



The International Association of Insurance Supervisors (IAIS), the Superintendência de Seguros Privados (SUSEP) and the Access to Insurance Initiative (A2ii) are

pleased to invite you to a Supervisory Dialogue on

The impact of informality on insurance markets – what supervisors can do

Thursday, 17 May 2018, 09.30 – 17.00 h

Avenida Presidente Vargas, 730/24^º floor, Centro, Rio de Janeiro – RJ – Brazil

Concerns surrounding informality - the issue of unlicensed entities operating outside of the regulatory perimeter - are no longer limited to supervisors in emerging economies. Traditionally these concerns were mainly focused on funeral schemes, credit life and health insurance, or the operations of certain stakeholders such as cooperatives offering “insurance” outside the purview of the insurance supervisor. However, with the advent of FinTech, informality has also become a concern for insurance supervisors in developed countries who increasingly find themselves needing to deal with new types of digitally enabled players in the insurance value chain e.g. peer to peer platforms.

The impact of informality is broad, affecting the insurance market as a whole, creating tensions and level playing fields issues with regulated entities. Importantly, consumer protection issues are arising when no requirements are set to ensure transparency to the consumer, regulate surrender values or exit from the market. Informality can hence undermine consumer confidence in "insurance" and damage the development of the local insurance market as informal entities may fail to meet their obligations e.g. as a result of not having appropriately set aside technical provisions. The issue is particularly sensitive in jurisdictions with large numbers of vulnerable consumers with a low level financial education who won't be aware that the entity they purchased their insurance from was unlicensed. Under these conditions, insurance cannot play its role as a key tool for economic sustainability and resilience in the face of adversity.

Supervisors from all over the world are looking for new strategies to address the different issues surrounding informality, which arise mainly as a result of the lack of appropriate formal insurance services for specific segments combined with existing gaps in the legislation.

The objective of this Supervisory Dialogue is to provide a platform for information sharing on the topic. An overview of how informality may affect insurance markets will be provided with an examination of the risks for consumers as well as considerations on how informality may impact the structure and functioning of the sector. The event will also stimulate debate by bringing to light the challenges faced by supervisors and exploring approaches adopted by jurisdictions in different regions.

The dialogue will be restricted to supervisors and is expected to bring together high-ranking representatives from across the region and beyond.

The Supervisory Dialogue will take place alongside the **Fourth meeting of the Sustainable Insurance Forum (SIF)**, co-hosted by SUSEP and UN Environment, which will be held on **Wednesday May 16**, focusing on key sustainability issues in the insurance sector - including climate change risks. In addition, a public market event on sustainable insurance issues will be held on the Tuesday May 15 (further information forthcoming).

We warmly encourage supervisors to take part in all three events.

The Supervisory Dialogue will have simultaneous translation into Portuguese, Spanish and English.

Please mark **Thursday 17 May** in your calendar. The provisional agenda and the logistical details for the event will be available on a2ii.org page in the coming weeks.

To register for the Fourth meeting of the Sustainable Insurance Forum (SIF), please contact Jeremy McDaniels (Jeremy.McDaniels@un.org), copying Sarah Zaidi (Sarah.Zaidi@un.org).

Partners

The International Association of Insurance Supervisors (IAIS)

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions in nearly 140 countries. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability (www.iaisweb.org).

The Access to Insurance Initiative (A2ii)

The Access to Insurance Initiative (A2ii) is a unique global partnership working with development agencies, insurance supervisors, international insurance bodies and local entities with the mission to inspire and support insurance supervisors to promote inclusive and responsible insurance. The A2ii is the implementation arm of the IAIS on financial inclusion and capacity building, a partnership which provides close connections with insurance supervisors and regulators worldwide (www.a2ii.org).

The Superintendence of Private Insurance (SUSEP)

The Superintendence of Private Insurance (SUSEP) is the supervisory authority responsible for implementing policies and enforcing regulation as developed for the Brazilian insurance sector by the National Council for Private Insurance (CNSP), the regulatory body. SUSEP is in charge of supervising the (re)insurance, open private pension funds and capitalization markets in Brazil. Seeking compliance with international standards, to boost public confidence in insurance and the development of a sound insurance market, SUSEP has been actively engaged in modernizing its supervisory and regulatory practices.