

# Inclusive Insurance Landscape in the CEET Region

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# Introduce yourself / introduce A2ii



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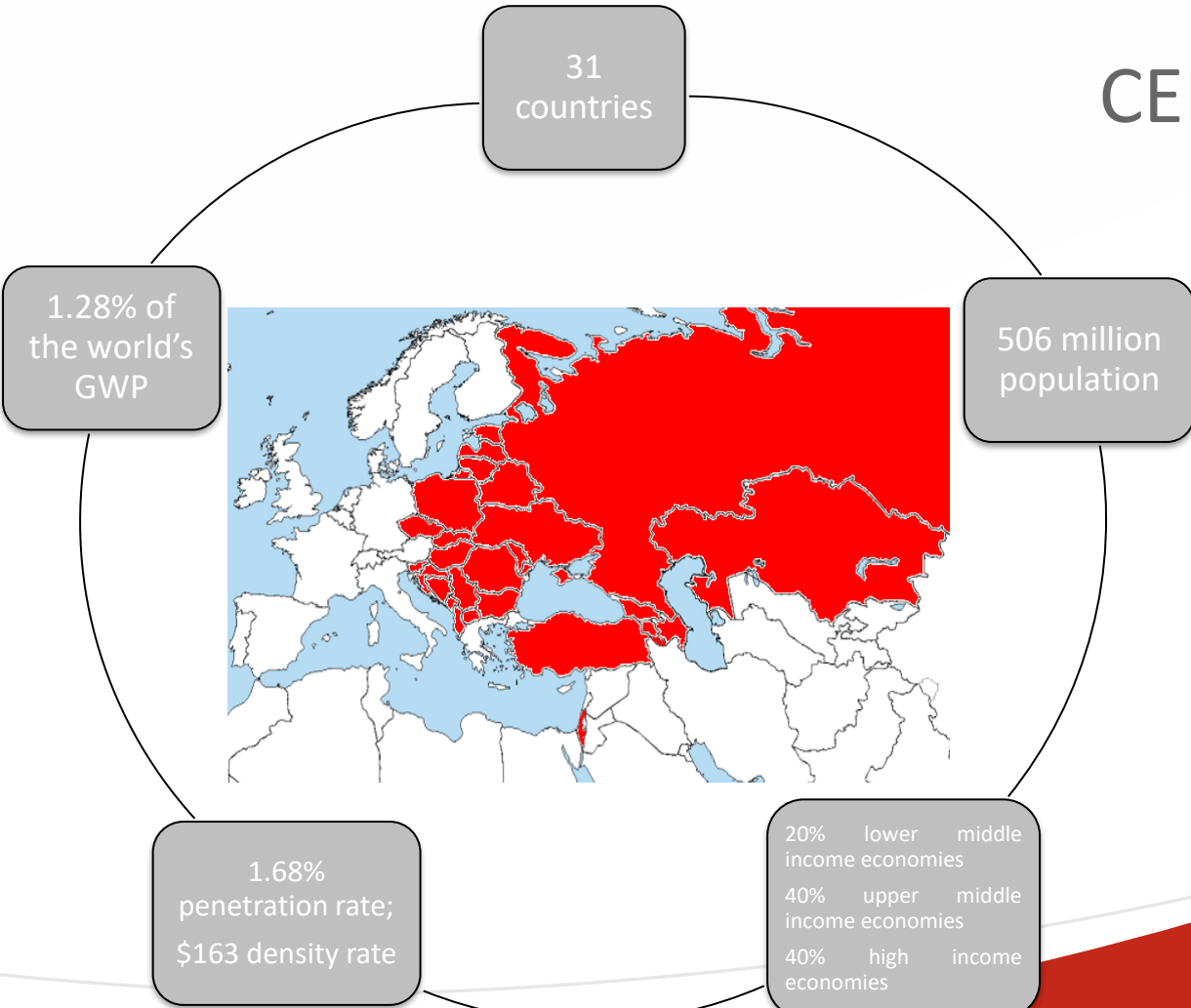
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Professor  
University of  
St. Kliment Ohridski,  
Macedonia



