



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public Background Session:

Issues Paper on Conduct of Business in Inclusive Insurance

IAIS Secretariat

Basel, 25 June 2015



Overview

1. Introduction
2. Public Consultation/Public Background session
3. Rationale for the development of the Paper
4. Objective of the Paper
5. Drafting Group
6. Structure and Main contents of the Paper
7. Next Steps
8. Questions from participants

Public Consultation and Public Background session

- Development of Supervisory and Supporting Material by IAIS is subject to Public Consultation
- Part of the consultation is a Public Background Session to provide background information, describe the subject matter and specific issues
- Comments to be submitted via the Consultation tool on the IAIS website (News / Consultations)
- Non-Members:
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Rationale for the development of the paper

- In inclusive insurance fair treatment of customers is very important
- Customers in these markets are particularly vulnerable.
- The confidence in insurance in these markets hangs in a fragile balance → unfair treatment by insurance providers might make people turn away from insurance
- This ultimately affects more access to insurance

Objective of the paper

- Provide overview of issues re CoB in inclusive insurance markets that affect the extent to which customers are treated fairly
- Promote the understanding of these particular issues among regulators and supervisors and other organisations and parties with an interest in this area.
- Inform further initiatives to address these issues as a follow-up to this paper (possibly application guidance on proportionate regulation and supervision).

Drafting Group

- Chaired by IRDA succeeded by SUSEP
- FIWG representation and the Micro Insurance Network (MIN), the Access to Insurance Initiative (A2ii) and the Centre for Financial Regulation and Inclusion (Cenfri).
- Work was informed by the synthesis of country diagnostics conducted under the aegis of the A2ii.

Structure

- Section 2: description of the features of the inclusive insurance market
 - Customer profile / country context / distribution features / digitalisation
- Section 3: inclusive insurance life cycle with the issues that have been identified from a CoB perspective.
 - Product development / distribution / disclosure of information / customer acceptance / premium collection / claims settlement /handling of complaints
- Section 4: Conclusions and Recommendations

Section 2: features inclusive insurance market

- Customer profile
 - Education; income; expenditures; residence; trust
- Country context
 - Regulatory framework; consumer protection; court system
- Distribution features
 - Long intermediation channel, business models, risks
- Digitalisation
 - Technical innovations; mobile insurance

Section 3: life cycle (1)

- Product development
 - Risks covered; terms and conditions; pricing
- Distribution
 - Multiple parties; skills sales force; alignment of interests; bargaining power; distribution costs; reputation risk
- Disclosure of information
 - Mode; time; content; process; effectiveness

Section 3: life cycle (2)

- Customer acceptance
 - Group acceptance; third party involvement; non face-to-face contracting; AML/CFT
- Premium collection
 - Bank accounts; agent & brokers; aggregators; mobile phone technology
- Claims settlement
 - Process; documentation; nature of compensation
- Handling of complaints
 - Access barriers: knowledge, time, money, travel, informal providers

Conclusions & recommendations (section 4)

- Confidence is essential in inclusive insurance
- Understanding of market features will support compliance with ICP 19 (CoB)
- Attention for customer value in inclusive insurance markets
- Attention for business models and digital financial inclusion
- Need for application of proportionality
- Need for agreements /arrangements supervisors and customer institutions

Next steps

1. Consultation open from 22 June
2. Public background session on 25 June at 14:00 CEST (teleconference)
3. End of consultation (45 days): 6 August
4. Consideration of comments, revision of draft, final approval process: completed by end 2015

Consultation tool

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Questions?

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