

Factsheet on inclusive insurance

Mongolia: Ger, House and Fence insurance scheme by Monre Insurance

The challenge

Mongolia, a landlocked country in East Asia, has a population of 2.8 Million. Although half of the population is living in the capital Ulaanbaatar, a large number of people is still staying in traditional *gers*, a portable, round tent covered with skins or felt traditionally used as a dwelling by nomads. The “ger districts” in the periphery of Ulaanbaatar that also comprise some small houses serve as a home for about 1 million inhabitants, most of them from the low-income sector. The Mongolian dwellings are traditionally surrounded by a fence which has a high cultural meaning for the inhabitants since it marks their property.

Gers, houses and surrounding fences in the ger districts are highly vulnerable to flood and fire risks, with 210,000 residents living in an active flooding area. These low-income families do not have the financial means to cope with the severe flooding or fire events that threaten their livelihood.

Furthermore, most families have never received any financial education. They have no regular access to appropriate insurance products.

Enabling policies and regulations

In order to provide insurance for the low-income population, the Financial Regulatory Commission (FRC) of Mongolia promotes inclusive insurance products that are characterized by low premiums and simple policy terms. In 2014, the FRC issued the

Resolution 303 which was later included into Regulation 407. In both documents, the FRC defines inclusive insurance as “products of voluntary insurance which are intended to provide insurance coverage for every individual. An insurance contract’s wordings, terms and conditions should be easily understandable for individuals and the insurance premium should be affordable.” The regulation allows only up to five (5) exclusions and determines the claims payment to take place within ten (10) working days.

Insurance of gers, houses and fences

Based on the regulations on inclusive insurance, the privately owned company Monre Insurance developed a product that is targeted to the low-income sector. For instance, the annual premium for a ger is only USD 10 per year insuring risks of fire and flood of up to USD 4,000.

Product	Amar (now called EASY) Insurance of gers, houses and fences		
Insurance Item	Ger	House	Fence
Insurance Risk	Risks of fire and flood		
Sum insured	MNT 2,000,000	MNT 8,000,000	MNT 1,000,000
Insurance Premium	MNT 20,000	MNT 50,000	MNT 5,000

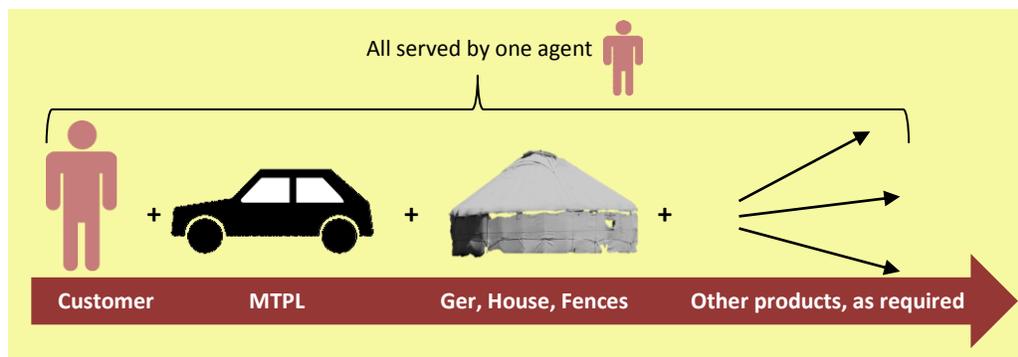
Note: 1 USD = 2027 MNT

When it comes to distribution, Monre follows a “personal line of business approach” offering all products by one single agent and thus building up a



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personal relationship and trust. In many cases, it uses the mandatory Motor Third Party Liability Insurance (MTPL) as step-in-stone to offer other types of insurances.



The product was successfully distributed from August to November 2015. 160 policies were sold, while not a single claim was made. However, since a Mongolian bank was already selling a product with the same name ("Amar"), Monre had to temporarily terminate the distribution of the product and will continue with a new name.

New name: EASY

In August 2016, Monre Insurance submitted to the Financial Regulatory Commission of Mongolia a new name for its product for approval. Formerly called Amar, the product now carries the name EASY and will be available in the market starting in September 2016.



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