

# Regulation and Supervision of Microinsurance



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# **Regulation and Supervision of Microinsurance**

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## Summary

Microinsurance regulation is an emerging field. The benefits of regulation are understood to some extent and stakeholders are interested, but in general, the level of knowledge on this topic is inadequate. The present document explores some technical and conceptual key issues for microinsurance regulation, which emerge from literature and inputs from experts.

### Microinsurance Regulation as Emerging Field

The regulation of microinsurance has not yet been fully defined or analysed. Specific regulations for microinsurance do not exist in any developing country. Experts agree however that the existing regulatory framework for microinsurance in these countries is not adequate. Weaknesses are, for example, related to high capital requirements, policy details, agent regulations and the “sole business line” requirement.

### Benefits of Microinsurance Regulation

It is recognized that regulation can either promote or restrict insurance provision for lower-income groups. A well-designed regulatory framework is a major factor for the effective and efficient provision of microinsurance services. In promoting more professional and expansive microinsurance services, regulation can play an important role by encouraging microinsurers' decision to become regulated, and by facilitating this process.

### Stakeholders

Today, many **microinsurance providers** are operating in legal loopholes, outside the insurance laws. The risks and problems associated with this situation are considerable. Neither the interests nor the funds of consumer receive adequate protection; and institutional risks (e.g. mismanagement) are high. Even though this situation facilitates innovation and service provision, it is not a sustainable solution for the provision of microinsurance on a massive scale.

Some **regulators** have recognized these risks and are beginning to work on solutions. However, generally, the regulators know-how and their capacity to regulate and supervise microinsurance are limited. They know little about non-traditional insurance (i.e. microinsurance), and are still preoccupied with regulating and supervising large insurance companies properly.

It seemed during the completion of this study that **donors** are generally very open to microinsurance as a means of structural poverty reduction. In the regulatory field, support is required for conceptual discussions, empirical analysis of regulatory frameworks and perhaps pilot projects.

## Future Challenges

Our final chapter on future challenges identifies some crucial questions:

- ◆ How adequate are the regulations in terms of safeguarding the interests of microinsurance clients?
- ◆ Which types of institutions are favoured or hindered by the present regulatory framework?
- ◆ How can the cost of regulation and supervision be minimised, and at the same time high quality services be ensured?
- ◆ What can the regulatory framework contribute in order to motivate informal insurers to legally provide microinsurance services?

This document ends by proposing activity fields for the future: (1) development of a framework for microinsurance; (2) sensitisation and concertation; (3) analysis of lessons from microfinance; (4) empirical analysis of regulatory environments and (5) networking.

## 1. Introduction

Microinsurance regulation is increasingly recognized as an important topic for the development of insurance services for the poor; however, the topic is still at a formative stage. The present document analyses why microinsurance regulation is important, and describes its limitations. Further, it defines key issues and proposes steps to speed up microinsurance regulation.

The document draws mainly on written information.<sup>1</sup> It is noteworthy that no single document was found which deals with microinsurance regulation exclusively. Therefore, but to a very limited extent, it also includes information from microfinance and (micro) insurance experts, practitioners, projects and companies.

The expert discussions held during the study<sup>2</sup> revealed that a number of clarifications are important for the reader. The first point relates to the delineation of social protection schemes (government driven and “provided” to the poorest), and privately, market-led insurance services (provided by a private insurer or informally organised and “bought” by those who can afford them). In this sense, the present document concentrates on the regulation and supervision of informal and market-led insurance services, since social protection schemes have an entirely different legal background.

The second point relates to the role of reinsurance, which is definitively a crucial area for microinsurance. The authors decided not to explore this subject in the present document due to its complex nature, the lack of documentation available and the many questions, which remained open.

Third, the history and experiences of the regulation and supervision of “microinsurance” in industrialised countries could also not be considered here. This documents relates to microinsurance in developing countries.

Finally, the authors make reference to other sources of information, such as the recently published “Preliminary Donor Guidelines for Supporting Microinsurance”, and the Newsletters of the CGAP<sup>3</sup> Working Group on Microinsurance ([insurance@microfinance.lu](mailto:insurance@microfinance.lu)). Two web sites can give a comprehensive overview of the industry: the Microinsurance Resource Centre at CGAP’s Microfinance Gateway ([www.microfinancegateway.org](http://www.microfinancegateway.org)) and the Microinsurance Centre ([www.microinsurancecentre.org](http://www.microinsurancecentre.org)).

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<sup>1</sup> This document’s main objective was to review the literature on microinsurance regulation as existing by the end of 2003.

<sup>2</sup> Especially during the CGAP working group meeting (Luxembourg, June 2004).

<sup>3</sup> Consultative Group to Assist the Poorest.



## 2. The Relevance of Microinsurance Regulation

Microinsurance regulation is practically a virgin field. However, stakeholders are in the process of recognizing its importance. The limited number of documents elaborating on microinsurance regulatory issues and the many open questions in these documents, are ample proof of this.

### 2.1 Microinsurance Regulation as an Emerging Field

Experts agree that microinsurance is a growing field, which requires getting to grips with the issue of regulation. New microinsurance institutions are emerging, while microfinance institutions increasingly tend to include insurance services in their product portfolios. Poor customers learn about insurance and generate demand for these services. Donors view them as a means of structural poverty reduction. And supervisors learn about informal insurance providers in their jurisdiction. Experts agree that if this growth is not accompanied by adequate regulation, this new industry may only slowly develop and, worse, its sustainability might be threatened.

### 2.2 Microinsurance Regulation and its Stakeholders

Microinsurance regulation – or its absence - affects different groups of **stakeholders** in different ways. Firstly, we find the practitioners (among them insurance companies, commercial microinsurers, village-base insurance type movements and microfinance institutions) who often operate in legal loopholes (outside the insurance laws), or suffer under existing legislation. For example, they cannot establish an insurance company targeted exclusively at the lower income segment because reserve regulations are prohibitively high (as in India). Secondly, we see the customers, who are often either unprotected in purchasing insurance, or not served at all because no insurer is willing to serve this segment. Thirdly, supervisors increasingly feel pressure to act upon practices outside the insurance laws, or facilitate the provision of microinsurance. Finally, donors promote, or aim at promoting microinsurance services.

Different types of insurance **providers** in terms of origin and legal set-up<sup>4</sup> offer microinsurance. Some large commercial insurers are carefully testing approaches for the lower income market and downgrading their operations (like Allianz in India, Delta Life in Bangladesh and Takaful in Sri Lanka). Village-based, cooperative or mutual insurance

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<sup>4</sup> Formal, semi-formal and informal providers all offer microinsurance services. The formal providers operate with a license under the prudential regulation and supervision of the government's regulatory body (insurance supervisory authority). Semi-formal insurers obey some type of legal status, registration and/or supervision, such as cooperatives, or non-governmental organisation. They vary a lot according to their legal structure, orientation and ownership. There are three main groups: a) member-based or community-based institutions (mutuals and cooperatives); b) NGOs, associations, trusts or societies; and c) government schemes. Informal providers are private individuals who offer microinsurance, funeral societies, or other groups without any formal registration or alliance. Semi- and informal insurers are NOT prudentially supervised.

schemes that have existed for a long time are upgrading and trying to become more professional (like the “Mutuelles” in West Africa). Microfinance institutions (MFIs)<sup>5</sup> have been looking for new service lines in microinsurance to cover their costs, reduce credit risk and satisfy their customers (e.g. BRAC/Bangladesh and SEWA/India). The fourth group comprises smaller locally based commercial microinsurance institutions with an insurance license.

