



access to insurance initiative

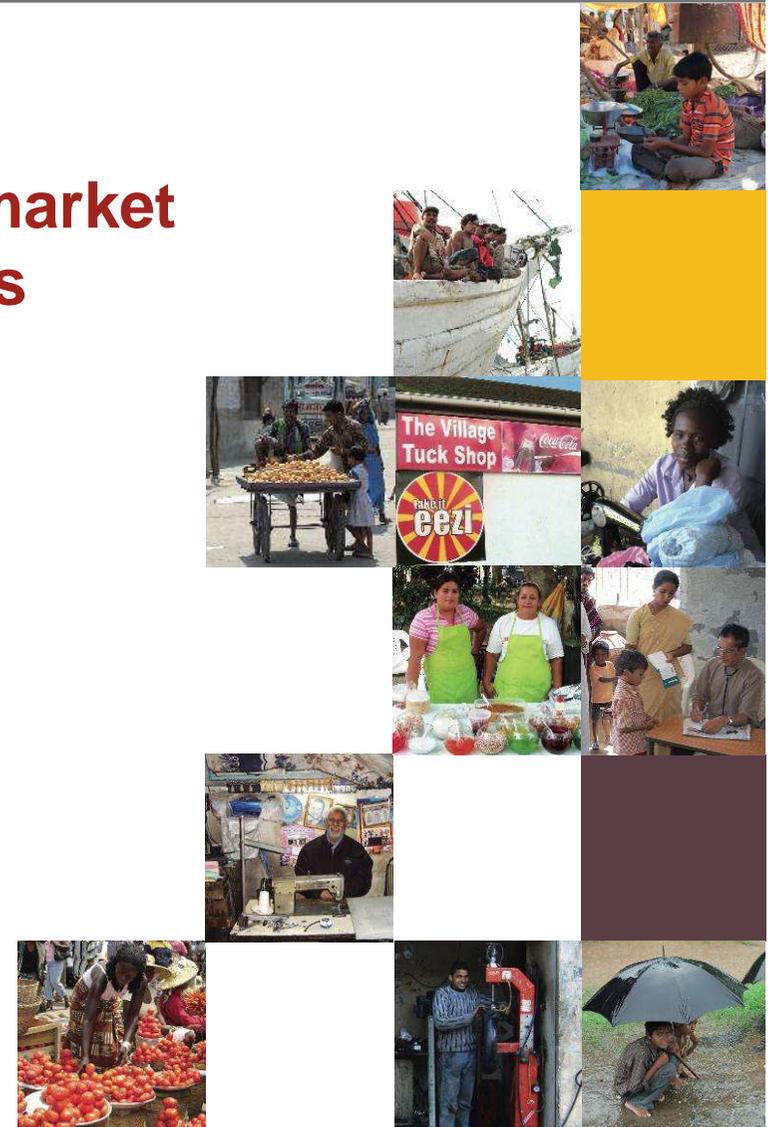


Session 1: Challenges for microinsurance market development - Policy approaches in a global perspective

AIO-A2ii Regulators Workshop
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A2ii on behalf of German Federal Ministry for
Economic Development and Cooperation (BMZ)
and German International Cooperation (GIZ)





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What can insurance supervisors do?

- (1) Push learning and watch closely
- (2) Get policy support and funding
- (3) Look at policy and regulation also beyond insurance
- (4) Choose your strategic approach on an informed basis
- (5) Join hands with other stakeholders





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The G20 Principles for Innovative Financial Inclusion

- Nine principles to support a global financial inclusion agenda
- About the four types of poverty-oriented financial services: credit, savings, payments and insurance
- IAIS as insurance Standard Setter supporting this global agenda



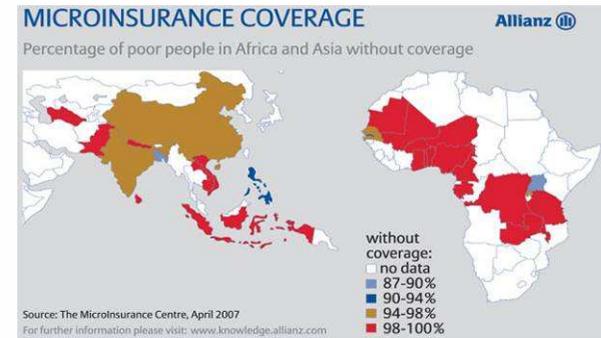


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Financial Inclusion Principle 1: Leadership

