



# Inclusive Insurance: Scaling for Resilience and Impact

August 2025 • Anaar Kara, Sarah Rotman Parker, Swati Sawhney, Martina Wiedmaier-Pfister, and Liza Gordin



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# Purpose of this Reading Deck

Inclusive insurance is a key enabler of development outcomes, yet inclusive insurance remains underdeveloped in many emerging markets, where significant protection gaps, low uptake, and a range of supply- and demand-side challenges persist.

This deck provides guidance to funders on how to integrate inclusive insurance into their strategies, and drive impactful investments to address protection gaps in emerging markets.\* It provides an overview of key **challenges** and highlights **actionable opportunities** identified by CGAP.

## Who is this deck for?

- **Development agencies and bi- and multilateral institutions** funding initiatives that expand inclusive insurance offerings in emerging markets.
- **Foundations and philanthropic organizations** focused on scaling inclusive insurance to reach vulnerable communities.
- **Development finance institutions** seeking to support organizations that provide inclusive insurance solutions.
- **Climate resilience funds** focused on adaptation and disaster preparedness, with an interest in using inclusive insurance to improve resilience to climate risks.

\* See [Appendix](#) for CGAP working definition of inclusive insurance.



Photo by Dhruvajyoti Bhattacharjee

# Executive Summary

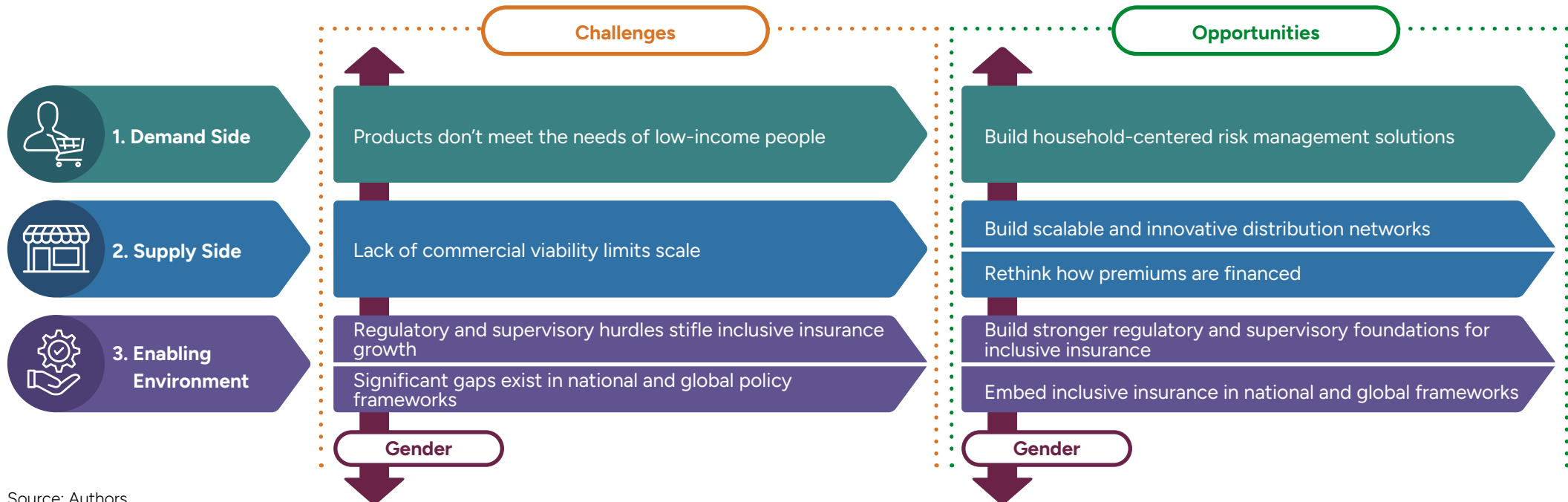
Extreme events are occurring with greater intensity and increasing frequency around the world—often with compounding impacts. Low-income communities and micro and small enterprises (MSEs) are particularly vulnerable to these events and frequently lack the resources to prepare for or recover from them.

Strengthening resilience among these groups is essential to promote inclusive growth, advance equity, and support sustainable development.

**Access to insurance plays a crucial role in building resilience.**

Insurance is an essential risk management tool that helps individuals prepare for, cope with, and recover from shocks. It also enables individuals to invest in revenue-generating activities because they have peace of mind that they are protected.

However, inclusive insurance markets struggle to scale due to demand-side, supply-side, and enabling environment challenges. This deck examines key challenges and corresponding opportunities as presented below. By capitalizing on these opportunities, funders can drive scale and impact in leveraging insurance as a foundational tool for resilience.



