

Self-assessment and peer review on regulation and supervision supporting inclusive insurance markets

I. Context

The IAIS Insurance Core Principles (ICPs) constitute a globally accepted framework for the supervision of the insurance sector. They prescribe the essential elements that must be present in the supervisory regime. At the same time, the IAIS recognises that supervisors need to adjust certain supervisory requirements and actions in accordance with the nature, scale and complexity of the risks posed by individual insurers and insurance intermediaries by tailoring regulations to the risk characteristics of product or intermediation channel (i.e. the “proportionality principle”).



The IAIS approved the [Application Paper on Regulation and Supervision Supporting Inclusive Insurance Markets](#) in October 2012. The purpose of the Application Paper is to provide guidance which supports inclusive insurance markets and to give examples of how relevant principles and standards can be practically applied. Further, the Application Paper is directed at the objectives of implementing the ICPs in a manner that protects policyholders, contributes to local and global financial stability, and enhances inclusive insurance markets.

II. Objective

The [self-assessment and peer review tool](#) based on the Application Paper Regulation and Supervision supporting Inclusive Insurance Markets (2012), was developed by the IAIS and the A2ii to review the supportiveness of jurisdictions to the cause of enhancing inclusive insurance markets. The IAIS considers that the ICPs apply to insurance supervision in all jurisdictions regardless of the level of development or sophistication of the insurance markets and the type of insurance products or services being supervised.

The reason for developing the assessment tool is threefold: 1. to establish a baseline, 2. to generate impetus for regulatory change, and 3. to support the implementation and promotion of the G20 Principles for Innovative Financial Inclusion (GPII) into practice.

The self-assessment furthermore aligns with the IAIS mission to promote effective and globally consistent regulation and supervision and the A2ii mission to promote inclusive and responsible insurance, thereby reducing vulnerability.

The results of the assessments will flow into A2ii's regional implementation activities, in particular they will be used to provide the knowledge supervisors need, to build supervisory capacity development tools and for advocacy and outreach activities.

III. Participation and observations

All IAIS regions had participants in the self-assessment and peer review. One third of participants are first time users of the IAIS self-assessment tool. Jurisdictions that participated range from high income countries to middle- and low income countries which form the majority. We also received several responses from non-IAIS jurisdictions. Finally, there is diverse coverage which helps signalling trends in the different regions:

Based on the provided answers to the survey questionnaire participating jurisdictions received individual jurisdiction reports. These reflect the extent of support for inclusive insurance markets as described in the Application Paper on Regulation and Supervision supporting Inclusive Insurance Markets (2012). Individual jurisdiction reports are confidential, but results have been aggregated for a report summarising the results on a regional level:

Region	Jurisdiction	IAIS member
MENA	6	4
LAC	9	9
Europe	10	9
Asia Pacific	14	13
Africa	7	7
Total	46	42

The aggregate findings contained in the report demonstrate some significant challenges remaining in equipping supervisors to understand their role in enhancing financial inclusion.

Appropriate legislative frameworks do not exist in a majority of jurisdictions that participated in the SAPR, and a number of jurisdictions had challenges in building a positive policy framework for enhancing financial inclusion.

The aggregate report also identified a number of challenges that exist with the application of proportionality in general, specifically in the area of microinsurance and the formalisation of the insurance sector.

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