

Policy and regulatory approaches: a global perspective

30th May 2012, Khartoum

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- Rapid market growth
- Increasing number of insurers engaged
- Product innovations
- Variety of risks covered increasing
- Greater variety of distribution channels
- MI recognized among the other poverty-oriented financial services at G20 level
- Policymakers and insurance supervisors engaged

Value for clients?

Capacity constraints at all levels!



1. Policy and regulatory changes are **under way** in several (7) African countries
 - African supervisors are very proactive
 - Number rapidly increasing globally
 - Policy coherence with other regulators or sectors
 - Main regulatory area is market conduct, some do facilitate entry





Central & South America

1. Peru
2. Mexico
3. Brazil

Africa

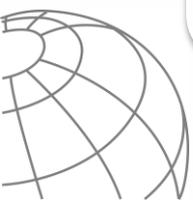
1. Ghana
2. South Africa
3. Uganda
4. CIMA
5. Mozambik

6. Nigeria

7. Swaziland
8. Ethiopia
- ...

Asia

1. India
2. Philippines
3. China
4. Chinese Taipei
5. Cambodia



2. Microinsurance is **not a niche market**, but represents the bulk of the currently unserved retail market.
 - Huge unserved market.
 - Measurable impact of reform?
 - Impact in Philippines: 4 million clients; Peru: 1 million clients



3. Need to **grow the number of formal insurance providers** by reducing compliance cost and facilitating new business models.
 - Providers are increasingly from commercial sphere plus NGOs, Coops and MFIs
 - Industry motivation in some countries a challenge
 - Rapid learning curve of supervisors



4. Formalising the **informal** due to significant levels of informality. Clarity about the magnitude of informality is required, while considering the costs of formalisation.
 - Group work: informality, supervision, data



5. Need to enable **new distribution networks** e.g. mobile network operators and their airtime distribution networks as
 - (1) communication channels
 - (2) for the collection of premiums and the pay-out of claims
 - (3) as insurance sales channels
- Diversity of intermediations models such as post-offices, retail shops, electricity companies or trade unions
- Simplifying microinsurance agent training and registration



6. Cost effective **payment systems** to collect low value premiums at the lowest possible cost will help microinsurance schemes to reach scale, e.g. mobile payment platforms.
 - Important element in the value chain.



7. Successful agricultural insurance models are needed. Experiments to insure small farmers not yet sustainable.

Focus not only on agricultural insurance to serve rural communities, but on entire spectrum of risk products

- Innovations in product development required for a broad range of risks, among those pension, insurance, health, disaster insurance.
- Regulatory capacity building for all these areas required



8. Opportunity to evolve funeral and credit life insurance.

The single largest microinsurance products is funeral insurance or credit life insurance, often with limited value.

However, in a number of countries these products are already providing extended life cover.

- Shifting away from credit life and compulsory insurance to voluntary products and cover beyond the loan or funeral.



9. **Supervisors must drive the process.** It is important that they are empowered to do so by international development agencies.
- Leverage government resources
 - Accompanying supervisors in single reforms or country process
 - Holistic approach – working with the industry and other authorities
 - Feedback on ways of capacity building, e.g. seminars, IAIS Core Curriculum



10. Insurance education is critical to overcome limited awareness and know-how of insurance services and distrust.

Proactive intervention from supervisors can include cooperating with insurers and their associations, ministries and development organizations

- What role supervisor should play?
- Clear distinction from marketing material required.
- Ghana, Philippines and Brazil approaches

Ghana: „Financial literacy and consumer protection framework“

Philippines: „Road Map for Financial Literacy“



- Facilitating industry innovation while limiting cost of supervision
- Information on informal providers and transformation models
- Adjusting supervision flowing from the regulatory framework
- Ensuring client value and consumer protection
- Applying IAIS guidance: up-coming IAIS Application Paper on Inclusive Insurance Markets (Oct 2012)



- Assess regulatory innovations and policy reform models
- Motivate supervisors to support the Africa Landscape Study,
- Participate in the IAIS self-assessment
- Support selected supervisors in their country reforms
- Continue with seminars and training (next: Tanzania Nov 2012)





**Thank you for
your attention!**

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