

A2ii-IAIS Consultation Call webinar series

The coronavirus (Covid-19) pandemic and implications for
insurance supervisors - Sixth Call

30 June 2020

Speakers



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The potential of remittance-linked insurance products

A2ii consultation call | June 2020



What are remittance-linked insurance products?

Remittance-linked insurance products is insurance facilitated by remittance-service providers (RSPs).



Examples of remittance-linked insurance products

AXA PARTNERS WITH MERCHANTRADE TO OFFER PROTECTION SOLUTIONS FOR MIGRANT WORKERS

- AXA Affin General Insurance Berhad partners with Merchantrade to launch Merchantrade Insure, a simple and affordable protection solution for migrant workers.
- Merchantrade Insure is the 1st insurance protection in Malaysia that provides Claims Payout directly to the beneficiaries through remittances.

AXA, Democrance and Hello Paisa Launch “Hello Protect” to Offer Inclusive Insurance Cover for UAE Residents from Middle East, Africa, and Asia

New product provides complimentary personal accident insurance with each remittance via Hello Paisa



helloprotect

TRANSFER MONEY
via **hellopaisa**
Step 1



DIASPORA INSURANCE

Home / [Diaspora Insurance](#)

Destiny Finance Ltd T/A Diaspora Insurance is a global consultancy firm headquartered in Birmingham, UK and Sandton, RSA. We specialise in the designing, marketing and distribution of insurance products and risk management solutions targeted at Expatriates and Diasporans living and working in developed markets like UK, Australia, EU, North America & Canada. Our global risk management solutions enables the Diasporans not only to cover themselves but also their families in their countries of origin. In most cases we holistically transfer risk from developing countries to global financial markets.

AXA & Western Union Partnership: Affordable Insurance through Money Transfers

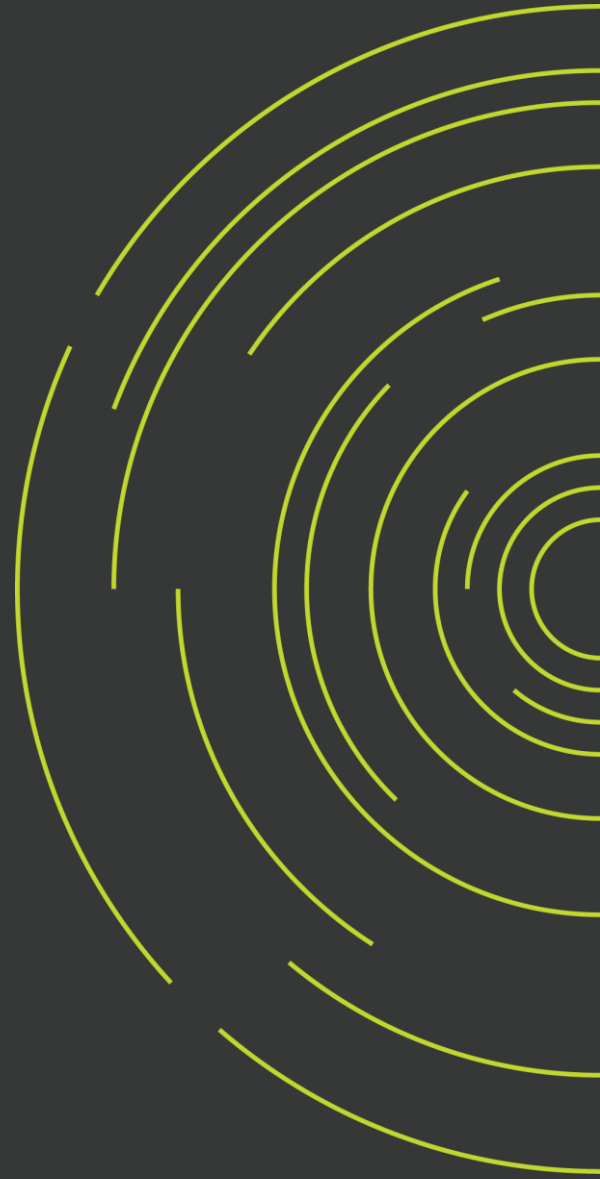


Why remittance-linked insurance products?

