

Report of the 23rd A2ii – IAIS Consultation Call

Proportionate approaches to disclosure of information

20 July 2017



The A2ii Consultation Calls are organised in partnership with the IAIS to provide supervisors with a platform to exchange experiences and lessons learnt in expanding access to insurance. Four calls were held: two in English, one in French and one in Spanish.

The 23rd Consultation Call, held on 20 July 2017, addressed common approaches to making disclosure requirements proportionate, in a way that maximises consumer protection, but also doesn't discourage the insurance industry to offer products to the inclusive market. The topic is closely related to a recent publication that was commissioned by the IAIS and developed by the Access to Insurance Initiative, titled *'Proportionality in practice: Disclosure of information'*. The publication draws on the experiences of Brazil, Pakistan, Peru and El Salvador, taking a closer look at how these jurisdictions have adapted their disclosure regulation to tailor for a more inclusive market. However, the call also included some other examples of approaches supervisors have been taking.

On the consultation call, technical experts Martina Wiedmaier-Pfister and Andrea Camargo explored the above study and also existing IAIS Guidance on disclosure for both traditional and inclusive insurance, to identify the differences between different approaches and explore open questions. Country experts Fidelis Kagura (Insurance and Pensions Commission of Zimbabwe), Luc Noubissi (Conférence Interafricaine des Marchés d'Assurances, CIMA), Maria Augusta de Queiroz Alves (SUSEP, Brazil), and Carla Chiappe (Superintendencia de Banca, Seguros y AFPs, Peru) shared their own country-level perspectives on the issue.

Introduction: Proportionate approaches to disclosure of information

As a global starting point, it is reasonable to assume that rules with regard to disclosure of information, as they are formulated for traditional insurance, are generally sufficient to achieve supervisory objectives. The IAIS has issued guidance for such disclosure requirements, particularly in Insurance Core Principle 19 (ICP19), and these cover the whole market, including the inclusive segment.

However, the case can be made for a differentiated approach, from both a consumer and an industry perspective. This consultation call explored those rationales, including case studies where such differentiated approaches have been taken.

The IAIS, in its *'Issues Paper on Conduct of Business in Inclusive Insurance'* (Nov. 2015), sets out five key dimensions in which disclosure requirements could be tailored to a more inclusive market, namely the mode, time, content, process and effectiveness of disclosure. This 5-dimensional matrix was explored on the consultation call, and also served as the basis for the A2ii *'Proportionality in practice: Disclosure of information'* report. In that report, four jurisdictions were compared using the lens of these 5 dimensions, providing more general lessons. The additional country experiences presented by supervisors in this call also provide more empirical material to put the proportional approach to disclosure requirements to the test.

Within this frame, some early conclusions can be drawn about what has proven to work in some jurisdictions and what still poses a challenge.

Disclosure of information in traditional insurance

In order to make an informed decision when purchasing an insurance product, the consumer must understand the characteristics of the product, and whether the product meets their requirements. These are preconditions for a contract to be fully enforceable. This is the case for all insurance products, and is equally valid for the inclusive insurance market.

The IAIS has set out the following guidance on the issue in its Insurance Core Principle 19 [\(link\)](#)¹.

IAIS requirements for disclosure in ICP 19

- Ensure customers are treated fairly, both before a contract is entered into and during the life of the contract.
- The customer should be given appropriate, timely and comprehensible information about a policy in order to make an informed decision.
- The information should be clear, fair and not misleading.
- Costs of compliance with relevant regulation in respect of disclosure should not lead to higher premiums and become a barrier to broader access to insurance.
- Requirements may vary according to culture, legal regime, degree of development of the insurance sector and knowledge and experience of a typical customer².

This guidance sets the imperatives to treat the consumer fairly and to ensure they understand the product they are buying. At the same time, it is also considered that the cost of compliance with these practices should not lead to higher premiums or constitute barriers to broad provision of insurance products. As a matter of fact, there is an inherent tension between these two goals, and supervisors must decide where the appropriate balance lies.

