

Min123 Innovation Corner – August 2023
Mzalendo: Smart partnering to scale health insurance in Kenya

Around [24 out of every 100 adult Kenyans had access to health insurance in 2021](#). When broken down, 75% of these adults were covered by the government-led National Health Insurance Fund (NHIF), while the remainder were covered by private insurers. On the face of it, these are encouraging statistics given that the insurance penetration rate is [below 3% across much of Sub-Saharan Africa](#). However, these numbers hide several uncomfortable facts: while at least 26% of adult Kenyans had health insurance in 2019, many [NHIF accounts are thought to be inactive](#).

To provide a comprehensive and affordable health insurance solution, [Democrance](#) – an insurtech – and [MaishaPoa](#) (Swahili for “good life”) will launch Mzalendo (Swahili for “patriot”) in September 2023. Mzalendo is a technology-driven health insurance product for low-income earners and families, and involves several organizations working in partnership:

Organization	Primary role	Activities
Democrance	Technical service provider	Provides the technology platform behind the digital health solution, data analytics and monitoring, and digital customer education through targeted text messages, and supports distribution efforts.
APA Insurance	Underwriter	Risk underwriter responsible for regulatory approvals, risk management, reinsurance, and claims payments, and supports distribution.
MaishaPoa	Distribution partner	A health microinsurance intermediary responsible for policy administration, distribution, marketing, customer education and awareness.
Ilara Health	Healthcare provider	A healthcare provider with a network of 700 community-based facilities. Ilara Health also provides data and cost monitoring, and expense management, and will support distribution and quality assurance.
Emerging Markets	Market research partner	An insurance research consultancy, responsible for human-centred design (HCD) application, risk advisory, project monitoring and analysis.
Swiss Capacity Building Facility	Technical assistance funding	A public-private platform that enables financial sector partners to develop, tailor and scale innovative and appropriate inclusive financial solutions.



DEMOCRANCE

DEMOCRATIZING INSURANCE

Mzalendo is designed to pay for medical and surgical expenses incurred as a direct result of illness or accidental bodily injury. The product offers a basic healthcare benefits package which includes outpatient, inpatient, telemedicine and maternity cover for a family. Its capitation (or payment system) model covers outpatient treatment costs through Ilara Health's grassroots partner clinics, which are low-cost and strategically located within communities that Mzalendo targets. This overcomes time and cost constraints – key barriers to accessing quality healthcare.

Key to distributing Mzalendo is the technology platform behind it. The platform was developed jointly by Democrance and MaisaPoa, and is based on human-centred design (HCD) carried out by Emerging Markets. It allows for end-to-end customer acquisition and onboarding, policy administration, policy self-service via the customer app, educational messaging, tracking, and monitoring of patients' structured health plans. To complement in-person contact, the platform supports telemedicine to enable continuous patient access to healthcare, education and chronic disease management. This smart partnership was conducted and enabled by Swiss Capacity Building Facility.

"Mzalendo has been designed by applying extensive research into design and distribution. Our experience in the market is that most medical products for low-income customers do not address the issues of distribution and limitations with product benefits. Our product benefits are structured on two innovations:

Out-Patient: This is designed on a capitation model that will enable users to access unlimited health care from community-based clinics, in partnership with Ilara Health.

In-Patient: Users get hospitalization cover when required, which includes maternity benefits for women users.

We aim to target one million users in the first five years."

*Siani Malama, Head of Sub-Saharan Africa Region, Democrance, and
John Paul Otieno, CEO, MaishaPoa*

While several health microinsurance products have been launched in Kenya, how does Mzalendo aim to stand out in a tried-and-tested market? To differentiate itself from alternatives, Mzalendo is based on a rigorous HCD process that validates its product-market fit, distribution and marketing strategy, and business model. Technology has powered most new or recent microinsurance products; the MaishaPoa platform relies on blockchain and artificial intelligence to enhance Mzalendo's underwriting processes, improve transparency and reduce fraud. Beyond technological innovation, Mzalendo allows customers to pay their premiums in instalments in line with their income patterns, rather than upfront lump sums. This has made the product affordable to many.



DEMOCRANCE

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Distributing insurance products among low-income earners can be notoriously difficult. MaishaPoa's marketing and distribution strategy prioritizes improving customers' perception and knowledge of insurance, with the aim of building their trust in insurance as an everyday resilience mechanism. This is done through a short course that explains insurance and risk management, and their link to financial health. Training is disseminated through existing organizations in the informal sector which aggregate workers, such as welfare and investment groups, SACCOs (savings and credit cooperative organisations) and farmer cooperatives. Community-based health workers tied to specific Ilara Health clinics are deployed to support the training process and enrol new customers into the insurance scheme.

Mzalendo's uniqueness comes from its value chains: each actor has previous expertise in the microinsurance space, creating a competent and formidable venture. The lessons each will bring have the potential to overcome the same hurdles that have affected several other insurance products. To achieve this, the partners are currently raising seed funding. This will be used to commit significant resources for marketing and distribution, for technology to improve and scale the product, and to assemble and maintain an experienced team. With these in place, Mzalendo will have the potential to deliver quality healthcare to those who are uncovered.