Distribution of insurance through rural distribution networks -- La Positiva Seguros y Reaseguros S.A. [1]

Country of Operation: Peru
Region: Latin America and the Caribbean
Sub Topics: Business models, Other channels, Renewals, Sales, Partnerships, Consumer education, Value-added services, Property, Agriculture, Life, Partnerships

Organizational Overview

La Positiva is one of the two insurance companies in Peru who are operating agricultural insurance. The organization has worked to develop rural distribution channels to deliver a variety of insurance products in all regions of Peru. La Positiva has consolidated its activities in microinsurance through strong partnerships with a diversity of both MFIs and alternative distribution partners.

The team of La Positiva has participated in experience exchange and peer learning programmes with the Impact Insurance Facility and has been working in improving the different dimensions of its products for the rural sector.

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Activities Overview

La Positiva has been working hard to develop distribution networks for insurance in rural areas. Initially work has been done to enable the water councils in different regions of Peru to distribute insurance products. To improve the support that the water councils and other channels get, La Positiva engaged five sales supervisors that are allocated regionally. These supervisors make sure to give the right assistance to the different distribution outlets that sell the different insurance products from the portfolio to their members.

Furthermore the role of the sales supervisors has been to identify new distribution opportunities in their regions like agricultural inputs providers, rural capacity building organizations, schools, associations, etc.

Every month La Positiva organizes two massive campaigns in predetermined areas with a mobile sales module. 15 days before they coordinate and start the promotion with a radio campaign. The main objective of this strategy is to promote the products to clients while bringing the products to the doorstep of rural communities.

The current portfolio of products being offered in rural areas includes: Vida Rural (life insurance cover), SOAT (car insurance), Rapi-seguro Cancer (health insurance for cancer diagnostics), Rapi-seguro Accidentes (Accident insurance) and Te cuido (life insurance cover for a small premium).

In terms of agricultural insurance, La Positiva is selling one traditionally adjusted product with Agrobanco that has no subsidy. Currently, they cover 25% of the credit portfolio of the bank, with a national outreach. One of the main advantages about this partnership is the risk diversification achieved through the diversity of regions where Agrobanco works, which helps to maintain the premium at an affordable level for small farmers. They are currently placing 9,000 policies per year.

La Positiva along with MAPFRE Peru is working together with the Ministry of Agriculture on the Seguro Agrícola Catastrófico, which is a fully subsidized product for the most vulnerable regions of Peru. Currently the product is provided jointly between the two insurers and the modality of the contract has gone from annual to biannual to provide more certainty to the insurance companies. Claims to final beneficiaries are being done through savings accounts.
Latest Updates

As of 01/06/2015

A new partnership is being developed with AgroRural, a programme from the Ministry of Agriculture that provides financial education (in credit, savings and insurance) to the rural population. La Positiva is partnering to offer insurance products after the financial education workshops take place. So far 18 regions (out of 24) of Peru have been visited. This public private partnership is enabling La Positiva to achieve more scale than any of the other mechanisms that they are working with. The product being offered through this partnership is a simple life insurance cover for 9.90 PEN per year. This new channel is being added to the existing set of distribution opportunities.

Lessons

SMS campaigns can be an effective strategy to drive renewals up. For the renewal strategy of active policies, La Positiva has started to implement SMS campaigns in specific dates and also when the policy is going to expire. The strategy is working well as 60% of the clients are referring to a contact point to renew their policy.

Linkages to existing government programmes on financial education can be leveraged to achieve scale. La Positiva has partnered with AgroRural to link products to the financial education workshops that are offered in rural areas of Peru. A team of sales supervisors works with the trainers and offers a variety of insurance products.

In developing agricultural insurance products, there is a long learning curve for microfinance institutions in terms of the understanding and operation of the product. La Positiva has worked on creating partnerships with microfinance institutions to implement agricultural insurance products. It has used its own experience in previous implementations to create the capacity and structure the agreements in ways that can be easier to implement for the financial institutions.

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