

## Access to Insurance Policy Seminar for Regulators and Supervisors

The Philippines, Manila, 9 November 2010

### Highlight Summary

On November 9th, 2010 as part of the 6th Annual Munich Re Foundation - Microinsurance Network (MIN) Conference, the Access to Insurance Initiative (the Initiative) hosted a seminar for senior insurance sector policymakers, regulators and supervisors in Manila. It was attended by 55 representatives from 20 countries, as well as a number of members of the IAIS-MIN Joint Working Group.

The seminar was opened by Director Joselito Almario of the Department of Finance. G. Prabhakara from the Indian Insurance and Regulatory Department and a member of the Governing Board of the Initiative emphasized the relevance of government action for sound microinsurance market development, among which the Philippines and India are pioneers. He lauded the contribution of the Joint Working Group of the International Association of Insurance Supervisors (IAIS) and the MIN. This group has supported the IAIS in terms of Issues Papers, contributions to the IAIS standard setting process and learning events.

The seminar focused on two key issues facing policymakers as they move forward with actions to improve access to insurance markets in their efforts to combat poverty: formalizing the informal and facilitating outreach and innovation by formal players. Each issue was addressed through a facilitated discussion among panel members as well as open discussion among all participants where key country experiences were shared and discussed.

Secretariat of the Access  
to Insurance Initiative  
c/o GTZ  
Deutsche Gesellschaft  
für Technische Zusammenarbeit  
(GTZ) GmbH  
P. O. Box 5180  
65726 Eschborn  
Germany  
phone: +49-6196-79-6466  
fax: +49-6196-79-80-6466

[www.access-to-insurance.org](http://www.access-to-insurance.org)

## **Formalizing the informal**

Implementing a sound oversight regime can include a challenge of finding a path from a potentially large number of informal providers toward a more formal system. The session looked at this challenge through the experiences of the Philippines, discussed by Joselito Almario, and South Africa, through the contribution of Jacky Huma of the Financial Services Board.

Both countries are looking to find a balance, developing reasonable transitional arrangements, and recognising the need to consider both access to services with the desire that these services are valuable and can be expected to meet the promises made to customers. In each case, the value of providing informal providers with a pathway, or more than one, to a more effective business structure and operation was important.

In the Philippines, recent regulatory and policy reforms have highlighted the large number of entities that can benefit from adopting one of a range of models, including the partner agent model, to the provision of insurance through Microinsurance Mutual Benefit Associations, or other structures that are accommodative options.

In South Africa, a significant proportion of the population has been covered by funeral providers that will also have options to formalise either focusing on distribution functions or as risk carriers through a concessional arrangement with transitional plans.

In each case, the emphasis of the regulatory changes is on consumer protection and was developed with extensive public communication programs with the sector participants.

Craig Thorburn, from the World Bank and CGAP, facilitated the session. He noted that the formalization question is important for many jurisdictions as they move ahead with more proactive or explicit approaches to access issues in their regulation and supervision. The IAIS is looking at drafting standards and guidance that will include this issue as part of their discussion as well so the seminar discussion was beneficial as input to the IAIS processes.

## **Facilitating outreach and innovation**

The second part of the seminar focused on the role of policy makers, regulators and supervisors in catalyzing outreach and innovation by existing insurers.

Contributions from the insurance supervisors from Brazil, Chinese Taipei and Ghana highlighted a range of ways that governments, directly and through the actions of insurance supervisors, can encourage innovation and action where this might otherwise have been dormant:

In Chinese Taipei, as Sen-Kai Yang of the Financial Supervisory Commission reported, efforts to catalyse outreach are recent; therefore the impact is not yet clear. The Commission's Insurance Bureau created a defined regulatory space for micro life and personal accident policies and provided administrative incentives and public recognition to motivate players to approach the less well-served segment of the market.

Ghana is facing the challenge to facilitate outreach with an industry that is relatively weak yet already growing rapidly (including in microinsurance). According to Renata de Leers of the National Insurance Commission (NIC), the NIC notes that microinsurance is a realistic, simpler starting product for the market to use as a basis to evolve. A recent Policy Paper issued by NIC lays out the framework which will be pursued and forms the basis for integrating microinsurance as a specific business line into the new insurance regulatory framework.

The Brazilian supervisor, SUSEP, represented by Regina Simoes, started with initiatives to catalyse outreach as early as 2004, though with initial limited success. Learning from this experience, SUSEP initiated research projects as well as wide engagement with public and private stakeholders. It plans to introduce regulatory changes that, among others, will allow making use of the 106,000 correspondent banking agents for microinsurance.

Doubell Chamberlain of Cenfri/FinMark Trust facilitated the discussion. He emphasized that it is often necessary for the supervisor to lead on raising awareness amongst all stakeholders and play a coordinating role. Much of the impact in terms of catalyzing outreach was achieved by raising awareness, long before regulatory changes were made or specific actions taken. The discussion also emphasized that regulatory action needs to be tailored to the domestic environment and informed by market realities. Regulators must be able to monitor the impact of changes and adapt their strategy.

#### **About the Access to Insurance Initiative**

*The Access to Insurance Initiative (the Initiative) ([www.access-to-insurance.org](http://www.access-to-insurance.org)) is a global partnership by insurance supervisors and development agencies. The Initiative is designed to increase voluntary usage of suitable insurance products. It does so by contributing to sound, proportionate and effective policies, regulation and supervision. Reforms are triggered through best-practice, guidance and standards. Under the primacy of the IAIS, building on supervisor's leadership and contributions, it generates knowledge, contributes to the IAIS standard setting and contributes to capacity development measures for supervisors.*

*In October 2009, it was founded by the International Association of Insurance Supervisors (IAIS), the German Federal Ministry for Economic Cooperation and Development (BMZ) together with the German Technical Cooperation (GTZ), the Consultative Group to assist the Poor (CGAP), the International Labour Organisation (ILO) and the South Africa-based FinMark Trust. The United Nations Capital Development Fund (UNCDF) and Asian Development Bank (ADB) joined in 2010. The German Development Cooperation (GTZ) is hosting the Secretariat on behalf of BMZ.*

*Martina Wiedmaier-Pfister from GTZ representing the Initiative highlighted the rationale based on which the Initiative was set up. Financial inclusion becoming a policy goal at global and national level, and a huge insurance potential at the bottom of the pyramid call for an enabling policy, regulatory and supervisory environment for sound market development. This is a complex task which challenges the capacities of insurance supervisors, and those of the IAIS. Demand for support by insurance supervisors on access themes has been increasing steadily.*

*The Initiative conducts diagnostics of the insurance market and its policy, regulatory and supervisory environment in selected countries. The diagnostics are used to both develop country-specific recommendations and to generate cross-country learning on the most suitable approaches to facilitate the growth of microinsurance and to contribute to the standard setting process of the IAIS.*

*The Initiative also supports implementation efforts to enhance access to insurance markets on a selective basis. Regular dialogue and dissemination events to develop the capacities of supervisors and other authorities complement the service line of the Initiative.*