

INSURANCE IN CLIENT PROTECTION

Responsible design, transparent communication and key metrics

CP Pathway – Implementation Series 7



OUR AGENDA



Product design, how product design matters? What are the microinsurance main products?



Transparent communication, What, When and How?



Key metrics, Most important KPIs and how to measure product success



From the field

GUEST SPEAKERS

AFIYATUNA Microinsurance Program From Design to Impact and Satisfaction



Bodour Hiary

Director of Strategic Planning and Business Development
Microfund for Woman- Jordan

Experience in Microinsurance from a provider's perspective



Mazen Nimri, FCII, FLMI

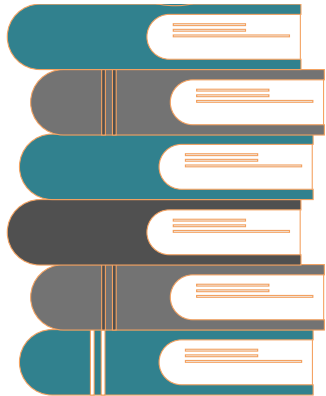
Deputy General Manager
Jordan Insurance Company (JIC) – Jordan

SOME DEFINITIONS FOR INSURANCE:

A promise of compensation for a specific potential future loss like damage, illness, or death in exchange for a periodic payment.

Insurance protects individuals from risk of uncertain outcomes. It is a two-party contract that transfers the risk of financial loss from an individual or business to an insurer.

Insurance is a social device for spreading the chance of financial loss among a large number of people



The fundamental concepts of insurance for it to work are:

- **Risk pooling** to distribute the risk of adversity to hit over as many policy holders as possible;
- **Mathematical probability calculation** to assess the likelihood of an adverse outcome to occur; and
- **Large and reliable data** is paramount for accurate calculations.

FIRST – ARE YOU READY?

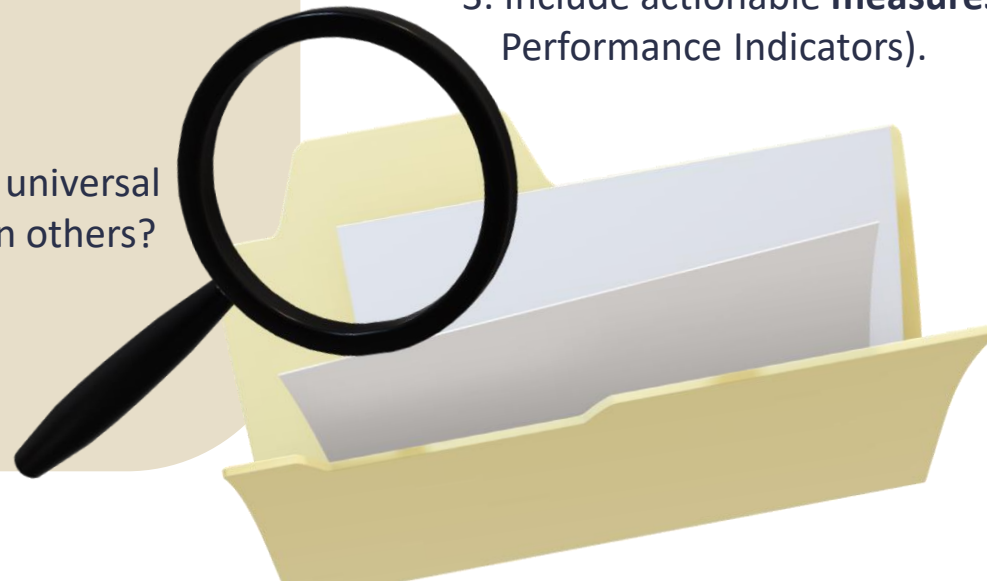
What are the strategic considerations that could **motivate, hinder or support engagement in the microinsurance** sector?

Question of how to assess whether an organization is prepared:

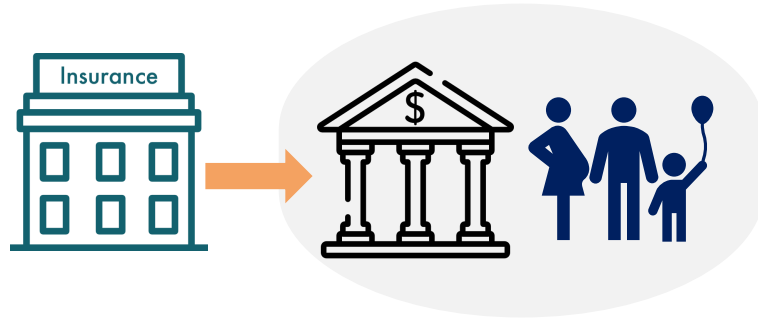
1. How does my organization know whether it is **ready** for microinsurance?
2. What are the **requirements for market** entry?
3. What **steps** should be taken to assess an organization's preparedness?
4. What **motivates** organizations to engage in microinsurance?
5. Is the **market potential** for microinsurance universal or are some markets better positioned than others?
6. What **local conditions** are conducive to a sustainable market development?

A microinsurance strategy requires **careful assessments** which should :

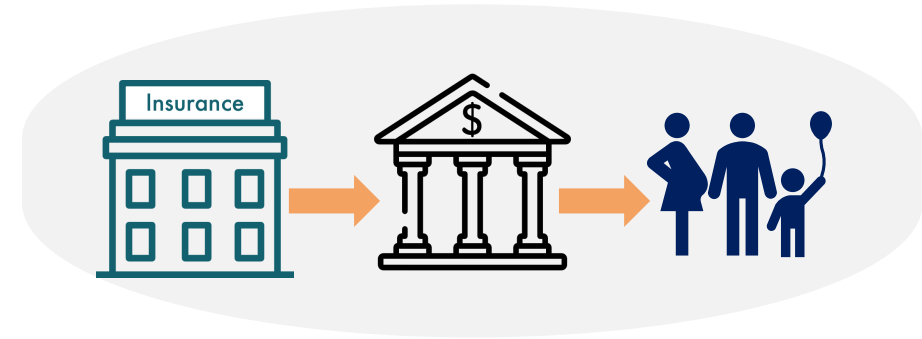
1. Rely on **local market knowledge** acquired through research;
2. Contain a **value proposition**, which reflects low-income client needs; and
3. Include actionable **measures of success** (e.g. Key Performance Indicators).



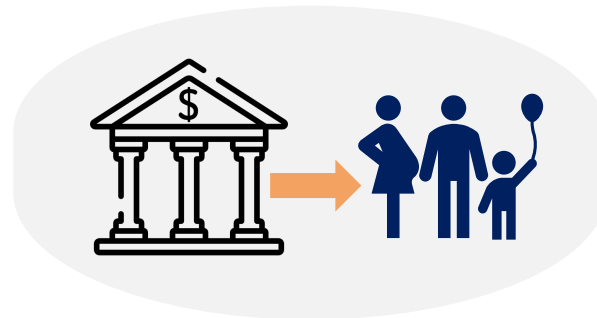
Common models



FSP as a policyholder - the FSP contracts with an insurance company, to cover its portfolio against certain risks.



FSP as an “agent”– The FSP contracts with an insurance company in order to sell policies to clients on behalf of the insurance company in exchange for a commission



FSP offers insurance directly – but must be licensed to do so (with a few exceptions)

INSURANCE AND MICROFINANCE

Regardless of whether the FSP has any influence over product design, it is still **responsible for making sure the insurance they sell is designed with client needs in mind.**



- Product design and servicing are often outside the FSP's control.
- Not a core business of a FSP
- New and unfamiliar area for many FSPs, their staff, and their clients



- Controls the p Product design and servicing
- Insurance is its core business.
- A familiar and well-understood area for their staff, and their clients.

ELIGIBILITY REQUIREMENTS

(requirements to be met by the FSP)

- ▶ All insurance products must be underwritten by a **licensed insurer**

Exceptions

- Credit life insurance does not necessarily have to be underwritten by a licensed insurer provided it is acceptable by local law

OR

- if the provider can demonstrate that **1)** no insurer is willing to offer appropriate products; and **2)** the associated credit risks are minimal and clearly disclosed to clients.
- ▶ Where FSP bears the insurance risk, it must be **licensed** to do so
 - ▶ FSP must be **legally authorized** to sell insurance

WHY CLIENT PROTECTION AND INSURANCE

Top Client Protection Concerns for Insurance

1. Low value products
2. Clients unaware of insurance or of important details
3. Legitimate claims rejected or not made because clients don't know how.
4. Affordability
5. Clients don't know how to submit complaints or to whom



For voluntary insurance:

1. Risk of aggressive sales
2. Automatic renewal

**THE
PRODUCT
DESIGN**



Key Features



Simple product design

Minimize complexity to the client. Microinsurance attempts to provide the client with a product that **clearly states** the risk to **be covered** and does not overly complicate the product design by including coverage for multiple risks.



Flexible payment schemes, short duration and liquidity

Low-income clients require insurance products, which can be paid in either **instalments** or which allow for premium holidays. Additionally, as liquidity is of high importance due to unforeseen emergencies (e.g., illness, death, or resettlement), clients appreciate products that allow for loans on premiums paid.



Transparent claims processing

A **transparent and simple claims process** is very important to **retaining client trust** and ensuring that client **satisfaction** remains high. It is essential to train and **educate sales forces**, reduce or **simplify claims documentation** requirements and/or **communicate more rapidly** with clients in a more client-oriented manner.

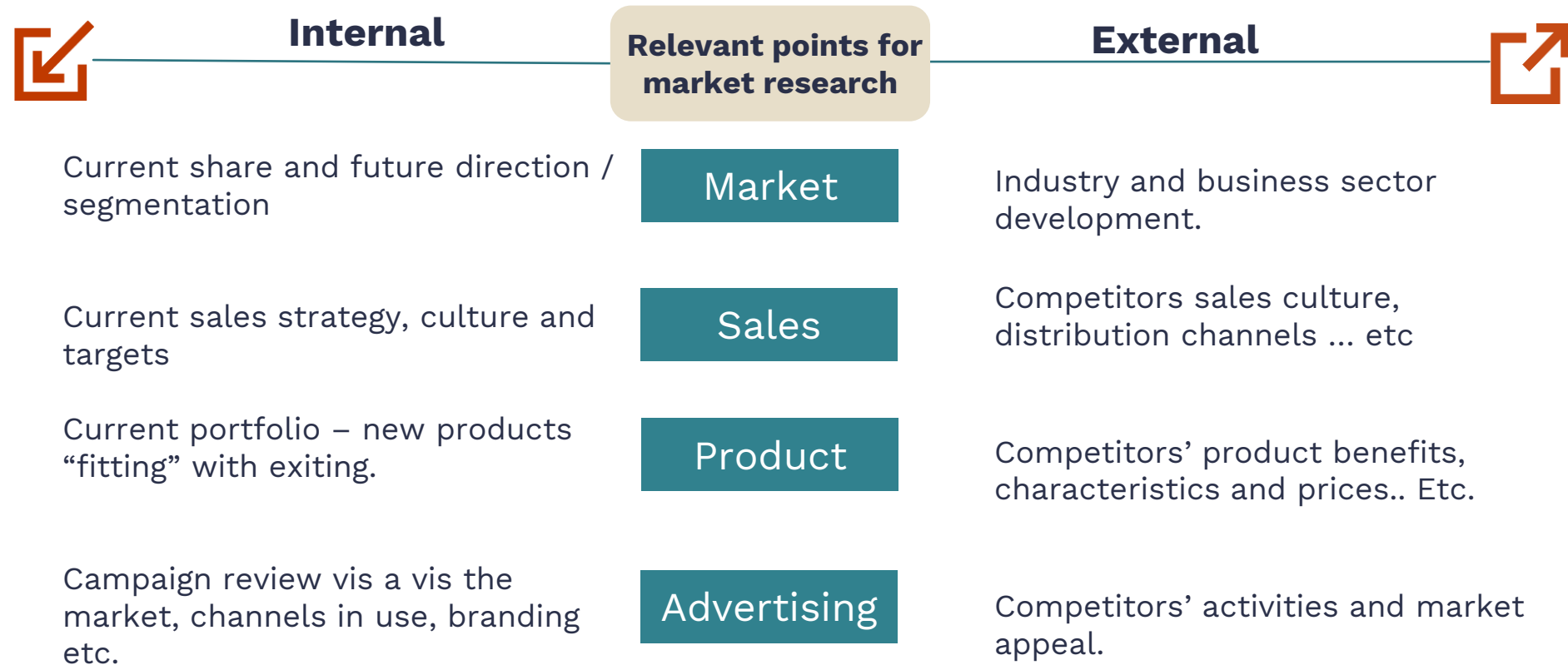


Trust

One of the **most important features** that distinguish microinsurance from conventional insurance is the significance of trust and its **effective transmission to the end-client**.

