



Federal Ministry
for Economic Cooperation
and Development

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giz



How supervisors can unlock responsible mobile insurance and promote access to insurance?

4 November 2020

Agenda



1. The context
2. The need to look at the “big picture” – it is not only about regulation!
3. What do we need to look at to ensure that the regulatory and supervisory framework promotes responsible mobile insurance?

The context (1)



What are we talking about?

“Mobile insurance is the **distribution and administration** of insurance through digital devices (primarily, mobile phones) utilizing digital technology, interfaces, platforms and processes to support the insurance process across the value chain”.

Mobile Insurance Regulation, Access to Insurance Initiative (2018)

Why mobile insurance is relevant to access to insurance?

Mobile Insurance is seen as an opportunity to reduce the insurance protection gap.

The potential:

- Barriers of supply (examples)
- Barriers of demand (examples)

More obvious impact during Covid-19

The context (2)



The challenges

For **industry players** this requires investments, space for innovation, new partnerships, and a huge effort in learning.

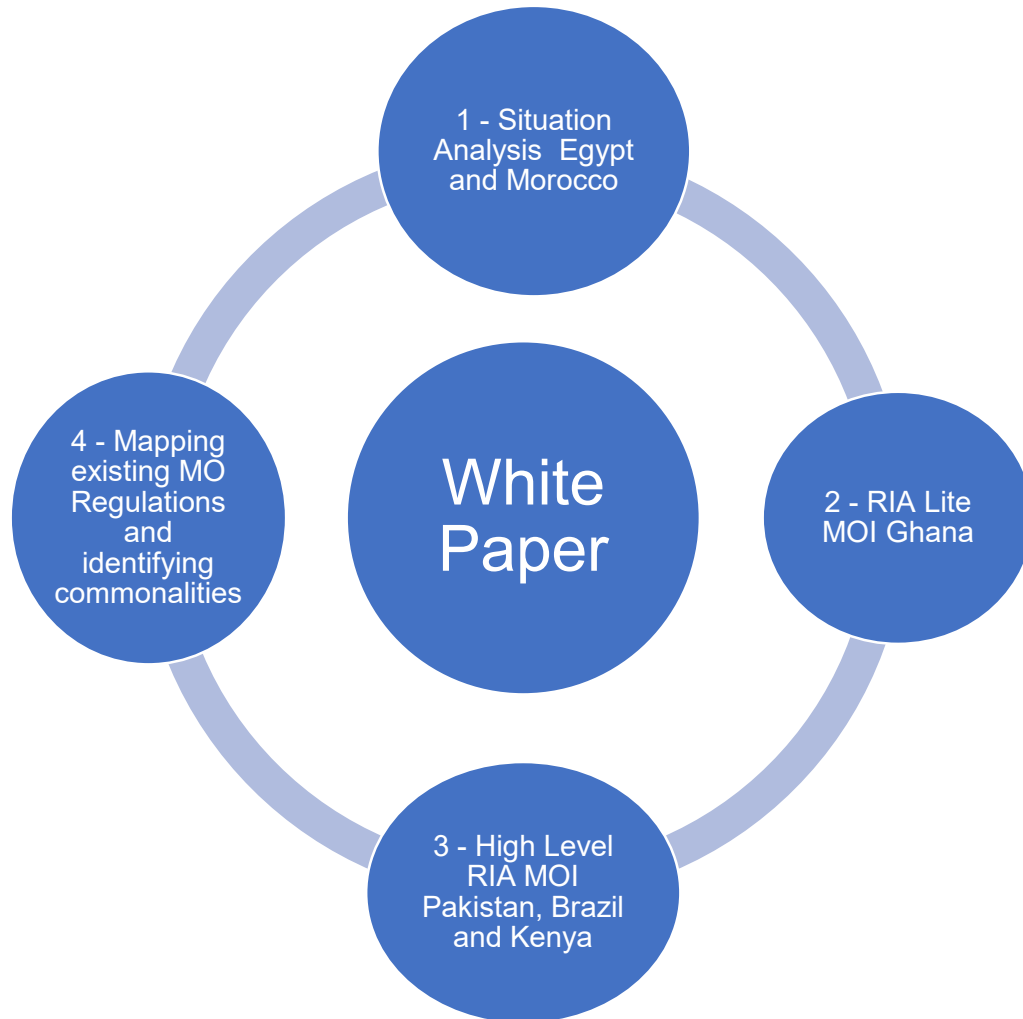
For **supervisors**, mobile insurance brings new challenges, particularly in terms of assessing the value of products, partnerships, consumer protection, and effective supervision.

