

International Conference on Inclusive Insurance 2021 – Digital Edition

26 October 2021 – Day 2:

CEST 14:00 - 15:30 – Session 7:

Climate and pandemic risks

Will insurance be more inclusive in a post-pandemic world? Supervisory and policy perspectives

Hosted by A2ii



SPEAKER

Tomas Soley Perez

Superintendente, Superintendencia General de Seguros de Costa Rica and Chair of the Financial Inclusion Forum



SPEAKER

Miles Larbey

Head of Financial Consumer Protection OECD, France



SPEAKER

Dr Manuela Zweimueller

Head of Implementation, International Association of Insurance Supervisors (IAIS), Switzerland



SPEAKER

Nilofer Sohail

Head of Channel Strategy & Execution
EFU Life, Pakistan



FACILITATOR

Pascale Lamb

Advisor, Access to Insurance Initiative (A2ii), Germany



PROTECTING FINANCIAL CONSUMERS AND SUPPORTING FINANCIAL INCLUSION IN THE CONTEXT OF COVID-19: FOCUS ON INSURANCE

Miles Larbey, Head of Financial Consumer Protection, OECD
International Conference of Inclusive Insurance, 26 October 2021



Lessons Learnt & Effective Approaches to Protect Consumers and Support Financial Inclusion re COVID-19

1. Introduction

Background and policy context

Methodology and process

2. Impact of the pandemic on financial consumers and financial inclusion

Risks to financial consumers

Reduced financial resilience of consumers

Digitalisation of financial products and services

Specific impacts relating to use of financial products and services

3. Measures to support financial inclusion and protect financial consumers

Supporting financial inclusion

Strengthening financial consumer protection

Addressing financial vulnerability and supporting the financial inclusion of targeted groups

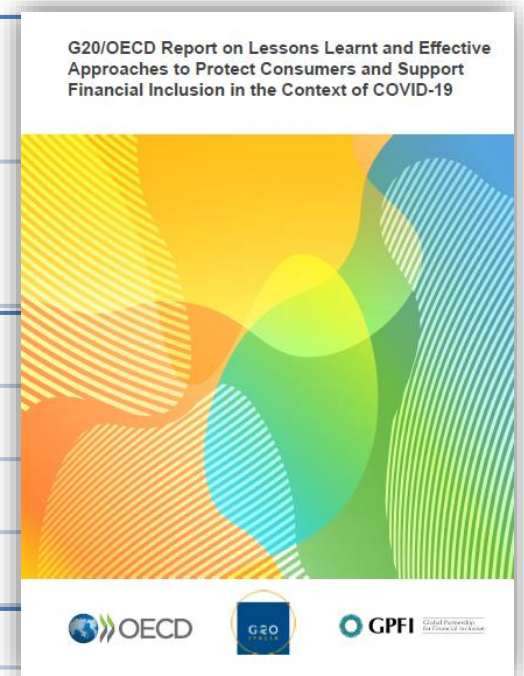
Promoting innovation and facilitating entry of new providers

Changes to supervisory practices

4. Lessons Learnt and Effective Approaches

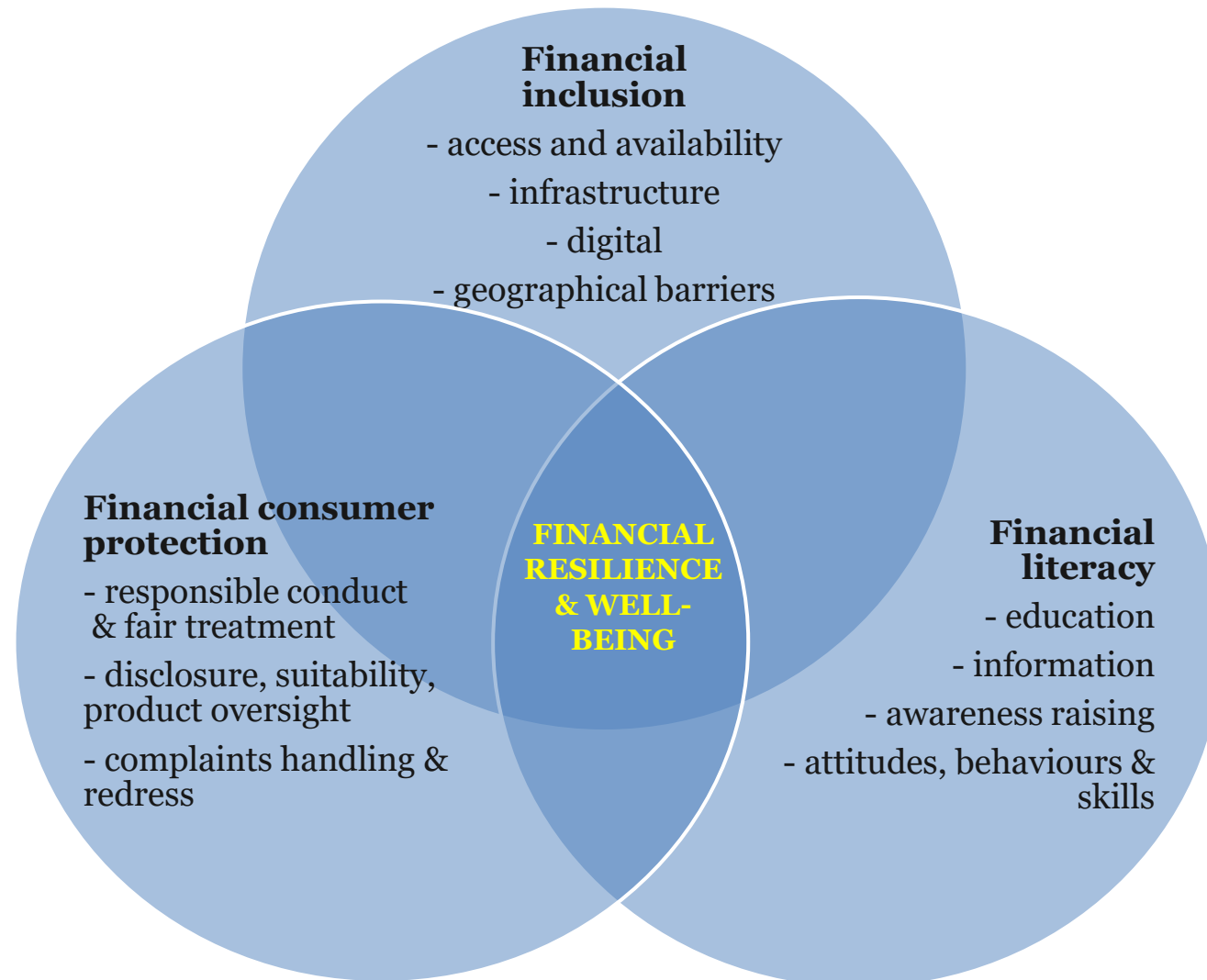
Lessons learnt and longer-term implications

