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Access to Insurance Initiative

A global programme for sound regulatory and supervisory frameworks

IAIS-A2ii Consultation Call: September 22, 2016

“How Supervisors can help enable access to insurance for migrants”

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Potential role for migrant-linked microinsurance through main corridors

- 250 million migrants



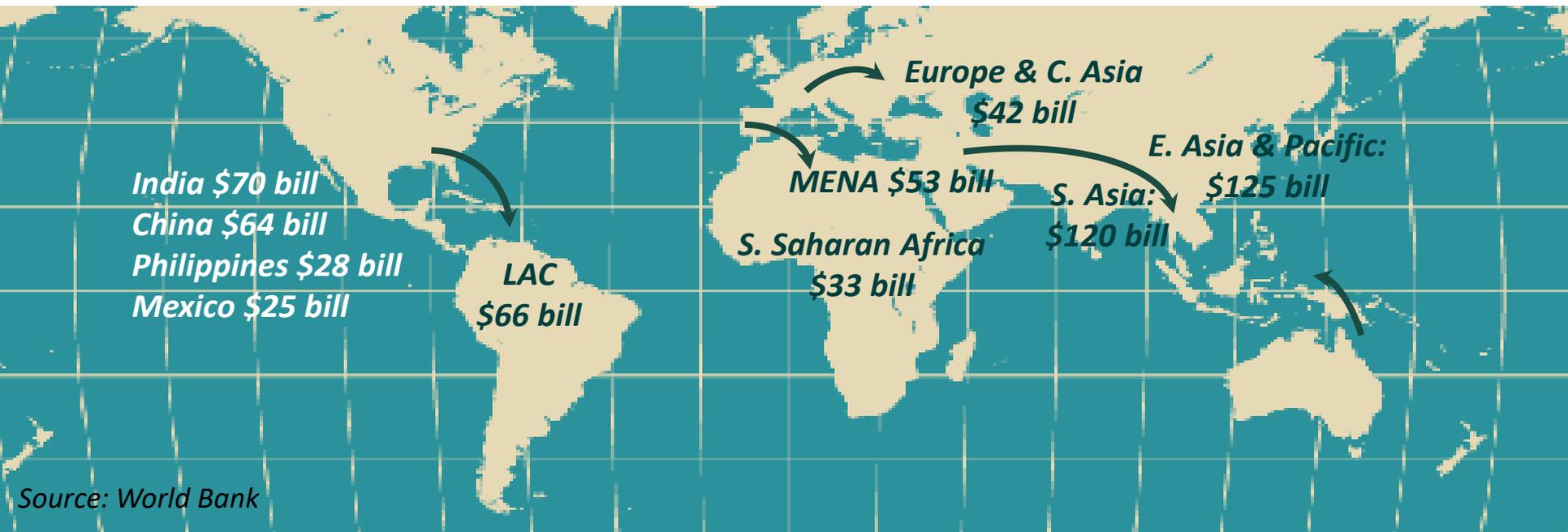


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Potential role for migrant-linked microinsurance through main corridors

- \$440 billion in remittances flow from developed to developing countries, and these are more likely to use formal channels



Source: World Bank





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Migrants' financial lives are vulnerable

Deportation

Loss of assets

Limited access to social services

Disruption or loss of employment

Illness

Evacuation / travel costs

Limited legal protection

Death

Uneven income streams

Limited social networks in host country

Injury

Unsafe working / living conditions

Scams





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Some of their risks are insurable to varying degrees, offering the promise of migrant-linked insurance

Deportation

Loss of assets

Disruption or
loss of
employment

Illness

Evacuation / travel
costs

Limited legal
protection

Death

Injury

Unsafe working /
living conditions





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Migrants' lives are vulnerable and merit special protection

Deportation

Disruption or
loss of
employment

Limited legal protection

Scams

Limited social networks
in host country

Limited access to social
services

Uneven income streams

Unsafe working /
living conditions





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Potential role for formal microinsurance

Home Country

Can link to remittances



Host Country

Difficult to link to
remittances

HYBRID

Either or both countries,
covered individuals





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Potential role for formal microinsurance

Home Country

Can link to remittances



- Insured is in the host country
- Home country insurer
- Home country marketing
- Host country policy acquisition
- Payments can be on either side of the border
- Claims are filed in home country
- Host country services (eg. Death certificates required)





