



WHAT IS NEEDED TO DEVELOP INCLUSIVE INSURANCE MARKETS IN GHANA

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1.0 THE CONTEXT-DEFINITION OF INCLUSIVE INSURANCE

- ❖ It is an insurance product that is designed and developed with the intention of meeting the needs and being marketed and sold to:
 - ❖ (a) Low-income persons generally
 - ❖ (b) Specific types or descriptions of low-income persons; or
 - ❖ (c) Low-income persons in a particular geographical area

ALSO

- ❖ (d) Premiums charged must be affordable for those low income persons
- ❖ (e) The products must be accessible to those low income persons
- ❖ (f) The products are usually targeted at underserved population as defined by regulations

2.0 LEGAL FRAMEWORK-INCLUSIVE INSURANCE (GHANA)

- ❖ The National Insurance Commission (NIC) has the responsibility of licensing and approving inclusive insurance companies and products in Ghana
 - ❖ Previously, inclusive insurance was governed by the Market Conduct (Micro-insurance) Conduct Rules, 2013
 - ❖ With the passage of the Insurance Act, 2021(Act 1061), the legal framework for inclusive insurance comprises four distinct documents:
 - ❖ (a) Insurance Act, 2021 (Act 1061) (see sections 209, 210 and 259)
 - ❖ (b) Regulations to be issued by the Minister of Finance (sec 197)
 - ❖ (c) Directives to be issued by the Commission (sec 198)
 - ❖ (d) Guidelines to be issued by the Commission (sec 201)
- Guidance from International Standards and Best Practice (sec 202) is also germane

3.0 DEVELOPMENT OF INCLUSIVE INSURANCE PRODUCTS

- ❖ A licensed insurer is required, when designing and developing an inclusive insurance product:
- ❖ (a) Have regard to whether the product is likely to provide value for the persons for whom it is designed
- ❖ (b) Take into account guidance provided by the NIC
- ❖ (c) Licensed insurer who underwrites inclusive insurance is required to make and retain written records that demonstrates its compliance to the requirements above

3.1 OTHER REQUIREMENTS

- ❖ A licensed insurer is required to take all reasonable steps to ensure that the policy documents for inclusive insurance product:
- ❖ (a) is written in clear and straightforward language with no, or minimal use of technical and legal language
- ❖ (b) Readily and easily understood by low-income persons to whom it is marketed and sold
- ❖ State in clear terms that it is inclusive insurance contract
- ❖ Contains no, or few exclusions
- ❖ Rating may be based on community risk profile, or specific risk or otherwise

4.0 KEY DEVELOPMENTS-THE GHANAIAAN ENVIRONMENT

- ❖ COVID -19 has thought us to take a second look at the opportunities that Technology has to offer. Companies are reducing their reliance on paper- based 'proposal forms'. They are investing in Apps
- ❖ Robust Regulatory environment in Ghana comprising the Insurance Act, 2021 (Act 1061), Regulations (which is imminent), Directives and Guidelines with focus on Risk-based supervision
- ❖ Introduction of the Innovative Insurance License (Sand boxes) that allows for the effective deployment of technology in inclusive insurance
- ❖ 80% informal sector workforce allows for the development of products for this important sector of our economy
- ❖ High Mobile Density and penetration allows for the use of mobile phones
- ❖ The current focus of ALL Finance related regulations is to promote financial inclusion as is well articulated by the National Financial Inclusion and Development Strategy (NFIDS)

4.0 ENABLERS OF INCLUSIVE INSURANCE PRODUCT-INNOVATION

1. The Demand Side Survey (2021) puts Ghana's financial inclusion at 96% which is above the figure of 75% projected in 2018. The issue of access to financial services including seem to be partly addressed. The challenge is USAGE.
2. Opportunity to close the USAGE gap by developing CUSTOMER-CENTRIC PRODUCTS for current and potential policyholders.
3. The Payment Systems and Services Act, 2019 (Act 987) defines insurance as one of the PERMISSIBLE TRANSACTIONS. According to
4. Section 30 (1)"(i) An electronic money system may be used for the following transactions: INSURANCE PRODUCTS UNDERWRITTEN BY A LICENSED INSURER". This provision allows for the usage of AIRTIME and ELECTRONIC WALLET for insurance transactions.
5. The Total MNO Mobile subscriptions in Ghana as at January 2023 is estimated at 39,812,171 which means that mobile penetration stands at 125.10% (One of the highest in Africa).
6. Act 1061 has redefined intermediary licensing to include Technical Service Providers and Corporate Agent

5.0 EMERGING INCLUSIVE INSURANCE-KEY ISSUES

Successful inclusive insurance product landscape will include the following:

1. Affordability, Accessibility and Customer-centricity
2. Collaborations between Insurers, intermediaries and Regulators
3. Inclusive Insurance (Financial Inclusion) is a must, taking into consideration the informal nature of our workforce
4. Agricultural Insurance is a must. This has largely been left for the Non-Life Insurers... How about bundling for the farmer to have benefits beyond crop and animal protection?
5. Technology: Data Analytics, Artificial Intelligence and the use of same to achieve both scope and scale values

6.0 CUSTOMER CENTRICITY IS A MUST

Emerging Products must be Customer-Centric

- ❖ The Products must avoid unfair trade practices including: misrepresentation, twisting, deceptive or false advertisement, inequitable claim settlement, unfair discrimination
- ❖ Consumer Protection should not only be the function of the Commission but must be at the core of our proposition
- ❖ Deceptive or False Advertisement must not be our portion
- ❖ Claims Settlement: Legitimate Claims must be settled. Policyholder must be educated on his rights and claims procedures post purchase. Simplified process is a must
 1. Twisting: Inducement to drop policies and replace with a new one should be avoided
 2. Undercutting, Rebating: Giving individual premium reduction or some other financial advantage not stated in the policy as an inducement to purchase the policy,
 3. Three Tier Complaints Management: Company, CMAB and NIC Complaints desk to support Self-Regulation

7.0 WE CANNOT AFFORD TO TAKE OUR EYES OFF UNDERWRITING PROFIT

Despite the attractions and trappings of Technology (which will no doubt help us achieve scope and scale advantages) we cannot afford to take our eyes off UNDERWRITING PROFIT.

- ❖ Product MIX should be on the side of HIGH RISK PRODUCTS compared to INVESTMENT LINKED Ones.
- ❖ We cannot INNOVATE TO DEATH.
- ❖ We must engage other Regulators to address whatever might be the challenges associated with multiple regulation e.g. Health Insurance, Bank of Ghana, Pensions, National Communication Authority/ GRA on minimal charges as Inclusive Insurance Products may have multi-regulatory regime, by courtesy of innovation.

8.0 CONCLUDING REMARKS:

In 2020, inclusive insurance products in Ghana covered about 9.64 million people with the following breakdown:

Table 3: Number of Persons covered under inclusive insurance in Ghana

Type of Product	Percentage Coverage	of Total Persons covered
Life Insurance	44	4,136,000
Credit Life	29	2,726,000
Health Insurance	25	2,350,000
Funeral Insurance	1	94,000
Other	1	94,000
Total	100	9,400,000

THANK YOU