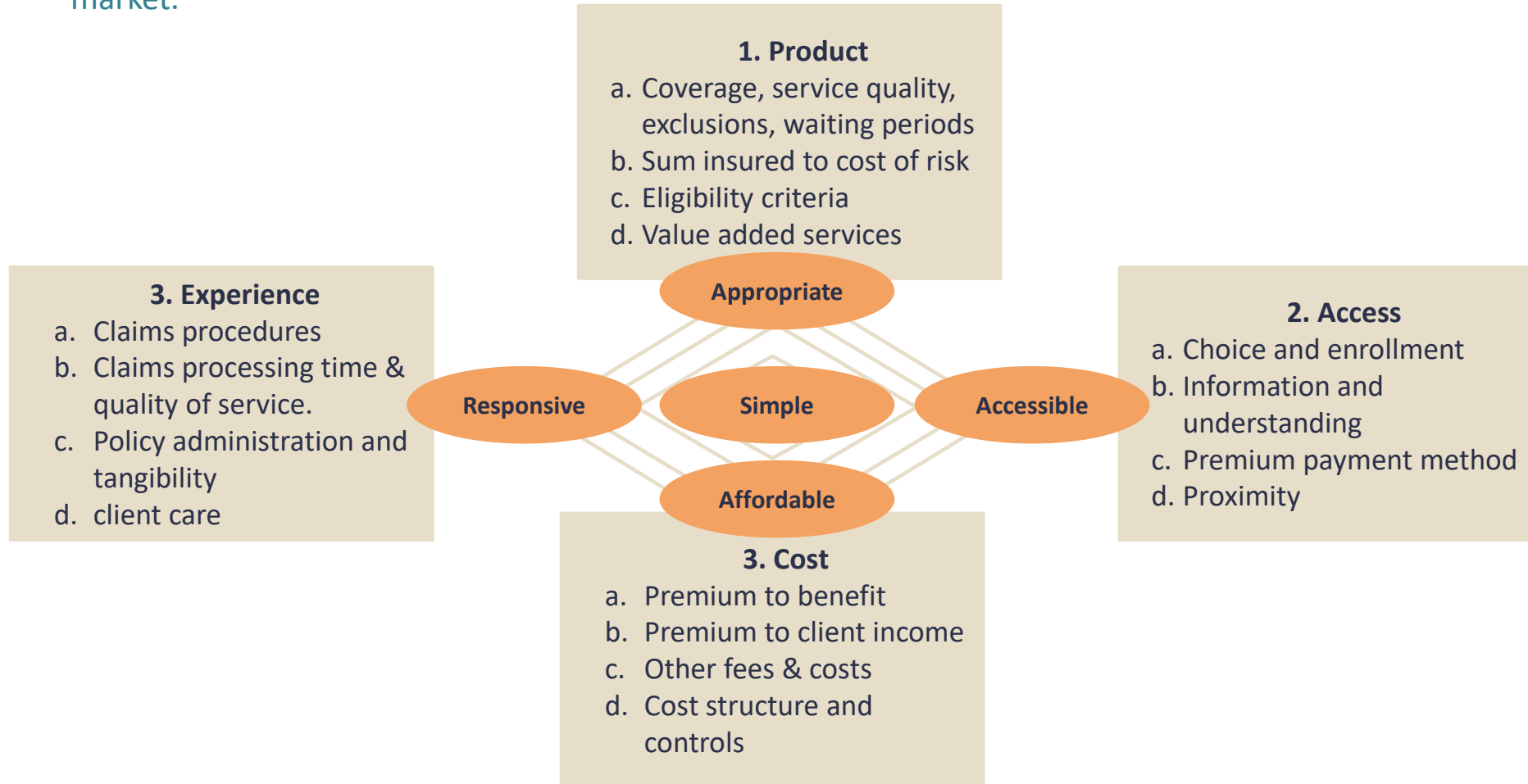
Market Research

It is the way to learn as much as possible about the target market.

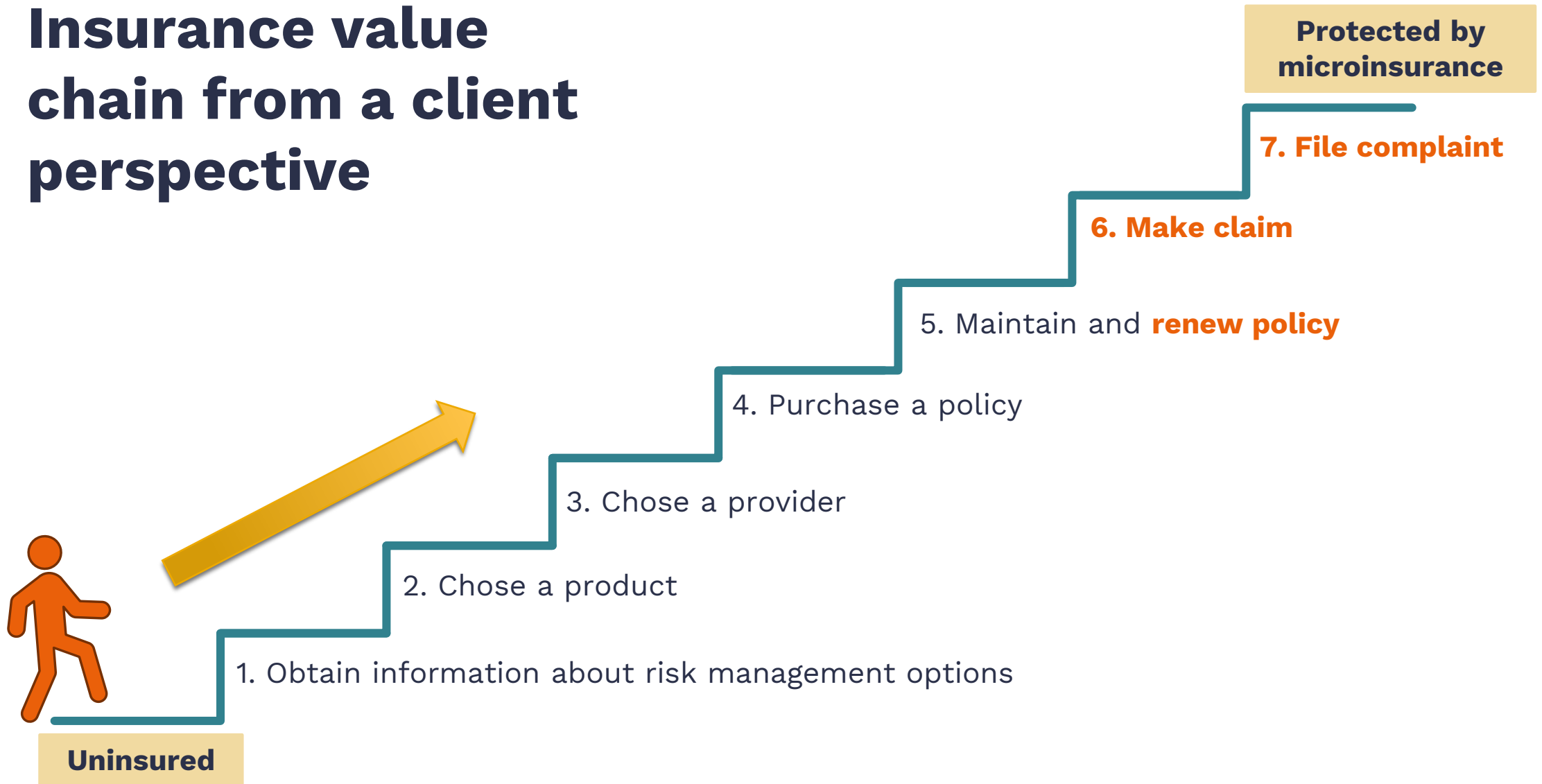


Value proposition

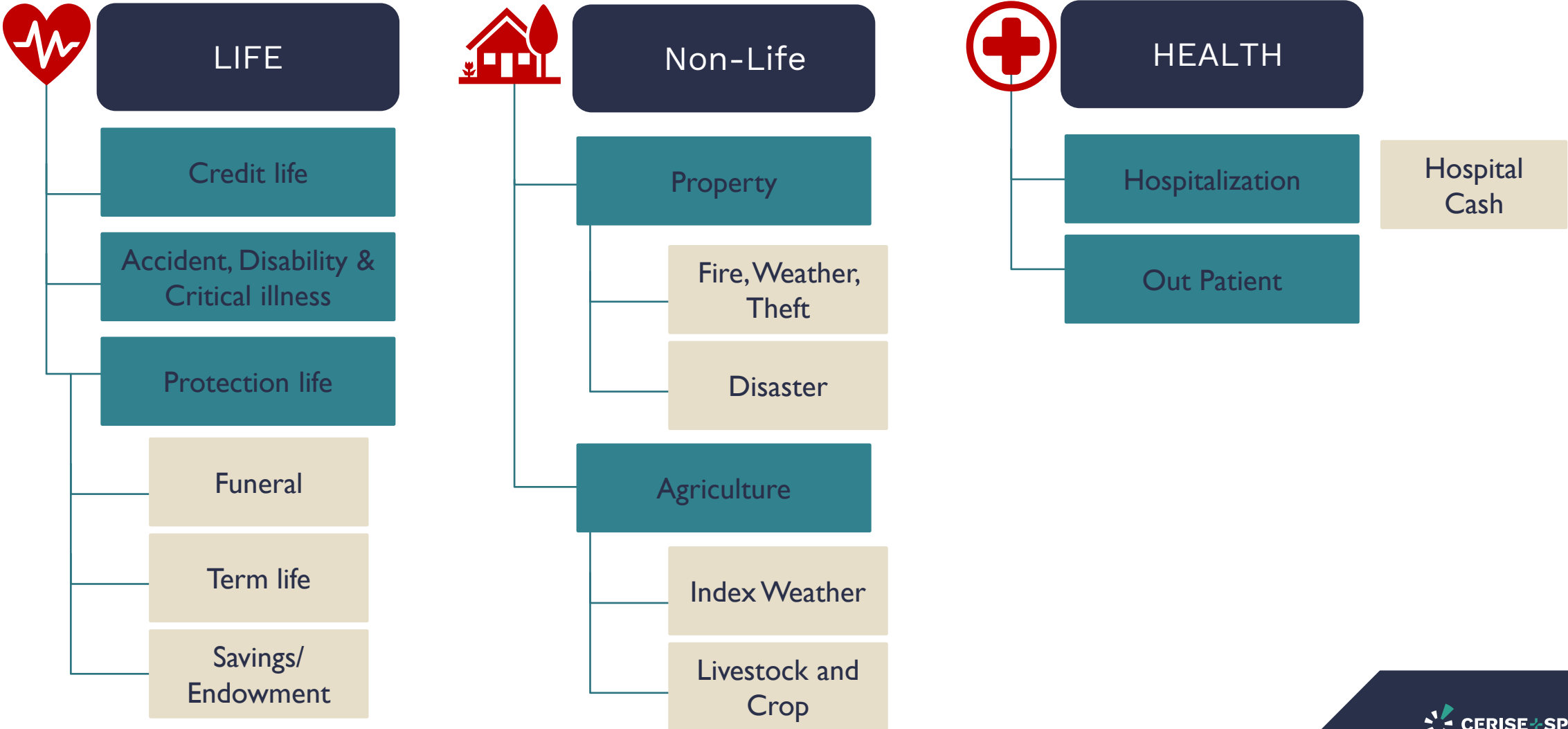
The process by which a company defines the benefits of a product from the client's perspective prior to entering a market.



