

Bridging the Gender Gap: The role of the Insurance Supervisor

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Expert



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Gender inclusive insurance and regulation

May 2019

A woman is seated on the floor, holding a baby wrapped in a patterned cloth on her back. She is wearing a white short-sleeved shirt and a patterned skirt. To her right, another person stands wearing a yellow and green patterned skirt. Further right, another person is partially visible wearing a blue and white patterned skirt. The background shows a brick wall and a woven basket. The overall scene is dimly lit, suggesting an indoor setting.

*Every 90 seconds, a
woman dies during
pregnancy or childbirth.*

SOURCE: World Health Organization

A woman in a pink shirt and grey skirt stands in a field of dry, harvested crops, likely rice stalks, under a cloudy sky. The image is dimly lit, suggesting an overcast day.

*Women and girls are more affected
by climate change*

**80% of people displaced by climate
change are women**

SOURCE: World Health Organization, United Nations

Agenda

**About
Women's
World
Banking**

**Why does
gender
matter?**

**Gender
barriers we
address**

**What can
regulators
do to help?**



US\$25M

in donor-funded member institution investments in 2017

53
institutions

in

32
countries

Network

29
core members

and

24.5M
clients

serving **70%** *women*



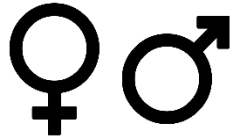
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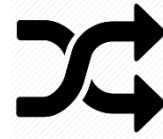
**What can
regulators
do to help?**

What is Gender – why is it important?



Gender roles

Roles, responsibilities and duties of women vs. men



Roles are dynamic

These roles change over time as the social construct changes



Gender mainstreaming

Gender stereotypes influences policies and legislation



Empowerment of women

Gender equality leads to more empowerment of women

Gender Equality goal is an enabler for other goals




The UN Sustainable Development Goals are connected



A photograph of a woman in a green shirt cooking over a small fire in a brick stove in a slum. She is surrounded by various household items, including a yellow water container, a woven basket, and several pots. In the background, other people are visible, including a woman holding a child, amidst a cluttered and impoverished environment.

*An estimated 735 million
people lived below the
international poverty line of
\$1.90 a day.*

Source: World Bank



There are approximately 750 million illiterate adults worldwide – two-thirds of whom are women

SOURCE: UNESCO Institute for Statistics



Women make up 50% of all refugees and displaced people. Instruments of genocide such as sexual violence and rape are often directed at women and girls.

SOURCE: UNICEF

A woman with dark hair, wearing a patterned dress with orange, green, and white designs, is bent over a large metal tub, washing clothes. She is in an outdoor setting with a concrete wall behind her. To her right, there is a wooden table with more laundry on it. In the foreground, there are several plastic bags and another tub. The overall scene suggests a domestic or care-related activity.

*Women spend roughly two and
half times as many hours in
unpaid domestic and care work as
men*

SOURCE: UN Women



**About
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**Why does
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**What can
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do to help?**

A woman wearing a patterned headscarf and a colorful, patterned blouse is seated at a sewing machine in a factory or workshop. She is focused on her work, with her hands positioned near the machine. The background is slightly blurred, showing other workstations and equipment. The overall scene is dimly lit, with a green wall visible in the background.

*Approximately 980 million
women – remain outside the
formal financial system.*

Source: 2017Findex



*In developing countries,
up to 95% of women's
employment is informal
in jobs unprotected by
labor laws*

Source: UNWOMEN

A photograph of a woman in a colorful pink and blue sweater and green pants carrying a young child on her back. The child is wearing a red hat. In the background, a man in a light purple shirt and blue jeans is sitting on a stone ledge, talking on a mobile phone. The scene is outdoors, possibly in a public square or market area, with a stone wall and a paved ground.

*Women are 23% less
likely than men to
use mobile internet*

Source: 2019 GSMA Report

Caregiver insurance – what’s in it for women clients?

Caregiver, Women’s World Banking’s flagship health insurance program meets the unique health financing needs of low-income women. As the name implies, this program is a tribute to the role that women play in their families and communities.



