
GOVERNMENT NOTICE No. 34.

INSURANCE ACT

(Cap 47:01)

INSURANCE (INCLUSIVE INSURANCE) DIRECTIVE, 2019

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IN EXERCISE of powers conferred by section 79 (3) of the Insurance Act, I, Dr. DALITSO KABAMBE, Registrar of Financial Institutions, issue this Directive—

PART I—PRELIMINARY

Citation 1. This Directive may be cited as the Insurance (Inclusive Insurance) Directive, 2019.

Interpretation 2.—(1) In this Directive, unless the context otherwise requires—

“bundled inclusive insurance product” means an inclusive insurance product that combines life and general insurance product features in one package with the aim of offering convenience and potential cost savings to the consumer;

“distributor” means an institution or person appointed by an inclusive insurer to handle the sales and servicing of inclusive insurance policies but does not necessarily produce the inclusive insurance products, or retain the risk of the inclusive insurance policies;

“distribution channel” means a method of insurance delivery to a target market;

“low income household” means the low income earning segment of the population working independently or in the formal or informal sector to earn a living;

“incurred but not reported (IBNR) claims reserve” means a reserve for claims incurred but not reported at the reporting date;

“insurer” has the same meaning as defined in the Act;

“inclusive insurance” means general or life insurance designed to be accessible to and targeted at low income households and where the risk insured is managed based on insurance principles and funded by premiums;

“inclusive insurance policy” means an insurance policy sold under a plan which has been specifically approved by the Registrar as an inclusive insurance product;

“inclusive insurance product” means an insurance product designed for low income households in relation to cost, terms, coverage, benefits and delivery mechanism;

“inclusive insurer” means an insurer licensed or authorized by the Registrar to underwrite inclusive insurance business;

“outstanding claims reserve (OCR)” means a reserve held in respect of payments due and claims expenses in respect of claims that have already been incurred and reported but have not been settled;

“technical reserves” means the total reserves determined by an insurer in accordance with this Directive, and may be gross reserves or net reserves;

“third party administrator” means a party outside the original contracting parties of the insured and the insurer that handles the administrative function of the insurance transaction; and

“unearned premium reserves (UPR)” means the part of premium written that is corresponding to the period remaining on an insurance policy contract.

(2) Any term used in this Directive, and which has been defined in the Act has the meaning ascribed to that term under the Act.

3. Directive applies to all financial institutions licensed to carry out inclusive insurance business. Application

PART II—OBJECTIVES

4. The objectives of this Directive are to— Objectives

(a) provide minimum standards for the conduct of inclusive insurance business in Malawi;

(b) establish duties and responsibilities of inclusive insurance operators;

(c) establish general features of inclusive insurance;

(d) promote consumer protection; and

(e) facilitate financial inclusion.

PART III—LICENSING

Licensing of
inclusive
insurance
operator
Cap. 44:05

5.—(1) A person shall not carry out inclusive insurance business unless he is licensed or authorized by the Registrar under the Act and the Financial Services Act.

(2) An application for a licence to carry out inclusive insurance business under the Act shall be made in the form prescribed in the First Schedule hereto.

(3) An applicant for a licence to carry out inclusive insurance business shall submit completed and signed application forms and all supporting documents to the Registrar either electronically or in printed copies.

Eligible
inclusive
operators

6.—(1) In this Directive, unless otherwise stated, the following shall be eligible inclusive insurance operators—

(a) a financial institution licensed under the Act and the Financial Services Act to provide inclusive insurance; and

(b) general and life insurance companies licensed under the Act and the Financial Services Act.

Cap. 44:05

Cap. 44:05

(2) In this Directive, unless otherwise stated, the following shall be eligible inclusive insurance service providers—

(a) distributors or distribution channels;

(b) insurance brokers and agents licensed under the Act; and

(c) third party administrators.