Insurance value chain from a client perspective



MICROINSURANCE PRODUCT TYPES



COMMON MISTAKES TO BE AVOIDED



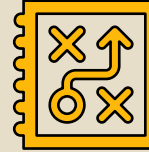
No ownership from managerial staff and/or employees

- Product KPIs are defined, but not assigned to specific managers and their staff.
- No department is identified with the measure and there is a lack of accountability with regard to implementing the measures.



No reliable communication or cascading down of KPIs

- KPIs are not explained to the organization but merely handed down.
- A few individuals in the company have an awareness of the KPIs.
- Marketing, sales and client services staff do not have a common understanding on the achievement of the product KPIs.



Non-specific and insubstantial KPIs or overly thorough KPIs

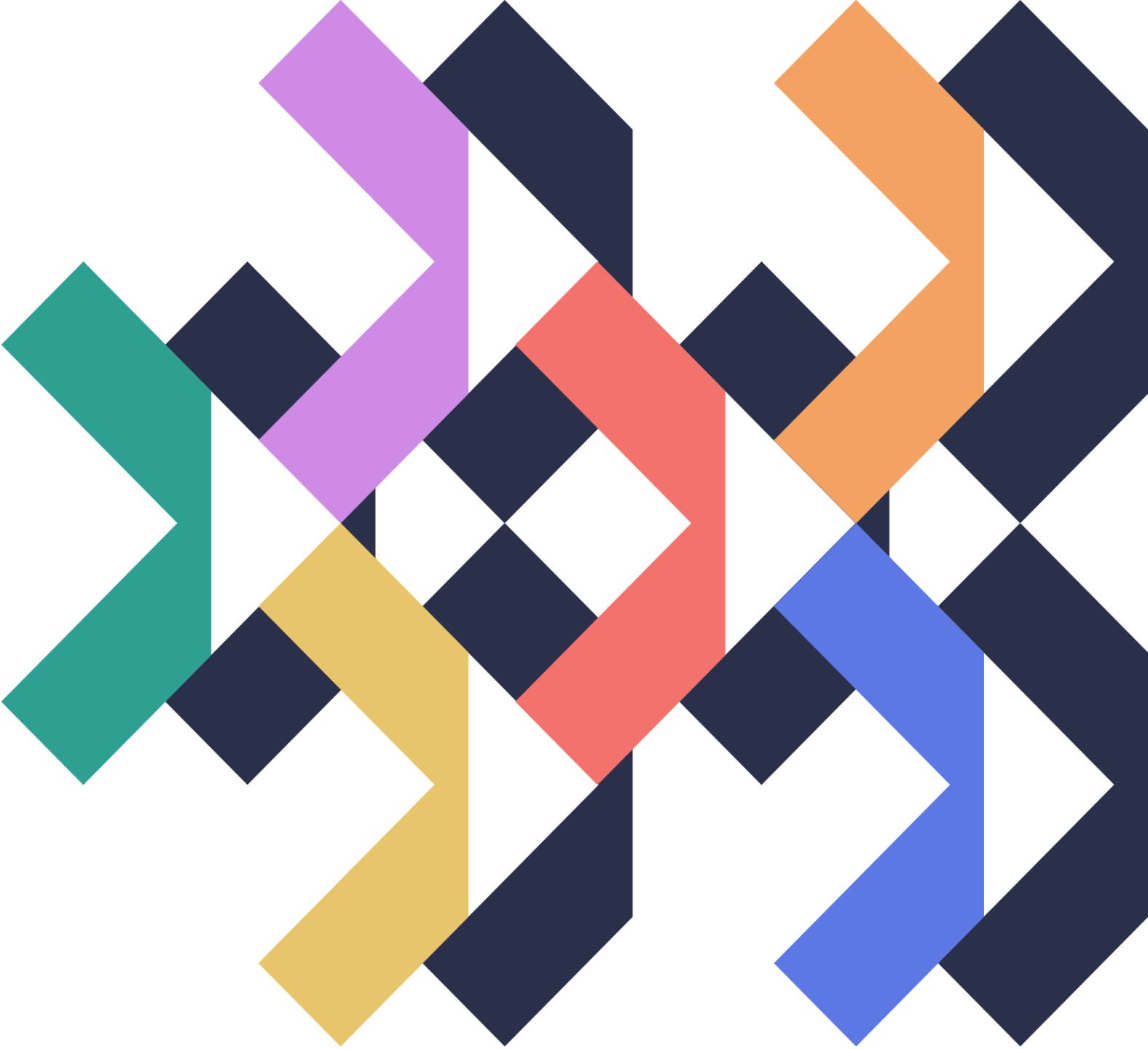
- Involving too many tasks: Poorly defined KPIs create confusion around the goal to be achieved.
- Such KPIs are ignored and do not contribute to product success.



No regular tracking of KPI progress

- Organizations meet infrequently to assess progress of KPI implementation > Staff therefore does not take KPI development seriously.

**ENSURING
CLIENT LEVEL
TRANSPARENCY**



WHAT TO COMMUNICATE?

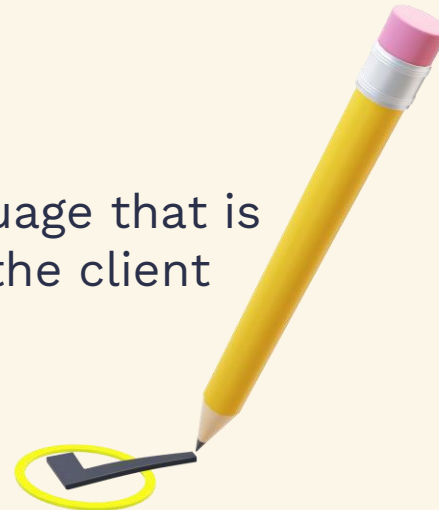


Some very basic information **must** be documented (may be included in the loan documentation or a separate certificate or contract).



Other information can be communicated in **written and/or verbal** form.

Best practice is to do both, in language that is **accessible and understandable** to the client population.



COMMUNICATION AT THE TIME OF ENROLLMENT

What do clients need to know?

Information to be Communicated (written and/or verbal)



- Premium
- Events covered
- Exclusions
- Individuals covered
- Amount and term of coverage
- When and how to file a claim
- For whom, how and when to submit complaints.
- How and with whom data will be shared.
- Required documentation to prove damage
- Any major exclusions
- Terms related to cancellation and prepayment
- Cooling off periods, cancellation rights, and other relevant rights under policies
- Need to inform beneficiaries of coverage

Insurance documentation

Insurer ABC, Inc.
101 Main St., Suite 2
Capital City

CERTIFICATE OF INSURANCE

This is to verify that insurance coverage has been issued for a life insurance policy for the below named individual, according to the following terms:

1. Name of insured individual:	John Doe
2. Address:	10 Park Drive, Anytown
3. Policy No.:	10000
4. Commencement date:	1 January 2017
5. Termination date:	31 December 2017
6. Premium amount received:	\$40
7. Insured benefit:	Death of the named individual named above (excluding any events listed in item 11)
8. Proof required:	Death certificate listing the date and cause of death or other written evidence satisfactory to Insurer ABC.
9. Beneficiary name, address, and telephone:	10 Park Drive, Anytown 00000
10. Sum insured:	\$1,000 This amount is payable to the Beneficiary upon satisfactory proof of the occurrence of an Insured Event.
11. Excluded events:	Death by suicide.

Contact Insurer ABC at 800-0000 for more information or to initiate a claim.

- Premium
- Amount and term of coverage.
- Individuals covered (beneficiaries).
- Events covered
- Exclusions
- When and how to file a claim
- An explanation of the documentation required to prove damage, if applicable.
- Terms related to cancellation and prepayment, if applicable
- For whom, how and when to submit complaints.

SAMPLE INSURANCE DOCUMENTATION

Insurer ABC, Inc.
101 Main St., Suite 2
Capitol City

CERTIFICATE OF INSURANCE

This is to certify that insurance coverage is provided for a life insurance policy for the below-named individual, according to the following terms:

1. Name of insured individual:	
2. Address:	
3. Policy No.:	
4. Commencement date:	
5. Termination date:	
6. Premium amount:	
7. Insured Events:	above (excluding any
8. Proof required:	cause of death or other Insurer ABC.
9. Beneficiary name, address, and telephone:	15 Park Drive, Anytown 555-1234
10. Sum assured:	\$1,000 This amount is payable to the Beneficiary upon satisfactory proof of the occurrence of an Insured Event.
11. Excluded events:	Death by suicide

! In a language that clients understand

Individual(s) covered

Term

Events covered

Premium

Coverage amount

How to claim

Contact Insurer ABC at 800-9999 for more information or to initiate a claim.

COMMUNICATION DURING THE CLAIM PROCESS

Transparent AND Timely Communication

Transparency requires providing beneficiaries with timely information during the claims process.



- Decision about the claim.
- Decision results in a settlement
- If the claim is denied



- Within 30 days of making a decision about the claim.
- Within 30 days of the settlement.
- Notify the beneficiary of the reason and give an opportunity for appeal.

A KPI to track!



Transparent Sales Ratio

Number of policyholders who have received information prior or during purchase

/

Number of new Policies

- Tracks the **impact** of financial literacy, marketing and sales advice on attracting new policies.
- Assesses whether **sales teams** are effectively using sales tools.

