

De-Risking Climate & Pandemic Disasters
9th MEFIN Public Private Dialogue (PPD9)

Session 4

What is the Role of the Insurance Sector in Managing Disasters for the Vulnerable?



**Lorenzo
Chan Jr.**

President/CEO,
Pioneer Life Inc.



**Pascale
Lamb**

Advisor, Access to
Insurance Initiative
(A2ii)



Moderated by:
Dr. Antonis Malagardis
RFPI Asia III Program Director



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**9th MEFIN Public
Private Dialogue
(PPD9)**

Agenda

4:00 – 4:03

Opening message & House rules

Dr. Antonis Malagardis, RFPI Asia III Program Director and Session Moderator

4:03 – 4:30

Speaker 1: Mr. Lorenzo Chan, Jr.

President and CEO, Pioneer Life Insurance

Speaker 2: Ms. Pascale Lamb

Advisor, Access to Insurance Initiative (A2ii),
COVID-19 Insurance Supervisory Response Tracker

4:30 – 5:00

Panel Discussion & Q&A

Moderator, resource speakers & participants

5:00 – 5:10

Wrapping up, Key takeaways, Experience Survey and Closing message

Moderator

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Session 3

Why Is There a Need for Demand-Driven Disaster Risk Finance (DRF) Solutions?



Opening Message and House Rules
Dr. Antonis Malagardis
Session 3 Moderator

House Rules

1. Please turn off your microphone and webcam to conserve internet bandwidth and allow for an uninterrupted webinar.
2. If you have questions, please post them in the chat. The moderator will pick them up during the Q&A session.
3. You can access the slides and the recording of the webinar on the MEFIN homepage in a few days after the event.

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Session 4

What is the Role of the Insurance Sector in Managing Disasters for the Vulnerable?



Resource Speaker

**Lorenzo
Chan Jr.**

President/CEO,
Pioneer Life Inc.

Role of Insurance in Managing Disaster Risks for the Vulnerable

Lorenzo Chan Jr.
Pioneer Life Inc./CARD-Pioneer Insurance Inc.
September 30, 2020

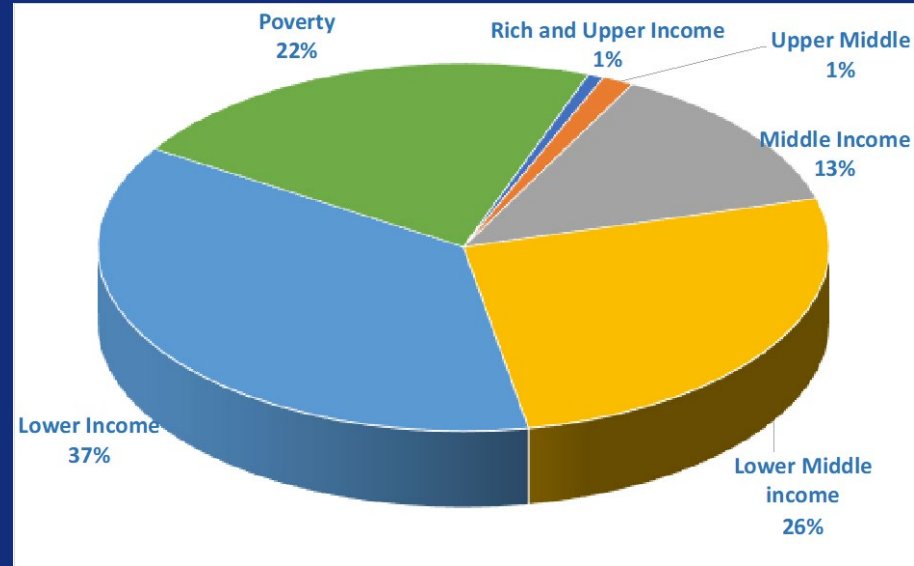


TOP 10 COUNTRIES WITH THE HIGHEST RISK

RANK	COUNTRY	WorldRiskIndex
1	Vanuatu	56.71
2	Antigua and Barbuda	30.8
3	Tonga	29.39
4	Solomon Islands	29.36
5	Guyana	22.87
6	Papua New Guinea	22.18
7	Brunei Darussalam	21.68
8	Guatemala	20.69
9	Philippines	20.69
10	Bangladesh	18.78

Source: 2019 WorldRisk Report by RUB IFHV

Philippine Socio-Economic Classes



Source: 2015 Family Income and Expenditure Survey, Philippine Statistics Authority

