

## [Enhancing access to microinsurance among remittance recipients -- Seguros Futuro](#) [1]



**Country of Operation:** El Salvador

**Region:** Latin America and the Caribbean

**Sub Topics:** Financial institutions, Sales, Promotion, Product development, Partnerships, Consumer education, Improving value, Demand, Value-added services, Life

### Organizational Overview

Seguros Futuro is the first and only cooperative insurance company in El Salvador - a member of the Federation of Savings and Credit Cooperatives (Fedecaces). The company was developed based on the strategic transformation of Fedecaces' life insurance department into a Cooperative for Insurance Services that started operating in 1996. The insurer's mission is to offer family and asset protection through accessible products, including microinsurance, and to promote the social development of its members. The company is authorized by the Insurance Companies law and supervised by the Superintendencia del Sistema Financiero (the financial system regulatory body - SSF) and the Salvadorian Institute of Cooperative Promotion (INSAFOCOOP). Seguros Futuro receives technical assistance from the Cooperative Society for International Development (SOCODEVI) and is a member of several international associations including: the Americas Association of Cooperative/Mutual Insurance Societies (AAC/MIS), the International Cooperative and Mutual Insurance Federation (ICMIF), and the Latin American Group of Reinsurers (LARG).

### Activities Overview

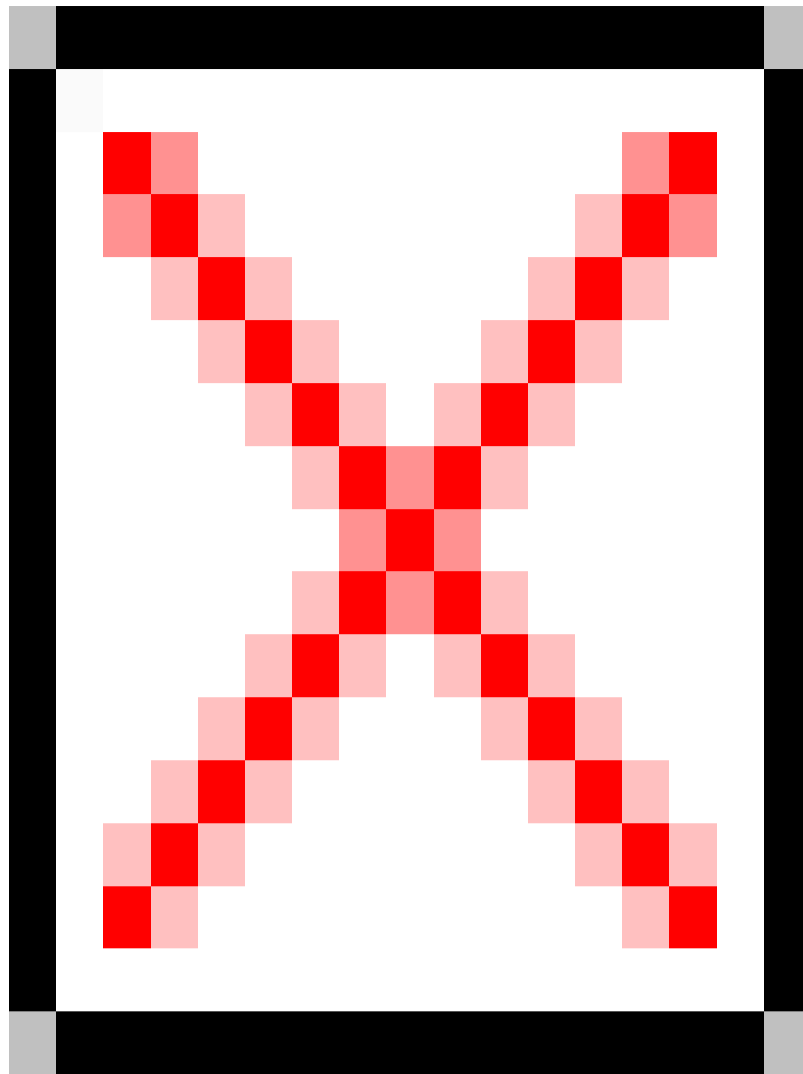
The project had the following three objectives:

- Foster a risk management culture in families receiving remittances, principally through education about the use of savings and insurance;
- Introduce an economically accessible microinsurance product that responds to the needs of remittance recipients in the event of the death of the migrant worker;
- Provide savings and loan cooperatives with adequate instruments and processes for them to sell and service microinsurance for their members.

As the first and only cooperative insurer in El Salvador, Seguros Futuro has provided a variety of insurance products, including microinsurance, primarily to savings and loan cooperatives and their clients since 1994. The insurer and cooperatives are part of the national cooperative financial system, led by the Federation of Savings and Loan Cooperatives of El Salvador, FEDECACES.

