

Access to Insurance Initiative

A global programme for sound regulatory and supervisory frameworks

Landscape of Microinsurance in Africa: Regulations

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Janice Angove: Access to Insurance Initiative



Foundations of inclusive insurance

- Inclusive insurance aims to provide access to insurance for **excluded groups**, includes microinsurance (insurance for the **low income market**) and other excluded groups (e.g. **informally employed**)

- Need to reach unserved markets using:



appropriate and affordable products



accessible and convenient distribution channels



sustainable business models



responsible providers and intermediaries
(licensed and supervised)



Support wider financial sector objectives and economic growth

Balance market development and protecting consumers



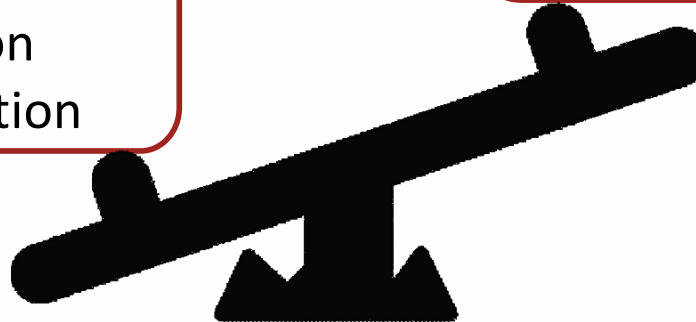
Expand the market

- Innovation
- Lower cost of compliance
- Healthy competition
- Consumer education
- Facilitate formalisation



Protect consumers

- Efficient, fair, safe and stable insurance market
- Insurers meet their obligations
- Fair treatment of consumers



Reduce the regulatory burden and follow a proportionate regulatory approach: necessary, appropriate, reasonable and practical to implement and not unduly onerous (reasonable cost, effort and complexity)



Key elements of inclusive regulatory frameworks

Products

- Simple, limited risk, allow innovation, ensure that customers are treated fairly

Insurance providers

- Different types of entities, tiered licensing and ongoing requirements (e.g. reporting)

Delivery channels and intermediation

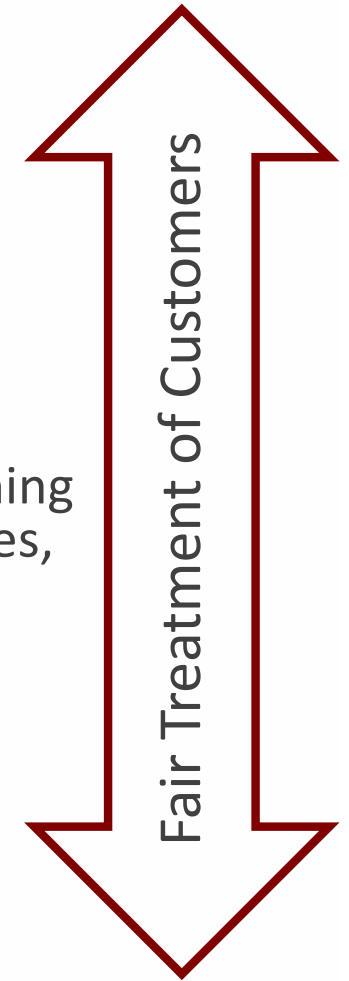
- Different types of intermediaries, lower qualification and training requirements, wider roles and responsibilities of intermediaries, consider the relationships with customers and insurers

Sales and servicing of business

- Disclosures, policy inception, premium collection, claims payment, complaints processes

