

Remarks of Mr Jonathan Dixon, IAIS Representative Before a High-Level Meeting on Financial Inclusion

Delivered 30 September 2016

Queen Maxima, Chairman Ingves, Dear colleagues:

In many parts of the world, households and businesses live without the security provided by insurance.

Disaster and risk make no distinction between rich and poor. But the consequences disproportionately affect the poor.

Insurance is a key tool for managing this risk and for ensuring that efforts to raise people out of poverty are sustainable. But to do this, we must increase access to insurance products and ensure that insurance is part of any coordinated financial inclusion strategy.

Improving access to insurance and enhancing financial inclusion has been a significant focus of the IAIS for over ten years. Our aim is in line with the mission and objectives of the IAIS and represents a shared priority for our 200 plus Members, many of whom identify financial inclusion as a key policy objective.

The role of the IAIS

The IAIS perspective on financial inclusion started with the question of **whether** the IAIS, as a standard setting body, has a role in supporting financial inclusion.

Having long accepted that our role was indeed an important role, we then moved to ask **how** the IAIS can advance financial inclusion through its standard setting and implementation activities.

In responding to this question, our basic premise has been that financial inclusion and high levels of policyholder protection are, and must remain, consistent and compatible. Second, and consequentially, the IAIS' support to supervisors must focus on how the IAIS' supervisory material can be applied in a proportionate and appropriate manner.

In meeting these objectives, the IAIS is increasingly focused on providing supervisors with the guidance and tools to develop the knowledge, skills

and expertise they need to implement international standards in a way that does not create undue impediments, thereby creating the circumstances for increasing insurance penetration and maintaining high policy holder protection.

As highlighted in our short summary of our activities, it is clear we have been very active in this area. We have made the journey from developing guidance papers on the proportionate application of our principles and standards, to producing case studies on how to practically apply these lessons, to now actively supporting our Member supervisors to implement a proportionate approach on the ground. We have recognised that our guidance papers provide an important foundation, but this needs to be taken further through targeted implementation support on the ground.

At the IAIS we also recognise that we must raise awareness amongst policy makers on the role of insurance in supporting economic development and supporting broader policy objectives such as poverty reduction and disaster resilience.

Our efforts are supported by a wide network of partners. Most importantly the Access to Insurance Initiative (A2ii), with which many of you are familiar, but also the World Bank, IMF, and the BIS' own Financial Stability Institute.

Partnership with the A2ii

I would like to take a moment to elaborate on our partnership with the A2ii because I believe it provides some useful lessons. Nine years ago, the IAIS partnered with development agencies to establish the A2ii. The A2ii is now well and truly the IAIS' "implementation arm" on financial inclusion.

The objective of the initiative is to strengthen the capacity of policymakers and supervisors seeking to advance insurance market access by promoting sound, effective and proportionate regulation and supervision of insurance markets.

Thanks to the generous financial support from Your Majesty's Government and the Government of Germany, as well as in kind support from our many partners, the A2ii has embarked on an ambitious work programme as highlighted in our background note.

Most importantly, the A2ii's activities are guided by the IAIS and our standards. We work very hard to ensure that the alignment and

consistency. Through the A2ii we have been able to amplify our limited resources to develop supervisory capacity and in a way that is clearly aligned with our supervisory material.

The A2ii Roadmap for the following years will continue down the pathway we have established, supporting regional implementation strategies which are built bottom up by our Members and provide a platform for peer to peer learning between insurance supervisors, and targeted capacity building initiatives.

We will also jointly follow up on our successful and innovative assessment of insurance supervisor's supportiveness of financial inclusion next year.

We are grateful for the support the Initiative has received from many of you in this room, and we are committed to likewise support the continued growth and presence of the A2ii and to advance our shared objectives in financial inclusion.

Changing environment

While our efforts over the past few years have made significant progress, all of us recognise that the environment around us is changing rapidly, and that all of us here are equally challenged by the increasing role of digital technology in supporting financial inclusion. Despite the significant opportunity, we must also be mindful of the potential risks that these new platforms create for supervisors and regulators.

In particular digital platforms are challenging the traditional silos of financial services and it is imperative that we acknowledge these challenges and work cooperatively as standard setting bodies to address these challenges.

The IAIS is keen to explore with our standard-setting peers where common issues exist and to expand our dialogue on these issues.

In closing, thank you Your Majesty and Chairman Ingves for convening this meeting and for providing a forum to discuss an issue of critical importance and it is our hope that we can build off this momentum.

Mr. Jonathan Dixon is Chair of the IAIS Implementation Committee and Member of the IAIS Executive Committee.