

EPILOGUE

Legal and Regulatory framework

The NIC **decided** to commence by implementing the functional approach. The rationale for this is firstly that there is already a functioning insurance industry that is willing and able to offer microinsurance and secondly that the functional approach can be applied more quickly. Utilizing the functional approach should therefore enable microinsurance capacity to be more quickly developed both by industry and the NIC.

At a later stage, depending on industry development and capacities, and the availability of resources such as supervisory capacity, the NIC will assess whether to implement the institutional approach, thereby combining these approaches in the medium term. The creation of a new tier may become necessary depending on whether commercial insurers fully embrace microinsurance and successfully penetrate all areas, both rural and urban.

Structure of legislation

With respect to fitting the microinsurance regulations into the legal structure, the NIC decided to integrate the micro insurance legislation/regulations fully into the overall legal and regulatory framework with special rules for micro insurance. This option was chosen because Microinsurance is insurance and the same regulatory principles apply to microinsurance as to traditional insurance. Integrating the regulation and supervision of microinsurance into the wider regime would foster consistency and enable attention to be focused on the real issues and differences.

The NIC also decided to have a three piece legislation: A primary legislation (the Insurance Act) will set out the main principles but will not contain details which may require to be changed as the market and supervisory capacity develops or international standards change. The detailed provisions will then be contained in the Regulations to be issued by the Minister. The third piece, the Code, will be issued by the NIC and will contain the solvency, capital, risk management, corporate governance and other technical requirements.

Definition of microinsurance

The NIC decided to define microinsurance as an insurance contract that is designed to meet the needs of a specific target market, is affordable to that target market and is accessible to that target market. An insurance company that wishes to sell a product as microinsurance must submit a written assessment that proves that the product meets the criteria. This was done to avoid the problems associated with both the quantitative and qualitative criteria used for defining microinsurance and also to make room for innovation in product development.

Market Conduct Rules

The drafting of the legislation based on the above policy decisions was completed by the end of 2011. There have however been delays in the passage of the primary legislation by parliament. In order not to delay the implementation of the microinsurance regime therefore, the NIC in February 2013, farmed out the microinsurance provisions from the draft legislation and issued it as Market Conduct Rules under the current Insurance Act. The Market Conduct Rules were accompanied by an Explanatory Note to explain the main concepts and a Guidance Note to guide insurance companies and other market participants on how best to comply with the various requirements.

Stakeholder consultations

A different set of stakeholders was identified for each of the four segments or aspect of the project in order to ensure relevance and effectiveness. The various stakeholders involved were as follows;

- **Legal and Regulatory Framework**
The Ghana Insurers Association, The Ghana Insurance Brokers Association, The Attorney General's Office, and the Ministry of Finance. External advisors included the International Financial and Legal experts, The World Bank and the Toronto Centre.
- **Technical Capacity**
The stakeholders involved were; The Ghana Insurers Association, The Actuarial Society of Ghana, some Universities offering actuarial science programs and Actuarial consulting firms. External advisors included the Institute of Actuaries of the UK and the Microinsurance Center in the United States.
- **Research and Development**
The stakeholders involved were; The Ghana Insurers Association, The Ghana Insurance College, various Universities and Technical Service Providers. External Advisors included the Microinsurance Network and the Department for International Development (DfID) of the UK.
- **Insurance Awareness**
The stakeholders involved were; Advertising Media experts, Civil Society, Ghana Insurers Association, and the National Financial Literacy Program

Key Lessons Learned

Things don't just happen; they are made to happen

Financial inclusion, poverty reduction and wealth creation do not just happen. Some effort is needed to make them happen. It is therefore important for

financial sector regulators to liaise with their governments to acquire the needed information and know-how, take the right steps and work diligently and consistently at it.

Failing to plan is planning to fail

In every field of human endeavour, planning is very important. Designing and implementing a microinsurance regime requires careful planning, effective implementation of the plan and smart monitoring mechanisms to ensure that the desired results are achieved. Equally important is the consideration of the resources needed for the implementation of the plan.

Where there is a will, there is way

It is sometimes necessary for the supervisory authority, in its bid to develop the market and protect the interests of the policyholders, to take certain steps and exercise certain powers even though such steps and powers may not be expressly provided for in the law. There is the need to find ways of getting things done within the constraints that we face. The delay in passing the new legislation did not have to unduly delay the implementation of the microinsurance regime.

If you want to walk fast, walk alone, but if you want to go far, walk together

Stakeholder consultation is key to the success of any project. Making and implementing policy decisions affects people in a variety of ways. It also requires others' inputs, approval, resources, and efforts in order to succeed. It is therefore important to have a stakeholder identification and consultation strategy in the effort to develop and implement a microinsurance regime.

One size does not fit all

In order not to reinvent the wheel, the NIC studied the microinsurance regimes of a number of jurisdictions. The NIC however learnt that even though there are broad principles that cut across, each country has designed its microinsurance regime to suit its demographic and socio-economic peculiarities. This is important to ensure that the framework that is finally agreed upon and implemented is suitable for improving access to insurance for a broad spectrum of the population in an effective, efficient and sustainable manner.