The need

Need of guidance for supervisors to strike the right balance between enabling innovation and ensure that consumers are effectively protected and markets are stable.



The context (3)



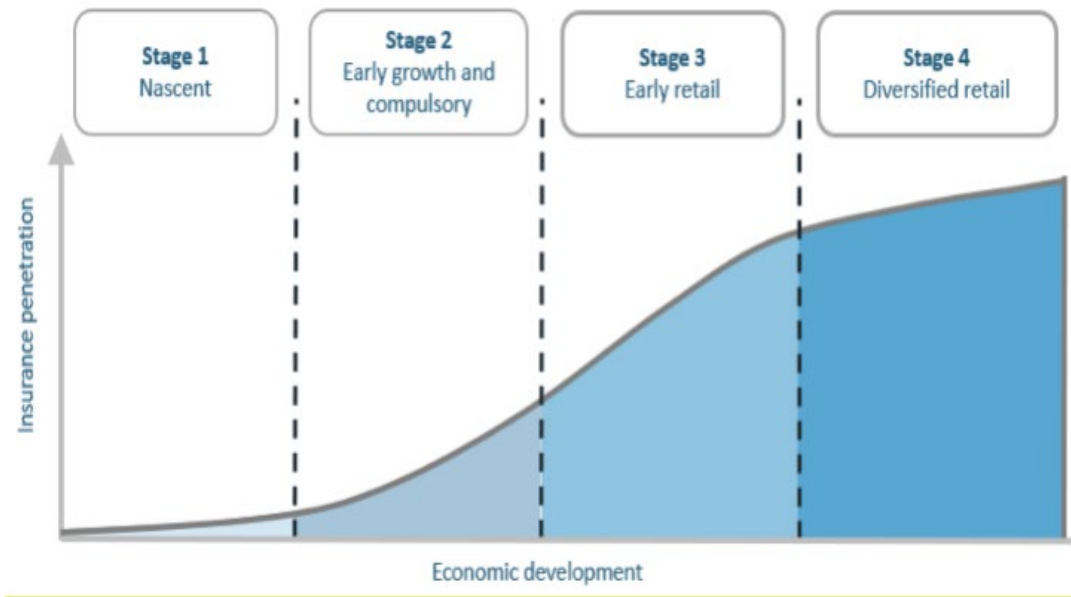
The objective of the Project

1. Analyse the **impact of the regulatory frameworks** applicable to mobile insurance in certain countries and how it has supported the development of mobile insurance (Egypt, Morocco and Ghana).
2. Identify **best practices** for proportionate regulatory approaches to mobile insurance
3. Draft a **White Paper** to guide decision-making on mobile insurance regulation and supervision of supervisory authorities and other interested parties

