



Microinsurance
Learning and
Knowledge

Mapfre Colombia: In-kind Funeral Cover

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MILK Project

Client Value

- Direct / indirect
 - **Added value, either**
 - When claims are made, or
 - By changed behavior (if trusted)
- Expected value
 - Financial value
 - Service value

Business Case

- Capital + Resources → Commercial rationale
- Benefits / costs / risks in balance over time
- Insurer / Intermediary / Channels

Methodology

CLIENT MATH

- ✓ Issue selection
- ✓ Identification of partner
- ✓ Interviews (30/30)
(identification)
- ✓ Consistent questionnaire
- ✓ Qualitative understanding
- ✓ *Causality and Equivalence?*

BUSINESS CASE

- ❖ Identification in clusters
- ❖ Introductory visits
(channel)
- ❖ 5 years of detailed data
- ❖ Local Representatives
- ❖ Quarterly data
- ❖ *Costing assistance*

Value added to partners

MILK Briefs, Condensed MILK, Synthesis

“Seguro Exequial”

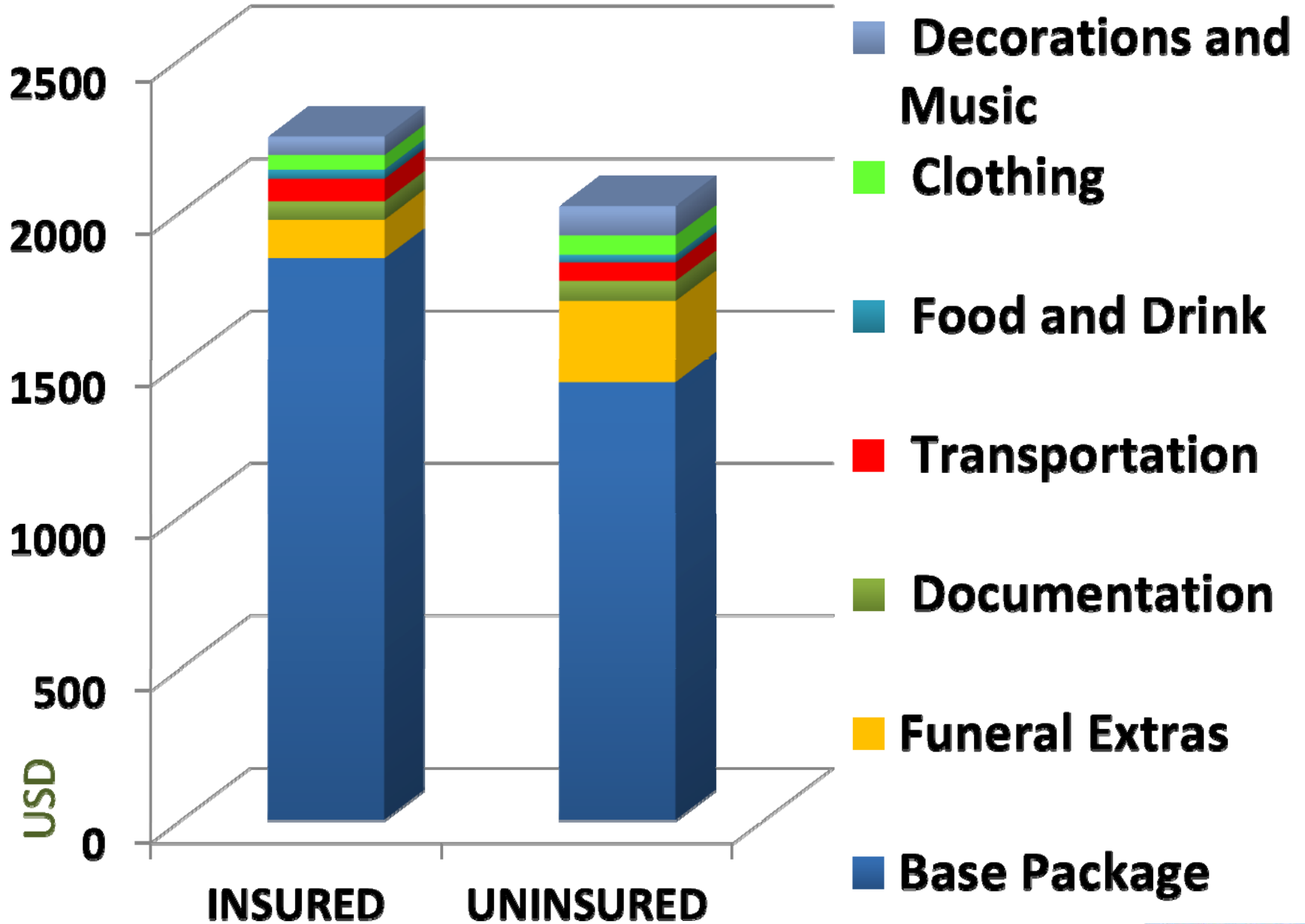
- Standard funeral package
 - Several affiliated funeral homes
- Support of a family assistant, helps:
 - Organize the funeral (incl. body transport)
 - Manage documentation
 - Mapfre response to clients not making claims
- Premium
 - USD 3.63 / month
 - Covers: Primary, spouse, kids <26 years
- Delivery
 - Condensa (utility company) (90%)
 - Available to all, designed for low-income
 - Voluntary
 - Door to door sales force
 - In and out bound call center

