

Organised and hosted by:



Microinsurance
Technical Advisory
Group



FinProbit Solutions

Supported by:



Munich Re
Foundation
From Knowledge
to Action



DIGITAL INCLUSIVE insurance solutions

Practitioner Seminar

May 18-19, 2021 | Digital Edition

Housekeeping



- Today's presentation is scheduled to last 1.5 hours incl. Q&A



- This meeting is being recorded and the presentations will be made available



- Please use the Q&A function to ask questions



- Please use the CHAT function if you have any technical issues

Organised and hosted by:



Microinsurance
Technical Advisory
Group



FinProbit Solutions

Supported by:



Munich Re
Foundation
From Knowledge
to Action



SESSION 5 REGULATING INSURTECH SOLUTIONS

19 May 2021

Regulating Insurtech Solutions: An Overview

19th May 2021

Regulating Innovations



Innovation introduces new products, business models and market players



Challenges regulators to expand capacities and oversee the disruptive impact



Sub-optimal regulatory response can be:

Over-regulating

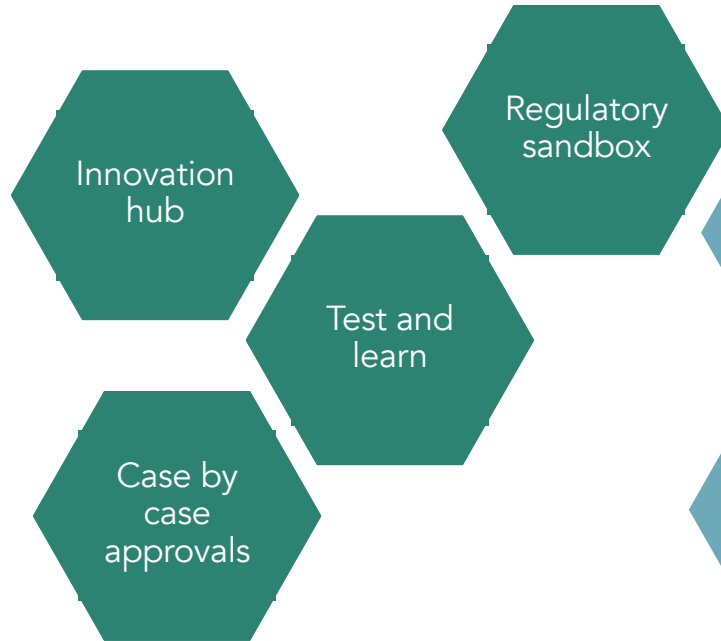
- Too high entry barriers
- Limited space for new players in the regulations
- Consumer protection issues

Under – regulating

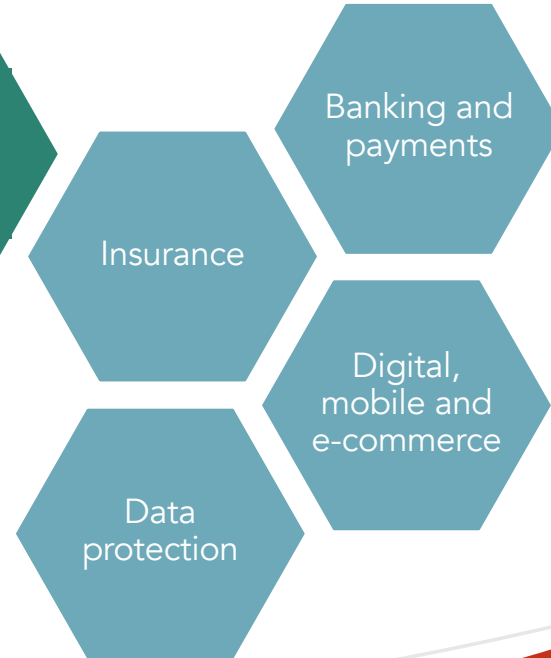
- Too little regulations create risks for the market and the customer
- Under defined regulations can confuse players

