

Press Release

IDF Issues Call to Action for Regulations to Keep Pace with Technology as a Game Changer in Closing the Protection Gap

London, 5th December 2019: The Insurance Development Forum (IDF) has called for action to facilitate the use of technology to close the protection gap – defined as the difference between the amount of insurance coverage that is economically beneficial and what is actually purchased – worldwide, particularly regarding sovereign and sub-sovereign risks.

In a paper released today, the IDF asserts that technology is a potential game changer in the efforts to close the protection gap, but the insurance sector and other stakeholders need to take advantage of advancements and for laws and regulations to keep pace.

The paper, *How Technology Can Help Bridge the Protection Gap*, was led by the IDF's working group on Law, Regulation and Resilience Policies. It looks at innovations and advancements in data collection, data analytics, new services and products and digitisation, all of which can enhance the use of insurance sector capabilities to better enable sovereign and sub-sovereign disaster preparedness and asset reinstatement. The paper considers these innovations and analyzes the legal, regulatory and public policy challenges ahead.

Among several recommendations, the paper calls for the insurance sector, regulators, legislators, policymakers and other stakeholders to encourage and facilitate the collection and sharing of critical data, to support the development and sharing of risk models for emerging economies, pursue regional alliances, and update key laws and regulations around parametric covers, intermediaries, data privacy, regulation of drones, and earth observation technologies.

Ekhosuehi Iyahan, Secretary General of the Insurance Development Forum, commented: "As the protection gap continues to grow and climate change intensifies, this poses a significant threat to livelihoods and global prosperity. It is imperative to find effective ways to protect populations, public assets and economies against natural catastrophes. Pioneering new technologies can enable better and faster ways to better understand, manage and transfer risk and thereby increase countries' resilience, yet this technological change is advancing at an exponential rate and laws, regulation, policy and regulatory architecture are struggling to keep

pace. We have issued this paper to encourage swift action to enable the use of new technologies to address this challenge and increase resilience.”

How technology can help bridge the protection gap draws from the insights of a cross-disciplinary and global team of contributors including leading lawyers and academics on insurance law and smart contracts, senior members of the insurance industry, senior personnel at multilateral development banks, development practitioners and policymakers, alongside leading thinkers and practitioners in artificial intelligence and satellite technology applications. It can be accessed on the [IDF website](#). This paper follows the publication of the [IDF Practical Guide to Insuring Public Assets](#), launched in September 2019 to support policy makers, public officials, regulators and agencies address this critical task, also as part of the goal to help close the protection gap.

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About the Insurance Development Forum (IDF)

The IDF is a public/private partnership led by the re/insurance industry and supported by international organisations. It was first announced at the United Nations Conference of the Parties (COP21) Paris Climate summit in 2015 and was officially launched by leaders of the United Nations, the World Bank and the insurance industry in 2016. The IDF aims to optimise and extend the use of insurance and its related risk management capabilities to build greater resilience and protection for people, communities, businesses, and public institutions that are vulnerable to disasters and their associated economic shocks. www.insdevforum.org

For further information please contact:

Rebecca Lewis, Associate
Insurance Development Forum (IDF)
rlewis@insdevforum.org