



# IAIS-A2ii-CIMA Mobile Insurance Conference

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*Supported by:*





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supported by Stefanie Zinsmeyer (A2ii Secretariat)*



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## From 23-24 February 2017, the International Association of Insurance Supervisors (IAIS), the Access to Insurance Initiative (A2ii) and Inter-African Conference on Insurance Markets (CIMA<sup>1</sup>) hosted the first Mobile Insurance Conference in Douala, Cameroon. It was supported by BMZ, DGIS, Financial Sector Deepening Africa (FSD Africa), UK Aid and Munich Re Foundation.

The conference brought together one hundred participants from 26 countries across the African continent for two days of intensive discussions on how to overcome barriers and enhance access to insurance for low-income populations through the use of mobile technologies. Representatives from insurance, telecommunications and payment systems regulatory authorities, as well as insurers, mobile network operators, technical service providers and development organisations actively considered the roles, activities, current regulatory provisions and future regulatory needs in mobile insurance, as well as in innovation and the use of digital technology more broadly.

### Key conference messages:

M-insurance has been a strong driver for the increase of retail insurance penetration in regions with very low insurance uptake. More broadly, digital technology is changing the insurance landscape by paving the way for new players and business models with the potential to rapidly expand coverage, and by enhancing efficiencies and lowering costs across the product life cycle.

Creating flexibility in regulation to facilitate innovation is vital. This applies not only to m-insurance, but the broader leaps being taken in the application of technology to enhance inclusion. But insurance supervisors need to balance the objectives of market development with their core mandate of consumer protection. How to achieve this balance?

### How to achieve this balance?

The conference sessions made it clear that there are still many open questions to resolve in this space. **Three main themes emerged from the discussions:**

- \* The advent of technology has introduced a range of new players, notably technical service providers, and the question remains how to effectively supervise these new players, while keeping the consumer experience positive.
- \* M-insurance cuts across multiple laws, regulations and authorities that extend beyond the insurance sector, such as payments systems and telecommunications. This overlap creates the need for cooperation, the models for which are still new and growing.
- \* The business model of m-insurance has been rapidly developing and continues to evolve. This development has left some open questions on how and when to approach aspects such as the use of airtime for payment, appropriate use of consumer data, regulation of new institutions in the value chain, and defining aspects of the business model in regulation.

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<sup>1</sup> CIMA is the regional insurance regulatory body in West and Central Africa – made up of the following French-speaking countries Benin, Burkina Faso, Cameroon, Central African Republic, Congo, Côte d'Ivoire, Gabon, Guinea-Bissau, Guinea Equatorial, Mali, Niger, Senegal, Chad, Togo – whose objective is to work towards the establishment of a single insurance market.

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# M-insurance and beyond: a game changer

## Insurance is out of reach for most in Sub-Saharan Africa.

Issofa Ncharé, Secretary General of CIMA, highlighted in his opening address that “insurance penetration sits at only 1% across the 15 francophone countries in the region”. Average penetration for Sub-Saharan Africa is less than 3% of GDP (EY, 2016)<sup>2</sup>. In a continent that holds 75% of the world’s poorest countries it is critical that vulnerable consumers have access to tools that protect against income shocks. The stark reality is that they do not.

## M-insurance is reaching many new customers.

Previous regional and global discussions<sup>3</sup> highlighted the importance of alternative distribution to increase the reach of insurance. Mobile phones are increasingly seen as the answer. Over the period from 2011 to 2014 microinsurance gross written premiums grew by 63% in Sub-Saharan Africa, just over half of this driven through mass market channels. A key component of this uptake has been insurance of which sales, administration and payment are facilitated by a mobile network operator – commonly known as “m-insurance”.<sup>4</sup> A recent GSMA study notes that there are 120 live m-insurance services across 33 emerging markets (GSMA, 2016). M-insurance started off mostly as a loyalty product, paid for by the MNO to reward loyalty on its underlying mobile services. It has since evolved to a so-called “freemium” model where the initially free loyalty product is then upsold to a paid version that includes better cover, or where the paid version is sold directly from the start. Evidence shows that new models are tending towards the latter model (GSMA, 2016). This evolution has been matched by a widening range of cover beyond the simple life and accident products that commonly feature in the loyalty model.