In November 2007 the insurer introduced the 'Repatriation and Remittance Insurance' product, which covers the full cost of preparing and repatriating the body of a migrant relative should s/he die while in the United States or Canada. The policy also provides 12 monthly payments, varying by the insured amount (between US\$ 1,000 and US\$ 10,000), to substitute the loss of remittances from the deceased relative. Annual premiums range from US\$ 35 to US\$ 125 depending on the insured amount, and are payable in seven monthly installments.

The potential market consists of approximately 20,000 remittance receivers, including members and non-members who collect their remittances at cooperatives. The objective is to reach 12,000 recipients through 15 cooperatives with the highest volume of remittances, and to enroll 20 per cent of them. Approximately 66 per cent of the clients are women between 30 and 54 years of age. Through this project, Seguros Futuro expects that the product, complemented by financial education, will reduce the vulnerability of clients and encourage conscientious investment of remittances.



## Beneficiaries

Seguros Futuro members are generally from the lower middle to low-income sectors in both urban and rural areas of El Salvador. The project beneficiaries are individuals who receive remittances that they withdraw from cooperatives or the service points of Seguros Futuro. On average, beneficiaries receive less than USD 300 per month in remittances from family members who have emigrated, mainly to the United States or Canada.

At the end of the three year period, between 10,000 and 15,000 people will benefit from insurance coverage and more than 15,000 additional people will receive education in risk management.

## Learning Agenda

- To what extent do migrant workers and remittance recipients value the life insurance that is offered?
- Is microinsurance a sustainable and adequate risk management tool for reducing vulnerability in the long term, throughout different stages in the economic cycle?
- Will technology allow for a significant improvement in access (sales) and persistency (renewal) of microinsurance? Is technology a fundamental factor for increasing the effectiveness and efficiency in the service that the insurance company offers to its clients?
- How effective is consumer education compared with traditional marketing approaches?
- How can the insurer develop an effective supply process for microinsurance through cooperatives that offer financial services?

## Latest Updates

### Key Performance Indicators

As of December 2013 a total of 27,627 policies were active throughout the whole range of products that were offered either to migrant families or through remittance payments.

Final  
Results  
Dec  
2013

<b>Body repatriation and remittance protection</b>	1,877	60%	0.1%
<b>Family protection</b>	5,500	30%	30%
<b>Life</b>	7,745	90%	35%
<b>LifeCoop</b>	3,450	90%	30%
<b>Family without borders</b>	132	0%	0%
<b>Remittance protection</b>	8,925	0%	10%

