



# ► Social Finance Brief

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## Segurísimo

### Developing inclusive insurance in Colombia

#### Overview

- Segurísimo is a low-cost, easy-to-claim modular product aimed at the vulnerable, rural or traditionally excluded population, which covers both the policyholder and the beneficiary.
- The basic coverage of the product is accidental death, but it also provides the insured with the possibility of selecting two of the following additional risks: complementary module for accidental death, mutilation or dismemberment, floods, hospitalization, aid for medical expenses due to stings, fractures, burns or bite of poisonous animals and disability.
- The product can be purchased for a value of around 24,000 Colombian pesos (US\$5.98) every six months.
- The product is distributed through insurance agents and Seguros Mundial

## Insurance gap in rural Colombia

According to the [2018 Insurance Demand Study](#) (Banca de las Oportunidades, Fasesolda and the Financial Superintendence) a low percentage of Colombians have at least one voluntary insurance. As in many other countries, the ownership of these insurances differs geographically. The coverage percentage is higher in cities with 30 per cent, compared to municipalities and scattered rural municipalities, where the population that has at least one voluntary insurance is 22.1 and 15.5 per cent. The above demonstrates an opportunity to provide the population with support through an inclusive product in order to reduce this protection gap by bringing insurance solutions tailored to the most vulnerable households.

In line with the above, Banca de las Oportunidades, in collaboration with the ILO's Impact Insurance Facility and the Federation of Colombian Insurers (Fasesolda), in 2020

as part of the **Más Seguro, Más Futuro** (More Insurance, More Future) programme, developed a competitive fund with the objective of supporting the implementation of projects that contribute to the strengthening of the inclusive insurance offer in the country. Seguros Mundial, a Colombian insurer with 48 years of experience in specialized insurance, was nominated as the winning company of the competitive fund, who through its "Segurísimo" product proposal, saw the opportunity to develop an inclusive insurance that will help people and contribute to closing the protection gap.

## What can we do for people to use the insurance?

To develop a customer-centric product that could meet needs and create value for policyholders, the Seguros Mundial team conducted field visits to small towns in Colombia, where they listened to the rural population in

central squares, interviewed shopkeepers and even shared with people from the villages to better understand their culture, needs and identify the elements that would be incorporated and would shape the product.

## Segurísimo

Basic elements such as the name and image of the product were chosen in response to the characteristics of the rural population in Colombia and the rural population that for various reasons found it necessary to migrate to the urban sector. The word “Segurísimo” (“Very safe”) seeks to convey confidence in the product in response to the perception that this population has about a possible non-payment of compensation by the industry. In addition, to highlight the protection element of the product and further strengthen the bond with the population, the product’s character is a peasant who assimilates a superhero and incorporates elements of Colombian culture, among them the traditional *ruana* poncho and the *vueltaio* hat.

## I bought insurance, but never used it!

The co-creation exercise with the population allowed Seguros Mundial to identify that, in underserved populations, the non-affectation of the policy negatively impacts the customer experience on the perception of the insurance benefit, resulting in a reduction in customer satisfaction. In response to this need, Seguros Mundial expanded the risks of the coverage according to the needs of each person, and thus be able to make the insurance more tangible to its clients. This is how “Segurísimo” was born, the first and only modular insurance in Colombia that, considering the behavior of the population, offers the insured the possibility of customizing coverage according to the exposure they perceive against the following risks:

- **Death:** All products have basic coverage that compensates the insured, informed beneficiary or children, with a payment of 400,000 pesos (US\$99.63) for 36 months to cover both direct and indirect expenses. Additionally, in response to the importance that the family represents in these populations, the possibility of an additional module of an immediate payment of 1 million pesos (US\$249.07) is offered in case of accidental death of any of the family members. (insured, spouse, children under 25). This payment seeks to be a quick and timely support to help the

family cover the immediate expenses due to the death of a relative.

