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Insurance as a Core Element of Financial Inclusion in Emerging Economies

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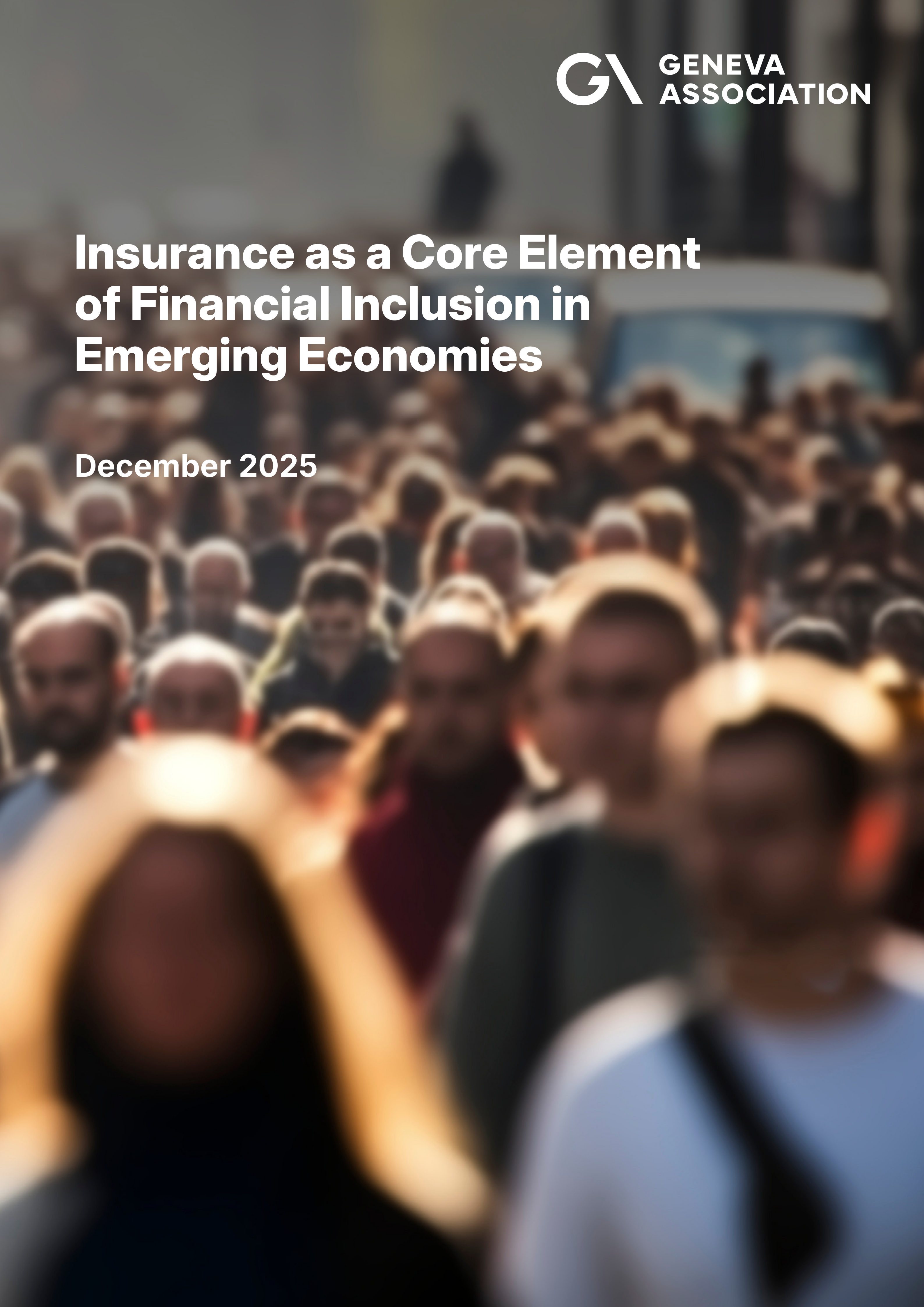

Insurance as a Core Element of Financial Inclusion in Emerging Economies

Kai-Uwe Schanz
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Geneva Association

The Geneva Association was created in 1973 and is the only global association of insurance companies; our members are insurance and reinsurance Chief Executive Officers (CEOs). Based on rigorous research conducted in collaboration with our members, academic institutions and multilateral organisations, our mission is to identify and investigate key trends that are likely to shape or impact the insurance industry in the future, highlighting what is at stake for the industry; develop recommendations for the industry and for policymakers; provide a platform to our members and other stakeholders to discuss these trends and recommendations; and reach out to global opinion leaders and influential organisations to highlight the positive contributions of insurance to better understanding risks and to building resilient and prosperous economies and societies, and thus a more sustainable world.

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Foreword

In emerging economies, financial vulnerability is a daily reality for households and small businesses. Climate shocks, health emergencies, and income instability can erase years of progress in an instant. This report offers evidence on how inclusive insurance can strengthen the financial security of millions still at the margins of formal protection.

Our research shows that although access to digital payments, credit, savings and insurance has expanded, more than 1.3 billion adults remain excluded from formal financial services. Insurance plays a uniquely stabilising role: unlike savings, which is limited by liquidity needs, or credit, which can deepen indebtedness, insurance distributes risk and bolsters resilience at scale. Country experiences reinforce this. In India, technology-enabled, subsidised health, accident, and crop schemes have reached hundreds of millions, demonstrating the societal value of well-supported public programmes.

The Geneva Association conducted a customer survey across seven major emerging markets: Brazil, China, India, Mexico, Morocco, South Africa, Turkey. The findings reveal that while China, India, and South Africa show the strongest familiarity with insurance, across all countries at least 70% of respondents view insurance as useful. This is encouraging. Health costs dominate household concerns; yet major protection gaps remain – especially in property, disability, and savings-type life insurance – driven chiefly by knowledge and affordability barriers.

The report identifies three key levers for progress. Insurers must design simpler products to build trust and leverage digital technologies to reduce costs. Policymakers should embed insurance in national financial inclusion strategies, supported by digital public infrastructure and targeted subsidies. Regulators must balance innovation with consumer protection.

Looking ahead, closing protection gaps will require collective resolve to build financial and social resilience at scale.

Jad Ariss
Managing Director

Executive summary

Emerging economies face major protection gaps despite rising access to financial services, including insurance. Digital ecosystems and effective cross-sector collaboration will be key to expanding inclusive coverage.

Financial inclusion has become a cornerstone of sustainable development, particularly in emerging economies, where households remain highly vulnerable to financial shocks. Despite global advances in payment, savings, credit, and insurance services, more than 1.3 billion adults worldwide still lack access to formal financial systems. Many more remain underserved, including in insurance, resulting in vast protection gaps.

Globally, more than 1.3 billion adults lack access to formal financial systems.

Research and country-level evidence point to four mutually reinforcing channels through which financial inclusion drives growth and resilience. First, it mobilises household savings and commercial investments by offering safe, convenient, and secure means for capital accumulation, boosting the productive deployment of funds. Second, it promotes entrepreneurship by supplying access to credit and insurance, lowering dependence on informal, high-cost lending and risk taking, and encouraging self-employment and small business expansion. Third, financial inclusion alleviates poverty by enabling households to smooth consumption, invest in human capital, and build resilience. Finally, it enhances financial stability by broadening banks' deposit bases, diversifying loan portfolios, and incentivising economic formalisation. Particularly in digital ecosystems, financial inclusion also improves transparency, reduces illicit flows, and strengthens institutional trust.

Among financial tools, insurance plays a singular role by transferring risk away from households and strengthening collective resilience. Savings and credit are essential but limited: savings are constrained by liquidity pressures, while credit places repayment obligations on already vulnerable borrowers. Insurance, by contrast, pools risks across communities, ensuring that a financial shock to one household does not translate into ruin.

Often overlooked as a contributor to financial inclusion, insurance plays an important role by transferring risk away from households and strengthening resilience.

Case studies highlight this distinct function. In India, for example, government-led programmes have provided subsidised crop, health, accident, life, and pension insurance – albeit in small volumes – to hundreds of millions, reaching populations once excluded from formal protection.

Executive testimonies reinforce that insurance is more than a financial contract; it provides positive externalities for society, reducing fiscal strain on governments by expanding private-sector risk taking and sustaining socioeconomic gains over time.

Given the lack of comprehensive, internationally comparable data on insurance adoption in emerging economies, the Geneva Association commissioned a customer survey across Brazil, China, India, Mexico, Morocco, South Africa, and Türkiye. The survey provides fresh comparative insights:

- Medical costs dominate household anxieties, reflecting gaps in public health coverage and high out-of-pocket burdens.
- China, India, and South Africa demonstrate the strongest awareness of insurance, driven by digital ecosystems, public schemes, and cultural factors, respectively. China and India exhibit the highest levels of insurance penetration. In all markets, at least 70% of respondents consider insurance useful.

- Respondents value insurance for asset protection and risk mitigation, while savings dominate long-term planning and key financial decisions such as starting a family or buying a home.

- Most respondents who do not own insurance believe coverage would be available if they sought it, suggesting that access is not a primary constraint.

- Affordability remains the main barrier to purchasing health insurance in most countries. Knowledge gaps are most significant for savings-type life insurance.

- Health, life, and motor insurance are the most widely adopted; penetration of property, disability, and savings-type life insurance remains limited, suggesting major protection gaps in asset protection, income replacement, and retirement savings.

This report identifies key success factors in three areas for insurance inclusion in emerging economies, stressing the need for an integrated approach.

- **Commercial:** Viable inclusive insurance products must be simple, understandable, accessible, valuable, and efficient (the SUAVE framework). Distribution requires innovation – partnerships with telecoms, microfinance, retailers, and community networks, for example, are critical, as are embedded models that bundle insurance with existing transactions. Trust is paramount, hinging on transparent claims processes and culturally relevant products. Digital technologies, AI, and alternative data (e.g. related to e-commerce transactions) allow more granular risk assessment, personalised pricing, and scalable operations, reducing costs and fraud.

- **Public policy:** Embedding insurance within national financial inclusion strategies is central and more feasible than ever, given significant progress in digital payments and digital public infrastructure. China, India, Morocco, and South Africa, for instance, explicitly position insurance as a policy pillar. Fiscal support, such as India's health and accident insurance or China's crop insurance subsidies addresses affordability issues. Public demand creation requires literacy programmes, school curricula, awareness campaigns, and trust-enhancing customer protection frameworks. Digital public infrastructure, including IDs and payment systems, is essential to scaling low-cost delivery by private insurers.

- **Regulatory:** Insurance regulation must balance prudential soundness with flexibility to allow innovation. Simplified licensing, digital onboarding, composite products, and innovation sandboxes enable private-sector experimentation. Customer protection frameworks and ombudsman services reinforce trust.

Inclusive insurance thrives when simple, trusted products meet digital innovation, supportive policy, smart partnerships, and enabling regulation.

The interplay of these three domains through a wide range of public-private collaboration determines scalability. Inclusive insurance only thrives when commercial innovation aligns with policy priorities (e.g. climate resilience and food security) and regulatory flexibility.

1 Introduction

Introduction

Without the stability provided by accessible insurance, savings and credit underperform after a shock, leaving households exposed and slowing economic progress.

