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

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

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.

Activities Overview

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)...REVIEW 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?

Latest Updates

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 significant proportion of them do not use these services. Often, women give priority to care for their children when money is scarce.

In conjunction with EPSS, Aseguradora Rural promoted free medical clinics in Santa Rosa and Momostenango and carried out a survey of 268 women. These surveys provided information about the most common diseases contracted by Banrural clients, as well as their major health concerns. Based on these surveys, the consultant developed the following proposal for Aseguradora Rural:

- Introduction of a product for women "Vivo Segura"
- Explore the possibility to develop a combined product with a life insurance component
- Link coverage with prevention (annual screening tests)
- Must include serious illness (cancer) with careful actuarial work
- Market not only to Señora Cuenta customers (who tend to be poorer), but also to all women within Banrural savings portfolio
- Avoid cannibalizing current EPSS services, and offer the Vivo Segura module to microcredit clients at a second stage
- Modification of health coverage provided to male microcredit clients
- Explore additional coverage (tests and basic medicines)
- Reduce/streamline frequency of visits
- Explore pharmaceutical discounts for the basic plan

Product validation and pricing

Based on an analysis of the number of gynaecologists in the EPSS network, and their technological capacity, it was decided that the pilot would be in Quetzaltenango (Xela), the second largest city in Guatemala.

In June 2011, the insurer staff and external consultants set up two focus groups in Quetzaltenango (Xela), to validate coverage and premium design for a new health insurance product aimed exclusively at women. The activity involved 17 deposit holders of Señora Cuenta accounts at the three major agencies in Xela.

In July 2011, the revised product and its price were presented at the Banrural branch in Plaza Florida, where clients appeared highly receptive to the package. The focus group consultation also provided an opportunity to identify staff training needs and customer concerns regarding the services that EPSS might provide.

Phase 2: Pilot preparation (August?November 2011)

In August 2011, the Fellow of the ILO Microinsurance Innovation Facility ? a figure funded by the Facility to support an organization?s microinsurance activities ? joined the Aseguradora Rural team full time for one year.

Actuarial work

The product design was initially developed by the actuary in the United States, together with the project consultant. They were supported by the actuary of Aseguradora Rural?s reinsurance company in Mexico. In the first instance, they used data from the focus groups and medical clinics for the design process. Later on, they contacted a doctor in Nicaragua, who drew up a detailed medical protocol for the detection and treatment of cancer in women.

Another challenge lay in developing a hypothesis for the use of preventive health services. Statements from microinsurance experts worldwide, combined with information collected from the Internet, were used to draw up an idea of the expected usage of prevention and treatment.

In Guatemala, a registered local actuary is required to register a new insurance product with the authorities ? the Superintendence. This actuary became involved in the Vivo Segura design work in August 2011. The insurance legislation in Guatemala had undergone recent changes and adapting the final product so that it was in line with new legislation took approximately 2 months.

For the development of Annex I on medical services, the subscription manager of Aseguradora Rural and the ILO Fellow spoke with an EPSS doctor in Guatemala City and with a gynaecologist from the Quetzaltenango network. This latter figure was also hired to train the Banrural sales team for the pilot phase and to develop a detailed document of medical protocols for the cancers covered by the Vivo Segura policy. Annex I explains in simple language the medical services included in the policy and its annual limits for insurers.

Visit to Quetzaltenango
The ILO Fellow and the Business Director of Aseguradora Rural spent 2 days in Quetzaltenango (Xela) visiting three Banrural branches that will participate in the pilot. They also met the five gynaecologists of the EPSS provider network, who will be looking after Banrural clients in the region.

The visits to the branches offered a valuable opportunity to discuss the product with managers and identify possible strategies for its promotion. A local representative for EPSS was present at visits to the five gynaecologists. The occasion offered an opportunity to conduct a survey among doctors, to assess their interest in participating in the pilot, together with their degree of satisfaction with EPSS services and their appraisal of the facilities and conditions for caring for the insured (including the use of a computer system to record appointments). All doctors appeared highly committed to the project. They talked about the main challenges in the region, such as gender inequality and a lack of culture of prevention.

Pharmacy discounts

Based on the results of the market study, it emerged that a major concern for Banrural clients was the issue of out-of-pocket expense for medication. To alleviate the problem, Aseguradora Rural reached an initial agreement with a pharmacy network that provided a list of drugs that would be covered, negotiating discounts of up to 50 per cent with affiliated pharmaceutical companies.

Health Microinsurance Pilot Plan Committee

In September 2011, the Health Microinsurance Pilot Plan Committee was set up. Members included professionals from the Aseguradora Rural departments of issuance, claims, marketing, customer service, IT and business. The committee meets every Tuesday to work on activities related to the project.

