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CASE BRIEF: **FIELD ACCIDENT INSURANCE - PROFIN FOUNDATION**

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Description: Field Accident Insurance is an initiative executed by the PROFIN Foundation in Bolivia with the support of the Swiss Cooperation. The product is marketed through sports associations and it covers players for injuries that may occur during official matches.

Products offered: Coverage of medical expenses for accidents occurred in official soccer, basketball and volleyball matches.

Distribution channel: Sports associations

From the design phase to achieving inclusive insurance for those who really need it, companies that have embarked on this path must overcome great challenges. This is especially the case in jurisdictions that do not have a regulatory framework that facilitates the development and commercialization of these products. In Bolivia, the Foundation for Productive and Financial Development (PROFIN) found that the key to achieving sustainability lies in being able to design and adapt products and strategies to the needs and interests of both the client and the relevant stakeholders.



PROFIN Foundation is an NGO with more than 20 years of experience in the development of programmes and initiatives that seek to improve the quality of life of people from vulnerable segments in Bolivia through innovation and financial inclusion. In 2018, the Inclusive Insurance Project, funded by Swiss Cooperation, designed and marketed accident insurance for amateur field sports players. Currently, the product has managed to establish itself as a benchmark in the insurance industry, protecting more than 9,000 players and at the same time encouraging other insurers to develop similar products.

A VULNERABLE POPULATION

PROFIN Foundation identified that in Bolivia there are more than 20,000 athletes who are considered a vulnerable insurance market segment. Currently, the health system does not cover any medical expenses for accidents that occur on the fields. In addition, many of these players do not have the financial resources to be treated by private doctors. This situation has led to some players not receiving adequate treatment, and sports associations have to raise funds through activities such as bazaars to be able to cover medical expenses for players who are injured.

IDENTIFYING STAKEHOLDERS AND THEIR INTERESTS

Clients: Amateur athletes are prone to injuries such as sprains and muscle or tendon tears and in some cases even fractures, which if not cared for adequately can lead to more severe complications. PROFIN Foundation sought to help non-professional players who did not have the resources to cover medical treatment for the most frequent injuries. PROFIN Foundation had to develop a policy for low-income clients who require immediate and quality medical care; at the same time, it had to generate awareness in a population with little understanding about the importance and workings of insurance.

Insurance companies: For the commercialization of the product, PROFIN Foundation needed the support of an insurer interested in acquiring the product as part of its portfolio. The challenge was to structure a product that was profitable for the companies, with a business model that minimized moral hazard and allowed the company to have control over expenses.

Medical care network: To guarantee the added value of the product, PROFIN Foundation looked for an insurance company that had a medical network with the capacity and sufficient coverage to quickly and efficiently attend to injured players, and thus guarantee the use of the product by the insured.

Sports associations: Associations would play a fundamental role as a channel to market insurance policies and to educate teams about the importance of the product. They would also be the channel for collecting premiums under the group policy modality. As a commercial strategy, the policies are issued in the name of the sports association, which are in charge of making the payment of the policy with their own resources or collecting the value of the premium from each of the players. Additionally, the associations would be a source of information on frequent injuries and medical care expenses required for the development and monitoring of the product.



IDENTIFYING STAKEHOLDERS AND THEIR INTERESTS

Convincing the insurance companies

PROFIN Foundation was able to count on the support of Nacional Seguros Vida y Salud S.A. for insurance marketing. It convinced the insurer (which had expertise in similar products) by showing the associations' data, which demonstrated the profitability of the product and control over the accident rate. Additionally, having a medical assistance network was effective in controlling expenses by insurance companies. Further, to reduce moral hazard, the sports associations had a doctor and a delegate in each game. These two figures became control agents to guarantee that the injury actually happened during the match they were auditing.

Convincing sports associations

One of the biggest challenges was convincing association management of the importance of insurance, since they had limited resources for the team and saw insurance as an additional expense. The work of socialization and awareness was arduous, but by having the support of the insurer, showing insurance as an investment (comparing them with the expenses incurred by the association to cover medical expenses for accidents), and incorporating a medical assistance network, PROFIN Foundation managed to add credibility to the product.

Product adaptability

The product had to be restructured from the initial idea to make it more convenient and simple. The coverage had to be adjusted to align with current regulations and the payment capacity of clients. The result was a policy that strictly covers accidents on the court, has a cost of USD 1.50 per year per person and an insured amount of USD 500 for medical expenses and USD 1,000 in case of death. This value would cover medical expenses for most fractures, injuries, and minor surgeries. For higher-grade surgeons, the player or the association must cover expenses that exceed the insured value. To facilitate the provision of the service, the insured has a card that identifies him in all the care centres. In the event that the service is provided in a medical center outside the network of partners, the insured is reimbursed for the expenses up to the limit. Although it is unusual, some accidents that happen on the court may only become manifested days after the game. In such cases the policy also covers the player.

PRODUCT SUCCESS

A year after its launch in 2018, PROFIN Foundation managed to reduce the premium by 50%, from USD 3 per year per person to USD 1.50. This was possible thanks to the volume of policies issued (2,500 people approximately). At the beginning of the project, the product only covered indoor soccer players, but the coverage was adapted to include other sports. This included basketball and volleyball; sports in which more women participate. In parallel, the work of PROFIN Foundation has promoted the visibility and importance of insurance with a social issue. Another Bolivian insurance company took advantage of the potential of the product and has since launched a similar product.

Currently PROFIN Foundation has insured around 9,000 players. Thanks to the support of the insurer and the presence of the health care network throughout the country, it aims to reach 20,000 policies in the coming years. The ongoing pandemic has unfortunately left many sports fields empty, which has also resulted in a drop in policy renewal. Even so, PROFIN Foundation is working and evaluating the changes that must be considered to adapt the product and its business model to overcome the crisis.



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The ILO's Social Finance Programme works with the financial sector to enable it to contribute to the ILO's Decent Work Agenda. In this context, we engage with banks, microfinance institutions, credit unions, insurers, investors and others to test new financial products, approaches and processes. The Impact Insurance Facility contributes to the Social Finance agenda by collaborating with the insurance industry, governments and partners to realize the potential of insurance for social and economic development.



Prudential



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Activities undertaken by the ILO's Social Finance Programme on financial risk management associated with health-related risks are intended to complement the ILO's position on social health protection and universal health coverage, which are the responsibility of the public sector. These innovation projects are aimed at testing new financial products and processes to extend health cover to unserved population groups and/or provide complementary benefits. The basis for such financial risk management innovation is captured in ILO Recommendation 189, which states the freedom "of Members to determine whether there is a need for supplementary measures as regards social protection, such as voluntary schemes, cooperative initiatives and others".