

## Summary

### Microinsurance Conference 2008

**5–7 November 2008,**  
Centro De Convenciones y Exposiciones  
**Cartagena, Colombia**



#### Session 7 – Regulation, supervision and policy issues

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*The role of developing agencies in microinsurance promotion: the Colombian experience*

What are the functions of the Government in the promotion of microinsurance?

Jordana de Pozas defined the development actions as “a middle way between inhibition and state interventionism that tries to reconcile freedom with the community’s well-being; by means of their direct influence over the individuals will, to make him want what is adequate to satisfy the public need.”

In this context, it has been identified that low income segments that have no access to microinsurance viable solutions given the market’s mistrust, a rigid legal environment and the high transaction costs.

Given this “public need”, since 2006 the Banco de Comercio Exterior de Colombia- Bancoldex working as a state developing agency included, as part of its strategic plan, the use of a banc assurance scheme, to supply microinsurance to Colombian small business-entrepreneur under market conditions.

With this purpose at hand, Bancoldex designed the “Futorex – Insurance for the micro-businessmen” a program in association with the Munchener Ruck and Surameriacana life Insurance Company. Its first product “Futorex – Life” was launch in November 2007. Currently, under this program, new insurance products are being developed to benefit small business-entrepreneurs and their families.

What is the aggregate value of this microinsurance program?

Its consolidation function, based on the microinstitucion net through which the credit is made available for small business, to make people trust in the insurance companies and to reduce the transaction costs.

This is not the only effort that has been made. In September 2006 Bancoldex made official the creation of the investment program “Banca de las Oportunidades,” a state policy whose objective is to promote the access to financial services, among them microinsurance, to low income population, small business-entrepreneurs and enterprising incentives. This policy includes three components: environment and regulation to promote access to financial services,

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support to the supply and demand for financial services and support for the “Banca de las Oportunidades” net.

Regarding microinsurance, this public initiative is focused on determining the main obstacles that influence the supply of massive financial products to low income segments, such that, through the Government’s support, adequate tools for the creation of a favourable environment that allows supply and demand to meet.

Therefore, the “Banca de las Oportunidades, offers necessary research studies for the proposal of regulatory changes, and generates the incentive that the market requires for the design and implementation of microinsurance under sustainable conditions.

These two successful experiences are only an example of the interest the Colombian Government has to support a sustainable supply of microinsurance for low income population.

### **Key messages:**

- The microinsurances are special products that the State should intervene in order to make that supply meet demand in an economically sustainable way.
- The State may promote confidence growth between the insurance companies and the insured.

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