steps of collecting data, generating insights, creating and testing solutions, and scaling.

## **CUSTOMER AND AGENT JOURNEY MAPPING**

### *Collecting data and building capacity*

As part of Pioneer's efforts to improve its internal capabilities around customer data and insights, the company embarked on a customer and agent journey mapping project in partnership with Cambodia-based human centered design firm 17 Triggers. The initiative had three main objectives: to train the PMI team in customer and agent journey mapping processes, to uncover challenges in the customer and agent journeys through qualitative field research in two geographic locations, and to develop a menu of options with potential answers to the challenges uncovered from the field immersions. The total cost of the journey mapping and prototyping of solutions was an estimated \$58,000.

After a strategy and alignment workshop on expectations around the journey mapping project, 17 Triggers held capacity-building workshops to train 40 PMI staff. The workshops covered journey mapping processes ("Trigger Mapping in a Box"), as well as ideation and prototyping. The goal of the training was to improve PMI's internal capabilities of listening to its customers, synthesizing its findings, and acting upon them by ideating and prototyping possible solutions to address pain points.

For the field immersions, two teams comprising 17 Triggers and PMI staff went to two provincial offices in the Metro Manila area and the province of Mindoro in December 2016. Over eight days, they spoke with 88 people: 39 customers, 20 MICs/MISs (microinsurance supervisors), 15 account officers, six non-customers, three partner relationship officers, three HQ trainers, and two claims specialists. They used several methodologies such as systems walkthrough, trigger mapping, in-depth interviews, spot check interviews, observations, ideation, rapid prototyping, and mystery shopping to generate customer insights. For the results of the journey mapping, see the **CARD Pioneer microinsurance coordinator journey map**<sup>11</sup> and the **customer journey map**<sup>12</sup> in the **CGAP Customer-Centric Guide**.<sup>13</sup>

### *Customer insights*

The research identified a number of obstacles faced by PMI's customers and agents:

- The value proposition of insurance isn't compelling: customers do not immediately see the value of buying it
- MICs are not as effective as they could be: MICs lack training and tools to help them sell insurance policies
- Customers don't understand the microinsurance offering they purchase: some customers have lower literacy levels; customers do not understand insurance terminology
- Customers don't renew their insurance policies: no one is tasked with the specific responsibility of reminding customers to renew their policies
- The enrollment and renewal system is inefficient: CARD and PMI systems are not fully aligned
- CARD owns the customer relationship: PMI is one level removed from direct customer interaction

These insights confirmed what PMI had previously suspected and the organization now had concrete evidence. The exercise also uncovered potential opportunities for PMI, such as sales channel diversification, claimants referring friends and family, customers wanting to renew, alternative payment options, and a motivated sales staff. These insights into the challenges and opportunities for PMI framed the design challenges for the eventual solutions or “menu of options” (see Figure 5).

