

Summary

Microinsurance Conference 2008

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Centro De Convenciones y Exposiciones
Cartagena, Colombia



**Munich Re
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From Knowledge
to Action



Session 1 – Distribution

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Public Utility Companies: massive and efficient distribution channels of microinsurance products

CODENSA is the largest electric power distribution company in Colombia, reaching, approximately 22% of the national demand, with around two million clients in Bogotá, and 94 municipalities in Cundinamarca, one in Boyaca and one in Tolima.

It is one of the public utility company pioneer the world in the implementation of models the reach the population in the bottom of the pyramid.

Taking advantage of its distribution network it implemented Codensa-Hogar, a business unit that facilitates the access of low income segments to products that improve their live standards, from microcredits that allows them to purchase household electrical appliances, to microinsurance products that prevent families from falling under the poverty line conditions.

Mapfre – Codensa alliance (results from 2001 to 2008)

Through this alliance more than 300.000 families make monthly payments of insurance products with their electricity bill, 90% of which belong to social strata 1, 2 and 3 families have a microinsurance. The 33% of the insurance sales made through this channel are funerary services, followed by the extended warranties (24%), life (18%), household (15%) and personal accidents (10%).

So far the company has received more than \$50.000.000.000 Colombian pesos in premiums and more that 30.000 claims paid.

We have developed new products adjusted to the needs of the population in the bottom of the pyramid. An example of this is our life insurance product, which offers a lump sum and a monthly income for 12 months to be used to buy the basic food needs or pay the education feeds. This product covers the risk of death for any cause beginning mid night of the day of the first payment.

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COVERAGE:

Day 1	– Accidental dead, suicide and homicide
Day 46	– Dead due to not serious illness
Day 181	– Dead due to serious illness
Day 366	– Dead due to Cancer or Aids

ENTRY AGE AND PERMANENCE

Principal insured :

18 years minimum, an 70 years maximum, indefinite permanence

Spouse:

18 years minimum, an 70 years maximum, indefinite permanence

Children:

1 year minimum, 25 maximum, and 25 years and 364 days permanence.

PRODUCT ADVANTAGES:

In contrast to other life insurance products (that only cover until the age of 70) the permanence in our product is indefinite and attached to the premium payment.

The clients may be able to insure pre-existing conditions.

We do not demand for an insurance declaration.

There are no activity restrictions, we insure policemen, soldiers and security guards.

There are no zone restrictions, we insure people who live in places with public order conflict.

Key messages:

- 1) Innovation
- 2) Integration of technology
- 3) Commercialization (sales channels)
- 4) Invoicing and collecting
- 5) Products: life, funerary services, extended warranty, personal accidents

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