Regulatory challenges of microinsurance delivery channels – learnings from the MCII review

MCII Workshop
‘Regulatory issues on microinsurance & index products”

Mexico City
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The situation of microinsurance delivery channels and operations

- MI delivery channels such as credit unions, cooperatives are vital because
  - People trust these (member-based) organisations
  - The organisations can create awareness (financial & insurance education)
  - The organisations can link insurance to DRR measures - enhancing effectiveness
  - The organisations can assist in administrative processes (e.g. premium collection, documentation, payouts, renewal of policies)

- Adjustment of MI operational processes are required because
  - Operational simplicity enhances efficiency – low cost operations vital for MI
  - Timely payouts after insured event – people need the money immediately
The situation of microinsurance delivery channels – no regulation

- Obtain membership
- CU/cooperatives
- Sales event
- Non-members
- CU members
- Purchase

Awareness building → Product information → Product purchase

- Insurer
- No regulation
# MI delivery channels – current challenges and potential adjustments

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Potential adjustments</th>
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</thead>
<tbody>
<tr>
<td>➢ No legislation for ‘non licensed’ channels (e.g. credit unions, cooperatives, professional bodies such as the Banana Association)</td>
<td>➢ Provision of licensing of MI agents (shortening the process, ‘temporary’ MI license)</td>
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<td>➢ Ineffective and expensive sales process (e.g. ‘sales events’ as a precondition for the sale of the LPP)</td>
<td>➢ Using non-licensed persons to share factual product information (different from insurance product advise)</td>
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<td>➢ Role of national organisations for information campaigns, member training (e.g. credit union league, Coffee Board, RADA)</td>
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<td>➢ The use of technology (e.g. KYC – customer identification, mobile phones)</td>
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## MI operations – current challenges and potential adjustments

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<td>No commissions permitted to 'non licensed' channels</td>
<td>Identify solutions for payment of delivery channels</td>
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<td>Sale of MI only to (cooperative) members (non-members have to become member of e.g. credit unions)</td>
<td>Adjust premium collection process (using third parties on behalf of the insurance industry, ‘mobile money’)</td>
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<td>Group insurance – individual policies</td>
<td>Flexible payout mechanisms and use of additional channels after disasters</td>
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<td>Long payout in St. Lucia (12 days after event)</td>
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Thank you for your attention

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