



► Social Finance Brief

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Suramericana Argentina

Providing insurance for micro, small and medium enterprises (MSMEs) in Argentina

Key points

- Due to the financial crisis in Argentina, Suramericana identified the need to focus its efforts on strengthening the resilience of MSMEs, which represent 80% of the market.
- To position its products to solve the main risks faced by MSMEs, Suramericana saw a great opportunity in creating a multi-risk and multi-channel coverage with services and assistance that can accompany them throughout their business life cycle.
- Suramericana chose to define relevant products that allow it to open up markets in segments usually neglected by the industry, and to strengthen the added value of its products to differentiate them in the market.
- The strategy transformed the value offer of insurance through assistance and training to leverage the competitiveness of its policyholders' businesses and, more importantly, to broaden its product offerings to create a long-term relationship with the policyholder and become a strategic ally for MSMEs.

About Suramericana Argentina

Suramericana is a company of Colombian origin with more than 70 years of experience in the Latin American insurance market, offering products to different segments of the population. In Argentina, Suramericana became known by positioning itself in the market with a focus on good service and customer care. In recent years, the company has worked on inclusive insurance and microinsurance to provide protection for the most vulnerable populations.

Within the coverage for MSMEs, Suramericana Argentina offers "MSME Express", a complete and agile product based on business needs. It provides economic support to protect business assets against fire and damage from smoke, riot, strike, vandalism hurricane, gale, tornado, water or hail damage. It also offers a "Comprehensive Solution" for MSMEs, which protects business assets such

as content, merchandise, machinery, electronic equipment against fire, water, cyber risks and occupational accidents. Its advantage lies in offering technical assistance such as plumbing, electricity, security, medical services, among others.

The products are offered through intermediaries and advisors of the insurance company and through the digital platform of Suramericana Argentina.

MSME market in Argentina

According to Argentina's Integrated Pension System, around 517,000 companies were registered in the country in 2021. Of those companies, 80 per cent belong to the MSME segment and account for approximately 70 per cent of the formal sector employment and 50 per cent of sales in the country. Despite their contribution to Argentina's economy, MSMEs were adversely affected by

high inflation and market prices caused by the country's financial crisis. This resulted in highly volatile cash flows, pushing insurance far down the list of companies' priorities. Often MSMEs perceive insurance as an expense and not as an investment.

Given this context, Suramericana Argentina wanted to strengthen the resilience of MSMEs, which represent 75% of total premiums of the 64,000 business clients it has in Argentina. SURA focused efforts to better understand the environment and the "pain points" of MSMEs to make its insurance products more relevant and valuable to them.

The strategy: have a presence throughout the ecosystem

To position its products as relevant for MSMEs, Suramericana created multi-risk and multi-channel coverage with services and assistance for the entire business life cycle. To meet this goal, Suramericana needed to analyze its ecosystem and define the best way to create value through insurance, while at the same time raising awareness and educating the target population. It is worth mentioning that Suramericana also studied the environment of clients before and after compensation to get a better sense of the added value perceived among policyholders. This allowed Suramericana to identify the moment and type of support that MSMEs expect from the insurer.

The product

The Argentine insurance market is competitive and has many players, with almost 200 registered insurance companies in 2021. Suramericana realized that under these conditions companies end up competing for the same potential segment of clients, with the price becoming the differentiating element and retention rates being low. To break this paradigm, the company chose to define products that are relevant for market segments that are usually neglected by the industry and strengthen the added value of such products. Below are two of the twelve products that are currently offered for MSMEs, and which stand out for the reception they have had in the market:

1. **SME Express:** this insurance policy was designed to be fast, simple and practical for all MSMEs regardless of their economic activity. It is a multi-risk coverage of absolute first risk provision, covering the main risks that can affect the continuity of business: fire, strike,

vandalism, theft, damage due to climatic phenomena such as hurricanes, cyclones and hail, complemented with training services, assistance and maintenance. The flexibility and simplicity of the policy allowed customers to easily understand the product at the time of sale, and made it easier for the client to assess their own protection needs. It is an ideal entry-level product for Suramericana because once customers become familiar with the coverage, they subsequently acquire more complex products as their businesses and needs evolve.