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Mexico-US is a well-developed remittance corridor

Seguros de repatriación para migrantes

¿Dónde puedes contratarlos?	Producto	Prima anual	Suma asegurada	Riesgos cubiertos	Coberturas adicionales
	Seguro del migrante	\$408 \$480 \$624 \$767 \$911	\$15,000 \$20,000 \$30,000 \$40,000 \$50,000	<ul style="list-style-type: none"> Fallecimiento del contratante. Fallecimiento y repatriación del migrante. 	<ul style="list-style-type: none"> Asistencia al familiar en el trámite del certificado de defunción. Pago de un certificado de defunción. En caso de muerte accidental, se acompañará el número de averiguación previa o su equivalente, con el sello de la autoridad que haya tomado conocimiento del accidente. Obtención de la legalización de documentos y cuando sea necesario de documentos notariados y apostillados. Traducción de documentos al español.
	Seguro Azteca migrante	\$455 \$560 \$670	\$34,000 ¹ \$51,000 ² \$68,000 ³	<ul style="list-style-type: none"> Fallecimiento del contratante. Fallecimiento y repatriación del migrante. 	<ul style="list-style-type: none"> Traslado del cuerpo a la funeraria. Traducción de documentos al español. Asesoría telefónica a los familiares sobre los trámites a llevarse a cabo. Referencia de paquetes de servicios funerarios a costo preferencial. (Opcional y a cuenta del cliente).
	Seguro de vida y repatriación	\$590 \$550 \$610 \$670 \$730	\$20,000 \$30,000 \$40,000 \$50,000 \$60,000	<ul style="list-style-type: none"> Fallecimiento del contratante. Fallecimiento y repatriación del migrante. 	<ul style="list-style-type: none"> El pago de derechos. Recolección del cuerpo en cualquier lugar donde haya ocurrido el fallecimiento. Traslado del cuerpo a la funeraria.
	Seguro de protección migrantes	\$576	\$25,000	<ul style="list-style-type: none"> Fallecimiento del contratante y asesoría de repatriación del contratante. 	<ul style="list-style-type: none"> Ayuda necesaria para que un familiar directo ingrese a EU para realizar los trámites necesarios. Asesoría legal telefónica (penal y civil). Apoyo en EU de una persona que hable español durante el proceso de identificación, cremación y traslado. Ayuda psicológica a familiares del fallecido.
Instituciones financieras rurales asociadas a 	Certificado de repatriación	\$167 \$188 \$209 \$230 \$252	\$5,000 \$10,000 \$15,000 \$20,000 \$25,000	<ul style="list-style-type: none"> Fallecimiento del contratante. Fallecimiento y repatriación del migrante. 	<ul style="list-style-type: none"> En caso de muerte accidental, copia de la averiguación previa con sello de la autoridad. Pago de derechos municipales. Pago de derechos de inhumación. Registro ante las autoridades Traslado en carroza hasta el lugar de inhumación. Maquillaje y estética del cadáver. Traducción de documentos al español.



Source: CONDUSEF, Consumer Protection Agency for Financial Services, Government of Mexico





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Mexico-US Home Model Example

Products

- Life and repatriation services

Delivery Channels

- Banorte Branches (particularly in border towns)
- Use the remittance transaction as a touch point for sales

Legal, Regulatory

- Policy is explained and sold to family member in Mexico
- Dual policy-holders, on each side of the border
- Policy documents are mailed to family member in the US for signature
- Policy is issued in Mexico
- Payments are made in Mexico when remittances are received
- Claims are made in Mexico with a death certificate from the Mexican Consulate-free and accessible service provided by the consulate that requires ID, 2 witnesses and a US death certificate from the US Dept of Health and Human Services.





Philippino Overseas Workers (OSW) Example

Covers migrant before they leave home through recruitment agencies

Permanent/total disability
(7,500)

Repatriation costs in
natural or man-made
disasters

Compassionate visit home
for one family member
who falls ill

Medical repatriation



Accidental death (15,000)

Natural death (10,000)

Medical evacuation

Subsistence Allowance
(\$100 x month for 6
months) in case of legal
problems/litigation





Philippino Overseas Workers (OSW) Example

Consumer protection considerations when offering a mandatory and bundled product

- Is government sponsored national health insurance (Philhealth) perceived as *useful* to a worker abroad?
- **Bundled** with the recruitment package not actively purchased by migrants no opt-out
- This model is being replicated throughout Asia and as such consumer protection issues should be addressed quickly



