



► Social Finance Brief

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Case Brief: Pacífico Seguros

Inclusive insurance for micro, small and medium enterprises in Peru

Overview

- **Description:** Pacífico Seguros is a leading insurance and microinsurance company in Peru. It is the country's largest insurer in terms of premiums collected and second largest in terms of people insured.
- **Distribution channels:** Financial institutions, service providers and others
- **Microinsurance products offered:** Multi-risk business insurance covering fire, earthquake, civil disturbances, natural disasters and theft; credit-linked life insurance; voluntary life insurance; business protection insurance; accident insurance; cancer insurance; and mandatory insurance against vehicle and traffic accidents
- **Number of customers:** 890,000 microinsurance customers in 2019

Pacífico Seguros is a Peruvian insurance company that belongs to the Credicorp group. It is the leading insurer in Peru for micro and small business owners. In 2009, Pacífico partnered with Mibanco to offer inclusive insurance plans for business owners of micro, small and medium enterprises (MSMEs). Mibanco is the second largest microfinance institution (MFI) in the country with more than 100,000 customers, as of 2019. Through its partnership with Mibanco, Pacífico offers insurance bundled with loans, as well as voluntary insurance products sold through the nationwide network of MiBanco branches.

MSMEs are dispersed throughout the country, largely informal, and have little culture of insurance. In 2009, Pacífico knew little about the MSME segment and faced numerous challenges in implementing insurance for MiBanco's customers. Without sufficient knowledge of the customers, it was difficult to establish the right premium levels and design simple products that met business owners' needs.

Creating a new insurance advisor

Pacífico found that part of the solution to these challenges could be found in its new distribution partner, particularly in the MFI's credit advisors. The advisors had a deep understanding of the MSMEs that made up MiBanco's customer base and soon became key to the success of the partnership. Credit advisors are able to build up trust with business owners through regular contact and gain a real understanding of the health of their businesses. Without this kind of contact, it is difficult to assess these businesses and understand their needs. For example, although MSMEs do not generally keep formal accounting records, they usually have a notebook in which they log their business activities, including sales, purchases, debts and money they are owed—information that advisors can use to see how a business is developing during their visits. The advisors are closely involved with their customers' businesses, keeping a close watch on their progress so that they can also increase credit limits as a business grows. Clients, in turn, see the credit advisors as more

than just administrators of loans. Rather, they are seen as allies who can advise and guide them in their finances.



The credit officer is the face of the insurer

For Pacífico it was important to harness the work of the credit advisors so that they could eventually become insurance advisors as well. In addition to making sales, Pacífico hoped that the credit advisors could take on other insurance functions, like providing information and reporting claims. They were well-placed to provide this kind of customer service in a way that was more direct and more likely to be trusted by the customers.

Co-creating insurance products

An important first step was to include credit advisors as part of Pacífico's process of co-creating insurance products for its partnership with MiBanco. Interviewing the credit advisors allowed the insurer to understand in detail the needs and problems faced by the customers. It was also a vital strategic step in creating a sense of ownership of the insurance products among the credit advisors. When credit advisors felt that they had played an important role in the design of the products, it was much easier to persuade them to become the face of the insurer. They more readily saw the benefits of the products for the clients, as well as the ways in which the insurance could support them in maintaining a healthy credit portfolio.

Giving the right advice

When it came to operationalising the insurance sales, a thorough induction and training process was put in place. At that point, the objective was to train advisors to develop a mindset in which they did not set out to sell a

particular product, but to interview a client about their needs and risks and propose a product to suit them.

The advisors were also incentivized to offer insurance, largely through group incentives which work at the level of teams or offices.

The range of insurance plans offered to MSMEs include multi-risk business insurance covering fire, earthquake, civil disturbances, natural disasters and theft; credit-linked life insurance; voluntary life insurance; business protection insurance; family accident insurance; cancer insurance; and mandatory insurance against vehicle and traffic accidents.

Supporting the client

The advisor also took on various insurance processes, acting as the contact point between the clients and the insurer. This role is most critical when clients come to make a claim. Clients are often unaware of the claims process and required documents, and lean on the support of the advisor throughout the process.

The infographic is set against a light blue background. At the top left, there is a circular portrait of a woman with dark hair. A yellow speech bubble points from her to the text 'How do I request microinsurance?'. Below this, a large green speech bubble contains the text: 'Request it from your business advisor at the time of the credit evaluation or at the disbursement of your loan.' Underneath the green bubble, the word 'Remember!' is written in yellow. Below that, there are two bullet points: '• You must be a Mibanco customer' and '• You must be between 18 and 65 years old'. At the bottom right, there is a circular portrait of a man with dark hair, wearing a white coat and green vest. Below the infographic, the text 'Also, you should know:' is written in yellow, followed by a paragraph: 'This microinsurance has a waiting period of 60 days, which means that, if during this time you are diagnosed with cancer, you will not be able to receive the benefits of microinsurance.'

Example of the materials used by Pacífico Seguros



Floods damaged MSMEs in Northern Peru in 2017

This proved particularly important during a catastrophic weather event in 2017. Excessive rain on the North Coast of Peru led to flooding, damaging the businesses of many of MiBanco's clients. Many clients' homes and business premises were completely destroyed, along with their insurance documentation stored there.

Pacífico Seguros and MiBanco therefore had to switch to a proactive claims approach and to adapt its claims process and documentation requirements. The damage to many businesses was obvious on the ground, and customers had, in many cases, suffered clear total losses. In these cases, Pacífico Seguros removed many of the claims requirements. The advisors took on an important role, reaching out to clients to reassure them and explain how they could make a claim despite the loss of their documents. This was also important for advisors who were anxious to protect the businesses of their clients as well as their own credit portfolios.



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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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