



# The IDF Inclusive Insurance Working Group

## CO-CHAIRS

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# Risk is becoming more complex

The world's experience of the COVID-19 pandemic has demonstrated **compound risk** more clearly than ever before

## Income/Livelihood



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Informal workers  
(gig economy)  
Agriculture  
SMEs

## Health



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## Climate



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More so than ever, there is a **huge gap between insured and economic losses**

- Global 'Protection Gap' (2018) of \$1.2 trillion across health care, mortality, climate disasters (Swiss Re)
- The majority of this gap lies in emerging economies (where only 10% of climate risks are covered)

Vulnerability (linked to poverty and exposure) **triggers negative coping strategies**

- Financial exclusion and a lack of social safety nets leaves individual families and communities exposed
- 150 million people suffer financial catastrophe each year due to out-of-pocket expenditure on health services (WHO).
- Without action, climate change and disasters will force 26 million people into poverty each year (World Bank).

# Inclusive Insurance plays a key role in closing the Protection Gap

## Insurance for resilience and socio-economic development

- **Protect:** Transforms vulnerable populations from reactive to proactive risk managers
- **Progress:** From economic vulnerability to social mobility
- **Empower:** Giving vulnerable populations power and choice, as well as developing local markets

→ Promoting growth through financial inclusion, which unlocks opportunities and fosters economic activities

## The time is right for inclusive insurance because:

- **Increased attention** currently on compounding risks and comprehensive risk management
- **Global focus** on adaptation to climate change (e.g. Climate Adaptation Summit)
- **Digitalisation:** remote sensing, mobile insurance, blockchain, AI, big data, P2P, ...



## No one can do it alone...

- The current system is not able to address these challenges
- Leveraging private finance is critical given constrained development funding
- Lack of international coordination - joint efforts will be absolutely essential
- Requires multiple stakeholders across different sectors





# IDF's Inclusive Insurance working group is uniquely positioned to be part of the solution

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## MEMBERSHIP

- Access to Insurance Initiative (A2ii)
- AIG
- Allianz
- AM Best
- APA Insurance
- Asia Affinity Solutions
- AXA Emerging Consumers
- Blue Marble MicroInsurance
- Centre for Financial Regulation and Inclusion (Cenfri)
- Etherisc
- GIZ
- ILO's Impact Insurance Facility
- InsuResilience Global Partnership
- InsuResilience Solutions Fund (ISF)
- International Cooperative and Mutual Insurance Federation (ICMIF)
- International Finance Corporation (IFC)
- International Fund for Agricultural Development (IFAD)
- MicroInsurance Centre at Milliman
- Microinsurance Network (MiN)
- Munich Re Foundation
- Swiss Capacity Building Facility (SCBF)
- UN Development Programme (UNDP)
- World Bank
- World Food Programme (WFP)

Building on **two decades of experience** in development finance and inclusive insurance

A forceful coalition bringing together all the **essential stakeholders**:

- **Private sector** (vast underwriting capacity and technical skills of insurance industry)
- **Regulators**
- **implementing partners** (understanding of current best practice)

Extensive **presence on the ground** ready to scale up and expand the work together

### Three-pillar focus:

1. Research
2. Policy & regulation
3. Products

IDF and its Steering Committee to bring **political reach** across international organisations and the global insurance industry

# Strategy and country work

Making insurance markets work for the poor requires focused, holistic, coordinated, concrete country programmes

## WORKING GROUP MANDATE

The IIWG's goal is to drive and enhance coordination and collaboration on inclusive insurance projects and maximize the impact and efficiency of programmes that build financial resilience and inclusion in local communities vulnerable to climate change and other disasters

1

### Research, monitoring & evidence

- › Country diagnosis and market assessment of the inclusive insurance environment in chosen countries.
- › Evidence building and monitoring framework with targets focused on both impact and new customers reached in the vulnerable communities, including benchmarking of lives covered and social performance indicators.



2

### Enabling environment

- › Creating an enabling environment that can promote and advocate for legislative change in chosen countries and where necessary a supportive regulatory framework based on the IAIS's best practice guidelines.
- › Convening and advocacy to ensure inclusive insurance is enabled and promoted by governments in countries as a long-term sustainable business solution as part of an effort to deepen resilience.