MILK Brief #8: Doing the Math - Cashless Funeral Microinsurance in Colombia

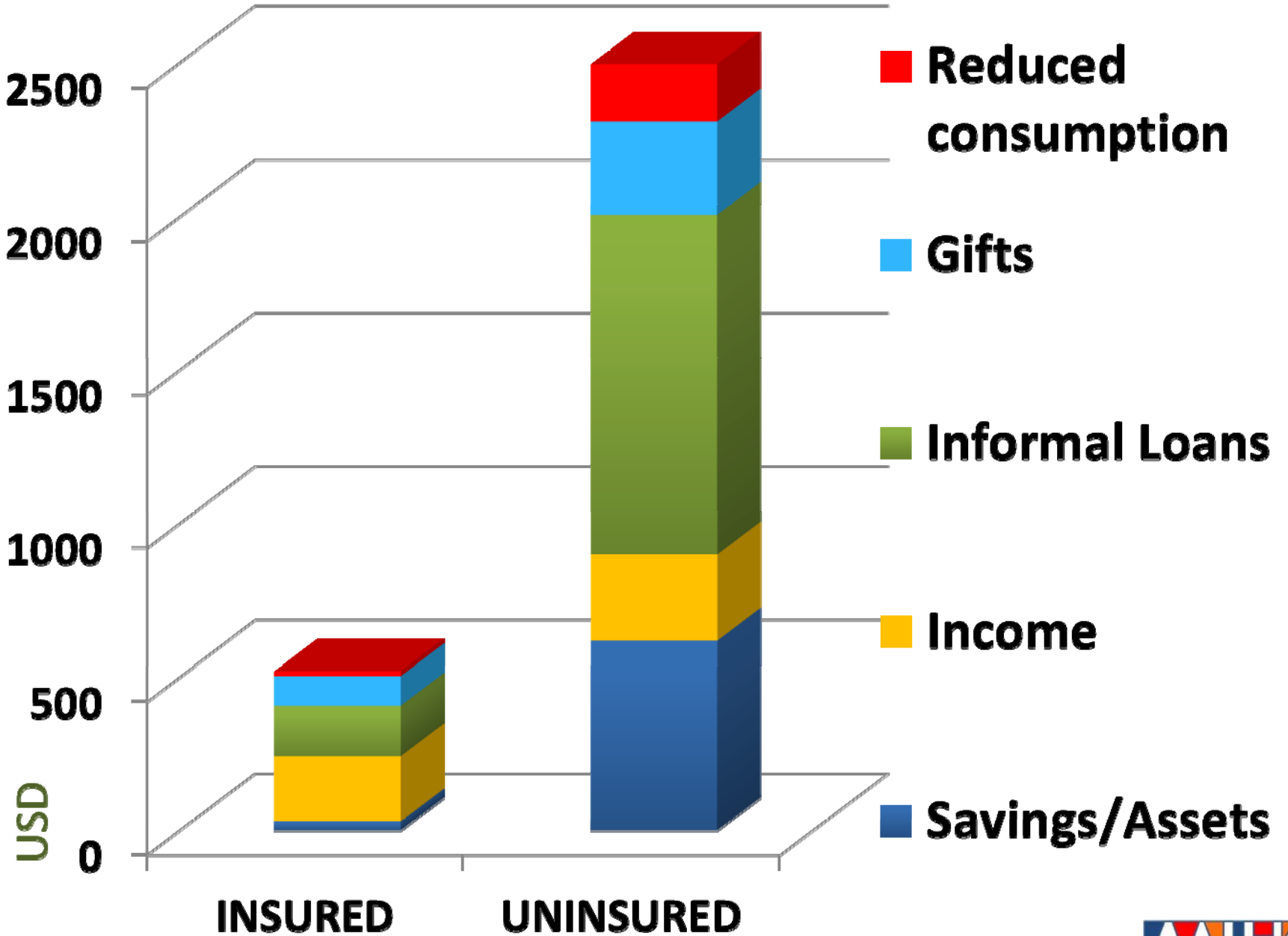
<http://www.microinsurancecentre.org/milk-project>