- Large number of migrants already sending remittances
- Builds resilience (e.g. increase insurance uptake)
- Ensures sustained flow of remittances
- Existing demand for these products
- Clear incentives for insurers and RSPs



How would these products
work practically?



Models of remittance-linked insurance products

Key questions to consider:

- Whose risks are covered?
- In which jurisdiction is the underwriter based?
- In which jurisdiction does policy-sign up take place?

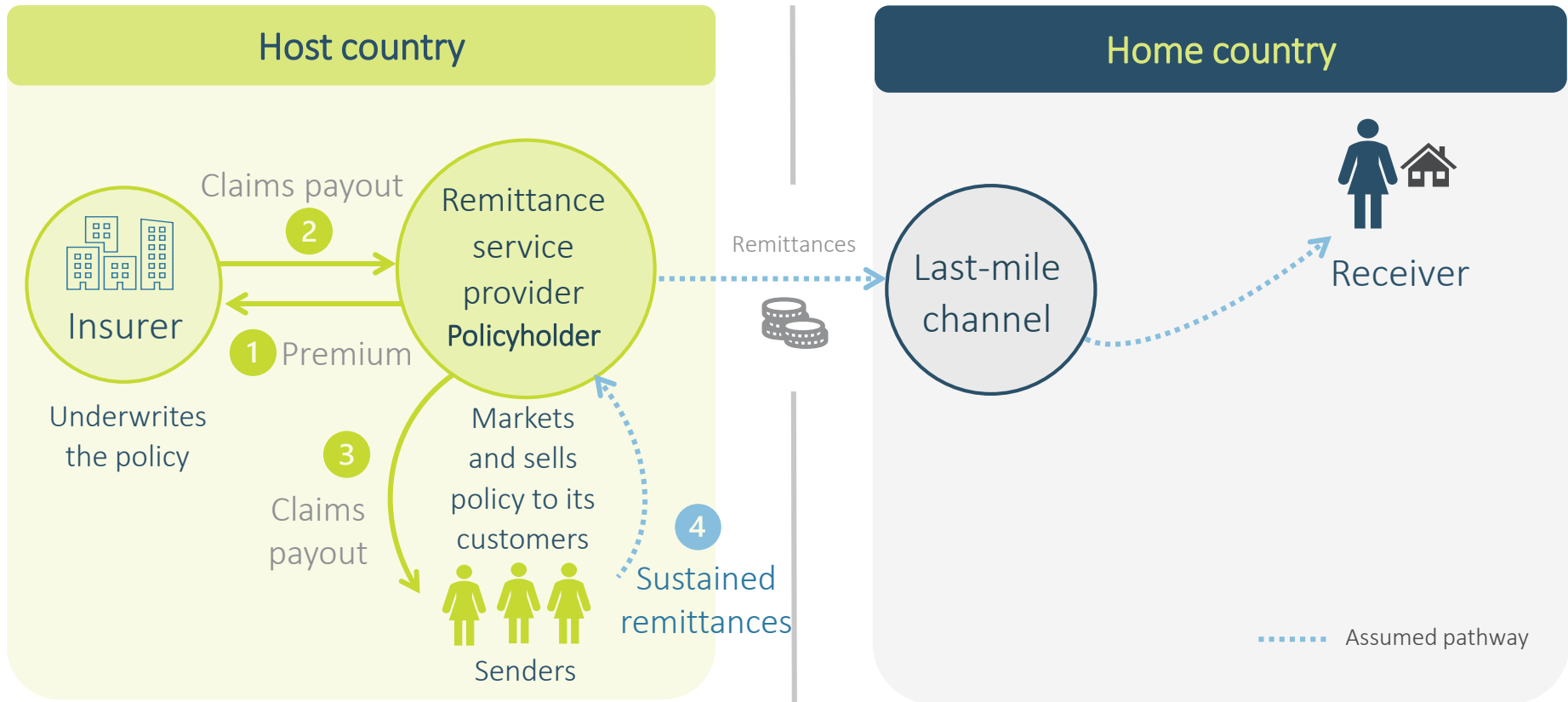
Model 1 Covering senders' risks

Model 2 Covering senders' duty of support risk

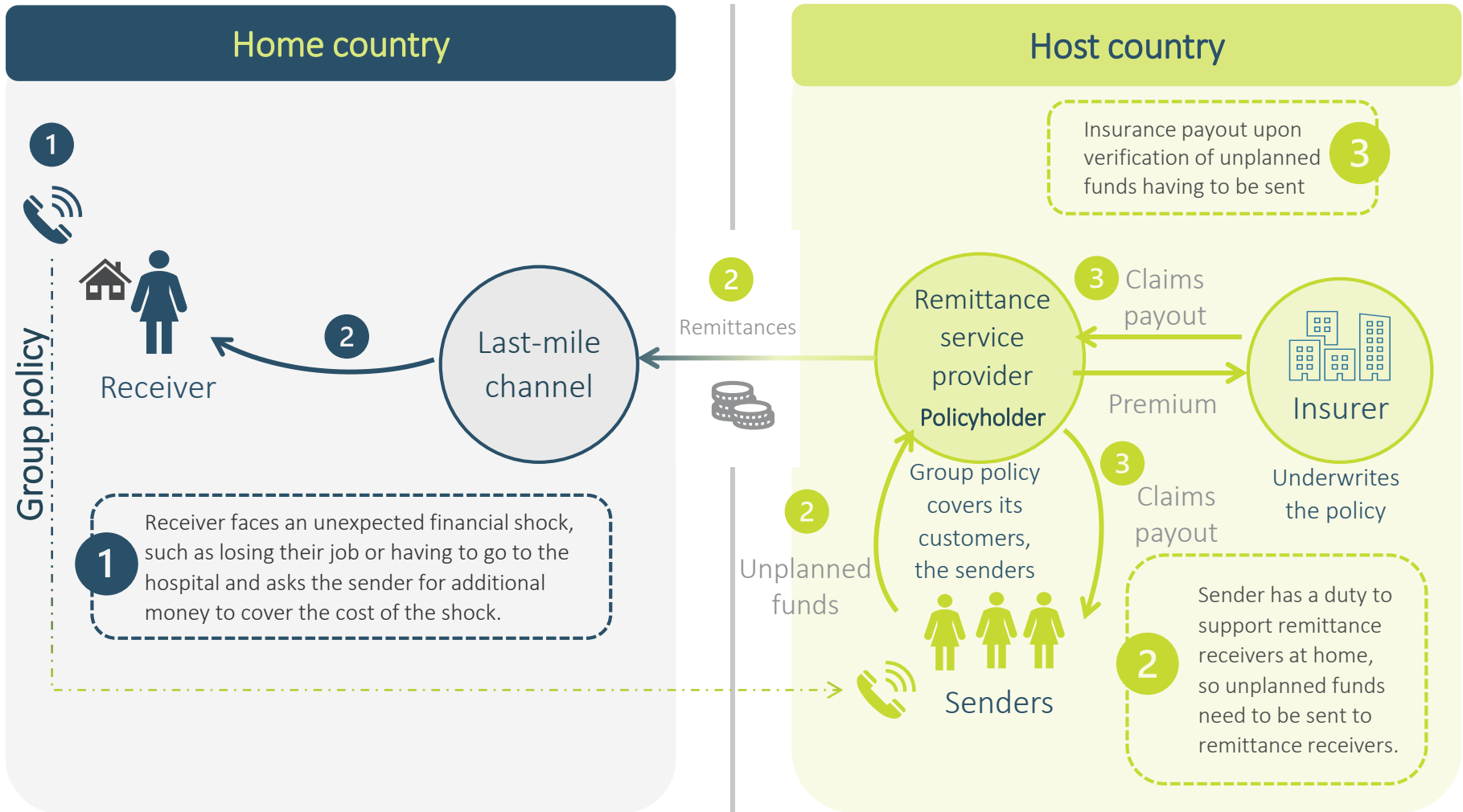
