Session 2:
Development of the Insurance Inclusive Markets

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OUTLINE

• The central role of insurance

• Essential features of an enabling regulatory framework

• Opportunities and challenges

• Long march ahead
The central role of insurance

• Households today more sensitive to shocks
  – Retrenchment of social protection (risk transfer from the state to households)
  – Breakdown of employment security (Risk transfer from capital to labor)

• Urbanization and emergence of future middle class

• Insurance is an enabler in resilient market development
  – Drives growth in savings
  – Helps manage risk of lending
  – Encourages risk-sensitive decision making
  – Improves spending on health
Essential features of an enabling policy and regulatory framework

• National financial inclusion strategy
  – Insurance as an integral component

• Linked to development of the real sector
  – Access to finance, value-chain risk management

• Proportionate regulations
  – Understanding risk, Tailoring regulation to risk

• Encourage collaboration and promote competition
  – Public Private Partnerships, Level playing field

• Transforming informal to formal
  – Providing the umbrella of regulatory protection

• Customer grievance redressal
  – Instilling trust
Opportunities and challenges

• Opportunities
  – Rising middle class
  – South-south trade
  – New calculus of supply chains and value webs
  – Power of digital platforms and big data

• Challenges
  – Regulating ecosystems with blurring boundaries
  – Pace of innovation and shortening regulation life cycles
  – New risks and unknown risks
  – Regulatory capacity
Long march ahead

• Understanding the value chain of insurance
• Proportionate regulatory frameworks
• Designing need-based products
• Alternate distribution channels
• Role of public private partnerships
• Promote financial literacy and awareness
• Repair trust
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