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COVID CRISIS HIGHLIGHTS URGENT NEED FOR INCLUSIVE INSURANCE

Luxembourg / Munich - 2 November 2020. Governments and insurance companies must increase efforts to help millions of low-income people, households and businesses cope with the impacts of the Covid crisis and climate change - or risk exacerbating wealth and social gaps in emerging economies and undermining political and financial system stability.

The pandemic highlights the crucial role of insurance as a safety net when people lose their jobs or are unable to get to work, when bread-winners get sick or die, or when small businesses are forced to shut. Yet the number of customers in emerging markets with insurance cover is still alarmingly low.

To address these concerns, more than 1,800 experts from around the world representing NGOs, development agencies, regulation, supervision and policy experts and the insurance industry are meeting online this week for the International Conference on Inclusive Insurance (ICII) 2020 – Digital Edition hosted by the Munich Re Foundation and the Microinsurance Network.

“The Covid-19 crisis shows how important it is to understand and manage risks,” said Dirk Reinhard, Vice Chair of the Munich Re Foundation and chair of the ICII 2020 steering committee. “Insurance is a key component of risk management, but billions of people still do not have access to appropriate risk management tools, including insurance. And let’s not forget - when this pandemic does finally pass, we will still be faced with increased risks from climate change.”

Without insurance, low-income families and small businesses will continue to struggle when hit by extreme weather events. The conference aims to encourage governments and insurers to intensify cooperation to develop better risk management solutions.

“Despite some improvement, insurance cover is still alarmingly low in many developing economies,” said Katharine Pulvermacher, Executive Director of the Microinsurance Network. “The results of our new Landscape of Microinsurance study indicate that, in the countries covered, more than 90 percent of emerging consumers still lack insurance protection for any kind of risk. Covid has a disproportionate impact on low-income people, as does climate change. The Microinsurance Network, Insurance Development Forum (IDF) UNDP and InsuResilience Global Partnership are working together to scale up insurance solutions which truly meet the needs of this customer segment.”

Launched today, the Landscape of Microinsurance 2020 reveals that although digitalisation is essential for reaching underserved clients at scale, face-to-face contact through agents, brokers, financial institutions and microfinance institutions (MFIs) remains crucial for microinsurance distribution. The study also highlights concerns about customer value, finding that low average claim ratios and long claim turnaround times undermine trust and hinder uptake. Insurers and their distribution partners must place greater emphasis on customer-centricity to achieve both value and scale.

“Low-income people are less likely to have adequate health insurance if they get sick, income protection if they lose their jobs or life cover if they die, and small companies are unlikely to have business interruption insurance if they are forced into lock-down,” added Pulvermacher. “Many people have to choose between risking their health or losing income. They may have to sell assets or go further into debt just to survive.



“Small-scale entrepreneurs, gig economy workers, low-income households, informal and self-employed workers and women are more likely to be hit hard, especially in developing countries. Inclusive insurance for just a few dollars a month could help them avoid the worst consequences.”

The ICII 2020 Digital Edition, which brings together key players such as IDF, the Association of Insurers and Reinsurers in Developing Countries (AIRDC), UNDP and many others - aims to attract even more participants than the usual face-to-face event. “Covid has caused unprecedented economic distortions for the insurance industry,” said Reinhard. “But it’s also opened up opportunities. We’ve seen new approaches to offering inclusive insurance products in Latin America, Africa and Asia as a direct result of the pandemic. Many insurers now include added-value services such as remote medical consultations.”

“The conference is a great opportunity for some of the best minds in the business to get together and come up with innovative insurance solutions which will help those hardest hit by global crises such as climate change or pandemics,” said Pulvermacher. “Collaboration is the key to success and I’m confident that we can harness the collective expertise to help those most in need of affordable insurance.”

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About the Munich Re Foundation

Munich Re has been handling global risks since 1880. Today, it possesses expertise and know-how in all fields of competence connected with the subject of risk. Acting responsibly means sharing that knowledge. The Munich Re Foundation enables Munich Re to fulfil this responsibility. People are ultimately at the core of what the foundation’s work is all about. The foundation’s task is to minimise the risks to which they are exposed. It clarifies issues and provides support, also in developing countries.

About the Microinsurance Network

A not-for-profit, membership-based association, the Microinsurance Network is driven by its vision of a world where people of all income levels are more resilient and less vulnerable to daily and catastrophic risks through improved access to effective risk management tools. Low-income consumers lie at the heart of our mission. We work with a broad range of stakeholders around the world to prioritise the needs, interests and well-being of our ultimate beneficiaries.

About the International Conference on Inclusive Insurance

The 2020 Digital Edition ICII takes place online from 2-6 November 2020. Experts from around the world representing NGOs, development-aid organisations, regulation, supervision and policy experts as well as the insurance industry will discuss risk management solutions based on insurance principles for low-income households and MSMEs.

About the Asia Insurance Review

Asia Insurance Review (AIR) is the media partner of the International Conference on Inclusive Insurance 2020. AIR was launched in January 1991 to meet the information needs of insurance practitioners in Asia in particular and the rest of the world in general. It quickly became the premier and comprehensive professional regional insurance magazine, read by all the key decision-makers and readers in the insurance industry in Asia. AIR remains the voice of the insurance industry of Asia over these 30 long years where change is the very essence of the game in town.

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