Meaningful

Caregiver provides fixed cash per night of hospitalization, which allows the flexibility of using the money as she desires



Relevant

All conditions are covered from day one (including maternity and pre-existing conditions), and there are no waiting periods



Affordable

At a nominal monthly premium, the insured can receive a cash amount up to 30x per night of hospitalization, making the program very cost effective for low-income women

“Caregiver”: Simple inclusive model that works for women



Product Design

No exclusions for any health condition
Only one document required for claims



Marketing

Reinforce 3 key features that the customers must be able to recollect anytime
Regular monitoring of customer awareness through phone surveys



Operating Model

Delivered through a financial intermediary and underwritten by an insurer
Linked/bundled with the core financial products of the intermediary e.g. credit or savings

2 million
lives insured



1.03 million
women covered



>120,000
claims paid

Commercially viable solutions creating win-win for all



**About
Women's
World Banking**

**Why does
gender
matter?**

**Our
insurance
approach**

**What can
regulators
do to help?**

What can regulators do to help?



For bank and other distribution partners:

Developing insurance comes with a high cost and they often are not able to navigate Insurance regulation

- Review regulation from a woman segment perspective (e.g. ownership titles, ID requirements, payment to her account)
- Make sure gender-disaggregated data is collected, analyzed and published
- Allow bundling of high value products that align with sustainable development
- Allow service based agreements to improve client experience and reduce costs
- Allow paperless filing
- Remove VAT on digital products
- Think about airtime = money



For insurers:

Insurers often see regulation as the source of problems

- Penalize unnecessary exclusions
- Silent approval or shorten approval timelines, allow innovation in sandboxes.
- Create “peer” dialogue with insurance companies (to avoid “licensing” fear that puts transparency at stake). Include other regulators
- Avoid rule-based regulation (e.g. 5 days to pay claims), which can frighten the industry
- Allow and acknowledge micro-insurance group schemes within the existing regulation
- Break myth that “market practice” is the same as regulation



With micro-insurance, low-income women can mitigate financial distress caused by unexpected events affecting their family. It can protect the first layer of assets they have created as they move out of poverty.



We believe that Insurance products can be designed in a way that creates meaningful value to clients and sustainable solutions to insurers.

*Gender equality in insurance is what we need to do
to offer women and girls the same fair chances to
protect their future*

Insurance regulators can make it happen!

A black and white photograph of three people standing in a cornfield. On the left is a woman wearing a headscarf and a patterned top. In the center is a young man wearing a striped t-shirt and a backpack. On the right is a woman wearing a headscarf and a patterned top, holding a large fish. The background is filled with tall corn stalks.

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BRIDGING THE GENDER GAP – THE ROLE OF THE INSURANCE SUPERVISOR

May 23, 2019

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**THE SOCIAL AND ECONOMIC VALUE AND
BUSINESS POTENTIAL OF EXPANDING
WOMEN'S FINANCIAL INCLUSION IS NOT IN
DEBATE**



COMPATIBLE WITH OUR SUPERVISORY MANDATE

- Promote the maintenance of a fair, safe and stable insurance sector for the benefit and protection of policyholders and beneficiaries
 - By ensuring safety and soundness of supervised entities and transparent and fair treatment of customers
- Contribute to financial stability
- Development of the insurance market
- Promote competition
- Promote financial inclusion
- Contribute to economic development
- Ensure AML/CFT compliance



KEY POINTS

Financial Inclusion cannot achieve its promise without an enabling regulatory framework and a well run effectively supervised industry.

Unintended consequences – certain gender neutral policies are inherently gender biased.

Although there has been progress in meeting financial inclusion goals, in certain countries (Pakistan and Bangladesh) the gender gap has increased.

WOMEN'S CUSTOMER PROFILE IS DIFFERENT FROM MEN



IN GENERAL LOW INCOME WOMEN ARE MORE VULNERABLE

- They respond to risks differently from men
- Longer life expectancies
- Women-specific health risks such as pregnancy and childbirth
- More likely to be self-employed, and are more likely to be in the informal economy with limited discretionary spending
- Societal expectations and constraints such as inheritance customs, restrictions on land and asset ownership, and divorce practices
- Often have fluctuating cash flows and own fewer assets, problems that are compounded
- Labour force participation constrained by unpaid caring responsibilities
- Lower levels of education and literacy



