



EKA

**Luis Huerta
Basel
July 2010**

**MARKET STIMULATION
THROUGH GOVERNMENT
INVOLVEMENT**

Governments should NOT:

- Force insurance companies
- Cost free insurance

Governments and Regulators should:

- Give access to public programs
- Facilitate their channels
- Offer tax incentives
- Provide public basic education
- Implement open orientation programs
- Ad Hoc regulation

Felipe Calderón
President of Mexico



CURRENT PROGRAMS



FINANCIAL STABILITY INSTITUTE

BANK FOR INTERNATIONAL SETTLEMENTS



It is possible to generate a partnership between the Federal Government and the Private Sector by making use of the MFIs distribution channel

To bring microinsurance products to the BOP, generates a culture of prevention and combats poverty at the same time

PRONAFIM

MICROFINANCE
INSTITUTIONS

+

AMIS

INSURANCE
COMPANIES

=

MFIs and

MICRO-CREDITORS
DIRECT BENEFITS FOR
MICROCREDITORS



- PRONAFIM= Programa Nacional de Financiamiento al Microempresario
- Federal Government Program (Ministry of Economy)
- Created in 1996
- Mission: To help establish and consolidate the microfinance sector so that the low-income population may improve their living conditions by operating small productive projects.
- PRONAFM provides funding to over 150 MFIs that grant approximately 1,000,000 microcredits



- AMIS= Asociación Mexicana de Instituciones de Seguros
- Founded in 1946
- Association that congregates the Mexican insurance sector
- It includes 100 insurance companies
- It represents 99.5% of the Mexican market premium
- It comprises several Committees



It has a Microinsurance Committee

- Established in 2007
- Objectives:
 - establishing the bases for microinsurance products
 - negotiating their regulatory framework
 - promoting their sale and
 - generating the necessary partnerships for its development



WHAT ARE THE GOALS OF THE PRONAFIM- AMIS PARTNERSHIP?

- To actively promote contingency planning and financial education among the MFIs and their microcreditors.
- To offer, through MFIs, comprehensive products and services to the BOP that will help them combat their poverty situation.
- To generate additional income for MFIs so that they may grow and offer better quality and services.



THE PURPOSE OF THE PRONAFIM – AMIS PARTNERSHIP

- To offer the benefit of protection (microinsurance) to MFIs and their microcreditors.
- To design microinsurance products according to the needs of MFIs and their microcreditors.
- To sell microinsurance through simple, clear and easy-to-understand methods, as well as to generate financial education.

- Distribution is carried out through the MFIs (financially supported mostly by PRONAFIM)
- Product: Life microinsurance:
 - The loan balance is covered and all family members are also insured, (mother + father + children), 10,000 MXP (650 Euros)
 - It is part of the product (incorporated to the microcredit) and constitutes an added value



- **Stage 1**
October 2008. The program is launched in one State: Oaxaca.
This is one of the poorest states in the country.
- **Stage 2**
March 2009 in Veracruz
- **Up to date:**
 - 17 MFI
 - 44,000 policyholders
 - Over 100 claims paid

WHY IS THIS PARTNERSHIP IMPORTANT?

Because:

- This is the first time that the public sector (PRONAFIM) and the private sector (AMIS) join forces to offer a benefit to the low-income population.
- It is an innovative program = modern instrument to combat poverty.



- Development Bank as a state instrument to promote and coordinate the transformation of the semi-formal sector.
- Objectives:
 - Promote Savings
 - Develop Central Entities
 - L@ Red de la Gente
 - Technological Platform
 - Savings and Credit Institutions Bank
 - Support the Sector
 - Technical Assistance
 - Training

BANSEFI LIFE INSURANCE PLAN:

- Covers family head
- Face amounts:
15,000 up to 75,000 MXP (1,000 to 5,000 Euros)
- Annual premium:
75 to 360 MXP (5 to 23 Euros)



BANSEFI INSURANCE RESULTS

- Started 4th Quarter 2008
- 2 insurance companies
- 500 BANSEFI branches
- 500 L@ Red de la Gente branches
- 75,000 policyholders
- Over 150 claims paid





THANK YOU



FINANCIAL STABILITY INSTITUTE

BANK FOR INTERNATIONAL SETTLEMENTS

