AAC MIS

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USAID Semi Annual Report
For period of January 1 – May 31, 2005
Cooperative Agreement AFP-A-00-00036-00

Cooperative Insurance: Mitigating the Socio-economic Impact of HIV/AIDS and Poverty in the Americas

8201 Greensboro Drive, Suite 300 • McLean, Virginia 22102 • USA
telephone: +1 703 245-8077 • fax: +1 703 610-9005 • e-mail: info@aacmis.org •
www.aacmis.org

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PROGRAM A: Coop-Seguros/Dominican Republic Projects

Component A1: The Program of Social Responsibility for the Prevention of HIV/AIDS

Highlights Summary:

HIV/AIDS Prevention Education Activities: Between January and May 2005, a total of 1246 persons from the COOP-SEGUROS cooperative network participated in 26 activities focused on three target audiences: youth, cooperative members and directors, and the workplace (for summary chart of activities, see Attachment 1). Among the highlights:

Youth-Oriented Activities:

- Train the Trainer (Educational Multiplier) Training: Young people are among the highest-risk group for HIV/AIDS infection in the Dominican Republic, with rates of infection of up to 10% in some areas. With the support of the Centro de Orientación Integral (COIN), a three day workshop was held for 30 young cooperative members between the ages of 13 and 20, from La Altagracia and Vega Real Cooperatives. This educational program provided theoretical and dynamic activities to promote HIV/AIDS prevention, strengthen self-esteem and encourage youth to stay away from drug and alcohol consumption, as well as to promote abstinence and delay of the first sexual encounter. At the close of activities the youths watched a video of young Daniela Mejia, who got infected with HIV at the age of 16. At the end of the video, Daniela participated in the session with a personal testimony and emphasized the reality of the risks of HIV among Dominican youth. Project staff have found young people to be very enthusiastic and open minded to learn about HIV/AIDS prevention. These young people will be the trainers in both their communities and the cooperatives' summer camps.

Cooperative Member and Board Member Oriented Activities:

- Train the Trainer (Educational Multiplier) Training: Five training workshops were held for a total of 108 adult cooperative members that focused on HIV/AIDS prevention, stigma and discrimination, prevention in the cooperatives and communities, promotion of family values and monogamy as the means to prevent the virus infection. In addition, there was discussion about the AIDS antidiscriminatory Laws 55 and 93 and the development of an AIDS policy in all the cooperatives.
  Lessons Learned: Individuals chosen as trainers have an ample training as social promoters within their cooperatives which helped greatly with the workshops. There were some difficulties encountered during the training due to existing myths and taboos regarding

sexuality in the Dominican Republic, which forced staff and participants to spend more time discussing adult sexuality.

- Assessment Meetings for Cooperative HIV/AIDS Prevention Committees: Between the months of March and May, five meetings were held with 45 HIV/AIDS prevention committee members in the La Altagracia, Vega Real, COOPDEFE, COOPROHARINA, COOPCIBAO cooperatives. They received technical assistance from staff in structuring their future prevention education activities and developing a timeline.

Workplace Oriented Activities:

- Executives and Employees Workshops: Twelve (12) educational activities reaching 900 people were carried our by the project manager and HIV/AIDS prevention cooperatives trainers. In these activities, Dominican sexuality was addressed, prevention of sexually transmitted diseases and HIV/AIDS, the economic impact of AIDS in the Dominican Republic and the World, most recent HIV/AIDS statistics and a testimonial of a person living with AIDS.

- HIV/AIDS Policy Design Workshop: In January, with the support of the Academy for Educational Development's SMARTWORK program, a policy on HIV/AIDS for cooperatives was drafted. Before the workshop, staff submitted data regarding the components of the policy, key International Labor Organization principles regarding HIV/AIDS in the workplace, and a copy of approved policies models in the Dominican Republic (with assistance from Leon Jiménez, MERCASID, Trabajo Vivo). Each cooperative wrote a draft and incorporated it into one final document at the end of the workshop.

- Fifteen Cooperatives Adopt Formal HIV/AIDS Policy: On February 20, 2005 a formal ceremony took place at the Meliá Santo Domingo Hotel with Coop-Seguros staff and board of Directors, cooperative leaders, Dominican public health institution officials, NGO members working with AIDS patients, and representatives of the Catholic church in attendance. The approved HIV/AIDS policy is in effect for all members, directors and employees of 15 participating cooperative-owners of Coop-Seguros and includes the following provisions (for full text of the original policy in Spanish and the English translation, please see Attachment 2):

    - reconfirmation of the commitment to the current Dominican antidiscrimination law for HIV/AIDS and articulation of a specific non-discrimination and non-stigma policy guaranteeing cooperative membership and employment regardless of their health status;
    - a policy maintaining total confidentiality of medical information on all HIV/AIDS cases;
    - a commitment to relocate affected employees if needed for health reasons;
    - a commitment to create equitable working conditions for affected employees;
    - executives, members and employees shall not be subject to HIV testing in order to work or be hired, without their consent

- when an insurer requires HIV test, the insured will be informed so she/he can accept or decline;
- for the catastrophic illness policy being developed, up to 70% of the insured amount will be provided for medical attention, medicine and food through approved health care service providers;
- for those members, executives and employees who are not covered under the catastrophic illness policy, they will be guaranteed medical services at the same cost through approved health service providers.
- COOP-SEGUROS board and participating cooperatives will implement, ensure and monitor this policy through their HIV/AIDS committee.

Lessons Learned: It is important to follow-up and enhance the positive press that cooperatives received as socially responsible businesses for two months with the television ads presentations and description of the activity on TV news. The event received newspapers headlines in four national circulation newspapers. To further facilitate this dissemination, a professional quality videotape of the signing ceremony was made (see a copy provided on CD-ROM in Attachment 3).

- Dissemination Policy Workshop: Following up on the signing ceremony, with the support of the Academy for Educational Development's (AED) SMARTWORK program, supported by the U.S. Department of Labor, a plan to disclose the approved AIDS policy with the cooperatives was developed in February. A workshop was held in April to follow-up on that. During this workshop staff realized that several of the cooperative executives were not aware or informed of the policies their presidents had signed months before. This matter was addressed directly by staff and additional follow-up is taking place to ensure there is adequate communication for future efforts.

Lessons Learned:

- At the end of the first year, The Program of Social Responsibility for the Prevention of HIV/AIDS can be described both as successful and at the same time breaking with all original expectations. In the first year, it was originally anticipated that five cooperatives would be involved in the program; already just three months into the project there were 15 cooperatives involved in the program (triple the anticipated amount).

- This is totally innovative program in the Dominican Republic where HIV/AIDS prevention is simultaneously promoted in the workplace and in the cooperatives' communities (young people and adults). The success of this program is strongly linked to the internal credibility of COOP-SEGUROS by its cooperative owners.

- Another important factor that strongly contributes to the successful implementation of the program is the organizational structure of the cooperatives, which includes an education department. These educational departments serve as the HIV/AIDS committees in each participating cooperative. These education departments have well-trained personnel in education and social communication. The initial approach of engaging cooperatives through their board and executives and beginning with a workplace initiative with

immediate impact has worked particularly well. The training and education with Trabajo Vivo has educated and engaged the cooperative leadership on HIV/AIDS, its relevance in the workplace and the pressing need for education within the cooperatives' communities. Cooperatives in Dominican Republic are institutions with greater access to lower income populations which generally lack up-to-date information, particularly around the Haitian border.

- Consultants working on related project components in the Dominican Republic are struck how much the HIV/AIDS prevention education project has created widespread public interest and truly galvanized cooperative education departments to seeing themselves as change agents. In addition, they mentioned that this project has greatly enhanced Coop-Seguros and their cooperative network's image as socially responsible businesses. Coop-Seguros has done an excellent job marketing this project. One consultant observed that other insurance competitors have been caught "flatfooted" as they have no comparable corporate social responsibility program. Coop-Seguros has gotten old business back and has also increased their market share – which one consultant said was a direct result of their social responsibility program.

Challenges:

- Baseline Data: A key challenge this project component faces regards obtaining baseline data about current knowledge, beliefs, attitudes and practices of members of the COOP-SEGUROS. This information is important not only to measure pre- and post-project impact and evaluate educational program effectiveness, but also for developing customized educational content and approaches based on specific needs. While the first months of the project have been in start-up mode focusing on training cooperative leaders and executives and preparing local cooperative committees to begin educational activities, the committees are now ready to begin educational activities.

  COOP-SEGUROS has obtained two estimates for baseline studies among the 40+ cooperatives – one for approximately $35,000 from a highly reputable contractor used by USAID-Dominican Republic and the other a survey company with limited experience in social and health related research for approximately $17,000. This baseline data expense was not anticipated in the original budget for our program. The conundrum is whether to spend very limited project funds on badly needed educational activities with direct impact on HIV/AIDS or invest in baseline data to measure results, or find funds elsewhere. AAC/MIS will consult with our evaluation specialist, Niloufer de Silva, for options and would welcome any feedback by our USAID technical officer in terms of priorities.

- Start-up & Finances: One of difficulties encountered in the first year relates to finances and budgeting, as the two first years of this type of program require greater investment because of the intensive work with the cooperative managers, board of directors and educational multipliers. This strong foundation will serve as base for the continued work over the following years. While first year expenses exceeded the anticipated budget, adjustments can be made in future years. Additional funding for activities in the future should be sought. It is important to recognize that despite a relatively small budget,

Coop-Seguros has put in tremendous energy, resources and perseverance that has made this program a early success.

Component A.2: Cooperative Financial Preparedness

Highlights Summary:

1. Cooperative Financial Information Database: Consultants Ángel Castro and Bernardo Miranda worked with COOP-SEGUROS' Financial Manager Fernando Vargas to develop the conceptual outline and design for the database that will be used to collect and analyze financial data from the 17 participating cooperatives.

   One challenge in setting up a common database for participating cooperatives is that there are several multiple purpose cooperatives which run very diverse lines of businesses (one for example has a travel agency, a general store, a barber shop, insurance branch office, etc). Setting up indicators for different businesses requires understanding of internationally accepted standards and risks associated for a wide variety of industries. By comparison, credit unions have well established financial performance indicators, standards and benchmarks.

   Notwithstanding, consultants were able to develop a database structure using a wide range of information generally available from all cooperatives (see Attachment 4, Instructions on the Management of General Statistical Data of Cooperatives, Database Form, etc). Consultants also developed procedures for the collection and entry of data into the database (see Attachment 5 "Flow Chart Procedure to Gather and Enter Cooperative's Statistical Information into Database"). Data will be collected every 6 months, with deadlines being December 31st and June 30th, so than statistics can be generated on a regular basis.

   The data base will be very useful in that COOP-SEGUROS will be able to:

   - Measure the growth and financial conditions of its member cooperatives;
   - Conduct insurance services market potential assessments and define marketing strategies to reach greater penetration of its insurance products with the cooperative sector;
   - Provide statistics related to its insurance service operations;
   - Provide statistics on cooperative members participating in the HIV/AIDS prevention education program.

2. Financial Management Software: In addition to collecting information on cooperative financial indicators, there is a need for cooperatives to manage, process and interpret their financial information as well. Consultant Ángel Castro identified a manual and software package developed by the Latin American Confederation of Credit Unions (COLAC) known as the COLAC Financial Disciplines *(Disciplinas Financieras COLAC)*. This software enables cooperative management personnel to make comparative financial performances evaluations based on predefines operating standards and norms. The manual is a very practical, pedagogical resource accompanied by a user friendly software package that uses little computer system resources. The software is being adapted to allow management and

financial officers of multipurpose cooperatives to implement and build a model analysis of operating performance indicators according to their specific needs. It also offers precise and opportune information needed by the board of directors and management about performance of the business in defined time intervals. It allows cooperatives to track the different indicators step by step, assessing their current situation and to opportunely identify liquidity, credit and other operational risks in accordance to previously established ranks, parameters and limits. The cooperative can include additional indicators they consider to be important to their evaluation. Additional details about the COLAC Financial Disciplines model is in Attachment 6.

Among the challenges initially encountered were customizing the software (designed primarily for credit unions) to handle the complexity of multiple purpose cooperatives. Consultant Angel Castro and Fernando Vargas worked with participating cooperatives to evaluate their charts of accounts, financial statements and annual reports to define the financial indicators to be used. Additionally, the software programmer is also engaged in a reconfiguration of the software for application to COOP-SEGUROS operations.

In April, a "Technical and Administrative Management Exchange Workshop" was held with participating cooperatives and representatives from FECOLAC (the COLAC organization's foundation). The software was configured for the program requirements and licenses were purchased for participating cooperatives to use. There was great interest among the participating cooperatives to acquire and utilize the COLAC Financial Disciplines modules.

3. Cooperative Risk Evaluation: Consultant Angel Castro outlined the next steps in terms of diagnostic work that will need to be done with each of the participating cooperatives in order to access their financial risk exposure in relation to HIV/AIDS as well as financial and operational management. Three basic elements of risk analysis include: 1) actuarial analysis of self-insurance offered by cooperatives; 2) application of risk administration practices in cooperatives; 3) evaluation of the cooperatives' financial management. Approximately 10 work days with a team of 2-3 consultants would be required to provide an analysis, diagnosis and executive summary that will be submitted to the board of Directors of 4-6 cooperatives. Recommendations will be made to the Boards to adopt and implement strategies and actions to mitigated their diverse risk exposures and thus contribute to the financial soundness of their cooperative enterprises.

   In view of the upward trends of HIV/AIDS infection in the Dominican Republic, assessing the actuarial soundness of the self-managed life insurance programs is critical to ensure that cooperatives can handle the risk exposure or better yet to contract its member group and individual life insurance services with Coop-Seguros.

   Based on the most current available official data the HIV/AIDS infection rate in the adult population of Dominican Republic is 2.6%. This rate applied to the 300,000 or more cooperative members suggests that approximately 7,800 members could be infected by HIV/AIDS. Those cooperatives with self-managed life insurance programs must be made aware of the HIV/AIDS risk exposure so that appropriate risk mitigation strategies can be adopted.

4. Coop-Seguros Cooperative Development Foundation: As reported in the first semester, Ángel Castro and Coop-Seguros' General Manager Pedro Abreu began exploring the feasibility of a legal entity that would serve to collect cooperatives' financial contributions for future community projects and ensure the long term sustainability of the project. Such an entity would also marshall additional resources from the national and international level donor community, corporations and multilateral donors.

   The concept of a Coop-Seguros Cooperative Development Foundation was formally proposed and approved by the Coop-Seguros General Assembly on June 8, 2005. Consequently, lawyers have been hired to prepare the incorporation papers and bylaws under the new nonprofit organizations law which includes foundations. The new NGO law passed in May 2005 replaces an antiquated law from the 1920s and requires all nonprofit organizations to re-register. Because the new registration process is more stringent and complex, it has slowed down the processing of all new NGOs and foundations. It is hoped that the COOP-SEGUROS Foundation will be formally incorporated before the end of the year, if not sooner.

5. Financial Manager Hired: After an extensive search, Lic. Fernando Vargas was hired as Financial Manager. In addition to degrees in accounting and auditing, Mr. Vargas has over 25 years experience with accounting and financial management with several insurance and reinsurance companies. See CV in Attachment 7. Mr. Vargas has already had a significant and positive impact in the strengthening of COOP-SEGUROS financial management capabilities. In accessing financial management needs for both the project and COOP-SEGUROS, it was determined that a more advanced financial management professional with more experience would be needed. To meet these needs, COOP-SEGUROS opted for an 80/20 time sharing arrangement between the project and other COOP-SEGUROS financial management, which is being paid for directly by the company. This position will be monitored carefully to ensure that all project needs are fully met.

Lessons Learned:

- In the Dominican Republic there is not a sufficient and currently updated cooperative data base. Similarly, Coop-Seguros did not have a common data base of its 40 affiliated cooperatives. The new database being developed will provide Coop-Seguros with more complete and regularly updated information on their current cooperative member/owners, including information regarding the changing number of members, branch office locations, the main business or multiple purpose focuses, premiums, and numbers of persons involved in HIV/AIDS education program. This will also help Coop-Seguros better understand their internal cooperative market for insurance, which will help them more effectively market their products and also expand to nonaffiliates.

- The majority of Coop-Seguros affiliated cooperatives are not fully aware of all of the market and operational risk exposures. Their risk administration capabilities are in most case limited and therefore are in need of a more structured approach to identify and manage their diverse risk exposures, particularly as concerns the multiple purpose

cooperatives.

- Beyond the AIREC affiliated credit union network (15 rural based credit unions) other cooperatives in the Dominican Republic have no effective second tier technical assistance structure to assist them in their institutional and services development efforts. The existing federations and confederation structure provide a trade association role and are largely under-funded to provide any meaningful technical assistance role for cooperatives nor do they have the capability assisting the business development activities of its affiliates. The cooperative development foundation being promoted by Coop-Seguros could evolve to perform an important role in the institutional strengthening and business development by cooperatives in the Dominican Republic.

- Generally speaking, cooperatives in the Dominican Republic need to incorporate more effective financial discipline practices, particularly those cooperatives that are engaged in multipurpose activities. Many Dominican cooperative leaders still view the cooperative as just providing services to members - it should also respond to social development concerns of the communities in which they operate. Thus, achieving adequate levels of net operating income and increased institutional capital of their cooperatives is often compromised by actions and decisions of interested groups of members and Board Directors to underwrite expenses and capital expenditures to respond to social development and welfare concerns of diverse member interest groups. In an effort to ameliorate the financial soundness of the Dominican cooperative businesses many of the activities undertaken in this component have the objective of strengthening their financial discipline, risk management capabilities and to achieve increased institutional capitalization.

Key Challenges:

- One factor that has been a challenge for this project is that cooperatives the Dominican Republic have a generally inadequate regulatory and supervisory environment when it comes to financial management. The Instituto Desarrollo Cooperativo (Cooperative Development Institute - IDECOOP) has no officially sanctioned accounting standards for cooperatives to follow. Because there is no standardized chart of accounts or accounting systems, each cooperative creates their own. This makes it difficult to evaluate performance among cooperatives and to evaluation various risk factors and exposures.

- Another major challenge will be to convince cooperative leaders and managers to explore new models of business organization that can allow more effective service activity performance evaluation and risk management. Rather than to establish diverse service activities under one corporate umbrella (as is the case currently), the establishment of specialized subsidiary companies may be the appropriate corporate model to consider. To this end, a modification of the existing cooperative legislation may be in order to allow for the establishing of cooperative consortiums.

- A third challenge is to develop sufficient awareness in cooperative directors and managers of the need to install appropriate management information systems to facilitate periodic and effective evaluations base on more objective performance indicators.

- Another challenge will be the initiation of fund raising activities for the Coop-Seguros Cooperative Development Foundation. Fund raising activities are to be directed first to Dominican cooperatives as well Dominicans residing abroad.

- Another challenge is to organize a technical bulletin editing board and to enlist experienced professionals, academics and cooperators to contribute with written technical articles related to cooperative management tools, relevant information technology applications and new cooperative business and services approaches. This first technical bulletin publication is targeted for January 2005.

Component A3: Inclusion of Catastrophic Illnesses (including HIV/AIDS) in Insurance Policies

Highlights Summary:

Insurance Product Development: Consultant Rick Koven and Actuary Bernardo Miranda worked with Coop-Seguros staff on conceptual and actuarial development of four new insurance products to be launched over the life of the project. A description and status of each product is listed below, with a brief summary of all in Attachment 8.

- AIDS Exclusion Removed from COOP-SEGUROS Group Policies: After a thorough review of Coop-Seguros group policies (including its Accident and Life Insurance Plan [VIDA-COOP], Savings and Loan Insurance, and Loan Insurance policies), it was determined that the AIDS exclusion could be removed at no additional cost to current premiums. The AIDS non-exclusion clause applies to death as well as total permanent disability for any reason, for all the life insurance plans. Consequently, in March, 2005 each policy was revised and incorporated as a rider (see Attachment 9 for copies of the three edited policies). Several factors also contributed to this:

    - Actuarial Analysis: An actuarial analysis by Bernardo Miranda of the past three years of claims indicated that current rates can support inclusion of AIDS as a death benefit even with mortality increases of 25% to 50%.
    - Favorable life claims ratios: COOP-SEGUROS is financially sound with very favorable life claims ratios over the past several which could absorb potential losses.
    - Contingency Fund: While there are no current statistics available that would infer potential "excess morbidity" that the company could experience due to HIV/AIDS, Actuary consultant Bernardo Miranda recommended that a contingency reserve fund be created based on life insurance premiums underwritten (individual and group) starting in January 2005. Adjustments would be made according to behavior recorded during the first few years. Coop-Seguros Boards of Directors approved a total of 3% in addition to the 5% required by law,

for a total of 8%. This is considered a prudent precaution as these revised policies are launched.

- Cause of Death: Causes of death in the Dominican Republic are reported on death certificates in a very vague manner. Because a person with HIV/AIDS usually dies of complications from other diseases (i.e., tuberculosis, cancer, etc.) deaths related to HIV/AIDS may not be diagnosed accordingly. While impossible to know for certain, with a 2.5% national HIV/AIDS infection rate it is quite possible that Coop-Seguros was already receiving and paying death claims that were related to HIV/AIDS – without adverse effect so far. A detailed definition of AIDS (as well related diseases which may be consequence of lowered immunity) is now included in the new policies.
- Cooperatives role: Cooperatives themselves naturally provide a filter against "adverse selection" – nobody can just come through the door and buy the policy - you must first be a member. Front line education about HIV/AIDS prevention within the cooperatives provides additional risk reduction.
- Anti-fraud: One indispensable requirement under the policy is that the first diagnosis of the HIV infection be made after the policy has been signed. Benefits begin 180 days after the member takes out the policy. This protects the insurance company from potential fraud. In HIV/AIDS claims, benefits in the form of medical services instead of cash payment are an additional deterrent to fraud.
- Limited risk: COOP-SEGUROS is only insuring for policies whose face value is modest to low (average $700). Coverage for much higher amounts would require individual underwriting.

- Accelerated Benefit HIV 70%: This product, offered as additional coverage on VIDA-COOP Coop and Group Life, will offer up to 70% of the sum insured due to HIV/AIDS payable in 24-month installments. Benefits will be paid for medical services only (not in cash) with services only at Coop-Seguros approved clinics. Beneficiaries of this policy will be under constant monitoring by Coop-Seguros, who must give prior approval. The benefit payable at death is reduced by the total amount paid in HIV services. Premiums are paid by either members or cooperatives, and benefits begin 180 days after the member takes out the policy. This product is offered only in conjunction with VIDA-COOP and group life plans (not loans). HIV 70% is tentatively scheduled to be finalized by September, 2005. For preliminary drafts of actuarial rate determinations and new product rider, see Attachment 10.

- Prestamos Mas (Loans Plus): This product offers additional life insurance with a sum insured of up to a maximum of twice the loan amount, applicable to 100% of the insureds in the portfolio. Because it is offered as additional coverage on Vida Loans, VIDA-COOP and Group Life, the product is paid for by the cooperatives rather than the members. Policyholders may choose HIV 70% coverage (according to information explained above). Benefits will be paid on medical services only (not in cash). Beneficiaries of this policy will be under constant monitoring by Coop-Seguros, and Coop-Seguros must give prior approval when the medical center providing the service is chosen. The standard policy provision applies to additional benefits. The additional benefit does not decrease along with the loan balance and terminates when the loan is

paid in full. Benefits begin 180 days after the member takes out the policy. Prestamos Mas is tentatively scheduled to be finalized by January, 2006.

- Vida Plus (Life Plus): This product offers critical illness benefits as a rider for all life policies. Offered as additional coverage on VIDA loans, VIDA-COOP & Group Life, either members or cooperatives pay the premiums. There is an accelerated benefit payment of up to 75% of the sum insured for pernicious illnesses, including cancer (malignancy), heart attack, stroke, renal disease, paralysis, coma, organ transplant, etc. Note: except HIV, this will be handled with 70% coverage (according to information explained above). Benefits are paid in three options: 1 payment, 6 payments, or 12 payments. The benefit to be paid at the time of death is reduced by the total amount previously advanced. Remember that the benefit paid to the beneficiary for death due to pernicious illnesses is in cash, and that payment for HIV is under the terms established previously (HIV 70% for health services only). Benefits begin 180 days after the member takes out the policy. Vida Plus is tentatively scheduled for launch in January 2007.

Other project developments:

- HIV/AIDS Healthcare Provider Alliance Secured: To control costs under a catastrophic coverage policy that includes HIV/AIDS, it is critical to negotiate medical costs in advance with a qualified healthcare provider. After conducting extensive research into potential alliance partners in the Dominican Republic, The Instituto Dominicano de Estudios Virológicos (IDEV or The Dominican Institute of Virological Studies) was selected as the first healthcare provider for all related HIV/AIDS claim cases under the Coop-Seguros group life policies. A nonprofit organization founded in 1993, IDEV's mission is to provide high quality integrated health services, continuing education and clinical research for persons living with HIV/AIDS. IDEV has approximately 2,000 enrolled out-patients who receive antiretroviral drugs through companies which it is enrolled in various clinical trials.

  The benefits paid under the proposed HIV 70% accelerated plan (see above) would only be offered through services from IDEV and reimbursed pursuant to negotiated fee schedule over a maximum of 24 months. The negotiated package of discounted medical assistance services includes consultations, psychological assistance, laboratory test, referrals, placement in retroviral prescription programs, simple HIV test, nutrition and other services. COOP-SEGUROS has raised consideration of a fixed fee per month per patient rather than fee for service schedule because the fixed fee is more predictable and easier to control. Discussions are also being held with other potential clinics outside Santo Domingo (Cabral and Baez public Hospital in Santiago).

- Coordination of Policy Discounts with HIV/AIDS Prevention Education Program: Because HIV/AIDS prevention education can have a direct impact on reduction of high risk behavior, it was decided early in the project that participation in the HIV/AIDS education program should be linked to lower policy premiums. Offering a discount is also an incentive to participate in the HIV/AIDS prevention education program, as well as to promote and sell the VIDA-COOP group life policy within the cooperatives. It was

decided that HIV/AIDS education program participants will be given coupons for a discount on the purchase of a VIDA-COOP insurance policy in the cooperatives (the coupon will be attached to the plan application). The discount program for cooperatives will start with trainings in July, 2005 with the first premium discounts taking effect in January, 2006. Discount credits will accumulate up to three years and the program will extend a full five years through calendar year 2010.

Actuary Bernardo Miranda developed the following premium discount table which uses a graduated schedule of discounts based on participation and cooperative size:

Proposed Discounts on Cooperative Group Life Insurance (Savings, Loans, Directors/Employees, Funeral) for participating in the HIV/AIDS Prevention Education Program				
	% insured trained			
Number Insureds	10%-25%	26%-40%	41%-65%	65% or more
Fewer than 5,000 (small)	2.5%	3.5%	5.0%	7.5%
5001 to 15,000 (medium)	5.0%	6.0%	7.5%	10.0%
Over 15,000 (large)	7.5%	8.5%	10.0%	12.5%

Lessons Learned:

Because a person with HIV/AIDS usually dies from complications of other diseases (i.e., tuberculosis, cancer, etc) the cause of death is a critical aspect in HIV/AIDS claims. Claim forms will have to be designed for a better definition of cause of death. In addition, staff will need to establish procedures to better determine the cause of death from AIDS.

Challenges:

One challenge for proposed policy discounts is the administrative aspects – there is concern about verification that the applicant is in fact the same person as the attendee. Various methods of tracking are being discussed and evaluated.

Component A4: Governance and Management Activities

Edwin Quiñones, AAC/MIS Vice President for Development and former President and CEO of Seguros Multiples in Puerto Rico, is working with the Coop-Seguros staff and board of directors to assess and implement strategies to strengthen and improve management and governance capacities. The following activities took place during the reporting period:

- Strategic Plan Revision: While Coop-Seguros currently has an approved strategic plan for the years 2004-2007, due to recent accelerated growth in the company there is a concern that this growth be controlled as to not create future problems. As the company grows, there will be new needs in terms of capital, work space, organizational structure, and human resources. In addition, the new USAID project grant has added a new layer of staff and work and it is important that both the project work done by consultants and the ongoing business of the company done by staff be reviewed and planned for. It is

important to get directors, consultants and staff all on the same page and to have a clear idea where both the company and the project are headed. Mr. Quiñones met with consultants Bernardo Miranda and Angel Castro to discuss updating of the company's strategic plan. It was decided that the consultants, Coop-Seguros staff and board of directors will all work on a revised strategic plan as well as policy for strategic plan monitoring in the near future.

- Organizational Chart: Mr. Quinones worked with the general manager to review and update the company's organizational chart. This task was important for staff, board and project consultants to understand the current structure to closely coordinate the ongoing business of the company as well as the project work done by consultants. The organizational chart update is more detailed and clarifies staff roles and responsibilities. Copies of the old and new organizational charts are included in Attachment 11.

- Re-engineering Efforts: Re-engineering refers to the process of creating staff teams which take ownership of reviewing, critiquing and implementing changes in key areas of Coop-Seguros' operations. Part of the training includes fundamentals of teamwork development, leadership and project management. Over the life of this project, key areas of operations will be reviewed and changed to improve customer service and satisfaction.

  Claims Process: The Claims Re-engineering Team has been working for several months to review and improve claims processing. Working with Mr. Quiñones, the committee began by mapping out their current claims process and reviewing it step by step to see where they could make improvements. With a number of small changes they discovered they could close claims more quickly, reduce client waiting time, reduce company personnel costs, and improve customer satisfaction. For example, to improve claims processing time, they suggested assigning one person to be in charge of all claims that do not require further adjustment. Another idea was to provide staff training and a checklist form so any company personnel could help clients with the initial claim transactions. A new flow chart of the claims process has been created. Throughout this process, it was important that employees were empowered to review the process themselves and make suggestions for changes, rather than depend solely upon senior management.

  Premium Collections: Given the tremendous growth of Coop-Seguros, it was not only necessary to recruit new sales personnel but also get a better handle the premiums collection process itself. To avoid a crisis in this area given the increasing volume of premiums to collect, it was decided to create a re-engineering committee to review and revise the premium collection process.

- Personnel Documentation: Coop-Seguros has directly contracted a firm to assist with the development of a position descriptions manual, a business organization chart, and compensation levels and salary grades for all positions. Mr. Quiñones met with consultants to help orient and explain the business environment context. He suggested that rather than think of the organization in terms of a cooperative that it would be more helpful to think of it in terms of an insurance company in cooperative form. For the parameters of their study, they would do better to study similar positions in the insurance

industry rather than the cooperative sector. Consultants agreed this approach would be more appropriate.

- General Manager Mentoring: In this unique opportunity for cooperative executive development, Mr. Quiñones is working one-on-one with Coop-Seguros' general manager Pedro Abreu on a customized performance improvement work plan. Based on self assessments and the consultant's observations, among areas identified are time management, delegation, office management, and meeting management.

  Mr. Quinones worked with COOP-SEGUROS' executive and vigilance committees on the format and content of a regular monthly report to be given by the General Manager. They also discussed the evaluation form and process for the general manager.

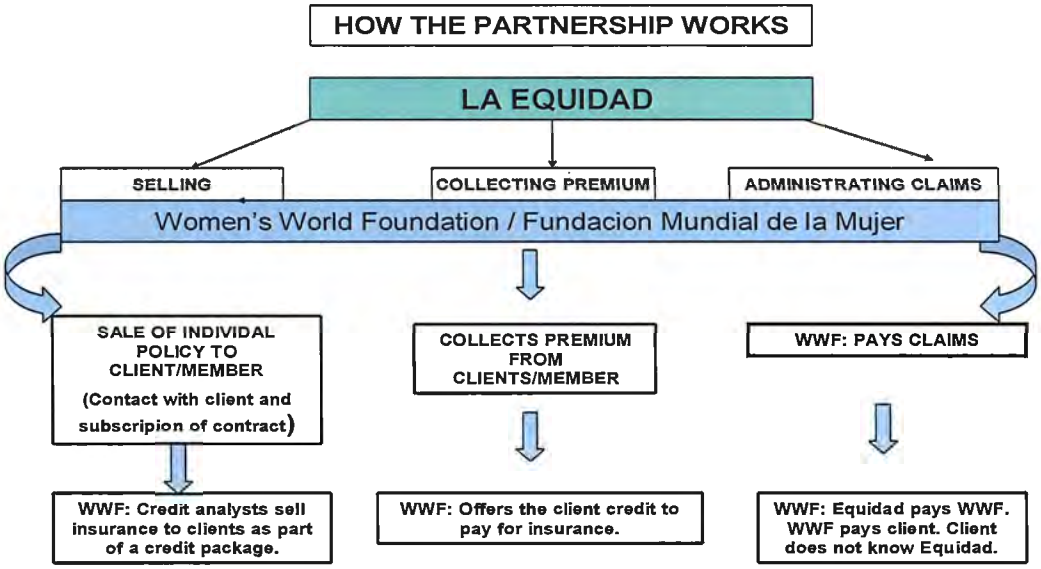
  In preparation for Mr. Quiñones' visits, the general manager was tasked with reading the following management issues and topics: *Developing the Leader Within, Developing Leaders Around You* and *Developing Your Most Important Asset: People* by John Maxwell; *Administration by Values* by Ken Blanchard; *Re-engineering of Management* by James Chaupy; and general articles on *When and how to Delegate Responsibility*, *Faults in Promoting the Development of People*, and *Time and its Use*. During consultant visits, Quiñones and Abreu have in depth discussions about each subject and topic and how it specifically relates to the company's present situation. Mr. Quinones also spent time observing Mr. Abreu in action and providing continued feedback.

  Mr. Abreu noted that with the interventions many changes have take place in terms of control of office space and time, delegating with coworkers, following up on commitments, and better listening skills. He adds that "This process has helped develop greater productivity in our work performance with less stress. It has also helped produce greater productivity and responsibility among the work team. This process of consultations, orientations and trainings has helped me be more realistic and responsible in my role as a leader of a team."

Program B: La Equidad/Colombia Project

The goal of this project is to develop and sell through microfinance institutions a group life policy called "Amparar," which offers an affordable package of insurance benefits that were identified through extensive market research among low income communities in Colombia. To promote the product, the project will focus on building partnerships with microfinance institutions and training staff to both understand insurance and market the policies to microfinance clients. La Equidad has begun a partnership with the network of microfinance institutions under the umbrella of the Fundación Mundial de la Mujer (Women's World Banking local affiliate).

Following is a brief snapshot of how the partnership works:



Highlights Summary:

- <u>Alliance Partnership Development with Microfinance Institutions</u>:

  Alliance partnership development began by sending the database listing of all microfinance institutions in Colombia to La Equidad's agencies throughout the country, with a priority on those affiliates of Fundación Mundial de la Mujer (FMM) in Colombia. Affiliated with the worldwide Women's World Banking movement, collectively FMM represents the largest microfinance organization in Colombia. Initial discussions and presentations have taken place with the FMM in the cities of Bucaramanga, Bogotá, Medellín, and Popayán. A presentation has not been done yet in Cali, where conversations have just been initiated and product adjustments are being made for the project to be introduced. To open doors and sensitize people about the benefits of the alliance, a customized presentation was made to each organization. Depending on the level of interest shown by the organization, a study of their institution's particular characteristics, customer markets and regions where it operates was carried out so adjustments could be made to the product. Product flexibility is a key issue and that includes modifications of the product name. For example, Bucaramanga wanted the name "Amparar" to be handled exclusively by them and their customers. Despite the microfinance institutions' leaders initial skepticism that such a product could really work for both their clients and institutions, the presentation showing concrete, positive and real results was well received. Additional follow-up with these and other potential alliance partners will continue in the months ahead.

  <u>Alliance with Fundación Mundial de la Mujer Bucaramanga:</u> La Equidad's first alliance is \with the Fundación Mundial de la Mujer Bucaramanga (FFM Bucaramanga - Women's World Foundation of Bucaramanga). This alliance was signed with the launch of the original *Primero Mi Familia* policy. Founded in 1986, FMM Bucaramanga's mission is to create access to credit for low income women in the informal sector of the city of Bucaramanga. With a head office and five branches, they have a full time staff of 101, which includes 43 loan officers. Following an in-depth analysis of the initial agreement, a number of

modifications were made by both the FMM Bucaramanga and La Equidad. To ensure fulfillment of project objectives with the new alliance partner, periodic presentations on progress were made by the alliance promoter, as well as regular monitoring from La Equidad's branch office in the city and from La Equidad's national staff.

Lessons Learned: Due to operational and collection costs generated by new business, FMM's administrative expenses were higher than originally anticipated, and so consequently the rates were raised from 15% to 20%. Later on, a problem regarding commission payment to the company's sales force was encountered because this payment, according to labor laws in Colombia, generated fringe benefits that the FMM was not willing to pay and that La Equidad could not directly pay to the sales force because they were not insurance intermediaries. The problem was solved by increasing the operational and collection administration expenses by an additional 2 percentage points, for a 22% administration fee.

Pilot Project with Corporación Mundial de la Mujer Bogotá: During the first semester of 2005, contacts have been made with the Corporación Mundial de la Mujer de Bogotá (CMM, or Women's World Corporation of Bogotá). Founded in 1989, CMM's mission is to support the entrepreneurial activities of women who do not have access to formal financial services. With a head office and nine branches, they have a full time staff of 86, which includes 46 credit analysts and operations personnel. A full profile on CMM is available in Attachment 12.

Rather than leap immediately into an alliance agreement, it was decided to first develop a pilot project. This pilot project will take place in the Restrepo neighborhood and in the municipality of Soacha in the southern part of the capital area. Pending further development of the pilot project, the product will be launched. The initial experiences of the pilot project in Bogotá have been different in comparison with La Equidad's experience with the FFM Bucaramanga, given the strong commitment of the organization and motivation of staff there to sell the product. This experience has taught that there are cultural and regional differences that should be considered in motivational methodologies and applied sales.

Other Alliance Development:

- Sales Force Development: To stimulate sales of Amparar, La Equidad's strategy is to hire and directly place their own sales promoters within participating microfinance institutions so they work with staff to train personnel and secure new clients. To date, one promoter has been hired for the alliance with FFM Bucaramanga. A promoter has not yet been hired with the CMM Bogotá yet, given the recent agreement. Given the limited physical space and resources of alliance partner microfinance institutions, it has not yet been possible to place the sales promoters directly.

  Lessons learned: While the profile for the sales promoter is not complex, the pilot project stage has been extended as there have not been sufficient results that would support the hiring of an exclusive promoter. Meetings have been arranged with the leaders of the CMM Bogotá, mainly with the Director of Credit, to generate a greater commitment and to modify the perception among business advisors that see the sale of the product as a burden. The idea

is that they will assume product sales as part of their strategic plan.

- Product Orientation and Staff Training in Microfinance Alliance Partners:

  Basic product orientation training has taken place in two of the offices of the CMM pilot project in Bogotá (Restrepo neighborhood and municipality of Soacha), resulting in a greater understanding of the product but not yet generating commitment and buy-in. Project staff will delve into this issue more in depth with the pilot project. Among lessons learned is that it is critical that microfinance staff to receive guidance from their leaders and that additional incentives for the sales force are developed. This way, microfinance staff can perceive the benefits of the product not only for clients but for themselves as well. The incentives should be agreed upon with the microfinance leaders so they are in compliance with both their policies as well as those of La Equidad.

  In terms of ongoing reinforcement of staff orientation and training, the sales promoter in Bucaramanga is making regular visits the Banco Mundial de la Mujer offices to detect any needs for additional reinforcement and to clarify issues and address concerns. Because of the considerable costs of placing promoters locally, there is a need to take advantage of personnel from La Equidad offices in various cities so that they support the follow-up training, and that the exclusive sales promoter focuses on coordination of local activities.

- Sales Campaign Development: In Bucaramanga, the design and promotion of sales campaigns and incentives is underway. For agencies that meet sales goals of 15 policies from each credit analyst, an award of $80,000 pesos (approximately US$37) is given. For credit analysts that sell 150 policies in the $5 and $7 million peso plans, an award of $300,000 pesos (approximately US$130) is given. For those who sell 90 policies of these same plans, an award of $200,000 pesos (approximately US$87), and for those who sell 60 policies of these same plans an award of $100,000 pesos is given (approximately US$44). To be successful, it is critical to have such incentives in place to stimulate sales goals among credit analysts. The incentives should be agreed upon with the microfinance leaders so they are in compliance with both their policies as well as those of La Equidad.

- Results to Date: During the reporting period, a total of 49,014 insureds are being covered under the Amparar product.

Related project developments:

- La Equidad chosen as focus of CGAP Working Group on Good and Bad Practices in Microinsurance: La Equidad joined two other AAC/MIS member companies in South and Central America that were among those selected as case studies to be published by the Consultative Group to Assist the Poor (CGAP) Microinsurance Working Group project **on** Good and Bad Practices in Microinsurance. In March, AAC/MIS was contacted by Consultant Gloria Almeyda of Georgetown University's Center for Intercultural Education and Development who had been contracted by the Microinsurance Centre to do a case study on La Equidad's microinsurance experience. AAC/MIS was asked to help identify contacts for the case study as well as to provide feedback on the report draft. Consultant Karen

Schwartz provided a thorough analysis of the draft report to the authors. The final version of the Good and Bad Practices Case study was recently published by CGAP and is included in Attachment 17.

Program C: La Central de Cooperativas de Ahorro y Crédito Financieras de Nicaragua

In this program, La Central de Cooperativas de Ahorro y Crédito Financieras, a federation of 14 credit unions in Nicaragua, is working to expand access of their savings, loan and funeral insurance benefits programs among its member cooperatives as well as other large cooperatives, microfinance institutions and associations, with the goal of achieving the scale necessary for profitable and sustainable operation. An exception under the Nicaraguan insurance law allows La Central to offer members benefits in case of death, accident or sickness, without being incorporated as an insurance company. This program also aims to strengthen the operations of La Central's Department of Protection Benefits Programs (insurance department). Among the principle activities that took place during the period include the following:

- Insurance Department Employee Hired: Ms. Teresa Geraldine Ponce Quesada was hired in May as the coordinator of La Central's Protection Benefits Programs Department. In this first full time position for La Central's insurance department, Ms. Ponce is responsible for managing the portfolio of La Central's insurance benefit programs with staff, member cooperatives and alliance partners; creating new strategies for promotions and sales of benefit plans; providing training and technical assistance to cooperatives and members; and managing all required information systems and premium collections. Ms. Ponce brings broad experience in the areas of marketing, sales, financial management with insurance companies as well as banking and lending institutions. See CV in Attachment 13.

- Alliance Partner Development: Contacts and presentation proposals have been initiated with the following cooperatives, associations and microfinance organizations:

    - FUNDESER *Fundación para el Desarrollo Socioeconómico Rural* or Foundation for Rural Socioeconomic Development, a credit and training program for small farming producers created in 2000. FUNDESER's mission is to build entrepreneurial capacity and develop opportunities in the rural families and communities of the rural Nicaraguan landscape helping to diminish the vulnerability of these populations.
    - FUDEMI *Fundación de Microfinancieras* or the Foundation for Microfinance Organizations), microfinance organization supporting microentrepreneurs;
    - FAMA (*Fundación para el Apoyo a la Microempresa* or The Foundation for Microbusiness Support). Created in 1992, FAMA gives individual and group loans, particularly to female micro-entrepreneurs. Today, FAMA has a total of 22 branches, 6 branches in Managua and 16 throughout Nicaragua.
    - PRODECOOP *Promotora de Desarrollo Cooperativo de Las Segovias* or Cooperative Development Promoter of Las Segovias, a coffee producers' cooperative of 40 cooperatives and 2,318 families based in the Segovia region of northern Nicaragua, was established in 1993 to provide assistance to its member families in

sustainable production and the marketing of their coffee. PRODECOOP promotes organic farming techniques, integrated systems of production, conservation of natural resources, and economic diversification among its members.

- SOYNICA *Asociación Soya de Nicaragua* or the Nicaraguan Soy Association, created in 1989, is to promote and stimulate the production and consumption of soybean and other alternative foods for adequate diet. SOYNICA also works on issues of education, health and nutrition, the family economy and food production in Nicaragua.

Draft agreement documents and PowerPoint presentations (see Attachment 14) were developed with proposals to promote business alliances with microfinance organizations with the goal of protecting their loan portfolios and promoting the funeral plan.

Product Analysis & Refinement

- Actuarial Studies: Actuarial studies of the protection plans portfolio were conducted to evaluate the actuarial sufficiency of the current premium rates and the capacity to increase product sustainability. Final results and recommendations are pending further analysis.

