

## [Designing and marketing microinsurance products through rural water associations -- La Positiva](#) [1]

### About the Project



**Project Name:** Designing and marketing microinsurance products through rural water associations -- La Positiva

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

**Country of Operation:** Peru

**Region:** Latin America and the Caribbean

**Sub Topics:** Other channels, Data analysis and processing, Renewals, Enrollment, Sales, Promotion, Partnerships, Improving value, Life

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

**Type of Distribution Channel:** Utility company

### 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.

### Project Description

La Positiva is one of the few insurance companies that offer agricultural insurance in Peru. In the past few years various farmer protection projects have been carried out in Peru in the form of government programmes, academic pilot programmes, and commercial agricultural insurance (traditional and indexed). Through its involvement in these activities, La Positiva came into contact with the National Board of Users of Irrigation Districts of Peru (JNUDRP), an organization that represents th...[READ MORE](#) [2]

### Beneficiaries

In this project, La Positiva is targeting farmers, rural workers and their families. Through the water associations, it expects to serve 1.6 million households. Most of the association members do not use banks or MFIs, and therefore the collaboration with these grassroots organizations trusted by local communities enables the insurer to reach a market that it otherwise would not be able to serve.

### Learning Agenda

- What are the main risks farmers face and how do they manage them? What are the socio economic characteristics of farmers, field workers, and their families?
- How can insurers overcome limited infrastructure in rural areas, including communications, health care, and funeral services?
- Are there any socio economic or behavioral changes once there is access to microinsurance? To what extent do farmers benefit from microinsurance to protect and build their assets?
- What are farmers, field workers and their families perception on microinsurance? To what extent and how can consumer education change the perception?
- Is the distribution channel efficient? Could it be replicated in other countries?
- What technology is best for sales and management of microinsurance in rural areas?

### Project Status

#### Project Updates

January 2009 Three agricultural engineers and one administrative assistant were engaged. A contract was signed with the Institute of Peruvian Studies (IEP) for the design and implementation of the baseline. The objectives of the baseline were to: Gather information about potential microinsurance customers (farmers registered with the irrigation boards) Collect information about the results that potential customers would expect from being able to access insurance Propose a monitoring...[READ MORE](#) [2]

## Project Lessons

**On the microinsurance product** It is important to tailor products to customer needs, but this must be balanced against a risk of over-complexity which may confuse clients. Farmers asked that the maximum age for the programme, currently set at 65 years, be raised. La Positiva accepted the proposal and extended the age to 80 years. They also asked that medical care be included in the plan. La Positiva decided to include an advance benefit covering 50% of co...[READ MORE](#) <sup>[2]</sup>

**On the distribution channel** Factors such as the insurability of the channel's participants, the channel's operational processes, and the dynamics of contact with customers, need to be analyzed in depth before making assumptions about the potential of a distribution channel. An analysis of the register of users provided by the rural water boards found that the number of users reported by the JNU DP was not accurate. Not all users were insurable because: 1....[READ MORE](#) <sup>[2]</sup>

**On financial education and marketing** The timing and choice of education and training methodologies should take into account people's economic cycles as well as their capacity. The process for the sale of microinsurance began with awareness-building workshops, which explored how farmers could identify and deal with risks, and presented how microinsurance functioned. Lastly, the workshops explained the features of Agrop...[READ MORE](#) <sup>[2]</sup>

**On technology and operational processes** The design of the insurer's IT system must be suitable for the technology and related process already used by the distribution channel. La Positiva experienced problems finalizing the software design and choice of information technology, as it was necessary to gather information about the software being used, along with the frequency and mode of water tariff payment, for each of the regional boards. La Positiva found...[READ MORE](#) <sup>[2]</sup>

**On the administration and management of the project** Defining appropriate selection criteria for the pilot areas will make it possible to obtain the results needed to adjust the product for an effective implementation. The selection criteria for the boards in which the pilot project was carried out were: geographical location, number of users, water tariff, and payment system. Workshops with the Mantaro and Ica boards were suspended because of the l...[READ MORE](#) <sup>[2]</sup>

**Project page contributor/s:** *Miguel Solana and Tobias Hoffarth (the Facility)*

**Date of last update:** *May 2014*

---

**Source URL:** <http://www.impactinsurance.org/projects/lessons/designing-and-marketing-microinsurance-products-farmers>

### Links:

[1] <http://www.impactinsurance.org/projects/lessons/designing-and-marketing-microinsurance-products-farmers>

[2] <http://www.impactinsurance.org/javascript%3Aavoid%280%29%3B>