

Press release

Press enquiries:

<p>Brigitte Klein Chair - Regulation, Supervision and Policy CGAP Working Group on Microinsurance Tel. + 49 61 9679 6466 Mobile: +49 151 1427 9419 E-mail: brigitte.klein@gtz.de</p>	<p>Arup Chatterjee Principal Administrator International Association of Insurance Supervisors Tel: +41 61 280 9128 Mobile: +41 76 350 9128 E-mail: arup.chatterjee@bis.org</p>
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Regulation and supervision of microinsurance

Today, the International Association of Insurance Supervisors (IAIS) and the Consultative Group for Assisting the Poor (CGAP) released a paper entitled *Issues in regulation and supervision of microinsurance*, prepared by the IAIS-CGAP Joint Working Group.

Regulators and supervisors in emerging market jurisdictions realise that a more conducive and enabling regulatory environment creates an “inclusive” insurance market that works effectively for the upper as well as the lower income segments, with the latter being the focus of “microinsurance”. Microinsurance is 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. Importantly, this means that the risk insured under a microinsurance policy is managed based on insurance principles and funded by premiums.

The paper released today outlines salient features of regulation and supervision of microinsurance and provides input for high-level expert discussion among regulators, supervisors and other stakeholders involved in the provision of insurance services for lower-income segments. It recognises that the IAIS Insurance Core Principles are the foundation of all insurance supervision, including microinsurance.

Mashudu Munyai, Chair of the IAIS-CGAP Joint Working Group on Microinsurance, remarked that the Group’s work is “strongly aligned to the common goal of servicing and providing effective access to financial services to our constituents, in a manner that is useful and inclusive”. He continued, “A closer examination and analysis of different unique aspects of microinsurance and a continuous dialogue with supervisors will assist in determining the key principles in its regulation and supervision.”

Brigitte Klein, Chair of Regulation, Supervision and Policy, CGAP Working Group on Microinsurance, commented that “inclusiveness covers both the need to have markets accessible to those that microinsurance can serve, as well as providing them with the benefit of prudential oversight.”

For more information on the IAIS and CGAP, visit www.iaisweb.org and www.microfinancegateway.org/resource_centers/insurance.