

Self Regulatory Assurance Of Client Protection Using the PACE Framework



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OUTLINE

Objective

About Nigeria and Microinsurance Landscape

Microinsurance regulation

About Hygeia Community Health Care

The PACE framework

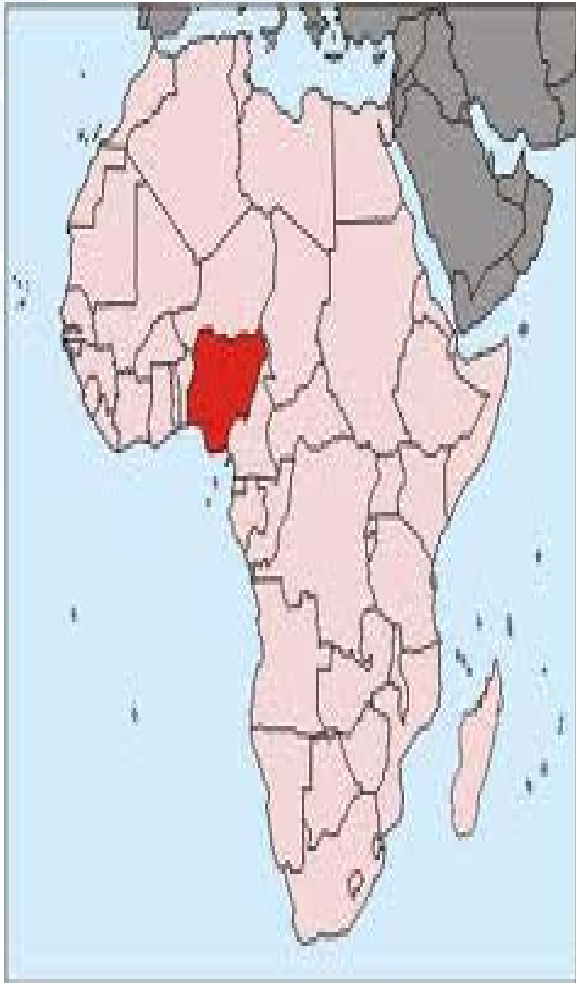
Methodology: Self regulatory assurance of client protection using PACE

Conclusion

OBJECTIVE

Stimulate thinking and discourse about the use of the PACE framework and tool for accomplishing self regulatory assurance of client protection

