Good afternoon Excellencies, Ladies and Gentlemen. I am so pleased that technology is permitting me to join you. I had the honor of visiting Tanzania two years ago. Tanzania's efforts are a good reflection of the sky-rocketing journey that financial inclusion has made. A few years ago, most people were discussing only microcredit. I would get a lot of questions when I talked about the need for savings accounts or enterprise finance, financial education or basic insurance.

The situation is very different today. We see more policies, technologies and partnerships that are putting financial products at the service of poor communities. The difference this has made to lives and livelihoods is real. It is particularly thrilling that so much innovation is originating in developing countries.

We are also seeing more attention among global standard setters. I would like to recognize the International Association of Insurance Supervisors for its efforts, including the recent application paper on inclusive insurance markets.

A global milestone was reached in June. At the G20 Leaders Summit, 17 countries committed to create a coordination platform and a national strategy as part of the G20 Financial Inclusion Peer Learning Program. In doing so, countries including Tanzania, South Africa, Brazil, Mexico, Indonesia and Nigeria put financial inclusion at the heart of their economic and national development. So, this all to say that we are well underway in our efforts to make financial inclusion a reality.

Financial inclusion recognizes that the impact of unexpected shocks can be devastating. In fact, about 100 million people around the world fall into poverty every year due to health expenses. And this is where microinsurance has so much potential.

The good news is that more and more insurance is reaching low-income populations and businesses. In 2011, there were almost half a billion insured risks globally. I am pleased to note the growth of microinsurance in Tanzania and other African countries. I know that subsequent presentations will expand on this. We have also seen many more kinds of products developed that protect people against floods, fire, funeral costs and other shocks.

Like us, most poor people use several or even a dozen financial products to meet their needs. I think it is very good that pilots are investigating which combinations of financial products are best for specific goals. For example, one company in Indonesia is testing a product that encourages families to save for their children's education. It provides life and hospital insurance as a benefit to protect these weekly contributions. In Africa, pilots suggest that having crop insurance makes farmers more able to get formal loans as it reduces the risks. We think it also can reduce the cost of finance. And in India, insurance is helping farmers to shift to riskier but more profitable crops, and to invest more in them. Other efforts are seeing how the private sector can contribute to public policy objectives through insurance—such as development of universal health coverage. Ghana and Rwanda are good examples of this.

For all the good news, microinsurance still faces challenges. Significant growth remains concentrated in a limited number of countries and concentrated in a few products, like credit-life and life insurance. Where there are new products, uptake can be limited or costs high. As a result, some pilots struggle to reach scale and sustainability. And in a few markets in Africa, health insurance coverage even seems to be slipping. Why is this?

In my work on financial inclusion, I have realized that three issues are especially important: client demand, impact and trust. Only when we truly understand demand will we design products that have the right features, the right prices, and the proper delivery mechanisms.
When products are valued by clients, they will be used. And product use leads to expansion and scale.

I find it useful to remind myself that demand and impact are not the same. Some things that are not in demand can have big impact. Such as preventative health care. It is one reason why countries like Brazil, Colombia 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—such as cover for loss of mobile phones.

Moreover, there will be no demand if clients do not trust the products and companies. Proliferation of weak microinsurance institutions can also undermine overall confidence in insurance. There is a Dutch saying: trust arrives on foot, but leaves on horseback. So, it is very important that microinsurance delivers real value and grows carefully, especially in countries where the sector is new or there is lack of confidence in other financial providers. Policies such as transparency and consumer protection can and should be considered. But it is the responsibility of providers to build trust.

The need now is to move from pilots to scale. This will not happen by addressing microinsurance in isolation. It requires that policy makers and providers in insurance and social protection work with each other and also coordinate closely with stakeholders in agriculture, environment, health, communications, and financial services. In most circumstances, insurance business models benefit from a basic level of financial infrastructure and customer access. For example, small, regular premium payments are more convenient to poor people. And clients need to receive benefits very quickly in times of distress so as to prevent costly borrowing or doing without. Electronic payment systems, mobile money and agent banking are making this possible—and affordable.

We therefore have to build on the foundation of financial inclusion to achieve the potential synergies. I especially encourage the integration of microinsurance targets and metrics into national strategic planning processes for financial inclusion. This will facilitate constructive dialogue on how insurance can flourish and support national goals. And, it is a timely way to identify concrete steps to strengthen the enabling environment and regulations for microinsurance—and for the private sector to build partnerships with other stakeholders.

I often say that there is no good policy without data. Data on microinsurance is expanding, but is still often limited. Thus, I urge you to integrate data collection plans into your work, public policies and national action plans. Even in countries where the priority is on building basic access to financial systems, data collection efforts can begin now as they will take time. This will also give providers the necessary actuarial data to design good products when the broader environment is ready.

In closing, I would like to congratulate the MicroInsurance Network and the Munich Re Foundation for this annual event. And of course the Network on its tenth anniversary. The last few years have been an important learning process. Even more knowledge, practical analysis, and research will be the basis on which we can make a difference going forward. In all these areas, I encourage you to approach microinsurance in a broader context of how people live their lives, what other financial products they use, and local development priorities. Partner and coordinate even more widely—and join national financial inclusion processes. This will help to achieve real benefit and protection for clients against risks. And this, Ladies and Gentlemen, is the ultimate purpose of microinsurance.

I wish you productive conversations and good success.

Thank you.

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