

**The future of  
distribution in  
Brazil: making  
bancassurance  
work better**



**Building a better  
working world**



Historically, Brazilians are far more likely to buy insurance through banking channels, which is unlikely to change in the near future. EY teams estimate that 64% of life insurance coverage and 13% of nonlife insurance coverage in Brazil is sold through banking institutions – a practice commonly known as “bancassurance.” This accounts for up to one-third of all revenue generated by financial institutions in the country, mainly from commissions and asset management fees.

Life insurance remains a product that demands consultation, explanation and support before Brazilian customers purchase it, which makes it difficult to sell directly to consumers. However, as the use of digital banking (via computer or mobile phone) gains momentum, banks must find new ways to present their insurance products to their prospective customers even though many customers still expect personal interactions to secure a sale.

## Digital technologies make agents more effective

Rather than build out a digital sales channel, we focus our efforts with key banking clients on streamlining the distribution process within the bank to reduce the time required for underwriting and processing life insurance products. EY professionals helped develop a new system that can identify the technical requirements necessary to develop a policy and rapidly generate a series of price quotes keyed to the appropriate level of coverage.



Looking ahead, the largest growth opportunity in the Brazilian market will most likely emerge from annuity and universal life products, which will continue to be distributed mainly by banks.

However, banks face some challenges growing this business. One is connecting to customers, as fewer customers actually use tellers for bank transactions. Given the rapid proliferation of ATMs, new ways of engaging potential insurance customers need to be developed.

**64% of life insurance coverage and 13% of non-life coverage in Brazil today is sold through banking institutions.**

## Revamping bancassurance in Brazil

### Step 1: Inquiry



A customer approaches a bank representative by phone or in person to ask about life insurance.

### Step 2: Information retrieval



Previously, the bank representative would have to go to another department to work out a quote. But with a streamlined system, agents can access customer data and create quotes in real time.

### Step 3: Quote

The representative offers a quote to the customer.



Since banks often issue credit cards associated with different retailers or global brands such as Visa and Mastercard, inquiries from customers holding these cards could generate cross-selling opportunities, if the customer service agent on the phone has the right tools to discuss insurance products with callers. In the past, the process of analyzing a potential insurance inquiry, negotiating with a client and then finalizing a contract could take weeks, often requiring a detailed interaction between the bank and insurance arms of the organization.

### Step 4: Results



Instead of two weeks, the process can take less than two days.

However, EY teams are currently working with financial institutions to create an integrated data system that gives the customer service agents sufficient technical information to almost immediately develop a range of life insurance policy options that can be presented to the client with a price quote. By simplifying and updating communication between the bank and its insurance department, bancassurance agents are getting more power to sell more insurance products.



## Embracing digital to drive transformation

Increasingly, banks across Brazil will need to recognize that consumers are rapidly embracing digital solutions, meaning they must establish an insurance operating model that works for mobile and internet banking. This will require them to develop specialized teams that are able to sell more customized insurance solutions and can learn how to integrate insurance customer relationships into their digital banking strategies. They also may focus on developing new business models that leverage the customer data they receive from the banking and insurance sides of their operations to develop tailored products for individual clients.

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1901-3039838  
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