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## CASE BRIEF: **FASECOLDA**

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## FASECOLDA

**Description:** The Federation of Colombian Insurers (Fasecolda) is the trade association of the Colombian insurance sector. Currently it has 34 affiliated institutions, including insurance companies, reinsurance companies and capitalization companies\*. Since its inception, the association has sought to contribute to the development of the insurance sector by representing and defending the interests of the industry through policy formulation and creation of an insurance culture in Colombia that is efficient, sustainable and socially responsible.

Colombia has become a regional benchmark in the inclusive insurance industry. It hosted the first international insurtech seminar, it is recognized for being one of the first countries to collect statistical data on inclusive insurance, and it has an environment that is conducive to the development and commercialization of innovative products.

This is the result of joint work between the public and private sectors that is supported by the Federation of Colombian Insurers (Fasecolda). Fasecolda has provided insurers with tools that have facilitated their understanding of the dynamics of the sector, insights into needs and preferences of the target market and, as a consequence, the development of innovative inclusive insurance. These activities are currently framed under the “Más Seguro, más Futuro” program as part of the Cooperation Agreement signed in 2016 with “Banca de las Oportunidades”, a programme of the Colombian national government that is administered by the Bank of Foreign Trade of Colombia (BANCOLDEX).



Fasecolda has sought to overcome two main challenges through this programme. These challenges are not unique to the Colombian context, but are recurring themes in the region. The limited supply of insurance products for vulnerable segments because of the uncertainty perceived by insurers; and a limited demand due to the distrust that exists in the population about the insurance sector and its products.

### ADDRESSING SUPPLY CHALLENGES

In order to support insurers to overcome the first challenge, “Más Seguro, más Futuro” program identified the importance of training the industry, and improving the access, collection and provision of information on inclusive insurance. The program has supported the industry through seminars, as well as talks and group sessions that served as training and interaction spaces. Thanks to these efforts, companies have included the issue of inclusive insurance on their agenda and they have been motivated to develop new products. For Fasecolda, the success of the trainings lies in knowing how to identify the specific needs of the industry, committing insurers to clear deliverables and sharing experiences from other companies, placing them in the local context.

At the same time, Fasecolda has strengthened the decision-making process of insurers by improving the information available on inclusive insurance. Since 2008, the industry has collected data annually on the supply side through the microinsurance survey and it has provided insurers with valuable information on market growth and trends. It is worth mentioning that the survey developed by Fasecolda was the first in the region, and was the basis used by the regulator for the development of the questionnaire and the indicators currently reported by the industry.

### ADDRESSING DEMAND CHALLENGES

Additionally, in 2018 Fasecolda launched the first [Survey of Demand for Financial Inclusion in Insurance](#). This survey analyzes the current state of inclusive insurance in the country and contrast the results obtained on the supply side. The innovative structure of the survey analyzes insurance products that favour financial inclusion, in four dimensions: use, access, quality and well-being, and assesses the entire process that the consumer follows to purchase insurance.

\* Capitalization companies are financial institutions whose purpose is to stimulate savings through the constitution, in any form, of determined capital, in exchange for one-time or periodic disbursements, with or without the possibility of early repayments by a draw.

The results obtained allowed Fasescolda to visualize the growth potential of the industry in terms of voluntary insurance, especially in low-income segments. In addition, it showed that this market still prefers physical interaction to buy insurance and that their purchase decision is influenced by variables such as coverage, premium cost and payment frequency. It also showed that the population still mistrusts the industry and does not fully understand its products, while also claiming to be dissatisfied with the resolution of complaints or claims. At the same time, the population is aware of the importance of insurance as a mechanism for risk mitigation.



To overcome the second challenge and improve the reputation of the sector, “Más Seguro, más Futuro” program determined that the industry should work on the customer experience and improve the relationship between the industry and policyholders. To meet this objective, it was necessary to standardize the components of the new Complaints Information System for the insurance sector. The Complaints Information System is a sector asset that will allow all insurers to have a better understanding of the reasons for consumer dissatisfaction and thus be able to develop more efficient policies and initiatives to improve the reputation of the sector. With support from the Supervisor and the insurance companies, Fasescolda analysed all complaints reports of the industry to create a classification systems for complaints. As a result, the sector currently has a unique definition for each complaint and has a rapid response mechanism for recurring complaints. One of the positive results is that the time of resolution of complaints is now faster than the one stipulated in the standard.

## MOVING FORWARD

Thanks to the strategy implemented by Fasescolda and Banca de las Oportunidades, Colombian insurers have managed to develop nine proposals for innovative inclusive products that incorporate learnings from all programme components. Two out of the nine proposal have been already launched in the market; the most recent one, launched on August 2020, stands out for its innovative design as a modular personal accidents insurance policy that allows customers’ families to select the coverages that best suits their needs. Recently, a [new call](#) was launched to co-finance projects that boost inclusive insurance supply, the contest will be open until November 6, 2020.

For Fasescolda and Banca de las Oportunidades, having information on the supply and demand side has been instrumental in promoting inclusive insurance in Colombia. The data collected has helped inclusive insurance gain relevance in the agenda of the entire sector. Insurers have been able to understand customer behaviour, identify barriers to consumer use and access, and formulate new initiatives according to their needs.





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