Regulating for Innovation is Cross-cutting

Regulatory tools and approaches



Laws and regulations



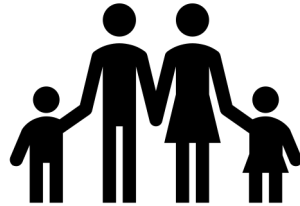
Supervisors need to Balance 3 Main Considerations

1

Provide an enabling regulatory environment for innovation and scale

2

Ensure fair treatment of consumers who may have little income and limited insurance and digital awareness



3

Work within constraints of a market that may not have capacity

Issues in Digital Insurance Market Development



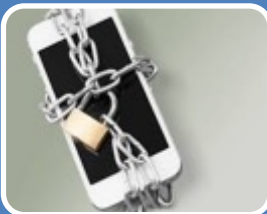
Slow pace of approvals

- Stretched regulators vs Fast moving insurtechs
- Regulatory capacities



The regulatory grey areas

- More than one set of regulation
- New 'types' of players emerge



Pro-paper/anti-digital requirements

- Mode of contracts, signatures etc.
- Regulations not adapted to innovations

- Building capacities of regulators
- Dialogue with industry, tech disruptors and other regulators in the market

Protecting Customer's Interests in the Digital Insurance Market Place



Awareness and Consent

- The client knows she has a coverage
- She actively chooses to be covered
- She knows who/where to ask



Value and Claims

- The coverage makes sense
- Every fair claim is raised and paid
- She knows who to complain to



Data protection

- Her data is used with her consent
- Need to know use only

Ghana's Balancing Act

2007: MicroEnsure opens office in Ghana

2010: Tigo launches first mobile insurance in Ghana

2014: M-insurance is found to have overtaken MFIs as

As at 2015: 6 mobile insurance products via 3 TSP-MNO-
partner partnerships with policyholders

2019: M-insurance constitutes 65% of the insurance market. Providers estimate there to be more than 4 million policies.

3 Key Steps

- Market Conduct (M-Insurance) Rules in 2017 on data reporting requirements etc.
- Mandating securing consent of the customer
- Working with other regulators in the interest of the industry

Present

Ongoing: NIC, GIZ and CGAP conducting assessment on customer experience and consumer protection

2017: NIC issues Market Conduct (M-Insurance) Rules, 2017

2017: FRC participates in A2ii iii-lab, which ended in 2018

building efforts

Legend

- Policy and regulatory measures
- Capacity building and peer learning
- Market starters and outcomes

*Source: A2ii: 10 Years On (A2ii, 2019)

How to succeed in this balancing act ?

1. Look at the big picture - it is not just about regulation
identify the supply, demand,
policy and regulatory
barriers and opportunities
2. Focus on the regulatory
barriers and opportunities
and address them in a
proportional way
considering the current
stage of the market



Thank you.

Follow us on Twitter [@a2ii_org](https://twitter.com/a2ii_org), [YouTube](https://www.youtube.com/a2ii_org) and [LinkedIn](https://www.linkedin.com/company/a2ii_org)

Implementation Partner:



Supported by:



Hosted by:





Regulatory and Supervision considerations for Digital Inclusive Insurance Solutions

Namakau Mundia Ntini

Historic account of digital inclusive insurance solutions



- In Zambia, like in many African countries, digital inclusive insurance solutions were mainly through loyalty products in the early 2000s.
- Evidently these loyalty products achieved significant scale
- However, numerous products were discontinued or phased out
- Loss of coverage for millions of MNO subscribers
- Partnership fall off due to strategic decisions or conflicting priorities between MNOs, insurance companies and technical service providers (TSPs)
- Huge implication on the reputation of insurance as an effective risk management service for low-income market segments
- Most loyalty products had serious consumer communication, awareness and education limitations

Experiences: Digital offerings and solutions in Zambia



Airtel Life



MTN Life after Life



MTN DriveSure
MTN EduSure - Life
(for education of
insured's children)



Life
Accident
Health



Key lessons learned on market development and consumer protection



MARKET DEVELOPMENT

1. Digital solutions can be an effective scale driver
 - 4 million + with Airtel
 - 1 million + MTN AYO
2. Dynamic distribution (Insurer, Insurtech and MNO)
3. Low touch approach alone is not effective
4. Technology through digital solutions is simply an enabler not silver bullet
5. Customer centricity still supreme; products should be appropriate and generate real value to end-users