The launch of the committee was important in that it involved all company departments in the project. It also facilitated the exchange of information and decision-making on issues related to health microinsurance products.

Development of computer systems

The computer system is essential for the control and monitoring of the pilot, especially for the prevention component, which involves the use of medical services. Aseguradora Rural and EPSS began discussions on the subject in the early stages of the project, but up until August 2011 no concrete action had been taken. The ILO Fellow worked with EPSS to familiarize the insurer with the systems used in the EPSS call centres and medical clinics, and discovered that the systems used by EPSS contained the elements necessary for monitoring the product during the pilot.

For nearly 2 months, the management of Aseguradora Rural and the ILO Fellow tried in vain to coordinate a meeting between EPSS and Aseguradora Rural IT departments. When the meeting was finally arranged, the head of EPSS pledged that his company would support Aseguradora Rural in this matter.

In October, the ILO Fellow met with the heads of the EPSS and Aseguradora Rural IT departments and it was confirmed that the call centre system would not need any adaptation prior to the launch of the pilot. For the other system, used by the medical clinics, doctors to record consultations and tests, both parties agreed that some adjustments could be arranged prior to launch. The aim was to create parameters in the computer system used by the doctors to register patient consultations and diagnoses. The project team planned to generate more detailed statistical data by the end of the pilot, with uniform rates of service utilization. This would allow them to analyze the success of the prevention services and the incidence of female cancers in the insured. This could then be used to reevaluate the product design, if necessary.

With regard to issuance and claims, the heads of each section and the ILO Fellow met to discuss the key components for each process. Work on a prototype system for issuance and claims started in late September.

Marketing

- Product image

In September 2011, the business director of Aseguradora Rural and the ILO Fellow contacted the Banrural marketing department with a view to begin studying Vivo Segura? image. The results of the first study were presented at the Pilot Plan Committee meeting, when participants had the opportunity to make comments on the original proposal. A second proposal was presented in the presence of the ILO officers and the project consultant, taking into account the committee suggestions. Again, the suggestions were taken on board and a new proposal is now being prepared. The image proposal concerns the marketing banners, promotional pamphlets, educational materials, jingle and video.
As of May 2012, 16 pilot branches had received all marketing materials. Flyers were designed to deliver information regarding Vivo Segura benefits, as well as breast/cervical cancer prevention. Posters, radio advertisements and press briefing materials were also designed and distributed.

- Marketing strategy

In September 2011, the external project consultant sent out a Marketing Strategy for the Pilot Plan, based on the following key messages: 1) Prevention 2) Convenience 3) Quality of Service and 4) Tranquility/Security. The marketing strategy involved the development of scripts, to use for sales and for existing clients during group Señora Cuenta activities and free medical clinics. The marketing strategy was also presented to the Pilot Plan Committee for appraisal and comments.

Design of claim forms

Aseguradora Rural has no similar product in its portfolio, so its existing claim forms cannot be replicated for this new product. Since processing claims efficiently and quickly is a key strategy for overcoming client mistrust of insurance, a study was launched to develop quick and simple procedures for policyholders and beneficiaries of the Vivo Segura product.

Based on the medical protocols developed by the EPSS gynaecologist, and based on similar forms used by insurance companies in other countries selling products that offer compensation in the event of a diagnosis of cancer in women, the head of claims of Aseguradora Rural and the ILO Fellow began developing the Treating Physician Declaration Form. Women claimants would need to complete this in the event of a cancer diagnosis.

To assist with claims related to cancer diagnosis, Aseguradora Rural began negotiations with a gynaecologist-oncologist who is not in the EPSS provider network as an independent medical auditor to review such cases.

Product registration with the Superintendent of Banks in Guatemala

In October, the deputy manager of Aseguradora Rural, the ILO Fellow, the head of subscription and the local actuary took part in presenting the prototype Vivo Segura product to the Superintendent of Banks in Guatemala.

The purpose of the presentation was to discuss and explain all aspects of the product to the banking authorities, so that any changes needed could be made prior to the product being registered. Aseguradora Rural underscored the fact that this was a pilot plan, and that following the monitoring phase of the product, the changes required and subsequent results would be resubmitted to the banking authorities.

The Superintendent officials expressed great interest in the product. The few changes they suggested related to the wording of some pieces of text, so that customers could understand the terms of the policy more easily. None of the proposed changes altered the structure and goal of the product and the project team expected swift approval for the launch of the pilot.

In April 2012, the Superintendent of Banks gave its approval to the first micro health microinsurance product for Guatemala.

