



Risks across Borders

**A Study of the Potential of Microinsurance
Products to Help Migrants Cope with
Cross Border Risks**

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This study was produced for the Multilateral Investment Fund, member of the Inter-American Development Bank Group. The views expressed in this report are those of the authors and do not necessarily represent the views of the Inter-American Development Bank. This is a working paper and cannot be distributed without permission from the IDB Group.

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Talking to Mexican Immigrants in the United States

If they explain it to me, I would buy insurance. I believe the problem is that nobody knows how to explain to us the benefits of insurance and it just seems to us like another expense.

-Mexican Immigrant, Bronx, New York

If you want to sell us something, you have to think about it carefully. We are already a horse of a different color.

-Mexican Immigrant, Staten Island, New York

We don't want a special product; we want to be able to buy what everyone else buys...those who live here. We don't want to be differentiated.

-Mexican Immigrant, New Jersey

It would be better to have the insurance for my family in Mexico since that's where they are.

-Mexican Immigrant, Queens, New York

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Acronyms and Abbreviations

ACCION	ACCION International
CGAP	Consultative Group to Assist the Poor
CIA	Central Intelligence Agency
EA	EA Consultants
EIU	Economist Intelligence Unit
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
IFC	International Finance Corporation
ILO	International Labor Organization
IME	Instituto de Mexicanos en el Exterior (Institute of Mexicans Abroad)
INEGI	Instituto Nacional de Estadística y Geografía México (National Institute of Statistics and Geography- Mexico)
LAC	Latin American and Caribbean
MFI	Microfinance Institution
MIF	Multilateral Investment Fund
NGO	Non Governmental Organization
NYC	New York City
SME	Small or Medium Enterprise
SRE	Secretaría de Relaciones Exteriores (Secretariat of Foreign Relations-Mexico)
USDA	United States Department of Agriculture

I. Introduction

The path of a migrant is generally a risky one. Crossing borders, often illegally; leaving loved ones behind; trusting new people along the way; earning uncertain income. All these activities involve risk. Once migrants reach their destination, they face a new set of risks: learning languages and new cultural norms; seeking out employment in new environments; finding living arrangements. The task of finding a home alone can be an enormous challenge, where rents are costly and often require documentation or credit histories that migrants do not have. As a result, migrants often live in cramped conditions, facing health and safety risks associated with these living conditions. Once migrants find employment, the possibility of losing a job or being injured while working, add to risks.

During the migration process, while risk and uncertainty increase, the burden of responsibility increases. Families are often torn apart, with migrants leaving spouses, children and elderly parents behind. After some time, a migrant may start a new family in their new home or work towards bringing their families at home to their destination. Migrants usually are the primary income earners in the family and support families on both sides of the border.

This paper presents new evidence on migration and risk among one particular group of migrants – Mexican migrants to the United States living in the New York City area. This group shows characteristics that are interesting to study in the context of migration, risk and financial access. The Mexican immigrant population in New York is a young, newly arrived, and fast growing immigrant population in a relatively immigrant-friendly city and state in the United States. Mexican migrants sent US\$21 billion to Mexico each year;² these remittances represent the second largest source of hard currency for the country after oil revenues. Seventy-eight percent of these remittances to Mexico are destined for basic consumption: rent, food, health, and services. It has been found that remittances from migrants are sources of hard-earned private funds that help low income Mexicans cope with shortcomings in public services back home.³

Below we examine the potential demand for formal risk mitigating mechanisms by studying some of the risks facing this community on both sides of the border, and provide greater understanding of their current informal risk management tools. Migration itself represents a risk mitigation strategy for their families in Mexico, as migrants play a role in diversifying and increasing family income. With new responsibilities and new risks, immigrants from Mexico in the United States are in need of tools and coping strategies to help manage these risks. Currently, most of these strategies are informal. Mexican migrants count on large networks of extended family to help them navigate in their new environments. When there is an illness, accident, or death, families pool resources to help each other.⁴ These informal networks are essential, yet pooling money from small groups of people can be a costly solution to risk management needs. A US\$2,000 medical bill for a parent living in Mexico may be shared by four siblings in the United States. Yet the amount is still a significant burden for each of the siblings and can represent over one week's pay for a Mexican immigrant in New York City.⁵ A larger crisis such as a death of an immigrant can have more dev-

¹ Standish et al. 2008. Household Density among Undocumented Mexican Immigrants in New York City. *Journal of Immigrant and Minority Health*. Original Paper.

² CBS News World. "Mexico Sees Record Drop in Remittances." Web. January 27, 2010. <http://www.cbsnews.com/stories/2010/01/27/world/main6148649.shtml>

³ *Receptores de Remesas en Mexico*. MIF-Fomin, Pew Hispanic Center, Bendixen & Associates. 2003

⁴ Zolniski, Christian. 2006. *Janitors, Street Vendors, and Activists: The Lives of Mexican Immigrants in Silicon Valley*. Berkeley, CA, USA. University of California Press, 2006

⁵ Based on survey results that show an average weekly income of \$347 in the population

astating effects. Repatriating a body alone may cost some US\$5,000 before funeral expenses. The loss of income of the deceased can be a huge additional financial burden on their families in the United States and back home.

Migrants may benefit from more effective risk management tools, including savings, credit and insurance. However, taking advantage of these tools is challenging given the low level of financial access available to immigrants in the United States. Various estimates report that the Mexican immigrant population has limited access to formal financial institutions. Over half of the Hispanic population in the United States is unbanked⁶, with studies of undocumented Mexicans estimating that only 20% have bank accounts.⁷ Other studies reveal that 25% of remittance senders to Mexico have bank accounts.⁸ However, data on the populations' access to formal insurance products is scarce. One study of undocumented Mexicans in New York City reported that only 11% had health insurance, including low cost or free public insurance, for example,⁹ while 82% of the overall population of New York City is insured.¹⁰

A growing body of research on microinsurance, which offers low income populations low cost, simple, and easily accessible insurance products, sheds some light on mechanisms to break barriers to access to formal insurance services for low income populations.¹¹ This work can be applied to immigrant communities. Initiatives in poor countries show that microinsurance products need to be adapted to the target population in terms of cost, administrative processes and coverage. Additionally, non-traditional, low cost channels for delivering insurance as well as for making payments on insurance premiums are often used to reduce the cost of selling and administering small policies.¹² To adapt these cases to the United States, legal and regulatory barriers must also be assessed with caution. The U.S. insurance industry is highly regulated and restrictive, allowing limited access to low cost insurance for low income populations, including immigrants.

Early initiatives throughout the world, and in particular in Latin America, have attempted to overcome barriers to offering insurance services to immigrants. These examples can provide some insight into existing barriers as well as potential solutions to offering insurance to immigrants. This paper seeks to explore some of these models as a starting point to understand the opportunities and constraints to offering insurance services for immigrants in general, and to Mexican immigrants in the United States (in particular in Metro New York City). We assess the **supply** of insurance for immigrant communities worldwide and in the U.S. and study some of the specific barriers to supplying insurance to immigrants in the United States. This supply side analysis is complemented with **demand** side field research, where we implemented an initial study of Mexican immigrants in New York City. Through focus groups, key informant interviews, and an extensive survey of 900 immigrants in New York City, we provide some insight into the possible demand for insurance and the types of insurance products that can be attractive to this community. Additionally, we discuss some of the potential channels for delivering and collecting payments on these products within the context of the legal and regulatory restrictions imposed by local insurance norms and legislation.

The remainder of this paper is divided in four sections. Section II presents the main results related to the supply of insurance, summarizing the main models for providing insurance to migrants

⁶ Includes non-immigrant Hispanics

⁷ Amuedo-Dorantes, C. and Bansak, C. 2006 "Money transfers among banked and unbanked Mexican immigrants". Southern Economic Journal


⁸ Orozco, M. 2004. "The Remittance Marketplace: Prices, Policy and Financial Institutions" Institute for the Study of International Migration. Georgetown University. Washington, DC.

⁹ Standish et al. 2008. Household Density among Undocumented Mexican Immigrants in New York City. Journal of Immigrant and Minority Health. Original Paper

¹⁰ Cook, A., Holahan, D., and Williams, A. 2009 "Health Insurance Coverage in New York, 2006-2007." United Hospital Fund

¹¹ Churchill, C. (ed). 2007. Protecting the poor: A microinsurance compendium. Geneva, CH: International Labour

¹² Ibid



and their families worldwide. We also examine some of the main obstacles to these models in the context of the Mexico-United States migration corridor, with a specific focus on New York. Section III presents a market study of Mexican immigrants in New York City. We offer a brief overview of their principle socio-demographic characteristics, their access to financial services, remittances and health services in New York City, where the bulk of the study takes place. We go on to provide the results of our market research and describe the potential insurance and risk mitigation needs of Mexican immigrants in the New York City area in particular. Finally, Section IV provides a synthesis of the findings and policy recommendations for the IDB/MIF, policy makers and other stakeholders on how they can help to make available better risk mitigation strategies for Mexican immigrants in the United States. Throughout each section we describe the research methodology.

II. Supply Side Considerations

A. MIGRANT-LINKED MICROINSURANCE MODELS

Migrant-linked insurance has been offered through three basic models within and outside of Latin America. Few models have reached an economically viable scale, and while there is an enormous opportunity to offer insurance products to migrants,¹³ the models that have been developed have been largely in response to the various restrictions to offering insurance to migrants rather than in response to market needs. This has led to the development of suboptimal business models, many of which are costly due to the additional steps needed to reach this clientele. Most are also underfunded and at experimental stages. Barriers to success appear too large, and often discourage new entrants. Despite these difficulties, some companies have been tackling barriers to entry. In Spain, for example, la Caixa sold over 80,000 insurance policies to migrants through 2008. Other insurers in Spain have seen this success and followed suit. Mexico's Banorte has sold over 16,000 life/repatriation policies to family members of migrants in the United States in less than three years. These models offer some interesting experiences from which to leverage new initiatives.

Not all immigrants require *micro*insurance products. High and middle income immigrants, in particular, often assimilate into their host countries and are quickly inserted into the country's formal financial sector. If legal, regulatory or other restrictions limit them from acquiring insurance products, they typically have access to financial products and services in their home countries. Yet for many immigrants, access to insurance is elusive. Low income immigrants were unlikely to have had access to insurance services in their home countries and are even less likely to have access to insurance in their host country. A framework for offering migrants access to insurance can therefore benefit from some of the characteristics of microinsurance (see box 1.0). Microinsurance is defined as: "the protection of

Box 1.0 Key Characteristics of Microinsurance

-Craig Churchill, ILO Microinsurance Innovation Facility

1. *Accessible: physically, intellectually, financially*
2. *Simple, easy to understand policy document*
3. *Make the intangible tangible*
4. *Broadly inclusive, with few if any exclusions*
5. *Premiums accommodate irregular cash flows*
6. *Small sums insured, often for short terms*
7. *Pre-underwritten, community or group*
8. *Distributed through alternative channels: aggregators*
9. *"Agent" aggregators may manage the entire customer relationship, premium collection, claims payment*
10. *Often integrated with another financial transaction*
11. *Designed to minimize claims rejections*
12. *Bottom of the pyramid business model: small margins, large volumes*

¹³ The Microinsurance Centre estimates that the potential market for microinsurance is between 1.5 and 3 billion policies worldwide. Microinsurance currently covers approximately 135 million people. Insurance in Developing Countries: Exploring Opportunities in Microinsurance, 2009. Lloyds and Microinsurance Centre.

low-income people against specific perils in exchange for regular monetary payments (premiums) proportionate to the likelihood and cost of the risk involved.”¹⁴

We group the models for delivering microinsurance to migrants into three main categories, based on the location of the insurer relative to the migrant: **home**, **host** and **hybrid** insurance models. These models offer some type of insurance coverage, which is not always **microinsurance**. However, there are characteristics of microinsurance in all these models. They may typically target populations with high levels of vulnerability, generally in low income categories. Additionally, they tend to be relatively simple products, with limited coverage that is easy to understand. In some cases, they are distributed along with other financial services, such as credit savings or remittances, to reduce the cost of distributing these relatively small policies.

When an insurer is licensed and operates in the migrants’ home country, the **home based model**, risks are closely linked to the migrant as well as his/her family members in the home country. These models are country specific, offering policies to migrants from the home country only. The principal difference between these policies and traditional policies in a home country is the location of the migrant. The policy holder may reside abroad, although his or her beneficiaries will typically be in the home country. Alternatively, the policy may be held in the home country, but migrants are paying for this policy from abroad or during visits home. These models tend to involve closer contact with migrants’ families and can thus offer products that are designed to take into account more of the family’s needs. For example, in the case of BancoSol Bolivia,¹⁵ the insurance company (Zurich Bolivia) offers life insurance, including repatriation and funeral costs (with an optional educational benefit for beneficiaries in school) for the migrant as well as health and accident insurance for the migrant’s family in Bolivia. The product is sold in Spain through an agent of BancoSol to Bolivian migrants. They are able to fill out applications in Spain (see Appendix 4), which are sent via courier to Bolivia for processing. In the case of Banorte Generali in Mexico, the insurer is part of a holding company that owns both an insurance company and a bank. The bank sells life insurance, including repatriation and funeral costs, to migrants’ family members through Banorte’s broad retail branch network in Mexico. The main policy holder is in Mexico, but the life insurance covers either the policy holder or their beneficiary abroad in the event of death, thus covering the migrant’s life as well. The home based model is flexible in that it can offer coverage on both sides of the border in the case of life insurance coverage, although the insurer and intermediaries must comply with the legal and regulatory regimes of both the host and home country.¹⁶ Claims are made in the home country but may be facilitated by third parties in the host country, including service providers. Home based insurers will typically forge alliances with service providers in host countries, such as repatriation service providers in the case of life/repatriation insurance. Public initiatives have also attempted to use the home based model to cover migrants’ family members in Mexico. Most recently, Mexico’s public health insurance, Seguro Popular, began a pilot program to facilitate affiliation with this program by having migrants sign up their family members back home through a number of consulates in the United States.

When an insurer is licensed and operates in a host country, the **host based model**, it offers insurance directly to a migrant in the host country, irrespective of his or her country of origin. These models benefit from coverage of more than one immigrant population as they help to achieve scale most effectively. In this model, claims and customer services may be handled by the insurer directly or by a third party in the host country. In the case of repatriation insurance, insurers forge alliances with third party service providers in the host country and these providers are responsible for ensuring that the policyholder’s remains are transported efficiently to both their home country and their community, often through their own local alliances. The most developed example of this model is in Spain, where a number of models exist. Most notably, a large savings and loan

¹⁴ Churchill, C. (ed). 2007. Protecting the poor: A microinsurance compendium. Geneva, CH: International Labour Organization and Munich Re Foundation.

¹⁵ Interviews with BancoSol Bolivia

¹⁶ Interviews with Banorte Generali

cooperative, La Caixa, offers insurance products for immigrants through its 4,500 branch network. The products are covered by SegurCaixa, an insurance company controlled by the same holding company as the bank.¹⁷ The product allows the bank to cross sell credit cards, mortgage loans, savings, pension products and other insurance products to immigrants, who comprise a significant portion of Spain's working class population. La Caixa's product is not a microinsurance product per se because it is not marketed exclusively to low income clients, but it is relatively affordable at EU6 (life) and EU7 (accident/disability) per month. Its premiums are low despite the fact that coverage (see box 2.0) is much higher than a typical microinsurance product, in part because of its low cost distribution system, which leverages cross selling through La Caixa's extensive branch network.

The **host based model** has been exploited by private insurers in the United States in a very narrow context only. Currently, the closest products in the United States are traditional insurance products (such as auto, life and health), marketed to low income or hispanic communities. Some insurers, such as Sirius International, cater to temporary visa holders and offer comprehensive insurance coverage for foreigners with valid temporary visas in the United States that cover health, accident, life and repatriation. These are typically marketed to students, spouses or children of temporary workers with guest visas (J-1 or J-2) and provide coverage for under 12 months at a time.¹⁸ Another attempt was made in 2007 by Panamerican Life, which explored a life and repatriation product for immigrants from some Central American, Andean and Caribbean countries. It launched the model through an alliance with Gigante Express, a remittance operator. Interviews with management at Panamerican Life suggested that this was not effective as a sales and marketing channel since as the population was not sufficiently familiar with insurance and requires a more active sales effort than the remittance operator had the capacity and resources to offer.

