

Climate risk insurance for the underserved and vulnerable: What is the role of insurance supervisors to foster its responsible development?

A2ii – IAIS Consultation Call

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The discussants



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OBSTACLES FACED BY THE INDUSTRY TO INNOVATE ON CLIMATE RISK INSURANCE

POLICY LEVEL



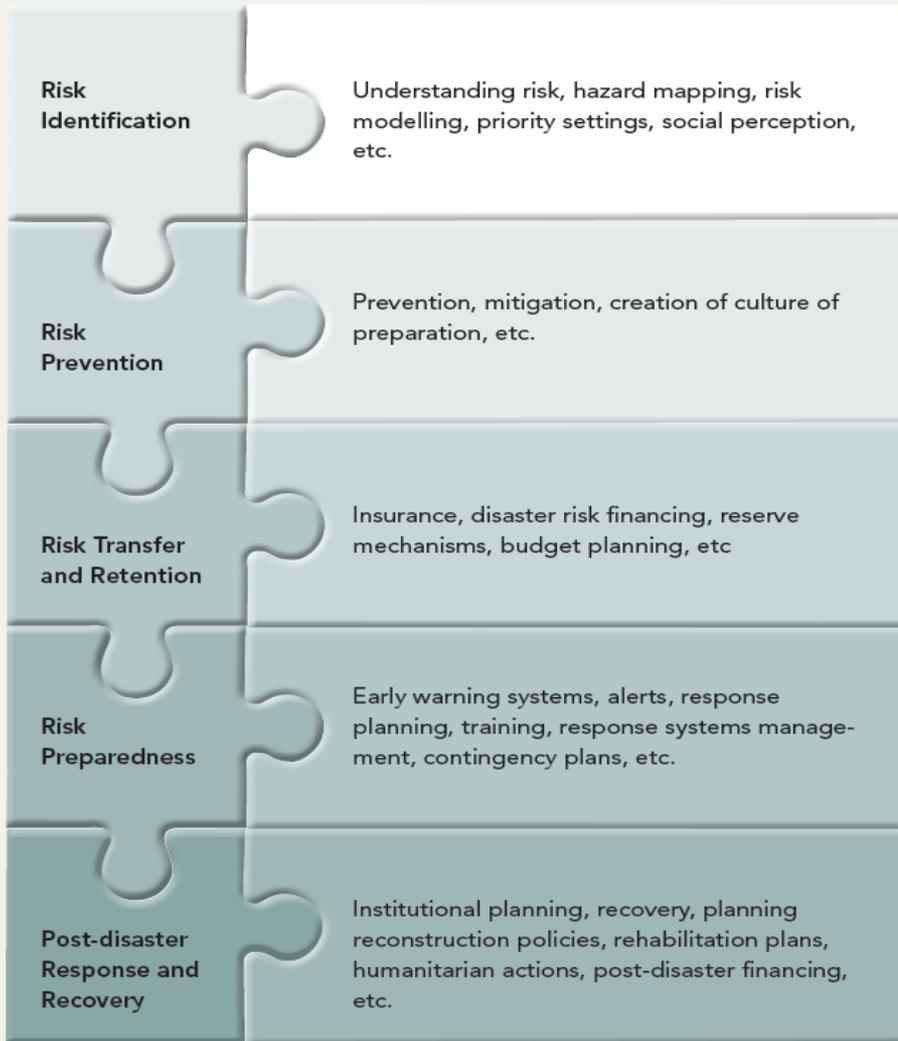
- CRI is not recognised as a key component to achieve public policy goals
- There is no coordination amongst policymakers to promote CRI
- There is a lack of understanding of the business case of CRI and a lack of incentives to make products sustainable and scalable

REGULATION		<p>Not allowance of:</p> <ul style="list-style-type: none"> • index insurance • alternative distribution channels • electronic signature, payments and contracts <ul style="list-style-type: none"> • Restrictions to reinsurance transactions • A wide range of taxes • CRI is not mandatory • Slow acceptance to technology innovations 	<ul style="list-style-type: none"> • Supervisors are unaware of the role that they can play in order to promote resilience against climate risks and natural disasters • Supervisors are reactive and not proactive, they impose barriers to product approval • Supervisors are not open to innovation • Supervisors do not have the technical skills to understand the complexities of new approaches • Capacity building to supervisors is expensive and time consuming 		SUPERVISION
DEMAND		<ul style="list-style-type: none"> • The vulnerable populations are not aware of CRI • Lack of understanding of the risks that the vulnerable populations confront • Sometimes consumer centric approaches for product design are not adopted • Lack of incentives for CRI uptake • Lack of support of governments to raise awareness on CRI 	<ul style="list-style-type: none"> • Limited support to the industry during process design • Lack of data and access to data • Lack of local capacity for product design that is matched by complications for reinsurers to provide capacity building • Limited room for innovative business models • Technology could be expensive and not allowed • Lack of incentives 		SUPPLY

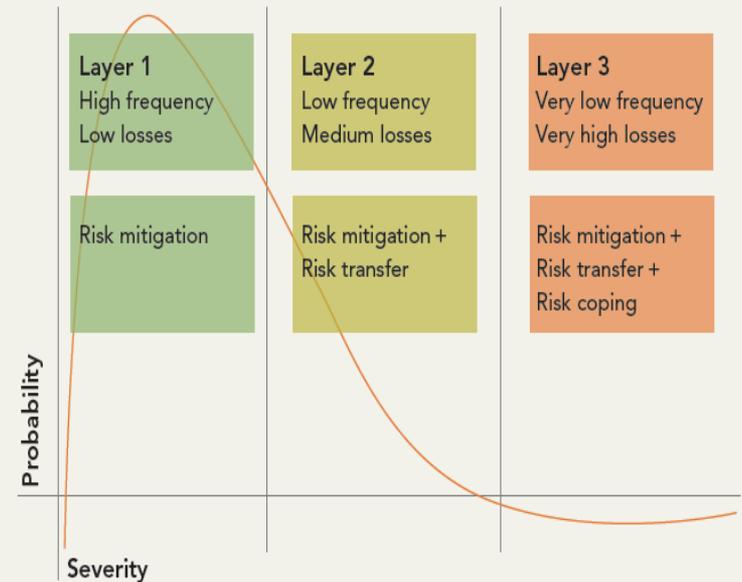
Source: A2ii, *The role of insurance supervisors in climate risk insurance*, 2019

1. What supervisors can do to encourage the development of responsible CRI markets?

INSURANCE IS ONE PIECE OF THE DRR PUZZLE...



...AND PART OF A LAYERED APPROACH TO MANAGING RISKS



Source: A2ii, *The role of insurance supervisors in climate risk insurance*, 2019

2. What supervisors could do so the insurance industry can share their risk management expertise to build resilience?

3. What supervisors could do to support policymakers to ensure that insurance is seen as a piece of the puzzle of disaster risk management?

The wishlist

Thank you.

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