



# Access to Insurance Initiative

## Inside the Initiative

We inspire and support supervisors to promote inclusive and responsible insurance, reducing vulnerability.



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## Access to Insurance - An important strategy for reducing vulnerability

The inability to manage vulnerability can perpetuate poverty. Access to insurance services can play an important role in mitigating welfare losses. Regulation and supervision can facilitate insurance markets to become more accessible and inclusive for low-income households.

The Access to Insurance Initiative is a global partnership with the mission to inspire and support supervisors to promote inclusive and responsible insurance, thereby reducing vulnerability. The Initiative is the implementation partner of the Global Standard Setting Body, the International Association of Insurance Supervisors (IAIS) on access to insurance.

Our goal is to strengthen the capacity of policymakers, regulators, and supervisors seeking to advance inclusive insurance markets, particularly for low-income clients, by promoting sound, effective and proportionate regulation and supervision of insurance markets based on IAIS standards.



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# Chairman's message



In 2013, the Governing Board entered a new phase of the Initiative's existence by shifting its focus to supervisory capacity building. For that purpose, a new strategy and a new governance structure were adopted.

Supervisors play an important role in encouraging private and public stakeholders to enhance access to insurance. Reforms in regulation and supervision are required for the development of inclusive insurance markets. In this new phase, the Initiative will become the implementation partner of the IAIS on access, which means that we will offer more supervisory support services to IAIS members and others. The Initiative will work with the IAIS to expand our innovative capacity-building tools and methods, promote peer dialogue, support learning developed by supervisors for supervisors, strengthen regional coordination, synthesize good practices, and measure regulatory impact within IAIS member jurisdictions.

Our achievements over the past year were in line with the new focus, and the 2014 work plan is designed to entrench this role by creating direct opportunities for peer learning, building capacity, and supporting implementation of regulatory change toward inclusive insurance markets. To do so, we will increasingly apply a regional focus, working through the IAIS regional structures.

Until next time,

A handwritten signature in blue ink, appearing to read 'J. Dixon', with a long horizontal flourish extending to the right.

**Jonathan Dixon**

*Deputy executive officer, Insurance at Financial Services Board South Africa; chair of the Governing Board of the Access to Insurance Initiative; chair of the IAIS Implementation Committee; and IAIS regional coordinator for the Sub-Saharan Africa Region*

# Secretariat's report

We think that inclusive insurance markets require both evidence-based policymaking and effective supervisory systems that respond to the insurance demands of the low-income segment while motivating the providers that offer these.

The Initiative strives to inspire and support insurance supervisors to achieve this goal. Often, the supervisors themselves teach us the lessons we can then share with their peers.

Regulatory impact can only be achieved if speedy and continuous learning about the implications is carved out at the country level, shared with peers in other jurisdictions and makes its way into the standards and guidance of IAIS. This is the rationale why A2ii is there.

Our mode of operation is based on a give-and-take process in which we provide information to supervisors, and they provide feed-back on how the tools and recommendations are implemented. This way, we are the drivers of a learning curve that is fed by gifted thinkers and pioneers from supervisors, academia, the development community and governments.

We are proud that global recognition of inclusive insurance services at G20 level has taken place. The partnership between the IAIS and ten development agencies, in close cooperation with insurance supervisors and other agencies like the Microinsurance Network, has achieved this.

The challenge is to continuously position insurance alongside the other poverty-oriented financial services. The merits of financial development, and especially insurance market

development for the most vulnerable parts of the population, still need to be proven by engagement of the industry and finally, impact studies on the ground.

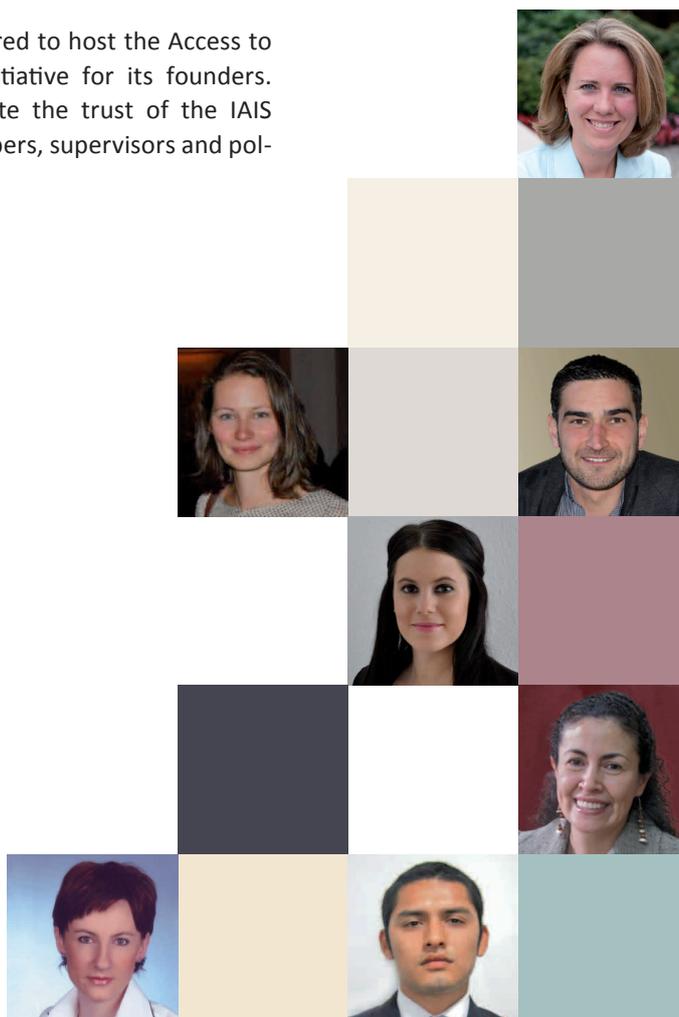
As the IAIS has established its own structures and priorities regarding its inclusion agenda, the Initiative has been managing an increasing number of fully integrated projects that are driven and disseminated by the IAIS and its members. Examples of these projects include the Self-assessment and Peer Review on Financial Inclusion; and the Financial Inclusion Training Module.