Public insurers, however, do offer various levels of health insurance in the United States for immigrants (both documented and undocumented), although the new health reform passed in early 2010 may change this coverage for undocumented immigrants. Emergency care is currently covered by the state health insurance program, regardless of immigration status, for example, though this is hardly comprehensive and does not cover preventative or basic curative care. New York State has several outpatient programs for particular medical conditions for residents, including undocumented residents. The Prenatal Care Assistance Program (PCAP) covers expectant mothers, the AIDS Drugs Assistance Program (ADAP) and ADAP Plus covers HIV/AIDS medications and primary care visits and Child Health Plus B covers children for all necessary medical care for a small monthly fee depending on parents' income (\$0-\$15 per month). Documented immigrants have additional options including Medic-

Box 2.0 Host Based Model Example **La Caixa/ SegurCaixa, Spain**

*La Caixa offers two products specifically for documented migrants living in Spain. **SegurCaixa Repatriacion** costs EU6 per month and pays EU30,000, the repatriation of the policy holder, companion flights and credit card coverage for up to EU3,000 on La Caixa cards. **SegurIngreso** costs EU7 per month and provides accident coverage that pays EU6,000 plus an additional EU500, EU1,000 or EU2,000 per month over five years in case of accidental disability.*

At year-end 2008, SegurCaixa had sold 66,000 life insurance policies (premiums of EU5 mm) since 2004. SegurIngreso sold 14,000 policies (premiums of EU1mm in its first two years).

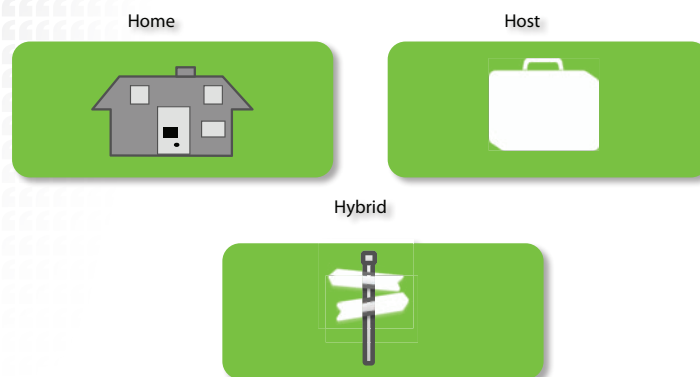
Source: Informe Anual 2008 SegurCaixa Holding

¹⁷ Review of website and Annual Reports: <http://www.vidacaixa.es/eng/index.html>

¹⁸ Mystery shopping and New York International Group web site: <http://www.nyig.com/>

aid, if their income qualifies them, Family Health Plus, which covers all documented members of the family, the Family Planning Benefit Program for all reproductive health needs, and Child Health Plus A, which covers children and is free. Qualification for all these programs is contingent upon income.

Figure I: Home, Host and Hybrid models for migrant insurance programs



In a few cases where significant migrant presence is coupled with many transnational links between migrant communities and their home countries, a **hybrid model** of remittance linked insurance has evolved. The model is generally underdeveloped yet it offers interesting potential for tailoring products to cover risks on both sides of a border most flexibly. It is a complex model, however, and entails significant costs and marketing challenges. Specifically, while there are only a few such models, they typically attempt to cover the health insurance needs of immigrants and their family members back home. Table 1 highlights three nascent examples. Sekure Healthcare in the United States is a “mini-med” insurance coverage program. It charges low premiums but only covers partial costs of health care through significant discounts of 20-35% in medical and dental care in the United States and Mexico for its members through employer plans. The coverage is provided by a US based insurer but medical coverage is offered in Mexico much like with a travel insurance plan. A Mexican network of doctors can be accessed with discounts for family members in Mexico of policy holders in the United States. However, claims and reimbursements are handled in the United States through the US insurer (Symetra).¹⁹ Insurance companies specialized in travel insurance offer similar types of coverage for people in their home country and when traveling abroad. These companies have expertise in developing cross-border networks of providers, but as in the case of Sekure Healthcare, claims and any cash reimbursements claims must be made in the country where the policies are contracted. Another model with the potential to be a hybrid is the Knights of Columbus Insurance Company in the United States, Canada and Mexico (see box 3.0). Through the Knights of Columbus in the United States, Mexican immigrants who are Knights of Columbus members can access very low cost life and accident insurance as well as pension products in the United States but are also able to insure spouses or dependents in Mexican or claim them as beneficiaries. The Knight of Columbus membership in Mexico allows for coverage of lives in Mexico. By having insurance companies on both sides of the border, the Knights of Columbus can offer a broader set of products that cover both migrants and their male family members on both sides of the border. Other models with potential to develop as hybrids include Pioneer Life in the Philippines, which currently offers two separate policies aimed at migrants and their families. The first is an insurance and savings package for migrant’s families in the Philippines that is marketed through Savings and Wellness clubs created with the support of church groups.²⁰ The annual club

¹⁹ Sekure health web site: <http://www.mysekure.com/eng/index.php>

²⁰ Arceo-Dumlao, T. June 20, 2010. “Teaching OFWs the ABCs of savings and investment.” Philippine Daily Inquirer

Box 3.0 Hybrid Model Example

Knights of Columbus/Caballeros de Colón

The Knights of Columbus is the world's largest lay Catholic organization, with more than 1.8 million members on three continents. It began as a Catholic community organization in 1882, when its founder, Venerable Father Michael J. McGivney and his fellow Knights "passed the hat" to benefit widows and orphans. It has over \$75 billion of insurance policies outstanding and a full-time field force of more than 1,400 serving. Its insurance products are available in the U.S., Canada and Mexico, while a separate program serves members in the Philippines. Insurance is marketed through the Church and membership plans but sold through designated field agents. The Knights of Columbus or Caballeros de Colón offer insurance to members and non-members in various Latino communities throughout the country and with small, affordable benefits that are accessible to low income migrants. Insurance policies typically cover life and accident insurance. There are exclusions for members with prior health problems and benefits of simple life policies decline when members reach 62 years of age. Knights are able to contract insurance in the US on behalf of a spouse or dependent in Mexico through their membership. Insurance is also available for Knights directly in Mexico.

As a charitable organization with tax exempt status, in 2009, the Knights of Columbus donated more than \$151 million and 69 million hours of volunteer time to charity. In June, 2010, Standard & Poor's reaffirmed its top rating of AAA (Extremely Strong) for the 18th consecutive year, and A.M. Best reaffirmed its top rating of A++ (Superior) for the 35th consecutive year.

Source: Knights of Columbus website and brochures

membership fee includes life insurance, personal accident and accidental medical insurance, as well as a financial literacy and savings component. The second is a migrant worker life insurance/savings product sold in Hong Kong through Pioneer's branch there.²¹ While the two products are sold and marketed separately, they are synergetic and could become a "hybrid" product.

²¹ Interviews with Pioneer management and web site: <http://www.pioneer.com.ph/life/products/savings/guaranteed/sparxx>

Table 1: Selected examples of Home, Host and Hybrid models for migrant-linked insurance

	Home Country	Host Country	Product Name	Insurer	Intermediary	Location of Beneficiaries	Types of Coverage	Cost
Home Based	Bolivia	Spain	Seguros Migrante	Zurich Boliviana Seguros Personales SA	Banco Sol	Home/ Host Country	Migrant life and repatriation (with educational benefits to migrants' children and 1 year cash outlays to family) Accident/ disability	\$US 57-129/year
	Ecuador	Europe (mostly Spain)	Seguro Remesa	PlanSeguro	Banco Bolivariano	Host Country	Migrant life and repatriation	
	Paraguay		Seguro de Vida	Seguridad Seguros	Financiera El Comercio	Home/ Host Country	Migrant life and repatriation (including cash outlays to family for 1 year following death)	Begins at 65,000 giros/ year
	Mexico	United States; Canada	Seguro de Vida y Repatriación	Banorte Generali	Banorte	Host Country	Migrant life and repatriation Family life	Begins at 450 pesos/ year
	Guatemala	Europe; Canada	Cooperativa Salcaja's Seguros Columna	Seguros Columna	Cooperativa Salcaja	Home/ Host Country	[Family health coverage (in home country) Migrant health coverage (in host country)] Migrant life and repatriation Accident/disability	
	Mexico	United States	Seguro Popular	Government of Mexico through the Health Ministry	Consulates of Mexico	Home Country	Preventative, primary, secondary and emergency health care	Free
	Mexico	United States; Canada	Seguro Azteca Migrante	Seguros Azteca	Banco Azteca; Elektra	Home/ Host Country	Migrant life and repatriation Family life insurance	40 pesos/ month
	Guatemala	United States; Canada	IOM Guatemala	La Empresa Promotora de Servicios de Salud, S.A.	Alante Financial; International Organization for Migration	Home Country	Family health coverage (in home country)	
	Peru	International	Traditional insurance	La Positiva	Western Union	Home Country	Life, accident, auto and other traditional insurance products	
	Peru	United States; Canada; Spain; Japan	Seguro de Remesas	Interseguros	Western Union	Home/ Host Country	Migrant life and repatriation (including continued remittance to families)	\$30 per month
Host Based	Spain	Latin America, North Africa	SegurCaixa Repatriacion SegurIngreso	SegurCaixa	La Caixa branches	Host Country	Migrant life and repatriation Accident/disability	6 Euros/ month (repat.) 7 Euros/ Month (accident)
	India	Persian Gulf	Bajaj Allianz Alp Nivesh Yojana	Bajaj Allianz	n/a	Host Country	Migrant life and repatriation Partial disability	
	Various*	United States	Remesa Siempre Seguro	Pan American Life	Gigante Express remittances	Home/ Host Country	Migrant life and repatriation Accident/disability	
	Various	United States	Patriot America	Sirius International Insurance Corporation	Brokers	Host Country	Migrant life and repatriation Migrant health coverage	Begins at \$43/ month
	Various	United States	Medicaid	Federal Government	Various, including online	Host Country	Emergency services for documented and undocumented; general medical coverage for documented	Free
Hybrid	Mexico	United States	Sekure Healthcare	Symetra	Migrants' employers	Home/ Host Country	Family health coverage (home country) & Migrant health coverage (host country)	N/A
	Philippines	Hong Kong	Sparx Sparx	Pioneer Life	Migrants Migrants Families	Home/ Host Country	Migrant savings with life Family member savings with life	
	United States/ Mexico	United States/ Mexico	Knights of Columbus Membership	Knights of Columbus/Caballeros de Colon	Migrants Migrants Families	Home/ Host Country	Life, accident and pension	N/A

B. BARRIERS TO ACCESS TO INSURANCE

There are significant barriers to access to insurance for migrants in the United States. **Products** are not structured to meet the needs and price points of the target market; **legal and regulatory** norms are highly restrictive for foreign companies and place costly burdens on national companies; **delivery channels** to market products are not well developed, and **payments systems** are not set up to take payments from a largely unbanked population. We describe some of these barriers in further detail below.

1. Products

Product development in microinsurance has been most successful when products have been tailored to client needs rather than driven by insurers' traditional vision of products.²² For example, Cohen and Sebstad recall a program in East Africa, which identified that a priority for women was to have life insurance covering their husbands rather than themselves because their husbands were the main source of income to pay for school fees.²³ Michael McCord, a microinsurance expert and Director of the Microinsurance Centre points out: *"We worked on a microinsurance product in Ghana, where an insurer offered a policy that repays half of the premiums each quarter. Clients noted that they needed the money for school fees, in response, the insurer realigned the timing of the disbursements to three per year with one taking place in the month of school fee payments. This made the product more successful."* How a product is designed, including its coverage, beneficiaries, payment schedule, claims terms and processes, and related support services, is critical to ensuring that products have sufficient value to low income migrants, who have limited discretionary income and complex risks.

Box 4.0 Bank of America: Financial Education as a Consumer Marketing Platform

In 2007, Bank of America began offering credit cards to migrants by adapting its current products to require no social security number or credit history. These high-cost/high risk products were sold to Hispanic communities, where large unbanked and often undocumented groups were concentrated. The Bank struggled to persuade immigrants on the product and adopted a strategy marketing cards as a way to build a credit history in the United States. Bank of America published pamphlets entitled: "How to Build Your Credit, Step by Step." in English and Spanish with pictures of a check book, credit card, car and house in ascending order illustrate this concept. Additionally, Spanish language advertising and front office operations are a cornerstone of Bank of America's program.

There is evidence suggesting that a successful microinsurance product includes a financial education component to ensure clients understand and value what they are buying. Microinsurance literature has suggested that customers are not well versed in the benefits and workings of insurance, and that these same customers are more likely to purchase and retain insurance products with some tangible components, such as a savings component or health benefit.²⁴ Nevertheless, the majority of the models to date offer one of the more intangible benefits: life insurance coverage (See Table 1). This complicates efforts to sell insurance to migrants, who face real and tangible risks on a daily basis. Efforts to sell financial products such as credit cards, debit cards, money transfer and other services to immigrants in the United States have included financial education components successfully (see box 4.0 on Bank of America) and could be referred to when seeking to incorporate financial education into the provision of microinsurance in the United States.

²² Sebstad, J., Cohen, M. and McGuinness, E. 2006. "Guidelines for Market Research on the Demand for Microinsurance". USAID.

²³ Sebstad, J. and Cohen, M. 2005. "Reducing vulnerability: the demand for Microinsurance." Journal of International Development. Volume 17, Issue 3.

²⁴ Churchill, C. (ed). 2007. Protecting the poor: A microinsurance compendium. Geneva, CH: International Labour

2. Legal and Regulatory Barriers²⁵

The **home**, **host** and **hybrid** models described above are complex, and much of their complexity is related to the constraints placed on them by the significant and overlapping legal and regulatory issues, summarized below. Complicating the landscape is the variation from state to state of insurance law throughout the United States. Table 2 provides a summary of how these variations would constrain home, host and hybrid models in New York State and Texas, illustrating what the various players (insurers, agents, and other parties) may do. This section then provides a more detailed legal and regulatory analysis. Excerpts of relevant statutes can be found in Appendices 1 and 2.

Box 5.0 Legal and regulatory issues may be encountered at five stages:

1. Entry by an insurer into a jurisdiction
2. Marketing and solicitation of products
3. Entry into contracts with policy holders
4. Provision of services under insurance policies
5. Enforcement of rights under policies and pursuit of claims by policy holders against insurers

Table 2: Summary of State Insurance Laws and Regulations Pertaining to the Study

	New York	Texas
US insurers: Host Model	NY- or TX based insurer is presumably already licensed in NY or TX, as applicable. There is no prohibition or restriction on covering the risks of aliens, but it is unsettled whether an insurer <i>may</i> refuse coverage based on immigration status or citizenship.	Same as New York
	Coverage of policy-holders is required to be extended to Canada and Mexico when policy holders are abroad	Medical coverage of policy holder in Mexico is not allowed because of definition of provider in Texas with possible exceptions
Mexican insurers: Home Model	Alien (non-US) insurers may not sell insurance without a license. Licensure requirements are onerous, and additional requirements are imposed on foreign (out-of-state) and alien (non-US) insurers.	Same as New York
US brokers and agents	May not "act as an agent or otherwise aid in effectuating an insurance contract for an unlicensed insurer". Unlicensed insurers include unlicensed Mexican insurance companies interested in marketing to Mexicans in the US.	May not "aid in the transaction of business of an unlicensed insurer". Unlicensed insurers include unlicensed Mexican insurance companies interested in marketing to Mexicans in the US.
	May engage in the limited marketing activities described below.	Same as New York
Other parties	Unlicensed parties may engage in limited marketing activities, including advertising without the intent to solicit insurance covering risks in the state and distributing policy information	Unlicensed parties may not "solicit or receive an application for insurance" or "aid in the transaction of the business of an insurer." Unlicensed parties may be allowed to distribute of informational pamphlets, but it is unclear how much detail they may contain.
	Licensure requirements for agents and brokers are much less onerous than those for insurers; obtaining a license may be feasible for large companies and/or where the market is large.	Same as New York

²⁵ Appleseed's legal team conducted legal research including consulting New York and Texas statutes, regulatory codes, websites, academic publications and treatises and international treaties as well as consulting with the Texas Department of Insurance, the New York Department of Insurance, and people from relevant non-profit and academic organizations. The draft of Appleseed's report was reviewed by a former insurance commissioner and legal insurance practitioners.