Fees (2 years)

- Repatriation insurance
USD144
- Philhealth
USD2,400
- Total
USD2,544





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Home Models are Difficult to Scale

Inadequate Products

- Limited offer
- Don't respond well to most important (or salient) needs

Limited or Ineffective Delivery Channels

- Lack of strong community ties or networks in-country to ease distribution
- Financially excluded
- Limited (financial) education

Legal, Regulatory, and Political Barriers

- Consumer protection concerns for products that are *bundled* with others
- Restrictions to selling and servicing across borders
- Restrictions in some countries on 3rd party premium payments
- Still underused role of technology (eg. Electronic signatures)
- Regulation is unclear whereby MNOs and e-money providers may require licenses to advertise and sell insurance actively
- Refunded policy premiums- can they be transferred across borders?
- Undocumented status may affect ability to enforce rights





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Potential role for formal microinsurance

- “Downscaling model”
- Host country insurer
- Host country marketing
- Host country policy acquisition
- Payments can be generally on either side of the border
- Claims are filed in host country
- Host country services (eg. Death certificates required) linked to a home country service provider when needed.



Host Country

Difficult to link to
remittances





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Potential role for formal microinsurance

“1 in every 5 insurance clients in Spain are
Immigrants”

- Axa 2008

“48% of immigrants in Spain have insurance -
31% car, 21% life 19% home”

- SegurCaixa 2008





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Host Model Success Factors: Example Spain

Common Products

- Car
- Property
- Life and repatriation services

Delivery Channels not traditional to host country insurance models

- Marketing 65% below the line (social networks, social media and face-to-face)
- Branches of Savings & Loans Coops
- Cross sell with full product suite (savings, car loans)
- Hire immigrants to offer products

Legal, Regulatory Constraints

- Assimilation and documentation of migrants is critical
- In some countries, requires the development of new channels outside agents/bankassurance
- May be impacted by intermediary licensing regulation
- Alliances with local service providers for repatriation services etc.
- Alliances with consulates
- Cross-border international money transfer issues may be relevant for larger claim amounts (over USD 5,000) where these are subject to restrictions