Source: Authors

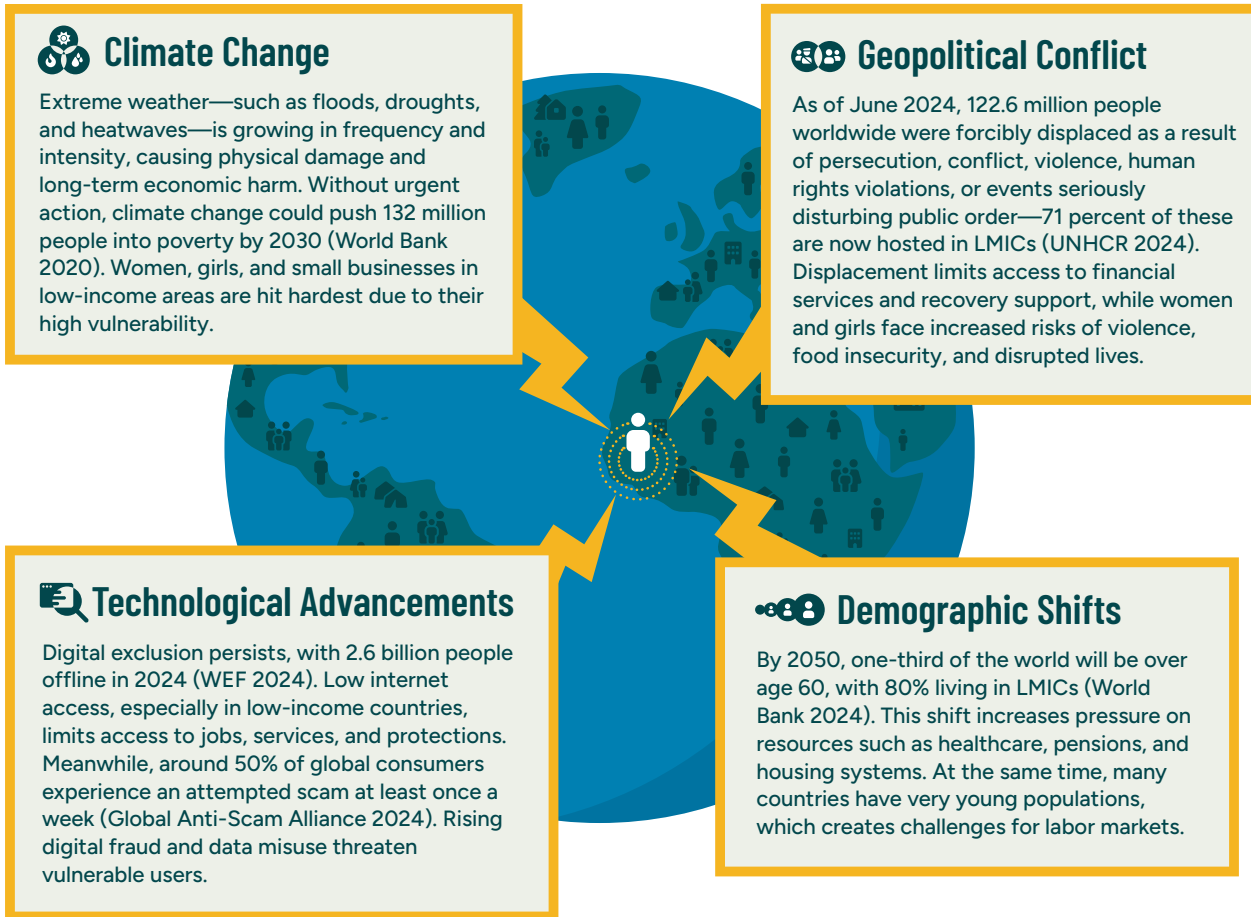


# 1. Why Inclusive Insurance Matters

Exploring the inclusive insurance landscape and its relevance to funders.



# The Risk Landscape is Evolving at an Unprecedented Pace with Transforming, Intensifying, and Intertwining Risks



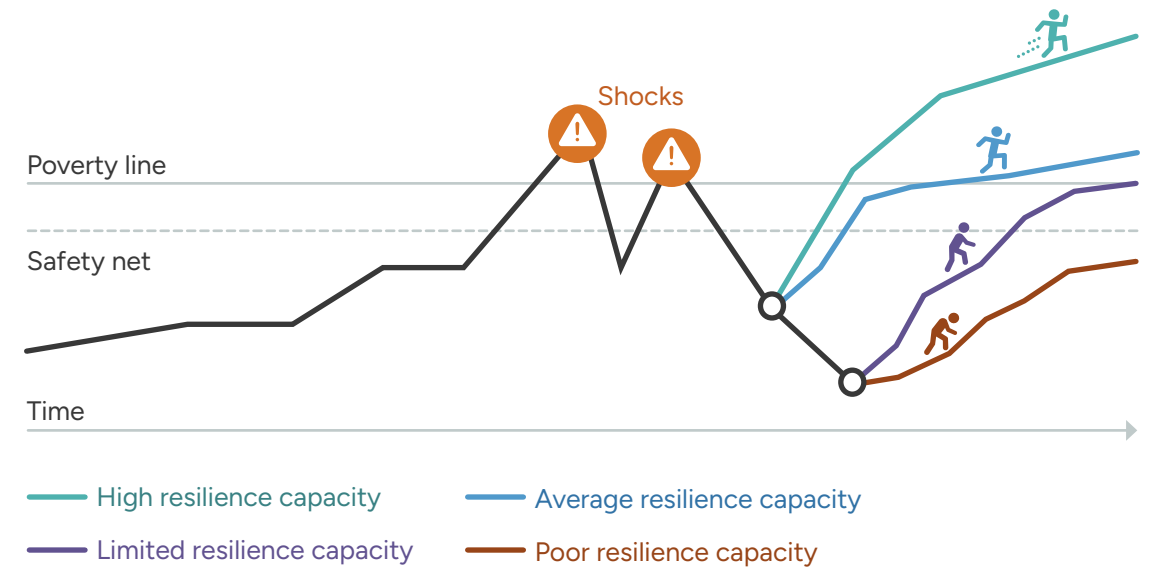
Note: Non-exhaustive list of risks.

Source: Kara, Notta, and Sirtaine 2025

# Low-Income Households and MSEs are Most Exposed to these Risks and Lack the Tools to Manage Them

## When risks impact vulnerable populations without insurance:

- Financial shocks from emergencies can quickly deplete any resources people have, pushing them deeper into poverty.
- A cyclone may destroy a home or livelihood, while a drought or flood can force smallholder farmers to reduce consumption, sell assets, or remove children from schooling.
- Pandemics and public health crises, as demonstrated by COVID-19, can rapidly spread, disrupting health systems, economies, and social structures.
- Without access to proper risk management solutions, these setbacks not only erase progress but also increase long-term vulnerability, trapping people in a cycle of poverty.



Source: Adapted from McCord 2002 and Steenhuijsen Piters et al. 2022



**Up to 2 billion** people are inadequately covered by social protection (Tesliuc, Rodriguez Alas, and Rigolini 2025).



**Almost 4 billion** people are un- or underinsured in emerging economies (Cheston 2018).



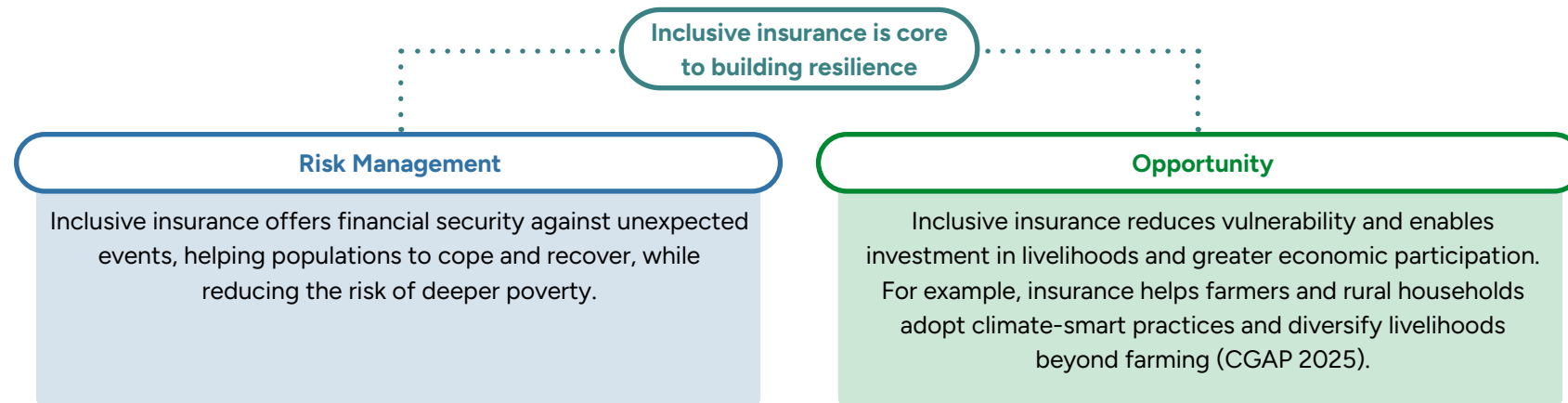
About **14 percent** of the global population experience financial hardship due to out-of-pocket health spending (World Health Organization and The World Bank 2023).



MSEs lack access to financial resources, with a **financing gap of US\$5.7 trillion** (IFC 2024).

# Inclusive Insurance Can Build Resilience in a Changing Risk Landscape

Inclusive insurance is a proven enabler of resilience and a strategic contributor to the Sustainable Development Goals, including no poverty, zero hunger, good health and well-being, gender equality and decent work and economic growth—by safeguarding vulnerable populations and supporting inclusive growth.