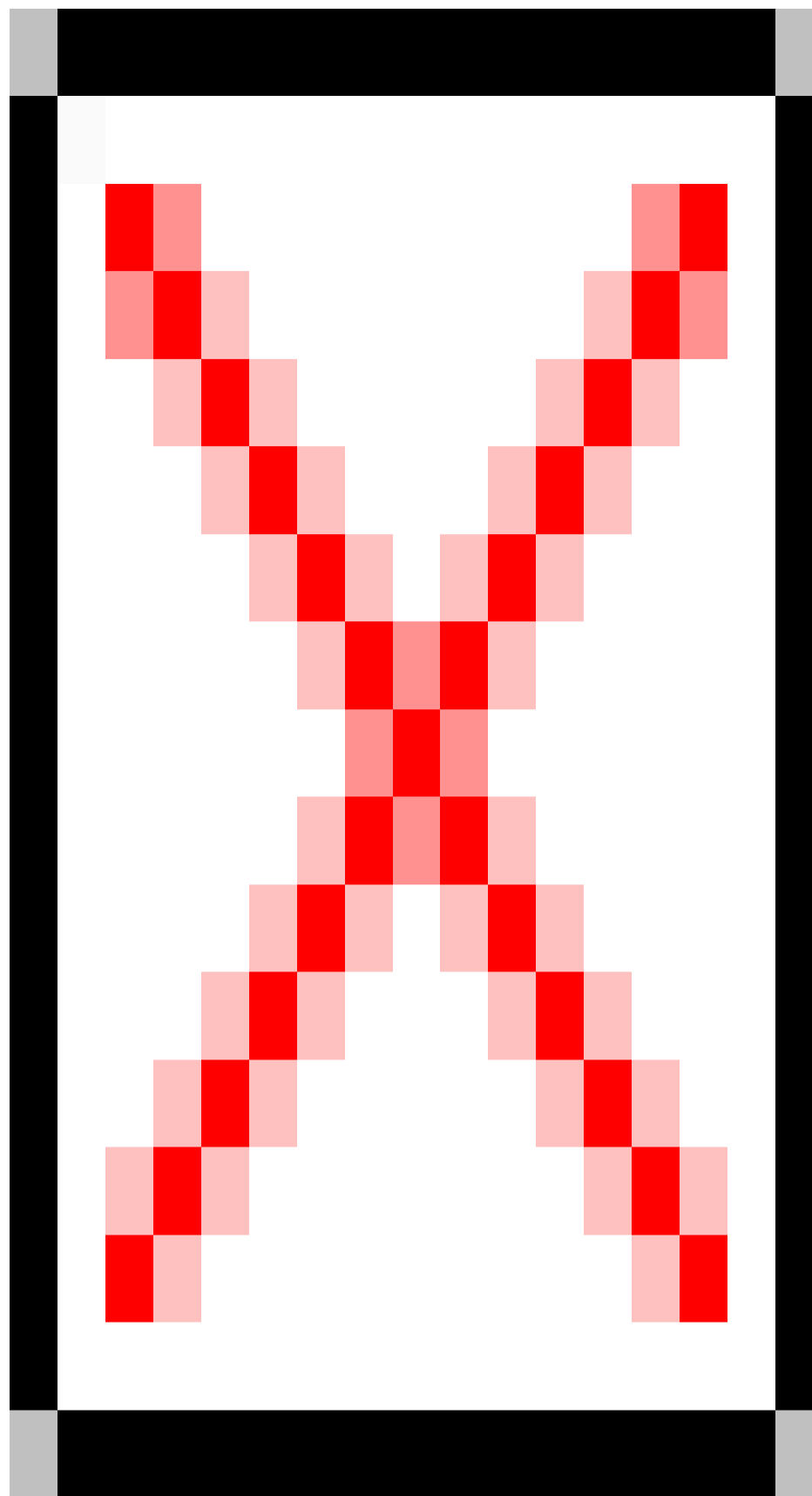
## **Project Updates**

### **As of April 2010**

In December 2009 Seguros Futuro began the project to strengthen commercialization of its 'Repatriation and Remittance Insurance.' It began the pilot program with five cooperatives in the country's four major regions. These were chosen for their high volume of remittance transactions.

Seguros Futuro charged its field sales agents to make special efforts to sell remittance insurance, and placed several agents at cooperatives on a part-time basis.

The insurer designed and delivered print marketing materials and a promotional video to pilot cooperatives. Seguros Futuro also researched local media in cooperatives' communities, and sought quotes for local radio spots. Although the product was already operational in pilot cooperatives, Seguros Futuro planned a formal launch event in San Salvador in 2010 Q2.



Seguros Futuro established a special incentive for the sale of remittance insurance, awarding US\$ 5 per US\$ 35 policy sold, or 14.3 per cent. Commissions for all other plans are 12 per cent. The cooperatives may divide commissions as they see fit, but it is recommended that they award to the seller the full incentive for the remittance insurance, to ensure the highest possible commercialization of the product.

In cooperation with Habitat for Humanity International and FEDECACES, four tools for financial education and customer service were designed. The *Support Guide for Approaching Remittance Receivers* is a pamphlet that outlines key themes for insurer and the cooperative staff to raise clients' consciousness of risks and ways to confront them, including remittance insurance. The *Guide for Financial Education* serves as the base for interactive workshops for cooperative clients (see below). The *Guide for Observations of Workshops* is a tool for improving workshops, which independent observers fill out when they observe the workshops. The *Financial Education Manual* is the base for workshops given to cooperative employees on financial education and how to provide it to their clients. The insurer was also in the process of finalizing *educational materials* about risks management for clients to take home to educate their families and neighbors. The insurer's financial education strategy consists of these five tools.

In January and February 2010, Seguros Futuro conducted four workshops, training 18 of its staff and 53 cooperative staff, including management, operations, and assistants, in the *Guide for Financial Education in Microinsurance*.

Seguros Futuro launched its Financial Education in Microinsurance training module for remittance receivers, in five pilot cooperates with high remittance levels.

Work also began on a new IT platform for all products to enable on-site issuance of policy certificates, control of payments, and processing through a centralized local server in three respective phases.

#### **As of April 2011**

In December 2010, Seguros Futuro completed the first year of the project with 412 repatriation and remittance insurance policies sold, the majority from two of the five pilot cooperatives.

The low levels of insurance marketing within the cooperatives can be attributed to several factors including lack of insurance culture,

competition with the cooperatives? other priorities, inadequate training of cooperative staff, and weak relationships between the cooperatives and the insurers.

Due to the low sales of insurance in general in the cooperatives, in October 2010 the insurer adopted a new sales strategy - "Business Networks". This model involves the formation of groups of three or more people (employees in any position) in each participating cooperative. The groups commit to sell a determined quantity of insurance. Each group member may specialize in the type of policy she would like to sell, and receives training in the characteristics of that product. An external marketing consultant supported the development and promotion of this model to the cooperatives, and a local Business Networks coordinator (with the plan to contract another two in the future) supervises the groups through the entire process including group formation, training, measuring results, and delivering sales commissions directly to the Business Network members.

During the pilot phase of this strategy, the insurer's regional sales force visited cooperatives regularly, although high turnover limited the impact of this effort for a few cooperatives.

