

A2ii Covid-19 Survey Responses

Preliminary Results

- 1 | **A2ii Survey & Responses**
 - 2 | Impact on Supervisors
 - 3 | Capacity Building
 - 4 | Impact on Insurance
 - 5 | Regulatory Barriers
 - 6 | Innovation
 - 7 | Market Conduct
- 

A2ii Covid-19 Survey

Covid-19 Survey

Aim: To understand impact of pandemic on emerging market insurance supervisors

- Survey launched mid-June
- Consisted of **10 Questions** focusing on:
 - ❖ impact of pandemic
 - ❖ market conduct
 - ❖ regulatory barriers
 - ❖ capacity building

Survey Results

- A2ii Contacted 22 Insurance Supervisors
- **16 Responses** (to date)
- Across 3 regions:
 - ❖ Asia
 - ❖ Latin America
 - ❖ Sub-Saharan Africa

A2ii Covid-19 Survey | Responses

Asia	Latin America	Sub-Saharan Africa
Nepal	Argentina	DR Congo
Pakistan	Bolivia	Eswatini
Philippines	Brazil	Lesotho
	Colombia	Namibia
	Costa Rica	Rwanda
	Dominican Republic	Zambia
	Guatemala	
	Peru	

A2ii Covid-19 Survey | Impact on Supervisors

Internal Processes	Communications	Regulatory
Business Continuity Plans Initiated	Increased communication with stakeholders via multiple channels	Operational Relief
Remote Working / Teleworking	Website – publishing statements & directives	Regulatory Relief Measures
Suspension of on-site visits	Via Social Media (increasing use of Whatsapp & facebook)	Additional Reporting Requirements
Electronic window created for submission of documents	Newspapers – via adverts	Virtual Supervision & Enforcement (videoconferencing)
	Issued “Dear CEO” letters to firms detailed requesting information	

A2ii Covid-19 Survey | Impact on Supervisor

Regulatory Relief Measures

- Extension of **reporting deadlines** (audits, financial statements)
- Relaxed **regulatory requirements** during lockdown (KYC/AML requirements)
- Amended their **risk-based capital framework** – provided relief of the net-worth requirements
- Issued guidelines on the **‘fair treatment of customers’**
- **Greater flexibility provided** / Issued guidelines on issuance of temporary licenses to new insurance agents

A2ii Covid-19 Survey | Impact on Supervisor

Measures to preserve issuance of insurance

- **Lobbied government** to declare insurance an essential service
- **Crisis management teams** established to ensure insurance services to consumers
- **Policy holder relief** - Premium holidays / premium payment plans for those faced with financial difficulties / extended coverage
- **Prohibited the termination of insurance contracts** and the triggering of policy cancellation on-renewal of policies or denial of claims due to movement restrictions
- **Expanded insurance coverage to cover covid-19**
- Issued **financial assistance package to insurers** (in coordination with respective Government)

