Good afternoon distinguished speakers, ladies and gentlemen. I am pleased to be here today for this timely conference.

In my work as the UN Secretary-General's Special Advocate, I have seen the impact of unexpected shocks on people. Events like illness and injury are the number one reason why a family that is progressing can fall back into poverty. Microinsurance has so much potential to help prevent that. Weather-indexed insurance cannot prevent drought or floods that destroy crops. But it can mitigate the impact in future seasons by replacing seeds and fertilizer. So, we are all gathered here because we understand the importance of helping people to protect themselves from unforeseen risks and its devastating consequences.

The good news is that more insurance reaches lower-income populations every day. There are many promising products and so much interest. But some efforts have been less successful, costly or slow to take off. And there is so much we do not know about this new field. How should a microinsurance product look like? How can we make the business model sustainable?

How do we encourage enrollment? What creates impact?

Research, ladies and gentlemen, is therefore more important than ever.

But what should be the focus of research? In my work in the field of financial inclusion, I have realized that two issues are very important: client demand and impact. So the first priority for research is client demand. Only when we understand demand will we design products that have the right features, the right prices and the proper delivery mechanisms. And when products are valued by clients, they will be used. And product use leads to expansion, scale and sustainability.

One important question is why poor clients take up an insurance product. And at this early stage, are we sure that usage equals value? For example, credit-life insurance subscriptions are increasingly popular. We know that credit providers promote this because it protects their loans and cash flows. Sometimes they promote it as a benefit to the loan and factor the cost into the interest rates. Other times, they bundle the two products. But then fees and benefits may not be clear to the client. Used in the right way, packaging can be a positive opportunity to meet demand and promote uptake. But I think we need research to distinguish product value from good uptake because of good packaging.

What is also important to consider is the trust clients have in the system. And that is of course related to the way the benefits have been paid out. When looking at product design, research should also consider the shape of institutions and marketing. And of course, also policies such as transparency and consumer protection regulations could be considered.

The second priority for research is what is it that creates impact? I always remind myself that demand and impact are not the same thing. Some things that are not in demand can have big impact. Such as preventative health care. We know that this is one of the best ways to avoid extended illness and big expenses, and increase productive lives. It is one reason why countries like Brazil and Mexico are making cash transfers to poor households conditional on visiting health clinics. Conversely, there are insurance products that are in demand, but have little social-welfare impact. For example, some mobile phone companies in South Africa are providing insurance plans with pre-paid minutes to cover loss of the lost phone.

I therefore think that we must broaden the scope of research to understand behavior that does create impact on community welfare as well as households and individuals. This is a great opportunity to maybe partner with experts in other fields, including anthropologists and sociologists.
Like us, most poor people use several or even a dozen financial products to meet their needs. I am happy to see that there are studies on the interaction of microinsurance with other products. Payments are particularly important. We know from research that small, regular payments are more convenient to poor people. But can they actually make them in an easy and convenient way?

Research could also look at what combinations of financial products are best for meeting people’s goals. Savings is of course the simplest form of insurance. Yet, some findings reflect that poor people do not like to use savings for unexpected events. They would rather borrow from friends or take a loan. Does this preference affect willingness to pay for insurance? Or will uptake of insurance depend more on availability and learning over time?

To illustrate what I want to say, I will give you two examples. One company in Indonesia is piloting a product that encourages families to save for their children’s education. It also provides life insurance and hospital cash coverage as a benefit to protect these weekly contributions. Insurance also seems to have an impact on access to other needed services. In Sri Lanka, the International Finance Corporation is assessing whether having insurance makes SMEs more able to get formal loans and credit. So the interaction with other financial services seems to be important.

And, one of my favorite subjects is more and comparable data on all aspects of microinsurance and its impact. Insurance providers need more data so that they can price risks and develop the right products and make good investments. And, better and more complete data will help authorities develop effective policies and programs. I would like to emphasize that local context, culture and habits matter so much to understanding and using data properly.

We will probably need to rely on different sources of data. National databases and surveys. On-going product monitoring by insurance providers. But also mobile phone, farm supply and other private companies. We will also have independent evaluations of pilots as well as randomized control trials. But this will mean a strong degree of cooperation. A cooperation that could be helped by donors and aid programs around the world.

In my roles with the UN and the G20, I have been promoting national coordination platforms for financial inclusion, backed by strategic action plans and good data. This process, where it is happening, gives policy makers an opportunity to include microinsurance data collection in the target setting and planning. I hope you can help that to occur.

The International Association of Insurance Supervisors, and other international bodies and organizations can also have great influence on data too—and are on their way. The Access to Insurance Initiative and MicroInsurance Network can encourage and aid various agencies on the ground to collect better data. I hope you can build upon these efforts.

Research on microinsurance is still relatively new and just beginning to yield results. So we need to do more. And that is why a gathering like this is so important and welcome.

In trying to follow up on this, on the 5th of June, we will be hosting here in the Netherlands a conference on micro-health insurance. We are happy to do this together with Professor Stella Quimbo, the holder of the Prince Claus Chair 2011-2013. In November, the MicroInsurance Network will have its global meeting. Both provide timely opportunity to build from this conference’s findings.

So ladies and gentlemen, enough for us to realize still. But I would like to hereby express my support to all your work and I hope that I can be of help in the future. Knowledge will be the basis through which we can really make a difference.

My last words go to the ILO and the Munich Re Foundation. I would like to congratulate them on the completion of the second volume of the Microinsurance Compendium. The first volume, published in 2006, was very important for the microinsurance community. Undoubtedly the second volume will be important too.
Thank you.