- Funeral Plan: A series of instruments were designed to train, prospect and monitor the sale of the *Plan de Protección Familiar* or Family Protection Plan (funeral plan) with the cooperatives. The following instruments were developed: a) methodology for sale of the funeral plan; b) establishment and control goals for each cooperative; 3) a product manual for sales promoters within cooperatives; d) procedures for subscription and payment of benefits. Geraldine Ponce, General Manager Juan Altamirano and consultant Bernardo Miranda have also begun a series of visits to the 23 agencies within the cooperatives to orchestrate the funeral plan sales program.

Operations:

- Financial Projections Model: A financial projection model for the insurance benefits programs was developed which allows the establishment of appropriate levels of income and expense to achieve sustainability of the Protection Benefits Programs Department. Among the findings and recommendations:
    - Under present conditions, La Central's insurance benefits programs would be producing losses over the next five years, which would make it difficult to maintain in the long term.
    - The current operational structure for managing the Benefits Programs is weak and it is not possible to eliminate deficits by further reducing operational expenses;
    - The possibility of increasing benefits program income from cooperatives will not come from the savings and loans protection programs – most cooperatives already participate in these programs. This leaves the growth opportunity in selling the Family Protection Plans (funeral benefits) among cooperative members.
    - To achieve equilibrium in Benefit Programs and eliminate deficits, cooperatives should sell the Family Protection Plan to at least 20% of the cooperative members which means a minimum of 5,000 plans sold.

- It will be necessary to achieve sufficient income that will allow La Central's member cooperatives to reach profitability for their Benefits Program and generate sufficient capital for the potential formation of an insurance company in the future. This can be further achieved by opening up the program to other organizations, such as microfinance institutions and other organizations through a win-win arrangement.
- In the proposal for creating alliances with microfinance institutions, La Central would take 40% of the fees to cover their operational and reinsurance costs and they would also receive an additional 50% of their surplus which would generate the remaining 60% of the fees destined to pay claims; this would permit La Central to increase profits by 160% over the next five years.
- A five year sales plan for the Family Protection Plans was recommended:

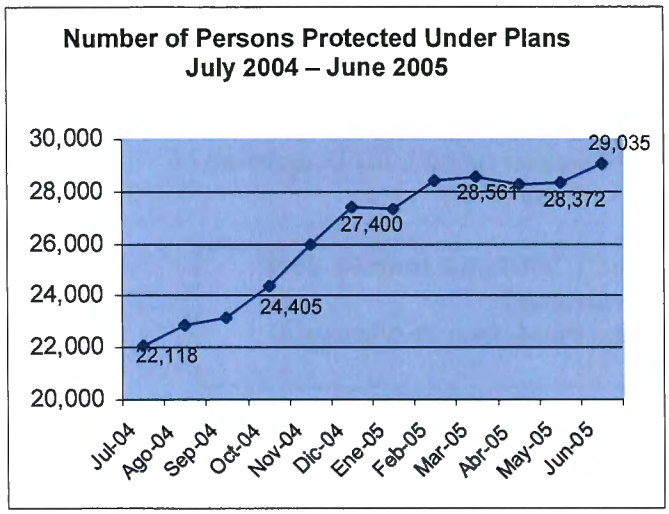
2005 =	5000 plans	2008 =	19500 plans
2006 =	10,700 plans	2009 =	25,000 plans
2007 =	14,800 plans		

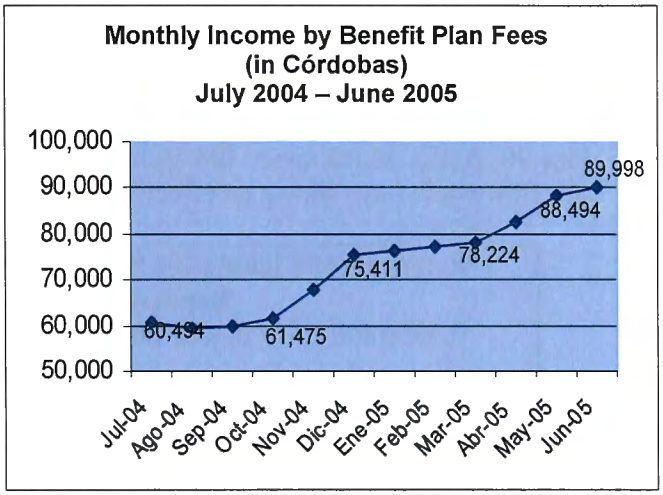
- Integrated IT & Software Systems: Requirements were specified for the development of a software program that is integrated into member credit unions' financial management software that will support the various subscription operations, collections, and payment of commissions and benefits. Automated processes will be critical for management and control of insurance benefit programs as well as to contain administration costs. While not anticipated originally in the program budget, cost savings in the budget due to the delay in hiring of the department coordinator should adequately cover these expenses.

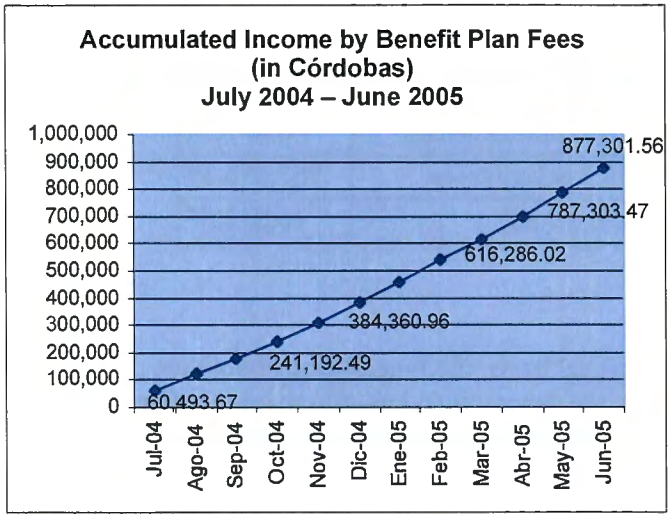
- Commission incentives: Financial evaluations of incentive proposals for cooperatives were made that will help increase the number of persons protected under insurance plans. For new policies sales agents will receive a 10% sales commission and the cooperatives a 5% commission; for plan renewals the sales agent will receive 7.5% and the cooperative 3%.

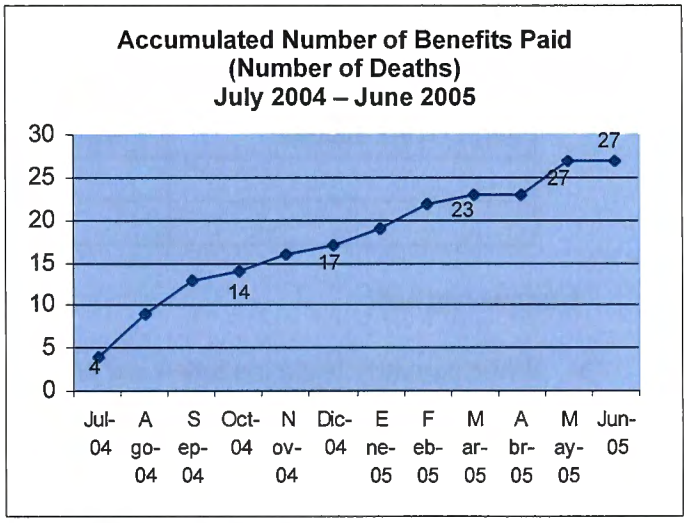
Results to Date:

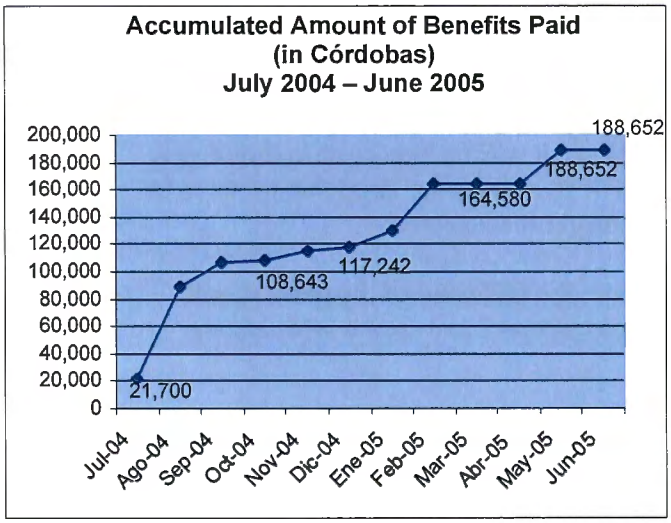
With the reporting period from July, 2004 through June, 2005 for operations of La Central de Cooperativas de Ahorro y Crédito de Nicaragua, favorable results were obtained in the most significant variables that measure the management by La Central.

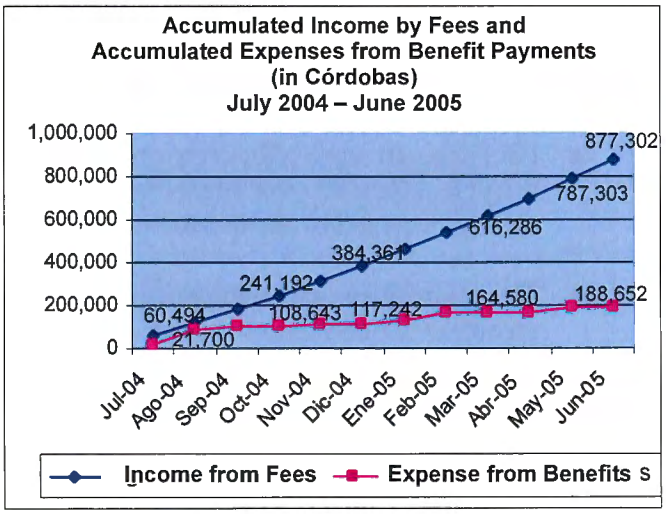

Number of Persons Protected Under Plans
July 2004 – June 2005
30,000
28,000
26,000
24,000
22,000
20,000
22,118
24,405
27,400
28,561
28,372
29,035
Jul-04
Ago-04
Sep-04
Oct-04
Nov-04
Dic-04
Ene-05
Feb-05
Mar-05
Abr-05
May-05
Jun-05


Monthly Income by Benefit Plan Fees
(in Córdobas)
July 2004 – June 2005
100,000
90,000
80,000
70,000
60,000
50,000
60,494
61,475
75,411
78,224
88,494
89,998
Jul-04
Ago-04
Sep-04
Oct-04
Nov-04
Dic-04
Ene-05
Feb-05
Mar-05
Abr-05
May-05
Jun-05


Accumulated Income by Benefit Plan Fees
(in Córdobas)
July 2004 – June 2005
1,000,000
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
60,493.67
241,192.49
384,360.96
616,286.02
787,303.47
877,301.56
Jul-04
Ago-04
Sep-04
Oct-04
Nov-04
Dic-04
Ene-05
Feb-05
Mar-05
Abr-05
May-05
Jun-05


Accumulated Number of Benefits Paid
(Number of Deaths)
July 2004 – June 2005
30
25
20
15
10
5
0
4
14
17
23
27
27
Jul-04
Ago-04
Sep-04
Oct-04
Nov-04
Dic-04
Ene-05
Feb-05
Mar-05
Abr-05
May-05
Jun-05


Accumulated Amount of Benefits Paid
(in Córdobas)
July 2004 – June 2005
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
21,700
108,643
117,242
164,580
188,652
188,652
Jul-04
Ago-04
Sep-04
Oct-04
Nov-04
Dic-04
Ene-05
Feb-05
Mar-05
Abr-05
May-05
Jun-05


Accumulated Income by Fees and
Accumulated Expenses from Benefit Payments
(in Córdobas)
July 2004 – June 2005
1,000,000
800,000
600,000
400,000
200,000
0
60,494
21,700
241,192
108,643
384,361
117,242
616,286
164,580
787,303
188,652
877,302
Jul-04
Ago-04
Sep-04
Oct-04
Nov-04
Dic-04
Ene-05
Feb-05
Mar-05
Abr-05
May-05
Jun-05
Income from Fees
Expense from Benefits s

Regarding the financial results obtained by the department for the period between July 2004 – June 2005, the table below shows a profit of C$16,572.55. Nevertheless, it should be noted that between January and June 2005, La Central only received USAID financial assistance through AAC/MIS in the amount of US$5,105.88 (C$85,416.27 Cordobas, using the exchange rate of June 30, 2005), which means that if there were no USAID financial support, the Department of Benefits would have shown an effective loss of C$68,844 or (US$4115.)

Statement of Cumulative Results between June 1, 2004 and June 30, 2005 **Department of Benefits (insurance)** La Central de Cooperativas de Ahorros y Crédito Financieras de Nicaragua in Cordobas			
INCOME		**EXPENSE**	
Loan Plan fees	347,420.09	Loan Plan benefits payment	64,574.32
Savings Plan fees	529,904.88	Savings Plan benefits payments	114,808.45
Funeral Plan fees	1,265.60	Financial costs	11,188.15
Financial Income	95,587.37	Administration Expenses	720,177.17
Total Gross Income	**974,177.94**	Other costs and expenses	46,857.30
		Total Gross Expenses	**957,605.39**
		Excess or (Loss)	**16,572.55**

Lessons learned:

- While currently being marketed and sold on an individual basis, the funeral plan should be sold on a more collective and massive scale. To date, the funeral plan has sold relatively few policies (around 100). The new sales strategy that will be sought with cooperatives will be to promote the funeral plan jointly with the acquisition of a new loan.

- In terms of stimulating demand, better promotions and marketing are needed in the form of a general insurance awareness campaign, as cooperative members generally do not currently understand the value or use of insurance protection.

- For cooperatives to effectively promote the benefit plans, it will be important to thoroughly orient and train all sales agents and mangers. This will be an ongoing issue that needs to be closely managed by the department coordinator and senior management.

- The cooperatives and employees involved in the promotion and sales of the plans should receive economic incentives that will motivate them to prospect and secure sales among cooperative members.

- The plans' fees (premiums) collections should be structured so that members make monthly payments, given that monthly payments are low and more accessible to members.

- In offering the plan to microfinance organizations, each organization has different needs regarding what risks needs to be covered, the limits of coverage and age limits. For this reason, plans should have the greatest flexibility for adjustments to the particular needs and requirements of each organization. This will make the administration of the plan a little more laborious and require greater support and reliance on information technology.

- In order to avoid incorrect policy subscriptions, late payments and lack of funds, constant monitoring of operations and verification of records should be done with cooperatives so they facilitate plan subscriptions and the collection of respective fees.

Program D: Organizational Culture Strengthening

In this program, advanced training in *The Program for a Culture of Excellence in Service* is being implemented among four cooperative insurance companies in the Dominican Republic, El Salvador, Guatemala, and Honduras. Training is led by Dr. Miguel Arrieta, executive director of the Instituto Para El Desarrollo Humano and Edwin Quiñones, Vice President for Development with AAC/MIS. During the reporting period, the following training seminars took place:

- Seguros Futuro, San Salvador, El Salvador: A two day seminar with staff and board members took place from March 4-5, 2005 in San Salvador with 19 and 21 in attendance each day respectively. The morning session began with a review of concepts learned to date by participants themselves. Particularly impressive was seeing how these concepts have clearly become internalized by staff as they explained and discussed them.

  In the afternoon the group broke up into smaller groups of staff members and board members to discuss how the concepts were being put into practice. Some very open and honest sharing about successes, shortcomings and potential solutions ensued. Many issues were aired openly and honestly by both board and staff. The staff and board orientations need to be better developed to include concepts learned in the new program. Staff issues included getting rid of a culture of constantly "putting out fires"; use of constructive criticism, need for clear communications and transparency; further development of teamwork; ensuring an open-door policy for leadership; and "walking the talk." The board discussed how the program also applies to their work in governance and working with cooperatives and included democratization of planning process so cooperatives could be more involved. The second day focused on new content about the theme of "Respect" based on Dr. Arrieta's chapter "Respect for Cultural Differences in the Decision Process for Successful Companies" as well as on procedures for resolving problems and making decisions based on a Dr. Arrieta's chapter on "Three Alternative Decision Calculations in the Economy of Opportunities."

  Sustainability: In order to make the achievements in this program long term and sustainable, Seguros Futuro has formed a committee to integrate changes into the culture and operations of the company. The committee recently produced a staff and board training manual entitled "Seguros Futuro's System of Convivence" (see Attachment 15). The objective of the manual is "to achieve maximum quality as human beings, applicable in all areas of life for the persons working at Seguros Futuro, creating a work

environment that is pleasant, trusting and team-oriented which facilitates the development of new work habits that enable efficient, effective service and human quality". The document outlines the Seguros Futuro cooperative philosophy of solidarity as well as definitions for its values and principles including: identity, mutual assistance, democracy, equality, fairness, integrity, ethical competence, objectivity, performance, responsibility, effective communication, transformation of conflicts, recognition of achievements, respect, prudence, neatness, transparency, corporate image, integration, as well as other "general practices" in everyday interactions.

- COOP-SEGUROS, Santo Domingo, Dominican Republic: Separate one day seminars for 23 staff and 17 board members took place from March 18-19, 2005 in Santo Domingo. Because the dates coincided with a major board of directors meeting over a weekend, it was decided to conduct separate sessions for the board and staff. Content for each of the sessions mirrored that of the sessions held above with Seguros Futuro in San Salvador earlier that month.

Program E: Dissemination

Among all cooperative development activities that AAC/MIS has implemented, the *Program for a Culture of Excellence in Service* clearly stands out as one worthy of broader dissemination to the international development community and AAC/MIS member network. Consequently, it was decided to focus dissemination efforts on these two audiences in two separate activities. During the reporting period, extensive preparations were made for a one day seminar for international development professionals to take place on June 9, 2005 at the Hotel Washington in Washington, DC. In addition, special sessions were planned during the AAC/MIS Annual Conference from August 17-20, 2005 in San Salvador, El Salvador to give a repeat performance but aimed at AAC/MIS member companies. Given both activities took place during the next reporting period, a full report will be included in the next semiannual report.

Program F: Enabling Environment for Cooperative Law

In addition to ongoing research activities being implemented under the CDO joint initiative (now referred to as the CLARITY project), staff from the hired firm Spiegel & McDiarmid conducted interviews with each of the CDOs to determined additional research needs. A copy of their initial interview with AAC/MIS is included in Attachment 16. Among some of the cooperative law issues and challenges facing AAC/MIS:

The insurance industry is a heavily regulated area in practically every country in the Americas, and it usually trumps cooperative law. For example, without appropriate licensure from the state, insurance policies simply cannot be sold. In addition, due to changing insurance regulatory requirements, several AAC/MIS member companies have been forced to legally incorporate as a stock-owned company (with a majority of stockowners being cooperatives), the most recent example being Equidad Seguros in Honduras. In other countries in several countries insurance cooperatives are prohibited by law (such as the United States, and more recently in Peru). AAC/MIS will continue monitoring cooperative law in the three main countries that it is working in (Dominican Republic, Nicaragua and Colombia) for potential coop law opportunities.

USAID Semi Annual Report
AAC/MIS Cooperative Agreement AFP-A-00-04-00036-00
Period: January 1 – May 31, 2005
Cooperative Insurance: Mitigating the Socio-Economic Impact of HIV/AIDS and Poverty in the Americas

List of Attachments

Attachment 1: Chart of HIV/AIDS Prevention Education Activities (COOP-SEGUROS)
Attachment 2: HIV/AIDS Policy of COOP-SEGUROS Network (Spanish & English)
Attachment 3: CD-ROM of video taken of HIV/AIDS Policy Signing Ceremony
Attachment 4: Instructions on the Management of General Statistical Data of Cooperatives
Attachment 5: Flow Chart Procedure to Gather and Enter Cooperative's Statistical Information into Database
Attachment 6: COLAC Financial Disciplines
Attachment 7: CV Fernando Vargas
Attachment 8: Coop-Seguros Insurance Product Listing
Attachment 9: Current Coop-Seguros life policies with HIV/AIDS Nonexclusions
Attachment 10: Determination of Rate for Accelerated Death Benefit of 75%
Attachment 11: Coop-Seguros Organizational Charts (old and new)
Attachment 12: Profiles of Corporación Mundial de la Mujer Bogotá and Fundación Mundial de la Mujer Bucaramanga
Attachment 13: CV Teresa Geraldine Ponce Quesada
Attachment 14: Sample Cooperative Agreement & Presentations for Microfinance Alliances
Attachment 15: Seguros Futuro "System of Convivence" manual
Attachment 16: AAC/MIS Interview with Spiegel & McDiarmid
Attachment 17: CGAP Working Group on Microinsurance Case Study No. 12 La Equidad Colombia

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Attachment 1

The Program of Social Responsibility for the Prevention of HIV/AIDS
Component A1, Dominican Republic
Educational Activities Between January 1 – May 31, 2005

Activity	Date	# People Reached	Activity Description	Lessons Learned
Youth Activities				
Train the Trainers (Educational Multipliers)	May	30	With the support of the Centro de Orientación Integral (COIN), a 3 day workshop was held for 30 young cooperative members between the ages of 13 and 20, from La Altagracia and Vega Real Cooperatives. This educational program provided theoretical and dynamic activities to promote HIV/AIDS prevention, strengthened self-esteem and encouraged youth to stay away from drug and alcohol consumption, as well as to promote abstinence and delay of the first sexual encounter. At the close of activities the youths watched a video of young Daniela Mejia, who got infected at the age of 16. At the end of the video, Daniela participated by giving her testimony and emphasizing the impact HIV has had on the youth population of the Dominican Republic.	Young people are very enthusiastic and open minded to learn about HIV/AIDS prevention. These young people will be the trainers in their both communities and the cooperatives' summer camps.
Cooperative Members and Board of Directors				
HIV/AIDS Policy Enactment	February	120	In a formal ceremony that took place at the Meliá Santo Domingo Hotel, managers and the Board of Directors of Coop-Seguros cooperative members, officials of the country's public health institutions, NGO members working with AIDS patients, and representatives of the Catholic church attended. The AIDS policies that will govern the Dominican Cooperatives were stated; and the most important part of the event was when the presidents of the 15 larger cooperatives signed the AIDS policy.	It is important to follow-up and enhance the positive press that cooperatives received as socially responsible businesses for two months with the television ads presentations and description of the activity on TV news. The event had newspapers headlines in 4 national circulation newspapers.

The Program of Social Responsibility for the Prevention of HIV/AIDS
Component A1, Dominican Republic
Educational Activities Between January 1 – May 31, 2005

Activity	Date	# People Reached	Activity Description	Lessons Learned
Train the Trainers (Multipliers) 5 workshops	March - May	108	A total of five (5) workshops training of 108 adult cooperative members were held focusing on the prevention of HIV/AIDS, stigma and discrimination, prevention of HIV/AIDS in the cooperatives and communities, promotion of family values and monogamy as the means to prevent the virus infection, the fulfillment of Dominican Laws 55 and 93 and the AIDS policy in the cooperatives.	People chosen as trainers have an ample basic training as social promoters within their cooperatives, which helped with the workshops. There were some difficulties encountered in the prevention training due to existing rooted myths and taboos regarding sexuality in the Dominican Republic, which forced us to spend more time discussing adult sexuality.
Assessment Meetings for HIV/AIDS Committees 5 meetings	March-May	45	Meetings were held in the La Altagracia, Vega Real, COOPDEFE, COOPROHARINA, COOPCIBAO Cooperative members to support them in structuring activities and developing a chronogram design for their HIV/AIDS prevention committees.	
Activities in the Workplace				
Executives and Employees Workshop 12 activities	September – May	900	Educational activities carried our by the project's manager and HIV/AIDS prevention cooperatives trainers; Dominicans' sexuality was addressed, prevention of sexually transmitted diseases and HIV/AIDS, the economic impact of AIDS in the Dominican Republic and the World; most recent statistics and at the end we had a person living with AIDS provide a testimonial.	

The Program of Social Responsibility for the Prevention of HIV/AIDS
Component A1, Dominican Republic
Educational Activities Between January 1 – May 31, 2005

Activity	Date	# People Reached	Activity Description	Lessons Learned
Policy Design Workshop	January	20	With the support of the Academy for Educational Development's SMARTWORK program, a policy on AIDS that will govern the cooperatives was developed. Before the workshop staff submitted data regarding the components of the policy, the key International Labor Organization principles and a copy of approved policies models in the Dominican Republic (Leon Jiménez, MERCASID, Trabajo Vivo); each cooperative wrote a draft and incorporated it into one final document at the end of the workshop.	
Disseminating Policy Workshop	April	23	With the support of the Academy for Educational Development's SMARTWORK program, a plan to disclose the approved AIDS policy for the cooperatives was designed on February 20, 2004.	During this workshop we realized that many of our executives were not aware or informed of the policies their presidents had signed months before.
TOTALS 26 activities		**1246**		

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Attachment 2

TEXT FROM THE COOP-SEGUROS NETWORK
HIV/AIDS POLICY

Social Responsibility Program for the Prevention of HIV/AIDS
HIV/AIDS Policy Making Process of COOP-SEGUROS Network

JUSTIFICATION

- **The COOP-SEGUROS Network,** which consists of Cooperativa Nacional de Seguros and its Participating Associated Cooperatives, as knowledgeable institutions of the socio economic impact of the of the HIV/AIDS pandemic in the world and particularly in the Dominican Republic, takes on the commitment in this program to implement the following policy on HIV/AIDS.

POLICY REACH

- **COOP-SEGUROS,** Associated Cooperatives, Board of Directors, Members and Employees participating in the Social Responsibility Program for the Prevention of HIV/AIDS.

GENERAL APPROACH

- **The COOP-SEGUROS Network** is committed to respecting the current law regarding AIDS, and at the same time guarantees the fulfillment of the cooperative principles of education, solidarity, collaboration among cooperatives and commitment to the community.

GUIDELINES

PREVENTION

- **The COOP-SEGUROS Network** will implement the activities to prevent HIV/AIDS through its Program of Social Responsibility and will facilitate up to date, consistent and reliable information in its educational activities.

NO STIGMA, NO DISCRIMINATION

- **The COOP-SEGUROS Network** will ensure that there will be no discrimination or stigmatization on the part of their board of directors, partners and employees with HIV/AIDS, thus guaranteeing they will remain as members of the cooperatives and/or employees in their jobs regardless of their health condition as long as they are able to

meet acceptable standards of performance and that the working conditions do not represent a danger to them.

- **The COOP-SEGUROS Network** is committed to maintaining total confidentiality regarding the medical information of executives, partners and employees on HIV/AIDS cases.

- **The COOP-SEGUROS Network** is committed to relocating those employees from the participating cooperatives in the program, who being affected by AIDS may required to be relocated in order to mitigate their condition.

- **The COOP-SEGUROS Network** will look after their executives, members and employees to make sure working conditions and/or performance are ideal.

- **The executives, members and/or employees** of the cooperatives in our Network will not be subject to HIV testing in order to work or be hired, without their consent.

- In the case an insurance policy requires a previous HIV/AIDS test (as a requisite from the insurer), the insured will be informed so he can accept or decline to have it done.

SOLIDARITY

- Included in the benefits covered under the insurance policy for catastrophic illnesses, among them HIV/AIDS, are up to 70% of the insured amount and paid after the first semester of the beneficiary's affiliation, categorized as "Life Per Diem" (viaticum) which will be provided in the form of medical attention (office visits, diagnosis, MRIs and laboratory), medicine and food. These benefits will be provided through a network of health service providers.

- For those executives, members and employees who do not have this insurance policy, medical services will be provided through the Program's Health Services Providers network, and will guarantee that the costs will be the same.

- **COOP-SEGUROS'** Board of Directors and the participating cooperative partners in the program will be responsible for implementing and ensuring the fulfillment of this policy regarding HIV/AIDS, with the help each Cooperative's HIV/AIDS committee.

- This HIV/AIDS policy will be monitored through a permanent follow up on the different HIV/AIDS committees and it will be revised or modified by **COOP-SEGUROS'** Administrative Board of Directors.

This policy was written on Saturday, January 29th, 2005 and approved by COOP-SEGUROS Administrative Board of Directors on February 9, 2005.

Signed by representatives of the following cooperative owners of COOP-SEGUROS:

COOPERATIVA LA ALTAGRACIA

COOTRALCOA

COOPERATIVE LA SOLUCIÓN

COOPPROHARINA

COOPCIBAO

COOPNAMA

COOPERATIVA MANOGUAYABO

COOPERATIVA LA ECONOMICA

MEDICOOP

COOPERATIVA VEGA REAL

COOPDEFE

COOPACRENE

COOPERATIVA LA TELEFONICA

ENECOOP

COOPALCONDO

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Attachment 3

AAC/MIS Semi-Annual Report

Attachment 4

INSTRUCTIONS FOR COOPERATIVES' GENERAL STATISTICAL INFORMATION DATA BASE

By:
Bernardo Miranda - Actuary
Consultant AAC/MIS

I. INTRODUCTION

In order to maintain a registry and generate the statistical information of support for the AAC/MIS project in the Dominican Republic Component A2: *"Developing cooperatives capabilities to evaluate the economic impact of AIDS/HIV and to design attenuating strategies"* consultant Bernardo Miranda created a form and Excel file that would allow cooperatives to gather, register and utilize the cooperatives general statistical information

This information will be compiled and registered EVERY SIX MONTHS (with closing dates as of December 31st and June 30th), in order to generate a SIX-MONTH *STATISTICAL SERIES for the period of December 2004 - December 2007.*

This document is intended to display instructions to start compiling, updating registering and using the excel file named ***COOPERATIVES GENERAL STATISTICS DATA BASE***.

II. DATA COLLECTION INFORMATION

In order to compile and to enter the statistical information of the Excel file, ***COOPERATIVES GENERAL STATISTICS DATA BASE,*** there is an available form called " ***COOPERATIVES GENERAL DATA BASE INFORMATION CREATE AND UPDATE FORM",*** which is shown in Annex 1.

This form must be given to ALL cooperatives with which COOP-SEGUROS will have a direct or indirect relationship regarding their insurance activity or the Program for the Development *of capabilities of the cooperatives to mitigate the economic impact of HIV /AIDS.*

Once finished, the form will be sent every semester: December 31st or June 30th, and IT WILL START with the information up to DECEMBER 31st of 2004.

II. STRUCTURE OF EXCEL FILE: COOPERATIVES *GENERAL STATISTICS DATABASE*

The Excel file ***Cooperatives General Statistics Database*** contains the following Worksheets:

Worksheet Name	Description
• **TABLE OF PROVINCES**	• Registers the codes and description of The Dominican Republic's provinces geographic division.
• **COOPERATIVES REGISTRATION**	• Registers codes and general information of participant cooperatives in the Program *Development of cooperatives capabilities to mitigate the economic impact of HIV/AIDS..*
• **COOP DYNAMIC STATISTICAL TABLES**	• Generates statistical tables of the participating cooperatives in the Program according to diverse variables (Provinces, Type, Level, Relationship, etc.).
• **NUMBER OF ACTIVE COMPANIES**	• Registers variable statistics series of Number of Active Companies "that have or group each of the cooperatives".
• **NUMBER OF ACTIVE COMPANIES CHART**	• Displays the series chart for "Number of Active Companies" for a specific cooperative or for all of them.
• **NUMBER OF MEMBERS BY GENDER**	• Registers the statistical series of the variable "Number of Members by Gender "of each of the cooperatives.
• **CHART - NUMBER OF MEMBERS BY GENDER**	• Displays the chart of the series "Number of members according to Gender "for specific cooperative or all of them
• **% MEMBERS BY AGE**	• Registers the variable statistics of the series "% of members by age "of each one of the cooperatives.
• **CHART - % OF MEMBERS BY AGE**	• Displays the chart of the series "Number of members by Gender "for a specific cooperative or all of them.

• **COOPERATIVE PORTFOLIOS**	• Registers the variable statistics of the series "Cooperatives' Portfolios", which include three sub variables: a) Portfolio of Contributions, b) Portfolio of Savings and c) Portfolio of Loans.
• **PORTFOLIOS CHART**	• Displays the Portfolios Chart of Contributions, Savings and Loans, for specific cooperatives or for all of them
• **ASSETS, LIABILITIES, AND ESTATE**	• Shows the variables chart for ASSETS, LIABILITIES and ESTATE of each of the cooperatives.
•**ASSETS, LIABILITIES AND ESTATE CHART**	• Displays a variables chart of ASSETS, LIABILITIES AND ESTATE of a specific cooperative or all of them.
• **ASSETS – DETAIL (BREAKDOWN)**	• Displays the variables statistical series that conform the Assets of each cooperative.
• **LIABILITIES CHART**	• Displays the variables chart that conform certain cooperative assets or al of them.
• **LIABILITIES – BREAKDOWN**	• Displays the variable statistical series that conform the Liabilities of each cooperative.
• **LIABILITIES CHART**	• Displays the variables chart that conform the Liabilities of a certain cooperative or all f them.
• **ESTATE –BREAKDOWN**	• Registers the variables of the statistical series that conform each cooperative's Estate.
• **ESTATE CHART**	• Displays the variables chart that conform the Estate of a certain cooperative, or all of them.
• **INCOME, EXPENDITURES AND SURPLUS.**	• Registers the variables of the statistical series INCOME, EXPENDITURES and SURPLUS of each of the cooperatives.
• **INCOME, EXPENDITURES AND SURPLUS CHART**	• Displays the variables chart of INCOME, EXPENDITURES and, SURPLUS for a specific cooperative or all of them.

• **INCOME – BREAKDOWN**	• Registers the variables of the statistical series that conform the income of each cooperative.
• **INCOME CHART**	• Displays the variables chart that conform the income for a certain cooperative or all of them.
• **EXPENDITURES CHART**	• Registers the variables of the statistical series that conform the expenditures of each cooperative.
• **EXPENDITURES CHART**	• Displays the variables of the statistical series that conform the expenditures of a certain cooperative or all of them.
• **DEATH PROTECTION**	• Registers the variables of the statistical series of a) Loans Protection, b) Savings Protection, c) Executives and Employees Protection, d) Protection for Funeral Expenses, e) Self insurance reserves to cover death risks for each of the cooperatives.
• **DEATH PROTECTION CHART**	• Displays the variables chart: a) Loans Protection, b) Savings Protection, c) Executives and Employees Protection, d) Funeral Expenses Protection, e) Self Insurance Reserves to cover death risks for a specific cooperative or all of them
• **FIRE, EARTHQUAKE AND HURRICANE PROTECTION**	• Registers variables of the statistical series a) Total amount of properties and Inventories, b) Insured Amount, c) Own Reserve to Self cover the Risk of each of the cooperatives.
• **FIRE, EARTHQUAKE AND HURRICANE PROTECTION CHART**	• Displays the variables chart: a) Total Amount Properties and Inventories, b) Insured Amount, c) Own Reserve to self cover the risk for a specific cooperative or all of them.
• **CIVIL LIABILITY INSURANCE PROTECTION**	• Registers the variables of the statistical series a) Civil liability Insured Amount, b) Own Reserve to self cover the risk of each of the cooperatives.

• **CIVIL LIABILITY PROTECTION CHART**	• Displays the variables chart: a) Amount Insured for Civil liability Insurance, b) Own Reserve to self cover the risk for a specific cooperative or all of them.
• **VEHICLE PROTECTION**	• Registers the variables of the statistical series of: a) Total number of Vehicles, b) Vehicles total value, c) Civil liability Insured Amount d) Total Amount of Civil liability Insurance e) Own Reserve to self cover the risk of each of the cooperatives.
• **VEHICLE PROTECTION CHART**	• Displays the variables chart: a) Vehicles total value, b) Insured Amount, c) Own Reserve to self cover the risk of a specific cooperative or all of them
• **LOYALTY PROTECTION**	• Registers the variables of the statistical series a) Feasible amount of losses due to employees and/or board of directors lack of loyalty, robberies or assaults, b) Insured Amount, c) Own Reserve to self cover the risk of each of the cooperatives.
• **LOYALTY PROTECTION CHART**	• Displays the variables: a) feasible amount of losses by employees and/or directors lack of loyalty, robberies or assaults, b) Insured Amount, c) Own Reserve to self cover the risk of a specific cooperative or all of them
• **ELECTRONIC EQUIPMENT PROTECTION**	• Registers the statistical series of variables a) Total Value of the Electronic equipment, b) Total Value of Data recovery c) Insured amount, d) Own Reserve to self cover the risk of each of the cooperatives.
• **ELECTRONIC EQUIPMENT PROTECTION CHART**	• Displays the variables chart: a) Total Value of Electronic equipment, b) Total value of data recovery, c) Amount Insured, d) Own Reserve to self cover the Risk for a certain cooperative or for all of them.

IV. REGISTRY DATA (ENTRY)

The data to be entered on each work sheet will be that of those whose boxes are colored light blue. These light blue boxes are "not protected". The other boxes and in particular, the boxes that contain "formulas" are protected. If for any special reason it is required to unprotect the sheet, one should go to the **TOOLS** menu, select the Protection Option and then activate the sub-option **UNPROTECT.**

Like with any other sheet, when registering the data of any of the statistical variables, it is necessary to enter the Cooperative's code (which is normally entered in the first Column); to register a new cooperative it is an absolutely necessary condition, that its complete information is entered in the Cooperatives Registration Sheet and especially, the code and name of the cooperative (Columns A and B).

V. CHART GENERATION

In order to generate a chart of any of the statistical variables, go to the "AREA OF WORK – CHART GENERATION ", found after the last data column of the respective data *registry sheet of the variable*; once there, select the cooperative code that is desired to be charted. In case one desires to chart the series for the summary of all the cooperatives, value "zero" will have to be entered (0).

V. GENERATING REPORTS And PICTURES FOR STATISTICAL INFORMATION

Excel file sheets have been designed so that the information registered in them can have an adequate presentation when printed, and thus, visualize the registered statistical information.

However, on the base of the diverse tools of excel, such as "Dynamic Tables", "Sub-totals" and others, pictures of statistical information and subtotals can be generated by cooperatives, according to the particular interest of the user.

Any individual consultation regarding the operation or handling of the respective excel file can be done directly to Bernardo Miranda bmiranda@racsa.Co.cr

ANNEX

FORM TO CREATE AND UPDATE THE COOPERATIVES GENERAL INFORMATION DATABASE

FORM TO CREATE And UPDATE
COOPERATIVES GENERAL INFORMATION DATA BASE

OBJECTIVE:

Through a program of The Americas Association of Cooperative and Mutual Insurance Societies (AAC/MIS) with the support of the USAID, COOP-SEGUROS has initiated a Project to develop the capabilities of the cooperatives to mitigate the economic impact of HIV/AIDS. Part of this project's activities is to compile information about the cooperatives that will allow the definition of strategies not only to mitigate the impact of AIDS/HIV, but also, to obtain adequate insurance and reinsurance products that will contribute to these strategies. With this in mind, a form has been designed to meet this goal, which should be completed and sent to COOP-SEGUROS. This information will be confidential and used with statistical aims. Any consultation should be sent to Mr.. Fernando Vargas. Telephone (809) 682-6118 or coop.seguros@verizon.net.do
Thanks for you attention.

VII. GENERAL COOPERATIVE INFORMATION

Cooperative (name):			
Address:			**Province:**
Telephone:	**Fax:**	**Email:**	**Web site:**
Type of Cooperative: ☐ Savings and Credit; ☐ Multiple Services	**Business Field:**	**Cooperative Location:** ☐ First Floor ☐ Second Floor	
Date Founded:	**Number of Branches:**	**Number of Employees: Total:** ____ **Men:** ____ **Women:** ____	

VIII. COOPERATIVE INFORMATION OF OPERATIONS:

Variable	Information until Dec 31st 2004 or near date (specify)
Number of active partner companies (1)	
Number of women members (1)	
Number of men members (1)	
AGE DISTRIBUTION (If no data is available, please indicate approx.)	
- % of members up to 14 years of age	____%. Approx Yes No
- % of Members between 14 and 18 years of age,	____%. Approx Yes No
- % of Members between 19 and 24 years of age,	____%. Approx Yes No
- % of Members between 25 and 34 years of age,	____%. Approx Yes No
- % of Members between 35 and 49 years of age,	____%. Approx Yes No
- % of Members between 50 and 65 years of age,	____% Approx Yes No
- % of Members older than 65 years of age.	____% Approx Yes No
Total amount of Capital Stock Contributions (RD$)	
Total amount of on Sight Savings Accounts and Fixed Term (RD$)	
Total amount of Current Loans Portfolio (RD$)	
Total amount of Due Loans Portfolio (RD$)	

(1) Entity or Active Person: That which has carried out at least one financial operation during the last year.

IX. COOPERATIVE FINANCIAL INFORMATION:

1. General Balance sheet Information:

Variable	Information as of Dec 31st 2004
TOTAL ASSETS	
- AVAILABLE	
- FINANCIAL INVESTMENTS	
- LOANS	
- ACCOUNTS RECEIVABLES	
- INVENTORIES (Raw materials and Finished Products)	
- FIXED ASSETS	
- OTHER ASSETS	
TOTAL LIABILITIES	
- SAVINGS On sight	
- ACCOUNTS PAYABLE	
- FIXED TERM DEPOSITS	
-LONGER THAN A YEAR LIABILITIES	
- LABOR LIABILITIES	
- TECHNICAL RESERVES (SELF INSURANCE)	
- OTHERS LIABILITIES	
TOTAL NET WORTH (CAPITAL, RESERVES And ACCUMULATED SURPLUS)	
- MEMBERS CAPITAL STOCK DONATIONS	
- DONATIONS	
- INSTITUTIONAL CAPITAL (Capitalized Surplus)	
- OTHERS RESERVES	
- PROFITS (LOSSES) ACCUMULATED NOT DISTRIBUTED	

2. Results Statement Information:

Variable	Information as of Dec 31st 2004
Income:	
- Net Sales (Gross Sales less Cost of Sales)	
- Financial Income (Interests Loans Portfolio and Financial Investments).	
- Less: Reserves supply against not covered assets risks	
- Other Income	
Total Net Income	
Expenditures:	
- General Administrative Expenses	
- Financial Expenses	
- Other Expenditures	
Total Expenditures	
- Surplus Before Statutory Reserves Adjustments	
-Statutory Reserves Adjustments	
Net Surplus	

X. INFORMATION ON COOPERATIVES RISKS.

Variable	Information as of Dec 31st 2004 Or a near date (specify)
Risk of Associates, Executives and Employees Death:	
- Total Amount insured for Portfolio Loans	
- Total Amount insured for Portfolio Savings	
- Total Amount insured Directors and Employees	
- Total Amount insured For Funeral Plans	
- Amount of own Reserves to self cover death risks	
Property and Inventories Loss risk by Fire, earthquake, hurricane, etc.	
- Total Amount of Properties (current worth) and Inventories	
- Total Amount Insured (through insurance)	
- Amount of own Reserves to cover these risks.	
Civil liability for Loss Risk	
- Insured Total Amount (through an insurance)	
- Amount of own Reserves car to cover this risk.	
Risk of Loss through civil liability or damages to own vehicles	
- Total Vehicles	
- Estimated Vehicles Total Value	
- Total amount insured for civil liability caused by vehicles	
- Total amount insured for own vehicle damages	
- Amount of own reserves to cover these risks.	
Risk of Loss due to lack of loyalty acts, robbery or assault:	
- Feasible Total Amount of values or property losses by lack of loyalty of employees and executives, robberies or assaults	
- Total Amount Insured (through insurance)	
- Amount of own reserves to cover these risks.	
Risk of Loss on Electronic equipment	
- Value of all Electronic equipment	
- Considered Value to recover data due to catastrophic loss	
- Total Amount Insured (through insurance)	
- Amount of own reserves to cover these risks	

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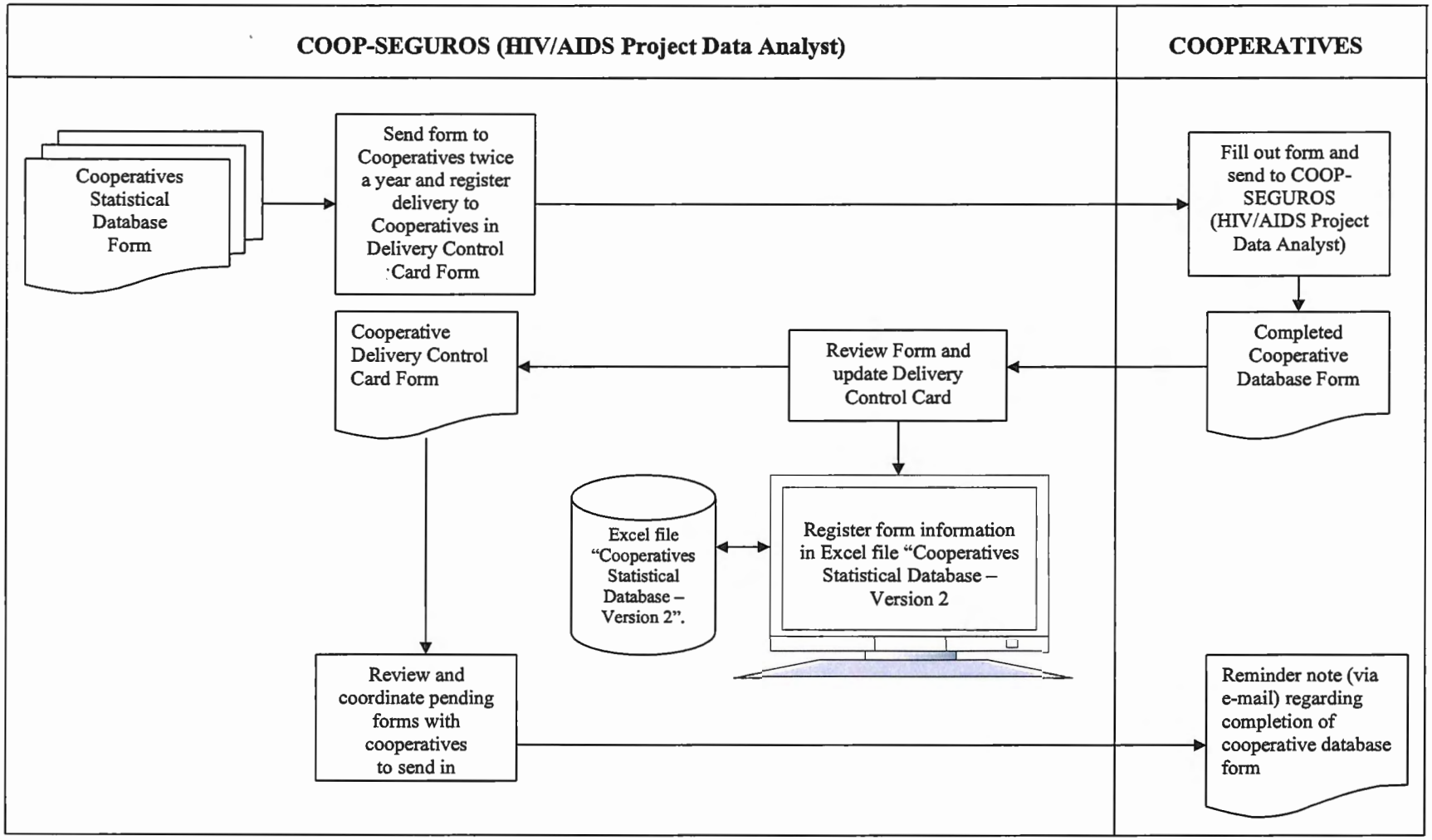
Attachment 5

Flow Chart Procedure to Gather and Enter Cooperatives' Statistical Information into Database



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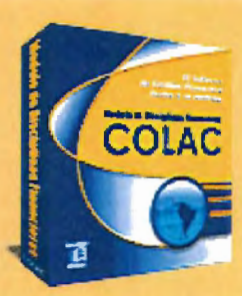
Attachment 6

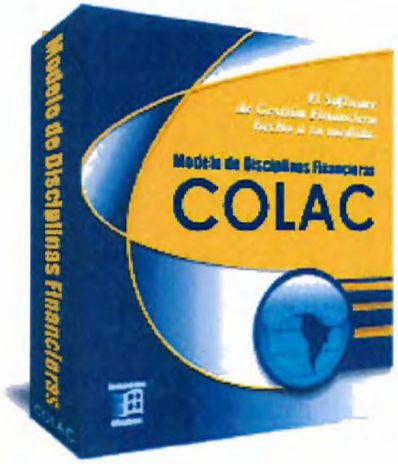
COLAC's
Financial Disciplines Module

The COLAC Financial Disciplines manual and software help cooperative financial analysts make comparative and structural evaluations (benchmarks) of financial indicators. It is a very practical, pedagogical system manual, accompanied by a user friendly software package that uses little computer resources within any system. It is totally adaptable and allows the staff of any cooperative to implement and build a model analysis of management indicators according to their needs, with a series of financial reasons adapted to its requirements. Its ease of handling, ample customization, graphical interface, and the ease of data management offers the user a very simple but powerful tool to elaborate indicators that the cooperative requires. It offers precise and opportune information needed by the board of directors and management about performance of the business in defined time intervals. It allows cooperatives to track different indicators step by step, assessing their current situation and if there are risks in previously established ranks, parameters and limits. The cooperative can include additional indicators they consider to be important to their evaluation.