GIZ is honoured to host the Access to Insurance Initiative for its founders. We appreciate the trust of the IAIS and its members, supervisors and pol-

icymakers, our sponsors and partners, and the consultants that support us in the daily implementation of country work and global projects.

The team of the Secretariat is looking forward to a future full of interesting tasks while taking advantage of the opportunities the partnership with the IAIS and the global supervisory community present in financial inclusion.

Secretariat,  
Access to Insurance Initiative



# Financial inclusion in insurance

## The importance of financial inclusion in insurance for low-income populations

Greater financial inclusion has positive effects on economic growth and helps to reduce income inequality. Financial stability at the household level is essential to the growth and prosperity of individuals, companies, and communities. As many as 4 billion people worldwide are classified as low income and have little or no access to financial services, including insurance. Most of them live in low- and middle-income countries, where a meager share of the overall population has access to insurance. The protection provided by insurance is vitally important to protect against unexpected loss and to mitigate risk, whether for the well-being of a household, the operations of a business, or the health of a community.

Loss can strike at any time, without care for standing in society or location, so insurance must be available to all. Without it, the world's most vulnerable people may remain in poverty, and thousands of businesses may be unable to sustain their operations. Without it, even people in a secure position may be dragged into difficult circumstances, past development efforts may be destroyed, and families may be set back generations in their attempt to escape poverty.

G-20 leaders have made financial inclusion a key pillar of their development strategy. The global financial standard-setting bodies increasingly recognize the explicit risks associated

with financial exclusion and have started to incorporate the importance of financial inclusion in their work. At the national level, policy makers also recognize the importance of inclusive, local financial systems, including insurance, for economic and social progress in their countries. This political tailwind, combined with continued business model innovations and an increasingly better understanding of how low-income people use financial services, has set the stage for successfully pushing the agenda of inclusive insurance markets.

## The role of the insurance supervisor in enhancing financial inclusion

In some markets, governments have yet to appreciate the empowering effect that a robust insurance market can have on a variety of other devel-

opment agendas such as agricultural development, social protection, mitigation of climate change, or development of capital markets. In others, the spirit is willing, but the insurance infrastructure itself is weak or non-existent. Governments may not have the technical knowledge to establish a well-developed insurance framework, or there may be no insurance providers to drive the market. In some countries, there simply may not be enough understanding of the benefits of insurance to prompt development of a market.

In some developing economies, these factors challenge the commitment and capacity of the insurance supervisor. In others, supervisors are pioneering policy and regulatory approaches to spur development of an inclusive insurance market. Since our inception in 2009, the Initiative has been supporting positive efforts to create inclusive insurance markets.



# Who we are

More often than not, supervisors looking for ways to support an inclusive insurance market are entering uncharted territory. The learning curve is steep, and there are few proven structures to ensure progress. International development organizations face the same challenge. Certain practices have been adopted at the level of government engagement, but the practices of supervisors and policy makers are still emerging. The same is true for international standards.

In order to promote policy, regulation, and supervision that support inclusive insurance markets, the first phase of the Initiative focused on gathering knowledge, engaging experts in dialogue, and creating awareness. Throughout, the Initiative has faced huge demand from supervisors for tailor-made, flexible regulatory solutions, supervisory development, and capacity-building support.

## Strategic reorientation

The new strategy adopted in 2013 heralded the second phase of the Initiative. The focus now falls on using the knowledge created in the first phase to support supervisory capacity building. At the start of the second phase, the Initiative underwent a strategic process in which we set a challenging but achievable mission, defined our vision, and identified critical factors of success. We also changed our governance structure and adopted a new charter to fulfill our role as the implementation partner of the IAIS.

### » Vision / Mission

**We are the implementation partner of the International Association of Insurance Supervisors to enhance access to insurance.**

**We inspire and support supervisors to promote inclusive and responsible insurance, thereby reducing vulnerability.**



## Our Partners:

The Initiative was created as a partnership between the following organizations:

- The International Association of Insurance Supervisors (IAIS)
- German Federal Ministry for Economic Cooperation and Development (BMZ)
- CGAP
- FinMark Trust
- International Labour Organization (ILO)
- United Nations Capital Development Fund (UNCDF)

Other partners provide core funding or support country and regional activities through cash or in-kind contributions:

- Asian Development Bank (ADB)
- FIRST Initiative
- Making Finance Work for Africa Partnership (MFW4A)
- Inter-American Development Bank through its Multilateral Investment Fund (IDB/MIF)
- The Netherlands' Ministry of Foreign Affairs Directorate-General for International Cooperation

The Secretariat of the Initiative is hosted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the BMZ.

