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**Concept Note**  
**Expert Symposium**  
**“Proportional regulatory approaches in inclusive insurance markets -  
Capturing what we learnt for the future”**  
**2 – 3 December 2014**  
**Washington, D.C.**

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## **I. Background and rationale: Learning from more than ten years of inclusive insurance regulations**

**More than ten years after the launch of the concept and practice of specific and proportionate regulations for microinsurance, more recently inclusive insurance, it is high time to learn and draw lessons that can help to advance regulatory practice and standard setting, and also, to inform other countries’ policy makers and supervisors<sup>1</sup>.** What works? What does not? Which regulatory approaches have been able to balance the need for innovation with the need for consumer protection? Which approaches are adequate in what circumstances, given certain levels of development of insurance markets and supervisory capacity? What can supervisors learn from the pioneers as to the regulation and supervision of market conduct, or a tiered approach for intermediaries or underwriters? Which innovative consumer protection approaches work? These are just some of the questions we will address.

**Rationale for having such an event is that there have been few if any systematic attempts to generate holistic lessons from the supervisor’s perspective based on the ample experience in the regulation and supervision of inclusive insurance.** The IAIS has published issues and guidance papers, among those the IAIS Application Paper on the Regulation and supervision of inclusive insurance markets (2012), to which A2ii has contributed. A2ii has conducted country diagnostics, and undertaken stocktaking and analyses as well as synthesis papers and tools on the regulation and supervision of inclusive insurance. IAIS and A2ii together have implemented the Self-Assessment and Peer Review on Inclusive insurance markets. These materials form the basis of the event, very much relying on the practitioners and expert experience and views on what works, what does not and what has been learnt. Therefore this Symposium fills a gap and can make a true contribution to the practice of inclusive insurance regulation and supervision for supervisors, the IAIS, and the wider stakeholder community engaged in these topics.

## **II. Objectives: Distil lessons learnt and disseminate to inform the wider supervisory community and IAIS work**

**The overall objective of the Symposium is to distill key lessons from the experience of inclusive insurance regulation and supervision.** We expect the practitioners and experts at the Symposium to take a close look at the experience from more than 10 years of microinsurance regulation and ask questions, give answers, and generate lessons and learnings. The Symposium participants shall look in particular at the experience of the

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<sup>1</sup> With the term „supervisor“ we denote both regulators and supervisors.

pioneering countries, supervisors that are engaged to various degrees in the regulation and supervision of inclusive insurance markets, with many of them already having a dedicated regulatory framework for microinsurance; in particular Colombia, Ethiopia, Ghana, Philippines, Peru, South Africa and Tanzania.

**The specific objective of the Symposium is to summarize lessons and country experiences for dissemination.** IAIS, A2ii and CGAP partner in this expert Symposium to gather the most salient expertise and authentic experience with the aim of jointly writing up the key lessons in order to share them with the wider supervisory community and also, use them as an input for IAIS papers and standard setting, and sharpen the A2ii work agenda.

Specific areas of learning were chosen following the four main Application Paper key themes. Participants will **first look at the following topics:**

- (1) **Formalization:** Formalising informal risk-pooling mechanisms: e.g. How can formalization be done most efficiently while mitigating the risks, in particular with regard to consumer protection? What about transitional arrangements?
- (2) **Innovations:** Facilitating innovation in microinsurance business models and products: e.g. How can supervisors incentivize insurer and intermediaries, and foster innovation while protecting consumers?
- (3) **Roles and responsibilities:** A financial inclusion policy, coordination among various authorities, and mutual information are topics here.
- (4) **Definition:** When operationalizing a microinsurance definition that delineates this business line, supervisors ask: What is the “right” definition of MI in a given country contest? What are pitfalls?

**Other important topics and questions** that may also emerge will also be accommodated in the Symposium, such as

- What is the right approach to product regulation and supervision under a proportionate regulatory regime?
- How to develop appropriate consumer protection and market conduct regulations for the low-income market?
- How can supervisors foster proper engagement of insurers?
- What about the limited supervisory capacity and resources in developing countries?

### **III. Key inputs into the Symposium are a stakeholder survey on the pioneering countries and inspirational blogs**

We expect to prepare and inspire the Symposium based on two inputs: a survey of the inclusive insurance regulation stakeholders; and a series of blogs authored by leading thinkers on the inclusive insurance regulation topic.

**Survey:** Ahead of the Symposium we will launch a survey directed at participants as well as other stakeholders in the inclusive insurance regulation arena. The **10 question survey** will ask salient questions on the practice of inclusive insurance regulations. Individual experiences and views can also be captured in a few open questions (see survey questions in

Annex 2). The main results of the survey will be presented at the Symposium to inspire and guide the participants.

**Blogs:** The main purpose of the blogs is to set the scene for the discussions, provide background and information, address new trends such as mobile insurance and serve as food for thought. This way the participants will be inspired and prepared before they arrive in Washington DC. In addition the blogs shall reach a broader audience of microinsurance and inclusive insurance practitioners and experts as well and raise the awareness and profile of certain topics.