Income instability arising from financial shocks, coupled with pronounced income inequality, are significant barriers to sustainable, long-term economic development. This challenge is particularly acute in countries that have a high dependence on agriculture, are vulnerable to natural disasters, and lack formal coping mechanisms.[1] Financial inclusion, through formal payment, savings, credit, and insurance services, is widely viewed as an important enabler of economic growth and stability in emerging markets.[2,3,4] Over the past decade, numerous global and national initiatives have aimed to expand access to financial services in emerging economies, by harnessing digital technologies, for example.[5] Despite these efforts, approximately 1.3 billion adults worldwide remain excluded from the formal financial system.[6] Many more continue to be underserved, notably in insurance, resulting in massive and disproportionately large protection gaps across emerging economies. In 2023, those countries represented over 60% of global protection gaps,[7] accounting for less than 20% of global life, health, and property & casualty insurance premiums.[8]

Financial shocks and inequality hinder growth, especially in vulnerable economies.

While payment, savings, and credit services have traditionally dominated the financial inclusion agenda, inclusive insurance plays a critical role, too, by mitigating and absorbing risks that hinder or jeopardise social and economic progress. In this report, inclusive insurance describes approaches that narrow the difference between the average level of insurance coverage across the entire population and the level of coverage among specific demographic groups that may not be participating in or be underserved by insurance markets. These groups may include the young, the elderly, low-income earners, and the chronically ill.[9]

Inclusive insurance protects vulnerable households and businesses from shocks such as illness, natural disasters, or economic disruption, enabling them to avoid financial ruin, maintain consumption, and restore key productive assets. It also encourages entrepreneurship at the micro, small, and medium enterprise levels, enabling calculated risk taking. By complementing and protecting savings and credit as coping mechanisms, insurance inclusion strengthens financial resilience, promotes upward mobility, and contributes significantly to sustainable development in emerging economies.[10]

1 Dercon 2002.
2 Financial inclusion is defined as 'individuals and businesses having access to and using affordable financial products and services that meet their needs'. World Bank 2025a.
3 There is no official definition of an emerging economy. The International Monetary Fund's (IMF) Fiscal Monitor classifies countries based on a wide spectrum of factors such as per capita income, exports of goods and services, and integration into the global financial system. This approach identifies about 40 countries as 'emerging and middle-income economies', including Argentina, Brazil, China, Egypt, Hungary, India, Indonesia, Malaysia, Mexico, Morocco, the Philippines, Poland, Russia, Saudi Arabia, South Africa, Thailand, Türkiye, and the United Arab Emirates. IMF 2021a.
4 Aspen Institute Financial Security Program 2021; Making Access Possible (MAP) 2016; Brun and Silue 2021.
5 Adjasi et al. 2023.
6 Defined as saving through a financial account. World Bank 2025b.
7 Referring to crop, property catastrophe, health, and term life insurance. Geneva Association calculations based on Swiss Re 2024a.
8 Swiss Re 2024b.
9 Geneva Association 2024. Microinsurance, often referred to in the context of developing and emerging countries, can be seen as a (small) subset of inclusive insurance, focusing on lower-income populations and offering low coverage, which translates into USD 6.2 billion in written premiums globally (Microinsurance Network 2025).
10 Panda et al. 2020; MAPFRE 2020. Lee et al. 2013 show that an increase in life insurance premiums raises GDP growth.

Inclusive insurance strengthens financial resilience, promotes upward mobility, and contributes significantly to sustainable development in emerging economies.

Internationally comparable data on the ownership and use of financial services in emerging economies remains limited. While resources such as the World Bank's Global Findex Database provides about 300 indicators related to account ownership, payments, savings, credit, financial resilience, and mobile and smart phone ownership, comprehensive, standardised, and country-specific data on insurance adoption and usage is not available.[11] The most relevant reference to insurance is that 23% of adults across the 141 surveyed low- and middle-income economies make payments to an insurer. If China were excluded, this would fall to 11%.

The IMF's Financial Access Survey (FAS) offers the most extensive supply-side database on financial access and usage, covering 192 economies and tracking financial services through 121 reported and 70 estimated indicators.[12] The dataset, which spans two decades (2004–2023), enables global comparisons and policy benchmarking. Despite its broad scope, the FAS includes only a limited set of indicators related to insurance, such as the number of policyholders. The data is also only available for select countries and years.

Panda et al. provide one of the few comparative empirical studies based on a dataset from 15 developing countries, covering almost 66,000 households.[13] The data originates from the FinScope Consumer Survey conducted between 2011 and 2018 as part of the Making Access Possible (MAP) programme. The survey found that the use of formal savings mechanisms in developing countries remains low, with only 14% of adults saving through banks. Ten percent of respondents save through non-bank financial institutions, such as microfinance institutions. The use of credit is even more limited, with only 6% of respondents borrowing from banks. Non-bank financial institutions provide credit to 7% of surveyed households. Insurance penetration also remains low, with only 16% of surveyed adults having any form of formal coverage. Funeral insurance is the most common product, followed by life insurance and medical insurance. Crop and property insurance remain largely underutilised.[14]

These gaps in granular, harmonised data on the use of financial services in emerging economies, particularly insurance, make it challenging to accurately assess financial inclusion and formulate effective commercial strategies and policy interventions. This report aims to help fill the gap and complements a previous Geneva Association report on inclusive insurance in advanced economies.[15] It will:

- **Discuss the critical role of insurance in financial inclusion.** In light of the significant vulnerabilities faced by households in emerging economies, the report examines how insurance uniquely contributes to financial inclusion. The analysis, significantly enriched by approximately 30 interviews with insurance executives and experts from around the world, underscores how insurance not only mitigates risks associated with financial shocks but also complements and facilitates other financial services in reinforcing economic stability and promoting resilience, at both the micro (i.e. household) and macro (i.e. country) levels.

- **Provide original, comparative, survey-based data on insurance, savings, and credit.** The findings add colour about access to affordable and relevant insurance products across seven major emerging economies, based on an online survey of households. This data facilitates a nuanced understanding of the relative importance and interplay of insurance, savings, and credit services.

- **Identify and explore key commercial, public policy, and regulatory success factors.** Recognising that both market dynamics and policy environments are critical to the effectiveness of financial inclusion strategies, the report identifies levers that have successfully promoted insurance-based financial inclusion.

- **Formulate practical recommendations** for insurers, policymakers, and regulators.

11 World Bank 2025b.
12 IMF 2024a.
13 Panda et al. 2020.
14 See section 4 for an extensive proprietary customer survey covering seven major emerging economies.
15 Geneva Association 2024.

"In emerging markets, insurance plays a unique and critical role in promoting financial inclusion. It provides essential risk coverage to populations often excluded or underserved by the formal financial system, offering protection that strengthens resilience, supports equity, and fosters social cohesion. Insurance allows individuals and families to manage risk more efficiently and affordably than saving large sums to cover unexpected events. For example, accumulating USD 1,000 for an emergency can take considerable time and effort, whereas an insurance policy covering that risk is a more accessible and cost-effective alternative. As such, insurance complements savings and investment management strategies at a significantly lower cost.

Emerging regions urgently need stronger insurance activity to support economic and social development. In Latin America, where insurance penetration remains low, closing the insurance gap would raise per capita income, improve savings rates, and benefit lower- and middle-income groups. The estimated insurance gap in the region exceeds USD 300 billion. Premiums represent just 2.8% of the global total, despite the region accounting for over 7% of the world's GDP.

Addressing this shortfall requires coordinated public-private action. Raising insurance and financial literacy is essential, as is the need for more flexible, tailored products that match people's real economic conditions. Technology offers vital tools to expand coverage, particularly via mobile phones, which are more widespread than computers or bank accounts. Reaching underserved populations with simple, personalised solutions is critical. Insurance, properly designed, priced and delivered, can drive socioeconomic development, reduce vulnerability, and ensure broader, more inclusive prosperity."

Antonio Huertas
Chairman & CEO, MAPFRE

"Unlike credit and savings, insurance offers financial protection against unforeseen adverse events without requiring immediate repayment or prior accumulation of funds. For example, crop insurance schemes or health programmes such as the Pradhan Mantri Jan Arogya Yojana, the world's largest health scheme in India, provide essential coverage to millions of vulnerable individuals. This risk transfer mechanism addresses vulnerability and exclusion by allowing those with minimal assets or irregular incomes to avoid poverty traps caused by unexpected shocks such as illness, crop failure, or natural disasters.

Similar schemes exist in Thailand, including government-supported microinsurance, co-operative loan protection, and crop and weather insurance programmes run jointly with public banks and non-bank financial institutions. These initiatives help informal workers and small farmers maintain financial stability and protect their livelihoods. They demonstrate that insurance acts as a stabiliser for households and communities, complementing credit and savings systems by reducing the long-term financial risks associated with unpredictable events. Insurance also enables low- and middle-income populations to move up the economic ladder and offers a scalable, cost-effective mechanism to supplement public welfare schemes, thereby supporting inclusive and sustainable economic growth.

Digitalisation enhances the reach and effectiveness of insurance. It lowers operational costs and allows for scalability, while data analytics enable insurers to understand the unique risks faced by different populations and offer affordable cover tailored to local needs. Further, technology and data analytics enhance access to insurance for underserved populations by improving awareness through targeted digital education and improving service via mobile platforms and social media. For instance, digital inclusion in India has enabled approximately 1 billion internet users and 18 billion digital transactions every month, making the distribution of insurance extremely scalable and cost effective."

Markus Riess
CEO, ERGO

"Insurance is more than a financial product. It's a mechanism for mutual support that builds resilience, reduces poverty, and enables economic growth. At Sura, we see its role as not just protecting individuals but catalysing national development. When people are insured, governments face less fiscal strain and entrepreneurs can take productive risks. But to truly scale inclusive insurance, we must simplify products, use data wisely, and promote risk literacy. Technology is an enabler, helping us reach underserved populations through digital channels and AI. However, we also need regulatory flexibility and public-private collaboration to make protection accessible and sustainable. Insurance must be recognised as essential infrastructure for inclusive progress, especially in vulnerable communities."

Juana Francisca Llano Cadavid
CEO, Suramericana

"Insurance in emerging markets is ultimately about people who live just one risk away from poverty. Making it accessible requires collaboration between industry, policymakers, and regulators. We must create simple, affordable, technology-driven solutions, such as embedded insurance, digital onboarding, and mobile-first claims. These are not just innovations but tools for trust and inclusion. Technology alone is not enough. Public policy must raise awareness, offer the right incentives, and promote insurance literacy, especially in rural and low-income areas. Distribution must evolve through bancassurance, digital platforms, and community networks. Regulators should support flexible, customer-focused innovation. When we act with empathy and shared purpose, we do more than close protection gaps; we bring dignity, resilience, and financial strength to those who need it most."

Tapan Singhel
CEO, Bajaj General Insurance

2 Financial inclusion as a driver of economic development

Financial inclusion as a driver of economic development

Through savings mobilisation, entrepreneurship, poverty reduction, and greater system-wide stability, financial inclusion creates a reinforcing ecosystem that drives resilient, inclusive, and sustainable economic development.