Examples of deceptive insurance marketing



- “Hiding” a **compulsory insurance policy within the loan** and not disclosing its terms before the loan contract is signed .
- **Overstating** insurance coverage (**events** covered or **benefit amount**)
- **Misleading** clients to believe that insurance bundled with a loan **is free**

**KEY METRICS TO
MEASURE PRODUCT
SUCCESS**



ELIGIBILITY REQUIREMENTS

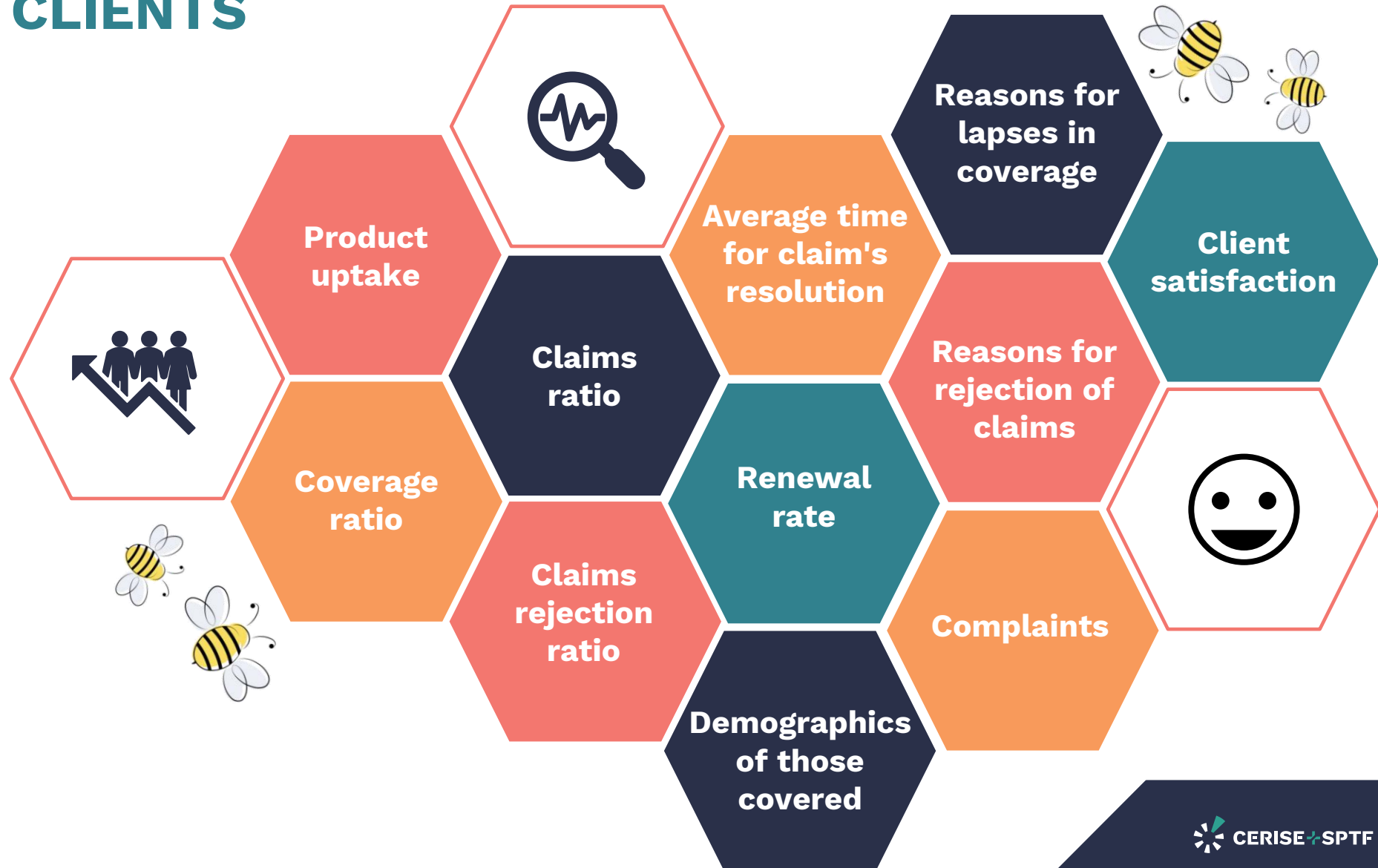
(requirement to be met by the FSP)

!Sufficient Information

FSP should receive **sufficient information** to evaluate product appropriateness, value, and satisfaction. If the FSP is not able to get basic information from the insurer about **claims** and **coverage**, for example, it would **not be fulfilling its** responsibility to monitor product value.

INSURANCE METRICS TO ASSESS THE VALUE OF INSURANCE PRODUCTS TO CLIENTS

1) Analyze data about product use, 2) review the claim process 3) and gauge client experience, to ensure success!



DATA ON PRODUCT USE

!!!IMPORTANT NOTE

If the claims ratio for life insurance is **below 60%**, ask the insurance provider to justify the reason.

= Number of new policies purchased in a time period

! Tells client interest in the product and the success of sales and marketing strategy.



Product uptake

= Total claims paid out / Total premium paid in

! Tells the average proportion of premium that is returned to the insured in the form of benefits. The higher the ratio, the more certain you can be that the product benefits clients.



Claims ratio

= Number of renewals / Number of potential renewals

! Tells the value of the product as perceived by the client. It applies specifically to term products (products with a fixed term of coverage such as one year)



Renewal rate








= Number of active insured clients/Target market

! Tells How difficult the product is to sell or how easily clients understand the product and desire to buy it.



Coverage ratio

DATA ON THE CLAIMS' PROCESS

	 Claims rejection ratio	 Average time for claim's resolution	 Reasons for rejection of claims	 Reasons for lapses in coverage
	Number of claims rejected/ Number of claims	The % of claims paid within each of the following intervals: 0-7 days; 8-30 days; 31-90 days; more than 90 days	Data from rejections database. Data should be recorded and analyzed by either the insurer or the FSP.	Data from client interviews on reasons for non-renewal. Gather this data on a sample of lapsed clients.
	Proportion of claims that have been disqualified for benefit payment, for any reason. If this ratio is high, it can indicate that clients do not understand the product and/or that it does not cover scenarios that are common to target clients.	How quickly client claims are settled . Insurance should provide cash during clients' time of need . If claims are not settled quickly, the product will not be as valuable for clients.	Understand gaps in client knowledge and gaps in coverage. Claim rejection generally decreases as client understanding of coverage increases.	Understand whether there are problems with the product that lead to clients dropping the product, and whether product changes could improve uptake and renewal .

DATA ON CLIENTS' EXPERIENCE



Demographics

Gender, age, socioeconomic status...
With **a voluntary product**, uptake only among certain demographics may indicate **unmet needs** in other groups



Client satisfaction

On a **regular basis**, run a door-to-door client satisfaction survey to evaluate the product acceptance.
Continuous feedback on client satisfaction, can **contribute to the product and systems improvements.**



complaints

Number of complaints/
Number of enrolled clients

High complaints suggest a **problem** with the product; **zero complaints** suggests clients **do not know** how to complain or **channel** is inappropriate

A NOTE ON INSURANCE METRICS

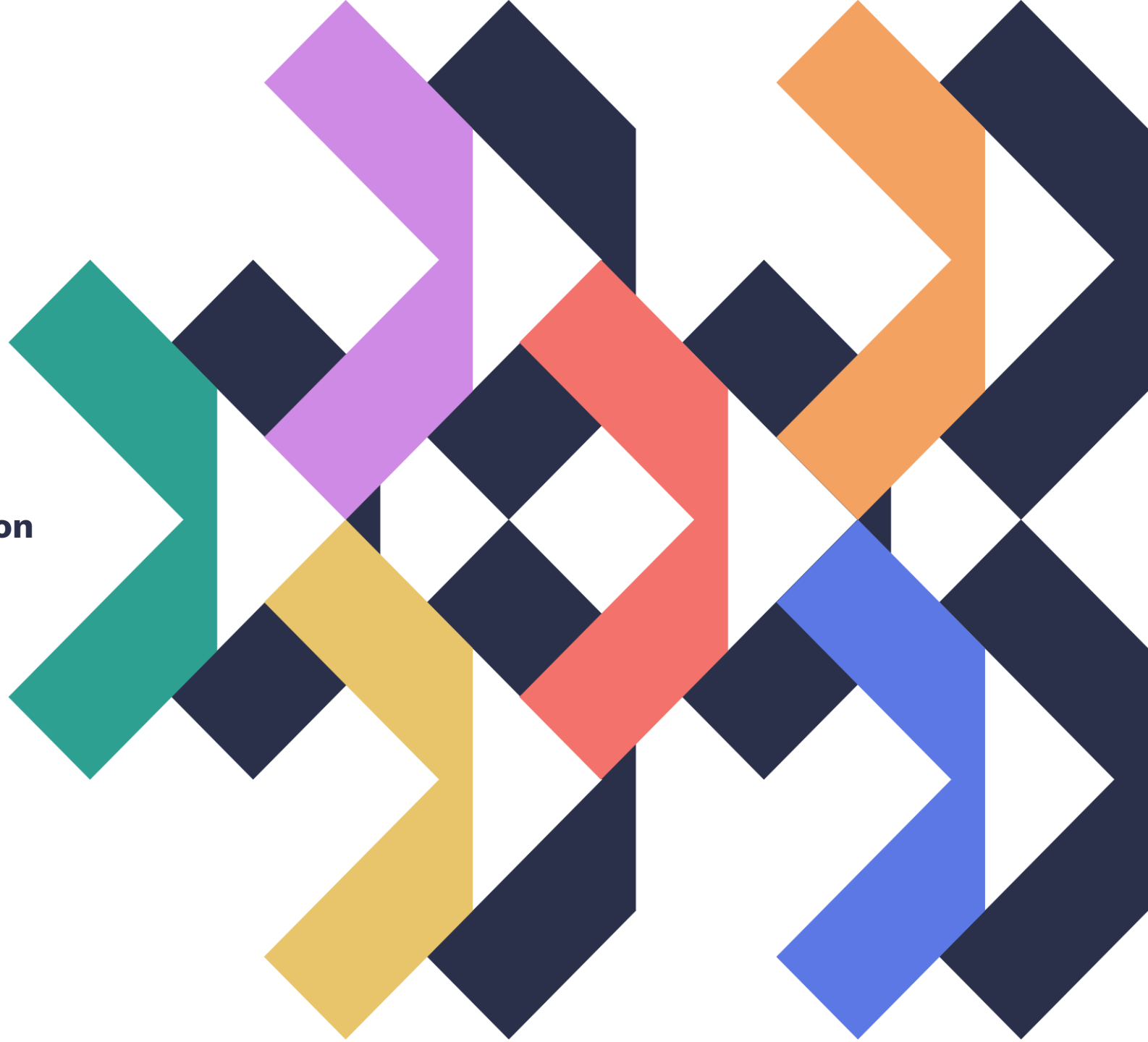
- Data may be provided by the insurer in monthly or quarterly reports or tracked and calculated by the FSP—although the second is usually more rare.
- Use the Claims ratio (Pure Loss Ratio)
 - **The claims ratio** is the percentage of claims costs incurred in relation to the premiums earned.
 - **Loss ratio** is used in the insurance industry, representing the ratio of losses to premiums earned. **Losses in loss ratios include paid insurance claims and adjustment expenses.** The loss ratio formula is insurance claims paid **plus** adjustment expenses divided by total earned premiums.
- Questions to be raised:
 - Is the product **losing money**? If so, does the FSP know **why**?
 - Have **prices been adjusted**? analyze **claims data** in making pricing decisions
- When we say “If the claims ratio for life insurance is **below 60%**, ask the insurance provider to justify the reason”---- It is just a measure of **value for money**. This doesn’t mean we expect 60% of clients to die! We are looking at **monetary amounts** here!

