Health and life microinsurance products to Banrural clients in Guatemala -- ASR

About the Project

Project Name: Health and life microinsurance products to Banrural clients in Guatemala -- ASR
Type of Facility Project: Microinsurance innovation grantee
Country of Operation: Guatemala
Region: Latin America and the Caribbean
Sub Topics: Business viability, Business models, Financial institutions, Enrollment, Sales, Promotion, Product development, Partnerships, Improving value, Demand, Composite products, Value-added services, Savings-linked, Health
Type of Risk Carrier: Regulated insurance company
Type of Distribution Channel: Bank

Organizational Overview

Aseguradora Rural, S.A. (Rural Insurance), is an insurance company affiliated with Financiero Banrural (Banrural Financial Group) that offers life and property insurance, and works exclusively through the agency network of Banrural. It currently has more than 100,000 life insurance clients, and expects revenues of US$ 23 million in 2010. Its objective is to provide new insurance products that will add value to the transactions that clients currently make with the Banrural Financial Group.

Project Description

The Aseguradora Rural project focuses on the design, development and implementation of various health and life microinsurance products with a modular structure, adapted to different customer groups for Banrural, Guatemala’s leading microfinance bank. The project targets clients of two financial products offered by Banrural. These are: Microcredit clients (of these, as of May 2010, 175,000 already had access to health services provided by Empresa Promotora de Servicios de Salud - EPSS)...READ MORE

Beneficiaries

At the end of the 36-month project, a range of health microinsurance products will be developed and offered to at least two of the Banrural client groups, including microcredit clients (175,000 clients) and clients of the Señora Cuenta ('Mrs Account') programme (196,000 clients). It is expected that an average of at least 15% of these clients (around 55,000 clients) will purchase microinsurance. In addition, an insurance product targeting a third group of approximately 35,000 clients with access to a savings product, called Grameen-Banrural will be designed. Additionally, the consortium hopes to work with the clients of remittance products and of conditional cash transfers of the Guatemalan government.

Learning Agenda

- What are the features of a health microinsurance product that best suits the characteristics and needs of the different target groups?
- What is the scale needed in health microinsurance that allows insurers to offer a product at a price that is attractive to different niches of low income clients?
- Is bundling insurance with financial products an effective way to provide health microinsurance? Does insurance improve loan repayment rates and increase customer loyalty?
- Is the partnership between the insurer, the financial institution, and the health service provider sustainable over the long term?

Project Status

Key Performance Indicators
Project Updates

Product for microsavings clients Phase 1: Initial plan (November 2010?July 2011) Market research and prototyping In November 2010, with the support of an external consultant, Aseguradora Rural undertook a study to identify the barriers experienced by Banrural customers to accessing health care. The inquiry also investigated market opportunities. Preliminary research (focus groups, statistics analysis) revealed that women have strong awareness of health risks and prevention, but a sign... READ MORE
On product design
For innovative projects, it is crucial to bear in mind the time taken for the country's banking authorities to approve new products. The launch of the pilot for Vivo Segura had to be postponed by more than 6 months due to a delay in the Superintendent's analysis and authorization of the product. For microcredit products, the authorization was requested in stages, starting with authorization to sell to individuals, and then to famil. READ MORE [2]

On the construction and maintenance of successful partnerships
For microinsurance products with preventive health service coverage, it is important to have close contact with doctors from the health provider network. Talking to all the gynaecologists working for the provider network in the pilot region proved important in helping to assess their level of commitment to the project and also their ability and willingness to provide care for the target population. READ MORE [2]

On channel distribution
Coaching and training for sales agents leads to increased awareness during sales, so that staff can reach the target population. The Vivo Segura team divided the training programme into four different sessions: Women's health; Product coverage; Issuing and claims; Social role of microinsurance and sales exercise and techniques. Each group was given one hour per session. Various obstacles emerged in each of the sessions... READ MORE [2]

On promotion
Restricting promotion and advertising activities during a pilot phase presents a challenge to the design of a promotional campaign. In every advertisement for Vivo Segura it was specified that the product was exclusively available from branches in Xela, so that people would not try to buy it from other branches. Promotional activities were strictly limited to the branches involved in the pilot, as well as to local radio stations and newspapers. Only... READ MORE [2]

On technology
Use of technology is essential for data collection and product monitoring. Prior to the launch of the pilot, Aseguradora Rural set up key tools to monitor and gather information that would be relevant for the project. The system used to sign up new clients was adapted to meet these needs, and key questions were added that may help to identify the socio-economic characteristics of clients. In addition, a monthly monitoring process was launched... READ MORE [2]

On client evaluation
Frequent evaluation of customer verdicts on products is crucial in order to identify opportunities and weaknesses. The PACE analysis offered the committee an opportunity to analyse Vivo Segura, its processes and details, bearing in mind all options available for similar protection in Guatemala. The results of the analysis impressed the management and demonstrated the importance of reflecting on in-house processes now and then, as a way of identifying opportunities and... READ MORE [2]