Learning Journey

Bradesco Seguros

Bradesco Protection Easy Access

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Project Basics

About the project

Founded 75 years ago, Grupo Bradesco (Bradesco Group) is a leading financial services conglomerate in Latin America. The group is divided between its banking arm (Banco Bradesco) and its insurance arm (Bradesco Seguros).

Bradesco Seguros has achieved solid growth across Brazil, reaching more than 37 million customers from different economic groups with insurance products including automobile, casualty, health, life and pensions. It services its customers through call centers, its website, 346 insurance offices, and 34,000 active brokers, in addition to a rapidly growing network of Banco Bradesco branches (during the lifetime of this project so far, the network has grown from around 3,600 branches to almost 4,700).

Bradesco Seguros initiated a project to increase the availability of insurance products to low-income people, by providing easy access and by increasing awareness of the importance of the protection provided by insurance. The project aims to show that the low-income market can be served in a feasible and profitable way through process innovation and use of technology.

Bradesco Seguros is itself divided into many companies, such as a company for property insurance and another for life insurance. It placed this project within its affinity company, BSP Affinity. This company sells a range of products through large affinity groups, including credit card and microfinance institution clients.

The project is initially developing a personal accident policy combined with funeral assistance, based on the needs identified as part of qualitative and quantitative studies among low-income people in São Paulo and Rio de Janeiro. This research suggested that people in urban Brazil are more aware of the need for personal accident protection as a result of the violence they see on the streets.

The project intends to use a mix of distribution channels, including:

- Banco Bradesco branches located in low income communities
- Banco Bradesco’s existing network of banking correspondents, known as Bradesco Expresso (largely facilitated by point of sale (POS) technology)
- New alternative distribution channels based in the community, such as locksmiths, hairdressers, pharmacies, shops, etc. (largely facilitated by mobile technology)

Banking Correspondents in Brazil

In Brazil many banks have developed extensive networks of “banking correspondents”. These are non-banking outlets, such as shops or hairdressers, which provide banking services on behalf of the bank. These allow banks to reach communities without access to bank branches or ATMs. The model has been particularly successful in Brazil, and now serves every municipality in the country. Similar models are developing throughout Latin America, and have also been successful in India.
# Project Summary

- **Project name:** Bradesco Protection Easy
- **Project start date:** August 2012
- **Duration:** 3 years
- **Country:** Brazil
- **Product:** Life
Project Updates

What is happening?

As of October 2012

The project was initially postponed until the introduction of new microinsurance-specific legislation in June 2012 by the Private Insurance Superintendency (SUSEP), the agency responsible for insurance regulation in Brazil. The regulation allowed insurers to register new clients remotely, opening the door for innovations in marketing and distributing microinsurance. It also allowed special microinsurance brokers to be trained and certified much more quickly than traditional brokers.

Two products were launched in August 2012 in the Santa Marta community in Rio de Janeiro: personal accident combined with funeral insurance, and household insurance. The products were introduced as part of an effort by the Brazilian insurance association, CNSeg, to introduce insurance to the community. Sales began through the project’s first broker, a trained member of the community. The project team closely monitored the launch to evaluate the new marketing methods.

In order to motivate the broker, he was given incentives based on the number of policies sold. As insurance is unfamiliar to the community, Bradesco Seguros also trained the broker to convey information and assistance while selling the product. The broker was trained to explain the benefits and to ensure understanding of the coverage, claims and the monthly prize draw, which is an added feature of the product. Bradesco Seguros hopes that this method will secure greater understanding and acceptance among the community.

At the same time Bradesco Seguros started testing two kinds of technology to enable the provision of popular insurance: POS and mobile. At the moment it is focusing on POS. This method is promising, because it quickly and conveniently captures and transmits a sale and information about the client. It also provides a statement of the transaction and the policy information, which clients can view. Clients can also check the information about their policy on a custom website.

Altogether, Banco Bradesco has more than 40,000 banking correspondents throughout Brazil. At the first stage of system testing, 108 banking correspondents were approved to sell the product in Brazil’s northern region. Sales activities are supported by a “multiplier”, who is a representative of Bradesco who monitors the marketing activities of correspondent banks and acts as their insurance broker. Staff from the correspondent banks attended a training course on the product, how to explain the product to clients, and using the POS technology to capture sales.

Bradesco Seguros is waiting for further products to be approved as microinsurance products by SUSEP, and is developing four more microinsurance products: unemployment, disability, funeral, and term life.

At the end of 2012, Bradesco Seguros had sold 10,000 policies, largely through the network of correspondent banks using POS technology.
Lessons

On introducing microinsurance within a large insurer

Senior support and careful integration of teams are necessary to implement new microinsurance programmes within a large insurer. For this project it was necessary to bring together many very different teams, and this can be very difficult, particularly for a product with low initial profits. Furthermore, many teams within a large insurer will be unfamiliar with new products of this kind, targeting new market segments. Particular care should therefore be taken to secure their involvement and buy in from the beginning of the project.