Source: Authors

# The Progress So Far – and the Urgent Gaps We Must Address

## Progress to Date

Significant progress has been made in inclusive insurance over the past decade, driven by advancements in partnerships, regulatory reforms, and technology. The Microinsurance Network’s bi-annual benchmark report showed that the number of people covered in 2024 by the reported products had increased by 70 percent over the past three years, reaching 344 million across 37 countries (Microinsurance Network 2025).\*



**Market reach is expanding.** Partnerships with strong industry engagement have fostered innovation and collaboration among public and private actors, with some achieving scale, such as in the Philippines, with 53 million people covered (Republic of the Philippines Department of Finance Insurance Commission 2024).



**Policy, regulation, and supervision are improving.** National policy frameworks are increasingly considering inclusive insurance. Specific regulatory and supervisory frameworks in at least 56 countries have supported the growth of inclusive insurance by fostering new business models, while protecting emerging consumers and enabling market development (A2ii n.d.).



**Technology is driving innovation.** Digital platforms, data analytics, and mobile technology have been key in making inclusive insurance more affordable and accessible for low-income populations (IDF 2020).

\*Significant challenges exist in data collection and monitoring of the number of people insured, as well as market sizing numbers for inclusive insurance, as represented on this slide.

## Gaps and Vulnerabilities

Despite rising risks, many individuals, businesses, and governments remain uninsured. This protection gap poses a significant challenge to both individual resilience and economic prosperity.



**Less than 10 percent of losses from natural disasters** are insured in emerging markets and developing economies, leaving billions without adequate protection against climate shocks (Munich Re 2025).



**1.8 trillion US dollars** in global protection gaps were recorded in 2022, with emerging economies facing over 40 percent of unprotected risks across health, agriculture, and mortality (Aggarwal et al. 2023).



**3.8 billion people** make up the potential market that the global inclusive insurance industry could still cover (Cheston 2018).

# Why Inclusive Insurance Matters for Funders

The case for inclusive insurance isn't new, but the urgency is. With rising risk and tighter public budgets, now is the time to rethink how we scale inclusive insurance. For funders, the urgency lies in:



**Reaching global development objectives.** Inclusive insurance plays a critical role in achieving the Sustainable Development Goals (SDGs), which are increasingly at risk due to rising and intensifying shocks.



**Reducing the strain on public funding.** Insurance helps transfer risk from public balance sheets to the private sector. A 1 percent increase in insurance penetration can reduce post-disaster taxpayer burdens by up to 22 percent (IDF 2017).



**Responding to interconnected crises.** Inclusive insurance offers a tool to manage the compounding effects of today's polycrisis—climate change, conflict, and pandemics—by buffering vulnerable households and economies from cascading shocks.



**Promoting financial health.** Insurance enables individuals and businesses to manage risks, cope with shocks, avoid debt traps, and build long-term financial resilience.

Funders who **act today** drive systemic change—protecting both people and economies from the risks of an uncertain future.



Photo by Somraj Sahu



## **2. Challenges Facing the Sector and Opportunities for Funders**

Understanding the key challenges that are limiting the potential to reach scale and exploring emerging opportunities for funders.

# Barriers Across the Inclusive Insurance Value Chain

Barriers across the insurance value chain—such as limited data, poor risk management tools, low awareness, costly distribution, and weak claims management and monitoring systems—continue to limit the scale and impact of inclusive insurance. Although not exhaustive, below are some key examples.

KEY BARRIERS TO SCALE

## Partnership Development

A lack of evidence on the value of inclusive insurance for distribution partners and a lack of clear incentives lowers the motivation of partners to be involved in development and commercialization of inclusive insurance.

## Risk Identification & Product Development

A lack of comprehensive data on low-income populations and MSEs hinders accurate risk assessment and relevant product design. Insurers struggle to adapt products due to insufficient localized risk data and poor understanding of specific vulnerabilities.

## Underwriting & Pricing

Traditional products don't correspond to needs of low-income populations and MSEs, often resulting in unaffordable premiums or inadequate coverage. The lack of tailored risk assessments further limits appropriate insurance. Lack of data or actuarial capacities impedes adapted product development.

## Raising Awareness & Marketing

Low-income populations often remain unaware of or uninterested in inclusive insurance due to a lack of trust, limited financial literacy, and ineffective marketing that doesn't resonate with them.

## Distribution

Reaching low-income populations and MSEs is challenging, as traditional distribution channels present a cost barrier and often lack strong community ties. Regulation can limit use of nontraditional networks.

## Claims Management

Complex, unclear claims processes deter low-income populations and MSEs from filing claims, especially in underserved areas. Insurers often lack the infrastructure to manage claims efficiently, leading to delays and potential denials, eroding consumer trust.

## Portfolio Monitoring

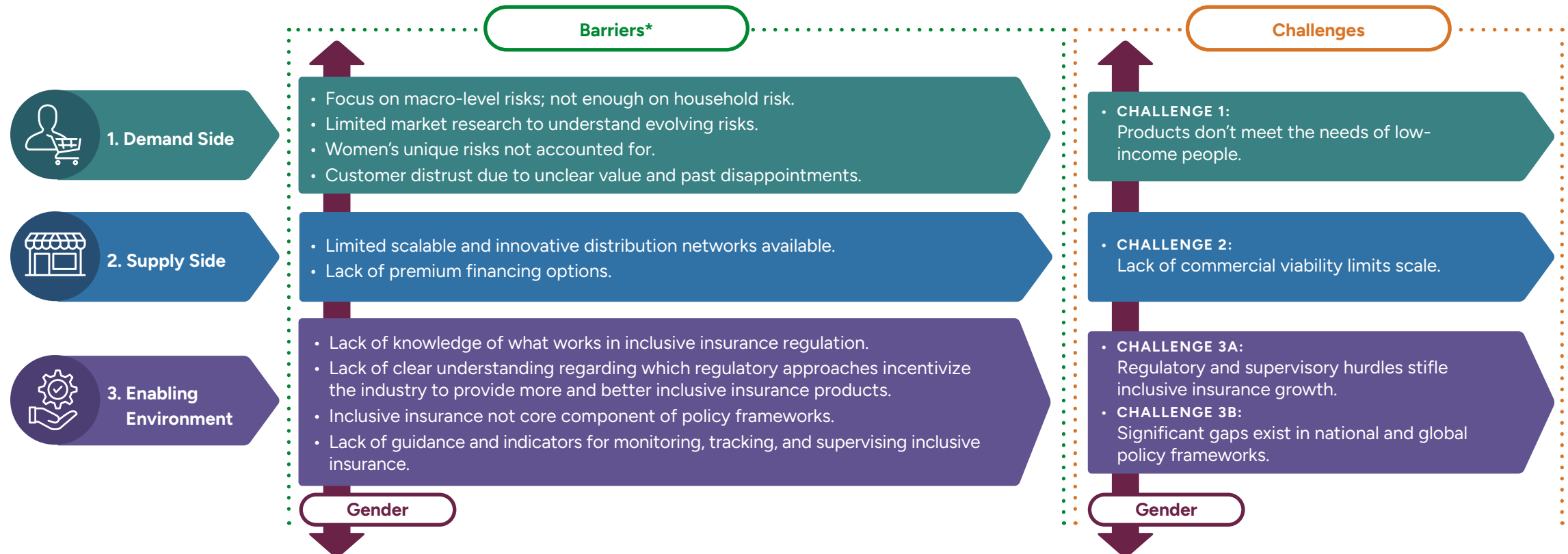
There is a lack of regulatory requirements and incentives for monitoring inclusive insurance. Insufficient systems for tracking portfolio and consumer complaints result in poor data collection and a lack of insight into customer needs and portfolio performance, limiting the effectiveness of insurance products.