Looking at the big picture - The first step: Understanding the market

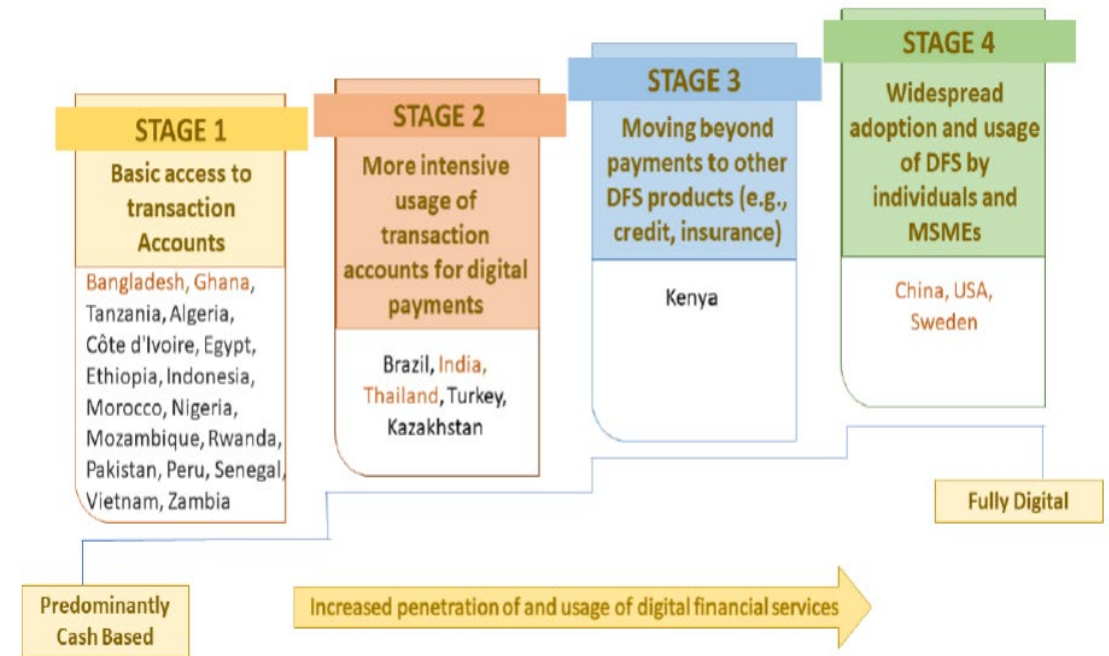


Insurance market development



Source: Cenfri, Chamberlain, Camargo and Coetze, *Funding the frontier: the link between inclusive insurance market, growth and poverty in Africa*, 2017

Digitalization development



Source: WB, *Digital Financial Services*, 2020

... It is not only about regulation! - The second step: Look at all the enablers



Supply

- Digital information technology and infrastructure available
- Diversity of providers and models
- Interested and innovative providers – business case
- Valuable products

Policy environment

- Digital financial inclusion as a priority
- Consumer education on DFS
- Digitalization of other sectors that can unlock MI opportunities
→ For instance, AG tech

Demand

- Digital culture
- Liquid customer engagement
- Digital empowered customers

Regulation & supervision

- Digitalization of the insurance value chain
- Innovative providers and technologies in responsible models
- Efficiency and collaboration of authorities involved

A tool to assess the level of appropriateness of the regulatory and supervisory framework to enable responsible mobile insurance



- This tool is simple and practical and can be used as a self-assessment by supervisors in the future.
- It can also inform due diligence processes of providers aiming to assess the regulatory framework of a jurisdiction where they want to operate.

