Increasing the access to insurance for the underserved population - a contribution to closing the protection gap

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1| The insurance protection gap

2| The role of the insurance supervisor in closing the protection gap

3| Supervisory support
The insurance protection gap

Uninsured property catastrophe losses vary significantly by region and peril.
- e.g. in Emerging Asia, the protection gap exceeds 90 per cent for all three major perils (storms, floods and earthquakes)

## Causes of insurance protection gaps

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<th>Frontier markets</th>
<th>Emerging markets</th>
<th>Mature markets</th>
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<td>Behavioural biases</td>
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<td>Transaction costs</td>
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<td>Adverse selection/moral hazard</td>
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<td>Supply side</td>
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1| The insurance protection gap

2| The role of the insurance supervisor in closing the protection gap

3| Supervisory support
The role of regulation and supervision

- A sound regulatory framework is required to enable a stable insurance market and protect policyholders
- Regulatory certainty as a success factor
- Insurance regulators/supervisors are key players and need to have an active role in addressing the protection gap.
The role of regulation and supervision

Elements of insurance regulation particularly relevant for climate risks and natural catastrophes insurance

- Role of government/public schemes
- Possibility for innovative products (index-based insurance etc.)
- Possibility for innovative distribution (digital technology)
- Reinsurance availability and capacity (regional pilots)
- Foster cooperation of supervisors with governments and other supervisors
The role of regulation and supervision

The particular role of insurance supervisors

- Awareness creation
- Role in education
- Facilitate market development
- Build knowledge and competence in the authority
- Understand and apply proportionality
The role of regulation and supervision

The proportionality principle

- ICPs apply to insurance supervision in all jurisdictions regardless of the level of development or sophistication of the insurance markets and the type of insurance products or services being supervised.

- Nevertheless, supervisors need to tailor certain supervisory requirements and actions in accordance with the nature, scale and complexity of individual insurers so that they are commensurate with the risks posed.
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3| Supervisory support
As implementation partner of the IAIS, we strengthen the capacity and understanding of supervisors to facilitate the promotion of inclusive and responsible insurance, thereby reducing vulnerability.
How can the A2ii support you?

Promote and share insights from IAIS standards and guidance

Knowledge generation publications and on-line toolkits for supervisors

Facilitate global supervisory peer learning and support knowledge exchange

Organise regional trainings, seminars and workshops

National implementation support on innovative topics
A2ii and disaster risk insurance – capacity building for supervisors

Climate and disaster risk insurance will be A2ii’s topic for 2019. A2ii activities will include
- 3 Consultative Fora planned on this topic in 2019
- Study on regulatory barriers to climate and disaster risk insurance

IAA-IAIS-A2ii Global Agreement to enhance actuarial skills of insurance supervisors
- Understanding the fundamentals of catastrophe insurance
- Development and delivery of supervisory capacity building training programmes
Thank you.

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