

WORKSHOP ON “MOBILE INSURANCE”
ABIDJAN (REPUBLIC OF COTE D’IVOIRE), 16-17 MAY 2016
(A2ii – CIMA)
OPENING REMARKS BY THE SECRETARY GENERAL OF CIMA

ABIDJAN, 16 MAY 2016

***National Director of Insurance for the Republic of Côte d’Ivoire,
Representative of the Access to Insurance Initiative,
Representatives of the Central Banks,
Representatives of the various Telecommunications Regulatory Bodies,
Representatives of the National Insurance Directorates,
Directors-General of insurance companies and representatives of FANAF,
Experts,
Participants and distinguished guests,
Ladies and Gentlemen,***

It is with great pleasure that the General Secretariat of CIMA is holding, along with the Access to Insurance Initiative (A2ii), this workshop on mobile insurance here in Abidjan, the beautiful capital of the Republic of Côte d’Ivoire. I would like to thank you for accepting our invitation to this meeting for giving and receiving.

One of the major objectives assigned to CIMA by the Treaty is to promote access to insurance for African populations with coverage suited to their needs, notably in rural and farming areas. Two decades after the adoption of the Treaty establishing CIMA, this objective is far from having been met, notably in light of the low insurance penetration rate.

Based on this observation, and in the aim of promoting low-income populations’ access to insurance, the Council of Ministers in charge of insurance for the member states adopted new regulations (Book VII of the CIMA Code) on microinsurance activities in April 2012. These regulations define microinsurance based on the definition used by the International Association of Insurance Supervisors (IAIS), characterised by low premiums and the simplicity of enrolment and claims processing...

After setting up the microinsurance regulations, the General Secretariat of CIMA takes on an essential role in the development of this activity, to allow the majority of the population in this zone to have adequate protection against the risks and perils of life. A strategic plan was thus established with, among other things, the objective of creating a conducive environment for healthy competition and the ongoing training of the various parties involved.

Thus, in September 2014, CIMA held Learning Sessions on microinsurance in Douala (Republic of Cameroon), which brought together more than 500 participants from

diverse horizons. Many training sessions have also been organised for various stakeholders (supervisors, insurers, students, etc.).

This highlights our commitment to working hard to achieve an integrated, inclusive and sustainable insurance market that meets the optimal security conditions demanded by international standards.

Accordingly, we are pleased that the present workshop is being organised in collaboration with the Access to Insurance Initiative, which is the implementing partner for financial inclusion of the International Association of Insurance Supervisors (IAIS). I would like to extend a special thanks to Hannah Grant, Director of the Initiative, for her valuable contribution to the preparations for this workshop and her active presence in its work. I also salute the establishment of a drafting group at the IAIS, which has been entrusted with setting the main guidance and international best practices for regulation and supervision of digital activities in inclusive markets. We are particularly honoured to chair this drafting group and hope to make a remarkable contribution to its work.

I also thank all the other partners who answered “present” to our invitation, in particular the BCEAO, the BEAC, ART in Cameroon, ART in Côte d’Ivoire, and last but not least FANAF.

As indicated in the terms of reference, the main objectives of this workshop are to create a framework for cooperation and information exchange between supervisors and regulators concerned by the issues surrounding mobile insurance, and produce information that would allow the General Secretariat of CIMA to submit to the Council of Insurance Ministers draft regulations on mobile insurance operations with the aim of policyholder protection and financial stability.

***Dear participants,
Ladies and Gentlemen,***

Insurance sold through and/or in partnership with mobile network operators (often called “m-insurance”, or “m-assurance” in French) has been booming in recent years in some African countries and in Asia.

A few mobile insurance pilots have been identified in the CIMA zone, notably in Senegal and Burkina Faso. An examination of the files of a few products that have received approval revealed that the aspects relating to the digitalisation of contracts have not been sufficiently identified and evaluated. The products are presented as classic insurance products, thus obscuring the many risks and subtleties linked to mobile insurance.

During recent consultation forums held by IAIS on the subject, all those involved admitted the importance of the technology as a factor in the rapid improvement of the insurance penetration rate in Africa. Indeed, selling insurance products through mobile phones opens the possibility of lowering distribution costs and reaching underserved populations. However, the involvement of several stakeholders in the value chain could threaten the stability of the system.

Zimbabwe's Counterexample

The 2013 m-insurance failure in Zimbabwe is a textbook case from which we should take our inspiration. This failure highlights the need to attain a perfect balance between the goal of improving financial inclusion (increasing the insurance penetration rate) and the requirements of financial stability, integrity and consumer protection.

Mobile phones are a major factor in improving the insurance penetration rate, which would notably make it possible to reach currently unserved populations. However, unlike classic distribution channels, the potential for exponential growth in sales via mobile phones is a source of systemic risks that we must anticipate and control.

Based on this, CIMA bodies have instructed the Secretariat to conduct a study on the regulatory framework for the sale of insurance products through mobile telephone networks. This study should propose the necessary regulatory steps to guarantee the safety and stability of these systems. It should notably clarify the definitions of various concepts, clarify the roles and relationships between different stakeholders, identify and evaluate risks, and propose management and risk control measures.

Over the next two days, we will have the opportunity to share, learn from our valuable respective experiences and take inspiration from the best practices worldwide in order to unlock the potential of mobile insurance for our populations and vitalise the development of CIMA markets.

I wish you a lovely stay in Abidjan and declare this workshop on mobile insurance open.

Thank you!