Phase 3: Pilot (May to October 2012)

On May 4, 2012 the pilot of Vivo Segura was launched in Xela. Local media (radio, press) and clients from the 16 agencies involved in the Vivo Segura project were invited to the event. Also invited were clients with a Banrural account, especially holders of Señora Cuenta accounts. This is a savings account available only to women and is currently one of the strongest products in the bank’s portfolio. Local doctors (gynaecologists) also attended the event. They offered advice on women’s health and disease prevention. Several prominent local women spoke in favour of cancer prevention. Regional managers and EPPS managerial staff, who were also present, reaffirmed their commitment to providing high quality services to Vivo Segura clients for consultations, tests and treatments, etc. During the launch, participants were offered check-ups for glucose levels and blood pressure. All the clients volunteered to have the tests done, a response that reflects the importance of facilitating access to health
From May to September 2012, Aseguradora Rural sold 1,005 policies for Vivo Segura. Of this total, 969 were still in force in October 2012. Despite investment by Aseguradora Rural in different types of staff training for branches participating in the pilot, it was observed during the monitoring phase that bank staff experienced difficulty in marketing Vivo Segura. One reason to emerge was their lack of confidence in explaining all the product benefits.

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<td>4</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1005</strong></td>
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Source: Aseguradora Rural database

In June and September 2012, direct intervention from Banrural regional management led to a significant increase in sales. A wide variation was observed in sales results at different branches. This disparity can be explained by differences in branch size and client portfolios, and also in geographic locations. Some are situated close to markets, while others are located inside shopping malls and department stores. Other key factors included the number of staff - some branches consist of just a service window staffed by two employees while others have more than 15 - and sales strategies, since managers use different strategies to achieve branch goals.

For the preventive health package, taking into account the 969 policies that were active up until the end of September 2012, it can be seen that 61 customers used one or more tests and/or services.

**Phase 4: Preparation for scaling up (August?October 2012)**

In August 2012, Aseguradora Rural started a mass sales plan to market Vivo Segura in almost 900 Banrural branches in Guatemala. A decision was made to stage the product’s national launch in conjunction with Nestlé media campaign Juntos por la Cura. This is a race organized throughout Central America with the aim of raising awareness of breast cancer prevention, while at the same time supporting local NGOs.

The Juntos por la Cura campaign was launched in September 2012. At the same time, Aseguradora Rural launched an internal promotion campaign to inform staff about the campaign, and also about Vivo Segura. As part of the launch programme, all staff were involved in the Juntos por la Cura event. Staff organized a “pink breakfast” at Banrural headquarters, as a way of ensuring that every single employee was made aware both of the product and the campaign. From this date onwards, Banrural employees were also offered the opportunity of purchasing Vivo Segura policies for themselves and their relatives, at special discounted rates. By the end of the day, 30 policies had been sold to Banrural staff. That same day, the company headquarters was lit up in pink to highlight Aseguradora Rural’s commitment to cancer prevention.

The official national launch of Vivo Segura took place in October 2012. From October 2012 onwards Juntos por la Cura launched a mass media campaign on television, radio and billboards.

Promotional materials for the Juntos por la Cura campaign

**First results of scaling up**
Up until the end of November 2012, 581 branches had marketed at least one Vivo Segura policy, with average sales of 13.3 policies per branch. A focused sales plan was implemented in December 2012, involving 10 branches of varying sizes – large, medium and small. The aim was to analyse factors that influence sales, the impact of staff turnover and the effectiveness of training. The pilot of the focused sales plan was to last 2 months. Its objective was to evaluate its impact on sales of the agencies visited, compared with those of similar agencies that did not receive any kind of support.

Up until the end of November 2012, of the 6,704 active policies held by clients, 208 had made use of the preventive health package. Of these 208 clients, 197 took advantage of consultations and preventive tests (the others only used discounts for tests or consultations not included in the Vivo Segura policy). Only 0.61 per cent of all policyholders used both gynaecological consultations included in the preventive package.

As of January 31 2013, 651 of the 835 Banrural branches had marketed Vivo Segura policies. The Metropolitan North and North regions have achieved the greatest number of sales since scaling up in October, selling 3,108 and 2,565 policies respectively. Since May 2012, 735 policies have been cancelled, with 288 of these cancellations made in the Macro-West region, where the pilot was launched. Aseguradora Rural is monitoring policy emissions and cancellations closely, given that it can take up to 3 months for a policy to be annulled for non-payment. Alternative methods of customer communication (SMS, letters) are also being studied, so as to minimize cancellations.

By December 31 2012, of the 9,120 policies active at the time, 345 holders had used the preventive health care package. Some 57 clients had used both gynaecological consultations included in the package, representing 0.63 per cent of the total active policies.