Theoretical frameworks, case studies, and cross-country evidence highlight how financial inclusion enhances economic outcomes through mutually reinforcing mechanisms.[16] It facilitates the mobilisation of household savings and commercial investments, channeling more funds into productive use. It promotes entrepreneurship at the micro, small, and medium levels by providing access to credit and insurance, for example, enabling business growth. Financial inclusion also alleviates poverty by providing low-income individuals and households with access to credit, savings, and insurance, helping to maintain consumption after financial shocks and investment in education, and build financial resilience against economic shocks. Finally, it enhances financial stability by broadening financial participation and reducing reliance on informal credit. This section explores these four closely intertwined dimensions in greater depth (see Figure 1).

2.1 Mobilisation of savings and investments

A substantial body of research has investigated the effects of financial inclusion on savings behaviour and capital formation within developing and emerging economies. For instance, Ansar et al. found that enhanced financial inclusion led to increased savings rates among individuals, thereby contributing to greater capital accumulation.[17] According to Allen et al., ownership of formal financial accounts (such as bank or mobile money accounts) significantly encourages individuals to save, especially in emerging economies, primarily by improving access and convenience and offering a higher level of security compared to informal savings methods.[18] Their findings suggest that reducing barriers to account ownership can increase both the number of savers and the frequency of saving through formal accounts.[19] Bhalli shows that increased savings in emerging economies through formal channels bolsters the mobilisation and efficient deployment of capital through commercial investments.[20] These findings underscore the role of financial inclusion in strengthening savings and investment channels in emerging economies, thereby facilitating economic growth.

By expanding access to secure, formal accounts, financial inclusion mobilises investment, strengthens financial systems, and accelerates sustainable economic growth.

2.2 Promotion of entrepreneurial activities

Another key dimension of financial inclusion is its positive impact on entrepreneurial activity, especially in emerging economies and in the context of micro, small, and mid-sized businesses. Empirical evidence suggests that improved access to financial services significantly enhances the likelihood of individuals engaging in entrepreneurial ventures, typically starting with self-employment and gig work. Financial inclusion, by broadening access to savings, credit, insurance, and payment systems, empowers individuals, especially those in underserved communities, to establish and expand businesses on the back of improved access to capital and risk management

16 See Ozili et al. 2023 for a comprehensive literature review.
17 Ansar et al. 2025.
18 Allen et al. 2016.
19 This effect can be further amplified by remittances. A study of 187 countries from 2004–2015, found that when remittances exceed a certain share in receiving countries' GDP, they promote and expand access to and use of formal financial channels, thereby enhancing financial inclusion. Naceur et al. 2020.
20 Bhalli 2024.

services. This, in turn, contributes to job creation and overall economic development. Burgess and Pande provide early evidence from India showing how rural bank expansion stimulates entrepreneurship.[21] The provision of affordable formal financial services by rural banks has significantly mitigated dependence on high-cost informal lending sources. A more recent study covering six Sub-Saharan African countries finds that access to and use of formal financial services, including banking and mobile money, significantly increase the likelihood of individuals starting businesses.[22]

2.3 Poverty alleviation

Financial inclusion helps alleviate poverty by creating and expanding financial opportunities for individuals who previously had no access to such services, especially women and the poor. This enables investment in productive endeavours, including education, thereby enhancing economic opportunities and reducing poverty levels.[23]

It also expands access to finance, enabling investment in education and livelihoods and significantly reducing poverty and gender inequality.

Saha and Qin further underscore the significance of financial inclusion in poverty reduction.[24] Their comprehensive analysis examining 156 countries from 2004–2019 finds that financial inclusion through banking services substantially reduces poverty rates across various income groups, with a particularly strong effect on extreme poverty. The study also highlights that addressing gender inequality through financial inclusion efforts contributes to more effective poverty alleviation.

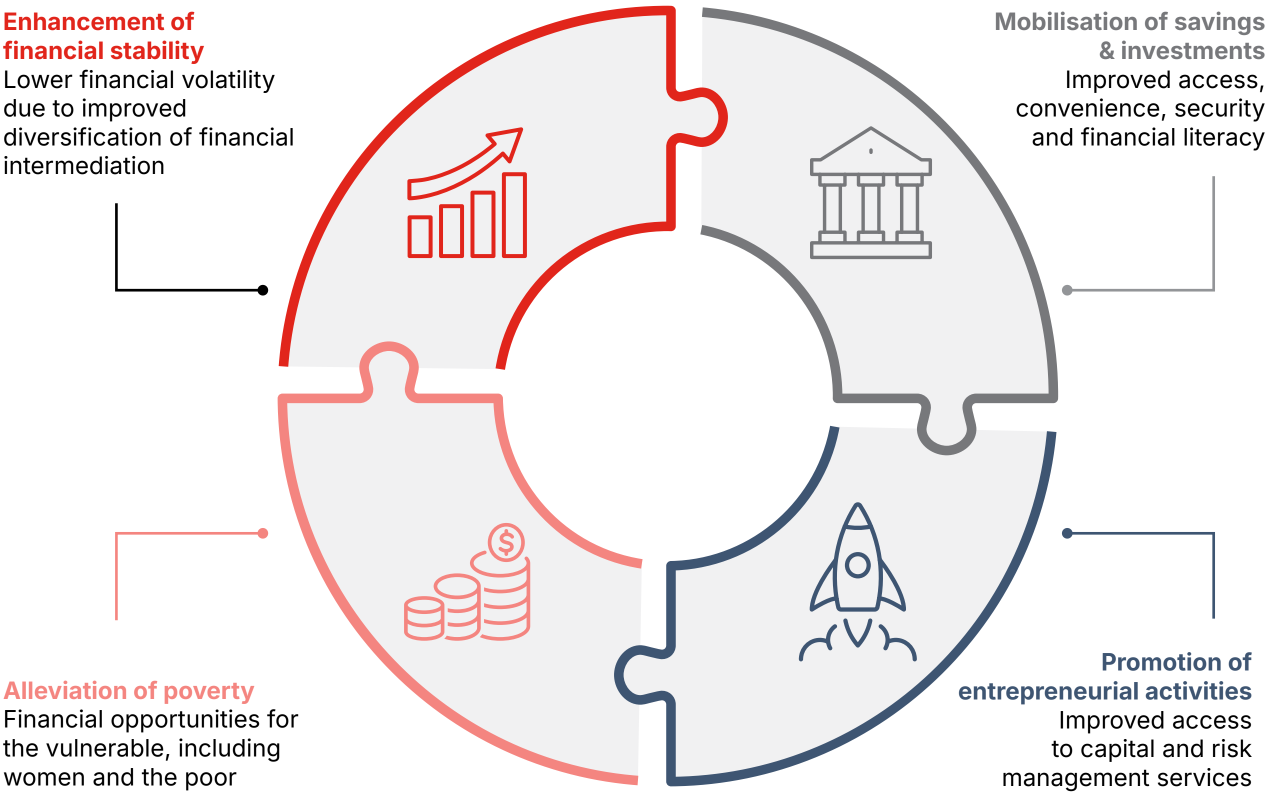
2.4 Enhancement of financial stability

Financial inclusion influences financial stability, especially in emerging economies. It can enhance macro stability by diversifying banks' funding sources and loan portfolios. Broadening access to deposit services, particularly among low-income savers, provides banks with stable, low-cost funding, thereby reducing individual bank risks. Additionally, distributing loans across a wider base of small borrowers can lower the concentration of credit risk, mitigating systemic vulnerabilities.[25] In particular, women's participation in the financial ecosystem plays a crucial role in enhancing financial stability. They are more likely to save, repay loans on time, and invest in long-term well-being, helping to diversify risks, increase deposit bases, and expand economic activity. Despite these benefits, women remain underserved due to barriers like limited access to credit and tailored financial products.[26]

Financial inclusion also contributes to financial stability through the formalisation of economic activity in emerging economies. By expanding access to formal financial services, informal workers and enterprises are incentivised to integrate into the formal economy, thereby improving tax compliance, regulatory oversight, and overall economic stability. Moreover, the adoption of digital financial services, such as mobile money and electronic payments, fosters transparency in financial transactions, reducing opportunities for illicit economic activities and strengthening institutional trust.[27]

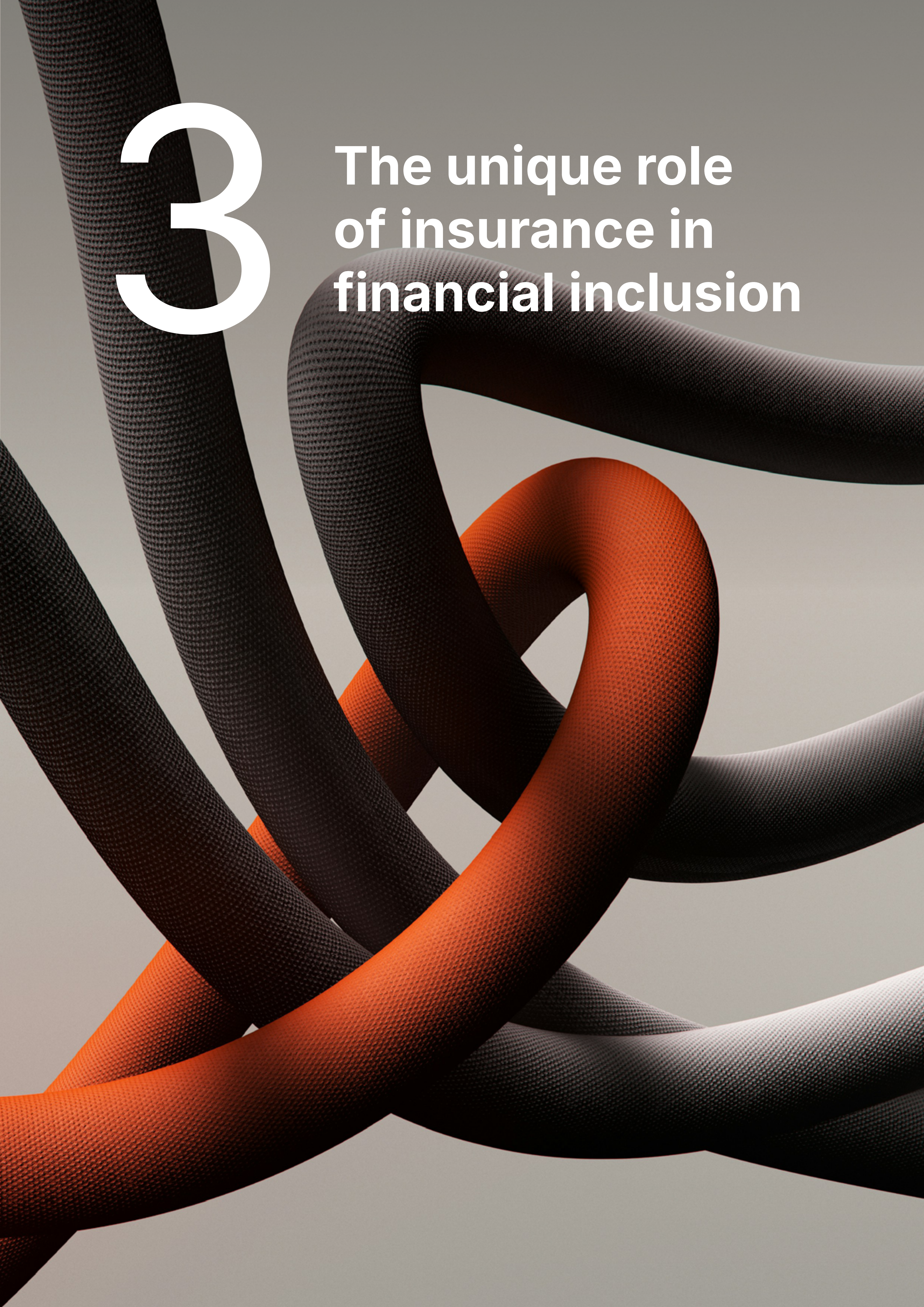
21 Burgess and Pande 2005.
22 Gakpa 2020.
23 Innovations for Poverty Action (IPA) 2019; BlueOrchard 2025.
24 Saha and Qin 2023.
25 Asian Development Bank (ADB) 2014; IMF 2024b. However, rapid credit expansion, especially without adequate oversight, can lead to riskier lending practices and increased systemic risk.
26 Women's World Banking 2025 explores the significant contribution of women's financial inclusion to financial stability.
27 World Bank 2018a, 2019a.