Model 3 Covering receivers' risks

Model 4 Household unit risks

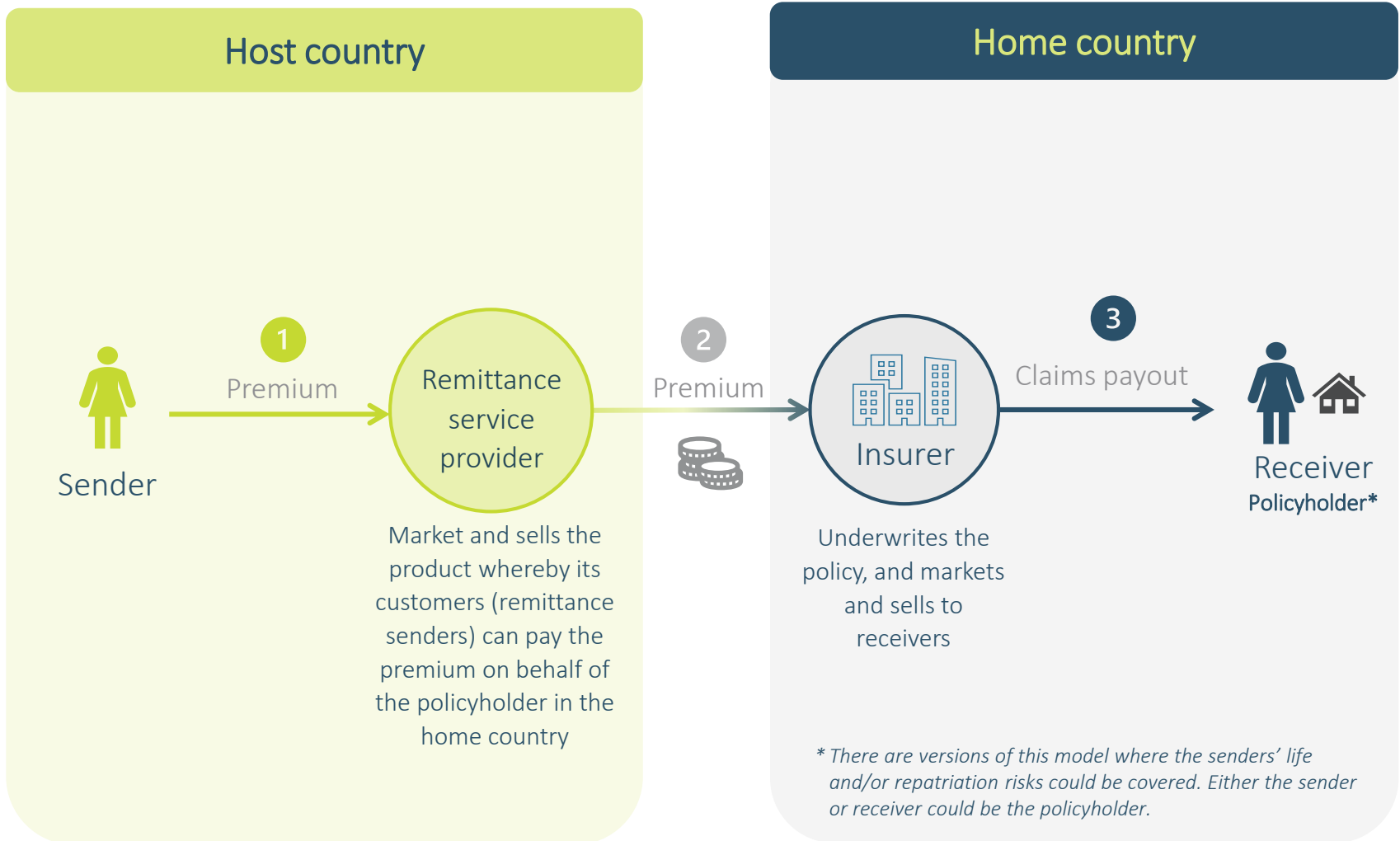
Model 1: Covering senders' risk



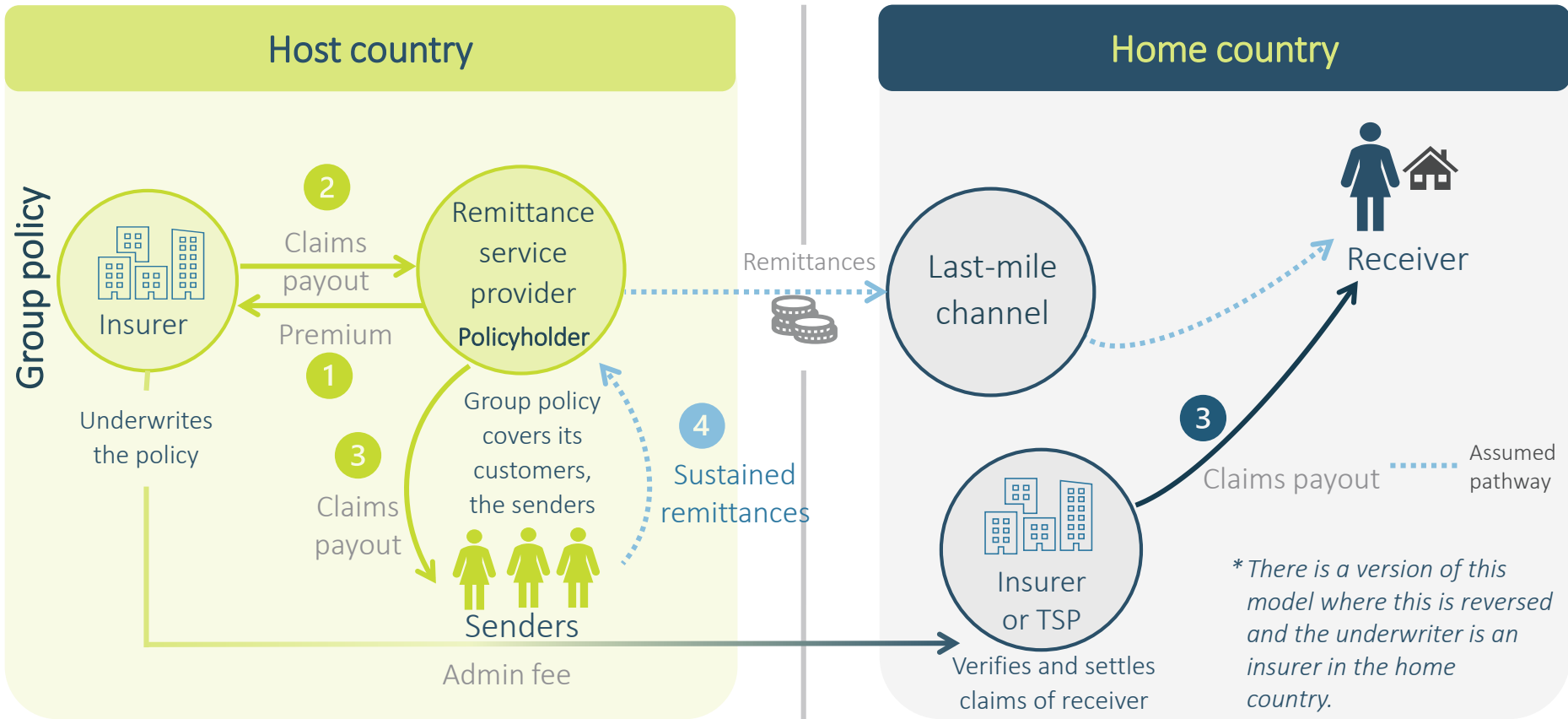
Model 2: Covering senders' duty of support



