

IAIS outlines actions for insurance supervisors in addressing natural catastrophe protection gaps

- Insurance helps build resilience to natural disasters. But, as the frequency and intensity of natural catastrophe (NatCat) events are expected to grow due to climate change, this may challenge the insurability and affordability of insurance coverage – leading to increasing protection gaps.
- Addressing NatCat protection gaps is a complex societal challenge requiring a multi-stakeholder approach, including governments, the insurance industry and consumers. Alongside these parties, insurance supervisors can also play an essential role.
- The IAIS highlights that insurance supervisors have a strong basis for supervisory action to help narrow NatCat protection gaps in support of their various supervisory mandates.
- The report outlines five significant areas where supervisors can help address NatCat protection gaps, underpinned by examples of action already underway by IAIS members. It also provides a basis for further engagement amongst insurance supervisors and stakeholders and outlines concrete follow-on actions.

Basel, Switzerland – The International Association of Insurance Supervisors (IAIS) today published its report [A call to action: the role of insurance supervisors in addressing natural catastrophe protection gaps](#).

The report outlines why natural catastrophe (NatCat) protection gaps – the uninsured portion of economic losses caused by natural disasters – matter for insurance supervisors and presents a range of possible supervisory actions to improve affordability, availability and uptake of insurance coverage against NatCat events.

As NatCat events become more frequent and intense due to climate change, protection gaps are expected to grow. “Insurance, including reinsurance, can substantially contribute to managing the financial impact of natural disasters, thus enhancing societal resilience,” said Shigeru Ariizumi, IAIS Protection Gaps Task Force Chair and recently elected Executive Committee Chair. “It provides financial protection against damage, aids in recovery and reconstruction and can incentivise adaptation, risk mitigation and preparedness. Against this backdrop, there is a role for supervisors to play in supporting the important societal function of insurance in addressing NatCat protection gaps.”

The report outlines five major areas of supervisory activity that can contribute to addressing NatCat protection gaps, supported by case studies from jurisdictions spanning all IAIS regions. These are:

- Contributing to the assessment of protection gaps;
- Enhancing consumer financial literacy and risk awareness;
- Incentivising risk prevention;
- Fostering an enabling regulatory and supervisory environment to support insurance availability and coverage uptake; and
- Advising government and industry on financial inclusion and societal resilience.



The IAIS acknowledges that supervisory responses to protection gaps will vary based on mandates and market maturity, size and complexity. However, all supervisors have – either explicitly or implicitly – a strong basis for action to address protection gaps.

“The supervisory mandates to preserve financial stability and enhance policyholder protection already provide a robust basis for acting on protection gaps. For those supervisors that have objectives to promote financial inclusion and market development, actions to address protection gaps are even more central to their mandate,” said Jonathan Dixon, IAIS Secretary General.

The report will provide a basis for further engagement amongst insurance supervisors, the insurance industry, consumers, policymakers and other stakeholders and as a platform for concrete action on this important issue. The IAIS recognises that addressing protection gaps is a complex social challenge requiring shared efforts by both the public and private sectors. In the first instance, the IAIS will collaborate with partners including the Access to Insurance Initiative (A2ii), the Global Shield against Climate Risks, the International Development Fund (IDF) and the Organisation for Economic Co-operation and Development (OECD) on key issues identified in the report.

Read the report [here](#).

About the IAIS

The IAIS is a global standard-setting body whose objectives are to promote effective and globally consistent supervision of the insurance industry to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to the maintenance of global financial stability. Its membership includes insurance supervisors from more than 200 jurisdictions. Learn more at www.iaisweb.org. Follow us on LinkedIn: [IAIS – International Association of Insurance Supervisors](#).

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