These different providers will grow further and therefore, need different insurance regulations. The discussion on which type of insurance provider – village-based movements, large commercial insurers, or small companies – has the potential to serve this large market has only begun. The challenge of achieving substantial growth in microinsurance provision may lie in combining these strategies: large insurers should become more involved in serving the lower income market; small insurers should become increasingly professional (and maybe regulated) and expand; new locally based microinsurance institutions should be set up; and MFIs should work as agents. Furthermore, these institutions should link up with each other.

Experts agree that **regulation can either promote or hinder insurance provision**. A conducive regulatory framework is essential for achieving sustainability and at the same time for the expansion (in other words, large-scale, cost-covering and long-term provision) of insurance services to lower-income segments.

The Government plays an important role in the insurance sector, which can be translated for the microinsurance sector as “**creating a suitable regulatory environment and promoting formal-sector entry into the low-income market**”.<sup>6</sup> To achieve this, Governments can assume an enabling role towards the micro segment, or even enforce provision of insurance to lower-income households like in India. There, the government requires all insurers to hold a percentage of their sales volumes within the social sector to the benefit of low-income groups (a model still to be evaluated carefully!). But it can also be passive: it can ignore the demand for insurance services by lower-income markets, and the pertinent regulatory aspects, as has been the case in most countries.

## 2.3 Documents on Microinsurance Regulation

Very little documentation on insurance regulation affecting microinsurance, or on the specific subject of “microinsurance regulation” was found during the research of this study, and no single document on microinsurance regulation has been written (at the most documents contain one chapter on regulation).<sup>7</sup> Since microinsurance regulation is a newly emerging topic, neither the regulatory authorities, nor the practitioners seem to know much about the subject yet. Experts have analysed it to some extent in a generic way, though, no case studies or pilot projects have been implemented.

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<sup>5</sup> For more details on MFI role and problems in microinsurance provision see Annex 1.

<sup>6</sup> See draft of donor guidelines, p.33.

<sup>7</sup> Thus, the description on the current situation of regulation in this document is based on information from documents exploring regulatory aspects, and to a limited extent on case studies, inputs from sector specialists and practitioners, and on some personal experience.

**Microinsurance Documents including Regulatory Aspects of Microinsurance**

1. Social Reinsurance, Worldbank and ILO (Dror/Preker), Chapter 12: Regulatory Environment for Microinsurance and Reinsurance (Feeley)
2. A cautionary note for Microfinance Institutions and Donors considering developing Microinsurance Products, MPB and DAI, (Brown/Green/Lindquist)
3. Making Insurance Work for Microfinance Institutions: A Technical Guide to Developing and Delivering Microinsurance, ILO (Churchill/Liber/McCord/Roth); Chapter 2.4: Is it legal to offer microinsurance?
4. Microinsurance: The Risks, Perils and Opportunities – a Guide through the Questions to address before Developing a Product; SED Journal (W. Brown)
5. South African Microinsurance Case Study, ILO and SEED, M. Aliber
6. Insurance Provision in Low Income Communities Part II: Initial Lessons from Micro-Insurance Experiments for the Poor, MBP/DAI (Brown, Churchill)

Source: own data collection

The documents listed in the box above are the most comprehensive sources of information on this subject (as per December 2003).

To conclude: apparently, the concept of “microinsurance regulation” as a separate subject does not yet exist in the traditional world of insurance regulators, supervisors and commercial insurers, besides in India. Therefore, when we analyse the regulatory environment of microinsurance, we are still moving in the “traditional commercial waters” of the insurance business for the middle and high-income segment. The following chapter elaborates on these regulations.



### 3. The Regulatory Landscape of Microinsurance

The regulatory landscape of microinsurance, as defined in this document, comprises of three elements: insurance regulations in general, their implications for the micro sector, and the regulatory authority, including its attitude towards microinsurance. Insurance regulations play a vital role in protecting both the stability of the financial system and the customers. To some extent, these regulations interfere with the provision of microinsurance, even though they are not particularly directed at microinsurers of micro services. Regulatory authorities are in charge of insurance regulations and their supervision, but when it comes to microinsurance, they are often neither aware nor well equipped.

#### 3.1 Role of Insurance Regulations

Regulations define the requirements of an insurer, provide consumer protection through the supervision of insurers to safeguard their solvency and thus shield the customer from buying insurance from an unsuitable company. More specifically, insurance regulations

- ◆ **protect customers** from misleading sellers (by regulating the delivery channel, e.g. through standards for agents/licensing of agents and brokers) and unfair claims practises; for example by requiring disclosure and by regulating complaints; or by regulating rate setting/pricing (some jurisdictions have limits for rate, or require prior approval); regulating policies (forms/contracts, exclusions);
- ◆ **protect the financial viability of insurers**, e.g. by requiring standards for qualifications, solvency, performance, risk limitation, disclosure, reserves, reporting (periodicity, accounting and information systems), auditors, investment restrictions;
- ◆ **define the general features of insurance**, e.g. the provision of insurance, the types of products and the different types of insurance (e.g. short- and long-term; national or cross-border operations; life insurance and general insurance);
- ◆ **define duties and responsibilities**, e.g. the persons (natural or judicial) permitted to engage in insurance activities, ownership (management, domicile, holdings, foreign investors<sup>8</sup>); the public sector agency responsible for insurance regulations and compliance; sanctions and penalties for non-compliance or omission;
- ◆ **define the conditions for the entry and exit** of players in the market:
  - a) **Entry rules:**<sup>9</sup> Registration, formation and licensing of insurers (e.g. initial financial and management capacities, products, etc.),
  - b) **Exit rules:** Cessation of operations (winding up),

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<sup>8</sup> Sometimes regulated in a separate law.

<sup>9</sup> High entry barriers, such as capital or qualification requirements impede the entry of formal insurance providers into the low-income market, and prevent small insurers from entering the regulated sphere as an insurer or agent.

- ◆ **guarantee a level playing field in the market**, i.e. guarantee that equal conditions for all operators exist in the market and that competition is not distorted (e.g. by permitting an insurer to operate outside the law while the regulated competitor has to bear significant costs because he is licensed and supervised).

Beyond these definitions, insurance law(s) can also include the establishment and functioning of the insurance supervisory body. Other subjects within insurance regulation can be re-insurance, the availability of an actuary,<sup>10</sup> definitions and offences.

