Update 1: November 2011

Learning Journey

Aseguradora Rural S.A.

Health and Life Microinsurance Products to Banrural Clients in Guatemala

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Project Basics

About the project

Aseguradora Rural aims to develop health and life microinsurance products with a modular structure, adapted to different customer segments of Banrural, which is a leading bank for low-income individuals in Guatemala.

The target market of the project consists of:

1) Non-urban microentrepreneurs using Banrural’s microcredit and health services provided by Empresa Promotora de Servicios de Salud (EPSS)
2) Female clients who are holders of a Señora Cuenta\(^1\) savings account. Each of these groups is slightly less than 200,000 potential policyholders. In the pilot phase, Banrural expects to ensure at least 55,000 customers of these two groups with the new health microinsurance products

Additionally, throughout the project Aseguradora Rural seeks to study extending the scope of the project to three other groups of Banrural customers:

1) Users of the “Grameen BanRural” Program, a village banking program with more than 35,000 clients
2) Recipients of the Remittances program, processing more than 500,000 remittances of Guatemalans abroad (from which 10,000 already have some type of insurance provided by Aseguradora Rural)
3) Recipients of the national program of conditional cash transfers (Mi Familia Progresa) paid through Banrural and which serves more than 400,000 rural women

The project is executed by a consortium of three partners: Banrural, Aseguradora Rural, and EPSS. More information regarding the project stakeholders and the project itself can be found in project description [here](#).

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Project Summary

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Health and life microinsurance products to Banrural clients in Guatemala</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Start Date:</td>
<td>November 2010</td>
</tr>
<tr>
<td>Duration:</td>
<td>3 years</td>
</tr>
<tr>
<td>Country:</td>
<td>Guatemala</td>
</tr>
<tr>
<td>Product:</td>
<td>Product mix of health services and insurance (life, accident, listed risks, etc.)</td>
</tr>
</tbody>
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\(^1\) Mrs. Account
Project Updates

What is happening?

Phase 1: Initial Plan (November 2010 – July 2011)

Market Research and Prototyping

In November 2010, Aseguradora Rural undertook a study to identify the barriers to accessing health products for Banrural customers and market opportunities. Both focus groups and a survey were conducted. Additionally, Aseguradora Rural in conjunction with EPSS promoted free medical clinics in two districts where the survey was completed by 268 women. These surveys helped to know the most common diseases of Banrural clients and also their major concerns. It was identified that women have a high awareness of health risks and prevention, but a considerable number do not use these services. Often these women prioritized care for their children when money was scarce. Recommendations from the research shaped the women’s product VivoSegura (see description) and suggested modifications to the provision of health services to male microcredit clients.

Product Validation and Pricing

Based on an analysis of the number of gynecologists 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. Two more focus groups were conducted in June 2011 to validate the design of coverage and premiums. In July 2011 the revised product was presented to and well received by Banrural branch in Plaza Florida. This activity also helped to identify staff training needs and customer concerns regarding the services that EPSS may provide.

Pharmacy Discounts

One of the major concerns of Banrural clients is the costs of medicines. To ease this concern Aseguradora Rural reached an initial agreement with Batres Pharmacies Network, which is waiting for a list of medicines to negotiate discounts of up to 50% with affiliated laboratories.

Phase 2: Pilot Preparation (August – November 2011)

Actuarial Works

The product design was initially developed by an actuary in the USA, a project consultant, and a local actuary from Aseguradora Rural’s reinsurance company. They used data from the focus groups and medical clinics for the design process. Next they contacted a doctor in Nicaragua, to draw up a detailed medical protocol regarding the detection and treatment of cancers in women. The local actuary became involved in the VivoSegura design work as of August 2011 as
part of the requirements to register a new insurance product in Guatemala. Additionally the product needed to be modified over the course of two months to comply with new insurance regulation in Guatemala.