BARRIERS TO WOMEN'S FINANCIAL INCLUSION

- Lack of ID
- Lack of Collateral
- Data gaps
- Vulnerable to risks e.g. Illness, climate change/hurricanes
- Poverty
- Illiteracy
- Norms, cultural and other issues (handset ownership, mobility constraints, rural location)
- Regulation and supervisory approaches

OUR ROLE AS INSURANCE SUPERVISORS



Institutionalizing a gender mindset

Designing and consistently implementing evidence based gender inclusive policies

CONTINUUM OF REGULATORY APPROACHES

Source: A2ii paper “Regulatory Approaches to Inclusive Insurance Market Development February 2014”

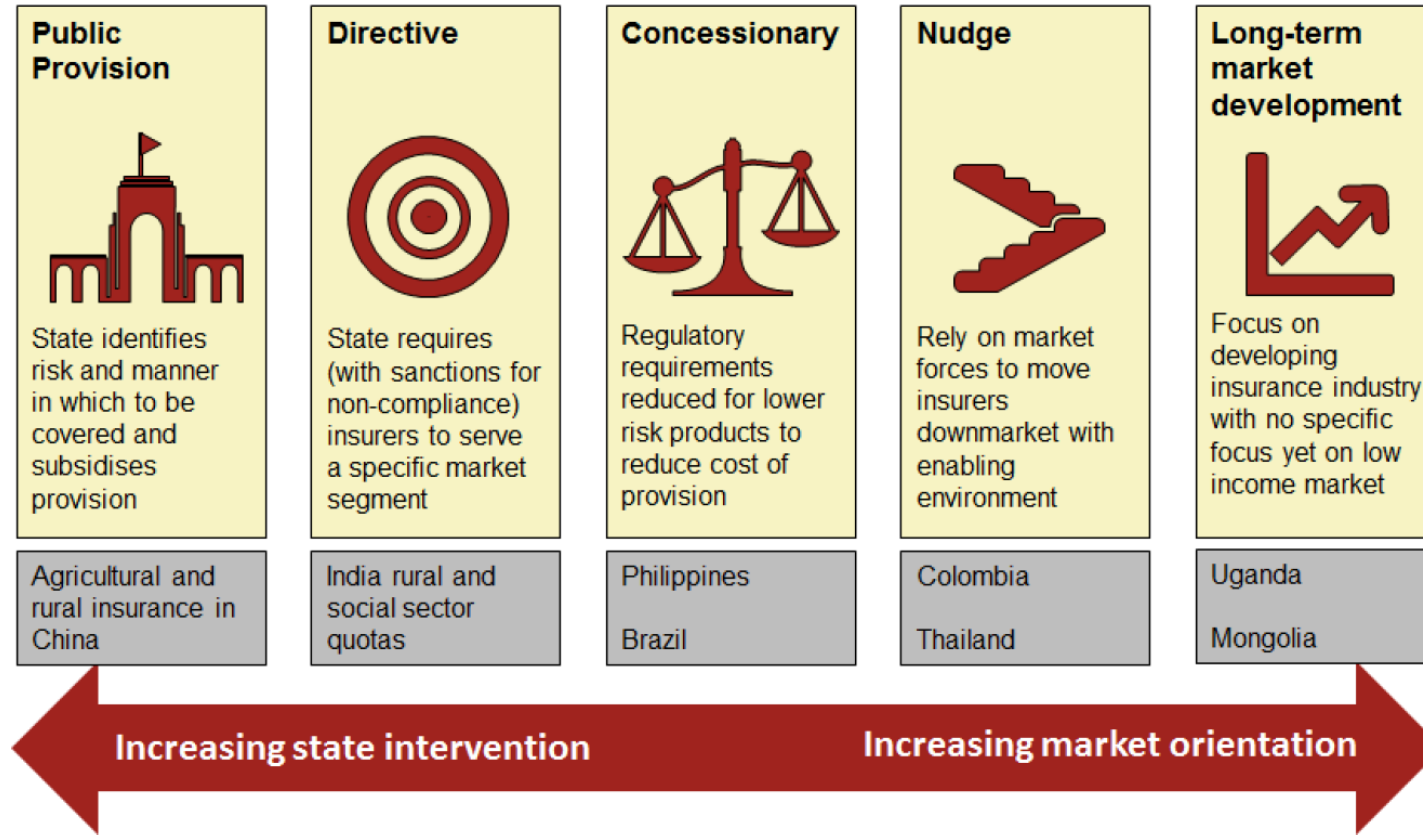


Figure 2: Continuum of identified regulatory approaches



HOW REGULATORS CAN MAKE A DIFFERENCE

PROPORTIONATE APPROACHES

RISK BASED SUPERVISION

BE OPEN TO INNOVATION AND
EXPERIMENTATION

DATA DRIVEN POLICY-MAKING

GENDER SENSITIVE FINANCIAL LITERACY
STRATEGIES



HOW REGULATORS CAN MAKE A DIFFERENCE

PROPORTIONATE APPROACHES

“...supervisory measures should be appropriate to attain the supervisory objectives of a jurisdiction and should not go beyond what is necessary to achieve those objectives.”

“...supervisors should have the flexibility to tailor supervisory requirements and actions so that they are commensurate with the risks posed by individual insurers as well as the potential risks posed by insurers to the insurance sector or the financial system as a whole.”

Paragraph 8 of the Insurance Core Principles of the IAIS



HOW REGULATORS CAN MAKE A DIFFERENCE

PROPORTIONATE APPROACHES

Recognizing that certain gender neutral policies may be inherently gender biased e.g.

- Product approval
- Licensing



HOW REGULATORS CAN MAKE A DIFFERENCE

RISK BASED SUPERVISION AML/CFT risk based approach

EXTRACT FROM FATF RECOMMENDATIONS

“ INTERPRETIVE NOTE TO RECOMMENDATION 10 (CUSTOMER DUE DILIGENCE)”

“Lower risks

16. There are circumstances where the risk of money laundering or terrorist financing may be lower. In such circumstances, and provided there has been an adequate analysis of the risk by the country or by the financial institution, it could be reasonable for a country to allow its financial institutions to apply simplified CDD measures.”

EXTRACT FROM FATF RECOMMENDATIONS CONT'D