Effective approaches





Inter-relationship of financial consumer protection and financial inclusion and financial literacy

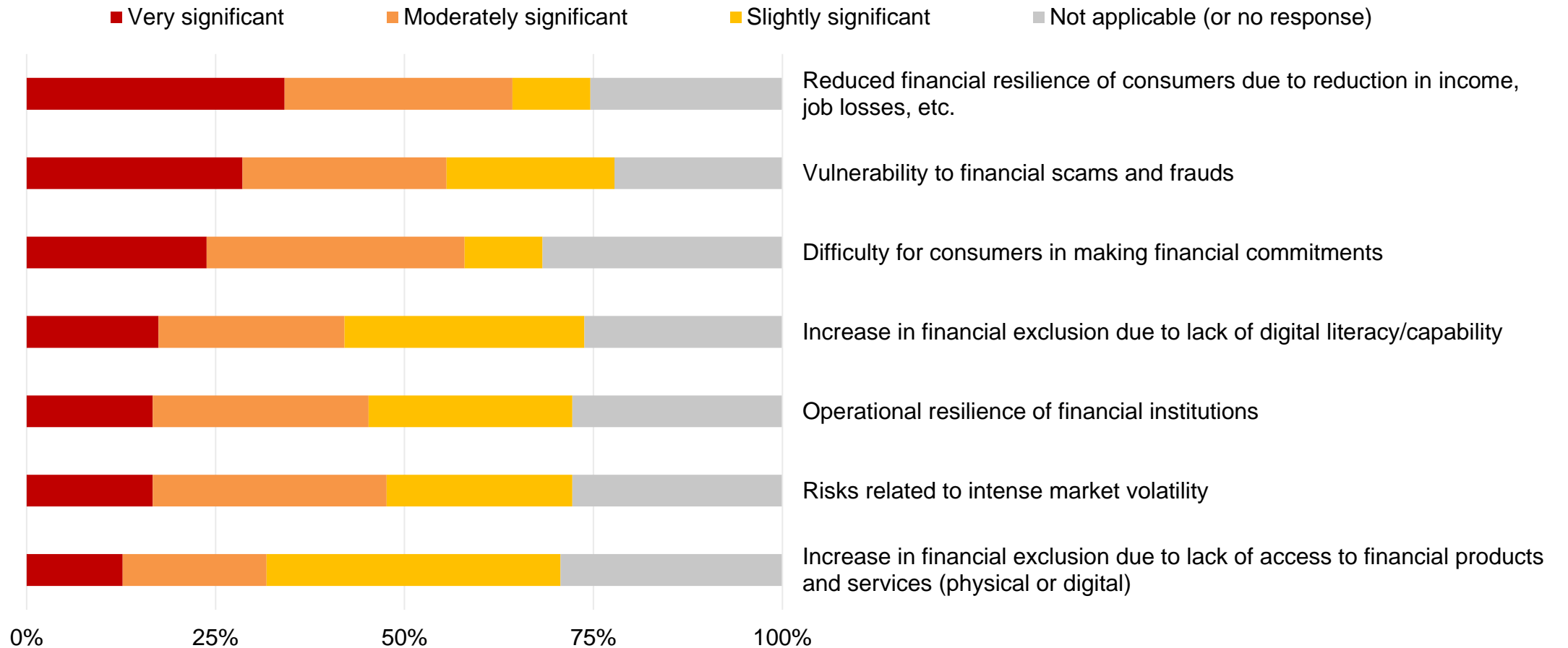




IMPACT OF THE COVID-19 PANDEMIC
ON FINANCIAL CONSUMERS:
CONSUMER RISKS & DIGITALISATION



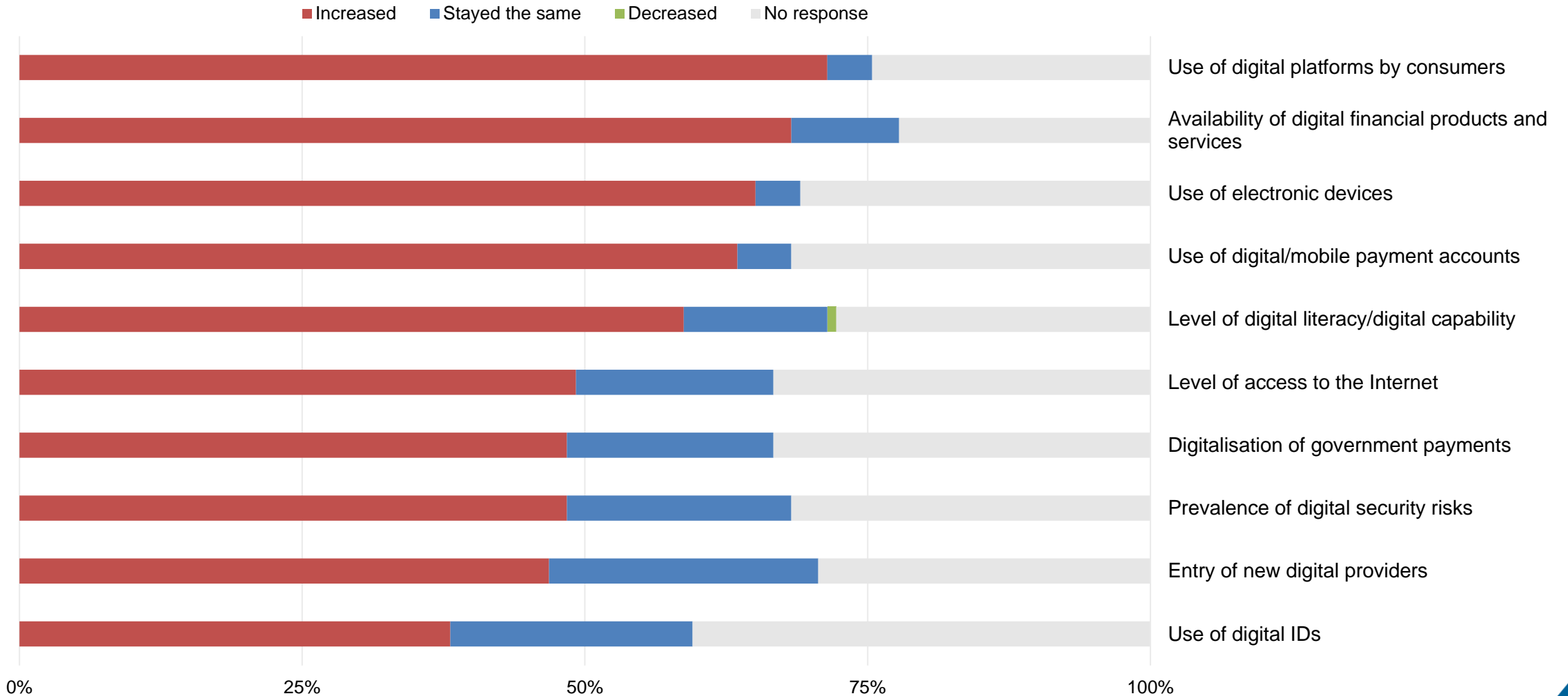
Overall, reduced resilience and scams/frauds ranked as top risks faced by financial consumers



