

MARKET CONDUCT (MICROINSURANCE) RULES, 2013

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SCHEDULE: Official Microinsurance Logos

MARKET CONDUCT (MICROINSURANCE) RULES, 2013

The National Insurance Commission issues these Market Conduct Rules under the powers granted to it by section 204 of the Insurance Act, 2006 (Act 724).

Prohibitions

Prohibitions in relation to sale of insurance contracts as microinsurance

1. (1) Subject to subparagraph (2), a licensed insurer shall not, on or after the commencement date

- (a) market an insurance contract as a microinsurance contract, or
- (b) enter into or renew a microinsurance contract,

unless the Commission has approved the contract as a microinsurance contract under Rule 3.

(2) Subparagraph (1) does not apply to an existing microinsurance contract provided that

- (a) the insurer has, on or before 1 November 2013, designated the insurance contract as a microinsurance contract in accordance with paragraph 2 and applied to the Commission for its approval under paragraph 3; and
- (b) the application has not been refused by the Commission.

Designation and Approval of Microinsurance Contracts

Designation of insurance contract as a microinsurance contract

2. (1) If a licensed insurer is satisfied that an existing microinsurance contract, or an insurance contract that it intends to market as a microinsurance contract, meets the criteria for a microinsurance contract specified in subparagraph (2), the insurer may designate the contract as a microinsurance contract.

(2) For the purposes of subparagraph (1), the following are the criteria that a licensed insurer shall use for determining whether an insurance contract may be designated as a microinsurance contract

- (a) the insurance contract must be designed and developed with the intention of meeting the needs of, and being marketed and sold to
 - (i) low-income persons generally;
 - (ii) specific types or descriptions of low-income persons; or
 - (iii) low-income persons in a particular geographical area;
- (b) the premiums charged under the insurance contract must be affordable for those low-income persons for whom it was designed and developed; and

- (c) the insurance contract must be accessible to those low-income persons for whom it was designed and developed.

(3) Where a licensed insurer determines that an insurance contract is a microinsurance contract, it shall make a written record of the assessment that it has undertaken against the criteria, detailing the basis on which it has made the determination and how the insurance contract meets the criteria.

(4) A licensed insurer shall retain each written record of assessment until at least 3 years after the insurer ceases to market and sell the microinsurance contract.

Approval of microinsurance contracts

3. (1) A licensed insurer may apply to the Commission for the approval of an insurance contract as a microinsurance contract.

(2) An application under subparagraph (1) shall be accompanied by copies of

- (a) the insurance contract for which approval is sought;
- (b) the Policy Summary; and
- (c) the written record of assessment made by the insurer under paragraph 2(3).

(3) If an application for the approval of an existing microinsurance contract is not determined on or before the transition date, the application is considered to have been refused by the Commission.

(4) If the Commission approves an insurance contract as a microinsurance contract, the contract is treated for all purposes of these Rules as a microinsurance contract.

(5) For the avoidance of doubt,

- (a) nothing in this paragraph shall be taken as preventing the purchase of a microinsurance contract by a person who is not a low-income person;
- (b) the purchase of a microinsurance contract by a person who is not a low-income person shall not affect its status as a microinsurance contract under these Rules.

Revocation of approval

4. (1) If it considers that a microinsurance contract no longer satisfies, or never satisfied, the criteria specified in paragraph 2(2), the Commission may issue to the insurer concerned a written notice revoking its approval of the insurance contract as a microinsurance contract.

(2) If the Commission issues a written notice of revocation under subparagraph (1), the insurance contract ceases to be a microinsurance contract for the purposes of these Rules with effect from the date of the notice or such later date as the Commission may specify in the notice.

Development of and Requirements for Microinsurance Contracts

Development of microinsurance contracts

5. (1) A licensed insurer shall, when designing and developing a microinsurance contract
- (a) have regard to whether the contract is likely to provide value to the persons for whom it is designed; and
 - (b) take account of any guidance issued by the Commission.
- (2) A licensed insurer shall make and retain written records that demonstrate its compliance with subparagraph (1).

Requirements applicable to microinsurance contracts

6. (1) A licensed insurer shall take all reasonable steps to ensure that the policy document for a microinsurance contract
- (a) is written in clear and straightforward language with no, or minimal, use of technical and legal language; and
 - (b) will be readily understood by the low-income persons to whom it is to be marketed and sold.
- (2) A microinsurance contract shall
- (a) state in clear terms that it is a microinsurance contract;
 - (b) contain no, or few, exclusions; and
 - (c) display one of the official microinsurance logos set out in the Schedule prominently on the first page of the Policy Summary and of the contract.
- (3) Subparagraph (2)(c) does not prevent a licensed insurer from displaying an official microinsurance logo on more than one page of the Policy summary or contract.