AFIYATUNA Microinsurance Program

From Design to Impact and Satisfaction

صندوق المرأة
للتأمين الأصغر

MICROFUND FOR WOMEN



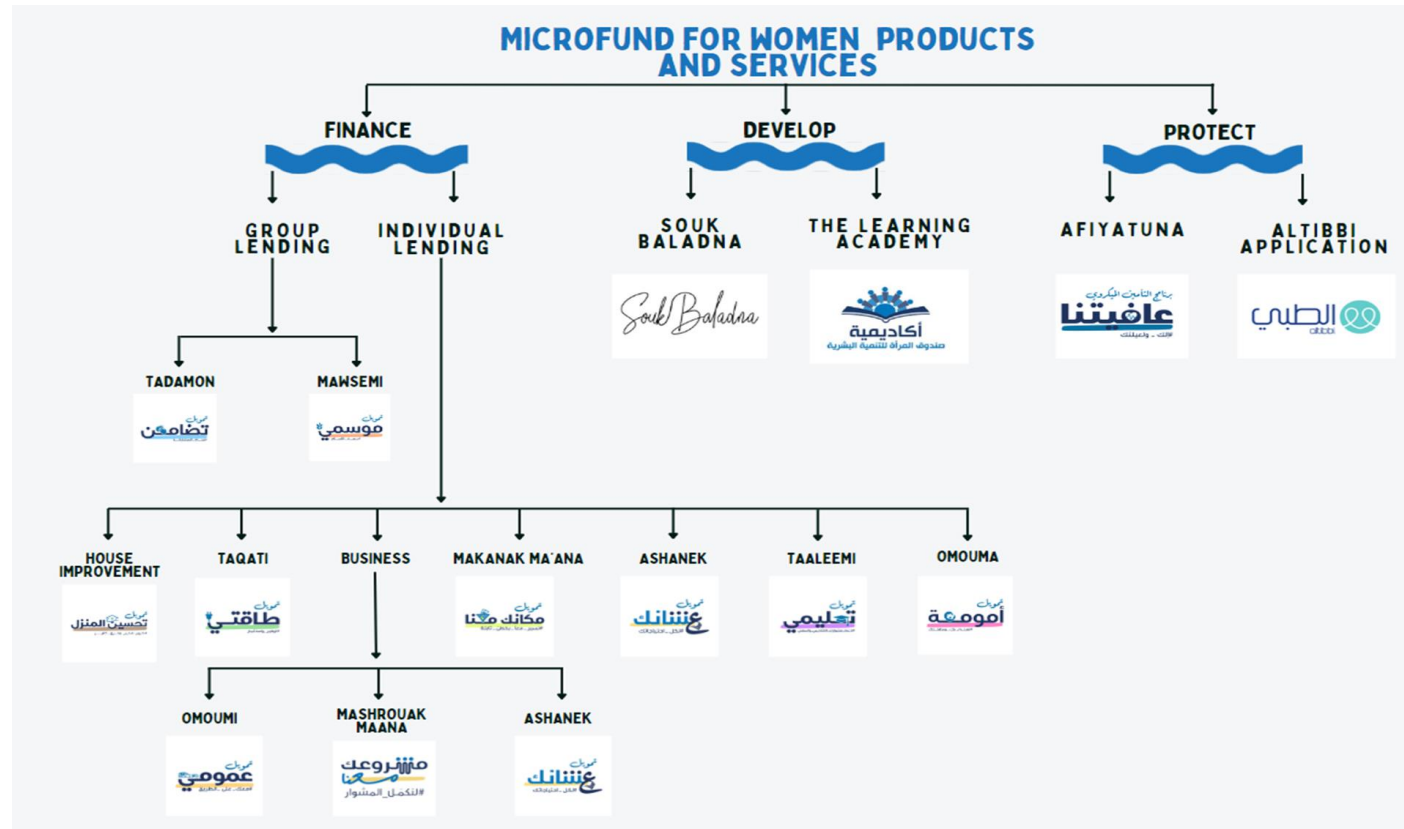
About Microfund for Woman



Jordan's first and largest private not-for-profit shareholding company dedicated to empowering entrepreneurs, with a focus on supporting women.



Founded in 1994, MFW was one of the first MFIs to be licensed by the Central Bank of Jordan, receiving its licensing in April 2018.



And...The first MFI to introduce microinsurance to its clients.

In 2008, MicroFund for Women (MfW) introduced a microinsurance products called Hemaya* and Reaaya** designed to provide Credit life and Hospital Cash.

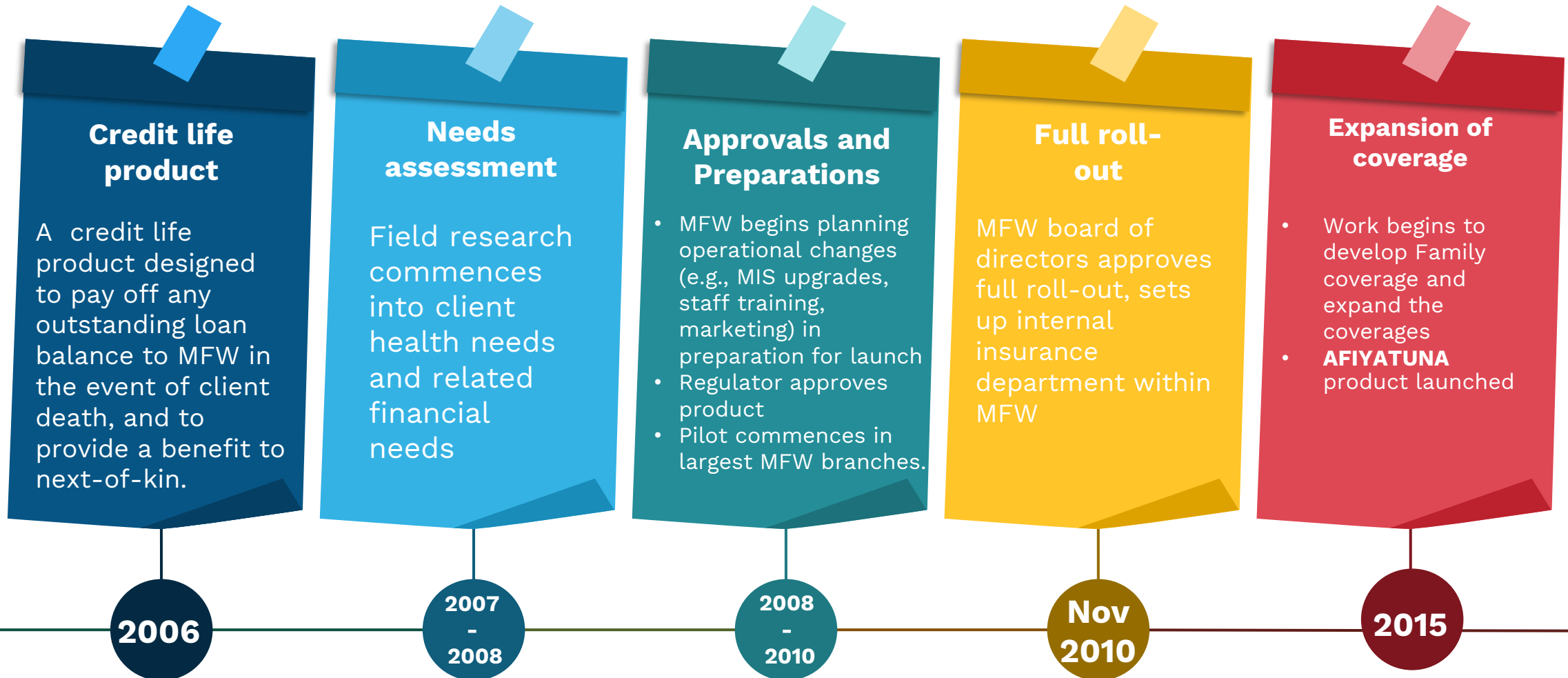
At its launch in 2015, **AFIYATUNA** would become the first health microinsurance program in Jordan and one of the first in the Middle East region.



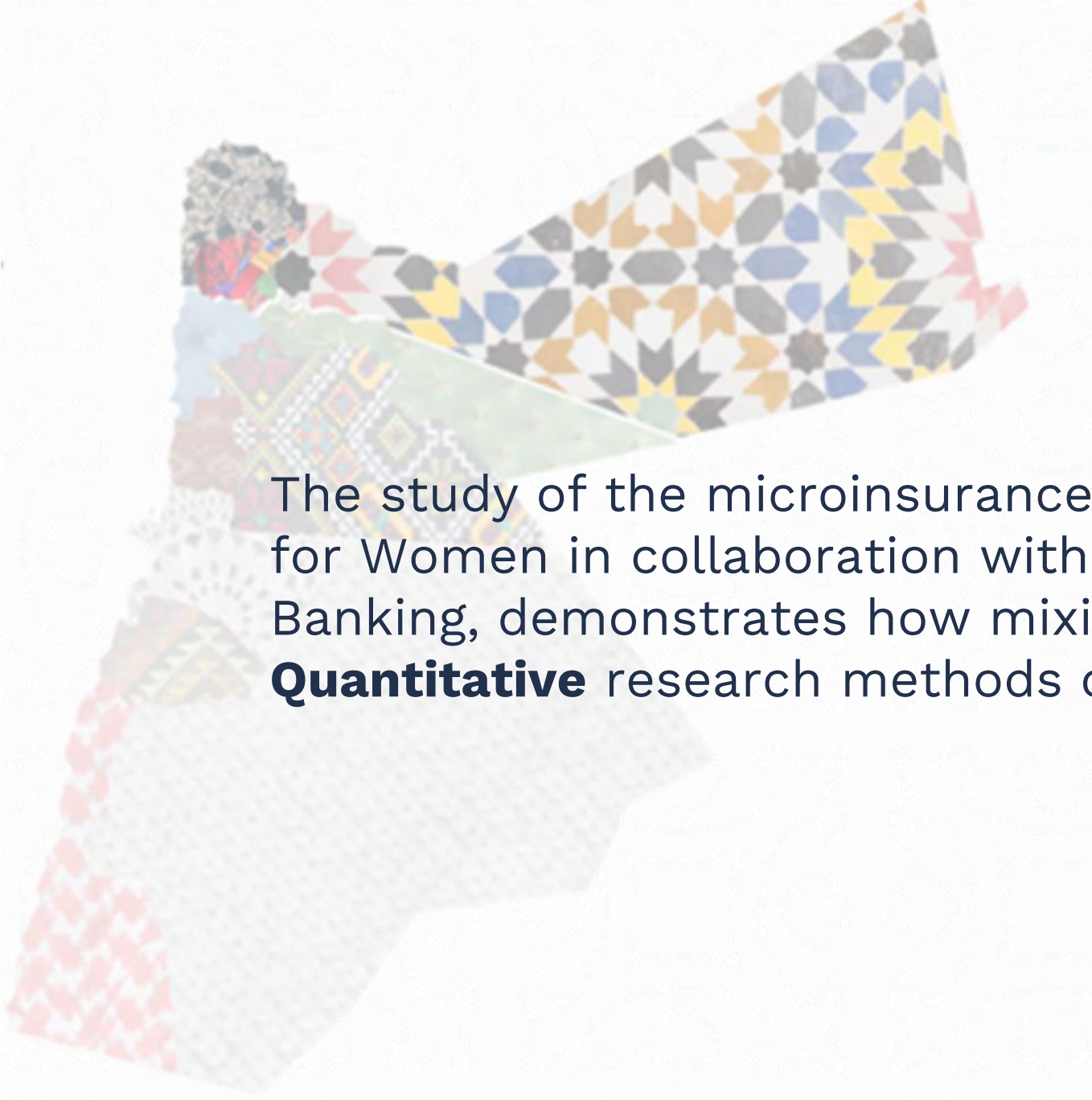
*Hemaya > protection

**Reaaya > caregiver

The story....



Intensive, ongoing monitoring and client feedback



The study of the microinsurance initiative of MicroFund for Women in collaboration with Women's World Banking, demonstrates how mixing **Qualitative** and **Quantitative** research methods creates richer data.