Note: N=126, Question text: "Please indicate how significant you consider each of the following risks to financial consumers arising from the COVID-19 pandemic in your jurisdiction."



One of the most significant impacts is the accelerated digitalisation of the financial services sector



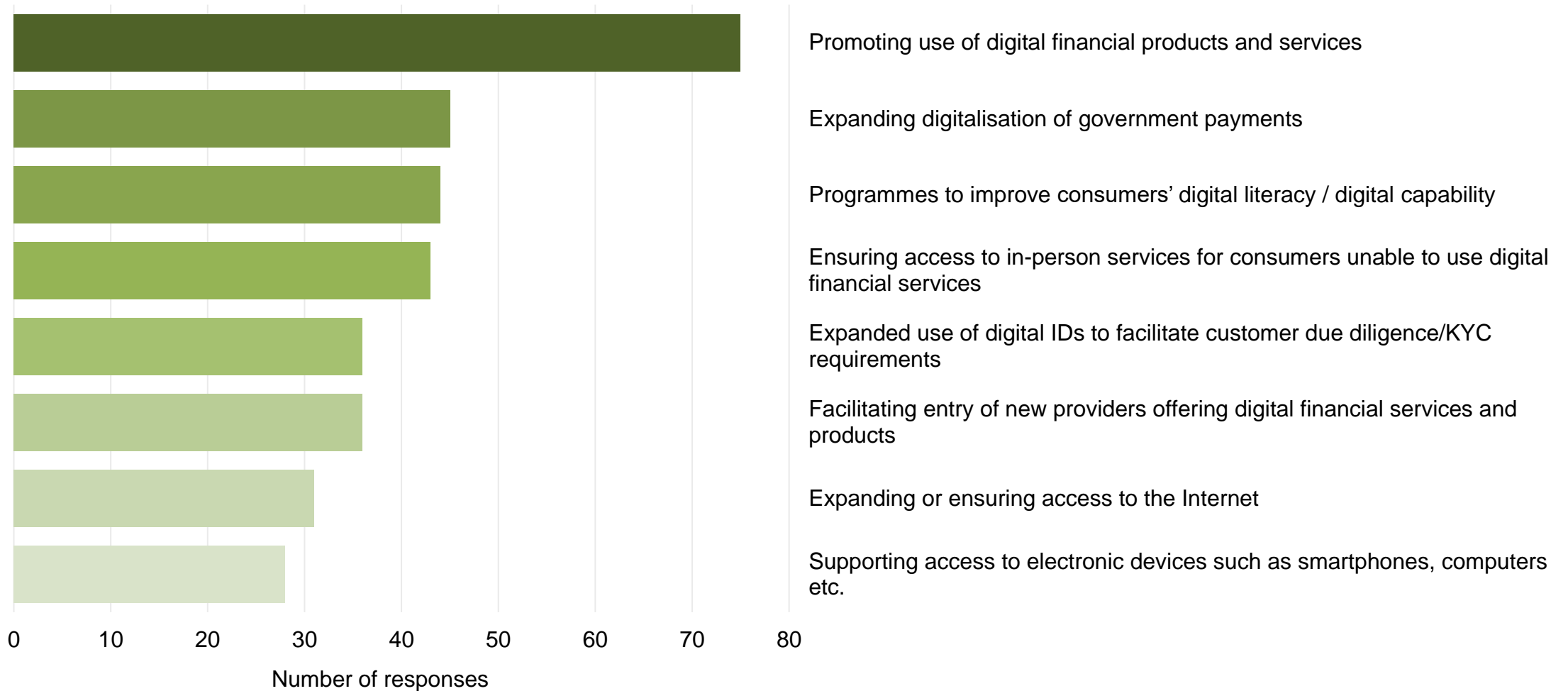
Note: N=126, Question text: "How has the COVID-19 pandemic affected the following factors relating to digitalisation in your jurisdiction?"