CONSUMER PROTECTION

1. Limited consumer education - Awareness
2. Limitations of loyalty type models
3. Partnership risks
 - Roles - Who does what? Who pays?
 - Sustaining motivation of engagement –value proposition
 - Finding the right incentive structure
 - Achievement of win-win-win value proposition
4. Need for collaborative regulation
5. Data Security

Current and future considerations



- Implementation of microinsurance principles jointly with the TAG
- Finalisation and enactment of microinsurance regulations
 - Recognise and provide guidelines on digital solutions
 - Recognise and provide guidelines on roles of Insurtechs
- Enhanced regulatory sandboxing for digital insurance solutions
- Development of dedicated Innovation labs for insurtech solutions
- Collaboration with development partners on a dedicated innovation fund to promote responsive digitization of insurance services (not only for inclusive insurance) – platforms for premium collection, claims administration and claims payouts.



How can insurance supervisors support responsible innovation?

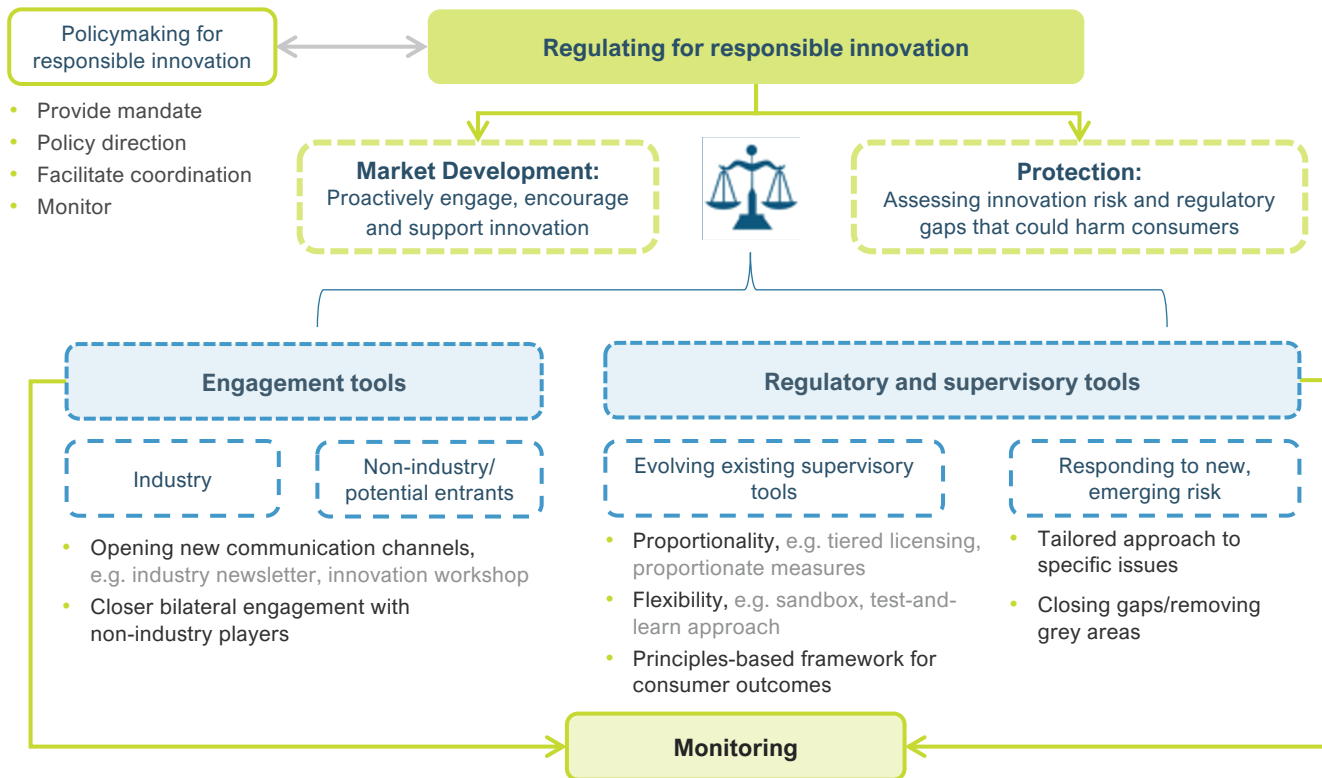
Session 5: Regulating insurtech solutions