FIGURE 1: THE ECONOMIC CASE FOR FINANCIAL INCLUSION



Source: Geneva Association

3 The unique role of insurance in financial inclusion



The unique role of insurance in financial inclusion

By spreading risk, insurance prevents asset loss, stabilises households, and reinforces the effectiveness of other financial services.

> *"Insurance is not merely a safety net after loss; it is the essential catalyst that enables investment, economic growth, and sustainable development, especially in emerging markets. Insurance uniquely mitigates risk, empowering individuals and businesses to pursue opportunities otherwise out of reach. Achieving true financial inclusion demands early, integrated partnerships across sectors, commercial viability at the core of business strategy, and a proactive role in prevention, knowledge transfer, and policy alignment."*
>
> **Mirko Sartori, Generali**

Households and small businesses in emerging countries face numerous risks, including illness, crop failure, and natural disasters. Their coping strategies vary based on socioeconomic and cultural factors.[28] Access to formal financial services is essential not only for economic growth and development but also for effective risk management at the micro level, enabling households to better prepare for and recover from economic shocks.[29]

Traditional discussions predominantly emphasise payment services, savings, and credit as key tools for financial inclusion. Savings enable individuals to set aside resources for future use, often as a form of self-insurance against risks like income fluctuations. They function as a financial instrument, where individuals rely solely on their own accumulated resources to buffer against shocks. However, the effectiveness of savings is often constrained by immediate liquidity needs and behavioural factors such as impatience or lack of financial discipline.[30]

While savings are vital for financial inclusion and self-insurance, their effectiveness is limited by short-term needs and behavioural constraints, highlighting the need for broader financial tools.

Access to formal savings accounts provides a secure and structured mechanism for managing money, reducing vulnerability, and fostering long-term planning. In India, for example, the government-led Pradhan Mantri Jan Dhan Yojana (PMJDY) initiative has brought over 550 million people (as of March 2025) into the formal banking system by offering zero-balance savings accounts (requiring no minimum balance), which has helped improve household financial behaviour and resilience.[31]

Credit plays a crucial role in financial inclusion by providing liquidity to individuals and businesses. It allows them to borrow against future income or collateral, facilitating investment and consumption smoothing. Credit requires a contractual agreement between a lender and borrower, with repayment obligations.[32] Examples are microloans in India, which help mitigate seasonal income volatility,[33] and mobile credit platforms like M-Shwari in Kenya, which provide quick access to loans, helping individuals navigate short-term liquidity constraints.[34]

28 Government Office for Science 2012.
29 World Bank 2013.
30 IPA 2019; Thaler and Shefrin 1981.
31 Government of India 2025. See also Box 4 in this report.
32 Organization for Economic Co-operation and Development (OECD) 2020.
33 Abdul Latif Jameel Poverty Action Lab (J-PAL) 2023.
34 Enriquez and Jackson 2021.

However, access to credit is frequently restricted due to information asymmetries, as lenders assess credit-worthiness to mitigate default risk.[35] This challenge is particularly severe in low-income countries, where a lack of collateral and frequent absence of insurance coverage limit borrowing opportunities. Despite these barriers, innovative credit products like microloans and mobile loans help expand access and build financial resilience.[36]

Insurance, by contrast, provides a unique risk-sharing mechanism, where individuals, households, or businesses pool risks with others. Unlike savings and credit, which focus on accumulating wealth or facilitating consumption and investment, insurance primarily serves to distribute risks across a larger collective, offering financial protection against risks such as illness, natural disasters, or economic shocks.[37] As such, it enhances financial resilience, allowing people to cost-efficiently manage risk without resorting to precautionary savings ex ante and distress-financing strategies ex post, such as depleting savings, borrowing at high interest rates or selling productive assets (see Table 1).[38] Also, by removing the risk of financial ruin, insurance uniquely enables households and businesses to take on productive risks like investing in a business or education, which is limited by sole reliance on savings or credit. In addition, insurance helps sustain and safeguard the macroeconomic benefits derived from savings and credit,[39] ensuring, for example, that savings don't vanish after unexpected shocks and that credit systems (e.g. mortgage markets) remain healthy.

In conclusion, insurance serves a fundamentally different function from savings and credit by offering risk protection rather than capital accumulation or access to borrowing. Insurance not only prevents setbacks into poverty[40] but supports more confident risk-taking and strengthens and protects the impact of other financial tools by providing a critical safety net.

"Inclusive insurance must be better understood as a cornerstone of financial resilience, not a secondary or sequential add-on. It strengthens the value created by credit, savings, and payments by acting as a safety net and an accelerator. Insurance is the only financial service fully dedicated to managing shocks that pull vulnerable populations into poverty. To scale its impact, we need stronger narratives to enable better understanding; deeper integration into policy agendas to ensure dialogue among regulators beyond those responsible for financial services – telecoms/digital, health, agriculture, education to name a few; and transformative models enabled by composite licensing, true bundling, behavioural credit-rating, omnichannel distribution etc. And, of course, end-consumer insight, insight, insight to drive innovation. And then scale. A virtuous cycle.

Garance Wattez-Richard, AXA EssentiALL

"Insurance does not merely safeguard against risk. It is also a pivotal enabler of resilience and upward mobility, particularly in emerging markets for economically vulnerable populations. Unlike credit or savings, insurance offers a financial buffer that empowers individuals to take calculated risks, such as investing in businesses or education. Its success in fostering inclusion hinges on supportive public policy and innovative technology. Together, these elements transform insurance from a reactive tool into a proactive instrument of economic empowerment and long-term financial stability."

Amita Chaudhury, AIA Group

35 Stiglitz and Weiss 1981.
36 Ullah and Khan 2017.
37 Life insurance also plays an important role in emerging economies in facilitating personal savings by promoting savings discipline and partially derisking the savings process, e.g. through guaranteed benefits and financial protection. Outreville 1994.
38 Dercon 2002; Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) 2019.
39 See Box 1 for a case study on the role of insurance in protecting microentrepreneurs in Colombia who took out loans.
40 Wattez-Richard 2024.

TABLE 1: SAVINGS, CREDIT, AND INSURANCE – CHARACTERISTICS AND FUNCTIONS

	Savings	Credit	Insurance
Primary purpose	Accumulation of wealth for future consumption or investment	Access to funds for immediate consumption or investment needs	Protection against uncertain future events and financial losses
Risk management	Self-insurance – individuals rely on personal savings to buffer against shocks	Risk is with the borrower, who must repay regardless of circumstances	Risk sharing across a large pool, mitigating individual exposure
Information requirements	Low – financial institutions need basic information to manage deposits	Higher – lenders assess creditworthiness to mitigate default risk	High – insurers evaluate risk profiles to set premiums and coverage terms
Role in economic development	Provide an individual safety net and funds for investment	Enables entrepreneurial activities and consumption smoothing	Offers financial resilience against adverse events, encouraging and protecting investment and consumption

Source: Geneva Association

4 Addressing evidence gaps: New and comparative survey-based data

Addressing evidence gaps: New and comparative survey-based data

A 2025 Geneva Association survey across seven emerging markets narrows the data gap and offers fresh perspectives on financial and insurance inclusion.

Considering the scarcity of comprehensive and internationally comparable data on the role of insurance in financial inclusion in emerging economies, the Geneva Association commissioned a global customer survey to add more colour on the state of financial and insurance inclusion. Conducted in Q2 2025, it spans seven major emerging economies – Brazil, China, India, Mexico, Morocco, South Africa, and Türkiye – capturing insights from about 1,000 nationally representative respondents per country (aged 18–65).[41]

The questionnaire was structured around the following four key thematic pillars:

1. **Financial concerns.** Respondents were asked to identify their most pressing financial concerns (e.g. medical costs, income loss, retirement savings), highlighting their perceived financial vulnerabilities.

2. **Familiarity, use, and perceived usefulness of core financial tools,** i.e. insurance, digital payments, savings, and borrowing.

3. **Attitudinal and situational drivers.** Respondents were asked how they perceive financial products as solutions to real-life challenges and goals, such as managing financial shocks, protecting assets, supporting major decisions, and ensuring long-term security.

4. **Insurance access, awareness, and usage.** The survey explored 11 insurance types, from health and life to agricultural and mobile device insurance. It also investigated reasons for non-ownership, including affordability, access barriers, relevance, and personal priorities.

It is important to note that online customer surveys in emerging markets tend to be biased toward higher-income and higher-education (urban) respondents due to disparities in digital access and literacy levels. Individuals from wealthier and more educated backgrounds are more likely to have reliable internet access, own digital devices, and possess the technological skills needed to participate in online surveys.

4.1 Personal risk perceptions

The survey asked respondents to identify their top personal financial risks and concerns. The results show that medical costs are the primary concern across all countries, except for South Africa. Premature death, disability, and retirement risks are widely cited, too, except in Brazil and Türkiye. Longevity risk (outliving one's savings) is most salient in South Africa and Mexico (see Figure 2).

Medical costs are cited as the top personal risk in almost all countries.