MEASURES TO SUPPORT FINANCIAL INCLUSION & PROTECT FINANCIAL CONSUMERS



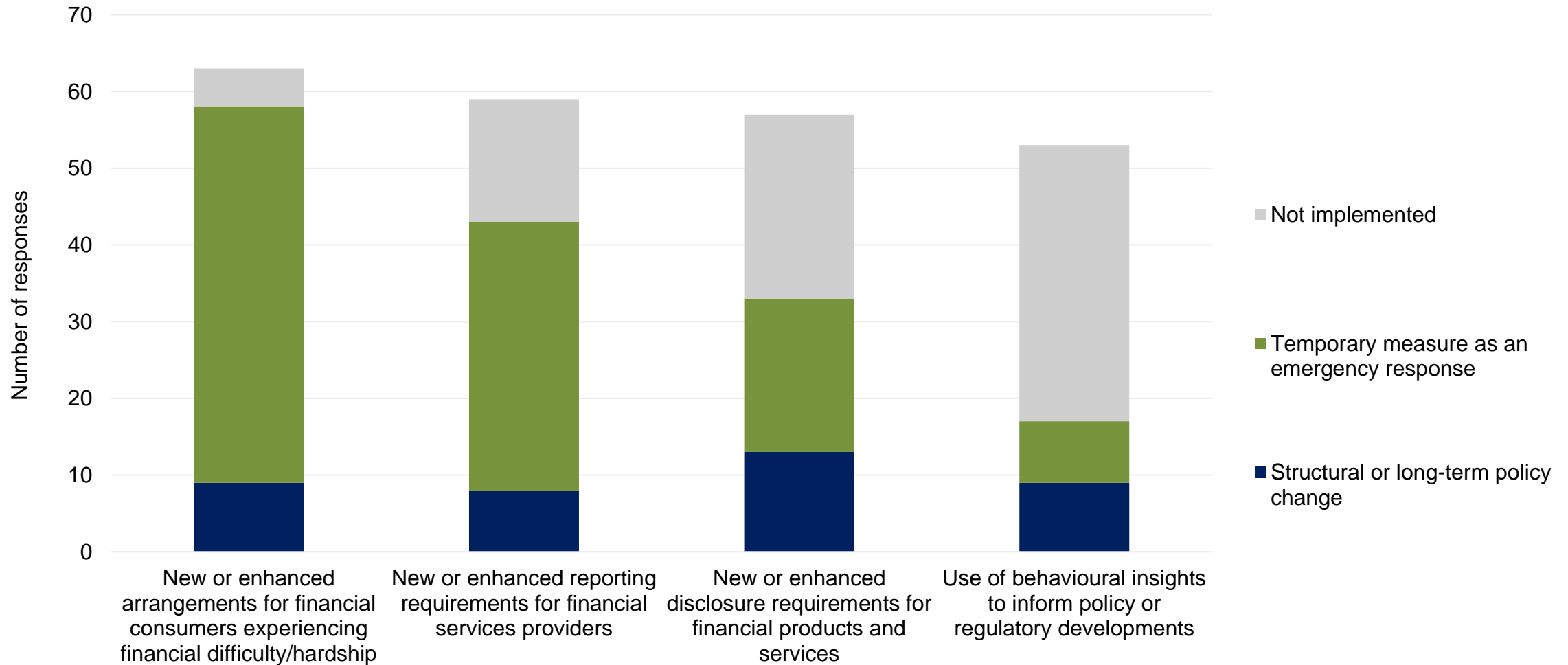
More than half of respondents adopted measures to support financial inclusion



Note: N=126, Question text: "Have any of the following measures or initiatives been adopted in your jurisdiction in light of the COVID-19 pandemic?"



