

What is impact insurance?

Impact insurance is vital to social and economic development. It reduces vulnerability, promotes stronger enterprises and facilitates better public policies.

Microinsurance for low-income households

“Vulnerability and poverty go hand in hand, but microinsurance holds out the promise of breaking a part of the cycle that ties them together.”

Jonathan Morduch,
Economist, New York University

Microinsurance^[1] is insurance specially designed for low-income people, with premiums and benefits to match their needs. It is particularly important for those in the informal economy who tend to be underserved by mainstream commercial and social insurance schemes.

Microinsurance provides a critical safety net for households, preventing them from falling into poverty by avoiding the damaging costs of emergencies. It helps low-income people avoiding difficult, often devastating risk coping measures such as putting children to work, eating less food, or selling productive assets.

It also promotes access to vital services, including **health**^[2] and **agricultural services**^[3], and can promote healthier and more productive decisions.



^[4]Insurance for enterprises

A strong and inclusive insurance market boosts the productivity of enterprises of all sizes by enabling entrepreneurs to pursue higher risk and higher return opportunities. It therefore makes a vital contribution to economic growth.



Insurance for public policy objectives

Insurance is a powerful tool for governments to achieve public policy objectives. The insurance industry can be an indispensable ally in promoting access to vital services, including health care and agricultural services, and in making communities more resilient to climate change.

[Learn more about our activities that promote microinsurance for LIH, insurance for enterprises, and insurance for public policy objectives](#)^[5]

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