



Mobile insurance and Insurtech; rising to the regulatory challenge

Ideas for today and tomorrow

Elias Omondi
Actuarial Associate
Kenya

The Kenyan Context

38 million
mobile
phone users

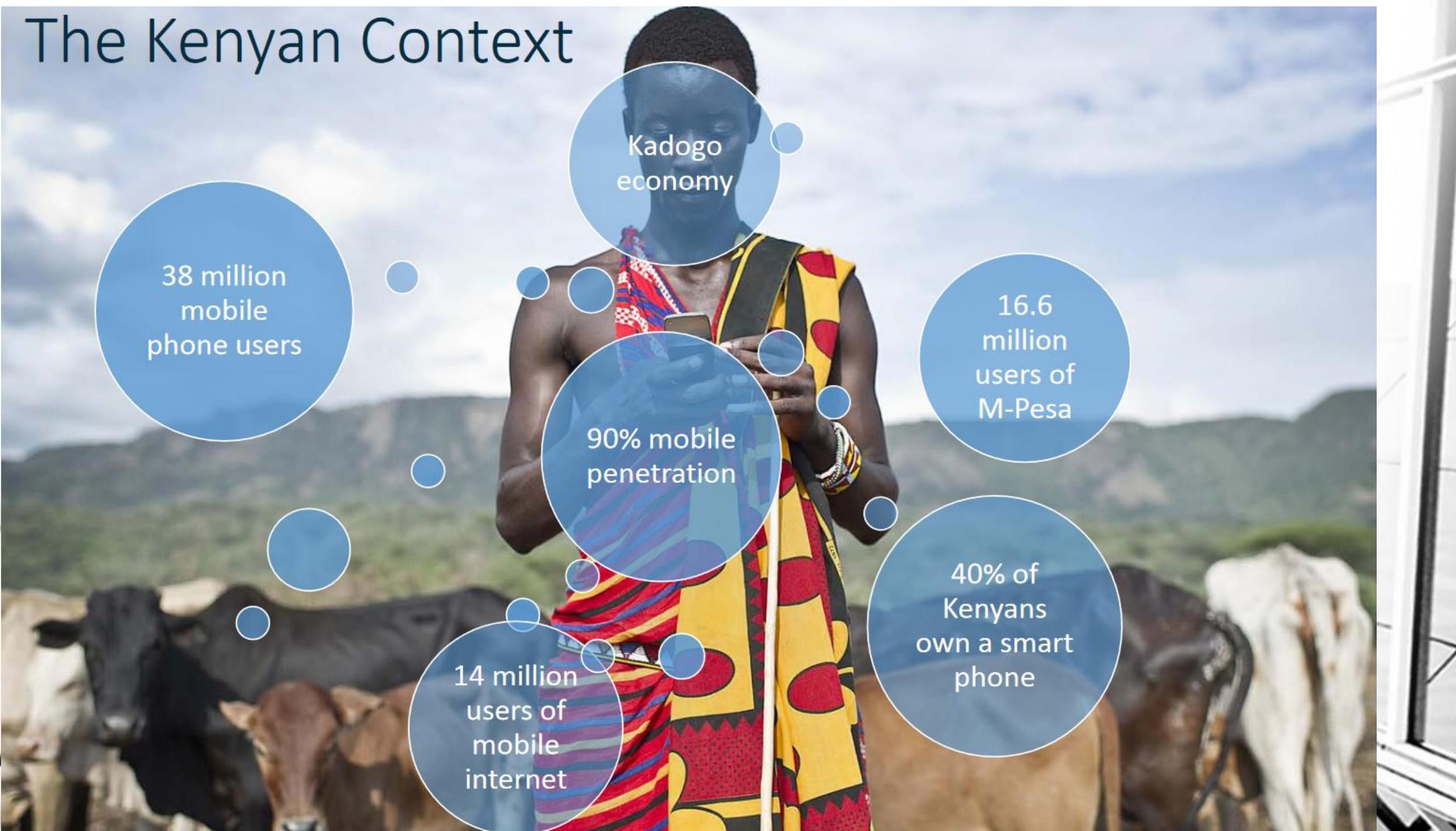
Kadogo
economy

16.6
million
users of
M-Pesa

90% mobile
penetration

40% of
Kenyans
own a smart
phone

14 million
users of
mobile
internet



Regulations vs Innovation

- Regulatory clarity is critical for innovation. Encouraging financial innovation has the potential to
 - Deliver economic benefits, by lowering the cost of operations,
 - enhancing competition,
 - boosting financial inclusion and
 - delivering more convenient financial services.
- As a result, Working on “optimal regulation” — an environment that encourages providers to harness **emerging technologies without weakening the financial system or eroding consumer protections**

Approaches Optimal Regulation



- **Embracing Change**
- Innovation as part of REGULATORY culture.
 - Familiarization with new trends and their implications
 - Potential future scenarios are identified and shared across the organization

- **Embracing Collaboration**

- Regulator offering informal advice to innovators providing them with viable regulatory feedback
 - The feedback based on the areas innovators have to work on to meet eligibility criteria
 - Collaboration to modernize regulatory frameworks
 - Reviewing and adopting new regulatory standards
 - Move from compliance to principle based approach



Approaches Optimal Regulation



- **Regulatory Sandbox**
- Regulator working on an insurance specific “safe space ”in which businesses can test innovative products, services, business models and delivery mechanisms without immediately incurring all the normal regulatory consequences of engaging in the activity in question
- Financial sector regulators may need to work on a joint regulatory sandbox policy. This will provide coordination within the financial sector regulators

- **Innovation Hubs and Accelerators**

- Regulator to encourage companies to form innovation teams that constantly monitor trends and market activity, build and maintain relationships with key InsurTech players, identify potential future scenarios, and determine new partnership opportunities.
- Regulator participating in the Inclusive Insurance Innovation Lab sequence of national workshops and international platforms for key stakeholders of the inclusive insurance sector.



Conclusion

- Therefore, regulatory clarity is of critical importance to innovators.
- Regulations can impact anything from how money can be raised, to how advice can be given or how a service may be delivered.
- Unless innovators understand the regulatory context, it is almost impossible to bring compliant services to market.

