Distributing microinsurance via shopkeepers -- Don Juan

About the Project

**Project Name:** Distributing microinsurance via shopkeepers -- Don Juan

**Type of Facility Project:** Microinsurance innovation grantee

**Country of Operation:** Mexico

**Region:** Latin America and the Caribbean

**Sub Topics:** Business models, Other channels, Data analysis and processing, Premium collection, Enrollment, Sales, Promotion, Product development, Retailers, Mobile network operators, Partnerships, Demand

**Type of Risk Carrier:** Regulated insurance company

**Type of Distribution Channel:** Retailer

Organizational Overview

Don Juan is a broker specialising in microinsurance for more than 8 years. The company currently works with more than 30 microfinance institutions in Mexico and serves as an advisor to the Ministry of the Economy’s National Programme for Microenterprise Financing (Pronafim). It is a pioneer in the provision of voluntary microinsurance in Mexico. For the past two years Don Juan has focused on developing microinsurance products that are distributed through retail channels, which serve the low income population of Mexico. For this project, Don Juan will collaborate with an insurance company and a food products distribution company. The insurance company has more than 10 years of experience in marketing financial products aimed at the low income population in Mexico. Its role will be to develop products that meet the specific needs of the target market and to create mechanisms that will enable policy holders to make claims. The distribution company, on the other hand, serves approximately 650,000 retail stores throughout Mexico. It will train its distribution network to sell microinsurance along with support from Don Juan.

Project Description

Don Juan is a brand that has been developed by Murguía Consultores for the distribution of microinsurance to the general public, in collaboration with small shopkeepers operating in urban and peri-urban areas in Mexico. It is hoped that Don Juan will be present in over 150,000 shops in three years’ time and will have sold over 1.5 million policies over the same period. To do this, a technological platform composed of point-of-sale (POS) terminals will be developed. POS terminals will be insta... [READ MORE]

Beneficiaries

The target market for the project is customers of the grocery stores, who represent approximately 9 million households; people from middle and lower socio-economic levels who live, on average, on US $2-$18 per day. These people frequently visit grocery stores to purchase basic consumer products, which builds trust between customers and the stores. The target market is characterised by having basic or middle levels of education, no access to social security mechanisms, and is unbanked. This population consists of 4 person families, on average, with a limited knowledge of insurance. With regard to risk protection, it has been determined that this group principally needs protection against the costs that are incurred through death, damages to the home or business and illnesses.

Learning Agenda

- To what extent can retailers become an effective delivery channel for microinsurance?
- What are the costs and benefits of classroom training versus training remotely?
- What are the costs and benefits of using already existing distribution networks?
- What is the added value of the broker?

Project Status

Project Updates

As of December 2011 The pilot phase included two pilots. In June 2011 a first pilot was conducted to identify the characteristics (price, product and premium payment interval) that make microinsurance more attractive to shopkeepers by testing the products with them. On the basis of these results, the insurance offering for the general public was defined. A team of four promoters was hired to offer life, education, hospitalization cost and damage insurance to 800 shopkeepers in the Mexico C... [READ MORE]
Project Lessons

On training of distribution networks and retailers Training of distribution networks? sales forces must include financial culture components. Don Juan began by training its distribution network?s sales forces to sell insurance to shopkeepers. Promoters were successfully trained in three categories: microinsurance, overdraft facilities and the use of POS terminals. They were also sent on tours aboard buses provided by Bimbo (the distribution network) to l...READ MORE

On technology implementation An overdraft facility in the shopkeeper's ?electronic purse? makes it possible to prevent the sale of insurance from competing with the sale of air time or other services. Don Juan developed in collaboration with its payments processor (BLM) and the microfinance institution the strategy of an overdraft facility for shopkeepers? electronic purses. It was noted that in product and services sales m...READ MORE

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