There is also the guideline that requirements may vary 'according to the knowledge and experience of a typical customer for the policy in question', and are closely linked with the degree of development of the insurance sector. If supervisors were to agree that distinct guidelines were merited to address different types of consumers, or different segments of the market, the question would be raised of how requirements could be designed to better serve the inclusive insurance market.

For the case of inclusive insurance a proportionate approach to implement the disclosure requirements is justified from the consumer and the industry perspective.

¹ The guidance in ICP19 is more extensive than what is quoted here. This is a selection of pertinent requirements which are useful for discussing the topic of proportionality.

² ICP 19.0.2 and ICP 19.5.10

The case for proportionate disclosure requirements in inclusive insurance: consumer perspective

There are at least two types of consumer profiles that may merit a proportionate approach, or which may need extra care beyond the normal disclosure requirements.

- **Consumers who are new to accessing insurance or are not used to insurance.** This is a range of consumers, including consumers with a middle class income, who have previously not been in touch with insurance, or who have never actively purchased insurance themselves. These consumers may be particularly unfamiliar with insurance terminology, jargon, common clauses or other regular features of insurance contracts, including claims processes. Hence, they don't understand insurance products, and their own roles, responsibilities and rights.
- **Consumers with low income.** These consumers are particularly vulnerable. The IAIS expresses it well here: "Low-income customers are generally more vulnerable than higher-income customers because of the deprivations they face as consequence of poverty [...] lack other basic necessities such as education, employment, housing, and access to justice" (IAIS, Issues Paper on Conduct Business in Inclusive Insurance, Nov. 2015). These consumers have lower education levels, informal employment, weak housing and importantly, no access to or familiarity with the courts or complaints mechanisms. They may be insured in group policies but don't understand their coverage, obligations or rights, and they are at a much higher risk of mis-selling. Often, they are also new to insurance.

In addition, in inclusive insurance group insurance is widely used and the vulnerability of the insured party is more prevalent as the insured party is generally unaware of the policy conditions and the disclosure requirements are notably applicable in respect of the policyholder and not the insured party.

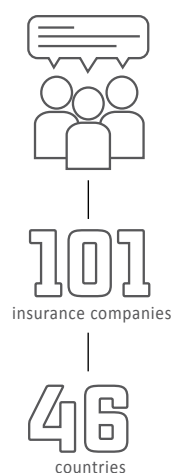
In these contexts, traditional approaches to disclosure may not be effective to protect consumers in inclusive insurance.

The case for proportionate disclosure requirements in inclusive insurance: industry perspective

In preparation for its Proportionality in Practice work the A2ii ran a survey with **101** insurance companies in **46** countries³. The survey found that the top 5 determinants of entry to inclusive insurance (i.e. the decision to extend products to the unserved and underserved market) were:

1. Reducing disclosure content requirements
2. Allowing market sensitive language
3. Allowance of fully electronic policies
4. Availability of specific regulations for microinsurance
5. Allowed use of any means of payment

The top three of these are related to disclosure.



³ See also : 14th A2ii consultation call on 'Regulatory Incentives for Insurance Market Development'

1. **Reducing disclosure content requirements:** The regulation for disclosure often dictates that a large volume of information must be provided to the client upon purchase. This has implications for how smoothly the purchasing process can be designed, and how much engagement is expected from the intermediary or sales person, and also, from the consumer before they can purchase any product.
2. **Allowing market sensitive language:** Products tailored to the inclusive market may be more effective if the language in the policy is closer to the vernacular used by the consumers themselves. This implies that a non-technical vocabulary would be used or a local language. However, regulatory requirements may prohibit this by mandating overly technical jargon or an official language.
3. **Allowance of fully electronic policies:** Electronic distribution channels are vastly more effective at reaching the inclusive market, and yet in many jurisdictions regulation would require the use of paper contracts and physical signatures. Allowing for the digital purchasing, remote selling and electronic processing of contracts is a prerequisite to leveraging this technology which has the potential to significantly reduce cost of provision.

