

Summary

Microinsurance Conference 2008

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Centro De Convenciones y Exposiciones
Cartagena, Colombia



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Session 1 – Distribution

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Microinsurance from a Microfinancing NGO perspective – Experience of the World Women Foundation (FMMB) at northeastern Colombia.

Permanent innovation of the Product Portfolio is an issue of permanent concern at the World Women Foundation (FMMB) in Bucaramanga. Therefore, this foundation decided to enter to the non-financial sector of microinsurance since the year 2003. The foundation is conscious that microbusinesspersons are one of the most vulnerable populations since any happenstance can affect negatively their patrimony, business or family. Therefore, the foundation offers insurance options with no parallel in the Colombian context.

Our present microinsurance portfolio is the result of progressive evolution since it does not only have life insurance policies but also has strengthened to become a comprehensive offer that provides voluntary access to funerary insurance policies and coverage in case of material damages. Our products have been tailored according to the needs and economic possibilities of our customers who are microbusinesspersons classified in the social strata 1, 2, and 3 within the northeastern Colombian population, especially single mothers who are the heads of their own families.

The objective of our presentation is to share our experience, results, and lessons learnt during these 5 years acting as an intermediation channel in the field of microinsurance and demonstrate with facts that these products are not only a viable and profitable opportunity for the insurance industry but also entail a huge social responsibility in our country: An appropriate development of the microinsurance sector becomes an effective tool to decrease poverty indexes in our population.

Key messages:

- The experience of the World Women Foundation (FMMB) is an example ensuring that microinsurance in Colombia is a viable and profitable activity for the insurance sector.
- An important challenge faced by the insurance sector to encourage the efficient massification of microinsurance is the development of a strong insurance culture program both at training and information levels, addressed to the low-income sector of the population. If this strategy is not applied, the commercialization process shall confront serious obstacles to become efficient which, in turn, is reflected in the increment of commercialization costs for final customers.

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- In order to attain success in the microinsurance program, customers themselves have to determine their economic characteristics and possibilities. On the other hand, the insurance industry has to break down the existing paradigms and open themselves to coverage innovation and process adaptation in order to ensure the access of this segment of the population.
- IMF's are efficient allies in the intermediation process in order to broaden massification of microinsurance at short term. Nevertheless, it is understood that the commercialization activity developed by IMF acting as a distribution channel implies high intermediation costs in order to attain the massification objective. These costs are paid and/or shared by the insurance sector.

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