Source: Authors

# Challenges Exist in Demand, Supply, and Enabling Environment

Barriers across demand, supply, and the enabling environment limit the relevance, viability, and effectiveness of inclusive insurance for low-income populations. Several of these barriers can be summarized into three salient challenges that have limited the penetration of inclusive insurance.

The following sections will explore these challenges and potential funder interventions, with gender considerations integrated throughout.



\* Non-exhaustive list, barriers have been grouped into demand, supply, and enabling environment for ease of understanding, but some barriers may straddle both demand and supply.

Source: Authors



## **Demand-Side Challenges and Opportunities**

Understanding and meeting household needs.



# Challenge 1: Products Don't Meet the Needs of Low-Income People

Although risk affects each household differently, risk assessment at the household level remains limited in scope. The main challenges are:



Some **recent initiatives** using technology for risk evaluation **have primarily focused on macro-level risks**, missing finer details at the individual, household, or community levels.



There has been **minimal investment in market research** to truly understand the diverse and evolving risks faced by customers. This lack of investment limits insurers' ability to create relevant and tailored products that address these risks effectively. Moreover, there is **limited investment in innovation in product design**, and product range is narrow and non-adapted.



Partly due to the lack of gender-disaggregated data, **insurers often fail to account for the unique risks faced by women**, such as maternal health or informal labor.



Photo by Mamadou Diop

# Funder Opportunity 1: Build Household-Centered Risk Management Solutions

## Why it Matters for Funders

Supporting household and community-level risk assessment and holistic approaches to risk management maximizes the impact of funder investments by addressing interconnected challenges in health, agriculture, and climate.



### Gender Consideration

Funders have a critical role in supporting research and product development that address the unique and disproportionate risks women face—such as gender-based violence, limited access to resources, and unequal economic opportunities—while meeting their specific protection needs.

## Key Areas of Support



**Invest in data-driven insights** by funding technology-enabled initiatives that collect granular, disaggregated data on risks—across gender, income, and geography—in a cost-effective manner. This includes exploring how new technologies like AI and machine learning can support risk assessment, product development and client communication.



**Facilitate partnerships for integrated solutions that bundle insurance with risk prevention and reduction strategies**, for example, combining drought insurance bundled with drought-resistant seeds and engaging insurers, aggregators, governments, and community organizations to build household resilience.



**Enhance product design** by supporting household-level risk assessments and holistic risk management. Prioritize solutions that respond to real vulnerabilities and deliver meaningful financial protection and positive outcomes for low-income communities.



**Improve financial literacy and trust** by supporting education initiatives and building confidence in insurance through transparent practices, trusted partnerships, and customer-centric design.

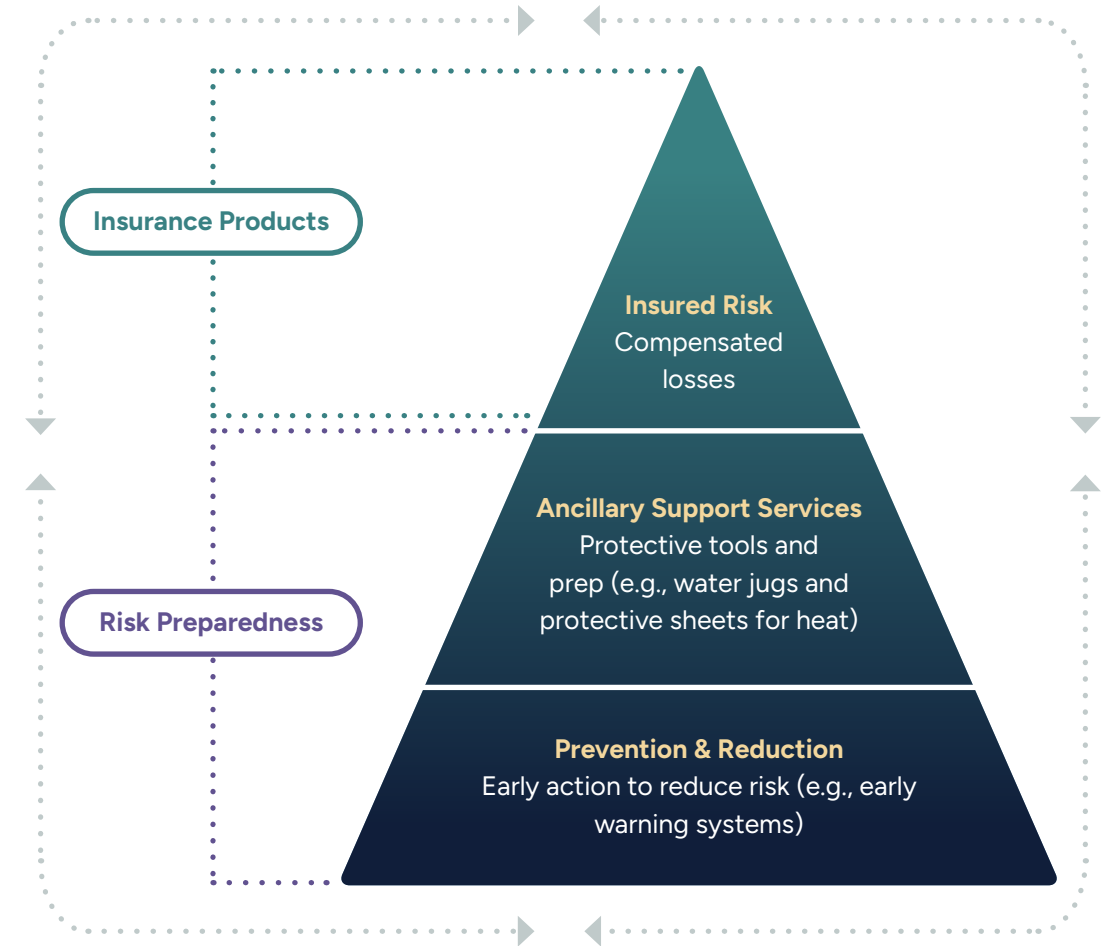
# Embracing a Holistic Approach to Risk Management

A holistic approach to risk management includes strategies to **prevent and reduce risk** before a shock occurs, and then to offer **appropriate insurance coverage** to recover from shocks when they cannot be avoided.

Risk preparedness includes prevention and reduction efforts like early warning systems to help people prepare for severe weather events and drought-resistant seeds. It also includes ancillary support services, such as water jugs and protective sheets to protect against extreme heat.

When risk preparedness efforts are paired with insurance products, it results in a **holistic risk management approach**. This strategy combines insurers' risk analytics capabilities, insurers' risk reduction and mitigation techniques, and insurance products to help individuals and households protect themselves and manage risks, ideally before they occur.

