

**Microinsurance  
in Brazil**  
**Research Series**

**Volume 3**



**ESCOLA NACIONAL DE SEGUROS – FUNENSEG**

# **Microinsurance in Brazil**

## **Research Series**

**Volume 3**

**Editor**

CLAUDIO CONTADOR



ESCOLA NACIONAL de SEGUROS  
FUNENSEG

**Rio de Janeiro  
2011**

Escola Nacional de Seguros – Funenseg  
Rua Senador Dantas, 74 – Térreo, 14º andar  
Rio de Janeiro – RJ – Brazil – CEP 20031-205  
Telephone 5521 3380-1082  
Internet: [www.funenseg.org.br](http://www.funenseg.org.br)  
e-mail: [faleconosco@funenseg.org.br](mailto:faleconosco@funenseg.org.br)

Editor  
Claudio Contador

Assistant Editor  
Ronny Martins

Cover Designer  
Pedro Rocha

*Printed in Brazil*

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Desktop Publishing  
Info Action

Virginia Thomé – CRB-7/3242  
Librarian responsible for creating the catalog card

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M572      Microinsurance: research series/Claudio R. Contador, coordinator, Hennie  
v.3        Bester ... / et al./. – Rio de Janeiro: Funenseg, 2011.  
            236 p., 28 cm – (Microinsurance: research series, v.3)

We acknowledge other authors who are responsible for drafting the book:  
Doubell Chamberlain, Christine Hougaard and Herman Smit.  
Includes appendices.  
Includes tables.  
ISBN 978-85-7052-525-3 – v. 3

1. Microinsurance – Studies and Research. I. Contador, Claudio R. II. Bester, Hennie. III. Title. IV. Series.

0010-0933

CDU 368-058.34(07)

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# Authors

**HENNIE BESTER**

**DOUBELL CHAMBERLAIN**

**CHRISTINE HOUGAARD**

**HERMAN SMIT**



# Contents

<b>Abbreviations, x</b>
<b>List of Tables, xii</b>
<b>List of Figures, xii</b>
<b>List of Boxes, xiv</b>
<b>Presentation, xv</b>
<b>Acknowledgements, xvii</b>

## **Microinsurance in Brazil – Towards a Strategy for Market Development, 1**

*Hennie Bester, Doubell Chamberlain, Christine Hougaard, Herman Smit*

<b>Executive Summary</b> .....	1
<b>Introduction</b> .....	14
Study Background & Methodology.....	14
Definitions and Analytical Framework.....	16
<b>Market Context</b> .....	19
Macro and Socio-economic.....	19
Financial Sector Context .....	33
<b>Insurance Providers, Products and Intermediary Channels</b> .....	45
Insurance Context.....	45
Trends in Premium Growth, Claims and Sales Costs Across Product Categories .....	49
<i>Total Industry</i> .....	49
<i>Auto Insurance Industry</i> .....	57
<i>Asset Insurance Industry</i> .....	58
<i>Life Insurance Industry</i> .....	61
<i>Exploring Premium Composition of the Main Microinsurance Product Lines</i> .....	63
Health Insurance Environment.....	65
State Provision of Agricultural Insurance.....	68
Microinsurance Product Landscape.....	71
Microinsurance Models .....	74