# Agenda

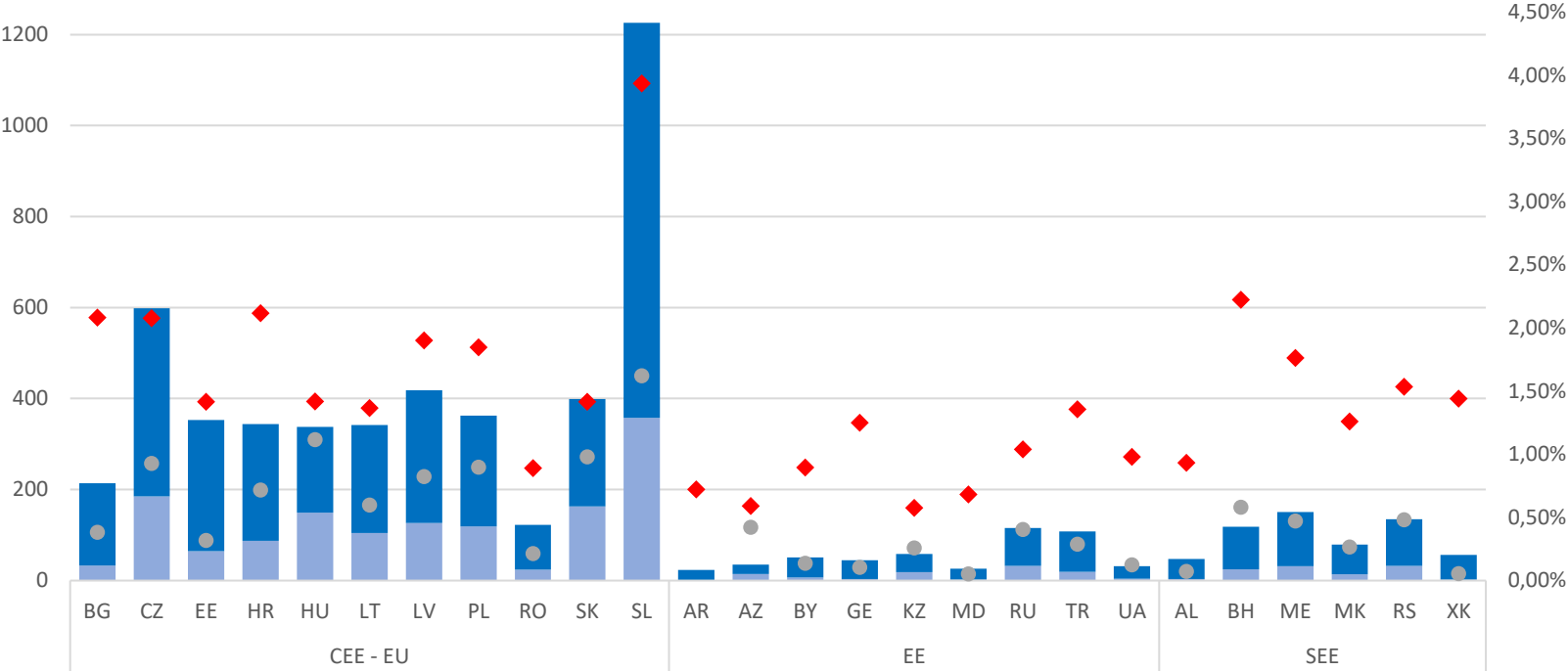
- 1 | Insurance Market Landscape in the CEET Region
- 2 | Insurance Protection Gap
- 3 | Current state of Inclusive Insurance in CEET – survey results
- 4 | Conclusion and future perspectives