Quantitative data collection/mining included:



Analysis of 2008-2015 transactions data for loans, PAR, and 25,000 Hemaya claims to capture the demographics (e.g., age) of clients making the claims, and trends in claims behavior mapped against loan repayments.

The analysis of transactions data (quantitative) showed evidence of clients maintaining loan repayments as a result of Hemaya.

Qualitative research included:



Exploratory focus groups and interviews with 78 female claimants, exploring the following questions:

- To what extent clients had used the Hemaya payout to cover outstanding medical expenses
- Whether clients had been able to avoid additional debt and maintain basic consumption during times of hospitalization (as the product was designed to do)
- How well clients understood insurance cost and its effect on loan cost
- How clients perceived the benefits of Hemaya
- How Hemaya contributed to clients' decision-making in the family.

Data from focus groups (qualitative) captured client feedback that allowed MfW to better understand the product's effects on clients and how it could be improved.



From our experience The Key Formulation

Assess the needs

Nothing will help as much as meeting the needs. Go to the field and ask the clients.



Make it simple

Ensure that the features are easy to understand and clients have all the needed information.



The 3 pillars

Consider the mutual benefit for the 3 partners in this relationship:

Clients, MFI, Insurer



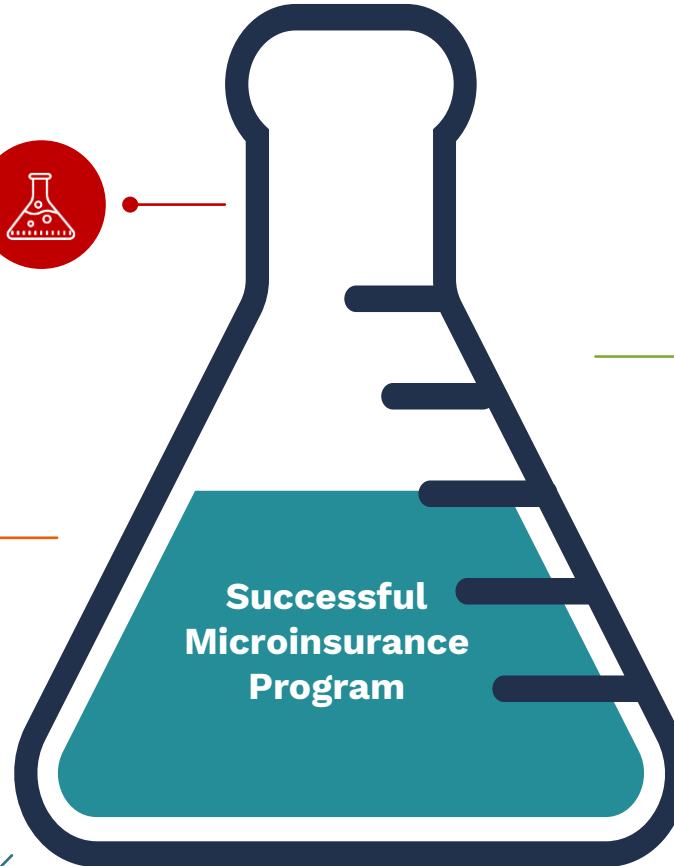
Make it tangible

Clients will not appreciate the program if they don't taste the fruits. Add coverages that clients can use. (e.g. Maternity)



Nonstop monitoring

Keep an eye on the Ratios and KPIs. Frequent product evaluation process and Measure satisfaction.



Feedback and Performance

The monitoring framework considers the following:

CLIENT FEEDBACK. Do they understand the product? Is it a good fit for their needs? Is the premium affordable? Can they file claims easily? Would they recommend the product to others? Will they renew their loans and insurance coverage?

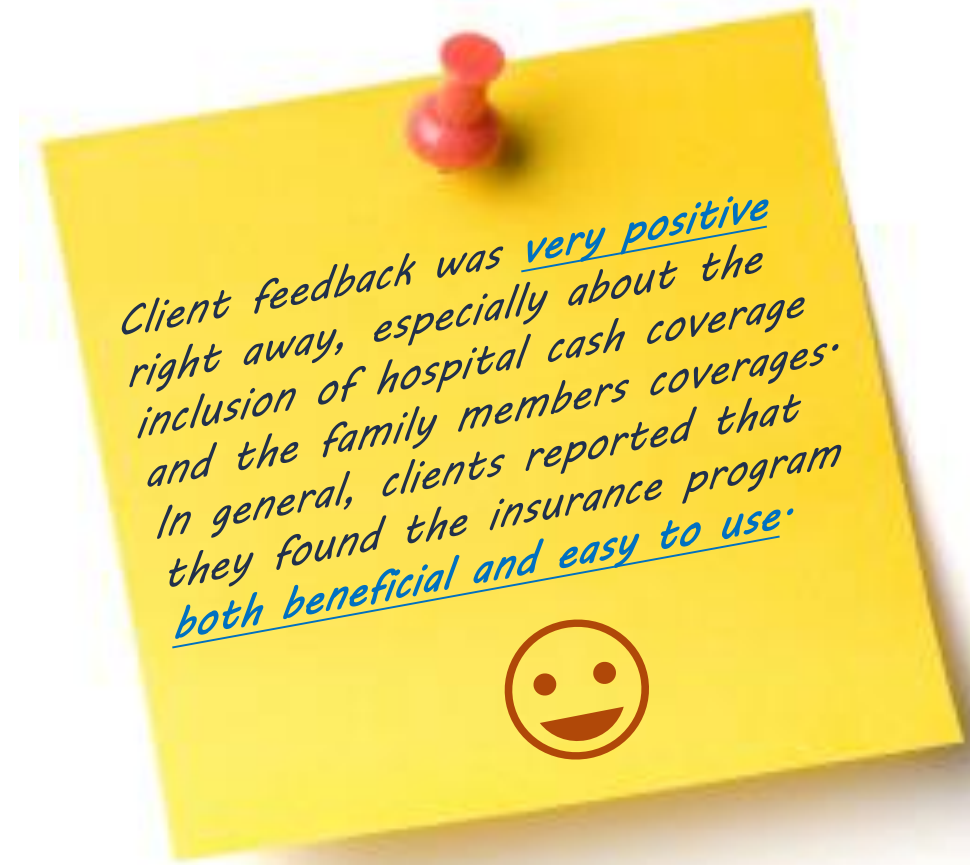
FIELD STAFF. How are they selling and distributing the product? How do they see the client reaction? Is the administrative side easy to understand and implement? Is the product adding unduly to their workload? Do they think the product is important? Would they recommend it?

BACK-OFFICE FINANCE AND ADMINISTRATIVE STAFF. How is the workload and process from their point of view? Are there any MIS or workflow process issues? How are premium payments and claims handled? Do they consider this part of normal work or a major new burden? Do they think the mission value justifies any additional perceived burden?

MARKETING AND TRAINING. How effective is the marketing material? Do people understand it? Do they find it compelling and persuasive? How well is training working? What adjustments need to be made to the training process?

CLAIMS PERFORMANCE. What are the key claims statistics (claim frequency, claim processing time, claims ratio)? Do they match projections? Are there significant positive or negative variances from projections, or trends?

PARTNER PERFORMANCE. How is the partnership with the insurer working? Does each partner better understand the other's business?



Example... Ensure clients' understanding



سلامتك لرعاية عائلتك

برنامج "رعاية" لا يشمل:

المكوث في المستشفى للأسباب التالية:

- الإتهام للتعمد للحمل في حال كان المنفعة زوجة العميل
- عمليات التجميل
- الأمراض النفسية والانتحار
- الكوارث الطبيعية والحروب
- تعاطي المخدرات والكحول
- مرض فقدان المناعة المكتسبة (الإيدز)
- المواليد أقل من عمر الشهر

مميزات برنامج رعاية:

- 15 ديناراً مقدمة من صندوق المرأة للعميل / العميلة عن كل ليلة أمضاهن المؤتمن عليه في المستشفى
- صدور المبلغ خلال أقل من أسبوع
- عدم الحاجة لفحوصات طبية للانضمام لبرنامج رعاية
- لا يوجد استثناء للأمراض أو الحالات المزمنة
- تغطية لمدة 30 يوماً للصرع الواحدة في المستشفى. وأربع ليالٍ عن كل شهرٍ من عمر التحويل.
- تغطية الولادة الطبيعية أو القيصرية أو المكوث في المستشفى بسبب مضاعفات الحمل والولادة في حال كانت المؤتمن عليها زوجة العميل.

كلفة الاشتراك ديناراً واحداً فقط عن كل فرد من أفراد العائلة شهرياً

شروط الانتفاع:

- يجب توفر أوراق المستشفى الرسمية لتقديم المطالبة
- يجب أن تقدم المطالبة خلال 3 أشهر بعد الخروج من المستشفى
- تكون الاستفادة من البرامج في حال الالتزام بدفع أقساط البرنامج مع الدفعات الشهرية للتحويل
- يجب إحضار صورة عن دفتر العائلة

معلومات شخصية:

الاسم: _____

رقم الوثيقة: _____

التاريخ: _____

اسم الضابط: _____

رقم الهاتف: _____

صندوق المرأة

شركة التأمين الأردنية
Jordan Insurance Company
بمقتضى مرسوم رقم 10 لسنة 1998

كيف يمكن أن أضُم أفراد عائلتي لبرنامج رعاية؟

هل اضطر أحد أفراد عائلتك يوماً ما إلى المكوث في المستشفى بسبب حادث أو مرض معين وتعطلت عن مشروعك للبقاء معه؟ صندوق المرأة يدرك أن مثل هذه الحالات تشكل عبئاً كبيراً على جيبك ولذلك يقدم لك ولأول مرة في الأردن تمويل "سلامتك" الذي يمكّنك من إشراك جميع أفراد أسرتك في برنامج رعاية. يتم الاستفادة من مميزات برنامج رعاية في حالة مكوث أي فرد من أفراد العائلة في المستشفى ليلة أو أكثر بسبب مرض أو حادث معين - لا تسمح الله.

١٥ ديناراً لكل ليلة بالمستشفى

كيفية الحصول على تمويل "سلامتك"؟

الاستفادة من تمويل "سلامتك" اختياري، ويمكن التقدم بطلب التمويل بمجرد الحصول على تمويل تضامن أو تطوير أو عمومي أو جديد أحدهم، أو في حال كانت المدة المتبقية لتسديد التمويل الحالي القائم 1 أشهر فأكثر.

القسط الشهري قيمته ديناراً واحداً فقط عن كل فرد من أفراد العائلة ويدفع مع دفعات التمويل.

1 سمعني إنه هذا تفديري تشعني عيالك برنامج رعاية! فصحها بيبي بالمستشفى

هدماً سمعنا وتعلق أنت لئول "سلامتك" وصويت عيالي للتأمين واقد له استغلت كمن الطوي صندوق المرأة 15 دينار من كل ليلة فصحها بيبي بالمستشفى

2 يا زو محمد خدينا لخدم البيت عائلتكم بصرفة

الأمم... بطني بوجهنوبي

3 ما تعافوا الحمد لله إمت سوية بين لأم تارم لوليتن بالمستشفى شكان نطمن عائلنا

الأمم... بطني بوجهنوبي

4 بطيكي العافية... لو صحيت بحتاج أوراق الدخول والفروع الأساسية ممنوعة ومرفقة

5 الحمد لله على سلامة بنتك... شكراً عائلتي... راح تصحرك طلب التغطية وسببك إن شاء الله بين شخص بعد أقل من أسبوع

6 بعد أقل من أسبوع...

