

Summary

Microinsurance Conference 2008

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



Session 1 – Distribution

Isabel Cruz, AMUCS, Mexico
The Rural Social Network of Mexico

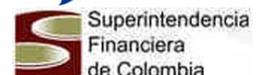
In most developing countries, poverty concentrates in rural areas. In México, more than 10 million people live in poverty conditions in rural areas, mainly natives. More than having low incomes, this population are in vulnerable conditions. “Shocks” cause hard income deficits and catastrophic costs, that cause a downscaling move below the poverty line. It has been shown that microinsurance can help to promote the development of these regions and the decrease of these vulnerability conditions. However, the distribution of these services faces big obstacles: Cultural barriers (in Mexico, more than 60 native languages are spoken, some religious believes are a big barrier, etc), dispersion of the population, lack of infrastructure (transportation, communications, telephone, etc). Urban distribution channels are not useful for rural areas. To reach this population, the Mexican Association of Social sector credit Unios (AMUCSS), designed a specific distribution model: The Rural Solidarity Network of Microinsurance (RESMIR). The initial hypothesis even when rural areas lack distribution channels, they have strong social networks and base organizations that are active in many fields. (cajas solidarias, organizaciones de productores, de mujeres, etc.). AMUCSS model is different from those models of massive distribution because it gets rid of intermediaries. It creates a distribution network through base organizations and a solutions network (contratos con aseguradoras, constitución de mutuales, etc.). This is so, because the needs of clients vary significantly from each other (Life, health, agricultural, property, pensions, education, etc) a

RESMIR has four pillars: Research (know your clients needs) to identify adequate products for the market; Negotiation (contracts with insurance companies, self assurance funds, trusts, etc.), Performance and training (the strategy consists in training basic organizations, that are education channels for its members).

Transaction costs are reduced because of the support in existing infrastructure (Basic organizations on one hand, and insurance companies on the other one), technological use and the design of products.

We propose to present the model that is applied in Mexico since August 2005 (32,000 poor rural families are covered by a life microinsurance product, with premiums starting from USD\$2,5 per month.

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Key messages:

Participative network.

Upscaling.

Promote the rapid creation of new products to be introduced in rural areas.

Strategic partnership.

New technologies.

Microinsurance Conference 2008

Isabel Cruz,
AMUCS,
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