Beginning in July 2010, Seguros Futuro began an initiative to revitalize the marketing of the repatriation and remittance insurance. With the help of an ILO microinsurance fellow, it elaborated a marketing concept based on key messages such as "tranquility, value, and simplicity." The new materials included brochures, banners, and visitation cards that incorporated attention-grabbing images, such as a tranquil woman looking out her window at a plane flying to the United States, or a sturdy man holding a shield. These images seek to explain the basic concept of the product and the tranquility that it offers, especially for clients who cannot read. The basic policy information was also summarized to be less overwhelming to the reader. It was noted that the partners and cooperative staff appreciated the tool saying it looked more attractive and was easier to understand. Seguros Futuro also produced a loudspeaker spot, with basic information about the product and the message "It's so easy to be insured!" The loudspeakers seemed to attract people from the street to the credit union to ask about repatriation insurance. In October 2010, a radio and television campaign was implemented; playing previously produced radio spot and a video on local channels by region. This effort appears not to have yielded strong results, as few clients reported having arrived at the cooperative after hearing the spot or seeing the commercial.

Seguros Futuro also worked with the pilot cooperatives to consolidate operational processes, including sending premiums and copies of the repatriation certificate, and the delivery and distribution of commission between the cooperative and the employee that sold a policy.

Once these processes were clear, Seguros Futuro began in December 2010 a relaunch of the repatriation and remittances product in the five pilot cooperatives, plus six more cooperatives with significant volumes of remittances. Advisors from Seguros Futuro arrived at the main branches of these cooperatives on busy days for remittance payments, to hang banners and balloons, set up a speaker system with music and commentary about the product, and raffle pens, key chains, t-shirts, and other gifts to the members who purchased the insurance. During the half-day events, the insurance advisors personally interacted with the remittance receivers. After the 21 event campaign, SF reached 2,400 people and sold 20 policies. Despite the low sales, the relaunch was a valuable opportunity to reestablish a positive relationship with some cooperatives and demonstrate to their employees how to cross-sell insurance and start educational chats with clients.

During this period the insurer also continued with its financial education program, with 26 workshops completed since the start of the project. In addition to teaching remittance receivers how to manage their risks and achieve their dreams through savings and insurance, the workshops have been a good sales opportunity, since on average 20 per cent of attendees purchase insurance the same day or within a couple of weeks. The project coordinator follows up by phone with each participant within 15 days, to ask her opinion of the workshop, and whether or not she purchased the insurance, and why.

In addition to the workshops, in March 2011 Seguros Futuro worked to incorporate financial education in the annual general assemblies of the cooperatives, where hundreds or thousands of members gather to vote on important decisions. With the support of the ILO fellow, the insurer adapted the Microinsurance Academy's "Treasure Pot" game and conducted the activity with groups of 10-15 members, in the wait time before opening ceremonies. Using a microphone, it was possible for all attendees to hear and observe the activity. In the adapted game, each participant receives ten candies, and draws a card that represents an emergency or good fortune. In the first round, participants who draw an emergency card must pay the indicated number of candies, and participants who draw a good luck card retain their candies. In the second round, participants have the option to buy insurance, in which case they only pay a two candy premium, and not the amount indicated on an emergency card. The activity and the people's comments according to their fate in the game help them understand the value of insurance. The game generated much interest in obtaining insurance.

Given the complaints from many cooperative employees that they still do not feel comfortable with their knowledge of the insurance product, Seguros Futuro planned a retraining of selected employees in financial education and the characteristics of the product. Due to time conflicts with the cooperatives, this training was rescheduled for mid-April 2011.

During this period, the ILO fellow collaborated with the project coordinator to conduct various studies under the Learning Agenda of the project. They analyzed client profiles and the sales factors in each pilot cooperative, and began a satisfaction survey and interviews with members who acquired the product. The results of these studies was published as "lessons learned" in full reports, and also in newsletters to be distributed to the cooperatives.

In January 2011, the IT team completed the web-based module that enabled cooperatives to issue policies and certificates on-site. This module was then installed in the cooperatives that work with Seguros Futuro.

## **As of April 2012**

Seguros Futuro kept following up the development of the project with satisfaction surveys. These identified the need to insure more than one family member abroad. A new product was launched that gave the flexibility to insure up to three members of the same family for the same premium. This prevented families from having to choose a particular member to insure. Also a simple body repatriation product was launched as a more affordable option. Seguros Futuro worked to better understand clients and improve the product, yet features like better services and more value-added services are a challenge.

Given the strong work in the remittance payment activities of the cooperatives, Seguros Futuro worked jointly with some cooperatives to design a simple product at a yearly premium of US\$ 1 that could be offered in a simplified way at the moment of the remittance payment. This product was launched in January 2012 and several cooperatives integrated this product to all of their remittance payments and others introduced it as an option.