This approach lowers costs and extends protection to a broader group of people.



Source: Authors

## EXAMPLE

# Holistic Risk Protection for Smallholder Farmers

**Problem:** Smallholder farmers do not have adequate tools to manage climate risks effectively, leading to a lack of resilient food systems for communities.

**Solution:** The World Food Programme launched its Rural Resilience Initiative (R4), in 2011, to provide communities with an integrated package of climate risk management strategies, including:

- Risk reduction through improvement of agricultural practices.
- Risk transfer to private insurance markets.
- Prudent risk-taking through financial education, livelihoods diversification, and easier access to credit to enable better investment.
- Risk retention through group savings and integration with social protection systems.

R4 has since evolved into a comprehensive, inclusive risk financing approach where insurance is part of a holistic risk management strategy. In 2024, WFP supported over 6 million people across 37 countries to access disaster risk financing protection, with over US\$361 million of financial coverage. In areas affected by drought, floods, and tropical cyclones, US\$49 million in payouts assisted over 2 million people. WFP also collects gender-disaggregated data on the breakdown of its registered clients, payout data, and attendance at insurance trainings.

**Funder:** WFP emphasizes long-term sustainability through a combination of government programs, commercial schemes, donor-funded programs, and farmer contributions.

Sources: Miles and Wiedmaier-Pfister 2018; WFP 2023; WFP 2025.



Photo by Orlando Ducay Jr.



## Supply-Side Challenges and Opportunities

Making inclusive insurance work for providers.



## Challenge 2: Lack of Commercial Viability Limits Scale

The commercial viability of inclusive insurance remains a persistent challenge, shaped by two interconnected barriers: limited distribution networks that restrict access for low-income populations, and the relatively high cost of insurance compared to their incomes, which undermines the sustainability of distribution efforts.

### Lack of effective distribution networks

- Reaching underserved populations remains a major barrier, as traditional distribution models fail in low-income and remote areas with limited infrastructure and connectivity.
- Existing distribution networks often fail because they lack the trust of the consumers they are intended to serve.
- Although alternative channels—such as fast-moving consumer goods (FMCG) networks, social protection systems, and humanitarian organizations—offer potential, their use is constrained by weak public-private collaboration, lack of adapted incentives, and limited political commitment, preventing distribution efforts from reaching scale.

### Cost of insurance

- Inclusive insurance faces a fundamental economic challenge: premiums must be affordable for low-income populations while generating enough revenue to cover claims and operational costs.
- In high-risk contexts, such as climate insurance, this balance is even harder to achieve.
- Although premium subsidies can play a critical role, they remain politically sensitive and poorly structured, limiting their effectiveness in expanding access for vulnerable groups.

Source: Authors

When premium support is missing, insurers can't scale—and vulnerable communities can't afford protection—making this both a demand as well as supply-side challenge.

# Funder Opportunity 2a: Build Scalable and Innovative Distribution Networks

## Why it Matters for Funders

Funders have a unique opportunity to support solutions that enable insurance providers to collaborate with trusted distribution partners. These partnerships can help build trust, enhance customer confidence, and expand reach, ultimately driving broader adoption of inclusive insurance products in underserved communities.



### Gender Consideration

More effective distribution networks will ensure that women are not left out of the insurance value chain, and even the most remote customers can be protected.

## Key Areas of Support



**Support partnerships between the insurance industry and governments** to expand distribution by leveraging existing infrastructure and tapping into community trust to drive adoption.



**Facilitate partnerships with FMCG companies** to help insurers reach low-income populations in areas underserved by formal financial services. Funders can encourage insurers to leverage local upstream and downstream supply chain networks, reducing distribution costs, building trust, and creating value for the networks themselves.



**Support technological innovations**, such as digital platforms and automated systems, to streamline processes from enrollment to claims payouts. These innovations lower costs, improve customer experience, and enable faster and more transparent claims processes that can boost client satisfaction and trust.



**Invest in impact evaluations** to test which distribution networks are most effective, providing actionable insights and examples to guide the industry.

## EXAMPLE

# Government-Led Distribution Reaches Most Vulnerable in Fiji

**Government networks** can serve as powerful platforms for inclusive insurance distribution, reaching millions through existing social programs.

**Problem:** Scaling insurance requires low-income beneficiaries to be connected to networks they trust. Developing these networks and implementing the correct incentives can be costly.

**Solution:** Leveraging government networks can enhance access to hardest-to-reach populations at scale. For example, in Fiji, UNCDF supported the launch, in 2018, of a bundled microinsurance product to protect all 80,000 social welfare beneficiaries. A parametric insurance product was later piloted with the Pacific Insurance and Climate Adaptation Programme (PICAP) for cyclones and high wind, providing critical protection to 2,000 beneficiaries, starting in 2022. Since 2023, over 2,700 payouts have been made, totaling US\$178,000.

**Funder:** This model worked because of coordinated donor support, government support, and partnerships with private sector insurers. The latest version of the program is led by the Reserve Bank of Fiji and is cofinanced by the InsuResilience Solutions Fund.

Sources: Authors; UNCDF PICAP internal reports; Vula 2025.



Photo by iStock.com/ksroy

# Funder Opportunity 2b: Rethink How Premiums Are Financed

## Why it Matters for Funders

**Multistakeholder financing ensures funder resources have lasting impact by enabling shared risk and sustainability.** Without it, inclusive insurance will remain small-scale and short-lived, limiting long-term protection for vulnerable communities. Funder subsidies can be particularly important for building trust during the critical proof-of-concept stage. An exit strategy for funder subsidies should be mapped out to allow for other stakeholders to coordinate long-term financing.

While inclusive insurance shouldn't be universally subsidized, targeted subsidies can play a critical role in addressing market failures or expanding access. For example, in the face of rising climate risks, governments or global food companies may subsidize insurance premiums to protect agricultural producers—helping ensure both national food security and continuity in global supply chains.



### Gender Consideration

Premium financing to support the most costly products will enable protection of the most vulnerable populations, including women.

## Key Areas of Support



**Support innovative premium financing models** that involve a mix of new models of commercial premium financing, such as corporates investing in covering the cost of insurance for their supply chains and traditional government subsidies, especially for high-risk products like climate insurance. Other models include bundling to allow premium deduction from the cost of a loan or deducting premiums at the time of payment for the delivery of raw materials.



**Facilitate stakeholder coordination and risk sharing**, particularly among governments, insurers, and development actors to pool resources and create shared-risk models. This reduces financial barriers for insurers and expands coverage for high-risk products in underserved areas.



**Support financing options**, such as financing lines from DFIs, risk-sharing facilities, and guarantees, to encourage private sector entry into inclusive insurance.



**Invest in impact evaluations** to test which premium financing models are most effective, providing industry examples of what works.

## EXAMPLE

# Partnering with Corporates to Insure Supply Chains in Africa

Working with **corporates and cooperatives** to provide **climate and health protection** for their supply chains.

**Problem:** L'Oréal sources shea butter from smallholder farmers in Burkina Faso. The resilience of this group of farmers, who are mainly women organized in cooperatives, is critical to L'Oréal's supply chain.