# CEET region



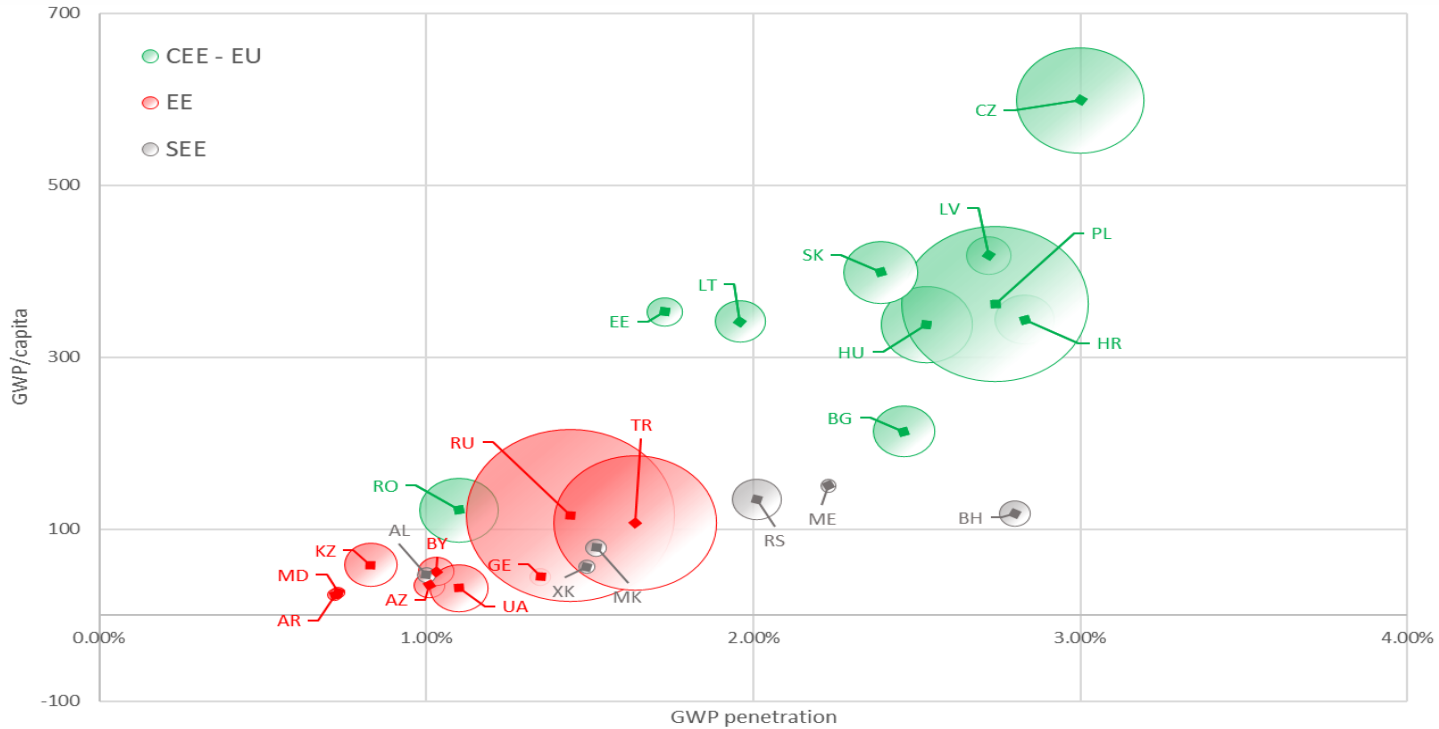
# Insurance Density and Penetration Rate - CEET Life & Non-Life, 2020

■ Density - LIFE   ■ Density - NON-LIFE   ● Penetration - LIFE   ◆ Penetration - NON-LIFE



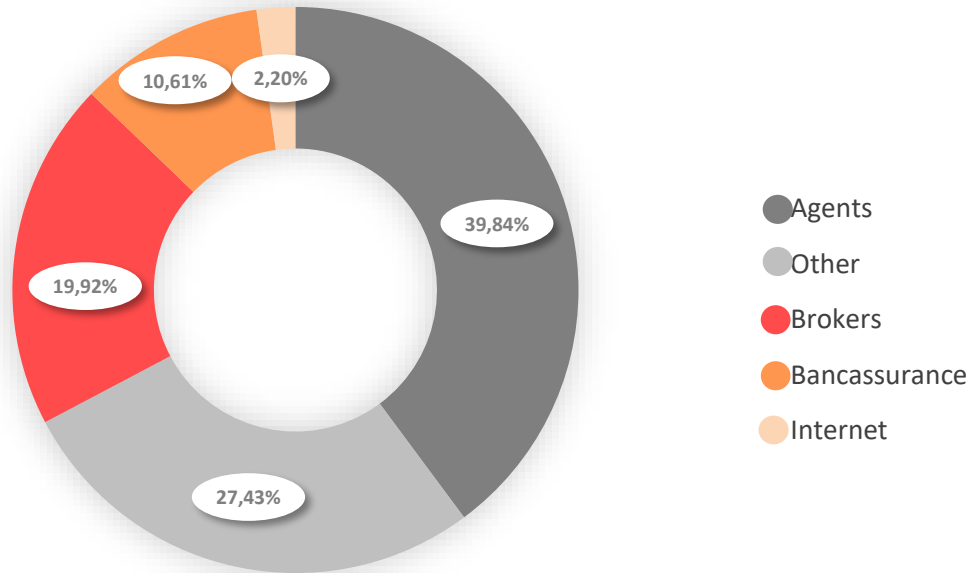
Source: XPrim database (2020)

