

Creating an enabling environment: Lessons from a decade of proportionate regulation

Session hosted by the A2ii
12th International Microinsurance Conference
Colombo, Sri Lanka
16 November 2016





access to insurance initiative

State of inclusive insurance regulation 2016

Implemented 18

AFRICA

CIMA
Ethiopia
Ghana
Mozambique
Nigeria
Tanzania

LATIN AMERICA

Brazil
Mexico
Nicaragua
Peru
Venezuela

ASIA

Cambodia
China
India
Nepal
Pakistan
Philippines
Taiwan

23 Under development

AFRICA

Egypt
Kenya
Malawi
Lesotho
Namibia
South Africa
Swaziland
Tunisia
Uganda
Zambia
Zimbabwe

LATIN AMERICA

Belize
Bolivia
Colombia
Costa Rica
El Salvador
Guatemala
Honduras
Jamaica

ASIA

Bangladesh
Indonesia
Mongolia

Pacific
Fiji



Influenced by:



International Association of Insurance Supervisors

**Application Paper on Regulation and Supervision
supporting Inclusive Insurance Markets**

October 2012

Implemented **6**

India
China
Philippines
Taiwan
Peru
Mexico

State of inclusive insurance regulation

Implemented 18

23 Under development

Colombia:
No MI-specific
regulation

~15%

Peru:
Multiple lessons
and revisions to
make it wo

~10%

Ghana:
Qualitative opt-in
approach

~29%

Philippines:
Multi-pronged
comprehensive
framework

~29%

India:
Strong hand

~9%

Coincided (not causality) with strong growth of microinsurance

Proportionate regulation: protecting the consumer and incentivizing the market

Proportionate regulation



Improved product simplicity



- ✓ Easier to understand
- ✓ Easier to transact
- ✓ Easier to claim

Consumer protection

- ✓ ↓ Entry costs
- ✓ ↓ Ongoing costs
- ✓ Proportionate reporting
(*not necessarily easier*)
- ✓ ↑ market by enabling better distribution
- ✓ Embracing technology

Provide market incentives

Proportionate regulation:
Balance consumer protection and market incentives/development



What IS
inclusive
insurance?



☒ Definition

☒ Enabling regulatory treatment



☒ Flexible approach to distribution



☒ Rational approach to disclosure

CONSUMER PROTECTION



☒ Balancing consumer protection –



NATIONAL
INSURANCE
COMMISSION

The impact of proportionate regulation in Ghana and how NIC's role and philosophy has changed over the years

International Microinsurance Conference
Colombo, Sri Lanka

15TH - 17TH NOVEMBER, 2016

Impact of Proportionate regulation

- Proportional regulation mainly applied on;
 - Product development and
 - Distribution channels

Impact

Over 30 products

About 7.5 million lives covered

(about 29% of population)

15 MI Providers

Beyond Regulation

- The NIC has been involved in
 - Market development
 - Consumer Education (movies, logo, jingles)
 - Capacity Building

Relationship with the Industry

- Consultation
- Active involvement
 - Actuarial capacity building
 - Insurance awareness
- Microinsurance incentive survey
 - Simplify MI product approval process
 - Lower supervisory charges
 - More liberalization of distribution channels