A2ii Covid-19 Survey | Impact on Supervisor

Additional Measures

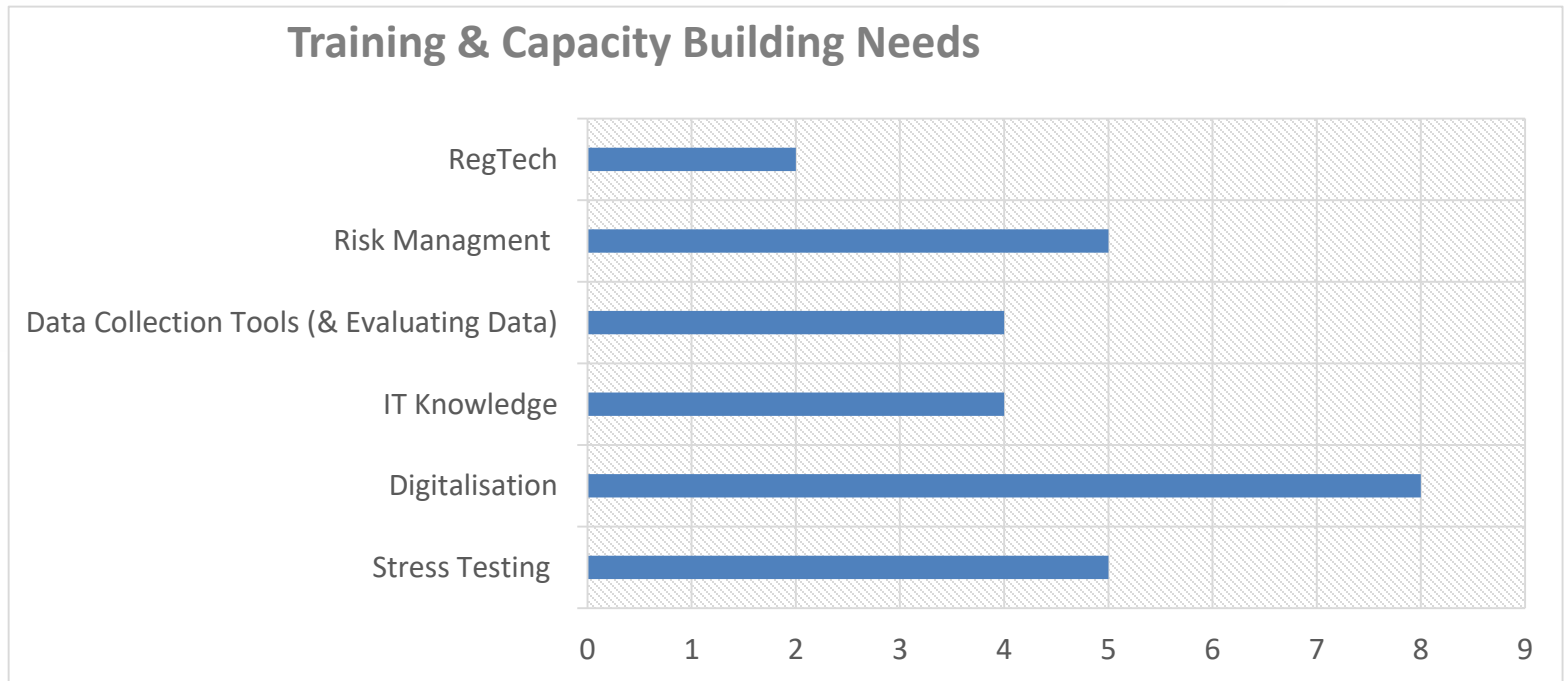
- **Detailed insurance product analysis** ahead of the lockdown to understand impact
- Assessments regarding **policy wording & coverage**
- Tracking **claims & complaints** – for trends analysis & to monitor the impact of solvency of the sector
- Issued communication to firms to prioritise payment of claims on medication & health insurance
- Circulated a **covid-19 questionnaire** in order to measure & monitor the performance of the industry and its responsiveness to the pandemic.
- Requested **monthly liquidity stress tests** & asset-liability matching assessments
- **Ban on dividend payments** / payments to be approved by regulator

A2ii Covid-19 Survey | Impact on Supervisor

50% of Supervisors mentioned challenges with **remote working**

- Difficulty **accessing servers** & logging into platforms
- **Shortage of resources** – laptops, modems for staff
- Staff have had to **transfer from desktops to laptops**
- Staff using **unsafe public WiFi networks**
- **New channels** had to be enabled for the sending of documents
- **1 Supervisor** reported a **cyber attack** as a result of remote working
- **1 Supervisor** reported an increase in **phishing attacks**.
- Supervisors had to increase the use of the **anti-spam tool** & **awareness capsules** for employees to identify phishing emails

A2ii Covid-19 Survey | Capacity Building



Additional Areas Mentioned

- Cyber Risk
- Index Insurance – in relation to pandemic risk
- Updating Regulatory Standards
- Behavioural & financial inclusion indicators

A2ii Covid-19 Survey | Impact on Insurance

Operational Implications

- **Business Continuity Plans**
- **Remote Working / Skeletal Staff**
- Had to acquire additional ICT Resources
- Reduced productivity / Reduction in sales
- Delay in claims processing and payment
- Disruption to customer care
- Increasing shift to online distribution
- The shift online has been challenging for remote locations (not able to access those consumers) & for brokers / Intermediaries