The 129 page Manual of Financial Disciplines for Cooperatives outlines the importance of the financial control as the fundamental tool for the decision making. It includes a chapter related to the main indicators of cooperative competitiveness and of financial management required for successful credit union development. The financial control panel is applicable to all types of savings and credit cooperatives, whether rural or urban, opened or closed. It considers 40 indicators, distributed in five blocks, which are: 1) cooperative competitiveness; 2) operations and results; 3) liquidity and leverage; 4) administration and control; 5) growth and technology. The manual has been designed so that it is easily understood and well within the reach of all. The analysis of the financial and non-financial variables of greater incidence on the enterprise management is approached, in a simple practical way, through blocks of strategic indicators, which refer to a specific attention area within the structure of the organization.

Jue - 1 - Sep - 2005





Modelo de Disciplinas Financieras COLAC

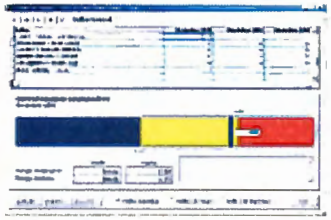
El *software* de disciplinas financieras es un sistema informático modular, que le facilita al analista realizar evaluaciones comparativas de indicadores financieros y de estructura bajo el concepto de Cuadro de Mando.

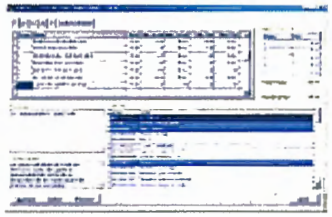
Su facilidad de manejo, su amplia parametrización, su presentación gráfica, y la facilidad de administración de datos, le ofrece al usuario una herramienta muy sencilla, pero a la vez poderosa para elaborar los indicadores que la cooperativa requiera y de esta manera brindar información precisa y oportuna a los cuerpos directivos y la plana gerencial, sobre el comportamiento de la empresa en intervalos de tiempo definidos.

La posibilidad de asignar ponderaciones por indicador, y por grupo de indicadores permite obtener una ficha de calificación para su cooperativa, altamente confiable y comprensible.

Administre los cuadros de indicadores que usted quiera, registre las unidades o centros de negocios, oficinas y sucursales que ocupe, y compare hasta 160 períodos en cada una de ellas.

Pantallas:





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Attachment 7

CURRICULUM VITAE

LIC. FERNANDO A. VARGAS

1. DATOS PERSONALES

NOMBRES	*: Fernando Antonio*
APELLIDOS	*: Vargas De Soto*
LUGAR DE NACIMIENTO	*: Santo Domingo, R. D.*
FECHA DE NACIMIENTO	*: 27 de Agosto de 1957*
CÉDULA DE ID. PERSONAL	*: 001-0086153-3*
ESTADO CÍVIL	*: Casado*
DIRECCIÓN RESIDENCIA	*: Gustavo Mejía Ricart No.103, esq. Manuel de Jesús Troncoso, Edif. Mansión I PH-A, Piantini*
TELÉFONO RESIDENCIA	*: 539-7147*
CELULAR	*: 299-4970*
EMAIL	*: f.vargas@codetel.net.do*

2. ESTUDIOS REALIZADOS

SECUNDARIOS	*: Colegio de la Salle Bachiller 1975*
UNIVERSITARIOS	*: UNPHU-sexto semestre de Arquitectura 1975-1978*
	: APEC-Licenciatura en Contabilidad y Auditoría (1978-1982)

3. CURSOS Y SEMINARIOS

VENTA DE SEGUROS	*: La Universal de Seguros, C. por A. (1977)*
AUDITORÍA OPERATIVA	*: Instituto de Contadores de la R. D. (1979)*
AUDITORÍA SOBRE EL MÉTODO COOPERS & LYBRAND	*: Firma de Auditores Fernández, Pellerano & Asociados, (1980)*
XIV CONFERENCIA INTER-AMERICANA DE CONTABILIDAD	*: Celebrada en Santiago de Chile (1981)*
ENTRENAMIENTO EN TRASPASO DE CARTERA	*: Con el Sr. Eric Line de Continental Re Bermuda Octubre (1982)*
IMPUESTO SOBRE LA RENTA	*: Impartido por el Dr. Orlando Rodríguez de la Firma Fernández, Pellerano & Asoc. (1982)*
RAMOS TÉCNICOS	*: Dictado por el Ing. José Zambrano, Vicepresidente Ejecutivo de la Reaseguradora Latinoamericana de Venezuela, (1983)*

REASEGUROS DE RIESGOS GENERALES: Auspiciado por Reaseguradora Nacional (1983)

SEGURO DE INCENDIO Y LÍNEAS ALIADAS	*: Reaseguradora Profesional, S. A. (1983)*
PLANEACIÓN FINANCIERA DE LAS COMPAÑÍAS DE SEGUROS	*: Auspiciado por el ISCAPC en Antigua Guatemala, (1984)*
PROBLEMAS REGIONALES DE REASEGURO Y ADMINISTRACIÓN FINANCIERA DE LAS CÍAS. DE SEGUROS	*: Auspiciado por ISCAPC en Antigua Guatemala (1984)*
ANÁLISIS DE LA SITUACIÓN DEL MERCADO ASEGURADOR Y REASEGURADOR DOMINICANO	*: Auspiciado por Profesa, Renasa, Reisa y Reasanto (1984)*
LOS EFECTOS DE LA INFLACCIÓN SOBRE EL SEGURO	*: Lic. Pedro Sournadjian, Presidente de ARELA (1984)*
XVI CONFERENCIA INTERAMERI-MERICANA DE CONTABILIDAD	*: Celebrada en Miami, E. U. (1985)*
CONGRESO LATINOAMERICANO DE CONTROLES, SEGURIDAD Y AUDITORÍA DE SISTEMAS COMPUTARIZADOS	*: Celebrado en Bogotá, Colombia (1986)*
ANÁLISIS DE PROBLEMAS Y TOMA DE DESICIONES	*: Grupo Financiero Popular (1987)*
X SEMINARIO REGIONAL INTERA-MERICANO DE CONTABILIDAD	*: Celebrado en Santo Domingo, R. D. (1987)*
LIDERATO GERENCIAL	*: Sr. Luis García Dubus (1988)*
XVII SEMINARIO REGIONAL INTERAMERICANO DE CONTABILIDAD	*: Celebrado en Santo Domingo, R. D. (1989)*
CONTABILIZACIÓN DE LAS CUENTAS TÉCNICAS DE REASEGUROS	*: Celebrado en Santo Domingo, R. D. (1989)*
SEMINARIO INTERNACIONAL DE REASEGUROS PATRIA 90	*: Celebrado por Reaseguradora Patria en México (1990)*
TALLER DE DESARROLLO, LIDERAZGO Y FORMACIÓN DE EQUIPOS	*: Celebrado en Santo Domingo con los asesores de Langton & Clake (1992)*
CURSO TEAM BUILDING	*: Celebrado en Santo Domingo con los asesores de Langton & Clake (1992)*
SEMINARIO DE MARGEN DE SOLVENCIA	*: Auspiciado por ISCAPC en Santo Domingo (1993)*
SISTEMA DE EVALUACIÓN DE DESEMPEÑO	*: Celebrado en Santo Domingo con los asesores de Langton & Clake (1993)*
SEMINARIO FUNDAMENTAL DE CALIDAD TOTAL	*: Celebrado en Santo Domingo con los asesores de The Systema Group de E. U. (1994)*

SEMINARIO BANCA Y TECNOLOGÍA ANTICIPANDO EL FUTURO	*: Celebrado por La Corporación UNISYS en Guayaquil, Ecuador (1995)*
LOS SIETE HÁBITOS DE LAS PERSONAS ALTAMENTE EFECTIVAS	*: Covey Leadersship Center Inc. (1996)*
TALLER MISION, VISION Y VALORES	*: Covey Leadersship Center Inc. (1997)*
SEMINARIO DE ADMINISTRACIÓN DE RIESGOS	*: Asociación Dominicana de Corredores de Seguros (1998)*
CURSO DE ADMINISTRACIÓN DE VIDA INDIVIDUAL Y COLECTIVO	*:Lincoln Reinsurance Cos. Fort Wayne Indiana (1999)*
CONFERENCIA FIDES 99	*:Ciudad de Panamá, Panamá (1999)*
PERDIDAS CONSECUENCIALES EN LA INDUSTRIA	*: Celebrado por Le Mans Re en Antigua, Guatemala (2000)*
CONFERENCIA CENTROAMERICANA DE SEGUROS	*: Celebrada en Punta Cana R.D (2000)*
CONFERENCIA FIDES 2003	*: Celebrada en Bavaro, Rep. Dominicana (2003)*

4. *ENTRENAMIENTOS*

CURSO DE ESTADOS FINANCIEROS TÉCNICOS PARA RIESGOS GENERALES	*: Para el personal administrativo de Palic y Banco BHD (1998)*
CURSOS DE RIESGOS GENERALES	*: Para el personal de negocios de Palic y Banco BHD (1998)*
CURSOS DE CONTABILIDAD DE SEGUROS	*: Para Inan en el 2003*

5. *EXPERIENCIA LABORAL*

AUXILIAR DE CONTABILIDAD	*: La Universal de Seguros, C. por A. (1979-1980)*
CONTADOR	*: Reaseguradora Profesional, S. A. (1980-1985)*
VICEPRESIDENTE AUXILIAR-GERENTE DE OPERACIONES	*: Reaseguradora Profesional, S. A. (1985-1988)*
2DO. VICEPRESIDENTE - GERENTE DE FINANZAS Y OPERACIONES	*: Reaseguradora Profesional, S. A. (1988-1990)*
VICEPRESIDENTE GERENTE	*: Reaseguradora Profesional, S. A. (1990-1991)*
ASESOR	*: Banner Reinsurance Company de Panamá (1984-1989)*

ASESOR	*: Banner Re-Grand Cayman de Grand Cayman (1988-1989)*
VICEPRESIDENTE	*: Banner Managment Services de Miami, E. U, (1990-1991)*
DIRECTOR	*: Banner Re-Grand Cayman de Grand Cayman (1990 a 1995)*
DIRECTOR (Vicepresidente) Mantenimiento de Cartera y Asistente del Presidente en asuntos Del Consejo de Directores y de Planificación Financiera	*: La Universal de Seguros (1991-1995)*
PRESIDENTE Y MIEMBRO	*: Comité Financiero de CADOAR (hasta 1995)*
MIEMBRO	*: Comité Financiero de la Junta Consultiva (1993-1994)*
TESORERO	*: Junta Consultiva (2000)*
GERENTE DE ASUNTOS INTERNACIONALES	*: Datocentro (1995 a 1996)*
ASESOR	*: UNISYSdata y Contacálculo en Ecuador (1995 a 1996)*
GERENTE SENIOR PLANIFICACIÓN Y DESARROLLO	*: Transglobal de Seguros, S.A. (1996)*
GERENTE SENIOR DE NEGOCIOS Y MERCADEO	*: Transglobal de Seguros, S.A. (1996-1997)*
CONSULTOR DE SEGUROS	*: Independiente (1997-1998)*
CONSULTOR DE SEGUROS	*: Banco BHD (1998)*
GERENTE DE DIVISIÓN RIESGOS GENERALES	*: Compañía de Seguros PALIC, S.A. (1998 A 1999)*
1ER VICEPRESIDENTE TÉCNICO	*: Compañía de Seguros PALIC, S.A. (1999 a 2001)*
CONSULTOR DE EMPRESAS	*: Independiente (desde el 2002)*
VICEPRESIDENTE CONSULTOR DE EMPRESAS De seguros, Corretaje de Seguros Tenedoras de Acciones, Superintendencia de Seguros Sistemas de Proyecciones	*: Carlos. F. Vargas & Asocs.*

6. *PROYECTOS Y SISTEMAS OPERATIVOS*

SISTEMA DE FINANCIERO DE INFORMACION GERENCIAL (2001)
Para la Superintendencia de Seguros

SISTEMA FINANCIERO DE ESTADISTICAS (2002)
Para la Superintendencia de Seguros

PROYECTO DE RIESGOS GENERALES PALIC (1997)

SISTEMA DE CONTROLES METROGAS, C. POR A. (1989)

SISTEMA DE BANNER RE-GRAND CAYMAN, (1988)

SISTEMA DE BANNER REINSURANCE COMPANY, (1985)

SISTEMA DE REASEGURADORA PROFESIONAL, S. A. (1980-1981)

7. CONSEJOS DE DIRECTORES

REASEGURADORA PROFESIONAL, S. A., Miembro desde 1988 a 1989

BANNER REINSURANCE COMPANY, Miembro desde 1986 a 1989

BANNER RE-GRAND CAYMAN, Secretario desde 1990 a 1995

BANNER MANAGMENT SERVICES, Secretario desde 1990 hasta 1991

8. INSTITUCIONES A QUE PERTENEZCO

- CLUB DEPORTIVO NACO
SOCIO

9. REFERENCIAS PERSONALES

ING. ERNESTO IZQUIERDO	*: Presidente* *Seguros Popular* *Teléfono (809)544-7968*
LIC. EDUARDO TOLENTINO	*: Vicepresidente Ejecutivo* *La Comercial de Seguros* *Teléfono (809)543-5123*
LICDA. IVELISSES MIESES	*: Socia* *PriceWaterHouseCooper* *Teléfono (809)567-7741*

AAC/MIS Semi-Annual Report

Attachment 8

DOMINICAN REPUBLIC - COMPONENT A3
INSURANCE PRODUCTS TO DEVELOP

Products & Starting Date (mm/dd/yy)	Coverage	Provisions	Premium	Policy
AIDS inclusion (03/01/05)	Coop-Seguros will pay benefits for Death or Total Permanent Disability due to AIDS.	The AIDS non-exclusion clause applies to Death as well as Total Permanent Disability for any reason, for all the Life Insurance plans. Benefits begin 180 days after the member takes out the policy.	No additional cost.	Incorporated as a rider on all life insurance policies.
HIV 70% (09/01/05)	Up to 70% of the Sum Insured payable in 24 payments upon 1st HIV diagnosis.	Benefits begin 180 days after the member takes out the policy. Benefits will be paid on medical services only (not in cash). Beneficiaries of this policy will be under constant monitoring by Coop-Seguros, and Coop-Seguros must give prior approval when the medical center providing the service is chosen. The benefit payable at death is reduced by the total amount paid in HIV services.	Members or Cooperatives pay. This should be worked on later by Bernardo Miranda.	Offered as additional coverage on Vida Coop & Group Life Does not have coverage for Vida Savings and Loans.
Loans Plus (01/01/06)	Additional life insurance with a sum insured of up to a maximum of twice the loan amount, applicable to 100% of the insureds in the portfolio. It includes HIV 70% coverage (according to information explained above.)	The standard policy provision applies to additional benefits: The additional benefit does not decrease along with the loan balance and terminates when the loan is paid in full. Policyholders may choose HIV 70% coverage. Benefits begin 180 days after the member takes out the policy. Benefits will be paid on medical services only (not in cash). Beneficiaries of this policy will	Cooperatives pay. This should be worked on later by Bernardo Miranda	Offered as additional coverage on Vida loans, Vida Coop & Group Life.

DOMINICAN REPUBLIC - COMPONENT A3
INSURANCE PRODUCTS TO DEVELOP

Products & Starting Date (mm/dd/yy)	Coverage	Provisions	Premium	Policy
		be under constant monitoring by Coop-Seguros, and Coop-Seguros must give prior approval when the medical center providing the service is chosen.		
Vida Plus (01/01/07)	Accelerated benefit payment of up to 75% of the Sum Insured (paid in three options: 1 payment, 6 payments, 12 payments) for pernicious illnesses, including: cancer (malignancy), heart attack, stroke, renal disease, paralysis, coma, organ transplant, etc. Note: except HIV, which will be handled with 70% coverage (according to information explained above).	Benefits begin 180 days after the member takes out the policy. The benefit to be paid at the time of death is reduced by the total amount previously advanced. Remember that the benefit paid to the beneficiary for death due to pernicious illnesses is in cash, and that payment for HIV is under the terms established previously (policy of 70% on life for services).	Members or Cooperatives pay. This should be worked on later by Bernardo Miranda	Offered as additional coverage on Vida loans, Vida Coop & Group Life.

AAC/MIS Semi-Annual Report

Attachment 9

VIDA-COOP PLAN

Insured Family Group

- **Principal Insured** (applicant)
- **Spouse of Principal Insured** *(The principal sum is equal to that of the Principal Insured).*
- **Children under 25 years of age** (Covers a maximum of 5 children). *The principal sum for children shall be 20% of the sum for the Principal Insured.*

Coverages
(For entire Insured Family Group)

- Total Permanent Disability due to Accident or Illness
- Accidental dismemberment
- Medical Expenses resulting from an accident. (*Maximum coverage is 10% of the Principal Sum of the respective family member.)*
- Death from natural causes.
- Double indemnity for death if it is due to an accident.

Total Monthly Premiums
(for ENTIRE Insured Family Group)

PRINCIPAL SUM (Principal Insured)	MONTHLY PREMIUM
• RD $ 50,000	RD $ 110
• RD $ 75,000	RD $ 165
• RD $ 100,000	RD $ 215
• RD $ 150,000	RD $ 325
• RD $ 200,000	RD $ 435

Principal Features

- Principal Insured must be between the ages of 18 and 65 when submitting the application for insurance.
- No medical examination is required.
- Coverage terminates when any of the family group members reaches 70 years of age.
- Coverage for children applies from the ages of 1 month to 25 years
- There is a three-month waiting period after the policy is issued for coverage for death from causes other than accident.
- Death benefit is excluded if death is due to poisoning, suicide, ~~AIDS~~, or direct participation in attacks, strikes, insurrections or similar disturbances.
- The policy does not exclude death due to AIDS, provided the HIV/AIDS infection is diagnosed after taking out the policy.

OPTION FOR A SINGLE INSURED PERSON

PRINCIPAL SUM	MONTHLY PREMIUM
• RD $ 50,000	RD $ 50
• RD $ 75,000	RD $ 75
• RD $ 100,000	RD $100
• RD $ 150,000	RD $150
• RD $ 200,000	RD $200

Group Discounts

Special Discounts for groups of more than 10 families.

- 5% for groups of 10 to 19 families.
- 10% for groups of 20 to 49 families.
- 15% for groups of 50 to 99 families.
- 20% for groups of more than 100 families.

OUR FACILITIES AND ADVANTAGES

- Prompt claim payments.
- We want your confidence, so we keep our promises to you.
- We are a cooperative company. (We base our philosophy on Cooperative Principles.)
- Advance payment within 24 hours of 30% of the Principal Sum for the respective family member, in case of death, to cover funeral expenses.

HOW TO PROCEED IN CASE OF AN ACCIDENT

- File your claim with the company within 10 days after the accident.
- Call your cooperative or the main office of **COOP-SEGUROS (682-6118 or 1-200-6118,** free of charge inside the country) or **530-2996** (during non-business hours) to file a claim or request assistance.

PLAN APPLICATION

Applicant's name (Principal Insured)

Last names:

First names:

I.D. No.: Telephone:

Address:

Principal Sum:

Monthly Premium: RD $

Tax (12%): RD $

Premium + Tax: RD $

Beneficiary in case of residual benefit:

Relationship: I.D. No.

I hereby authorize my cooperative to process the loan of the 12 monthly premiums for the plan selected.
Signed:.....

I guarantee that the insured persons shown in the attached table, as well as I myself, are presently in good health and that we suffer from no cardiovascular disorders, renal disorders, high blood pressure, stroke, cancer, tumors, diabetes, epilepsy, asthma or immunological disorders ~~or AIDS-related disorders~~, nor have we been diagnosed as of this date as having the HIV/AIDS infection.

I also agree that falsification of any information in this application gives COOP-SEGUROS the right to cancel the contract. I understand that coverage does not start until COOP-SEGUROS has received and accepted this policy.
Applicant's signature: .....
Intermediary's signature: .....
Date: .....

NAMES OF ADDITIONAL INSUREDS

Insureds' names	Relationship	Sex (M/F)	DOB mm/dd/yr	I.D. Nos.

AN ACCIDENT CAN HAPPEN ANYTIME AND CAN CAUSE MANY PROBLEMS FOR YOU OR YOUR FAMILY...

PROTECT YOURSELF TODAY!

with the new insurance from

VIDA-COOP

from

COOP-SEGUROS

...Guaranteed Insurance

COLLECTIVE ACCIDENT AND LIFE INSURANCE POLICY FOR FAMILY GROUPS (VIDA-COOP PLAN)

GENERAL TERMS AND CONDITIONS

1. Documents that constitute the contract

This policy, the Insured Members' Plan Applications, the policy riders and any other signed document that has served as a basis for the issuance or modification of this policy, constitute the full contract.

All statements made by the Contracting Party or by members of the insurable group, on their behalf, are considered to be representations, not guarantees. None of these statements shall be used in any lawsuit, unless the statement appears in writing in a document provided to **COOP-SEGUROS** by the Contracting Party or an insured member, on his or her behalf.

2. Changes to the Contract

Changes to this policy shall be valid only if they are approved by the President or the Secretary of the Executive Committee or the General Manager or Technical Manager of COOP-SEGUROS and accepted by the party contracting for the policy through payment of the premiums corresponding to the periods that begin on and after the date said change becomes effective. The agents and intermediaries have no authority to modify it.
Any change shall be evidenced by a policy rider. The terms of the rider shall be applicable to all the insured debtors, without any need to notify them of it or obtain their consent.

3. Incontestability

The validity of this contract may not be contested, except for failure to pay the premiums, after it has been in force for two years after the effective date. With respect to each insured member, the two years begin on the effective date of their particular coverage.

4. Definitions

The terms defined in this clause, wherever they are used in this policy, shall be interpreted in the following manner:

a) INSURABLE GROUP: All persons naturally associated with the contracting party (associates, employees, executives), and who meet each and every one of the requirements established for insurability under the policy.
b) INSURED GROUP: All persons, members of the Insurable Group – and their respective spouses and minor children under age 25 – for whom the established periodic premium is paid, whose names the Contracting Party has reported to COOP-SEGUROS.
c) INSURED: Person-member of the Insured Group who is insured under this policy.
d) DEFINITION OF ACCIDENT: An accident is understood to be any bodily injury that a physician could determine in some way, involuntarily suffered by the Insured through the sudden action of an external agent.
By extension and clarification, within the concept of accident are: asphyxiation or intoxication due to high voltage or gases, asphyxiation due to submersion or obstruction, intoxication or poisoning from ingesting toxins or spoiled food consumed in public places or acquired in such condition, anthrax or tetanus of traumatic origin, rabies, accidents caused by surgeons or other practitioners of medicine, veterinary medicine and related professions, as principals or assistants, when such accidents result in microbial infection or intoxication originating from external wounds produced during the performance of surgery, dissection and autopsy.

5. Requirements for insurance under the policy

A member of the insurable group shall have the right to insurance by virtue of this policy, as of the date he or she meets all of the following requirements:
a) Be at least 18 and less than 65 years of age.
b) Be an associate, employee or executive associated with the contracting party.
c) Have a savings account or loan with the contracting party or receive compensation from the contracting party.
d) Be physically active and prepared to perform the normal duties of his or her occupation or activity at the time of entrance into the plan. The physical capability requirement shall be considered to be met when the member of the insurable group has recovered his/her definitive capability and is regularly performing all the normal and customary duties of his/her employment or activity.
e) Have no pre-existing illnesses, such as cardiovascular disorders, kidney disorders, high blood pressure, stroke, cancer, tumors, diabetes, epilepsy, asthma or immunologic disorders.
f) Requirements d) and e) above are also applicable to the spouse of the Insured and to any of his or her children under age 25 who would be covered under the policy as part of the Insured's family group.

6. Evidence of Insurability

COOP-SEGUROS reserves the right to require any person of the insurable group or his/her family members to be included in the policy to undergo a medical examination or submit other evidence of Insurability satisfactory to COOP-SEGUROS, as a condition for granting insurance to that person.

7. Minimum Number of Insured Members

At the time this policy is issued, the number of insured members must be not less than 10 persons.

8. Extension of Coverage

This insurance covers all accidents the insured might suffer, whether in the exercise of his or her stated profession, in his/her private life or while traveling on foot, horseback, unmotorized bicycle, or using any customary means of public transportation of people, whether by land, river, sea or air (on lines subject to fixed schedules) or in the insured's own or others' private cars, whether driving or not. The following sports are covered, provided they are practiced as amateurs: athletics, basketball, boxing, bowling, ninepins, canoeing, small game hunting, bicycling, sailing or motorboating on rivers or lakes, horseback riding, fencing, mountain climbing (on roads or trails), gymnastics, golf, handball, field hockey, swimming, skating, racquetball, netball, ocean fishing, rowing, tennis, target practice (in firing ranges), volleyball, water polo and baseball.

9. Territory Covered

Coverage extends to all the countries of the world.

10. Principal Sum Covered by the Policy

The Principal Sums offered by this policy are as follows:

a) Principal Insured Member: 100% of the amount shown in the "Principal Sum" field of the respective Plan Application.
b) Spouse of Principal Insured Member - specified in the Plan – 100% of the amount specified in the "Principal Sum" field of the respective Plan Application.
c) For each child under 25 specified in the respective Plan Application (covering a maximum of 5 children): 20% of the amount specified in the "Principal Sum" field of the respective Plan Application.

11. Covered Risks (Coverage)

This policy covers the following risks, provided the direct and sole cause is an accident covered by this policy:

I. Permanent Disability: The Company shall pay the *Principal Sum Covered by the Policy* (see item in section 10) applying the percentage corresponding to the particular degree of Permanent Disability, based on the Indemnity Table incorporated into this policy and which is an integral part thereof.

II. Medical expenses: a) The Company shall pay medical fees and drug, hospital and surgical expenses that may be needed at the rate of up to 10% of the *Principal Sum Covered by the Policy* (see item in section 10).

III. Accidental death: the Company shall pay *the Principal Sum Covered by the Policy* (see item in section 10), deducting any benefits it may have paid for permanent disability.

IV. Death due to natural causes: Regardless of whether or not the death is the result of an accident, provided the exclusions specified in the following section do not apply: the Company shall pay *the Principal Sum Covered by the Policy* (see item in section 10).

12. Uncovered Risks

Excluded are risks caused by or deriving from:

a) acts of war, whether declared or undeclared; foreign enemy invasion, civil war or occurrences that could give rise to such situations in fact or by law;
b) nuclear power;
c) natural disasters;
d) acts of the Insured or his/her beneficiaries: suicide or attempted suicide; intentional poisoning, participation by the insured in crimes or other criminal offenses, duels or fights, except in legitimate self defense;
e) sickness or while the Insured is under the influence of narcotics, drugs or alcoholic beverages;
f) Serious infractions of laws, regulations or ordinances.
g) notoriously dangerous acts, except for attempts to save life or belongings;
h) Participation in sports other than those specified in Section 8 (Extension of Coverage).

Coverage of Death due to natural causes is excluded if the death occurs during the three-month period following the date the Insured's coverage takes effect (see clause 17).

13. AIDS Coverage

This policy does not exclude death due to Acquired Immune Deficiency Syndrome, in accordance with the following:

- An indispensable requirement will be that the first diagnosis of the HIV infection be made after the policy has been signed.

- AIDS is defined as: Any person who has an HIV-positive ELISA serologic test, confirmed by a supplementary Western Blot, and who also has a CD4 cell count of less than 500/mm3 and has one or more of the following diagnoses confirmed by microscopy or culture:

1. Candidiasis, esophageal, tracheal, bronchial or pulmonary.

2. Cervical cancer, invasive.
3. Coccidioidomycosis, disseminated or extrapulmonary.
4. Cryptococcosis, extrapulmonary.
5. Cryptosporidiosis, chronic intestinal (of more than one month's duration)
6. Cytomegalovirus retinitis (with loss of vision).
7. Encephalopathy, HIV-related.
8. Herpes simplex.
9. Chronic ulcers (of more than one month's duration).
10. Bronchitis, pneumonitis or esophagitis.
11. Histoplasmosis, disseminated or extrapulmonary.
12. Isosporiasis, chronic intestinal, of more than one month's duration.
13. Kaposi's sarcoma
14. Non-Hodgkins B-Cell type lymphoma of undetermined immunologic phenotype or of any of the following types: small non-cleaved lymphocytic (Burkitt's or non-Burkitt's) or immunoblastic sarcomas, diffuse histiocytic lymphoma, undifferentiated lymphoma, reticular cell sarcoma or highly malignant lymphoma.
15. Immunoblastic lymphoma.
16. Lymphoma, primary, of brain.
17. Mycobacterial disease (other or unidentified species), disseminated or extrapulmonary.
18. Pneumocystis carinii pneumonia.
19. Recurrent pneumonia.
20. Progressive multifocal leukoencephalopathy.
21. Salmonella septicemia, nonrecurrent.
22. Toxoplasmosis of brain.
23. Wasting syndrome.
24. Mycobacterium kansasii, disseminated or extrapulmonary.
25. Tuberculosis, pulmonary or extrapulmonary.
26. M. avium or M. kansasii, disseminated or extrapulmonary.
27. Strongiloidosis, extraintestinal.
28. Lymphoid pulmonary hyperplasia or lymphoid interstitial pneumonitis.
29. Dementia complex or HIV encephalopathy.
30. Extrapulmonary infection or infection disseminated by microbacteria of other species, except Leprosy.

14. Renewal

This insurance is for an annually renewable term, renewable through payment of the required premium; nonetheless, COOP-SEGUROS reserves the right to review this policy and may refuse to renew it at the end of any policy-year.

15. Certificates

COOP-SEGUROS shall give the Contracting Party a Certificate to provide to each insured, summarizing the coverage offered by this policy. Provision of a brochure or other informational document giving that summary will meet this requirement.

The Certificate, brochure or other document shall be subject to this policy and all of the policy's clauses shall prevail over it.

16. Administration, Books and Registers

The Contracting Party agrees to administer the policy in accordance with the instructions provided by COOP-SEGUROS.
COOP-SEGUROS shall have the right, and shall be given the opportunity, to inspect the books and registers related to coverage under this policy at the Contracting Party's place of business.

17. Contracting Party's Obligations

The obligations of the Contracting Party, in addition to any other provision expressed in the policy, are as follows:

a) To collect and pay the agreed premiums at the time stipulated.

b) To notify COOP-SEGUROS monthly in writing concerning the following changes for the month, within the first fifteen days after the month on which the report is made:

- New members admitted to the Insured Group for the month being reported.
- Cessations of membership in the Insured Group. Temporary leave by employees or executives due to illness, injury, vacation or leave of absence, etc., shall not be considered cessations of membership, but they must not last longer than three months. If the premium for the group member on temporary leave continues to be paid during this period, or has been paid previously, that person shall continue to be insured without any problem. If the premium payment is not renewed after the three-month temporary suspension, the person shall be considered to have left the Insurable Group. If that person rejoins the Insured Group subsequently, it will be treated as a new admittance, so all clauses that apply as of the insured's admittance date shall apply once again as of the last readmittance date.

18. Initiation of Coverage

Coverage under this insurance, as well as any change in the principal sum, shall become effective for each new member or family member included in the Insured Group, after COOP-SEGUROS has received and accepted the inclusion.

19. Errors and Omissions.

COOP-SEGUROS's liability under this policy shall not be declared null and void as a consequence of good faith errors or omissions by the insured or the Contracting Party. The latter agrees to inform COOP-SEGUROS of such errors or omissions immediately upon learning of them. In these cases,

the corresponding premium adjustment shall be made. Therefore, errors in maintaining documents connected with this insurance shall not invalidate insurance that would otherwise be in force, nor shall insurance continue that would otherwise have been terminated.

20. Calculation and Payment of Premium

The premium that the Contracting Party must pay shall be the sum of the respective monthly premiums of each of the members included in the current list of Insured Group members for the month covered by the insurance.
Premiums for this contract shall be paid each month in advance at THE COOP-SEGUROS Main Office.
Payment of the premium shall not keep this insurance in force beyond the next premium payment due date, except as provided in the *Grace Period* clause.

21. Premium Payment Grace Period

The Contracting Party is granted a fifteen-day grace period for payment of any premium except the first one, starting from the due date of same.

22. Right to change premium

COOP-SEGUROS may increase or decrease the monthly premiums by giving the Contracting Party thirty days' advance written notice.
COOP-SEGUROS shall have the right to change the premiums: a) on any anniversary of the date the policy was taken out or, b) on any premium due date, provided the premiums being collected are for policies that have been in force for at least twelve months.

23. How to proceed in case of accident

NOTIFICATION: The Company must be notified of the accident within the first ten days after it occurs, indicating the accident date, time, place and circumstances and also the names and addresses of witnesses, and stating whether authorities intervened and whether legal proceedings have been initiated

In case of death of the insured, notice must be given not later than twenty (20) days after the death occurs. COOP-SEGUROS shall supply proof of loss forms upon receipt of notification. The aforesaid forms must be completed and returned to COOP-SEGUROS within ninety (90) days after the date of the loss for which the claim is being made. Failure to send notice or proof of loss within the stipulated time shall not invalidate or diminish the claim if it is shown that it was not reasonably possible to do so and that it was done as soon as reasonably possible.

MEDICAL CARE: The Insured accident victim must submit to the Company by the required notification deadline a certificate from the physician stating the cause and nature of the injuries and their known or presumed consequences, as well as proof that the victim is receiving reasonable medical treatment. The company reserves the right to subject the accident victim to an examination by a physician it trusts.

The Company may extend the above-mentioned deadlines provided the insured demonstrates that it is impossible to meet them.

24. Payment of indemnity

The Company shall pay the benefits payable under this policy at its Main Office, once the following requirements have been met:

I. In case of death, within forty-five (45) days after receiving the properly documented claim, accompanied by satisfactory evidence of the insured's death;
II. In case of Permanent Disability, once the insured accident victim has been finally discharged and within forty-five (45) days of [receipt of] accompanying documents verifying the resulting disability.
III. For medical expenses, within 10 days after receipt of satisfactory documentation.

25. Incorrect age

Before making payment of any claim, COOP-SEGUROS may require satisfactory proof of age. When the insured's age has been stated incorrectly on the application or in any report required by this policy, and if the correct age is an age for which this policy does not provide death benefits, COOP-SEGUROS shall have no obligation to the aforesaid insured party, other than to reimburse the Contracting Party for the premiums collected for the period following the date on which benefits terminate due to the insured's correct age.

36. Right to autopsy and exhumation

In case of death of the Insured, the Company reserves the right to require autopsy or exhumation of the remains to establish the causes of death. The beneficiaries or heirs must give their agreement and assistance if they are essential for obtaining the proper official authorization. The autopsy or exhumation must be performed by serving subpoenas on the beneficiaries or heirs, who may appoint a physician to represent them. The Company shall bear all the resultant expenses except those of the physician who represents the beneficiaries or heirs.

27. Beneficiaries

Subject to the provisions of current legislation, each Insured may designate one or several beneficiaries or change any beneficiary previously designated, unless that beneficiary was named as an irrevocable beneficiary. When no beneficiary has been designated, the benefit shall be paid to the legal heirs.

If the insured's insurance policy is in force, designation or change of beneficiaries shall take effect starting from the date COOP-SEGUROS receives the written notice containing the designation or change.
When several beneficiaries are named, the benefit shall be distributed equally among the aforesaid beneficiaries, unless the insured has stated this provision differently.

28. Policy termination

If the Contracting Party notifies COOP-SEGUROS in writing that this policy should be canceled, the policy shall terminate on the date specified or on the date said written notice is received, if the latter is first.
On or after the policy renewal date, COOP-SEGUROS may cancel this policy on its anniversary date by giving the Contracting Party thirty-one days' advance written notice, stating from the date on which the policy will terminate.

29. Termination of the Insurance

Insurance coverage for the Principal Insured terminates upon the occurrence of any of the following events:

a) Termination of the policy
b) Cessation of the natural relationship with the contracting party (cooperative associate, employee, executive).
c) When the Principal Insured reaches 70 years of age, or upon his/her death.

The insurance coverage for the Principal Insured's spouse terminates: when the spouse reaches 70 years of age, or upon his/her death, or upon the termination of the spouse's relationship to the Principal Insured.

The insurance coverage of the Principal Insured's children terminates: when they reach 25 years of age, or upon their death.

30. General Provision

The laws of the Dominican Republic shall apply concerning any item not anticipated in this contract.

PERMANENT DISABILITY TABLE OF BENEFITS

TOTAL	**%**
Absolute, incurable state of insanity that prevents the Insured from performing any occupation or work for the remainder of his/her life.	100
Incurable spinal fracture resulting in total and permanent disability	100

PARTIAL	**%**
Head	
Total and irrecoverable loss of hearing in both ears	50
Total loss of sight in one eye or loss of half of normal binocular vision	40
Total and irrecoverable loss of hearing in one ear	15
Ablation of lower jaw	50

	Right	**Left**
Upper extremities	**%**	**%**
Total loss of one arm	65	52
Total loss of one hand	60	48
Unconsolidated fracture of one hand (total pseudoarthrosis)	45	36
Ankylosis of shoulder in a nonfunctional position	30	24
Ankylosis of elbow in a nonfunctional position	25	20
Ankylosis of elbow in a functional position	20	16
Ankylosis of wrist in a nonfunctional position	20	16
Ankylosis of wrist in a functional position	15	12
Total loss of thumb	18	14
Total loss of index finger	14	11
Total loss of middle finger	9	7
Total loss of ring finger or little finger	8	6

Lower extremities	
Total loss of one leg	55
Total loss of one foot	40
Unconsolidated fracture of one femur (total pseudoarthrosis)	35
Unconsolidated fracture of one patella (total pseudoarthrosis)	30
Unconsolidated fracture of one foot (total pseudoarthrosis)	20
Ankylosis of the cranium (*Note) in a nonfunctional position 40	40
Ankylosis of the hip in a functional position	20
Ankylosis of the knee in a nonfunctional position	30
Ankylosis of the knee in a functional position	15
Ankylosis of the instep (arch of foot) in a nonfunctional position	15
Ankylosis of the instep (arch) in a functional position	8
Shortening of a lower extremity by at least five centimeters	15
Shortening of a lower extremity by at least three centimeters	8
Total loss of big toe	8
Total loss of a another toe	4

*Note: Possibly "Ankylosis of temporomandibular joint or of some other bony structure of the head, such as the ossicles of the middle ear"??

Total loss is understood to mean amputation or total and definitive loss of functional use of the organ or injured extremity.

The partial loss of extremities or organs shall be indemnified in proportion to the ultimate reduction of the respective functional capacity, but if the disability derives from pseudoarthrosis, the benefit cannot exceed 70% of the benefit that would correspond to the total loss of an affected extremity or organ.
Loss of the phalanges of the fingers shall be indemnified only if caused by total amputation or ankylosis, and the indemnity shall be equal to half the benefit that would be paid for loss of the entire finger, in the case of the thumb, and a third of the benefit for each of the phalanges, in the case of other fingers.

Combined Disabilities

For loss of several extremities or organs, the percentages corresponding to each lost extremity or organ shall be added together, but the total indemnity cannot exceed 100% of the Principal Sum for permanent disability.
When the disability established in this way reaches 80%, it shall be considered total disability and benefits shall be paid at 100% of the insured amount.

Unforeseen injuries

Indemnity for injuries which, although not shown in the preceding list, constitute permanent disability, shall be established proportionate to the loss of total functional ability, considering, if possible, their comparison to the cases stipulated, and without regard to the Insured's profession.

Left-handed persons

If the Insured has certified on the application that he/she is left-handed, the indemnity percentages shall be reversed for loss of upper extremities.

Expert's reports

If the Insured does not agree with the company's evaluation of the degree of disability, this evaluation shall be made by two medical experts, one appointed by the insured and the other by the company, and in case of disagreement between them, they shall appoint a third expert. If there is no agreement regarding this appointment, the President of the Dominican Medical Association shall appoint the third expert.
The experts shall make the evaluation, following the provisions of the Table of Benefits and its rules and regulations, and their ruling shall have mandatory force for both parties. Each of the parties shall pay the fees and expenses of his/her own expert and half the costs of the third expert.

