Introducing the ILO’s Impact Insurance Facility

Insurance is vital to social and economic development. It delivers tremendous impact for households, enterprises and countries:

- Insurance provides a critical safety net for households. Even partial insurance cover helps households avoid resorting to damaging coping strategies, like selling assets or taking children out of school.
- A strong and inclusive insurance market boosts the productivity of enterprises of all sizes by enabling entrepreneurs to pursue higher risk opportunities, and therefore makes a vital contribution to economic growth.
- 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.

But in many developing countries, the insurance industry is not yet fulfilling its potential.

The ILO is rebranding its engagement with insurance to close that gap by promoting impact insurance. Impact insurance reduces vulnerability, promotes stronger enterprises and facilitates better public policies. In its next phase, the ILO’s Impact Insurance Facility will enable the insurance sector, governments, and their partners to realise this potential.

Important progress has already been made. Innovative insurers have bought insurance to many previously excluded clients. The ILO has provided funding, training and expertise to support this. We have learnt a great deal about the power of insurance and how to use it to achieve wide-ranging objectives. Nonetheless, the gap between reality and potential remains huge.

It is time for the next step.

- The ILO’s Impact Insurance Facility will continue learning and innovating for better products and strategies to achieve greater impact. In particular, we will maintain our emphasis on innovating to better understand and meet clients’ needs.
- We will push from knowledge to practice. Together with the insurance industry, the ILO has amassed a wealth of lessons and experiences. But now there is an urgent need for those lessons to be applied on a dramatic scale. To achieve this we will expand our role as a global hub for capacity development.
- Having strengthened the capacity of the private sector, it is time for the public sector to take a larger role. Governments have the power to use insurance on a game-changing scale. We will bring them together with insurers and other partners to accelerate the development of inclusive insurance markets in selected countries. A structured market development process will promote public-private partnerships and embed insurance in strategies to reduce the vulnerability of populations and boost the productivity of economies.

Each of these three elements is essential. Only by delivering innovation and capacity on a far greater scale, and bringing together public and private players across the globe, will we make impact insurance a reality.

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