

PRESS RELEASE

Latest IDF report demonstrates the power of innovation and technology in closing the protection gap at micro-level

Launch of White Paper 'Technology and Innovation: Tools to help close the Protection Gap in Microinsurance Markets' explores how technology can be used to deliver insurance solutions particularly in developing countries

London, Monday 14th September 2020: The Insurance Development Forum (IDF), a public/private partnership led by the insurance industry and supported by the UN, World Bank and other leading international organisations, is calling on the insurance sector and its stakeholders to harness the latest technological advances in data collection to help close the protection gap at the micro-level.

The call for action coincides with the publication of the IDF's latest report, *Technology and Innovation: Tools to help close the Protection Gap in Microinsurance Markets*. Published today, the paper highlights how technology can be used to develop and deliver insurance solutions to address the unique issues faced by populations in the lower and emerging middle-classes of the economic spectrum.

Led by the IDF's working group on Law, Regulation and Resilience Policies, and developed in collaboration with global law firm Clyde & Co, the whitepaper explores the latest advancements in data processing, analytics and artificial intelligence. Using multiple case studies and expert analysis, the authors demonstrate how the insurance industry and others can use such technology as powerful tools – not only to close the protection gap that exists in connection with microinsurance markets, but to address the risks accelerated by climate change.

From using satellite data for parametric insurance models in agriculture, to improving disaster warning communications, and even connecting with unbanked consumers through mobile platforms, the paper draws on insights from around the world to demonstrate how technology can extend the reach of insurers and help build more resilient communities – particularly in developing countries.

In light of these technological developments, the report also includes a review of current laws and regulations, and how these could be adapted to ensure they are fit for purpose. *Technology and Innovation: Tools to help close the Protection Gap in Microinsurance Markets*, 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.

This is the second in-depth exploration on how technology can be leveraged to improve resilience. It follows on from the IDF paper *How Technology Can Help Bridge the Protection Gap*, published in 2019, which focused solely on the use of technology in connection with sovereign and sub-sovereign risks.

Ekhosuehi Iyahen, Secretary General of the Insurance Development Forum, commented:

“There are great social, economic, and humanitarian benefits to be gained by increasing access to insurance at the micro-level – particularly in developing countries. And yet the protection gap at the micro-level remains immense, and progress in closing it has only been incremental to date.

The impact of climate change is ever growing, and with it, so is the protection gap. Those in emerging markets are at an even greater risk when it comes to the detrimental effects of climate change, and as a result, it has never been more important to come together to build resilience.

With such opportunities presented from both new and existing technology, there is undoubtedly tremendous scope for the insurance sector to help close the protection gap that exists at the micro-insurance level and in both developed and developing markets. Real progress in this area will depend on using technology positively to meet individual market needs, and we hope this paper helps demonstrate how this can be achieved.”

Bill Marcoux, Chair, IDF Law, Regulation and Resilient Policies Working Group, said:

“There are great economic and humanitarian benefits in increasing access to insurance in developing countries. What we have seen from our research is that technology can extend the reach of insurers, enabling better product design, more accurate pricing of risk, reducing distribution costs, increasing the speed and ease of claims settlements, and even assist in fraud detection.

Technology is not a solution itself, it is a tool, and when used correctly, it can be a vital means to address the insurance requirements of those who require greater protection and support from the insurance sector. Within the report we reflect on the role of insurance regulation and the necessary evolution that must take place to accommodate and appropriately regulate InsurTech and other technological innovations.

Considerable work still needs to be done to provide regulators with the appropriate resources, skills and support to drive progress in this space, which is why we make note of some of the emerging innovative regulatory responses throughout the paper.”

Nigel Brook, Partner, Clyde & Co, added:

“Encouraging innovation while protecting consumers is a delicate balance, and regulators and supervisors have an important role to play in achieving this. Much of the innovation in the

microinsurance field is enabled by both established and cutting-edge technology which can rise to the challenge of designing and distributing affordable cover.

Insurance that meets the needs of consumers in developing and emerging economies can be truly life-changing, and although technology by itself will not bridge the protection gap, it can enable a range of innovations which could ultimately be transformative.

More than ever, cross-cutting collaboration will be required to address the protection gap. Given these rapid technological advancements, a coordinated approach along with coalitions that foster global learning and supervision, will become important avenues to build and maintain trust among consumers, regulators and other stakeholders.”

Access the full report [here](#)

Notes to editors

About the IDF

The IDF is a public/private partnership led by the insurance industry and supported by international organisations. The IDF 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.

www.insdevforum.org

About Clyde & Co

Clyde & Co is a leading global law firm, specialising in the sectors that underpin global trade and commercial activity, namely: insurance, transport, infrastructure, energy, and trade and commodities.

It is globally integrated, offering a comprehensive range of contentious and non-contentious legal services and commercially-minded legal advice to businesses operating across developed and developing markets. Clyde & Co is committed to operating in a responsible way. This means progressing towards a diverse and inclusive workforce that reflects the diversity of its communities and clients, using its legal skills to support its communities through pro bono work, volunteering and charitable partnerships, and minimising the impact it has on the environment.

The firm has 440 partners, 1800 lawyers, 2500 legal professionals and 4000 staff in over 50 offices (and associated offices) worldwide.

<https://www.clydeco.com/en>

PR Contacts

Helen Wright
Lysander PR
helen@lysanderpr.com
07842 729 579

Roddy Langley
Lysander PR
roddy@lysanderpr.com
07547 901 618