For the development of the Annex I of medical services, the subscription manager of Aseguradora Rural spoke with an EPSS doctor in Guatemala City and a gynecologist from the Quetzaltenango network. Annex I explains in simple language the medical services included in the policy and its annual limits for insurers to know how and why to use the preventive medical services and diagnostics.

Visit to Quetzaltenango

For two days the Business Director of Aseguradora Rural was in Quetzaltenango (Xela) to visit three Banrural branches that will participate in the pilot and also the five gynecologists of EPSS provider network who are going to attend Banrural clients in the region. The visits to the branches were a great opportunity to talk with managers about the product and identify possible strategies for promotion.

Banrural Branches in Quetzaltenango

During the two-day visit to the region it was also possible to speak with representatives of METOCA Theatre Group – Proyecto Payaso\(^2\), a theater company based in Xela experienced in awareness and prevention campaigns on HIV/AIDS. On this occasion it was proposed to them the possibility of adapting their work on awareness and prevention to the product VivoSegura. Their performance could then be presented in the group activities of Señora Cuenta.

Batres Pharmacies Discounts

In August 2011 the list of priority medicines for VivoSegura product was given to a Batres Pharmacy representative so they could start the price negotiations. In October 2011, they

\(^2\) Clown Project
reaffirmed their commitment to negotiate discounts up to 50% with affiliated pharmaceutical companies.

Furthermore, the project team identified an existing Banrural credit-card that offers exclusive discounts on medicines in Batres Pharmacies. The card is available to Banrural customers who pass the credit approval process. With this card, customers can get a 20% discount on any medication at Batres Pharmacies with the possibility of payment in six installments. The card can be helpful to those who need to go through expensive treatment, and Banrural is considering the possibility of making the card available to VivoSegura clients.

**Health Microinsurance Pilot Plan Committee**

In September 2011 the “Health Microinsurance Pilot Plan Committee" was created with professionals from the departments of Issuance, Claims, Marketing, Customer Service, IT and Business at Aseguradora Rural. The Committee meets weekly to work on activities related to the project.

In the creation of the Committee it was important to involve all departments of the company in the project and facilitate the exchange of information and decision-making on issues related to the health microinsurance products.

**Development of Computer Systems**

A computer system was essential for the control and monitoring of the pilot, especially for the prevention component involving the use of medical services. Aseguradora Rural in cooperation with EPSS started talks on the subject in the early stages of the project, but until August 2011 nothing concrete had been developed. It was discovered that the systems used by EPSS contained the necessary elements to monitor the product during the pilot.

In October, it was confirmed that the Call Center system would not need changes prior to the launch of the pilot. For the other system used by the medical clinics/doctors to register consults and exams, both parties agreed that some adjustments could be arranged prior to launch. The purpose is to create parameters in the computer system used by the doctors to register the consults and diagnoses of patients. By the end of the pilot phase, the project team expects to generate more detailed statistical data with uniform rates of service utilization for the analysis of the prevention component and the incidence of female cancers in the insured for a reevaluation of the product design, if necessary.

A prototype system for issuance and claims began development in late September.
Marketing

From September 2011 several studies have been conducted analyzing VivoSegura’s image and a new image proposal involving marketing banners, promotional pamphlets, educational materials, jingles and videos is being prepared.

Shown below are two iterations of image proposals:
In September 2011 the external project consultant sent a Marketing Strategy for the Pilot Plan based on the following key messages:

1) Prevention
2) Convenience
3) Quality of service
4) Tranquility/security

The Marketing Strategy involves a sales orientation script and a membership script to be used during the group activities of Señora Cuenta and free medical clinics. The Marketing Strategy was also presented in the Pilot Plan Committee for examination and comments.

When the product is approved at the Superintendency of Banks, the product image and marketing strategy proposal will be completed.

Product Registration at the Superintendence of Banks in Guatemala

In October 2011, the product VivoSegura was presented to the Department of Studies of the Superintendence of Banks in Guatemala.