Three blogs will be written by leading thinkers in the inclusive insurance regulation space and published on the CGAP and A2ii sites. The authors will be Faraz Uddin, SEPC Pakistan; Jonathan Dixon, FSB South Africa; and Lydia Bawa, NIC Ghana. The authors will cover different aspects according to the following overview.

Topic	Author (all tbc)	What we want to achieve
What is the role of the supervisors in inclusive insurance markets?	Jonathon Dixon, FSB, South Africa	<ul style="list-style-type: none"> <li>• Positioning inclusive insurance and why it matter to supervisors</li> <li>• Positioning the work of the A2ii and IAIS and its relevance for supervisors</li> <li>• Drawing on the experience of the microinsurance framework in South Africa, as well as the more recent A2ii/IAIS regionals strategy for Sub-Saharan Africa</li> </ul>
The Ghana experience of regulating microinsurance	Lydia Bawa, NIC, Ghana	<ul style="list-style-type: none"> <li>• What were biggest challenges that the NIC in Ghana faced in regulating microinsurance that kept you "up at night"?</li> <li>• Where have the NIC's interventions had the biggest impact?</li> <li>• What are the biggest issues/challenges going forward that NIC in Ghana will have to address?</li> </ul>
Where has SECP made the biggest impact or most progress in regulating inclusive insurance markets in Pakistan?	Faraz Uddin Amjad, SECP, Pakistan	<ul style="list-style-type: none"> <li>• Drawing out SECP's experience with consumer protection and Takaful in Pakistan</li> </ul>

## IV. Format of the Symposium: Panels and break-out sessions

A vision statement by Tim Lyman and a key note speech by Peter Braumüller of IAIS will set the scene in the morning of day one.

**The Symposium is structured into three sessions.**

- The first session takes stock of the past along the four topics of the application paper in a panel, and pioneer statements of supervisors.
- The second session builds on the historic lessons and attempts to rethink a vision for inclusive insurance regulators.
- The third session considers the way ahead.

**Session I: “10 years of microinsurance regulations: how far have we come? Where are we now?”** Part 1 is comprised of a panel that will review the 4 key topics<sup>2</sup> in the proportional ICP application as proposed by the IAIS Application paper: Formalization, Innovations, Roles & Responsibilities and MI Definitions. Four panelists will present their views, supported by a facilitator. Other key inputs will be the Results of A2ii-IAIS Self-Assessment and Peer Review (SAPR) on Regulation and Supervision supporting Inclusive Insurance Markets and challenges submitted by participants. In part 2, pioneer statements of supervisors will provide country insights to identify lessons and good practices.

**Session II: “Where do we want to go? What is our vision for the regulation of inclusive insurance?”** In this second session panelist will seek to (re)define high level objectives for the way forward on the basis of some good practices that emerged from the previous session in a visioning workshop. A summary of the day will help to focus on main outcomes.

**Session III: “How do we get there? How will we achieve our vision?”** Following the vision statements of day 1, session three will attempt to define approaches and methodologies for going forward in three break-out groups

**The three groups are:**

- Group 1: Formalization
- Group 2: Innovations
- Group 3: Refocusing the priority themes

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<sup>2</sup> See Annex 1 for a more detailed list of issues related to these 4 topics.

## Annex 1 - IAIS Application Paper on Regulation and Supervision supporting Inclusive Insurance Markets

Topic	Detailed issues (to be completed)
Formalization	Licensing of pilots
	Formalizing informal and transitional arrangements
	Licensing of underwriters
	Licensing of intermediaries
	Reserves & capital
Innovation	Institutional forms
	Innovative distribution models
	Claims payment
	Premium collection
	Bundling of products across lines
	Products: Benefit limits, term limits, simplicity
Roles & Responsibilities	Financial sector policy
	Mandate of the insurance supervisor
	Performance monitoring
	Cooperation with other authorities: multiple agencies, information exchange, mutual information
Micro-insurance definition	Qualitative
	Quantitative

## Annex 2 – Survey questions



### Survey on Lessons Learned in Regulating or Advising Inclusive Insurance (in preparation of A2ii/CGAP/IAIS Expert Symposium)

#### Data protection notice

This survey is voluntary and anonymous. It is not possible for the requesting party to establish any link between the participant and a completed questionnaire form.

You must not enter in survey text fields any data that allows conclusions to be drawn about natural persons. If you do so, your questionnaire form will be deleted and will not be evaluated.

The data will not be passed on to any third parties.

Please also observe askallo's data protection provisions.