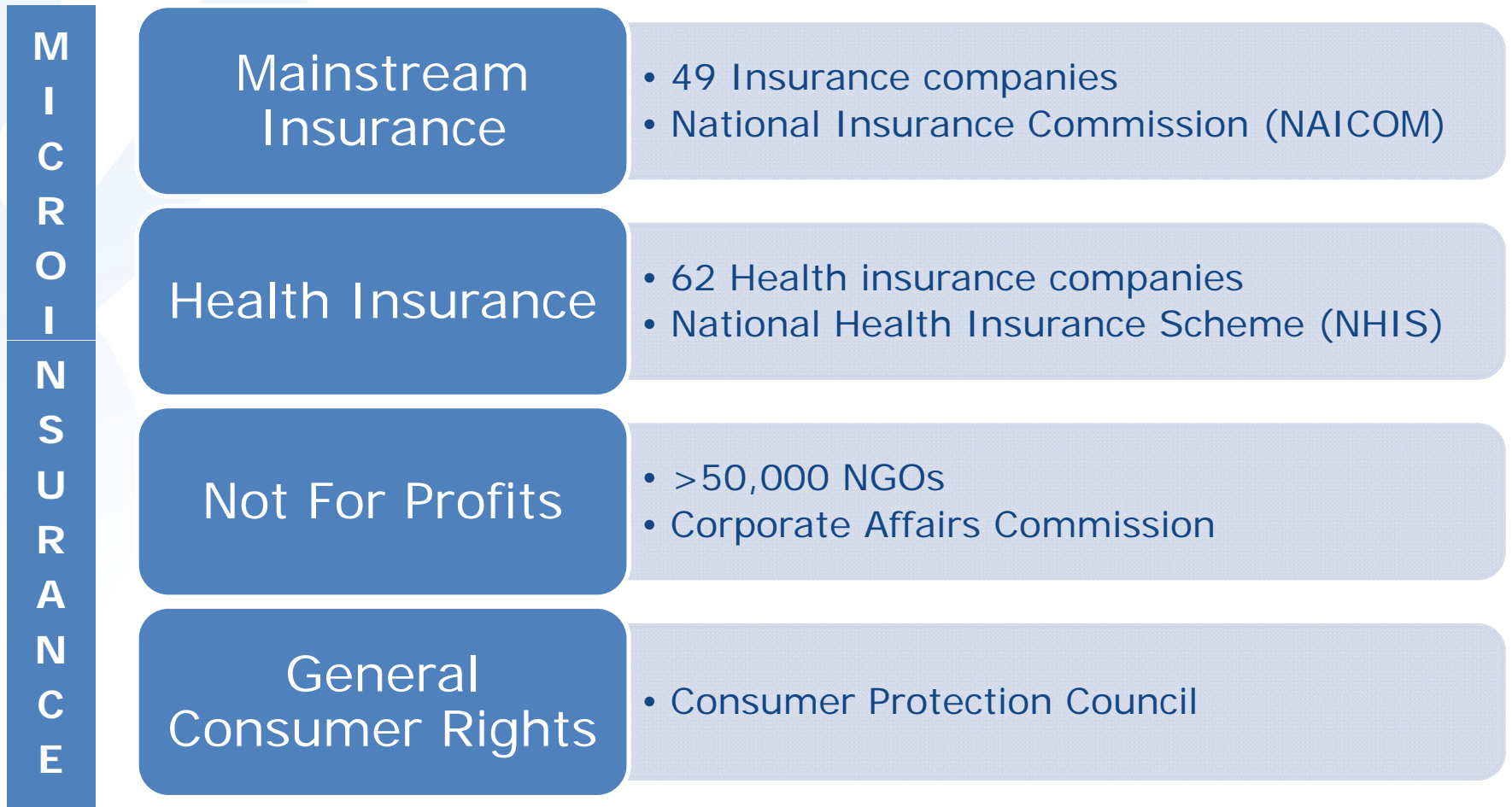
NIGERIA AND MICROINSURANCE LANDSCAPE



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- West African country
- 2nd largest economy in Africa
- Most populated country in Africa
- 70% live on <\$2/day
- Insurance coverage <1% of GDP
- Insurance penetration < 5%
- Insurance coverage mostly mandatory motor vehicle policies
- Microinsurance is seen as a tool for market development, social development and social protection

MICROINSURANCE REGULATION



Microinsurance in Nigeria has multiple actors and regulators however regulations tend to be operationally focused with limited focus on consumer rights

HYGEIA COMMUNITY HEALTH CARE (HCHC)

- Commenced operations in 2007 and is currently registered as an NGO
- HCHC provides equitable access to affordable and quality healthcare services to previously uninsured low income communities through donor subsidized health insurance schemes
- **Donors-** Netherlands Government, World Bank, Kwara State Government
- **Fund Manager** – Dutch Health Insurance Fund
- **Project Manager** – PharmAccess Foundation
- 100,000 individuals currently enrolled in 4 schemes across 2 States (Kwara and Lagos)

OUR CLIENTS



- Mostly subsistence farmers, fishermen and market women who live on <\$2/day
- Lack trust in insurance
- Have more faith in informal risk coping mechanisms
- Have low educational levels
- Vulnerable to health events and shocks

THE PACE FRAMEWORK

- The PACE tool was designed by the Microinsurance facility of the ILO to help practitioners develop a better value proposition for clients
- The underlying assumptions behind the PACE tool is that products can deliver value to clients only if they are appropriate, accessible, affordable, simple and responsive to shocks
- The PACE tool is a benchmarking tool which analyses client value through four dimensions of value - Product, Access, Cost and Experience
- The PACE tool is useful for product development and product improvement And can be adopted to implement self regulatory assurance of client protection

METHODOLOGY

1. Develop or Adopt client protection principles
2. Map to PACE framework
3. Implement PACE assessment
 - A. Benchmark against regulator's product
 - B. Benchmark against set standards
4. Review results and implement remedial actions

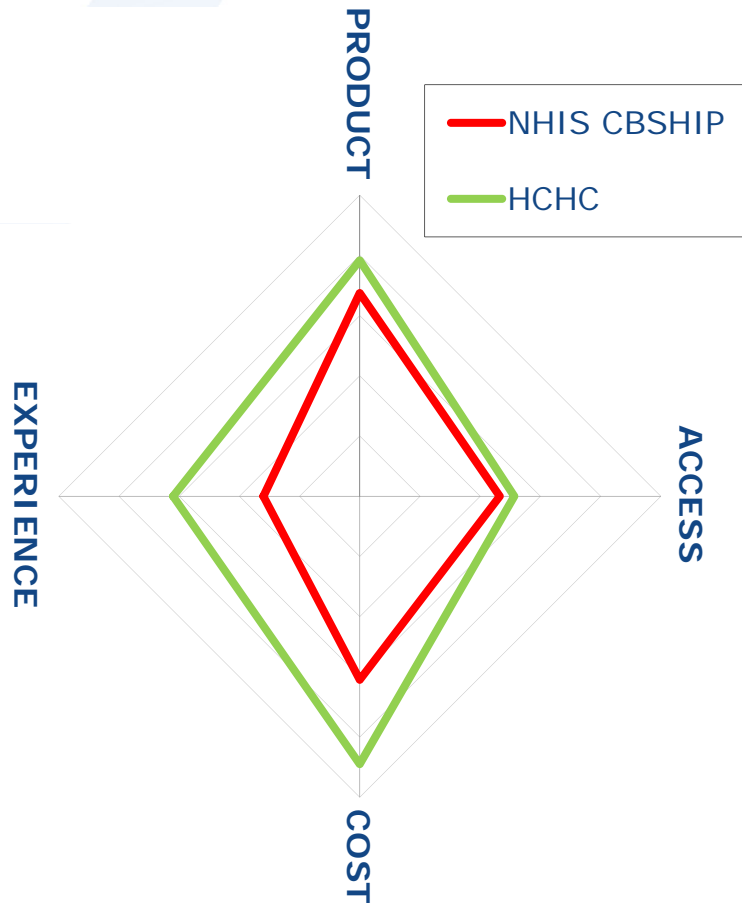
CLIENT PROTECTION PRINCIPLES AND PACE FRAMEWORK