Regulation of insurance encompasses a broad range of activities (see box 6.0). In the United States, activities related to insurance are generally governed by state law. While our analysis focuses on New York law, we refer to certain provisions of Texas law to illustrate differences. New York and other states define the scope of regulated activities quite broadly, as does Mexico and insurance regulations extend to a wide range of parties.

State licensure requirements restrict the ability of alien (non-US) insurers to operate throughout the United States, thus strongly constraining the home model.²⁶ Insurance companies must be licensed to engage in “insurance business,” which includes various activities beyond the actual sale of insurance products or entry into insurance contracts, such as marketing and solicitation of applications. Licensure requirements are onerous, with additional requirements imposed on foreign (out-of-state) or alien (non-US) insurance companies. For alien insurers, additional licensing requirements include submission of more extensive corporate governance and financial documentation, and in some cases an inspection of the insurer’s offices.²⁷ Additionally, the legal restrictions constrain the use of representatives or brokers in New York by unlicensed foreign (out-of-state) companies as no person or firm in New York may act as an agent for any unlicensed insurer or in any way aid an unlicensed insurer in effectuating an insurance contract. Finally, legal restrictions on accepting payments for insurance under the home model will apply. Money transfers to make payments on insurance policies in the home country, must be done with licensed agents or banks that comply with antiterrorism and anti-money laundering regulations.

Although restrictions on non-US insurers favor a **host based model**, this model may constrain the development of transnational coverage as Mexican law limits the ability of United States’ insurers to operate in Mexico. Thus, US insurers or other insurers not licensed in Mexico are limited from offering coverage to migrants’ family members at home. Additionally, Mexican law places restrictions on insurers from outside Mexico, including a prohibition on contracts for personal insurance with insurers not licensed in Mexico (“unadmitted foreign insurers”).²⁸

Box 6.0 Expansive definitions of insurance lead to a broad scope of regulated activity:

- » *In New York, an “insurance contract” means “any agreement or other transaction whereby one party, the ‘insurer’, is obligated to confer benefit of pecuniary value upon another party, the ‘insured’ or ‘beneficiary’, dependent upon the happening of a fortuitous event in which the insured or beneficiary has, or is expected to have at the time of such happening, a material interest which will be adversely affected by the happening of such event.”*
- » *Mexican law defines an insurance operation as “when, in case a future uncertain event occurs, a person is obligated to cover damages for another, directly or indirectly, or to pay a sum of money thereto in exchange for payment of a quantity of money.”*

²⁶ Where insurance is sold by a Mexican insurance company, policy holders are Mexican citizens, and/or some or all beneficiaries are located in Mexico, it may not be clear which country’s insurance law should apply. In the United States, courts will generally uphold a clause in an insurance contract specifying that a certain state’s law should apply and/or that disputes under the contract should be resolved in a specified state’s courts, but the issue is largely untested with respect to cross-border insurance sales and products. Further, not all insurance policies contain choice of law clauses, in which case the law of the jurisdiction in which the contract was entered into is typically applied.

²⁷ NY Ins. Code Sec. 1106(a)

²⁸ The Minister of Finance and Public Credit may exempt certain companies from these prohibitions.

Host based models are also restricted in terms of their distribution. Licensure as an agent or broker is generally required to engage in marketing, solicitation of applications, and related activities. Both New York and Texas generally require activities such as marketing, solicitation of applications, negotiation of insurance contracts and giving recommendations or advice with respect to insurance policies to be performed by licensed agents or brokers. Licensure requirements for these professions include a fee and state examination, and corporations seeking to become licensed must meet financial conditions and comply with other requirements. Additional requirements for a corporation seeking to become licensed as broker or agent include having at least one officer who is licensed and showing that it is able to pay \$250,000 should a legal claim arise against it.²⁹ In both Texas and New York, all employees of a corporation licensed as a broker or agent who act as a broker or agent must also be licensed as individuals.³⁰

Licensure as an agent or broker are significantly less onerous than licensure as an insurer and may be feasible for intermediaries interested in assisting the sale of insurance to immigrants in the United States under a **host based model**, particularly large companies interested in serving as a distribution channel for insurance and particularly where the potential market is large.

While larger entities interested in distributing insurance to migrants may consider pursuing brokerage or agent status, many organizations with contact with migrants tend to be NGOs, or smaller agencies that may not be interested or have the human resource capacity to pursue broker or agent licensure. As a result, these intermediaries would be restricted significantly in their roles as facilitators. A review of legal and regulatory statutes in New York brings to light limited marketing activities that unlicensed persons and entities in New York State may be able to engage in.³¹ These include:

- » **Advertising without Solicitation.** Advertise “without the intent to solicit insurance in this state through communications in printed publications or other forms of electronic mass media whose distribution is not limited to residents of the state, provided that the person does not sell, solicit or negotiate insurance that would insure risks residing, located or to be performed in this state.”
- » **Internet Advertising.** Maintain a website accessible by New York residents and advertisements for products or services of insurance companies, agents, or brokers linking to that website from the website of an unlicensed party. Advertisements must be clearly marked as such. If the insurance products or services are not being offered by a New York authorized insurer, the advertisements must contain a disclaimer.³²
- » **Distributing Policy Information.** Distribute a broker’s materials through the mail, and may be compensated based on the sales generated by the distribution, so long as the unlicensed party does not make any recommendation concerning the broker or the insurance.³³

Texas law appears to be even more restrictive; unlicensed parties may not “solicit or receive an application for insurance” or “aid in the transaction of the business of an insurer.” Unlicensed parties may be allowed to distribute informational pamphlets, but it is unclear how much policy-specific information these may contain.

²⁹ Texas Ins. Code Sec. 4001.106

³⁰ Texas Ins. Code Sec. 4001.106, NY Ins. Code Sec. 2103(c)

³¹ Texas code has shown itself more stringent in its definition of aiding in the transaction of the business of an insurer (see below).

³² New York Insurance Department Office of General Counsel Circular Letter No. 5 (2001). http://www.ins.state.ny.us/circltr/2001/cl01_05.htm. Please note that the provisions allowing referrals by unlicensed parties referenced in this Circular Letter were repealed in 2007.

³³ New York Insurance Department Office of General Counsel Opinion, September 15, 2006. <http://www.ins.state.ny.us/ogco2006/rg060908.htm>

Insurance sold through Mexican consulates may not be subject to the same United States regulation. The Mexican Social Security Institute (IMSS) health insurance has promoted its health insurance at certain Mexican consulates for Mexicans living in the United States and for their dependents in Mexico; however, all documentation is handled in Mexico. Similarly, Seguro Popular, another Mexican state health insurance program is marketing and “pre-registering” immigrant’s family members in Mexico through US-based immigrants.³⁴

Hybrid models are subject to greater scrutiny than home and host models because of their added complexity. Regulations may either require or prohibit cross-border services. For example, New York regulations forbid New York licensed insurance companies from excluding life, accident or health insurance coverage by type of illness, accident, treatment, or medical condition while the insured is in the United States, Canada, or Mexico except on grounds specifically identified in the regulations.³⁵ Texas law, by contrast, while not explicitly stating that only Texas-licensed physicians and healthcare providers may provide services under Texas plans, has been interpreted by the Texas Department of Insurance to place considerable restrictions³⁶ on the ability of insurers to include foreign physicians and healthcare providers in Texas plans.³⁷

For undocumented immigrants, additional legal and regulatory barriers must be taken into consideration in all models. For example, while proof of citizenship or a social security number are not legal requirements to purchase insurance in the United States (See box 7.0), insurance companies often require or request a social security number or proof of legal residence in applications. As a result, their undocumented status can impede their ability to buy products and pursue claims. It is unsettled whether an insurer has a legal right to refuse coverage based on the citizenship or legal status of the insured or beneficiaries.³⁸

Box 7.0 Types of Identification Available to Undocumented Immigrants that Insurers Should Be Able to Accept:

1. *Individual Tax Identification Number (ITIN)*
2. *Mexican Matrícula Consular*
3. *Drivers License*
4. *Foreign passport with tourist visa*

Health insurance coverage, alternatively, typically offers greater protection for undocumented immigrants as it is subject to privacy laws (see box on HIPPA) as are health clinics. However, the unauthorized and illegal dissemination of a list of over 1,000 undocumented immigrants in Utah in August 2010 suggests that while legal protection exists through privacy laws, this protection is not always sufficient. As a result, immigrants can be wary of trusting privacy laws. Another potential constraint is that although undocumented immigrants have a legal right in the United States to

³⁴ It is unclear according to the Vienna Convention on Consular Relations (article 5), whether sale of private insurance through consulates is consistent with consular function, which includes “(a) protecting in the receiving State the interests of the sending State and of its nationals..., (b) furthering the development of commercial, economic, cultural and scientific relations between the sending State and the receiving State... and (m) performing any other functions... not prohibited by the laws and regulations of the receiving State or to which no objection is taken by the receiving State.”

³⁵ N.Y. Comp. Codes. R. & Regs. tit. 11 § 52.16(c)(12) (2010)

³⁶ Most state regulations (including, notably, the restrictive definition of “physician” under the Texas Insurance Code) can be avoided if the insurance policy in question is classified as an “employee welfare benefit plan” under the Employee Retirement Income Security Act of 1974 (ERISA), a federal law that regulates health insurance plans funded by employers and unions that preempts conflicting state laws. It is important to note, however, that ERISA plans remain heavily regulated at the federal level.

³⁷ Warner, D. 2004. Cross-Border Health Insurance: Options for Texas (citing interviews with Texas Department of Insurance officials).

³⁸ “Individual Health Insurance for Non-Citizens,” N.Y. Ins. Dep’t, Opinion of The Office of General Counsel No. 05-04-20, issued April 25, 2005.

pursue claims in court,³⁹ in reality they are likely to be unable to pursue or uncomfortable pursuing a claim against an insurance company. Further, insurance policies may create exclusions in coverage for certain types of claims, for example, claims made by policy holders who have been deported, based on the illegal status of the policy holder, regardless of the regulatory flexibility.

Box 8.0 Health Insurance Privacy Laws and Undocumented Migrants

In the United States, the Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires insurers to protect “Protected Health Information” that can be linked to any specific individual. While HIPAA provides valuable protection to policy holders regardless of their immigration status, it does not protect all information policy holders share with insurers and healthcare providers (including information that could indicate the policy holder’s immigration status). Further, HIPAA and corresponding state laws require insurers to maintain administrative, physical, and technical safeguards relating to privacy that may be difficult or impossible where beneficiaries and/or health-care providers are located in Mexico.

3. Distribution Channels⁴⁰

Marketing and sales can often be the most significant constraints to offering products for migrants. Insurers interviewed in both home and host countries cite distribution constraints as the most critical to offering these products. Not coincidentally, two of the more successful models we found (La Caixa in Spain and Banorte in Mexico) involve bankassurance models, whereby a financial institution and insurance company are both owned by one holding company and bank markets the insurance to their customers through existing sales staff at branches. This allows for more flexibility in cross marketing insurance products with other bank products (savings, credit and remittances). Insurers can take advantage of a banks’ distribution network and infrastructure while a bank can use insurance to offer its clients a broader range of services and thus increase client loyalty. In the bankassurance model, commissions on insurance sales can be low, and profit margins on the insurance operation complement rather than drive the financial institution’s profitability.

In the United States, there are only a few bankassurance models and distribution is primarily reliant on insurance brokers (in large part due to the regulatory burdens described above), who depend on high-touch business models that require relatively costly and close client contact. In microinsurance, where products may only cost US\$1-2 per month, products distribution must be very low cost and allow for large volumes in order to achieve economies of scale and profitability. Insurance products for migrants may cost more than typical microinsurance products, but they are still low cost in comparison to traditional insurance products. Interviews with insurance companies in the United States confirmed the importance of distribution when selling insurance to migrants.

³⁹ Hagl v. Jacob Stern & Sons, Inc., 396 F. Supp. 779 (E.D. Pa. 1975); Montoya v. Gateway Ins. Co., 168 N.J. Super. 100, 401 A.2d 1102 (App. Div.), cert. denied, 81 N.J. 402, 408 A.2d 796 (1979).

⁴⁰ EA Consultants interviewed insurance companies, donor agencies and experts in microinsurance worldwide, in particular, in Latin America. Our interviews with insurance companies included companies that are currently offering insurance products for immigrants and others who may or may not have explored the market. We also performed anonymous “mystery shopping” in the United States with a series of insurance brokers and remittance providers. The purpose of the interviews was to help to map the supply of insurance products, identify best practice models and pinpoint constraints to offering insurance services.

One director in charge of mass market products for a large multinational insurance company licensed in the United States noted that while some companies have been legally able to sell insurance policies to immigrants in the United States, they have been cautious about entering the space: *"To sell insurance to immigrant populations, we need very large volume and to find a channel that can provide these volumes and implement a program seriously."* Another official from a large multinational insurance company licensed in the United States noted that *"the challenge is distribution. We can design any product, but we can't sell it to immigrants profitably through our existing distribution network."* Member-based organizations, such as the Knights of Columbus (mentioned above) are able to reduce the cost of marketing substantially. While agents subscribe their members for insurance, they are able to market the insurance as a membership benefit, which reduces their distribution costs. These channels are also able to overcome some of the issues related to lack of trust of insurance by marketing through churches that promote the Knights of Columbus memberships.

Box 9.0 Hometown Associations in New York **Example: Asociación Tepeyac**

This Association is one of the largest Mexican HTAs in New York City. It provides English as a second language, computer, GED, and SAT classes; financial education; cultural activities and advocacy services. In 2009, Tepeyac's Director noted that the organization has 1,500 paying members, and some 10,000 members attended courses, outreach services or events with Tepeyac throughout the New York City in the year. For example, some 3,000 members participate in the annual Antorcha Guadalupana in St. Patrick's Cathedral organized through Tepeyac and thousands attend the annual 5 de Mayo and Independence Day parades and Festivals organized by Tepeyac or in association with them.

Hometown associations (HTAs) have been considered⁴¹ an interesting delivery channel for reaching Mexican immigrant populations. They work directly with immigrant communities and have extensive roots with state and local governments as well as communities in Mexico. In the United States, 1,653 Mexican Hometown Associations were registered with the Institute for Mexicans Abroad (IME in Spanish).⁴² Only 31 of these are in the New York tri-state area⁴³ and of those, only 19 are in New York City. According to Orozco and Rouse, however, only 4% of Mexicans in the United States that send remittances belong to an HTA, suggesting that HTAs may not be the most effective channel for supporting immigrants' transnational risk mitigation strategies as they are not closely linked to immigrants that send money home.⁴⁴ Our interviews with some of the larger organizations in the city, including Asociación Tepeyac (see box 9.0), further suggested that these organizations may not be adequately equipped to serve as delivery channels for financial products and services. Microinsurance delivery relies on trust, capacity to provide sufficient information and education on insurance a consistent transactional relationship between clients and the delivery channel. In the case of Mexican HTAs, some have large constituencies, but paying members are relatively few and members that use HTA's services do not participate regularly in activities.

⁴¹ Mexican Hometown Associations and Development Opportunities. Journal article by Manuel Orozco, Michelle Lapointe; Journal of International Affairs, Vol. 57, 2004

⁴² IME website: <http://www.ime.gob.mx/DirectorioOrganizaciones/>

⁴³ New York, New Jersey and Connecticut

⁴⁴ Orozco, Manuel and Rouse, Rebecca. February 2007. "Migrant Hometown Associations and Opportunities for Development: A Global Perspective." Inter-American Dialogue.

Alternative distribution channels are limited for the Mexican immigrant community in New York, which is largely undocumented and unbanked. It may be possible to engage church, sports and community associations as front-line channels for advertising products and services. In our survey of Mexicans in New York City (described in more detail in section III), 24% of Mexican immigrant men surveyed in New York City belong to a sports group. Although a large number of Mexican immigrants attend church in our survey sample (73% of men and 93% of women),⁴⁵ only 8% of respondents belonged to church groups, suggesting that these groups may be less effective than sports teams as a delivery channel. However, church support of initiatives to broaden financial education, and provide information about insurance could be a very useful complement to other marketing efforts. These efforts must address significant challenges of working with the church, which is typically very protective of the confidence of its constituents. In 2010, for example, the Census efforts attempted to engage churches to encourage the participation of Hispanic communities. Not many churches participated, as they are aware of the deep trust their communities have in them and do not want to risk compromising this trust.