Market Implications

- Local currency has continued to weaken against main global currencies

A2ii Covid-19 Survey | Impact on Insurance

Assets

- Initially vulnerabilities were on the asset side due to market fluctuations
- Insurers exposure to investment funds varies by country & ranges between 50-64% of their assets
- Exposure includes government backed securities, corporate bonds & equities
- No indication yet that insurers are impacted by corporate bond downgrades

Liabilities

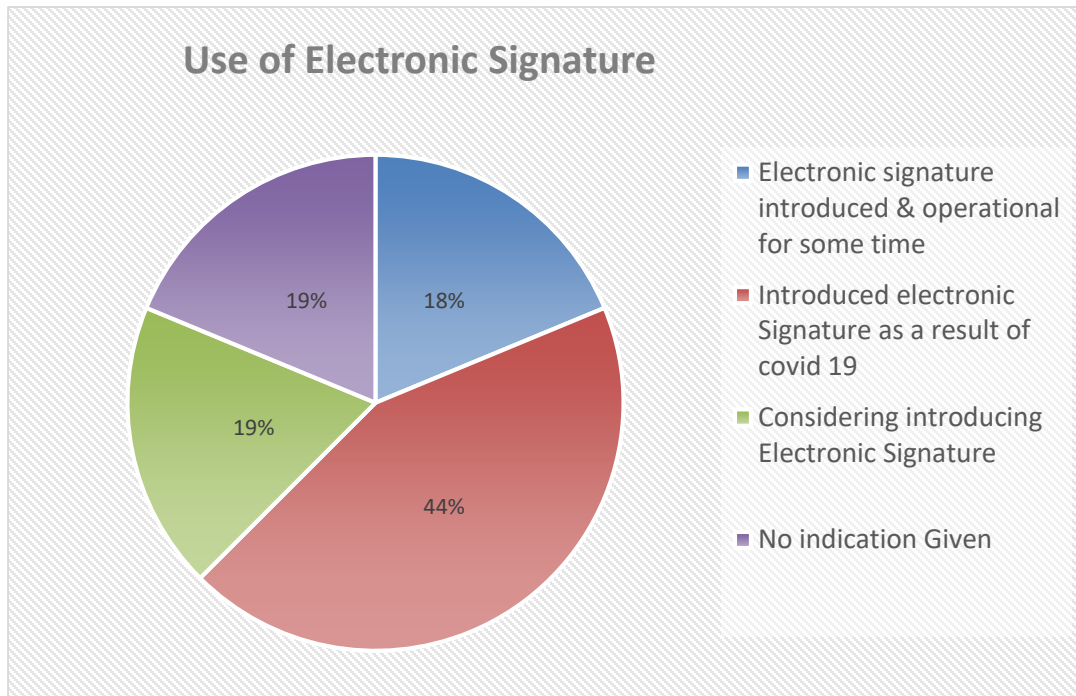
- Reduced claims initially but this is increasing steadily
- At time of responding, uncertainty surrounding pandemic inclusion/exclusions
- Concerns regarding secondary impact of covid-19

A2ii Covid-19 Survey | Product Lines Impacted

Product Lines	Pandemic Cover	Details & Further Information
Life	✓	Generally pandemics are covered but in some jurisdictions cause of death exclusions have been applied.
Health	✓	Extent of cover varies by country & some are seeing a decrease in claims . Cases of insurers extending coverage.
Occupational/ Unemployment	~~	Varies by country but certain supervisors are reporting a high number of claims (e.g. 82% of claims) but no indication given on whether insurers will cover
Funeral	✓	Popular product line across jurisdictions
Property/BI	X	High number of claims but multiple supervisors indicated that BI in particular is not covered
Motor	X	Significant decrease in the number of claims
Leasing	X	Not related to claims but an Inability of individuals unable to pay the fees caused by the economic downturn
Travel	~~	Increase in claims but no detail provided
Event	~~	Increase in claims but no detail provided

A2ii Covid-19 Survey | Regulatory Barriers

- Insurers have had to increase their reporting for supervisors to monitor the evolution of the sector
- Supervisors indicated no regulatory barriers had been identified so far
- Increase use of **e-signature** – either already in place or being introduced as a result of covid-19



