Delivery of m-insurance

Roundtable with the industry

Munich Re Foundation
From Knowledge to Action

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Introduction

Based on findings from the CIMA-A2ii workshop on „Regulating Mobile Insurance“ 16-17 May 2016

Risks identified in Ghana

- **Client value risk** (e.g. subscribers may not be aware of the products – hence low claims frequency and *low claim ratios*)
- **Prudential insurer's risk** (e.g. premiums the insurer receives from the MNO are actuarially not justifiable)
- **Distribution channel risk** (e.g. the actual business case is not as strong as expected) *-> challenge of converting loyalty based insurance customers to paying* customers
- **Marketing risks** (e.g. the *product is not explained properly*)
- **Legal risks** (e.g. data protection)
- **Systems risk** (e.g. technological breakdown)
- **Third-party default risk** (e.g. high dependence of the insurance company on the partners)

Source: Draft Report – CIMA A2ii Workshop "Regulating Mobile Insurance" 16/17 May 2016 – GIZ Ghana 2015

Three prevailing mobile business models

Insurance-led

The insurer takes the lead while the MNO plays a passive role, where it provides mobile operator and/or mobile money infrastructure. In most cases, the MNO typically facilitates access to payment mechanisms such as airtime deduction, mobile money or cash payments, and provides limited or no additional support or marketing to drive transactional revenue.

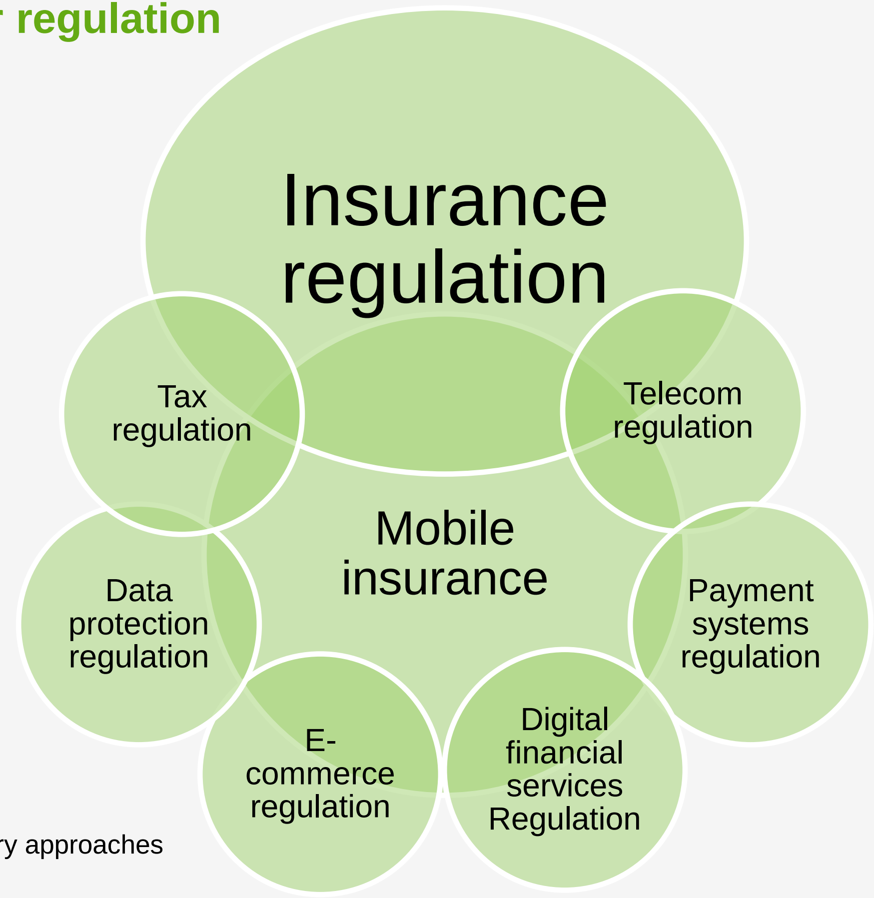
MNO-led

The MNO takes the lead and drives the initiative. In the loyalty-based mobile insurance model, the MNO typically pays premiums on behalf of its customers. The insurer, in turn, is allowed to use MNO data to target and enrol clients. In this model, the MNO provides its 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.

TSP-led ?

Source: Draft Report – CIMA A2ii Workshop “Regulating Mobile Insurance” 16/17 May 2016

Interactions with other regulation



Source: Draft Report – A2ii Regulatory approaches

Different regulatory approaches

Regulating mobile microinsurance this is often more complex, as *it involves a range of regulatory and supervisory authorities, including central banking authorities and telecommunication and data protection authorities*.

Options for regulation:

- **Develop (separate) mobile insurance regulation**
- **Integrate into existing regulation**
- **No need for immediate measure**
- **Test and learn:** Develop and scale up products under carfully controlled conditions and guidance by the supervisor
- **Other approaches?**
- **(Do not allow mobile insurance…)**

Discussion with the panelists

Key questions round 1 – industry‘s opinon on

1) What are the main issues/topics/challenges regulation need to address? Where does “non-regulation” hinder market development?

2) What does the industry need from the regulator to enter a market (or more rapidly develop the market) and develop good products?

3) Where do you see the main regulatory burdens?

4) Which approach should be followed?

Key questions round 2: Topics raised in the CIMA-A2ii workshop

What is the industry’s view on

1) Mobile currencies: Mobile money, airtime etc. What should be allowed?

2) Electronic signatures and dematerialization of contracts: What is needed?

3) Who is supervising the TSPs?

4) Client value: How can (or should) the industry “self regulate” and make sure that the client gets value for money?

5) Protecting consumer data: Who is responsible?

Thank you

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