“17. When assessing the money laundering and terrorist financing risks relating to types of customers, countries or geographic areas, and particular products, services, transactions or delivery channels, examples of potentially lower risk situations include the following:”.....

“(b) Product, service, transaction or delivery channel risk factors:

- Life insurance policies where the premium is low (e.g. an annual premium of less than USD/EUR 1,000 or a single premium of less than USD/EUR 2,500).
- Insurance policies for pension schemes if there is no early surrender option and the policy cannot be used as collateral.
- A pension, superannuation or similar scheme that provides retirement benefits to employees, where contributions are made by way of deduction from wages, and the scheme rules do not permit the assignment of a member’s interest under the scheme.
- Financial products or services that provide appropriately defined and limited services to certain types of customers, so as to increase access for financial inclusion purposes.”

FATF (2012-2018), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, FATF, Paris, France, www.fatf-gafi.org/recommendations.html

HOW REGULATORS CAN MAKE A DIFFERENCE



BE OPEN TO INNOVATION AND EXPERIMENTATION

“Just a year ago, the talk was all about cryptoassets: Bitcoins and its multiple evolutions. We have moved on, since then. Now, we must reckon with eMoney, a new form of digital currency **with the potential to be much more disruptive.**”

Stablecoins, Central Bank Digital Currencies, and Cross-Border Payments: A New Look at the International Monetary System
Remarks by Tobias Adrian at the IMF-Swiss National Bank Conference, Zurich, May 14, 2019



HOW REGULATORS CAN MAKE A DIFFERENCE

DATA DRIVEN POLICY-MAKING

Collection and analysis of sex-disaggregated inclusive insurance data (e.g. Product and client data, Sector development, performance data, and demand data)

Metrics to assess regulatory effectiveness

HOW REGULATORS CAN MAKE A DIFFERENCE



GENDER SENSITIVE FINANCIAL LITERACY STRATEGIES

Research and outcome based

Simple and plain language, woman friendly imagery

Include insurance with other financial education and training on health and safety issues

Build awareness of how insurance can bring security and some certainty and tailor content to women's issues

