

# Microinsurance in the light of the financial crisis



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Overcoming the Challenges for the Insurance Industry, Regulators and  
Supervisors**

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# Agenda

- **The financial crisis:**

*What is the impact on the insurance sector in developing countries?*

- **Role of international standard setting bodies:**

*What is the IAIS perspective for promoting access to insurance?*

- **Challenges to promote inclusive insurance markets:**

*How is the IAIS addressing this challenge?*



# Impact of the financial crisis

- The epicentre of the financial crisis was far away from developing countries
- The recent financial crisis was not caused by the insurance sector
- The economic crisis as a result of the financial crisis spread much wider
- Growth slowdown and increased unemployment have reached many countries – it is not over yet
- Repercussions may also hit those people already living in poverty
- Therefore, the financial crisis may also have consequences on microinsurance on a global level



# Role of international standard setters – the IAIS perspective

- Good regulation is important for maintaining trust and providing adequate certainty
- Financial inclusion is relevant not just for financial stability but also for socio-economic stability
- Policies should encourage competitive provision of insurance services
- All policies for improving access should have clear and measurable objectives
- Long-term success will depend on the active participation by developing countries in international initiatives to build sound financial markets and regulatory frameworks

***Regulation needs to be justifiable, appropriate and proportionate to the problem it is seeking to address***



# Challenges to promote inclusive insurance markets and IAIS initiatives

- Challenges:
  - Weak legal and information infrastructure
  - Achieving minimum efficiency is difficult
  - Striking right balance between under-regulation and over-regulation
- IAIS initiatives
  - Fully support promotion of all successful regulatory and policy approaches
  - Elaborating standards on financial access, financial literacy, and consumer protection
  - IAIS Subgroup on Microinsurance
  - Access to Insurance Initiative



# Concluding remarks

- Global financial crisis provides an opportunity for regulators and policymakers to improve existing frameworks
- Enhancing access to insurance is a key to create fair, safe and stable insurance markets globally
- Need to coordinate and strengthen national regulatory and supervisory efforts to
  - ensure market integrity
  - build consumer and investor confidence
- The IAIS stands ready to continuously play an important role in further developing microinsurance

*“This is no charity. This is business: business with a social objective, which is to help people get out of poverty.”*

*Muhammad Yunus*