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<sup>2</sup> Not counting extreme outliers such as South Africa at 14%, one of the highest in the world. Source: [http://www.ey.com/Publication/vwLUAssets/ey-insurance-opportunities-sub-saharan-africa/\\$FILE/ey-insurance-opportunities-sub-saharan-africa.pdf](http://www.ey.com/Publication/vwLUAssets/ey-insurance-opportunities-sub-saharan-africa/$FILE/ey-insurance-opportunities-sub-saharan-africa.pdf)

<sup>3</sup> Notably, the CIMA Microinsurance Learning Sessions in 2014 (see: [http://www.munichre-foundation.org/home/Microinsurance/Learning\\_Sessions/2014-CIMA.html](http://www.munichre-foundation.org/home/Microinsurance/Learning_Sessions/2014-CIMA.html)), the Munich Re Foundation’s 12th International Microinsurance Conference ([http://www.munichre-foundation.org/home/Microinsurance/common/Microinsurance\\_Archive/2016IMC.html](http://www.munichre-foundation.org/home/Microinsurance/common/Microinsurance_Archive/2016IMC.html)), the A2ii-CIMA Mobile Insurance Workshop of 2016 (see: <https://a2ii.org/en/event/cima-a2ii-workshop-mobile-insurance-regulation>) and the A2ii-IAIS-CGAP Symposium In Washington, December 2014 (see the subsequent publication: [https://a2ii.org/sites/default/files/field/uploads/lessons\\_from\\_a\\_decade\\_of\\_microinsurance\\_regulation\\_a2ii\\_nov\\_2016.pdf](https://a2ii.org/sites/default/files/field/uploads/lessons_from_a_decade_of_microinsurance_regulation_a2ii_nov_2016.pdf)).

<sup>4</sup> This definition draws on (Leach & Ncube, 2014). (GSMA, 2016) defines mobile insurance as “Uses the mobile phone to provide insurance services to the underserved”.

## Insurance is out of reach for most in Sub-Saharan Africa.

# 01

M-insurance typically involves three main role players: insurance companies, Mobile Network Operator (MNO) and Technical Service Provider (TSP) (Wiedmaier-Pfister & Leach, 2015). These three players enter into a partnership to take advantage of marketing, client acquisition and premium payments through an established brand. Either party can initiate or lead the partnership and the composition of roles may vary over time. In many cases, it is the TSP that initiates the partnership and runs much of the resulting delivery. The MNO's ownership of the customer base typically gives it a strong bargaining position in partnership negotiations, with the insurer in many instances taking more of a backseat role. These roles and relative positions of power are however not static.

**Generally, one can distinguish the type of partnership agreement through understanding the business model that applies (A2ii, 2017):**

- \* In the insurer-driven business model, the insurer takes the lead in the partnership by conducting product development and overseeing the overall business strategy. The MNO plays a passive role, where it provides MNO infrastructure and data, sometimes supported by the MMP. The role of the MNO or MMP is generally limited to marketing, facilitating airtime deduction, mobile money or cash payments.
- \* In the TSP-driven business model, the TSP takes the initiative, in that it initiates dialogue with the insurance supervisor, approaches the MNO and selects an insurer, identifies the target market and customer profile, develops the product, and leads the forming of the partnership. The TSP also typically 'fills the gaps' in providing expertise and support where needed (including development of the platform, back-office processing).
- \* In the MNO-driven business model, the MNO drives the initiative. The MNO – generally with involvement of a TSP – provides the insurer with its client base, enrolls clients and provides the payment mechanisms. In all models, the MNO provides considerable brand strength in stimulating take-up of insurance in order to drive direct revenue and/or adjacent benefits such as increasing average revenue per user (ARPU), reducing churn and enhancing their brand<sup>5</sup>. In the loyalty approach, the MNO pays premiums on behalf of its customers who can enrol for basic cover free of charge.

Source: (A2ii, 2017), (Leach & Kachingwe, 2015)

## The impact of digital technology extends beyond m-insurance.

M-insurance is important, but it's not the only way in which technology is transforming inclusive insurance. As highlighted by Doubell Chamberlain, Cenfri, during his presentation, insurance technology or "insurtech" is increasingly seen as the answer to many of the classic insurance delivery challenges. It is changing the insurance landscape by introducing new players, products and business models, and simply by streamlining existing processes and introducing lower cost platforms across the insurance product life cycle. This adjustment to business as usual makes reaching low-income consumers a real possibility.

“Without insurance the individual and household has less ability to protect themselves from harmful risk.”