IAIS guidance for disclosure in inclusive insurance

As a general rule, the IAIS guidelines with regard to disclosure of information can be found in ICP19. However, over the past years the IAIS has published several papers which contain insights and recommendations that relate to disclosure in inclusive insurance.

The IAIS **Issues paper on Conduct of Business in Inclusive Insurance (Nov. 2015)** notes that the profile of the typical inclusive insurance customer creates specific challenges as to the mode, timing, content, language and effectiveness of the disclosure. These five concepts provide a very useful prism through which possible approaches to regulatory proportionality can be evaluated.

The IAIS **Application paper on Supervision of Conduct of Intermediaries (Nov. 2016)** notes that relying only on disclosure requirements could possibly place unreasonable onus on the customer, and hence, it is important to identify whether the product really aligns with their needs, and understanding possible ways in which it may disadvantage them. In cases where the supervisor has concerns about the ability of disclosure to deal adequately with conflicts of interest, the supervisor may consider implementing other measures to manage such conflicts. It also suggests that the supervisor could use approaches such as consumer testing and mystery shopping to determine the effectiveness and adequacy of information provided and the degree to which key information has been explained or is understood.

Importantly, this Application paper addresses the development of new distribution channels, saying supervisors may need to adapt their regulatory and supervisory approaches to deal with new and emerging risks to ensure that consumers are adequately protected. On the other hand, regulation and supervision should not impede appropriate innovation, competition or ease of access, efficiency and convenience offered by technological advancements. Supervisors are increasingly faced with the challenge of balancing these advantages against the need for customers to receive an appropriate level of protection regardless of the distribution channels and technological innovations used.

At the time of writing, in July 2017, the IAIS is consulting on its draft **Application paper on Product Oversight in Inclusive Insurance**. This paper reiterates that the same principles as the ICPs apply to inclusive insurance, and in addition to that, due to the vulnerability and lack of familiarity of the target market, certain aspects of product oversight disclosures and transparency requirements also need to be greater than what is required in the ICPs.

Proportional aspects of disclosure

Returning to the 2015 IAIS **Issues paper on Conduct of Business in Inclusive Insurance**, five dimensions are identified in which there can be a case for proportional disclosure regulation. These five are:

- The **mode of disclosure**: this refers to how the relevant information is conveyed to potential and existing customers. A key element of what constitutes an appropriate mode of disclosure is verbal disclosure and what is required to be disclosed in writing. A second element of the mode of disclosure pertains to whether the insurance contract and policy details must be disseminated in paper format or whether an electronic version will suffice.

Conventional means of disclosure may not be appropriate. There are a wider variety of media through which consumers interact with the intermediary, through advertisements and promotions, presale, point of sale information and post-sale information. Sometimes this interaction is even purely word of mouth, or conducted at local gatherings, as many inclusive customers tend to prefer communicating verbally rather than in writing or electronically. Information can be transmitted through leaflets or web-sites. Insurers are using visual learning approaches, which can work if the policy is simple, without many exclusions. In general, an emerging best practice is that if information is given orally initially, written information should follow afterwards.

Proportionality in Practice: Mode of disclosure

In **Brazil**, the regulation allows for contracting through remote means. In that case, there is a specific list of minimum information that must be included in the sales process, and the consumer must have access to a toll-free call centre number for questions. The Superintendência de Seguros Privados (SUSEP) also explicitly allows and specifies disclosure requirements for contracting through “tickets”, individual policies and certificates for group policies.

In **Peru**, group insurance is allowed on the condition that individuals covered are issued a certificate summarising key information of the policy. The use of electronic policies was enabled via removal of the requirement for a physical signature on the policy document, which is also an enabling factor for microinsurance.

More generally, the PIP study concluded that disclosure requirements need to be suitable according to the type of channel or medium of communication.

- The **timing of disclosure**: This concerns the most appropriate and effective stage in the process of the policy sale in which to disclose the relevant information to the customer. Relevant policy information is most useful to customers just before they need it, which is usually whilst being in the process of deciding whether to purchase the policy or not and also, during the claims process. Customers are typically most receptive to information when that information is immediately useful.