Formalisation

- Licensing and supervision of informal entities



Overview of inclusive insurance regulatory frameworks in Africa

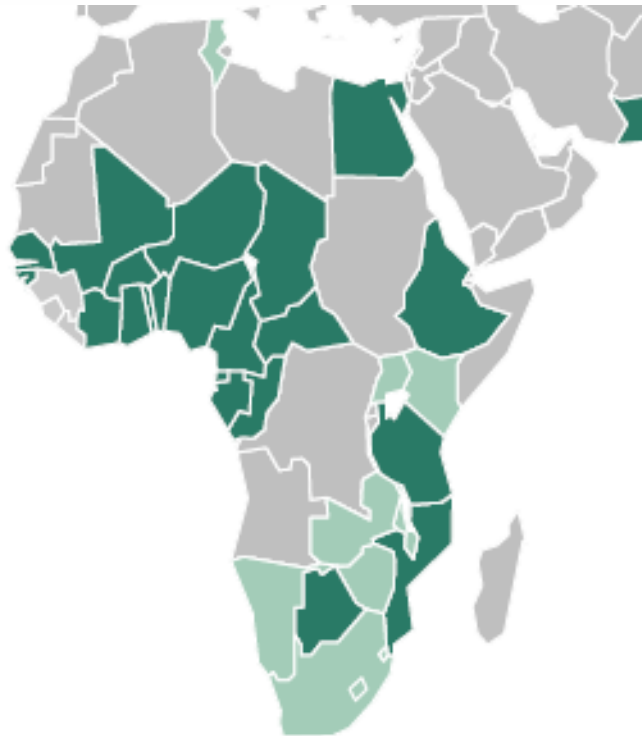
Implemented 20

AFRICA

CIMA*
Egypt
Ethiopia
Ghana
Mozambique
Nigeria
Tanzania
Zimbabwe

5 jurisdictions in LATIN
AMERICA and the
CARIBBEAN

7 jurisdictions in ASIA



20 Under development

AFRICA

Kenya
Malawi
Lesotho
Namibia
South Africa
Swaziland
Tunisia
Uganda
Zambia

8 jurisdictions in LATIN
AMERICA and the
CARIBBEAN

3 jurisdictions in ASIA



Recent trends facing supervisors (I)

- Risks posed by new, more complex insurance products like index-based insurance
- Availability of 'big data' and implications for product design and data privacy
- Complexity of the value chain and increased involvement of 'non-traditional intermediaries'
- Dominance of large-scale aggregators and change in power dynamics in the distribution chain
- Accelerating use of digital technology (e.g. mobile phones) in sales and disclosure, premium collection and policy servicing



- State-led insurance schemes driven by other policy agendas (e.g. index insurance)
- Other insurance regulatory frameworks accessed by the underserved (e.g. mass insurance)
- Formalisation of unregulated schemes and sustainability of index insurance pilots
- Data collection and analysis and regulatory impact assessment



Lessons learnt from the past decade supervision of inclusive insurance (I)

- Understand and take into account the regulatory and market context
 - Avoid unintended consequences
 - Try quick wins, don't try to regulate all at once but sequentially
- Be prepared to take a test-and-learn approach
 - Enable innovation
 - Review regulations when needed to accommodate market trends
- Involve industry, policymakers and other authorities early on
 - Coordinate and cooperate with non-insurance supervisors and government departments where necessary



Lessons learnt from the past decade supervision of inclusive insurance (II)

- Set up monitoring mechanisms and collect performance data
 - Prioritise important data and make sure data is really used
- Engage in complementary efforts to support market development
 - Support consumer education initiatives, build awareness and facilitate industry involvement and support capacity building for informal entities
 - Facilitate the establishment of consumer recourse mechanisms
- Develop capacity in supervising inclusive insurance
 - Undertake capacity-building in collaboration with peer-supervisors



Remaining questions for the supervision of inclusive insurance

- What is the role of the supervisor in the development of the market: motivating the industry and creating demand among consumers?
- How to ensure the protection of policyholders given the complex value chain and involvement of non-financial intermediaries?
- How to keep up with market developments?
- How can the supervisor encourage a focus on the sustainability of pilots and subsidised schemes?
- What is the most effective on-going supervision of inclusive insurance business?



Thanks for your attention!
Please get in touch!

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The Initiative is
a partnership
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Hosted by:



IAIS Application Paper on Regulation and Supervision of Inclusive Financial Services

<http://iaisweb.org/index.cfm?event=getPage&nodeId=25248>

IAIS Issues Paper on Conduct of Business in Inclusive Insurance

<https://www.iaisweb.org/page/consultations/closed-consultations/issues-on-conduct-of-business-in-inclusive-insurance//file/58440/post-consultation-draft-issues-paper-conduct-of-business-in-inclusive-insurance-clean>

Proportionate Regulatory Frameworks in Inclusive Insurance: Lessons from a Decade of Microinsurance Regulation

<https://a2ii.org/en/report/regulation-and-supervision/proportionate-regulatory-frameworks-inclusive-insurance-lessons>

Proportionality in Practice: Disclosure of Information

<https://a2ii.org/en/report/regulation-and-supervision/proportionality-practice-disclosure-information>

Proportionality in Practice: Distribution

<https://a2ii.org/en/report/regulation-and-supervision/proportionality-practice-distribution>

Cross Country Synthesis of Microinsurance Regulatory Frameworks

https://a2ii.org/sites/default/files/reports/2014_03_10_annex_9_a2ii_cross-country_synthesis_doc_2_for_consultation.pdf

SADC Microinsurance Guidelines

http://www.finmark.org.za/wp-content/uploads/2016/01/CISNA-Guidance-Note_Harmonisation_042015_FNL10.pdf

