

Role of the Insurance Supervisor – Part II

Regulation and Supervision Supporting Inclusive Insurance Markets

Inclusive Insurance Regional Training Program for Insurance Supervisors
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- Supervisory objectives
- Importance of having a supervised market
- Providing scope for innovation
- Proportionality
- Definition of microinsurance in regulation
- Dealing with diverse market participants
- Dealing with diverse authorities
- Resource implications



- Lack of familiarity – both ways
- New roles even for traditional participants
- Consider functions, risks, and controls
- Consider objectives and how insurance contributes
- Communicate actively, including with those in the informal market
- Adjust the regulatory framework, if necessary



- Understand objectives and responsibilities
- Seek synergies
- Reduce the risk of arbitrage
- Document information exchange and confidentiality agreements



Discussion - Cooperation

Consider the following questions in the context of your respective jurisdictions

1. With which other authorities do you (or do you expect to) cooperate in the promotion, licensing, or supervision of insurance activities?
2. In what ways might their objectives conflict with the objectives of insurance supervision?
3. In what ways might your objectives conflict with theirs?



Discussion - Cooperation

- Discuss within your table group the issues assigned
- Develop a response
- Select someone to present the results
- Timing
 - 15 minutes for discussion
 - 3 minutes for each presentation



- Central Bank
- Payment systems
- Revenue authorities
- Telecommunication regulators
- Health authorities
- Agriculture department
- Social protection department
- Others?



- Policy development
 - Initial and ongoing
 - Regulatory and supervisory
 - Consider the preconditions
- Dealing with limitations
 - Skills and data
 - Take action and encourage others
- Ongoing supervision
- Obtaining resources
 - Cooperate with others
 - Consider transitional and ongoing needs
 - Strive for fairness and sustainability



- Capacity builders
 - Actuaries
 - Technical assistance (TA) providers
 - Academics
- Operational specialists
 - Intermediaries
 - Third-party administrators
 - Technology suppliers
 - Extension services and infrastructure



- Funders
 - Donors
 - Investors
- Promoters
 - Insurance associations
 - Conferences and meetings
- Microinsurance Network – facilitates information exchange



Group Activity – Role Play

Insurance penetration in your jurisdiction is very low compared to others in your region, although various informal insurance mechanisms also exist. You have developed an initial action plan to enhance the inclusiveness of the insurance market, which consists of:

- undertaking a comprehensive analysis of the market and policy environment
- amending legislation to add “inclusiveness” to the objectives of your authority
- formalizing informal insurers.



Group Activity – Role Play (2)

You will be meeting with a key stakeholder to seek support for your plan. Each group will be assigned one of the following stakeholders to meet with:

1. The head of your supervisory authority
2. The Minister of Finance
3. The Governor of the Central Bank
4. The President of the Insurance Association
5. The head of the Microfinance Association (many members offer informal insurance)
6. The head of a social welfare organization



Group Activity – Role Play (3)

Prepare for your meeting by considering the following, from your assigned stakeholder's point of view:

1. What is wrong with the current situation?
2. What are the advantages of your plan?
3. What are the disadvantages of your plan (and how might you deal with them)?
4. What good things about the current situation will remain unchanged under your plan?
5. What do you want from them?



Group Activity – Role Play (4)

- Discuss within your table group the questions on the previous slide
- Develop responses and prepare for the meeting
- Select two people to represent your group in a meeting with the key stakeholder (whose roles will be played by program leaders)
- Timing
 - 30 minutes for discussion and preparation
 - 5 minutes for each meeting

