

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

Peter Braumüller

25th IAIS Annual Conference
Luxembourg, 9 November 2018

Agenda

1| The insurance protection gap

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

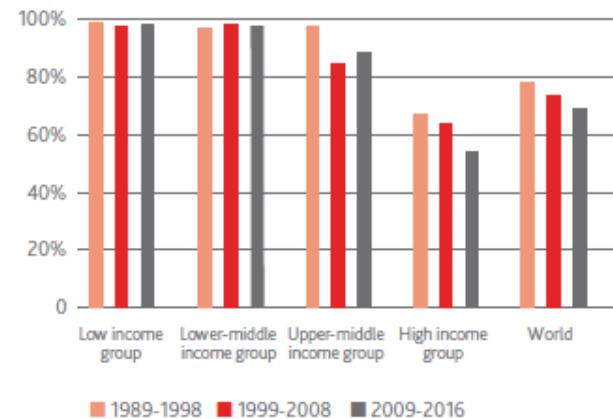
3| Supervisory support

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)

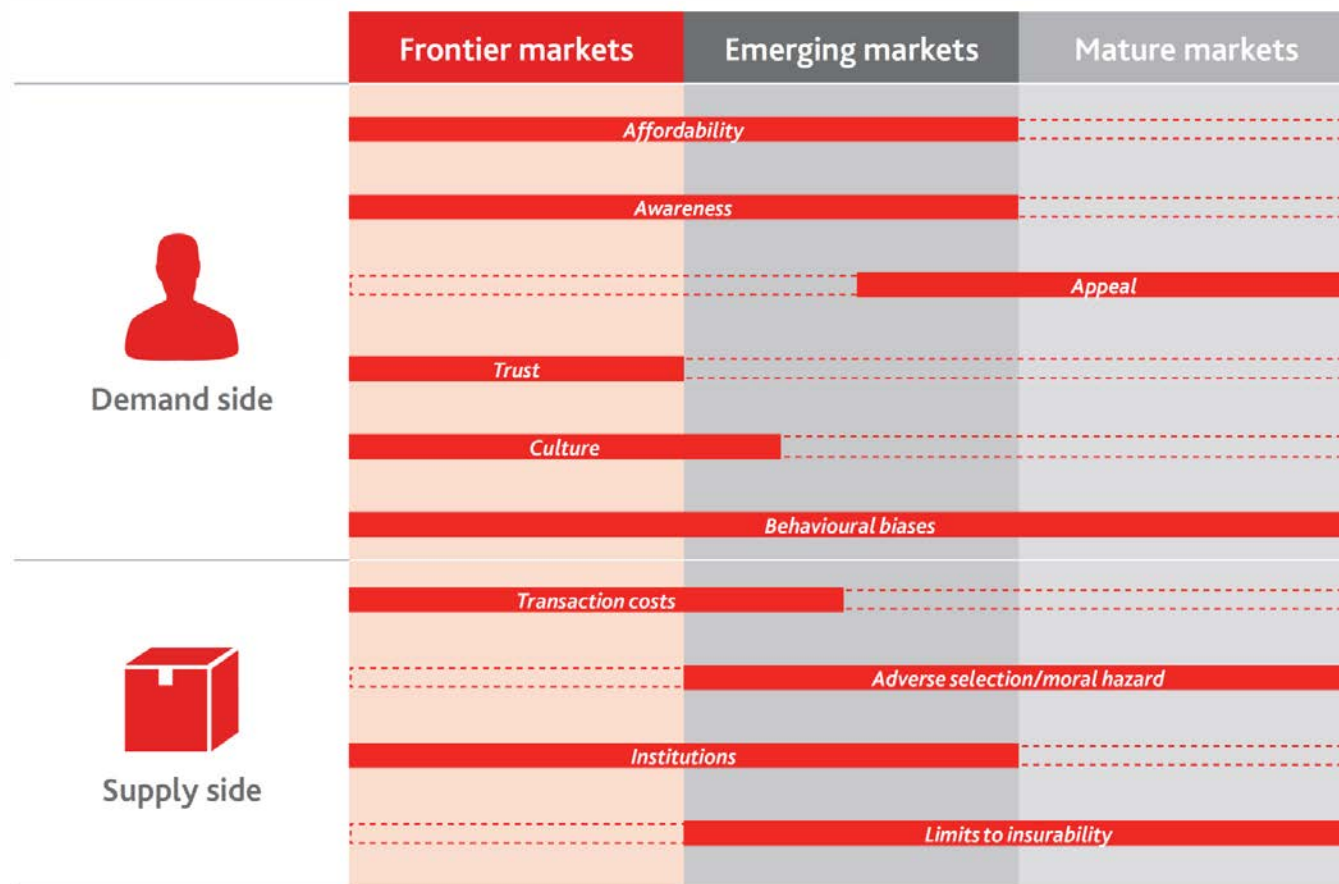
Figure 3: The natural catastrophe protection gap (uninsured losses as a share of total losses) for different country income groups, 10-year moving averages, 1989-2016



Source: Munich Re NatCatSERVICE

Source: The Geneva Association (2018): Understanding and Addressing Global Insurance Understanding and Addressing Global Insurance Protection Gaps.

Causes of insurance protection gaps



Source: The Geneva Association (2018): Understanding and Addressing Global Insurance Understanding and Addressing Global Insurance Protection Gaps.

Agenda

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



Insurance regulators/supervisors are key players and need to have an active role in addressing the protection gap.

- A sound regulatory framework is required to enable a stable insurance market and protect policyholders
- Regulatory certainty as a success factor

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**.

Agenda

1| The insurance protection gap

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

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.

Follow us on Twitter [@a2ii_org](#), Youtube and LinkedIn