### **3.2 Legal Areas of Insurance Regulations affecting Microinsurance**

Rules and regulations for the insurance sector affecting microinsurance are found in various legal spheres. These areas can be categorized in three groups. The first deals explicitly with insurance matters. The second deals with the institutional landscape and its private institutions, and the third is concerned with other legal spheres.

#### **(1) Insurance laws and regulations**

The insurance sector is regulated to varying degrees in different countries according to the circumstances within each insurance market. Regulations consist of either one insurance law or various insurance laws, and there are always a number of additional rules and regulations (including the internal regulations of the registrar and supervisor).

In **South Africa**, two different insurance laws regulate the insurance sector (Law for short-term insurers - Short-term Insurance Act 52 of 1998; Law for long-term insurer; Long-term Insurance Act 53 of 1998). Outside of these commercial insurance laws is the Law for insurance like benefits for members of Friendly Societies (Friendly Society Act 25 of 1956, which may render insurance-like benefits to their members, provided they are not in excess of R5000 (\$667) per member. A friendly society can only qualify as such in terms of the Friendly Societies Act 25 of 1956, which requires registration with the relevant registrar (Aliber, 2001).

There is evidence that in some countries, insurance regulation does not exist in all of these areas, and if it does, may not be precise, or based on acknowledged insurance standards. Whether regulations are properly enforced or not is a further important issue. These rules certainly affect microinsurance, which will be analysed in more detail in chapter 4.

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<sup>10</sup> E.g. accredited by an internationally recognized professional Actuarial Institute.

## **(2) Laws and regulations concerning private institutions**

Among the laws and regulations concerning private institutions are those that regulate the different types of institutions, such as companies limited by shares, cooperatives and other member-based or non-profit institutions (NGOs, foundations, trusts, societies or associations).

Sometimes, these rules affect microinsurance provider's even more than insurance regulations, because the latter prevent them from coming under the insurance law. This is for example the case when a Non-Governmental Organization (NGO) provides microinsurance services to its clients, and, as an NGO (non-profit) does not fall under the insurance law because the law only applies to commercial institutions.

## **(3) Regulations in other areas of the legal system**

Various other legal areas affect insurance provision. This includes laws regarding foreign investment (can be regulated in company laws or other laws); the juridical system (e.g. law suits/dispute settlement, debt recovery); customer protection (e.g. law on ombudsmen); tax laws and laws on medical schemes, to mention only a few.

In some countries with a strong mutual aid and cooperative tradition, an insurance company or society can be incorporated as a cooperative. However, in many countries it is not possible to organize an insurer as a cooperative, and a more common form is a joint-stock or mutual company.

Microinsurance is affected by these rules, for example, when an international commercial insurer wants to enter into a joint venture with a local microinsurance company, but may not hold a significant percentage of shares due to a law restricting foreign investment (e.g. as in India, or formerly, in Sri Lanka).

### **3.3 Regulatory Authorities**

The insurance regulator is either a separate body for the insurance sector (e.g. in Argentina, India, Sri Lanka), or it is responsible for various areas in the financial system (e.g. banking, pensions and securities - like the Superintendence of Pensions, Insurance and Securities in Bolivia).

The regulator is in charge of all insurance, which should also cover microinsurance. However, most regulators have not concerned themselves with microinsurance. They have continued to concentrate on regulating (and supervising) commercial insurance companies. This is because small-scale insurers are still limited in scale and diversity, and regulators have been fully occupied with the commercial sector. In addition, microinsurers themselves have rarely approached regulators and applied for a license. We find an exception to this in the Philippines, where a microinsurer approached the regulator and received an exemption from the stipulations of the insurance law.

Recently, regulators in some countries have shown interest in the lower-income segment (for example in India and South Africa). They are becoming concerned about the legal loopholes used by microinsurers. They recognize that, on the one hand, unregulated insurance can harm poor clients, but on the other, that these services are very important. The role of the regulator in the growth of microinsurance is critical, a fact which is slowly being recognized. Studies indicate that it will only be a matter of time before they take (or will have to take) steps to deal with this situation.

In India, however, the coverage of insurances for the poor has been integrated into the insurance law – this is new in the world of insurance. With continued political support, this approach will lead to wider provision of insurance services to lower income households.

A complete **list of the insurance regulatory authorities** for developing countries is not yet available. However, some existing lists can provide comprehensive information on the subject (see box).

- ◆ The **International Association of Insurance Supervisors** (IAIS) has contacts from its approximately 100 members. IAIS publishes part of the member's addresses at its website. A complete list is available to members and registered observers (e.g. Worldbank). [www.IAISweb.org](http://www.IAISweb.org)
- ◆ The Insurance Information Institute (III) provides information and linkages to web sites. Here, insurance regulatory authorities, or national and regional associations can be found. [www.iii.org](http://www.iii.org)

## 4. The Implications of Regulations on Microinsurance

The existing literature defines a number of regulatory fields that should be improved in order to facilitate the provision of microinsurance. In very few countries have regulators already made an effort. In a few others restrictions are known. Therefore, the question arises: which are the regulatory fields to be improved, and how are microinsurance providers in general to deal with the legal restrictions posed by insurance and other laws.

### 4.1 Regulatory Fields to be Improved

Regulation, or the non-existence of (adequate) regulation, can affect the provision of microinsurance in manifold ways. As already mentioned, traditional insurance regulations were designed for institutions serving the middle-income and upper-income segments. Consequently, these regulations can (unintentionally) restrict the provision of insurance to low-income markets (for example, by favouring large companies). This is especially true for regulations on capital requirements, the requirements for agents, the role of the insurer, policy details and the semi-formal schemes.<sup>11</sup>

- (1) **Minimum capital requirements are too high, compared to the small amounts of the policies, and for locally organised small microinsurance institutions.** Capital requirements encourage financial stability. Requirements of millions of dollars are common, but they discourage established insurers from offering services to low-income households whose policy sizes are only in the tens or hundreds of dollars. Large insurance companies are not interested in serving this market because they do not believe that the volume of business will earn sufficient return on investment. There have been cases where governments (e.g. Cruceña, Bolivia) increased minimum capital requirements, forcing a viable insurance provider to the low-income market to cease operations.
- (2) **Requirements for agents are either too low (anybody without prior formation can act as agent), or too restrictive.** Often, insurance laws require several years of experience, or high qualifications, which makes it difficult for a small and young company to act as an agent. Or they require that an agent be a natural person (not an NGO). In the case of MFIs, the latter and the sole business line (see below) often prevent them from acting as an agent.
- (3) **The definition of the role of the insurer (= sole business line) is another requirement that affects microinsurance providers.** In this case, a financial institution that wants to offer insurance services, is not allowed to operate as an agent; it can do so only with separate staff (and counters), which makes it expensive and unattractive. For them, the low delivery costs achieved if insurance provision is combined with other financial services (such as savings and credit) is a critical element. It is difficult for a MFI to maintain separate sales staff and offices. However, some experts stress that bookkeeping of insurance and banking assets must, at least, be kept separate (to ensure that savers are not exposed to insurance risk, and policyholders are not

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<sup>11</sup> Adapted from Warren Brown, Craig Churchill, 2000.

subject to credit risk). Others consider this entirely inadequate; they recommend establishing separate legal entities and instituting legal barriers to limit investments by the insurance arm in the loan portfolio of the MFI.