Seguros Futuro kept trying to reach out to migrant organizations in the United States as a way to create demand and awareness with the migrants abroad. The biggest challenge was to structure campaigns in a geography where Seguros Futuro doesn't have formal activities.

The new products were rolled out along with financial education workshops in collaboration with participating cooperatives. Further work began to improve the training and incentive schemes for the personnel of the cooperatives as a way to improve processes and client service.

## **As of December 2013**

The financial education workshops continued up until May 2013. Along with the financial education further promotion interventions were carried out particularly through radio spots and printed materials that were refined with feedback from the final audience. Interviews in local and national television channels were also used as a way to deliver messages to the target audience. A printed educational guide on insurance products was developed to be delivered with every policy.

The three main products of the final strategy were consolidated:

- Body repatriation and remittance protection, which covers 12 monthly remittances in case of death of the migrant plus the basic insured amount. There is further cover for all the body repatriation procedures and expenses
- Remittance protection, with an insured amount of US\$ 100 at a premium of US\$ 1, which can be directly linked to the remittance payment if the cooperative decides to do so or left as an option
- Family without borders, which gives the family a choice to insure up to three family members with a body repatriation cover

Two further products from the regular offer of Seguros Futuro were also made available to complement these and to give clients a full choice of products that could be linked to remittance payments.

The IT components were finally integrated to the technology platform of the cooperatives and individual certificates were issued online, improving the client experience.

## **As of July 2014**

A total of 15 credits and savings cooperatives participated in the project at its different stages. Seguros Futuros managed to institutionalize financial education activities into its business model.

The body repatriation and remittance protection is unique in El Salvador, and provides an option to families with migrant members to better manage their risks. Three different products were developed to be either targeted to families with migrants or integrated remittances to remittance payments. A total of 27,627 families were insured.

Collaboration with an organization beyond the Credit and Savings Cooperative system was achieved meaning a broader distribution network for the range of products.

Throughout the implementation of the project Seguros Futuro triplicated its underwritten premiums and doubled the size of the company proving that microinsurance activities can be a growth factor for insurance companies. All the products and activities that were developed in the project will remain as part of the business model of the organization.

## **As of June 2017**

Over the period 2013-2017 the organization has been managing a growth rate around 19-20%, which reflects the dynamic environment where the credit and savings cooperatives in El Salvador operate and the growth potential for serving low income clients. The different products that were launched with the support of the Facility are still part of the portfolio of the organization and still aim to protect the families of Salvadorian migrants at home. Seguros Futuro keeps prospecting for partners with migrant organizations in the United States to launch programmes that can support the distribution of products. The main challenges in a high growth environment will be on how to best balance the product portfolio according to the demand. The linkage of the product to the remittance process has proved to be an effective mechanism to attract clients that

would only work with the remittance transactions.

## Lessons

### On the creation of a culture of prevention and provision

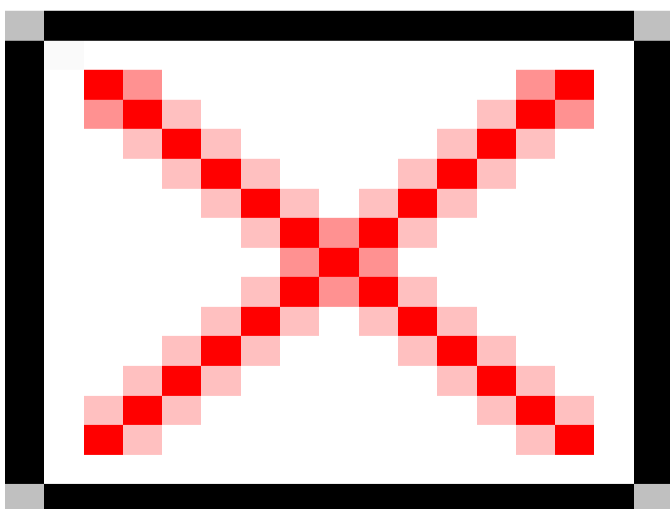
**The availability of cash makes it easier for remittance receivers to acquire insurance.** Surveys suggest that savings habits significantly influence the purchase of microinsurance. The longer clients had been saving, the more likely they were to purchase microinsurance. This appears to reveal a greater consciousness of the need to provision for emergencies among these clients. We also observed that receiving larger amounts of remittances (more than US\$ 300 per month) is also associated with purchasing microinsurance. In both cases, the person who acquires the microinsurance has access to an additional resource—whether savings or remittances in excess of the family budget—to cover the premium costs. This cushion serves as an investment to protect against a possible emergency, after satisfying consumption needs which represents over 80 per cent of the use of remittances in El Salvador. This phenomenon explains why many remittance recipients comment that they like the repatriation and remittance but few actually buy it. As one cooperative staff member said, “The barrier is money,” underlining the importance of offering microinsurance with low premiums.