For Bradesco Seguros, this challenge is coupled with that of working in a traditional and rigid insurance market. As a result, legal obstacles are high and the involvement and support of the legal team is vital. It is therefore necessary to allocate sufficient resources and time for internal negotiations with the legal team, and to take into account the time that will be required for the legal team’s own processes and decision making.

Bradesco Seguros’ project stands out for its strong mandate from high up in the company. The project has been able to leverage this senior support to encourage teams to prioritize the microinsurance project among their routine work.

The positioning of microinsurance business within the group has important implications. Bradesco Seguros chose to base its microinsurance activities within its affinity company. Its microinsurance operations therefore benefited from the company’s experience in adapting its operations to distribute through large networks, its experience with a wide range of products which originated elsewhere in the group, and its experience with technology. However, since the company does not specialize in a particular class of insurance, it was necessary to coordinate closely with other parts of the group.

On technology

Technology facilitates delivery through new distribution channels, but must be carefully combined with traditional distribution elements. Brokers remain very important to the Brazilian insurance market; in fact it is a legal requirement that a broker is involved in all insurance sales. It is therefore vital to find ways to reconcile the use of old and new channels.

The customer service team believed that direct selling points in the community, enabled by technology without face-to-face interaction with a broker, would be rejected by the community. Traditional brokers help a conservative community to trust a new product.

These considerations are important for other processes as well as sales. For example, it was necessary to find the right balance between use of the call centre and of brokers for providing information to clients and responding to their questions or concerns. While the call centre allowed Bradesco Seguros to centralize this function, the brokers provide a personal touch and build trust.

The affinity business is used to adapting its operations to the existing technology of the distribution channel. The project benefits from being positioned within a business with experience adapting to the technical requirements of varied distribution channels. Nonetheless, there were difficulties integrating the systems on the back end, and this caused delays to the project.
On distribution

Legislation has played an important role in the development of new distribution channels for insurance in Brazil. Brazil’s legislation recently made it possible for special microinsurance brokers to be trained and certified much more quickly than traditional brokers. This allowed Bradesco Seguros to develop an effective distribution model combining brokers and technology.

Furthermore, Brazil was one of the first countries to issue legislation to make banking correspondents possible. As a result, networks have been able to mature and now offer a powerful means of distributing other financial products.

Banco Bradesco’s existing, mature network of banking correspondents has allowed the project to reach much greater scale. It would be very difficult to set up a network of banking correspondents from scratch just to sell insurance, but Bradesco Seguros was able to leverage Banco Bradesco’s existing network. Examples like this provide a good indication of the potential effectiveness of such a network for companies elsewhere in different countries where banking correspondents are still in early stages of development.

The “multiplier” figure has been an important success factor for distribution through banking correspondents. Bradesco Seguros benefitted from its previous experience setting up its network of banking correspondents. It found that outlets like shops were unwilling to become banking correspondents without more support from the bank. Banco Bradesco therefore introduced multipliers who monitor and support a group of banking correspondents.

Bradesco Seguros learnt from this experience and used multipliers to support banking correspondents’ insurance activities. In the case of insurance, these multipliers have two purposes. One is to act as the insurance broker for the banking correspondents in order to fulfill regulatory requirements. Their other role is to support and monitor banking correspondents’ insurance activities. This has encouraged banking correspondents to take on insurance activities and proved important to scaling up the sales of microinsurance through this channel.

It may be necessary to reduce the target market, at least initially, to keep costs manageable and to test and refine the product and processes. The costs of using an intermediary would have made the product unfeasible at this stage. Bradesco Seguros was also concerned about the legal and reputational risks of expanding the product to new clients before it was thoroughly tested. As a result, Bradesco Seguros decided to sell the product primarily to existing Bradesco account holders at the beginning of the project. This allowed Bradesco Seguros to develop and refine the mechanisms of premium collection for this target market. Bradesco Seguros would still like to expand its sales to others who are not currently Bradesco clients, and is investigating operationally and financially feasible solutions to do so in the future.

Even if trained brokers inform clients about the product, it is still important that beneficiaries are provided with printed material. This provides reference information on the product so that clients have the opportunity to better understand their cover. This information should be targeted at the community and written in plain language. Information on the product and more broadly on insurance should also be made available to those who show an interest but have not yet bought the product, in order to build up understanding and acceptance of insurance among the community.
Next Steps

In 2013 Bradesco Seguros will be developing the project to operate on a large-scale. This will be achieved by expanding the sales force through new qualified brokers, and by expanding the product range when the products that have already been submitted to SUSEP are approved. Bradesco Seguros believes that it has a huge potential to sell insurance through up to 200,000 correspondent banks throughout Brazil.