



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

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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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