**The relationship between the sender and receiver of remittances influences household economic decisions.** In interviews and surveys with remittance receivers as well as cooperative employees, we discovered that remittance receivers distinguish between “people to be grateful to” (usually a parent) or “people to protect” (usually a child); this has different impacts on economic decisions. Although husbands and parents tend to send more money (US\$ 200-500 against US\$ 0-200 sent by children or other relatives), this does not always result in the purchase of microinsurance. This is because the remittance receivers—children and wives—perceive their migrant relative as someone to be grateful for, they do not perceive the need to protect him through microinsurance. In the case of remittance receiving wives, the decision to buy insurance depends not on the fear of herself falling into risk, but fear for her children. Wives without children tend not to take microinsurance. The most common consumers (53 per cent of the sample) are parents who receive remittances and choose to insure their children. Parents perceive their children as “people to protect” and decide to take the microinsurance. Understanding these psychological tendencies permits the insurer to adapt the sales strategies to these different segments, incentivizing the purchase of insurance through messages that strike the heart of the clients.

**Rural Salvadoran families manage the risk of migration and dependency on remittances by sending various relatives abroad at the same time. Insurance products can be designed to cater more effectively this risk profile by allowing several family members abroad to be covered.** Among rural remittance receiving families, parents often send two or more children to the United States to work, due to the lack of economic opportunities in their communities. These families tend to become completely dependent upon remittances. The parents worry about various risks that their children face—illness, road accidents, unemployment, deportation, and wasting money on vices—that would jeopardize the remittances on which they depend. Thus having several children overseas ensures that at least one of them will be able to send money every month, as well as increases the total potential amount to be sent. This phenomenon complicates the decision to buy repatriation and remittance insurance, because the current product only covers repatriation for one migrant. For these poor families, paying multiple premiums is not possible, and they resent having to choose whom to insure among several children; this has resulted in some families dropping out from the policy. Although with one policy they cover the repatriation of the insured migrant, which is better than nothing, families perceive the failure to insure the other children as an “additional risk” of not being able to benefit in their hour of need from the policy that they would have been paying for all along (even though they know it only covers one person). For this reason, many families have asked that the insurance cover more than one migrant.

Seguros Futuro worked to develop a product that targets these issues. After integrating all the results of the research the product *Family Without Borders* was launched as a way to give families the option to select up to three family members abroad with a cover of body repatriation.

### On the effectiveness of information and education

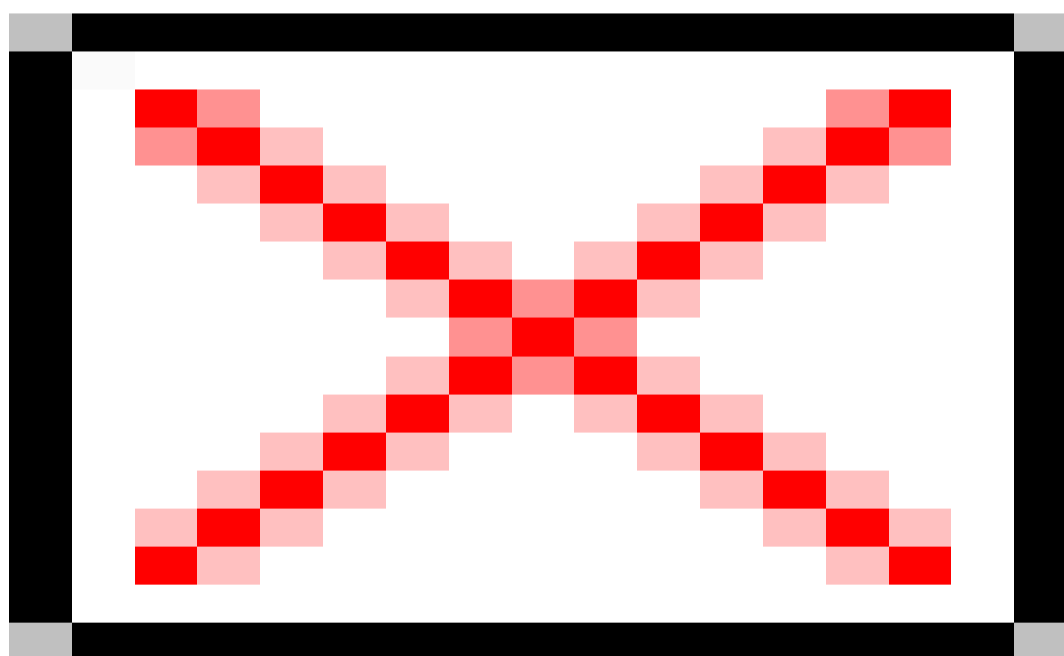


**Interactive and engaging approaches are necessary to impart financial education.** Members of Seguros Futuro staff deliver 90-minute financial education workshops for 10-20 clients in cooperatives and FEDECACES offices. Key themes include identifying common risks and