**(4) Regulations on policy details can also restrict access to low-income markets.**

The client group, often illiterate and not familiar with these procedures, can barely understand long and detailed insurance contracts using legal language. To solve this, simple contracts and innovative, pro-poor oriented public information campaigns are important for microinsurance.

**(5) Semi-formal insurance schemes are not covered by conventional insurance regulations.** Semi-formal schemes offer microinsurance services, but circumvent regulations. As a consequence, their institutions and customers are not protected.

Semiformal and informal insurance schemes have been part of community life in many countries for centuries. Since large, commercial insurers are not willing to enter this market, these schemes remain important; they are often the only service provider. They are not prudentially regulated (and supervised), but their financial stability is nevertheless of concern. Conceptually, these schemes should be integrated into the formal financial system, be it in the form of agents or providers. However, not each and every semi or informal insurance provider has to be, or can be integrated. There will always be schemes which are small and member-based, and for which the government cannot assume responsibility. This would be just too costly, for both the supervisor and the institution.

**(6) Reinsurance is a serious constraint for micro insurers.** Reinsurance is insurance for insurance companies, and a reinsurer can enter into a reinsurance arrangement with only a properly licensed direct insurer. Most micro insurers, informally organized and without licence from the regulator to conduct the insurance business, have no access to reinsurance. In some countries it may be possible to link and partner one or more microinsurers with an existing licensed insurance company, which may then seek reinsurance cover on their behalf from a reinsurer. In other countries, there may be a need for the regulator to come up with some concessionary approaches to make sure that microinsurers are not left exposed to risk beyond their capacity.

**(7) The requirements for companies and definition for insurances vary from country to country.** In some countries (particularly the UK and a number of former British colonies) it is still possible to do all kinds of insurance in just one company (a so-called “composite”). Separate accounts, though, must be maintained for life and non-life business. In most countries, it is necessary to establish legally separate companies – with separate capital – for life and non-life business. Definitions of what is “life” and “non-life” also vary.<sup>12</sup> In some jurisdictions, accident insurance can be done in both life and non-life companies. “Long-term” and “short-term” insurance is another distinction made in some countries. Short-term are policies written for a year or less, and not containing any savings element. Group term life insurance is, therefore, in some countries not allowed to be written in the same company that does life or endowment insurance.

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<sup>12</sup> An example is personal accident insurance coverage in India – all such coverage is non-life insurance, even the death benefits paid after an accident.

To end this chapter, the following table provides a few practical examples as to how regulations can either hinder, or facilitate microinsurance.

### Country Examples ...

... how regulation CAN PROMOTE microinsurance	... how regulations CAN HINDER microinsurance
<p><b>India:</b> The “Obligations of Insurers to Rural or Social Sectors” from 16<sup>th</sup> October, 2002 stipulate that insurers that started operations after 1999 must sell a fixed percentage of their number of insurances to the social sector and rural areas).</p> <p><b>Sri Lanka:</b> Deregulation of the insurance sector allows for new providers, which affects the micro-market positively.</p> <p><b>Jordan:</b> Government planned to revise the insurance law in 2002 in order to promote microinsurance, e.g. concerning the licensing conditions for insurance agents and the NGO law (realization should be analysed).<sup>13</sup></p> <p><b>Philippines:</b> mutual aid schemes are allowed to operate under lower capital requirements</p>	<p><b>Minimum capital requirements</b> are prohibitively high for the micro segment (Uganda 1 million US\$, SA 1.2 million US\$, India 21.2 million US\$).</p> <p><b>Obstacles to partnerships between MFIs and insurers:</b></p> <ul style="list-style-type: none"> <li>▪ requirements that do not allow MFIs to sell insurances, e.g. making use of an officer in a “universal” way, but requiring specialised staff for insurance;</li> <li>▪ requiring an agent to be a private person (not an enterprise or NGO).</li> </ul> <p>High and cumbersome reporting requirements (administrative burden to prudentially regulated insurers).</p>

These examples can only highlight some country strategies. Before they can stand as successful showcases, they must mature in practice, and a detailed empirical analysis must be performed.

## 4.2 Legal Loopholes

Low-income insurers have often been able to avoid regulatory stipulations. They either offer insurance as NGOs (or another form of non-profit organization) or as member-based institutions (cooperatives, credit unions, or mutual benefit societies). Their regulations are less restrictive than insurance laws and do not have any insurance-specific aspects. Therefore, these institutions are not subject to insurance regulation. In order to avoid insurance regulation, they can also run prepayment plans,<sup>14</sup> or declare their service as a “member benefit”. The institutions operating in these „legal loopholes“ face the problem that their financial stability is not protected by external regulations. This makes them vulnerable to mismanagement and institutional failure. Experts agree that the absence of regulation for microinsurers is a serious threat to their sustainability and outreach.

<sup>13</sup> Loewe et al., GDI, Bonn 2001.

<sup>14</sup> Because health insurance benefits are often in the form of access to a service rather than a financial payout, premium payments can be considered prepayments on future usage of health-care services, and, therefore, insurance as defined by regulators is not being provided (Brown, Churchill 2000).

The following table provides some examples of legal loopholes that affect microinsurance.

### **Loopholes in Insurance Regulations**

Country	Problem	Consequence
All countries	If the scheme is available to members only, and NGO complies with MFI regulation, insurance regulation does not apply.	<ul style="list-style-type: none"> <li>▪ NGOs, mutuals etc. are not "insurers" as defined by the law.</li> </ul>
South Africa	<p>A MFI cannot register as an insurance company. But the Friendly Societies Act allows NGO/MFIs to sell insurance (up to 675 \$).</p> <p>If policy benefits for funeral insurance "are something other than a sum or money" (a benefit in kind, e.g. mortuary, transport, catering services), then the contract is not considered an insurance policy.</p>	<ul style="list-style-type: none"> <li>▪ Insurance activities of these institutions are not restricted or supervised and their customers not protected.</li> </ul>
Burkina Faso	Mutual health insurers are recognised within the broad category of voluntary non-profit organisations and governed by a separate law.	

Sources: "Making Insurance Work for MFIs", ILO 2003; South African Microinsurance Case Study, Aliber 2001

### **4.3 Implications for Stakeholders**

The implications of regulation and supervision of microinsurance for the different stakeholders are numerous, and it is an open task to analyse them in detail. In this document, we can only highlight some initial thoughts. Governments will be looking for private schemes to take away some of the burden from public budgets, and at the same time, provide basic services for the poor. Regulators will be concerned about the additional workload and the cost of including new insurers within the licensed sphere. Donors will have to improve their know-how on microinsurance (and regulation) to advise policy makers and operators. The (newly licensed) operators will have to work under sometimes-complicated regulations, which may imply a considerable administrative burden and cost for them.