The purpose of the presentation was to discuss and explain all aspects of the product to the experts at the Superintendence, so that necessary changes could be made prior to the registration of the product. At this opportunity Aseguradora Rural also highlighted that this is a pilot plan and that subsequent to the monitoring phase of the product, the necessary changes and results will be submitted again to be evaluated by the Superintendent.

The experts were very interested in the product, and the few changes suggested were related to the wording of some text fragments, so that customers could easily understand the terms of the policy. No proposed changes altered the structure and purpose of the product. The project team expects rapid approval for the launch of the pilot.
Project Lessons Learned

On product design

In innovative projects it is essential to have the participation of all actuaries involved in the project from the initial phase of product design to avoid delays in coordination and negotiation about the product characteristics (exclusions, prices). Two challenges facing the product were that, in Guatemala, there is only one actuary authorized to file products at the Superintendency of Banks and recent changes to the Guatemalan insurance legislation were not taken into account in the preliminary stages of the products design. Additionally the lack of local data and statistics led the actuary and the project consultant to seek information from various sources meant that information had to be collected from free medical clinics and focus groups.

Once the design work was completed, the Technical Note and General Conditions were revised with the local actuary and Aseguradora Rural. As she had not been involved in the initial phase of product design, the local actuary made suggestions that impacted the rates previously agreed with the actuary from the reinsurance company. Some suggestions had already been considered and dismissed by the actuary in the U.S. and the project consultant, and the re-analysis and discussions on these issues and changes resulted in delays in the final version of the technical note. After two months of continuous exchange of information and communication, the three actuaries agreed on the design and rates for the life and cancer coverages, and the local actuary presented the final version of the product to the Superintendency of Banks in Guatemala.

The product design work needs to identify the relevance of the risks and needs of the target population. Based on the feedback provided by Señora Cuenta clients who attended the free medical clinics it was identified that their main concerns regarding their own health risks were associated with cancer (71% of women surveyed), diabetes (48%), heart problems (35%), hypertension (15%), HIV/AIDS (10%) and stress (9%). Also based on the survey and focus groups results the maternity coverage was removed, as the clients were less interested in purchasing this insurance coverage.
**Age Range:** 18 to 65 Years old (Age limit 70 years old)

<table>
<thead>
<tr>
<th>Cancer: Q 23,000</th>
<th>Life: Q 6,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covering exclusively:</td>
<td>Any cause of death</td>
</tr>
<tr>
<td>Breast Cancer</td>
<td></td>
</tr>
<tr>
<td>Ovarian Cancer</td>
<td></td>
</tr>
<tr>
<td>Cervical Cancer</td>
<td></td>
</tr>
<tr>
<td>Colorectal Cancer</td>
<td></td>
</tr>
<tr>
<td>Stomach Cancer</td>
<td></td>
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</table>

### Health services included

<table>
<thead>
<tr>
<th>Health services included</th>
<th>Annual Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gynecological Consultation</td>
<td>2 Consults</td>
</tr>
<tr>
<td>Pap Test</td>
<td>1</td>
</tr>
<tr>
<td>Urinalysis</td>
<td>1</td>
</tr>
<tr>
<td>Colposcopy</td>
<td>1</td>
</tr>
<tr>
<td>Cryoterapy</td>
<td>1</td>
</tr>
<tr>
<td>LEEP conization (LLETZ)</td>
<td>1</td>
</tr>
<tr>
<td>Fine needle aspiration (breast)</td>
<td>1</td>
</tr>
</tbody>
</table>

Microinsurance products should consider both their customers’ needs as well as incentivize them to go to the doctor regularly, get treatment and pro-actively improve their health. By the results of the studies it was observed that despite having access to low-cost public providers, women still spent high sums of money to pay for treatments in the private sector. During the focus groups and interviews, it was noticed that there was a division among women (usually entrepreneurs or housewives) who had no time for medical appointments or did not have enough money, and another group of women who wanted insurance options that covered more complex tests (mammography, densitometry). Often, poorer women, for fear of a serious diagnosis (that will result in expenses they cannot afford), just stop going to the doctor and do not perform their annual checkups. The health services package included in the product VivoSegura aims to change this culture, by creating incentives for Banrural clients to visit their doctor and do their Pap smears annually. The tests and procedures included in the health service package are a guarantee that in case of complication, Banrural clients would not need to spend large sums of money. It is important to emphasize that EPSS also offers discounts of
up to 50% for consultations, procedures and lab tests that are not covered by the policy but are done in its provider network.