**Phase 5: Promotion of microinsurance**

Since staging the pilot of Vivo Segura, Aseguradora Rural has launched various promotion strategies and special events. These strategies were monitored with the aim of identifying the most effective means of promoting the product. A limited use of media was made in the pilot phase, since the product was only being marketed at branches in the provincial capital of Quetzaltenango (Xela). The strategies used were:

- Product launch (250 Señora Cuenta clients and local leaders)
- Radio advertising for 2 months (local radio)
- 1 advertisement in a local newspaper
- 1 Señora Cuenta special event
- Promotional material at Banrural branches (leaflets, posters)

For the scaling up phase, a massive marketing strategy was planned, with outreach to all states of Guatemala. The strategies used were:

- Nationwide product launch, timed to coincide with a major Nestlé campaign (Juntos por la Cura)
- Advertisements on radio, television, buses, billboards
- 3 special events at a local agricultural cooperative (medical check-ups/awareness-raising)
- Introduction of cartoon character Dr. Segura (messenger of Vivo Segura and health adviser)
- Promotional material at Banrural branches (leaflets, posters)
- Partnership with the National League Against Cancer (La Liga) (GTQ1 per Vivo Segura policy sold)
- Internal campaign for Banrural/Aseguradora Rural staff

Aseguradora Rural added specific questions to the policy emissions system. The idea was to monitor the impact of different marketing strategies and later analyse the responses to these questions.

**What persuaded you to buy Vivo Segura?**

| Source | Customer Service department calls, Aseguradora Rural, October 2012 (Pilot Clients) |

Based on the results, it emerged that the printed material/Doctura Segura were the promotional strategies most frequently mentioned by clients. To date, Dr. Segura had only been featured in flyers distributed at branches. The idea of Aseguradora Rural is to develop ‘health capsules’ to be presented by a messenger Dr. Segura in the form of videos (each branch has a TV) and radio messages (mainly broadcast on market radio stations).
Aseguradora Rural learned various lessons from the special events. Based on these lessons, it is planning to design an "ideal model" of events in order to educate clients on the importance of prevention. This model will also offer support to Banrural sales staff for marketing Vivo Segura. It was observed that there is a need to incorporate dynamic participatory activities into the event. These should include insurance education (Treasure Pot), lectures on women's health and measures to facilitate purchase of the product on the spot. It became clear that explaining the product in a detailed presentation fails to capture clients' attention. Nor does this approach help them to understand the comprehensive product value.

**Phase 6: PACE (December 2012?January 2013)**

In December 2012, Aseguradora Rural launched a PACE analysis of Vivo Segura. The product evaluation was coordinated by the Microinsurance Fellow and carried out together with members of the Microinsurance Committee (business, bancassurance, issuing, subscription, claims and IT departments and microinsurance coordinator). The Work Plan was executed during January 2013. The Committee members were divided into sub-working groups by PACE dimensions (Product, Access, Cost and Experience). Since Vivo Segura is an innovative product, there is no similar competing product in the Guatemalan marketplace offering preventive care and value added services. For the comparison exercise, the group evaluated informal options (public and private hospitals, NGOs), Social Insurance (IGSS) and the Seguro Mujer product offered by El Roble (Banco Azteca/Elektra).

The PACE evaluation provided the Aseguradora Rural team with a chance to listen to customers, distributors and the health provider (EPSS). The team also analysed competing products and subsequently presented the general manager with a number of suggestions to improve the perceived value of Vivo Segura to clients. Following this experience, Aseguradora Rural is planning to conduct the same exercise with different products in its portfolio, since management deemed the results to be highly satisfactory.

One important point to bear in mind is the group observation that impartiality may have been compromised to some extent, given that all committee members were involved in the product development. It would be interesting to have an outsider's viewpoint when conducting the PACE analysis, or at least to include some members on the committee who do not work directly with the specific product.

**Product for microcredit clients**

**Phase 1: Initial plan (October 2011?September 2012)**

Market research and prototyping

On October 2011, acting on advice from a consultant, Aseguradora Rural set up three focus groups made up of 33 microcredit customers at Mercado la Palmita and Plaza Florida branches, in Guatemala City. Customers who participated in the focus groups were generally market traders, working long hours.

The study showed that these clients had little or no knowledge of the free medical services provided by Banrural to customers who make microcredit agreements (Banrural has approximately 163,000 microcredit clients, with an average age of 38 years, 73 per cent of whom are women, each with an average of 3.3 children). Customers who acknowledged knowing about the health services – unlimited medical appointments for the family with general practitioners, gynaecologists and paediatricians? reported being unaware of where doctors were located or the telephone number they should call in order to arrange consultations. The focus group consultations also revealed that EPSS service schedules and procedures (doctors? working hours) are not suitable for this type of client, whose time and ability to travel are both severely restricted.

Having identified the main challenges facing this specific group, the consultants submitted a market research plan divided into three stages. The aim was to understand the current situation and gauge the demand for health services, with the idea of offering alternatives to the current health insurance products offered to most Banrural microcredit clients.