Box 10.0 Trends in Money Transfer Agency Business

The percentage of Latin American immigrants in the United States as a whole that send remittances through specialized remittance companies fell from 78% in 2004 to 58% in 2008, while the use of services provided by banks, credit unions and savings cooperatives increased from 8% to 26% respectively over the same period. Similarly, in Mexico, a third of remittance recipients have a bank account and two-thirds are familiar with the use of ATMs. As products such as Banco Azteca's low fee "guardadito" savings account develop and grow in Mexico, cash-to-account or bank-to-bank remittances will likely gain favor.

Money Transfer Agents (MTAs) have been explored as a potential delivery channel, such as in the case of Gigante Express mentioned above. This is primarily because they are the channel that sees the most traffic of immigrants. In our own survey of Mexicans in New York City (see below), 81% of respondents send money home and 64% of those who send money home do through a non-bank remittance agency. The MTA business has been shifting in recent years, responding to increased competition, deregulation and declining margins. While many MTAs have not offered insurance to their clients, additional services such as cell phone "top ups", bill payments, check cashing and pre-paid cards have been offered by many MTAs. Offering small, simple insurance products could be a potentially attractive business for MTAs if they can overcome the regulatory challenges mentioned above (requiring a brokerage or agents' license to distribute **host based** products, for example)⁴⁶ and if they can ensure that their distribution will leverage existing overhead costs rather than add new costs to their operations. Much like other retail mass market insurance delivery channels, MTAs have expressed unease with selling complex products, which require additional costs of staff training and time. While this constrains the use of MTAs as delivery channels, they can be used to offer small insurance policies that are linked to remittance services, much like cell phone "top ups", which simply add a small dollar amount to add cell phone air time to the remittance recipient. Some **host** country insurers in the US have explored linkages to money transfer agencies through the development of life insurance for migrants that provides coverage for a 30-90 day period that

⁴⁵ See Section III below

⁴⁶ MTAs are highly regulated and must adhere to antiterrorism and money laundering legislation; however, there do not appear to be any additional legal requirements related to the transfer of funds to pay insurance premiums if transfer agents comply with applicable insurance regulations.

is paid out in benefits linked to the remittance amount. The products aimed to offer value to the MTAs in *host* countries by building incentives for sending larger amounts of money and helping MTAs to differentiate themselves vis-à-vis their competition. It is unclear so far whether clients perceive value in these types of products as few of these have made it past a pilot phase. On the money transfer receiving side, however, some operators have begun offering small insurance policies offered by *home* country insurers. In Colombia, for example, Financiera Pagos Internacionales, S.A.C.F. offers a microinsurance product called “Mi Plata Segura” (My Safe Money), which provides remittance recipients coverage in the amount of the remittance if the money is robbed during a two hour period, between when the money is received and when the client arrives at their home.

Given the flurry of product offers and advertising aimed at this population, a presence in the mass media can also be an important component to gaining the trust of the target population, and to “validating” products. This can be done either through advertising, product placement or “news” related items. Local language and cultural barriers should not be underestimated when considering the appropriate channels for marketing insurance. While immigrants in our study often noted that they want “*access to the same products and services as any other American*”, there is a strong preference for Spanish language and culturally familiar channels. In our own demand side research, all communication was in Spanish and we found that respondents were most comfortable speaking with interviewers from Mexico about their lives and risks.

Finally, trust can be achieved over time most effectively through the provision of appropriate products with high quality service. Products need to be designed appropriately, but also need to be explained effectively. Questions need to be answered in a timely manner, and claims need to be paid smoothly and quickly.

4. Payments Channels

Payments channels for insurance premiums (either annually or in installments) have not sufficiently been developed for low income markets in the United States. Given the need to keep costs low, dedicated channels to collect insurance payments for migrant-linked products are not feasible in the short term because of the significant infrastructure that they require. Much like in the case of marketing and sales of microinsurance, effective channels for paying for microinsurance premiums in developing countries have made use of existing transactional relationships and infrastructure such as utility bill payments, which are common in Colombia and Brazil,⁴⁷ or microfinance loans such as those given by BancoSol Bolivia or Banco Compartamos in Mexico (see Table 1). In the United States, traditional insurance is typically paid by check or money order on an annual basis either through the mail or through brokers or agents. Migrant populations tend to have limited access to traditional banks, and thus to checking accounts. Brokers or agents may not be cost effective channels as they require (costly) one-on-one contact. A number of small programs have explored the possibility of using money transfer agencies as a potential payments channel since 54% of all Hispanics in the United States send money home.⁴⁸ This could offer the potential for MTAs to take on a simpler, and potentially more cost effective, role than that of a distribution channel for insurance companies as it would not require personnel to sell insurance.

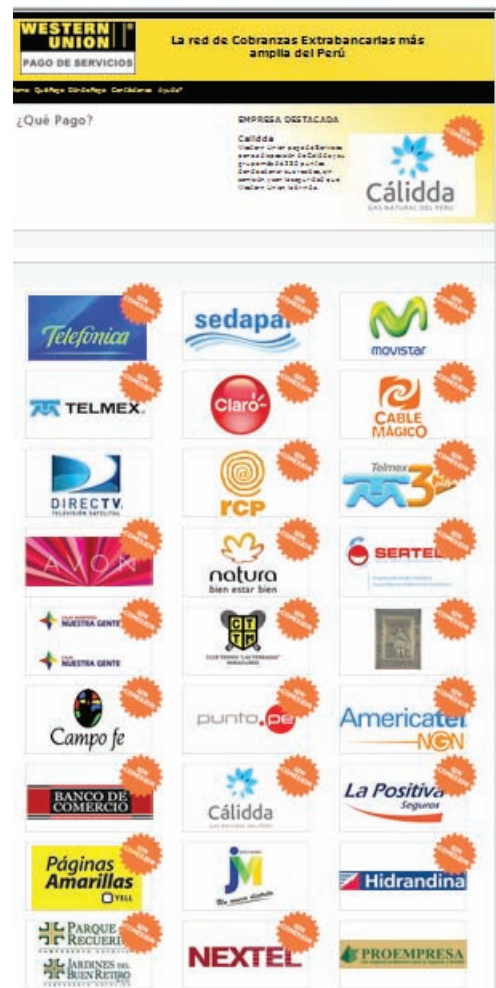
One notable example of a *home based* model that uses an MTA as a payment channel is in Peru, where La Positiva, a private national insurance company, has an agreement with Western Union whereby migrants can pay for their insurance in Peru through money transfers (see Figure II).

⁴⁷ Bester, H., Chamberlain, D., Hougaard, C., and Smith, H. 2010 “Microinsurance in Brazil: Towards a Strategy for Market Development.” Centre for Financial Regulation and Inclusion (2010) and Cáceres, M. and Zuluaga, S. 2009. “Making Insurance Markets Work for the Poor: Microinsurance policy, regulation and supervision: Colombia Case Study.”

⁴⁸ Marks, Denise. “The Unbanked Hispanic Market-Unbanked Audience is a Marketing Opportunity. Synovate’s 2008 U.S. Diversity Markets Report.

According to La Positiva, the payments service is not frequently utilized due to limited marketing, yet it is still available for those migrants that use Western Union and pay premiums to La Positiva if they come across it. La Positiva notes that the target market for this insurance product is a small middle and upper class community that purchases traditional insurance products rather than the broad range of La Positiva's microinsurance products.

Figure II. Western Union Peru Service Payments Options



III. Demand Side Considerations

An important consideration when designing insurance products for new communities is to have an understanding of their general characteristics and potential demand for these products. This typically takes into account general socio-demographic characteristics such as age, gender, and income level, but also additional information related to risk preferences, financial access, cash flow and other qualities specific to the the migrant and their likely beneficiaries. For example, migrants sending remittances may prefer coverage that guarantees a certain flow of remittance in the case of death or disability; or women, whose income levels are significantly lower than men's, may require lower cost products.

We conducted a survey of Mexican immigrants in New York City and present the results below. There are several reasons why this sample is interesting when considering the need to provide migrant-linked microinsurance products. Microinsurance products generally are more successful when they can achieve large volumes, thus larger groups are especially interesting to understand. One in every ten people born in Mexico resides in the United States, representing 29.3 million in 2008⁴⁹ and Mexicans represented the largest immigrant group in the country in 2006.⁵⁰ Additionally, early pilot programs in migrant-linked microinsurance are more likely to be successful in communities where immigrants are provided access to public services and information. New York City has been considered a relatively "immigrant-friendly" city, with ample low wage jobs, large Hispanic communities and gentler public policies toward immigrants than in many other US cities. Socio-demographic indicators also suggest that this population is both large and highly vulnerable to risk. Estimates from the Consulate of Mexico in New York indicate that some 500,000 Mexican immigrants live in the state, mostly in New York City. Currently, immigrants from Mexico constitute the third largest group of immigrants in New York City, after the Dominican Republic and China.⁵¹ This population faces a number of vulnerability factors including low income and low levels of education (almost a third of Mexicans in New York have only achieved a primary education).⁵²

This section analyzes the results of a survey of 1,004 Mexican immigrants in New York City undertaken between May 2010 and July 2010.⁵³ Among those with basic demographic and socio-economic data, we include 995 respondents in the results. The basic characteristics of the sample are summarized below in Table 3. Our design deliberately oversampled women, who represented 45% of our sample, a greater percentage than in the overall population. This design strategy allow us to statistically compare differences in characteristics between genders. The majority of the results present characteristics separately by gender. Our field research also included interviews with key informants as well as focus groups and one on one interviews with immigrants.⁵⁴

⁴⁹ Terrazas, A. "Mexican Immigrants in the United States." Migration Policy Institute. Web. <<http://www.migrationinformation.org/USFocus/display.cfm?ID=767#9>> Accessed July 12, 2010.

⁵⁰ *ibid.*

⁵¹ U.S. Census Bureau News, Public Information Office. 2009

⁵² *Ibid*

⁵³ See Appendices 6-9 for more information. The survey was performed in areas of the City that held a high concentration of Mexicans based on data from the 2000 census and was verified through visits to the neighborhoods. A map of these census results is provided in Appendix 5. Survey implementation followed three main strategies: surveying passersby, surveying people in parks, and surveying store owners and employees. All potential respondents were screened for their nationality and were asked for oral consent prior to beginning the survey.

⁵⁴ Prior to initiating a field survey, EA Consultants' research team implemented key informant interviews and focus group interviews. The initial interviews were aimed at testing the hypotheses and assumptions of the research to inform a field survey instrument. Additional stakeholder interviews and focus groups were held over the course of the interviews to enrich some of the findings of the study. These included participation in financial education programs help by a New York-based NGO, Qualitas of Life. We attended classes for immigrants on insurance that were held throughout New York City and asked questions to attendees, many Mexican during the question and answer periods on their perceptions of insurance. Focus groups were held in churches and community organizations throughout New York City and were coordinated through local religious and community associations as well as through networks of immigrants.

Our results suggest that men are slightly “newer” to the United States and less settled into family life in the US. The average age of our sample was 32.6 years, with women about a year older than men on average. Respondents have lived in the United States for 9.6 years, with female respondents averaging about two years more than male respondents. 62% of sampled respondents are married, 62% have minor children, with 1.4 children per respondent; 48% are from the state of Puebla. Other States of Guerrero, Jalisco, Distrito Federal, and Michoacán are represented in smaller numbers. Respondents are primarily catholic, with 85% of women and 81% of men reporting to be catholic. The results suggest a relatively homogeneous socio-demographic group overall when considering age, time in the US, number of children, marital status and religion.

Table 3: Summary Statistics

EA Consultants' Survey of Mexicans in New York: Summary Statistics							
Panel A:	All (N=995)		Men (N=544)		Women (N=451)		Difference
Demographic Characteristics	Mean	SD	Mean	SD	Mean	SD	
Female	0.45	0.50	--	--	--	--	--
Age	32.58	9.45	32.22	10.05	33.02	8.65	-0.80
Married	0.62	0.49	0.51	0.50	0.74	0.44	-0.23***
Years in the US	9.64	6.76	8.80	6.94	10.65	6.38	-1.85***
With Children under 18	0.62	0.49	0.49	0.50	0.77	0.42	-0.29***
Number of Children	1.44	1.47	1.11	1.43	1.85	1.42	-0.74***
From Puebla	0.48	0.50	0.43	0.50	0.54	0.50	-0.11***
Catholic	0.81	0.39	0.77	0.42	0.85	0.36	-0.08***
Documented	0.13	0.33	0.12	0.32	0.14	0.35	-0.02
Panel B:	All		Men		Women		Difference
Economic and Risk Characteristics	Mean	SD	Mean	SD	Mean	SD	
Weekly income	346.59	130.42	380.81	125.46	275.00	110.19	105.81***
Has a bank account	0.21	0.41	0.26	0.44	0.16	0.36	0.11***
Has dependents in the US	0.58	0.49	0.41	0.49	0.78	0.42	-0.36***
Has dependents in Mexico	0.74	0.44	0.81	0.39	0.65	0.48	0.16***
Has insurance for self or family	0.51	0.50	0.31	0.46	0.74	0.44	-0.44***
Health insurance for self or spouse	0.10	0.30	0.09	0.28	0.11	0.32	-0.03
Health insurance for kids (percent of those with children)	0.78	0.42	0.68	0.47	0.82	0.38	-0.14***
Other insurance	0.07	0.25	0.07	0.26	0.06	0.25	0.01
Sends remittances	0.81	0.39	0.88	0.33	0.73	0.44	0.14***
Number of remittances per year	12.29	16.07	14.80	16.75	9.23	14.64	5.58***

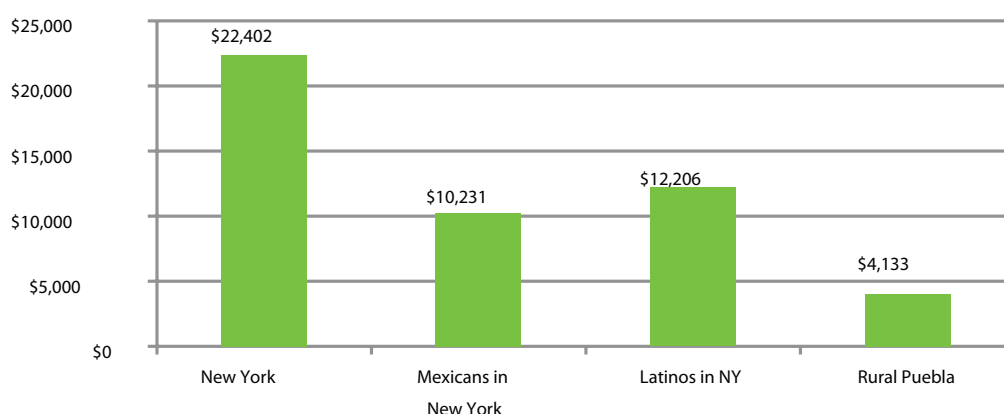
Notes: This table presents sample statistics from 995 respondents survey data. The last column presents differences in means of each variable between male and female respondents.

* significant at 10%; ** significant at 5%; *** significant at 1%

One of the factors of greatest vulnerability in the sample population is legal documented status. In our sample, 87% claimed to be undocumented. This is consistent with data from the Pew Hispanic Center that shows that over half of all foreign-born Mexican immigrants in the US and 80-85% of those who have lived in the United States for less than a decade are estimated to be undocumented.⁵⁵

Respondents' average weekly incomes were \$347, approximately equivalent to \$18,000 per year.⁵⁶ Earlier studies cite that over 35% of Mexicans in New York live below the poverty line.⁵⁷ For example, a study done by Rivera-Batiz in 2004 based on 2000 census data noted that average annual income of Mexicans in New York is 16% lower than average Latino income and over 50% less than that of the rest of the city.⁵⁸ Our more recent data suggests that 2010 Census results for New York City will show an increase in absolute and possibly relative income among the overall Mexican population vis-à-vis the rest of the city (See Chart A) as a result of the assimilation of Mexicans since 2000. This bodes well for efforts to further encourage assimilation by offering new financial products and services to this community.