**Solution:** L'Oréal partnered with AXA, an insurance company, to understand the most critical risks faced by the farmers. In response, AXA provided farmers with crop loss and health insurance products. Specifically, farmers have access to weather coverage to protect crop production, coverage for transport to health facilities, and malaria coverage.

**Funder:** L'Oréal pays part of the premium, as do the cooperatives, and individual farmers also pay a small amount.

Sources: Business for Inclusive Growth 2021; Microinsurance Network 2023.



Photo by Rajesh Bhattacharjee



# Enabling Environment Challenges and Opportunities

Advancing policy, regulation, and supervision for inclusive insurance.

# Challenge 3a: Regulatory and Supervisory Hurdles Stifle Inclusive Insurance Growth

Inadequate regulations create barriers and stifle innovation for providers and other stakeholders trying to develop and distribute inclusive insurance products. Organizations such as the Access to Insurance Initiative (A2ii) and the International Association of Insurance Supervisors (IAIS) have facilitated useful learning opportunities and peer exchanges over the past two decades. Yet the range of topics that insurance authorities are required to address continues to grow, as does the need to better integrate the specifics of inclusive insurance. The key challenges are:

1. **Conventional Insurance Regulatory Frameworks Are Misaligned with Inclusive Insurance:** In the absence of practical tools and guidance, insurance authorities face challenges in adapting legal and supervisory frameworks to accommodate innovative business models and the unique needs of emerging consumer segments.
2. **Limited Access to Proven Approaches:** There are few mechanisms to document, assess, synthesize, and share good practices. As a result, insurance authorities struggle to identify and adopt effective regulatory innovations based on the experiences elsewhere.
3. **Limited Practice of Regulatory Review:** While countries like Brazil, Peru, and the Philippines have conducted regulatory impact assessments of inclusive insurance—and others, such as Rwanda, are beginning to—these practices remain limited. Even lighter-touch reviews to understand regulatory impacts are uncommon. Expanding regulatory review could generate evidence-based insights to strengthen regulatory and supervisory frameworks.

Note: Each jurisdiction has a supervisory authority, or authorities, responsible for insurance regulation and supervision. To avoid confusion, we use the term “insurance authority” in this reading deck to designate both regulators and supervisors.



Photo by iStock.com/Tiago\_Fernandez

# Funder Opportunity 3a: Build Stronger Regulatory and Supervisory Foundations for Inclusive Insurance

## Why it Matters for Funders

Funders play a pivotal role in shaping the rules and systems that enable inclusive insurance to scale. Yet support for innovative products, emerging technologies, and new business models often overlooks the regulatory frameworks and supervisory capacity needed to sustain them. Without flexible support—such as technical assistance, practical tools, and timely insights—insurance supervisors struggle to keep pace with market developments, slowing the growth of inclusive insurance.

Funders can catalyze progress by supporting initiatives that strengthen regulators' ability to foster innovation and oversee new solutions. This accelerates the approval and expansion of inclusive insurance, helping build sustainable, resilient markets that reach underserved populations and amplify the impact of funders' investments.



### Gender Consideration

Authorities should be aware of the potential impact of gender-sensitive insurance education programs and the relevance of demand-side research with a focus on women. Collecting gender-disaggregated data is also necessary.

## Key Areas of Support



**Fund tailored technical assistance to help insurance authorities adapt regulatory and supervisory frameworks for inclusive insurance.** This can include support for developing action plans and inclusive insurance strategies; strengthening collaboration across authorities and with the private sector; amending regulations to accommodate innovations such as alternative distribution, regulatory sandboxes, and flexible licensing approaches for providers and intermediaries; and training supervisory staff on emerging topics.



**Fund research and data projects to determine what works,** including tracking systems for evaluating inclusive insurance outreach, performance, quality, and impact.



**Support targeted regulatory assessments** in one or more countries to identify areas for regulatory improvement.

# Challenge 3b: Significant Gaps Exist in National and Global Policy Frameworks

## Nationally

Integrating inclusive insurance into national policy frameworks helps build insurance markets that serve underserved populations and contribute to long-term development goals. However, gaps in these national frameworks highlight the need for updated guidance for developing National Financial Inclusion Strategies (NFIS):

- **Integration of insurance** into newer NFIS has improved, but many NFIS still treat insurance in a cursory way. The integration with other key policy areas still has potential for improvement (e.g., MSME, adaptation, agriculture, disaster risk reduction, and climate).
- **Templates and tools** available to policy makers and other authorities involved in NFIS design and implementation are not updated with the latest insights about “what works” in inclusive insurance.
- **Quantitative and qualitative targets** and success indicators lack clarity, depth, and international comparability, while both global and national monitoring and evaluation systems are often weak.

## Globally

While global development actors increasingly recognize insurance as a tool for achieving development goals, measurable insurance metrics are often not included in global frameworks. Examples include:

- **Sustainable Development Goals (SDGs):** Insurance access is often overlooked despite its crucial role. SDG 8.10 is the only target explicitly mentioning insurance. But there is no insurance-related indicator to measure progress.
- **Global Findex:** One insurance question was added to the 2025 Findex, asking if respondents had made any regular payments to an insurance agent or company. While a useful addition, it provides only a basic baseline from which to measure progress. The “financial resilience” section also only considers options like savings, credit, or asset sales for emergencies.

# Funder Opportunity 3b: Embed Inclusive Insurance in National and Global Frameworks

## Why it Matters for Funders

**Including measurable insurance metrics ensures greater prioritization at both global and national levels, as progress can only be tracked when measured.**

At the national level, funders play a key role in supporting initiatives that help governments embed inclusive insurance into long-term development agendas and policies. By providing targeted support, funders can ensure that inclusive insurance becomes a central tool in addressing social and economic challenges.

On a global level, promoting the integration of inclusive insurance metrics into key development frameworks allows funders to track how their resources contribute to measurable progress in both inclusive insurance and broader development outcomes, maximizing the impact of their investments.



### Gender Consideration

Funders have a crucial opportunity to advocate for the inclusion of gender-disaggregated data in inclusive insurance programs to ensure that gender-specific barriers and needs are addressed and consumer protection issues are identified early.

## Key Areas of Support



**Support the integration of inclusive insurance into National Financial Inclusion Strategies** to ensure accessibility for all, promoting financial resilience and economic stability.



**Fund research on embedding inclusive insurance in other national policy frameworks**, such as agriculture, social protection, disaster risk reduction, and climate adaptation.



**Advocate for the inclusion** of measurable insurance metrics in global development frameworks like the SDGs and Global Findex.



**Fund initiatives focused on collecting and analyzing data** to demonstrate the impact of inclusive insurance on poverty reduction, economic stability, and resilience.

## EXAMPLE

# Comprehensive Policy, Regulatory, and Supervisory Framework on Microinsurance in the Philippines

A **proactive insurance authority** can help **motivate the industry** to develop business models and insurance products for large segments of the low-income population.

**Problem:** Two decades ago, the conventional insurance industry had little incentive to serve low-income populations. As a result, when life events or disasters—like typhoons or floods—occurred, families and small businesses were often pushed into poverty.

**Solution:** A coordinated push from the Department of Finance, the Insurance Commission, and the private sector tackled inclusive insurance from all angles—customer outreach, provider incentives, and regulatory reform. Together, they developed a national strategy, launched education campaigns, developed business models, and designed tailored microinsurance products. As of March 2024, there were 53 million insured out of a population of 115 million.