The three dimensions



1. The level of digitalisation of the insurance value chain allowed by the regulation

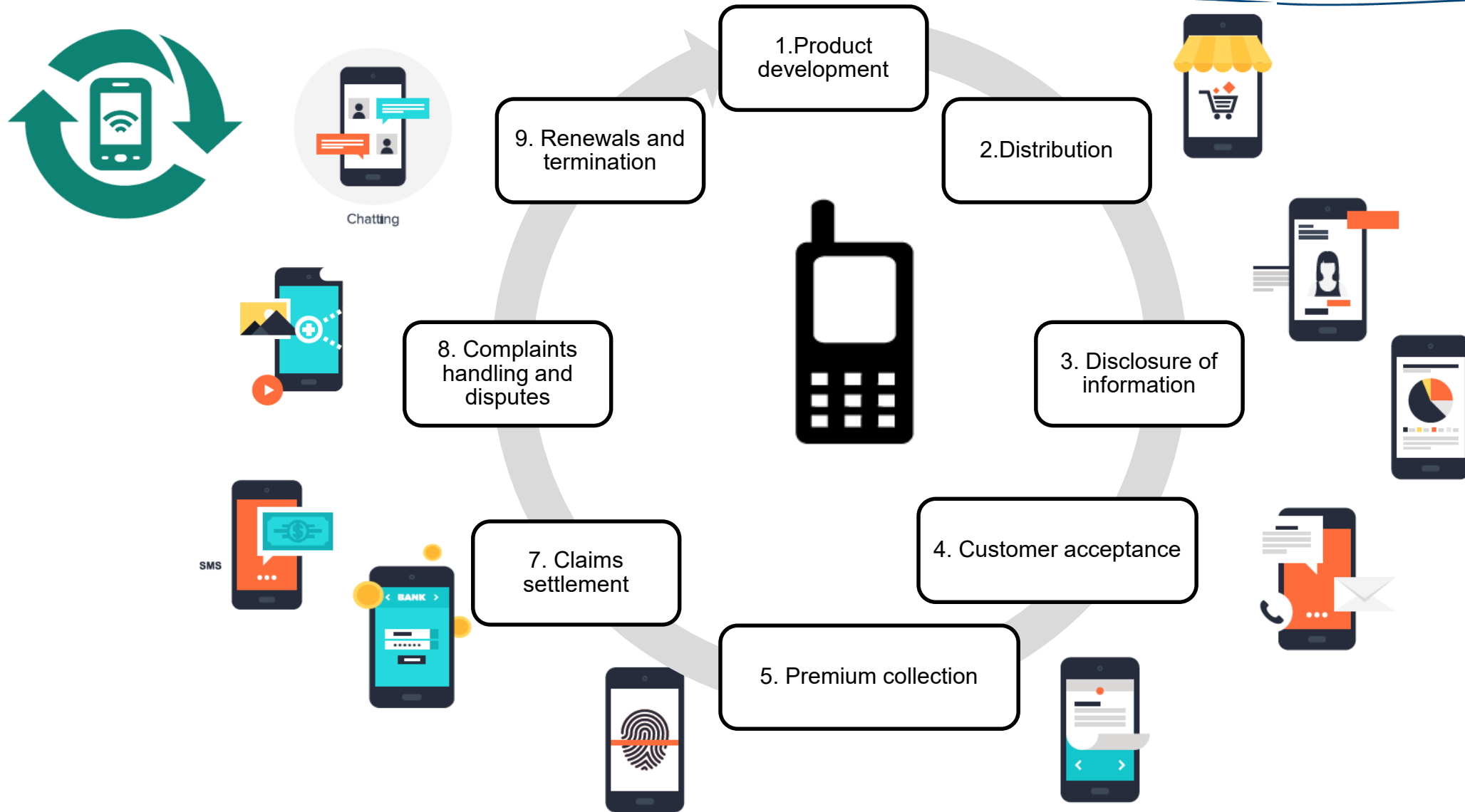


2. The possibility to use of innovative providers and business models



3. The level of efficiency and collaboration of authorities involved

Dimension 1. The level of digitalization of the insurance value chain allowed by the regulation



Dimension 2. The use of innovative providers and business models



Key questions:

1. Are key stakeholders that generally participate in mobile insurance **allowed by the regulation to participate in the design, delivery and distribution of insurance?**
2. Are **innovative business models** supported on the use of technology allowed?
3. Does the regulation ensure that **consumers are effectively protected** when innovative channels and models are used?

Dimension 3 – The efficiency and collaboration of authorities involved



Key questions:

1. Which regulatory and supervisory **authorities are involved** to enable mobile insurance ecosystems?
2. How do they **coordinate or collaborate** to ensure smooth processes of supervision and implementation?
3. What are the **mechanisms used by supervisors** to keep track of market development?
4. How to ensure that **products are valuable and responsible**?



Thank you!