Provision of
inclusive
insurance
business

7.—(1) A licensed general or life insurance company intending to provide inclusive insurance business shall—

(a) set up a distinct unit to handle inclusive insurance business;

(b) appoint a principal officer who shall be a chartered at least five years of insurer or a senior insurance officer with experience at managerial level in a technical department of an insurance company to manage the inclusive insurance unit; and

(c) seek the Registrar's approval to underwrite inclusive insurance products.

(2) A financial institution intending to provide inclusive insurance business shall—

(a) be licensed by the Registrar in accordance with licensing guidelines on inclusive insurance;

(b) appoint a principal officer who should be a chartered insurer or at least five years' as senior insurance officer with experience at managerial level in a technical department of an insurance company; and

(c) have an appropriate management information system for the inclusive insurance business.

(3) An inclusive insurance service provider shall be appointed by an inclusive insurer evidenced by a service level agreement or letter of appointment.

PART IV—PRUDENTIAL STANDARDS

8.—(1) The minimum paid up capital of an inclusive insurer shall be three hundred million Kwacha. Minimum capital and solvency

(2) An inclusive insurer shall maintain a minimum core capital of eighty percent of the minimum paid up capital.

(3) An inclusive insurer shall be deemed to have sufficient margin of solvency if—

(a) it has a solvency ratio of not less than one hundred percent being the percentage that admitted assets bears on total liabilities; and

(b) the value of the core capital of the inclusive insurer is not less than two hundred and forty thousand Kwacha.

(4) Core capital and solvency ratio for an inclusive insurer shall be calculated in line with the Second Schedule attached hereto.

(5) The Registrar may direct an inclusive insurer to maintain a higher minimum paid-up capital, core capital, or solvency ratio.

9. The Registrar may require the inclusive insurer to take catastrophe reinsurance cover for specific products. Reinsurance

10. An inclusive insurer shall at a minimum maintain the following technical reserves— Reserving

(a) unearned premium reserve;

(b) outstanding claims reserve; and

(c) incurred but not reported claims reserve.

11.—(1) The inclusive insurer shall determine unearned premium reserve (UPR) by using the 1/365th method. Determina-
tion of
technical
reserves

(2) The inclusive insurer shall determine outstanding claims reserve (OCR) by—

(a) providing full known amounts of all outstanding claims; and

(b) reasonably estimating all reported claims whose amounts are not yet known to the insurer.

(3) The inclusive insurer shall determine IBNR claims reserve by—

(a) using an actuarial calculation method that takes into historical claims experience;

(b) using a percentage of outstanding claims at the valuation date, and the applicable rate of not be less than twenty-five percent; or

(c) using any other method approved by the Registrar.

(4) Where an inclusive insurer adjusts for reinsurance credits and offsets when calculating its technical reserves, the inclusive insurer shall also establish reinsurance recoveries reserve of at least seven percent of net reinsurance recoveries where the latter is positive.

(5) Where the Registrar has reason to believe that the technical reserves of an inclusive insurer are insufficient, having regard to the business and risk profile of the inclusive insurer, the Registrar may recommend to the inclusive insurer a reserve amount or additional reserves.

(6) The inclusive insurer who fails to maintain sufficient technical reserves as required by this Directive is liable to an administrative penalty.

(7) An inclusive insurer who deliberately understates technical reserves is liable to an administrative penalty.

Investment 12. An inclusive insurer shall at all times hold short term investment assets of not less than the aggregate amount of the inclusive insurer's technical reserves.

Supervision of inclusive insurers
Cap. 44:05 13.—(1) The Registrar may periodically or at his discretion examine or cause to be examined the business of any inclusive insurer in order to determine whether the inclusive insurer is in a sound financial condition and complies with the requirements of this Directive or the Act, the Financial Services Act or any other Act relevant to its inclusive insurance business.

Cap. 44:05 (2) The Registrar may, at any time, inspect the office and records of any inclusive insurance service provider in order to determine whether the inclusive insurance service provider is operating in compliance with the requirements of this Directive or the Act, the Financial Services Act or any other Act relevant to inclusive insurance business.