A survey of 231 microcredit clients was carried out at the Mercado la Terminal and San Pedro la Laguna branches. The results of the market study, presented in September 2012, demonstrated that the respondents' families sought medical care six times per year, making an approximate average of 1.1 times per person. In Guatemala City, more customers used private doctors and IGSS – the Guatemalan social security institute – while in San Pedro la Laguna, clients tended to use more public health centres, or, in the case of those who were slightly wealthier, private hospitals.

Of the 231 clients interviewed, 21 per cent had been admitted to hospital, spending an average of 13.6 days in hospital during the past year. The average cost of these cases of hospital care was 4,930 quetzals (Q) – ranging from Q 800 to Q 30,000. (US$ 615 – ranging from $ 100 to $3,750).

Based on the results of the market study, the consultants proposed that Aseguradora Rural subsidizes, as currently done, a basic package to all microcredit clients, cross-selling various combinations (basic package plus other coverage packages), aimed at different groups of microcredit clients.

As of June 2017
Aseguadora Rural integrated the Vivo Segura to its portfolio since 2012 and they observe around 30,000 active policies on a regular basis. They keep monitoring the utilization of value added services as a way to guarantee the promise of the product in terms of preventive healthcare. In terms of covers, further services like a mammography and funeral have been integrated to improve value. They organize two strong promotional campaigns in May and October to bring up awareness about the preventive health services that are integrated to the product. The organization has adopted elements of the PACE tool to evaluate its product portfolio and also to benchmark against competing products and other alternative risk management solutions. Activities like market research and focus group follow ups that were introduced in the development of Vivo Segura have further been integrated to all the activities of the organization.

In terms of their microinsurance activities the organization has deepened the diversity of products and distribution channels that it uses to deliver insurance. Using electronic channels and better linkages to savings accounts are clear strategies to develop the market. In terms of catastrophic events they have partnered with MiCRO [http://www.microrisk.org/] to launch products that are linked to credit and provide a catastrophic insurance cover, they expect to close 2017 with 5,000 clients in the first pilot. In terms of microinsurance products as of 2017 they are touching 640,000 clients. The IT developments remain one of the most significant challenges as they work on a new core system that should make it more flexible to integrate distribution to a diversity of channels and agent networks.

**Lessons**

**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 families and groups. This allowed Aseguadora Rural to more easily create segmented packages or different types of products without the need for a new permit application to the Superintendent.

Market studies with components of events and experiences enable the insurer to identify target market segments. This will help it to guide product design and communication and promotion strategies to match those client groups, as well as the offer of relevant modules and coverage. To help shape the product design of Vivo Segura, an extensive study was conducted into the characteristics and needs of Banrural clients. Focus groups, interviews, free medical clinics and analysis of medical care statistics provided by EPSS were used to identify the potential market segment and product coverage. It is important to hear clients’ opinions about the coverage offered, past medical experiences and their willingness to pay for these services. This information should be coupled with an analysis of clients’ socio-economic and epidemiological profile, as well as lifestyle, financial behaviour and attitudes towards insurance. Based on the feedback provided by Señora Cuenta clients who attended the free medical clinics, it emerged that their main concerns of risks to their own health were linked to cancer (71 per cent of women surveyed), diabetes (48 per cent), heart problems (35 per cent), hypertension (15 per cent), HIV/AIDS (10 per cent) and stress (9 per cent). As a result of the survey and focus group results, a decision was made to withdraw maternity coverage. This was because clients appeared less interested in purchasing insurance that covered this aspect of health care. It is important to bear in mind that the average age of clients taking part in the study was 41.8 years, and that the average age of Señora Cuenta clients is 35 years. In the Guatemalan socio-cultural context, especially in the case of this target sector, women in this age bracket have generally already had their families and are not in need of obstetric services.

For microcredit products based on market research, the consultants suggested creating packages for each customer segment (young adults with small children, older adults with children, the elderly, etc.) This is expected to help with marketing the product. Aseguadora Rural is considering the proposal, while awaiting approval by the Superintendent of Insurance.

**The health microinsurance product can be designed to include incentives that take into account the needs of clients, but also encourage preventative behaviour, prompting clients to consult doctors on a regular basis, obtain treatment and improve their health.** Study results revealed that despite having access to low-cost public healthcare providers, women still spend large sums of money on treatment in the private sector. During the focus group consultations and interviews, a division was observed between two groups of women: those, usually entrepreneurs or housewives, who had no time for medical appointments or did not have enough money, and those who sought insurance options that covered more complex tests (mammography, densitometry). Women generally spend considerable sums on consultations with doctors (return visits, tests and medicines). Fearing a serious diagnosis (that will result in expenses they cannot afford), poorer women frequently cease going to the doctor and fail to attend annual checkups. The health service package included in the Vivo Segura product aims to change this culture, by creating incentives that will encourage Banrural clients to visit their doctor and have annual Pap smear tests. The tests and procedures included in the health service package offer a guarantee that, in the event of complications, Banrural clients would not need to spend large sums of money. It should be emphasized that EPSS also offers discounts of up to 50 per cent for consultations, procedures and laboratory tests that are not covered by the policy and which are carried out by its provider network.