Though the general ICP guidelines state that “Disclosure should be done ...in a manner and ...at a time adapted to the work and life needs of the insured”, for inclusive insurance it is sometimes explicitly required that key facts are presented before or at the time of the contracting.

Proportionality in Practice: Timing of disclosure

In **El Salvador**, there is a separate framework for traditional and for mass insurance. In both frameworks all information must be provided in advance of the policy effective date, but the documentation requirements are lighter in mass insurance.

In **Pakistan**, regulation states that the key facts of the policy must be disclosed before or at the time of inception of the microinsurance contract.

In **Zimbabwe**, the new microinsurance regulation also states that the information must be provided before contracting.

- The **content of disclosure**: Communication towards the consumer should contain the key features of the product including but not limited to the identity of the insurer, the risks covered and excluded, the level of premiums and the prominent and clear information on significant or unusual exclusions or limitations. The recommendation is to focus on the quality of product disclosure rather than on quantity, and to allow that the policy content should be in native or vernacular language. Standardized information must be available, but be easy to read and use simple wording.

Proportionality in Practice: Content of disclosure

Most **microinsurance regulations** set out very concretely which information must be included in the disclosure process. Often the type of information in microinsurance policies mirrors those of the traditional policies but are presented in a consolidated manner.

Regarding language, Brazil, Pakistan and the Philippines have microinsurance regulation that allow for the use of vernacular or simplified language, and encourage insurers to avoid technical and legal language.

- The **process of disclosure**: This relates to the way the intermediary or any other party involved provides the information. When there is a non-traditional intermediary, also called aggregator, such as a retail chain or mobile network operator (often using call centres for supporting the sales process), there is a heightened risk of insufficient or inefficient disclosure. The sales force of the aggregator will require training in order to effectively disclose the details of the policy, which may be a challenge with staff involved that may be new to insurance, and hence, does not understand it, has very little time to explain a product, or changes frequently.

Disclosure is often in the hands of the intermediary and their staff, which requires specific controls on the quality of their service the insurer needs to have in place. Setting training requirements for intermediaries is a major cost item for the business model, therefore, proportional requirements are important. In any case, a certain level of training is needed in order to effectively disclose the details of the policy - and other important information the client needs to understand, and this training requires updates and controls. If disclosure is performed via electronic methods such as SMS or website, there is also ambiguity on whether the insured effectively received the information or is able to use the information.

Proportionality in Practice: Process of disclosure

The training of distribution channels is an extremely relevant factor as in many jurisdictions as its cost can be prohibitive for a business model. On the other end, if taken too lightly, ineffective training requirements will cause consumer protection challenges. Such problems often become apparent when claims ratios are very low, indicating that the consumers may not have understood the product.

Inclusive customers tend to prefer communicating verbally rather than in writing or electronically.

Hence, relying only on written information may not be sufficient.

In **El Salvador**, original signature retention by the insurer is not required (scanned image is sufficient).

Products have been approved for sale through a call center with recorded conversations.

- The **effectiveness of disclosure**: In transactions where inclusive insurance is purchased as an embedded add-on, the objective of the customer is not to purchase the insurance, but rather to purchase another product or service, such as credit or an asset e.g. airtime or a commodity. Very low claims ratios on such products can be a symptom that there is a problem with overall effectiveness of the product, and how the value is (not) delivered to the client.

In group insurance the effectiveness of disclosure depends on the master policyholder, and it is important to consider what the regulation is saying about what he needs to disclose and how far the insurer must go to make sure the group members understand their coverage (possibly supplemented by direct information from the insurer). In mandatory or embedded insurance, consumers are often unaware of the conditions of the product and therefore they are not in a position to effectively use it, claim benefits or lodge complaints when needed.

Proportionality in Practice: Effectiveness of disclosure

Certain misselling practices must be identified through innovative supervisory approaches, for instance mystery shopping, or other investigative techniques like focus groups, which the supervisor integrates in his supervisory processes, or requires the industry to perform.