PART IV—MARKET CONDUCT

Premium payment 14.—(1) Insurance premium paid to a distributor in respect of inclusive insurance business transacted through the distributor shall be deemed to be premium paid to the inclusive insurer involved in the transaction.

(2) Where policy document has not been provided, receipt of premium payment shall be regarded as evidence of an inclusive insurance contract.

(3) The insurance premium shall be fixed at the start of the contract and shall not be changed during the contract period.

Settlement of claims 15.—(1) An inclusive insurer shall process and settle an inclusive insurance claim within three working days from the date of receipt of complete documentation of the claim.

(2) The inclusive insurer may settle claims through a distributor.

(3) The inclusive insurer shall, where claims are settled through a distributor, put in place credible mechanism to ensure that the claims are promptly remitted to the beneficiary.

(4) The inclusive insurer shall put in place a claims policy which sets out the processes for settling claims

(5) The inclusive insurer shall clearly outline the documents required on processing and settlement of the claim at the inception of an inclusive insurance policy.

16.—(1) An inclusive insurer shall, prior to appointing a distributor, execute a service level agreement. Service level agreement

(2) The service level agreement shall contain the following minimum requirements—

- (a) rights and obligations of either party;
- (b) premium collection and remittance clause;
- (c) claim settlement clause;
- (d) commission payment;
- (e) records management;
- (f) know your customer clause; and
- (g) any other requirement as may be prescribed by the Registrar.

(3) The inclusive insurer shall submit to the Registrar a copy of the service level agreement for approval.

(4) The inclusive insurer shall be held liable for the conduct of the other parties to the service level agreement.

17.—(1) An inclusive insurer shall put in place policies and procedures for quick and effective settlement of complaints by clients. Complaints handling

(2) The inclusive insurer shall resolve a complaint made by a client within five working days from the date of receipt of the complaint.

(3) The inclusive insurer shall submit quarterly report to the Registrar in respect of complaints filed against the inclusive insurer or distributor including status of the complaint and how it was resolved.

18.—(1) An inclusive insurer shall—

(a) ensure that inclusive insurance products are simplified for clients to understand the product and associated benefits;

(b) ensure that inclusive insurance policies have simplified terms, with no complex formulas or calculations, and limited to one page;

(c) ensure that clients are made aware of their rights, responsibilities, recourse mechanism and renewal procedures;

(d) disclose the following to the client—

- (i) product features;
- (ii) premium amount;
- (iii) cover period;
- (iv) exclusions;

Consumer protection

- (v) terms and conditions;
 - (vi) rights and responsibilities;
 - (vii) information on the inclusive insurer;
 - (viii) claims handling processes and procedures;
 - (ix) commission payable; and
 - (x) dispute resolution and recourse mechanism;
- (e) ensure that disclosures in (d) above are—
- (i) made in a legible and consistent font;
 - (ii) written with an option of a helpline for verbal clarification;
 - (iii) made before the contract has been signed; and
 - (iv) made in a language that is understandable by the client; and
- (f) ensure that all proposal forms contain a declaration to be signed or accepted electronically by the client that the terms and conditions of the contract have been explained and understood by the client.

(2) The inclusive insurance contract may be signed or accepted electronically or in printed form.

(3) The inclusive insurer shall set up a call centre as helpline for verbal clarification and to communicate with clients.

Know your customer

19. An inclusive insurer shall conduct basic “know your customer” exercise on the insured in order to minimize the risk of fraud.

PART VII—INCLUSIVE INSURANCE PRODUCTS

Product approval and features

20.—(1) An inclusive insurer shall obtain prior written approval of the Registrar before launching an inclusive insurance product.

(2) The inclusive insurance product shall at a minimum have the features stipulated in the Third Schedule of this Directive.

(3) An inclusive insurer shall be allowed to offer a bundled inclusive insurance product.