Funeral Costs

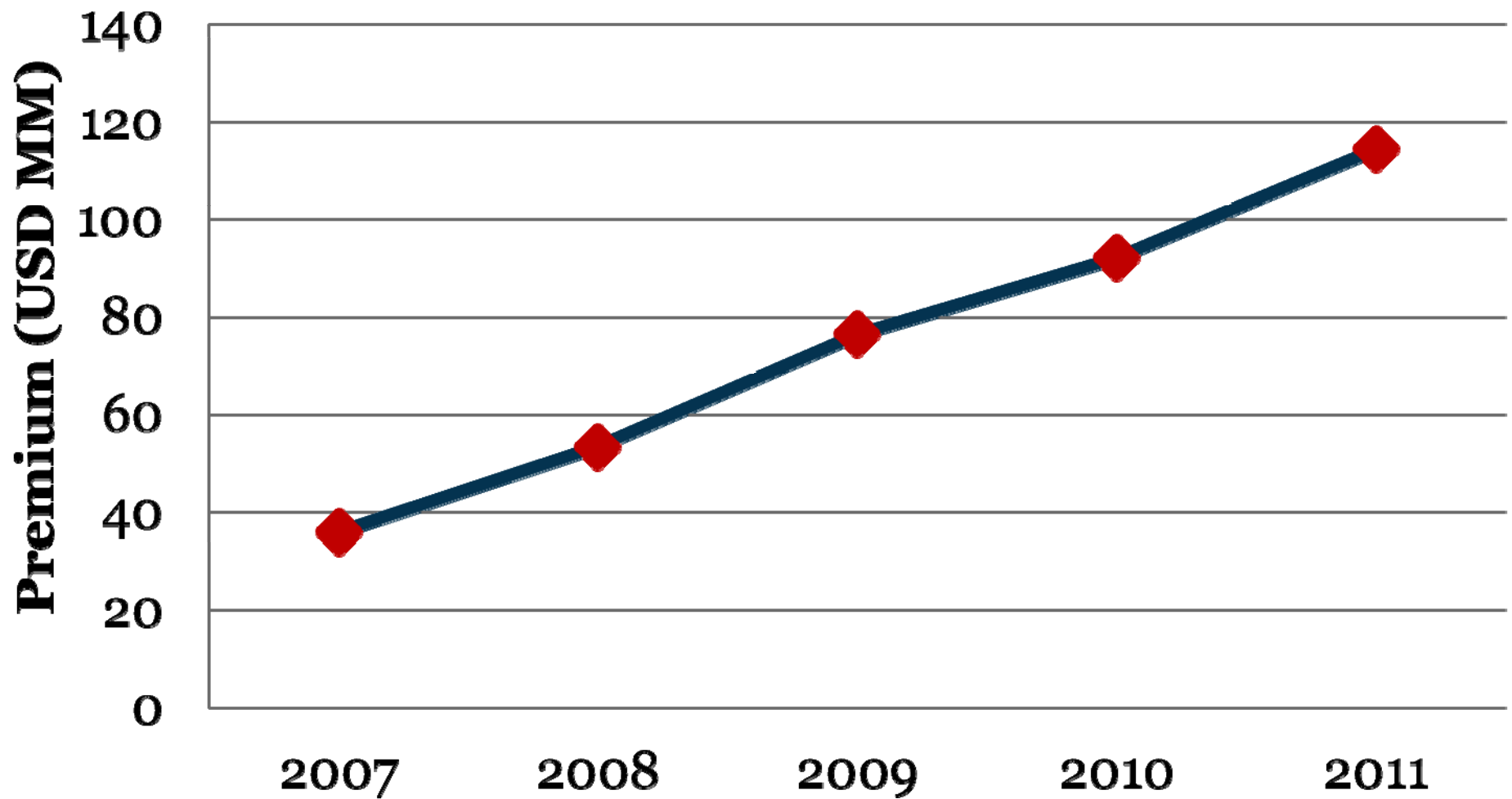


Financing sources

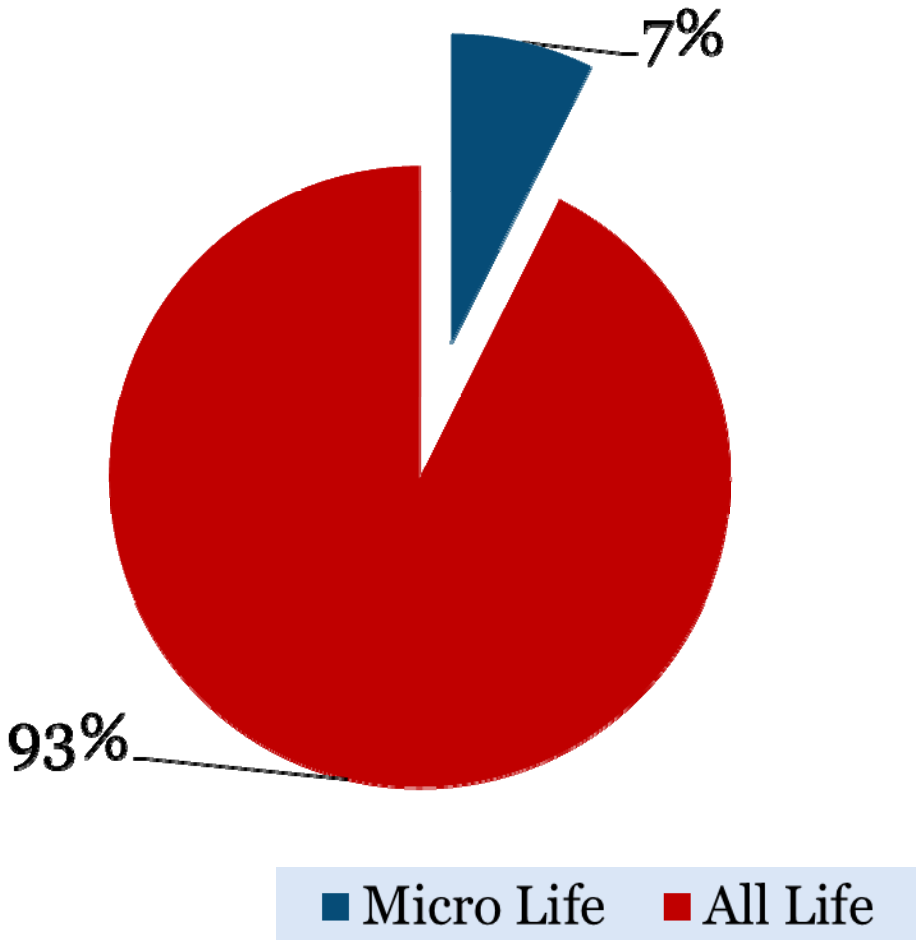


- Financial Value
 - Most financing needs were covered.
 - Insured used fewer & easier tools
 - Insured protected savings / assets
 - Fast settlement (cashless)
 - Uninsured suffer medium to long term
- Service value
 - Support of a family assistant added value
 - More claims
 - Less lost work