**Product pricing needs to be in line with the willingness and ability to pay of the target segment.** In the case of Vivo Segura, the main benefit provided by the policy is compensation in the event of cancer diagnosis in women. The premium was established on the basis of clients’ willingness and ability to pay? information that emerged from focus group consultations, interviews and surveys. Although the primary focus of coverage is compensation for diagnosis of cancer, prevention is an essential feature of the product, which was designed to encourage women to
make use of the gynaecological consultations and tests included in the health service package. If women are encouraged to use make better use of preventative care, this should result in fewer claims for cancer or death. To make sure the premium would not have to increase, Aseguradora Rural negotiated a fixed-price healthcare package with EPSS, to be paid per valid policy.

For the insurance company, it is important to carry out detailed monitoring of use of the preventive package. This can help to identify whether clients are using medical services and then cancelling the policy, since there is a 48-hour time lag between requesting and receiving appointments to use services included in the health preventive package.

Improvements in claims handling procedures can shorten delays in making compensation payments, thereby increasing customer confidence in the product. Aseguradora Rural has no similar product in its portfolio. For this reason, its current claim forms cannot be reproduced for the new product. A study was launched with a view to developing quick and simple procedures for policyholders and beneficiaries of the Vivo Segura product. Based on medical protocols developed by the EPSS gynaecologist, and based on similar forms used by insurance companies in other countries offering comparable products to compensate women in the event of cancer diagnosis, the head of claims at Aseguradora Rural and the ILO Fellow began developing the Treating Physician Declaration Form. This would need to be completed in the event of a woman receiving a diagnosis of cancer. To assist in claims related to cancer diagnosis, Aseguradora Rural also started negotiations with a gynaecologist-oncologist who is not part of the EPSS provider network to work as an independent medical auditor and review the cases.

The process of product design and development must be analysed and constant. Aseguradora Rural has had the opportunity to learn a great deal through the PACE analysis carried out by its team. Assessing Vivo Segura, 7 months after its launch and comparing it to other products on the market, Aseguradora Rural found the need to offer different modules and types of coverage. The company is aware that some clients are still too poor to buy the product, but knows that there are others who would be willing to invest a little more in their health. Aseguradora Rural will perform an actuarial study of modules that can be offered to complement Vivo Segura coverage, based on feedback from clients, sales staff and doctors from the health provider network. Aseguradora Rural will also study discounts or services that may be offered for renewed policies, to encourage customer loyalty.

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. A survey was carried out among doctors to gauge their interest in participating in the pilot, their level of satisfaction with EPSS services and their appraisal of the conditions for caring for the insured (including the use of a computer system to record appointments). This approach led to a better understanding of the situation in the region and the daily challenges faced by doctors in their clinics. The doctors also suggested approaches for staff training activities and ways of raising client awareness. For example, one suggestion was to involve husbands, since most of them are reluctant to allow their wives to visit a gynaecologist.

It is important to establish mechanisms for information sharing on service utilization. This will help to improve the design, monitoring and adequacy of microinsurance projects. The partnership between Banrural and health care services provider (EPSS) dated back more than 8 years. EPSS markets its medical products through bank branches and also offers them as a benefit to some microcredit clients. The partnership between EPSS and Aseguradora Rural was still recent and not as close.

During the design of Vivo Segura, the partnership was still relatively weak and EPSS showed resistance to sharing information and statistics on usage. Once tools had been set in place, together with support for the monthly monitoring of the pilot, a synergy was established, between Aseguradora Rural and EPSS. The health service provider understood that sharing information was important for the sustainability of the project. Following the launch of Vivo Segura, EPSS gradually began to share medical information about the network, as well as details of usage statistics, quality control calls and service costs. Since EPSS products had initially been sold through Banrural branches, without the involvement of Aseguradora Rural, the insurance company had no infrastructure in place to monitor policies. This was only put in place for the Vivo Segura project. The monitoring process implemented by Aseguradora Rural made it possible to provide feedback to EPSS regarding the quality of care and services offered by the provider and the need to expand its doctors’ network.

Prior knowledge of the potential and limitations of a health care provider leads to less waste of time and resources. It eliminates the need to develop strategies and processes that already exist and have been tested. Once the partnership of all players involved in the project was strengthened, the design and development of different health products became much easier.