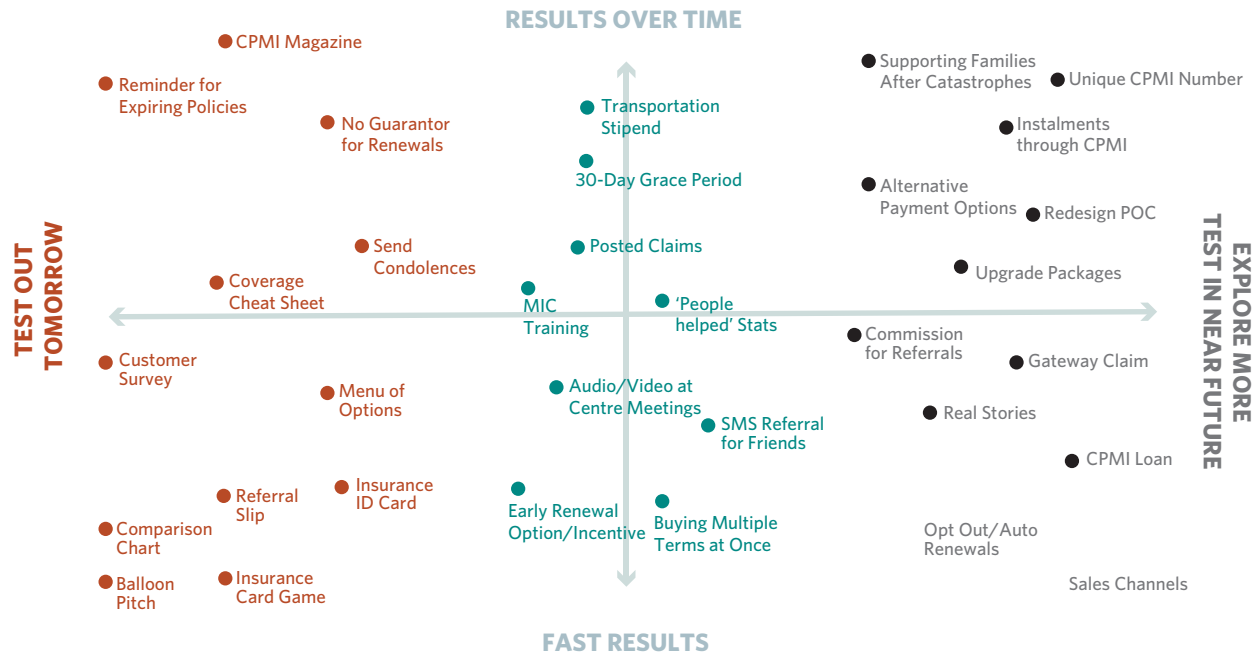
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11. <http://customersguide.cgap.org/sites/default/files/resource/2018/06/CARD-Pioneer-Microinsurance-Coordinator-Journey-Map.pdf>

12. <http://customersguide.cgap.org/sites/default/files/resource/2018/06/CARD-Pioneer-Customer-Journey-Map.pdf>

13. <http://customersguide.cgap.org/>

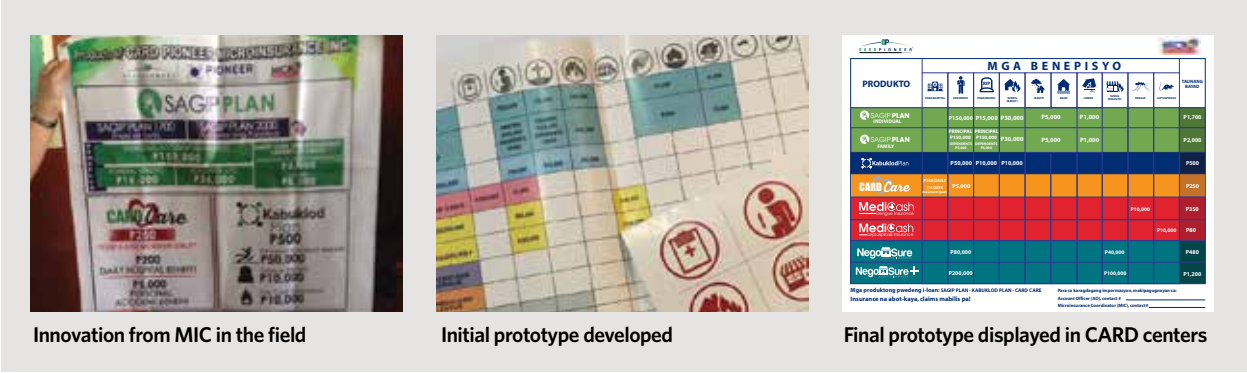
Figure 5: Menu of options showing solutions PMI staff brainstormed to improve customer experience



*Prototyping and testing solutions*

PMI quickly began to prototype a number of suggested solutions (see Table 2). None of the prototypes were very costly and they were all developed in stages. See, for example, Figure 6, which shows the evolution of a prototype for a comparison chart of CPMI products. The initial idea came from a banner created by one of the microinsurance supervisors on her own initiative. A paper copy was tested (middle image) and, based on that, a final version was produced and shared across all CARD centers. The comparison chart and one other prototype, the radio plugs, have already been scaled. Other prototypes are going through further testing. One of the key obstacles for change is the capacity and bandwidth of MICs that need to test and learn the new solutions.