Utility and Database Distribution .....	75
<i>Retailer Footfall</i> .....	77
<i>Credit Agent Sales</i> .....	81
<i>Banking Channel</i> .....	84
<i>Collective Bargaining and Common Bond</i> .....	85
<i>Door-to-door Sales</i> .....	87
<i>The Funeral Assistance Channel</i> .....	88
<i>Cross-cutting Themes</i> .....	90
Current Take-up of Insurance .....	92
<i>2003 Data</i> .....	94
<i>Deriving Estimates of the Market Today</i> .....	101
<b>Understanding the Potential Microinsurance Client</b> .....	104
Focus Group Findings .....	106
<i>Income and Household Budget Priorities</i> .....	108
<i>Risk Experience</i> .....	110
<i>Coping Mechanisms</i> .....	114
<i>Awareness, Perceptions of and Interaction with Insurance</i> .....	118
<b>Conclusions on the Microinsurance Market</b> .....	127
Salient Market Features .....	127
Drivers of Microinsurance Market Development .....	131
<b>The Regulatory Framework for Microinsurance</b> .....	133
Insurance Regulatory Landscape .....	133
<i>Political System and Legal Culture</i> .....	133
<i>Institutional Landscape</i> .....	134
<i>Insurance Laws and Principles</i> .....	136
Recent Changes .....	155
Work of the Consultative Commission .....	159
Impact of Regulation on Development of Microinsurance .....	163
Microinsurance Bill .....	165
<b>Microinsurance Market Development: Towards a Strategy</b> .....	169
Public Policy Objectives .....	169
Defining the Target Market .....	170
Potential Market: Size and Touch Points .....	173
Potential Leading Channels Going Forward .....	177

Strategic Issues for Regulation .....	181
<i>Is a Microinsurance Regime Necessary?</i> .....	181
<i>An Approach to Microinsurance Regulation</i> .....	182
<i>Defining Microinsurance</i> .....	184
<i>Dedicated Microinsurers</i> .....	189
<i>Microinsurance Intermediation</i> .....	189
<i>Microinsurance Tax Regime</i> .....	192
<b>References</b> .....	199
<b>Meeting List</b> .....	204
<b>Appendix 1</b> – Overview of productive microcredit market .....	206
<b>Appendix 2</b> – International debate on active <i>versus</i> passive distribution .....	208
<b>Appendix 3</b> – Lessons from international examples on the regulation of microinsurance.....	210
<b>Appendix 4</b> – Focus group summary statistics.....	228
<b>Appendix 5</b> – International learning on the viability of agricultural microinsurance.....	229
<b>Appendix 6</b> – Breakdown of the largest insurance players .....	233

## Abbreviations

<b>ANS</b>	National Agency for Supplementary Health (Agencia Nacional de Saude Suplementar)
<b>ATM</b>	Automatic Teller Machine
<b>BACEN</b>	Banco Central do Brasil
<b>BNDES</b>	Brazilian Development Bank (Banco Nacional do Desenvolvimento)
<b>CEAPE</b>	Centre for Backing Small Businesses
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CNSeg</b>	Confederacao Nacional das Empresas de Seguros Gerais, Previdencia Privada e Vida, Saude Suplementar e Capitalizacao
<b>CNSP</b>	National Council of Private Insurance (Conselho Nacional de Seguros Privados)
<b>COFINS</b>	Tax for Social Security Financing
<b>COPOM</b>	Monetary Policy Committee
<b>CPF</b>	Social Security Number (Cadastro de Pessoa Física)
<b>CRESOL</b>	Cooperativa de Crédito Solidário
<b>CSLL</b>	Social Contribution on Net Income
<b>DPVAT</b>	Danos Pessoais Causados por Veículos Automotores de Via Terrestre
<b>FENACOR</b>	Federacao Nacional dos Corretores de Seguros Privados, de Capitalizacao, de Previdencia Privada e das Empresas Corretoras de Seguros
<b>FenaPrevi</b>	Federacao Nacional de Previdencia Privada e Vida
<b>FenaSaude</b>	National Federation of Supplementary Health Plans
<b>FGDs</b>	Focus group discussions
<b>FGV</b>	Getulio Vargas Foundation (Fundacao Getulio Vargas)
<b>Funenseg</b>	National School of Insurance (Escola Nacional de Seguros)
<b>GDP</b>	Gross Domestic Product
<b>GT SUSEP</b>	SUSEP Working Group (Grupo Trabalho) on Microinsurance
<b>IAIS</b>	International Association of Insurance Supervisors
<b>IBGE</b>	Brazilian Institute of Geography and Statistics (Instituto Brasileiro de Geografia e Estatística)
<b>IETS</b>	Instituto de Estudos do Trabalho e Sociedade
<b>IOF</b>	Financial Transactions Tax
<b>IRPF</b>	Individual Income Tax
<b>IRPJ</b>	Corporate Income tax
<b>JWGMI</b>	IAIS – Microinsurance Network Joint Working Group on Microinsurance
<b>MDA</b>	Ministry of Agrarian Development (Ministerio do Desenvolvimento Agrario)
<b>MDS</b>	Ministry of Social Development (Ministerio do Desenvolvimento Social e Combate a Fome)