The Initiative is a partnership between:



Hosted by:



## The Initiative is governed through three bodies:

### 1. Governing Council:

the highest decision-making body of the Initiative, which approves the Initiative's strategy and provides high-level oversight for all of its activities; it can accommodate a broad range of stakeholders. An IAIS representative chairs the Governing Council.

### 2. Executive Committee:

which provides ongoing monitoring and guidance for the day-to-day activities of the Initiative. An IAIS representative chairs the Executive Committee.

### 3. Secretariat:

which handles the day-to-day management of the Initiative.

The Initiative is a unique partnership between international development agencies, donors, and the global standard setting body for insurance – the International Association for Insurance Supervisors – that triggers reforms in regulation and supervision that support the development of inclusive insurance markets.

## What is the IAIS ?



Established in 1994, the IAIS represents insurance regulators and supervisors of more than 200 jurisdictions in nearly 140 countries, most of them emerging markets and developing countries and accounting for 97% of the world's insurance premiums. More than 150 professionals and organizations participate as observers. This makes it a truly representative standard setting body, attuned to the realities of both developing and developed countries. The IAIS issues global insurance principles, standards, and other supporting material, provides training and support on issues related to insurance supervision, and organizes meetings and seminars for insurance supervisors.

In 2012, the IAIS formed the Financial Inclusion Subcommittee (FISc) to promote the application of IAIS Insurance Core Principles and other supervisory material to support regulation and supervision of inclusive insurance markets, in particular, in emerging markets and developing economies. It also responds to the mandate of the G-20 for standard setting bodies to engage in financial inclusion efforts. The IAIS participates actively in the G-20 Global Platform for Financial Inclusion, (GPFI) advocating and giving guidance on access to insurance.

Under the new strategy, the IAIS drives the Initiative's agenda, as reflected in the leadership of IAIS representatives in the governance structure. Our activities are increasingly embedded within the coordinated implementation framework of the IAIS, which will enhance demand-driven support, peer learning, and global knowledge sharing among supervisors.

Our partnership with the IAIS is essential to our work. The IAIS drives our

agenda and provides direct access to the insurance supervisors and regulators in nearly 140 countries, two-thirds of which are developing countries and emerging markets. Furthermore, as a global standard setter, the IAIS provides rigorous oversight, expertise, and guidance. Our donors, Germany's BMZ and Netherlands DGIS, provide essential funding and oversight to implement the partnership. Our partners bring the necessary complementary tools, infrastructures

and research to strengthen our mission and vision.

The Initiative offers the IAIS members expertise in policy and supervisory approaches that spur financial inclusion, making sure that people who want to access insurance products have the ability to obtain quality services at reasonable costs. Our combined efforts result in a proportionate approach to insurance supervision that facilitates enhanced inclusion.

"As a founding member of the Access to Insurance Initiative, the International Association of Insurance Supervisors recognizes the potential of our strategic partnership with the Initiative to enhance access to insurance and develop insurance markets. Together with the Initiative, we want to assist our members, who constitute nearly all of the world's insurance supervisors, to get the support they need to build supervisory frameworks and capacity so that they can develop fair, safe, and stable insurance markets



for the protection of policyholders. Over the past year, we worked with the Initiative to achieve these goals in numerous ways, from organizing joint training programs to conducting self-assessments and peer reviews of members' level of support for financial inclusion. In line with the IAIS Application Paper on Regulation and Supervision Supporting Inclusive Insurance Markets, these activities were a means to reach compliance with the IAIS Insurance Core Principles, which provide a solid foundation for sound regulation and supervision of the insurance sector in developing markets. We look forward to continuing to bring value to insurance supervisors through this fruitful partnership."

*Dr Yoshihiro Kawai, IAIS Secretary General*

## What we do

The Initiative's close relationship with the IAIS, as well as with insurance supervisors and partners on the ground, enables us to identify areas where the need for insurance protection is not being met and to identify the reasons why, which may include lack of awareness and understanding by consumers, a weak industry or lack of appropriate business mod-

els, policy or regulatory hurdles, and supervisory challenges. The Initiative then helps supervisors and regulators to build their ability to create the conditions necessary for their insurance market to grow. We deliver these services by working with a series of partners, using their strengths while providing input to their agendas.

The Initiative's work is grounded in research and insight at local,

regional, and international levels. To supplement this, the IAIS gives the Initiative the depth of understanding and expertise to provide fact-based counsel on which policy initiatives and regulatory structures are appropriate in each individual case. We use this perspective to develop recommendations tailored to the specific nuances of a particular region or country, based on our theory of change:



As the implementation arm of the IAIS for access, we work on the ground to inspire and support supervisors to promote inclusive and responsible insurance and reduce vulnerability in their jurisdictions.