The domination of medical expenses as the top risk perception in most countries reflects the inadequate reach of public health systems and, in many cases, the limited affordability of comprehensive health insurance. In countries like India, Mexico, and Morocco, where out-of-pocket expenditure is high, concerns over catastrophic health costs are especially acute. Globally, in lower-middle-income countries, a group that includes India and Morocco, out-of-pocket health expenditure accounts for more than 40% of total health spending, making it the largest single source of healthcare

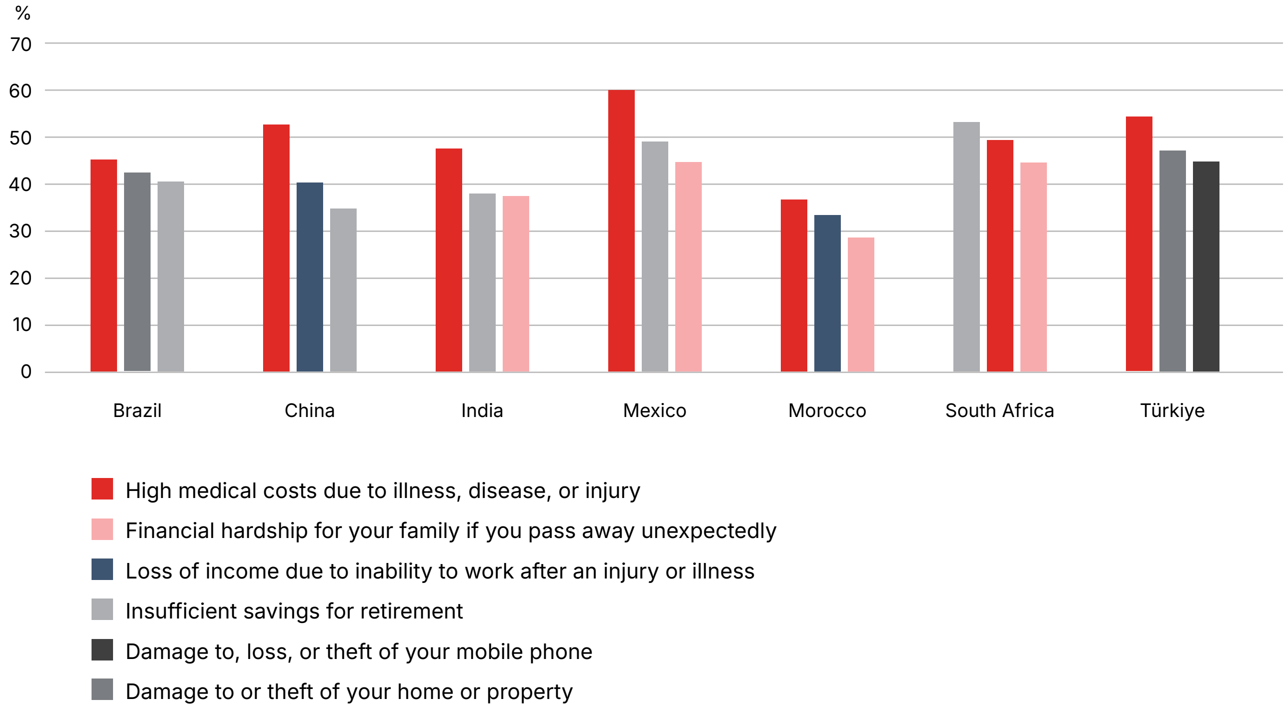
41 With a total premium volume of more than USD 1 trillion, these seven economies account for about 15% of the global life, health, and property & casualty insurance market. Swiss Re 2024b.

funding. In upper-middle-income countries, which include all other countries in the survey, out-of-pocket spending represents about 35% of total health expenditure, roughly equal to the share financed through government transfers.[42]

The strong recognition of life-related risks, such as premature death, disability, and underfunded retirement, in most emerging economies covered by the survey points to growing awareness of the need for financial protection. Social security systems often provide very limited coverage, especially for informal workers. Private insurance solutions remain underdeveloped or inaccessible for many due to affordability and low financial literacy (see section 4.8). South Africans' concern with longevity may stem from the absence of a mandatory, contributions-based pension system (second pillar).[43]

FIGURE 2: TOP PERSONAL RISKS

Which of the following personal risks are of concern to you (top three mentioned)?



Source: Geneva Association customer survey, powered by Kantar

4.2 Familiarity with financial services

The survey evaluated respondents' familiarity with four key financial services: digital payments, formal savings, insurance, and borrowing. The findings reveal significant cross-country variation, with China, India, and South Africa displaying the highest overall familiarity and Morocco exhibiting the lowest. Digital payments are the most recognised service, with the exception of formal savings in China and insurance in Morocco. At around 70–80% of respondents, China, India, and South Africa demonstrate the greatest levels of familiarity with insurance-related services (see Figure 3).

China's elevated familiarity can be primarily attributed to its robust digital financial ecosystem. The widespread adoption of fintech platforms such as Alipay and WeChat Pay has transformed traditional financial interactions, seamlessly integrating payments, savings, and insurance into everyday mobile use. These platforms have significantly lowered the entry barriers to financial services, thereby increasing awareness and participation, even among previously unbanked populations. The result is a population highly attuned to formal financial products through user-friendly, technology-driven channels.[44]

42 World Health Organization (WHO) 2024.
43 Makhubela and Thandazile 2024.
44 Ouyang 2021.

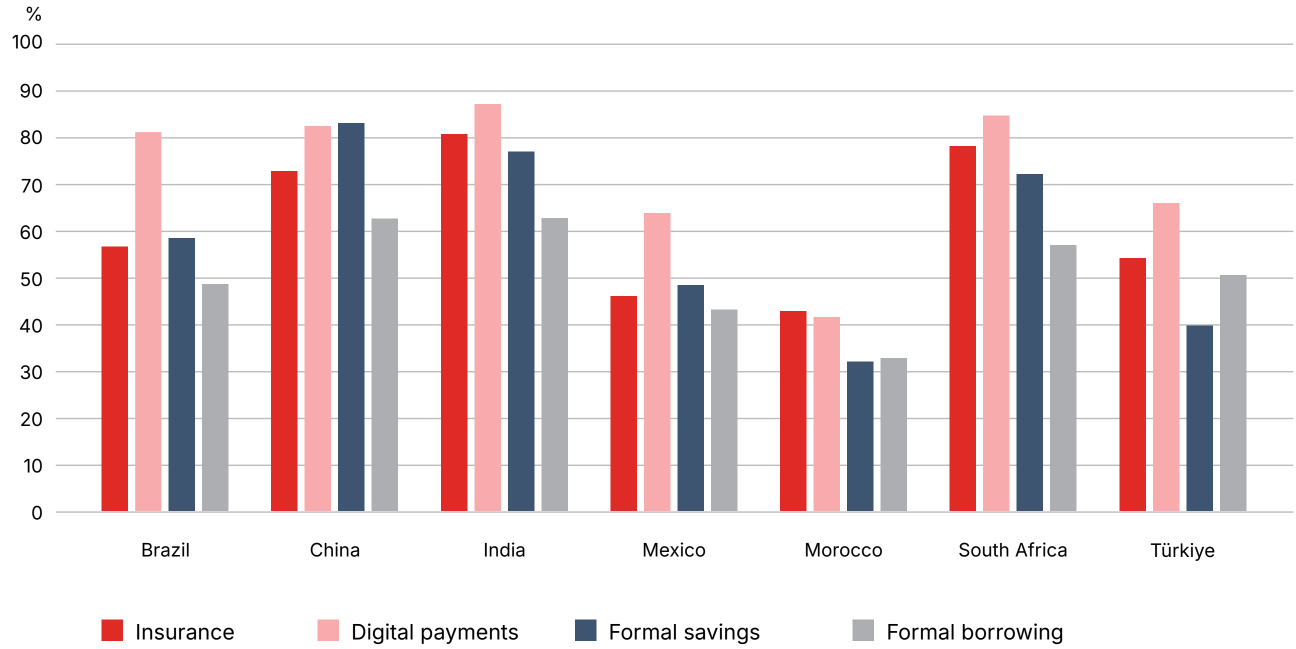
South Africa's relatively high familiarity with insurance is underpinned by its established, albeit uneven, insurance sector.[45] Funeral, life, and hospital cash policies are widely advertised and culturally embedded, contributing to a heightened awareness of such products.

Similarly, India's strong performance in this domain reflects the impact of state-led financial inclusion programmes. The Pradhan Mantri Jan Dhan Yojana (PMJDY) initiative has introduced millions of people to formal financial services. More specifically, the Pradhan Mantri Jan Arogya Yojana (PMJAY) has expanded subsidised access to health insurance for low-income families, introducing many to formal insurance schemes (see Box 4).

In contrast, Morocco's low familiarity levels likely stem from a confluence of structural and socioeconomic constraints. Financial literacy remains relatively limited, especially in rural regions, where digital infrastructure is sparse and access to formal financial institutions is often constrained. Informal financial practices dominate, further diminishing familiarity with formal mechanisms such as savings accounts, insurance policies, or borrowing.[46]

FIGURE 3: FAMILIARITY WITH FINANCIAL SERVICES

How familiar are you with the following financial services (percentage who are 'very familiar' and 'familiar')?



Source: Geneva Association customer survey, powered by Kantar

4.3 Usage of financial services

Digital payments are the most widely used financial product across the majority of surveyed countries. China and India exhibit the highest levels of insurance penetration, at around 75% and 70%, respectively.[47] In contrast, formal borrowing registers the lowest usage rates in nearly all markets (see Figure 4).

Digital payments are the most widely used financial product in most countries; formal borrowing is the least used.

This pattern aligns with broader global trends in financial technology adoption. The widespread use of digital payments can be attributed to increasing smartphone

45 State-run pensions are limited, and Pillar 2 pensions are virtually non-existent in South Africa. Personal retirement and group pension schemes fill some of the gaps. These are typically underpinned by life insurance products. As a result, South Africa exhibits the world's second highest life insurance penetration, with premiums accounting for more than 9% of GDP. Swiss Re 2024b.

46 Elouaourti and Ezzahid 2014.

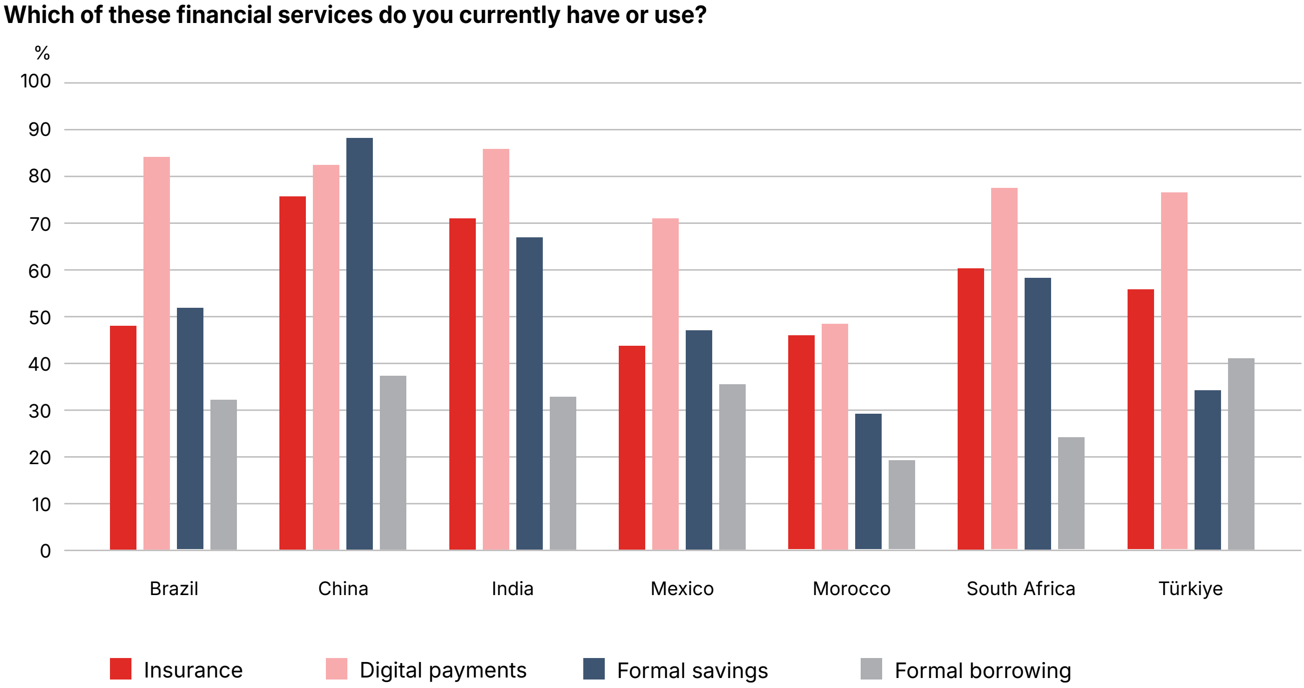
47 The average insurance penetration across the sample is approximately 55%, which is notably higher than figures reported by other sources cited in this report. This discrepancy stems from the under-representation of low-income respondents in the sample. The 55% penetration rate in emerging economies compares with 85% advanced economies (Geneva Association 2024).

penetration, expanded internet access, and the proliferation of mobile wallet applications.[48] In China, the preference for formal savings reflects a longstanding cultural orientation toward thrift, reinforced by the seamless integration of savings products into ubiquitous super-app platforms such as WeChat and Alipay.