Brazil had frequent problems where group insurance was being sold through a master policyholder (retail stores) whose interests did not align with those of the group, which caused misselling.

Lessons learned

- Differentiated disclosure and documentation requirements for inclusive insurance **may not be necessary**, if the traditional ones are clear and applicable for this type of consumer and business.
- Effective disclosure in inclusive insurance is of utmost importance for both the consumer and the business. Striking the **balance between consumer protection and disclosure** requirements is the main supervisory challenge. Requirements also often lead to significant compliance cost, which could outweigh intended benefits.
- The traditional assumptions that more text and info in writing protect consumers are **not appropriate for inclusive insurance**. Disclosure and documentation requirements are often tedious in nature and it is important to ensure that requirements are clear.
- Disclosure and documentation requirements for inclusive insurance should focus on **coverage definition, limited exclusions and documentation requirements** in case of claims.
- Special attention should be given to **distribution channels**, which play a key role for inclusive insurance. Supervisors should understand the innovations at this front and the challenges that come with them, e.g. what it means for training requirements, and controls of sales processes that people who never had insurance before have to explain it, or that call centre scripts might have to be reviewed.
- Use of **electronic and digital means are crucial** for reducing costs and developing inclusive insurance lines. There are also valuable lessons to be drawn from this for traditional insurance.
- Simplicity of information requires **innovative approaches from insurers and supervisors**. It is key to think out of the box, especially for insurance companies who may be more comfortable sticking to older processes due to inertia or pressure from their compliance departments.
- An aspect of disclosure that is largely unaddressed from the country cases of the study is **requirements on verbal or in-person disclosure**.
- Use of **individual contracting** (through insurance tickets) instead of group policies will help to minimize the vulnerability of inclusive insurance consumers.
- Validation of effectiveness of disclosure should **involve the consumer** to know if they effectively understand. Supervisors themselves may conduct mystery shopping or focus groups, to have first-hand information.

Case Studies: Brazil, CIMA, Peru, Zimbabwe

BRAZIL

The Brazilian case study was presented by Maria Augusta de Queiroz Alves of the Superintendencia de Seguros Privados (SUSEP).

She noted that requirements for traditional insurance are not tailored to the inclusive insurance market (e.g. in terms of disclosure) for insurance products and distribution channels. To address this, SUSEP issued a set of regulations for inclusive insurance. These include measures such as:

- The use of simple terminology which can be easily understood by the insured.
- Standardised coverage wording with limited exclusions, once risks are low in microinsurance (facilitate a common understanding of product features).
- Limited and standardized documents for claims settlement and requirements concerning the payment term (claims must be paid within 10 days - three times lower than traditional insurance).
- The number and the type of disclosure requirements for the contracting through tickets and certificates (more consolidated in microinsurance)
- The use of digital technology in microinsurance operations (fully electronic policy)

Further resolutions were passed to deal with increasing online insurance sales and the use of digital technology. These resolutions addressed the issues ensuring the authenticity and integrity of their data and personal information, and standardized the messages that should be sent to the policyholder and beneficiary in mass and microinsurance.

Finally, more specific regulation was passed to regulate the insurance representatives and retailer's role in insurance sales, and also require a visible physical location for insurance sales force in the retail store and prescribes a code of conduct for salespersons.

Overall the experience was positive, and it is worth observing that initiatives that were designed in an inclusive insurance context were applied more broadly to other insurance lines. The Brazilian experience did confirm that alternative distribution channels often found in inclusive insurance business models need to be properly regulated since such distribution features can raise customer protection risks, especially when insurance is sold in retail stores.

Conférence Interafricaine des Marchés d'Assurances (CIMA)

Luc Noubissi, Senior Insurance Specialist for the Conférence Interafricaine des Marchés d'Assurances (CIMA) gave a presentation about his experiences in CIMA countries.