PRODUCTS

Product Coverage	Premium
Personal Accident Funeral Benefit Calamity Aid	\$34 for Individual; \$40 for Family
Personal Accident Daily Hospital Cash Assistance (15 days max.)	\$5
ER Expenses for Accident and Sickness Daily Hospital Cash Assistance (15 days max.) Surgical Expense Maternity Expense	\$38
Personal Accident Fire Benefit Calamity Aid for Business Interruption	\$29

Conversion: PhP 50 = US\$ 1

PARTNERSHIP:

A. Public Sector: Insurance Commission

B. Private Sector Distribution Partners/Channels:

✓ Microfinance
Institutions

✓ Rural Banks

✓ Remittance Centers

✓ Malls, Supermarkets
and Retail outlets

✓ Online:

The logo for INSURESHOP by PIONEER. It features the word "INSURESHOP" in a bold, sans-serif font with a white arc above the "U". Below it, "by PIONEER" is written in a smaller, lighter font.

PROCESS

Claims:

- 1-3-5 to 8/24
- Phone or video interview replaced physical validation for catastrophic claims during pandemic

Premium Payment

- Various payment modes available for certain products
- Additional online payment facilities
- Extension of payment due date during the pandemic

Enrollment

- Online enrollment where possible
- Auto policy renewal during pandemic

Virtual Orientation

- Agents training
- Training on claims validation

KEY INSIGHTS

- Technology cannot yet replace human touch.
 - blended approach of virtual and face-to-face interactions for now
 - going fully digital is dependent on market readiness (i.e. is insurance readily accepted, prevalence of smart phones, connectivity or bank/credit cards)

- Compassion builds trust.

- Pandemic or not, risks will always be there.
 - need to continually create positive customer experience, earning the market's trust thereby establishing the relevance of insurance

Thank you

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Resource Speaker

**Pascale
Lamb**


**Advisor, Access to
Insurance Initiative
(A2ii)**

MEFIN: Public Private Dialogue Webinar Series

Session 4 – A2ii Presentation

Pascale Lamb | 30 September 2020

Overview

- 1 | Impact on Consumers & the Vulnerable
 - 2 | Impact on Supervisors
 - 3 | Supervisory Responses
 - 4 | Protection Gap – Role of Supervisors
- 

| Impact on Consumers

Spectrum of Vulnerability

- **For existing policy holders** – increased vulnerability especially from a financial perspective
- **Vulnerable policy holders** – their vulnerability is intensified
- **For the uninsured** – the crisis is aggravating the cycle of vulnerability & poverty. Vulnerable populations are bearing the brunt of the pandemic.

Covid-19 has **exposed existing vulnerabilities;**

- Protection gap
- Economic & Social gaps

| Supervisory Responses

Regulatory Relief Measures

- Extension of **reporting deadlines** (audits, financial statements)
- Relaxed **regulatory requirements** during lockdown (KYC/AML requirements)
- Amended their **risk-based capital framework** – provided relief of the net-worth requirements
- Issued guidelines on the **‘fair treatment of customers’**
- **Greater flexibility provided** / Issued guidelines on issuance of temporary licenses to new insurance agents

| Supervisory Responses

Measures to preserve issuance of insurance

- **Lobbied Government** to declare insurance an essential service
- **Policy holder relief** - Premium holidays / premium payment plans for those faced with financial difficulties / extended coverage
- **Prohibited the termination of insurance contracts** and the triggering of policy cancellation on-renewal of policies or denial of claims due to movement restrictions
- **Expanded insurance coverage to cover covid-19**
- Issued **financial assistance package to insurers**