## 5. The Future Challenges

The expected development of microinsurance comes along with a number of challenges in the field of regulation and supervision. Our final chapter is divided into two parts. One summarizes the **main questions**, which have been emerging. The other one highlights **future activity fields**.

### 5.1 Main Questions

We conclude by summarizing some main questions, which emerge when analysing the implications of the current (inadequate) regulatory framework on microinsurance:

- (1) **How adequate are the regulations in terms of safeguarding the interests of microinsurance clients?** How are clients protected against fraudulent practices (education, complaints management)? Is there any concern about responding timely to policyholders' complaints?
- (2) **Which types of institutions are favoured or hindered by the present regulatory framework?** Do the regulations favour large companies by having high minimum capital requirements? Would it make sense to have special regulations for capital adequacy to promote non-traditional insurers?
- (3) **How can the cost of regulation and supervision be minimised, while at the same time ensuring quality services?** How can supervision be effective and efficient without over-burdening microinsurers?
- (4) **What can the regulatory framework contribute in order to motivate informal insurers to legally provide microinsurance services?** Which ones should or could be integrated? How can the balance be achieved between encouraging informal insurers and ensuring their quality and sustainability?
- (5) **How could a tiered system of regulation and supervision for microinsurance be developed?** In which country would such a system of lower requirements and standards (e.g. for minimum capital, solvency, risk protection, reporting), which implies, at the same time, smaller providers (in terms of geographical coverage or number of policy holders) and ceilings in risk exposure, be feasible?

This list of questions cannot be complete at this stage of the development of the subject. To add to this list and find appropriate solutions will be the challenge of the future.

### 5.2 Activity Fields

This document ends by proposing five activity fields for the future: (1) development of a framework for microinsurance; (2) sensitisation and concertation; (3) analysis of lessons from microfinance; (4) empirical analysis of regulatory environments and (5) networking.

### **(1) Development of a regulatory framework for microinsurance**

A framework for the regulation of microinsurance implies the clarification of its background, vision and concept. The justification for regulating microinsurance and the definition of roles belong here. Also, a model for a tiered system should be discussed.

At the same time, promoters should support the development of instruments, standards and support mechanisms. For example: a glossary, databases, benchmarks, capacity building for microinsurers and regulators/supervisors. On an aggregated level, these items can only serve as an orientation, as final development must take place in the particular countries themselves.

A clarification of which stipulations of insurance regulations should be redefined or adapted to the reality of micro customers and micro insurers is at the centre of these discussions.<sup>15</sup>

### **(2) Information, Sensitisation and Concertation (Reconciliation) Process**

The authors feel that information and sensitisation work with regard to microinsurance regulation and supervision is required on a broad basis. The activities, which were developed in the CGAP Working Group meeting on microinsurance in June 2004<sup>16</sup> respond to this need in the short term.

In the medium term, however, donors should also facilitate a consultation process with regard to the development of instruments and models at various levels. Internationally, the International Association of Insurance Supervisors (IAIS) should be included in this process. Regionally, the subject should be integrated into conferences and other meetings. Locally, donors should provide information to governments and lobby actively. Here, they should also promote pilot projects (e.g. support to a supervisory body) and consider promoting innovative reinsurance models for microinsurance.

### **(3) Analysis of Lessons from Microfinance**

Currently many microinsurance providers, or agents, are MFIs. We clearly recognize that microfinance and microinsurance are two entirely different businesses with different features such as risk structure, systems, technical capacities, requirements and procedures. However, the analysis of the mainstreaming experience (including MFIs into the regulated sphere) of microfinance, which took place several years ago, can provide some valuable insights.<sup>17</sup>

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<sup>15</sup> See Annex 3 for detailed inputs.

<sup>16</sup> See Microinsurance Newsletter N° 4 / Churchill@ilo.org / svenja.paulino@gtz.org.

<sup>17</sup> See Annex 2 "Lessons for Microinsurance Regulation from Microfinance".

### Microfinance Institutions as Insurance Providers?

MFIs have become important providers of microinsurance, but we must look at the limitations implicated by this shift in business. Most MFIs have considerable weaknesses when it comes to managing microinsurance operations efficiently. Many MFIs can provide insurance to low-income households because they have built up good relationships with their clients, and because there is very little competition in microinsurance.

The success of MFI-based insurance, and other semi- or informal microinsurance schemes, is already drawing the attention of regulators because some of them are rapidly expanding. In addition, licensed insurers may well complain that these institutions are competing against them on an uneven playing field, and unfairly escaping the cost of regulatory compliance.

MFIs are interested in linking up with insurers by acting as agents (distribution channel). This is a relatively easy way to offer microinsurance. They make use of the advantages of the MFI without over-burdening it. But MFIs are not always allowed to become insurance agents, e.g. due to requirements regarding their formation, their legal status, or the sole business line requirement.

To conclude, MFIs operating as insurance providers can only be a temporary solution, at least as long as they often work outside the law. Experts agree, that in the long-term, MFIs should either establish an insurance company, or work as an agent.

Some lessons from microfinance:

- ◆ **Justifying regulation and its cost:** Providers should learn in advance about the (often considerable) cost of regulation since they have to bear the bulk of them (once during licensing, recurrently during operations).
- ◆ **Limitations for MFIs:** No combinations of MFI operations with entirely different business lines should be allowed.
- ◆ **Protection of customers:** The mobilisation of funds from the public (not from members) should take place in a regulated environment.
- ◆ **Required resources:** Adjustments to the regulatory framework and supervisory systems require time, financial resources and the active involvement of all stakeholders.<sup>18</sup> Support from government and donors are crucial.
- ◆ **Exemptions from prudential standards:** Informal schemes can co-exist with prudentially regulated institutions. Self-regulation has significant weaknesses and has not been successful.

<sup>18</sup> To give an example: It is still much too early to discuss specific amounts for minimum capital requirements, (which are generally too high for microinsurance). This requires a thorough analysis of the subject and negotiations with the regulators. In the microfinance sector, it took several years to agree on new lower capital requirements, which then allowed the institutions to undertake limited operations.

- ◆ **Tiered system of regulation and supervision:** Various countries (e.g. Bolivia, Uganda) developed a tiered system for the institutions providing microfinance. It balances the public interest of deposit protection with a lower supervisory regime and restricted operations.

#### (4) Empirical Analysis of Regulatory Environments

A detailed analysis of existing regulatory environments in a representative number of countries is required. The analysis should include the situation of the regulatory/supervisory authority, the government's position on (market-led) microinsurance, present insurance regulations, legal loopholes for microinsurers and an inventory of operators. A synopsis document should finally map out these regulatory environments, including the main constraints in regulatory and supervisory practices.

The analysis should also consider the regulatory implications emerging from the four different providers models (principal - agent, direct provider, community based, informal).