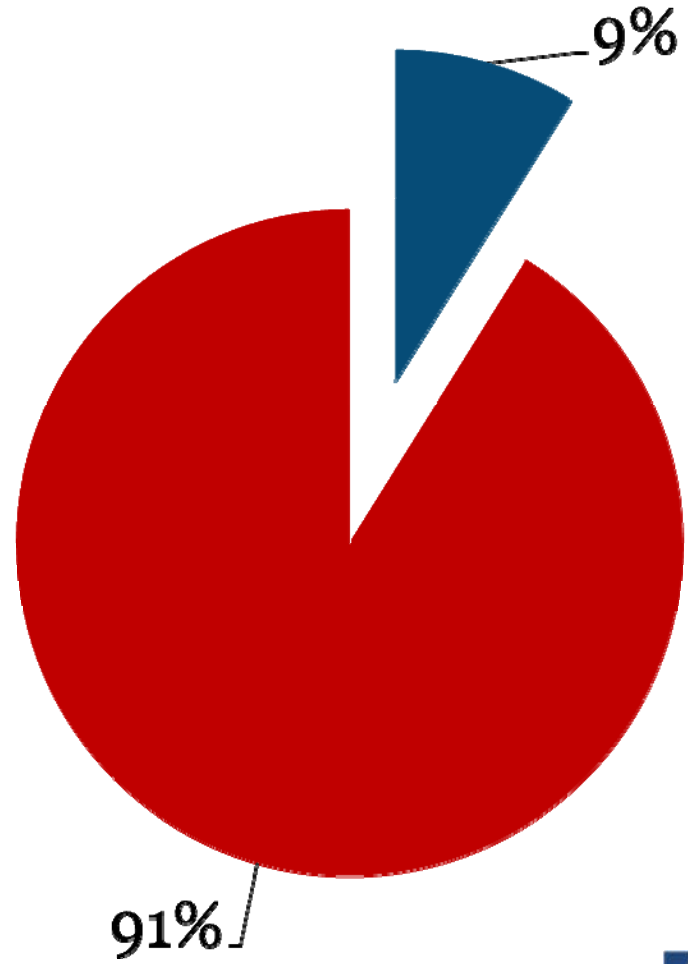
Growth of the Life Microinsurance Sector in Colombia



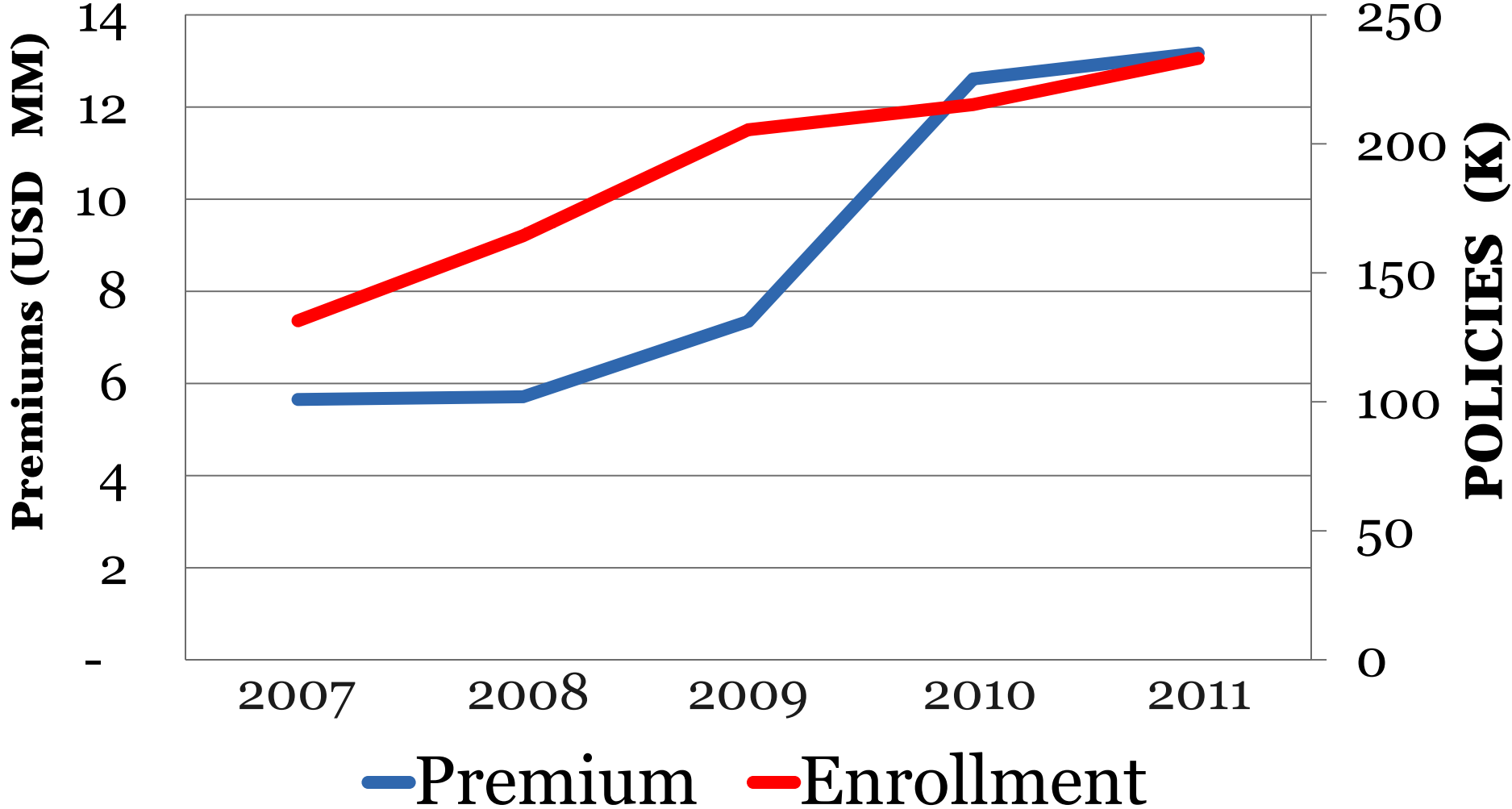
Colombia Micro Life Insurance Premium % of Total Market