Figure 6: Evolution of various prototypes



Scaling up

While several of the prototypes are still being tested and measured, PMI has scaled up the journey mapping activity to collect customer data and analyze insights. PMI has since used the journey mapping tool to map the ideal process and check product acceptability with a new partner. It has been taken up by other divisions within Pioneer, such as Shared Services-Organizational Development, which organized design thinking workshops for all PMI head office staff, as well as a workshop for more than 20 people with PMI’s partner LifeBank, using a partner journey mapping as a way to impart knowledge of customer centricity. A second department in Pioneer, Non-Life Retail, has also started journey mapping the motor claims process with its branch staff.

**Table 2: Proposals for improving customer centricity and their relative effectiveness**

PROTOTYPE AND ESTIMATED COST	WHAT CHALLENGE DOES IT ADDRESS?	WHERE AND WHEN WAS IT TESTED?	FINDINGS FROM THE TESTING	SCALED UP OR NOT?
<b>Balloon pitch</b> (Php 150 or \$3): making the concept of insurance more engaging using a balloon to represent a customer's world, and then pop it	MICs are not as effective as they could be (MICs need better sales tools)	CPMI tested this tool with three MICs in April 2017, along with a sample sales script	Some MICs had trouble blowing up the balloon, so CPMI provided a hand pump. CPMI also translated the sample sales script to local dialects for more effective delivery	CPMI stopped testing the balloon pitch when the MICs expressed feelings of being overwhelmed by multiple requests from the head office, and CPMI decided to prioritize sales training of MICs
<b>Insurance card games for training</b> agents (printed at office): three levels of card games to train agents: first level on various products and their features, second on customer profiles, third on claims processes	MICs are not as effective as they could be (MICs need training on product features)	CPMI initially tested all three levels of card games with MICs at a refresher training in Davao in April 2017	The first level of the game (product with benefits) was too basic for the refresher training of the agents, but more applicable for new MICs	CPMI is still developing other levels of the card game, which may be launched later in 2018
<b>Comparison chart of CPMI products</b> (20 pesos or \$0.40 per chart). See Figure 8 on evolution of prototype	MICs are not as effective as they could be (MICs need sales tools)	CPMI tested an initial prototype with a few MICs in April 2017	Revised chart using feedback from MICs	Instead of giving each MIC a comparison chart, CPMI is planning to place a chart in all centers so members can reference it during center meetings, even without MICs present. (As of May 2018 charts are in place at 30,000 CARD centers, which covers 40 percent of its footprint)
<b>Menu of options for health insurance product</b> (printed at office)	The value proposition isn't compelling	CPMI tested out three designs for a health product it is developing	Out of the three designs, a "menu of options" in which customers are able to customize their insurance coverage most appealed to participants of focus group discussions	CPMI could not keep the "menu of options" design due to anti-selection bias, but it has developed a health insurance product with fixed benefits that were the most highly rated during focus group discussions
<b>Radio plug (podcast) on CPMI product features</b> (535 pesos or \$10.70)	Customers don't understand their microinsurance plans	CPMI distributed MP3 players to test the radio plugs at three provincial offices (POs); currently testing in a fourth PO in Manila	CPMI ran a pre-test and post-test to test customers' product knowledge and saw that the customers' scores rose after the radio plug. However, these scores were not directly correlated with sales	CPMI plans to scale up the radio plug across POs that have low sales

## VOICE OF THE CUSTOMER

### *Setting a benchmark for customer satisfaction*

Although PMI recognized that customer interaction and feedback were important to the organization, there were no easily accessible feedback channels for customers and its distributed partnership structure limited direct customer interaction. PMI was dependent on its partners for customer data, including claims information. It wanted to build a more systematic way to obtain regular feedback from customers. Two particular areas of interest, linked to issues that had arisen, were customer experience with enrollment and claims handling.

PMI launched a voice of the customer project<sup>14</sup> focused on a segment of its customers with CARD MRI. Its objective was twofold: to create a channel for customers to give feedback to PMI, and to develop a way to measure customer satisfaction. The overall cost for this initial VOC project was roughly \$62,000.