Supervisors have a wide range of capacity and motivation and face a wide range of situations and challenges. We work with the IAIS to provide research-based guidance on how to implement the IAIS Insur-

ance Core Principles and bring them to life by building the capacity of insurance supervisors. Feedback loops by way of regular global and regional dialogues as well as impact studies allow a continuous process of access-oriented learning.

The Initiative has been working in the area of policy and will continue to do so in the future. Policy gives insurance supervisors their mandate and supports their work. Inclusion-friendly regulation

can only be effective if it is supported by the underlying political mandate as well as other policy spheres and regulatory ambitions that may have an impact on insurance, such as banking, cooperation, educational, and telecommunications regimes and their authorities. We are helping to raise awareness that insurance should be part of a broader financial sector policy that aims to enhance inclusion and is instrumental to other major objectives, such as food safety and responses to climate change.

# What have we achieved to date?

Through its various activities, the Initiative is contributing to the increasing penetration of insurance globally. According to *Protecting the Poor: A microinsurance compendium, volume II* (ILO; Munich Re Foundation, 2012), insurance penetration has risen from around 78 million low-income individuals in the 100 poorest countries

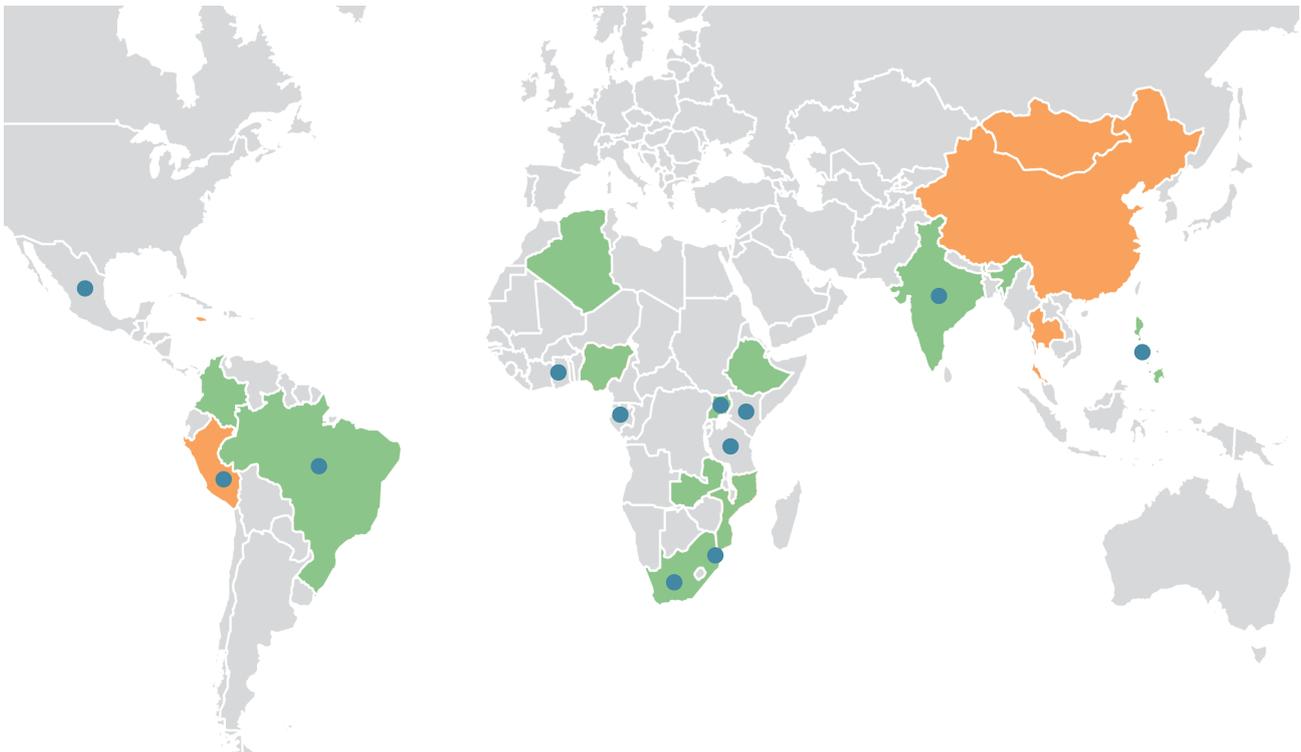
of the world in 2006 to more than 500 million to date.

After four years in action, the Initiative can claim some major achievements: it has spurred a global discussion with supervisors; it has raised awareness about potential country approaches and regula-

tory solutions; it has offered tools and information on regulatory solutions for access to insurance in all regions of the world; and it has built a community of practice on policy and regulatory approaches where regulators and industry representatives meet to discuss approaches and lessons.