Chart A: Average Annual Salary
(USD adjusted for differences in purchasing power)⁵⁹



A. TRANSNATIONAL FAMILIES AND RESPONSIBILITIES

The Mexican community in New York represents an important source of support for their communities of origin in Mexico. One significant contribution is through direct remittances. In our survey sample, 81% of Mexicans send money home, on average 12 times per year (Appendix 6); men are more likely to send money more frequently than women (Appendix 6) and are also more likely to be supporting dependents in Mexico. Women are more likely to have more dependents in the United States (Table 4).⁶⁰

In our sample 32% of men and 53% of women have dependents both Mexico and the United States. Interestingly, respondents in our survey are much more likely to have dependent *adults*

⁵⁵ Cohn, D. and Passel, J. 2008. "Trends in Unauthorized Immigration: Undocumented Inflow Now Trails Legal Inflow." Pew Hispanic Center

⁵⁶ Considering only those respondents with regular incomes

⁵⁷ The current poverty line is \$10,830 for a single person and \$22,050 for a family of four.

⁵⁸ This income, however, is more than twice the per capita income of rural communities in the State of Puebla, where a large portion of immigrants come from.

⁵⁹ Rivera-Batiz, F. 2004. "Newyorktitlan: A Socioeconomic Profile of Mexican New Yorkers." Regional Labor Review

⁶⁰ Specifically New York City (US and New York City are used interchangeably when referring to survey statistics)

in Mexico than dependent *minor children* in Mexico. Parents or in-laws comprise 68% and 53% of adult dependents in Mexico for men and women respectively (Table 4). These older adult dependents in Mexico will typically use remittances for medical expenses (medicines, private doctors, laboratory exams, etc.) more than younger dependents. Younger adults and children will use remittances more typically for education and housing costs.

Table 4: Nature of Dependents in the US and Mexico

	Dependents in the US		Dependents in Mexico	
	Women	Men	Women	Men
Children under 18	83.1%	49.9%	15.4%	19.3%
Spouse	7.4%	38.8%	0.6%	14.2%
Parents or In-laws	2.3%	2.9%	68.3%	53.0%
Other	7.2%	8.5%	15.7%	13.5%

Respondents are more likely to be supporting children that are living with them in the US than supporting children that live in Mexico. As a result, any negative shock or event in their lives may have a serious negative impact on the health, education, or livelihoods of their children in the US (Table 4). Women, in particular, are significantly less likely to have minor dependents in Mexico (15%) than in the U.S. (83%). But men are also substantially less likely to have minor children in the Mexico (19%) than in the U.S. (50%). For those respondents with dependents in the U.S., only 10% of women's dependents are other adults (spouse, parent or in-laws), while many men also support spouses, so that adults represent 39% of their dependents in the US.

The Mexican government announced in 2009 an effort to promote its public health insurance, Seguro Popular, through a number of consular offices in the United States. The program aims to increase access to this insurance for migrants' family members in Mexico by having migrants register or "pre-affiliate" their family members in Mexico through the consulate. The program has not reached New York City; however, our survey examined the potential for expanding this program to New York City. Only 26% of respondents knew that their family used public health services (in contrast to private services or other government insurance programs such as IMSS or ISSTE) for basic illnesses and 37% for serious illnesses. Of these, 15% claimed that their family was covered under Seguro Popular. Our focus group discussions peered into some explanations for this low coverage. On one hand, respondents from rural areas were generally unfamiliar with the program. Often, they arrived in the United States after the launch of Seguro Popular in 2004, and did not have a clear understanding of its coverage. Familiarity with IMSS insurance which is offered to formal sector employees was typically greater and the perception of the quality of service of IMSS was somewhat better than the perception of public services, now available through Seguro Popular. In fact, many migrants interviewed in focus groups saw their remittance transfers as a response to the deficiencies in public health services in Mexico, covering private medical visits, chronic disease care, and medications to complement the slow service and low availability of medication in the public sector. While public services are more often used for low frequency and high cost situations, there is a gap in the availability of low cost, high quality general and specialist care, especially for aging parents.

Table 5: Does Your Family in Mexico Have Public Health Insurance (Seguro Popular)?

	% of respondents
Don't Know	5%
Yes	15%
No, but use public clinics for mild illnesses	11%
No, don't use public clinics for mild illnesses	69%

It is worth noting that women immigrants appear to be more economically vulnerable than men. They have lower income (\$275 vs. \$380 per week), are less likely to work (42% of women said they are not working vs. 5% of men), are more likely to have dependents on both sides of the border (53% of women vs. 32% of men) and are more likely to have dependent children in the US (83% of women and 50% of men). This translates into an especially large burden on women whose priorities may be their children in the U.S., but who still share the burden of supporting aging parents at home. Our survey results show that those respondents with children in the US were also less likely to send money home, women in particular (See Appendix 7). When developing insurance products for migrants, the specific constraints of women should be taken into account in order to ensure that products are inclusive and respond to their needs as well. The data suggests that women will likely be more price sensitive but more vulnerable and the benefits of insurance may favor them most.

B. INSURANCE NEED AND CURRENT RISK MANAGEMENT STRATEGIES

When asked how respondents have dealt with a serious illness or accident of their own or of someone who supports the household in the past, differences between men and women were limited. No respondent answered that they stopped sending money home, highlighting the commitment to supporting their families for both men and women. Instead, a large portion of overall respondents noted that they would ask for help from friends and family (33%), while 16% used savings and 13% used formal insurance. Of those who chose “other” (19%), a large part of whom turned to government, consular or community groups for support (Appendix 8). Older immigrants and those with more years in the US were less dependent on friends and family and were more likely to use savings, insurance or turn to formal groups or associations for help, suggesting that assimilation leads to greater usage of both formal and informal risk management mechanisms, and reduces their vulnerability.

Among insurance needs, health concerns are often cited as priorities. One study of household density among undocumented Mexican immigrants in New York⁶¹ notes that immigrants, and Mexican immigrants in particular, tend to live in conditions of high household density, which are associated with poorer health outcomes. During focus group discussions, participants showed interest in having access to curative care, and showed particular concerns over the limited access to treatment of complications from chronic diseases, and concerns over availability of care for severe diseases such as cancer. Preventative care was rarely mentioned during focus group discussion, however, it represents the largest gap in health care in general in the United States, including in immigrant health care. Undocumented workers who need merely a physical examination, or education, or assistance in prevention of chronic disease such as diabetes, high blood pressure or hypercholesterolemia, have few options.⁶² Community Health Centers provide some of these

⁶¹ Standish et al. 2008. Household Density among Undocumented Mexican Immigrants in New York City. Journal of Immigrant and Minority Health. Original Paper.

⁶² Dental care insurance is also lacking for this population.

services for free or for a small fee, but even small fees can be a disincentive to go to the doctor. Many undocumented workers, as most uninsured Americans, find preventative care an auxiliary expense and often forgo these services. Instead, for immigrants, health *emergencies* are both a real and perceived risk, and result in their turning to emergency rooms only when illnesses or accidents are serious enough to merit such visits. Both the financial costs and poor health outcomes resulting from these solutions are ultimately a great burden on both immigrants and host governments.

C. INSURANCE UTILIZATION

Among our respondents, overall insurance take up was 51% (Table 3 above). This was mostly driven by insurance take up for children which was 78%. Health insurance take up⁶³ among adult respondents and their spouses was only 10% and non-health insurance even lower at 7%. For individual life insurance (Table 6), take up was especially low among women (2%) compared to men (7%).

Table 6: Life Insurance Take Up of Respondents

	Men	Women
Life Insurance for Self	7%	2%
Life Insurance for Spouse	3%	1%
Life Insurance for Kids	2%	0%

In 2007, an immigrant in the US was two and one half times more likely to lack health insurance than a non-immigrant.⁶⁴ In part, this is due to the fact that almost 60% of Americans with health insurance are covered by an employer-based plan,⁶⁵ which is not usually offered in the sectors in which this population typically works, such as construction, food or domestic services.⁶⁶ Despite this large gap in access to health insurance, respondents cited the availability of low cost or free health care in New York City for children (ChildHealth Plus), and, to a much lesser extent, other subsidized programs such as low cost prenatal care for women through the City, as resources for meeting their health needs. Many respondents utilize these services, as illustrated in our survey results by strong take up in health insurance for children. Despite the low income, undocumented status and relative vulnerability of the surveyed population of Mexican immigrants, 68% of men and 82% of women claimed to have health insurance for their minor children (Table 3 above).

Income is another factor in insurance take up. Chart B considers all insurance (including life, health and “other”) and highlights that while low income respondents had higher insurance coverage, in particular for children’s health insurance, overall, insurance take up is positively correlated to income. Adult insurance take up increases from about 10% of respondents at salaries up to US\$420 per week (\$21,800 annually) to about 40% at \$900 per week. The slope of insurance take up is steeper at the upper end of the range, suggesting that income has a greater impact on take up at higher income ranges. This pattern is consistent with the pattern for bank account take up, which has higher absolute results and take up over 90% at the higher income range.

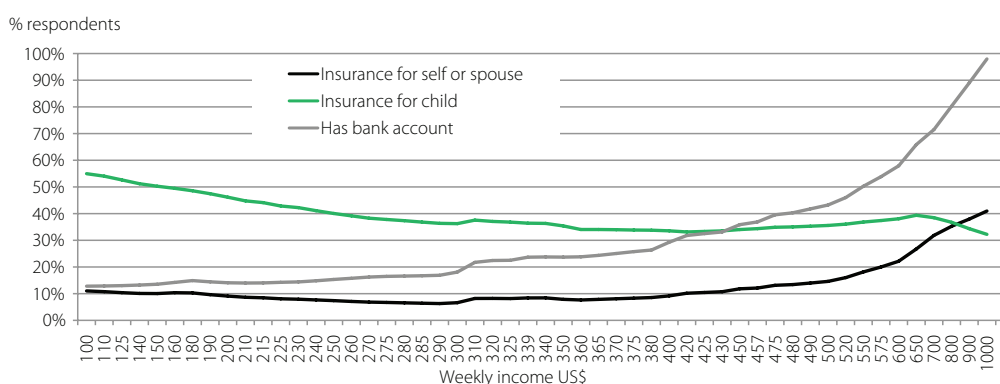
⁶³ Defined as the number of people that report having insurance at the time of the survey

⁶⁴ Ibid

⁶⁵ While health insurance is a pressing need for immigrants in the United States, it is a challenging issue for even the general population in the United States. As of 2007, 15.3 percent of the population (45.7 million people) did not have health insurance. People with insurance were covered nearly 70 percent of the time by private plans, with most of the remaining health care being covered by Federal and State funded programs such as Medicare or Medicaid.

⁶⁶ Ibid

Chart B: Take up of Insurance and Bank Account by Weekly Income (US\$)



While income is a large constraint to insurance, our qualitative research suggests that information is also a constraint. During individual and focus group interviews, a lack of information about insurance, along with high costs were cited as reasons for not having formal insurance. One Mexican woman from the Bronx noted *“If you explain to me what it is, I would buy an insurance policy. I think the problem is that no one knows how to explain what the benefits are to us, so it seems like just an expense.”* Qualitas of Life, a small non-for-profit in New York City has addressed this issue by providing hands on classroom training on financial education for immigrants throughout the City. *“Qualitas’ clients understand that they face important risks,”* notes Adrian Franco, Director of the institution. *“They are worried about what will happen to their families if they have an accident or pass away, but they are not aware of the options that exist to manage this risk. Sometimes, they put money toward buying a home in Mexico as a way to insure their families, but homes are not liquid assets. They are not the best insurance.”* Franco adds that appropriate products are also lacking: *“When they ask us to refer them to formal insurance products, we often can’t help them very much. There is a limited offering of appropriate products.”*

D. PRODUCT DESIGN

EA Consultants’ field research in New York City brings to light some interesting new information about the Mexican community, and its potential insurance demand. Magali Montes, EA Consultants’ Program Officer summarized focus group interviews by noting that *“there is **potential** demand, but there is little **actual** demand, there is simply not enough understanding of insurance.”* In one interview in Brooklyn, a woman from Mexico said she believed that if she had life insurance, her family would no longer be eligible for the free Child Health Plus insurance that New York offers her children.

Market studies are essential to designing appropriate products, yet insurance companies interviewed for this research assert that without a clear vision of the potential for the insurance market in the immigrant community, they have little justification to invest in market studies. Limited information about this target population is readily available, making market studies more costly. Given the obstacles to providing microinsurance outlined earlier in this paper, it is no wonder that there is a large gap in access to insurance products among this population.

Data and analysis of our field research has some concrete implications for designing insurance products for Mexican immigrants in New York, which can help inform other efforts to offer insurance to immigrants more broadly. The target market is characterized by low income and low levels of financial access. As a result, any efforts to bring insurance to the community need to

draw from the experiences of microinsurance and make insurance policies more accessible, simpler and cheaper. For example, State Farm Insurance, markets traditional life and auto insurance in low income neighborhoods in areas of New York City with significant immigrant populations. This is done through brokers who do not always require social security numbers or specific proof of residence to purchase insurance. However, these products are costly. They charge premiums of US\$25-30 per month for US\$100,000 term life insurance coverage⁶⁷ compared to typical life microinsurance products in developing countries that might cost US\$1-2 per month. **Home based** products such as Banorte Generali's life and repatriation insurance in Mexico, which has minimum premiums of US\$45 per year begins to come closer to a microinsurance product.

To address the specific needs of Mexican immigrants, insurers also need to consider the target population, its transnational families and risks, and its primary concerns to design appropriate products. Policies that cover risks only on one side of the border are unlikely to be sufficient to meet the needs of immigrants, who lead complex lives with correspondingly complex risks and tradeoffs that traditional insurance policies are not likely to address. The implications for developing insurance products for this population are extensive. Firstly, **home** or **hybrid** models wishing to offer health benefits for children in Mexico should make a significant effort to reach out to immigrant segments most likely to have children back home. These include men rather than women in the United States, and newer immigrants. Public **home based** health insurance programs such as Seguro Popular in Mexico as well as private health insurance coverage in Mexico for parents of immigrants should focus on the health care needs of aging populations rather than young women and children given that most dependents in Mexico represent parents or inlaws of migrants.

Host country or **hybrid** models seeking to cover children in the United States can target newer female immigrants, but will be constrained by their low capacity to pay for insurance. Those commercial insurers seeking to cover adults in the US with life, disability and property insurance may be better served beginning with targetting more assimilated immigrants (both men and women) with higher incomes. This would help insurance companies in the host country gradually test out products and commercialization strategies with the community, and later adapt products for lower income and/or newer immigrants. During qualitative discussions, many immigrants noted that they would prefer such policies to be from known insurance companies in the US, citing that these may be more "trustworthy" than companies in their home countries. Legitimacy and trust need to be priority for any insurer seeking to cover this population. Higher income immigrants can break the path for newer and lower income immigrants once the path is forged and can be important advocates for products in the future. There is no doubt a need for small policies for poorer and less assimilated segments going forward. These groups will take longer to penetrate but should be considered a medium term objective if lowering the vulnerability of migrants is a primary policy goal.

In contrast to life or accident insurance, health insurance, though more costly and more challenging to implement, tends to be one of the most demanded and most elusive types of insurance. Health insurance is a recurrent and tangible type of insurance that can be more visible to both the policy holder and other immigrants in the community, thus spreading insurance-awareness more quickly. New York City's ChildHealth Plus has been very successful in reaching out to immigrants, in particular, women with minor children. Yet analysis of data suggests that the coverage would not be accessible to the same low income population if it were not subsidized since the poorer segments of our sample are most likely to have this insurance. Accordingly, government agencies on both sides of the border should consider their health objectives when planning insurance programs that include migrants and/or their families. In particular, efforts to provide preventative and primary care to families on both sides of the border may require significant subsidy. However, these programs could save money spent on curative and emergency care by governments and out of pocket spending of immigrants in the future.

⁶⁷ Primary "mystery shopping" research by EA Consultants

Low levels of education and low exposure to banks suggest the need for financial education in this population. While immigrants understand that the risk of losing their life is serious and can put a large network of family at risk, they are often cash-strapped and have limited time and opportunity to reflect on the costs and benefits of life insurance. In qualitative interviews, many immigrants cited lack of time as a reason not to belong to clubs, go to church, or find out about various financial options available to them. Non financial services, including financial education, can help sell products and also make them more tangible. A 2008 study by Banamex⁶⁸ shows that only 36% of Mexicans in Mexico save, while 31% spend more than they earn. This has led to loan defaults and an overall concern that credit without education can do more harm than good. Banamex and others have identified financial education as an important need in Mexico. In the United States, financial service providers such as Bank of America (see box 4.0 in Section II.B above) have also identified this need and have used financial education as a way to improve service delivery to the hispanic immigrant communities. These services could be packaged with insurance products to increase the tangible aspects of insurance that covers infrequent events such as life insurance, much as they have been for credit cards.

