

Democratising insurance

Democrance is enabling insurers to tap into new market segments – especially the underinsured – and digitise the entire value chain efficiently, co-founder & CEO **Michele Grosso** tells *Middle East Insurance Review*.

By Osama Noor



Making insurance accessible and affordable for those who need it the most is the main concept behind launching the startup, said Mr Grosso. “Democrance is built on creating a technology platform that helps insurers enter uninsured and underinsured customer segments by automating and digitising all insurance processes,” he said.

Operating expenses account for 30-70% of insurance companies’ overheads. “That big barrier makes the product inaccessible to all the segments as it becomes more expensive. On top of that is the cost that comes from dealing with traditional distribution channels and premium collection,” he said. “Our platform digitises all insurance processes end-to-end, from marketing and sales, and policy administration to premium collection and the payment of claims.”

The platform helps insurers enter a new alternative distribution channel and increases efficiency, he said. “Insurers can use our platform’s business model and software, then pay us without the need to invest in their own infrastructure. It saves them the burden and cost of setting up their own digital platforms to target the big market no one captures. At the end of the day, you need technology to test and learn without investing too much.”

On the front-end, the customers just need their mobile phones to fully handle their insurance transactions.

Making big strides

Democrance has been receiving notable traction in the market, with revenue growing by five times in 2018, compared to the preceding year when the company went ‘live’. “We started in the UAE in 2017 with one product. Now, Democrance is working with life and non-life insurers, and even with mono-liner medical insurers, offering several products across nine markets in the Middle East, Africa and Southeast Asia,” said Mr Grosso.

At the beginning of 2019, the company entered into partnership with AIG MEA to help the insurer in seven MENA markets to better serve its existing customer base, access new market segments and boost the efficiencies of AIG’s current distribution, administration and operational processes.

Last March, the company expanded to Cambodia – its first market in Southeast Asia – through a partnership with Cambodia’s Cellcard telecommunications operator and Cambodia Life Insurance (CamLife). In less developed markets like Cambodia, Democrance will be targeting the low-income population by selling life and simple

health covers to the customers of the mobile operator in collaboration with a local life insurer.

“It is a game of volume. We work with mobile operators to access customers because it is infeasible from an economic perspective to approach customers individually. The client can use the mobile phone to purchase, pay and receive claims. In the GCC, because of low-income migrants, we have opted to use remittance houses. We are planning to launch this and we have received a grant from the UN for this purpose,” said Mr Grosso.

Established in Dubai in 2015, Democrance managed to raise funds of \$1.3m, including \$800,000 from tech investors and \$500,000 from other sources, such as the UN’s International Fund for Agricultural Development.

Technology to ease competition

Reaching out to new segments is a major advantage the company offers. This consequently will alleviate competition to a certain extent, said Mr Grosso. “In the UAE, for example, there are some 60 providers with the majority of them vying for the same pie. Democrance creates avenues for new business, thereby offering insurers to go into a blue ocean by making a business profitable. Technology helps cut cost while helping the insurer on their digital transformation journey.

“The response has been impressive because insurers see a real opportunity – even in the GCC where there is a strong level of competition and concentration of business,” he said.

Expectations ahead

The year 2017 marked the beginning of commercialisation of the platform. The following year, Democrance started showing presence with a team of 18 from 15 countries. Mr Grosso said, “We expect more insurance companies to use our platform next year. We also look for the microinsurance business model coming into life with mobile operators and remittance houses.”

Unlike other startups in the region which are mainly product aggregators helping customers to find better insurance deals, Democrance focuses on a B2B model instead.

Mr Grosso said, “Democrance helps to unlock new customer segments. It is a big achievement to reach those who need insurance the most but did not yet have easy access to it. Insurance was born as a concept to provide mutual aid to people who need it the most. Democrance revives that concept.”