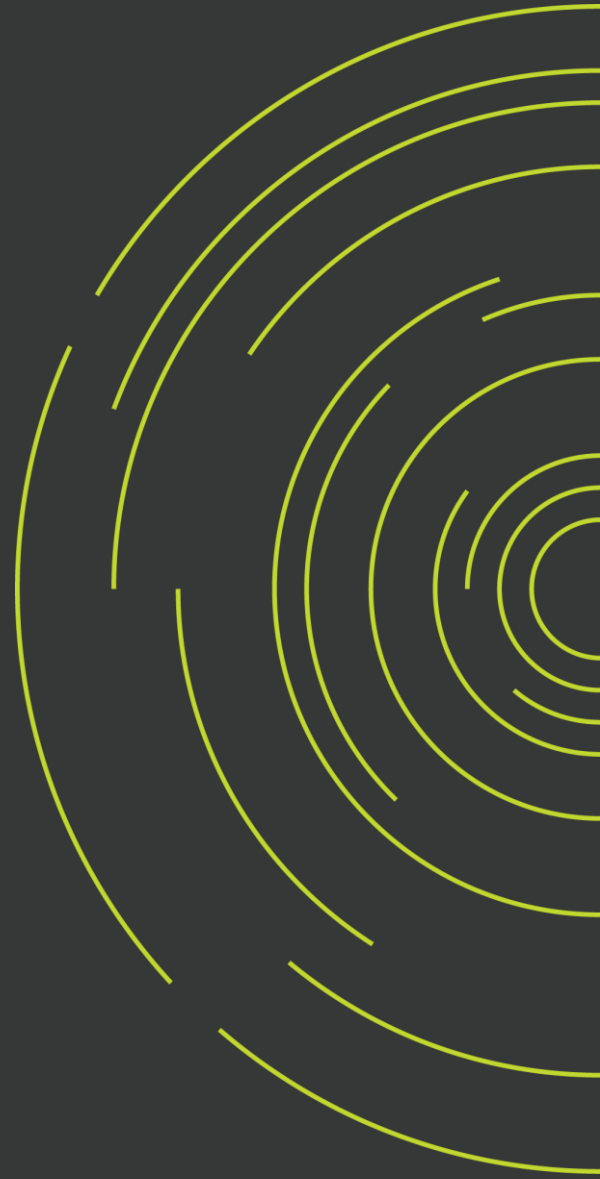
Model 3: Covering receiver's risks



Model 4: Covering household unit risks

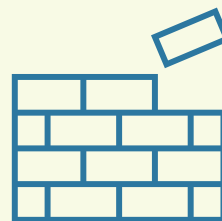


Why are there not more
of these products?



Barriers to remittance-linked insurance products

- Partnership complexity
- Regulatory uncertainty
- Regulatory grey areas
- Regulatory barriers



Regulatory questions and considerations

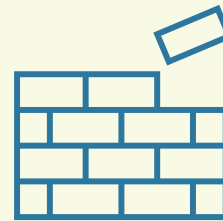
Theme	Key regulatory considerations
<p>Jurisdictional: Underwriting, marketing communicating and intermediation across borders</p>	<ul style="list-style-type: none"> ● Are foreign insurers permitted to: <ul style="list-style-type: none"> - underwrite local risks? ● Are foreign insurers and/or RSPs allowed to: <ul style="list-style-type: none"> - sell insurance products locally that cover foreign risks? - market products locally that cover foreign risks? - communicate locally with customers around products that cover foreign risks? ● Are foreign RSPs permitted to: <ul style="list-style-type: none"> - collect insurance premiums locally that cover foreign risks?
<p>Intermediation: Selling and collecting premiums</p>	<ul style="list-style-type: none"> ● Are RSPs permitted to: <ul style="list-style-type: none"> - be insurance intermediaries? - collect insurance premiums?
<p>Insurable risk: Duty of support</p>	<ul style="list-style-type: none"> ● Is the risk of increased duty of support on the remittance sender due to a risk event happening to the receiver an insurable risk?

Regulatory questions and considerations

Theme	Key regulatory considerations
Customer due diligence (CDD)	<ul style="list-style-type: none"> ● If RSPs are intermediaries for insurance products, will they be required to: <ul style="list-style-type: none"> - collect additional CDD information? - verify existing CDD information? ● If so, what type of additional CDD information is required for what type of product and/or transaction value?
Digitisation: E-signatures and data protection and sharing	<ul style="list-style-type: none"> ● Are electronic signatures permitted? ● Are electronic signatures made outside the country accepted (to allow cross-border sign-up)? ● Can consumer data be sent outside of the country?
Group policy holding	<ul style="list-style-type: none"> ● Can an RSP be a group policyholder? ● Can a foreign RSP be a group policyholder?
Bundling	<ul style="list-style-type: none"> ● Can insurance products be bundled with other financial services, such as payment services?