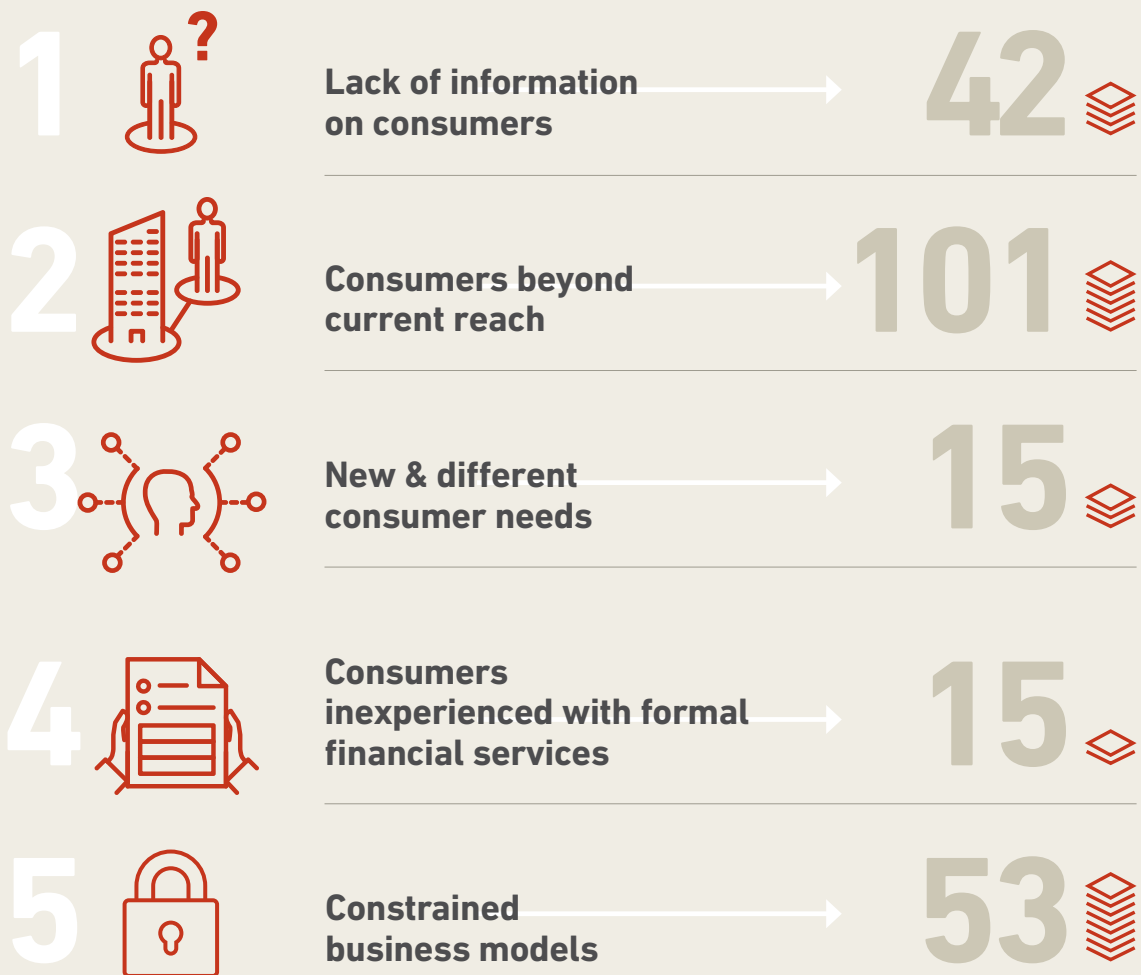
Alamine Ousmane Mey, Ministry of Finance of Cameroon



<sup>5</sup> More information at: [https://a2ii.org/sites/default/files/events/1\\_opening\\_ceremony.zip](https://a2ii.org/sites/default/files/events/1_opening_ceremony.zip)

# M-insurance and beyond: a game changer

As shown by **Figure 1** below, a wide range of insurtech initiatives already exist across the emerging world. Their services mainly focus on increasing access to insurance at a lower cost and overcoming information asymmetries.



Number of microinsurance initiatives addressing challenges.  
Note that schemes can be mentioned multiple times.

Figure 1: InsurTech addressing microinsurance challenges in the emerging world  
Source: Smit et al (2017)<sup>6</sup>

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## Just better business as usual, or a game changer?

What is not yet evident is the use of this technology to design models that go beyond digitising the current insurance status quo to serve a wider range of needs in a consumer-centric manner. Peter Wrede, World Bank, highlighted that the groundwork for this innovation is happening, with the advent of concepts such as peer2peer insurance, blockchain, smart contracting, on-demand insurance, digital brokers, smart analytics and machine learning.<sup>7</sup> The question remains: how will these technologies transform insurance in the emerging world?