<b>MFI</b>	Microfinance Institution
<b>MPS</b>	Ministry of Social Security
<b>NGO</b>	non-governmental organisation
<b>OSCIPs</b>	Civil Society Organisations for Public Interest
<b>PASI</b>	Plano de Amparo Social Imediato
<b>PGBL</b>	Plano Gerador de Benefícios Livres
<b>PIS/PASEP</b>	Social Integration Program/Civil Servants Savings Program Contribution
<b>PNAD</b>	National Household Survey (Pesquisa Nacional por Amostra de Domicílios)
<b>POF</b>	Family Budget Survey
<b>POS</b>	Point of Sale device
<b>PPP</b>	Purchasing Power Parity
<b>PROAGRO</b>	Rural Activity Guarantee Program
<b>PRONAF</b>	National Agriculture Strengthening Program for Family Farmers
<b>PSP</b>	Subsidy Program for Rural Insurance Premium
<b>RET-Ms</b>	Proposed Special Taxation Regime for Microinsurance Operations
<b>SCHMEPPs</b>	Societies for Credit for Microentrepreneurs and Small Enterprises
<b>SELIC interest rate</b>	Special System for Settlement and Custom
<b>SICOOB</b>	Sistema das Cooperativas de Crédito do Brasil
<b>SICREDI</b>	Sistema de Crédito Cooperativo
<b>SPC</b>	Secretariat of Complementary Pensions
<b>SPE</b>	Ministry of Finance Secretariat of Economic Policy
<b>SUSEP</b>	Superintendence of Private Insurance (Superintendência de Seguros Privados)
<b>VGBL</b>	Vida Gerador de Benefícios Livres

## List of Tables

<b>Table 1</b> – Absolute poverty measures in Brazil and a cross-section of countries. ....	24
<b>Table 2</b> – Breakdown of the Brazilian population by socio-economic classes, July 2009.....	26
<b>Table 3</b> – Bolsa Família coverage and budget.....	28
<b>Table 4</b> – Financial system infrastructure: Brazil versus selected other countries, 2007.....	35
<b>Table 5</b> – Number of credit, debit and retailer cards in circulation in Brazil: 2002-2008.....	42
<b>Table 6</b> – The differences between PGBL and VGBL plans. ....	52
<b>Table 7</b> – Types of capitalisation .....	55
<b>Table 8</b> – Microinsurance product overview.....	71
<b>Table 9</b> – Percentage of adults (individuals older than 15) in households that use particular insurance product.....	94
<b>Table 10</b> – Percentage of adults in households that have specific insurance products, by socio-economic class and product .....	94
<b>Table 11</b> – Insurance usage breakdown: “family filter” over 15 years.....	96
<b>Table 12</b> – Determinants of insurance usage from three studies .....	104
<b>Table 13</b> – Minimum capital requirements for composite insurers in Brazil.....	139
<b>Table 14</b> – The insurance tax structure in Brazil. ....	155
<b>Table 15</b> – Applicability of microinsurance regulatory concessions to different product categories .....	187
<b>Table 16</b> – Current insurance tax burden for selected products lines expressed relative to direct premiums .....	195
<b>Table 17</b> – Current insurance tax burden for selected products lines expressed relative to premium, profit and claims .....	196
<b>Table 18</b> – Impact of proposed microinsurance tax regime expressed relative to premiums, profit and claims for selected product lines. ....	197
<b>Table 19</b> – Microcredit market composition, December 2007.....	207
<b>Table 20</b> – Microinsurance definitions and regimes in selected countries .....	211
<b>Table 21</b> – Focus group summary statistics.....	228