Overarching regulatory barriers

- Double regulation across different jurisdictions
- Digitisation barriers
 - Intermediation
 - Premium collection
 - E-signatures
- Customer due diligence barriers



Regulatory considerations per model

Model 1 Regulation generally supportive

Model 2 Uncertainty on whether duty of support can be defined as an insurable risk

Model 3 Uncertainty regarding the legality of:

- Foreign RSPs acting as intermediaries and premium collectors
- Local RSPs selling foreign insurance products

Model 4 Jurisdictional issues due to the cross-border nature of this model:

- Underwriting across borders
- Selling, marketing and collecting premiums across borders

Imperatives to enable remittance-linked insurance products

Insurers	Supervisors
Partner with RSPs to reach new segments of the market.	Take a clear stance and communicate around RLIP.
Be willing to take risk and introduce new products.	Address barriers to these products.
Start with simpler models and build from there.	Collaborate with regulators from other jurisdictions.
Engage regulators to test and refine models to benefit customers best.	Recognise licensing in other jurisdictions or countries.
Leverage e-signatures and innovative e-KYC/CDD solutions.	Prioritise a risk-based approach to KYC/CDD requirements.
Share learnings to trigger broader market initiatives.	Implement tools to regulate for innovation, such as test-and-learn approach & proactive communication with new entrants.

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About Cenfri

Cenfri is a global think-tank and non-profit enterprise that bridges the gap between insights and impact in the financial sector. Cenfri's people are driven by a vision of a world where all people live their financial lives optimally to enhance welfare and grow the economy. Its core focus is on generating insights that can inform policymakers, market players and donors who seek to unlock development outcomes through inclusive financial services and the financial sector more broadly.

About FSD Africa

FSD Africa is a non-profit company that aims to increase prosperity, create jobs and reduce poverty by bringing about a transformation in financial markets in sub-Saharan Africa (SSA) and in the economies they serve. It provides know-how and capital to champions of change whose ideas, influence and actions will make finance more useful to African businesses and households. It is funded by the UK aid from the UK Government. FSD Africa also provides technical and operational support to a family of 10 financial market development agencies or "FSDs" across SSA called the FSD Network.





Protection solutions for migrant workers

June 2020

Risk is top-of-mind for most blue collar workers living abroad

I feel bad if I don't send money home. They depend on me!

21% of migrants in UAE couldn't send money home at least once last year, mostly due to sickness or accidents as well as delayed salaries and loss of a job

I am often bothered when unexpected things happen at home and money is needed

urgently

47% of migrants in Malaysia have been asked last year for additional money mostly to cover health expenses, education fees and damage due to natural disasters