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MIGRANT ≠ REFUGEE

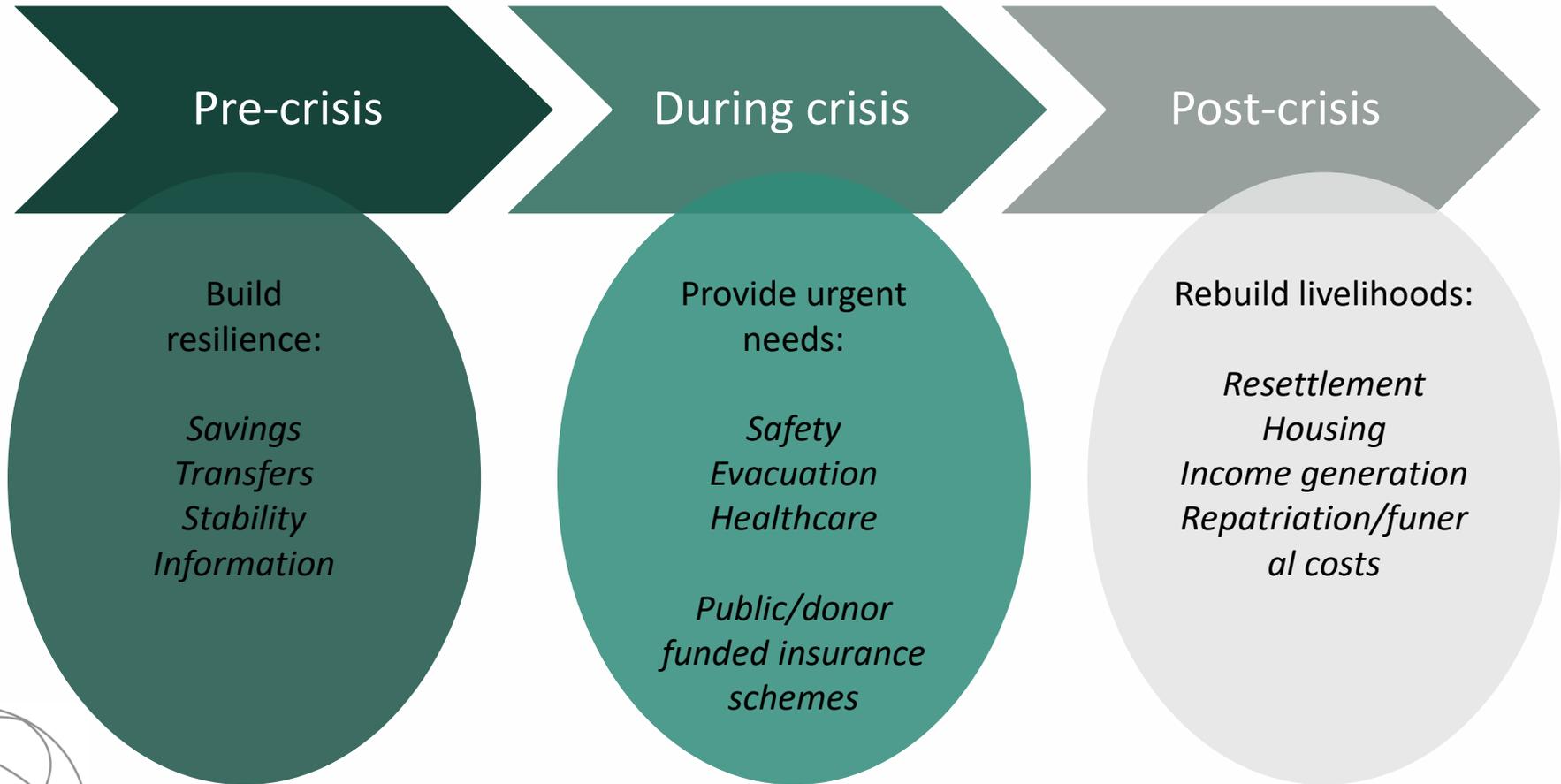




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Financial needs before, during, and after a crisis





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In sum...

Products

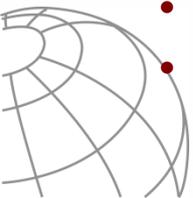
- Typically, the migrant's life is the most “valuable”/ insurable, but migrants may want to insure family members that end up depending on them in times of need (eg. Fonkoze)
- Covered risks must be insurable and relevant to the migrant
- Timely (fast) payouts are essential

Delivery Channels

- Home models face large delivery hurdles
- Technology can help reduce some of those hurdles by allowing migrants to access home country models digitally, without interfering with local agent rules
- Hybrid models and technology may help leapfrog some regulatory hurdles

Regulation

- Still need significant advocacy with regulators, insurers and other actors to reduce barriers, primarily to distribution, but also technology, electronic signatures, 3rd party payments and cross-border indemnification
- Consumer protection issues are difficult to supervise across borders- consider alliances and common guidelines
- Facilitation of technological tools to attract cross- border customers
- Governments should consider meso-level insurance for refugees during times of crisis (health, etc.)





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Thank You!



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Compulsory Insurance Coverage for Agency-Hired Migrant Workers



The Philippine Experience

22 September 2016

OVERVIEW

- Agency-Hired Overseas Filipino Workers (OFW) Compulsory Insurance (AHOCI)
- Section 37-A of RA No. 10022 (amending RA No. 8045 Migrant Workers and Overseas Filipinos Act of 1995)
- Mandatory for Agency-Hired OFWs
 - Optional for direct-hires, and re-hires
 - Optional for seafarers
- Premiums paid by the manpower agency of the OFW

IMPLEMENTATION

- Social legislation
- Required prior to issuance of Overseas Employment Certificate (OEC) by the Philippine Overseas Employment Administration (POEA)
- Insurance providers requirements:
 - At least five (5) years in operation
 - PhP500M net worth
 - Branches near POEA offices in the Philippines
 - 24-hour call/assistance centers available worldwide

REGULATOR'S ROLE

- Approval of insurance companies
- Approval of policy forms
- Examination and verification of the financial condition of the companies
- Examination of the methods of doing business of the insurance companies
- Handles the complaints of the OFWs/beneficiaries against insurance companies

CHALLENGES

- Expansion of the coverage of the insurance
 - Inclusion of re-hires, direct-hires
- Expansion of the benefits
- Intensify the information dissemination on the coverage and benefits
- Increase the accessibility of the OFW insurance mechanism

THANK YOU!