### *Creating and testing*

PMI developed a survey instrument with support from South African research firm Consulta. The initial survey instrument had a dual purpose: first, to learn about customers' preferences for interacting with PMI that would help shape a recurring survey instrument, and second, to establish a benchmark for measuring customer satisfaction. In 2016 PMI hired a local survey firm to conduct a baseline reputational survey with 305 end customers while PMI staff conducted the same survey with 182 agents. This also included questions on customer communication channel preferences and mobile/internet usage. The survey was administered on a tablet used by agents to enroll new customers via an app. The survey results established which aspects of customer experience and related touchpoints were most important for customers. From that process PMI created a transactional and reputational feedback instrument. The transactional survey provides a quick, immediate measure of the customer's experience and satisfaction from their most recent interaction with PMI (such as purchasing a new policy or making a claim), relative to their expectations. The reputational survey, on the other hand, is conducted annually and provides more in-depth feedback of the customer's perceptions of the company and their customer experience several months after an interaction with PMI. It provides measures of customer experience and satisfaction with PMI, with questions on problems experienced, how complaints were handled, and measures of loyalty such as likelihood to recommend or repurchase. This customer data can then be filtered by channel, product, and segment.

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14. For more detail on this project and how it was conceived, see the CGAP Voice of the Customer Toolkit: <https://customersguide.cgap.org/sites/default/files/resource/2018/07/CGAP-Voice-of-Customer-Toolkit.pdf>

### Customer insights

A key insight from the reputational survey results in 2016 was the low score PMI received on complaints handling, which then became a focus of improvement for the organization. The VOC survey also highlighted the discrepancy between customers indicating their overall satisfaction with products and interactions with PMI on the one hand, and low retention/repurchasing of products on the other.

Two other key outputs were developed during the course of this project: a voice of the customer index (VOCI) and a sample VOC dashboard. The VOCI allows PMI to measure customer experience, the incidence of problems and how they were handled, customer satisfaction, and loyalty (as indicated by repurchase or recommendation) in an overall integrated index score. The idea behind the VOCI was to track the score on a live dashboard, a prototype of which was also developed (see Figure 7).

### Rollout of VoC instrument and results

PMI commissioned a second reputational survey at the end of 2017. The survey instrument was slightly modified based on lessons learned from the first survey and a different local survey firm was hired to collect the data. A different mobile application was adopted for the tablets due to recurring syncing errors with the previous app used, and results were analyzed again by Consulta. The second survey showed an increase in the integrated

Figure 7: Screenshot of dashboard showing PMI customer experience



Source: CGAP and CARD Pioneer Voice of the Customer project with Consulta

**Figure 8: Results of 2016 and 2017 PMI customer satisfaction surveys**



VOCI score, from 80.5 in 2016 to 83.0 in 2017, which included a wide range of components such as customer satisfaction, experience, loyalty, problems experienced, and problems handling. Figure 8 shows the changes in the scores of the different sub-components of the VOCI score between 2016 and 2017.

To install an instrument that would provide more regular and immediate feedback, PMI piloted a transactional survey in 2018 with ten provincial offices. MICs conducted the survey after enrolling customers. The enrollment process was selected because at that time MICs had direct interaction with PMI customers. MICs in the pilot areas were instructed to survey the first six clients who renewed their policies to avoid any bias. The transactional survey contains 15 to 20 questions focused on the enrollment experience and takes ten minutes. The option of having the survey done by MICs (as opposed to an SMS survey, a phone-based survey, or interviews by a third party) was selected

for cost reasons, as well as in response to the baseline 2016 survey where people expressed their preference for in-person interaction. Administering the survey appeared more challenging than anticipated for a few reasons:

- Pioneer customers are not used to giving feedback. As a result, customers are reluctant to take the time for a survey, or give very generic feedback that is not very informative.
- Reliance on manual systems. The transactional survey is still done manually with customers due to their low digital capability. MICs then input results into the app on their tablet and sync it monthly at MIC meetings. This is cumbersome and time consuming for MICs who need to be incentivized.
- Resource constraints: head office staff responsible for the VOC pilot project do not have time to monitor the pilots in the field, so information about lessons learned is delayed.

In the first two months of 2018, 300 transactional surveys were completed. The vision for the transactional survey is to roll it out for other transactions beyond enrollment, with a particular view to claims. However, the main obstacle PMI faces in rolling out this feedback channel to its claims process is the lack of MIC interaction with the customer at the moment of claims payout, which is handled by PMI’s distribution partners.