- **Dismemberment:** In the event of this incident, monthly rents of 400,000 pesos (US\$99.63) are covered, which can range from 18 to 36 months, depending on the affected area.
- **Flooding:** In Colombia, the lower-income populations usually live near streams and rivers that, when they present heavy rains, give rise to overflows that significantly affect these populations. With this payment of up to 150,000 pesos (US\$37.36) it is sought that families can temporarily move to another place, while the flood passes.
- **Medical disability:** Regardless of the nature of the health service provider, from the third day of disability, the company pays 15,000 pesos (US\$3.74) per day for up to 10 days. These funds seek to guarantee that the person can complete their recovery period given the strong need that these populations experience to continue working during periods of disability.
- **Hospitalization:** This coverage was designed with the objective of offering protection to both formal and informal workers, the latter being of special interest due to the impact that each day of hospitalization has on their income. Additionally, this claim covers not only the hospitalization of the insured and beneficiary, but also that of children under 25 years of age, with payments of 25,000 pesos (US\$6.23) per day from the second day of hospitalization for up to 10 days. This scheme seeks to ensure that the policy holder, their beneficiary or their children can recover calmly from their hospitalization and additionally perceive that the company is aware that having a hospitalized family member (beneficiary) affects the productivity and dynamics of the family.
- **Help with medical expenses** for stings, fractures, burns or bites from poisonous animals.

The modular insurance scheme allows the client to have a reasonable expectation about the possibility of the occurrence of some of the risks covered by the policy, and therefore there is also a greater expectation about the use of the coverage. In other words, modular insurance gives the client the possibility to select his risks when purchasing the product, because he makes an assessment of the same risks he faces on a daily basis and has the expectation of using the coverage that the client needs. In addition, this strategy has also been beneficial in terms of insurance education, since by involving the client in the product sales process, they must evaluate their exposure

to risk and the benefits of each coverage, guaranteeing a better understanding of the product.

To help clients manage the money received for compensation, the company decided to split the compensation payment into monthly rents for some of the risks; For example, in the case of dismemberment, payments of 400,000 pesos (US\$99.63) are made for 36 months, given that, according to psychology, people who suffer from dismemberment require significant time to assimilate their new situation or context.

## Learning highlights

### Inclusive insurance, everyone's commitment

This is a product that was created from the company's human talent area, which did not have the appropriate infrastructure to build the product, but thanks to its experience interacting with and understanding the customer, it managed to build a higher purpose and align it with the collective value. In addition, despite the fact that Seguros Mundial has 48 years of experience focused on developing specialized lines of business, in recent years they have changed their organizational strategy with the aim of incorporating inclusive insurance into their portfolio, which has resulted in a change in the internal dynamics and culture of the organization, as well as the relationship with its customers.

### Business alliances

As for many inclusive insurances, marketing is not easy when the commission is so low, therefore, success lies in being able to propose collaborative models of sustainability with strategic allies that understand the benefit that these products provide to the community. This strategy changes the experience and allows the interests of the parties to be aligned. For example, Seguros Mundial presented the product to the National Federation of Coffee Growers of Colombia, who saw the opportunity to offer this coverage to coffee farmers as an instrument to transfer peace of mind to them and their families, which aroused interest in carrying out a strategic alliance. This same situation was replicated by working jointly with the Motocarros Transport Association, who saw in this product a way to generate value for their

members and strengthen their relationship and loyalty to the Association.

### Population paradigms – “That does not happen to you”

For Seguros Mundial it has been difficult to break paradigms, in Colombia some people consider that buying insurance is calling misfortune, or even some consider themselves immune to risks. This thought forced Seguros Mundial to work differently, they had to develop a strategy to efficiently communicate the product, for which the support of the company's human talent department was instrumental. Currently, the product is sold by people who have managed to translate the insurance elements into a simple and familiar language for customers, this has made the population believe more in the product and in the company. In addition, Seguros Mundial is aware that the best way to make its product known is by guaranteeing prompt and timely payment of claims.

### COVID-19

The health crisis has been a challenge for the entire industry, including Seguros Mundial, especially in the consolidation of alliances for the marketing of "Segurísimo" throughout the territory. However, the company has prepared for 2022, advancing in the development of an application to facilitate the confirmation of customer data when purchasing the product. Additionally, the opening of the correspondent channel is being made feasible, as well as the collection of the premium through the receipt of public services. This will allow the company to reach more customers and make the process of buying and paying claims easier for its policyholders.

Thanks to its strategy and the flexibility of the product to select and personalize risks, this product, in addition to reaching rural populations, has also attracted the interest of the urban population, especially those with lower incomes. Currently, the company has enabled 110 correspondent points and 127 own points of sale nationwide for the commercialization of Segurísimo, achieving coverage of around 532 municipalities, reaching a coverage of 48.23 per cent of the national territory. Additionally, as of December 31, 2021, 4,388 policies have been issued to customers who acquire the product for the first time, and 3,071 policies to low-income people.



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*The [Impact Insurance Facility](#) contributes to the agenda of Social Finance by collaborating with the insurance industry, governments and partners to realize the potential of insurance for social and economic development.*

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