Cross-border insurance for peace of mind and social impact

Secure Your Transfers

Insuring sender
against life,
accident,
hospitalization

If something
happens receiver
gets remittances
for X months

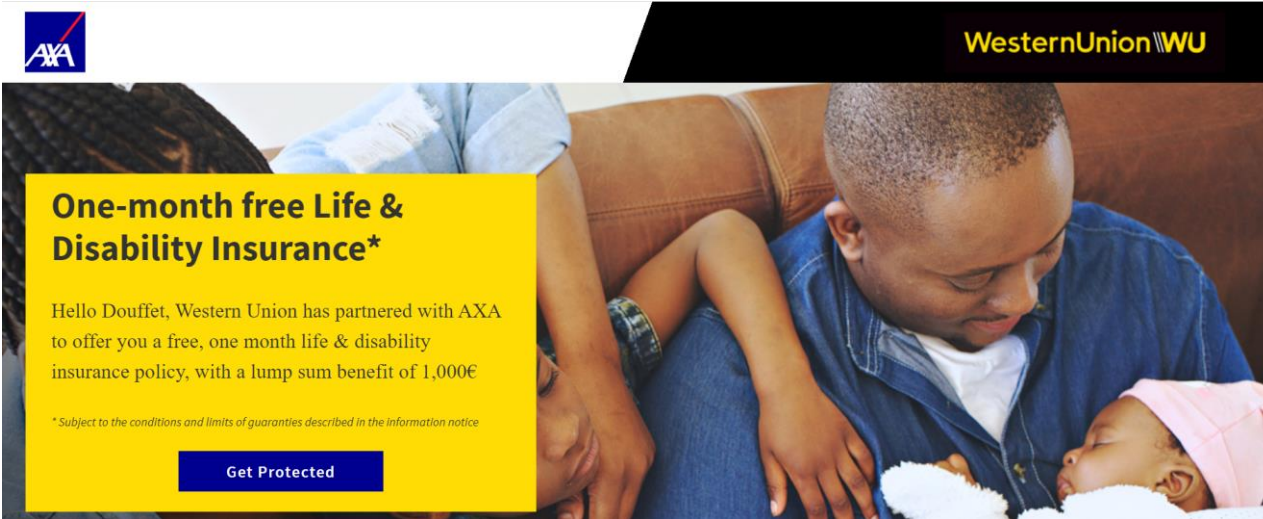
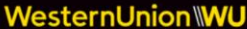
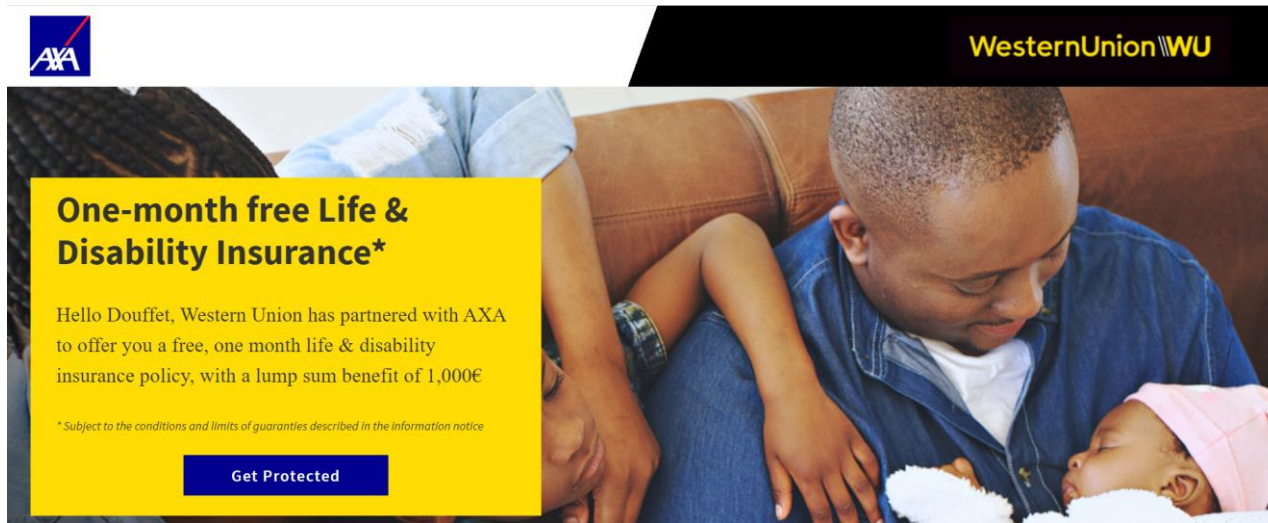
Protect Your Family

Hospitalization,
accident and life
protection for
receivers paid
through
remittances

Boost Your Investment

Savings and asset
building solutions
to secure children
education and
facilitate
investments in
property and
business in the
country of origin

June 2020 : Partnership with Western Union starting in France



One-month free Life & Disability Insurance*

Hello Douffet, Western Union has partnered with AXA to offer you a free, one month life & disability insurance policy, with a lump sum benefit of 1,000€

* Subject to the conditions and limits of guaranties described in the information notice

[Get Protected](#)

“Our customers around the world trust Western Union with their most important and complex money transfers. They also want other value-add services to sustain their financial well-being and long-term financial goals. Providing value to the global populations we serve is a key focus for our global strategy. This new partnership will provide a new way for us to facilitate value added products and services to the millions of immigrants and dual-belongers through westernunion.com. AXA is a worldwide leader whose financial inclusion strategy is well-aligned with ours, and we are excited about the opportunities that our collaboration presents,” commented **Hikmet Ersek**, President and CEO of Western Union.

CONFIDENTIEL

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