***COOP-SEGUROS* National Insurance Cooperative, Inc.**

AUTHORIZED SIGNATURE

[logo:] **COOP-SEGUROS**
National Insurance Cooperative, Inc.
RNC-401-500833

SAVINGS AND LOAN INSURANCE

GENERAL TERMS AND CONDITIONS

1. DOCUMENTS THAT FORM THE CONTRACT

This policy, the Contracting Party's application, the individual debtors' declarations, the policy riders, and any other signed document that has served as a basis for the issuance or modification of the policy, constitute the full contract. A letter requesting that the policy be issued and stating who will be the agent or broker.

All statements made by the Contracting Party or by members of the insurable group, on their behalf, are considered to be representations, not guarantees. None of these statements shall be used in any lawsuit, unless the statement appears in writing in a document provided to **COOP-SEGUROS** by the Contracting Party or a debtor, on his or her behalf.

2. CONTRACT MODIFICATIONS

Changes to this policy shall be valid only if they are approved by the General Manager and/or Technical Manager of **COOP-SEGUROS**. Agents and intermediaries have no authority to modify it.

Any change shall be evidenced by a policy rider. The terms of the rider shall be applicable to all the insured debtors, without any need to notify them of it or obtain their consent.

3. CONTESTABILITY

Except for failure to pay the premiums, this contract's validity cannot be contested after it has been in force for two years after the date it became effective. For each insured party, the two years begin on the date the particular coverage takes effect.

4. DEFINITIONS

a) INSURABLE GROUP. All the debtors, as defined in paragraph "C" of this clause.

b) INSURED GROUP. All debtors who meet the insurability requirements for the policy for which the stated periodic premium is paid, and whose names have been reported to **COOP-SEGUROS** by the Contracting Party.

c) DEBTOR. Any individual who has borrowed money from the Contracting Party, except as specified in the insurance application, and who meets the requirements set forth in the Eligible Category clause.

d) In cases where more than one debtor is liable for payment of the loan, each one will be eligible for the insurance. Excluded from coverage are debtors who are jointly and severally liable, guarantors and cosignatories.

e) INSURED. Each one of the debtors in the Insurable Group on which the insurance coverage provided by this policy is in force.

5. COVERAGE

Each of the debtors and each of the individuals in the category eligible for this insurance shall be insured while this policy is in force, starting the date the policy takes effect, for the sum shown in the Specific Terms. Coverage is extended expressly on loan principal balances owed to the Contracting Party, plus interest on those loans. Any interruption of this contract shall result in the immediate termination of all insurance in force under the contract.

If there are several debts in the name of a single person, the corresponding principal sum shall be equal to the sum of the insurable balances of the aforesaid debts.

In the case of joint debts, the principal sum of each debtor shall be equal to the particular insurable balance, divided among the number of persons who form part of the joint liability, unless it was recorded differently in the policy.

For coverage to be effective, the loaned amount must have been credited to a member of the Insurable Group and a real debt must have been created. At that time, the eligibility terms specified herein shall correspond to each loan.

6. ELIGIBLE CATEGORY

Persons eligible for this insurance must meet the following requirements:

a) Be a debtor of the category set forth in the application at the time this contract takes effect or at the time of crediting of the loaned funds and the creation of the real debt, whichever occurs later.

b) Be under 70 years of age.

c) Be physically able to perform the normal duties of his/her job or occupation at the time this contract takes effect or at the time that the loan is made. In the case of homemakers or minors, be physically able to regularly perform the normal, routine tasks of his/her occupation or age, whichever is applicable.

7. EVIDENCE OF INSURABILITY

COOP-SEGUROS reserves the right to require a medical examination of any person belonging to the insurable group, or any other individual evidence of insurability satisfactory to **COOP-SEGUROS**, as a condition for granting partial or full coverage to the aforesaid person. For loan amounts of over **RD$500,000.00** a medical examination is mandatory and the cost is borne by **COOP-SEGUROS**. For other cases involving loans over **RD$30,000.00,** a **Sworn Statement of Good Health** is required.

8. INSURABLE BALANCE

The insurable balance shall be the total ledger balances owed on which a premium has been paid or is payable during the time this contract is in force, excluding:

a) All balances owed by debtors who are not individuals.

b) All balances owed by debtors who have reached 70 years of age.

c) All balances owed by debtors who do not have a right to this insurance, pursuant to the provisions of the policy.

d) All balances that exceed the Maximum Insurable Sum for each debtor, indicated in the Specific Terms.

e) All of each debtor's loan balances for each delinquent loan payment on the principal, for a cumulative total of twelve (12) months.

f) All balances payable from dowry or patrimonial loans.

A patrimonial or dowry loan is a loan made by purchasing stocks or deposits in the entity that represents the Contracting Party or in any other entity. **The maximum loan amount is RD$2,000,000 pesos.**

9. MINIMUM NUMBER OF DEBTORS REQUIRED

At the time the policy is issued, the number of debtors of the Contracting Party must be not less than 15 persons. The monthly premiums must be not less than RD$1,000.00

10. AIDS COVERAGE

This policy does not exclude death due to Acquired Immune Deficiency Syndrome (AIDS), in accordance with the following:

- An indispensable requirement will be that the first diagnosis of the HIV infection be made after the policy has been signed.

- AIDS is defined as: Any person who has an HIV-positive ELISA serologic test, confirmed by a supplementary Western Blot, and who also has a CD4 cell count of less than 500/mm3 and has one or more of the following diagnoses confirmed by microscopy or culture:

1. Candidiasis, esophageal, tracheal, bronchial or pulmonary.
2. Cervical cancer, invasive.
3. Coccidioidomycosis, disseminated or extrapulmonary.
4. Cryptococcosis, extrapulmonary.
5. Cryptosporidiosis, chronic intestinal (of more than one month's duration)
6. Cytomegalovirus retinitis (with loss of vision).
7. Encephalopathy, HIV-related.
8. Herpes simplex.
9. Chronic ulcers (of more than one month's duration).
10. Bronchitis, pneumonitis or esophagitis.
11. Histoplasmosis, disseminated or extrapulmonary.
12. Isosporiasis, chronic intestinal, of more than one month's duration.
13. Kaposi's sarcoma
14. Non-Hodgkins B-Cell type lymphoma of undetermined immunologic phenotype or of any of the following types: small non-cleaved lymphocytic (Burkitt's or non-Burkitt's) or immunoblastic sarcomas, diffuse histiocytic lymphoma, undifferentiated lymphoma, reticular cell sarcoma or highly malignant lymphoma.
15. Immunoblastic lymphoma.
16. Lymphoma, primary, of brain.
17. Mycobacterial disease (other or unidentified species), disseminated or extrapulmonary.
18. Pneumocystis carinii pneumonia.
19. Recurrent pneumonia.
20. Progressive multifocal leukoencephalopathy.
21. Salmonella septicemia, nonrecurrent.
22. Toxoplasmosis of brain.
23. Wasting syndrome.
24. Mycobacterium kansasii, disseminated or extrapulmonary.
25. Tuberculosis, pulmonary or extrapulmonary.
26. M. avium or M. kansasii, disseminated or extrapulmonary.
27. Strongiloidosis, extraintestinal.
28. Lymphoid pulmonary hyperplasia or lymphoid interstitial pneumonitis.
29. Dementia complex or HIV encephalopathy.
30. Extrapulmonary infection or infection disseminated by microbacteria of other species, except Leprosy.

11. RENEWAL

This insurance is for a monthly term, renewable by payment of the required premium. It will not be renewed on any anniversary of initiation of the policy unless the number of debtors insured under this policy during the preceding year has been at least 15 people.

11. [*sic*] BOOKS, REGISTERS AND REPORTS

COOP-SEGUROS shall have the right to inspect, and shall have made available to it at the Contracting Party's offices, the books and registers related to this policy's coverage.

The Contracting Party shall report during the first 10 days of each month to **COOP-SEGUROS** the total balance of insurable loans of all its debtors who are eligible for this insurance. The Contracting Party shall also keep **COOP-SEGUROS** informed monthly of the names of the debtors insured under this policy, as well as of any cancellations and additions that occur.

12. CALCULATION OF THE PREMIUM

The premium that the Contracting Party must pay during the first year the contract is in force shall be determined based on the rate shown in the Specific Terms.

13. PREMIUM PAYMENT

Premiums for this contract shall be paid in advance, within the first 10 days of every month, at the Main Office of **COOP-SEGUROS.** Except for the terms specified in the Premium Payment Grace Period clause, the payment of premiums shall not keep this insurance in force beyond the next premium payment due date. The monthly premium shall be determined based on the insurable balances at the beginning of each month and on the rate stipulated in this contract. If a previous balance is being billed, **COOP-SEGUROS** will apply the adjustment to the premium.

14. PREMIUM PAYMENT GRACE PERIOD

A 30-day grace period shall be granted to the Contracting Party for payment of any premium after the premium payment due date, excluding the first payment.

This contract shall remain in force during the grace period, unless the Contracting Party notifies **COOP-SEGUROS** of its intention to terminate it, not less than thirty days before the termination date. If the termination becomes effective during the grace period, the Contracting Party shall pay **COOP-SEGUROS** a pro-rated portion of the premium corresponding to the time the policy was in force during that period.

15. RIGHT TO CHANGE PREMIUM

By giving the Contracting Party thirty days' advance written notice, **COOP-SEGUROS** may increase or decrease the monthly premium rate for life insurance or for any additional policy benefit.

16. PAYMENT OF CLAIMS

Benefits provided by this contract shall be paid no later than forty-five (45) days after receipt of the claim, properly documented and accompanied by satisfactory evidence of the debtor's death or permanent disability.

Any sum payable upon the death or permanent disability of a debtor shall be paid to the Contracting Party so that that party may in turn credit it to the balance of the debt to cancel or reduce it; and that party is in turn responsible for signing the **COOP-SEGUROS** release.

17. INCORRECT AGE

If the debtor's age has been stated incorrectly on the application or in any report required by this policy, and if that individual's correct age is an age for which this policy does not provide death benefits, **COOP-SEGUROS** shall have no obligation regarding that debtor other than to reimburse the Contracting Party for premiums collected for that debtor's balance, up to the period following the date on which the benefits terminate due to the debtor's correct age.

18. RIGHT TO AUTOPSY

COOP-SEGUROS shall have the right and shall be given the opportunity to subject the debtor's remains to an autopsy, if necessary. Any costs incurred for this purpose shall be paid by **COOP-SEGUROS**.

19. TERMINATION OF DEBTOR'S INSURANCE

Insurance for an insured debtor shall terminate upon the occurrence of any of the following events:

a) Termination of the policy

b) Total cancellation of the debt insured under the policy.

c) Transfer of the debt to another debtor.

d) When the debtor reaches 75 years of age, or upon his death prior to that time.

20. GENERAL PROVISION

The provisions of the laws of the Dominican Republic shall apply to any item that is not anticipated in this contract. Issued in Santo Domingo, D.N. [*sic*] on the _____ day of _____ of Two thousand four (2004).

BY COOP-SEGUROS **BY ...**

_____ _____

AAC/MIS Semi-Annual Report

Attachment 10

COOP-SEGUROS, National Insurance Cooperative, Inc.
Dominican Republic

Determination of Rate for Accelerated Death Benefit of 75% of Sum Insured for Terminal Illness

Prepared by:
Act. Bernardo Miranda Ch.
AAC-MIS Consultant

1.- Introduction

Part of developing new coverages to lessen the impact of catastrophic illnesses planned for implementation through the HIV/AIDS Prevention Social Responsibility Plan promoted by Coop-Seguros, with the support of AAC/MIS, is granting the *Accelerated Death Benefit of 75% of the Sum Insured for Terminal Illness.* This benefit would be granted as a ***Rider*** attached to the Group Life Insurance marketed by COOP-SEGUROS. Since this is a new benefit that will result in a cost to the company, we must charge an additional premium for it. In this document we present the Premium resulting from the actuarial study that was done to determine the price of this new benefit.

2.- Technical Study to Determine the Premium for the Benefit

The resultant premium is based on an Excel model developed by actuary Bernardo Miranda entitled "Tarifas adelanto S A por enfermedad terminal.XLS" [Accelerated Death Benefit Rates on Sum Insured for terminal illness], which is attached. This model contains the following pages of calculations:

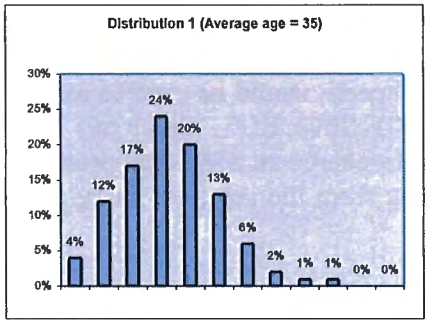
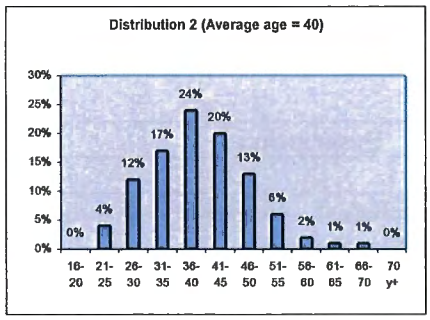
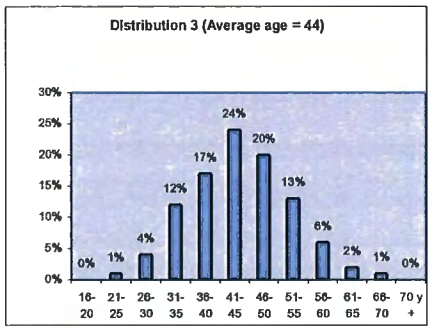
Name of Calculations Page	Description
Resultant Rates	Final rate results
Parameters	Introduction of technical parameters required for calculating the benefit premiums.
Age Distribution Hypotheses	Selection of the age distribution hypothesis that characterizes the group to which the rate would be applied.
Calculation of Accelerated Death Benefit Premium	On this page the annual premium for the accelerated death benefit is calculated for each of the ages.

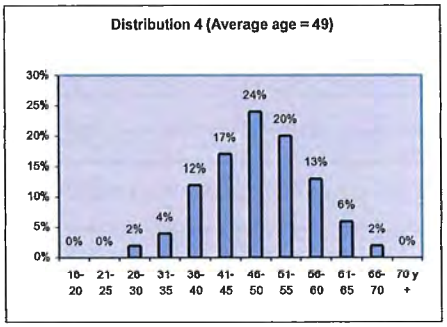
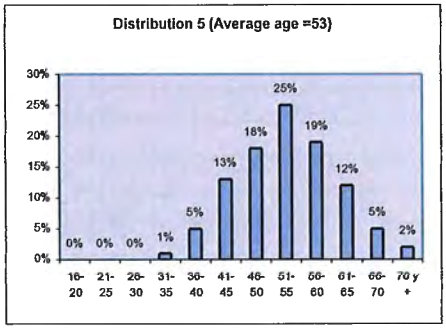
3.- Resultant Rates

Technically the rates resulting from this benefit are based on age and are shown in the table in Appendix I.

However, based on the fact that these rates are charged uniformly in the group policies for all ages, their determination will be based on the age distribution characterizing the group.

Considering the 5 possible age distributions envisioned in the model calculation, the rates will be the following:

Annual and monthly premiums per thousand of Sum Insured Accelerated Death Benefit of 75% of Sum Insured for Terminal Illness		
Average Age of Age Distributions	**Annual Premium x thousand of Sum Insured**	**Monthly Premium x thousand of Sum Insured**
	0.60	0.054
	0.85	0.076
	1.21	0.109
Average Age of Age Distributions	**Annual Premium x thousand of Sum Insured**	**Monthly Premium x thousand of Sum Insured**

	1.72	0.154
	2.19	0.197

If no information is available from which to infer the distribution to use, I would recommend using the age of 40 as the average age distribution and then applying an Annual Rate x thousand of 0.85 or a Monthly Rate x thousand of 0.076.

Sincerely,

Luis Bernardo Miranda Ch.
AAC/MIS – SOCODEVI Consultant

APPENDIX N° 1

AGE	Annual Premiums x thousand of Sum Insured for Accelerated Death Benefit of 75% of Sum Insured for Terminal Illness
18	0.36
19	0.36
20	0.36
21	0.35
22	0.34
23	0.33
24	0.33
25	0.32
26	0.32
27	0.32
28	0.33
29	0.34
30	0.35
31	0.36
32	0.38
33	0.40
34	0.42
35	0.45
36	0.49
37	0.53
38	0.57
39	0.62
40	0.67
41	0.73
42	0.79
43	0.86
44	0.92
45	1.00
46	1.08
47	1.16
48	1.26
49	1.37
50	1.49
51	1.63
52	1.78
53	1.95
54	2.13
55	2.32
56	2.52
57	2.73
58	2.96
59	3.22
60	3.52
61	3.85
62	4.21
63	4.61
64	5.03

AAC/MIS Semi-Annual Report

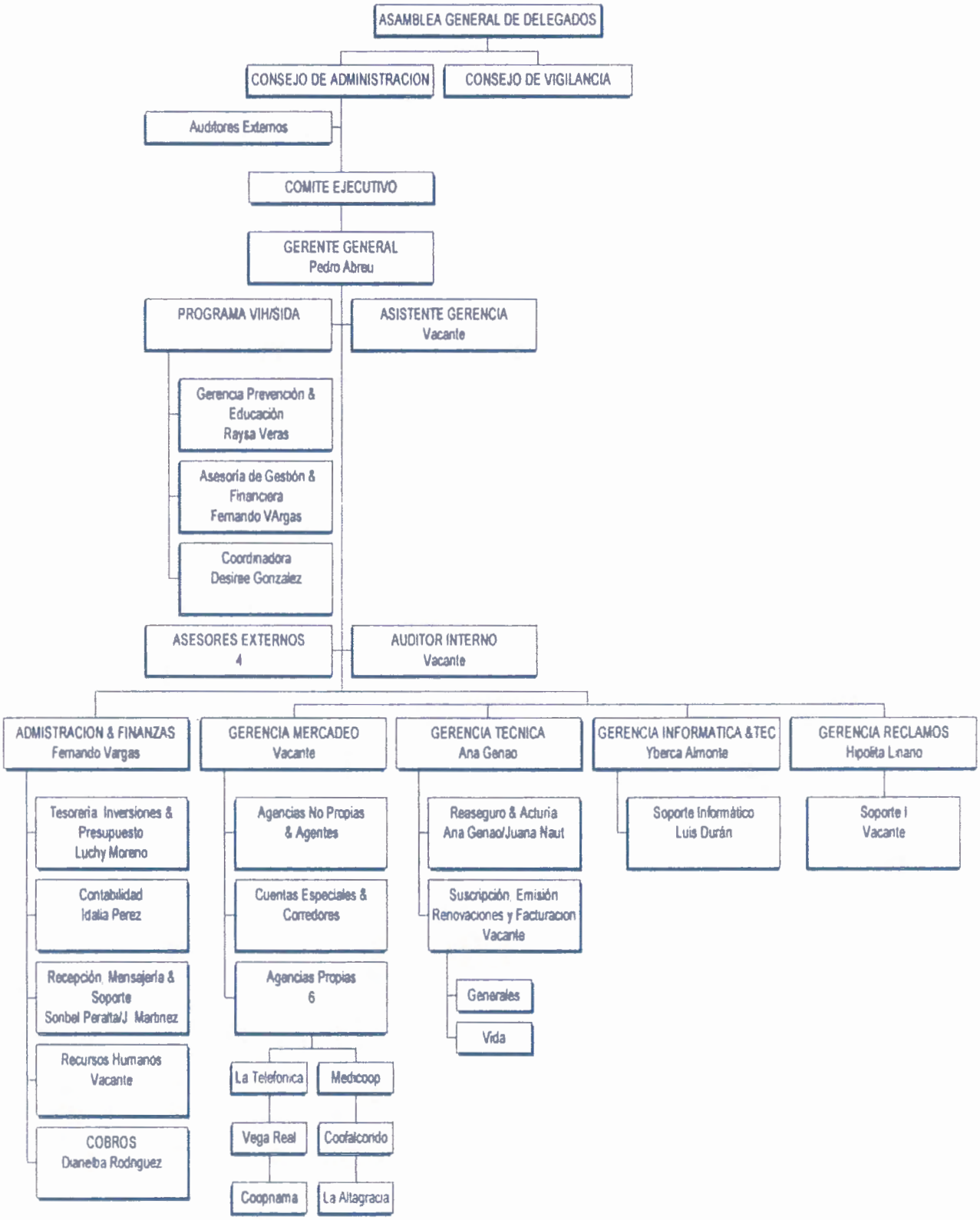
Attachment 11

Organigrama COOP-SEGUROS

2004

Actual

ORGANIGRAMA COOP-SEGUROS 2005



AAC/MIS Semi-Annual Report

Attachment 12

PROFILE:
Fundación Mundial de la Mujer Bucaramanga (FMM)

Calle 34
No. 21-46
Bucaramanga 2007
Colombia

Contact: Dra. Teresa Prada González, Executive Director
Phone: (57) 76-632-0061
Fax: (57) 76-632-0052
E-mail: fmmb@col1.telecom.com.co
Website: www.fmmb.org

Institutional Profile	
Mission	To create access to credit for low income women in the informal sector of Bucaramanga.
Legal status	NGO
Founded	1986
Affiliated	1986
Governance	Eight member board, seven of whom are women, with strengths in finance, information technology and community organizing. Full-time paid staff of 101, including 43 loan officers.
Organization	A head office and five branches.
Client base	Microentrepreneurs – 77% low income women.
Area of operations	The city of Bucaramanga, Colombia.
Product offering	• Basic loans. Individual loans where the loan size is determined based on cash flow analysis and repayment capacity. These loans are provided for working capital purposes. • Seasonal loans. Very short term loans with the objective of providing more liquidity to acquire stock to meet the demands of special holidays. • Automatic loans for repeat customers. When clients have a proven repayment record, and have taken out three prior loans, they become eligible for automatic loans, with no assessment. • Innovative product that accepts jewelry as collateral. This loan is provided for consumption and for emergencies.

Client Profile (end 2002)	
Number of active clients	27,575
Number of borrowers	27,575
Number of savers	0
Average loan size	US$229
Average loan size relative to per capita GDP	12%
Percentage women	74%
Percentage rural	0.14%
Sector distribution	
• Manufacturing/production	26.21%
• Agriculture and livestock	0.14%
• Commerce and trade	50.52%
• Service	23.13%

Performance Profile (end 2002)	
Portfolio at risk ≥ 30 days	0.88%
Number of loans per loan officer	676
Operating cost ratio	0.22
Operational self-sufficiency (OSS)	126%
Financial self-sufficiency (FSS)	111%
Adjusted return on assets (AROA)	3.5%

Financial Integration (end 2002)	
Portfolio size	US$6,193,449
Debt + savings portfolio	0.96
Percentage of portfolio from commercial borrowings and/or savings	70%

Source: APU December 2002

Leader and Change Agent

- FMM/Bucaramanga is the recognized leader in microfinance in its geographic area.
- It has been an active member of the Association of the five Colombian affiliates; the Association has coordinated work on product innovation, performance benchmarking, and policy change.
- Together, the five WWB affiliates represent the largest microfinance organization in Colombia. Performance of each of the five consistently outperforms commercial banks' corporate portfolio. The outstanding performance of the five Colombian affiliates is particularly notable in the context of the recent financial crisis in Colombia.

PROFILE:
Corporación Mundial de la Mujer Colombia (CMM)

Calle 36 Sur
No. 75C-28
Kennedy
Bogotá, D.C.
Colombia

Contact: Sra. María Mercedes Gómez de Bahamón, Executive Director
Phone: (57) 1-264-5203 and (57) 1-217-6704
Fax: (57) 1-273-9918
E-mail: gerencia@cmmbogota.org or mariamercedesgomez@hotmail.com or crpmc@col1.telecom.com.co
Website: www.cmmbogota.org

Institutional Profile	
Mission	• To support the entrepreneurial activities of women who do not have access to formal financial services.
Legal status	• NGO.
Founded	• 1989.
Affiliated	• 1990.
Governance	• Board is made up of ten members, seven of whom are women. • Board members have outstanding credentials in the financial sector. • There are 86 members, including 46 women. The team is comprised of an executive director, an administrative and financial manager, four area managers (in systems, accounting, human resources and treasury), 46 credit analysts and operations personnel.
Organization	• Provides loans through one head office, with nine branches.
Client base	• Women microentrepreneurs.
Area of operations	• Bogotá and its surrounding cities.
Product offering	• Basic loans. Individual loans where the loan size is determined based on cash flow analysis and repayment capacity. These loans are provided for working capital purposes. • Seasonal loans. Very short term loans with the objective of providing more liquidity to acquire stock to meet the demands of special holidays. • Automatic loans for repeat customers. When clients have a

	proven repayment record, and have taken out three prior loans, they become eligible for automatic loans, with no assessment.
Other	• As with other Colombian affiliates, CMM/Bogotá initially adopted the solidarity lending methodology to provide small working capital loans to microentrepreneurs. Today, CMM/Bogotá provides individual loans only.

Client Profile (end 2002)	
Number of active clients	15,635
Number of borrowers	15,635
Number of savers	0
Average loan size	US$386
Average loan size relative to per capita GDP	20%
Percentage women	78%
Percentage rural	3%
Sector distribution	
• Manufacturing/production	23%
• Agriculture and livestock	3%
• Commerce and trade	53%
• Service	21%

Performance Profile (end 2002)	
Portfolio at risk ≥ 30 days	1.75%
Number of loans per loan officer	396
Operating cost ratio	0.23
Operational self-sufficiency (OSS)	140%
Financial self-sufficiency (FSS)	117%
Adjusted return on assets (AROA)	5.6%

Financial Integration (end 2002)	
Portfolio size	US$4,818,628
Debt + savings portfolio	0.85
Percentage of portfolio from commercial borrowings and/or savings	74%

Source: APU December 2002

Leader and Change Agent

- CMM/Bogotá has been recognized as a leading microfinance institution by IFI, the development bank based in Colombia which provides wholesale finance to strong microfinance institutions.

- CMM/Bogotá has been particularly active in the leading role that the five WWB Colombian affiliates have played in policy change for microfinance.
- Since February 2001, the Executive Director of CMM/Bogotá has been the President of the Association of the five Colombian WWB affiliates.
- The President of the Board of CMM/Bogotá, who is the Managing Director of Felabán (the Association of commercial banks in Latin America), serves on WWB's Global Board of Trustees and Executive Committee.

AAC/MIS Semi-Annual Report

Attachment 13

CURRICULUM VITAE

Nombre Completo : Teresa Geraldine Ponce Quesada
Fecha de Nacimiento : Managua, 11 de Mayo de 1970
Nacionalidad : Nicaragüense
Estado Civil : Soltera
Dirección : Colonia Centroamérica, Casa No.E–348, Estatua Salvador Mendieta 2½c.al Sur, Mano Izquierda, 2da.Casa, Managua.
Teléfonos : Casa 2770511, móvil 865-1321, Central de Cooperativas 2672850/ 2704065, E-mail: centralplan@enitel.net.ni

OBJETIVO: Desarrollar profesionalmente de acuerdo a mi capacidad y experiencia, las funciones asignadas a mi cargo por la Central de Cooperativas de Ahorro y Crédito Financieras de Nicaragua, cuyos objetivos y metas, estrategias y/o acciones a realizar, sean de acuerdo a los requerimientos establecidos, que contribuyan así mismo al crecimiento y desarrollo económico de las Cooperativas Financieras en nuestro país o de otras instituciones similares, integradas o por integrarse a la Central de Cooperativas.

EXPERIENCIA LABORAL:

A PARTIR DEL 12 MAYO 2005 – Central de Cooperativas de Ahorro y Crédito Financieras de Nicaragua, R.L. Coordinadora del Plan de Beneficios. Orientar y coordinar con los Gerentes de las Cooperativas y personal involucrado, en un mejor manejo de las carteras de ahorro y crédito que gozan del Plan de Beneficio por fallecimiento de asociados, así como la creación de nuevas estrategias para la promoción y comercialización del Plan de Beneficios. Llevar a cabo visitas personalizadas a las Cooperativas, charlas de capacitación y asesoramiento tanto a las Cooperativas como a los socios, control y seguimiento en el manejo de la información de las carteras y pago de primas de seguros.

JUNIO 2001 – 11 MAYO 2005 – SEGUROS CENTROAMERICANOS, S.A. (SEGUROSSA) – DEL GRUPO FINANCIERO BANCENTRO. Departamento de Fianzas – Jefe de Fianzas. Atención al cliente a nivel nacional y Extranjero. Supervisión, apoyo y asistencia en los trámites. Aprobación del Comité. Asesoramiento al cliente. Mercadeo de Seguros. Coordinación con las áreas: Legal, Cobranza, Ventas y Contabilidad.

MAYO 2000 – ABRIL 2001 - BANCO DE CRÉDITO POPULAR – UNIDAD ADMON. DE CARTERA. Responsable de Cartera y Cobro. Grabación y Proceso del Sistema computarizado, control de créditos. Elaboración de informes estadísticos.

NOV. 1997 – MAYO. 2000 - BANCO DE CRÉDITO POPULAR – CASA MATRIZ. Dpto. de Crédito. Analista, Control Estadísticas y Respons. Préstamos a Empleados y de Cartera en Fideicomiso.

OCT. 1994 – OCTUB. 1997 - BANCO DE CRÉDITO POPULAR – SUCURSALES DE MANAGUA. Asesor y Analista Clientes de Pequeña, Mediana y Micro Empresa. Auxiliar Contabilidad, Servicios Bancarios, Control Cartera y Cobro, elaboración de Informes.

FEB. 1992 – OCTUB. 1992 - MINISTERIO DE AGRICULTURA Y GANADERIA (MAG) DELEG. REG. III. Planificación y Formulación de Proyectos.

ENE. 1991 – MARZ. 1991 - INSTITUTO NICARAGUENSE DE REFORMA AGRARIA (INRA). Asesor de Proyectos / Dirección de Mejoramiento a la Producción.

ENE. 1990 – MARZ. 1990 - FEDERACION DE ASOCIAC. GANADERAS DE NICARAGUA (FAGANIC). Supervisión, Control y Seguimiento de Visitas realizadas a Empresas.

ENE. 1989 – MARZ. 1989 - INSTITUTO NICARAGUENSE DE SEGUROS Y REASEGUROS (INISER). Secretaria Ejecutiva en el Departamento de Personal.

ESTUDIOS POR REALIZAR Y REALIZADOS:

2005 – 2006 - Curso intensivo de Ingles Instituto CORNESTON, Universidad Centroamericana (UCA).

2001 – 2002 - UNIV. CIENCIAS COMERCIALES (UCC). Maestría en Contaduría Pública y Finanzas, estudio en curso, primer año cursado.

1997 - UNIV. POLITECNICA DE NIC. (UPOLI). 1er. Año cursado. Lic. Contaduría Pública y Finanzas.

1989 – 1993 UNIVERSID. CENTROAMERICANA (UCA). Lic. en Administración de Empresas.

1977 – 1988 - Colegio Liceo Franciscano. Bachiller en Ciencias y Letras.

1987 – 1989 - CENTRO DE CIENCIAS COMERCIALES. Secretariado Ejecutivo.

ENE.- ABR. 1994 - UNIV. CIENCIAS COMERC.Curso MS-DOS, Word Perfect, Lotus 123.

FEB. 1994 - INST. DE INVESTIG. EDUCACION POPULAR Y DESARROLLO ALTERNATIVO. NITLAPAN-UCA.Trab.Mercado en Masaya – Granada: Comerc. Pequeña Industria.

MAYO - JUN. 1999 – INST .LATINOAMERICANO COMPUTACIÓN (ILCOMP). Curso Ejecutivo de Microsoft Excel 97.

FEB. 1992 - MINISTERIO DE AGRICULTURA Y GANADERIA (MAG). Seminario de Caracterización y Diagnóstico de la Reg. III.

AGO.SEPT. 1994 - Seminario Programa Crédito para las Empresas.

MAR. 1998 - Seminario. Admón. Programa de Crédito PYMMES.

MAYO 2002 - Técnicas Motivación de Mercadeo y Venta de Seguros. SEGUROSSA.

1994 – 1995 - Estudio monográfico – UCA, para trámite de título.Tema: LA BOLSA DE VALORES EN NICARAG. Operac. Bursátiles en nuestro país, 1er.año de funcionamiento.

DATOS DE MIS PADRES

José Edelberto Ponce Vega (q.e.p.d.)
Lic. Gloria Herminia Quesada Prado,
Lic. En Ciencias de la Educación y en
Administración de Empresas
Catedrática de la Univ. De Ingeniería
Y Univ. De Ciencias Comerciales.

DATOS HERMANOS

Ing. Edelberto José Ponce Q.
Ingeniero Eléctrico
Dr. Norman Javier Ponce Quesada,
Médico y Cirujano, en Medicina General
Lic. María Luisa Ponce Quesada
En Computación.

DATOS HIJO

Nombre: Jan Rennie Ponce
Fecha de nacimiento: Managua, 06 de Diciembre de 1998.

REFERENCIAS PROFESIONALES:

1. Edgar Antonio García. Gerente y Propietario Restaurantes Mirador Tiscapa – Madroño. Teléfonos 2225945 – 2803186, Celular 08823697.
2. Marbelly Escobar, Asistente Gerencia de Ventas Pinturas Modelo, Teléfonos 2799470, Celular 6018471.
3. Lic. Pastora Sandino Matamorros, Coordinadora Nacional ONUDI. Celular 08513675
4. Martha Altamirano, PROFAMILIA, Teléfonos 2505258, Cel. 08357989

Doy fe a quien concierne, que los datos anteriormente expuestos son verdaderos, en la Ciudad de Managua a los Veintiocho días del mes de Julio del año dos mil cinco.

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Attachment 14

COOPERATIVE AGREEMENT BETWEEN THE XXXXXX COOPERATIVE AND LA CENTRAL DE COOPERATIVAS DE AHORRO Y CREDITO FINANCIERAS DE NICARAGUA R.L, FOR THE COMMERCIALIZATION OF THE "FAMILIAR PROTECTION"BENEFITS PLAN

In keeping with the development of the universal principles of cooperativism, with cooperation between cooperatives standing out as the practical integration and exchange of services that allow a greater provision of benefits to both cooperativists and to Nicaraguan community in general, the Cooperative XXXXXXXXXX (from this point forward, the Cooperative) and La Central de Cooperativas de Ahorro y Crédito Nicaragua, R.L.(from this point forward, La Central) establishes the following agreement within the following rules doctrines, and agreements:

1. **OBJECT OF THE AGREEMENT:**

   This agreement is to establish the basic conditions relative to the promotion and commercialization of La Central's ***Family Protection Plan*** through the Cooperative for the mutual benefit for both parties involved.

2. **OBLIGATIONS OF THE PARTIES:**

   La Central is committed to:

   - To offer logistical support required to the employees of the Cooperative.
   - To provide the necessary promotional material for the fulfillment of this agreement.
   - To support to the Cooperative in handling and control of activities related to the Family Protection Plan.
   - Recognize the expenses which the Cooperative will incur for operations related to in the commercialization of the plan *Family Protection Plan* in the field according to the corresponding table in Annex A.
   - To manage the Family Protection Plan, taking care of the Cooperative's image within its means.
   - To send monthly to the Cooperative the information relative to this agreement, with the object of monitoring advances in the sales and/or to adopt measures that facilitate the execution of this agreement.
   - To determine annual results generated by the total number of the Family Protection Plans sold by the cooperative, in order to establish compensation for results achieved by the cooperative, as established in Annex B.

   The Cooperative is committed:

   - To provide reasonable resources of its own for the promotion and commercialization of the plan *Protection Relative* to its members.
   - To collaborate with La Central to make sale of Family Protection Plans for a mutally prosperous business arrangement.
   - To offer together with other financial products of the Cooperative, the Family Protection Plans to its members. This offer can be implemented through the ***Cooperative Policy***

Regarding Positioning of the Family Protection Plan (see Annex C) as formally approved by the Cooperative's leadership.

- Respect the operative rules and norms for subscription of policies established by La Central and for commercialization and handling of the Family Protection Plan.
- To collect of the fees for plans sold to its members.
- To correctly redistribute the commissions described in Annex A to its employees as a way to maintain their motivation.

3. USE OF THE AGREEMENT

The present agreement will last indefinitely and will enter into effect from date indicated below. Any part of the present agreement can be terminated if done so in writing no less than thirty (30) days prior.

4. IN CASE OF BREACH

Breach of any one of the clauses in the present agreement in force, it will give the other the right to demand his fulfillment or to terminate the same.

5. MODIFICATIONS

The present agreement could be modified in writing in common agreement between both parties.

The present agreement it will prevail from (date). Thus signatures by the following, in the city of _____ on this day of _____ in the month of _____ of 200x.

For the Cooperative	For La Central
_____	_____
General Manager	General Manager

ANNEX A
RECOGNITION OF EXPENSES TABLE

Regarding the business conducted through Cooperative, La Central will pay the indicated percentage on the fees paid:

	Promoter	Cooperative
Plans of First Year (New Business)	10%	5%
Renewed Plans	7.5%	3%

For a plan to be considered new business, it must have been without effect during minimum of 12 months.

ANNEX B
COMMISSIONS FOR GOOD RESULTS

At the end of the fiscal year, La Central will establish the sales results for the Family Protection Plans commercialized by Cooperative during the year. If positive, it will add to the cooperatives account additional proportion equal to 30% of this positive result.

The calculation will be made in the following way:

Negative results (loss) of the year previous
Plus: net fees paid
Less:
- Benefits Paid
- Cost of Reinsurance (10% of the fees)
- Repayment of expenses recognized
- Administration Expenses by the Central (40% of the fees)

= Results (gain/loss) of the present year

ANNEX C
COOPERATIVE POLICY FOR THE POSITIONING OF THE FAMILY PROTECTION PLAN

With the purpose of providing the majority of cooperative members with an economic benefit that, before the eventuality of their death, their relatives can face funeral expenses and other collateral obligations; the XXXXXX Cooperative in accordance with their meeting session xxxx on (date) with their Board of Directors (or Assembly of Members), agrees that upon providing a new loan to the cooperative member, they take out as part of the requirements for the loan a Family Protection Plan with a benefit of at least US$500, whose annual initial fee would be added to the amount of the loan.

BENEFITS OF THE COOPERATIVE AGREEMENT FOR COMMERCIALIZATION OF THE FAMLY PROTECTION PLANS

For the Cooperative:

- ✓ New source of income (repayments of expenses and participation in the results)
- ✓ Additional incentive to become a member of the Cooperative.
- ✓ Better institutional positioning of the Cooperative in the market and the community.
- ✓ Greater growth of their volume of operations.
- ✓ To contribute to the solution of the social problem that takes place with the death of people with economic dependents.

For La Central:

- ✓ Opportunity to increase its portfolio.
- ✓ To take advantage the Cooperative operating in their milieu.
- ✓ To take advantage of the flow of visitors through the Cooperative.
- ✓ To take advantage of cooperatives capacities to finance and receive the fees for the Family Protection Plans.
- ✓ It represents a competitive advantage in terms of the costs of acquisition.
- ✓ Serves a territory underserved by insurance companies.
- ✓ This in harmony with mission of La Central.
- ✓ To be promoting the formation of capital contributions of cooperatives and for a the potential creation of an insurance company for the cooperative sector and microentrepreneur.

KEY FACTORS OF SUCCESS

- ✓ To have a firm commitment of the high levels of leadership (Board, President and General Manager)
- ✓ To have simple procedures for the handling the policy within the Cooperative
- ✓ That the Product is simple to understand and to explain to the Cooperative employee.
- ✓ To offer direct training to the employees who are in contact with the public and with those people in charge of the providing loans.
- ✓ To offer monetary incentives for the promoters within the Cooperative.
- ✓ To constantly follow up on business development.
- ✓ To have monthly goals set for each office.
- ✓ To have printed material available
- ✓ To promote Cooperative employees to identify with the benefits of plan and to acquire it themselves.

PLAN DE BENEFICIOS POR FALLECIMIENTO, PARA CLIENTES DE MICROFINANCIERAS

Central de Cooperativas de Ahorro y Crédito Financieras de Nicaragua, R.L

CONTENIDO:

1. IMPORTANCIA Y JUSTIFICACIÓN DEL PLAN.
2. NUESTROS PRODUCTOS Y NUESTRA GESTIÓN.
3. NUESTRA PROPUESTA.

1.- IMPORTANCIA Y JUSTIFICACIÓN DEL PLAN

Riesgo= posibilidad de pérdida

- Todas las personas están expuestas a riesgos.
- Sin embargo, esta exposición es aún mayor en el sector de personas de escasos recursos.
- Una persona adinerada normalmente tiene ahorros o inversiones que le permiten enfrentar las eventualidades que se presenten; una persona pobre depende de lo poco que tiene para vivir y si lo pierde no tiene cómo repararlo.

- De todos los riesgos, la muerte es el de más alta severidad.
- En el caso de los micro o pequeños empresarios, cuyo principal recurso lo constituye su propia capacidad de trabajo, un evento como la muerte puede significar el cierre o la venta del negocio, con el consecuente perjuicio para la familia.
- Las consecuencias de este riesgo también trascienden a la organización que otorgó el préstamo, la cual puede enfrentar dificultades para la recuperación del mismo.

¿Qué podemos hacer para reducir o proteger a nuestros clientes y a las microfinancieras del riesgo de fallecimiento?

- Proveer un beneficio colectivo sobre el crédito.
- Este tipo de protección garantiza que la deuda muera con el asociado o prestatario, de manera que su familia no tiene que enfrentar dificultades para pagar el crédito.

Ventajas para las IMFs de mantener su cartera de crédito protegida:

1. Recuperación del préstamo
2. Brindar un servicio más a los clientes lo cual puede ser un elemento diferenciador de mercadeo
3. Incremento del número de operaciones por el incentivo del beneficio
4. Proteger el alcance de su misión social.

Ventajas para el cliente:

1. Protección del patrimonio familiar.
2. Tranquilidad para sus dependientes y/o fiadores, pues la deuda muere con el asociado.
3. Continuidad de negocios.
4. Acceso a un monto de beneficio para atender gastos funerales u otros

2.- Nuestros Productos y nuestra Gestión

El caso de la Central de Cooperativas de Ahorro y Crédito de Nicaragua

- En Nicaragua, gracias a una excepción de la Ley de Seguros, podemos ofrecer a nuestros asociados algunos beneficios en caso de fallecimiento, accidente o enfermedad, sin ser compañía de seguros.
- Con el propósito de evitar duplicidad de esfuerzos, proponemos realizar alianzas para brindar estos beneficios a un menor costo y aprovechando la infraestructura existente en la Central de Cooperativas.

PLAN DE BENEFICIOS POR FALLECIMIENTO

- BENEFICIO A:
  - ***PROTECCION DE PRESTAMOS***
- BENEFICIO B:
  - ***PROTECCION DE AHORROS***
- BENEFICIO C:
  - ***PROTECCION FAMILIAR***

BENEFICIO A: Protección de Préstamos

- **PAGO DEL SALDO DE LA DEUDA EN CASO DE FALLECIMIENTO.**

BENEFICIO B:
Protección de Ahorros

- PAGO DE HASTA TRES VECES EL MONTO DE LOS AHORROS, EN CASO DE FALLECIMIENTO

BENEFICIO C:
Protección Familiar

Pago de una suma de dinero para atender los gastos inesperados en que se incurra a consecuencia de la muerte de cualquiera de los miembros del núcleo familiar.

Por una prima única se protege a todo el núcleo familiar, sin límite en el número de hijos.

REQUISITOS

- Ser miembro del grupo.
- Tener menos de 65 años
- La protección se otorga hasta los 70 años

Cómo ha sido nuestra gestión?

- El programa se inició en Octubre del año 2000.
- Actualmente los productos están colocados en todas las cooperativas afiliadas a la Central, con un total de 26.000 asociados.

Nuestra diferencia con otros Planes de Protección

- Nuestra gestión se enfoca en el pago oportuno de beneficios a través de nuestras cooperativas, de manera que las cooperativas reciben el saldo del préstamo y los dependientes del fallecido la suma correspondiente al Beneficio sobre Ahorros en un término máximo de 5 días y sin tener que movilizarse del lugar donde residen.
- En el caso del beneficio de Protección Familiar, el reclamo es pagado en forma inmediata por la Cooperativa pues se trata de un beneficio para el pago de gastos de sepelio.

Prácticas que nos han dado resultado al mercadear el Plan

- Incluir el costo del Programa dentro de las tasas de interés o comisiones sobre los préstamos y/o dentro de los beneficios a pagar sobre los ahorros.
- Que se incluye a la totalidad del grupo, lo cual permite que el costo sea bajo. A mayor volumen, menor costo.
- Dar publicidad al pago de beneficios. Se ha incrementado el interés en el programa cuando se ha visto que el producto cumple su promesa.
- Comunicar el producto en forma simple y clara, con ejemplos que muestren cómo funciona el producto y cuáles son sus beneficios.