In CIMA countries the population is not very familiar with insurance, and the contractual clauses involved. Insurance contracts often include important exclusions that are not always obvious, which breach consumer expectations, and the unreliable postal system causes poor written communication. A few key steps were taken to ameliorate this:

- The microinsurance contract may be translated and marketed in the local language of the target population.
- The sending of a simple letter is sufficient evidence of the fulfillment of the obligation of the subscriber or the insured.
- A certificate insurance shall be delivered to each insured person by the subscriber.
- The nature of the risks and amounts guaranteed must be clearly specified in order to limit the list of exclusions.

In CIMA it has become clear that there is advantage in leveraging the oral tradition of the culture, and there is now also a shift away from paper contracts, most notably to electronic contracting relying on mobile phones as a distribution channel.

PERU

For the experience of Peru, Carla Chiappe Villegas of the Superintendencia de Banca, Seguros y AFPs presented her experiences.

Peru adopted a normative framework for financial inclusion that has the priorities of stimulating a market in products for the low-income population with protecting and serving the needs of low-income consumers. The framework incorporates a definition of inclusive insurance which includes qualitative and quantitative criteria to facilitate identification and design. Products under this framework must have certain information included in simplified policies and insurance certificates. These products have a process to register them of only 15 working days as maximum and these are subject to posterior revision. It also allows the use of new distribution channels that use electronic money and distance marketing systems, selling electronic policies, and using the payment as proof of the contract. Allows communication via email and telephone. It also sets the extension of the maximum period for payment of compensation to 20 days.

Overall this has confirmed that the inclusive market can be developed by allowing innovative products and appropriate marketing channels, while ensuring adequate service. It also demonstrates a practical application of a definition of microinsurance according to international standards.

ZIMBABWE

Fidelis Kagura of the Zimbabwe Insurance and Pensions Commission (IPEC) kindly presented the case from Zimbabwe.

The IPEC has a strong interest in protecting the interest of consumers, and focuses on guaranteeing that they get the right information in a clear and fair way, within the context of the cultural, social and religious concerns of various societies in Zimbabwe. The goal is also to improve penetration ratio, industry growth, and develop social security for the general population. As a secondary effect, this also should help encourage SMEs to be able to access loans, and stimulate infrastructure development.

To achieve this, IPEC has issued microinsurance regulation that includes a number of requirements:

- All microinsurance products will be approved by IPEC and reported separately.
- All insurers must indicate any exclusion in the policy document summary.
- The policy documentation including marketing material must be written in simple English and preferably vernacular languages.
- A simple policy summary document should be made available to the customers before entering into the insurance contract (Max 1 page, font at least 10). Claims documentation for any particular product should be indicated in the respective policy document for that product (minimum requirements). IPEC accepts replacement of policy summary (premium changes) with a SMS (or similar ICT method) or 'mobisites'.
- The insurance company or intermediary must issue the policyholder with a receipt (printed or electronic) as soon as a premium payment has been made (5 working days)
- Policy renewal, the insurance company should notify the policyholder that the last premium of the current policy term has been paid and that the next contract term will automatically start with the next premium payment (1 month). The insurer must notify the policyholder 30 days before lapsing his/her policy.
- Claim payments should be made within 5 working days.
- Reinsurance treaty should be submitted to IPEC.

IPEC has set up a steering committee to make recommendations on possible improvement that can be made on the framework and recommend effective capacity building & awareness programmes on microinsurance products. They are now registering aggregators and microinsurance agents, and a consumer education programme is underway, led by the regulator. It is expected that wherever products cannot be sustainable, there will be a consortium where insurers share the risk amongst themselves.

Questions and Discussion



What are some of the options available to supervisors when regulating verbal disclosure?

There is very little guidance on that currently in place. As an example, in India there are scripts for call centre employees which must be submitted to the supervisor, and the supervisor does random spot checks of these. So during sales there must be a minimum list of information that must be ticked off. However, putting strict requirements in place in terms of sales training and orientation can be too costly for the insurer and deter their engagement.

In Europe one must submit protocols for the verbal disclosure of traditional insurance products, but this approach is not feasible in microinsurance with small ticket sizes.

