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”

Andrea Camargo
Microinsurance Catastrophe Risk Organisation

Slides prepared by:
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EA Consultants
Potential role for migrant-linked microinsurance through main corridors

• 250 million migrants
$440 billion in remittances flow from developed to developing countries, and these are more likely to use formal channels.

**Potential role for migrant-linked microinsurance through main corridors**

- Europe & C. Asia: $42 billion
- MENA: $53 billion
- S. Saharan Africa: $33 billion
- LAC: $66 billion
- E. Asia & Pacific: $125 billion
- S. Asia: $120 billion
- India: $70 billion
- China: $64 billion
- Philippines: $28 billion
- Mexico: $25 billion
- Philippines: $28 billion

Source: IFAD

Source: World Bank
Migrants’ financial lives are vulnerable

<table>
<thead>
<tr>
<th>Deportation</th>
<th>Loss of assets</th>
<th>Limited access to social services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disruption or loss of employment</td>
<td>Illness</td>
<td>Evacuation / travel costs</td>
</tr>
<tr>
<td>Limited legal protection</td>
<td>Death</td>
<td>Uneven income streams</td>
</tr>
<tr>
<td>Limited social networks in host country</td>
<td>Injury</td>
<td>Unsafe working / living conditions</td>
</tr>
<tr>
<td></td>
<td>Scams</td>
<td></td>
</tr>
</tbody>
</table>
Some of their risks are insurable to varying degrees, offering the promise of migrant-linked insurance.

<table>
<thead>
<tr>
<th>Deportation</th>
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</tr>
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<td></td>
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</tr>
</tbody>
</table>
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
Potential role for formal microinsurance

Home Country
Can link to remittances

HOST

HOST Country
Difficult to link to remittances

HYBRID

Either or both countries, covered individuals
Potential role for formal microinsurance

Home Country

- 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 (e.g., Death certificates required)

Can link to remittances
## Seguros de repatriación para migrantes

<table>
<thead>
<tr>
<th>¿Dónde puedes contratarlos?</th>
<th>Producto</th>
<th>Prima anual</th>
<th>Suma asegurada</th>
<th>Riesgos cubiertos</th>
<th>Coberturas adicionales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afirme</td>
<td>Seguro del migrante</td>
<td>$408</td>
<td>$15,000</td>
<td>• Fallecimiento del contratante.</td>
<td>• Asistencia al familiar en el trámite del certificado de defunción.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$624</td>
<td>$30,000</td>
<td>• Fallecimiento y repatriación del migrante.</td>
<td>• Pago de un certificado de defunción.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$767</td>
<td>$40,000</td>
<td></td>
<td>• En caso de muerte accidental, se acompañará el número de averiguación previa a su equivalente, con el sellado de la autoridad que haya tomado conocimiento del accidente.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$911</td>
<td>$50,000</td>
<td></td>
<td>• Obtención de la legalización de documentos y cuando sea necesario de documentos notarizados y apostillados.</td>
</tr>
<tr>
<td></td>
<td>Banco Azteca migrante</td>
<td>$455</td>
<td>$34,000</td>
<td>• Fallecimiento del contratante.</td>
<td>• Traducción del cuerpo a la funeraria.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$540</td>
<td>$51,000</td>
<td>• Fallecimiento y repatriación del migrante.</td>
<td>• Traducción de documentos a español.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$670</td>
<td>$60,000</td>
<td></td>
<td>• Asesoría telefónica a los familiares sobre los trámites a favorirse a cabo.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Referencia de paquetes de servicios funerarios a costo preferencial. (Opcional y a cuenta del cliente).</td>
</tr>
<tr>
<td></td>
<td>Seguro de vida y repatriación</td>
<td>$990</td>
<td>$20,000</td>
<td>• Fallecimiento del contratante.</td>
<td>• El pago de derechos.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$550</td>
<td>$30,000</td>
<td>• Fallecimiento y repatriación del migrante.</td>
<td>• Recolección del cuerpo en cualquier lugar donde haya ocurrido el fallecimiento.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$610</td>
<td>$40,000</td>
<td></td>
<td>• Tradel del cuerpo a la funeraria.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$670</td>
<td>$50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>$720</td>
<td>$60,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ClBanco</td>
<td>$576</td>
<td>$25,000</td>
<td>• Fallecimiento del contratante y asesoría de repatriación del contratante.</td>
<td>• Ayuda necesaria para que un familiar directo ingrese a EU para realizar los trámites necesarios.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Asesoría legal telefónica (penal y civil).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Apoyo en EU de una persona que hable español durante el proceso de identificación, cremación y traslado.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Ayuda psicológica a familiares del fallecido.</td>
</tr>
<tr>
<td></td>
<td>Agrofinancieras rurales asociadas a AMICS Seguro de repatriación</td>
<td>$167</td>
<td>$5,000</td>
<td>• Fallecimiento del contratante.</td>
<td>• En caso de muerte accidental, copia de la averiguación previa con sellado de la autoridad.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$188</td>
<td>$10,000</td>
<td>• Fallecimiento y repatriación del migrante.</td>
<td>• Pago de derechos municipales.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$209</td>
<td>$15,000</td>
<td></td>
<td>• Pago de derechos de inhumación.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$230</td>
<td>$20,000</td>
<td></td>
<td>• Registro ante las autoridades.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$252</td>
<td>$25,000</td>
<td></td>
<td>• Tradal en carroza hasta el lugar de inhumación.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Maquillaje y vestuario del cadáver.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Traducción de documentos al español.</td>
</tr>
</tbody>
</table>
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
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

Philippino Overseas Workers (OSW) Example
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
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 (e.g., Death certificates required) linked to a home country service provider when needed.
“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
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
MIGRANT ≠ REFUGEES
Financial needs before, during, and after a crisis

**Pre-crisis**
- Build resilience:
  - Savings
  - Transfers
  - Stability
  - Information

**During crisis**
- Provide urgent needs:
  - Safety
  - Evacuation
  - Healthcare
  - Public/donor funded insurance schemes

**Post-crisis**
- Rebuild livelihoods:
  - Resettlement
  - Housing
  - Income generation
  - Repatriation/funeral costs
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.)
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!
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Landbased New Hires</th>
<th>Seabased</th>
<th>Total Potential in USD for 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>537,964</td>
<td>289,981</td>
<td>247,983</td>
<td>27,022,980</td>
</tr>
<tr>
<td>2006</td>
<td>592,177</td>
<td>317,680</td>
<td>274,497</td>
<td>3,250,260</td>
</tr>
<tr>
<td>2007</td>
<td>579,813</td>
<td>313,260</td>
<td>266,553</td>
<td>30,273,240</td>
</tr>
<tr>
<td>2008</td>
<td>638,587</td>
<td>376,973</td>
<td>261,614</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>617,975</td>
<td>320,508</td>
<td>297,467</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>689,116</td>
<td>341,966</td>
<td>347,150</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>806,824</td>
<td>437,720</td>
<td>369,104</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>825,440</td>
<td>458,575</td>
<td>366,865</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>832,054</td>
<td>464,888</td>
<td>367,166</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>889,002</td>
<td>487,176</td>
<td>401,826</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>700,406</td>
<td>450,383</td>
<td>250,023</td>
<td></td>
</tr>
</tbody>
</table>

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.