The search for strategic partnerships is crucial to strengthening the brand and supporting the offer of alternative prevention and treatment options. The partnership with the National League against Cancer, and support from the organization, allowed the product to take a more social approach. It also strengthened the product’s credibility. While Aseguradora Rural made contributions to Q1 (US$0.13) to the League against Cancer for each policy issued, the League committed to participating in lectures and workshops on women’s health and providing treatment to clients with a cancer diagnosis in their hospitals and clinics. Following the PACE analysis, the alliance with the League was found to be even more important. The League has now pledged to support Aseguradora Rural in developing a booklet on cancer treatment options and
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. For example, not all sales personnel would participate. Nor did they all have the opportunity of practising in the sales techniques session.

Each branch has been directly approached during the pilot phase, with the aim of strengthening knowledge of product benefits and creating an atmosphere conducive to offering the services and advantages of Vivo Segura. Explanations have been given on how the product works and support offered to the branch team through workshops on sales techniques and presentations.

One of the main obstacles to arise in the distribution channel are the targets set by the bank and the mainstream activities that branches have to handle, such as issuing credit cards, opening new accounts, savings funds and other insurance policies. As a result, sales of Vivo Segura are not always a priority for branch employees. The provision of insurance is currently a very low priority for the bank. Average sales in the second month of the pilot were just two policies per employee. The priorities and approaches were clearly observed in the first month of the pilot (from 4 to 31 May), before any intervention from the bank's regional management. For the second month, management set a sales goal of three Vivo Segura policies per day. As a result, in the first week of the pilot's second month, the same number of polices were sold as in the entire course of the first month. This type of analysis is important, because it confirms that commitment is a fundamental factor in sales behaviour.

For the scaling up of the product, 2,500 employees were trained, in a 3-hour training programme that focused on the product's technical aspect, as well as issuing and claims. The e-learning platform has been developed and made available to Banrural’s 7,000 employees since mid-February 2013.

A set of achievable goals and incentives can maintain a motivated sales force in the distribution channel. When the Vivo Segura pilot was launched, the management of both Aseguradora Rural and Banrural set a goal of 5,000 policies in 3 months for the 16 branches taking part. Each staff member was given an individual goal of selling 20 policies. At the end of the pilot, it was found that the average monthly sale per employee was just 1.9 policies. The staff member with the highest sales record only managed to sell ten policies. Important factors to be taken into consideration when setting goals include the size of a branch’s customers base, compared with the number of employees, the range of products in the bank’s portfolio and distribution of goals. Aside from the sales commission offered, Aseguradora Rural designed an incentive plan for staff in all branches involved in the initiative. Rewards were based on the goals set for each member of staff by the bank management. Since the target fixed by the bank was too high, no employee managed to win any of the prizes. In order to create a good incentive plan, it is important to take into account statistics for sales, customer base, staff numbers and the region. For the scaling up phase, Aseguradora Rural is considering developing an incentive plan that is in line with the goals set for Vivo Segura.

It is important to involve the medical network prior to the launch of new products, since the reputation of Banrural and Aseguradora Rural depends on the services given by health care providers. For the pilot plan, it was easy to maintain close contact with the doctors? network, since there were only five gynaecologists. This was done through visits, meetings, lectures and surveys. For the scaling up phase, the large number of general practitioners (171) and gynaecologists (179) involved in the network made it necessary to adopt a different strategy. Six weeks prior to the national product launch, promoters visited the EPSS network and delivered an information kit explaining the benefits and conditions of Vivo Segura. It is important to note that doctors are a strategic channel for information, guidance and proper use of the health packs. In interviews with doctors and focus group consultations with customers, it emerged that clients often attend appointments without knowing the full extent of coverage offered by Vivo Segura. For example, clients do not know they are eligible for a Pap test. It is essential that doctors are aware of the product details, so that they can guide their patients accordingly.

On promotion

Restricting promotion and advertising activities during a pilot phase presents a challenge to 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 two cases were recorded of clients seeking to buy the product at other branches, during the five month pilot phase. For Xela, there was only one radio station that offered limited coverage of the pilot region.

For promotional activities, it is important to organize workshops and lectures that focus on the value of insurance. When developing promotional activities together with the bank, it is crucial to include events or workshops that generate customer interest in, or education on
insurance products, and the benefits these can bring. Aseguradora Rural jointly promoted an activity with Banrural, but the product presentation was not effective. In future, Aseguradora Rural is planning different promotional activities, including talks on women’s health given by a doctor. It is also planning to test the adapted version of the Treasure Pot game, in the belief that it will have a greater impact on clients and promote education on insurance and prevention.