#### (5) Networking

Networking activities should be promoted outside the small circle so far involved in promoting discussions on microinsurance (regulation and supervision). In this regard, other donors should be motivated to co-finance pilot projects and carry out other joint activities. Furthermore, a group for concept development should be formed (emerging from the CGAP WG's Subgroup on regulation and supervision). International conference with stakeholders should be held, and contributions to regional conferences provided. The IAIS, which could play a vital role, should be included in these developments.

In conclusion, we will add to the vision of massive-scale microinsurance service by quoting Cohen/Sebstad (2003): "As a new entrant into poor people's risk management landscape, private microinsurance will take time to find its niche in the market. The early lessons of microinsurance experience and developments in microfinance suggest that the poor will continue to use a mix of risk management tools. However, none of the existing strategies will provide 100% of coverage. Microinsurance can potentially fill these gaps." We hope this study has shown that regulation can play a vital role here.

## **Annexes**

- Annex 1: Microfinance Institutions as Insurance Providers**
- Annex 2: Lessons for Microinsurance Regulation from Microfinance**
- Annex 3: Issues to be Clarified**
- Annex 4: Recommendations for GTZ**
- Annex 5: Insurance Sector Studies Including the Regulatory Framework**
- Annex 6: Literature Used**



## Annex 1: Microfinance Institutions as Insurance Providers

In the past few years, Microfinance Institutions<sup>19</sup> have become a prominent type of microinsurance provider. They face certain challenges and problems when they add microinsurance to their original business. It is therefore important to treat them separately.

If an MFI wants to provide insurance services, it has three options: To create a licensed insurance company (which in many cases is hindered by high minimum capital requirements or other regulatory constraints), to become an agent of an insurance company, or to offer insurance below the regulatory radar. In fact, the third option is only possible for MFIs that are not prudentially regulated and supervised. Formal MFIs, such as the Kenyan K-Rep Bank, have to create an NGO-type subsidiary (like KREP Development Agency), or even pursue the first option and establish a commercial insurance company.

### Background

MFIs have made use of the opportunity to provide insurance to their own clients, who had confidence in them but distrusted the commercial insurers. MFIs only began to provide insurance services a few years ago because there was no insurance available to their clients.

Today, MFIs are interested in providing microinsurance. However, it is generally still not carried out on a significant scale, or with highly diversified products. MFIs, like the microinsurance institutions in general, are still in an innovation phase.

India, where the government has a strong focus on insurance provision for low-income households, is an exception here. An increasing number of MFIs have an insurance scheme, either self-managed or in cooperation with a commercial insurer.

In offering microinsurance, MFIs face several problems. To name only a few examples: Some institutions have mixed, or still do mix insurance services with lending facilities. This is a risky and inefficient practice because they are two entirely different businesses, requiring distinct types of expertise, systems and strategies. Others started with “credit life” insurance, and expanded the product line later; they ran into financial trouble when they suffered the negative effects of their sluggish product development or risk-management strategies. Another problem is that, like many other informal insurance providers, most MFIs lack the knowledge and systems<sup>20</sup> required to manage insurance professionally. However, there are also MFIs, which are reluctant to enter into

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<sup>19</sup> MFIs can be formally established financial institutions, or semi-formal ones (NGOs, associations etc.).

<sup>20</sup> Their weaknesses refer to lack of actuarial input during the design of the product, lack of in-house capacity towards claim and fund management, lack of adequate risk distribution, lack of sufficient funds to meet adverse deviation, lack of protection from reinsurance, lack of reserve funds.

microinsurance on a larger scale, even though funds are available for this purpose<sup>21</sup> since they are aware of the complexity and riskiness of such a venture. They want to pursue a careful approach, or wait for external support.

When MFIs provide microinsurance, they very often do so outside or at the margins of the law. Therefore, specialists strongly recommend that the MFIs' role should be limited to that of an agent,<sup>22</sup> which in general avoids regulatory concerns. However, in some jurisdictions, the agent is also subject to Managing Agent laws and licensing regulations, which imply certain pre-conditions (e.g. a required formation, or legal set-up like being a private person and no enterprise). There is no common rule that in any given case, an informal MFI can legally act as an agent.

It is widely recognized that MFIs have become important innovators and practitioners in microinsurance. Given their in-depth experience and having worked with the same customer group for two decades in an increasingly professional manner, the MFIs know how to adapt their strategies and policies to the particularities of this group. In this sense, MFIs have shown that they can also respond to their clients' needs for insurance. They have recognised that insurance protects the client as well as the institution. Finally, the MFIs have access to an additional source of income and, as a result, improve their sustainability.

There is concern however that a MFI should conduct a critical analysis before entering into the insurance business. This analysis should investigate existing regulations and the behaviour of the regulatory authority, in case the MFI plans to offer insurance services outside the law. Operating outside the law can only be a temporary solution.

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<sup>21</sup> E.g. SEEDS in Sri Lanka, which has over the past years accumulated US\$ 700,000–800,000 from compulsory credit life contributions paid by their borrowers (2,5 % of each loan disbursed).

<sup>22</sup> Brown, McCord 2000.

## Annex 2: Lessons for Microinsurance Regulation from Microfinance

### 1. General Lessons from Microfinance

Similarities to microfinance in the development of and challenges faced by the microinsurance movement today suggest that it is worthwhile analysing the extent to which the history of microfinance regulation can provide lessons for microinsurance.

There are, however, without any doubt a number of **significant differences between microfinance and microinsurance**. A fundamental one is: Insurance business is a different field of expertise from the management of credit and savings, and requires a high degree of specialization. Products, risks and procedures vary (e.g. risk management strategies and the so-called practise of “underwriting”<sup>23</sup>, or re-insurance, the sharing of risk with other insurers). Another major difference – which still needs to be proved - is based on the assumption that bankers have much less interest in micro customers than insurers for two reasons. Firstly, risk pooling among a large number of small contributors is better than a small number. Secondly, an insurer mobilizes funds (and does not risk its capital by giving loans), but to what extent and in which way he returns these funds depends entirely on him.

Let's take having a closer look now at **the similarities between microfinance and microinsurance**. If we follow the history of microfinance and its regulation, we can assume a similar development (for microinsurance). Increasing amounts of donor and public funds are involved. Outreach and sustainability are gaining public interest. With more professionalisation, these issues are becoming closely linked to, if not dependent on, formalisation and with it regulation and supervision. The strongest argument in favour of formalisation is the mobilization of deposits (and to some extent, expansion). In other words, if an institution starts mobilising funds from the public, prudential regulation and supervision is a must for safeguarding deposits and ensuring the stability of the institutions and the financial system.

If this rule is applied to microinsurance, there is no doubt that as soon as an insurer mobilizes funds from the public, the government should ensure their safety. An exception in microfinance has always been that small member-based institutions, like the credit unions or village banks, can mobilize funds without government supervision, as long as they remain member-based. In these cases, it is assumed that members are able to analyse the risk of their investment and they can supervise the institutions' business behaviour themselves. With this kind of institution, members often receive insurance services whilst saving and borrowing. From the point of view of industry, it makes no sense to establish a costly regulatory framework for countless small institutions. Besides, they do not threaten the soundness and credibility of the financial system. Regardless of their weaknesses (weak management, sometimes closure), in many remote places of the world this type of institution is often the only choice for lower-income households.