## → 18 Country Diagnostics

10 completed , 8 in progress including 2 updates



### Status

» Completed

» In progress

### 12 Microinsurance regulations

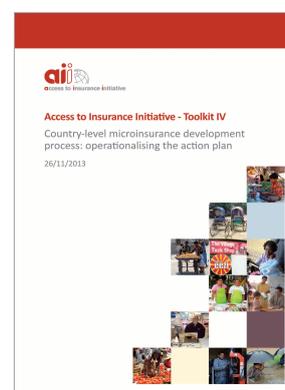
- Mexico
- Peru
- Brazil
- Ghana
- CIMA
- South Africa
- Uganda
- Kenya
- Tanzania
- Swaziland
- India
- Philippines

## → Contribution to **5** IAIS Publications

- **Issues in Regulation and Supervision of Microinsurance** (also available in French, Spanish, Portuguese)
- **Issues Paper on the Regulation and Supervision of Mutuals, Cooperatives and other Community-based Organisations in increasing access to Insurance Markets**
- **Application Paper on Regulation and Supervision supporting Inclusive Insurance Markets** (also available in French)
- **Self-Assessment and Peer Review on Regulation and Supervision supporting Inclusive Insurance Markets** (also available in French)
- **Upcoming – Issues Paper "Market Conduct, Distribution and Consumer Protection in Inclusive Insurance"**

## → **4** Toolkits

- **Access to Insurance Initiative - Toolkit No. 1** (available in English and French)  
MicroInsurance Country Diagnostic Studies: Analytical Framework and Methodology
- **Access to Insurance Initiative - Toolkit No. 2** (available in English and French)  
Country Process Guidelines for Microinsurance Market Development
- **Access to Insurance Initiative - Toolkit No. 3** (available in English and French)  
Self-Assessment and Peer Review On Regulation and Supervision supporting inclusive Insurance Markets
- **Access to Insurance Initiative - Toolkit No. 4**  
Country-level microinsurance development process: operationalising the action plan



## → **10** Country Diagnostics Publications

- **Algeria:** "Vers un système de micro-assurance pour assurer un entrepreneuriat durable en Algérie".
- **Nigeria:** "Towards Inclusive Insurance in Nigeria. An Analysis of the Market and Regulations".
- **Ethiopia:** "Opportunities and challenges for microinsurance in Ethiopia. An analysis of the supply, demand and regulatory environments".
- **Brazil:** "Microinsurance in Brazil. Towards a strategy for market development".
- **Zambia:** "Towards a strategy for microinsurance development in Zambia. A market and regulatory analysis".
- **India:** "Making insurance markets work for the poor. Microinsurance policy, regulation and supervision: Indian Case Study" .
- **Philippines:** "Making insurance markets work for the poor. Microinsurance policy, regulation and supervision: Philippines Case Study".
- **South Africa:** "Making insurance markets work for the poor. Microinsurance policy, regulation and supervision: South African Case Study".
- **Uganda:** "Making insurance markets work for the poor. Microinsurance policy, regulation and supervision: Uganda Case Study".
- **Colombia:** "Making insurance markets work for the poor. Microinsurance policy, regulation and supervision: Colombian Case Study".

## → **6** Diagnostic Studies under preparation and 2 updates

Jamaica | Peru | Mozambique | Swaziland | China | Mongolia | Colombia: Update | Uganda: Update

→ **8.737.000** EUR Funds and in-kind contributions raised for regional and global activities – 2009-2013

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→ We connected to over **200** supervisors by organizing or participating in over **20** events

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## 2013 achievements

Among the most significant achievements in 2013 was the development, with the IAIS, of a Self-Assessment and Peer Review tool on inclusive insurance regulation and supervision as well as a training module on inclusive insurance for the IAIS core curriculum. We have taken steps to develop

regulatory road maps in Latin America and the Caribbean and furthered the creation of cross-country learning to inform regulatory approaches.

The deepening of our partnership with the IAIS led to several engagements in 2013:

- **We held two regional trainings on financial inclusion to validate and review the Training Module on Financial Inclusion**

### Training module test seminars



We organized two test seminars to validate the training module: one integrated with the Toronto Centre leadership seminar in Tagaytay, Philippines, and one offered back-to-back with the IAIS–Financial Stability Institute (FSI) regional seminar in Livingstone, Zambia. Both seminars took place in September 2013, attended by 44 supervisors from 24 countries in Asia and Africa.

The training focused on various supervisory and regulatory approaches to encourage soundly supervised, inclusive insurance markets. The participants emerged with a better understanding of the differences between regular insurance and microinsurance, the importance of innovation for inclusive financial markets, how sound supervisory principles (IAIS Insurance Core Principles) can be applied in a manner that encourages

inclusiveness in financial markets, and how financial inclusion can be promoted by encouraging supervisors to be adaptable in their licensing and supervisory roles.

Participants evaluated the module as being highly relevant to their work and as enhancing their ability to use tools for developing regulatory and supervisory frameworks that support access to insurance. In their words,

*"It was an enriching experience shared by participants, which has further broadened my knowledge of the application of inclusive insurance markets. This program has enlightened me on how to apply this principle on a case-by-case basis."*

*"The presentation was highly educative and interactive. We were able to share experiences from different countries."*

Online delivery of the module is scheduled for the second quarter of 2014. In addition, together with the Toronto Centre, we are building regional training programs based on the module. Case studies will be developed for the regional training to ensure a regionally relevant and interactive delivery.