Ejemplos de casos que han sido testimonio de que el Programa cumple con el Pagos de sus Beneficios.

Respaldo Institucional

- El Plan de Beneficio cuenta con el apoyo de la Asociación de las Américas de Cooperativas y Mutualidades de Seguros (AAC/MIS) quienes nos brindan asistencia técnica especializada para brindar el servicio más adecuado para nuestros asociados.
- El plan también se encuentra reasegurado por el bureau de Reaseguradores de la Confederación Internacional de Cooperativas y Mutuales de Seguro (ICMIF), lo que nos permite diversificar el riesgo y garantizar la protección de nuestros asociados

Reaseguradores Actuales

- *Compagnia Assicuratrice Unipol de Italia*
- *P & V de Bélgica*
- *Reinsurance Group of America de Estados Unidos*

Resultados obtenidos por las organizaciones que han adquirido nuestros Programas de Protección

- Disminución de la mora
- Incremento del ahorro
- Mejora de imagen:
  - El Plan de Beneficio se percibe como un servicio adicional que no se recibe en otras organizaciones

3.- Nuestra Propuesta

Cómo puede la IMF ofrecer el Plan de Beneficio?

- Las IMFs pueden brindar este servicio a sus clientes trabajando su programa de Beneficios en conjunto con la Central de Cooperativas.
- Mediante esta opción ofrecemos la posibilidad de aprovechar la plataforma (asistencia técnica, reaseguro, plataforma administrativa) que ya se ha construido en la Central de Cooperativas para llevar a los clientes de la IMF una protección de bajo costo y adaptado a sus necesidades.

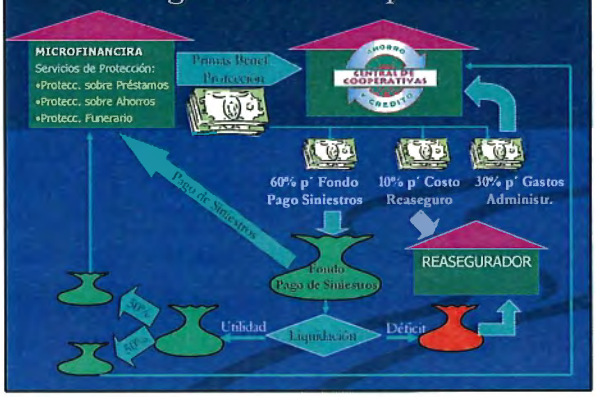
Características de la propuesta

- La *Microfinanciera* compra la protección para todos sus clientes.
- La cobertura puede ser de hasta US$6.250 por persona.
- El costo del programa se traslada al cliente mediante una comisión o incremento en la tasa de interés.
- La *Microfinanciera* remite a *La Central* el monto de las primas correspondiente al costo del programa.
- De las primas recibidas, *La Central* se cobra un 30% para cubrir los costos administrativos, se cobra además un 10% para cubrir el costo de los *REASEGURADORES*, que le permita garantizar el pago de los siniestros. La diferencia de primas se destina a un Fondo para cubrir el Pago de los Siniestros.

Características de la propuesta
continuación....

- A la conclusión de cada período anual de operación del programa de protección, se realiza una liquidación del Fondo para cubrir el Pago de los Siniestros.
- Si el Fondo presenta un saldo positivo (un excedente), éste se distribuye en un 50% para *La Microfinanciera* y un 50% para *La Central*.
- Este 50% de participación de excedentes, permitiría a las *Microfinancieras* ir creando un fondo con la posibilidad futura de conformar un capital para establecer una Compañía de Seguros para todo el sector de las *Microfinancieras* y las *Cooperativas*.

Diagrama de la Propuesta



EJEMPLO 1 - PARTICIPACIÓN DE UTILIDADES PROTECCIÓN DE UNA CARTERA
(Supuesto 40% de Siniestralidad)

	PARÁM	RESULTADOS
Monto de la Cartera		$2,000,000.00
Tasa anual Costo de seguro	0.66%	
Primas Anuales		$13,200.00
% Costos Adm.	30%	$3,960.00
% Costo Raseguro	10%	$1,320.00
Total Costos Fijos		$5,280.00
% Siniestralidad	40%	$5,280.00
Excedente		$2,640.00
50% Excedente		$1,320.00
% excedente ganado sobre Primas		10%

EJEMPLO 2 - PARTICIPACIÓN DE UTILIDADES PROTECCIÓN DE UNA CARTERA
(Supuesto 30% de Sinestralidad)

	PARÁM	RESULTADOS
Monto de la Cartera		$2,000,000.00
Tasa anual Costo de seguro	0.66%	
Primas Anuales		$13,200.00
% Costos Adm.	30%	$3,960.00
% Costo Raseguro	10%	$1,320.00
Total Costos Fijos		$5,280.00
% Siniestralidad	30%	$3,960.00
Excedente		$3,960.00
50% Excedente		$1,980.00
% excedente ganado sobre Primas		15%

Opciones de protección

OPCIÓN A = Sólo beneficio de Protección de Préstamos

OPCIÓN B = OPCIÓN A + Beneficio fijo de US$1.000 en caso de muerte del asociado

OPCIÓN C = OPCIÓN A + Beneficio de Gastos Funerarios por US$250 para TODOS los miembros del Grupo Familiar

OPCIÓN D = OPCIÓN A + Beneficio de Gastos Funerarios por US$500 para TODOS los miembros del Grupo Familiar

Costo del programa

(Para la Opción A: Protección Saldos de Préstamos)

	TARIFAS NORMALES	TARIFAS ESPECIALES PARA LA PROPUESTA
Carteras *menores de 8 millones de Córdobas*	0,70 centavos mensual por millar de suma asegurada; (Tasa equivalente anual: 0.84%).	0,65 centavos mensual por millar de suma asegurada; (Tasa equivalente anual: 0.78%).
Carteras *entre 8 y 48 millones de Córdobas*	0,60 centavos mensual por millar de suma asegurada; (Tasa equivalente anual: 0.72%).	0,55 centavos mensual por millar de suma asegurada; (Tasa equivalente anual: 0.66%).
Carteras *mayores de 48 millones de Córdobas*	0,50 centavos mensual por millar de suma asegurada; (Tasa equivalente anual: 0.60%).	0,45 centavos mensual por millar de suma asegurada; (Tasa equivalente anual: 0.54%).

Costo del programa

(Para las Opciones ADICIONALES a la Opción A)

BENEFICIOS ADICIONALES

OPCIONES DE PROTECCIÓN	COSTO BENEFICIOS ADICIONALES
OPCIÓN B = OPCIÓN A + Beneficio fijo de US$1.000 en caso de muerte del asociado	COSTO: Las mismas tasas de la Opción A, aplicadas sobre un monto de US$1,000
OPCIÓN C = OPCIÓN A + Beneficio de Gastos Funerarios por US$250 para TODOS los miembros del Grupo Familiar	COSTO: • US$3.00 anuales, si se cubre solo al afiliado • US10.00 anuales, si se cubre a todo el grupo familiar (Afiliado, cónyuge e hijos)
OPCIÓN D = OPCIÓN A + Beneficio de Gastos Funerarios por US$500 para TODOS los miembros del Grupo Familiar	COSTO: • US$5.50 anuales, si se cubre solo al afiliado • US18.30 anuales, si se cubre a todo el grupo familiar (Afiliado, cónyuge e hijos)

Cómo se costea este Plan?

- Para el caso de la Protección sobre Préstamos (Opción A), se recomienda pasar ese costo al cliente, ya sea:
  - Incrementando a la tasa de interés del préstamo, la tasa de costo de Protección (Ej: Tasa de interés 12% annual; Tasa Costo de Protección: 0.54% anual => Nueva tasa de Interés: 12.54% annual)
  - Estableciendo una comisión o incrementando una comisión existente, por el valor de Tasa de Costo de Protección (Ej: …+Comisión Costo de Protección = 0.54% anual)
- Para el caso de las Opciones Adicionales, se tendrían tres posibilidades:
  - a) Cargar el costo de la protección al monto original del préstamo,
  - b) restar el costo de la protección al monto original del préstamo,
  - c) adicionar a la cuota mensual del préstamo un cargo por el costo mensual de la protección.

Información requerida para formalizar la propuesta

- Datos Generales de los representantes de la organización (Nombres, domicilio, teléfono).
- Características de las carteras a asegurar:
  - *N° de personas incluidas.*
  - *Monto total de la cartera a una fecha semana.*
  - *Distribución estadística de los montos de préstamos o ahorros (# de personas con montos entre $xxxx y $yyyy, # personas con montos entre $yyyy y $zzzz, etc.)*
  - *Distribución estadística de las edades: % de personas menores de 35 años, % de personas entre 35 y 45 años, % de personas entre 45 y 55 años, % de personas entre 55 y 65 años, % de personas mayores de 65 años. (Si no se tiene información presentar una estimación y hacer la indicación.)*
- Especificación de la propuesta de beneficios que se desean otorgar y cómo quisieran costearla.

Sírvase contactarnos para cualquier consulta.

AHORRO CENTRAL DE COOPERATIVAS Y CREDITO

Tel. 270-4065

252-4036 / 37

Juan Altamirano – Gerente

juanm@ibw.com.ni

GRACIAS …

AAC/MIS Semi-Annual Report

Attachment 15

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Seguros Futuro
A.C. de R.L.

SISTEMA DE CONVIVENCIA

SISTEMA DE CONVIVENCIA

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INTRODUCCIÓN

Seguros Futuro, con el objetivo de alcanzar su anhelo de ser una Cooperativa pionera en cuanto a desarrollar un Clima Organizacional óptimo y, como consecuencia de los Talleres de "Cultura para la Excelencia en el Servicio", auspiciados por la AAC/MIS, bajo la gestión de Don Edwin Quiñónez e impartido por el Instituto para el Desarrollo Humano, a través de su Director, Dr. Miguel Arrieta, ha considerado necesario y conveniente, elaborar un ***Sistema de Convivencia*** que nos permita adquirir nuevos modelos de vida que nos orienten a nuevos hábitos de trabajo.

Es bueno aclarar que este ***Sistema de Convivencia*** no es un simple y frío material de apoyo, ni tampoco un folleto que deberá leerse y mantenerse por ahí guardado en algún lugar, sino que es una nueva forma de vida, con valores y principios humanos que regirán nuestras actitudes, pensamientos y sentimientos, dentro y fuera de SEGUROS FUTURO, A.C. DE R.L., por lo que, toda persona que opte por ser parte de nuestro equipo de trabajo deberá apegarse y vivir bajos estos valores y principios.

En virtud de ello, este ***Sistema*** que ha sido diseñado conjuntamente por todo el Equipo de Trabajo de Seguros Futuro, será el instrumento que nos dará la pauta para lograr nuevos modelos de vida y por lo tanto, la adquisición y puesta en práctica de mejores hábitos de trabajo.

OBJETIVO

El objetivo de la creación del Sistema de Convivencia es alcanzar la máxima calidad como seres humanos, aplicable en todas las áreas de vida de las personas que formamos Seguros Futuro, A. C. de R.L:, creando así, ambientes agradables, confiables y de equipo, para facilitar la generación de nuevos hábitos de trabajo que nos conduzcan al servicio eficiente, eficaz y con calidez humana.

QUIENES DEBEN VIVIRLO?

Toda persona que forme parte del Equipo de Trabajo de Seguros Futuro, A.C. de R.L., independientemente del rol que desempeñe en la Institución, ya sea como directivo, funcionario o personal administrativo.

COMO DEBEMOS VIVIRLO?

Cada miembro vivirá libremente los valores y principios que comprende el Sistema de Convivencia; asimismo, será responsable del éxito, estancamiento o fracaso de la cultura o clima organizacional de Seguros Futuro y sobre todo de la excelencia en el servicio.

CUANDO DEBEMOS VIVIRLO?

SIEMPRE. En todas las áreas de nuestra vida y especialmente en Seguros Futuro.

NUESTRA FILOSOFIA COOPERATIVA

S olidaridad

E quidad en nuestras acciones y juicios

G ratitud a la preferencia de nuestros clientes

U nidad del Equipo de Trabajo

R esponsabilidad personal e institucional

O rientación a al concertación y participación

S iempre en búsqueda de la excelencia

F ortaleza financiera y social

U nidad cooperativa

T ecnificación constante para servir mejor

U nidad corporativa

R eingeniería interna contínua

O bjetividad y transparencia

Definiciones

VALORES: Se refieren a las cualidades o características morales que identifican a las personas.

PRINCIPIOS: Lineamientos por medio de los cuales las personas o instituciones ponen en práctica sus valores, rigiendo el pensamiento y la conducta de ellas mismas.

PRINCIPIOS Y VALORES

Del

SISTEMA DE CONVIVENCIA

IDENTIDAD

Me apropiaré de la Misión, Visión y Filosofía de Seguros Futuro, A.C. de R.L., trabajando en forma congruente con sus objetivos e intereses; identificándome también con los objetivos de mis compañeros de trabajo.

AYUDA MUTUA

Estaré dispuesto a colaborar con mi Institución, compañeros de trabajo y clientes en general, para lograr la excelencia en el servicio.

DEMOCRACIA

Cada miembro tiene derecho a vertir y a escuchar con responsabilidad, las ideas de todos los que formamos Seguros Futuro.

IGUALDAD

No discriminaré a ningún compañero o cliente, tomando en cuenta que como seres humanos todos somos iguales, independientemente de nuestras capacidades y necesidades.

EQUIDAD

Mis actitudes, acciones, sentimientos y pensamientos estarán siempre regidos por la rectitud y justicia:

a) **Con mi Institución:**
En el desempeño de mi trabajo, cumplimiento de metas, objetivos, normas, políticas, reglamentos y procedimientos.

b) **Con mis compañeros de trabajo:**
En sus necesidades personales, de trabajo, sueldos, prestaciones, trato y asignación de tareas.

COMPETENCIA ETICA

Mantendré una conducta y forma de trabajar óptima, íntegra y oportuna, buscando siempre la excelencia en mi desarrollo personal y profesional, sin atropellar los objetivos de mi Institución y de mis compañeros.

OBJETIVIDAD

Seré honesto e imparcial en todo momento y situación, adoptando valores que me permitan desarrollar y fomentar un ambiente de respeto. Evitaré los prejuicios o conceptos anticipados sobre hechos y personas.

PROBIDAD

Seré siempre honrado, fiel, leal a mis principios y a los de mi Institución; no recibiré ni otorgaré retribuciones económicas u otros beneficios, en búsqueda de decisiones favorables en la prestación de mis servicios.

EMPRENDIMIENTO

Seré una persona visionaria, no me conformaré ni estancaré en lo poco o mucho de mis conocimientos, manteniendo un constante desarrollo, liderazgo, creatividad y proactividad.

RESPONSABILIDAD

Me comprometo con mi Institución y con la sociedad, ser responsable de todas mis acciones y palabras; en el cumplimiento de las disposiciones internas y externas, así como en el buen uso de los recursos proporcionados para el desarrollo de mis funciones.

INTEGRIDAD

Mi conducta diaria como parte de Seguros Futuro, será transparente en todo sentido y responderá a su hacer, pensar y sentir; evitando abusos, hipocresías o dobleces, que atenten contra la integridad de mis compañeros y clientes.

COMUNICACIÓN EFECTIVA

Me comprometo a que toda información y comunicación en Seguros Futuro sea clara, efectiva y veraz:

a) **Como Institución:**
Haré del conocimiento de todo el equipo de trabajo: Misión, Visión, metas, objetivos, normas, políticas, reglamentos y manuales de procedimientos, para una óptima aplicación y alcance

b) **Como parte del Equipo de Trabajo:**
Me comprometo a conocer la Misión, Visión, metas, objetivos, normas, políticas, reglamentos y manuales de procedimientos, para aplicarlos de forma estricta, adecuada y oportuna.

TRANSFORMACIÓN DE CONFLICTOS

En todo conflicto que se presente contribuiré para resolverlo favorablemente; lo aprovecharé y lo convertiré en oportunidad de mejora personal e institucional.

RECONOCIMIENTO DE LOGROS

Estaré dispuesto a colaborar, compartir y dar crédito a quien lo merezca.

RESPETO

Respetaré a todas las personas y las diferencias individuales las asumiré como una experiencia profesional y personal

PRUDENCIA

Seré moderado en todas mis decisiones y actitudes diarias

No abusaré de los recursos, bienes y prestaciones de mi Institución.

PULCRITUD

a) Mantendré ordenado y limpio mi lugar de trabajo; no promoveré el desorden y falta de higiene en las demás áreas de mi Institución.
b) Cuidaré mi presentación personal, que sea siempre adecuada a la imagen de mi Institución y de mis valores y principios.

TRANSPARENCIA

Toda relación e información, dentro y fuera de Seguros Futuro, debe estar sujeta a la buena fe, transparencia y honorabilidad personal e institucional.

IMAGEN CORPORATIVA

Es mi obligación ocuparme de proyectar una actitud positiva, evitando cualquier conducta laboral o personal que deteriore la imagen y reputación de mi Institución y de la Corporación.

INTEGRACIÓN

Desde mi lugar de trabajo promoveré siempre la integración institucional y corporativa; renunciando a tomar acciones y a vertir juicios que tiendan a debilitar el entendimiento, la unión y la solidaridad el equipo de trabajo.

ANUNCIAR Y DENUNCIAR

a) Me obligo a comunicar de forma responsable y veraz, toda información y situación que sea de beneficio personal, profesional e institucional

b) Me comprometo a denunciar cualquier comportamiento o información que tienda a quebrantar la solidez y las buenas relaciones internas y externas de mi Institución y al presente Sistema de Convivencia.

PRACTICAS GENERALES

- Como norma general, adquiriré y practicaré otros valores que colaboren al desarrollo de la cultura organizacional de mi Institución, tales como:

  Servicio
  Serenidad
  Positivismo
  Bondad
  Alegría
  Caridad
  Fe
  Paciencia
  Tolerancia
  Comprensión

- Siempre saludaré y responderé atenta y agradablemente a mis compañeros y toda persona que visite mi Institución

- Diré "por favor" siempre que solicite cualquier ayuda, servicio o información

- Seré agradecido siempre y diré "gracias" cuando se me brinde un servicio o información

- Estaré dispuesto a colaborar y brindar información y, en caso de no poder hacerlo, diré el motivo por el cual no es posible de manera amable y honesta.

- Evitaré rotunda y drásticamente hacer o escuchar comentarios negativos de mi Institución, compañeros y personas ajenas, dentro y fuera de mi lugar de trabajo.

- Cuidaré de transmitir los mensajes, comentarios, observaciones o críticas de manera correcta, respetuosa y veraz.

- Seré responsable en no divulgar ninguna información confidencial, tanto de mi Institución como de mis compañeros

El presente Sistema de Convivencia ha sido diseñado y realizado a iniciativa del Sub-comité de Seguimiento de Cultura Organizacional, conjuntamente con todo el Equipo de Trabajo de Seguros Futuro, A. C. de R. L.; revisado y aprobado finalmente por nuestro Consejo de Administración, según acuerdo tomado en reunión de fecha 23 de junio de Dos Mil Cinco, Acta No. 208.

AAC/MIS Semi-Annual Report

Attachment 16

SPIEGEL & MCDIARMID
1333 NEW HAMPSHIRE AVENUE, NW
WASHINGTON, DC 20036
TELEPHONE 202.879.4000
FACSIMILE 202.393.2866
DIRECT DIAL 202.879.4016
EMAIL ELIZABETH.SCHULTZ@SPIEGELMCD.COM

MEMORANDUM

TO: Interested parties

FROM: Elizabeth Schultz

DATE: July 20, 2005

SUBJECT: Initial Interview with AAC/MIS

---

1. Identification and Prioritization of CDO Interests

a. Work Product

AAC/MIS stated that while they thought general materials on the entire enabling environment might be good for CDOs in general, they would not be very useful to their organization at this point. A rubric or chart would be most useful to them, particularly if it included country-specific information. In the Dominican Republic, the cooperatives AAC/MIS are working with are monitoring the congress's progress on a new law, so a checklist would be particularly helpful. Case studies on issues they are dealing with might also be useful.

b. Suggested Countries for Study

AAC/MIS works primarily in Latin America. It is currently working in the Dominican Republic, Columbia, and Nicaragua.

AAC/MIS noted that Nicaragua is relatively far into the legislative process, but insurance law is not a big issue there. The market has only been open for four years, so there are only five companies active in the market. Insurance in Nicaragua is not yet perceived as a tool for low income people. The credit unions will likely pursue their own laws, but AAC/MIS would be interested in laws with a larger scope than those specific to the credit unions.

2. *Identification and Collection of Resources*

a. Print Resources

Vice President in Charge of Revolution, a history of development. AAC/MIS will send a copy to Sean.

b. Contacts

AAC/MIS will give Spiegel & McDiarmid contact information for a Canadian member with knowledge of mutual and cooperative development and history.

AAC/MIS will send a copy of Jim Cawley's Nov. 2005 ICA presentation to Kate.

Frank Lowery- a lawyer expert in cooperative and insurance laws.

c. Suggestions for Additional Research

AAC/MIS suggested we look into Canadian laws on mutuals and cooperatives as a comparison tool. CAMIC would be a good source to start with. We should also research laws and regulations relating to this topic in developing countries. For example, Bolivia has some new capital requirements that we should look at. We should also look for information from the CCC-CA (Cooperative Confederation of the Caribbean and Central America).

AAC/MIS can give us numbers relating to cooperative insurance in the countries they work with. For example, in Guatemala their member cooperative serves 45% of insureds, which is a total of 600,000 people.

Columbia may be considering a new law. In the past Columbia was very progressive, but now it is moving towards more business-like models. Information on what Columbia is considering would be valuable.

3. *Laws and Regulations in the Enabling Environment*

a. Cooperative Laws and Regulations

AAC/MIS stated that one of the largest barriers for them are laws or edicts from an insurance commissioner prohibiting cooperatives from owning insurance companies. This is true even in the United States (with the exception of Puerto Rico), and in many developing countries, e.g. Honduras and Bolivia.

Generally, insurance regulators have power to trump cooperative laws and regulations.

In some countries, new laws banning cooperatives from owning insurance have forced the co-op to reorganize as a corporation. Cooperatives also usually have the option of selling insurance owned by another entity (i.e. as an agent instead of a provider).

In countries where cooperatives may not own insurance, mutuals are usually allowed to do so. The difference between a mutual and a cooperative is that a mutual is owned by the policy holders directly whereas a cooperative insurance provider is normally structured as a federation of cooperatives with individual cooperatives as members. The individual cooperatives normally are not insurance providers, but rather may be agriculture cooperatives, cooperative businesses, etc. Mutuals may be required by law to give profits back to members through direct benefits. The cooperative members may elect to use surpluses profits for reinvestment, education, or keep them as reserves, instead of rebating the money to the policy holders.

Inconsistent regulatory practices can also be a problem. For example, after supervising cooperatives for 14 years, the Dominican Republic's regulatory office began requiring that cooperatives have a certificate to operate.

b. Sector-Specific Law and Regulation

AAC/MIS noted that for insurance cooperatives, insurance regulations override all other laws. When dealing with various sets of laws, cooperative laws often fall low on the hierarchy. The laws prohibiting cooperatives from owning insurance (see previous) are a powerful example.

c. Reform Efforts

Historically, credit union movements have led to cooperative insurance. The Dominican Republic and Columbia are exceptions, where the cooperative movement has pushed the development.

One aspect of the enabling environment that plays a large role in developing insurance cooperatives is lack of political clout. In the Dominican Republic and Columbia, AAC/MIS cooperatives are the only insurance cooperatives in the country.

To achieve reform in areas where the law bans cooperatives from owning insurance providers, alliances with a larger co-op movement will likely be necessary. But the cooperative community in many countries is diverse and dispersed, and has an incentive to stay that way to avoid government supervision.

Bans on cooperatives owning insurance are often based on a government conception that cooperatives are not sufficiently responsible to operate such a complex and essential enterprise. Partially for this reason, AAC/MIS welcomes laws requiring cooperative providers to meet the same regulatory standards as other forms of ownership.

Subjecting cooperatives to stringent regulation in this regard can provide a legitimacy mechanism that may ease government fears of allowing co-ops to operate in the industry.

d. Ideal Principles

AAC/MIS pointed that there is an interest in protecting consumers and that it can be a strength to meet criteria as stringent as that which is applied to corporations, but cooperatives should not have to do more than entities with other ownership structures. Thus corporate guidelines should be the framework for cooperative guidelines.

Laws should allow cooperatives to own and operate any business, including insurance, as long as they meet the same regulatory requirements.

A key justification for allowing cooperatives to provide insurance is that the poor are often the most in need of insurance systems because they can least afford unexpected expenses or loss of income but are frequently neglected by private for-profit providers. In many developing countries where there is no cooperative presence, there are no providers marketing directly to the poor or middle class consumers.

e. Enabling Environment

Some government-sponsored cooperatives have been very inefficient, and subject to much government interference. For example, in the Dominican Republic, one bureau charged with overseeing cooperatives had hundreds of employees to oversee a relatively small number of cooperatives.

EMS:ems

AAC/MIS Semi-Annual Report

Attachment 17

La Equidad Seguros
Colombia

CGAP Working Group on Microinsurance
Good and Bad Practices
Case Study No. 12

Gloria Almeyda and Francisco de Paula Jaramillo – September 2005

Good and Bad Practices in Microinsurance

This paper was commissioned by the "Good and Bad Practices in Microinsurance" project. Managed by the ILO's Social Finance Programme for the CGAP Working Group on Microinsurance, this project is jointly funded by SIDA, DFID, GTZ and the ILO. The major outputs of this project are:

1. A **series of case studies** to identify good and bad practices in microinsurance
2. A **synthesis document** of good and bad practices in microinsurance for practitioners based on an analysis of the case studies. The major lessons from the case studies will also be published in a series of **two-page briefing notes** for easy access by practitioners.
3. **Donor guidelines** for funding microinsurance.

The CGAP Working Group on Microinsurance

The CGAP Microinsurance Working Group includes donors, insurers and other interested parties. The Working Group coordinates donor activities as they pertain to the development and proliferation of insurance services to low-income households in developing countries. The main activities of the working group include:

1. Developing donor guidelines for supporting microinsurance
2. Document case studies of insurance products and delivery models
3. Commission research on key issues such as the regulatory environment for microinsurance
4. Supporting innovations that will expand the availability of appropriate microinsurance products
5. Publishing a quarterly newsletter on microinsurance
6. Managing the content of the Microinsurance Focus website: www.microfinancegateway.org/section/resourcecenters/microinsurance

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Abbreviations and Acronyms

AAC/MIS	Americas Association of Cooperative/Mutual Insurance Societies
Amparar	A microinsurance product offered by Women's World Foundation.
ARS	*Administradoras de Regimen Subsidiado*, or subsidized regime administrators
ASCOOP	Colombian Cooperative Association
Coops	Cooperatives
CoP	Colombian peso
CUs	Credit unions, known also as savings and credit cooperatives
CV	Curriculum Vitae
DANE	*Departamento Administrativo Nacional de Estadisticas* (National Department of statistics)
DFID	Department for International Development
EPS	*Empresas Promotoras de Salud* (Health promotion enterprises, insurance entities of contributory regimes)
Equivida	A microinsurance product channeled through cooperatives
FASECOLDA	*Federacion de Aseguradores Colombianos (*Federation of Colombian Insurers)
FOGAFIN	Guaranty Fund of Financial Institutions
GDP	Gross Domestic Product
GTZ	German Technical Assistance
ICA	International Cooperative Alliance
ICMIF	International Cooperative and Mutual Insurance Federation
ID	Identification
IDP	Internally displace population
ILO	International Labour Organization
ISS	*Instituto de Seguridad Social* (Social Security Institute*)*
MFIs	Microfinance institutions
MIS	Management information system
MMS	Minimum monthly salary (established by government, currently US$158)
MSP	*Ministerio de Proteccion Social (*Ministry of Social Protection)
NGO	Non-governmental Organisation
PPP	Purchasing Power Parity
Sida	Swedish International Development Agency
SISBEN	*Sistema de Seleccion de Beneficiarios* (System of Beneficiaries Selection)
US$	United States Dollar
USAID	United States Agency for International Development
WWB	Women's World Bank, an international network of specialized MFIs
WWF	Women's World Foundation (Bucaramanga), original in Spanish, *Fundacion Mundial de la Mujer*, a member of the network of five Colombian similar foundations members of the international network of Women's World Bank.

Acknowledgements

This case study relied on the generous support of Julio E. Medrano, La Equidad's President, and Martha Bohorquez, Vice-president of Operations, the staff at headquarters and in the regional offices in Bogotá, Bucaramanga, and Medellin. They opened their doors, shared their knowledge, experience, and data, and provided the logistical support to make this research possible. We want to thank the Fundacion Mundial de la Mujer (Bucaramanga, Santander) and Corporacion Mundial de la Mujer (Medellin, Antioquia) and the cooperatives visited in Santander (Comultrasan, Comulseb, Comultrago, Coopcentral), Antioquia (Crearcoop, Cotrafa, Fomentamos) and Bogotá (Progressa, Corveica, Coopetrol). We are also grateful to the insured clients, members, and beneficiaries of these institutions who spoke with us. Our appreciation is also extended to FASECOLDA and the insurance delegates of the Superintendency of Banks.

We would like to thank to Michael McCord of Microinsurance Centre for his guidance and support in the preparation of the study; to Edward Potter and Karen Schwartz of AAC/MIS for their comments; and to Craig Churchill of ILO for final revisions and editorial comments.

Executive Summary

La Equidad Seguros was created 35 years ago as a cooperative with the mission to provide insurance services to cooperatives and their members, who were largely low-income workers outside the scope of traditional Colombian insurers. Today, La Equidad ranks 13th by level of premiums issued among 21 life insurers and 20th among all 29 insurers. At the end of 2004, its total premiums issued amounted to US$83 million.

Since its inception, La Equidad offered life protection coverage to cooperatives' members, both as debtors and as savers. La Equidad's group life insurance protected the cooperatives' loan portfolio: *The debt dies with the debtor* was a common slogan of cooperatives, particularly credit unions. Members' savings also had life insurance coverage in the case of death or permanent disability. La Equidad has continued to expand products for the lower-end of the market, particularly to specialized microfinance institutions and their clients.[1] This case study focuses on these new activities.

In the past five years, La Equidad has developed a group-based life insurance product that responds more adequately to the characteristics of lower-income households whose breadwinners work in both the formal and informal economies. The evolution took place from an individual-based life product, *Primero Mi Familia* (First My Family), to two group-based life products, *Amparar (*To Protect) and *Equivida* (Equi-life). Delivered through the microfinance institution (MFI) Women's World Foundation (WWF), *Amparar* has been profitable for the insurer and the MFI during its first 18 months. In the case of *Equivida*, the cooperatives are also satisfied with its profitability and the benefits it provides their members.

La Equidad and its partners, WWF and a group of affiliated cooperatives, are demonstrating that low-income people are willing to pay for life insurance. Over 10,000 of WWF's microcredit borrowers have purchased voluntary life insurance, as have over 18,000 cooperative members. Just as in the evolution of "microcredit" or "microsavings," when it was common to hear "poor people do not pay loans" or "poor people do not save," now La Equidad is showing that low-income people can invest in insurance if the product, the distribution channel, and the premium are appropriate for them.

Both *Amparar* and *Equivida* offer several plans that respond to the needs and paying capacity of the insured. *Amparar*'s smallest plan has a basic coverage of CoP 3 million (US$1,244) at a premium of US$1 per month. *Equivida*'s smallest Plan offers a CoP 10 million (US$4,146) basic coverage with a monthly premium of US$1.50. Besides a lump sum benefit in the event of death or permanent disability, *Amparar* also provides benefits to assist bereaved households with grocery, utility and education expenses.

While the combined participation of *Amparar* and *Equivida* is 3% of total premiums issued by La Equidad Life, their operational profitability is 22% and 23% respectively, well above the 4.95% (net income over premium) for La Equidad consolidated.

[1] Microfinance is defined as financial services (e.g., savings, credit, insurance, remittances, payments) for low-income individuals, formal and informal, in rural and urban areas in all types of (legal) economic activities.

Amparar and WWF

For MFIs specializing in microcredit, such as WWF, *Amparar* expands the products available to their clients in a profitable way. More importantly, *Amparar* reduces the gap in the lack of adequate social protection for poor microentrepreneurs. The insurance contributes to reducing the risk and vulnerability of the households and their microenterprises.

Amparar is complementary to the credit life insurance that WWF also has with La Equidad to protect itself against the risk of debtors' death or permanent disability. With the loan insurance, WWF protects itself from the risk of non-payment due to the death of the borrower. With *Amparar,* WWF gives an opportunity to the clients' households to protect themselves.

The premium for *Amparar* is built into the loan repayments. WWF adds the premium to the loan amount and then forwards to La Equidad the premium instalments, which may be monthly, quarterly or semi-annually, within 60 days after being received from the borrowers. This process significantly reduces transaction costs and minimises lapses. To manage the relationship with the MFI, La Equidad had to develop a software programme that was compatible with WWF's management information system (MIS). Claims processing takes less than 15 working days after Equidad receives the required documentation. La Equidad pays WWF. WWF then gives its own cheque to beneficiaries directly, which contributes to clients' satisfaction with WWF.

Equivida and the Cooperatives

Although the product is similar, La Equidad has had less success in marketing microinsurance through the cooperatives than the MFI. Some of the reasons for this difference include:

- The *Equivida* product is more complex than *Amparar*, with more options and benefits
- The minimum sum assured is higher for *Equivida*
- For *Equivida*, sales commissions go to the cooperatives, not staff members
- The *Equivida* product is not as well integrated into the core services of the cooperatives as *Amparar* is with WWF's credit product
- The marketing materials of the cooperatives do not highlight insurance sufficiently

Yet cooperatives have potential for expansion and could be a ripe market for microinsurance. In many coops, over half of the members are low-income (based on Colombian minimum monthly salary = US$158). For example, at one of the largest credit unions (with 150,000 members), 44% are self-employed or in microenterprise activities; seventy-five percent do not have any college education and 81% have savings of less than US$200.

Lessons Learned

Besides these differences between the effectiveness of its delivery channels, La Equidad's involvement in microinsurance has yielded a number of interesting lessons:

- With appropriate training, field staff of an MFI or cooperative can sell voluntary life insurance to the low-income market. The sales force must be equipped with marketing skills and technical insurance knowledge so that they can convey the benefits of insurance to potential policyholders.

- Microinsurance products are easier to sell when they are simple and easy to understand.
- For the product to be relevant to heterogeneous households engaged in the informal economy, it needs to have a range of benefit options (and corresponding premiums) so that the poor can choose how much coverage they want.
- Premiums should be adjusted to the paying capacity of the target market. Most low-income households in Colombia can afford $1 per month for the premium.
- Coverage that includes payments for education, food and utilities is highly valued by the poorer groups.
- To avoid lapses, use automatic premium payment systems, such as integrating insurance into a loan or deducting the premiums from a savings account.
- Group products are more appropriate for the low-income market because they are less expensive.
- Group products require distribution channels through existing organisations that already have a relationship with low-income persons. Cooperative insurers should realise that coops are not the only potential delivery channel.
- La Equidad has experienced some challenges in working with microcredit NGOs, including management information system (MIS) limitations and a lack of insurance culture. Some NGOs depend on donor resources, putting their long-term viability at risk. Consequently, it is important to work only with financially viable MFIs.
- A key factor in the development of *Amparar* was the discussions between the regional manager of La Equidad in Bucaramanga and WWF's Executive Director. In designing and testing the product, it was crucial to have them in the field and dealing directly with the clients.

Next Steps

According to La Equidad's senior management, the major challenge now is to find new MFIs that can sell a product similar to *Amparar* on a large scale. In the case of WWF, the challenge is to continue expanding with new clients. Of WWF's 40,000 plus clients, already more than 25% have purchased *Amparar* (as of March 2005).

One area of potential collaboration between WWF and the cooperatives offering *Equivida* is to raise awareness of what is available in the market and in government programmes (e.g., preventive health, professional-work related risks, and pension). Low-income groups in cooperatives and specialized MFIs can benefit from educational efforts about: (a) protection of households and their microenterprises, and (b) knowing what is available at a price affordable to low-income groups in contributory and subsidized schemes. Furthermore, products such as *Equivida* and *Amparar* are evidence that some of the poor are able to pay for some insurance coverage.

1. The Context

Colombia is now recuperating from one of its worst crisis: economic growth is over 3 percent annually, unemployment has fallen to 14 percent and poverty rates have begun to decline for the first time in seven years.[2] Table 1.1 summarizes basic socio-economic indicators.

In the past fifteen years, the Government has undertaken reforms in all sectors. On one hand, reforms such as those of the financial sector have contributed to the market's expansion and competitiveness, benefiting the banking and insurance industries. On the other hand, reforms in social protection have contributed to improvement of services and coverage.

But access to social protection is still insufficient to respond to high levels of poverty (despite its decline), particularly in rural areas, which have suffered more from the internal conflict. Displaced rural people have migrated to towns or cities, contributing to increases in urban poverty levels. Low-income Colombians combine a variety of risk management strategies to manage their vulnerability, protect themselves against a variety of risks, and generate incomes to maintain a minimum subsistence level.

Table 1.1 Macro Data[3]

GDP (US$ Billions) 2003	78,650
Population (millions)	44.5
Population density per km2	43
Percentage urban / rural population	71% Urban 28% Rural
GDP/Capita (US$)	$1,764
GDP Growth Rate	2.3% (1990-2003) 3.96% (2003-2004)
Inflation (2004)	5.5%
Exchange Rate (CoP per US$1)[4] as of December 2004	2,412
PPP GDP per Capita (2003)	$6,700
Infant Mortality (per 1000 live births)	31
Under Five Mortality (per thousand)	28
Maternal Mortality (per 100,000 live births)	99
Access to safe water (% of population)	14%
Health Expenditure as % of GDP (total)	3.7%
Health Expenditure per capita (US$)	$15
Doctors per thousand people	1.35
Hospital beds per thousand people (urban/rural)	10
Literacy rate	90.5

[2] World Bank program document for a proposed second programmatic labor reform and social structural adjustment loan, October 6, 2004, Human Development Sector Management Unit, Colombia-Mexico Country Management Unit, Latin America and the Caribbean Region, October 2004.
[3] World Bank, Selected Indicators 2005; World Development Indicators Database 2005.
[4] International Monetary Fund, Statistics 2005. The exchange rate used for calculations of current figures in this paper is CoP 2,412 per $1. For historic exchange rates of Colombian pesos per $1, the following rates are used: 2,780 (Dec 2003), 2,865 (Dec 2002), 2,301 (2001).

1.1 Role of the State in Insurance

In 1990, the government approved Law 45, which reformed the financial system and opened up the protected insurance industry to external competition. Today 40% of the insurance business is by foreign companies, some of which also offer reinsurance. Until the early 1990s, the actuaries of the Federation of Insurers of Colombia (FASECOLDA) prepared the premiums and submitted them on behalf of the insurers to the Superintendency of Banks for approval. This practice was based on the Superintendency's role of overseeing the technical basis and solvency of insurers. Premiums were agreed among insurers. Competition was based on good service rather than on price. In 1993, the law changed and insurance companies began to determine competitively their own premiums.

The National Constitution of Colombia (Art. 189, No. 24) gave the executive branch of the government the responsibility to inspect, monitor, supervise and control all financial and insurance products. The Superintendency of Banks, under the Ministry of Finance and Public Credit, is responsible for insurance regulation and supervision.

Several recent laws and regulations provide the framework for the insurance business in Colombia. These range from the insurance contract (defined in the Commercial Code - Law 222 of 1995, Book IV, Title V) to several regulations dealing with sound and safe performance of insurance companies according to requirements of capital solvency, reserves, technical equity, and minimum capital requirements to operate insurance companies.[5] The Superintendency of Banks has a special section that supervises and controls the insurance industry. This section's staff is highly qualified. The Delegate, as the head of the insurance section is called, stated that the Superintendency of insurance companies is responsible for:

- Licensure, supervision, control and regulation according to sound and internationally accepted insurance practices of soundness, transparency and effectiveness.
- Supervision includes, *inter alia*, fulfilment of insurers' minimum equity requirements according to the type of business, solvency margin, and provisions according to claims.
- Promotion of a market-oriented and competitive environment (e.g., regarding products, services, and prices).
- Promotion of sound risk management practices among insurers and monitor their implementation.

Currently, one of the key themes of the Superintendency is to promote best practices in risk management. The Delegate indicated that she would like the insurers to take the lead—rather than the Superintendency—in the execution of best practices or risk management through a focus on: (a) corporate practices; (b) clients' code of ethics; and (c) consumer protection. The Superintendency does not get involved in lines of insurance businesses.

Besides the regulatory framework of the Superintendency of Banks, which deals strictly with insurers as part of the financial system, insurers can also be under other official entities' supervision, including: Superintendency of Health, which oversees institutions offering health-related services; the Superintendency of Solidarity Economy, which oversees

[5] For regulation-related regulations, see the Superintendency of Banks website, www.superbancaria.gov.co.

cooperative-related institutions such as La Equidad; and the Ministry of Social Protection, responsible for several schemes to manage the risks and vulnerability of the poor.

Unregulated Insurers

One of the areas of current controversy in Colombia is the increasing market of funeral service providers. Consumers pay for their services through a variety of schemes. For some, this is a type of "funeral insurance." However, when the authors asked the officers of the Superintendency of Banks about this issue, they responded that Law 6 of 2003 authorizes funeral services and that it is the responsibility of consumers/clients to exercise due diligence and seek out information when purchasing these services. They clearly stated that it is not the role of the supervisory agency to determine what products should be offered in the market.

State Promotion of Insurance

The Colombian government promotes insurance in several ways:

- Designing and passing adequate and enabling legislation and regulation to promote a financial system that includes competitive insurance companies following international standards.
- Promoting obligatory insurance in areas such as automobile liability protection.
- Filling the gap in offering obligatory insurance products that are not offered by private insurers, such as coverage for public transportation drivers (e.g., inter-city bus drivers, one of the major forms of national and regional transportation of individuals).
- Designing and implementing public social protection schemes for the poor.

All of these areas affect the supply and demand for insurance. The supply is becoming more competitive and is expanding. The demand has been limited to high-income individuals and companies; therefore, there are major gaps in the market. As the financial sector has become more developed and competitive in credit and savings, there is potential for insurance products to be part of a whole portfolio of services offered by financial institutions.

1.2 Insurance Industry Basics

The Colombian insurance industry has a long and recognized tradition among Latin American insurers. The first insurance company was founded in 1890. Non-life insurance is more developed relative to life insurance. Group life insurance was initially introduced to protect the loan portfolio of mortgage banks, which involved long processing and individual risk selection.

After over a decade of insurance companies' consolidation, liquidation and sales, the number of insurance companies decreased from 64 licenses in 1975 to 45 in 2005. These 45 licenses—24 general and 21 life—are held by 29 companies (see Appendix 1) with five additional companies in capitalization.[6] Twenty-seven companies are private and two are public. Until recently, one of the state companies (La Previsora) has had a monopoly on State insurance business. This changed with the opening of the economy and financial system

[6] The Colombian law requires that for each line of business there a separate company is licensed. For example, La Equidad has two licenses, one for General insurance, and another for Life. Each one has specific capital requirements. Capitalization companies provide special savings plans that include life insurance.

reforms during the 1990s. Two insurers are cooperative-related (Solidaria and La Equidad). At the end of 2004, general insurance premiums amounted to US$1.5 billion (see Table 1.2) and life premiums to US$972 million for a total of US$2.5 billion.

Table 1.2 Colombia: Insurance Industry by Ownership (US$ Millions)

Companies (# Of Companies)	General		Life		Total	
	Dec-03	Dec-04	Dec-03	Dec-04	Dec-03	Dec-04
Public (2)	206.1	238.5	9.6	12.7	215.7	251.2
Private (27)	1,123.3	1,341.2	764.4	959.7	1,887.7	2,300.9
Total (29)	1,329.4	1,579.6	774.0	972.5	2,103.4	2,552.1

Exchange Rates: US$1=Colombia Pesos 2.760 (Dec 2003) and CoP 2,412 (Dec 2004)
Source: Converted by the authors into US$ from original source in pesos, published by FASECOLDA 2005.

Cooperative Insurers

About 40 years ago, cooperative insurance was introduced for credit unions and it operated as an agile and simple system. This cooperative group-life insurance not only covered the credit union members' debt in case of death (credit life), but also doubled their shares and savings (life savings). This system has now become available through banks' portfolios as well. Today two insurers, Solidaria and La Equidad, serve over 2,500 cooperatives, including credit unions, as well as multi-purpose and specialized cooperatives.[7] Solidaria is a publicly traded company and works with the clients of Megabanco.[8] As explained in Section 2, as a member-owned cooperative, La Equidad's distribution of profit is determined according to the cooperative law.