The pricing of the product needs to be in accordance with the willingness and ability to pay of the target population. In the case of VivoSegura, the main coverage of the policy is the compensation for diagnosis of female malignant cancer. The premium was stipulated based on the clients’ willingness and ability to pay as shown by the results of focus groups, interviews and surveys. Although the primary coverage is compensation for the diagnosis of malignant cancer, prevention is an essential factor of the product which was designed to encourage the use of the gynecological consultations and tests included in the health service package. Based on the prioritization and encouragement of preventive services, the risk of claims for the main coverage (Cancer and Death) is lower. To avoid impacts on the final premium and an increase of health care costs, Aseguradora Rural negotiated with EPSS a fixed-price health package to be paid per valid policy.

On partnership management

For microinsurance products with preventive health services coverage it is important to have close contact with the doctors of the provider network. The opportunity to talk to all gynecologists in the provider’s network in the pilot region was very important to assess their level of commitment to the project and also their ability and willingness to attend to the target population. A survey was given to the doctors to assess their level of interest in participating in the pilot, level of satisfaction with EPSS services, and their capability to care for the insured (including the use of a computer system to record appointments). This approach enabled us to understand the region better and the challenges doctors face on a daily basis in their clinics. The doctors also suggested approaches for staff training activities and ways to raise client’s awareness, for example by pointing to the need to also involve the husbands in these activities, because in many cases they do not allow their wives to consult with a gynecologist.

It is important to know the capacity and the quality of services of all stakeholders involved in the project. Banrural had more than 8 years of partnership with the health care services provider (EPSS) through the commercialization of their medical products at bank branches and also by providing it as a benefit to some microcredit clients. The EPSS partnership with Aseguradora Rural was still recent and not so close. During the product development and action planning for the launch of the pilot it was important to know the capacity and quality of EPSS services, the provider network’s reach, how the consultation appointments system worked, the problems they had and the scope of their services. EPSS had many years of experience in the health service market and had already developed efficient tools and systems to provide high quality customer service that can be utilized by VivoSegura. The previous knowledge of the capacities and limitations of the health care provider prevents wasting time and resources developing strategies and processes that already exist and have been tested.
On the design of new processes

It is necessary to adjust the claims process for new products, given that efficient claims processing is one of the main elements of a strategy to overcome clients’ mistrust of insurance. Aseguradora Rural has no similar product in its portfolio, for this reason its current claim forms cannot be replicated for this product. A study was initiated to develop quick and simple procedures for policyholders and beneficiaries of the product VivoSegura. Based on the medical protocols developed by the EPSS gynecologist, and based on similar forms of insurance companies in other countries that offer similar products for compensation in case of the diagnosis of malignant feminine cancer, the Aseguradora Rural started to develop the “Treating Physician Declaration Form” to be filled in the cases of diagnosis of feminine cancer. Additionally, to assist in claims related to diagnosis of cancer, Aseguradora Rural started negotiations with a gynecologist-oncologist (who is not in the EPSS provider network), to work as an independent medical auditor and to review the cases.
Next Steps

While waiting for the product approval by the Superintendence of Banks, Aseguradora Rural will prepare for the Pilot Phase. They will finalize the product image material with the marketing department of Banrural. They will finalize the design of the issuance, claim and EPSS systems as well as the claims forms. They will also train Banrural staff and develop the associated materials in preparation for the commercialization of the product.

Finally there needs to be continued negotiations of discounts for priority medicines with Batres Pharmacies, the development of an education and awareness raising plan and a revision of the health care products offered to microcredit clients.