

INTERVIEW WITH ROLF HÜPPI, in Money Cab, from the website:

<http://moneycab.presscab.com/de/index.aspx>

“I consider the fact that the traditional insurance industry has also discovered this “forgotten” market of low income and poor people to be very positive. In comparison to traditional insurance many adaptations are necessary, such as to different cultures, in communication and in systems in order to successfully serve these customers”.

By Patrick Gunty and Peter Stöferle

Moneycab: Mr. Hüppi, for the past year and a half, you have been the ParaLife CEO, and you sell micro-insurance in Colombia and Mexico. What is the target group for ParaLife’s products?

Rolf Hüppi: We are exclusively focused on persons who belong to low-income groups, to people who live on the edge of poverty, small businesses and the people with disabilities. In short we cater for the financial security needs of the “majority” in developing countries or the countries considered as “new economies”. We wish to make a contribution towards improving their social and economic lives.

What is the ParaLife model?

We are a management and services company. Our business model is based on three pillars:

1. We develop solutions in the form of insurance products and services; we determine sales channels; we create marketing programs and administer training programs; we manage portfolios of insurance contracts and settle claims.
2. Through distribution partnerships we reach our target clients. We complement our partners’ products, contribute to their profitability, and we increase the loyalty of their clients.
3. We open new markets for our insurance company partners – usually these are leading local insurers. For them, we are an efficient “out-sourcing” opportunity, dedicated to reaching new market segments. We

support our insurance company partners also with our reinsurance capacity.

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What types of insurance are you currently offering?

Initially, we offered credit linked life insurance, group life insurance programs and individual voluntary life insurance. Then we added education insurance in order to protect the schooling of children in case of the death of one of the parents, as well as savings insurance and insurance to provide food for families in case of the death of the bread earner. The most important needs of our customers, without a doubt, are in the area of health insurance. At the present time, we are developing a new generation of simple health insurance solutions and related services.

In addition, we have created products which address the specific needs of people with disabilities and their families.

How are your products distributed and how do you reach your clients?

We reach our clients through distribution agreements with partners who have access to our target customers groups, as for example: micro-finance institutions, banks, organizations that distribute products or retailers, such as supermarkets.

Do you work in collaboration with other organizations, for example, the Non-Governmental Organizations?

Yes, we work with a small number of NGOs.

How much time do you yourself spend in your company's key markets?

ParaLife has developed quickly. Thus, we are in daily contact with our operating subsidiaries. I also visit the local operations, whenever possible, once per month.

How high are the costs for the people who purchase the insurance, and what advantages do they obtain with the insurance?

Our diverse insurance solutions are directed to our customers' needs and to their purchasing power. Currently, the average annual premium is around (the equivalent of) Swiss Francs 10, and the premium payments are often paid in installments. The policy benefits may cover outstanding credits (amounts in the equivalent of Swiss Francs 100 to 10'000), funeral expenses, amounts to financially assist the families of insured persons when, due to the death of a family member they need financial support the most; we also protect the families so that children can go to school, or to cover their basic food needs.

And what are the economics for ParaLife as your company is a for-profit business.

We aim to achieve a level of profitability which is adequate for a socially oriented enterprise and to assure the sustainability of our organization. All our shareholders have agreed to contribute a share of our future profits to the ParaLife foundations which are successfully implementing unique personal development and employment programs for people with disabilities, supporting them in their social and economic integration into society.

Who are the shareholders and funders of your company?

We are very proud to count important international development organizations among our shareholders, such as the World Bank thru its International Finance Corporation (IFC), the Inter-American Development Bank thru its Multilateral Investment Fund (MIF) and the Andean Development Corporation (CAF), as well as a number of Investment Funds which support projects in Developing Countries, and we have some individual shareholders.

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Rolf Hüppi, CEO ParaLife

Are you planning to expand ParaLife, and where?

The potential for growth in our first two markets is still very significant. Thus, this year we are going to concentrate on the market penetration in Mexico and Colombia. In future years, Brazil and Argentina, are prospects for expansion, and we expect to be active also in other Latin American and Asian countries.

Many insurance groups have discovered this new market, the hundreds of millions of poor people. What is your view of the development of the micro-insurance business?

I consider the fact that the traditional insurance industry has also discovered this “forgotten” market of low income and poor people to be very positive. In comparison to traditional insurance many adaptations are necessary, such as to different cultures, in communication and in systems in order to successfully serve these customers.

We are pleased that we can support many insurance companies in the opening of these new markets.

How many collaborators does ParaLife have today?

Whilst we are growing in number of personnel, we are currently a team of 25 colleagues.

How would you describe the differences between your previous job as head of Zurich Insurance, with over 70'000 employees, to your current activities?

For me it is most important to spend my time and resources in building innovative solutions for people who deserve excellent insurance solutions and who need the financial protection that we can offer. I am happy to experience the challenges and the successes in this new market. Of course, it is a sobering experience not to be able to delegate many of the tasks which require intensive and detailed attention. As for the rest, I only can be grateful for the vast experience that I could accumulate in my former professional career.

You worked for 40 years in the traditional insurance business. How did you get into your new activities?

Because I knew that the traditional insurance industry did not serve people in the low income and poor sectors and the realization that efficient and reliable insurance solutions are even more important for the majority of people in developing countries, people in the low-income and poor sectors, than they are for the 20% of the more affluent part of the population. For people at the bottom of the pyramid payments from a life insurance contract are likely to be the only assets available when they need financial assistance most. Of course, I am glad that I can benefit from and look back on many years of experience in working in emerging market countries during my former corporate life. Finally, I like the challenge of working in this new market and enjoy the successes and the satisfaction that come with it.

What does your current position mean to you?

A personally fulfilling activity; challenges and satisfaction, in equal measure.

Mr. Hüppi, we would like to thank you for granting us this interview.