## List of Figures

<b>Figure 1</b> – Structure of the Brazilian economy, 2007 .....	21
<b>Figure 2</b> – The Brazilian labour market. ....	22
<b>Figure 3</b> – Breakdown of the Brazilian population by minimum wage multiples.....	25
<b>Figure 4</b> – Evolution of the socio economic classes in Brazil: 2002 – 2009 .....	26
<b>Figure 5</b> – Brazilian household income distribution: 2001 versus 2007.....	32
<b>Figure 6</b> – Functional illiteracy rates in Brazil.....	33
<b>Figure 7</b> – Correspondent transactions.....	37

<b>Figure 8</b> – Typology of microfinance .....	39
<b>Figure 9</b> – Types of credit providers in Brazil .....	40
<b>Figure 10</b> – Breakdown of total insurance market share by premium, Jul. 2008 – Jun 2009 .....	46
<b>Figure 11</b> – Insurance penetration excluding capitalisation, open private pension schemes and medical insurance .....	50
<b>Figure 12</b> – Growth in gross premiums collection – excluding private pension and capitalisation .....	53
<b>Figure 13</b> – Claims ratio for total industry, life, auto and asset insurance lines .....	54
<b>Figure 14</b> – Growth in auto line premiums collection .....	57
<b>Figure 15</b> – Individual product lines contribution to asset insurance industry (Year ending 2008).....	58
<b>Figure 16</b> – Key individual product lines contribution to asset insurance industry.....	59
<b>Figure 17</b> – Claims ratio asset industry.....	60
<b>Figure 18</b> – Individual product line contribution to life insurance industry (Year ending 2008).....	61
<b>Figure 19</b> – Individual product lines contribution to life insurance industry – excluding VGBL (year ending 2008).....	62
<b>Figure 20</b> – Claims ratio for total life industry .....	63
<b>Figure 21</b> – Net premium breakdown of microinsurance relevant product lines.....	64
<b>Figure 22</b> – Share of different types of providers in the health insurance market .....	67
<b>Figure 23</b> – Representation of the database sales channel .....	75
<b>Figure 24</b> – Representation of the retailer model.....	78
<b>Figure 25</b> – Representation of the CrediAmigo/credit agent model. ....	83
<b>Figure 26</b> – Representation of the PASI model.....	86
<b>Figure 27</b> – Representation of the individual door-to-door sales model.....	88
<b>Figure 28</b> – Representation of funeral home distribution model .....	90
<b>Figure 29</b> – Adult insurance usage by region.....	95
<b>Figure 30</b> – Total insurance usage by area. ....	97
<b>Figure 31</b> – Insurance usage by type of cover.....	97
<b>Figure 32</b> – Usage of insurance product categories .....	98
<b>Figure 33</b> – Total insurance usage by income category .....	99
<b>Figure 34</b> – Usage of insurance <i>versus</i> other financial services.....	100
<b>Figure 35</b> – Percentage of monthly household expenditure spent on insurance by those households that have insurance .....	100
<b>Figure 36</b> – Graphical representation of risk experience of the focus group respondents.....	113
<b>Figure 37</b> – Microinsurance regulatory and context timeline .....	158
<b>Figure 38</b> – Access frontier map .....	171

<b>Figure 39</b> – The microinsurance target audience .....	173
<b>Figure 40</b> – Brazilian population mapping.....	174
<b>Figure 41</b> – Triangulation of the total potential microinsurance market.....	177
<b>Figure 42</b> – The potential reach of main distribution channels (in terms of lives covered) going forward.....	178
<b>Figure 43</b> – Premium composition across selected product lines in Brazil (premium elements indicated with an asterisk are estimates based on available industry information) .....	194