- **We hosted a panel to discuss the path toward increased access to insurance.** The panel was part of the Twentieth IAIS Annual Conference, the biggest event in the IAIS annual calendar.
- **We participated in several meetings to create critical evidence for IAIS standard setting.** These included the FISC meeting in April and two meetings to draft the IAIS Issues Paper on Market Conduct, Distribution, and Consumer Protection in Inclusive Insurance Markets, held in Bonn in April and Manila in July. The drafting group met again in Hyderabad at the end of October. We also participated in the triannual committee meetings of the IAIS.

## IAIS Annual Conference Panel

The IAIS Annual Conference is the biggest event on the IAIS annual calendar. The Initiative featured a panel discussion on the path towards increased access to insurance and the new strategic direction of the partnership between the IAIS and A2ii. The panelists were Peter Braumüller, chair of the IAIS Executive Committee; Jonathan Dixon, chair of the IAIS Implementation Committee and chair of the Initiative's Governing Council; and Sudhin Roy Chowdhury, member (Life) of IRDA India and member of the Initiative's Governing Council. The panel was facilitated by Maria Victoria Saenz, lead project specialist at the IDB-MIF.

Peter Braumüller underlined that financial inclusion is a core interest of the IAIS. The IAIS is committed to supporting its members in improving access to finance by promoting effective regulatory, supervisory, and policy approaches and elaborating standards on financial access. Jonathan Dixon emphasized that the IAIS, through the Initiative, will foster tailor-made regulatory approaches, support continuous assessment of what works, and inspire peer exchange.

Sudhin Roy Chowdhury described how India put processes in place to provide access to insurance beyond microinsurance.

The panelists emphasized that financial inclusion is not just a topic for

emerging and developing markets: all supervisors should feel responsible for enhancing inclusion and stimulating the industry to offer products of high value to the client. An engaged discussion ensued between participants and the audience.



- **We launched the Self-Assessment and Peer Review (SAPR) on financial inclusion.** Based on the Application Paper on Regulation and Supervision Supporting Inclusive Insurance Markets, the IAIS and the Initiative developed the SAPR as a tool for reviewing the extent to which IAIS members' current policies, programs, and initiatives enhance inclusive insurance markets. Through the assessment, we developed a baseline of information on the state of financial inclusion and provided feedback to help jurisdictions to identify steps they could take to enhance financial inclusion. In all, 46 jurisdictions completed the self-assessment, two-thirds of which were first-time users of IAIS self-assessment tools.

Each jurisdiction received a confidential individual report detailing the extent to which it supports access to insurance. The expert team, made up of supervisors, the World Bank, the Asian Development Bank, the Initiative, and the IAIS Secretariat, will also prepare an aggregate report for public dissemination. The Initiative will continue to make the self-assessment questionnaire available as part of our toolkit.

- **We achieved seamless cooperation between the Initiative and IAIS Secretariats.** The two Secretariats have been working together on the self-assessment and training module, the FISc and drafting group meetings, and other work priorities, such as strategy development, publications, and events. Regular meetings take place between the two Secretariats, and

a Memorandum of Understanding is being drafted to form the basis for collaboration between the IAIS and the Initiative under the new strategic direction.

Other highlights of our work over the past year include the following:

- **We launched our monthly newsletter in July.** The newsletter informs insurance regulators and supervisors about the work of the Initiative and the IAIS as well as about events and publications. Furthermore, it shares experiences and learning across jurisdictions. In addition to our own newsletter, we now have a standing section in the IAIS newsletter in which we report on topics related to financial inclusion.
- **We connected to more than 200 supervisory representatives by organizing or participating in more than 15 events.** Global and regional learning is an important tool for helping supervisors to implement inclusion-friendly regimes. Our many engagements included the following:
  - We held a regional technical workshop for supervisors to discuss common challenges in developing microinsurance regulations in the Latin America and Caribbean region on April 11-12 in Lima.
  - We held a policy seminar: innovative business models in microinsurance in Egypt on May 29-30, back-to-back with the African Insurance Organization conference, organized in collaboration

with Making Finance Work for Africa and the ILO.

- We were a core partner in the Responsible Finance Forum IV: Consumer Protection in Emerging Insurance Markets held in Berlin on June 24-25, which was hosted by the BMZ and the Federal Financial Supervisory Authority.
- In August, we held a joint webinar with the ILO Microinsurance Innovation Facility on inclusive insurance market development, which highlighted activities by supervisors through the IAIS and industry players.
- Along with the Microinsurance Network and the IAIS, we co-hosted a Consultative Forum on business models, distribution and their regulatory implications for Insurance Supervisors back-to-back with the Ninth International Microinsurance Conference in Jakarta, Indonesia, in November.
- **We continued our Latin America and Caribbean Project with the IDB-MIF.** We completed a draft diagnostic report and Insurance Core Principles assessment for Peru. Country missions and project inception workshops for Colombia and Jamaica took place in October and November, respectively. Both workshops were hosted by the national supervisors and attracted broad participation by stakeholders. The findings and recommendations will assist insurance supervisors with the implementation of their regulatory road maps.