## A new set of regulatory considerations.

As with any innovative business model, the rise of m-insurance and insurtech introduces different dynamics for supervisors to consider to ensure that market development occurs in a manner that protects consumers. The potential for scale and the range of new players at play, many of them not traditional insurance value chain players, increasingly preoccupy supervisors.

**As with any innovative business model, the rise of m-insurance and insurtech introduces different dynamics for supervisors to consider to ensure that market development occurs in a manner that protects consumers.**



<sup>6</sup> The study can be found here: <http://cenfri.org/microinsurance/the-role-of-insurtech-in-microinsurance>

<sup>7</sup> More information at: [https://a2ii.org/sites/default/files/events/7\\_parallel\\_break\\_out\\_sessions\\_facilitating\\_innovation.zip](https://a2ii.org/sites/default/files/events/7_parallel_break_out_sessions_facilitating_innovation.zip)

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# Key considerations for regulators and supervisors

**The conference raised a host of considerations that regulators and supervisors are grappling with in the face of m-insurance and other technological innovations. Key among them are the partnership dynamics that are at the heart of m-insurance, the market conduct and prudential implications of the business models and the impact thereof on consumers.**



## **Multidisciplinary partnerships.**

The partnership dynamic means that m-insurance is multidisciplinary, with uneven bargaining power. Box 1 above introduces three key players in the model – the insurance company, technical service provider and MNO. While the insurer carries the risk, the balance of power tends to sit with the MNO as owners of the client base and brand that insurers and TSPs are keen to tap into – a client base that is very large given the oligopolistic market structures that often characterise the MNO industry. The TSP, on the other hand, takes the technical lead on elements such as marketing, customer registration, complaints, and claims administration.<sup>8</sup> As said by Michael Kofi Andoh, National Insurance Commission (NIC) Ghana, “microinsurance belongs to the distribution channel”. Clearly, these partners are not mere insurance agents or brokers. How should they be regulated and supervised from an insurance point of view?

## **Imperative for regulatory coordination.**

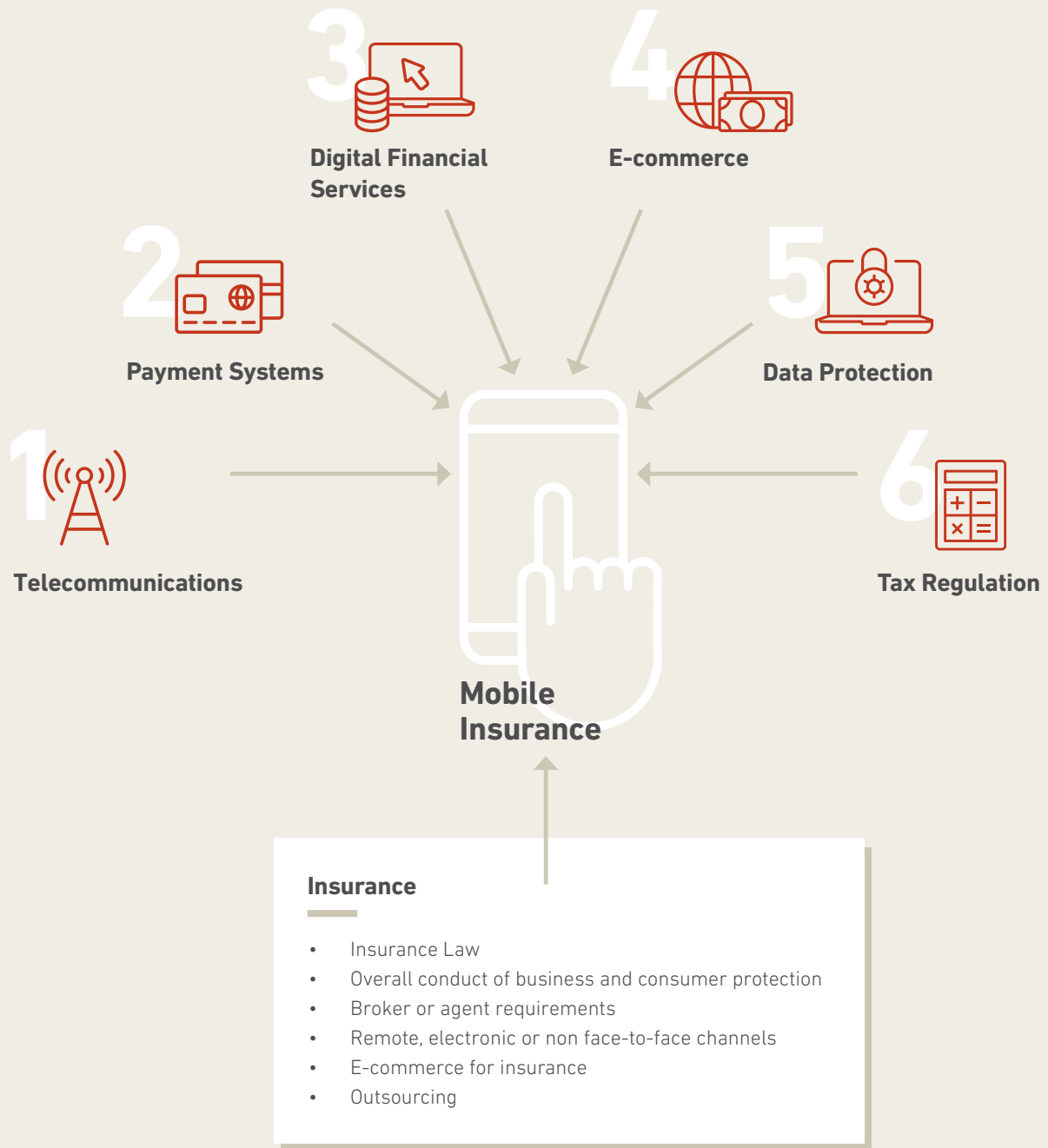
With cooperation between a range of players comes the need for coordination between multiple regulatory authorities. M-insurance touches on all the regimes listed in Figure 2 below. A recent Access to Insurance Initiative study across 26 jurisdictions on supervisory approaches to m-insurance concludes that no concerted regulatory approach is in place as yet (A2ii, 2017) – it is a regulatory partnership model in evolution.