# Gross Written Premium - CEET, 2020



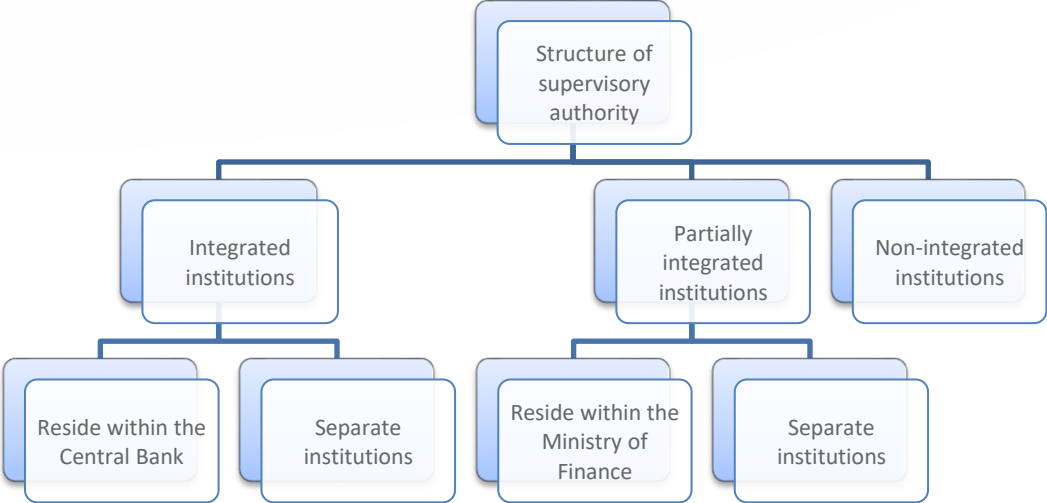
Source: XPrimm database (2020)

# Total CEE GWP, by distribution channel 2020 (%)



Source: Ghetu, Cibej, and Poposki, CEET Distribution Report

# Structure of the Insurance Supervisory Authorities





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The insurance protection gap is the difference between economic losses caused by disasters, and the amount of those losses covered by insurance coverage

**\$1.38tn**

Global insurance protection gap for health, mortality and natural catastrophe risks.

Emerging economies account for \$160bn (96%) of this.

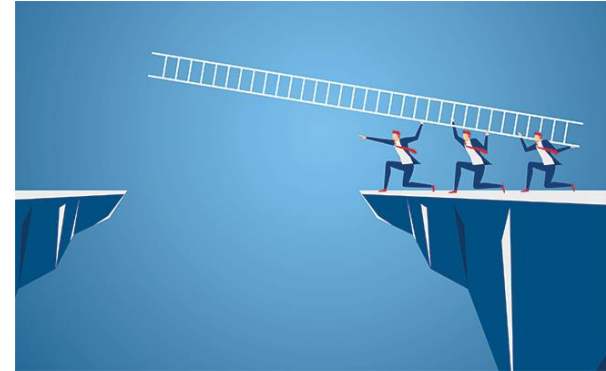
Swiss Re sigma Resilience index annual update 2021