The relatively high uptake of insurance in select countries is indicative of institutional innovations, including public-private partnerships and targeted microinsurance schemes. In India, for example, government initiatives associated with the PMJDY initiative have significantly expanded coverage.[49]

The limited use of formal credit in many emerging markets points to persistent structural barriers such as insufficient credit files, resulting from limited formal financial engagement, as well as low levels of financial literacy. Moreover, informal labour markets and lack of collateral further exacerbate exclusion from formal lending channels.[50]

FIGURE 4: USE OF FINANCIAL SERVICES



Source: Geneva Association customer survey, powered by Kantar

4.4 Perceived usefulness of financial services

Survey responses across the seven markets reveal divergent perceptions of financial service utility. Digital payments are rated as the most useful financial service in all surveyed countries except Morocco, where insurance is considered more beneficial. In all countries investigated, insurance is viewed favourably, with at least 70% of respondents considering it useful. Borrowing is viewed as the least beneficial financial service across all countries (see Figure 5).

Insurance is viewed favourably in all countries, with at least 70% of respondents considering it useful.

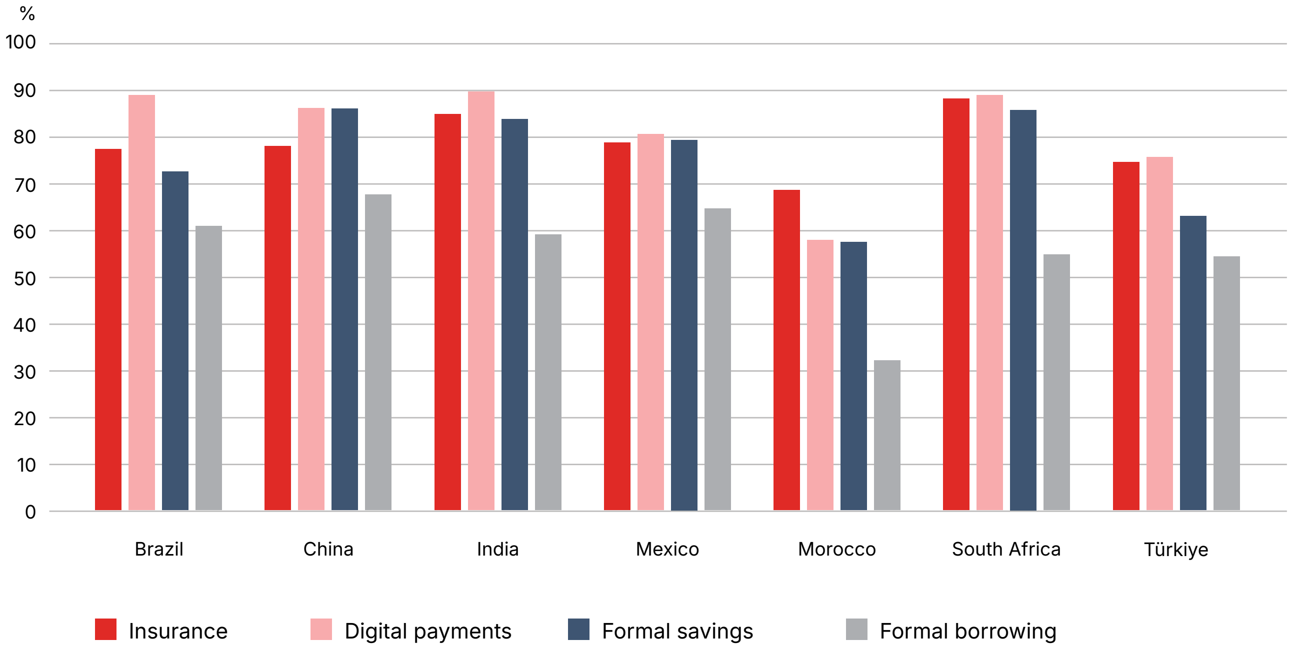
The high ratings for digital payments reflect their role in enhancing financial efficiency, particularly in contexts with mature mobile ecosystems such as China and government-supported digital infrastructures like Brazil and India. The COVID-19 pandemic further accelerated the digitalisation of economic activity, solidifying mobile payments as a trusted, fast, and low-friction method for daily transactions.[51]

48 Huang et al. 2020.
49 Allianz 2025. Overall insurance penetration in India remains low, however, as micro solutions dominate. Total insurance premiums in 2024 accounted for 3.7% of GDP, compared with 4.2% in China, for example.
50 IMF 2020.
51 Bank for International Settlements (BIS) 2021.

The consistently low perceived usefulness of borrowing is notable and may signal structural constraints, such as financial customers in emerging markets often facing adverse outcomes like debt distress, over-indebtedness, or high interest burdens charged by informal providers.[52]

FIGURE 5: USEFULNESS OF FINANCIAL SERVICES

How useful do you think each of the following types of financial services are in general (percentage who say 'very useful' or 'useful')?



Source: Geneva Association customer survey, powered by Kantar

4.5 Relevance for key financial objectives

Survey respondents were asked to identify which financial tools best support their financial goals. Insurance is broadly perceived as essential for asset protection and shielding against financial shocks, such as the main breadwinner's premature death or major out-of-pocket health expenditure. Meanwhile, savings (especially in China, India, and South Africa) and borrowing (especially in Türkiye and South Africa) are associated with major life decisions such as education or buying a home. When considering long-term financial security, such as retirement planning, savings emerge as the dominant tool, though insurance is co-ranked alongside savings in countries like India and Türkiye (Figure 6).

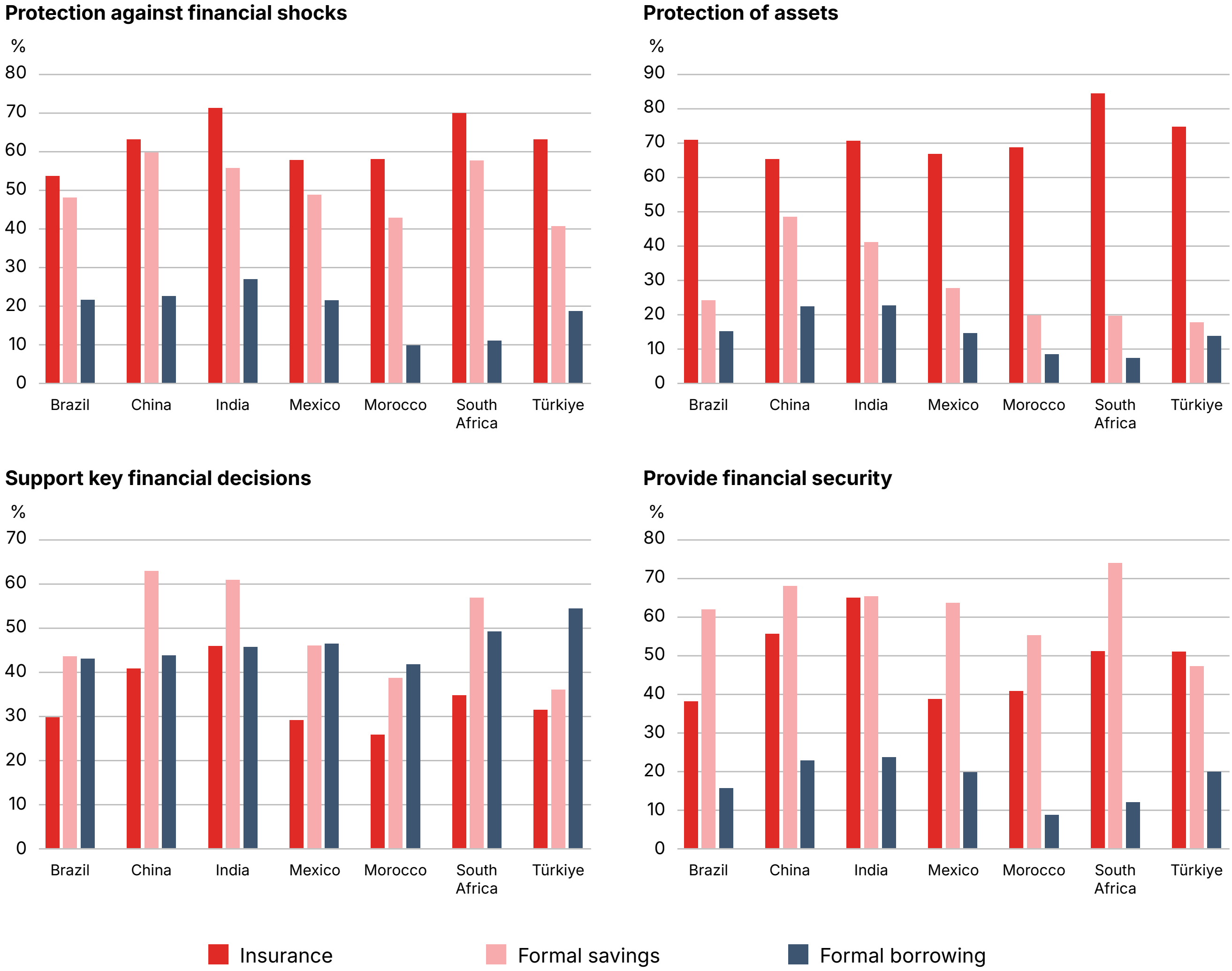
The strong association of insurance with risk mitigation and protection is a positive signal for insurers and policymakers alike. In economically vulnerable or disaster-prone markets, such as those facing health-system fragility or climate-related threats, the presence of a risk-transfer mechanism like insurance becomes critical. Its perceived relevance is likely to reflect an understanding of its stabilising role, especially in the absence of public safety nets. The prominence of savings in both immediate and long-term contexts suggests a preference for liquidity and autonomy as well as the perceived inadequacy of retirement systems. In India, for example, the absence of comprehensive public pensions has driven individuals to rely heavily on personal savings.[53]

Notably, except for China and India, insurance plays a relatively weak role in shaping or supporting critical life decisions such as starting a family, buying a home, or launching a business. This limited relevance points to deficits in financial literacy, insurance market development and the perceived value of risk-transfer mechanisms.[54]

52 Yimer 2025.
53 World Bank 2019b.
54 Section 5 of this report discusses how the actions of insurers, policymakers, and regulators can coalesce to boost insurance take-up in the context of critical life decisions

FIGURE 6: RELEVANCE OF FINANCIAL TOOLS

Which financial tools best serve your key financial objectives?



Source: Geneva Association customer survey, powered by Kantar

4.6 Access to insurance

Access to insurance per se does not appear to be the primary obstacle to uptake among respondents. When uninsured individuals were asked whether they could obtain coverage if desired, a significant majority affirmed that access was not a significant constraint. This suggests that demand-side factors, such as affordability and knowledge gaps, are more salient impediments to insurance adoption in emerging markets (see Figure 7 and section 4.8).