## **A variety of risks to consider.**

The risks to consumer protection arising from m-insurance can be grouped into two categories – market conduct and prudential risks. The former refers to the risk that insurance business is conducted in a way that does not ensure fair treatment of consumers, the latter to risks relating to the financial soundness of the insurer (IAIS, 2015). Box 2 below provides a breakdown these risks. Market conduct risks were at the forefront of the concerns expressed by regulators during the conference. Stefanie Zinsmeyer, A2ii, highlighted that the main reasons for this are the fact that digital channels entail a shift to indirect client contact, the strong bargaining power of MNOs, and the high level of outsourcing from insurers. These risks were also front of mind for industry. The industry players have an interest in the consumer experience being positive to ensure persistency and a good perception of their service offering.



Figure 2: Regulatory domains impacting m-insurance  
Source: A2ii (2017)



<sup>8</sup> More information at: [https://a2ii.org/sites/default/files/events/2\\_roundtable\\_consumer\\_perspective.zip](https://a2ii.org/sites/default/files/events/2_roundtable_consumer_perspective.zip)

# Key considerations for regulators and supervisors

## Risks in m-insurance for supervisors to consider

# 02

A scan of key regulatory considerations for m-insurance highlighted the following risks (A2ii, 2017):

### Prudential risks:

- \* **Technical risk or Insurance risk (includes underwriting risk).** Various kinds of risk associated with technical or actuarial bases of calculation for premiums and technical provisions, as well as risks associated with operating expenses and excessive or uncoordinated growth.
- \* **Operational risk.** The risk arising from the inadequacy or failure of internal systems, personnel, procedures or controls leading to financial loss.
- \* **Legal or regulatory risk (or Compliance risk).** The risk arising from non-compliance due to change or uncertainty in law and regulations leading to financial loss.
- \* **Outsourcing risk.** Risk arising from outsourcing i.e. an arrangement between an insurer and a service provider for the latter to perform a process, service or activity which would otherwise be performed by the insurer itself.

### Market conduct risks:

- \* **Sales risk.** Risk arising from the salesperson or sales channel misrepresenting or selling inappropriate products to the customer.
- \* **Aggregator risk.** Risk of reduced customer value and inappropriate products being sold to customers when an insurer accesses the aggregated customer base of a non-insurance third party to sell its products through that channel.
- \* **Policyholder awareness risk.** Insured is not aware that the cover exists, does not understand the terms of cover or related processes and is therefore unable to inform beneficiary or make a claim should the risk event occur.
- \* **Payment risk.** Risk that the premium will not reach the insurer, that the premium will not be paid on the due date or that the cost of collecting the premium is disproportionate.
- \* **Post-sale risk.** Risk that customers face unreasonable post-sale barriers to maintain their cover, change products, make enquiries, submit claims, receive benefits or make complaints.
- \* **Data and technology risk.** Risk related to failures or disruptions to the mobile/ technology platform used to sell, distribute and administer the m-insurance product.
- \* A further risk was introduced during the conference, namely **client value risk**. This is the risk that product may not deliver value to client or may not be suitable to client's needs.