Two health service cooperatives in Colombia have become large and competitive: Coomeva and Saludcoop.[9] As of December 2003, Coomeva had US$315 million in assets and US$60 million in revenues for the period; and Saludcoop had US$186 million in assets and US$300 million in revenues. An analysis of these cooperatives falls outside the scope of this study. They might be useful as microinsurance case studies in the future since they serve a large number of lower-income Colombians.

General/Non-Life Insurance Products

General insurance products constitute 62% of total insurance premiums (2004, see Appendix 2) and include a variety of insurance products: automobile, fire, transportation, liability, contract performance, theft, earthquake, and aviation-related insurance. The total premiums issued for 2004 reached US$1.5 billion (as of Dec. 2004) and claims paid US$409 million. As Table 1.3 shows, government-owned companies have a 15% share of the total premiums in general insurance. Auto insurance has 34% of the total premiums issued during 2004, followed by fire insurance with 13%, earthquake with 11% and the remaining 42% distributed in the other products. Appendix 1 presents a list of the companies in general

[7] M. Arango, M. Cardenas, B. Marulanda and M. Paredes, original in Spanish, English translation of title: Reflections About the Social and Economic Contribution of the Colombian Cooperative Sector, Bogota: Fedesarrollo, April 2005.
[8] La Solidaria's history was related to Cuna Mutual Insurance Society and Colombian credit unions. Megabanco resulted from the Superintendency of Banks' intervention in four major financial cooperatives after the1998 crisis of in the financial sector.
[9] El Tiempo, Sector Cooperative-Economia Solidaria, March 30, 2005.

insurance and total premiums issued. Individual insurers' average annual growth in premiums varied drastically. The total average annual growth for the industry was 3.8%. For the same period, the loss ratio average for the industry was 36%.

Life Insurance Products

Life insurance products have been growing in the past year as banks have expanded the financial product portfolio offered to their clients. Several private banks also work with an insurance company of their own financial group. Premiums paid amounted to US$972 million in 2004, where group life insurance was 37.5% of this amount, followed by 20% in individual life, 20% in health, 9% in personal accidents, and the rest in other life products. The average annual growth in premiums for this group was 9.8% for 2004. As with general insurance, the growth among life insurance companies experienced a broad range, from -29% to 695% growth (see Appendix 1). The average loss ratio was 67% in 2004 (Table 1.4).

Table 1.3 Colombia: Insurance Industry by Ownership (CoP Million)

Companies (# Of Companies)	General			Life			Total Premiums		
	Dec-03	Dec-04	%	Dec-03	Dec-04	%	Dec-03	Dec-04	%
Public (2)	568,959	575,157	15.1%	26,373	30,741	1.3%	595,332	605,899	10%
Private (27)	3,100,288	3,234,890	84.9%	2,109,792	2,314,849	98.7%	5,210,080	5,549,740	90%
Total (29)	3,669,248	3,810,048	100.0%	2,138,447	2,345,591	100.0%	5,805,412	6,155,638	100%

Source: FASECOLDA

Table 1.4 Table Insurance Industry Indicators as of December 2004

	General	Life	Total Industry
Claims/Issued Premium (%)	48.6	67.3	56.9
Commissions / Issued Premiums (%)	10.7	6.7	9.2
Generals Expenses / Premiums Issued (%)	21.2	26.3	23.1
Return on Equity (%) (1)	17.0	23.7	19.7
Investments/Technical Reserves (%)	112.6	119.4	116.6

(1) It does not include profits for the period
Source: FASECOLDA, Jan 2005.

Increasing Competition and Competitiveness

The Colombian insurance penetration (premiums as a percentage of GDP) has varied from 2.5 to 2.1, reflecting a low development and potential for growth. The industry is still in a consolidation process. According to FASECOLDA,[10] the key factors in the industry's consolidation and re-adjustment during the past decade are: (a) Law 45 of 1990 that opened the market to local and international competition and discontinued the monopoly of state insurers; (b) foreign insurance companies, which are listed on international stock markets and need to be profitable and efficient, now have 40% of the insurance market; (c) the elasticity of the demand as a result of the country's economic growth; and (d) private health providers need to buy insurance but the claims ratio (*siniestralidad*) is 120%. These are some of the issues that FASECOLDA is currently researching.

[10] http://www.FASECOLDA.com/int/ComAfiliadas.php

For the first quarter of 2005, the industry showed a decreasing administrative cost to premiums. Industry analysts[11] comment that this is the result of an increasing control of administrative expenses, the decreasing cost of reinsurance (after an increase after September 11), a decline in claims, and lastly major competition among insurers.

Table 1.5 Insurance Industry Basics

Issues	Observations
Name of insurance regulatory body	Superintendency of Banks www.superbancaria.gov.co
Key responsibilities	Licensing, supervision and control
Minimum capital requirements	US$2.5 million
Other key requirements for an insurance license	- Minimum technical capital - Feasibility study of enterprise - Bylaws - Curriculum vitae (CV) of those involved in forming and managing the institution - Other information requested by the Superintendency
On-going capital requirements	Minimum technical capital
Other key requirements for regulatory compliance	On-going norms issued by the Superintendency of Banks
Minimum capital requirement for reinsurer	US$10 Million
Regulated private insurers (Dec 2004)	29 / US$2.3 Billion
Regulated public insurers (Dec 2004)	2[12] / US$251.2 Million
Other regulated insurance organisations	Five capitalization companies that offer special savings plans that include life insurance; health insurance companies
Number of re-insurers	All foreign reinsurers (varies by company). Among those are: Swiss Re, Mapfre Re, and Re Latin America.
Other unregulated organisations, if existing, that offer insurance	Not applicable (Funeral and related services not considered as "insurance" by Superintendency of Banks but as a service-oriented company).
Certification requirements for agents	- Registered with the Superintendency of Banks at the request of the insurer(s) who is/are responsible for the agent's actions. The Superintendency does not control nor supervise agents. - Dependent agent: if an insurer wants to have an agent exclusively, then it has to provide an employment contract. - Independent agent: sells insurance for several companies.

1.3 The Role of the State in Social Protection

During the late 1990s, Colombia experienced one of the worst economic recessions in recent history, resulting in high unemployment and worsening poverty. Simultaneously, the internal conflict escalated, increasing violence and insecurity. Internally displace people (IDP) are

[11] Authors' interview with FASECOLDA, May 2005.
[12] One of them has been recently privatized (Central de Seguros). Appendix 1 presents data previous to privatization.

estimated to be around 2.5 million. According to World Bank data,[13] 64% of the population is below the poverty line (79% rural and 55% urban). These factors greatly increased the vulnerability of the poor. Because of increasing impoverishment, the government offers several social protection schemes that include social insurance and social assistance. The following is a summary of the State's framework for social protection:

- The current **legal framework for social protection** was passed in 1993 (known as Law 100-Comprehensive Social Security) and covers pensions, health, and work-related risks (work-related accidents or sickness resulting from job). Salaried employees and their employers share payments: Employers pay 75% in pension plans and 67% in health and the employees pay the difference (25% in pensions and 33% in health). The professional or work-related risk insurance is paid by employers to cover their employees' accidents and illness. Informal and self-employed individuals can join the public social protection system, but are unprotected from work-related risks.
- The **General Pension System** is headed by the government's Social Insurance Institute (known as ISS from its acronym in Spanish) and includes private pension funds. Employees select their fund of its choice. Self-employed have the choice to contribute to the pension system.
- ISS also leads the **preventive health system**, which is complemented by private health providers (from Spanish, *Empresas Promotoras de Salud*, or insurance entities of contributory regime). The government also has a network of hospitals and health centres nationwide offering subsidized services. Currently, the government is implementing changes introduced in 1993 (Law 100) based on a contributive scheme (for those who can pay) and a subsidized scheme. Individuals in the contributive scheme are insured by EPS,[14] and those in the subsidized regime are insured by firms known as ARS (from *Spanish Administradoras de Regimen Subsidiado*, or subsidized regime administrators).
- A presidential initiative created the **Solidarity Social Network** in 1994 and then converted into an executive branch entity in 1997. It addresses the needs of the poorest and more vulnerable groups and links them to other public social programmes. Currently, the programme focuses on IDPs and victims of political violence. In previous decades, the government has run similar social programmes.[15]
- The **El SISBEN Index** (*System of Beneficiaries Selection*) contains a system of rules, norms, and procedures to obtain and process socio-economic information of specific groups and municipalities nationwide. The system provides the individual and group data required for local municipality programmes, beneficiaries of social programmes and subsidies. Individuals are granted a "SISBEN" ID that determines their category and eligibility to access subsidized social services. The system is defined (Law 715 of 2001) as a tool to focus and assure that the social spending reaches the poorest. Access to health

[13] World Bank, World Development Report 2005, Selected Indicators, Table 2, pg. 258.

[14] See section 5.5. La Equidad contributed to the creation of Saludcoop, one of the leading EPS in Colombia. Currently, Saludcoop has 2.5 million customers. La Equidad Life works with Saludcoop to provide the professional risk or work-related insurance (obligatory for all employers). This relationship has proved very fruitful except for one of the coverages related to high cost illnesses, which La Equidad discontinued in 2004.

[15] In the 1970s there was a Popular Integration Secretariat and in the 1980s a National Plan for Rehabilitation.

services has been one of the major areas using SISBEN cardholders, registered in their home municipalities.[16]

- The **National Disaster Prevention Plan** prepares local groups for possible emergencies resulting from natural disasters, and works to respond to catastrophes resulting from them.
- **Obligatory car accident insurance** (known as SOAT) covers expenses incurred by victims of vehicle-related accidents.
- **Cajas de Compensacion Familiar** are private entities (Law 21 of 1982) created jointly by contributions from employers (4% of based on total employee's wages withholdings). The Cajas offer some social protection services to their members, including health services.

According to a World Bank assessment of its safety net, Colombia historically relied on economic growth as a social safety net and emphasized a now unsustainable expansion of social services, notably in health, education, and pensions.[17] Initiatives for developing and strengthening the economic potential of poor Colombians, combined with microinsurance products, can help them to manage their risks and protect themselves. On the other hand, social assistance programmes can be used more effectively and efficiently in ways that reach the most vulnerable and poorest Colombians.

1.4 Microinsurance in Colombia

Key Trends in Microinsurance

Increasing competition among financial institutions is forcing them to look for new market opportunities and to develop new products and services. As in the case of credit and savings, financial institutions are learning more about the willingness and effective demand of the low-income population to pay for access to adequate, permanent, and competitive services. Similar experiences are just beginning with regard to microinsurance. The following areas represent potential for microinsurance growth.

For the microfinance institutions (MFIs):

- *Risk management products for MFIs*: As MFIs become stronger, financially and operationally, they are purchasing loan insurance to protect themselves from credit risk resulting from borrowers' death or disability. Furthermore, MFIs need insurance to protect their property and other assets and need to acquire obligatory insurance (e.g., work-related accidents for employees, obligatory automobile driver insurance, etc.). MFIs can negotiate a whole package of insurance services to obtain competitive prices.
- *New financial products to maintain and attract clients:* Some of the most advanced MFIs, like Fundacion Mundial de la Mujer (Women's World Foundation in Bucaramanga), want to offer more products to their clients besides credit.

[16] As it will be explained later, holders of the SISBEN card can access subsidized health services. We interviewed for this case study two farmers and the SISBEN was mentioned as part of their personal risk protection strategy.
[17] Human Development Department, Country Management Unit for Colombia, Mexico and Venezuela, World Bank, Colombia Safety Net Assessment, Final Report, August 30, 2002.

For the MFIs' clients and other low-income Colombians:

- *More options to manage their risks:* Microinsurance is a valuable option for MFI clients as demonstrated by WWF's increasing number of policyholders. As clients become more aware of financial services, they can opt for different ways to save, borrow, or insure to manage risks.
- *New options in social insurance protection:* With new reforms in social insurance and social protection schemes, low-income Colombians, particularly those who are already clients of MFIs, have access to more options. Unfortunately, many MFI clients are unaware of the insurance options available to them. There is a need for information dissemination and education for other low-income groups so that their needs can evolve into effective demand.

For the insurance companies:

- *A client willing to pay for a good product*: Insurance companies are getting to know low-income clients and their potential as groups by working through MFIs.

Attitude of the Government

The government's main involvement in microinsurance has been through the passing of a social protection framework that covers the poor and those in the informal economy. The current focus of social assistance programme is targeting the most vulnerable populations through subsidized programmes.

The Superintendency of Banks' staff responsible for insurers supports insurance innovation that makes insurance more accessible for a larger number of Colombians at more competitive prices. However, they do not see their role as telling insurers what products to offer; rather, they believe that the market should determine it, a view shared by FASECOLDA.

These two institutions, along with others key stakeholders—such as insurers and MFIs, clients' advocacy groups, and other state agencies in social security—have an important role to play in promoting education and information dissemination on microinsurance. This is an area of potential inter-agency collaboration that will assist microinsurance to expand the frontier of both microfinance and insurance in Colombia.

2. The Institution

2.1 Brief History

La Equidad Seguros was created in March 1970 by 41 cooperatives during the annual assembly of the Colombian Cooperative Association (ASCOOP). Its mission is to provide insurance to the more vulnerable sectors of the population and to serve as an economic pillar for the development of the cooperative sector. Today, La Equidad's shareholders are 1,273 cooperative and other non-profit institutions (e.g., employees' funds, trade unions) with over 1.5 million members. As a consumer cooperative (insurance products and services), its shareholders are also its main clients. More recently, as an expansion strategy, La Equidad started to include individual shareholders, mainly its own employees and a few policyholders. Today, La Equidad Life ranks 13th by level of premiums issued during 2004 among 21 insurers, and 21st among 24 general insurers (see Appendix 1-1). Duff and Phelps gave La Equidad an AA evaluation considered a very high rating internationally.

Historical Notes

- The first policy insurance was sold to the employees of the National University Cooperative.
- Originally, Equidad founders planned for a five-year period before reaching break-even. By the second years, La Equidad generated profits.
- La Equidad has maintained a commitment to promote a culture of protection for the individuals, their families, and their assets.

La Equidad received its original operating license from the National Superintendency of Cooperatives. It operated using the policies and premiums approved by FASECOLDA, the national federation of Colombian insurance companies, and reported its financial data to the Superintendency of Banks. In 1987, because of new legislation (Resolution Superintendency of Banks 5566), La Equidad received authorization as a general insurance institution under the supervision and control of the Superintendency of Banks. In 1995, the Superintendency authorized La Equidad Life. Table 2.1 presents a summary of the institutional profile.

Table 2.1 Insurance Organisation Basics

Issues	Observations
Legal structure	• Regulated insurance company. • Cooperative of cooperatives institution registered according to Decree 1598 of 1993.
Registration status	• Registered as an auxiliary institution of the cooperative sector (1971) with the Superintendency of Cooperatives. • Registered as an insurer with the Superintendency of Banks: - General insurance authorization in 1987. - Life insurance authorization in 1995.
Regulation status	• Supervised by the Superintendency of Banks. • Financial cooperative regulation according to Law 454 of 1998.

Issues	Observations
Start of corporate operations (year)	1971
Start of microinsurance operations (year)	• 1971, Since its creation has offered insurance to members of affiliated cooperatives, over 50% considered low-income. • 2003, Designed a special "microinsurance" product for the World Women Foundation (Bucaramanga).
Core business	General and life insurance products.
Target market – core business	• 1,273 associated institutions (majority cooperatives). • Members of affiliated cooperatives and other non-profit organisations (e.g., NGOs, unions): Middle and low-income market.
Geographic area of operation	Nationwide. Investment in cooperative insurance institutions in Ecuador and El Salvador.
Reinsurance provider, provider type	Reinsurer (registered in Colombia): - Life: MAPFRE (Spanish company) - General: Swiss de Reaseguros and Re Latin America
Reinsurance type	In the case of microinsurance (e.g., *Amparar*), policies below CoP 10,000,000 (US$4,100) are not reinsured.

The main products from the start have been life insurance covering debts, savings, and contributions (cooperative shares) for cooperative members, who are mainly low- and middle-income Colombians. In a way, it was offering microinsurance.

In 2002, La Equidad hired the Napoleon Franco Company, one of the leading market research companies in Colombia, to conduct a survey of people's knowledge and perception about life insurance and their buying power capacity. According to the results, respondents had an unsatisfied need for protection. Based on these findings, La Equidad designed a product: *My Family First*, an individual life policy. This insurance's premiums were determined according to each eligible individual's age group and corresponding actuarial rates. *Primero Mi Familia* benefits are summarized in Table 2.2.

Table 2.2 Product: My Family First (as designed in 2002)

Basic Protection	Insured Value	
	Plan $1850	**Plan $3700**
Death from any cause	$ 1850	$ 3700
Permanent or temporary disability	$ 1850	$ 3700
Advance as a result of grave illness	$ 930	$ 1850
Monthly children's education stipend (24 months)	$ 17	$ 33
Monthly payment for utilities (12 months)	$ 19	$ 37
Monthly cheque for food/groceries (12 months)	$ 37	$ 74
Medical expenses for children (12 months)	$ 185	$ 370
Child's death (first affected)	$ 185	$ 370
Funeral expenses (first affected)	$ 615	$ 615

The most challenging test was the distribution channel.[18] La Equidad offered *Primero Mi Familia* through the sales force of Saludcoop, a health service cooperative. They operated for

[18] The Superintendency of Banks authorizes two types of agents to sell insurance in Colombia: independent and dependent. Independent agents operate according to a commercial contract and can sell products from a variety of insurers. Dependent

La Equidad as independent agents, but in practice, the promoters' main task was to sell Saludcoop's health plans so the volumes of La Equidad policies were unsatisfactory. After seven months, La Equidad decided to hire directly 25 promoters. Although the sales were somewhat better, from this 12-month pilot La Equidad uncovered the following problems:

- Lack of policyholders' discipline in monthly premium payments.
- Lack of incentives for agents as a result of low revenues from very small premiums.
- Problems recruiting insurance salespersons in smaller cities.
- Long time for potential clients to make a decision.

Equidad started to look for new alliances to market *My Family First.* After conversations between the Equidad's regional manager in Bucaramanga and the Women's World Foundation's manager in a microfinance meeting, La Equidad redesigned it into a group product with four components: death for any cause, permanent and temporary disability, funeral support, and payments for groceries and utility expenses. The following chapters present an analysis of the process of designing and marketing the new product, *Amparar.*

Table 2.3 Insurance Organisation Basics - Trends

	2003	2002	2001	2000
Total assets (millions of US$)	$99.3	$88.1	$74.1	$61.5
Annual budget (millions of US$)	$84.8	$85.7	$65.8	$56.7
Total capital (millions of US$)	$23.8	$22.7	$18.4	$14.5
Number of branches	23	21	20	
Total number of all clients	1,273 affiliated cooperative and other institutions.			
Total number of microinsurance group policyholders (note: data for two products with group policies)	2004 (a) 1 *Amparar* with WWF (Bucaramanga) (b) 199 *Equivida* with cooperatives			
Total number of microinsurance insured lives	2004 (a) 11,150 *Amparar* with WWF (Bucaramanga) (b) 18,223 *Equivida* with cooperatives			
Number of microinsurance staff (note: staff members also promote other products besides microinsurance)	2004 (a) WWF has 52 credit analyst (b) La Equidad: There is no special "microinsurance" staff. It has 47 commercial staff (39 promoters and 8 administrators)			
Staff turnover (%)	In general low			
Number of policyholders/microinsurance staff (%)	(a) *Amparar:* 92 for as of Oct 2004. For La Equidad: one promoter has the contract with WWF for the *Amparar* product.			
Microinsurance marketing costs	(a) According to WWF, its cost of *Amparar* marketing is CoP 4,700 equivalent to US$2 per policyholder. La Equidad has one promoter responsible for the group policy *Amparar.*			

agents have an employment contract and can sell insurance only from the conracting insurer. For more information see: **https://www.superbancaria.gov.co/default.htm**

2.2 Organisational Development

Governance

As a cooperative, La Equidad's main governing body is the general assembly of member cooperatives and other institutions, representing seven geographic districts. Regions elect delegates to the general assembly. They elect a nine-member board of directors, which is currently formed by managers or directors of active member institutions in good standing. Board members are elected for two years and can be re-elected. The board appoints the president, who has currently been in this position for several years and is fully committed to microinsurance. Many of the cooperative shareholders have a large membership that falls within the lower-income population.[19]

Management and Staff

The President and the executive team have fully supported the microinsurance research and design of new products (e.g., *Amparar*) for MFIs. In his words: "In addition to what others are doing in microcredit, we need to do something about the protection of the poorer population. Otherwise, they will be unprotected when faced with risks. Microcredit and microinsurance are complementary. We need to find ways to strengthen them. La Equidad has products and we need to find adequate channels to reach the poor." The president works with three managerial committees: the president's committee, the quality assurance committee, and the leadership committee.

La Equidad has 212 employees. The management team is highly qualified and experienced, and most have university educations, graduate specializations, and work experience in other Colombian insurance companies. Many key managers have been with the organisation for more than ten years, an example of La Equidad's low turnover rates and personnel promotion policies. In 1993, it obtained ISO 9001 certification, reflecting the organisation's adoption of international standards, cost reduction, and greater competitiveness. Table 2.3 summarises the main senior personnel involved in microinsurance (also see the organisational chart in Appendix 3).

The management team has been fully engaged in microinsurance. Each of the managers interviewed presented to the authors how they were involved in the development of *Amparar*, the insurance product used as an example of La Equidad's efforts to innovate and reach out to poorer policyholders.

[19] Eleven member-cooperatives were visited as part of the field study. Over 50 percent of their members fall below the poverty line in Colombia.

Table 2.3 Staff Responsibilities

Position	Responsibilities	Microinsurance Involvement
Executive Vice-president	Reports to the president and monitors all commercial, financial, and operational plans in coordination with the managers of the respective areas.	Led the microinsurance pilot process.
Technical Manager	Manages all actuarial responsibilities. Coordinates, controls and executes all the premiums issues of all the products. Manages reinsurance operations. Oversees claims operations. Guides actuary's design of new products.	Prepared actuarial work; Responded with flexibility to product design.
Human Talent Manager	Manages all human resources Responsible for the quality assurance programme (ISO Certification 9001) Prepares an Annual Training Programme based on annual job performance assessments Manages internal training as well as external with experts, universities, FASECOLDA and other specialized institutions (national and international).	Guided training.
Commercial Manager	Supports the executive vice-president in the implementation of the strategic plan. Manages the sales network of offices in 22 cities (18 agencies and 5 representations).	Supported commercial team working with the Women's World Foundation.
MIS Manager	Leads and supervises the analysis and design of all information systems. Prepares and implements training programmes for employees to keep them updated on information systems.	Designed and implemented special software programme for WWF to use with Amparar.
Financial Director	Manages all financial operations, planning, and investments.	Responded to product pricing.
Accounting Director	Responsible for all accounting, taxes, and the debt portfolio, in accordance with Superintendency of Banks, Superintendency of Solidarity Economy and to the Tax National Administration regulations.	Provided technical support.
Regional Manager (Bucaramanga)	Manages La Equidad's operations in the northeast Dedicates 20% to 40% of time to microinsurance Overseas promoters (one of them is responsible for the programme with WWF).	Responsible for designing with WWF's director all the key components of Amparar; and monitoring current operation.

Training

La Equidad invests in training of its own staff and their partners. For example, La Equidad developed a special programme to train WWF's credit analysts. WWF invests an average of two days on insurance and *Amparar* out of 45 days of training for new credit analysts.

There seems to be a need to disseminate knowledge and information within some of La Equidad's staff about the economic viability of the low-income groups, particularly microentrepreneurs and others working in the informal economy, where the majority of Colombians earn their living.

As expressed by La Equidad's president, its board is committed to microinsurance. Apparently, WWF has become an affiliate. There might be opportunities for WWF to play an educational role in disseminating knowledge and information about microinsurance and microcredit and the complementarities of these financial services.

2.3 External Assistance and Partnerships

Premiums and investment returns are La Equidad's main sources of funds. The insurer has been capitalizing its profits and increasing its capital with new shareholders. It has financed the development of microinsurance with its own resources.

La Equidad participates in a variety of national and international networks, as an insurance company and as a cooperative institution, including the Americas Association of Cooperative/Mutual Insurance Societies (AAC/MIS), the International Cooperative and Mutual Insurance Federation (ICMIF), the Mondragon cooperative institutions in Spain, and the International Cooperative Alliance (ICA). It also belongs to FASECOLDA and other local commercial and industry associations.

Through its international alliances, La Equidad has been learning more about the latest microinsurance efforts as part of the broader field of international microfinance. On the one hand, AAC/MIS has provided La Equidad with technical assistance and grant programmes—funded by USAID—to expand its internal capacity to reach and serve poorer populations.[20] On the other, WWF (Bucaramanga), a member of an internationally known microfinance network, receives information about insurance, and therefore, it was also willing to try and invest in a new product for its clients. The results are two products: *Equivida,* designed for cooperative members, and *Amparar* designed for clients of specialized microcredit institutions.

2.4 Risk-managing Financial Products

As a cooperative, La Equidad sells its policies directly to member institutions. However, if it considers it appropriate for a client, it uses intermediaries. Equidad provides general insurance to member organisations (asset protection) and group life insurance for their members. In these cases, La Equidad makes agreements with the cooperatives or other institutions and pays them a commission. Insurance has become an important service of the cooperatives for their members, increasing the level of satisfaction for all parties: La Equidad, its cooperatives members, and their members.

[20] See http://www.aacmis.org/Publications/publications.htm

2.5 Profit Distribution

Profit (or surplus in the cooperative terminology) is distributed according to the cooperative law, which includes using some funds to build institutional capital and returning the balance to the members. According to the cooperative law (Article 54, Law 79 of 1988) profits are invested as follows: 20% to members' shares reserves, 20% for an education fund, and 10% to a solidarity fund. The other 50% is determined by the general assembly, but normally it would involve a refund to associates in proportion to their paid premiums and claims.

2.6 Investment of Reserves

According to the Superintendency of Banks (Decree 2779 of 2001), insurers' technical reserves must be permanently invested in specific types of investments. One hundred percent of the technical reserves must be invested in securities issued or guaranteed by the nation, the central bank (Banco de la Republica), or the Guaranty Fund of Financial Institutions (FOGAFIN), securities with a fixed interest or very low risk, high liquidity and, for cash and demand deposits, in supervised financial institutions (Decree 094 of 2000). The technical reserves for earthquake-related insurance must be invested in external securities (according to Decree 2779 of 2001). The insurers can invest all other equity capital freely (Decree 094 of 2001). Investments in instruments other than those authorized by the Superintendency of Banks are not included in the calculation of required technical reserves.

2.7 Reinsurance

When it started, La Equidad had a good proportional reinsurance, because it needed to become bigger and stronger. However, in recent years, it has had a large volume of insurance policies and solid assets, and Equidad signed an excess of loss reinsurance contract as well as a stop-loss agreement with Mapfre, a major Spanish mutual company. La Equidad has never had difficulties in obtaining reinsurance coverage. With respect to the microinsurance product *Amparar*, the total amount of microinsurance is below the deductible of the reinsurer. Reinsurance only operates in a catastrophic case that exceeds CoP150 million.

3. Clients and Members

3.1 Social, Economic and Geographic Conditions

La Equidad traditionally has served a diverse clientele through its nationwide network of 22 offices that market insurance products to affiliated cooperatives and other institutions. More recently, La Equidad began to develop a strategy to expand to specialized MFIs, such as the Women's World Foundation, with a large low-income clientele.

The Women's World Foundation has 44,000 clients, 85% of whom are women. The Foundation operates in three departments in northeastern Colombia through a network of six offices (three in the capitals of each department and three in municipalities that form part of Bucarmanga's metropolitan area, with a rural population). The home office is in Bucaramanga (capital of Southern Santander, population of about 1,000,000 for the metropolitan area). Clients are microentrepreneurs ranging from poor to lower-middle income. Their activities vary from small neighbourhood shops to larger stores in commercial centres, market vendors of different sizes, services (e.g., seamstress, tailors) to small manufacturing (e.g., garment shops, shoemakers). WWF is the largest and most developed supplier of microenterprise credit in that region of the country.

For the field study, the authors also visited a group of La Equidad's affiliated cooperatives that offer their members *Equivida*, in Bogotá, Medellin and Bucaramanga, and in rural communities of Santander. The following details emerged from this sample of cooperatives:

- Membership varies from small rural cooperatives of 3,815 members (Barichara Cooperative) to financial cooperatives (Comultrasan) with 150,000 members.
- Fifty to 80% of the members fall below low-medium income, and some 50% are low-income.
- Members' households combine self-employment and waged activities. For example, Comultrasan's members are 44% self-employed. Seventy-five percent do not have any college education and 81% have savings under US$200.

Table 3.1 Distribution of Members by Wealth,[21] COMULTRASAN, Financial Cooperative

1=Lowest 6=Highest Level of Wealth	%	Total Members
1	8%	12,000
2	30%	45,000
3	40%	60,000
4	19%	28,500
5	2%	3,000
6	1%	1,500
	100%	150,000

[21] A government index of level of wealth in Colombia is known as economic strata (*estratos* in Spanish): 1 and 2 are poorest, 3 is medim level, and 5 and 6 are higher income levels. See http://www.superservicios.gov.co/deberes_4.htm.

The following is a summary of the socioeconomic profile of La Equidad's microinsurance clientele:

Table 3.2 Client Information

Issues	Observations
Intended target groups/clients	Individuals whose income levels fall below the minimum monthly salary (one MMS=CoP 381,500 equivalent to US$158 and 3 MMS=US$475).
Actual clients and reasons if deviation from intended market	The mission of La Equidad's is to respond to the protection needs of the lower income population.
Exclusions of specific groups	Geographic areas in armed conflict
General economic situation of clients	Limited payment capacity. Fifty-eight percent of Colombian households have incomes of between 0.5 and 1.5 of a monthly minimum salary (one MMS =US$158). About 30% to 70% of Equidad's clients—that are members of cooperatives—are estimated to be in a range of 1 to 3 MMS (US$158-US$475)
Key economic activities of clients	• Informal microenterprises in all areas: trade, services, manufacturing, and agriculture • Low-income wage workers (permanent and temporary work) with diversified income- generating activities in household, including microenterprises
% of clients working in the informal economy	• For *Amparar*, most of the clients are informal • For members of cooperatives, 30 to 50% of households combine employment and microenterprise activities
Social characteristics of clients	• Mainly urban for WWF; cooperatives vary: some have mainly urban members, some have rural members • The average size of household is five, with some areas of the country with a larger number • Two thirds of the households own their home • Level of education: 31% have primary school, 42% high school, 5% technical degree • 54% are women
Geographic characteristics	Location in 22 cities nationwide
Nature of membership	Voluntary
Methods of recruitment of clients	• At WWF, credit analysts promote *Amparar* to their borrowers • *Equivida* is offered by cooperatives to their members

3.2 Major Risks and Vulnerabilities

According to La Equidad's market research, the following are the risks most feared: first, health-related problems; second, problems related to children's education; third, welfare of the family in case of death or accident and dealing with basic needs such as paying for housing and food; and fourth, risks related to theft or fire.

According to the Colombian National Department of Statistics' household surveys, to deal with unprotected events, households do the following:

- Decrease food and other consumption (e.g., clothes)
- Borrow money
- Use their savings
- Stop payments (e.g. housing)
- One or more members of the household start working
- Move to live with relatives or change housing
- Take children out of school or change school

3.3 Relationship between Client Risks and the Institution's Services

La Equidad offers a life insurance product that covers death and disability and offers the policyholder, in addition to the insurance amount, payment for groceries and utilities for 12 months. Equidad also provides WWF with loan coverage insurance. With these insurance products, La Equidad: (1) covers WWF's credit risk of non-payment because of borrowers' death; and (2) benefits the widow and children. More importantly for the microentrepreneur's family, it contributes to the continuity of the business.

Table 3.3 Ways in Which La Equidad Responds to Clients' Risks

Risks	Women World's Foundation	Affiliated Cooperatives
Vulnerability of clients who live in areas with under certain risks (e.g., Colombia has security problems, violence, internal conflicts).	• Adequate technical rates for premium and coverage. • Coverage plans with small values. • Eligibility requirements.	• Adequate technical rates for premium and coverage. • Coverage plans with small values. • Eligibility requirements.
Clients in MFIs generally lack preventive health coverage that may result in higher probability of claims.	• Asking MFI clients to become affiliated to preventive health programs (available at subsidised rates and as required by law).	• Asking members to become affiliated to preventive health programs (available at subsidised rates and as required by law).
Difficulties in locating clients because of their mobility lack of permanent residences and work in informal sector.	• Working with MFIs who know the clients. • Field staff know their clients. MFI credit methodology is based on knowledge of client.	• Working with cooperatives who know the members (e.g., have a common bond, such as place of residence or employment, trade association, same parish).
Difficulties in paying the premium because of low income.	• Linking the payment to another mechanism that already proven has low delinquency rate, such as microcredit.	• Linking the payment to another mechanism. For credit unions, to loans, savings, or direct deductions from a savings account.

3.4 Familiarity with Insurance

According to La Equidad's market research, in general, 55% of respondents from a representative sample of lower-income Colombians indicated that they had some type of insurance. This high result is partially due to confusion between "insurance" and obligatory health plans. At least forty-five percent have never had insurance.

Buying a life insurance policy is new for most of the WWF clients. Credit analysts visit approximately four borrowers per day and try to sell the product by explaining the benefits of insurance. According to one of the most successful promoters of *Amparar*, her success had been in presenting very basic information: how much you pay and how much you get with insurance, rather that explaining all the details about it. She explains to the potential insured how, for example, on the *Amparar* policy form (see Appendix 12-A) with Plan 1, the annual premium is of CoP 23,004 and the coverage is CoP 3 million. She goes from the very basic to the additional details. She believes that as clients hear about people who have benefited from the insurance, it will be easier to sell. The analyst has an average of 10 minutes to sell the insurance. Her priority is to give a loan. The average time she has to analyze the loan and sell the insurance is 45 minutes. Developing the skills to do it in a concise manner is crucial for a client to decide to purchase insurance right away.

In the case of the cooperatives, the members go to the cooperative. The promotion of the *Equivida* insurance varies by cooperative and La Equidad jointly develops special marketing strategies with them. The strategy will depend on the type and size of the cooperative, the staff available, and how it wants to market the product. Some cooperatives have linked *Equivida* to special savings, or special social support funds. Others offer *Equivida* through special individual promotions—contacting members by phone. Still others provide brochures and have wall displays in the cooperative.

From interviews with clients of the Women's World Foundation and cooperatives' members, including urban and rural microentrepreneurs and farmers, the following observations can be deduced:

- *Diverse knowledge of the clients/members*: The individuals interviewed reflect the diversity of the "low-income" groups and the need to be careful about making generalizations. For example, one female microentrepreneur in a rural area was very knowledgeable of insurance and aware of how to protect her family best. She mentioned that her husband was in construction, a risky job, and that she needed the insurance. In contrast, an urban woman knew nothing about the life insurance she had acquired a month before. She was interested in getting a loan and agreed to buy the insurance because the cost did not seem high; she was used to paying various commissions with the loan interest. Both women were knowledgeable about health insurance with health cooperative institutions.[22] The authors also interviewed two male farmers, members of a small cooperative. Both carried a copy of their *Equivida* policies in their wallets, but one had a more detailed understanding about the insurance he had bought. In all cases, their decision to purchase insurance was the result of a promoter or a credit analyst telling

[22] Coomeva and Saludcoop are some of the largest private health providers (EPS) in Colombia. These institutions should be subject of research which falls outside the scope of this case study.

them about the product. Otherwise, they would have never looked for insurance such as *Equivida or Amparar*. From these interviews, one can conclude that clients are willing to pay when they find microinsurance, but their experiences reinforce the old adage: insurance sold, not bought.

- *Spouses' familiarity with insurance prior to involvement*: Those interviewed were not accompanied by their spouses. In the cases in which the researchers talked with spouses of policyholders, they found that they knew very little or nothing about the policy. There is a need to involve clients' spouses in the promotional (educational) process about protection and insurance. In addition, after the death of the client, the Women's World Foundation had not gone back to see how the spouses were doing with their microenterprises and if they needed credit.
- *Complementarily of various types of insurance*: From interviews with two farmers with *Equivida,* the researchers learned that both qualified for subsidized health programmes. One had the identification card to be able to go to subsidized health centres. The other one had not completed the process to obtain the ID card and, consequently, had no access to this service. However, they were unaware of these opportunities or had not registered appropriately. There is a great need for collaboration among various agencies and private institutions, such as La Equidad, cooperatives, and WWF to disseminate information and educate their clients about how to manage available resources to protect themselves. They should also be careful about how to educate potential clients about the various products and services and how to best utilise their limited finances for protection purposes.
- *Experience with claims*: WWF had seven claims in the first 18 months of offering the product. The research team interviewed two claimants who expressed satisfaction with WWF. One of the widows was extremely grateful to the Foundation (and her husband). The other claim was not paid because the policyholder had lied about his cancer (see section 4.5). However, the widow was satisfied with the fact that the Foundation had loan insurance and she did not have to pay for her husband's outstanding debt.

4. The Product

Equidad Seguros offers a wide range of products through its two companies, Equidad General Insurance and Equidad Life.[23] Equidad General provides coverage for assets and property protection (e.g., fire, theft); Equidad Life provides insurance related to personal life, accident and permanent disabilities. Cooperatives and non-profit organizations such as WWF can obtain a complete risk management plan from La Equidad. For example, WWF has Equidad's life insurance protection for its loan portfolio. WWF pays a premium of 35 cents per US$1,000 of the outstanding loan portfolio. The premium is charged monthly based on the outstanding loan portfolio.

This case study focuses on a group life insurance product that has the characteristics of microinsurance. The product has been marketed under two brand names, each with some modifications to better adapt to the final policyholders: (a) *Amparar,* a policy designed for clients of the Women's World Foundation, and (b) *Equivida*, a policy designed for cooperatives' members.

Their specific characteristics, summarized in Table 4.1, show some similarities between *Amparar* and *Equivida*: low premiums with coverage amounts sufficient to help low-income families manage a loss of income. The coverage differs between the two products. *Equivida* offers a wider range (CoP 5 million to CoP 100 million) that responds to broader income levels of cooperatives' members. *Amparar*'s range is smaller (CoP 3 million to CoP 20 million) for WWF's more homogeneous group of low-income clients. Cooperative members can include spouses and children while *Amparar* excludes them from life-insurance coverage. This exclusion reduces the *Amparar* premium. *Amparar* offers additional benefits that are crucial to low-income clients, such as the cost of children's education and groceries after the insured's death, which are not offered by *Equivida*.

Table 4.1 Product Details

Products Features	*Amparar*	*Equivida*
Microinsurance Type	Covers: a) death from any cause, b) total and permanent disability for the policyholder only (not additional family members)	Covers: a) death from any cause, b) total and permanent disability, and c) grave illness (e.g., cancer).
Group or individual product	Group life policy written to WWF	Group life policy written to cooperative/other institutions
Term	Annual	
Eligibility requirements	WWF's clients 18 to 70 years old. Declaration of normal health	Cooperative's members 18 to 65 years old. Declaration of normal health conditions
Renewal requirements	Immediate if a WWF client and up to date on premiums	Immediate if coop member and up to date on premiums.

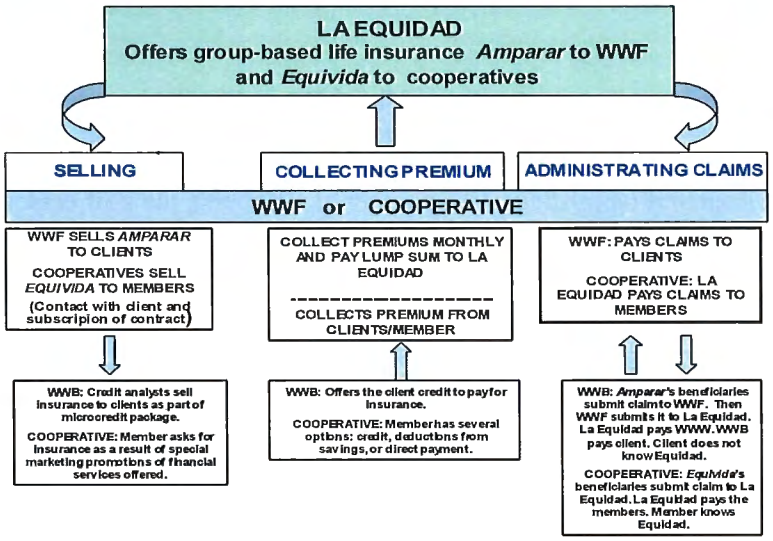
[23] For a comlete list of all insurance products offered see: http://www.supehttp://www.laequidad.com.co/01_5.htmrservicios.gov.co/deberes_4.htm

Products Features	*Amparar*	*Equivida*
Rejection rate	None	
Voluntary or compulsory	Voluntary	
Product coverage (benefits)	Benefits include: a monthly payment for children's education for 24 months (optional for a US$2 per month additional), a benefit to pay for groceries and utility services for 12 months There are six options based on insured values: from CoP 3 million (US$1,245) to CoP 20 million, US$8,290)	Insurable: spouse and children (ages 14 to 25). The coverage plans range from CoP 10 million to CoP 100 million (US$4,145 to US$41,460). Optional plans: Option (1) accidental dismemberment. Option (2) accident's medical expenses and total/permanent disability monthly payments. Option (3) additional expenses resulting from death.
Key exclusions	• Death of the person who at moment of death is 70 yrs or older • Total and permanent disability of the insured who is 65 yrs old • Does not cover the funeral assistance for those who are 70 yrs or older • Pre-existence of a serious illness (e.g. cancer)	• Pre-existence of a serious illness (e.g., cancer)
Pricing – premiums	• The monthly premium for the smallest premium of six plans available is CoP 2,312 (or US$1), equivalent to 0.6% monthly minimum salary. The highest plan monthly premium is CoP 13,630 (or US$6) • The annual premium cost for the smallest plan is equivalent to 2.3% percent of a US$500 loan. • Premiums paid with loan repayments (plans include monthly, quarterly, and six-month payments).	• For lowest basic plan CoP 3,713 (or From US$1.5) to highest CoP 37,130 (or US$15) per month. • Premium collection has a variety of payment options (monthly, bi-annually or annual) which can be paid by the member at the cooperative, or deducted from the members' savings accounts or wage direct deposit.

4.1 Partners and Distribution Channels

Channels Utilized

As a cooperative of cooperatives and other non-profit institutions, La Equidad's main partners are its own shareholders who also are its main clients. As an insurance cooperative, La Equidad's institutional members join to access insurance for themselves and their members or clients. Among several types of insurance products (general non-life and life), La Equidad sells the group-based life insurance, *Equivida,* to affiliated cooperatives and *Amparar* to institutions such as WWF. Each institution offers the insurance directly to its clients/members. WWF offers *Amparar* as a new financial product to its clients. Cooperatives offer *Equivida* to members as part of a whole array of savings and credit products, and other services. Each cooperative determines how to market *Equivida*. For example, the cooperative might change the name, design its own brochures or link the purchase of insurance to another financial service (savings, credit, members' solidarity programmes).



In general, most individuals qualify. La Equidad requires the applicant to sign a "Compliance of Insurability" on the policy form (see Appendix 12-A and 12_B under *Declaracion de Asegurabilidad*). This becomes a legal declaration of the insured regarding their health and granting authorization to La Equidad to see their medical history. Once an applicant signs the *Compliance of Insurability*, the policy is issued.

La Equidad competes with other insurers. Besides price competition, La Equidad differentiates itself with services.[24] Its commercial force consists of 8 accounts administrators and 39 promoters (or dependent agents, as classified by the Superintendency of Banks, who have an employment contract with La Equidad). The promoters manage an average of three group life agreements (*convenios)* with cooperative or other institutions. To have an agreement, the institution needs at least 500 policyholders. For example, the agreement with WWF is managed by a promoter who also works with some cooperatives. For cooperatives with a large number of members, La Equidad may assign a promoter exclusively to the cooperative.