3

### Implementation of solutions & marketplace

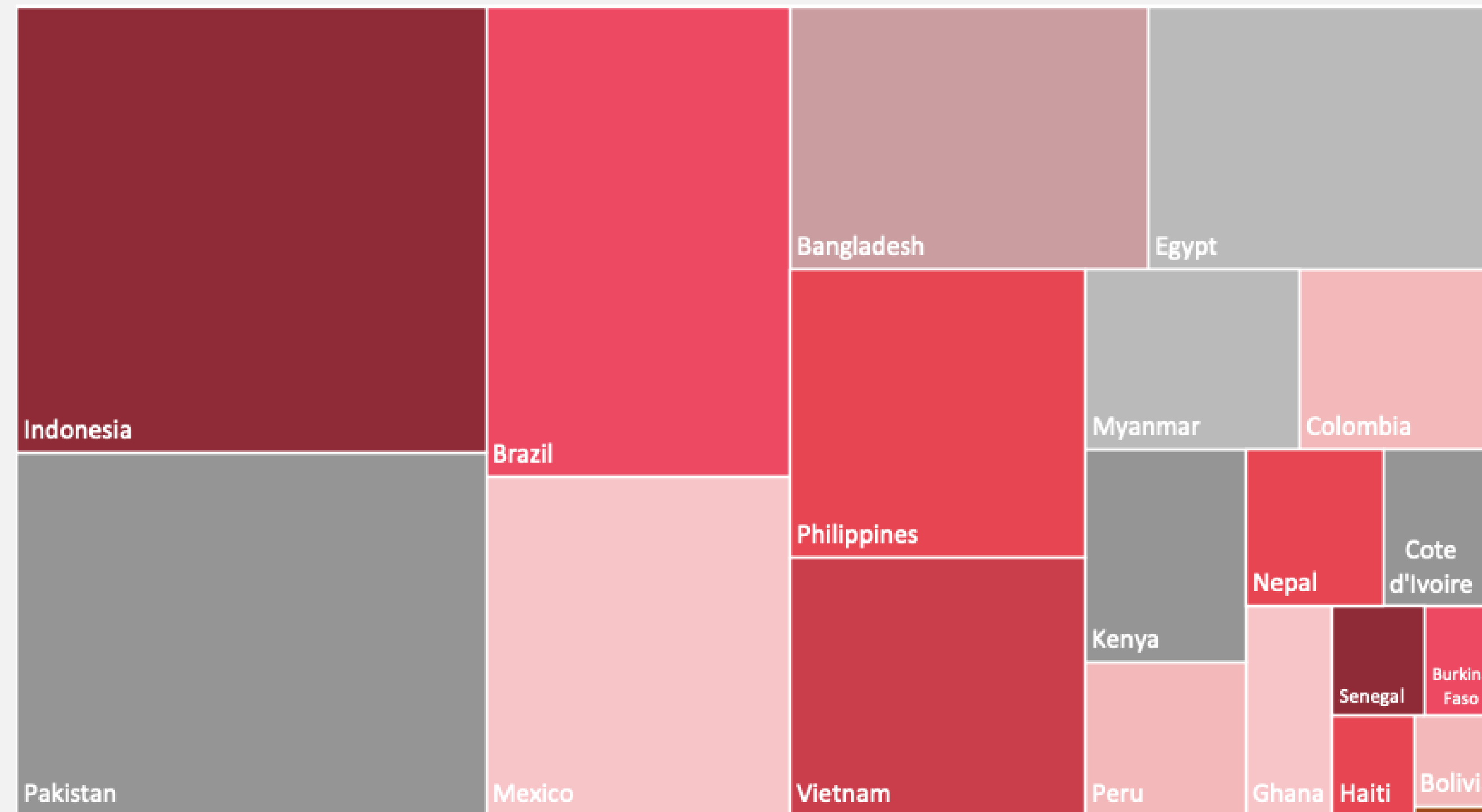
- › Implementation of scalable inclusive insurance projects to contribute to the 150 million people target set by the InsuResilience Global Partnership.
- › Building a marketplace for inclusive insurance practitioners (incl. brokers, insurers and distribution channels) and donors to provide funding for the most impactful projects.