## DATA ANALYTICS

### *Extracting lessons from existing data*

PMI's third initiative on customer data was focused on analyzing the organization's existing data to extract customer insights.<sup>15</sup> This was complicated by Pioneer's lack of a unique customer code, large amounts of manually received information, and a backlog in encoding data. The demonstration project, which was supported by data analytics firm Eighty20, was limited to customers who were enrolled by agents using a tablet and for whom the most digital data was available. It combined various Pioneer databases to get a view on business metrics (such as premiums, number of enrollments, percentage of data encoded) and some demographic data for this customer segment. The demonstration project showed the challenges with Pioneer's data infrastructure, which includes multiple databases and gaps of data in the system. It gave Pioneer's management an in-depth understanding of the limitations of the organization's data and systems and drove quality improvements to more systematically capture, store, and analyze customer data for decision-making purposes.

PMI has been working with Pioneer's IT team to introduce a unique customer code to allow PMI to have a single view of its customers. It also added resources to the regional offices to speed up encoding of customer data.

### *Creating a dashboard*

The demonstration project inspired and informed a company-wide effort to create a dashboard with business metrics. PMI was the guinea pig for this and a first dashboard was launched in 2017. Once data is more up-to-date and complete, PMI expects to roll this out to the provincial offices, starting with pilot testing in at least five provinces. The plan is to train and give access to the MISs to help them use the dashboard in sales monitoring and strategies. At a later stage, PMI wants the dashboard to also include customer-centric metrics such as the VOIC, or metrics linked to customer experience or retention.

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15. For more details, see the case study on CPMI's Data Analysis Project, in partnership with South African consultancy Eighty20, in the CGAP Customer Analytics Toolkit: <https://customersguide.cgap.org/sites/default/files/resource/2018/05/CGAP-Customer-Analytics-Toolkit.pdf>



Customer journey mapping at  
CARD Pioneer, Philippines.

# To Build a Customer-Centric Culture, Start with Your People

A second key area for PMI to address to achieve customer-centric transformation is the “people factor.” Management, and Geric Laude in particular, knew that getting his team fully on board was key to operationalizing customer centricity and making change happen. The staff and leadership at PMI were overwhelmingly committed to building customer centricity and aware that they were a long way from where they needed to be. Teams started to use the customer centricity vocabulary and adopt approaches of framing and testing solutions with customers on select assignments. But processes and systems at PMI that focused on performance management, rewards, recognition, and learning were derived from the parent Pioneer Group and were not yet customized for the unique culture, context, and energy of PMI. There was a clear understanding that any externally focused customer-centric strategy could not be sustainable without a focus on the experience of internal stakeholders and employees.

## **BUILDING A CUSTOMER-CENTRIC CULTURE IN A GROWING ORGANIZATION**

PMI senior management built an expansion strategy around harnessing the talents of the millennial generation. Collaboration, group work, and optimism are fundamental qualities of this demographic. However, managing this kind of staff requires a different approach than tried-and-true tactics to best capitalize on their positive energy. The challenge for senior management at PMI was to identify approaches that provided structure while also giving staff the freedom to be creative and self-determined. As PMI took over the back-end operations from CARD for a significant part of CPMI’s operations, it quickly doubled its staff in 2016. The new structure is still in its early stages and the roles and responsibilities of PMI staff on the ground continue to evolve.

For its staff, PMI decided to develop a combination of training, performance management, and a formal rewards and recognition program that was transparent, open to the entire organization, and built around a focus that put customers at the forefront of all activities. This would allow the company to evaluate, on a continuous basis, the effectiveness of training and the consequent performance for all employees with respect to customer centricity.

Besides this focus on employees, PMI was conscious of the fact that it had to pay attention to the needs and behavior of other “internal customers,” such as the MICs and staff in partner organizations. The “last-mile” agents (microinsurance coordinators and supervisors) are enthusiastic supporters of the customer centricity strategy. However, they need tools, training, and support to formalize what they may be doing today out of their own commitment. Partners, like LifeBank, are keen to learn from PMI’s experiments with customer centricity in partnership with CARD and have conducted a journey mapping with PMI for their customers.

## **DESIGNING THE TRANSITION, BOTTOM-UP**

In 2017 PMI designed a series of employee empowerment initiatives aimed at building and sustaining a more customer-centric work force. It also introduced structural changes to establish an employee engagement function that did not exist before.