## List of Boxes

<b>Box 1</b> – The Bolsa Família program unpacked.....	28
<b>Box 2</b> – The role of credit cooperatives in the Brazilian financial sector .....	41
<b>Box 3</b> – Oi Paggo case study .....	44
<b>Box 4</b> – The rise of VGBL.....	51
<b>Box 5</b> – Capitalisation overview.....	55
<b>Box 6</b> – Retailer distribution case study: Casas Bahia .....	80
<b>Box 7</b> – Example of the credit agent model: CrediAmigo.....	82
<b>Box 8</b> – Common bond insurance distribution: the case of PASI.....	85
<b>Box 9</b> – Door-to-door sales: the case of SINAF Seguros .....	87
<b>Box 10</b> – Example of funeral assistance through a private cemetery: Grupo Vila .....	89
<b>Box 11</b> – Focus group research: rationale and methodology .....	106
<b>Box 12</b> – Funeral insurance case study: Renata’s story .....	123
<b>Box 13</b> – The access frontier as analytical tool .....	171
<b>Box 14</b> – Weather index insurance as response to the challenges facing multi-peril agricultural insurance: international evidence .....	229

# Presentation

Continuing with the publication of a series of studies commissioned and coordinated by the Escola Nacional de Seguros, and being part of the Microinsurance Research Program for the period 2009-2010, we present this third volume of Microinsurance: Research Series.

In this volume, researchers at the Cenfri (Centre for Financial Regulation and Inclusion) in South Africa, present an independent diagnosis of the Microinsurance market in Brazil with regard to its development and regulation. This study was made possible by the Escola Nacional de Seguros in partnership with the National Confederation of Enterprises of General Insurance, Pension, Life, Health Insurance and Capitalization – CNSeg.

Cenfri is a non-profit think-tank based in Cape Town that operates in collaboration with universities in that region. Among its numerous activities it focuses on microinsurance and the institution supports financial sector development and financial inclusion by conducting research and offering consultancy services and training programs for market regulators and participants throughout various locations in Africa, Asia, South America and, now, in Brazil.

An optimistic evaluation of the microinsurance market in our country, this report suggest, in its key findings, that there is a potential consumer base of 23 to 33 million customers for this type of insurance in Brazil. It also highlights the importance of the various mass-distribution channels available in Brazil, such as an advanced banking system (and correspondent banking agencies), retail traders, the mobile phone operators, and utilities, etc. The researchers also discuss the various characteristics of the products and the impact of regulation and employment laws, analyzed from the perspective of the current market situation and the Brazilian macro-economic dynamic. This report concludes its diagnosis by making suggestions for strategies, which, according to the researchers, will benefit the development of the microinsurance market in Brazil.

This study was derived from data and information garnered from two visits to Brazil by the Cenfri team during September and October 2009, with the support of a series of Group Discussions held in Rio de Janeiro, São Paulo and Fortaleza, and analysis of data

from IBGE on the uptake of socioeconomic and financial services. Additionally, SUSEP also made available its database on new product lines relevant to microinsurance for the team to analyze.

We hope this volume will become an invaluable source of information for anyone interested in the subject; one that is considered to be extremely important to the Brazilian insurance market.

Look out for our forthcoming publications!

*Claudio Contador*  
*Director of Research and Development*  
*Escola Nacional de Seguros*

# Acknowledgements

This study was made possible by Funenseg and CNSeg and, ultimately, the Brazilian insurance industry. It would not have been possible without the inputs and support received from these two organisations, particularly Maria Elena Bidino from CNSeg, who dedicated much time and energy to facilitate our in-country visit and the rest of the study, and Prof. Claudio Contador from Funenseg, the principal for the study. Special thanks go to Pedro Bulcao from SINAF for all his time and effort to champion and support this study. Ronny Martins and Maria Luiza de Oliveira Martins from Funenseg ensured that all the logistics for the study went smoothly. Bento Zanzini from Mapfre dedicated the time to travel with us to Fortaleza.

Most importantly, we wish to thank each person who was willing to meet with us during our country visit. We appreciate your time and we hope that this report reflects the true situation and potential as sketched by you and will provide useful inputs to you.

This report benefited from two pieces of sub-contracted research:

- An IBGE data analysis by IETS (Manuel Thedim and team)
- A series of qualitative focus group discussions conducted by Mr Joao Fortuna

It also draws on the various research reports on microinsurance, by a range of experts, commissioned by Funenseg as input into the Consultative Commission process.

*The Centre for Financial  
Regulation and Inclusion*