## Peru stakeholder workshop

On December 16-17, 2013, the Initiative, the IDB-MIF, and the Peruvian supervisor, the Superintendencia de Banca, Seguros y AFP (SBS), carried out two workshops to present the findings and recommendations of the Peru country diagnostic: one for SBS staff and another for all stakeholders, including market players, distribution channels, government institutions, and development organizations.

The workshop agenda included an overview of a 2012 SBS survey on perceptions of the insurance market among low-income Peruvians and a presentation of the results of the demand-side research conducted for the diagnostic. The diagnostic showed that microinsurance is relatively pervasive in Peru, with every insurer offering some kind of insurance to the low-income market. Yet

distribution channels are still limited, and the top priority for low-income individuals – health risks – is not yet covered. The diagnostic also found that insurers do not register their products as "microinsurance", preferring to register them as mass market products.

The final presentation considered the practical application for Peru of the cross-country synthesis of findings on various regulatory and supervisory tools for promoting insurance market development. The most appropriate approach for a particular country will depend on its state and market context as well as the level of latent demand among the population. In Peru, a hybrid approach may be called for, with a public provision approach for rural areas and a concessionary approach for urban ones. The diag-

nostic offered recommendations for streamlining regulations and encouraging the inclusion of microinsurance in insurance regulations.

The ensuing discussion covered, among other topics, the need for an appropriate regime for microinsurance, which includes model standardized contracts and expedited procedures by the SBS; the need for the private sector to build trust and develop products suited to the needs of the target market; the need for the industry to reinforce consumer protection practices; and the need for the industry to create new channels of distribution to increase access to insurance. Participants committed to establishing a public-private working group to discuss an agenda and a work plan to achieve the main microinsurance goals for the next year.



"The final study report of the Peruvian market is an important input for SBS, since it has taken into account comments and suggestions received from different stakeholders, including government entities, insurance companies, brokers, microfinance institutions, and other alternative channels, giving a broader framework to improve the microinsurance development."

*Carlos Izaguirre, General Intendant for Supervision of Provisional and Insurance Institutions, SBS*

■ **We continue to generate and draw on critical knowledge.** Eight diagnostics were processed in 2013, some implemented by partners. The diagnostics have formed the basis for regulatory review and design in several countries.

■ **We finalized three synthesis notes drawing together cross-country learning from the country diagnostic studies undertaken so far and from several other studies conducted globally.** In total, 25 jurisdictions were considered. The notes cover the following topics:

→ **Note 1:** How intermediation business models evolve cross-country and the regulatory implications.

→ **Note 2:** Current regulatory approaches to the facilitation of inclusive market development.

→ **Note 3:** Input to the IAIS Issues Paper on Market Conduct, Distribution, and Consumer Protection.

A snapshot of Note 1 was presented at the first Consultative Forum of the IAIS and the Microinsurance Network that took place prior to the Annual Microinsurance Conference in Jakarta on November 12. The first forum focused on microinsurance business models, distribution, and regulatory implications and was attended by more than 100 participants from 40 countries.

The presentation of Note 1 generated extensive interest from the supervisory community. Learning from the notes will form the foundation for future advice that the Initiative provides to supervisors and therefore will be a key knowledge product.

■ **We also launched the Regulatory Impact Assessment Insurance (RIAI) Project.** As part of this project to evaluate the impact of inclusive insurance reforms, we will prepare, together with partners (among which the ILO), a synthesis report summarizing learning from six jurisdictions to support the development of a global impact tool that supervisors can use to assess their regulatory framework.

"We shall ensure that the rules are flexible and are designed in such a way that encourages new and innovative products that relate to the needs of small and medium enterprises and at affordable costs."

*Mr Fola Daniel, commissioner for insurance, National Insurance Commission (NAICOM), Nigeria*



# Looking ahead

In 2014 we will continue to shape our role as implementation partner of the IAIS, focusing even more on providing advice and disseminating knowledge among IAIS Members and beyond. Under the coordinated implementation framework, the IAIS identified several opportunities to partner with the Initiative to advance supervisory support. We will expand the supervisory support services offered through our partnership and our cooperation with the IAIS, including expanding our innovative capacity-building tools and methods, promoting peer dialogue, supporting learning developed by supervisors for supervisors, strengthening regional coordination, synthesizing good practices, and measuring regulatory impact within IAIS member jurisdictions. Our 2014 work plan includes the following key areas of activity:

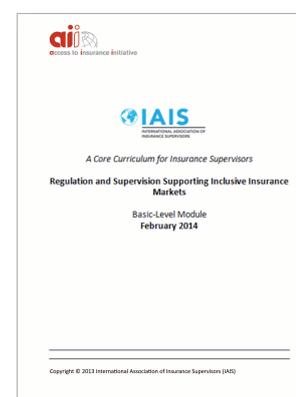
- **Develop regional implementation plans.** We will analyze regional demand for supervisory capacity building and translate our findings into action, tools, and training.
- **Discuss key topics related to supporting inclusive insurance markets for supervisory authorities.** The Initiative will start a series of monthly consultation calls for supervisory and regulatory authorities. The calls will provide a platform for exchange and consultation among peers and experts to discuss current regulatory and supervisory developments and trends around access to insurance. This will enable supervisors who cannot participate regularly in peer learning events to engage in the discussions.
- **Provide training on and disseminate our key tools, notably the financial inclusion training module and cross-country synthesis notes.** The financial inclusion training module will be transposed into an e-learning environment. Furthermore, it will be rolled out through the development of regional case studies and the hosting of seminars in Africa and Latin America and Caribbean, together with the Toronto Centre, as well as at least one regional seminar with the Financial Stability Institute. Furthermore, we will finalize the translation into Spanish and French of the Application Paper on Regulation and Supervision Supporting Inclusive Insurance Markets and the self-assessment tool.