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<sup>23</sup> Underwriting is the process of selecting risks for insurance and determining in what amounts and on what terms the insurance company will accept the risk.

Other similar features, which are valid for both microfinance and microinsurance, can be found in the target group, the supply side and the framework conditions, for example:

- ◆ The clients live in poorer urban, or remote areas; have high fluctuations in their cash-flow (no stable income); it is necessary to explain the service to them; they must be protected (illiterate or semi-literate with limited access to information). In addition, the delivery cost is high due to the small amounts and high volumes.
- ◆ The supply or institutional side: Emerging institutions have little or no experience and weak systems, coupled with relatively little experience in complying with regulations. Mutual organisations and NGOs are often weak. Some commercial institutions are interested in down-grading operations to suit a new type of clients. However, the private sector is generally reluctant to invest because the target group is not known and considered risky, and regulations are not favourable for micro services.
- ◆ Governments are concerned with the development aspect but have limited know-how. A conducive policy framework or strategy lacking or deficient. Regulatory bodies are weak.

These similarities are valuable for the development of microinsurance in general, and also for the discussion on its regulation and supervision.

## 2. Lessons from the Regulation and Supervision of Microfinance

Despite the similarities of the two fields, it has to be recognized that microfinance and microinsurance are two entirely different businesses with different features such as risk structure, systems, technical capacities, requirements and procedures. However, it may be worth the effort of analysing in detail which lessons from microfinance are relevant for the regulation (and supervision) of microinsurance.

The following chapter can only briefly highlight some lessons drawn from the field of regulation and supervision of microfinance. These points, and their potential relevance for microinsurance must be further analysed.

### Type of Institutions

- (1) **Not all institutions have to be, or can be regulated.** While some are regulated institutions, others can exist “off the radar” as long as they only offer services to their members. There must be a clear conceptual division between regulated and non-regulated institutions. To supervise all of them would go beyond the capacity of a supervisory authority, and its cost would not be justifiable or logical.<sup>24</sup>

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<sup>24</sup> The cost of becoming a regulated institution (initial and permanent investments) is considerable relative to the small business volume. Costs refer to the establishment of the regulatory framework and supervisory systems, as well as to the internal changes in the microinsurance institutions.

- (2) The results of the debate on whether **large or small institutions** are “the solution” show that both are feasible instruments. However, it is also clear that investments in many small and scattered institutions cannot build sustainable institutions and guarantee coverage.

### **Capital and Permitted Operations**

- (3) The required capital and the range of permitted operations when creating a new tier for smaller institutions serving low-income households are crucial points. Institutions in a lower tier (with lower requirements) are subject to restrictions in their scale of operations.

### **Benefits of Supervision**

- (4) Prudential supervision can lead to increased access to external funding, more professionalisation, higher quality services and expansion. Self-supervision schemes have not been successful. They suffer from a conflict of interests and enforcement problems. Likewise, supervision from investors or donors is limited.

### **Process of Introducing Adapted Regulations for Microbusiness**

- (5) The development of an adequate regulatory framework (including supervisory mechanisms) takes years and requires considerable support. The Government must be committed to it and guarantee political support and funds. Likewise, donors must be willing to technically support and co-finance its establishment. Other stakeholders, especially the practitioners and sector institutions (apexes), should be included when the framework is designed.
- (6) Positive conditions in the environment favour the establishment of a regulated sphere. These conditions include a favourable macro-economic environment with growth and low inflation (to allow the population to create reserves and invest them); a commercial sector that is restructured and reformed (to guarantee that the regulatory authority has room for new challenges); a significant number of service providers who are willing to become regulated institutions (so that the establishment of a lower tier makes sense); and a concept (micro-credit, microinsurance) accepted by the government and the population.

### **Regulators**

- (7) Regulatory authorities treat the subject as low-priority because of pressure to restructure existing commercial institutions, their high number and remoteness, and the different client base of the micro-providers. In addition, it is a new issue for them.

To conclude this chapter, it may also be worth looking at some of the **basic principles for the regulation and supervision of microfinance:**<sup>25</sup>

- ◆ Don't regulate what you cannot supervise.
- ◆ Deposit mobilisation requires prudential supervision and adequate capital.
- ◆ Microfinance is a line of business and can be implemented by various types of service providers.
- ◆ Effective regulation and supervision require sufficient capacity on the side of the supervisor.
- ◆ Careful design of a regulatory framework takes time and financial resources.

It seems that these principles are can also be applied to microinsurance.

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<sup>25</sup> Basic Principles in Microfinance drawn from Hannig/Katimbo, Kampala 2000.

### Annex 3: Issues to be Clarified

- (1) Conduct further analysis of regulatory frameworks and regulators with regard to**
  - ◆ the type of institutions they favour
  - ◆ how adequate the regulations are in terms of motivating microinsurance provision
  - ◆ how adequate the regulations are in terms of safeguarding microinsurance clients
  - ◆ regulators' know-how and capacities
- (2) Define pre-conditions for the development of microinsurance regulations in a specific country, e.g.**
  - ◆ Framework conditions must be conducive
  - ◆ Political awareness and support from the government, and the active involvement of the regulator must be guaranteed
  - ◆ A critical number of microinsurance providers must exist
  - ◆ Donor support must be available
- (3) Establish a detailed analysis on the legal impediments, and loopholes of microinsurance provision at the different levels (with practical examples) for**
  - ◆ village-based microinsurance schemes
  - ◆ cooperative-like forms of microinsurance schemes
  - ◆ agents and brokers
  - ◆ MFIs as insurance providers or agents
  - ◆ re-insurance
  - ◆ commercial insurers' involvement
  - ◆ massive expansion
  - ◆ exceptions provided by certain insurance regulators
- (4) Clarify how informal microinsurance schemes can be incorporated into the regulated sphere**
  - ◆ Motivation of informal microinsurance providers to come under insurance regulation
  - ◆ Formalizing after some years of operating as an informal insurer
  - ◆ Establishing a lower tier of regulated insurers



## **Annex 4: Recommendations for GTZ<sup>26</sup>**

**(1) Improve overview on the regulatory side of MI by carrying out additional desk studies and field research**

- a. Draw on regulatory information
  - ◆ from “Good and bad practices case studies” (ILO/GTZ)
  - ◆ other sector studies
  - ◆ small case studies to be established by GTZ projects (e.g. Bolivia, Uganda)
- b. Carry out case studies in selected countries according to the following criteria:
  - ◆ significant number of relevant microinsurance practitioners and/or pilot projects
  - ◆ contacts in place (ILO, GTZ or others)
  - ◆ partner organisation(s), government and/or regulators interest
  - ◆ no duplication of efforts

**(2) Contribute to the expert discussion on the regulation of microinsurance**

- a. Circulate the present study among experts and ask them to share their opinion (beyond the MI working group)
- b. Organize a virtual conference on regulatory issues with the CGAP WG group
- c. Organise a high level policy seminar for selected key stakeholders
- d. Include the IAIS and the Financial Stability Institute (FSI) in the expert discussion
- e. Integrate the subject of MI regulation in conferences on MI and MFI

**(3) Deepen the analysis of lessons from the regulation and supervision of micro-finance for microinsurance**

- ◆ Organize a workshop to analyse these lessons

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<sup>26</sup> The recommendations were discussed in the framework of the CGAP WG in June 2004. As a consequence, some of them were accepted and also, included in this document.