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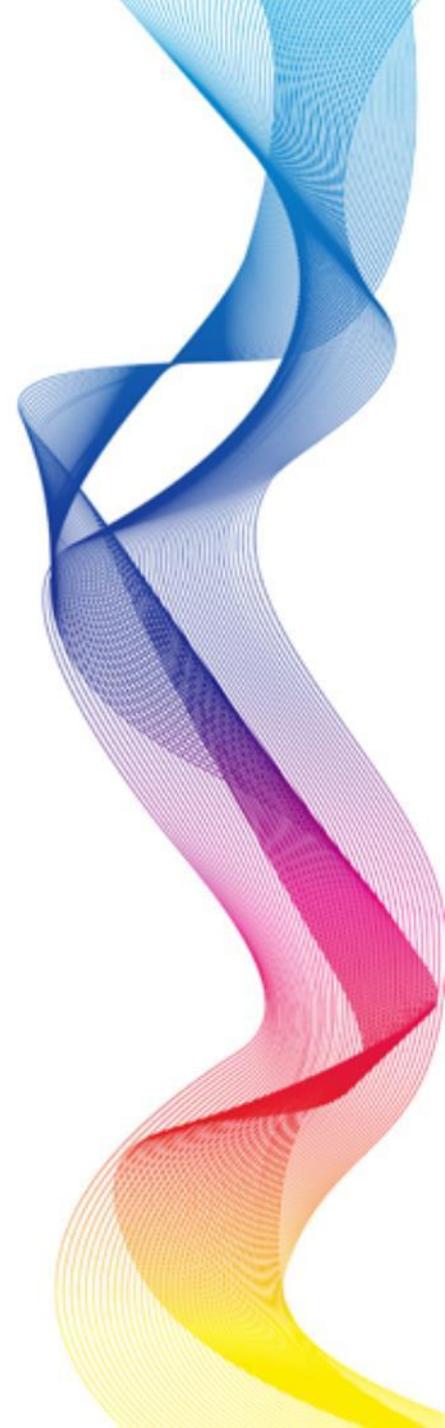
1071 UNITED NATIONS AVENUE
ERMITA, MANILA, PHILIPPINES

WWW.INSURANCE.GOV.PH



MIGRANT WORKER'S INSURANCE

PIONEER INSURANCE AND SURETY CORP.
PIONEER LIFE



Pioneer currently has two products that cater to Migrant Workers:

Compulsory: RA10022

Benefits:

- Natural Death (USD 10,000)
- Accidental Death (USD 15,000)
- Permanent Total Disability (USD 7,500)
- Repatriation
- Subsistence Allowance
(USD 100/mo. max of 6 mos.)
- Money Claims (USD 1,000 max of 6 mos.)
- Compassionate Visit (actual cost)
- Medical Evacuation (actual cost)
- Medical Repatriation (actual cost)

Coverage period and tariff rate:

24 months: USD60 for land-based and USD 130 for sea-based

Retail: OFW GUARD

Benefits:

- Cash assistance for OFWs due to involuntary loss of employment (USD 625)
- Personal Accident (USD 625)

Coverage period and SRP:

- 1-year cover for USD 5.73;
- 6-month cover for USD 3.12



Market Size and Potential Value Sales

**PHILIPPINE OVERSEAS EMPLOYMENT ADMINISTRATION
 OVERSEAS EMPLOYMENT STATISTICS
 ANNUAL DEPLOYMENT BY TYPE**

Year	Total	Landbased New Hires	Seabased
2005	537,964	289,981	247,983
2006	592,177	317,680	274,497
2007	579,813	313,260	266,553
2008	638,587	376,973	261,614
2009	617,975	320,508	297,467
2010	689,116	341,966	347,150
2011	806,824	437,720	369,104
2012	825,440	458,575	366,865
2013	832,054	464,888	367,166
2014	889,002	487,176	401,826
2015	700,406	450,383	250,023

RA10022 penetration rate:	Landbased new hires 100%	Seabased 10%
Potential USD Sales in 2015 per deployment type	27,022,980	3,250,260
Total Potential in USD for 2015		30,273,240

Note: Tariff used for Land-based New Hires is USD60. For Sea-based, we used USD130.
 RA10022 is not compulsory for Sea-based; 10% penetration rate is based on industry trend.

Claims

Based-on Pioneer's own experience, the loss ratio is at around 30-40% on the average.