Delivery of insurance products is also a challenge. Traditional broker or agent models that are permitted for **host based** insurance in the United States are typically costly, and may not be efficient for selling low cost products. State Farm brokers mentioned above seem to be in the right neighborhoods, but they have limited face-to-face contact with the community. Low cost delivery is challenged by legal and regulatory restrictions that do not allow third parties to act as agents or brokers in the US. While in some states, such as New York, legislation is more lax and allows third parties to do some pre-solicitation work such as providing information, there are limited channels to work through. Few migrants belong to groups or associations. While 81% of respondents are catholic, only 51% attend church and 8% belong to a church or community group. Sports teams may be a more attractive way to reach men, as 24% of men belong to such teams, but are far from being mass delivery channels. HTAs see little regular traffic of migrants. Most of our respondents send money home (81%) and do so regularly, suggesting that linkages with money transfer agencies could be useful for home based models, in particular, where insurance affiliation can be done by local brokers. Smaller money transfer agencies could offer some basic information about insurance and refer clients to local brokers. From a business perspective, the commissions from such referrals may not be attractive enough if policies are small and small commissions need to be shared with brokers. Larger money transfer agencies could market general information more cost effectively, and could potentially obtain agent or brokerage licenses for themselves and designated staff to sell **host based** insurance if the market potential existed. This would be contingent on perceiving a market demand for microinsurance in this population, which in turn is contingent on getting the product right. Finally, delivery channels, in particular, need to be trusted by migrants, who will want to ensure their information is kept confidential and that claims are managed effectively. One of our field surveyors noted that she was offered a job as a surveyor for a company that approached immigrants and asked immediately for their contact information, names and phone numbers. They then called them on the phone to validate the information prior to starting the interviews. Our surveyor refused to participate as she noted that the target communities were uncomfortable with these methods.

⁶⁸ Banamex-UAM. Primera Encuesta Sobre Cultura Financiera en Mexico. March 2008

IV. Policy Implications and Recommendations

Stakeholders such as policy makers, donors, insurance companies, legislators, and immigrant associations, among others, can play an important role in helping to bring down the barriers to access to insurance services for Mexican immigrants in the United States. Based on our initial findings, and extrapolating from the market research in New York City, we recommend a number of interventions on various levels. On the demand side, there is a need to collaborate with private sector and public insurers on both sides of the border, as well as directly with the immigrant community to further understand their needs and concerns to ensure that products are adapted specifically to their interests. Smaller insurance policies with tangible components such as memberships in sports teams, preventative health services or counseling and financial education should be evaluated in the future. Smaller policies would need new forms of payments distribution channels that should be cost effective and reach scale. A more favorable legal and regulatory environment that allows some marketing of home based policies and makes more flexible allowances for marketing insurance through non-broker intermediaries for small policies would also be beneficial, and could create incentives for the entry into the market of the private sector. We summarize some of the main recommendations that result from our research below:

PRODUCTS

- » Existing products cannot be “downscaled” effectively for a population with significantly different characteristics from U.S. born residents. Products need to be developed to meet the needs of their transnational lives, low incomes, and low level of financial access.
- » Demographic characteristics such as gender can be relevant to insurance demand, in general and will influence specific product needs. Women have lower incomes, and are more likely to have dependents on both sides of the border. They are likely to prefer health coverage for children in the US and parents in Mexico while men may also want coverage for young children and spouses in Mexico.
- » Public initiatives to insure Mexican migrants in the United States and in Mexico exist and are ever-changing. New initiatives to expand Seguro Popular aim to offer more appropriate, transnational support and improved health outcomes. These initiatives could also add value and tangible benefits to commercial insurance products such as life and repatriation or disability coverage.
- » Financial education can be a critical component of a product. While migrants are typically unbanked, and have limited information about financial products and services, they are financially savvy. They take risks and manage risks on a daily basis. One young man in a financial training course noted: “I am paying for a home in Mexico, if I die, that is my insurance [and] that is what my family will be left with”. Savvy customers require savvy advice that shows them how to complement their existing risk management strategies and does not talk down to them. Financial education and advisory can ensure customers know when and how to make claims, which in turn, will improve client usage and satisfaction of products.
- » Market studies are essential to designing appropriate products with the right coverage, price point and tangible benefits that are attractive to immigrants. However, these studies can be costly, and limited expertise exists in their implementation. The cost of market studies can be supported through donor agencies and consortia of insurers interested in tapping into this market.


LEGAL AND REGULATORY CONSIDERATIONS

- » A host based model should be piloted in the near term, leveraging the success of similar models launched in Spain. Hybrid models can evolve from the early lessons of such pilots. These pilots require the engagement of government agencies at the state and federal levels that regulate and supervise insurance transactions in order to allow for more flexible distribution alternatives. The United States insurance industry is highly regulated and protectionist, which does not bode well for initiatives to “think outside the box”. Host based providers are constrained by the high costs of selling small policies. Insurance companies with solid financial performance in the US may have limited incentive to move down market, to complicate policies with transnational needs or to offer insurance to immigrants that may be undocumented. Many microinsurance initiatives in developing countries have promoted regulatory flexibility in allowing third party agents to deliver microinsurance to promote “downscaling” of insurance companies into new markets. These initiatives would be well served in the US, where there would be greater outreach to immigrants if insurance could be marketed or sold through non-traditional agents to offer insurance.
- » While this study has begun to examine the constraints facing foreign and domestically licensed insurers in the United States when offering insurance to Mexican immigrants, it has only scratched the surface by covering only 2 states in the country and at a relatively high level. Further legal examination is warranted to deepen the understanding of some of the issues that appear permissible such as non-US insurance company advertising on web sites in the United States; State licensed company’s ability to work with delivery channels that are not brokers or agents to market insurance; and the exclusions that may apply or be self-imposed by consular agencies. The industry could benefit highly from the creation of a working group of insurance companies, donor agencies, legal experts and potentially regulators examine how legal allowances can be vetted against existing and business practices in order to offer host based insurance to migrants.

DELIVERY AND PAYMENTS CHANNELS

- » Low cost delivery channels will be a key to the success of migrant linked insurance products. These channels will need to tackle a number of constraints. Firstly, they must be channels that immigrants trust. Ensuring that delivery channels understand the population and put their welfare and privacy concerns first is essential to gaining their trust. There is significant evidence that immigrants are wary of providing their personal information to strangers. The media can play an important role in helping to gain this trust, but one-on-one contact is also critical. Identifying scalable channels that reach immigrants through financial education or other services can be essential. Where they do not exist, there may be room for developing such channels.
- » Our field research revealed that participation in church groups, hometown associations, sports teams or other community activities is relatively low in the Mexican community in New York City. Many immigrants have told us they only have time to work, and can’t make time for such activities. While these groups do not channel sufficient volumes of people to be effective in generating large sales volumes, they can be important actors in building trust among immigrants. Often these organizations offer limited financial education if any and more often than not, they are skeptical about insurance. It is important to work with these organizations to improve their knowledge and understanding of financial products and services, and improve their perceptions of the value of insurance. They can be useful advocates of insurance. Pilot programs should engage these actors in both product development and advocacy to the extent that legal and regulatory norms allow.





» Payments mechanisms for home based models have needed to rely on money transfer agents (MTAs) or financial institutions for the payment of premiums. These intermediaries offer potential for accepting payments for home based models as well but are constrained somewhat by a poor product offering and some legal obstacles to marketing insurance. Pilot programs aiming to engage financial institutions in microinsurance projects would be beneficial to understanding the potential of these channels to accept low cost payments.

» Technology can play an important role in reducing marketing costs. Young Mexicans coming to New York tend to be more technologically savvy, and use cellular phones and even internet services to stay in touch with friends and family back home. The use of technology to support marketing and offer easy payments systems needs to be explored and balanced with legal and regulatory constraints as well as the low level of bank access in the community. Phone support services and web-based advertising can support more direct marketing messages to sell insurance. Pre-paid cards and web-based money transfer agents may be interesting channels for payments services, for example.

V. Appendices

APPENDIX 1. LICENSURE REQUIREMENTS APPLICABLE TO INSURERS

A. New York

A license from the New York State Insurance Department is generally required to “do an insurance business” within the state (§1102).⁶⁹

“Doing insurance business” is defined broadly to include the following:

- (A) making, or proposing to make, as insurer, any insurance contract, including either issuance or delivery of a policy or contract of insurance to a resident of this state or to any firm, association, or corporation authorized to do business herein, or solicitation of applications for any such policies or contracts;
- (B) making, or proposing to make, as warrantor, guarantor or surety, any contract of warranty, guaranty or suretyship as a vocation and not as merely incidental to any other legitimate business or activity of the warrantor, guarantor or surety;
- (C) collecting any premium, membership fee, assessment or other consideration for any policy or contract of insurance;
- (D) doing any kind of business, including a reinsurance business, specifically recognized as constituting the doing of an insurance business within the meaning of this chapter;
- (E) doing or proposing to do any business in substance equivalent to any of the foregoing in a manner designed to evade the provisions of this chapter. (§1101(b))

Licensure requirements include an extensive application process, payment of fees, and compliance with minimum capital requirements (§1102(c) et. seq.), with additional requirements imposed on foreign (out-of-state) or alien (non-US) insurance companies seeking a New York license (§1102(h) (2) and 1106).

No person or firm in New York may act as agent for any unlicensed insurer or in any way aid an unlicensed insurer in effectuating an insurance contract (§2117(a)).

B. Texas

A certificate of authority issued to an insurer under this chapter authorizes the insurer to engage in the business of insurance. The certificate of authority must state the specific kinds of insurance authorized under the certificate. (§ 801.052)

The following acts in this state constitute the business of insurance in Texas:

making or proposing to make, as an insurer, an insurance contract;

making or proposing to make, as guarantor or surety, a guaranty or suretyship contract as a vocation and not merely incidental to another legitimate business or activity of the guarantor or surety;

- (1) making or proposing to make, as an insurer, an insurance contract;
- (2) making or proposing to make, as guarantor or surety, a guaranty or suretyship contract as a vocation and not merely incidental to another legitimate business or activity of the guarantor or surety;

⁶⁹ Unless otherwise indicated, section references in this Appendix refer to sections of the New York Insurance Code, Texas Insurance Code, or Mexican Ley General de Instituciones y Sociedades Mutualistas de Seguros, as applicable.

- (3) taking or receiving an insurance application;
- (4) receiving or collecting any consideration for insurance, including: (A) a premium; (B) a commission; (C) a membership fee; (D) an assessment; or (E) dues;
- (5) issuing or delivering an insurance contract to: (A) a resident of this state; or (B) a person authorized to do business in this state;
- (6) directly or indirectly acting as an agent for or otherwise representing or assisting an insurer or person in: (A) soliciting, negotiating, procuring, or effectuating insurance or a renewal of insurance; (B) disseminating information relating to coverage or rates; (C) forwarding an insurance application; (D) delivering an insurance policy or contract; (E) inspecting a risk; (F) setting a rate; (G) investigating or adjusting a claim or loss; (H) transacting a matter after the effectuation of the contract that arises out of the contract; or (I) representing or assisting an insurer or person in any other manner in the transaction of insurance with respect to a subject of insurance that is resident, located, or to be performed in this state;
- (7) contracting to provide in this state indemnification or expense reimbursement for a medical expense by direct payment, reimbursement, or otherwise to a person domiciled in this state or for a risk located in this state, whether as an insurer, agent, administrator, trust, or funding mechanism or by another method;
- (8) doing any kind of insurance business specifically recognized as constituting insurance business within the meaning of statutes relating to insurance;
- (9) doing or proposing to do any insurance business that is in substance equivalent to conduct described by Subdivisions (1)-(8) in a manner designed to evade statutes relating to insurance; or
- (10) any other transaction of business in this state by an insurer.

(c) An act described by Subsection (b) by an unlicensed or unauthorized person or insurer that occurs in this state and that affects a person in another state or jurisdiction constitutes the business of insurance in this state. (§ 101.051(b)-(c))

In issuing certificates of authority, the Texas Department of Insurance is required to give preference to applications submitted by domestic insurance companies. (§801.054)

C. Mexico

Ley General de Instituciones y Sociedades Mutualistas de Seguros, Art. 3 (unofficial translation)

I. The practice of any insurance operation in Mexican territory shall be prohibited to any individual or legal entity other than those set forth in Article 1 of this Law;

For the purposes of this Law, an active insurance operation shall be considered as being carried on when, in case a future uncertain event occurs, a person is obligated to cover damages for another, directly or indirectly or to pay a sum of money thereto in exchange for payment of a quantity of money.

The marketing of future goods or services shall not be considered an active insurance operation, when the fulfillment of the obligation agreed upon will be satisfied by resources and installations belonging to whoever offers the good or the service, notwithstanding that it depends upon the realization of a future uncertain event, provided that no damage or payment of a cash sum was promised as compensation. Nevertheless, even when they are satisfied through their own resources and installations, if the rendering of services are directed to caution or restore safety through actions that are carried out in benefit of the insured, by means of the payment of an amount of money, pursuant to that which is established in articles 7, item II, letter c) and 8, item V, of this Law, it shall be considered as an active insurance operation.

II. It is prohibited to contract with foreign enterprises:

1. Personal insurance when the insured is in the Republic at the execution of the contract;
- ...4. Credit insurance, when the insured is subject to Mexican legislation;
5. Civil liability insurance on risks derived from events which might occur in the Republic; and
6. Other insurance against risks which might occur in Mexican territory. Insurance that non-residents contract outside of Mexican territory for themselves or for their vehicles to cover risks during possible internments shall not be considered as such insurance.

III. The Minister of Finance and Public Credit may exempt the following cases from that which is provided in the preceding items:

1. Foreign enterprises that, with the prior authorization of the aforementioned Minister and in compliance with the requirements established thereby, conclude insurance contracts in national territory protecting against those risks that may only occur in the foreign countries in which they are authorized to furnish insurance services. The Minister of Finance and Public Credit, with the prior opinion of the National Insurance and Bonds Commission, may revoke the authorization granted in the terms of the preceding paragraph when it considers that the interest of users of insurance services are in danger, after hearing the enterprise in question; and
2. A person who proves that none of the insurance enterprises authorized to operate in the country can or deem it convenient to carry on a certain insurance transaction that had been proposed to them. In this case, a specific authorization may be granted discretionally for the person to contract with a foreign enterprise either directly or through an insurance institution of the country; and

IV. All persons shall be prohibited from offering directly or as an intermediary, within the national territory, by any public or private means, the operations to which the first paragraph of item I and item II of this article refer, as well as from offering insurance on property which shall be transported from Mexican territory to a foreign territory and vice versa.

Contracts concluded against the prohibitions of this article shall not produce any legal effect, without prejudice to the right of the contracting party or insured to claim refund of the premiums paid and, regardless of the liabilities which the person or entity in question shall incur in good faith before the contracting party, insured or beneficiary or their successors, and of the sanctions to which said person or entity shall be subject to in the terms of this Law.

The provision of the preceding paragraph shall not be applicable to insurance contracted with the specific authorization of the Secretary of Finance and Public Credit, to which this article refers.



APPENDIX 2. LICENSING REQUIREMENTS APPLICABLE TO BROKERS, AGENTS, AND OTHER NON-INSURERS

A. New York

No person, firm, association or corporation shall act as an insurance producer, insurance adjuster or life settlement broker in this state without having authority to do so by virtue of a license issued and in force pursuant to the provisions of this chapter (§2102(a)(1)).