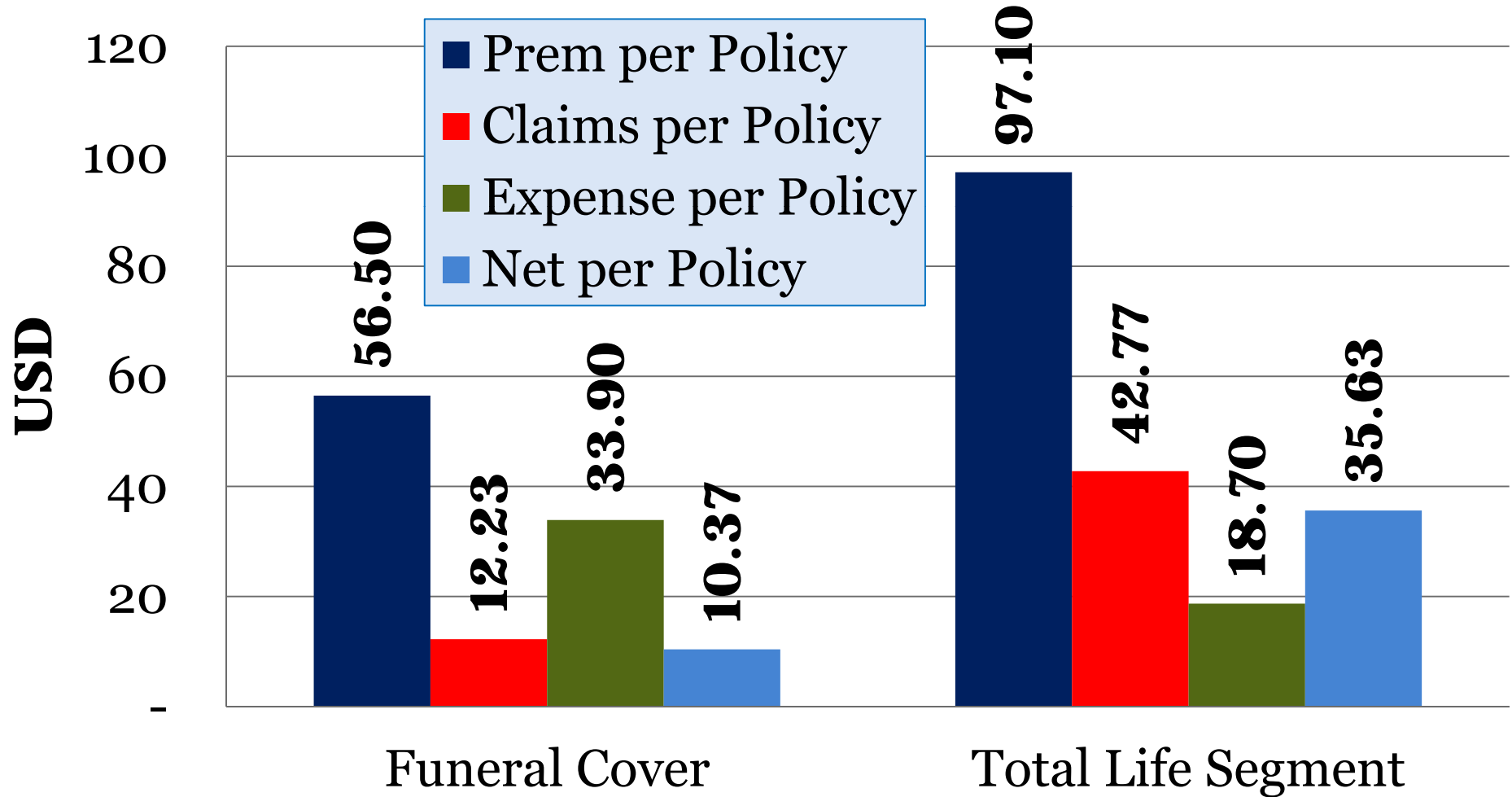
Colombia Life MI: Net Income % of Total Market 2011