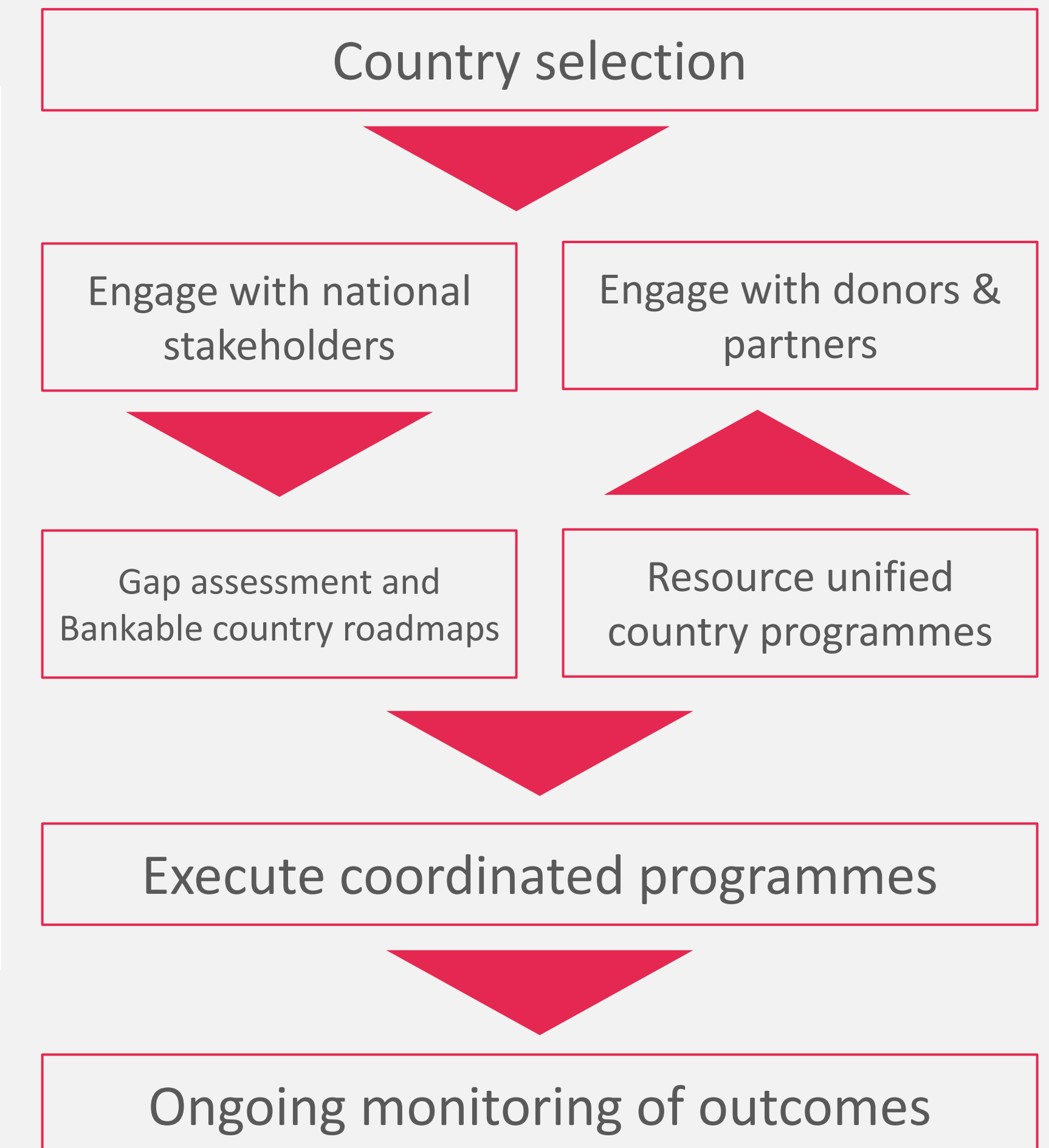
# Rigorous selection process to identify 21 diverse focus countries

The Working Group has defined 21 countries on which to concentrate its efforts, aiming to pool resources (financial and non-financial) in order to meet targets its members could not meet individually

Bangladesh  
Bolivia  
Brazil  
Burkina Faso  
Colombia  
Cote d'Ivoire  
Egypt  
Fiji  
Ghana  
Haiti  
Indonesia  
Kenya  
Marshall Islands  
Mexico  
Myanmar  
Nepal  
Pakistan  
Peru  
Philippines  
Senegal  
Vietnam



Estimated relative size of population living on \$2-20 per day, purchasing power parity



# The 4 initial priority countries

Defined based on a funnel approach that took into consideration political will and stability, legal and regulatory environment, development of the insurance market, among other criteria, ensuring diversity in terms of regions and members' presence



The goal is to select additional 6 countries, reaching 10 countries in the initial 4-year period



# Progress update and next steps

## In-Country Strategy

- **Indonesia and the Philippines (April / September 2021):** *virtual* workshops for mapping out relevant projects and stakeholders and establishing the first presence in the countries for further engagement
- **Kenya (September 2021):** two-day in-person workshop with design sprint to develop gap assessment and stakeholders' map in order to kickoff the Country Taskforce

## IIWG Sessions at the IDF Summit and the ICII

Advancing the discussions on the complementarity between insurance and social welfare systems and strengthening the engagement with distributors for the Country Taskforces

## Work Plan for 2023

- Follow up on the Kenya Workshop results and activation of the Country Taskforce
- In-country workshops in Mexico, Indonesia and the Philippines



Thank you!