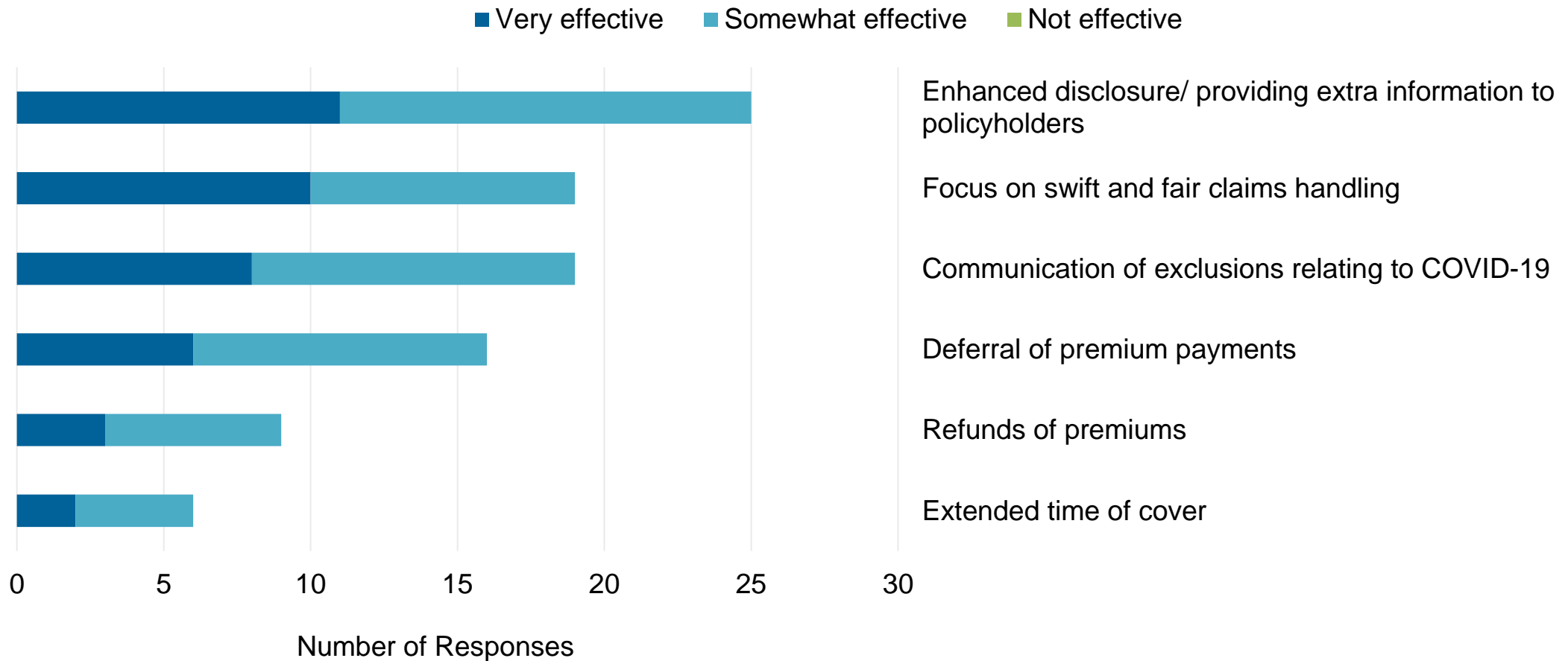
Seventy-seven respondents adopted policy or regulatory changes relating to financial consumer protection



Note: N=77, Question text: “Have there been any policy or regulatory changes or approaches adopted in your jurisdiction relating to financial consumer protection and regulation, in light of the COVID-19 pandemic? If YES, do the changes or approaches include any of the following?”



Effective measures included enhanced disclosure/providing extra information to policyholders, followed by focusing on swift and fair claims handling.

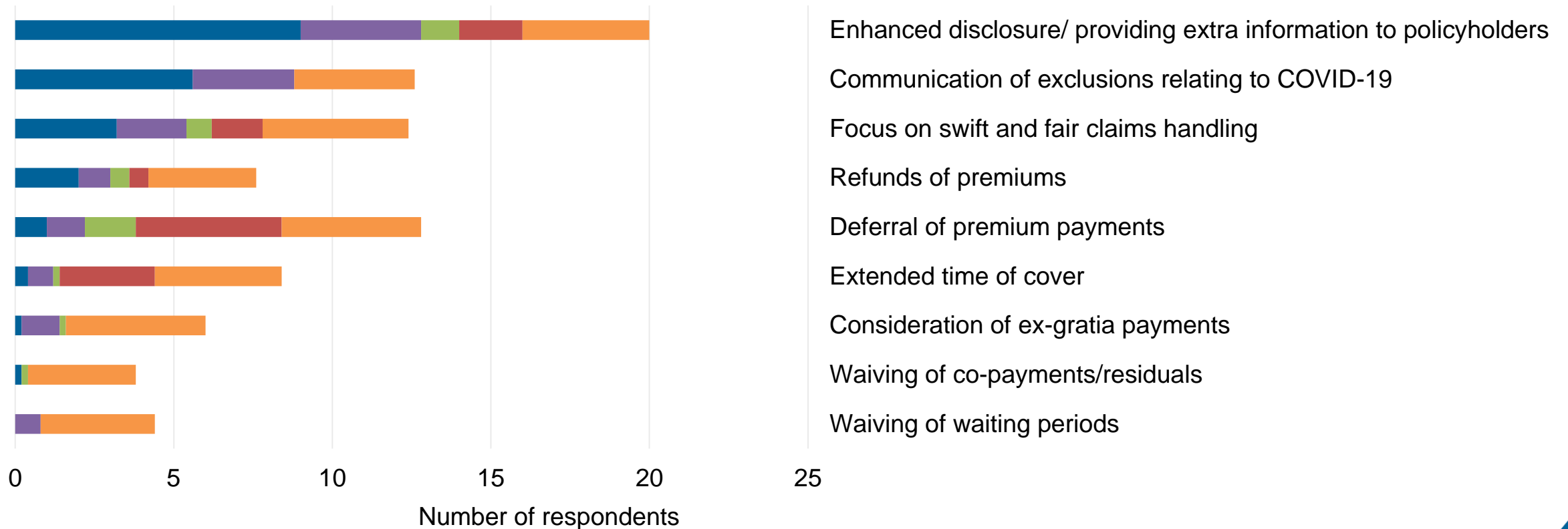


N= 48, Question text: "Please indicate the effectiveness of the following measures relating to general and/or life insurance. If a measure was not implemented in your jurisdiction, please indicate N/A."