“Insurance producer” means an insurance agent, insurance broker, reinsurance intermediary, excess lines broker, or any other person required to be licensed under the laws of this state to sell, solicit or negotiate insurance. Such term shall not include:

...(6) a person who secures and furnishes information for the purpose of group life insurance, group property/casualty insurance, group annuities, group or blanket accident and health insurance; or for the purpose of enrolling individuals under plans, issuing certificates under plans or otherwise assisting in administering plans; or performs administrative services related to mass marketed property/casualty insurance, where no commission is paid to the person for the service;

...[or] (8) a person whose activities in this state are limited to advertising without the intent to solicit insurance in this state through communications in printed publications or other forms of electronic mass media whose distribution is not limited to residents of the state, provided that the person does not sell, solicit or negotiate insurance that would insure risks residing, located or to be performed in this state; (§2101(k))

Insurance broker means any person, firm, association, or corporation who or which for any compensation, commission or other thing of value acts or aids in any manner in soliciting, negotiating or selling, any insurance or annuity contract or in placing risks or taking out insurance, on behalf of an insured other than himself, herself, or itself or on behalf of any licensed insurance broker . . . (§ 2101(c)).

To become licensed as a health or life insurance broker, an applicant must complete a forty-hour course, or have been employed by an insurance company, agent, or broker providing duties relating to the use of life or health insurance for at least one year during the preceding three years of the date of application. (§ 2104(c)). The applicant must also pass a test administered by the Superintendent of Insurance. (§ 2104(e)).

“negotiate” or “negotiation” means the act of conferring directly with or offering advice directly to a purchaser or prospective purchaser of a particular contract of insurance concerning any of the substantive benefits, terms or conditions of the contract, provided that the person engaged in that act either sells insurance or obtains insurance from licensed insurers, fraternal benefit societies or health maintenance organizations for purchasers. (§2101(m)).

«sell» or «sale» means to exchange a contract of insurance by any means, for money or its equivalent, on behalf of a licensed insurer, fraternal benefit society or health maintenance organization. (§2101(o)).

«solicit» or «solicitation» means attempting to sell insurance or asking or urging a person to apply for a particular kind of insurance from a particular licensed insurer, fraternal benefit society or health maintenance organization. (§2101(o)).

§2102(b)(1) Unless licensed as an insurance agent, insurance broker or insurance consultant, no person, firm, association or corporation shall in this state identify or hold himself or itself out to be an insurance advisor, insurance consultant or insurance counselor.

(2) No person, firm, association or corporation shall use any other designation or title which is likely to mislead the public or shall hold himself or itself out in any manner as having particular insurance qualifications other than those for which he may be otherwise licensed or otherwise qualified.

(3) Unless licensed as an insurance agent, insurance broker or insurance consultant with respect to the relevant kinds of insurance, no person, firm, association or corporation shall receive any money, fee, commission or thing of value for examining, appraising, reviewing or evaluating any insurance policy, annuity or pension contract, plan or program or shall make recommendations or give advice with regard to any of the above.

B. Texas

See Section 1(b) of this Appendix.

There is a separate licensing requirement for an insurance “agent,” which includes “a person... who performs the acts of an agent...”, Tex. Ins. Code Ann. § 4001.003(1). These acts are defined in the statute:

(b) Regardless of whether the act is done at the request of or by the employment of an insurer, broker, or other person, a person is the agent of the insurer for which the act is done or risk is taken for purposes of the liabilities, duties, requirements, and penalties provided by this title, Chapter 21, or a provision listed in Section 4001.009 if the person:

- (1) solicits insurance on behalf of the insurer;
- (2) receives or transmits other than on the person's own behalf an application for insurance or an insurance policy to or from the insurer;
- (3) advertises or otherwise gives notice that the person will receive or transmit an application for insurance or an insurance policy;
- (4) receives or transmits an insurance policy of the insurer;
- (5) examines or inspects a risk;
- (6) receives, collects, or transmits an insurance premium;
- (7) makes or forwards a diagram of a building;
- (8) takes any other action in the making or consummation of an insurance contract for or with the insurer other than on the person's own behalf; or
- (9) examines into, adjusts, or aids in adjusting a loss for or on behalf of the insurer.

Id. § 4001.051.

Other requirements include being over 18 years old; paying an application fee; not having committed certain crimes, Id. § 4001.005; and passing an examination on state insurance law, the type of insurance contracts to be handled, and the ethics of being an agent, Id. § 4002.001. There are additional requirements for corporations to become agents of insurers, like employing at least one person already licensed as an agent and being able to pay \$250,000 should a legal claim arise against them. Id. § 4001.106.




APPENDIX 3. MEXICAN INSURANCE COMPANIES WITH PARTNER COMPANIES WITH LICENSES IN THE US AND MEXICO⁷⁰

ACE Seguros, S.A. (Casualty)
AIG México, Seguros Interamericana, S.A. de C.V. (Casualty)
AXA Seguros, S.A. de C.V. (Casualty)
Fidelity National Title de México, S.A. de C.V. (Title)
Genworth Seguros México, S.A. de C.V. (Life)
HDI-Gerling de México Seguros, S.A. (Casualty)
Mapfre Seguros de Crédito, S.A. (Fire & Casualty)
Metlife México, S.A. (Life)
Prudential Seguros México, S.A., Prudential Grupo Financiero (Life)
QBE de México Compañía de Seguros, S.A. de C.V. (Fire & Casualty)
Tokio Marine, Compañía de Seguros, S.A. de C.V. (Fire & Casualty)
Zurich, Compañía de Seguros, S.A. (Casualty)


⁷⁰ Sources: <http://www.cnsf.gob.mx/Paginas/Inicio.aspx>; http://www.cnsf.gob.mx/Instituciones/Documents/CNSF_OFNAS-MAYO-2010.xls; <http://www.ins.state.ny.us/>; <http://www.tdi.state.tx.us/consumer/colists.html>



APPENDIX 4. BANCOSOL INSURANCE APPLICATION FOR IMMIGRANTS IN SPAIN



ZURICH
ROCIANA SEGUROS PERSONALES S.A.
Miembro del Grupo Zurich Finance



FORMULARIO DE ACTIVACIÓN
PÓLIZA DE SEGURO DE VIDA EN GRUPO PARA MIGRANTES – A7
 Código Asignado: 204-934607-2008 01 051-3005

Para iniciar la vigencia del seguro, el cliente debe llenar, firmar y entregar el Formulario de Activación indicando el Plan de Seguro deseado. La cobertura entrará en vigor en la Fecha de Efectividad indicada en el Certificado de Cobertura y Formulario de Activación.

Para elegir el Plan de Seguro marque con una X en una de las siguientes casillas:

Alternativa I	<input type="checkbox"/>	Costo Anual	57,00 \$us.	Débito Automático	<input type="checkbox"/>	Efectivo	<input type="checkbox"/>
Alternativa II	<input type="checkbox"/>	Costo Anual	86,00 \$us.	Débito Automático	<input type="checkbox"/>	Efectivo	<input type="checkbox"/>
Alternativa III	<input type="checkbox"/>	Costo Anual	100,00 \$us.	Débito Automático	<input type="checkbox"/>	Efectivo	<input type="checkbox"/>
Alternativa IV	<input type="checkbox"/>	Costo Anual	129,00 \$us.	Débito Automático	<input type="checkbox"/>	Efectivo	<input type="checkbox"/>

COBERTURA	VIDA Y REPATRIACIÓN ALT.I	VIDA, REPATRIACIÓN Y ASISTENCIA FAMILIAR ALT.II	VIDA, REPATRIACIÓN Y BENEFICIO EDUCATIVO ALT.III	VIDA, REPATRIACIÓN, ASISTENCIA FAMILIAR Y BENEFICIO EDUCATIVO ALT.IV
Muerte por cualquier causa y Repatriación de Restos.	\$us. 10.000	\$us. 10.000	\$us. 10.000	\$us. 10.000
Asistencia Familiar.		\$us. 10.000		\$us. 10.000
Beneficio Educativo (*).			hasta \$us 7.200	hasta \$us 7.200

*Los hijos gozarán del beneficio Educativo hasta cumplidos los 18 años. Válido sólo para las Alternativas III y IV.

I. DATOS PERSONALES:

Nombres y Apellidos: _____ C.I.: _____

Fecha de Nacimiento: _____ Ocupación: _____

Sexo: M ☐ F ☐ Peso (Kg.): _____

Estatura (cm.): _____ Teléfono de contacto (Bolivia): _____ Teléfono de contacto (España): _____

II. a. BENEFICIARIOS (Muerte por cualquier causa)

1.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____
2.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____
3.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____

II. b. BENEFICIARIOS (Beneficio Educativo)

1.- Nombre y Apellido: _____	Edad: _____	%: _____	C.I.: _____
2.- Nombre y Apellido: _____	Edad: _____	%: _____	C.I.: _____

II. c. BENEFICIARIO (Asistencia Familiar)

1.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____
2.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____
3.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____
4.- Nombre y Apellido: _____	Parentesco: _____	%: _____	C.I.: _____

III. CIRUGÍAS / DEFECTOS FÍSICOS / ACCIDENTES
 (Detallar fecha de ocurrencia, duración, tratamiento, fecha de curación, secuelas, observaciones u otros)

Detalle: _____ Estado Actual: _____

Detalle: _____ Estado Actual: _____

Detalle: _____ Estado Actual: _____

IV. CONTACTO EN BOLIVIA

Declaro que las respuestas que he consignado en esta solicitud son verdaderas y completas y que es de mi conocimiento que cualquier declaración inexacta, omisión u ocultación hará perder todos los beneficios del seguro.

Igualmente declaro haber leído y estar de acuerdo con el Certificado de Cobertura Individual, que entrará en vigencia una vez aceptada la solicitud.


Lugar y Fecha: _____ / ____ / ____

ZURICH BOLIVIANA
SEGUROS PERSONALES S.A.
 Miembro del Grupo Zurich Financial Services

 Firma del Asegurado

V. CONTACTO EN ESPAÑA

Enlace Andino Domicilio: Calle Gutierrez de Cetina Nº 14 28017 Metro Pueblo Nuevo Madrid, España. Teléfonos: PBX: 913677793 • Fax: 913775466 La Extensión de BancoSol es la 211.



Formulación de activación

Yo, _____ Código de cliente Nº _____ autorizo a Banco Solidario S.A. a debitar de la cuenta Nº _____ la suma de \$us. _____ (_____) /100 dólares americanos) o su equivalente en Boliviana por concepto de pago anual de este seguro.

Fecha de Nacimiento: _____ Sexo: M ☐ F ☐

Dirección: _____ Teléfono Of.: _____ Teléfono Dom.: _____ Celular: _____

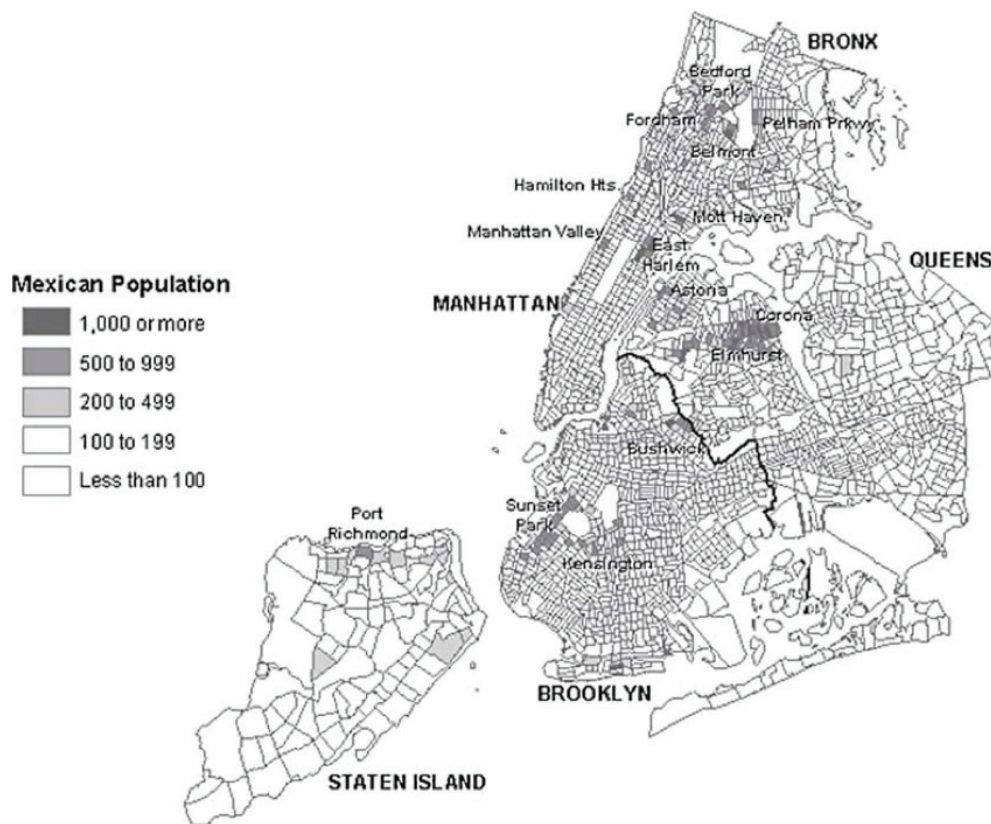
 Firma del Titular de Cuenta de Débito

 C.I. (Incluir extensión)

 Día Mes Año

PARA BANCO SOL

APPENDIX 5. NEW YORK CITY'S MEXICAN POPULATION BY CENSUS TRACT, 2000 ⁷¹



⁷¹ Francisco L. Rivera-Batiz, "New York Titlan: A Socioeconomic Survey of Mexicans in New York," Regional Labor Review (2004)

APPENDIX 6. RELATIONSHIP BETWEEN REMITTANCES AND DEPENDENTS

Characteristics of Dependents of Respondents

	All (N=995)		Men (N=544)		Women (N=451)		Difference
	Mean	SD	Mean	SD	Mean	SD	
Dependents under 18 in the US	0.50	0.50	0.31	0.46	0.72	0.45	-0.40***
Dependents under 18 in Mexico	0.16	0.37	0.21	0.40	0.11	0.32	0.09***
Adult dependents in the US	0.18	0.38	0.26	0.44	0.08	0.27	0.18***
Adult dependents in Mexico	0.61	0.49	0.69	0.46	0.51	0.50	0.18***

Notes: This table presents sample statistics from 995 respondents survey data. The last column presents differences in means of each variable between male and female respondents.

* significant at 10%; ** significant at 5%; *** significant at 1%

Characteristics of Dependents of Respondents Who Send Remittances

	All (N=782)		Men (N=464)		Women (N=318)		Difference
	Mean	SD	Mean	SD	Mean	SD	
Dependents under 18 in the US	0.48	0.50	0.31	0.46	0.73	0.44	-0.42***
Dependents under 18 in Mexico	0.20	0.40	0.24	0.43	0.15	0.36	0.09***
Adult dependents in the US	0.18	0.39	0.24	0.43	0.09	0.29	0.15***
Adult dependents in Mexico	0.75	0.43	0.78	0.42	0.71	0.45	0.07**

Notes: This table presents sample statistics from 782 respondents survey data. The last column presents differences in means of each variable between male and female respondents.

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX 7. DETERMINANTS OF REMITTANCES

Determinants of Remittance Payments				
Dependent variable:	Sends Remittances		Sends Remittances more than once a month	
	(1)	(2)	(3)	(4)
Female	0.014	0.011	0.110*	0.126*
	[0.031]	[0.016]	[0.062]	[0.070]
Age	-0.005	-0.003	-0.023	-0.026
	[0.008]	[0.004]	[0.016]	[0.018]
Age squared	0	0	0	0
	[0.000]	[0.000]	[0.000]	[0.000]
Married	-0.017	-0.005	0.094	0.106*
	[0.031]	[0.016]	[0.058]	[0.064]
Years in the US	0.002	0	-0.003	-0.003
	[0.008]	[0.003]	[0.013]	[0.014]
Years in the US squared	0	0	0	0
	[0.000]	[0.000]	[0.000]	[0.001]
Dependent children under 18 in the US	-0.038	-0.025	-0.156**	-0.176**
	[0.035]	[0.018]	[0.069]	[0.074]
Dependent children under 18 in Mexico	0.135***	0.059***	0.221***	0.232***
	[0.027]	[0.013]	[0.060]	[0.062]
Has adult dependents in the US	0.056*	0.017	0.099	0.113
	[0.032]	[0.014]	[0.066]	[0.073]
Has adult dependents in Mexico	0.338***	0.300***	-0.116**	-0.134**
	[0.033]	[0.037]	[0.055]	[0.061]
Participates in any group	-0.044*	-0.028*	-0.034	-0.041
	[0.023]	[0.015]	[0.048]	[0.053]
Documented	0.069	0.02	-0.169**	-0.187**
	[0.051]	[0.016]	[0.081]	[0.086]
Log Income	0	0	0.000**	0.000*
	[0.000]	[0.000]	[0.000]	[0.000]
Has a bank account	-0.025	-0.017	0.076	0.087
	[0.034]	[0.022]	[0.060]	[0.066]
Constant	0.715***		0.787***	
	[0.137]		[0.284]	
Observations	623	623	434	434
R-squared	0.3		0.12	

Notes: Robust standard errors in brackets. Models 1 and 3 are OLS estimates, while models 2 and 4 are probit models.

* significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX 8. HOW RESPONDENTS COPE WITH ILLNESS OR INJURY

Risk Mitigation Strategies - Planned

	All (N=962)		Men (N=532)		Women (N=430)		Difference	In US for <9 years (N=484)		In US for >9 years (N=487)		Difference
Strategy	Mean	SD	Mean	SD	Mean	SD		Mean	SD	Mean	SD	
Borrow money	0.08	0.28	0.09	0.28	0.08	0.27	0.01	0.11	0.31	0.06	0.24	0.05**
Don't know	0.02	0.14	0.03	0.16	0.01	0.12	0.01	0.02	0.13	0.02	0.16	-0.01
Use formal insurance	0.03	0.18	0.04	0.20	0.02	0.14	0.02	0.02	0.16	0.04	0.20	-0.02
Help from family or friends	0.36	0.48	0.35	0.48	0.37	0.48	-0.02*	0.40	0.49	0.33	0.47	0.07**
Other	0.07	0.25	0.07	0.25	0.07	0.26	0.00*	0.07	0.26	0.07	0.26	0.00
Return to Mexico	0.10	0.30	0.14	0.35	0.06	0.23	0.09*	0.13	0.34	0.07	0.26	0.06***
Sell assets	0.00	0.05	0.00	0.06	0.00	0.00	0.00	0.00	0.05	0.00	0.05	0.00
Reduce consumption	0.00	0.03	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00
Spouse would work to support the family	0.11	0.32	0.04	0.19	0.20	0.40	-0.17***	0.07	0.26	0.15	0.36	-0.08***
Stop sending money to Mexico	0.00	0.06	0.01	0.07	0.00	0.05	0.00*	0.00	0.06	0.00	0.06	0.00
Use savings	0.13	0.33	0.17	0.37	0.08	0.27	0.09***	0.10	0.30	0.15	0.36	-0.05**

* significant at 10%; ** significant at 5%; *** significant at 1%

	Under 32 yrs old (N=474)		Over 32 yrs old (N=497)		Difference	Not working (N=201)		Working (N=697)		Difference
	Mean	SD	Mean	SD		Mean	SD	Mean	SD	
Borrow money	0.10	0.30	0.07	0.26	0.03	0.06	0.24	0.09	0.28	-0.03
Don't know	0.02	0.13	0.02	0.15	-0.01	0.01	0.12	0.02	0.15	-0.01
Use formal insurance	0.03	0.16	0.04	0.19	-0.01	0.04	0.20	0.03	0.17	0.01
Help from family or friends	0.39	0.49	0.34	0.47	0.05*	0.30	0.46	0.37	0.48	-0.07*
Other	0.06	0.24	0.08	0.27	-0.02	0.07	0.26	0.07	0.26	0.00
Return to Mexico	0.09	0.29	0.11	0.32	-0.02	0.04	0.20	0.12	0.33	-0.08***
Sell assets	0.00	0.05	0.00	0.04	0.00	0.00	0.00	0.00	0.04	0.00
Reduce consumption	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.04	0.00
Spouse would work to support the family	0.12	0.33	0.10	0.30	0.02	0.31	0.47	0.05	0.23	0.26***
Stop sending money to Mexico	0.00	0.06	0.00	0.06	0.00	0.00	0.00	0.01	0.08	-0.01
Use savings	0.13	0.33	0.12	0.33	0.00	0.03	0.18	0.16	0.36	-0.12***

	Low salary (N=443)		High salary (N=528)		Difference
	Mean	SD	Mean	SD	
Borrow money	0.09	0.28	0.09	0.28	0.00
Don't know	0.02	0.12	0.02	0.16	-0.01
Use formal insurance	0.04	0.19	0.03	0.17	0.01
Help from family or friends	0.33	0.47	0.39	0.49	-0.06*
Other	0.09	0.28	0.06	0.23	0.03*
Return to Mexico	0.08	0.28	0.12	0.32	-0.03*
Sell assets	0.00	0.05	0.00	0.04	0.00
Reduce consumption	0.00	0.00	0.00	0.04	0.00
Spouse would work to support the family	0.19	0.39	0.05	0.22	0.13***
Stop sending money to Mexico	0.00	0.00	0.01	0.09	-0.01*
Use savings	0.07	0.25	0.18	0.38	-0.11***

* significant at 10%; ** significant at 5%; *** significant at 1%

How Respondents Coped with Past Accident or Serious Illness

	All (N=108)		Men (N=62)		Women (N=46)		Difference	In US for <9 years (N=38)		In US for >9 years (N=70)		Difference
Strategy	Mean	SD	Mean	SD	Mean	SD		Mean	SD	Mean	SD	
Used savings	0.16	0.37	0.19	0.40	0.11	0.31	0.08	0.16	0.37	0.16	0.37	0.00
Borrowed money	0.06	0.25	0.08	0.27	0.04	0.21	0.04	0.13	0.34	0.03	0.17	0.10
Used formal insurance	0.13	0.34	0.16	0.37	0.09	0.28	0.07	0.11	0.31	0.14	0.35	-0.04
Asked for help from an association or group	0.11	0.32	0.15	0.36	0.07	0.25	0.08	0.03	0.16	0.16	0.37	-0.13***
Sold assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Missed payments on bills	0.01	0.10	0.02	0.13	0.00	0.00	0.02	0.03	0.16	0.00	0.00	0.03
Reduced consumption	0.01	0.10	0.00	0.00	0.02	0.15	-0.02	0.03	0.16	0.00	0.00	0.03
Spouse started working/took a second job	0.09	0.29	0.02	0.13	0.20	0.40	-0.18***	0.05	0.23	0.11	0.32	-0.06*
Got help from family and friends	0.33	0.47	0.37	0.49	0.28	0.46	0.09	0.37	0.49	0.31	0.47	0.05
Stopped sending money home	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Returned to Mexico	0.01	0.10	0.02	0.13	0.00	0.00	0.02	0.03	0.16	0.00	0.00	0.03
Other	0.19	0.39	0.16	0.37	0.22	0.42	-0.06	0.18	0.39	0.19	0.39	0.00

* significant at 10%; ** significant at 5%; *** significant at 1%

	Under 32 yrs old (N=32)		Over 32 yrs old (N=76)		Difference	Not working(N=30)		Working (N=71)		Difference
	Mean	SD	Mean	SD		Mean	SD	Mean	SD	
Used savings	0.09	0.30	0.18	0.39	-0.09***	0.03	0.18	0.23	0.42	-0.19*
Borrowed money	0.09	0.30	0.05	0.22	0.04	0.03	0.18	0.07	0.26	-0.04
Used formal insurance	0.03	0.18	0.17	0.38	-0.14***	0.07	0.25	0.15	0.36	-0.09
Asked for help from an association or group	0.09	0.30	0.12	0.33	-0.02*	0.17	0.38	0.10	0.30	0.07*
Sold assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Missed payments on bills	0.03	0.18	0.00	0.00	0.03	0.00	0.00	0.01	0.12	-0.01
Reduced consumption	0.03	0.18	0.00	0.00	0.03	0.03	0.18	0.00	0.00	0.03*
Spouse started working/took a second job	0.09	0.30	0.09	0.29	0.00	0.20	0.41	0.06	0.23	0.14***
Got help from family and friends	0.44	0.50	0.29	0.46	0.15	0.37	0.49	0.31	0.47	0.06
Stopped sending money home	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Returned to Mexico	0.03	0.18	0.00	0.00	0.03	0.00	0.00	0.01	0.12	-0.01
Other	0.16	0.37	0.20	0.40	-0.04	0.20	0.41	0.15	0.36	0.05*

	Low salary (N=443)		High salary (N=528)		Difference
	Mean	SD	Mean	SD	
Used savings	0.04	0.19	0.29	0.46	-0.25***
Borrowed money	0.05	0.23	0.08	0.27	-0.02
Used formal insurance	0.11	0.31	0.15	0.36	-0.05
Asked for help from an association or group	0.13	0.33	0.10	0.30	0.03
Sold assets	0.00	0.00	0.00	0.00	0.00
Missed payments on bills	0.00	0.00	0.02	0.14	-0.02
Reduced consumption	0.02	0.13	0.00	0.00	0.02
Spouse started working/took a second job	0.16	0.37	0.02	0.14	0.14***
Got help from family and friends	0.38	0.49	0.29	0.46	0.09
Stopped sending money home	0.00	0.00	0.00	0.00	0.00
Returned to Mexico	0.00	0.00	0.02	0.14	-0.02
Other	0.18	0.39	0.19	0.40	-0.01

*significant at 10%; ** significant at 5%; *** significant at 1%

APPENDIX.9 SURVEY METHODOLOGY

Survey design and surveyor training

Prior to beginning survey implementation, EA Consultants created and tested several versions of the survey, adjusting it based on initial responses from participants selected from the neighborhood immediately surrounding the EA Consultants office on the Upper East Side of Manhattan.⁷² EA Consultants then developed a survey protocol to ensure uniform responses to each question.

Surveyors were recruited through several channels. Email notices were sent to listserves at Columbia University and NYU, and a description of the position was posted on Craigslist. Employees and interns at EA Consultants also spread the word among their colleagues and acquaintances. People who responded to the post were then interviewed in both English and Spanish to ensure that they spoke Spanish, presented themselves in a polite and professional manner, and had enough time to devote to this project. In total, nine people were recruited and trained to conduct surveys. Each surveyor participated in an hour-long training during which the questions were explained. They then practiced by surveying the supervisor. The first 1-2 real surveys were conducted with a supervisor observing, and after a new surveyor had completed between 10 and 15 surveys, the supervisor reviewed the surveys for completeness and accuracy and made suggestions to ensure a consistent quality of data.

Sampling and Implementation

Location: Prior to sending surveyors into the community, EAC identified areas in New York City that held a high concentration of Mexicans. Data from the 2000 census highlighted areas of the city with a population density of 1,000 or more Mexicans per census tract⁷³. These areas were: Mott Haven, Belmont, and Soundview in the Bronx; Jackson Heights and Corona in Queens; Bushwick, Sunset Park, and Manhattan Beach in Brooklyn; and Spanish Harlem in Manhattan. EAC visited Mott Haven, Jackson Heights, Corona, Bushwick, Sunset Park, and Spanish Harlem, as well as Port Richmond in Staten Island⁷⁴, and spoke to passersby and shopkeepers regarding which streets had the greatest volume of street traffic, to determine which locations within these neighborhoods were most likely to bring in high numbers of surveys. The final survey locations selected were: Jackson Heights along Roosevelt avenue from 74th street to 103rd street, including Linden Park, in Queens; Sunset Park and the area along 5th avenue between 39th and 50th streets in Brooklyn; Bushwick along Wyckoff and Myrtle avenues, focusing on the Wyckoff/Myrtle Ave subway station and in Maria Hernandez Park, in Brooklyn; and 116th street from Lexington to 1st avenue, including Jefferson Park, in Spanish Harlem, Manhattan. Surveys were also conducted in Red Hook Park in Brooklyn, owing to the large number of Mexicans who play soccer there on weekends. Although we had originally planned to survey in Flushing Meadows Corona park in Queens, we ultimately decided not to pursue surveying there, as initial surveying there revealed very low response rates and it was determined that spending a lot of time in this area would not be a good use of resources.

⁷² Participants were male and female Mexican immigrants.

⁷³ <http://www.nyc.gov/html/dcp/pdf/census/maps13.pdf>

⁷⁴ Although population density in Staten Island was lower, EAC originally considered creating a representative sample of Mexicans from all five boroughs of NYC, and thus Port Richmond was selected as a potential surveying site. It was eventually discarded due to the difficulty in accessing the area and personal safety issues for surveyors, as the area has a high crime rate and a significant gang presence.

Recruitment: Survey recruitment followed three main groups: passersby, individuals in parks, and store owners and employees. We first describe the three groups and then discuss response rates.

- i. **Passersby:** Once locations were identified, surveyors were divided into groups of 2-3 and assigned to stand on highly populated blocks in the neighborhood. Usually the two surveyors stood 20-30 feet from each other, but sometimes they were on opposite sides of the street, to take advantage of foot traffic going in both directions. Surveyors then approached people passing by to ask if they were Mexican, and if so, if they would participate in the survey. Surveyors were instructed to ask as many people as possible who walked by, regardless of age, gender, or appearing to be stereotypically Mexican, to ensure as wide a variety of respondents as possible.
- ii. **Individuals in parks:** Sunset Park, Red Hook Park and Maria Hernandez Park in Brooklyn, Linden Park in Queens, and Jefferson Park in Manhattan were identified as prime locations due to their high volume of Mexicans. Surveyors approached people in the parks to ask if they were Mexican and if so, if they would participate in the survey. Again, surveyors were instructed to ask everyone in the park, regardless of their appearance. Response rates in the parks were consistently higher than on the street, as people had more time for the survey.
- iii. **Store owners and employees:** To ensure that we spoke with working people, surveyors were assigned to talk to the business owners in the area. Surveyors went door to door, visiting all the businesses on a given stretch of blocks, asking if they could speak with any Mexicans who worked in the business. Talking to employees at all the businesses ensured that we were not targeting just those businesses that looked Mexican. Although response rates from businesses were not separately tracked, employees from approximately 15-20 businesses participated in the survey.

Every effort was made to obtain a representative sample of Mexicans in New York City; however, due to the nature of the survey, it was not possible to make the sample fully representative. The following issues are potential limitations:

- i. **Time of day:** Due to availability of surveyors and safety concerns in the neighborhoods we were working in, the surveys were primarily conducted between 10am and 6pm. This may have resulted in an over sampling of people who are not working, as well as those who are able to be out and about. We attempted to mitigate this by surveying business owners and their employees during the day, and by surveying people on weekends when they are more likely to have time off. Surveys were conducted every day of the week (Monday through Sunday), but only in the hours of 10am – 6pm.
- ii. **Gender:** While the survey was not meant to be representative of Mexicans in all boroughs of New York City, we attempted to survey equal numbers of men and women. Because after the first few days of surveying, more men than women were responding, we then began oversampling women. The final sample was 45% women, 54% men, and 1% did not specify.
- iii. **Appearance:** While surveyors were instructed to speak to people in the street regardless of whether or not they appeared stereotypically Mexican, in reality the difficulty of identifying Mexicans in the street meant that more people who looked Mexican were stopped and asked if they could participate. This may mean that our sample overrepresents people who may be poorer or may have less access to resources because they are readily identifiable as Mexican and therefore may be more likely to suffer from discrimination. Of the people stopped, 30% were not Mexican and therefore were not invited to participate in the survey.



iv. **Refusal Rates:** Response rates varied by surveyor, as well as by location, time of day, and day of the week. We tracked those who said that they were not Mexican, those who were Mexican but refused to participate, and those who simply walked past without responding (so it was impossible to know if they were Mexican or not). Participation rates by location are listed below⁷⁵:

Location	Total asked to participate	Completed		Walked by without responding		Not Mexican		Mexican but refused	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
Bushwick	342	125	37%	49	14%	119	35%	49	14%
Corona	653	245	38%	94	14%	188	29%	126	19%
Flushing Meadows Corona Park	93	23	25%	1	1%	64	69%	5	5%
Jackson Heights	104	29	28%	11	11%	47	45%	17	16%
Red Hook	68	50	74%	0	0%	10	15%	8	12%
Spanish Harlem	372	152	41%	61	16%	61	16%	98	26%
Sunset Park	426	171	40%	18	4%	135	32%	102	24%
Grand Total	2058	795	39%	234	11%	624	30%	405	20%

⁷⁵ Response rates were not tracked for the entire surveying process, so the total number of completed surveys is larger than what is reported here.

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