تفضلني يا أبو محمد استبرهون بي ما بيك



Thank You,

Bodour Hiary

b.hyari@microfund.org.jo

Experience in Microinsurance from a provider's perspective



About Jordan Insurance Company (JIC)

- 🏛️ The first Insurance Company in Jordan 1951
- 🏛️ Composite Insurer (Life and Non-life)
- 🏛️ Highest paid up capital in Jordan JD 30 million (USD 42 million)
- 🏛️ Headquartered in Jordan with Regional Branches in UAE and Kuwait
- 🏛️ 10% Ownership by Munich Re
- 🏛️ Technical team of experts



Regulated

Operates under the supervision of the Central Bank of Jordan.



Licensed

to provide a comprehensive insurance package that meets all needs.

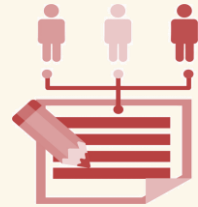


Our Story with Microinsurance

.....A Journey of Innovation and Impact



It all started with an idea when MFW approached us at a time when microinsurance was new to the market—an unfamiliar concept that no one had considered before.



A needs assessment study was conducted to determine which coverage to start with and to assess clients' affordability.



It remains a risk since it is new, and clients' understanding is not fully assured, along with the lack of market maturity.

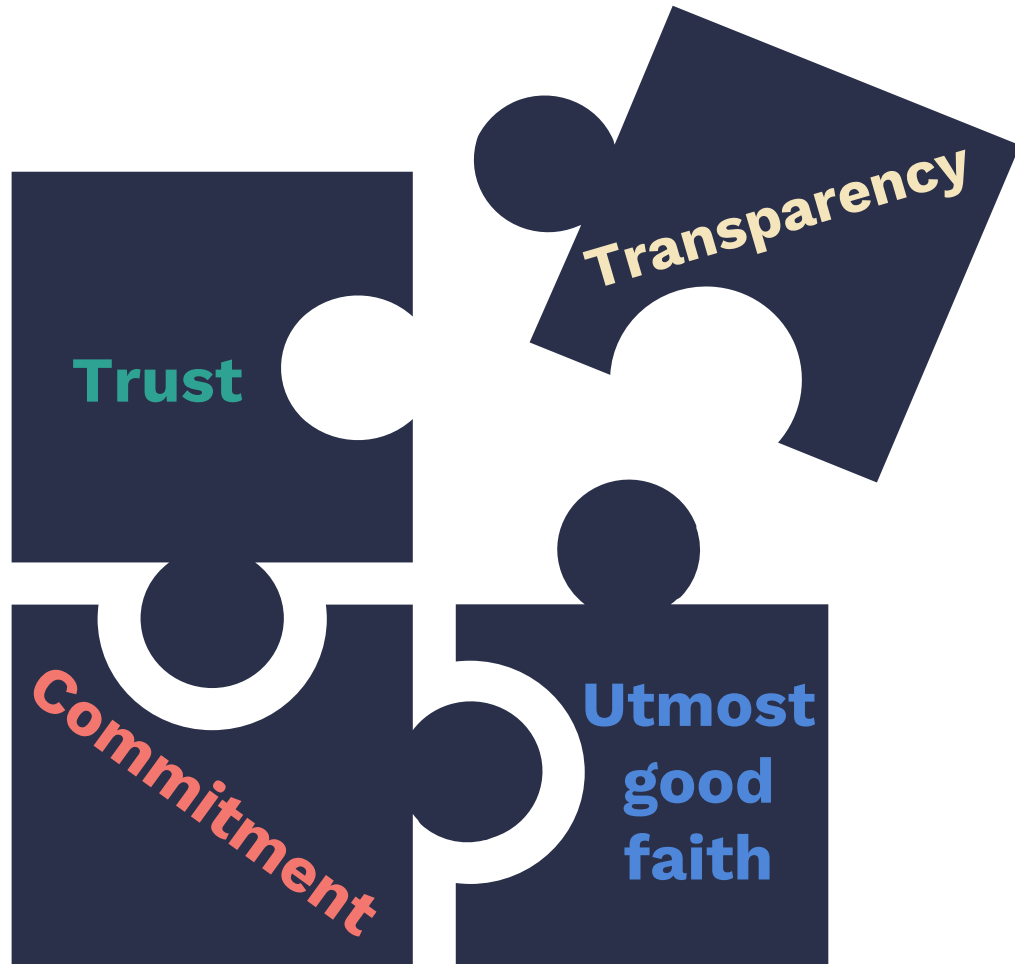


Product launched!!!

Now, 19 years later, we are celebrating this success with each client!!!



The Strategic Partnership with MFW



Risk Transfer Mechanism

- JIC covers the loan plus an additional amount in case of death/disability
- Sustainability of the MFW operations

Social Participation

- Commitment to elevating social standards

Economic Support

- Support the community and economy
Microinsurance

The product features

Simplified procedures with minimal steps

- No Underwriting – experience driven
- Efficient Premium collection
- Speedy Claims Settlements
- Easy Accounts reconciliation



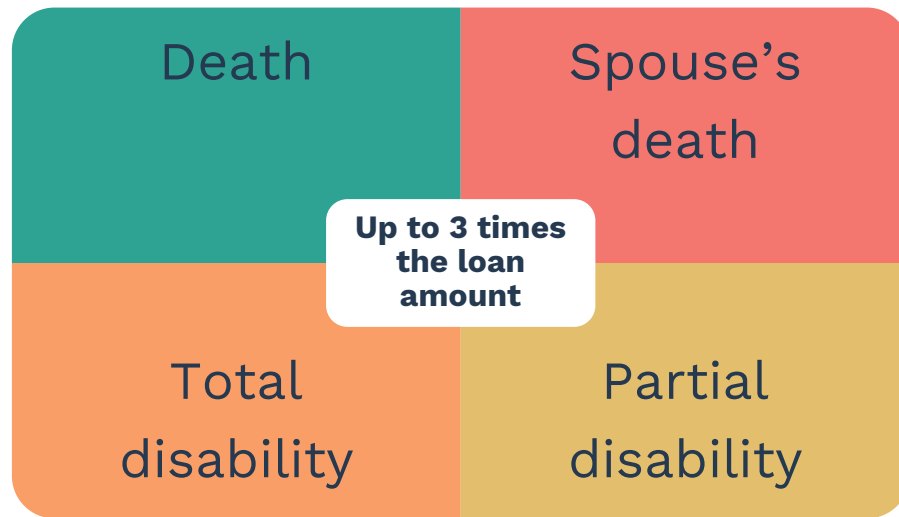
Claims Authority Transfer to MFW

- Efficiency
- Accuracy
- Proper follow up
- Valued Partnership - Trust
- Procedures

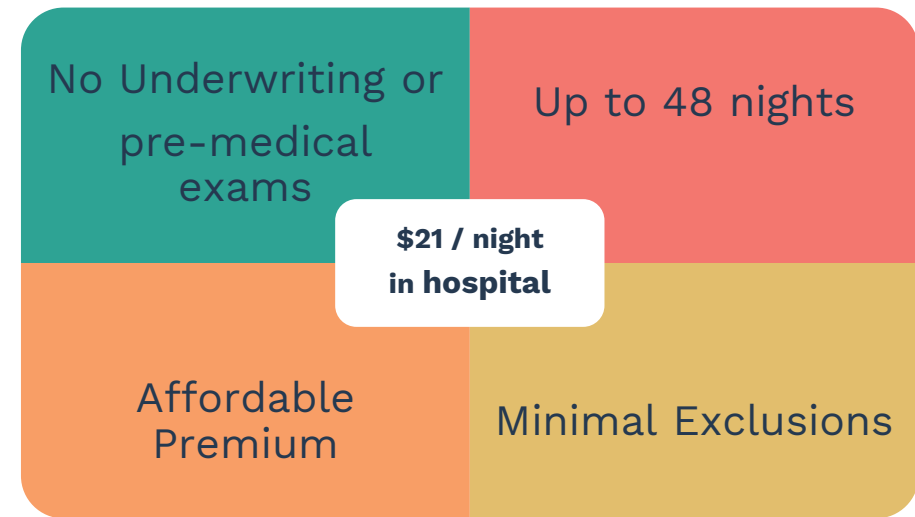


Coverages

Himaya



Re'aya – Hospital Cash

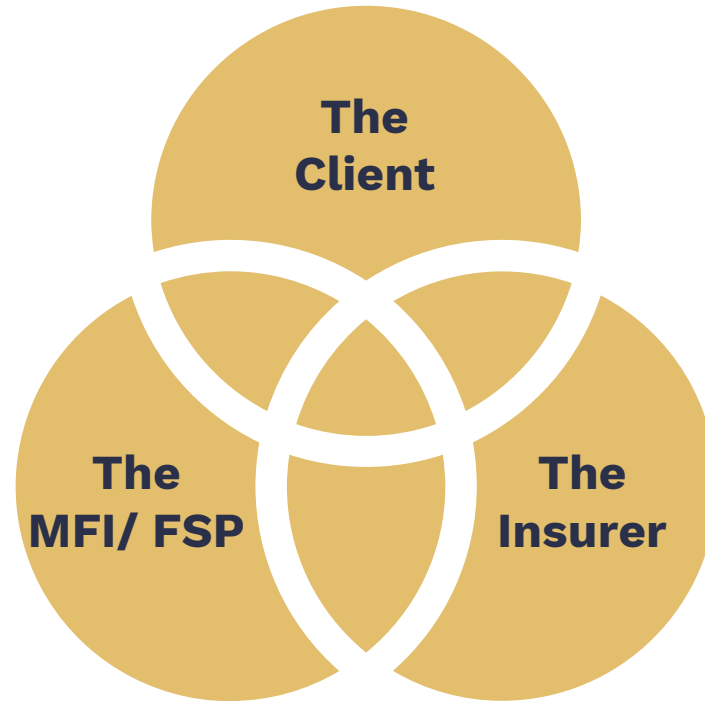


IF you



The result is indeed

WIN... WIN... WIN!





Thank You,

Mazen A. Nimri FCII FLMI
mnimri@jicjo.com

**INSURANCE IN
CLIENT PROTECTION
STANDARDS**

ENTRY, ADVANCED AND PROGRESS





THE PROVIDER'S PRODUCTS, SERVICES, AND CHANNELS BENEFIT CLIENTS.

EP	1.1.0.0	The provider uses data to identify patterns of financial behavior by client segment.
Indicator	1.1.1.0	The provider analyzes product use (types and frequency) by demographic and socioeconomic segments of its clients.
EP	1.2.0.0	The provider collects client feedback on their experiences using the provider's products and services.
Indicator P	1.2.1.0	The provider conducts client satisfaction surveys. Minimum frequency: every other year
Indicator	1.2.2.0	The provider conducts interviews with dormant and/or exiting clients to look for evidence of product design failures.
EP	1.3.0.0	The provider uses insights from client data to design products, services, and delivery channels.
Indicator A	1.3.1.0	The provider designs new products, services (financial and non-financial), and delivery channels using insights from market and pilot studies, client feedback, and client outcomes data.
Indicator	1.3.2.0	The provider modifies its existing products and services in response to clients' needs, feedback, and outcomes.
EP	1.4.0.0	The provider's products, services, and channels protect clients from harm.
Indicator	1.4.4.0	If the provider offers voluntary insurance, it assesses the value of insurance products to clients.
Detail	1.4.4.1	The provider analyzes data on product use: product uptake, claims ratio, renewal rate, and coverage ratio.
Detail	1.4.4.2	The provider analyzes data on how it processes claims: claims rejection ratio, average time for claim's resolution, reasons for rejection of claims, reasons for lapses in coverage.
Detail	1.4.4.3	The provider analyzes data on client experience with insurance: demographics of those covered, complaints, client satisfaction.
Detail	1.4.4.4	If the claims ratio for life insurance is below 60% , the provider asks the insurance provider to justify the reason.

Standard	2.0.0.0	The provider does not overindebt clients.
EP	2.1.0.0	The provider makes loan decisions based on a client's repayment capacity .
Indicator	2.1.1.0	The provider has a policy and documented process for loan approvals.
Detail P	2.1.1.1	The percentage of a borrower's disposable income that can be applied to debt service may not be higher than 70%, including debt from the provider and other lenders.
Detail E	2.1.1.2	Loan approval decisions are made by at least two people, one of whom does not interact directly with the client.
Detail E	2.1.1.3	If a credit bureau exists, the provider reports client data to credit bureaus and uses credit reports in the approval process for loans.
Detail	2.1.1.4	If the provider offers group loans, either the provider or fellow group members conduct due diligence for each group member.
Indicator	2.1.2.0	The provider conducts a cash flow analysis to evaluate repayment capacity .
Detail E	2.1.2.1	The provider conducts a cash flow analysis that considers income, expenses and debt service related to business and family, and any other sources of revenue, including informal sources.
Detail E	2.1.2.2	The provider does not use guarantees, guarantor income, collateral, and/or insurance coverage as proxies for repayment capacity or as the main basis for loan approval.
Indicator	2.1.3.0	The provider's policy on loan prepayment specifies the conditions under which it is acceptable for clients to pay a loan early in order to take a new loan.
Detail P	2.1.3.1	When the client applies for prepayment to get another loan, the provider specifies a time period and/or percentage of the active loan's principle that must be repaid before being eligible for a new loan.
Detail P	2.1.3.2	When the client is taking another loan immediately after prepayment, the provider conducts a new cash flow analysis.
Indicator	2.1.4.0	If the loan approval analysis is done through an algorithm, the provider reviews how well the algorithm functions. Minimum frequency: annually
Detail A	2.1.4.1	The provider reviews the effectiveness of the algorithm for predicting client repayment.
Detail	2.1.4.2	The provider checks its algorithms for bias against Protected Categories and corrects as needed.
EP	2.2.0.0	The provider monitors the market and responds to heightened over-indebtedness risk.
Indicator	2.2.1.0	Senior management monitors portfolio quality to identify over-indebtedness risk. Minimum frequency: monthly
Detail E	2.2.1.1	The provider analyzes portfolio quality by branch, product, and client segment.
Detail P	2.2.1.2	The provider tracks restructured, rescheduled, or refinanced loans.
Indicator E	2.2.2.0	The provider defines PAR levels that trigger additional internal monitoring and response.
Indicator A	2.2.3.0	If the provider's total credit risk has averaged more than 10% during any quarter in the past three years, the provider has taken corrective measures.
EP	2.3.0.0	The provider's strategic and/or business plan establishes responsible growth targets .
Indicator P	2.3.1.0	The provider adjusts growth targets to market saturation.
EP	2.4.0.0	During times of high growth, the provider monitors more frequently data related to responsible growth.
Indicator	2.4.1.0	When the provider identifies growth that is harmful to clients, it takes mitigating action such as reducing growth targets, applying more conservative loan approval criteria, or limiting the total number of loans an individual can have at one time.



3

THE PROVIDER GIVES CLIENTS CLEAR AND TIMELY INFORMATION TO SUPPORT CLIENT DECISION MAKING.

EP		3.1.0.0	The provider is transparent about product terms, conditions, and pricing.
Indicator		3.1.4.0	The provider communicates product information in a way that supports informed decision making by clients.
Detail	E	3.1.4.3	The provider's communications are in simple and local language ; oral information is used for less literate clients .
Detail	P	3.1.4.4	The provider's marketing materials do not deceive or mislead clients .
Indicator	E	3.1.8.0	If the provider offers insurance, it gives clients the following information at the time of enrollment : <ul style="list-style-type: none"> - A certificate of coverage which states, at minimum, the premium, amount and term of coverage, who are the beneficiaries, which events are covered, any major exclusions, and when and how to file a claim - An explanation of the documentation required to prove damage, if applicable - Terms related to cancellation and prepayment, if applicable
Indicator		3.1.9.0	If the provider offers insurance, it provides beneficiaries with timely information during the claims process.
Detail		3.1.9.1	The provider notifies the beneficiary within 30 days of making a decision about the claim .
Detail		3.1.9.2	When the claim decision results in a settlement , the provider notifies the beneficiary within 30 days of the settlement. If the claim is denied, the provider notifies the beneficiary of the reason and gives an opportunity for appeal.
EP		3.2.0.0	The provider communicates with clients at appropriate times and through appropriate channels .
Indicator		3.2.1.0	The provider gives clients the opportunity to review the terms and conditions of products.
Detail	E	3.2.1.1	The provider offers a channel for clients to ask questions and receive additional information prior to signing contracts .
Detail	A	3.2.1.2	The provider gives clients notice and the opportunity to opt out before automatically renewing a voluntary product .



THE PROVIDER ENFORCES FAIR AND RESPECTFUL TREATMENT OF CLIENTS.

EP		5.1.0.0	During the recruitment and hiring process, the provider assesses each candidate's commitment to achieving the provider's social goals and serving its target clients.
Indicator	P	5.1.1.0	All employees sign a document acknowledging that they will abide by the Code of Conduct.
EP		5.2.0.0	The provider's code of conduct requires fair and respectful treatment of clients.
Indicator		5.2.2.0	The provider's policies prohibit the following:
Detail	E	5.2.2.3	Discrimination against all internationally recognized Protected Categories. [Note: Protected Categories are as follows: People over 40 years old; Sex; Race/ethnicity/national extraction/social origin /caste; Religion; Health status, including HIV status; Disability; Sexual orientation; Political affiliation/opinion; Civil/marital status; Participation in a trade union.]
Indicator		5.2.4.0	If the provider partners with third parties , it reviews the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients.
EP		5.3.0.0	The provider does not use aggressive sales techniques.
Indicator		5.3.1.0	The provider has internal controls to monitor whether employees or agents are engaging in aggressive sales.
Indicator		5.3.2.0	The provider's incentive structure does not promote aggressive sales.



Standard
6

THE PROVIDER SECURES CLIENT DATA AND INFORMS CLIENTS ABOUT THEIR DATA RIGHTS.

EP		6.1.0.0 The provider maintains the security and confidentiality of client data.
Indicator		6.1.1.0 The provider has data security and confidentiality policies that cover the gathering, use, distribution, storage, and retention of client information.
Indicator	A	6.1.4.0 If the provider works with third parties that have access to client data, the provider's agreements specify that third parties will maintain the security and confidentiality of client data.
EP		6.2.0.0 The provider informs clients about data privacy and data rights.
Indicator	E	6.2.1.0 The provider explains to clients how it will use client data, with whom it will share the data, and how third parties will use the data. The provider receives clients' consent before using or sharing their data.
Indicator		6.2.2.0 Information about data use and consent is easy for clients to understand.
Indicator		6.2.3.0 The provider notifies clients of their right to review and correct their personal and financial data.



Standard

7

THE PROVIDER RECEIVES AND RESOLVES CLIENT COMPLAINTS.

EP		7.1.0.0	The provider has a complaints mechanism that is easily accessible to clients and adapted to their needs.
Indicator		7.1.3.0	The provider informs clients how to submit a complaint.
Detail	E	7.1.3.1	The provider displays information on how to submit a complaint in branch offices, at agent locations, in product documentation, and in all digital channels it uses to provide services to clients.
Detail	A	7.1.3.2	At the time when clients are applying to use a product , the provider informs clients on how to submit a complaint both to itself and to any third party partner.
EP		7.3.0.0	The provider uses information from complaints to manage operations and improve product and service quality.
Indicator		7.3.1.0	The complaints system creates a report for management and client care staff. Minimum frequency: monthly
Indicator		7.3.3.0	If the provider partners with third parties , the provider helps its clients to resolve complaints they have with those third parties.



Standard
8

THE GOVERNANCE AND MANAGEMENT ARE COMMITTED TO CLIENT PROTECTION, AND INTERNAL AUDIT & HR SYSTEMS SUPPORT ITS IMPLEMENTATION.

EP		8.1.0.0	The board makes strategic decisions based on social and financial data.
Indicator		8.1.1.0	The board uses the following data, provided by management, to monitor client protection . Minimum frequency: annually
Detail		8.1.1.2	Analysis of client dissatisfaction : rates of client dormancy and drop-out, results of exit surveys, and client complaints.
Indicator	A	8.1.2.0	The board takes corrective action when it identifies risks to clients , risks to employees, or when the provider is not achieving its social goals.
EP		8.2.0.0	Management makes strategic and operational decisions based on social and financial data.
Indicator		8.2.1.0	Senior management analyzes the following data and assesses risks . Minimum frequency: annually
Detail		8.2.1.1	Analysis of client protection risks (over-indebtedness, unfair treatment, lack of transparency, privacy of client data, complaints , fraud, corruption and bribery)
Indicator		8.2.2.0	Internal audit and/or risk management integrates the following criteria into regular monitoring activities:
Detail		8.2.2.2	Transparency to clients
Detail		8.2.2.3	Compliance with code of conduct ; prevention of fraud and corruption
Detail		8.2.2.5	Client data misuse and fraud
Detail		8.2.2.6	Complaints handling , including review of a sample of cases
Indicator		8.2.3.0	Management takes corrective action when it identifies risks to clients , risks to employees, or when the provider is not achieving its social goals
EP		8.3.0.0	The provider trains all employees on its social goals and on client protection.
Indicator		8.3.1.0	The provider trains employees on client protection , in line with their roles and responsibilities. The training covers at minimum the following topics:
Detail		8.3.1.2	How to avoid aggressive sales techniques , including how to respect clients' right to refuse products
Detail	P	8.3.1.3	How to explain pricing, terms and conditions to clients and how to verify client understanding
Detail		8.3.1.5	Confidentiality and data sharing policies and fraud risks, including common frauds, fraud identification, and fraud reporting
Detail		8.3.1.6	How the complaints mechanism works, how to resolve complaints against third party providers, and how to treat clients respectfully during the process

WHAT TO REMEMBER

When assessing insurance products, we are assessing, above all,

VALUE for clients



Clients **UNDERSTAND** them



Selected metrics tracked by the FSP, non discriminatory terms and conditions, complaints channels.....



Any Questions

KEY LINKS ... AND MORE TO KNOW



Would you like to receive the notifications of upcoming events, tools and resources? Sign-up for our newsletter?

<https://cerise-sptf.org/mailling-list/>

Have you checked out the new standards?

<https://cerise-sptf.org/universal-standards/>

Assess your practices in SPI Online

<https://app.spi-online.org/en/login>

Find a qualified expert to support your assessment:

<https://en.spi-online.org/experts-and-financing>



To know more about [the Client Protection Pathway](#)

For Financial Service Providers who want to [sign-up for the Pathway](#)

The [CP Standards](#)

Keep following our [CP Implementation Series](#)

Contact us on cppathway@sptfnetwork.org

Check our online training <https://elearning.spi-online.org/>

THANK YOU!