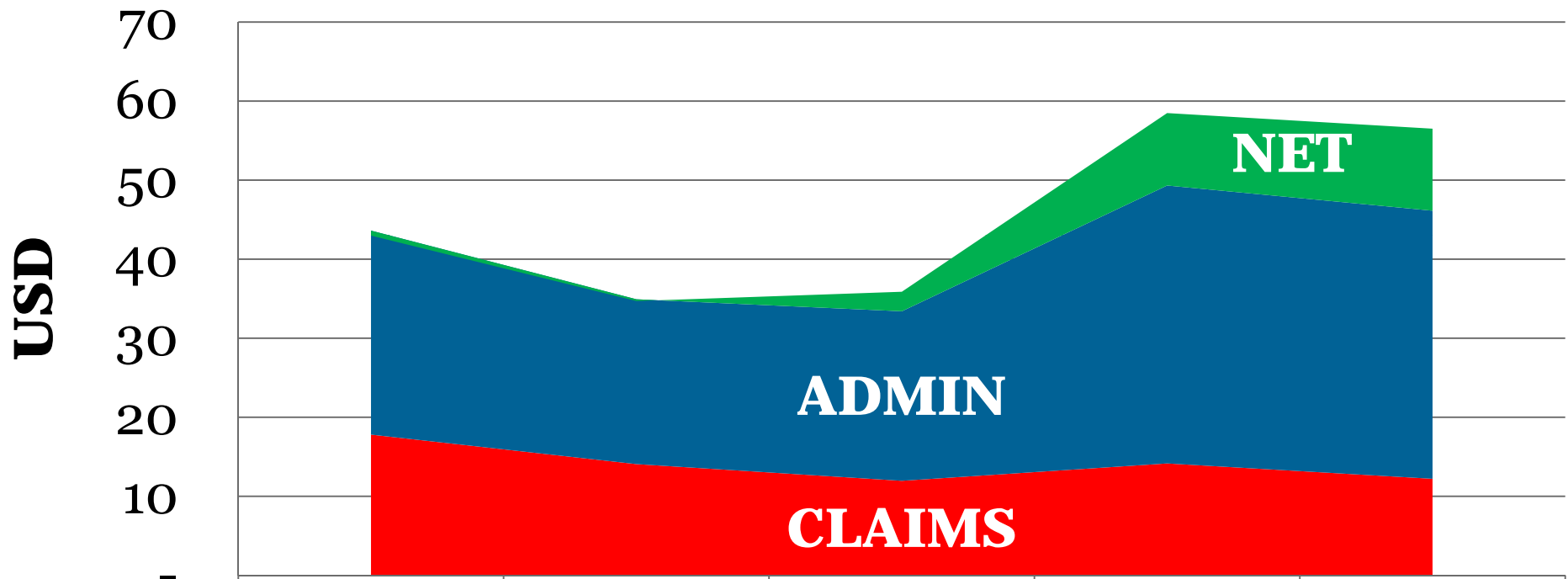
Mapfre Growth of Funeral Cover Premiums & Policies