**Funder:** The multistakeholder engagement was funded by a mix of private funds from insurance companies, microfinance organizations, government, and several multi- and bilateral donors (Germany, Canada, Japan, ADB, and the WBG FIRST Initiative).

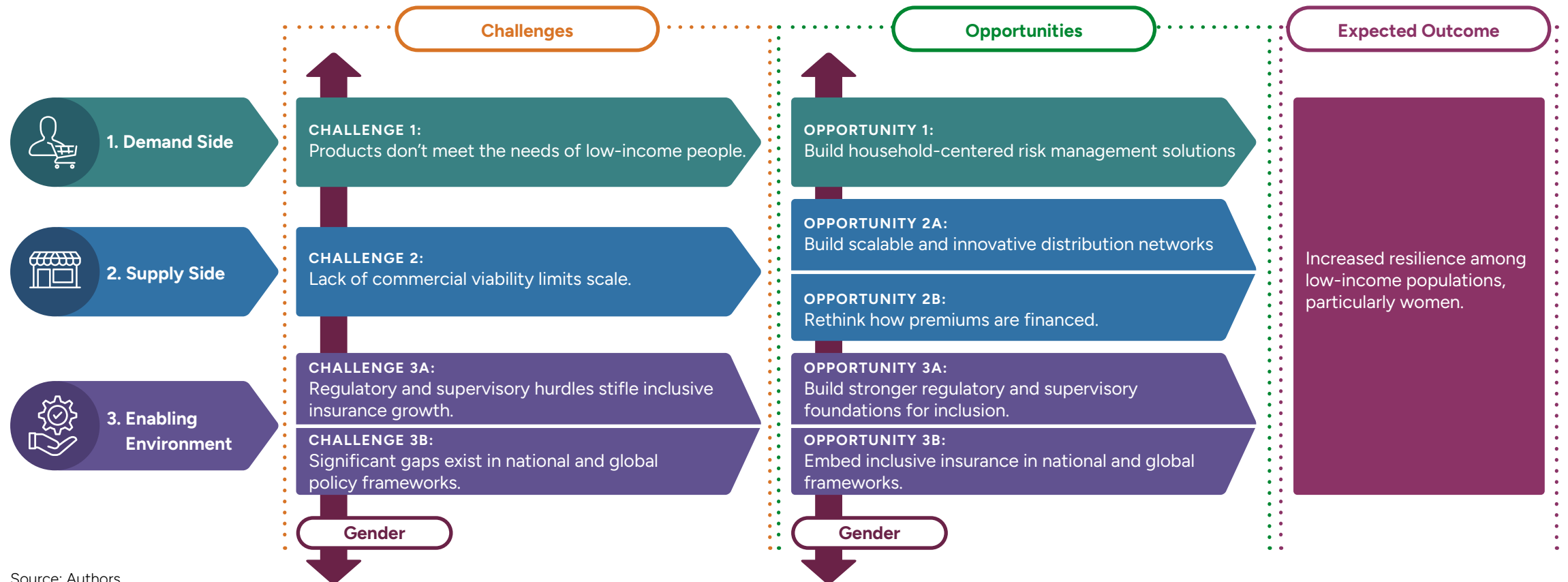
Sources: Republic of the Philippines Department of Finance Insurance Commission 2024; Wiedmaier-Pfister and Chiew 2017.



Photo by Dan Reyes

# From Barriers to Breakthroughs: Demand, Supply, and Enabling Environment

The five opportunities identified in the sections above reflect the most strategic ways funders can respond to the systemic challenges that inclusive insurance faces today.



Source: Authors

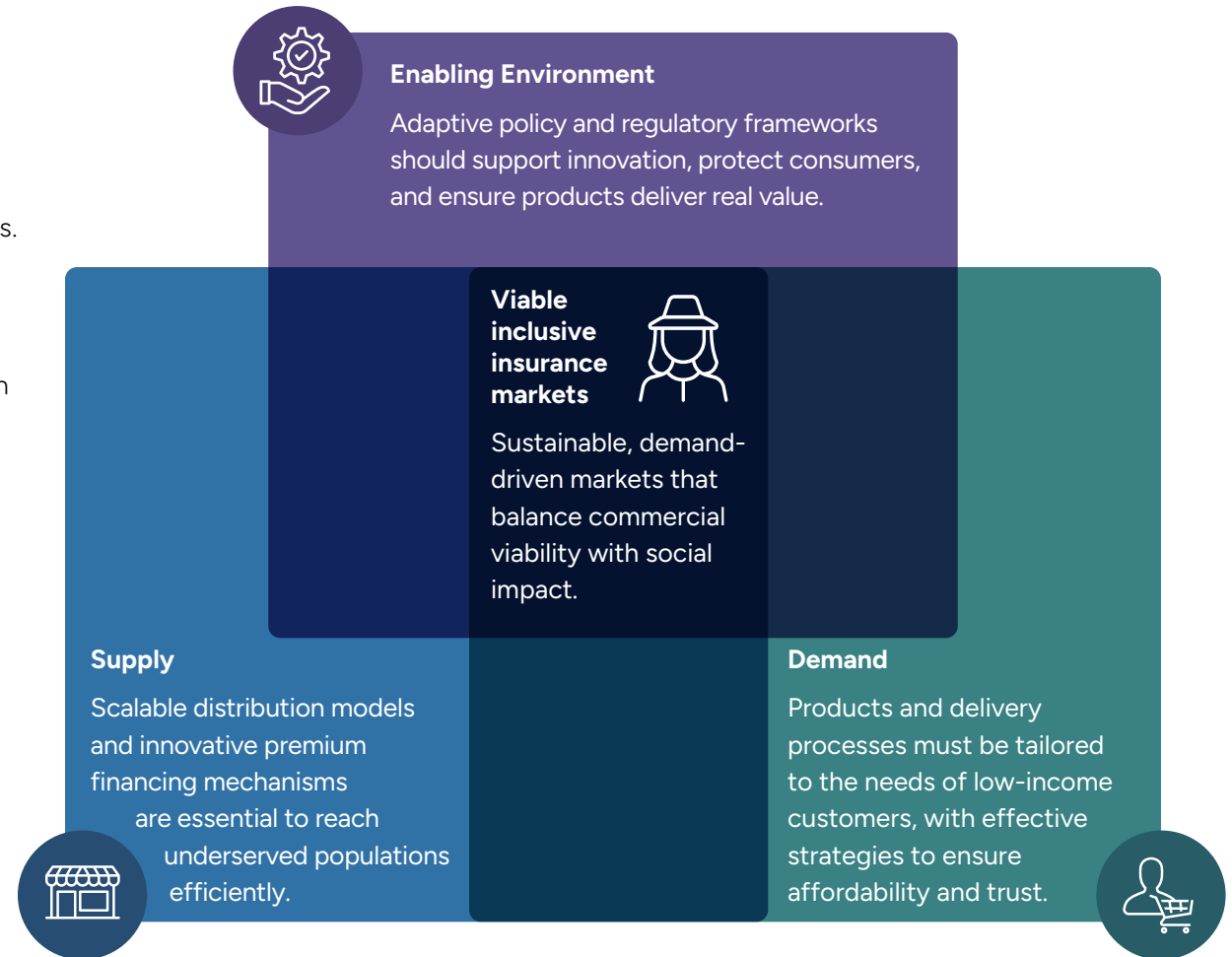


### **3. Conclusion**

Reflecting on a systemic approach to inclusive insurance and a call to funders.

