

PROMOTING INNOVATION IN AN INDEX BASED INSURANCE WORLD

Issues Paper on Index Based Insurances;
Feedback on the Public Consultation Process



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OVERVIEW

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Introduction

CONSULTATION PROCESS

- The paper was developed in cooperation between the World Bank and the IAIS
- Public consultation December 2017 / January 2018
- Public background session on 6 December 2017
- Adopted by ExCo on 25 May 2018.

ABOUT ISSUES PAPERS

1. Issues Papers are “Supporting material” and provide background on particular topics, describe current practices, actual examples or case studies pertaining to a particular topic and/or identify related regulatory and supervisory issues and challenges.
2. Issues Papers are primarily descriptive and not meant to create expectations on how supervisors should implement supervisory material. They are therefore not binding.
3. Issues Papers often form part of the preparatory work for developing standards and may contain recommendations for future work by the IAIS.

THE SCOPE / TARGET OF THE PAPER

- **Focus on areas that aim to improve the situation for low income people.** IAIS has been working on a range of “inclusive insurance” issues since 2006. The longest of any of the Standard Setting Bodies.
- **A more inclusive insurance market.** Discusses micro, meso and macro schemes so aims at an insurance market that better serves the underserved (directly or indirectly)
- It is **usually weather or other catastrophe risks related to agriculture or to natural catastrophe resilience. It can be other indexes.** BUT excluding mortality and investment index products (largely for convenience).
 - Some comments suggested focusing on one or other particular type of index (for example, index based crop insurance) but this was not considered to be necessary.
- **Project Sponsors** are a defined group in the paper – people who are part of the team bringing the project to fruition including insurers but also other parties involved.

Results of the Public Consultation

COMMENTS RECEIVED AND RESOLUTIONS

- The paper was generally welcomed by respondents
- In some areas clarifications requested and added, including in sections on micro/meso/macro, insurable interest, ex-gratia payments, reinsurance but not all suggestions were included
- Various statements and examples received which were noted
- Call for providing more guidance → expect a range of parties to develop this

Questions?

Thank you!