PMI staff worked together with CGAP, Quicksand (an Indian strategy and design firm), and CoCoon (an Indian organizational design and change management consultancy) to establish a more customer-centric culture with the creative cooperation of employees.<sup>16</sup> Informed by customer and agents’ insights on perceptions, expectations, and challenges, PMI staff and MICs first came up with an “ideal state” scenario for employees. They identified six specific qualities or behaviors that are key to delivering positive customer experience in the low-income market: empathy, problem solving, collaboration, communication, leadership, and business acumen. These informed and shaped the employee empowerment initiatives. This co-creation process, as well as multiple efforts by senior management to reinforce customer-centric behaviors at town halls and practical workshops, helped create a shared vocabulary around customer centricity throughout the organization in an effort to get everyone on the same page.

## **ONBOARDING PROGRAM**

To build a shared foundation of knowledge and competence around customer-centric behaviors, PMI included them in a new onboarding program and decided to also have existing staff take selected training modules. It wanted everyone in the organization to understand why customer centricity was a core strategy and to start preparing themselves to implement it. Management wanted to set people up for success within a customer-centric

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16. For a more detailed approach to the preparing-learning-creating-testing-measuring-scaling efforts of these initiatives, see PMI case study in the CGAP Employee and Agent Empowerment Ideabook: <https://customersguide.cgap.org/sites/default/files/resource/2018/07/CGAP-Employee-Agent-Empowerment-Ideabook.pdf>

business model, not push them to become customer-centric. PMI now has a 12-week onboarding program for new hires that includes theory and practice on customer centricity in addition to job-specific training, an introduction to PMI's strategy and business process, sensitization to PMI's core values, and immersion in other teams. Following tests of the onboarding program, PMI added a buddy system and internal team immersions. These team immersions help break down job silos with new employees by immersing them in the work of another team just four weeks after they start the program so they can understand the impact of their work on other teams. For existing staff, PMI created a less intensive four- to six-week program that they can complete during work hours. One of the program modules can be viewed [here](#).<sup>17</sup>

### **THE “DEFENDERS OF CUSTOMER CENTRICITY” CHALLENGE**

To refresh customer-centric behaviors and practices beyond onboarding, Quicksand and CoCoon helped PMI create a training program that is designed in a fun and engaging format. It reinforces key customer-centric behaviors through role play, teamwork, and games. The program has been built as three weeks of problem-solving challenges, taking participants through the typical design thinking process. Teams of employees from multiple disciplines across the organization identify a challenge within a theme selected by management. They diagnose it, come up with solutions, prototype, and test their ideas. Customer-centric behaviors are embodied in superhero characters (called Defenders of Customer Centricity) that guide players to achieve predetermined tasks – both individually and collectively – while learning certain foundational principles of human-centered design (see Figure 9). The Challenge uses games to spark and retain interest and is meant to appeal to millennials. It is intended to be held a few times a year and in each round a subset of employees participate to reinforce learning from others – either as juror, mentor, or player. PMI will reward the winners of each challenge with support to implement their ideas, which will integrate the learning back into the business.

### **EMPLOYEE ENGAGEMENT TEAM**

In September 2017, PMI adopted a structural change to follow through on its plan to improve employee empowerment. It created a three-member Employee Engagement Team, which is responsible for staff assessments, onboarding, and employee engagement programs including the Defenders of Customer Centricity challenge. This will make it easier for PMI to institutionalize these initiatives and continue innovating in ways that strengthen employee engagement and support its ambitious expansion plans.

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17. [https://customersguide.cgap.org/sites/default/files/resource/2018/05/Pioneer-Onboarding-Intro-to-Customer-Centricity\\_0.pdf](https://customersguide.cgap.org/sites/default/files/resource/2018/05/Pioneer-Onboarding-Intro-to-Customer-Centricity_0.pdf)

Figure 9: Score card for training game to reinforce customer centricity at PMI

## REWARDS AND RECOGNITION

As part of the customer-centric culture building, PMI also explored linking rewards and recognition with customer centricity metrics in employee performance scorecards. PMI decided to delay this until customer-centric behaviors are well embedded. At the Pioneer Group level, PMI uses the balanced scorecard approach to clarify objectives, measures, targets, and initiatives which guide staff to perform in a way that generates value for customers, the organization, and themselves. Employee empowerment metrics are included under the Learning and Innovation quadrant of the scorecard. **Lessons Learned on performance metrics**<sup>18</sup> and tips on how to co-create performance goals (see the **CGAP Employee and Agent Empowerment Ideabook**)<sup>19</sup> illustrate how PMI develops scorecards for individuals and business functions based on these metrics. Soon PMI will be able to use these scorecards, together with its employee and customer satisfaction surveys and post-engagement program assessments, to see the results of its empowerment experiments.