Source: A2ii, ...; Leach, Kachingwe, 2015

## Understand the client experience, understand the impact of risks.

The client experience is the ultimate measure of the impact of market conduct risks. The discussions emphasised that, for a consumer to properly engage with protection against market abuses, and gain full value from a product, they need to not only be aware of the details of the product, but also understand them. For example, recent research in Tanzania by the Tanzanian Insurance Regulatory Authority (TIRA), CGAP and Busara Center for Behavioral Economics to understand the consumer experience with m-insurance showed that consumers know that they have insurance (the awareness test). They could also recall the details on registration and payment. However, only one in four could remember how to use the service, i.e. how to fill a claim. Mystery shopping showed that the sign-up process included little if any disclosure regarding claims procedures, exemptions and terms and conditions of the product.<sup>9</sup>



## Other key questions.

The conference highlighted a number of further topical issues relating to various business model components, notably:

- \* **Airtime for premium payment:** A number of m-insurance models rely on for payment via airtime deduction, sometimes as the only means of payment. The acceptance of virtual money, especially airtime, was noted as necessary for market building, yet adds to the effective cost of the insurance for the consumer – a situation that is exacerbated where tax is levied on airtime. As noted by the Munich Re Foundation, whether airtime can be used as premium payment requires consideration by both insurance and payments supervisors.<sup>10</sup>
- \* **Data protection:** The shift to electronic business means that more consumer data are stored online and move through the hands of insurance value chain members. This raises concerns on data privacy for consumers. Furthermore, the fact that much of this data sits within the MNO raises the query of who will report on consumer data and how this data is used.
- \* **Fair compensation:** Two of the three core m-insurance partners are players that do not fit traditional broker or agent moulds, namely MNOs and TSPs. Richard Leftley, MicroEnsure, pointed out that the MNO's ownership of the client base gives rise to a different power dynamic in the negotiation of fee structures (at a partnership level rather than purely as a distribution service provider) than what may be accounted for in conventional commission regulatory requirements. Secondly, TSPs not only fulfil a traditional broker role, which is mostly well defined in regulation, but many additional administrative and operational roles which may not yet be defined in regulation. How to structure commissions to take these new dynamics into account?
- \* **Digitising the value chain:** the business of m-insurance shifts much of the insurance value chain into the digital world. It was strongly noted that to reach a truly efficient m-insurance model, full digitisation of the value chain should be made feasible. One such example is enabling electronic contracting. Many regulatory jurisdictions still require paper based signatures to authorise a contract, requiring a largely digital model to still build in a longer value chain to support this function.

<sup>9</sup> More information at: [https://a2ii.org/sites/default/files/events/2\\_roundtable\\_consumer\\_perspective.zip](https://a2ii.org/sites/default/files/events/2_roundtable_consumer_perspective.zip)

<sup>10</sup> More information at: [http://www.munichre-foundation.org/home/Microinsurance/Learning\\_Sessions/2017-IAISa2iiCIMA-MobileInsurance.html](http://www.munichre-foundation.org/home/Microinsurance/Learning_Sessions/2017-IAISa2iiCIMA-MobileInsurance.html)

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# The regulatory response: getting on the front foot

**How are regulators and supervisors responding to these questions and risks? What can they learn from their peers? The conference discussions rendered the following insights:**

## **Flexibility to keep up with innovation.**

Regulators dealing with m-insurance have learned that a business model in evolution requires flexibility and proactive communication with the market to create the room for innovation, while still protecting against systemic risks. As noted by Danielle Treharne of Bima, there is often a mismatch in the speed of innovation versus the speed of regulatory change. Examples shared by conference participants illustrate how the speed of regulatory adjustments differ between countries. In common law countries (such as Tanzania, for example), the regulator can assess requests for adjustments in regulatory treatment on a case-by-case basis – within the parameters set by legislation – and remain responsive to market shifts. In civil law systems, in contrast (such as CIMA and Egypt), all provisions are dictated by what is approved in legislation, meaning that it takes substantial time to implement changes to the system.

## **Understanding business models.**

Core to regulating in an evolving environment is understanding the fundamentals of the business model. It was highlighted across multiple sessions that this does not only mean understanding the m-insurance product itself, but also the service level agreements or scheme rules for the partners providing the product. An example of why this is important builds on the question of commission structures explored above.

Much of the delivery of m-insurance is outsourced from the insurer to the TSP and MNO. Without understanding the fundamental operations and role division, the resultant compensation structure could seem too high when compared to traditional broker charges.