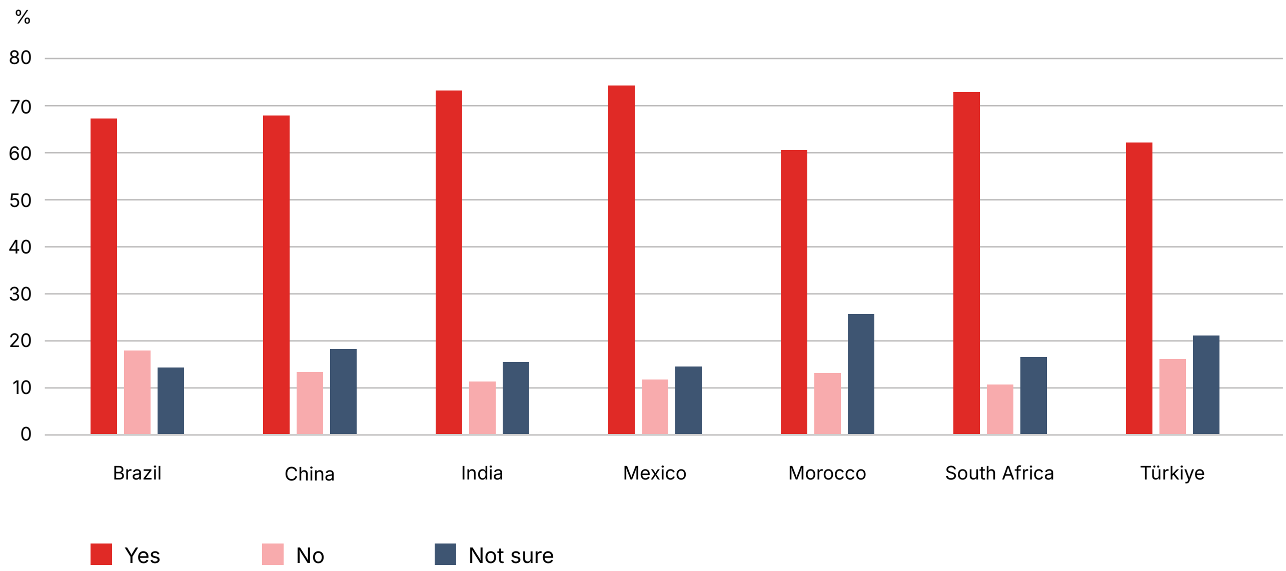
Affordability and knowledge gaps are more salient impediments to insurance adoption than access to coverage in emerging markets.

This finding aligns with the substantial progress made in insurance-distribution infrastructure. Mobile-based platforms, digital insurance, and community-based distribution models, including local agent initiatives, have enhanced penetration by leveraging mobile-phone adoption, improving internet connectivity, and building social capital and trust within communities.[55,56]

55 GSMA 2018; Actuarial Society of the Philippines 2015; International Labour Organization (ILO) 2014a.
56 However, as mentioned earlier, online surveys in emerging markets tend to disproportionately capture wealthier, urban, and more educated populations with better digital access. As a result, the reported absence of access constraints may overstate the inclusiveness of insurance.

FIGURE 7: AVAILABILITY OF INSURANCE

If you currently do not have or use insurance, would it be available to you, if you sought it?



Source: Geneva Association customer survey, powered by Kantar

4.7 Awareness and usage of specific insurance products

Insurance awareness and uptake are shaped by an interplay of behavioural and structural determinants. A prominent behavioural influence is the availability heuristic, whereby individuals display heightened awareness of and demand for insurance products associated with life events that are frequently encountered or emotionally salient.[57] Products covering health risks, mortality, or motor accidents are top of mind for survey participants due to the vividness of the underlying events. As a result, insurance offerings such as health, (term) life, and motor insurance are more likely to be perceived as necessary and adopted (see Figures 8 and 9).

People are more aware of products associated with frequently encountered or emotionally salient life events, such as those covering health risks, mortality, or motor accidents.

Structural factors, particularly policy and regulatory frameworks, play an important complementary role in shaping both awareness and usage. For instance, the existence of state-mandated or employer-sponsored health insurance schemes enhances familiarity with and access to formal insurance mechanisms.

While high awareness correlates with higher usage in essential or mandated products, the gap between familiarity and adoption remains substantial in complex or discretionary products (e.g. disability and savings-type life insurance). The relatively low uptake of such insurance instruments, especially in Morocco and Türkiye (see Figure 9), highlights factors such as limited financial literacy, absence of tailored educational initiatives, cultural and religious considerations, and liquidity constraints that hinder households from committing to long-term financial products.[58] Moreover, behavioural factors such as present bias lead individuals to excessively discount future benefits, making products with deferred or abstract payoffs less attractive.[59] All in all, the survey suggests major protection gaps in critical areas such as property, disability, and longevity risks.

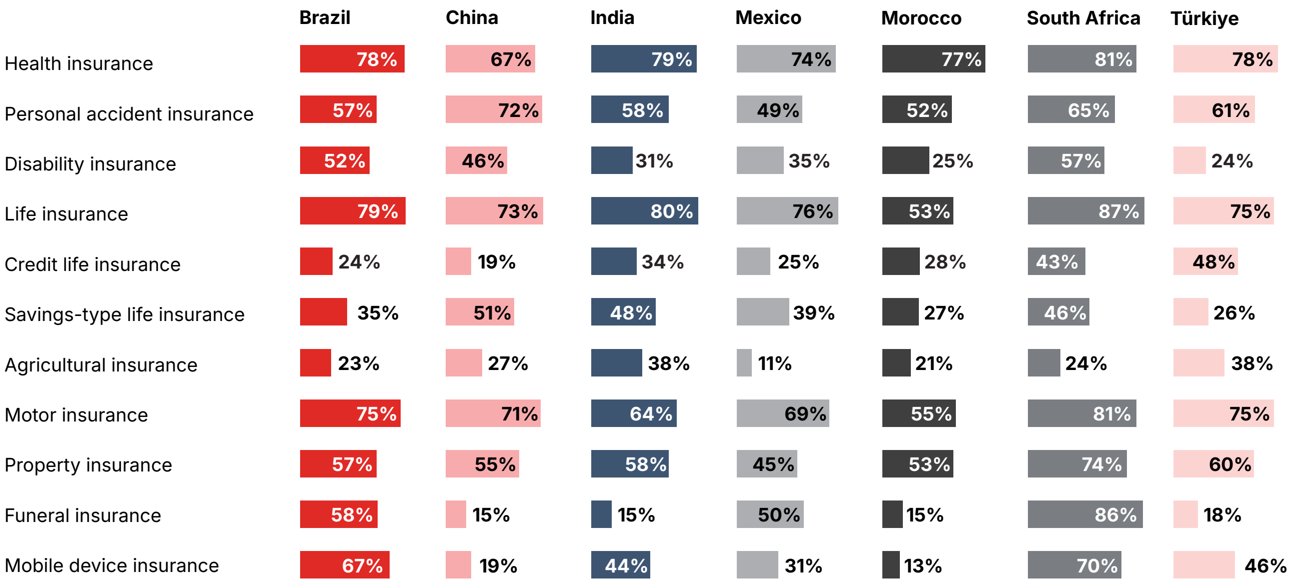
Brazil and South Africa exhibit unusually high awareness and uptake of niche products such as mobile-device and funeral insurance, respectively. In Brazil, this pattern is driven by widespread smartphone penetration and distribution models that bundle insurance coverage with telecommunications services.[60] Conversely, in South Africa, uptake of funeral insurance is exceptionally high, reflecting the cultural significance of funerals. The high premium placed on dignified burial ceremonies has entrenched funeral insurance as a socially important financial tool. Decades of microinsurance initiatives, often channeled through funeral parlours and community-based agents and supported by conducive regulatory frameworks, have institutionalised its usage.[61]

57 Pitthan and De Witte 2021.
58 Ericson and Sydnor 2018.
59 Geneva Association 2020.
60 6WResearch 2025.
61 Paek 2019; South African Reserve Bank 2011.

Funeral insurance in South Africa illustrates what could be achieved for protection gaps more broadly when cultural factors, distribution mechanisms, product relevance, and regulatory frameworks align.

FIGURE 8: FAMILIARITY WITH INSURANCE PRODUCTS

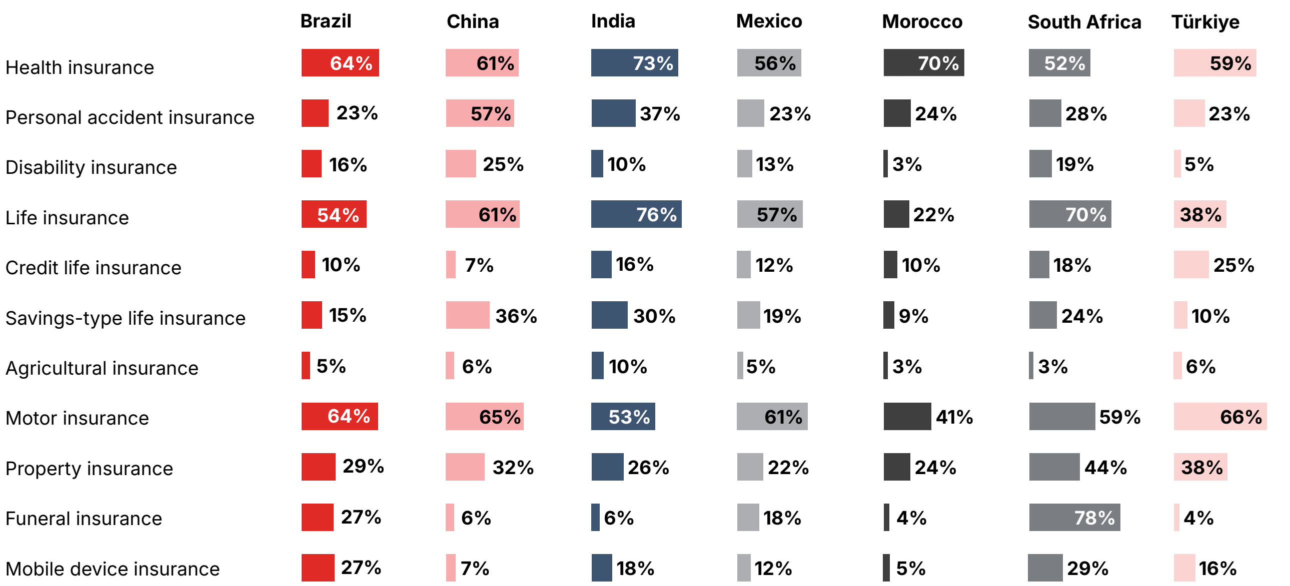
Which of the following insurance products have you heard of?



Source: Geneva Association customer survey, powered by Kantar

FIGURE 9: INSURANCE OWNERSHIP

Which of the following insurance products, if any, do you currently have?



Source: Geneva Association customer survey, powered by Kantar

4.8 Reasons for non-ownership of insurance

Figure 10 delves into the reasons behind non-ownership of insurance products among respondents who currently lack any form of coverage. In the case of health and (term) life insurance, affordability stands out as the dominant obstacle. This finding is consistent in all surveyed countries except China, the wealthiest nation in the sample, where knowledge and prioritisation are more frequently cited as the key barriers. This suggests that in more economically developed markets, cognitive constraints may (begin to) outweigh purely financial ones.