**\$5.2tn**

Total losses as a result of natural disasters since 1980

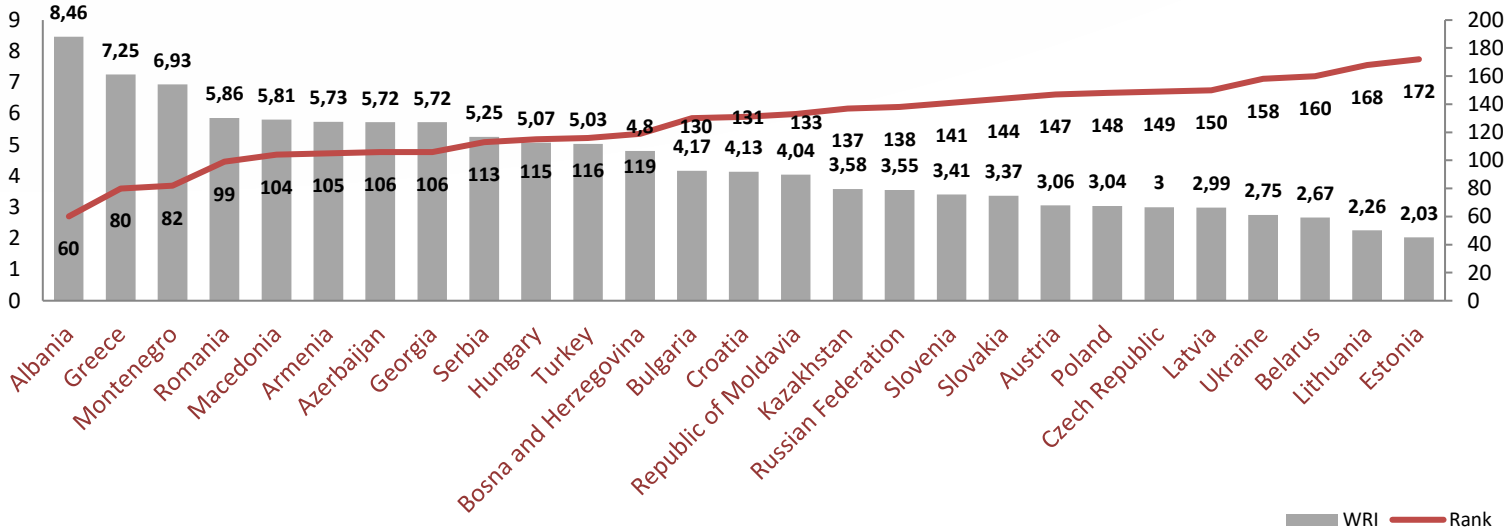
**1%**

The percentage of natural disaster losses in developing countries that were insured. This compares to 30% in developed countries.



# World Risk Index 2020 for CEET region *from extreme natural events*

World Risk Index 2012 - 2020 average



Source: [www.WorldRiskReport.org](http://www.WorldRiskReport.org)

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# Scope and Methodology of the Survey



- 1** The existence of inclusive insurance legislations and products;
- 2** An assessment of other supportive legislations that can enhance access to insurance;
- 3** Current national policy approaches to increase access to insurance for low-income and low middle-income populations;
- 4** Supervisory capacity building needs in each jurisdiction.

# Survey Results (I)

## 1 Inclusive insurance legislation:

- none of the respondent jurisdictions has implemented inclusive insurance legislations
- none of the respondent jurisdictions has developed a definition of microinsurance or inclusive insurance

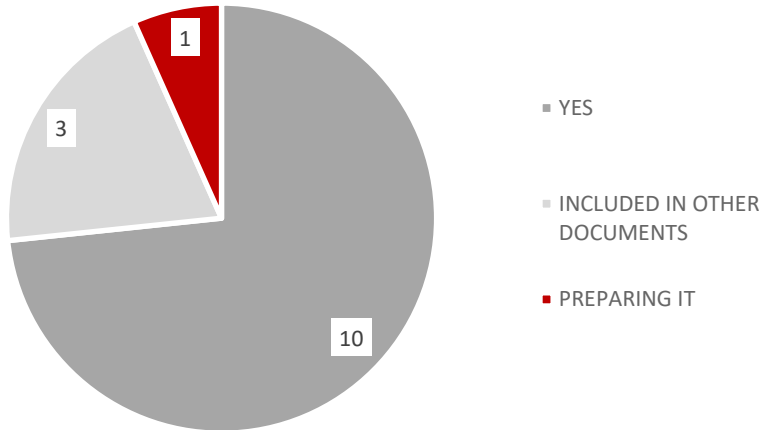
## 2 Inclusive insurance product lines

Type of inclusive insurance/microinsurance	No. of jurisdictions
Agricultural/climate risk insurance (including index insurance)	8
Property insurance	5
Health insurance	3
Personal accident insurance	3
Life insurance	2
Credit life insurance	2
Funeral expenses insurance	1