Some regulators, such as Kenya and Ghana, are responding by requiring service level agreements as part of a product approval submission. In instances where products are approved as an exemption, insurance supervisors are aware of the existence of the products and able to monitor developments.

## **Monitoring market trends.**

Stefanie Zinsmeyer, A2ii, highlighted from a recent survey of m-insurance approaches that very few supervisors actively collect data on their m-insurance markets. This means insurance supervisors often only become aware of issues after they have arisen. In addition to monitoring product details or claims ratios, Richard Leftley, MicroEnsure, noted that supervisors should understand the consumer experience to regulate for a product that provides value.

The experience shared by the National Insurance Commission (NIC) of Ghana illustrates the importance of monitoring market trends and understanding the business models and risks (See Box 3 for further details).<sup>11</sup>



## Ghana's approach to regulating m-insurance

# 03

Ghana is a pioneer in microinsurance in Sub Saharan Africa. 60% of this market is served through m-insurance. Their approach to regulating m-insurance includes:

\* **Product submission:** additional information is required at product approval stage (more so than for other products), including service level agreements between partners, distribution and branding arrangements, and the process for dispute resolution (including how uninterrupted service provision to consumers will be maintained). Information is also sought on expected claims ratios, expected expense ratios and the breakdown of premium between insurer, TSP and MNO.

\* **MNOs are licensed as corporate agents:** An MNO is only permitted to represent one insurer in a single product line. This approach is under review.

**Licensing focuses on regulated activities rather than actors:** TSPs are not explicitly provided for in legislation, but fit under the regulatory category of corporate agent. In recognition of the expanded role they play, no commission caps are applied. The approach is therefore to have oversight over functions, regardless of which specific entity fulfils those functions.

\* **Performance of products is monitored using KPIs:** market data is recognised as vital to effective supervision. Key performance indicators (KPIs) are monitored on half-yearly submissions and market surveys are used for further information. Qualitative measures, such as how a product is marketed, training of sales agents and complaints handling, are also considered.

\* **Market conduct rules:** market conduct rules are in place specifically for m-insurance. These cover: scope of rules and prohibitions, approval of commission, mobile insurance arrangements, mobile insurance contracts, policy summary and claims payment, and interpretation and final provision.

\* **MoU with telecommunications and payment systems regulators in progress:** An MoU is being finalised to define the relationship between core m-insurance regulators to reduce any regulatory gaps.<sup>12</sup>

## Cooperating with clear expectations around a shared mandate.

The participants highlighted that cross-disciplinary regulatory cooperation is particularly important at a stage where the model is growing and regulatory barriers could hinder innovation. **They shared three lessons on how to cooperate in practice:**

- \* Cooperation is most productive if authorities share an underlying policy commitment or mandate, such as a financial inclusion strategy.
- \* Clarity on the roles and responsibilities of each supervisor assists in "de-cluttering" the supervisory landscape and removing uncertainty for players. The ICP framework suggests that a Memorandum of Understanding (MoU), as a publicly available document on the agreed relationship dynamics, can be a good tool in this regard. As stated by the Insurance Regulatory Authority (IRA), Kenya: "The insurance supervisor must take a leading role in removing barriers" – but this role needs to be defined vis-à-vis other regulatory authorities.
- \* The formation of industry working groups provide a mechanism for open and regular communication between regulatory authorities and industry. Such working groups have been implemented in the Philippines and Kenya, for example, where they have been used successfully to discuss market development issue and inform the drafting of regulation. The same approach can be used for coordination across the core supervisors. CIMA will be using this approach, along with signing Memorandums of Understanding (MoUs), to define the relationship responsibilities between core supervisors – insurance, payment systems, telecommunications and data protection.

## A dedicated framework – or not.

The parallel sessions on "How is a mobile insurance framework constructed?" explored how to address m-insurance in regulation. A key outcome was that the decision on whether a dedicated framework is required depends strongly on the context of the country and the ability of the current regulatory framework to accommodate m-insurance functions. For example, TSPs may not fit under exact categories and licensing them may require an update to existing activity category definitions or even a new definition. The discussions highlighted that, in rapidly changing markets, any definitions should be broad enough to support the application of regulation, but also leave space for changing roles and market landscapes. See Box 4 below for further exploration of this topic.