18. <http://customersguide.cgap.org/sites/default/files/resource/2018/04/Lessons-Learned-Pioneer-Microinsurance.pdf>

19. CGAP Employee and Agent Empowerment Ideabook: <https://customersguide.cgap.org/sites/default/files/resource/2018/07/CGAP-Employee-Agent-Empowerment-Ideabook.pdf>

# What Has Changed at PMI?

## **STRONG GROWTH AND PROFITABILITY**

PMI continues to grow fast and reached over 1 billion pesos (\$24 million) in premiums in 2017, eclipsing other business lines within the Pioneer Retail Group. This was not only a financial success but also made other units pay even more attention to the customer-centric transformation happening at PMI.

In terms of enrollments, PMI saw its portfolio with CARD customers expand from 600,000 to 1.6 million enrollments between December 2015 and December 2017. This is a penetration rate of close to 15 percent of the CARD membership as of December 2017, up from 7.6 percent in 2015.

While PMI is unable to exactly calculate the retention rate (due to the lack of a unique customer identification code) it devised a formula to monitor retention of its CARD account with voluntary insurance offerings (many of the other accounts involve compulsory insurance products so retention is a less relevant measure). Based on this, PMI doubled its renewal rate from 23 percent to 46 percent between 2015 and 2017 (based on computations of the Sagip Plan and CARD Care).

## **INCREASED CUSTOMER AND AGENT SATISFACTION**

PMI is able to measure the overall progress toward its business goal of addressing customer pain points. A reputational survey conducted with its largest partner, CARD, suggested it is on the right track, with overall customer satisfaction increasing from 78.8 to 83.8 between 2016 and 2017. The voice of the customer index based on data collected from agents in 2016 was already pretty high at 86.7 and increased slightly by 2017 to 88.

In addition to metrics for customer experience, PMI intends to set and track metrics in the areas of employee experience and partner experience. **These metrics**<sup>20</sup> will help PMI understand the reasons for its performance and pinpoint opportunities for strengthening internal and external customer experience.

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20. <http://customersguide.cgap.org/sites/default/files/resource/2018/04/Lessons-Learned-Pioneer-Microinsurance.pdf>

## Customer Centricity Pathway of Change - Scorecards



Employee Experience



Internal Customer Experience



Partner Experience



End Customer Experience  
(Brand + Product/Service)

### ORGANIZATIONAL STRUCTURE WITH A CUSTOMER-CENTRIC FOCUS

PMI has taken several steps to reorient its operations to reflect a more customer-centric business model. They include: the decision to double its staff in 2016 by hiring partner relationship officers (PROs) for each of CARD's provincial offices to streamline the backroom processing of customer enrollment and claims; the development in 2017 of ten standalone CPMI-owned pilot offices to assist MICs and PROs with the goal of eventually building up the pilot offices to manage projects and explore sales opportunities outside the CARD network; internal restructuring of the head office team by developing two customer-focused teams with full time functions (as opposed to jobs on the side). One four-person team is working on customer and business insights, including customer research and metrics. The team oversees the development and maintenance of the dashboard. A three-person team has been set up to focus on employee engagement.

PMI also plans to change performance agreements for its employees starting in 2018. The performance management system has now integrated a competency on customer orientation that should be reflected in all agreements.

A woman with dark hair tied back, wearing a dark floral-patterned top, sits at a table covered with a checkered cloth. She is looking towards the camera with a slight smile. The table is cluttered with numerous sticky notes and papers, some of which have handwritten text and diagrams. One prominent sticky note says "NO". Another says "ID (Cebu)". The background shows a rustic setting with wooden poles and some debris. The left side of the image is overlaid with a green tint and contains text.

