Microinsurance policy and regulatory reforms in Africa: where do we stand?

AIO Regulators Workshop

Victoria Falls, Zimbabwe

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Making financial markets work for the poor

About FinMark Trust and Cenfri

- Independent trust established in 2002

- Initial funding from the UK's Department for International Development (DFID)

- Purpose: "Making financial markets work for the poor", by promoting financial inclusion and regional financial integration

- Facilitating and catalysing the next generation of development around access to financial services

- Focus areas:
  - FinScope
  - Housing finance
  - Consumer financial empowerment
  - Rural and agricultural finance
  - Retail payment systems
  - Insurance
  - Policy and regulation
  - Regional Financial Integration

- Further information available at: www.finmarktrust.org.za

A topic of growing interest in Africa

Egypt?

Uganda
Kenya
Ethiopia

Ghana
CIMA countries
Nigeria?

Zambia
South Africa
Swaziland
Mozambique
Namibia
Zimbabwe?

Role of regulation

- For all models:
  - Enabling environment
  - Cost drivers
  - Sets the rules of the game, determines the playing field
  - Consumer protection

Regulatory response to MI is part & parcel of market development

Regulatory response to microinsurance

Need to:

- Facilitate inclusion
- Facilitate innovation
- Deal with the informal market
- Protect consumers & ensure value proposition

Imperatives:

- Reduce regulatory costs – especially on intermediation
- Create space for 2nd tier of insurers and intermediaries
- Set product & other parameters to ensure value & protection

Prerequisite:

- Define MI as product category

SA microinsurance regulatory process

- Discussion paper 2008, consultation process → policy statement imminent

- Approach:

  1. Limit risk through definition

     - Define parameters – benefit levels, term, basis of underwriting, simplification

  2. Create space for underwriters (outreach, formalisation)

     - Prudential and institutional requirements

  3. Create space for intermediaries

     - 2nd tier intermediaries

  4. Enforcement and recourse

     - Formalisation path, including graduated capital

Thank you!

www.finmark.org.za
www.cenfri.org
anja@cenfri.org