financial goals, saving and prioritizing spending, and the use of insurance for protection. Most cooperative clients at first tend to hesitate to share their experiences or voice concerns in the workshops. Many also have very low levels of education?71 per cent surveyed had only primary level education or less. Seguros Futuro staff use visual imagery, group activities, rhetorical questions, and discussion to engage these clients and encourage them to consider the risks they are exposed to, and methods of saving, economizing, or insuring for these risks. The first activity is a game in which clients classify picture cards as either a ?risk? (earthquake, fire, auto accident) or a ?dream? (graduation, marriage, job, car, home). This activity raises clients? consciousness of their financial requirements. In the second activity, clients classify picture cards with daily expenses as ?necessary? or ?unnecessary,? and then debate whether these expenses can be eliminated or reduced. Only after these consciousness-raising activities do facilitators delve into the topic of formal insurance. The presentation concludes with an explanation of remittance insurance, allowing clients to raise questions and resolve doubts about the product. The change in attitude of clients at these workshops is notable, as the interactive games often elicit lively discussions amongst the clients about their own financial management practices. Clients who nevertheless hesitate to participate are given individual attention during and after the session. Seguros Futuro and cooperative employees report heightened awareness of relevant risks and tools such as savings and insurance in clients who attend the workshops, based on informal conversations with these clients.

**Personalized attention is key to building trust and providing microinsurance to previously uninsured populations. Interaction can help in the decision making process.** The majority of cooperative clients surveyed who purchased remittance insurance to date cited conversations with Seguros Futuro staff (78.3 per cent) or cooperative staff (15.6 per cent) as their primary motivation. Seguros Futuro sales agents typically divide their time between several cooperatives or branches in a region, and are available to answer clients? questions about any insurance product. They schedule visits during the busiest days for remittance collections (usually Saturdays and Mondays), and cashiers direct clients collecting remittances to the representative to discuss remittance insurance. By contrast, no clients mentioned marketing materials (flyers, brochures, banners) as a motivation for purchasing, and cooperative staff commented that low levels of education hamper the effectiveness of such print materials. Given individuals? inexperience and unfamiliarity with insurance, personalized dialogue, based on the Support Guide for Approaching Remittance Receivers, has proven important to build trust and to explain key risks and relevant financial products adequately, as well as encouraging clients to protect themselves and their families.

## On operational arrangements



**Cross selling strategies are a challenge in cooperatives and on days with high client traffic.** Most clients visit the cooperative to conduct a fixed number of transactions quickly. When lines are short, tellers are able to mention the remittance insurance, raising the clients? interest, and then direct them to a sales agent to explain further. Most clients, however, collect their remittances on Saturdays and Mondays, when lines are long and tellers feel additional pressure to serve clients quickly. This situation diminishes the ability and incentive of tellers to cross-sell remittance insurance to remittance recipients, as they lack sufficient time to explain the product fully. Seguros Futuro had hoped cross-selling would be a self-sustaining and low-cost distribution strategy. To work around the high-traffic problem, however, the insurer?s sales agents have begun approaching remittance receivers as they wait in line. This strategy has proven more effective, but also more costly in terms of labour. Nevertheless, the sales agents? inability to approach each and every person in a moving line means some potential customers inevitably are not reached. In a branch of one cooperative, a cashier has taken the initiative to pre-fill the insurance application with information of her frequent clients from the IT database. She stores the application at the window until each client?s next visit, and tries to convince them to sign the completed application. In some cases she follows up with clients after work. These techniques have helped her overcome the time limitation at the till, reaching more than 80 cross sales of insurance in the past year.

**New types of life insurance require tailored marketing and education efforts to distinguish them from existing products and raise interest. Additionally, improving additional services and value is still necessary to make products attractive in terms of experience.**

Seguros Futuro offers over five different microinsurance products, some of which have multiple plan options or insured amounts. Cooperative staff has commented that this variety presents a number of challenges in commercializing new products such as the repatriation and remittance insurance. For instance, sales staff may focus on selling only high premium (and high commission) products such as auto insurance, or easy-to-sell products such as credit-linked life insurance. In other cases, sales staff simply runs out of time to explain each product. The large variety of options forces clients to prioritize their protection needs to fit their budget, and clients who already have life insurance tend to hesitate to



purchase a second policy, even if to cover a different family member. Finally, variety can prove overwhelming or confusing for clients just learning about insurance. With these factors combined, repatriation and remittance insurance often goes overlooked. To overcome this, financial education workshops have thus far focused strongly on the remittance insurance, inviting only remittance receivers, and explaining the product in depth at the end of each session. Participants are also asked to fill out the short questionnaire normally filled out by purchasers of that product, which will allow Seguros Futuro to analyze its potential customers' data and further refine marketing to that audience. In the same fashion, for the re-launch of repatriation and remittance insurance, Seguros Futuro designed marketing materials especially oriented to remittance receivers and planned events on the busiest days for remittance payments in each cooperative.