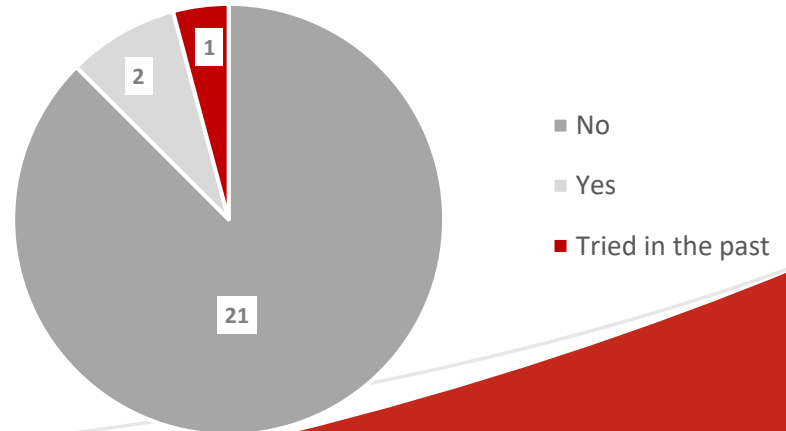
# Survey Results (II)

## 3 National financial inclusion and inclusive insurance strategies

Does your jurisdiction have a Financial Inclusion Strategy?



Are you planning to create a strategy or an action plan in the mid/short term to develop inclusive insurance or microinsurance?



