

## Solution to the mobile insurance activity

### QUESTION 1

What are the issues and why is urgent attention needed?

1. Low client value.
2. A possible cancellation/discontinuation of the partnership will spell doom for policyholders.
3. The passage of the Electronic Payments Act will also seriously affect the sale of the product.
4. Serious complaints from customers without any effective avenues for redress.
5. For most people, this is most likely their very first encounter with insurance. If it turns out to be negative, it will have very dire consequences for trust.
6. Likely to have long term effects on consumer trust and confidence. Therefore calls for urgent attention.

### QUESTION 2

What went wrong?

1. Aggressive sales practices of GhanaTel sales force
2. Confusion in the minds of the policyholders on the complex partnership
3. Opt out option to agree on increasing cover
4. Apparent lack of coordination between regulators
5. Challenges with the disclosure and explanation of the product terms and conditions
6. Weak product monitoring by insurance regulatory authority
7. Poor understanding by the customers of the product and how it works .  
Example pricing and product coverage period.
8. The consumer protection framework if it exists, does not consider a digital world.
9. Low claim ratio may indicate possible difficulties in making a claim or lack of awareness on the part of policyholders on their rights.
10. The partners seem to be more concerned about financial gain than customer welfare and satisfaction.
11. Complaints processes and avenues not properly communicated.

### QUESTION 3

12. What needs to be done?
13. Immediate intervention to temporarily stop the sale of the product and have the various challenges addressed before sales resume. Review product terms and conditions.
14. The need for improved disclosure requirements that are better suited to the digital environment.
15. A clearly defined complaints resolution and procedures that clearly lays out which entities to be contacted, how and where.

16. Pre approval of products
17. Review partnership agreement. Ensure the inclusion of dispute resolution mechanism and product/partnership contingency plan.
18. The need for effective collaboration between insurance regulator, telecom regulator and the Central Bank.
19. Insurance regulator should require the training and monitoring of sales agents
20. Insurance regulator to implement effective product monitoring mechanism. Must collect and analyse regular information on the product and make prompt interventions.

#### **QUESTION 4**

21. What lessons/conclusions can be drawn from the case?
22. The mobile phone can help to improve access to insurance at a tremendous speed. It however comes with its own risks which need to be managed.
23. Insurance regulatory authorities need to build the requisite capacity to enable them understand and effectively mitigate these risks.
24. Consumer protection regulations need to be re-wired to suit the digital conditions and circumstances. This must be done with particular emphasis on information disclosure, complaints resolution and product value.
25. The importance of regulatory cooperation is growing.