“Whatever Caroline [the lead for PMI’s Employee Engagement Team] learned from Quicksand and CoCoon – we expect osmosis between Micro and the Employee Engagement Team for [the broader] Pioneer Group, since there are regular overlaps between the two teams.”

— Diwi Rocha, head of the Organizational Development and People Management Division, Pioneer Group

Pioneer staff maps the customer journey, Philippines.

## ORGANIZATION-WIDE UNDERSTANDING OF CUSTOMER CENTRICITY

PMI staff has a uniform understanding of what customer centricity is and how to implement it. When you ask what customer centricity is you get a consistent answer, and more importantly employees adopt customer-centric tools and approaches such as journey mapping when they run into challenges. PMI has institutionalized design thinking by training all the staff based at the head office as of 2018, as well as some CPMI partner relationship officers based in CARD provincial offices.



Training of Microinsurance Coordinators, Philippines

## **INFLUENCE ACROSS THE PIONEER GROUP AND PARTNERS**

PMI is also in a strategic position to influence the empowerment of others. Most of its recent experimentation has been in collaboration with CARD, but other partners are keen to learn from its efforts. For example, Pioneer organized a design thinking workshop for its partner LifeBank, which was very well received. The Pioneer Group's other retail business units are also following its developments (see Box 5). Once PMI implements its new performance appraisal system and is able to make the results of its initiatives more visible, it will be easier to inspire and guide these internal and external partners to make their own investments in employee and agent empowerment, increasing the Pioneer Group's impact as a whole.

### **Box 5: Pioneer Microinsurance: a guinea pig for customer centricity in the group**

CPMI has been able to demonstrate to other business units the benefits of streamlining and simplifying the claims process for customers and the business's bottom line. PMI's growth numbers have attracted attention from other parts of the retail business of the Pioneer Group. In 2017 PMI turnover is within the top three business segments in terms of revenue within Pioneer Group, with 1 billion pesos (\$24 million) in premiums. This is something no one expected of a business line serving the poor. Not only are the numbers telling but also the solidity of PMI's partnerships, in particular the one with CARD MRI, which is also the most profitable. PMI's customer-centric focus on its partners as one of its customer segments is resulting in trusting and successful relationships.

Throughout the customer-centric transformation CPMI's CEO has been strategic about involving various key individuals across Pioneer Group not only to expose them to PMI's lessons but also to get crucial buy-in for change processes that require support from across the Pioneer Group. Senior leaders from all parts of the Pioneer Group (including shared services, finance, institutional, and retail) were involved in the initial strategy workshop. The shared services division was actively involved in some of the specific transformation projects:

- Organizational Development participated in the customer culture building activities to design onboarding and training programs, as well as rewards and recognition and customer-centric metrics.
- Marketing was engaged in the customer journey mapping project and design thinking methods.
- Knowledge management and IT actively participated in the data, customer analytics, and dashboard projects.

As a result, several projects have started to engage the broader Pioneer Group in a customer-centric transformation through staff training and exposure, such as a customer-centric fair. There have also been changes in processes around data analytics – the unique customer code is now being implemented across the portfolio and a dashboard with basic performance metrics has been installed.

# Looking Forward

The overarching challenge for PMI is to take the next step in the customer centricity journey: moving from abstraction to full execution. The frameworks designed to facilitate this will need to be piloted to identify and address any pain points and adjusted accordingly. Approaching such a program with an understanding that it will need to be fluid and constantly evolve will greatly aid in achieving the goal. PMI already implemented a few things but it will have to deliberately organize itself to deliver to all the stakeholders and expand a customer-centric approach across all its partners.

For the Pioneer Group there is now an opportunity to take the PMI-led approach to the rest of the organization to serve the mass Filipino market. As reflected within the design thinking process, this journey is not a linear one; it is cyclical and iterative. Revisiting the approaches used in the initial development of these frameworks as the organization continues to grow will help ensure they continue to have an impact. This approach will best reflect the organization's customer-centric ideals as it will serve customers in more and better ways.

PMI is keen to deepen its measurement work to enable a better monitoring of customer value. It is embarking on an effort to analyze customers' costs and value from using microinsurance services to better understand where further improvements can be made to enhance customer loyalty in the long run and make a difference in the lives of low-income Filipinos.



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