

# How Legislation can Facilitate Microinsurance

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# Critical Aspects of a Successful Microinsurance Development

Product development focused on the targeted population

Distribution familiar with the targeted population at a low cost

Transparency of benefits and responsibilities

Timely and fair claims payments

Awareness

No impact to policyholders due to failures or misselling

# Product development focused on the targeted population

Guidelines  
requiring proof of  
deep knowledge of  
the targeted  
population (TP)

Needs assessment  
required

Classification of  
lines of product  
based on  
protection  
provided

File and sell  
approach with  
guaranteed  
recourse

Distribution familiar with the targeted population at a low cost

Non-traditional  
distribution  
channels allowed

Training in  
accordance with  
the product and  
the TP

Direct or indirect  
supervision

# Transparency of benefits and responsibilities

No misleading  
benefits

Main source of  
claim not  
excluded

Underwriting  
based on  
public data

Responsibilities  
page with  
examples

# Timely and fair claims payments

Availability of the benefit to fit the purpose of the coverage

Only onetime additional information request possible

Accessible complaints framework connected to the supervisor

# Advance development on timely and fair claims payments

Payment claims through the familiar channel (but tracking of claims using block chain technology)

Automatic claims payments through smart policies

# Awareness

Required  
awareness  
activities with  
allocated budget

Relevance to the  
TP risks

Family and  
community  
awareness  
programs



# No impact to policyholders due to failures or misselling

Risk based supervision  
and capital  
requirements

Guarantee fund with  
immediate and full  
compensation in case  
of failures

Recourse in case of  
faulty product or  
misselling activity by  
the distribution  
channel

Product development focused on the targeted population

## Definition-Licensing- Product design- Product app

Guidelines  
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Needs assessment  
required

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lines of product  
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## Definition- Distribution registration or licens

Non-traditional  
distribution  
channels allowed

Training in  
accordance with  
the product and  
the TP

Direct or indirect  
supervision

# Transparency of benefits and responsibilities

## Definition- Product design- Product approval

No misleading benefits

Main source of claim not excluded

Underwriting based on public data

Responsibilities- page with examples

# Timely and fair claims payments

## Claim payment regulations- Market Conduct rules- Consumer

Availability of the benefit to fit the purpose of the coverage

Only onetime additional information request possible

Accessible complaints framework connected to the supervisor

# Awareness

## Licensing- Market Conduct- Consumer prote

Required  
awareness  
activities with  
allocated budget

Relevance to the  
TP risks

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No impact to policyholders due to failures or misselling

## Prudential rules- Reinsurnace- Guarantee fund- Consumer pro

Risk based supervision  
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# Regulatory Framework in The Philippines

Document	Highlights
2009 Regulatory Framework for Microinsurance	<ul style="list-style-type: none"><li>• Covers insurance, insurance like and other similar activities.</li><li>• Defines Microinsurance</li><li>• All licensed entities allowed to do Microinsurance.</li><li>• Lower capital requirements</li><li>• Appropriate RBC supervision.</li><li>• Separate Market Conduct Rules.</li><li>• Dedicate Mi Agents.</li></ul>

*Source: Assessment of Microinsurance as Emerging Microfinance Service for the Poor, The Case of The Philippines, ADB, 2017*



# Regulatory Framework in The Philippines

Document	Highlights
2015 Enhanced Microinsurance Regulatory Framework	<ul style="list-style-type: none"><li>• Permissible functions of regular agents, general agents, and brokers in microinsurance provision</li><li>• How microinsurance products may be bundled</li><li>• Cession and acceptance of microinsurance risk</li></ul>

# Regulatory Framework

## Document

## Highlights

2015 Agriculture  
Microinsurance  
Framework

- Definition of indemnity-based and parametric-based MicroAgri products
- Types of agricultural assets that may be covered, the risk events that may be insured against
- Eligibility of consumers that may purchase these products including proof of insurable interest for enrolment and claims
- Types of products that may be developed by each type of provider and how products may be distributed or parametric-based products, specification of the parameters that may be used for constructing the loss formulae and triggers, data to be used for provision of such products, the documentation requirements for claiming, and the pay-out standards to be applied

# Regulatory Framework

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## Highlights

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# Market Snapshot

Type of Product Life	No. of Products
Term Life	14
Term Life with Return of Premium	10
Credit Life	22
Funeral	1
Savings with Life Cover	6
Other Life	7

Type of Product Health	No. of Products
Hospital Cash	10
Inpatient Healthcare	3
Outpatient Healthcare	2
Critical Illness	1
Other Health	1

Type of Product Others	No. of Products
Disability	15
Personal Accident	12
Property	4
Crop	1

**99**  
Total No. of MI Products

**48.2 million**  
Lives covered  
**P 1.99 billion**  
Premium under MI

**4 Insurers**  
develop climate risk products

Source: Asia Microinsurance Supply Side Study 2020 by Miliman, IC Press Release 9<sup>th</sup> October 2020