



Microinsurance Catastrophe  
Risk Organisation



## C A S E B R I E F :

**Esfuerzo Seguro:** How MiCRO and its local partners are building resilience to natural disasters by protecting small and micro entrepreneurs in Central America.

**Product Name: Esfuerzo Seguro**



**Location: Guatemala**

**Description:**

Esfuerzo Seguro is a holistic risk management solution offered by Aseguradora Rural to agro and non-agro clients of Banrural in Guatemala when they are contracting a productive credit line. **MiCRO's** approach has two major components: (1) an index-based microinsurance product, and (2) a value-added program that includes tools to raise awareness about disaster risk preparedness and a financial education program to empower consumers. For more information on Esfuerzo Seguro watch this video( ▶ ).

**Benefits and covered perils:**

Esfuerzo Seguro covers the business interruption of the productive activity against excessive rainfall, severe drought, and earthquakes. Payouts vary based on the level of deviation of the corresponding index from historical averages.

*¿Qué peligros cubre tu Esfuerzo SEGURO?*

<p><b>TERREMOTO</b></p> <p>Cobertura hasta el <b>100%</b> del monto inicial del préstamo</p>	<p><b>SEQUÍA</b></p> <p>Cobertura hasta el <b>50%</b> del monto inicial del préstamo</p>	<p><b>EXCESO DE LLUVIA</b></p> <p>Cobertura hasta el <b>100%</b> del monto inicial del préstamo</p>
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**MiCRO's** calculation platform ("MiCAPP") continuously monitors and extracts data from predetermined scientific sources (e.g. NASA, USGS), unpacks the scientific data files and calculates them using complex algorithms to match the readings against predetermined levels, and issues a loss report when a triggering event is detected, which is accepted by all stakeholders as the undisputable base for payouts.



*¿Cómo funciona Esfuerzo SEGURO?*

- Te cubre cuando ocurre un desastre natural y alcanza el parámetro establecido para cada riesgo.
- Los pagos dependen de la intensidad del desastre natural, según la tabla de indemnización, indicada en la póliza de seguro. (Ver tabla en el dorso)
- La información de los desastres es enviada a Aseguradora Rural, por fuentes independientes que utilizan tecnología moderna como satélites y otros herramientas.
- Aseguradora Rural te informará por mensaje de texto, cuánto te pagará el seguro.

**Premium:** 5% of the value of the initial credit (5.6% with IVA)

**Date of launch:** November 2016

**Pilot phase:** November 2016 – December 2017 (2,633 clients during the pilot phase)

**Number of policies:** More than 4,000 clients by April 2018

**Project background:** Esfuerzo Seguro was designed and implemented in the context of the Central American Disaster Microinsurance Expansion (CADME), a program executed by **MiCRO** with the support of the Swiss Development Agency (SDC), the Multilateral Investment Fund (MIF) managed by the Inter-American Development Bank (IADB), the Australian Aid, Swiss Re, Mercy Corps, and KfW through its Climate Adaptation Platform (CAP), a truly public-private partnership.



Partners:



*“In January 2018,  
a 12-month pilot phase came to an end and  
Esfuerzo Seguro is now on “expansion mode” in Guatemala!  
Credits in almost 600 branches throughout the country can now  
be protected with catastrophe microinsurance, sold  
by more than 1,500 Banrural credit officers, who were trained  
for that purpose. Over 4,000 policies had been sold by April  
2018 with sales getting stronger.”*

**The formula for a sustainable partnership and product: Trustworthy local partners and distribution channel for Connecting with Customers**



Esfuerzo Seguro was designed together with our partners Aseguradora Rural and Banrural in Guatemala, and it is **the first index-based** insurance product in Central America protecting vulnerable and low-income segments of the population against the business interruption caused by earthquakes, droughts, and severe rainfall.

Having a trustworthy local partner and distribution channel aligned with our project objectives is the key formula for a sustainable and successful partnership and product. **MICRO** brings international expertise during all phases of the project, from conception, demand and supply analysis, product design, registration, launch and monitoring, still, our local partners experience, respect and know-how is fundamental for the success of the project implementation.

Banrural has worked with the rural low-income population in Guatemala for more than 15 years, and over 80 percent of the company is owned by groups such as women’s organizations and agricultural cooperatives. Aseguradora Rural and Banrural are part of the same group, what makes both companies closely aligned and integrated (including IT platforms and back office processes) and facilitates the chances of a successful implementation.



For the launch of Esfuerzo Seguro, Banrural created two credit lines that bundle the index-based insurance coverage, one for micro-entrepreneurs and one for smallholder farmers. Anyone who receives a new productive loan from Banrural in Guatemala will be able to purchase Esfuerzo Seguro. This solution and all of the products' features have been discussed and defined during the "Microinsurance Committee" especially formed to facilitate the project implementation and communication between **MiCRO**, Banrural and Aseguradora Rural.

The value-added program is only possible because of the support of several organizations, especially the Coordinadora Nacional para la Reducción de Desastres de Guatemala (CONRED), with whom **MiCRO** partners to promote resilience to natural hazards in the country.

After a 12-month pilot, clients already had a first experience with their insurance product. Although it was designed to protect clients against severe natural hazards, it also makes rather small payouts for moderate events. As such, almost 50% of the total clients have already received at least one payout, due to events triggered by drought and excess rain. To hear more about our clients in Guatemala, please watch the video: (▶)

Visit our website ([www.microrisk.org](http://www.microrisk.org)) and social networks to keep informed of news on how **MiCRO** will unlock new possibilities for distribution and payouts using technology!



Partners:

