



COMISIÓN NACIONAL DE
SEGUROS Y FIANZAS

Mexican microinsurance regulation

South Africa

March 27, 2009

Agenda

- General scope
- General principles
- Regulation
- Authorities
- Microinsurance regulation
- Final remarks

General scope

- Insurance companies: 100
- Insurance penetration: 2% GDP
(General Domestic Product)
- Brokers: 219
 - Agents and Brokers representatives : 42,000
nearly

General principles

1.- Insurance products must be issued by a licensed insurance company.

- **Mutuals (friendly societies)**
- **Mutual societies**
- **Assistance services providers**

General principles

2.- Insurance operation

- **Future and uncertain event**
- **Contract between two persons or entities**
- **A premium payment**
- **Obligation to pay an indemnization**
- **Cash or non cash refunds**

General principles

3.- Comissions

Comissions only can be paid to brockers or agents

- **Direct sale (can be refunded to policyholder)**
- **Other entities:**
 - ✓ **Pre-written contacts**
 - ✓ **Contract registration between insurer and seller**
 - ✓ **On a yearly basis insurer must disclose his sellers**

Regulation

- Laws
- Acts
- Ministry of Finance rules
 - CNSF regulation

Regulation

Laws

- Ley General de Instituciones y Sociedades Mutualistas de Seguros (LGISMS) *Insurance Law*
- Ley de Protección y Defensa al Usuario de Servicios Financieros *Finance Ombudsman Law*
- Código de Comercio *Commerce Code*
- Código Civil *Civil Code*

Regulation

Acts

- Reglamento de Agentes de Seguros y de Fianzas (RASF) *Brockers and agents act*

Regulation

Ministry of Finance Rules

1. ACUERDO por el que se fijan los criterios de aplicación general respecto de los servicios de asistencia. *Assistance services rules*
2. ACUERDO por el que se fijan los criterios de aplicación general respecto de la extensión de garantía. *Extended warranty rules*
3. REGLAS de carácter general sobre los servicios y operaciones que contraten o efectúen con terceros o con las sociedades a que se refieren los artículos 68 de la Ley General de Instituciones y Sociedades Mutualistas de Seguros y 79 de la Ley Federal de Instituciones de Fianzas, las instituciones y sociedades mutualistas de seguros e instituciones de fianzas, reputados complementarios o auxiliares de las operaciones que les son propias. *Outsourcing rules*
4. REGLAS que Establecen las Orientaciones de Política General Aplicables a los Agentes y Apoderados de Seguros y de Fianzas. *Brockers and agents conduct code rules*

Regulation

CNSF regulations

S-01. Agentes *Brockers and agents regulations*

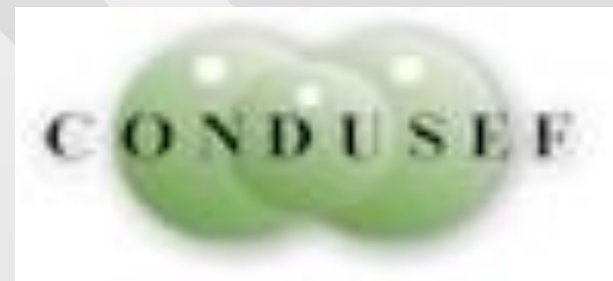
S-02. Contratos de Promoción *Other seller entities*

S-08. Registro de Tarifa y Documentación Contractual
Insurance products registration process

Authorities



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Microinsurance regulation

- From a solvency stand point microinsurance technical requirements are determined as life or non life insurance products
- Only insurance companies can offer microinsurance products
- Life products: Total benefits limits at \$76,000 (5,000 USD)
- Non life products: Premium limits at \$500 nearly (34 USD)
- Mandatory contract conditions
- Selling sources: Brockers, agents and others entities trained
- The insurance company must identify its products as microinsurance

Final remarks

- Microinsurance has emerged as an important vehicle for protecting low income people
- It has been adopted as a government policy to complement the social security scheme
- From the insurers standpoint, an important actual topic is to find a balance between a prudential regulation and this market development
- The microinsurance market in Mexico is expanding and it is relevant issue for CNSF to follow its development

Thank you

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