Measures relating to disclosure and communication were most likely to be made permanent

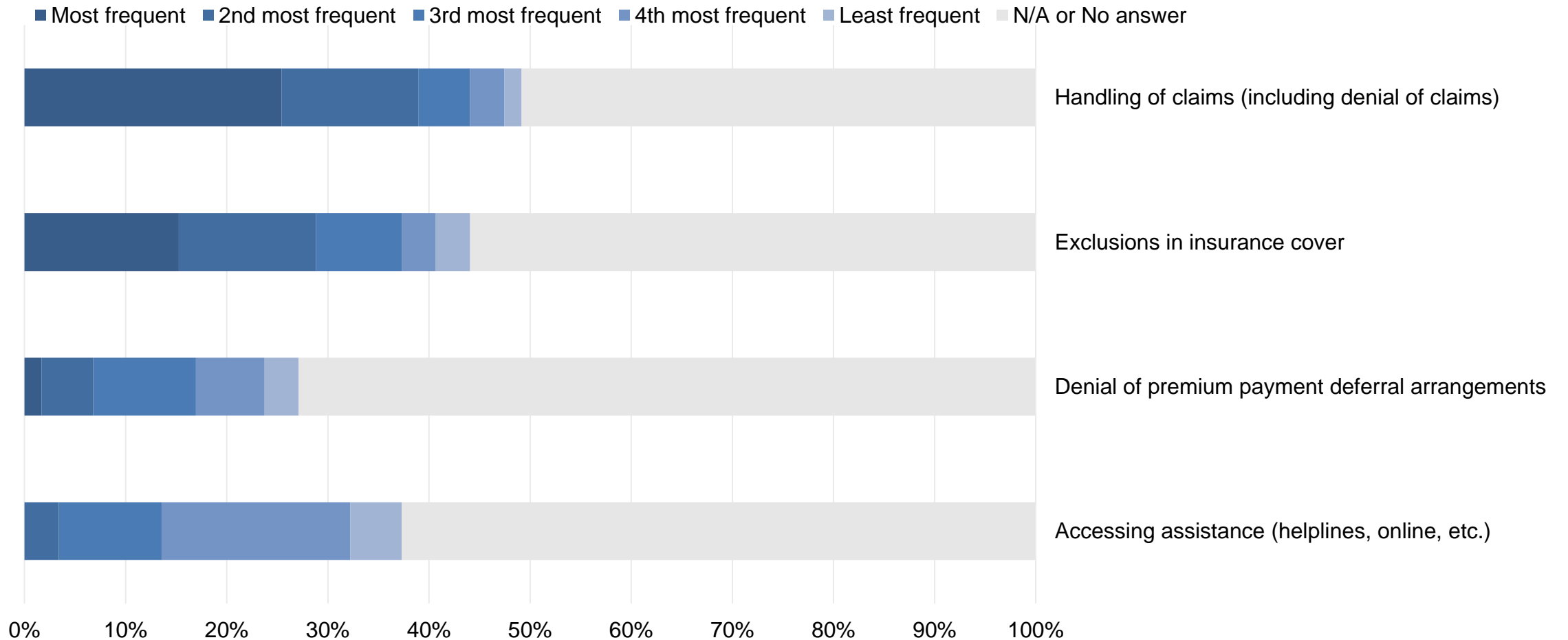
■ Made Permanent ■ Extended more than 12 months ■ Extended 6-12 months ■ Extended 3-6 months ■ Not extended



N= 45, Question text: "Please indicate whether and how the following measures relating to general and/or life insurance have been extended since their original implementation. If a measure was not implemented in your jurisdiction, please indicate N/A.."



Regarding insurance, the most common complaints received by public authorities related to handling claims and exclusions in insurance coverage



N=59, Question text: "Please rank the frequency of the following types of complaints in your jurisdiction (1 = most frequent). If a type of complaint is not applicable in your jurisdiction, please select N/A."



LESSONS LEARNT AND EFFECTIVE APPROACHES



Implications of the pandemic for financial consumer protection and financial inclusion

Pandemic has highlighted the importance of robust FCP and meaningful financial inclusion. Going forward, these policy aims will benefit from greater support.

The massive digitalisation that has occurred is unlikely to reverse course post-pandemic.

The pandemic has increased vulnerability and exposure to risk for many consumers, including through online scams and cyber risks.

In many jurisdictions, large numbers of retail investors entered the market.

The crisis has required regulators to coordinate more closely among themselves and with industry and consumer stakeholders.

COVID-19 has deepened regulators and market actors' thinking about risk and crisis-preparedness.



Effective Approaches

Quick and flexible hardship arrangements, integrated into FCP frameworks going forward

Harnessing digitalisation to expand product offerings and maintain continuity

Business continuity plans to ensure access to services and support

Strengthened coordination among stakeholders

Supporting complaints channels and redress mechanisms



Effective Approaches, cont'd.

Addressing online financial scams and frauds through a multi-pronged approach

Embedding financial inclusion and FCP within innovation strategies

Leveraging digital IDs and revising customer due diligence requirements

Enhanced monitoring, drawing from multiple sources of data and using digital tools

Clear communication for consumers to understand relief measures their implications



Some next steps

- Inform the G20 Menu of Policy Options for “Enhancing digital financial inclusion beyond the COVID-19 crisis”
- Supplementary report by the G20/OECD Task Force on Financial Consumer Protection with more data analysis on sector-specific FCP measures
- Lessons learnt and effective approaches will feed into the review and update of the **G20/OECD High-Level Principles on Financial Consumer Protection**