Supporting innovation is an opportunity for regulators to encourage market development, but with it comes new consumer protection and systemic risks.

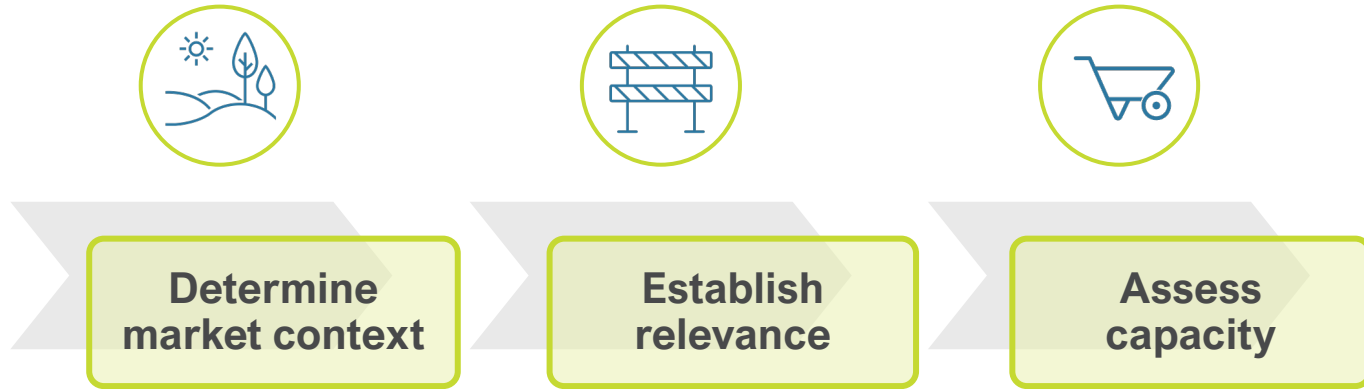


Managing a regulator's balancing act:

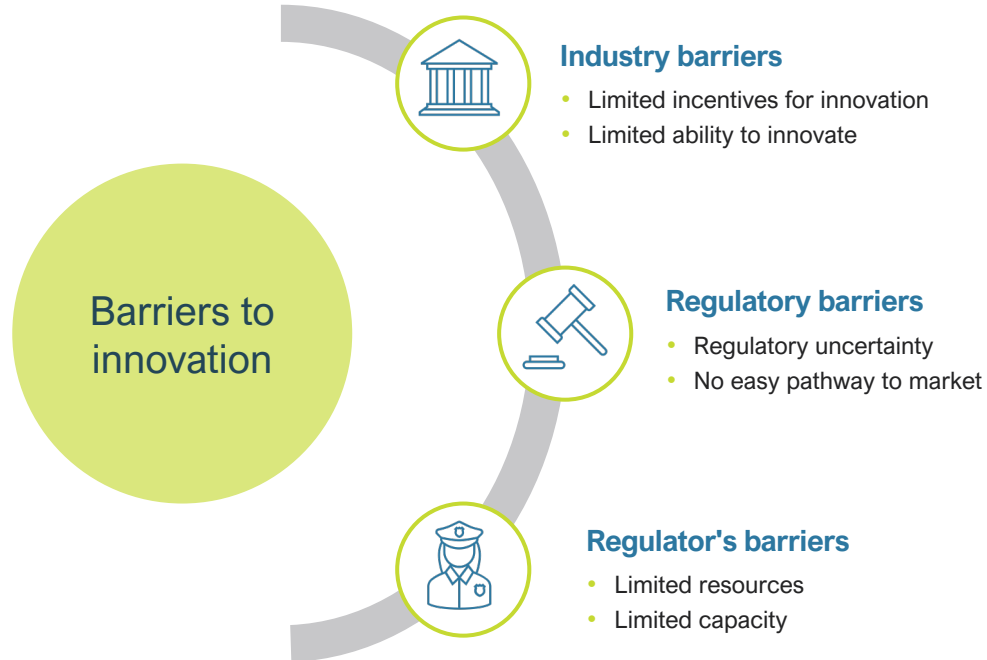
What are the options?