<sup>11</sup> [https://a2ii.org/sites/default/files/events/5\\_parallel\\_break\\_out\\_sessions\\_practical\\_considerations\\_from\\_the\\_field.zip](https://a2ii.org/sites/default/files/events/5_parallel_break_out_sessions_practical_considerations_from_the_field.zip)

<sup>12</sup> More information available at: [https://a2ii.org/sites/default/files/events/5\\_parallel\\_break\\_out\\_sessions\\_practical\\_considerations\\_from\\_the\\_field.zip](https://a2ii.org/sites/default/files/events/5_parallel_break_out_sessions_practical_considerations_from_the_field.zip)

## The regulatory response: **getting on the front foot**

### 04 **Is a dedicated m-insurance framework necessary? Reflections from country discussions**

#### \* **Accommodating activities and functions in the broader framework: South Africa.**

Under South Africa's regulatory approach a dedicated m-insurance framework is not deemed necessary, as current regulations take account of all functions and aspects relevant to m-insurance. Regulation focuses on the insurer holding core responsibility. Distribution, servicing and intermediation of insurance policies is regulated on an activity-level. Included in this is controls on how services are outsourced. For example, an insurer can mandate a financial service provider to perform policy administration functions and make binding decisions on the insurer's behalf when interacting with policyholders.

#### \* **Developing a dedicated framework: CIMA.**

Developing a dedicated regulatory framework is a priority in the CIMA region. Current regulation does not cover all pertinent issues for m-insurance and therefore a regulatory update is required. The update will not redefine the current framework, but focus on additions that complement current regulation to cover m-insurance and, more generally e-insurance<sup>13</sup>.

#### **The framework being developed will include the following:**

- \* General provisions, such as a definition for m-insurance and e-insurance and partnership agreement formats
- \* Conditions for the licensing of activities of issuing and managing electronic insurance contracts
- \* Specific terms and conditions applicable to insurers issuing electronic insurance contracts
- \* Provisions relating to the protection of insured persons and beneficiaries of electronic insurance contracts
- \* Supervision, control and sanctions (including reporting requirements)

### **Protect consumers through communication and proactive wind-down plans.**

From a market conduct perspective, bridging communication gaps and keeping channels for queries open are vital in ensuring that consumers are empowered to claim and complain. Nevertheless, models do sometimes fail and partnerships do break down. Jeremy Leach, Inclusivity Solutions, took lessons on how to manage the risk of winddown from experiences in Zimbabwe and Tanzania.<sup>14</sup> Two key points emerged: the supervisor needs to understand the m-insurance business models in their market in order to manage the potential fall-outs that may arise, plus must define a clear path for winddown upfront, building in safeguards and clear communication with customers.

“  
**Insurance is a promise.  
You cannot simply  
discontinue that in the  
next month.**”

Michael Kofi Andoh, NIC Ghana



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# Looking ahead

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**The conference touched on many topical issues in regulating m-insurance and highlighted new considerations in light of the spread of digital insurance. It is a growing landscape – one which requires responsiveness for innovation to occur and markets to grow.**



As highlighted by Hannah Grant, A2ii, in the closing remarks, there however remain many unanswered questions.

**These include:**

- \* **What is the best way to supervise TSPs?** Is it through outsourcing agreements or drawing them in as intermediaries? If the latter, what level of operation is regulated under this role requires clarification.
- \* **Is airtime an acceptable payment medium?** It has been necessary for market building, yet increases the effective cost burden on consumers. Striking the balance between these two has not yet been resolved.
- \* **How do we accurately define m-insurance and is it necessary to do so?** The same question holds when regulating technologies beyond mobile.
- \* **How to ensure there are no gaps or duplication in regulation in a field that touches on multiple regulatory regimes?**

Resolving these, and the many other questions that are likely to arise as technology continues to evolve, will be vital to achieve inclusive insurance aims. As presented by Luc Noubissi, CIMA, who chairs the IAIS drafting group on digital technology in inclusive insurance, the IAIS invites supervisors and market players to actively engage on these issues and bring about positive change in their markets. An IAIS application paper is under development to provide additional material on the risks and considerations raised by digital technologies as relevant to various ICPs. Issofa Ncharé, Secretary General, CIMA closed the conference with the note that m-insurance provides a clear opportunity for insurance market development and the adventure to bring this development about will be a long road that requires cooperation of all actors in the process.

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<sup>13</sup>E-insurance in this context refers to “electronic insurance” and covers insurance provided through digital means. M-insurance fits within this definition.

<sup>14</sup>More information at: [https://a2ii.org/sites/default/files/events/5\\_parallel\\_break\\_out\\_sessions\\_practical\\_considerations\\_from\\_the\\_field.zip](https://a2ii.org/sites/default/files/events/5_parallel_break_out_sessions_practical_considerations_from_the_field.zip)



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