(4) An inclusive insurer shall be allowed to use the following distributors to reach potential inclusive insurance consumers—

- (i) cooperatives societies;
- (ii) microfinance institutions;
- (iii) Non-Governmental organizations;
- (iv) postal agencies;
- (v) mobile network operators;

- (vi) insurance brokers or agents;
- (vii) health service providers;
- (viii) retail shops or supermarkets;
- (ix) farmer organizations or clubs;
- (x) faith based organizations; and
- (xi) any other distributor as approved by the Registrar.

21. Notwithstanding other Directives made by the Registrar, the cooling off period for inclusive insurance policies shall be as stipulated in the Third Schedule hereto. Cooling off period

PART VII—REPORTING

22.—(1) An inclusive insurer shall, within twenty-five working days after the end of each quarter, submit to the Registrar a return in the format prescribed in the Second Schedule of this Directive. Submission of information to the Registrar

(2) The inclusive insurer shall, within three months after the close of the financial year, submit to the Registrar a copy of its annual audited financial statements.

(3) The inclusive insurer shall also submit the following information to the Registrar—

- (a) type and number of training programs conducted for distributors and low income households;
- (b) number of distributors that attended the training courses; and
- (c) number of education, promotional activities and formal presentations for low income households.

(4) The inclusive insurer shall submit a report on complaints received, handled and outstanding to the Registrar on a quarterly basis.

(5) A third party administrator shall submit to the Registrar a quarterly return in a format prescribed by the Registrar.

PART VIII—CORPORATE GOVERNANCE

23. An inclusive insurer shall have a risk management framework commensurate with the risk profile of its inclusive insurance business. Risk Management

24. An inclusive insurer shall, subject to the approval of the Registrar, appoint the following responsible officers— Suitability of responsible persons

- (a) Board members;
- (b) chief executive officer or equivalent;
- (c) principal officer;
- (d) chief finance officer;
- (e) head of operations; and
- (f) external auditor.

Senior management 25. Senior management of an inclusive insurer shall, at a minimum, comprise the following officers—

(a) chief executive officer or equivalent; and

(b) two other senior management officers such as chief finance officer and head of operations or their equivalent.

PART IX—ENFORCEMENT

Monetary penalties 26.—(1) Where the Registrar determines that an inclusive insurer has not met the requirements or has contravened the provision of this Directive, the Registrar shall impose the following monetary penalties for violations of this Directive—

(a) for inclusive insurers, up to ten million Kwacha;

(b) for natural persons who are members of the Board of directors or management, up to two million Kwacha; and

(c) in addition, a penalty of fifty thousand Kwacha may be imposed on the institution for each subsequent day for which the violation continues after being notified as stipulated.

(2) The inclusive insurer or natural person shall pay the penalty in subparagraph (1) through a bank certified cheque payable to the Registrar of Financial Institutions within ten working days after being notified of the violation.

FIRST SCHEDULE

(para 5)

APPLICATION FORM FOR A LICENCE TO CONDUCT INCLUSIVE INSURANCE BUSINESS

(FINANCIAL SERVICES ACT AND INSURANCE ACT)

INTRODUCTION

1. The requirements specified under the Financial Services Act, Insurance Act and the Guideline on the application for a licence to conduct inclusive insurance business must be observed in preparing and completing this Form.
2. In addition to the information expressly requested in this document, any further material information necessary to make the application complete must be furnished.
3. Any false or misleading information or omission of material fact will constitute grounds for any of the following: rejection of application, withdrawal of licence granted or imposition of administrative penalties or fines as stipulated under the Financial Services Act.
4. The following must be submitted along with the application form—
 - (a) copy of certificate of incorporation;
 - (b) copy of Memorandum of Association;
 - (c) copy of articles of association;

