



International
Labour
Office

CASE BRIEF:

BRDESCO SEGUROS

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micro | nsurance
Innovation facility
PROTECTING THE WORKING POOR

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BRADESCO SEGUROS

Product name: Expresso Premiavel

Location: Brazil

Description: Insurance for death and disability as a result of a personal accident. Policyholders are also entered into a lottery.

Premium: Ranges from 9.90 to 22.50 Brazilian reais (BRL)

People covered: Over 50,000 by March 2014



A NEW DISTRIBUTION POSSIBILITY

It is very expensive for banks to open up and operate branches in rural and poor areas. Therefore, with the right regulatory and economic incentives, some banks have started to develop partnerships with commercial outlets serving these communities, such as shops or pharmacies. These outlets provide a set of financial services on behalf of the bank through point of sale devices, which allow real time transactions.

This model has been particularly successful in Brazil, where the number of bank branches remained stable from 2002 to 2011, but the number of banking correspondents experienced a 19 per cent annual growth rate. Out of 5,507 municipalities, 217 did not have a banking correspondent in 2007, and by 2010 this number had reduced to just 30.¹ The Brazilian regulator has even introduced a specific regulatory act concerning the banking correspondent model to the Brazilian microinsurance regulatory framework. The success of the model has set an example for other countries in Latin America developing strategies for financial inclusion.

Many insurers are looking for new ways to reach out to low income populations and see these networks of banking correspondents as

an attractive potential sales channel. Some insurers are beginning to explore this possibility.

Bradesco is a bank in Brazil with an extensive and successful network of almost 47,000 banking correspondents known as *Bradesco Expresso*. Bradesco's insurance arm, Bradesco Seguros, believed that it could use this network to sell insurance to low-income clients. It therefore leveraged experiences from other parts of the bank to establish a closely-managed network of correspondents selling insurance. It begun by offering just one insurance product – a personal accident policy combined with funeral assistance. This was chosen on the basis of the needs identified in its studies, which suggested that people in urban Brazil are particularly aware of the need for personal accident protection as a result of the violence they see on the streets. Bradesco Seguros also realised that it would be more effective to start with a clear, simple product. Once the banking correspondents and clients become more familiar with insurance, it can add further products.

THE “MULTIPLIER”

Bradesco Seguros learnt from Bradesco's experiences establishing the initial network of banking correspondents for basic banking services. It found that the technology and network of outlets provided an efficient way to deliver banking services directly to low-income communities. However, it also saw that the outlets could not be expected to function well without further support from the bank. It

¹ Sanford, Caitlin and Cojocar, Laura (November 2013) 'Do banking correspondents improve financial inclusion? Evidence from a national survey in Brazil', Bankable Frontier Associates, Summerville, MA, USA

therefore established the role of “multiplier”. Multipliers are local people employed by the bank who monitor and support a number of banking correspondents. These individuals are able to keep the outlets active and functioning effectively as banking correspondents by providing on-going support and training, setting incentives, providing sales materials and enrolment forms, and carrying out promotion activities and troubleshooting.

These multipliers proved a vital success factor for Bradesco Expresso, and Bradesco Seguros believed that their interaction with outlets would be even more important for a complex financial product like insurance. This assumption turned out to be justified. Selling insurance through banking correspondents requires close management of the proportion of the network which sells insurance. This support has been critical to persuade banking correspondents to take on a new and more complex financial product and has allowed Bradesco Seguros to gradually scale up insurance sales through the network of banking correspondents.

COMBINING OLD AND NEW

In fact, the multipliers play a double role in helping to sell insurance. Brazilian regulation requires that a broker is involved in every insurance sale and provides separate requirements for specially-trained microinsurance brokers. Bradesco Seguros therefore trains the multipliers as brokers. They interact with communities, and have a key role in explaining the insurance product,

processes and services, and encouraging sales. The combination of face-to-face interaction and the technology-enabled banking correspondent model is proving a creative and effective way to combine old and new sales techniques. The multipliers’ role as brokers has helped communities to trust in the banking correspondents and in a new product.

RESULTS

Bradesco Seguros began selling insurance through banking correspondents in May 2012. Since selling insurance is more complex than the other services offered by the banking correspondents, Bradesco Seguros analysed the correspondents and chose those best suited to integrate insurance with their existing activities. Initially 108 banking correspondents were selected out of a total network of almost 47,000 correspondents. It has gradually expanded this number and now sells insurance through 775 correspondents. By March 2014, Bradesco Seguros had sold over 50,000 policies through this network.

Bradesco Expresso’s existing, mature network of banking correspondents has allowed the project to rapidly reach scale. It would be very difficult to set up a network of banking correspondents from scratch just to sell insurance, but Bradesco was able to leverage an existing network providing financial services. This example is an encouraging indication of the potential effectiveness of existing agent networks, such as banking correspondents, to deliver insurance.

GETTING THE BACK OFFICE RIGHT

Bradesco Seguros did not only use lessons from its experience with banking correspondents; it also applied the efficient back-office system it developed for its health insurance business. It uses a third-party administrator, which helps process the insurance through an efficient back-office technology system. For the microinsurance product, the third-party administrator authorizes each new enrolment in real time, checking it against certain criteria to prevent fraud. It also helps clients submit the documents needed to make a claim, and processes and assesses those documents. This efficient claims process reduces claims payment times and provides better support to improve the client’s experience when making a claim.





Housed at the International Labour Organization's Social Finance Programme, the **Microinsurance Innovation Facility** seeks to increase the availability of quality insurance for the developing world's low income families to help them guard against risk and overcome poverty. The Facility was launched in 2008 with generous support from the **Bill & Melinda Gates Foundation** to learn and promote how to extend better insurance to the working poor. Additional funding has gratefully been received from several donors, including the **Z Zurich Foundation** and **AusAID**.

See more at
www.ilo.org/microinsurance