## The Training Module and the online implementation of this product will play a big role in our work plan for 2014

A financially sound insurance sector contributes to economic growth and well-being by supporting the management of risk, allocation of resources, and mobilization of long-term savings. The Insurance Core Principles developed by the IAIS are key international standards relevant for sound financial systems.

Effective implementation of the Insurance Core Principles requires skilled and knowledgeable insurance supervisors. Recognizing this need, the World Bank and the IAIS partnered in 2002 to develop a "core curriculum" for insurance supervisors, which consists of a set of modules focusing on the practical application of supervisory concepts.

The training module on regulation and supervision supporting inclusive insurance markets was developed in 2013 as a cooperative project of the IAIS and the Initiative. It helps supervisors to implement effectively the concepts set out in the IAIS application paper on the same topic.



- **Develop a methodology for assessing the impact of regulation and supervision supporting inclusive insurance markets.** We plan to synthesize impact learning across six countries: Brazil, Colombia, India, Peru, the Philippines, and South Africa.
- **Develop a mechanism to match demand for technical assistance or support from supervisors with funding and high-quality expertise.** The Initiative has been fulfilling a matchmaking role on an ad hoc basis by approaching potential funders when it receives a request for support from a supervisor. We are considering various options for formalizing this role – for example, by developing an online "market-place" where supervisors can indicate their needs and development partners can indicate available funding or by implementing a global call for funding based on the expressed needs of supervisors.
- **Develop a pool of qualified consultants.** Consultants are needed who can offer technical assistance on the basis of Insurance Core Principles and training tools as well as the Initiative's training methodologies in order to provide IAIS members with high-quality support that satisfies their needs.
- **Assess the demand and need for a Supervisory Support Facility.** We strive to generate demand for our knowledge and support among supervisors and then to meet that demand. In the coming year, we will seek the most effective ways to meet a variety of needs for support. To inform our strategy in this regard, we will assess the demand for a Supervisory Support Facility and processes within the Initiative and IAIS structures. A Supervisory Support Facility would support the dissemination of critical global learning at a regional and national level that only we can deliver. We have identified a considerable need for funding the operations of such a facility.
- **Implement regulatory road maps in Latin America and the Caribbean.** Based on the findings of the country diagnostics, each of the three countries will embark on a supervisor-led stakeholder process to develop a regulatory road map for inclusive insurance regulation. The Initiative will support this process and facilitate the provision of technical assistance for implementing the road maps.

#### We plan at least 6 key events for 2014 to support these work streams:

- Joint regional meeting of the IAIS and the Initiative in Africa, date to be determined
- 2<sup>nd</sup> Consultative Forum of the IAIS, the Microinsurance Network, and the Initiative co-hosted with the African Insurance Organization, June 4, Rwanda
- 3<sup>rd</sup> Consultative Forum back-to-back with the Tenth Annual International Microinsurance Conference, Mexico
- Panel on financial inclusion during the IAIS Annual Conference, October, Amsterdam
- Regional seminar on financial inclusion in Africa with the Toronto Centre
- Regional seminar on financial inclusion in Latin America and Caribbean with the Toronto Centre
- At least three stakeholder workshops in Colombia, Jamaica, and Peru



# Governance Structure

## Members of the Governing Council

### » Representatives designated by the IAIS

- Jonathan Dixon, FSB, South Africa
- Carlos Izaguirre, SBS, Peru
- Peter Braumüller, FMA, Austria
- To be determined

### » Representative of the IAIS Secretariat

- Peter van den Broeke, IAIS

### » Representative of the host

- Brigitte Klein, GIZ

### » Representatives designated by each of the other charter sponsors

- Craig Churchill, ILO
- Susanne Dorasil, BMZ
- Tim Lyman, CGAP
- Prega Ramsamy, FinMark Trust

## Members of the Executive Committee

### » Representatives designated by the IAIS

- Jonathan Dixon, FSB, South Africa
- Peter van den Broeke, IAIS
- To be determined

### » Representatives designated by other members of the Governing Council

- Susanne Dorasil, BMZ
- Tim Lyman, CGAP

### » Executive Director of the Access to Insurance Secretariat as a non-voting member

- Marike Brady, Access to Insurance Initiative

## Members of the Secretariat

- Marike Brady, executive director
- Stefanie Zinsmeyer, technical officer
- Onur Azcan, technical officer
- Patricia Maria Inga Falcon, project manager
- Miguel Enrique Zamudio Chujutalli, project assistant
- Mariya Ivato-Kolodziejski, financial manager
- Sina Andratschke, office manager



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The Initiative is  
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