Rating of microinsurance products

7. A licensed insurer may rate a microinsurance product on the basis of the risk profile of the community to which a policyholder belongs, without taking account of the specific risk profile of an individual policyholder.

Marketing and Sale of Microinsurance Contracts

Policy Summary

8. (1) A licensed insurer shall prepare a Policy Summary complying with this paragraph in relation to every microinsurance insurance contract that it markets or sells.
- (2) A Policy Summary shall
- (a) be written in plain and easy to understand language; and
 - (b) contain a summary of the cover provided by, and the key features of, the microinsurance contract.

(3) Without limiting subparagraph (2), the Policy Summary shall contain the following information

- (a) the name of the insurer and the address of its principal office in Ghana;
- (b) the type of microinsurance contract;
- (c) a description of the risks insured by the contract and any significant or unusual exclusions or limitations;
- (d) the duration of the contract;
- (e) the principle benefits provided under the contract;
- (f) contract details for notifying a claim under the contract;
- (g) any obligations on a prospective policyholder to disclose material facts before purchasing the contract;
- (h) the right to complain and the method of lodging a complaint;
- (i) a statement that the Policy Summary does not contain the full terms of the insurance contract, which are to be found in the policy document.

(4) For the purposes of subparagraph (3)(c), a significant exclusion or limitation is one that

- (a) would tend to affect the decision of prospective policyholder or prospective policyholders generally to purchase the insurance contract; or
- (b) is not normally found in comparable microinsurance contracts.

(5) The Policy Summary shall not contain any information other than the information provided for in this paragraph.

Provision of Policy Summary and Other Information

9. (1) Where a Policy Summary is required to be prepared in relation to a microinsurance contract, the licensed insurer concerned or, where the contract is sold through an insurance intermediary, the intermediary, shall provide any person who purchases or renews the contract, in sufficient time for the person to make an informed decision about whether to enter into, or renew, the insurance contract, with the Policy Summary and a copy of the contract.

(2) Where a licensed insurer or licensed insurance intermediary provides a person with a Policy Summary it shall also provide that person with the following additional information

- (a) details of the premium payable, the date when the premium is required to be paid and the consequences for non-payment of the premium; and
- (b) if an insurance contract is purchased in connection with other goods or services, details of that part of the total price payable that represents the premium and whether purchasing the contract is compulsory.

Provision of policy document

10. A licensed insurer shall provide a policyholder with a written insurance policy on commencement of the microinsurance contract or as soon as possible thereafter.

Claims

Claims under a microinsurance contract

11. (1) A claim under a microinsurance contract shall be accepted or rejected by a licensed insurer within 7 days of receipt of the claim by the insurer or on its behalf and, where accepted, shall be settled within 10 days of the receipt of the claim.

(2) Where a claim under a microinsurance contract is rejected, the policyholder shall be given written notice of the rejection of the claim within 10 days.

(3) A licensed insurer shall

- (a) provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress; and
- (b) not unreasonably reject a claim, including by terminating or avoiding a microinsurance contract.

Interpretation and Final Provisions

Interpretation

12. (1) In these Rules, unless the context otherwise requires,

“Act” means the Insurance Act, 2006 (Act 724);

“commencement date” means the date specified in paragraph 15;

“existing microinsurance contract”, in relation to a specific insurer, has the meaning specified in paragraph 13;

“licensed insurer” means an insurer holding a licence issued under section 22 of the Act;

“policyholder” includes, where the context permits, a person entitled, as beneficiary, to a payment under an insurance contract;

“Policy Summary” means the Policy Summary prepared under paragraph 8;

“transition date” means 1st January 2014.

Meaning of “existing microinsurance contract”

13. (1) Subject to subparagraph (3), in relation to a specific insurer, an existing microinsurance contract is an insurance contract

- (a) that has been approved, or is deemed to have been approved, by the Commission for issue by the insurer on or before the commencement date; and

(b) at the commencement date, is being sold by the insurer as a microinsurance contract.

(2) An insurance contract is deemed to have been approved by the Commission if it is of the same form as another insurance product approved by the Commission within the meaning of section 45 of the Act, even if the specific insurance contract was not approved by the Commission.

(3) An insurance contract ceases to be an existing microinsurance contract on the determination by the Commission of an application for approval made by the insurer in relation to the contract under paragraph 3.

Disapplication of Rules to existing microinsurance contracts

14. Paragraph 5, 6, 8 and 9 do not apply to an existing microinsurance contract.

Commencement

15. These Rules come into effect on 6th February 2013.

Issued by the National Insurance Commission (in amended form) this 30th day of April 2013

(Signed) S.N.K Davor
Acting Commissioner of Insurance

SCHEDULE

OFFICIAL MICROINSURANCE LOGOS

Logo 1



Logo 2