**Providing microinsurance to new populations requires extensive, highly motivated, and effectively deployed human resources.** Seguros Futuro's personalized client awareness-building strategy has proven the most effective tool for raising sales; yet extensive internal human resources are necessary to implement it. The insurer places its own sales staff in cooperatives to explain insurance products as well as raise clients' awareness of common risks and ways to mitigate them. In addition, the cooperatives' own sales staff is charged with selling the product. Both insurer and cooperative sales agents receive training in the Support Guide for Approaching Remittance Receivers, as well as the full range of products the insurer offers. This high-touch, highly-focused strategy is costly in terms of work hours and training. To reduce costs, most of the insurer's agents divide their time between several cooperatives or branches in a region, and schedule visits on the busiest days, such as Saturdays and Mondays when clients collect remittances. In addition to coverage and training, cooperative staff cited sales staff's motivation as an important factor in sales. Employees who are not convinced of the value of the product for clients or the value of commissions for themselves will register few sales.

**Commissions, incentives, recognition, conviction—all are necessary to market microinsurance through cooperatives.** Seguros Futuro's experience working with diverse cooperatives has revealed that all of these elements are important. One motivating factor for cooperative staff is their conviction about the value of the insurance for their members, which is generated by ample training in the product and its benefits. When staff does not perceive a product's value, they don't offer it to clients. On the other hand, one cashier at a cooperative sold over 80 policies, because she thought the insurance offered a "nice benefit" to her clients, despite the fact that her cooperative had failed to distribute the sales commissions to her. Not all cooperative employees are motivated by the value-added potential of insurance; some require additional motivation to spend the time necessary to sell insurance, in addition to their other priorities such as capturing savings or selling loans. In these instances, delivering commissions directly and promptly is key for the commission policy to work. In one cooperative, staff stopped selling insurance for two months after the insurer failed to pay certain unreported commissions. In any case, commissions as a percent of small microinsurance premiums are hardly significant sources of income compared to the base salary of cooperative staff. For this reason, Seguros Futuro combines monetary commissions with other types of incentives (vacations, coupons, raffles, etc.) and recognition (plaques, certificates, etc.) to make staff feel rewarded and valued.

**A strong commitment at every level of management is vital to commercialize microinsurance in cooperatives.** Without this support, it is not possible to offer commissions, incentives and recognition, or develop a culture of insurance. The senior management at headquarters (from managers to head of agencies) determines the work priorities of the cooperatives and may even require their own employees to meet the goals set by the insurer. Without this commitment, it is difficult for cooperative staff to meet the goals of the insurer, and bosses can put up barriers to the marketing of insurance, for example, prohibiting the cashiers from cross-selling or denying the commission to people who have sold insurance.

**Efficient processes and servicing is key to retaining customer confidence.** Cooperative staff reported operational challenges with other insurance policies in the past, including delayed delivery of the certificate, unapplied payments, or lapsed notification of expiring policies. These experiences often create a poor impression on clients who have taken the leap of faith and purchased a policy. To avoid this, the insurer designed the application process to deliver on-site a copy of the certificate, which is part of the application itself. Yet problems with one insurance policy often affect client impressions of all policies, and Seguros Futuro is working with cooperatives to create internal controls that will avoid the incidence of unapplied payments or unreported expirations. Finally, the new software platform will enable on-site policy emission, payment control, and processing for all products, not only the repatriation and remittance insurance.

**The brand of the cooperative must go before that of the insurer to gain the confidence of potential insurance clients.** In Salvadoran cooperatives, the members usually enjoy a tight relationship with the institution as well as the staff who work there. Members are conscious of the fact that the cooperative works for the benefit of its members, in contrast with the private banks (of which almost all are foreign owned in El Salvador) which work for the interest of their "mysterious" shareholders. Cooperative members tend to view insurers in the same light, without distinguishing between private and cooperative insurers, saying "Why should I pay premiums to make the insurer rich?" Distrust runs deep. In one re-launch event, one woman who was going to purchase the policy hesitated to give the name and address of her son in the United States on the repatriation certificate. She suspected that it was a trap to deport him, because in her cooperative they had never mentioned insurance to her before, and she was not familiar with Seguros Futuro. In this cultural context, Seguros Futuro has learned the importance of the cooperative channel taking the lead in offering insurance, taking advantage of the trust they have with their members. Thus it is important for cooperatives to publicize the relationship they have with their cooperative insurer, to have staff fully trained in insurance products, to impart information about insurance, and to incorporate them like any other financial service. When Seguros Futuro carries out the financial education workshops, members of staff also explain to attendees the relationship between the cooperative and the insurer, emphasizing that "their cooperative" offers insurance, and not Seguros Futuro.

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**Source URL:** <http://www.impactinsurance.org/practitioner-lessons/enhancing-access-microinsurance-among-remittance-recipients>

**Links:**

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