# Survey Results (III)

4

## Studies on the inclusive insurance market

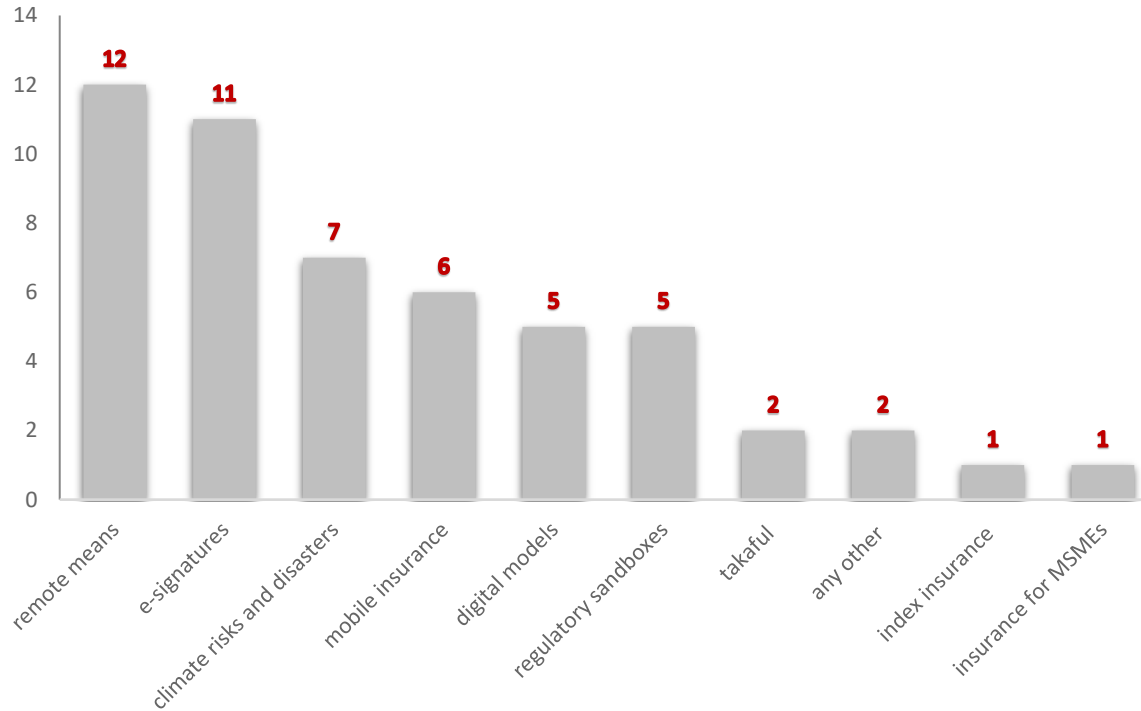
Jurisdiction	Study description
Albania	<ul style="list-style-type: none"> <li>– World Bank: ALBANIA Insurance Market Development</li> <li>– National Financial Inclusion Strategy for Fighting Against Poverty and Enhancing Sustainable Economic Development in Albania</li> </ul>
Armenia	<ul style="list-style-type: none"> <li>– AFI and Inclusive Green Finance WG - Climate risk insurance for the agriculture sector in Armenia</li> </ul>
Georgia	<ul style="list-style-type: none"> <li>– A feasibility study conducted on index-based flood insurance</li> <li>– The MicroInsurance Centre at Milliman - Livestock Insurance Implementation in</li> <li>– The MicroInsurance Centre at Milliman - Managing risks for rural development: promoting microinsurance innovations</li> </ul>
Kosovo	<ul style="list-style-type: none"> <li>– IFC – International Finance Corporation and World Bank - Agriculture Finance in Kosovo, Creating an Agro-Finance Market</li> </ul>
Macedonia	<ul style="list-style-type: none"> <li>– Adult Financial Literacy Competencies in Macedonia, Results of the OECD/INFE Based Methodology Study</li> <li>– The Global Findex Database 2017 measuring financial inclusion and Fintech Revolution</li> </ul>
Poland	<ul style="list-style-type: none"> <li>– Dariusz Stańko, Microinsurance as a means of protection against the risk of poverty.</li> <li>– Teresa H. Bednarczyk Microinsurance – Product Innovation or Return to the Roots?</li> <li>– Kawiński M., The insitution of mircoinsurance. Szumlicz T. (red.), Social aspects of insurance development, SGH, Warszawa, p. 311-324.</li> <li>– Kurek R., Microinsurance in the world - commercial and non-commercial supporting initiatives and Mutual insurance as a form of sale of micro-insurance</li> <li>– Zieniewicz M., 2014, Microinsurance as an opportunity for micro and small enterprises in Poland</li> </ul>
Romania	<ul style="list-style-type: none"> <li>– World Bank Report: Financial Inclusion in Romania: Issues and opportunities</li> </ul>
Russia	<ul style="list-style-type: none"> <li>– Bank of Russia’s Financial Inclusion Indicators (in Russian), including demand-side insurance indicators</li> </ul>



# Survey Results (IV)

4

## Other supportive regulatory measures



# Survey Results (V)

## 5 Risks faced by the low-income population: 6 Supervisory capacity building needs:

- natural catastrophe risk
  - unemployment
  - financial education
  - property risk
  - healthcare and disease risk
  - attitudes/awareness
  - insufficiency information on coverage
  - inaccessibility of life insurance products
  - risk of overburdening with debt
  - endowment insurance
- Supervisory practices
    - implementation of risk-based supervision
    - development of existing and creating new supervisory tools
    - data collection and processing
  - Prudential supervision
  - Market conduct and consumer protection
  - The updating and modernising of legislation
  - The impact of pandemic risks
  - Regulation and supervision of new technologies and arising risks such as cyber risk
  - Regulation and supervision of microinsurance

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# Conclusion and future perspectives

## Barriers

- low income and affordability are perhaps the most obvious barriers
- data on the inclusive insurance market is lacking
- insurance sector is still largely focused on wealthy and corporate segments

## Potential

- there is significant room for growth in the CEET inclusive insurance market
- increasing focus of the region on innovation, digitalisation and fintech is promising
- to draw on global experience and actively bring innovation into the market

## What should be done

- policy actions on the supply and demand side
- public-private collaboration
- regulatory actions
- financial literacy and risk awareness

# Thank you.

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