Client Protection Principles ¹		PACE Framework
Appropriate product design and delivery		PRODUCT (1. Coverage, service quality, exclusions, waiting periods 2. Sum insured to cost of risk 3. Eligibility criteria; 4. Value-added services)
Prevention of over-indebtedness		
Transparency		ACCESS (1. Choice and enrollment; 2. Information & Understanding; 3. Premium payment method; 4. Proximity)
Responsible pricing		
Fair and respectful treatment of Clients		COST (1. Premium to benefit; 2. Premium to client income; 3. Other fees & costs; 4. Cost structure and controls)
Privacy of client data		EXPERIENCE (1. Claims procedures 2. Claims processing time & quality of service; 3. Policy administration & tangibility; 4. Customer care)
Mechanisms for complaint resolution		

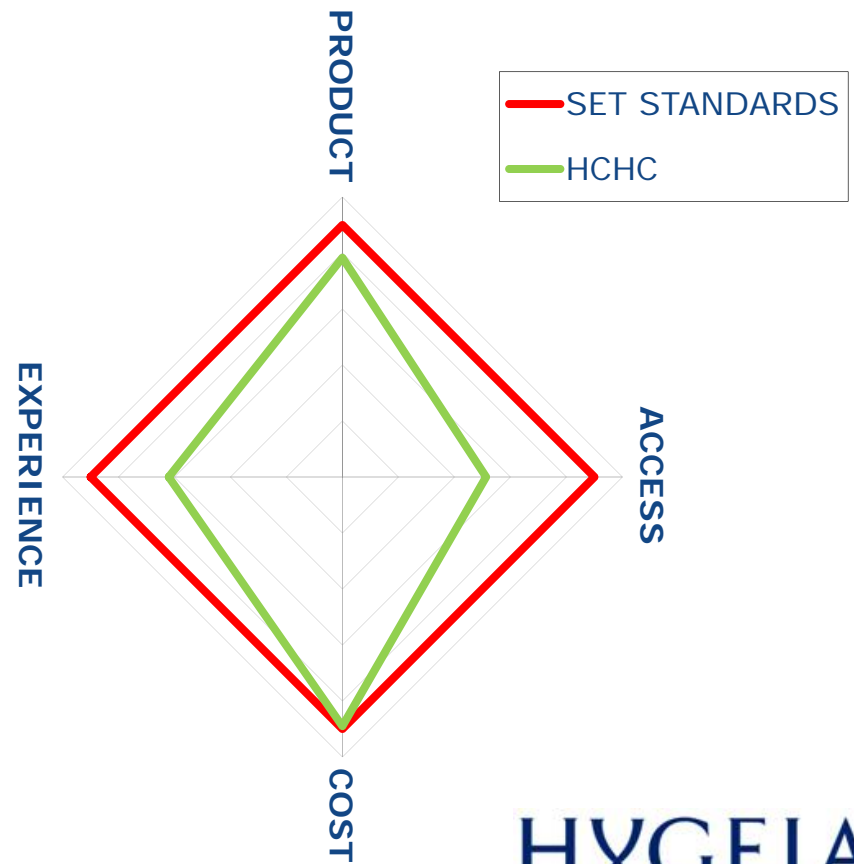
¹ The Smart Campaign developed this principles in collaboration with the Microinsurance Network (MIN), including the MIN Consumer Protection Task Force and the MIN Performance Indicator Working Group.

PACE ASSESSMENT

A. AGAINST REGULATOR'S PRODUCT



B. AGAINST SET STANDARDS



CONCLUSION

- Even in lax regulatory environments, it is essential that microinsurance providers take meaningful steps to implement self regulatory assurance of client protection
- The ILO PACE tool provides a cost effective and structured means to accomplish this
- The PACE tool evaluates clients' perception of value which and can serve as a framework for client protection evaluation and assurance
- Self regulatory assurance of client protection should be considered a business imperative essential to the viability and long term sustainability of the microinsurance provider.



THANK YOU!

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