# From Silos to Synergies: A Systems Approach for Building a Green, Resilient, and Inclusive Future

Scaling inclusive insurance requires a systems approach where **supply, demand, and the enabling environment work in harmony**. At the core lies the challenge of economic viability, which depends on the dynamic interplay of these factors. On the demand side, rising risks increase premiums, creating affordability challenges for low-income populations. On the supply side, insurance providers need clear, demonstrable demand—reflected in effective enrollment and payment mechanisms—alongside cost-effective, scalable distribution models. Meanwhile, the enabling environment must foster innovation through supportive policy, regulation and supervision. This includes enabling alternative distribution channels whilst providing consumer protection. Only when supply, demand and the enabling environment reinforce each other can inclusive insurance reach scale and long-term sustainability.



Source: Authors

## HYPOTHETICAL EXAMPLE

# How a Systems Approach Can Work in Practice: A Hypothetical Example

**Imagine Crop Insurance for Cocoa Farmers:** Approximately 50 percent of the world's cocoa production comes from Ghana and Côte D'Ivoire, with global companies like Mondelez and Barry Callebaut sourcing from these countries (Swiss Platform for Sustainable Cocoa n.d.). Such a company can be reliant on the cocoa production from low and middle-income countries **and investing in crop insurance is one way to help secure the stability of the sourcing network.** Using this approach, the FMCG can help secure distribution of insurance by leveraging its sourcing network of smallholder farmers, paying the premium and providing complementary risk reduction measures. A local insurance company could underwrite the risk, with a global reinsurer covering part of the risk. A regional or national government may support the program through its local agricultural policies. This model could be scaled up to a network of FMCGs sourcing cocoa, such as the World Cocoa Foundation. These networks could consider paying the premium as an investment in supply chain stability, rather than a subsidy. The policy and supervisory framework can facilitate this by allowing premium payment directly by the FMCG and allowing for innovation in product design, such as anticipatory insurance.

This is one example of **multiple levers coming together to build a sustainable future for smallholders.** Inclusive insurance involves many players from the end beneficiary to the government and requires interventions at multiple levels.



Photo by Valentin Sawadogo

# It Takes a Systems Approach: Strengthening the Inclusive Insurance Movement

The inclusive insurance ecosystem is comprised of various actors, all of whom play an important role in providing risk protection to the end customer.



Source: Authors

# Ways to Connect Market System Stakeholders with Funders

Stakeholders	How Funders Can Connect and Support Market Systems Stakeholders
Distribution Channels	Fund new models of distribution to reduce cost and expand outreach.
Insurers and Reinsurers	Support data-driven insights and facilitate enhanced product design and partnerships.
Insurance Authorities	Fund technical assistance and knowledge sharing of best practices.
Policy Makers	Support integration of insurance into policy frameworks through advocacy.
Government Agencies	Provide proof-of-concept funding that allows governments to coordinate long-term financing.
Support Structure Organizations	Support technological innovations to streamline processes.
NGOs and Development Agencies	Support embedding insurance into existing programs of NGOs and other development organizations.



Photo by Emiliano Capozoli

# A Final Call to Action for Funders

To unlock the full potential of inclusive insurance, funders must take a holistic approach that addresses demand, supply, and enabling environment challenges.

This means:

- supporting the design of household-centered solutions that reflect the real risk priorities of low-income communities;
- investing in scalable, distribution models and alternative premium financing mechanisms to improve commercial viability; and
- strengthening regulatory and policy frameworks that enable innovation while safeguarding consumers.

By acting across these fronts, funders can help shift inclusive insurance from niche to norm—making it a core tool for resilience in vulnerable communities.

**Funders who act today will drive systemic change, protecting both people and economies from the risks of an uncertain future.**



Photo by Sandipani Chattopadhyay

# How Will CGAP's Work in Inclusive Insurance Help Funders?

CGAP's work in inclusive insurance focuses primarily on health and climate risks and aims to foster the development and growth of inclusive insurance through two reinforcing components: a) scalable customer-centric solutions, and b) promoting an enabling policy and regulatory environment. This work builds on identified opportunities to generate practical insights on how to strengthen inclusive insurance markets that enhance the resilience of low-income populations.

## Customer-Centric Scalable Solutions

Identification of scalable holistic risk management solutions and synthesizing insights and sharing best practices around such solutions.

## Enabling Environment\*

**POLICY:**  
Integration of inclusive insurance into global policies, such as the SDGs, and financial health with specific indicators for tracking.

**REGULATION AND SUPERVISION:**  
Analysis and dissemination of what works in regulation and development of key enablers for inclusive insurance markets to flourish.

\*As part of the work on an enabling environment, CGAP convenes the **Access to Insurance Initiative (A2ii)**. A2ii works with insurance supervisors—particularly in emerging markets—to help create the regulatory conditions needed for inclusive and responsible insurance.



Photo by Sayed Habib Bidell



# Appendix



# What is Inclusive Insurance?

There is no agreed upon definition of insurance for vulnerable populations and terms are sometimes used interchangeably, including:

Insurance for development

**Inclusive insurance**  
Insurance for all

**Microinsurance**  
Mass-market products

## CGAP's Working Definition:

Inclusive insurance is insurance targeted at un- or underserved populations to protect them against the specific risks they face in exchange for a premium commensurate with those risks:

- CGAP uses the term “inclusive” rather than “micro” since clients and the risks they face are not micro.
- The focus of CGAP’s work is on finding affordable inclusive insurance solutions for low-income communities and MSEs.
- CGAP recognizes that provision and payment of insurance can be public, private, or a mix of both.

# Glossary

Term	Definition
Aggregators	Entities that bring together people for non-insurance purposes (for example retailers, service providers, utility companies, membership-based organizations, or civil society organizations) and that are then utilized by insurers, with or without the intervention of agents or brokers, to distribute insurance and, depending on the model, fulfil additional functions such as administration or claims payout (IAIS 2015).
Basis Risk	The potential difference or mismatch between the loss experienced by the policyholder and the modelled loss (adapted from IFAD 2017).
Claims Ratio	Claims paid as a percentage of the written premium (Microinsurance Network 2023).
Climate Risk Insurance	A risk transfer solution that aims to protect individuals, businesses, and countries against the negative impacts of extreme climate and weather events that are becoming more frequent and more severe due to climate change (InsuResilience Global Partnership 2019).
Coverage	The scope of protection provided under a contract of insurance, and any of several risks covered by a policy (Microinsurance Network 2023).
Index-Based or Parametric Insurance	A type of insurance that pays out when an event of a certain agreed-on severity takes place—that is, it does not pay out based on the actual damage or losses sustained. The objective measure that determines a payout is often known as the parametric “trigger” (Disaster Risk Financing & Insurance Program 2023).

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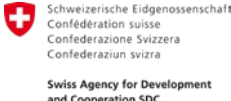
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