In Brazil there is a specific legislation with regards to tickets, which says that you can consider verbal approval sufficient, and the payment is seen as contractual engagement. In traditional insurance one needs to file a written request. So it is a way in which insurers can contract quicker, but then they are also not able to refuse a proposal.

Verifying that the disclosures have been made to the policyholders is not an easy matter, and can also involve costs. This is the case for instance in CIMA, where SMS notifications are very common. The regulation in CIMA was still very postal-based, but now mobile phones have changed the landscape. In the past CIMA required proof of delivery via the post. But, with time, it has become clear that consumers also prefer communication via SMS, and the postal system actually suffered from a high level of failure, so the requirement to use the postal system was removed in 2012. Mobile microinsurers are now getting higher engagement rate via SMS, so the fact that this practice is convenient for consumers must be reflected in regulation.

In China, records of all verbal sales are saved in a database, where it can be investigated afterwards what exactly was said and how the product was sold. Such a system is being experimented with in CIMA, but it is still in an early stage.



In group policies, are there any abuses that can happen if there is a master policyholder who is responsible for disclosing information to their policyholders?

Peru, in its 2007 microinsurance regulation, it is required that a certificate is handed out to all members in a group insurance.

In India there are also separate rules for group insurance.

In Zimbabwe there must be just one policy for such a group, and others can approach the insurer directly to get copies of the policy.

In Brazil there was a big issue where institutions had taken out a contract but did not take care of consumers' rights. This needed supervisory action to address, and a legal link has been created between the insurer and its representative selling the insurance policy.



How can supervisors better understand the consumer's point of view, to investigate if the disclosure practices are practical and effective?

One of the main methods is mystery shopping, where supervisory staff themselves present anonymously as a customer and investigate the consumer experience. In some jurisdictions this is a

common practice. There are also focus groups, where consumers are encouraged to share their experiences with the supervisor, and this provides a way to monitor practices.

Tanzania has produced such mystery shopping reports, and it has shown great utility.

Representing the consumer in the process of consulting on regulation is often still a blind spot. Sometimes under the ministry of justice there are governmental consumer associations that can play this role. Claims ratios can give a useful proxy for how well consumers are served, however, very few jurisdictions monitor these rates in a systematic way for inclusive or microinsurance.

What are some of the factors involved in setting the claims processing times?

Depending on the country, there are very different views on what constitutes an appropriate and sufficient payment time, which ranges from 2 to 20 days. In rural areas it seems more difficult to do it quickly, a challenge reported from Peru. Making it too tight may be a challenge for the acceptance of the microinsurance regulation setting this requirement.

In Brazil it is ten days for microinsurance, whereas for traditional insurance it is 30 days. For some simple coverage it can be as short as two days, a voluntary industry practice reported in the Philippines. Such short terms are more feasible if electronically submitted documents are allowed.

What is an appropriate cooling-off period for microinsurance products?

Some countries have included this in their microinsurance framework, but the question is whether cooling-off is even an appropriate approach for microinsurance, which should involve very simple products where the consumer would easily know what they buy. Cooling-off periods raise the complexity, cost and administration of products. In Brazil, the cooling-off period for products sold via digital technology or via retail stores is 7 days.

What are some ways to approach the disclosure of commissions?

In Peru, the banking and insurance law from 1997 says that commission the broker/agent receives must be included in the insurance policy. In 2013 insurance contract law was published and it says that not only brokers and agents but also intermediaries must reveal their commissions and this information must be included in the policy.

How do you deal with anti-money laundering requirements in microinsurance?

Many countries have quantitative caps (amount of the sum insured or insurance premium). E.g. in Colombia and Jamaica a product below certain sum insured wouldn't have to fulfil the same requirements as a product with a higher insured amount. In Peru anti-money laundering requirements also apply to microinsurance but less documentation is required

How is it communicated which documents are used for claims?

In El Salvador when people want to make a claim, they complain that they don't know which documents are required. In Ghana and Pakistan, regulations state that the insurer, when handing out the policy to the client, has to explain which documents the insured has to present in case of a claim, and this cannot be changed afterwards. They must also avoid unnecessary documentation.

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