When planning promotional activities, it is important to know the audience that is expected to attend and provide access to the product during the event. Together with the Banrural business department, Aseguradora Rural organized three special events for an agricultural cooperative near the capital city. These offered a chance to try a different format for promotional activities. An EPSS doctor gave presentations on women’s health, two nurses performed check-ups (blood pressure and sugar levels), there were opportunities for questions and answers and promotional material was provided. The smaller group was involved in testing an adapted version of the Treasure Pot game. The event went smoothly, with clients paying close attention and asking questions about the product and prevention. However, in some groups, the age of the participants did not fall within the target population? many were just 15-years-old? and a number of them said they did not have the financial resources to buy the product. For the adapted version of the Treasure Pot game, using sweets for money proved amusing, but it also distracted participants, who were more concerned about eating sweets at the end of the game than in listening to the message. Another problem was lack of opportunity to purchase the product during the activity. Many clients showed interest in the product, but since sales could only be made by mobile phone, it was impossible to measure the impact of the event. The human resources department promised that the cooperative would write down the names of those interested, but this did not happen. There was also no means of knowing if a client purchased the product at their local branch. For upcoming events, Aseguradora Rural will print forms so that clients can buy products during promotional events, until such time as the company has the mobile phone technology needed to issue policies.

It is important to consider barriers to product uptake and establish the most effective ways of presenting the product to the target population. This can make it easier to develop the right messages for each segment, prepare monitoring tools and measure the impact of promotion. It is crucial to have an understanding of the most common channels used by customers to obtain information and entertainment. Aseguradora Rural conducted a survey of 451 customers at branches in Xela agencies, also noting information provided by local staff. According to the survey, the most commonly used channels are: television, radio and the Internet. While regional differences must always be taken into account, it is essential to ask the opinion of the distribution channel so as to identify ways that impact every community. Aseguradora Rural has taken advantage of Señora Cuenta events and close contact with the distribution channel in order to promote Vivo Segura. After the first Señora Cuenta event, which was promoted jointly with Banrural, the insurer identified monitoring tools needed for this type of activity. For the scaling up phase, an alliance was sought with the League and Nestlé Fitness for a national event held in October, the month chosen for promoting the fight against breast cancer. Aseguradora Rural took advantage of all the activities planned for the event so as to promote and launch the product throughout Guatemala.

Creating a messenger for health products will increase customer awareness of products while creating an effective tool for communication. Acting on suggestions from consultants, Aseguradora Rural created the character of Dr. Segura as a way of presenting customers with a figure who inspires confidence and gives a human dimension to phone calls. With the help of the marketing department, Aseguradora Rural conducted a survey of 200 clients who participated in the pilot plan. On that occasion, clients voted on their favourite cartoon character Dr. Segura is used in promotional materials for health products and will be the spokesperson for the health care capsules. As each Banrural branch has a television set, Aseguradora Rural will explore this channel and develop videos using the character.

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 for the pilot, to assess issues such as use of the health package, issuing and cancellations. At the end of the pilot phase, discussions began with the health provider and the IT department, so that results could be well integrated once the product was scaled up. The reports could provide important information to the commercial and technical departments regarding complaints, issuing and claims.

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 weaknesses.

It is important to consider all treatment options on the market and guide microinsurance clients in the choices available to them, especially where expensive health treatments are concerned. For the PACE analysis, Aseguradora Rural had to investigate all the options on the market. By talking to professionals from the League Against Cancer? people who are directly involved in cancer prevention and treatment in Guatemala? it emerged that many people seek private treatment immediately after a cancer diagnosis. Once they run out of money, they seek the support of the League or the Instituto Nacional de Cancerología (National Cancer Institute, INCAN) to continue the treatment. For Vivo Segura
clients, who are mostly low-income, uneducated women, Aseguradora Rural identified an opportunity to add more value to the product. Treatments in the private sector can cost up to 250 per cent more than those provided by the League against Cancer. Together with the League, Aseguradora Rural is planning to develop a booklet, which will be given to clients who purchase *Vivo Segura*. It will explain the average cost of treatments, ways of contacting the League and a telephone number. In the event of claims from cancer sufferers, Aseguradora Rural will ask clients if they want to be contacted by the League. It is important that clients understand they can use the Q 23,000 (US$ 2,875) compensation payable on cancer diagnosis entirely as they wish. But it is also crucial that they are made aware of their options, so that they do not run out of money in the middle of a course of treatment.

**It is important to have tools to measure customer knowledge of the product.** During monitoring of the pilot phase, and also during the PACE analysis, it was found that *Vivo Segura* is not a product that is easily understood. Sales staff have difficulties in fully grasping the concept, even after continual training sessions. So it is to be expected that customers will also encounter difficulties in understanding the product. The need was acknowledged for a "welcome call" to be made to *Vivo Segura* clients. This may help Aseguradora Rural in three respects: 1) measuring the quality of sales; 2) measuring clients’ knowledge of the product and 3) reminding clients to organize their gynaecological appointments and pap tests within 48 hours (use of the health package is just 4 per cent).

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**Links:**