



Feedback Session:

Application Paper on Product Oversight in Inclusive Insurance

IAIS Secretariat
Basel, 8 December 2017



Overview

1. Introduction
2. About the Paper
3. Results of the Public Consultation
4. Questions



Introduction (1)

1. The paper was developed by the Financial Inclusion Working Group
2. Public consultation 30 June – 30 July 2017
3. Public background session on 12 July 2017
4. Adopted by ExCo on 23 November 2017



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Objective of the draft paper (paragraph 4)

- Provide guidance to supervisors, regulators and policymakers when considering, designing and implementing regulations and supervisory practices on product oversight in inclusive insurance markets.
- Also, relevant to the insurance industry as it is expected to design products that are suitable for their target customers.
- Building on the Issues Paper on Conduct of Business in Inclusive Insurance (2015)



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Structure of the paper

- Section 2 explains the concept of product oversight
- Section 3 describes the typical inclusive insurance market and customer. This section provides the context in which product oversight is applied and needs to be effective to treat the inclusive insurance customer fairly.
- Section 4 explains the concept of proportionality, the impact on the implementation and application of the ICPs.
- Section 5 provides application guidance of relevant ICPs in respect of product oversight. This guidance addresses the requirements an insurer is expected to meet.
- Section 6 provides application guidance of relevant ICPs in respect of product oversight by supervisors. This guidance focuses on the implementation of supervisory oversight in this area.
- Section 7 contains a summary and conclusions.



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Public Consultation (1)

- Public consultation period: 30 June – 30 July 2017
- 26 Comments received
- 4 Organisations provided comments:
 - PCI
 - LIA Japan
 - ACB Consulting
 - GFIA
- Resolutions of comments published on the website
- Approved by Implementation Committee on 30 October 2017



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Public Consultation: main issues raised

1. Include indication of level of the loss ratio (claims ratio) – for example not beyond 50%.
Resolution: the phrase in question was removed; instead intention to start separate workstream on the use of ratios. Further consideration in February 2018; A2ii will organize a consultation call for supervisors.
2. More opportunity for dialogue with industry before finalization of the paper.
Resolution: IAIS did not see particular grounds for this beyond the public consultation.
3. Concerns with focus on intense and subjective regulation / supervision (comment 2 and 26).
Resolution: no change; aim is to come to tailored solutions based on a proportionate implementation and application of the ICPs. The guidance is more likely to remove subjectivity across the membership.
4. The phrase “fair treatment of customers” is too subjective / not defined.
Resolution: clarified in paragraph 11 with reference to ICP 19.



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Questions?



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