Commitment to financial inclusion

- Financial inclusion policy
- Sensitization of policymakers
- Engagement at national, regional, and global level



Financial Inclusion Principle 2: Diversity

Competition, market based incentives for the private sector and diversity of service providers

- New types of providers
- Facilitation of a microinsurance business line for insurers
- Allowing bundled products between life and non-life





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Financial Inclusion Principle 3: Innovation

Technological and institutional innovation

- Payment system
- Delivery channels
- New institutional types





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Financial Inclusion Principle 4: Protection

Comprehensive approach to consumer protection that takes their living situation into account

- Products and their marketing
- Information before and after sale
- Advice that understands client priorities
- Claims and complaints
- Sound insurers and intermediaries





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Financial Inclusion Principle 5: Empowerment

Financial literacy and financial capability

- Improve perceptions and knowledge
- Help clients to make own choices
- Joint private-public engagement

“Insurance is a tax; and government people motivate us to buy it.”





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Financial Inclusion Principles 6: Cooperation

Accountability and coordination within government; and partnerships and consultation across all stakeholders

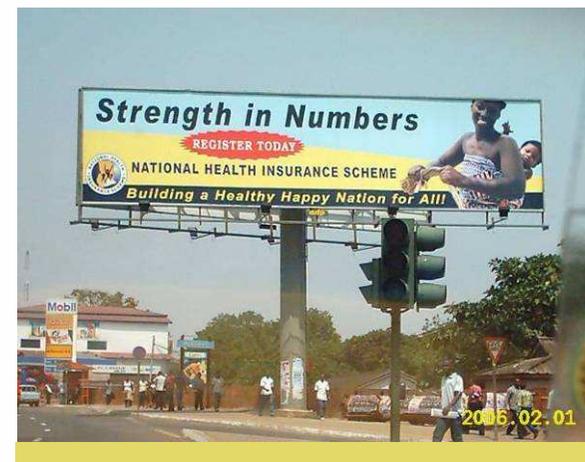
- Technical Working Groups between public and private sector
- Joint regulations between Central Bank, Cooperative Authority and Insurance Commission
- Implementation of “a holistic approach”



Financial Inclusion Principle 7: Knowledge

Data to make evidence based policy and measure progress

- Country diagnostics
- Performance indicators
- Measuring regulatory progress





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Financial Inclusion Principle 8: Proportionality

Policy and regulatory framework proportionate with the risks and benefits involved

- Creating a risk category with lesser requirements and eased delivery
- Based on understanding of gaps and barriers of existing regulation



Financial Inclusion Principle 9: Regulatory Framework

A regulatory framework, reflecting international standards and national circumstances

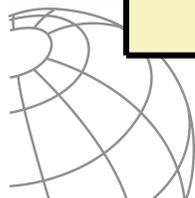
- IAIS: Insurance Core Principles and Guidance Paper on Access
- Insurance regulations: Business line or institutional type
- Other regulatory areas
- Definition of microinsurance





Monetary **definition** of microinsurance products

	India: Life, non-life	Phil: Life, non-life	Peru:	Mexico: Life, accident, health	Taiwan Life, injury
Maximum premium per month	n.a	US\$ 12 (old regulation: US\$ 25)	(until 9/2009 US\$ 3) <i>Abolished</i>	US\$ 7 (property insurance)	n.a.
Sum insured	min. US\$ 123 max US\$740 depending on Line	US\$ 4,033	(until 9/2009 US\$ 3,300) <i>No limit anymore</i>	US\$ 6,840 (groups US\$ 5,130 per individual for life insurance)	US\$ 9,663



Coherent policy approach...

Strong commitment combining various policy instruments:

- Insurance regulatory framework
- Financial literacy
- Performance indicators
- Capacity building of insurance commission
- Related policy/regulatory fields





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...early market development

Young market with low capacity

- Build traditional insurance sector and regulatory capacity to enable the focus on microinsurance
- Avoid the term “microinsurance” as is it related to health pilot products
- Small policies can gain trust and allow for learning





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Supervisors are key drivers of microinsurance market development.

Priority Principles: Leadership, Diversity, and Protection.

A **financial inclusion approach** based on concerted actions and joint learning can effectively push market development.

Implementation support of supervisors is a priority for the way forward.





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Industry innovation + policy innovation = success!



The Initiative is a partnership between:



Federal Ministry for Economic Cooperation and Development



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Financial System Approaches to Microinsurance – Access to Insurance Initiative



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