## Annex 5: Insurance Sector Studies Including the Regulatory Framework

Nº	Country	Title of Study	Institution, Authors, Contact	Date
1	Namibia Botswana South Africa Lesotho Swaziland	Making insurance markets work for the poor in South Africa, Botswana, Namibia, Lesotho and Swaziland	FinMarkTrust/GENESIS Genesis: Doubell Chamberlain doubellc@genesis-analytics.com FinMarkTrust: Jeremy Leach	December 2003
2	Sri Lanka	Insurance Sector Study	GTZ svenja.paulino@gtz.de	January 2004
3	Cambodia Bangladesh South Africa		Calmeadow/ Ford Foundation	
4	Vietnam		ILO	1 <sup>st</sup> Draft October 2003
5	Ghana		CARE and others Michael McCord	
6	Peru		ILO-GTZ Best Practices Case Studies	November 2003
7	India		ILO-GTZ Best Practices Case Study/Prestudy	
8	Bolivia	demand analysis feasibility study	Centro AFIN for Interamerican Development Bank	December 2003
9	Georgia		KfW, M. McCord	January 2004
10	Uganda		dto.	April 2004



## Annex 6: Literature Used

N°	Title	Publisher/Author(s)	Place, Date	Remarks
1	Social Re-Insurance A new Approach to Sustainable Community Health Financing	WB and ILO Social Re David M. Dror, Alexander Preker	Washington Geneva 2003	pages 90–100 (MFI and MII) pages 267–277 (regulation)
2	How Adverse Selection Affects the Health Insurance Market	Harvard School of Public Health Paolo Belli	Boston	
3	Health Insurance in India, Prognosis and Prospectus	Economic and Political Weekly Randall, P. Ellis, Moneer Alam, Indrani Gupta	22-01-2000	Article
4	An overview of insurance product development within the Opportunity International Network	Opportunity International Technical services Divison Richard Leftley	2002	
5	A Cautionary Note for Microfinance Institutions and Donors Considering Developing Microinsurance Products	MBP/DAI Warren Brown, Collen Green, Gordon Lindquist	December 2000	regulation Page 12, and 23-24
6	Microinsurance in Uganda: A Case Study of an Example of the Partner-Agent Model of Microinsurance Provision	AIG/FINCA Group Personal Accident Insurance Michael McCord, Leonard Mutesasira, Peter Mukwana, Alex Sekiranda	Kenya December 2000	
7	Roundtable on Micro-insurance Services in the Informal Economy: The Role of Microfinance Institutions	The Ford Foundation, and UNCDF Alessandra Del Conte	New York 21-7-2000	
8	Summary of discussion: USAID MBP Virtual Conference on Microinsurance	USAID/MBP Warren Brown and M. McCord	October 2000	
9	Improving the Social Protection of the Urban Poor and near-Poor in Jordan	GDI M. Loewe, J. Ochtrop, Ch. Peter, A. Roth, M. Tampe, A. Türkner	Bonn 10-2001	
10	The Third Way in Social Protection Promoting risk-managing groups	GDI Markus Loewe	Bonn 10-2002	
11	Re-insurance: The ICMIF Experience	ICMIF Sabbir Patel		

Nº	Title	Publisher/Author(s)	Place, Date	Remarks
12	Microinsurance: The Risks, Perils and Opportunities – a Guide through the Questions to address before Developing a Product	SED Journal Warren Brown	March 2001	Page 18 and 19 (regulatory compliance
13	South African Micro-insurance Case-Study	ILO and SEED Michael Aliber	February 2001	Relevant Document for Regulation
14	Making Insurance Work for Microfinance Institutions: A Technical Guide to Developing and Delivering Micro-insurance	ILO Craig Churchill, Dominic Liber, Michael J. McCord, James Roth	2003	Page 58-60 dedicated to regulation
15	Preliminary Donor Guidelines for Supporting Microinsurance	CGAP Working Group on Microinsurance	October 8, 2003	
16	How to Regulate and Supervise Microfinance – Key Issues in an International Perspective	FSD Uganda A. Hannig, E. Katimbo	Kampala, 1999	
17	Microinsurance: A Case Study of an Example of the Provider Model of Microinsurance Provision; GRET Cambodia	Microinsurance Centre and MicroSave-Africa M. McCord	Kenya January 2001	Page 4, regulatory framework of Cambodia
18	Providing Insurance to Low-Income Households Part I: A Primer on Insurance Principles and Products	MBP/DAI CALMEADOW Warren Brown Craig Churchill	November 1999	page 50 - 52
19	Insurance Provision in Low Income Communities Part II: Initial Lessons from Micro-Insurance Experiments for the Poor	MBP/DAI Warren Brown Craig F. Churchill	May 2000	pages 75 – 78 on regulation
20	Microinsurance Centre Briefing Note # 1 The Lure of Micro-insurance: Why MFIs Should work with Insurers	Microinsurance Centre Michael J. McCord		
21	Microinsurance Newsletter N° 1: Improving risk management for the poor	CGAP Microinsurance Working Group	August 2003	

Nº	Title	Publisher/Author(s)	Place, Date	Remarks
22	IAIS/OECD Insurance Supervisory Seminar for Asian Countries	IAIS	Basle, February 8, 1999	
23	BIS Review 44/2002: Best practices in insurance regulation	BIS speeches Lee Hsien Loong	Singapore	
24	Reinsurance and microinsurance: FAQ	ICMIF M. J. McCord	2002	
25	Insights for Implementers: Improving the Access to maternal Health Care through Insurance	Parters for Health ReformPLUS PHRplus	June 2003	
26	India: The regulatory and legal environment, Appendix c	From a Rabobank Study		
27	Elements of the South African Financial System	SA Financial Sector Forum (FSF) NN	From website	
28	Financial reform in South Africa	FSF H.B. Falkena		
29	Micro-insurance in developing countries	Inptropolis P. Pierik, F. Dekkers Communicatie	April 2003	Booklet on Sri Lanka and Philippines mutual insurance schemes
30	Orientation manual on Micro-Insurance for Microfinance Institutions	Friends of Women's World Banking (FWWB)	India, Oktober 2001	
31	Risk Management and Insurance Risk, Poverty and Insurance: Innovations for the informal Economy	Financial Sector Development Department World Bank	September 6, 2000	Powerpoint presentation (Weaknesses of insurance schemes promoted by MFIs