The end

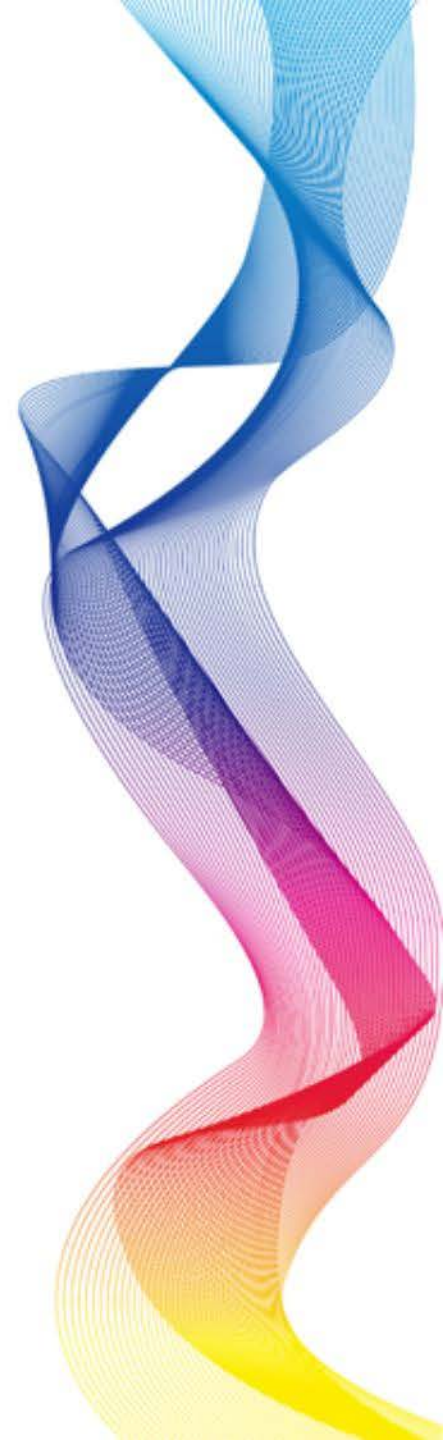
*Thank you for your
attention*



Philippines: The Role of Proportionate Regulation on Microinsurance

November 16, 2016

**Lorenzo O. Chan, Jr.
Pioneer Life Inc**



Implemented Regulation

Issuance of First Circular on Microinsurance



2006

Launch of Regulatory Framework for Microinsurance



2010

Implementation of Alternative Dispute Resolution for Microinsurance (ADReM)

Revised definition of microinsurance in terms of premium and benefit amount



2013

Health Microinsurance Regulatory Framework



2016

Most microinsurance products (2006 -20009) were credit life



Implementation of performance standards for microinsurance (SEGURO)



Approval of simplified Agent Training and Licensing

Micro Pre-Need Regulatory Framework



Agriculture Microinsurance Regulatory Framework

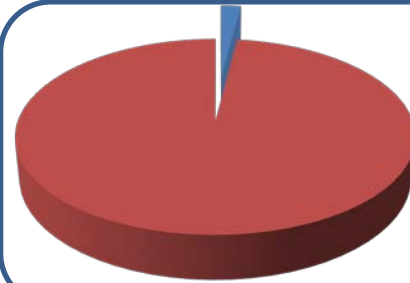
Adoption and Implementation of the Enhanced Microinsurance Regulatory Framework

Microinsurance Industry



**Companies with
MICROINSURANCE Business**

18 out of **67** Non-Life
24 out of **27** Life

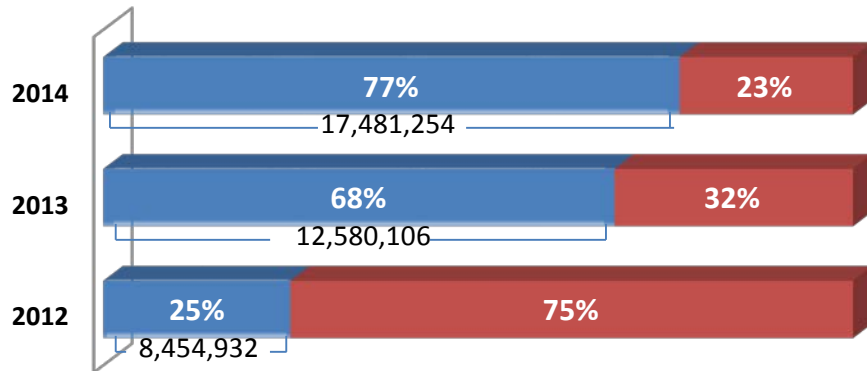


2% Microinsurance

Average Share of
Micro Premiums
to Total Net
Premiums Written
(2012-2014)

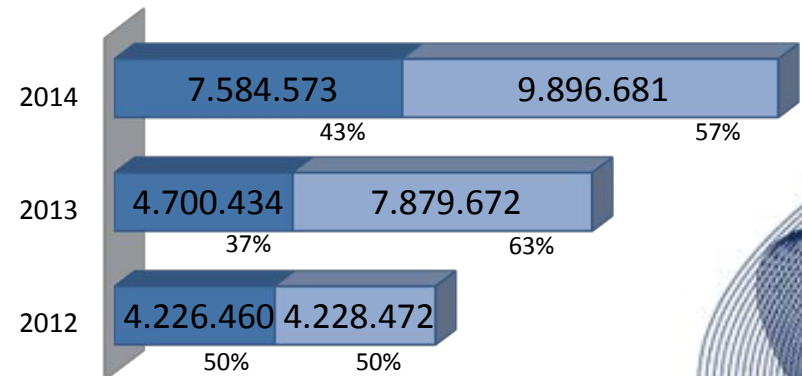
Enrolments – Total Industry

Microinsurance vs. Non-Microinsurance



Enrolments – Micro Only

Life vs Non-life



Microinsurance Environment

Faster Product Approval

Flexible pricing, not subject to tariff

**Set Performance Standards for
Microinsurance (SEGURO)**

- **S**olvency and Stability
- **E**fficiency
- **G**overnance
- **U**nderstanding of the product by the client
- **R**isk Based Capital Ratio
- **O**utreach

Thank you!