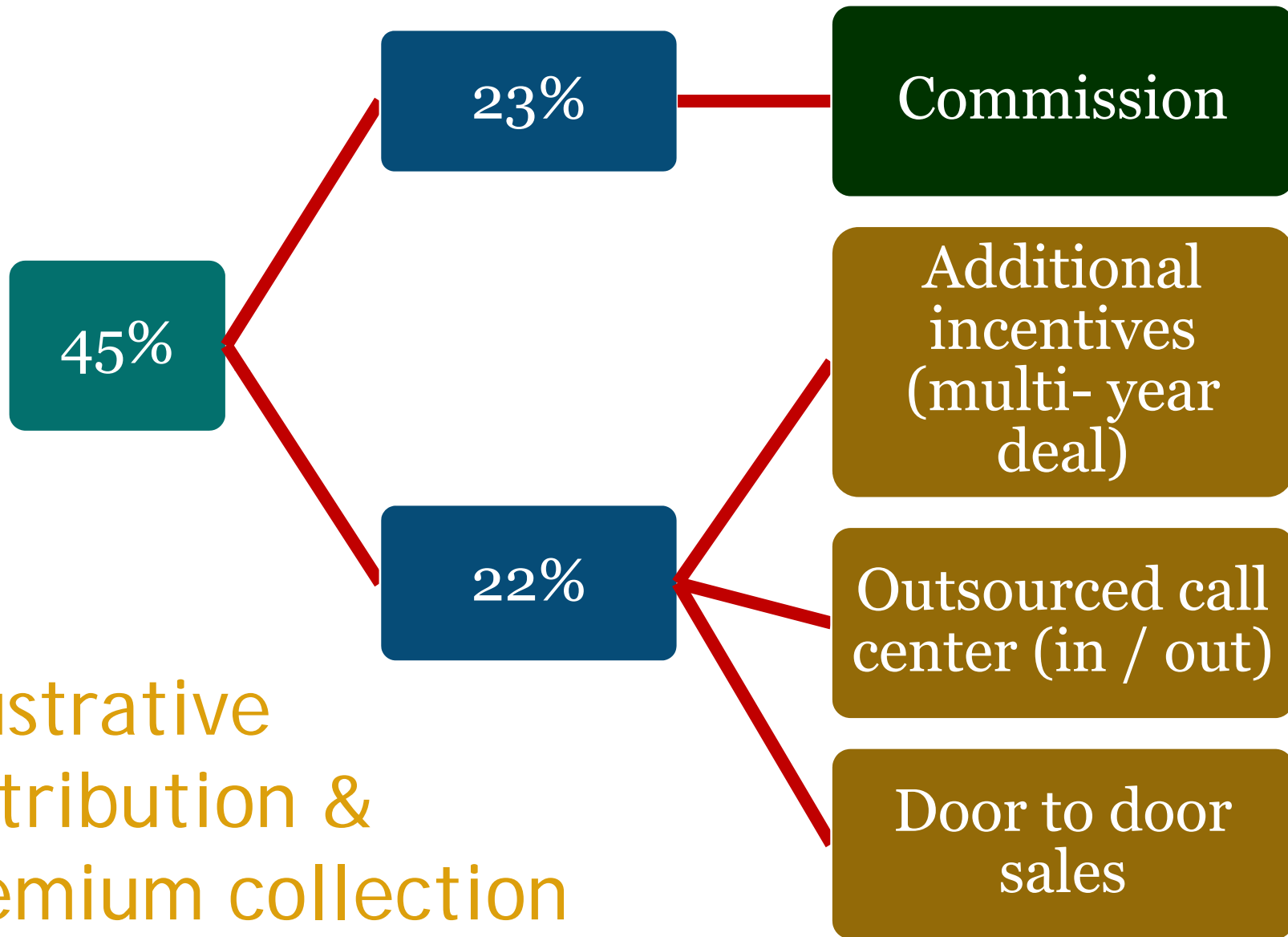
Micro Funeral Cover Vs. Total Life Segment 2011



Mapfre Micro Funeral Cover 2007-2010 (per policy)



	2007	2008	2009	2010	2011
■ Net	\$(0,63)	\$(0,22)	\$2,47	\$9,16	\$10,37
■ Admin	\$25,80	\$20,84	\$21,45	\$35,15	\$33,90
■ Claims	\$17,80	\$14,08	\$11,96	\$14,17	\$12,23



Illustrative
distribution &
premium collection
costs

Business Case Lessons

- Profitable over **time** and **scale**
- Facilitated by **first mover benefits** (MI and utilities)
- Success is clearly linked to **distribution**

Conclusions

- Strong value for claimants
 - Financial – versus uninsured
 - Service – family assistance
- Fair value for insurers
 - Profitability over time and scale
 - About 18% MI funeral
 - 37% for Mapfre traditional market
 - 28% MI life across industry
- Claims ratio dictated by delivery (22%)

The MicroInsurance Centre

"Developing partnerships to insure the world's poor"



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www.MicroInsuranceCentre.org