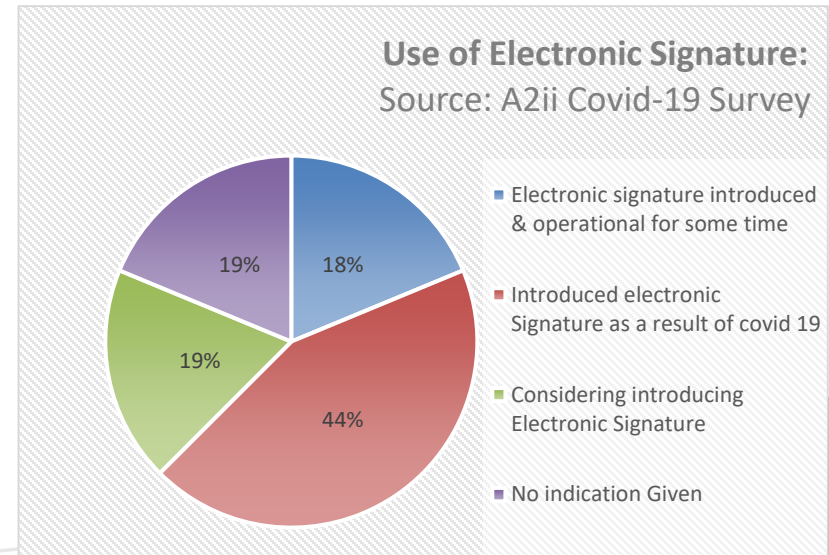
- **Detailed insurance product analysis** ahead of the lockdown to understand impact
- Tracking **claims & complaints** – for trends analysis & to monitor the impact of solvency of the sector
- Issued communication to firms to prioritise payment of claims on medication & health insurance
- Circulated a **covid-19 questionnaire** in order to measure & monitor the performance of the industry and its responsiveness to the pandemic.
- Requested **monthly liquidity stress tests** & asset-liability matching assessments
- **Ban on dividend payments** / payments to be approved by regulator

A2ii Covid-19 Survey | Product Lines Impacted

Product Lines	Pandemic Cover	Details & Further Information
Life	✓	Generally pandemics are covered but in some jurisdictions cause of death exclusions have been applied.
Health	✓	Extent of cover varies by country & some are seeing a decrease in claims . Cases of insurers extending coverage.
Occupational/ Unemployment	~~	Varies by country but certain supervisors are reporting a high number of claims (e.g. 82% of claims) but no indication given on whether insurers will cover
Funeral	✓	Popular product line across jurisdictions
Property/BI	X	High number of claims but multiple supervisors indicated that BI in particular is not covered
Motor	X	Significant decrease in the number of claims
Leasing	X	Not related to claims but an Inability of individuals unable to pay the fees caused by the economic downturn
Travel	~~	Increase in claims but no detail provided
Event	~~	Increase in claims but no detail provided

| Innovation

- Increased use of online platforms & social networks by Supervisors
- Mobile phones given to agents/brokers so that they can contact consumers
- **Increased use of E-signatures and claims** being submitted electronically



A2ii Covid-19 Survey | Innovation

Product Innovation

- Majority of supervisors observed innovation in claims handling
- **4 Supervisors** indicated that their insurance sector had started to develop customised products covering covid-19:
 - ❖ Hospital & death benefits for individuals & families
 - ❖ Covid-19 life insurance
 - ❖ Introducing/re-introducing pay as you go schemes
 - ❖ Increased usage based motor insurance
- **1 Supervisor introduced critical illness cover** to include pandemic risks

Protection Gap | **Role of Insurance Supervisors**

Financial Education & Awareness

- Greater consumer awareness of risks, their policy coverage & how insurance can help improve their resilience

Create an Enabling Regulatory Environment

- Broaden distribution channels
- Explore product bundling & mandatory products

Market Development

- Be aware of & enable innovative products
- Support new & innovative distribution channels

Facilitate Discussions

- Use their platform to initiate discussions & access governments
- Convene stakeholders to jointly develop solutions

“Think Global Act Local”

- Supervisors need to engage globally & learn from peers

A2ii Pandemic Risk Webinars | Key Conclusions

- An enabling regulatory environment is key to financial inclusion

Broader Conclusions.....

- Systemic events are too big for either the private or public sector to bear alone - **collaboration is necessary**
- The need to better understand the client & design products to meet their needs
- Insurance solutions should not only transfer risk but also encourage better **risk mitigation**
- Need to integrate insurance into disaster recovery planning
- Need to think broadly & not ignore parallel risks
- The next catastrophe/crisis will be different
- Covid-19 poses challenges but also opportunities

Thank you.

A2ii Tracker & Preliminary Results from the Covid-19 Survey

<https://a2ii.org/en/COVID-19-Insurance-Supervisory-Response-Tracker>

A2ii Blogs <https://a2ii.org/en/blog>

Pandemic Risk Webinar Series https://a2ii.org/en/event/consultation-calls?status=past&field_region=All&language=en&page=1

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Panel Discussion & Q&A



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Key takeaways

Experience survey

Please take **1 minute** to provide your valuable feedback to this session. Your input helps us to ensure high-quality events also in the future.

<https://forms.gle/sxFSp86zQGmg2EPaA>





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Closing of session