-
- (d) strategic business plan;
 - (e) organizational structure;
 - (f) copies of service level agreements, including information and communication technology;
 - (g) copy of product pricing structure;
 - (h) copies of audited financial statements for the past 3 years for shareholders;
 - (i) operational manuals;
 - (j) letters of appointment of proposed senior management and their written acceptance;
 - (k) copy of letters of tentative appointment of auditors;
 - (l) contact details of regulatory authorities in all other jurisdictions in which the applicant may already be conducting, or may have conducted insurance business in; and
 - (m) a non-refundable licence assessment fee of K500,000.00 in the form of a bank certified check payable to "Registrar of Financial Institutions".
5. Enquiries concerning the preparation, completion, and status of this application should be made to—
- The Director,
Financial Sector Regulation Department,
Reserve Bank of Malawi,
P.O. Box 565, Blantyre,
Malawi.
Tel. 01 820 444
Email—fsrusers@rbm.mw
6. Completed application forms and all attachments must be submitted to—
- The Registrar of Financial Institutions,
Reserve Bank of Malawi,
P O Box 30063,
Capital City,
Lilongwe 3,
Malawi.

SECTION I—APPLICANTS DETAILS

1. NAME OF APPLICANT

(Please put exact name as it appears in the certificate of incorporation)

2. DATE AND PLACE OF INCORPORATION

(Please provide copy of certificate of incorporation)

3. POSTAL ADDRESS

4. REGISTERED OFFICE ADDRESS

5. PROPOSED PHYSICAL ADDRESSES OF OTHER OFFICES (BRANCHES)

6. CONTACT TELEPHONES NUMBERS

7. FAX NUMBER

8. E-MAIL ADDRESS

SECTION II—SHAREHOLDING

1. Please state the number of shares and value in Kwacha of the share capital as follows—

Authorized share capital	
Issued share capital	
Paid up capital	

2. Please give the names of individuals or institutions holding ordinary share capital of the company, indicating their address, nationality, number of shares held and percentage owned—

Name	Address	Nationality	No. of Shares	Corporate/ Individual	Percentage

3. Please give the names of beneficial owners of nominee shareholding of at least 10 percent of the ordinary share capital of the applicant company.

Name	Address	Nationality	No. of Shares	Percentage

4. Please list below any of the applicant's shareholders (corporate and non-corporate) licensed to carry on or propose to carry on any type of financial services activity:

Name of shareholder	Nature of activity

5. Please list any entity in which the applicant has shareholding, stating the value of the shares and the percentage of shareholding held—

Name of company in which shareholding is held	Value of share	Percentage of shareholding

SECTION III

MANAGEMENT, RELATED PARTIES AND AFFILIATES OF THE APPLICANT

1. Please provide the name of the proposed principal officer (attach curriculum vitae):

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2. Please provide the following details of Board of Directors of the proposed company

Name	Postal address	Physical address	Occupation	Date of appointment	Nationality	Percentage shareholding

3. Is the proposed company or any of its directors affiliated to any financial institution?

Name of Directors	Name of Company	Interest in company	Industry

4. Has the applicant or any of its affiliates, directors/promoters or any of their affiliates been denied registration, suspended or deregistered from membership of any government agency or self regulatory organization? If Yes, please give details:

5. Please indicate any arrangements whether legal or not made by any director and any of the shareholders in terms of the responsibility of the directors.

6. Has the applicant or any of affiliates operated under and carried on business under any name other than as shown in this application? If Yes, please specify the name(s):

7. Has the applicant or its investors or directors or top management, associates or any of its affiliates compromised debts or failed to honour legitimate obligations as and when due? If yes, please give details

8. Has the applicant or its investors, or directors or top management or associates or any of its affiliates paid all taxes?

9. Has the applicant or the directors or top management or associates or any of their affiliates been subject to any bankruptcy or winding-up order or receivership arrangement? If Yes, please give details

10. Has the applicant or its investors or directors or top management or any of its affiliates ever been involved in financial mismanagement? If Yes, please give details.