The Foundation sells *Amparar* through a sales force of 71 credit analysts. Some of them have developed effective selling techniques and become successful in reaching targets. La Equidad has provided a training package to WWF to train the credit analysts. The credit analysts' main objective is to give microcredit and, now to link *Amparar* to the loan. The borrowers agree to have the total amount of the annual premium included in their loans. *Amparar's* annual premium is included in a client's loan independently of the loan term, which can be of less than a year. The annual insurance coverage continues for the period after the insured borrower has paid the loan. An analyst makes an average of four loans per day. According to

[24] Other insurers offer complete package of insurance to cooperatives (e.g. insurance protection of property, goods and assets, plus and include its members under that protection). One of Equidad's major competitors, La Solidaria Insurance, works closely with clients of Megabanco (a bank resulting from the fusing of 4 cooperative financial institutions).

one analyst, after 18 months of selling *Amparar*, she can now sell the product in an average of 10 minutes.

Cooperatives constitute a broad network in Colombia and therefore an appropriate distribution channel for *Equivida*. The cooperatives offer *Equivida* as part of their portfolio of products. Generally, a staff person is assigned to deal with insurance products. Depending on the volume of insurance (according to the number of members), the staff person may be completely responsible for insurance, or insurance responsibilities can be combined with others (e.g., savings). Individual members request, voluntarily, to purchase it.

Effectiveness

La Equidad's commercial network, through MFIs such as WWF and through cooperatives, is an effective way to reach lower-income groups. The sales, collection, and claim processing channels between La Equidad and its partners allow each party to focus on their areas of expertise.

Based on available data, when comparing the channel of distribution of WWF and the cooperatives, WWF seems to be able to cross sell more effectively than the individual cooperatives. Some of the areas related to effectiveness include:

- *Cross selling*: WWF's analysts focus on one product: credit. Cross selling of microinsurance is simpler. In the case of the cooperatives, there is a broader array of financial products and a broader range of insurance products (e.g., obligatory car accident coverage).
- *Incentives*: WWF's analysts receive an incentive based on the number of policies sold. In the case of the cooperatives, the institution receives the commission. There are no individuals selling based on commissions within the cooperative.

Changes to Distribution Channels

La Equidad designed an individual life product, *Primero Mi Familia*, which was distributed through Saludcoop's promoters of preventive health programmes working as independent sales agents. This channel did not work. Promoters' main objective was to sell health prevention programmes and *Primero Mi Familia* did not have the incentives because promoters considered the commission made too low. La Equidad decided to try with its own direct sales force, or dependent sales agents, for a year, which also failed (for more details, see Section 6). Because of this experience, La Equidad decided to convert it into group coverage delivered by specialized MFIs, such as WWF, to reach lower-income clients in large numbers.

Distribution Challenges

Amparar and *Equivida* are offered with fixed optional plans. The buyers can choose among these plans according to their protection needs and paying capacity (see Appendix 12-A and 12-B).

In the case of WWF whose clients are a poorer segment of the population, selling insurance presented two major challenges: a) low capacity to pay and b) lack of knowledge of life insurance and its benefits. La Equidad made the requirements of insurability minimal to

facilitate enrolment. Through the design of a product with an affordable premium and coverage attractive and adequate for WWF's clients, La Equidad and WWF were able to develop *Amparar*. One of the difficulties was the design of software that could facilitate WWF's premium processing in an efficient and viable way. La Equidad developed the software program. Furthermore, training for credit analysts was another area of major collaboration between the two institutions.

In general, La Equidad negotiates special arrangements with each cooperative within the framework of the general characteristics of *Equivida.* For example, at one cooperative it allows people up to 70 years of age to enrol.

4.2 Benefits

Amparar

As shown in Table 4.2A, *Amparar* provides households with several benefits. Besides a payout if the policyholder dies or is permanently disabled, this product also provides financial support to assist beneficiaries to pay for groceries and utilities. For an additional premium, policyholders can also purchase a children's education rider that would make additional monthly payments for two years to assist with education expenses. The range of available benefits (and corresponding premiums) also makes the product relevant for persons from different income groups. Most low-income households can afford $1 per month for the premium.

The provision of benefits over a period of time after the insured event appears quite innovative for microinsurance. In practice, however, the beneficiary receives the total amount all at once as the insurer and MFI have not yet established a distribution mechanism to pay grocery or utility bills. Still, the presentation of the benefits in this way appears to be quite effective for marketing purposes as it distinguishes Equidad from the competition and speaks to the concerns of the target market.

Table 4.2A *Amparar* Benefits

Coverage (US$)	Plan 1 Smallest	Plan 6 Largest
Death (any cause)	1,244	8,292
Total and Permanent Disability	1,244	8,292
Food/Groceries for 12 months	25	104
Utilities for 12 months	12	62
Funeral support (lump sum)	62	332
Optional:		
Children's Educational Expenses 24 months	15	75

Note: there are six plans. Only the smallest and largest are included.

For MFIs specializing in microcredit, such as WWF, *Amparar* expands the products available to their clients in a profitable way. More importantly, *Amparar* fills the gap in the lack of adequate social protection for poor microentrepreneurs. The insurance contributes to reducing the risk and vulnerability of the households.

Box 1. *Amparar* Allowed Widow to Continue with Her Shop

An older widow of a WWF client explained: For her family, it was good news that the outstanding debt of her husband had been cancelled. She was even more grateful to her husband when she learned that he had an *Amparar* policy. With the coverage she was able to pay some of their shop's outstanding debts, and more importantly, to maintain the shop, her only source of income. Her daughter and three grandchildren live with her.

Later, when relating the story to the WWF's Credit Manager, he smiled satisfied and said: yes, *Amparar*, is just like a *recapitalization resource* for the widow's microenterprise.

Amparar is complementary with the loan insurance that WWF also has with La Equidad to protect itself against the risk of debtors' death or permanent disability. With credit life, WWF protects itself from the risk of non-payment because of the borrower's death. With *Amparar*, WWF gives an opportunity to the clients' to protect their households against the vulnerability of losing the main breadwinner. More importantly, *Amparar*'s coverage allows the household to pay other debts, capitalize the microenterprise, and manage the period of adjustment after the loss of an income provider (see Box 1).

Eighty-five percent of WWF's clients are women. Life expectancy in Colombia is 75.4 years for women and 67.6 for men. Originally, WWF had called the insurance *Mujer Vida,* (Women Life) but it realized that it has both men and women clients. The policy is only for the WWF's client and links the insurance to his/her microloan. After eighteen months since launching *Amparar*, WWF had seven claims following the deaths of one female and six male clients. Each one of them left a widow with children who benefited from the insurance. One of the key coping mechanisms for the poorer families is to take children out of school. With *Amparar*, the children's education is covered for up to 24 months. They also benefit from a monthly cheque to buy groceries for one year. Another coping mechanism is to sell assets. Coverage helps families to keep the microenterprise operating and to cover other possible debts.

Equivida

Like *Amparar, Equivida* provides group life insurance coverage to cooperatives' members at a very low price. *Equivida* covers death resulting from any cause and total and permanent disability. It offers a wider coverage than *Amparar* (Table 4.2B) from US$4,146 (monthly premium US$1.5) to US$16,584 (monthly premium US$15). The premium can be paid monthly, bi-annually or annual. *Equivida*'s insured can include the spouse of the policyholder and children (14 to 25 years old who are economically dependent). *Equivida* also offers coverage for grave illness such as cancer, kidney failures, and multiescleroris. *Equivida* is designed to pay the claim only for the first insured who is affected.

Another aspect about the importance of protection through products such as *Amparar* and *Equivida* is the increasing number of female-headed household in Colombia. According to the DANE, the national average for female-headed household is 30.9%. From 1997 to 2003, this indicator increased in urban areas from 28.9% to 34.2% in 2003 and in rural areas from the 16.9% to 20.8%. La Equidad's group life insurance products complement other protection mechanisms available to poorer households (e.g., subsidized health services).

Table 4.2B *Equivida* Benefits

Benefits	Plan 1	Plan 2	Plan 3
Death (any cause)	4,146	8,292	16,584
Total and Permanent Disability	4,146	8,292	16,584
Grave Illness	2,073	4,146	8,292
Option 1			
Accidental death or Dismemberment	4,146	8,292	16,584
Option 2			
Medical Expenses Accident	415	829	1,658
Monthly Allowance for Accident's Total and Permanent Disability	21	41	83
Option 3			
Death's Additional Expenses	207	415	829

Changes to Benefits

There have been several changes in product design. These include:

- *From individual to group life*: La Equidad changed the design of the product from an individual life product to a group life product. This change reduced the premium costs substantially: the administration costs are lower in group life insurance which has standard prices and coverages.
- *Coverage*: Coverage includes a variety of plans to choose from based on needs and payment capacity (see Tables 4.2A and 4.2B).
- *Amount of coverage*: In the case of *Amparar*, originally there were three optional plans (Plan 3 Million, Plan 5 Million, and Plan 10 Million). Now there are six plans (3, 5, 7, 10, 15, and 20 million plans). A broader range of options responds better to WWF's diverse clientele.

From conversations with the WWF's staff, one of the issues identified for review was the incentives to the credit analysts. The incentives are offered to a whole team in each agency. Therefore, a very good analyst who sells well is unable to obtain incentives if the other colleagues do not reach the targets. This practice discourages the good ones.

4.3 Premium Calculation

To calculate the premium, La Equidad applies a mathematical analysis of data that have universality, sufficiency, and homogeneity, according to the characteristics of the insurable group (or a calculation of the experience with groups similar to the target group). The assumptions are summarised in Table 4.3. The loss ratio calculated for *Amparar* and *Equivida* is 50%, based on the Mortality Table for Colombia. Normally, La Equidad includes administrative expenses and paper and publicity costs for a total of 20%. The premium includes an average commission of 15%. This may be adjusted based on the distribution channel, in which case the targets for net profit would be higher or lower accordingly. The pricing does not include subsidies or donations.

Table 4.3 Premium Assumptions

Cost Aspect	Allocation
Pure premium	50 percent
Administrative costs	20 percent
Commission	15 percent
Reinsurance	1 percent
Net Profit	14 percent

Amparar has been in the market since November 2003. The pricing assumptions will be adjusted on an annual basis depending on experience. Adjustments will result from continuous monitoring of the expansion trends in premiums, losses, and renewal rates.

4.4 Premium Collection

Amparar's premium collection process is automatic. WWF adds the premium amount to the microloan. The loan repayment, including the premium payment, can be made monthly, quarterly, and bi-annually. The WWF's borrowers also have the option to pay cash for the total amount when signing the policy. WWF pays La Equidad a monthly sum for the premiums due for the period within 60 days.

In the case of *Equivida,* cooperative members pay premiums through a variety of options. As shown in Appendix 12-B (see lower part section on Authorization for Payment or *Autorizacion de Descuento*), the insured can pay monthly, bi-annually, or annually and allow the payment to be deducted from their savings account or from direct-wage deposit.

One of the steps in designing *Amparar* was to develop appropriate software for WWF to process the premium collection and make the system compatible with its loan processing. La Equidad and WWF have worked out the difficulties (see Box 2).

Box 2. Software Development for *Amparar*

Amparar is group-based insurance product. Insurance buyers—WWF's clients—choose among six fixed plans. The coverage and benefits for each plan and the annual premium are shown in the insurance policy (see Appendix 12-A). The annual premium is based on the plan chosen. The insured also chooses how to pay for the annual premium: monthly, quarterly, bi-annually, or total amount paid in cash. Then, WWF issues the policy to the insured according to the plan chosen and the type of premium payment. All these data are processed using a software program developed by La Equidad for WWF's *Amparar*. WWF now has in place software that allows it to process *Amparar* in house and then send monthly reports to La Equidad.

To develop *Amparar*'s software, La Equidad used its previous experience developing a similar program for *Equivida* with Comultrasan Financial Cooperative. La Equidad faced a new situation on developing the software, first, for *Equivida*, and,then, for WWF's *Amparar*. WWF and a cooperative such as Comultrasan, both headquartered in the same city, Bucaramanga, have several agencies (some of them semi-rural) which were not linked with a common server or access to the internet. So the first challenge was develop software to be installed in each agency in order to process the microinsurance data; second, to be consolidated in a central system; and, lastly to be sent to La Equidad.

Originally, the main objective of this simple software adaptation was to calculate the annual premium payment plan and issue the policy. However, the WWF wanted more capabilities. It requested that La Equidad to include in the software capabilities the processing of microinsurance statistical data, for example, policies sold by each credit analyst and agency. This lengthened the process of development of the software, the basic program development taking four months. Currently, WWF and La Equidad are finalizing adjustments according to WWF's requirements.

According to La Equidad's MIS manager, *Amparar* software allows WWF to:

- Operate the microinsurance as its own product.
- Control the microinsurance information.
- Process various agencies' microinsurance for periodic consolidation by a central unit.
- Process information to monitor *Amparar*'s sales by credit analyst and agency.

The MIS manager indicates that for La Equidad, the software improved the efficiency of the promoter assigned to WWF. The promoter used to visit each WWF's agency every week and process *Amparar*'s data on her laptop. Now she spends her time monitoring *Amparar*'s sales, providing technical support to WWF's credit analysts, and responding to their inquiries. La Equidad's promoters use their time more efficiently and effectively.

4.5 Claims Management

In the WWF, the client's beneficiary presents the claim. WWF presents it to La Equidad. The claim is processed within 15 working days after all the required documentation is received. In the case of *Equivida*, the cooperative provides the member or beneficiary with the requirements and forms, and they submit claim to La Equidad. The claim processing should take 13 days (in Bogotá) to 15 days (outside Bogotá). This period must be kept in order for La Equidad to maintain ISO 9001 certification.

The problems result mainly in the processing of the medical records and death certificates, which are provided by hospitals or other institutions that are not efficient. There is a considerable need for improvements in the hospitals, justice systems, and other institutions that need to process and provide documentation.

In the case of *Amparar*, only one of the seven claims submitted has been rejected. The widow admitted that she and her husband decided not to reveal that he had cancer. They did it because they needed a loan and were afraid that they will not receive it if WWF found out that he had been in treatment. The lie had nothing to do with the insurance.

No specific rejections were identified with respect to *Equivida* among the group of cooperatives visited.

Table 4.4 Claims Settlement Details

Issues	Observations
Parties involved in claims settlement	The process of claims involves: (at a regional office) claims technician and support technician for claims, one support staff that manages all correspondence, the treasurer, the manager, and the lawyer (national level). La Equidad has this special procedure in its policies.
Documents required for claims submission	-Personal identification card of the deceased insured person -Certificate of Amparar or Equivida insurance -Medical history (in the case of serious illness) -Personal identification card of beneficiaries -In the case of disability, the medical certification
Claims payment method	*Amparar*: - The beneficiaries present the required documentation - WWF sends the information to La Equidad - La Equidad processes the claims and sends a cheque made to WWF - WWF pays the beneficiaries with its own cheque for the total coverage amount. The beneficiary cashes the cheque in a bank. *Equivida*: - Beneficiaries request claim assistance from the cooperative; generally the cooperative has someone responsible for all insurance - Beneficiaries send claim to La Equidad - La Equidad processes claims and sends cheque to beneficiaries
Time from insured event to claim submission	It varies according to beneficiaries' ability to obtain the required documentation.
Time to pass through any intermediaries	WWF process the claim immediately
Time from submission to payment	Average of 13 working days (ISO 9001 certification requirement)
Claims rejection rate	NA

4.6 Risk Management and Controls

Moral hazard

La Equidad's policy is to operate on *good faith*. In a way, it is the same approach WWF and cooperatives use to grant credit. The selection process of policyholders is based on the fact that WWF and the cooperatives have clients or members who are in good standing. La Equidad only applies the insurability conditions listed in the policy.

Adverse selection

In the case of *Amparar*, clientele are diverse and only need to be engaged in microenterprise activities. In the case of cooperatives, there might be specific requirements for a common bond, generally, place of work or place of residence. However, most of the larger cooperatives that offer *Equivida* are based on geographic residence.

Fraud

The claims processing system is centralized at headquarters to maintain a strict control of possible fraud. In the case of *Amparar*, there has been only one case of fraud. It was related

to the credit application rather than to the insurance itself. In such case, the insured had a pre-existing illness (cancer) at the time the policy was issued. Fraud was controlled through a rigorous revision of all the information and documentation required to process the claim.

Covariant Risk

WWF's clients are mainly in Bucaramanga's metropolitan area of over one million inhabitants and in two other departments. There might be some covariant risk. For example, there was a flood recently in an area with a large number of clients. In the case of *Equivida*, the same situation applies for some groups who might live or work in a specific area.

4.7 Marketing

La Equidad and its partners, WWF and cooperatives, have invested in market research and publicity. Furthermore, La Equidad offers training to those involved in selling insurance. For example, with WWF the insurer designed a special workshop for credit analysts. La Equidad assigns a promoter to all its institutional agreements. WWF and the cooperatives invest in market promotion and advertising and La Equidad generally shares the costs. The average expenditure in promotion and publicity is about 2% of the premium revenues. Both WWF and the cooperatives design special publicity materials for insurance, such as brochures that describe the product, the coverage and costs (see Appendix 13).

WWF has a broad network to sell the product: 71 credit analysts. In the case of the cooperatives there are two basic modalities: (a) a staff person in members' services (either savings or loans) sells insurance; or (b) a staff person is devoted completely to insurance. In either case, it is the member who has to request the insurance. La Equidad depends mainly on the capacity of the cooperatives' staff to sell *Equivida*.

As mentioned above, WWF's *Amparar* has a much higher take-up rate among its captive clientele than *Equivida*. This result is partly because the linkage between the credit and the microinsurance is direct. WWF offers credit and microinsurance combined as part of the microcredit package.

In contrast, the cooperatives offer a variety of financial products including savings, credit and insurance. *Equivida* is one product among several insurance products offered by a cooperative. While *Equivida* might be the most appropriate insurance for lower-income members, nevertheless there seems to be a lack of awareness about its adequacy for poor members. Commonly, cooperatives list their insurance products as "other" services. There seems to be a need for "insurance" to be a category in itself in the products and service portfolio of cooperatives. The list of products can be displayed as savings, credit lines, insurance, and other.

To the extent that WWF's credit analysts spend time explaining *Amparar* to the clients, one could argue that there is an opportunity to educate clients about insurance. However, the average time spent is 10 minutes. In the case of the cooperatives, members interested in purchasing insurance might spend more time inquiring about the product.

The cooperatives advertise and disseminate information through brochures, through direct telephone campaigns, and through advertising signs at the cooperative. Furthermore, cooperatives design special programmes for specific groups. For example, Cootrefa has a special student accident policy for a community school. Crearcoop offers *Equivida* to some of its poorer members with funding from its solidarity fund (created with profits/surplus accumulated every year).

Are there lessons from *Amparar*'s marketing for the cooperatives? Based on their observations, the authors believe that there is potential for cross-fertilization. Some cooperatives already offer *Equivida* through a linkage with other products or services, but there seems to be potential for expansion of current targets.

4.8 Customer Satisfaction

All of the clients interviewed during the field study indicated satisfaction, particularly those who had made claims. Among clients who have policies but have not made any claims, their satisfaction is derived from the fact that they seemed to have a concern for protecting their families in case they die or become disabled. The ways in which they expressed themselves were impressive. For example, one remarked: "With insurance my family does not become disabled with my death or my disability."

According to one of WWF's credit analysts, there is a need to present the format of the premiums in a simpler way. The client needs to have the information on the amount and cost of the coverage in a simpler format. Too many numbers and calculations—for the various plans and optional coverage—make the policy certificate difficult to understand.

In some cooperatives, the members interviewed were not aware of all of the insurance options. For example, one cooperative had a special discount at a highly specialized medical centre. The member interviewed needed some exams for his back. He had never gotten them done because of the high cost. From the interview, he became aware that there was an opportunity for a discount. Regarding their subsidized health program, one coop member had encountered some difficulties and did not have his SISBEN card. The lack of the card was a barrier for him to access local health services at subsidized rate.

There seems to be a need for collaboration between WWF and cooperatives offering *Equivida*, and those programmes in social protection. Cooperatives and specialized MFIs can have information dissemination and education programmes about how to protect a household, what is available at a price affordable to low-income groups, and what is available at subsidized rates. Furthermore, products such as *Equivida* and *Amparar* are evidence that some of the poor are able to pay for some insurance coverage.

Amparar's coverage ranges from CoP 3 million to CoP 20 million. *Equivida* starts at CoP 10 million. Perhaps in some cooperatives with a large number of low-income members, they could offer smaller sums assured—this issue requires further investigation. In a way, the low coverage and low premium introduces the MFIs' clients and cooperative members to insurance and how to protect themselves and their families. The lessons from microcredit can be that the client starts low and as he or she learns, can incrementally increase coverage and premium based on needs and paying capacity.

An area that requires further research is how spouses also learn more about the insurance and the benefits. During one interview, the spouse knew very little about the *Amparar* policy her husband had purchased. The education on microinsurance protection for the household should involve all family members who are beneficiaries.

In the case of *Amparar,* the credit analysts are just starting renewals. There was no evidence yet of problems in renewing policies. In fact, the credit analyst interviewed said that the product has great potential among her clients, but it is difficult for her to sell something that does not have immediate results.

5. Results

5.1 Tracking Results

To track results, performance and impact, La Equidad uses a state-of-the-art management information system. As required by law, data are processed separately for each of the two entities: non-life and life, and then consolidated. La Equidad's financial reports and industry indicators are publicly available and in accordance with international industry standards.[25] Reporting and monitoring of premium production is done weekly. Data are consolidated monthly. Claims (*siniestros*) are continuously monitored. Internally, the MIS permits on-line information reporting between headquarters and the 22 offices (grouped in 5 regional agencies) nationwide and among all employees. La Equidad reports to the Superintendency of Banks and to the various industry associations. Staff responsible at the various levels keep track and monitor each product line and institutional agreement (*convenio*).

One of the key contributions of La Equidad to the development of the *Amparar* product with WWF was the development of appropriate software for the MFI. The fact that La Equidad developed a special software programme compatible with WWF's MIS is evidence of its commitment to expand the depth, scale, and scope of its outreach.

An impact evaluation of *Amparar* or *Equivida* has not yet been conducted. La Equidad considers that developing these products is already having an impact on all of the families who have already benefited from coverage.

5.2 Operational Results

During 2004, the premiums of Colombian insurance industry grew 3.8% for general insurance and 8.9% for life insurance. La Equidad's non-life programme increased premiums by 15.6%, well above the industry average. In contrast, premiums for the life insurance product decreased by 5%. For La Equidad consolidated, premiums changed -0.1%, or basically remained at the same level. This lack of growth resulted from the insurer's decision to drop the insurance for major illness (*enfermedades de alto costo)*.[26] The Superintendency of Banks reports that the insurance industry had negative reports during the first quarter of 2005.[27] Industry profits decreased 57% during the period, with a greater decrease for life insurance. Insurers explained that this was the result of higher competition in the market, which had resulted in a price war. Table 5.1 presents a summary of the key consolidated results for La Equidad.

Amparar and *Equivida* are part of the portfolio of products of La *Equivida* Life. Table 5.2A presents a summary of their participation: *Amparar*'s premiums are 0.04% of total life

[25] Data available at websites of Superintendency of Banks, www.superbancaria.gov.co and FASECOLDA www.FASECOLDA.net.co.
[26] Additional information can be provided about this specific issue that affected operational profits for the period.
[27] See **La Republica**, *Vidalfa y La Previsora se destacaron en el trimestre*, May 20, 2005.

premium and *Equivida* 2.37%. Combined, the two products have a 3% share of total premiums in La Equidad Life. During 2004, *Amparar*'s premiums were valued at CoP26 million (US$10,962) and the number of policyholders reached 10,120. In the first quarter of 2005, premiums rose by 38% and the number of policyholders 35%. This growth seems very positive since the product was launched in November 2003.

Equivida's premiums issued have been increasing at an average 36% from 2002 to 2004. The total number of outstanding insured was 18,223 at the end of 2004 (see Table 5.2D) through 199 group policies with cooperatives and other affiliated institutions.

Table 5.1 Key Results - Equidad General and Life Total Consolidated

	2004	2003	2002	2001	2000
Net income (net of donor contributions) Million CoP	121.0	116.3	108.8	111.1	94.0
Total premiums (value) Million CoP	83,070	85,462	74,870	76,829	71,332
Growth in premium value	-2.8%	14.1%	-2.6%	7.7%	
Claims / total premiums (%)	60.1	60.6			
Administrative costs / premiums (%)	24.6	23,9	20,8	18,3	13,9
Commissions / Premiums (%)	3.2	3,1	3,4	4,1	3,6
Reinsurance / Premiums (%)	5.9	5,3	4,8	2,7	2,9
Reserves added for the period / Premiums (%)	11.6	14,5	13,8	5,5	8,1
Net income added for the period / Premiums (%)	4.95	-6.89	5.1%	1.2	3
Claims cost per total number insured (CoP)	100,864	165,629	213,439	390,864	415,810
Growth in number of insured (%)	59	29	63	27	
Income earned from investment of premiums in CoP Million	5,938	5,281	6,723	4,419	
Percentage of profit distributed	Explained in section 2.7. Per cooperative law, 50% distributed.				
Renewal rate (%)	N.A.				

5.3 Financial Results

Profitability and Viability of Each Product

While the combined participation of *Amparar* and *Equivida* is 3% of total premiums issued by La Equidad Life, their operational profitability is 22% and 23% respectively, well above 2% for La Equidad Life, and 5.8% for La Equidad consolidated (see Table 5.2A). La Equidad considers *Amparar* and *Equivida* as new products still in development which requires to build reserves as sales expand. It is still early to conclude from their profitability.

Table 5.2A Key Results – *Amparar* and *Equivida*

Equidad General and Life Total Consolidated
Results as of December 31, 2004 *(Million CoP)*

La Equidad	General	Life	Total Consolidated	*Amparar*	*Equivida*	*Amparar* as % of Total Life	*Equivida* as % of Total Life
Total Premiums Issued	22,702.2	60,368.2	83,070.4	26.4	1,430.0	0.04%	2.37%
Claims	6,762	43,187	49,948.9	13.2	973.5	0.03%	2.25%
Commissions reinsurance	1,867.3	1.0	1,868.3				
Commissions and direct expenses	1,959.1	662.1	2,621.2	1.9	38.0		
Other costs	1,404.8	564.1	1,969.0				
Personnel Expenses	2,208.8	4,296.4	6,505.2	4.0	82.8	0.09%	1.93%
Administrative Expenses	6,036.4	7,106.0	13,142.4				
Publicity				0.5			
Net Income	3,565.0	1,231.0	4,796.4	6.0	335.0	0.49%	27.23%
Net Income/Total Premiums	15.7%	2.0%	5.8%	22.6%	23.4%		

Table 5.2B Key Results – *Amparar* and *Equivida*

Equidad General and Life Total Consolidated
December 31, 2004

	General	Life	Total	*Amparar*	*Equivida*	*Amparar* as % of Total Life	*Equivida* as % of Total Life
Total Premiums Issued	100.0%	100.0%	100.0%	100.0%	100.0%	0.04%	2.37%
Claims	29.8%	71.5%	60.1%	50.0%	68.1%	0.03%	2.25%
Commissions reinsurance	8.2%	0.0%	2.2%	0.0%			
Commissions and direct expenses	8.6%	1.1%	3.2%	7.0%	2.7%		
Other costs	6.2%	0.9%	2.4%	0.0%			
Personnel Expenses	9.7%	7.1%	7.8%	15.0%	5.8%	0.09%	1.93%
Administrative Expenses	26.6%	11.8%	15.8%	0.0%			
Publicity/Advertising				2.0%			
Net Operating Income/Total Premiums	15.7%	2.0%	5.8%	22.6%	23.4%	0.49%	27.23%

Table 5.2C *Amparar* Monthly Accumulated Totals (Oct 2004 – March 2005)

Month	# Policies	Premium *CoP*	# Acummulated Policies	Total
October (2003-2004 accumulated)	5,766	17,048,120	5,766	17,048,120
November 2004	800	2,468,712	6,566	19,516,832
December 2004	915	2,976,721	7,481	22,493,553
January 2005	793	2,652,336	8,274	25,145,889
February 2005	1068	3,525,750	9,342	28,671,639
March 2005	778	2,495,789	10,120	31,167,428

Table 5.2D *Equivida* Evolution 1999-2004 (Colombian Pesos)

Year	Premiums	Claims	Commission	Expenses	Technical Results	Annual Growth	Loss Ratio
1999	159,744,920	37,460,000	144,697	0	122,140,223		
2000	505,293,068	218,833,000	2,914,704	0	283,545,364		47%
2001	570,730,155	310,100,000	3,108,059	3,193,703	254,328,393	123%	57%
2002	693,324,202	417,244,310	3,566,342	52,543	272,461,007	21%	53%
2003	929,498,516	470,656,018	14,198,302	27,550,146	417,094,050	34%	52%
2004	1,429,892,011	973,482,700	38,319,064	82,843,617	335,246,630	54%	47%

Table 5.2E Insured with *Equivida* (2004) by Plans Offered (199 Group Policies)

Plan	Number of Insured	% Distribution
10 million and below	9,684	53%
12 to 20 million	4,476	25%
25 to 35,000,000	1,323	7%
40 to 100,000,000	2,740	15%
Total	18,223	100%

Profitability for Each Partner

Amparar and *Equivida* are profitable for La Equidad. Partners interviewed during the field study also expressed satisfaction with the products. In the case of WWF, with *Amparar* the MFI gained a commission (15%) and was able to add a product to its portfolio of services. Furthermore, after the death of clients who had *Amparar*, the coverage contributed to recapitalizing and maintaining their businesses, thus reducing the vulnerability of their households.

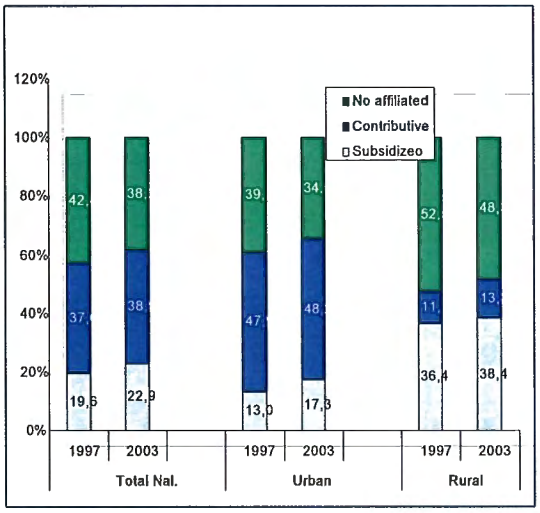
In the case of *Equivida*, we met with a number of cooperatives to learn how they market it to their members. We also met with some of the clients with microinsurance but did not have enough time to obtain specific data. We have included in Appendix 9 the example of a feasibility study of *Equivida* (combined with one more insurance product, vehicle) for 5 years for a *typical cooperative*. The net profit over the total premium is estimated to be about 10% for the first year and an average of 15% for the remaining four.

5.4 Impact on Social Protection Policy

La Equidad's commitment to develop *Amparar* microinsurance and to collaborate with specialized MFIs such as WWF provides evidence of its willingness to reach out to low-income populations. Besides MFIs, La Equidad also reaches low-income members in affiliated cooperatives.

As can be observed in Table 5.3, some 38% of the population is unprotected and 38% contributes to the social protection schemes in health and pension.

Table 5.3 Social Protection in Colombia



Besides its life products *Amparar* and *Equivida*, La Equidad has other products that have the potential or are already contributing to protection:

- La Equidad offers insurance for work-related accidents and illnesses (known as Administradora de Riesgos Profesionales) to enterprises and individuals. This insurance is paid by the employer and employees (67% and 33% respectively). La Equidad contributed to create Saludcoop, the leading private health service provider in the country. Enterprises pay for the insurance. Saludcoop has 2.5 million consumers. With Saludcoop, La Equidad is the first insurer to offer work-related accidents/illness insurance to a large number of enterprises. 55,071, or 52% of the total number of enterprises, have this insurance in the industry (see Appendix 4). With these enterprises, La Equidad insures 309,790 workers, occupying the 5th place in the industry. This corresponds to a 9% share. The average number of workers per enterprise is six.[28] Sixty percent of Colombian enterprises are micro or small. Most of the companies had no coverage for their workers before La Equidad started offering the insurance.

[28] Data grouped by number of employees was not available but it might be useful for research on microenterprises.

- The experience of working with Saludcoop as a partner has been good, except in one of the coverage of major illness. La Equidad ceased offering this insurance in 2004.[29]
- The work-related accident/illness insurance has made a major contribution to improve the protection of workers. The challenge is to cover microenterprises and others in the informal economy.

La Equidad Seguros lobbies through the insurers' federation, FASECOLDA. One of the recent issues was the work-related insurance coverage (*riesgos profesionales*). Together with The Technical Chamber of Professional Risks, it has lobbied against certain government interventions by presenting legislators with studies and advocating for a variety of issues. La Equidad believes that it is better to work together with other insurers and through FASECOLDA to be more effective in influencing the policy environment.

[29] Losses from this insurance caused major losses to La Equidad in 2004.

6. Microinsurance Product Development

6.1 Concept Development

Since its creation, La Equidad has taken the view that those who lack insurance, particularly the poor, are the ones who need it the most. *Equivida* and *Amparar* are the result of market research and commitment to position itself in the market with a new product for low-income families. In the past five years, La Equidad began an expansion strategy to individuals (*asociado persona natural*), since its members up to that point had been only institutions *(personas juridicas*). To study the demand, La Equidad hired a prestigious Colombian market research company, Napoleon Franco Ltd, to interview a sample of 630 persons (representing over 3 million Colombians) in 256 municipalities with populations between 20,000 and 250,000. Fifty percent of those interviewed had monthly incomes of less than US$165 a month, of those, 13% under US$2.7 per day.

The main research objectives' were: (1) to ascertain the demand for individual life insurance and the potential market; (2) to determine what factors prompt individuals to purchase or not to purchase insurance; (3) to understand people's knowledge about insurance in general and their familiarity with competitors; (4) to understand perceptions (positive or negative) about insurers and products; and (5) to identify expectations, needs, and purchasing interest in order to determine the potential of the market.

From the study, La Equidad learned that 24% of those who responded recognized its name. Solidaria, a major competitor and also related to cooperatives, received a 14% recognition in the survey.

Based on the results of the market research, La Equidad designed an individual life insurance product called *Primero Mi Familia* (My Family First). La Equidad tried to position itself as the only insurer with a microinsurance product, with coverage adequate for a low-income family at an affordable premium.

6.2 Product Design

Special staff was appointed to lead the initiative. All key staff collaborated in the effort to design a product based on the results of the survey:

> *The Product*: The evolution started with *Primero Mi Familia* (First My Family), a basic plan had eight covers. The product reflected all the coverage survey respondents identified as critical. Later *First My Family* evolved into *Amparar,* which has six covers. While *First My Family* was an individual life product (premium determined based on the insured's age group and individual's own choice of benefits offered), *Amparar* is a group-based life product (premium based on fixed plans with same coverage and benefits offered to all individuals in the group independently of age of insured).

The Distribution Channel: First, La Equidad tried to distribute *Primero Mi Familia* through independent agents working with Saludcoop. These promoters had as a priority to sell Saludcoop's preventive health programmes. The channel did not work. Then La Equidad decided to distribute the product with its own sales force of promoters. This effort failed because the low price of the premium and problems in collection did not produce enough commission for promoters. From these experiences, La Equidad decided to search for alternative delivery channels, such as MFIs.

Failure with Primero Mi Familia provided all the basic research for La Equidad to look for new partners. When WWF's director and La Equidad's regional manager first talked about "microinsurance" in 2003, they were ready for to work together. The result was *Amparar.*

The design of the instrument was based on actuarial analysis of national statistical data for life expectancy, other related information for socio-economic conditions, and payment capacity.

6.3 Pilot Testing and Rollout

Many changes resulted after the pilot of *Primero Mi Familia* (see Table 2.2). In *Primero Mi Familia* the premium was based on age of the individual policyholder. In *Amparar* and *Equivida,* the premium is fixed for the group. The original design had plans priced from CoP 5 million to CoP 50 million coverage and 8 different levels of coverage. With *Amparar*, a smaller coverage of CoP 3 million was added and up to CoP 20 million. Coverages were reduced from 8 to 6 basic coverages included (1, 2, 5,4, 6, 9 and only one option education of children fee payments for 24 month). All these changes were made to reduce the premium cost.

During the rollout, the product was launched in 7 cities and 15 rural municipalities nationwide. Training was given in all of these points of sale.

6.4 Product Development Costs

The total cost of the market research was CoP 150 million (US$68,190) all financed by La Equidad. The product was developed within the insurer. The *Amparar* product also resulted from joint efforts between the manager of La Equidad's regional office in Bucaramanga and the WWF's executive director. Both of them designed and negotiated the final product features. In the case of *Equivida*, the cooperatives adjusted the plans offered to their particular membership, in terms of the amount and number of the plans.

7. Conclusions

7.1 Significant Plans

According to La Equidad's senior management, the major challenge now is to find new MFIs that can sell a product similar to *Amparar* on a large scale. La Equidad has identified more than a dozen MFIs that could be potential partners. In the case of WWF, the challenge is to continue expanding with new clients and to increase the take-up rate from the current enrolment of about 25 percent.

In the past five years, La Equidad has invested in developing a life insurance product that responds to the characteristics of lower-income groups. The evolution of the product *Primero Mi Familia* into *Amparar* and *Equivida* is just in a first phase. *Amparar* was profitable for WWF and for La Equidad after the first 18 months. In the case of *Equivida,* cooperatives are also satisfied. In both cases, the clients and members are benefiting and expressed satisfaction. Currently, the challenge is to disseminate the use of these products rather than design new ones. Both *Amparar* and *Equivida* offer several plans that respond to the needs and paying capacity of the insured.

La Equidad has made adjustments and has been flexible with its microinsurance products. In the case of *Amparar*, one key change was the distribution channel through direct sale linked to microcredit. The other change was the method of payment, giving the WWF's clients the possibility to borrow the annual premium amount and to repay it as part of the micro-loan.

Based on the experiences (positive and negative), a key issue for WWF is the incentives to the credit analysts who sell the product. The current system needs to be revised. As a WWF credit analyst mentioned, she has been reaching targets, but some of the other colleagues have not, and consequently, nobody receives incentives. This causes some team members to lose interest in selling *Amparar*. WWF's senior managers acknowledged that the incentive arrangement might be a factor that should be reviewed.

In the case of *Equivida*, a key area is how to promote it more effectively among low-income cooperative members rather than mainly middle-income members in some of the larger cooperatives. The minimum coverage for *Equivida* is CoP 10 million. Perhaps some cooperative members would be more interested in purchasing policies with smaller sums assured. Also, in some cases, the brochures of products present credit lines, savings and deposits, and "other" products/services. It might be useful to have insurance as a very visible category. Information is available on *Equivida* but in separate brochures.

WWF is now in the renewal phase, and it would be it be useful to see what lessons can be derived from renewals that might need adjustment in the current system. As for the cooperatives, members who had renewed their policies were very articulate about the reasons why they have insurance. They would be good educators of others, and their testimonies might be useful in promotional efforts.

A common theme resulting from all the interviews is the need to educate more low-income households about protection, risk management, and insurance. Consumers would benefit from learning more about what is available to them in the market and how to combine various options (e.g., savings, various types of insurance).

7.2 Breakthroughs and Challenges

La Equidad and its partners, WWF and a group of cooperatives, are demonstrating that low-income people are willing to pay for protection to manage their risk and reduce their vulnerability. Over 10,000 of WWF's clients and over 18,000 cooperative members have purchased *Amparar* and *Equivida*. La Equidad is showing that poor people can invest in insurance if the product, the distribution channel, and the price are appropriate for them.

The major challenge is to expand this type of product widely and profitably. La Equidad's alliance with WWF is an important first step. This model can now be developed with other MFIs. With the cooperatives, there are several examples of how some of them are offering *Equivida* that need to be more visible in order to have a multiplying effect.

Regarding collaborating with specialized microfinance NGOs, senior management identified the following challenges:

- Limited capacity in their information systems to add insurance products.
- Some NGOs receive resources from donors, and resources can become scarce, putting their long-term viability at risk. To avoid this, it is important to work with MFIs recognized for their operational and financial viability.
- The lack of insurance culture.

7.3 Key Lessons Learned

La Equidad's senior managers provided the following summary of the lessons they had identified in their experience with *Primero Mi Familia*:

- The sales force was not motivated because of the small commission resulting from problems in the premium collection.
- Low-income individuals lacked the discipline to go to financial institutions. They also have limited resources and prefer to pay for other commitments (rather than the insurance).
- There was a lack of an "insurance-oriented culture" in the low-income market niche.
- The effort to recruit people to sell insurance was slow. It was difficult to find individuals with the technical skills to market microinsurance.

Based on these lessons, La Equidad developed *Amparar*, which was marketed through a new channel for La Equidad: MFIs such as WWF. By switching from an individual life insurance policy to a group-based insurance policy, Equidad could lower the cost of the premium. This made it much easier to reach target market with an affordable product, and it solved the commission problem. By collecting the premiums through the MFI, the insurer was able to enhance efficiencies in favour of the insured clients.

La Equidad's senior management provides the following advise to others:

- Find a distribution channel that has minimum fixed costs so that the model becomes viable and can to reach the social objective of reaching lower income groups.
- Design products that are easy to understand, since this market niche has low levels of education.
- Prepare the sales force very well, with marketing skills and technical insurance knowledge, so that they can transmit to potential clients the benefits of insurance.
- Adjust the premium to the paying capacity of the market niche.
- Where possible, rely on automatic premium payment systems to avoid the clients' having to pay the premium monthly.
- Coverage that includes benefits such as education and food expenses is highly valued by the poorer groups.

7.4 Outstanding Questions and Conclusions

Besides the issues, lessons, challenges, and recommendations offered by those interviewed, the following are some additional observations:

Other Lessons

- *Who is involved in the product design*: A key factor in the development of *Amparar* was the exchange of information and discussions between the regional manager of La Equidad and WWF's Executive Director. They added value and exchanged ideas with the headquarters' senior team. It was crucial to have them in the field, dealing directly with the clients, in the completion of the insurance product.
- *Research based on low-income cooperative members who had Equivida:* Perhaps La Equidad should have also researched the low-income members of their affiliated cooperatives. Fifty to 70 percent of the members in the cooperatives are in the lower income levels. This research could have complemented the national demand survey. This is something that La Equidad might be able to do, involving partner cooperatives, using a low-cost methodology.
- *Graduation in microinsurance*: One of the lessons from microcredit is going from very small loans to larger amounts as the borrower, learns to manage credit, and builds debt capacity. In the case of microinsurance, the evidence of *Equivida* seem to show that the members buy the insurance with the lowest premium, as they learn more about the benefits of protection, they want to buy policies with higher coverage or additional benefits.
- *Protection for the household*: *Equivida* includes coverage for spouses and children, making protection more appropriate for a family. The savings and credit cooperatives offer savings, credit, insurance, remittances and other services that respond to their members' households. In contrast, traditionally, specialized MFIs have focused on the financial needs of individual microentrepreneurs. *Equivida* and *Amparar* provide lessons to be learned for the protection and risk management of both households and their enterprises.

Other Challenges

- *Competition and synergies within the cooperatives sector*: One of the major competitors of La Equidad is La Solidaria. This insurer also serves a large number of cooperatives. There seems to be a need for a cooperative-sector strategy, one that does not reduce healthy competition, but contributes to challenge how the cooperatives provide protection of the lower-income population and collaborate in disseminating knowledge and information.
- *Other insurance products*: As La Equidad becomes more aware of the clientele served by MFIs, it will be in a better position to assess other insurance products that can be offered to the low-income groups, such as non-life products.
- *Make insurance a line of products for cooperatives' members*: Several brochures of products collected from cooperatives do not show insurance. The brochures present Investment Lines (for savings and deposits) and Lines of Credit (a variety of lines for agriculture, vehicle, trade, etc). There is nothing on insurance products. This might be a future area of research for La Equidad.
- *Linking microinsurance to other products in cooperatives*: The experience from *Amparar* shows that it is possible to link insurance with another product, such as credit. Cooperatives (particularly credit unions) have savings/deposits and other services (e.g., solidarity funds) that might prove to be even more beneficial.

Other Research Issues

- *Insurance-related culture*: Interviewees often talked about the "lack of insurance culture" among the low-income population. It might be useful to research the difference between lack of "culture" vs. the lack of information and knowledge about insurance to identify the real factors that inhibit the low-income households from purchasing insurance.
- *Protection-related culture*: Another research issue is protection. As Colombia's insurers become more competitive, and the government's policies on social protection also become more efficient and effective, there might be more areas of common interest in developing a culture of protection based on knowledge and information about what is available in the market at a price or subsidized (e.g., preventive health system). La Equidad and its partners can collaborate with efforts to educate clients/members about how insurance can contribute to better managing their risks and vulnerability.