#### 1. Please indicate the type of institution You represent

- Supervisor
- Donor or development partner
- Consultant, technical assistance provider or think tank
- Standard Setting Body
- Other (please specify)

#### 2. Please indicate the region(s) that You work with

- North America
- Latin America
- Western Europe
- Central, Eastern Europe and Transcaucasia
- Asia
- Oceania

- Middle East and North Africa
- Offshore and Caribbean
- Sub-Sahara Africa

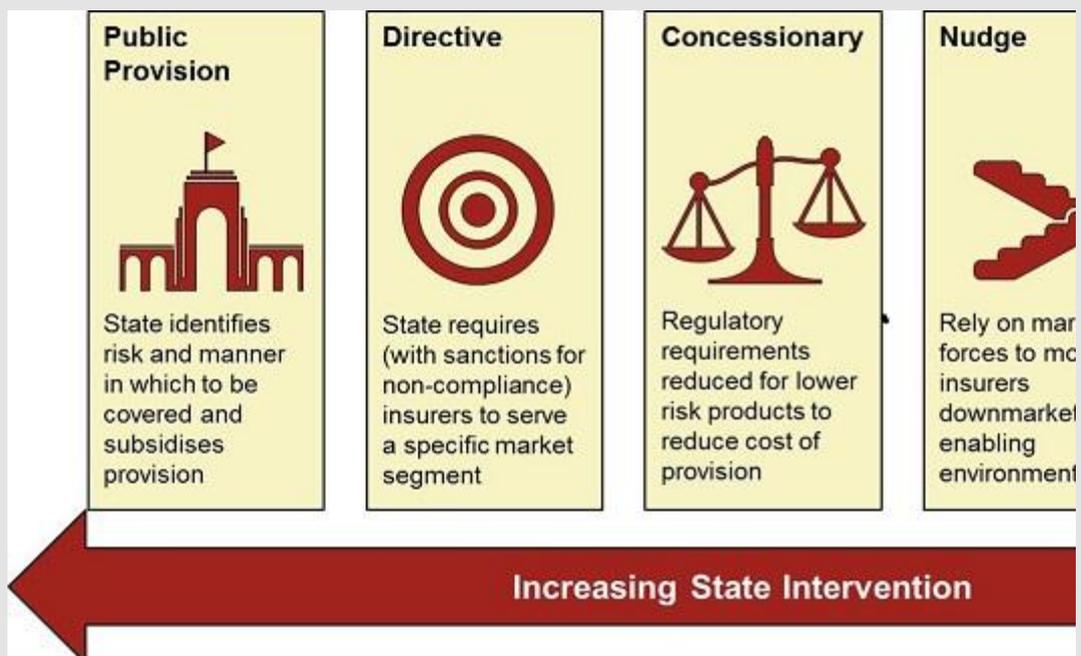
**3. Please indicate how many years You have been working in inclusive insurance markets and/or regulation and supervision**

- Less than 1 year
- Up to 3 years
- 3 to 10 years
- 10 years and more

**4. Please evaluate the following recommendations from the IAIS Application Paper by how difficult they have been to implement in the jurisdiction(s) You work with (1 = very difficult, 2 = difficult, 3 = somewhat difficult, 4 = not very difficult, 5 = not difficult at all)**

	1	2	3	4	5
Operationalizing a microinsurance definition	<input type="radio"/>				
Formalising informal risk-pooling mechanisms	<input type="radio"/>				
Facilitating innovation in microinsurance business models	<input type="radio"/>				
Applying a proportionate approach to product oversight and product standards	<input type="radio"/>				
Developing appropriate consumer protection and market conduct regulations for the low-income market	<input type="radio"/>				

**5. Please evaluate the regulatory approaches found in the figure below dealing with the proportional application of insurance core principles according to how successful they have been in fostering inclusive insurance markets generally (1 = successful, 2 = successful, 3 = somewhat successful, 4 = not very successful, 5 = not successful at all)**



	1	2	3	4	5
Public provision	<input type="radio"/>				
Directive	<input type="radio"/>				
Concessionary	<input type="radio"/>				
Nudge	<input type="radio"/>				
Long-term market development	<input type="radio"/>				

6. Please evaluate the importance of these consumer protection risks when dealing with inclusive insurance markets in the jurisdiction(s) You work with (1 = very important, 2 = important, 3 = somewhat important, 4 = not very important, 5 = not important at all)

	1	2	3	4	5	6
Risk carrier is not able to meet its promises and honor claims	<input type="radio"/>					
Client value is reduced because a non-insurance entity delivers insurance	<input type="radio"/>					
Speed of technical innovations in insurance distribution	<input type="radio"/>					
Insurance salespersons misrepresent products or sell inappropriate products to low-income consumers	<input type="radio"/>					
Insured is unaware of insurance coverage due to poor disclosure during the sales process	<input type="radio"/>					
Poor post-sales service for the insured (maintain their cover, change products, make enquiries, submit claims, receive benefits or lodge complaints)	<input type="radio"/>					

7. Please list other important consumer protection risks that You face when dealing with supervision of inclusive insurance markets

8. What are the main challenges that You want this symposium to address?

- Coordinating supervision of innovative distribution channels with other regulators (telecoms, banking, others)
- Enabling the market to introduce more complex non-life insurance products (e.g. catastrophe, health, agriculture)
- Enabling the market to introduce more complex life insurance products (e.g. savings, annuities)
- Supervision of non-traditional distribution channels
- Good practices in monitoring client value
- Capacity building for supervisors
- Licensing of pilots
- Monitoring of key performance indicators (eg. claims ratios, claim settlement speed)
- Other (please specify)

9. What are the issues that you wish You had understood five years ago in dealing with inclusive insurance markets?

10. What issues You wish you understood better today for a well regulated and more inclusive insurance market tomorrow?