11. Has the applicant or its investors or directors or top management or any of its affiliates been involved in any litigation within 10 years preceding this application, with regards to—

- (a) any registration or licence?;
- (b) its conduct in the financial services industry?;
- (c) any offence relating to the code of conduct of the business of a financial institution?;
- (d) any criminal offence?;
- (e) any civil liability?

12. Where the answer to any of the items in (11). is 'Yes', please give details

13. Has the applicant or its investors or directors or top management or any of its affiliates ever been subject to an investigation in Malawi or elsewhere by or at the instance of any government agency, professional association or any regulatory authority? If yes, please give details:

SECTION IV—OPERATIONAL ISSUES

1. Please provide list of products that the inclusive insurer will be offering.

2. Please provide details of the external auditor for the inclusive insurer

3. Please provide details of the management information systems to be used by the company.

SECTION IV—OTHER INFORMATION

Please indicate any arrangements whether legal or otherwise made between any director and any of the shareholders in terms of the responsibility of the directors;

[Empty rectangular box for arrangements]

CONTACT DETAILS

Please provide contact details of the person formally designated by the applicant to act on its behalf on matters connected to the application—

Name

[Empty rectangular box for Name]

Address

[Empty rectangular box for Address]

Telephone number

[Empty rectangular box for Telephone number]

Email address

[Empty rectangular box for Email address]

SECTION V—DECLARATION

I/We.....

.....

Name (s) in full

Make oath and state as follows—

- (a) That I/We am/are a Director/Officer of the Company;
- (b) That I/We am/are duly authorized by the employer to sign this application;
- (c) That the Directors and Senior Managers have never been involved in financial mismanagement in Malawi or elsewhere;
- (d) That the company will be adequately capitalized for the volume of its business at all times;
- (e) That I/We do hereby declare that to the best of my/our knowledge and belief, all information contained and all other matters set forth in the supporting attachments are correct and conscientiously believe the same to be true by virtue of the Malawi Oath and Affirmation Act, Chapter 4:01; and

(f) That I/We have enclosed the appropriate application fees as stipulated by the Registrar of Financial Institutions.

.....

SWORN at the this Day of 2019

BEFORE ME

.....

COMMISSIONER FOR OATHS

SECOND SCHEDULE

(para 8, and 22)

KEY PERFORMANCE INDICATORS REPORTING TEMPLATE

Inclusive Insurance Prudential KPI Data Requirements		
Profit/Loss Statement	Formula (in line numbers)	Values as at the end of the calendar year
Revenue:		
Premium		
1. Written premium		0
2. Change in direct unearned premium reserve (UPR)		0
3. Direct Earned Premium	(1)+(2)	0
4. Investment income		0
5. Other income		0
6. Total Revenue	(3)+(4)+(5)	0
Claims and Expenses		
Claims		
7. Direct claims and benefits paid		0
8. Change in direct IBNR and Reported, but not paid Claims Technical Provisions		0

Inclusive Insurance Prudential KPI Data Requirements		
Profit/Loss Statement	Formula (in line numbers)	Values as at the end of the calendar year
9. Change in other technical provisions		0
10. Total Claims and Change in Technical Provisions	$(7)+(8)+(9)$	0
Expenses		
11. Acquisition costs (Distributor)		0
12. Service and administration costs (Distributor)		0
13. Administrative/Management fees		0
14. Other miscellaneous expenses		0
15. Reinsurance Expense:		
15. (a) Reinsurance premium ceded	0	
15. (b) Fees or commissions earned from reinsurer	0	0
15. (c) Claims recovered by reinsurer	0	0
15. (d) Change in all technical provisions ceded to reinsurer	0	
15. (e) Total Reinsurance expense	$(15a)-(15b)-(15c)+(15d)$	
16. Total Expenses	$(11)+(12)+(13)+(14)+(15e)$	
17. Total claims, change in technical provisions and expenses	$(10)+(16)$	
18. Net income	$(6)-(16)$	
Balance Sheet (for providers only offering inclusive insurance)		
Assets		
Admitted Assets		
19. Cash and cash equivalents		0
20. Investments easily converted into cash		0
21. Other admitted assets		0
22. Total admitted assets	$(19)+(20)+(21)$	0