Appendix 1: Premiums Collected

COMPARATIVE DATA AS OF DECEMBER 2003 Vs. DECEMBER 2004
MILLION PESOS
(2,412=USD$1 in 2004 and 2,760=US$1 in 2003)

#	COMPANIES	GENERAL			LIFE			TOTAL PREMIUMS		
		Dec-03	Dec-04	change	Dec-03	Dec-04	Change	Dec-03	Dec-04	Change
1	SURAMERICANA	381,170	376,911	-1.1%	525,021	590,632	12.5%	906,191	967,542	6.8%
2	COLSEGUROS	406,205	420,285	3.5%	154,854	137,158	-11.4%	561,058	557,443	-0.6%
3	BOLIVAR	232,060	249,504	7.5%	286,573	306,199	6.8%	518,633	555,703	7.1%
4	LIBERTY	402,666	423,507	5.2%	58,664	71,208	21.4%	461,330	494,715	7.2%
5	LA PREVISORA (Public)	415,879	406,350	-2.3%	25,589	29,661	15.9%	441,468	436,011	-1.2%
6	COLPATRIA	164,330	162,590	-1.1%	200,798	188,546	-6.1%	365,128	351,135	-3.8%
7	DEL ESTADO	282,954	318,929	12.7%	15,482	20,139	30.1%	298,436	339,068	13.6%
8	AGRICOLA	204,073	249,298	22.2%	53,311	73,805	38.4%	257,384	323,102	25.5%
9	ROYAL	176,496	165,724	-6.1%	104,088	112,918	8.5%	280,584	278,642	-0.7%
10	ALFA	37,699	33,960	-9.9%	215,235	194,623	-9.6%	252,934	228,583	-9.6%
11	MAPFRE	121,259	137,076	13.0%	69,621	71,233	2.3%	190,880	208,308	9.1%
12	CENTRAL (Public)	153,080	168,807	10.3%	784	1,080	37.8%	153,864	169,888	10.4%
13	AIG SEGUROS	95,547	129,228	35.3%	27,007	39,136	44.9%	122,555	168,364	37.4%
14	SOLIDARIA	140,372	160,385	14.3%	0	0	0.0%	140,372	160,385	14.3%
15	SURATEP	0	0	0.0%	111,191	131,122	17.9%	111,191	131,122	17.9%
16	BBVA SEGUROS	33,972	32,154	-5.4%	86,137	95,499	10.9%	120,109	127,653	6.3%
17	SKANDIA	0	0	0.0%	11,205	89,090	695.1%	11,205	89,090	695.1%
18	COLMENA	0	0	0.0%	73,169	88,875	21.5%	73,169	88,875	21.5%
19	GENERALI	75,278	73,186	-2.8%	10,381	10,513	1.3%	85,660	83,699	-2.3%
20	**LA EQUIDAD**	**19,642**	**22,702**	**15.6%**	**65,820**	**60,368**	**-5.0%**	**85,462**	**83,070**	**-0.1%**
21	CHUBB	84,848	80,338	-5.3%	0	0	0.0%	84,848	80,338	-5.3%
22	ACE	72,410	68,281	-5.7%	0	0	0.0%	72,410	68,281	-5.7%
23	MUNDIAL	61,238	60,881	-0.6%	0	0	0.0%	61,238	60,881	-0.6%
24	CONFIANZA	37,348	41,406	10.9%	0	0	0.0%	37,348	41,406	10.9%
25	AURORA	0	0	0.0%	33,253	23,439	-29.5%	33,253	23,439	-29.5%
26	CONDOR	56,351	11,586	-79.4%	0	0	0.0%	56,351	11,586	-79.4%
27	PANAMERICAN	0	0	0.0%	10,265	10,345	0.8%	10,265	10,345	0.8%
28	SEGUREXPO	7,844	8,619	9.9%	0	0	0.0%	7,844	8,619	9.9%
29	CREDISEGURO	6,527	8,345	27.9%	0	0	0.0%	6,527	8,345	27.9%
	TOTAL	**3,669,248**	**3,810,048**	**3.8%**	**2,136,165**	**2,345,591**	**9.8%**	**5,805,412**	**6,155,638**	**6.0%**

Source: Prepared by La Equidad Insurance for MicroInsurance Centre based on data from FASECOLDA, 2005

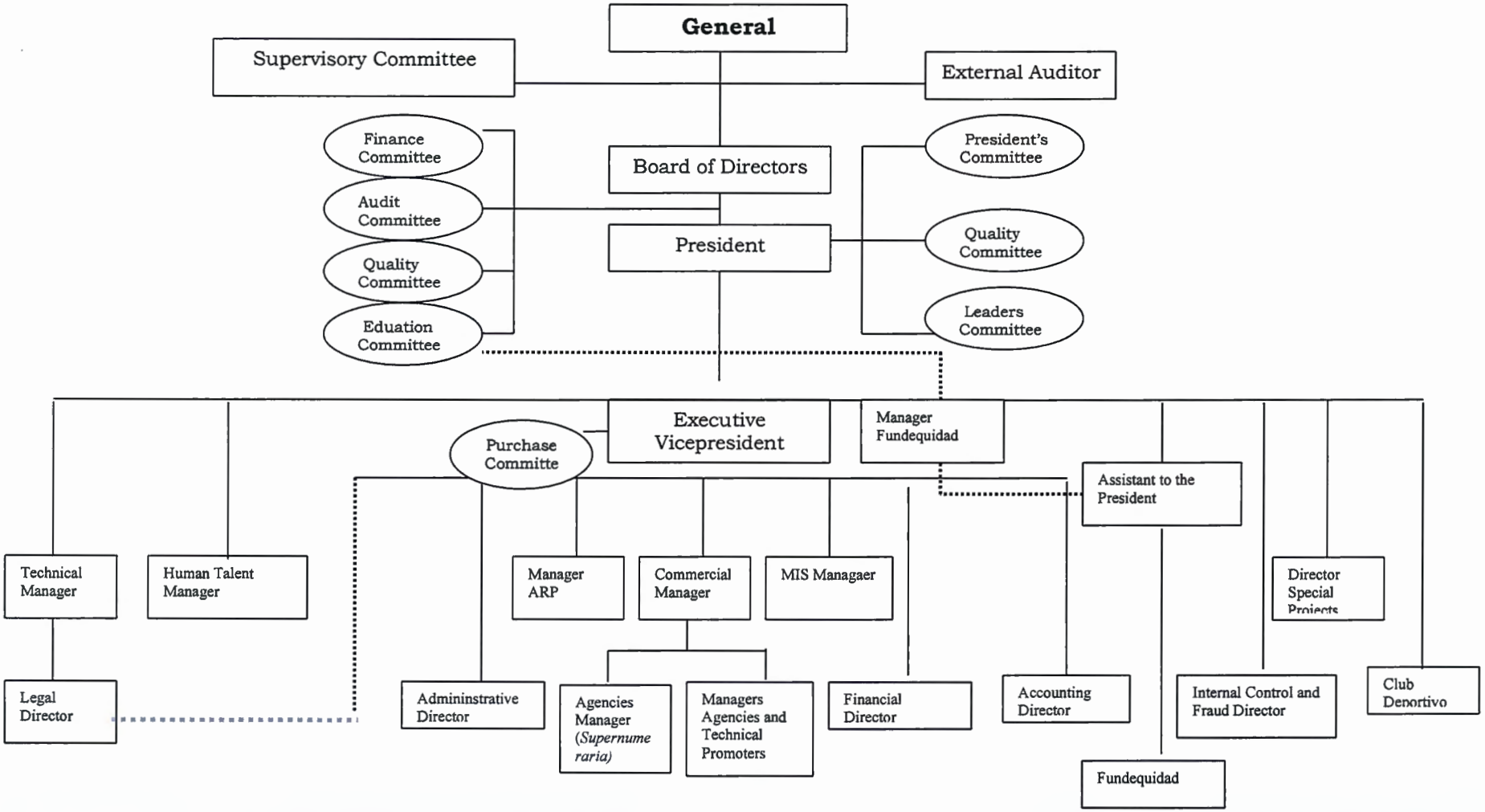
Appendix 2: Comparative Industry Data by Insurance Type

JANUARY - DECEMBER 2004 Vs 2003
(Million CoP)

	PREMIUMS ISSUED			CLAIMS PAID		
	2,003	2,004	VAR (%)	2,003	2,004	VAR (%)
Fire	437,934	393,469	-10.2%	143,226	117,666	-17.8%
Vehicle	944,620	1,055,716	11.8%	465,713	529,850	13.8%
Engineering	332,638	308,071	-7.4%	99,500	96,477	-3.0%
Transports	226,637	223,275	-1.5%	65,269	55,831	-14.5%
Fulfillment (*Cumplimiento)*	190,036	198,015	4.2%	41,543	36,763	-11.5%
Theft	80,393	80,076	-0.4%	25,273	27,368	8.3%
Manejo	117,754	109,125	-7.3%	28,065	33,706	20.1%
Family Integral	32,002	33,817	5.7%	10,882	10,302	-5.3%
Civil Responsibility	211,886	225,272	6.3%	35,586	46,368	30.3%
Other	22,051	23,529	6.7%	9,337	4,978	-46.7%
SUBTOTAL INJURY/DAMAGE	**2,595,951**	**2,650,365**	**2.1%**	**924,393**	**959,308**	**3.8%**
Aviation	113,027	124,240	9.9%	33,606	16,943	-49.6%
Earthquake	351,014	342,251	-2.5%	10,272	9,931	-3.3%
TOTAL INSURANCE INJURY/DAMAGE	**3,059,992**	**3,116,856**	**1.9%**	**968,272**	**986,182**	**1.8%**
Life Individual	340,856	339,068	-0.5%	143,507	153,014	6.6%
Colective and Group Life	584,210	633,195	8.4%	257,292	300,091	16.6%
Education	67,217	85,084	26.6%	2,703	2,849	5.4%
Health	313,759	341,861	9.0%	257,278	241,252	-6.2%
Accidents Personal	128,004	148,690	16.2%	50,191	62,637	24.8%
Other (Persons)	57,000	142,841	150.6%	26,183	40,696	55.4%
TOTAL INSURANCE PERSONS	**1,491,045**	**1,690,738**	**13.4%**	**737,154**	**800,539**	**8.6%**
Previsional Insurance	332,282	339,006	2.0%	231,041	231,083	0.0%
Life Pension	196,770	160,645	-18.4%	47,401	60,421	27.5%
Professional Risk	398,261	467,237	17.3%	122,028	140,995	15.5%
TOTAL SOCIAL PROTECTION	**927,313**	**966,887**	**4.3%**	**400,471**	**432,498**	**8.0%**
TOTAL WITHOUT OBLIGATORY VEHICLE INSURANCE	**5,478,350**	**5,774,482**	**5.4%**	**2,105,896**	**2,219,219**	**5.4%**
OBLIGATORY VEHICLE INSURANCE	327,126	381,669	16.7%	170,159	198,465	16.6%
TOTAL	**5,805,476**	**6,156,150**	**6.0%**	**2,276,055**	**2,417,684**	**6.2%**

Source: FASECOLDA . Preliminary data January –December 2004.

Appendix 3: La Equidad's Organisational Structure



Appendix 4: La Equidad Operating Results

LA EQUIDAD GENERAL AND LA EQUIDAD LIFE
EQUIDAD CONSOLIDATED
December 31, 2004

Million Pesos

CUENTAS	General	Life	Consolidated	General	Life	Consolidated
PREMIUM ISSUED	22,702	60,368	83,070	100.0%	100.0%	100.0%
PREMIUMS ACCEPTED	0	0	0			
PREMIUMS *(relinqueshed)*	5,444	5	5,449			
RETAINED PREMIUMS	**17,258**	**60,364**	77,622			
RESERVES (CHANGES)	1,410	(258)	1,152			
PREMIUMS EARNED	**15,849**	**60,622**	76,470			
LA EQUIDAD PREMIUMS EARNED	**21,293**	**60,626**	81,919			
CLAIMS PAID	6,762	43,187	49,949	29.8%	71.5%	60.1%
ACCEPTANCE CLAIMS	176	327	503			
REIMBURSEMENT CLAIMS/*CESIONES*	1,133	0	1,133			
CLAIMS RETAINED	**5,805**	**43,514**	49,319			
RESERVES CHANGES	1,025	7,528	8,553			
INCURRED CLAIMS	**6,829**	**51,043**	57,872			
OTHER PRODUCTS OF INSURANCE	361	154	515	1.6%	0.3%	0.6%
COMMISSIONS AND OTHER INCOME REINSURANCE	1,867	1	1,868	8.2%	0.0%	2.2%
COMMISSIONS AND OTHE GASTOS DIRECTOS DIRECT EXPENSES	1,959	662	2,621	8.6%	1.1%	3.2%
OTHER COSTS AND OTHER REINSURANCE	1,405	564	1,969	6.2%	0.9%	2.4%
GROSS TECHNICAL RESULTS	**7,884**	**8,508**	16,391	34.7%	14.1%	19.7%
PERSONNEL EXPENSES	2,209	4,296	6,505	9.7%	7.1%	7.8%
ADMINISTRATIVE EXPENSES	6,036	7,106	13,142	26.6%	11.8%	15.8%
NET TECHNICAL RESULT	**(361)**	**(2,895)**	(3,256)	-1.6%	-4.8%	-3.9%
INVESTMENT REVENUE	1,693	4,605	6,298	7.5%	7.6%	7.6%
FINANCIAL COST	342	319	660	1.5%	0.5%	0.8%
OTHER REVENUES	2,982	216	3,198	13.1%	0.4%	3.9%
OTHER COST	407	377	784	1.8%	0.6%	0.9%
INCOME BEFORE TAXES	**3,565**	**1,231**	4,796	15.7%	2.0%	5.8%
INCOME TAX AND OTHER	0	0	0		0.0%	0.0%
NET INCOME	**3,565**	1,231	4,796	15.7%	2.0%	5.8%

GASTOS ADMINISTRATIVOS (II)*	**6,104**	**7,294**	13,398	26.9%	12.1%	16.1%
RESULTADO TECNICO NETO (I)	**(361)**	**(2,895)**	(3,256)	-1.6%	-4.8%	-3.9%
RESULTADO TECNICO NETO (II)*	**(429)**	**(3,083)**	(3,512)	-1.9%	-5.1%	-4.2%
GASTOS FINANCIEROS (II)*	**274**	**131**	405	1.2%	0.2%	0.5%

Appendix 5: Typical *Equivida* Agreement

EQUIVIDA -TYPICAL AGREEMENT PRODUCTION BUDGET – FEASIBILITY STUDY					
Concept	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Potencial Market	500	550	578	578	578
Insured Included First Month	42	46	48	48	48
Percent Penetration (%)	100	100	100	100	105
Average Insured Value	40,000,000	40,000,000	60,000,000	60,000,000	80,000,000
Number Of Insured Per Year	500	550	578	578	578
Average Monthly Premium Per Insured	26,552	26,552	39,828	39,828	53,104
Monthly Premium Total	13,276,000	14,603,600	23,020,584	23,020,584	30,694,112
Year Premium Total	84,557,886	101,469,464	121,763,356	146,116,028	175,339,233
Participation Expenses -Institution (15%)	12,683,683	15,220,420	18,264,503	21,917,404	26,300,885
Participation Expense Promoter (5%)	4,227,894	5,073,473	6,088,168	7,305,801	8,766,962

Appendix 6: *Equivida* Premiums

TOTAL PREMIUMS - ASSUMING *EQUIVIDA* + VEHICLE INSURANCE *Colombia Pesos*					
CONCEPT	**Year1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
EQUIVIDA INSURANCE	84,557,886	101,469,464	121,763,356	146,116,028	175,339,233
VEHICLE INSURANCE	16,339,050	23,528,232	32,939,525	45,174,205	60,985,177
TOTAL $	**100,896,936**	**124,997,696**	**154,702,881**	**191,290,233**	**236,324,411**

Appendix 7: Administrative Expenses

TOTAL PARTICIPATION FOR THE INSTITUTION ADMINISTRATIVE EXPENSES *Colombian Pesos*					
EQUIVIDA	12,683,683	15,220,420	18,264,503	21,917,404	26,300,885
VEHICLE	1,633,905	2,352,823	3,293,952	4,517,421	6,098,518
TOTAL $	**2,683,683**	**15,220,420**	**18,264,503**	**21,917,404**	**26,300,885**

Appendix 8: Promoter Costs

COST LA EQUIDAD PROMOTER *Colombian Pesos*					
EQUIVIDA	4,227,894	5,073,473	6,088,168	7,305,801	8,766,962
VEHICULOS	326,781.0	470,564.6	658,790.5	903,484.1	1,219,703.5
TOTAL $	**5,044,847**	**6,249,885**	**7,735,144**	**9,564,512**	**11,816,221**

Appendix 9: *Equivida* Feasibility Study Data

AGREEMENT WITH A TYPICAL COOP[30]					
TOTAL INSURANCE *EQUIVIDA*					
PARAMETERS	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
INITIAL PREMIUMS ISSUED in *CoP$*	**100,896,936**	**124,997,696**	**154,702,881**	**191,290,233**	**236,324,411**
GROWTH RATE PREMIUMS		**24%**	**24%**	**24%**	**24%**
GROWTH RATE EXPENSES	**6%**	**6%**	**6%**	**6%**	**6%**
CLAIMS RATIO	**50%**	**50%**	**50%**	**50%**	**50%**
REINSURANCE COST	**1%**	**1%**	**1%**	**1%**	**1%**
PROMOTER COMMISSION	**5%**	**5%**	**5%**	**5%**	**5%**
ADMININSTRATIVE AND COLLECTION EXPENSES	**15%**	**15%**	**15%**	**15%**	**15%**
PUBLICITY AND SALES PROMOTION	**2%**	**2%**	**2%**	**2%**	**2%**
TAXES	**1%**	**1%**	**1%**	**1%**	**1%**
AGREEMENT TYPICAL COOPERATIVE	Colombian Pesos				
1. INSURANCE REVENUE	**100,896,936**	**124,997,696**	**154,702,881**	**191,290,233**	**236,324,411**
A) Gross Premiums Issued	100,896,936	124,997,696	154,702,881	191,290,233	236,324,411
2. COSTS OF INSURANCE	**90,992,989**	**107,246,847**	**132,313,758**	**163,110,314**	**200,941,917**
B) Technical Reserve (Net)	6,535,620	2,875,673	3,764,517	4,893,872	6,324,389
C) Claims Reserve (Net)	4,718,066	6,106,101	7,546,918	9,319,818	11,500,001
D) Claims Paid (Net)	50,448,468	62,498,848	77,351,441	95,645,117	118,162,205
E) Cost of Reinsurance	1,008,969	1,249,977	1,547,029	1,912,902	2,363,244
F) Promoter Commission	5,044,847	6,249,885	7,735,144	9,564,512	11,816,221
G) Administive and Collection Expenses	12,683,683	15,220,420	18,264,503	21,917,404	26,300,885
H) Personnel Expenses	0	0	0	0	0
I) Generales Expenses	211,400	233,680	247,160	249,440	251,720
J) Participation (Overhead) General Directors	5,297,089	6,562,379	8,121,901	10,042,737	12,407,032
K) Publicity and Sales Promotion	2,017,939	2,499,954	3,094,058	3,825,805	4,726,488
L) Provision Pending Premiums (Net, includes bad debts)	2,017,939	2,499,954	3,094,058	3,825,805	4,726,488
M) Taxes	1,008,969	1,249,977	1,547,029	1,912,902	2,363,244
OPERACIONAL RESULTS	**9,903,947**	**17,750,849**	**22,389,124**	**28,179,919**	**35,382,494**
Cash Flow Net	**23,175,572**	**29,232,577**	**36,794,617**	**46,219,414**	**57,933,372**
Investment income	**562,684**	**775,870**	**1,036,136**	**1,369,475**	**1,794,704**
Net Profit	**10,466,632**	**18,526,718**	**23,425,260**	**29,549,394**	**37,177,197**
Accumulated Profit	**10,466,632**	**28,993,350**	**52,418,610**	**81,968,004**	**119,145,202**
NET PROFITS/TOTAL PREMIUMS ISSUED	**10.37%**	**14.82%**	**15.14%**	**15.45%**	**15.73%**

[30] This study was actually prepared for a cooperative.

Appendix 10: Budgetary Data for a Coop

AGREEMENT WITH A TYPICAL COOP[31]					
TOTAL INSURANCE *EQUIVIDA*					
INDICATORS	Year 1	Year 2	Year 3	Year 4	Year 5
CLAIMS PAID	50.00%	50.00%	50.00%	50.00%	50.00%
COST OF REINSURANCE	1.00%	1.00%	1.00%	1.00%	1.00%
COST OF INTERMEDIATION	18%	17%	17%	16%	16%
PERSONNEL EXPENSES	0.0%	0.0%	0.0%	0.0%	0.0%
COST OF COLLECTIONS	2.00%	2.00%	2.00%	2.00%	2.00%
NUMBER OF EMPOYEES	1	1	1	1	1
PREMIUMS PER EMPLOYEE	100,896,936	124,997,696	154,702,881	191,290,233	236,324,411
OPERATIONAL RESULT PER EMPLOYEE	9,903,947	17,750,849	22,389,124	28,179,919	35,382,494

[31] This study was actually prepared for a cooperative.

Appendix 11: Example of *Amparar*'s Monthly Report

WOMEN'S WORLD FOUNDATION
AGREEMENT *AMPARAR* GROUP INSURANCE
MONTHLY REPORT BY AGENCY - NOVEMBER 2004 - MARCH 2005
Colombian Pesos

WOMEN'S WORLD FOUNDTION BRANCHES	# ANALYSTS	MONTHLY TARGET		TOTAL REALIZADO (MES)				
		NUMBER	VALUE	# POLICIES	VALUE	AVG. INSURED VALUE	ACHIEVEMENT BUDGET	PREMIUM YEAR
FLORIDABLANCA	10	150	471,000	132	366,698	5,343,485	77.86%	4,400,376
GIRON	8	120	376,800	145	396,906	4,268,966	105.34%	4,762,872
BUCARAMANGA	10	150	471,000	135	507,123	7,549,407	107.67%	6,085,476
PIEDECUESTA	6	90	282,600	104	318,900	5,403,365	112.85%	3,826,800
CUCUTA	18	270	847,800	179	561,325	5,507,095	66.21%	6,735,900
VALLEDUPAR	11	165	518,100	105	317,760	5,363,429	61.33%	3,813,120
BARRANCABERMEJA	6	90	282,600	0	0	0	0.00%	0
SUBTOTAL	**69**	**1035**	**3,249,900**	**800**	**2,468,712**	**4,776,535**	**75.96%**	**29,624,544**
FLORIDABLANCA	11	165	518,100	84	239,132	4,297,619	46.16%	2,869,584
GIRON	9	135	423,900	61	166,945	3,786,885	39.38%	2,003,340
BUCARAMANGA	10	150	471,000	208	831,094	63,394,231	176.45%	9,973,128
PIEDECUESTA	6	90	282,600	122	408,096	5,278,689	144.41%	4,897,152
CUCUTA	18	270	847,800	369	1,114,041	4,962,060	131.40%	13,368,492
VALLEDUPAR	11	165	518,100	71	217,413	4,704,225	41.96%	2,608,956
BARRANCABERMEJA	6	90	282,600	0	0	0	0.00%	0
SUBTOTAL	**71**	**1065**	**3,344,100**	**915**	**2,976,721**	**12,346,244**	**89.01%**	**35,720,652**
FLORIDABLANCA	11	165	518,100	180	543,649	4,616,666	104.93%	6,523,788
GIRON	9	135	423,900	127	367,457	4,350,393	86.68%	4,409,484
BUCARAMANGA	10	150	471,000	144	558,744	6,034,722	118.63%	6,704,928
PIEDECUESTA	6	90	282,600	83	314,823	6,108,434	111.40%	3,777,876
CUCUTA	18	270	847,800	182	614,782	5,434,035	72.51%	7,377,384
VALLEDUPAR	11	165	518,100	77	252,881	4,922,077	48.81%	3,034,572
BARRANCABERMEJA	6	90	282,600	0	0	0	0.00%	0
SUBTOTAL	**71**	**1065**	**3,344,100**	**793**	**2,652,336**	**4,495,190**	**79.31%**	**31,828,032**
FLORIDABLANCA	11	165	518,100	236	830,383	5,422,881	160.27%	9,964,596
GIRON	9	135	423,900	140	436,065	4,742,857	102.87%	5,232,780
BUCARAMANGA	10	150	471,000	193	668,577	5,352,332	141.95%	8,022,924
PIEDECUESTA	6	90	282,600	76	254,583	5,276,316	90.09%	3,054,996
CUCUTA	18	270	847,800	238	745,124	4,945,378	87.89%	8,941,488
VALLEDUPAR	11	165	518,100	138	455,470	4,920,290	87.91%	5,465,640
BARRANCABERMEJA	6	90	282,600	47	135,548	4,340,425	47.96%	1,626,576
SUBTOTAL	**71**	**1065**	**3,344,100**	**1068**	**3,525,750**	**5,000,068**	**105.43%**	**42,309,000**
FLORIDABLANCA	11	165	518,100	136	455,765	5,147,058	87.97%	5,469,180
GIRON	9	135	423,900	112	358,777	4,857,142	84.64%	4,305,324
BUCARAMANGA	10	150	471,000	116	358,299	4,689,655	76.07%	4,299,588
PIEDECUESTA	6	90	282,600	39	137,694	5,615,384	48.72%	1,652,328
CUCUTA	18	270	847,800	220	704,320	4,936,363	83.08%	8,451,840
VALLEDUPAR	11	165	518,100	97	304,188	4,587,629	58.71%	3,650,256
BARRANCABERMEJA	6	90	282,600	58	176,746	4,655,172	62.54%	2,120,952
SUBTOTAL	**71**	**1065**	**3,344,100**	**778**	**2,495,789**	**4,926,915**	**74.63%**	**29,949,468**
TOTAL	**71**	**1065**	**16,626,300**	**4354**	**14,119,308**	**31,544,952**	**84.92%**	**169,431,696**

Appendix 12-A: Example of *Amparar* Insurance Policy Form

SOLICITUD - CERTIFICADO DE SEGURO DE VIDA GRUPO

amparar

LA EQUIDAD SEGUROS DE VIDA

CERTIFICADO No: 9790

Fundación Mundial De La Mujer
Crédito Afectivo

Tomador: FUNDACIÓN MUNDIAL DE LA MUJER — NIT No: 890.212.341- 6 — POLIZA No. AA001192

AGENCIA: PRINCIPAL [X] FLORIDABLANCA [ ] GIRON [ ] PIEDECUESTA [ ] CUCUTA [ ] VALLEDUPAR [ ] B.MEJA [ ] STA MARTA [ ]

DATOS DEL ASEGURADO

NOMBRES Y APELLIDOS: Ivon Carlos Dominguez — CÉDULA: 91288 — DE:

LUGAR DE NACIMIENTO — FECHA DE NACIMIENTO (DIA / MES / AÑO) — OCUPACIÓN

DESIGNACIÓN DE BENEFICIARIOS

NOMBRES Y APELLIDOS	%	PARENTESCO	NOMBRES Y APELLIDOS	%	PARENTESCO

AMPARO BÁSICO	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN 6
o MUERTE POR CUALQUIER CAUSA	$3.000.000	$5.000.000	$7.000.000	$10.000.000	$15.000.000	$20.000.000
o INCAPACIDAD TOTAL Y PERMANENTE	$3.000.000	$5.000.000	$7.000.000	$10.000.000	$15.000.000	$20.000.000
o MERCACHEQUE 12 MESES	$60.000	$80.000	$110.000	$150.000	$200.000	$250.000
o PAGO DE SERVICIOS PÚBLICOS 12 MESES	$30.000	$50.000	$80.000	$100.000	$120.000	$150.000
o ASISTENCIA EXEQUIAS (suma única)	$150.000	$250.000	$300.000	$400.000	$600.000	$800.000
PRIMA DE CONTADO	( ) $23.004	( ) $37.680	( ) $52.092	( ) $72.852	( ) $105.696	( ) $139.200

AMPARO OPCIONAL						
o GASTOS DE EDUCACIÓN PARA HIJOS 24 MESES	$35.000	$45.000	$60.000	$90.000	$135.000	$180.000
PRIMA DE CONTADO	( ) $4.740	( ) $6.096	( ) $8.124	( ) $12.180	( ) $18.276	( ) $24.360

Marque con una (x) en el plan escogido la prima a pagar.
Es requisito tomar el amparo básico para poder tomar el amparo opcional y para el mismo plan.
VIGENCIA: Un año a partir de la hora 24 de la firma de este certificado y desembolso del crédito.

PAGO MENSUAL [ ] PAGO TRIMESTRAL [ ] PAGO SEMESTRAL [ ] PAGO DE CONTADO [ ] PRIMA TOTAL A PAGAR (DE ACUERDO CON LA FORMA DE PAGO)

Declaración de Asegurabilidad

Como asegurado principal, garantizo que en este momento de ingreso a la póliza, me encuentro en buen estado de salud y mi habilidad física no se encuentra en manera alguna - lesionada y no he padecido ni me ha sido diagnosticada ninguna enfermedad cerebro vascular, cardiovascular, hipertensión arterial, diabetes, cáncer, diabetes, cáncer SIDA, ...cerismo, tabaquismo, drogadicción, y en general ninguna enfermedad preexistente que de acuerdo con el artículo 1058 del código de comercio conduzca a la nulidad del contrato de seguro. Así mismo, autorizo expresamente a cualquier médico, empleado de hospital o persona que me haya atendido, a suministrar toda la información solicitada por LA EQUIDAD SEGUROS DE VIDA O.C., sobre el estado de salud pasado o presente, y a entregar mi historia clínica. Esta autorización se hace extensiva aún después de mi fallecimiento.

En constancia se firma en _____ a los _____ del mes _____ del año _____

HUELLA DACTILAR — Código Promotor

Autorización de descuento

Autorizo a la Fundación Mundial de la Mujer, para que descuente del desembolso de mi crédito la prima ANUAL ( ) que genera la expedición de este seguro. Desembolso de Crédito (...), Número _____ Oficina _____

AUTORIZACIÓN, CONSULTA Y REPORTE A LAS CENTRALES DE INFORMACIÓN

"Para Efectos de consolidar una política de conocimiento al asegurado y velar por el efectivo cumplimiento de las garantías constitucionales establecidas, autorizo permanente e irrevocablemente a: La Equidad Seguros de Vida O.C o a quien este delegue o represente sus derechos o a quien en un futuro se hayan cedido sus derechos u ostente su misma posición contractual para que consulte, procese, reporte, suministre retire y actualice mis datos o cualquier otra información que se obtenga en virtud de mi comportamiento como deudor y de la relación comercial establecida con La Equidad a la central de información de la Asociación Bancaria y de Instituciones Financieras de Colombia o a cualquier otra central de información debidamente constituida. La presente autorización faculta a La Equidad Seguros para que pueda consultar o solicitar información score las relaciones comerciales que tengo con cualquier otra entidad financiera.

DECLARACIÓN DEL ORIGEN DE LOS BIENES OBJETO DEL SEGURO

Obrando en nombre propio de manera voluntaria y dando certeza de que todo lo aquí consignado es cierto, declaro que mis ingresos y mis activos provienen de actividades lícitas conforme a los datos consignados en este formulario, igualmente declaro que no efectuaré transacciones destinadas a tales actividades ilícitas o a favor de personas relacionadas con las mismas En constancia se firma en _____ a los _____ días del mes de _____ del año _____

Firma _____ C.C. _____

SUS-034 (10/2004)

Appendix 12-B: Example of *Equivida* Insurance Policy Form

SOLICITUD - CERTIFICADO DE SEGURO

INTEGRAL DE VIDA GRUPO

LA EQUIDAD SEGUROS DE VIDA ORGANISMO COOPERATIVO

Equivida

CERTIFICADO No. 34183

TOMADOR: Comulseb Ltda. NIT No. 890.204.348-3 POLIZA No. AM00071.

ASEGURADO PRINCIPAL

NOMBRES Y APELLIDOS: Vicente Gonzalez Macias. CEDULA: 91.390.693 DE: Barichara

DIRECION RESIDENCIA: Vereda Santa Elena Bajo TELEFONO: — CIUDAD: Barichara

LUGAR DE NACIMIENTO: Barichara FECHA DE NACIMIENTO: DIA 27 MES 09 AÑO 74 EMPRESA: — CARGO/OCUPACIÓN: Agricultor.

DESIGNACIÓN DE BENEFICIARIOS DEL ASEGURADO PRINCIPAL

NOMBRES Y APELLIDOS	%	PARENTESCO	NOMBRES Y APELLIDOS	%	PARENTESCO
Joanda Buenahora	25	Esposa	Maria Angelica Gonzalez	25	Hija
Diana Maricela Gonzalez	25	Hija	Margarita Gonzalez	25	Hija.

ESCOJA UN PLAN QUE SE AJUSTE A SUS NECESIDADES DE PROTECCION (VER REVERSO) TENIENDO EN CUENTA QUE:

- El límite máximo de responsabilidad de La Equidad es de $100.000.000 en uno o varios certificados expedidos para el mismo asegurado principal y/o grupo familiar en la cobertura básica.
- Es requisito tomar la cobertura básica para poder tomar cualquiera de los amparos opcionales y para el mismo grupo asegurado.
- Los valores asegurados y coberturas de cada amparo véalos al respaldo de este certificado.
- Marque con una (X) en el plan escogido, la prima mensual a pagar dependiendo del grupo familiar conformado y el amparo opcional deseado.

GRUPO FAMILIAR	PRIMAS MENSUALES					
	PLAN 10%	PLAN 20%	PLAN 40%	PLAN 60%	PLAN 80%	PLAN 100%
AMPARO BASICO						
1. ASEGURADO PRINCIPAL	$ 3.713	$ 7.426	$ 14.852 X	$ 22.278	$ 29.704	$ 37.130
2. ASEGURADO PRINCIPAL Y CONYUGE	$ 6.638	$ 13.276	$ 26.552	$ 39.828	$ 53.104	$ 66.380
3. ASEGURADO PRINCIPAL, CONYUGE E HIJOS	$ 9.225	$ 18.450	$ 36.900	$ 55.350	$ 73.800	$ 92.250
4. ASEGURADO PRINCIPAL, E HIJOS	$ 6.300	$ 12.600	$ 25.200	$ 37.800	$ 50.400	$ 63.000
AMPARO OPCIONAL UNO						
1. ASEGURADO PRINCIPAL	$ 1.470	$ 2.940	$ 5.880	$ 8.820	$ 11.760	$ 14.700
2. ASEGURADO PRINCIPAL Y CONYUGE	$ 2.940	$ 5.880	$ 11.760	$ 17.640	$ 23.520	$ 29.400
3. ASEGURADO PRINCIPAL, CONYUGE E HIJOS	$ 6.747	$ 13.494	$ 26.988	$ 40.482	$ 53.976	$ 67.470
4. ASEGURADO PRINCIPAL E HIJOS	$ 5.277	$ 10.554	$ 21.108	$ 31.662	$ 42.216	$ 52.770
AMPARO OPCIONAL DOS						
1. ASEGURADO PRINCIPAL	$ 3.354	$ 6.708	$ 13.416	$ 20.124	$ 26.832	$ 33.540
2. ASEGURADO PRINCIPAL Y CONYUGE	$ 4.944	$ 9.888	$ 19.776	$ 29.664	$ 39.552	$ 49.440
3. ASEGURADO PRINCIPAL, CONYUGE E HIJOS	$ 6.671	$ 13.342	$ 26.684	$ 40.026	$ 53.368	$ 66.710
4. ASEGURADO PRINCIPAL E HIJOS	$ 5.081	$ 10.162	$ 20.324	$ 30.486	$ 40.648	$ 50.810
AMPARO OPCIONAL TRES						
1. ASEGURADO PRINCIPAL	$ 280	$ 560	$ 1.120	$ 1.680	$ 2.240	$ 2.800
2. ASEGURADO PRINCIPAL Y CONYUGE	$ 560	$ 1.120	$ 2.240	$ 3.360	$ 4.480	$ 5.600
3. ASEGURADO PRINCIPAL, CONYUGE E HIJOS	$ 1.680	$ 3.360	$ 6.720	$ 10.080	$ 13.440	$ 16.800
4. ASEGURADO PRINCIPAL E HIJOS	$ 1.400	$ 2.800	$ 5.600	$ 8.400	$ 11.200	$ 14.000

INICIO DE VIGENCIA: A partir de la hora 24 de la firma del presente certificado, siempre y cuando el recaudo de la prima se produca dentro de los 30 días siguientes.

PRIMA TOTAL A PAGAR (DE ACUERDO A FORMA DE PAGO) 14852 =

RELACIONE EL GRUPO FAMILIAR DE ACUERDO A LA OPCIÓN ELEGIDA EN EL CUADRO ANTERIOR

NOMBRES Y APELLIDOS	EDAD	PARENTESCO	NOMBRES Y APELLIDOS	EDAD	PARENTESCO

MIEMBRO DEL GRUPO FAMILIAR QUE NO SE ENCUENTRE DEBIDAMENTE RELACIONADO NO GOZARA DE COBERTURAS POR ESTA POLIZA

DECLARACION DE ASEGURABILIDAD

Como asegurado principal garantizo, que en este momento de ingreso a la póliza, mi cónyuge o compañera (o) permanente, mis hijos y yo, nos encontramos en buen estado de salud y nuestra habilidad física no se encuentra en manera alguna reducida y no hemos padecido ni nos ha sido diagnosticada ninguna enfermedad preexistente que de acuerdo con el artículo 1058 del código de comercio conduzca a la nulidad del contrato de seguro. Así mismo, autorizo expresamente a cualquier medico, empleado de hospital o persona que me haya atendido a mi o a mi cónyuge o compañera (o) permanente o a alguno de mis hijos, a suministrar toda la información solicitada por La Equidad Seguros de Vida O.C., sobre el estado de salud pasado o presente, y a entregar mi historia clínica. Esta autorización se hace extensiva aún después de mi fallecimiento.

En constancia se firma en Barichara. a los 12 del mes Enero del año 2005

X Vicente Gonzalez
FIRMA ASEGURADO PRINCIPAL

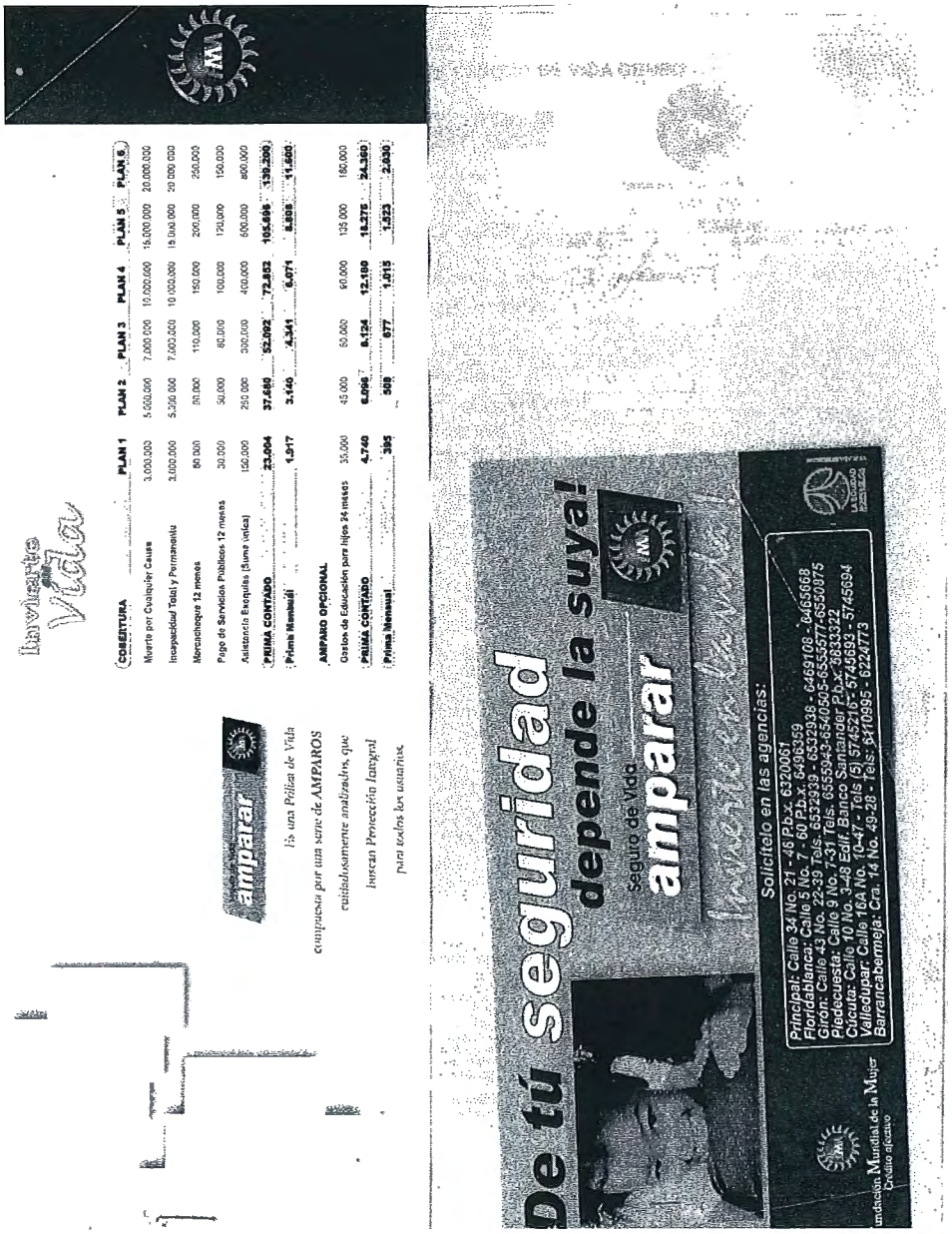
FIRMA AUTORIZADA LA EQUIDAD SEGUROS DE VIDA O.C.

AUTORIZACIÓN DE DESCUENTO

Autorizo a _____, para que descuenten en forma MENSUAL ( ), SEMESTRAL ( ), ó ANUAL ( ) el valor de las primas que genera la expedición de este seguro, de mi:
Cuenta Corriente ( ), Ahorros ( ), Aportes y Depósitos ( ), Nómina ( ), Otra _____ Numero _____ Oficina _____

ORIGINAL CLIENTE COPIA AMARILLA ENTIDAD COPIA ROSADA LA EQUIDAD

Appendix 13: An Example of an *Amparar* Brochure



Invierte en Vida

amparar

Es una Póliza de Vida compuesta por una serie de AMPAROS cuidadosamente analizados, que buscan Protección Integral para todos los usuarios.

COBERTURA	PLAN 1	PLAN 2	PLAN 3	PLAN 4	PLAN 5	PLAN 6
Muerte por Cualquier Causa	3.000.000	5.000.000	7.000.000	10.000.000	15.000.000	20.000.000
Incapacidad Total y Permanente	3.000.000	5.000.000	7.000.000	10.000.000	15.000.000	20.000.000
Mercacheque 12 meses	60.000	80.000	110.000	150.000	200.000	250.000
Pago de Servicios Públicos 12 meses	30.000	50.000	80.000	100.000	120.000	150.000
Asistencia Exequias (Suma única)	150.000	250.000	300.000	400.000	600.000	800.000
PRIMA CONTADO	23.004	37.680	52.092	72.852	105.696	130.200
Prima Mensual	1.917	3.140	4.341	6.071	8.808	11.500
AMPARO OPCIONAL						
Gastos de Educación para hijos 24 meses	35.000	45.000	60.000	80.000	135.000	180.000
PRIMA CONTADO	4.740	6.096	8.124	12.190	18.275	24.360
Prima Mensual	395	508	677	1.015	1.523	2.030

De tú seguridad depende la suya!

Seguro de Vida amparar

Invierte en la vida

Solicítelo en las agencias:

Principal: Calle 34 No. 21 - 46 Pbx. 6320061
Floridablanca: Calle 5 No. 7 - 60 Pbx. 6409359
Girón: Calle 43 No. 22-39 Tels.- 6532933 - 6532936 - 6469108 - 6465068
Piedecuesta: Calle 9 No. 7-31 Tels. 6554043-6540505-6555577-6550075
Cúcuta: Calle 10 No. 3-48 Edif. Banco Santander P.b.x. 3633322
Valledupar: Calle 16A No. 10-47 - Tels. (5) 5745216 - 5745693 - 5745694
Barrancabermeja: Cra. 14 No. 49-28 - Tels. 6410995 - 6224773

Fundación Mundial de la Mujer
Crédito ajicanso