2. **Comprehensive SME Solution:** This is a product focused on providing business support, rather than only insurance. The product is made without prior inspection and offers coverage to both the company and its collaborators (accidents at work, physicians providing home care, damage, transport and theft of merchandise, cyber risks). It covers not only emergencies but also maintenance problems (cleaning due to fire, plumbing, gas and electricity work). The product stands out because of the possibility of accessing "Empresas SURA", a specialist platform that offers support to the business and allows MSMEs to stay up to date with the most relevant business topics. Additionally, this product has an amount under which a loss does not need to be verified, allowing for expedited claims payments.

From assistance to accompaniment

Suramericana realized it was important to consider MSMEs that do not make claims. These companies tend to have a low understanding of insurance and clients may think that they do not require insurance. This is why Suramericana's strategy has been to provide assistance and training to enhance the value offer, thereby increasing the competitiveness of its policyholders' businesses. Suramericana believes the expanded offer will create a long-term relationship with the insured.

1. **Companies SURA Argentina:** this is a physical and virtual platform that offers training programmes, tools, events fairs and co-working space to leverage the competitiveness, continuity and growth of MSMEs. It helps MSMEs understand the dynamics of their company's market and get advice from a group of experts on topics such as human resources, market, technology and operating processes, finance and regulation.

2. **Communication with the client:** for Suramericana, it is important to maintain simple and frequent communication with the client. Technology has played an important role in the implementation of digital assistance channels. Through these channels the product is sold in just ten minutes and communication is maintained with the insured throughout the life cycle of the insurance.
3. **Emerging risks:** Suramericana observes trends by collecting and analyzing information from the insurance market, to adapt its products, which has allowed it to include simple coverage as well as assistance that adapts to the needs of MSMEs. Recently, coverage and assistance associated with cyber-risks were identified as those with the greatest potential and need for MSMEs.

The channel and the advisor

Suramericana adapted its processes to accommodate the multi-channel to serve the MSMEs. Through its own intermediaries and advisors, it improved its sales process. The company also provides technological tools to advisors to manage the client's proposal during the conversation, including being able to issue the policy themselves. There are also branches for MSMEs that prefer direct contact with the company. Thanks to technology, customers also have an online channel called "Answer", where they can access and carry out operations such as emergency inquiries, product quotes and purchase new coverage.

It is important to note that to strengthen customer understanding, facilitate the sales process and improve customer confidence in insurance, Suramericana has sought to simplify processes and product acquisition through the use of technology, but with less technical language to suit the characteristics of the customer. In

Argentina, although the regulatory framework has advanced in the commercialization of microinsurance, insurers still face barriers in the simplification of clauses. However, to overcome this challenge, Suramericana has promoted the understanding of the product through advisors, who explain and transmit insurance information to clients. For this reason, to ensure that the advisor's message to the client is consistent with the information contained in the clauses, Suramericana has developed a training platform for advisors. The "SURA Academy" is a physical and virtual space where advisors are trained on different elements that facilitate and strengthen their work. Some courses include elements of coverage, language and marketing techniques. This joint learning space has become a good strategy to get to know customers better, since the possibility of interacting with advisors allows Suramericana to get to know the market better.

The future

Suramericana's proposal provides its clients with a first experience with simple products and to establish a relationship based on support through training programs on topics that improve business competitiveness. The company positions itself as an ally in the growth of MSMEs. In addition, the company continues to focus efforts to better understand the MSME ecosystem and to expand the product offering in its portfolio and to accompany the client when they need to add more coverage. In the end, Suramericana Argentina aims to become a company that manages trends and risks, continues to deliver well-being and competitiveness, and succeeds in transferring this long-term vision to its clients, including those belonging to the most vulnerable populations.



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The [Impact Insurance Facility](#) contributes to the agenda of Social Finance by collaborating with the insurance industry, governments and partners to realize the potential of insurance for social and economic development.

Contact details

International Labour Organization
Route des Morillons 4
CH-1211 Geneva 22
Switzerland

T: +41 22 799 7239
E: socialfinance@ilo.org