Delivery channels with women's mobility and social norms in mind



HOW REGULATORS CAN MAKE A DIFFERENCE

PROPORTIONATE APPROACHES

RISK BASED SUPERVISION - AML RISK BASED APPROACH

BE OPEN TO INNOVATION AND EXPERIMENTATION

DATA DRIVEN POLICY-MAKING

GENDER SENSITIVE FINANCIAL LITERACY
STRATEGIES



KEY SUCCESS FACTORS

COLLABORATION IS CRITICAL

BENCHMARK EXPERIENCES FROM ELSEWHERE – TRY NOT TO REINVENT THE WHEEL

SUPERVISORS MUST BE CLEAR ABOUT DESIRED OUTCOMES

ORGANIZATIONAL ARRANGEMENTS SHOULD MINIMIZE POTENTIAL FOR CONFLICTING OBJECTIVES

GET THE MEN INVOLVED



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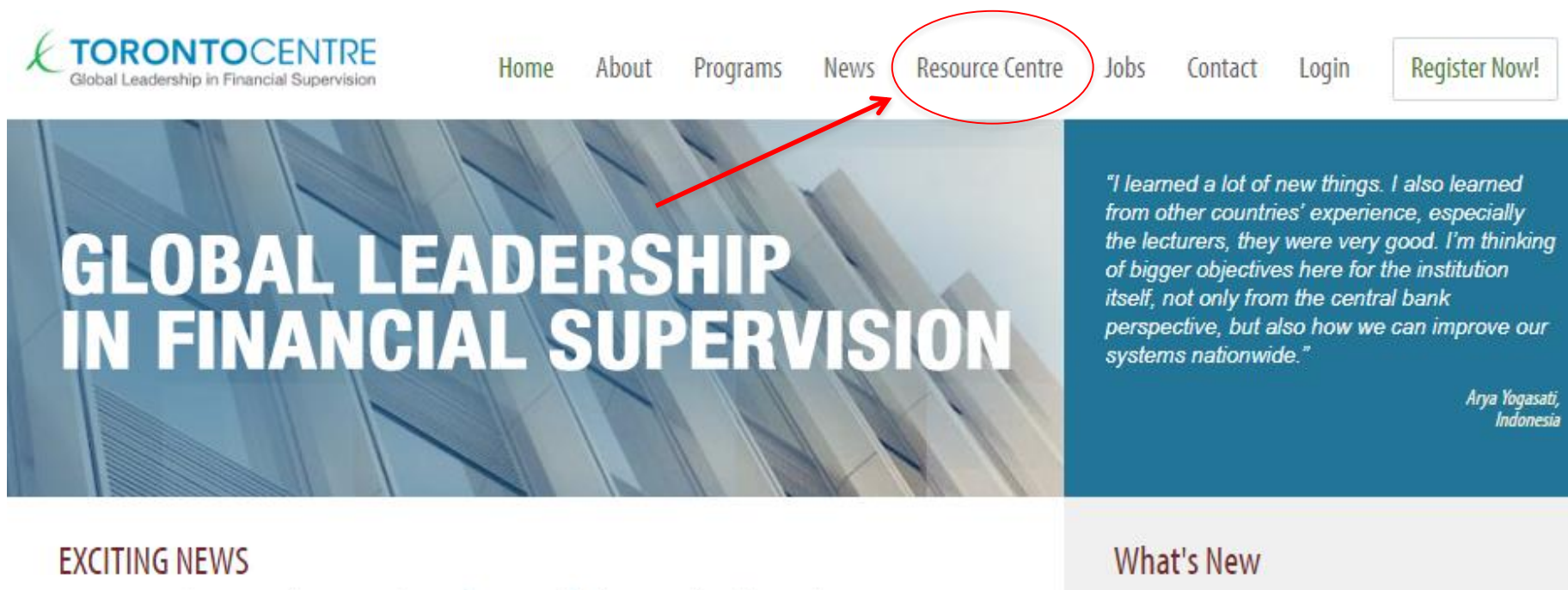
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Toronto Centre Resource Centre

Key References can be found here. The TCRC is an online curated library compiling publications relevant to supervisors and regulators drawn from over 50 sources worldwide.





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Save the Date!
Next Consultation Call on **18 July, 2019**

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