A2ii Covid-19 Survey | Innovation

Key Results

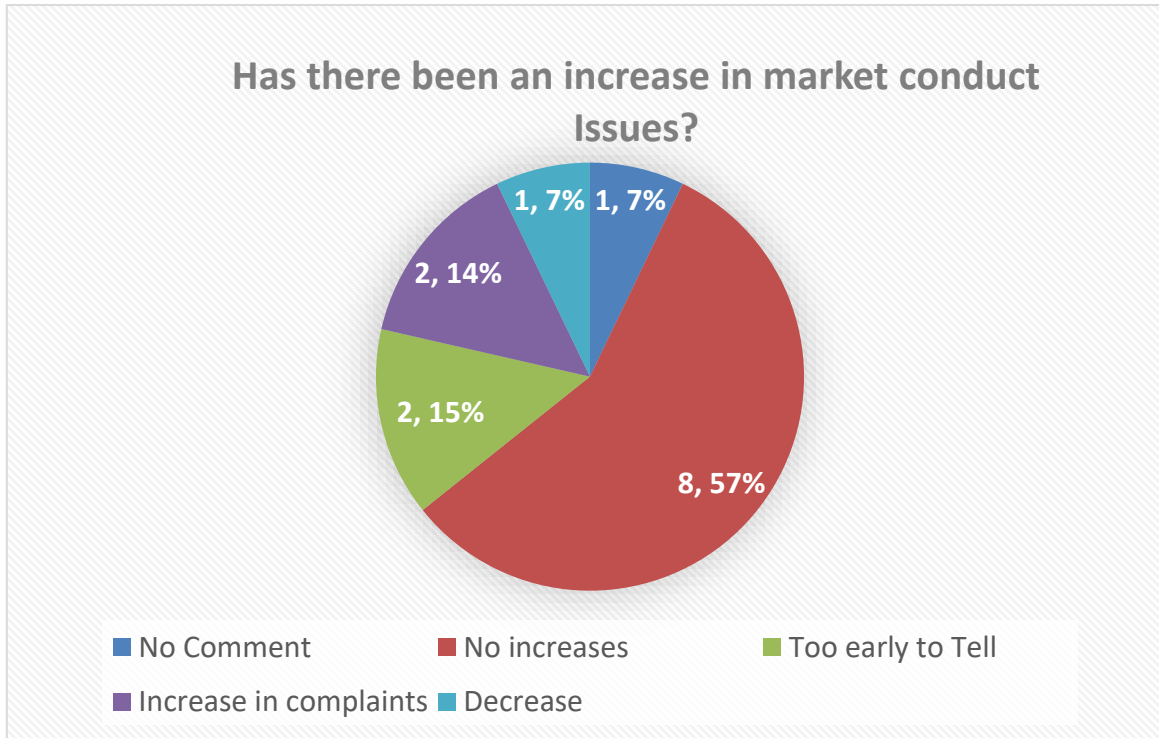
- **43% of supervisors** reported an increase in the usage of digital platforms by insurers
- Increased use of online platforms by supervisors, ombudsman, insurers – Zoom
- **Increased use of social networks to communicate with consumers - Facebook & WhatsApp groups used**
- Mobile phones given to agents/brokers so that they can contact consumers
- **2 Supervisors** indicated that insurers in their market have requested claims to be submitted electronically

A2ii Covid-19 Survey | Innovation

Product Innovation

- Majority of supervisors observed innovation in claims handling
- **4 Supervisors** indicated that their insurance sector had started to develop customised products covering covid-19:
 - ❖ Hospital & death benefits for individuals & families
 - ❖ Covid-19 life insurance
 - ❖ Introducing/re-introducing pay as you go schemes
 - ❖ Increased usage based motor insurance
- **1 Supervisor introduced critical illness cover** to include pandemic risks

A2ii Covid-19 Survey | Market Conduct



- Overall supervisors have not seen an increase in market conduct issues
- 1 Supervisor was aware of a fraudulent insurance product in their market
- Increase in complaints due to claims & policy exclusions

Thank you.

Follow us on Twitter [@a2ii_org](#), Youtube and LinkedIn

Implementation Partner:



Supported by:



Hosted by:

