

# The fundamentals of inclusive insurance

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# Who we are

*A unique global partnership....*



*... working to ensure that the world's excluded and underserved **have access to insurance.***

*We do this by **supporting insurance supervisors and regulators** to create the conditions necessary for an inclusive insurance market to grow.*

# Definitions

## Microinsurance

*“Insurance that is accessed by the low-income population, provided by a variety of different entities, but run in accordance with generally accepted insurance practices.” (IAIS, 2007)*

## Inclusive Insurance

*“All insurance products aimed at the excluded or underserved market, rather than just those aimed at the poor or a narrow conception of the low-income market.” (IAIS, 2015)*

\*See IAIS papers (1) Issues in Regulation and Supervision of Microinsurance (2007)  
(2) Application Paper on Regulation and Supervision supporting Inclusive Insurance Markets (2012) (3) Issues  
Paper on Conduct of Business in Inclusive Insurance (2015)

# The inclusive insurance consumer

- Low education levels / insurance awareness
- Low / irregular disposable income, mostly spent on essentials
- Difficult to reach, informal employment
- Don't trust insurance providers and insurance



Source: IAIS (2014)

What can the industry do to make insurance inclusive?

# What makes an insurance product inclusive?

Microinsurance / inclusive insurance is not just a scaled down version of classic insurance. The product and processes need to be completely reengineered to meet the characteristics and preferences of the low-income and underserved market.

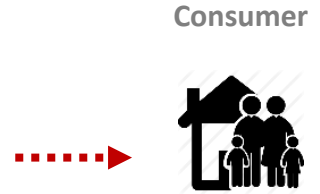
# What makes an insurance product inclusive?



Microinsurance Centre (2011):  
*SUAVE Checklist for Microinsurance Products:  
Enhancing the Potential for Success*

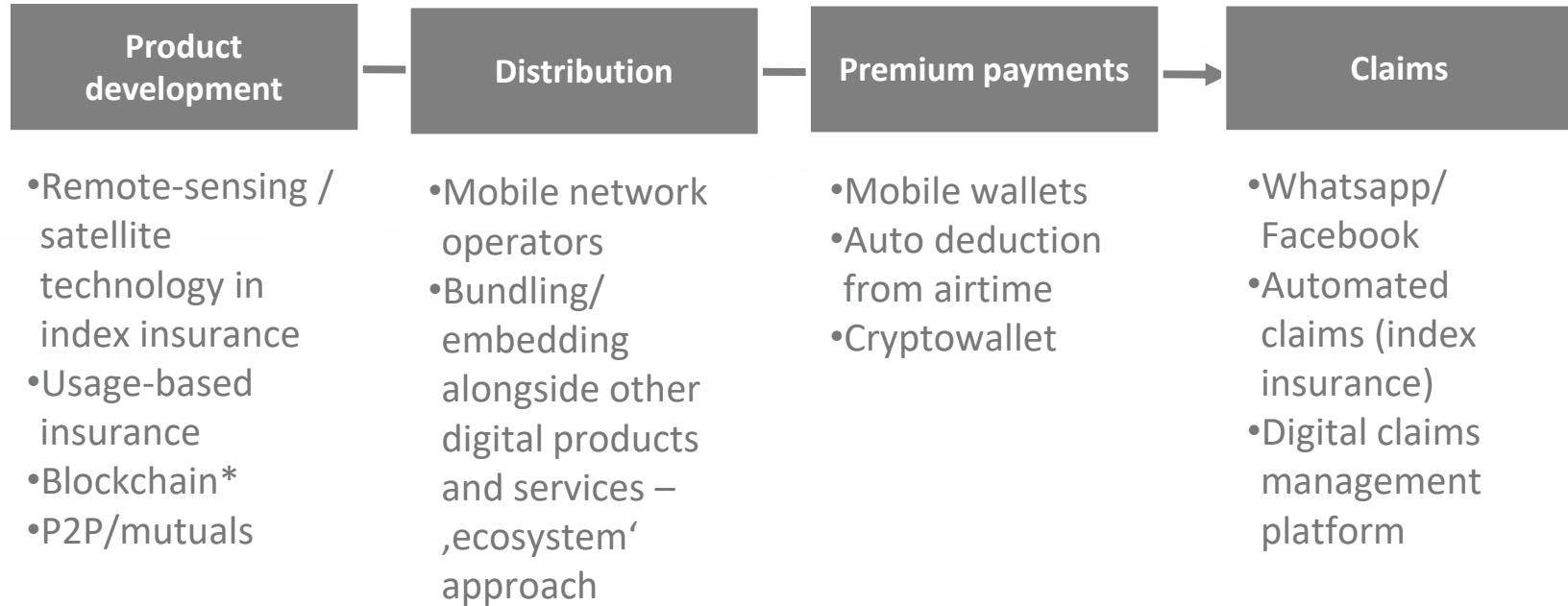
# Alternative distribution channels

- Direct sales
- Brokers
- Agents
- Mobile network operators (MNOs)
- Retailers
- Mutuals, co-ops, community orgs
- Microfinance institutions (MFIs)
- Funeral parlours
- Post offices
- Community groups
- Agro distributors
- Utility companies
- Etc.





# Digitalisation



Many models are a combination of different technologies, even offline and online. Some models are partly switching back from digital.

What can regulators do to promote  
inclusive insurance growth?

# Inclusive insurance – anchored on proportionality

**Proportionality** underlies all the ICPs. Supervisors have the flexibility to tailor their implementation of supervisory requirements and their application of insurance supervision to achieve the outcomes stipulated in the Principal Statements and Standards.

**Implementation** - proportionality allows the ICPs to be translated into a jurisdiction's supervisory framework in a manner appropriate to its legal structure, market conditions and consumers.

**Application** - proportionality allows the supervisor to increase or decrease the intensity of supervision according to the risks inherent to insurers, and the risks posed by insurers to policyholders, the insurance sector or the financial system as a whole.

# Proportionality in practice



**Licensing** – more types of underwriters permitted with different capital requirements



**Product approval** – inclusive product features required



**Distribution** – alternative channels allowed, simpler training requirements

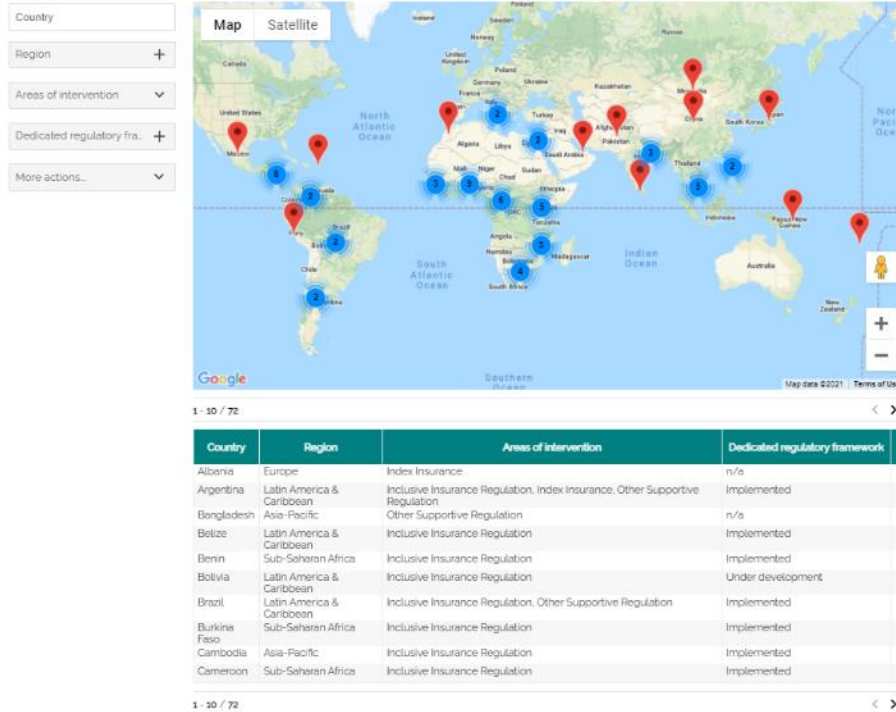


**Disclosure** – simplified documents, local language



**Claims** – shorter timeline

# Tracking inclusive insurance regulations



## The A2ii Inclusive Insurance Regulations Map

<https://a2ii.org/en/map>

# Thank you.

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