Balance Sheet (for providers only offering inclusive insurance)	Formula (in line numbers)	Values as at the end of the calendar year
Non-Admitted Assets		
23. Total non-admitted assets		0
24. Total non-admitted assets	(23)	0
25. Total Assets	(22)+(24)	0
Liabilities		
Technical Provisions		
26. Unearned premium reserve		0
27. IBNR and claims reported, but not paid		0
28. Other technical provisions		0
29. Total technical provisions	(26)+(27)+(28)	0
Other Liabilities		
30. Short term other liabilities (<3 months)		0
31. Longer term other liabilities (>3 months)		0
32. Total other liabilities	(30)+(31)	0
33. Total liabilities (Technical Provisions and Other Liabilities)	(29)+(32)	0
Equity		
34. Share capital		0
35. Retained earnings		0
36. Contingency reserves		0
37. Other capital accounts		0
38. Total equity	(34)+(35)+(36)+(37)	0
39. Total liabilities and equity	(33)+(38)	0
22. Check: Assets = Liabilities	(39)=(25)	TRUE

Market Conduct KPI Data		
	Values as at the end of the calendar year	
1. Number of renewals that actually occurred in the calendar year	0	
2. Number of potential renewals during the calendar year	0	
3. Number of active insured	0	
4. Total number in the defined target population	0	
5. Number of policies at the end of the year	0	
6. Number of policies at the beginning of the year	0	
7. Number of claims rejected	0	
8. Number of claims in the sample	0	
9. Claims Settlement Time	Number of Claims	Percentage of Total Claims
9. (a) Less than 8 days	0	
9. (b) 8-30 days	0	
9. (c) 31-90 days	0	
9. (d) More than 90 days	0	
10. Total	0	

Inclusive Insurance Key Performance Indicators					
	Key Performance Indicator	Formula	II KPI Template Line Reference	Calculated Value	Benchmark
Prudential KPI's	Expense Ratio	Total Expenses	(16)/(3)		Less Than 25%
		Direct Earned Premium			
	Incurred Claims Ratio	Total Direct Claims, Benefits paid and Changes in Provisions	(10)/(3)		65% or higher
		Direct Earned Premium			
	Net Income Ratio	Net income	(18)/(3)		Not more than 10%
		Direct Earned Premium			

	Key Performance Indicator	Formula	Market Conduct KPI Template Line Reference	Calculated Value	Benchmark
	Market Conduct KPI's	Renewal Rate	Number of Renewals	(1)/(2)	
Number of Potential Renewals					
Coverage Rate		Number of Active Insured	(3)/(4)		Determined by the organization over time
		Size of defined Target Population			
Growth Ratio		Number of Policies at end of year-Policies at beginning of year	[(5)-(6)]/(6)		No Target – dependent on what the organization can support
		Number of Policies at beginning of year			
Promptness of Claims Settlement		Less than 8 days	9a		Average of 15 days or less, the less time the better unless justified by cultural elements.
	8-30 days	9b			
	31-90 days	9c			
	More than 90 days	9d			
	Total Claims Settled	10			
Claims Rejection Ratio	Number of Claims rejected	(7)/(8)		No target – this gives information on the product and processes	
	Number of claims in sample				
	Key Performance Indicator	Formula	II KPI Template Line Reference	Calculated Value	Benchmark
For providers that only offer inclusive insurance	Liquidity Ratio	Available Cash or Equivalents	(19)/(30)		>100% (but not too much bigger)
		Short Term Payables			
	Solvency Ratio	Admitted Assets	(22)/(33)		>100% but less than 250%
		Total Liabilities			

