

Index Insurance Training

Distinction between best practice considerations

Risk premium	General Principles	Apply as general principle	Apply as best practice for practitioners (e.g. insurers, insurance service providers)	Apply as prerequisite criteria for index insurance product approval
General principles	1. Clearly differentiate between index insurance and derivatives	✓		
	2. Ensure insurable interests	✓	✓	✓
	3. Differentiate between index and indemnity insurance	✓	✓	
	4. Differentiate between different categories of index insurance	✓	✓	
	5. Structure the underlying indices		✓	
Consumer protection	1. Basis risk management		✓	✓
	2. Product design features		✓	✓
	3. Associated processes		✓	✓
	4. Set the sum insured value		✓	✓
	5. Claims adjudication		✓	✓
Supply-side and prudential supervision	1. Efficient distribution channels		✓	
	2. The scope for bundling		✓	
	3. Digitization		✓	
	4. Prudential supervision			✓
	5. Additional supply-side technical areas		✓	✓
	6. Minimum legal and solvency requirements		✓	
	7. Supervision and enforcement		✓	