THANK YOU

For more information, please contact: miles.larbey@oecd.org



LIFE

EFU Life

International Inclusive Insurance Conference

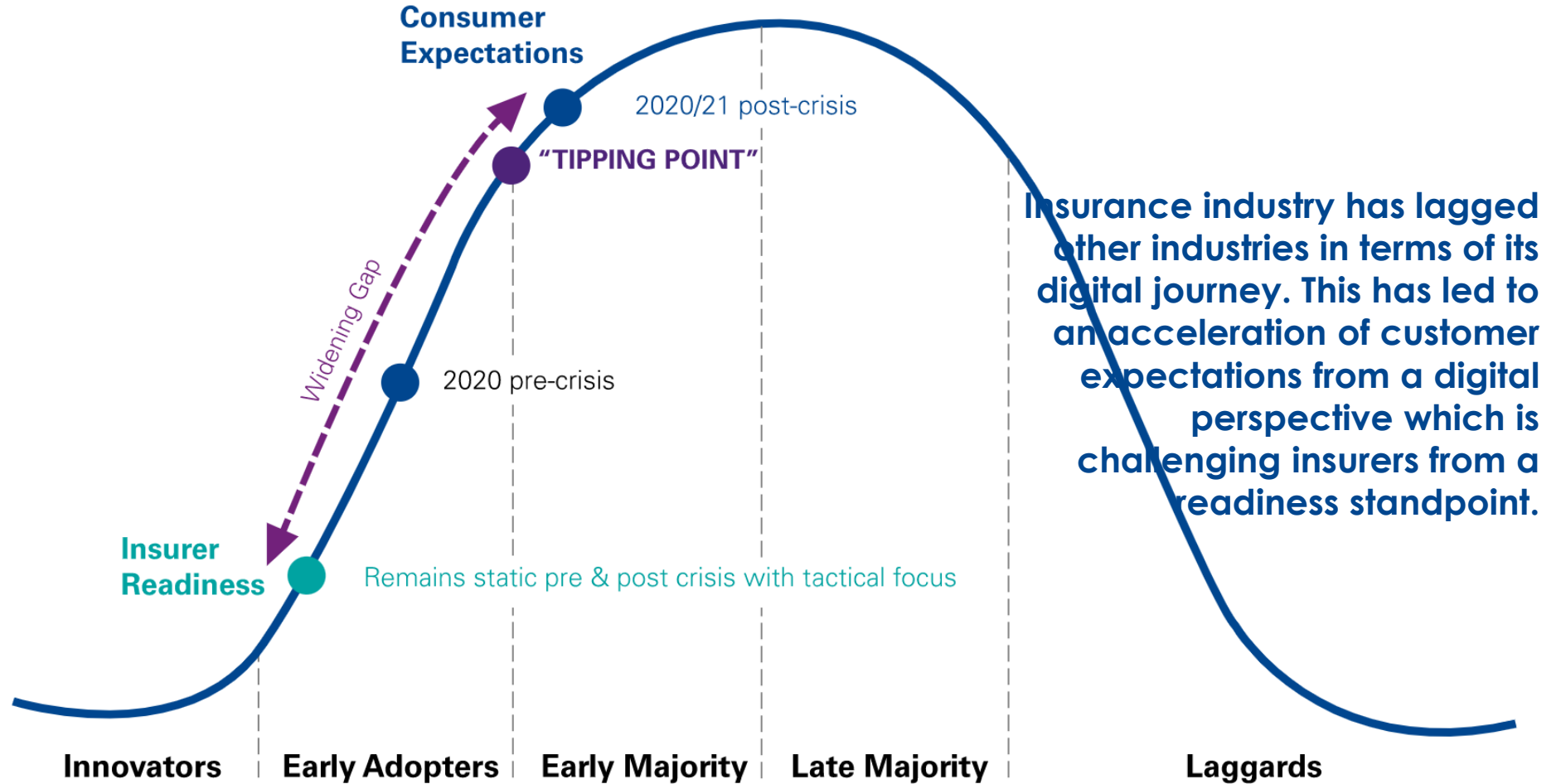
Session 7

26 October 2021

Nilofer Sohail,
AGM & Head Channel Strategy & Execution
EFU Life Assurance Limited



Insurance Industry: Readiness to go Digital





Insurance Industry: Lessons Learned from the Pandemic

Product Proposition

Understand the needs of the customers and adapt the proposition accordingly

Constant Improvement

Create efficiency in customer delivery and incorporate feedback quickly

Change Management

Streamline and revamp the existing processes to better cater to the needs of the customers

Expedite Digitization

Expedited acceptance of digital processes and documentation.

Necessary Innovation

Innovate new ways of doing business

Problem Solving

There is a solution to every problem



Pakistan: Statistical Narrative



Financially Excluded

53%

Formally Served

23%

Informally Served

24%



225 Mn

Current Population
(5th most populous)



65%

Rural Population



>60%

Younger than 25



Low-income population

178.9M

Middle-income population

4.5M

Rest of population

41.6M

Bank Deposit Accounts



62M

Mobile Money Accounts



74.6M

(46M Active)

Insurance Penetration



<1%

(As % of GDP)

Mobile Subscriptions



186M

(83%) of pop

3G/4G Users



105M

(47%) of pop



Pakistan: Enablers for Inclusive Insurance



GoP's Sehat Sahulat Program

- ✓ A micro health insurance scheme designed to improve access of the under-privileged population to good quality healthcare

7,890,000

Families Enrolled

97%

Satisfaction Rate

Surge of Fintechs & Insurtechs

- ✓ Accelerated digital adoption
- ✓ **40+** prominent Fintechs & Insurtechs
- ✓ Fintechs are focused around **Payments Sector**
- ✓ Main role in **distribution of insurance**

Insurance Penetration through Telcos

- ✓ Success story of BIMA as the nation's largest mobile health insurance initiative with approx. **5 million clients insured.**
- ✓ Cross bundled & Airtime based protection

83%

Mobile Penetration

45%

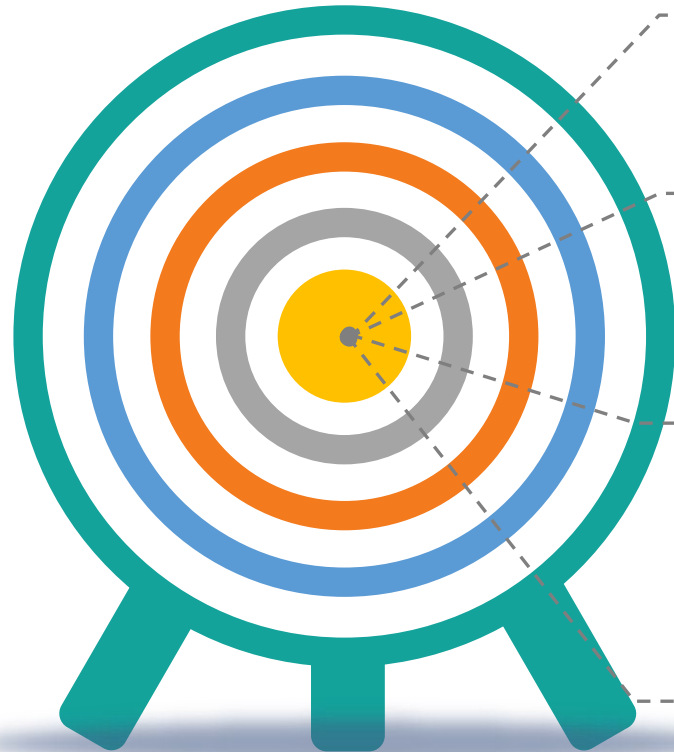
3G/4G users

Supportive Regulator

- ✓ Very keen on promoting financial inclusion.
- ✓ Support digital payment modes.
- ✓ Support electronic mediums
- ✓ Support Lesser Requirements



Digitalization in Insurance Industry: Here to Stay



- **Digital Natives**

Quick to adopt new digital activities and technology.

- **Expect Excellent Customer Experience**

They do not want to visit branches, talk to advisors on the phone, fill out paper forms or wait 3 days for a quote.

- **Prefer Digital Banks & E-commerce Platforms**

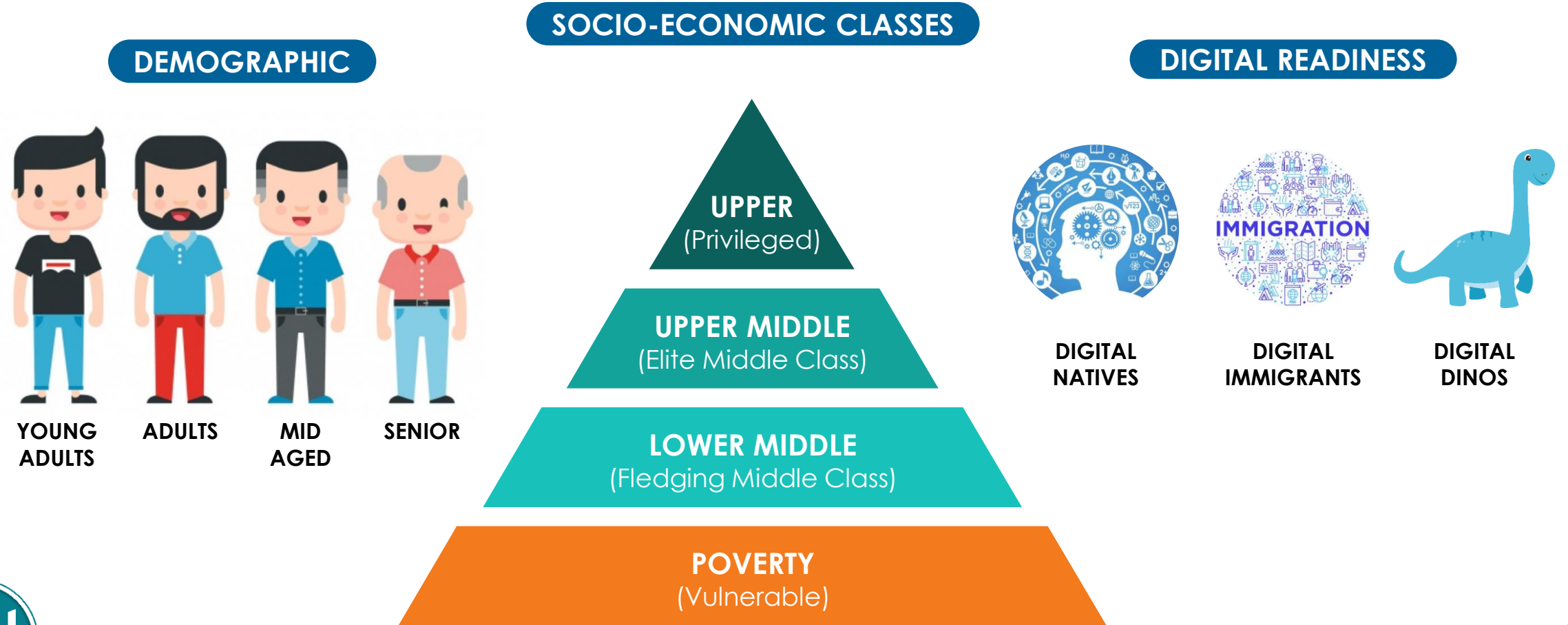
They are likely to use a search engine to help solve their problem versus a phone call, visiting a store or even social media. Independent insurance agents must show up in search.

- **Want to Engage with Brands**

Millennials use technology to connect with people, more often & in real-time.



Understanding your Customer: Customer Segmentation



Recipe to foster Financial Inclusion



Focus on Partnerships

Leverage institutions that have achieved high consumer penetration in their respective markets such as Telcos, MFIs, & MFBs to enhance reach



Phygital / Hybrid approach

Digitalization supported by physical processes & systems e.g call center for reach, digitalization for richness, and wallets for premiums and claim disbursements



Customer Segmentation

Understand the needs and wants of your customers; build the overall product proposition around the segments' behavior and aspirations



Claims & Policy Servicing

Enhance using insurtech; real time STP, e-policies, claim intimations via national database, digital claim intimation/disbursement and enhanced use of biometrics



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