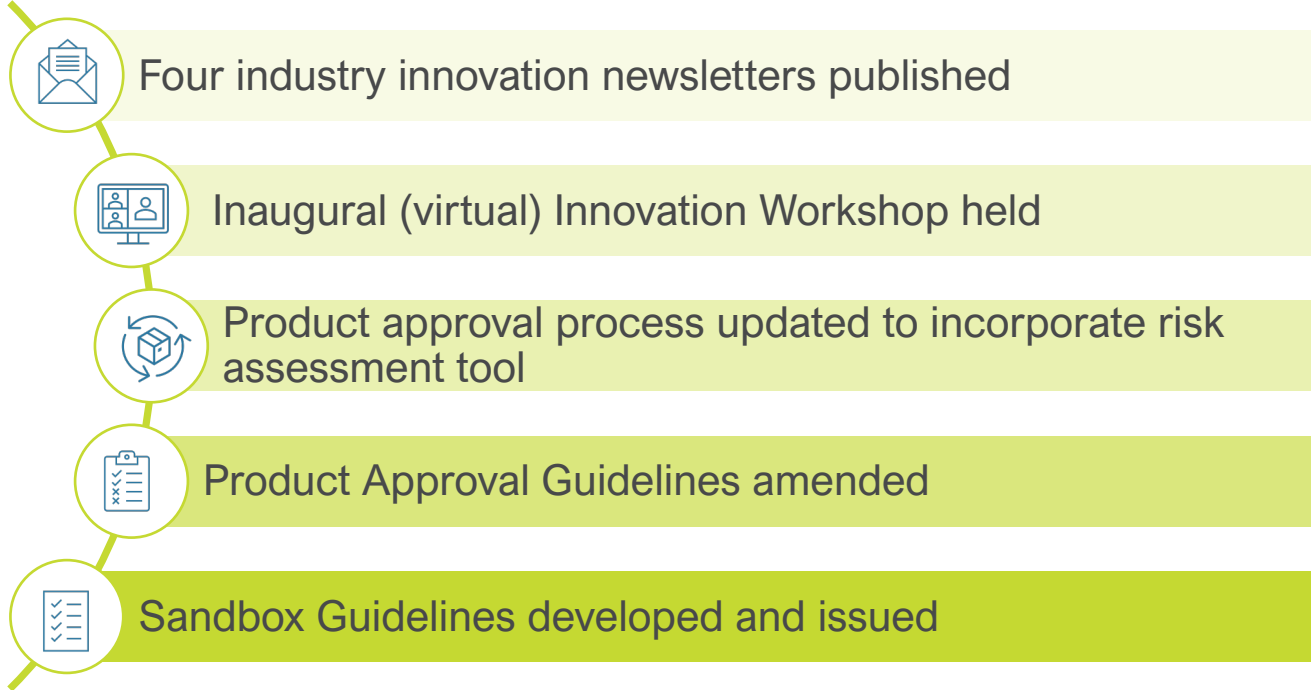
How does the regulator choose among the options?



The framework in practice: IRA Uganda



The framework in practice: IRA Uganda



Thank you

Please engage with us:

Nichola Beyers

Email: nichola@cenfri.org

About Cenfri

Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.



Organised and hosted by:



Microinsurance
Technical Advisory
Group



FinProbit Solutions

Supported by:



Munich Re
Foundation
From Knowledge
to Action



Expanding Financial Inclusion

DIGITAL INCLUSIVE insurance solutions

Practitioner Seminar

May 18-19, 2021 | Digital Edition