(h) right to monetary benefits	where benefits are offered in kind, the policyholders must be given the option, when claiming, of receiving a monetary benefit equal to the stated value of the in-kind benefit had it been provided.
(i) claim settlement	all valid inclusive insurance claims should be paid within a period of 3 working days after receipt of requisite documentation.
(f) grace period	(i) policies of period of cover of three months or more shall have a grace period of one month; and (ii) a claim submitted during the grace period may be reduced by the amount of any unpaid premium.
(k) target market	low income households.
(l) cooling off period	(i) cooling off period should not be less than 20 days and not exceed 30 days; and (ii) customer to be made aware of the cooling off period at the time of inception of policy.
(m) policy documentation	(i) policy wording must be in plain language which is simple and easy to understand; (ii) simple policy summary must be given to the customer electronically or otherwise; and (iii) policy and terms must be made available to the customer.
(n) bundling life and general products	bundling of life and general products is permitted.

Made this 14th day of June, 2019.

(FILE NO.: FIN/PFSPD/03/04)

DALITSO KABAMBE, PhD
Registrar of Financial Institutions



- (2) To qualify as inclusive insurance, products shall have the following features and standards—

(a) coverage and risks covered	<p>(i) policy to cover the insured and any or all of the following: an insured's spouse, children, parents and siblings; and</p> <p>(ii) risks covered to include—death, accident, injury or illness, fire, calamities/disasters/catastrophic events such as typhoon, earthquake, flood, and other convulsions of nature, casualty such as personal accident, and money security and payroll robbery); and other contingent events as may be determined by the Registrar.</p>
(b) risk-only	<p>(i) products to provide risk benefits only with no surrender value;</p> <p>(ii) risk benefits to cover against a particular risk event or combination of risk events;</p> <p>(iii) occurrence of the risk event to serve as trigger for a claim; and</p> <p>(iv) products shall not include savings component.</p>
(c) benefits provided on a sum assured basis	<p>benefits to be defined on a first loss or sum assured basis (First loss insurance refers to insurance that provides a defined benefit upon a defined event as opposed to indemnity insurance that indemnifies losses, that is, pays benefits according to the actual value of the loss suffered).</p>
(d) maximum contract term	<p>policies should have a contract term of up to but not exceeding 12 months.</p>
(e) no selective non-renewal within group policies	<p>policies are underwritten on a group basis inclusive insurance underwriters should not selectively cancel or refuse to renew individual policies within the group.</p>
(f) waiting periods	<p>(i) waiting periods shall not exceed three months;</p> <p>(ii) no waiting period for accidental deaths; and</p> <p>(iii) no waiting period for renewed policies.</p>
(g) restrictions on exclusions	<p>inclusive insurance policies shall have no exclusions for pre-existing conditions.</p>

THIRD SCHEDULE

(Para 20, and 21)

CRITERIA FOR APPROVAL OF NEW INCLUSIVE INSURANCE PRODUCTS

(1) All inclusive insurance products shall comply with the following SUAVE principles—

(a) simple	<ul style="list-style-type: none"> (i) products are offered and serviced in a manner that is easily understood by the target group; (ii) product features are self-explanatory such that minimal advice from intermediaries is needed; (iii) benefits, terms and conditions are straightforward with minimal exclusions and restrictions; and (iv) all disclosures, marketing materials and languages used respond to the target group's level of financial literacy.
(b) understood	the underwriting methods, procedures and coverage must be clear and unambiguous.
(c) accessibility	<ul style="list-style-type: none"> (i) premium contribution is affordable for the target group; (ii) distribution channel is accessible and approachable for the target group; (iii) product features and processes suit the target group's circumstances; and (iv) all processes including premium payment, policy renewal, claims and enquiries are easily accomplished by the policyholder.
(d) valuable	products and services are designed to meet the needs of clients, be beneficial, fair in price and coverage.
(e) Efficiency	<ul style="list-style-type: none"> (i) all processes are expedient and timely with particular focus on minimizing time to claims pay-out; (ii) back-office administration is simplified, streamlined and automated as much as possible; and (iii) the delivery/distribution channels must be convenient and effective to both the insurer and the policyholder.