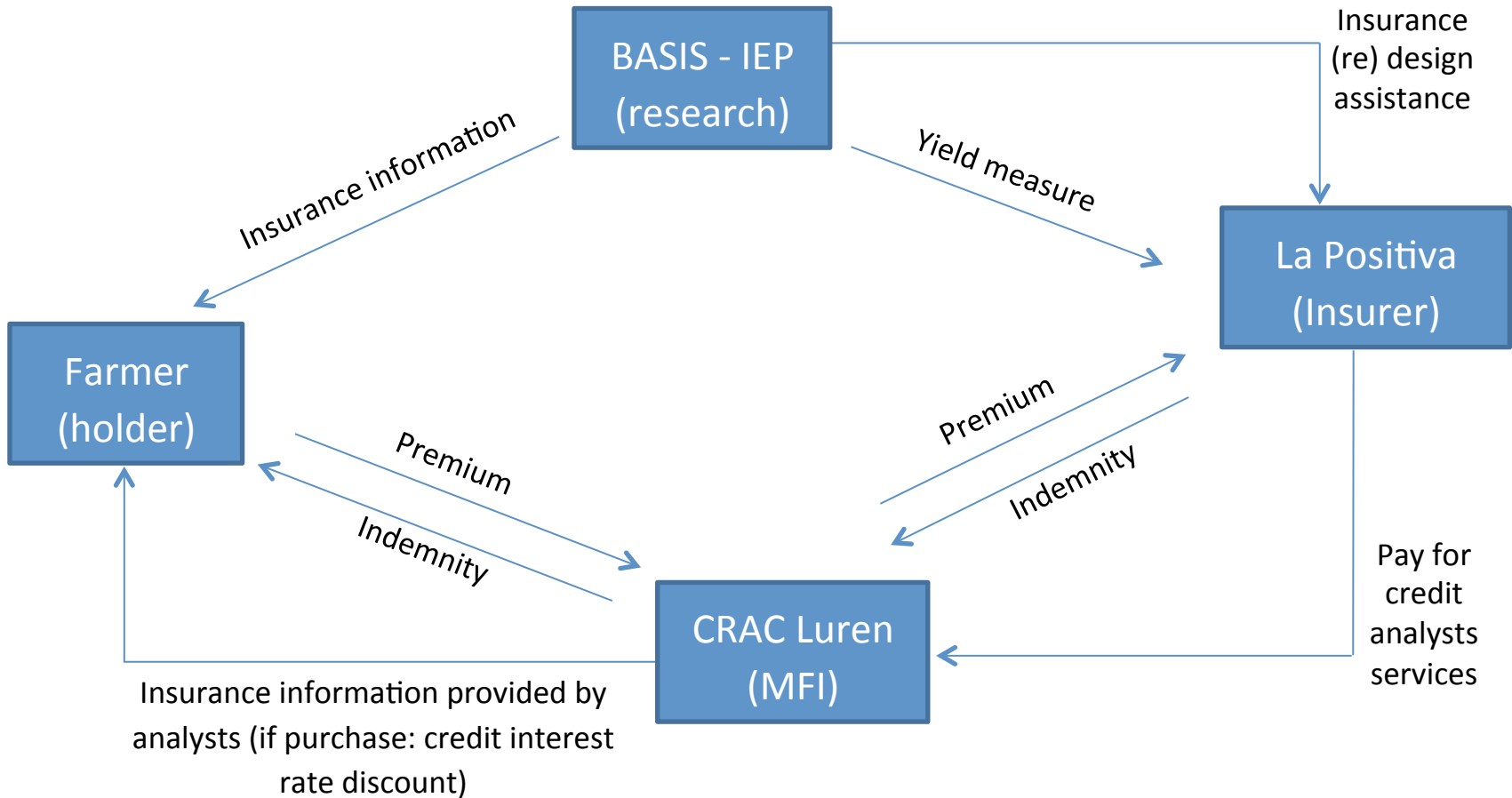




From financial education to marketing strategies: the ARBY insurance in Pisco (Coastal Peru)

# Partners



# Partners

## BASIS – IEP

- Difficult to explain how the insurance works to farmers that have never heard of insurance before!
- Research team gave too much (and somehow useless) information to farmers → difficult to convince farmers to buy the insurance when they did not know about the Insurance Company.
- Risk games allowed us to understand potential demand, but did not benefit that much the learning process. (Incentives / discounts for the purchase of the insurance didn't work either!!! – probably it was too early to start with this type of incentives???)
- Lesson: farmers wanted/need simple information (premium, trigger, indemnity -who will pay-)

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## La Positiva

- The insurance company had no presence in Pisco (not even an office), no personnel trained or experience in rural areas, nor in index products
- Little incentives to invest resources in improving the product (rural areas are not a principal market niche)
- Marketing at first was based on information campaigns and in the interest/sales power of the MFI....but that was not enough.
- At the end of the pilot: presence in the region, personnel in the field, draws and social events

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## CRAC Luren

- BASIS-IEP, La Positiva and CRAC Luren begun with a collaboration agreement. In the case of the MFI we went directly to the top central level (not the head of the office in Pisco)... but take-up depends on incentives at the branch level (analysts role)
- Mismatch of incentives at the branch and central level; short term results vs long term risk for the branch
- Little monetary incentives to analysts (by La Positiva) → sensibilization success depends on analysts characteristics

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## CRAC Luren

- Analyst income derived from selling insurance is lower than the one from giving credit (seasonality places pressure in the available time to allocate agricultural credit)
- CRAC Luren offered a lower interest rate for insured farmers (-0.25%), but at the branch level results were not good enough for the branch chief!



# Marketing

- Marketing (change) strategies for adaptation
- Example: from risk games to fumigation bags and tools draws to promote market development
- Presence of the insurance company!



# What is new

- A new product arises
  - New delivery (a deliverer who the farmers trust on), direct marketing (IMF + insurance company) and information strategies (basic/simple and transparent information )
  - New trigger accounting for farmers perception
  - From 20 to 2 indemnity (payment) tranches, having an indemnity that allows farmers to remain in business