Affordability is the main obstacle to owning health and term life insurance in emerging economies.

The perceived irrelevance of motor insurance in most countries likely stems from limited private vehicle ownership and the prevalence of informal or public transport options. Similarly, the relatively low uptake of funeral, mobile device, and disability insurance appears to reflect deeper cultural and behavioural factors. Respondents may not prioritise these products due to optimism bias, i.e. the belief that negative events are unlikely to happen to them,[62] due to cultural discomfort in planning for death and incapacity or the perceived immateriality of losses affecting mobile devices.

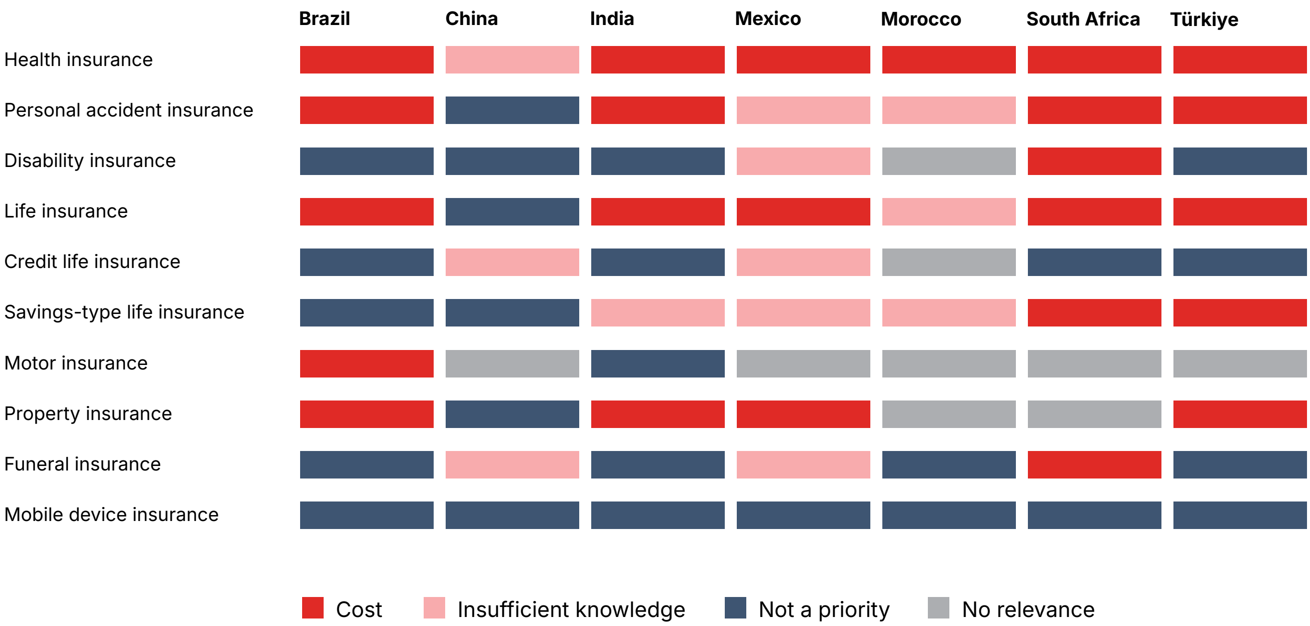
When it comes to savings-oriented life insurance, knowledge gaps again emerge as a primary hindrance. This may signal the need for product simplification and improved transparency alongside broader financial education efforts. Such findings align with the notion that even where products are physically available, uptake is still constrained by limited understanding and a lack of prioritisation.[63]

In summary, the results suggest that the most pressing barriers to insurance ownership are economic (unaffordability), cognitive (lack of knowledge) and behavioural (incompatible priorities), implying that future commercial, policy, or regulatory interventions should focus on affordability, education, and behavioural change.

Knowledge gaps are the primary hindrance when it comes to savings-oriented life insurance.

FIGURE 10: REASONS FOR NOT OWNING INSURANCE

What is the most important reason for not owning the following products?



Source: Geneva Association customer survey, powered by Kantar

62 Dicks et al. 2024.
63 Wang et al. 2021.

5 Success factors of insurance inclusion: An integrated perspective

Success factors of insurance inclusion: An integrated perspective

Inclusive insurance requires a holistic approach that successfully integrates commercial, policy, and regulatory dimensions.

This section builds on the preceding analysis of financial inclusion as a driver of economic development, the unique role that insurance plays in expanding the financial frontier to underserved populations, and the new comparative, survey-based data presented and discussed in the previous section. Combined with invaluable insights from about 30 executive and expert interviews, these findings establish the foundation for identifying and examining key success factors that enable inclusive insurance to scale in emerging markets.

An integrated approach to key success factors for inclusive insurance is essential due to the complex interplay between commercial sustainability, public policy objectives, and regulatory oversight. Traditional analyses often treat these domains in isolation, overlooking how their trade-offs and complementarities shape market outcomes. This holistic methodology recognises that commercial strategies are strongly influenced by policy and regulatory incentives and constraints, just as policy effectiveness depends on private-sector engagement and regulatory capacity.

For instance, a health insurance product targeting informal workers may only succeed if it aligns commercial aspects (e.g. affordable premiums and scalable distribution), public-policy goals (e.g. universal health coverage) and regulatory enablers (e.g. simplified licensing and digital claims processes). Also, without public premium subsidies for low-income households, insurers may face limited demand. Likewise, the product is unlikely to scale if regulatory frameworks do not accommodate mobile enrolment or recognise group health schemes linked to informal worker associations.

"Inclusive insurance is a cornerstone of financial resilience, especially for underserved populations and micro, small, and medium enterprises that make up the backbone of many economies. To unlock its full potential, we must elevate insurance from the margins of financial inclusion to the heart of risk management. This requires risk literacy, risk reduction, innovative products, enabling regulation, and a shift in narrative – from access to positive impact. As climate, nature, and economic risks intensify, inclusive insurance is essential for a just transition to resilient and sustainable communities and economies."

Butch Bacani, United Nations Environment Programme

5.1. Commercial success factors

The expansion of inclusive insurance in emerging markets depends on a set of insurer-driven success factors (see Table 2). Across all these factors, long-term commercial viability is a foundational prerequisite for inclusive insurance that can scale, endure, and deliver meaningful social impact.[64]

5.1.1 Product-market fit

Viable inclusive insurance products in emerging markets necessitate a deliberate departure from simply offering existing products to different customer segments. Instead, products must be purpose built to meet the distinctive preferences, constraints, and behavioral patterns of low-income and other underserved segments. The SUAVE framework, which emphasises simplicity, understandability, accessibility, value, and efficiency, provides a normative blueprint for inclusive insurance product architecture, grounded in both behavioural economics and operational feasibility.[65]

64 See Wattez-Richard 2024 for a comprehensive analysis.
65 Milliman 2012. See also section 4.8 of this report for relevant findings from the customer survey.

Inclusive insurance demands purpose-built products tailored to underserved segments that are simple, easy to understand, accessible, good value, and efficient.

Simplicity involves minimising contractual and procedural complexity. Policy terms should be intuitive, exclusions limited, and claims processes streamlined, often relying on basic documentation such as photographic evidence to reduce transaction costs and cognitive burden. This mitigates barriers associated with limited financial literacy and enhances the likelihood of sustained engagement.

Understandability pertains to the use of standardised, jargon-free language across all customer-facing materials. It supports transparency, improves customer comprehension even in the face of knowledge gaps, and strengthens the capacity of distribution agents to communicate value propositions clearly. This is particularly salient in emerging market contexts, where formal insurance is novel and trust remains nascent.

Accessibility encompasses both geographic and technological dimensions. Products must be transactable via low-friction digital channels, e.g. mobile money, e-signatures, and remote onboarding, thereby reducing the need for physical infrastructure.[66]

Value is defined by actuarial fairness and contextual relevance. Premiums must reflect customers' risk profiles and payment capacities, while offering sufficient coverage and flexibility. Practitioners interviewed for this research suggest target loss ratios between 60% and 80% to ensure customer benefit without undermining commercial sustainability. Bundled products can also reduce cumulative premiums while covering multiple risks.[67]

Efficiency relates to operational scalability and responsiveness. Leveraging InsurTech, e.g. automated underwriting, digital claims assessment, and client analytics, can not only enhance cost effectiveness and affordability but also service quality.[68]

Parametric insurance exemplifies a product innovation that aligns with the SUAVE framework for inclusive insurance. Its simplicity derives from the use of clear, objective triggers (e.g. rainfall indices), which eliminate the need for complex claims assessments. The model's design enhances understandability, as customers can more readily comprehend trigger-based payouts compared to traditional loss evaluations, particularly when linked to locally relevant risks such as drought or flooding. Parametric insurance also improves accessibility by effectively reaching underserved populations, including smallholder farmers and informal workers, often through mobile or digital delivery channels. Furthermore, it offers significant value by providing prompt liquidity following adverse events, thereby mitigating poverty risk and facilitating faster recovery. Finally, the model's efficiency is demonstrated through expedited, automatic disbursements that reduce administrative costs and delays, ultimately fostering greater trust and long-term sustainability.[69]

"In Brazil, insurance remains undervalued, inaccessible, and unaffordable for much of the population due to low financial literacy and product complexity. To address this, the sector must prioritise simplified products and leverage mobile technology, amongst other actions. I strongly believe that insurance is not merely a financial product but a critical mechanism for protecting households from economic shocks, supporting health and education outcomes, and enhancing resilience to climate-related risks. Expanding access to inclusive insurance is essential for fostering long-term social and economic stability."

Vinicius Marinho da Cruz, Bradesco Seguros

"Success in inclusive insurance hinges on offering simple, relevant, and affordable products. An example from China is ZhongAn's 'million-dollar medical insurance', a high-deductible, high-coverage insurance plan for critical illnesses starting from USD 20 annual premiums for around USD 1 million coverage. It complements China's basic public healthcare, covering critical illnesses like cancer that the public system may not fully cover. Another example from Malaysia is Grab's daily e-hailing insurance. The ride-sharing platform developed daily commercial motor insurance, allowing part-time drivers to comply with government insurance mandates affordably and flexibly, increasing both compliance and inclusion."

Christoph Krieg, Peak3

66 Significant progress has been achieved in that regard (see Figure 7).
67 Society of Actuaries (SOA) 2023.
68 Ibid. Also see Box 3 of this report for a case study on China.
69 Generali and United Nations Development Program (UNDP) 2024. However, following several years of experience with parametric insurance, challenges remain, e.g. its reliance on strong public-sector support and subsidies, as well as difficulties for policyholders to understand some of the index or trigger events.

5.1.2 Distribution efficiency

To reach low-income, remote, and underserved populations with inclusive insurance, distribution models need to be rethought. Traditional channels, reliant on broker networks and agency-based sales, face limits in markets characterised by limited insurance awareness, infrastructural constraints, and high transaction costs. In this context, innovative, partnership-driven, and digitally enabled distribution strategies have emerged as critical determinants of market penetration and cost efficiency.[70]

Moving beyond traditional channels is vital to expand access, reduce costs, and deepen insurance inclusion.

A growing body of empirical evidence supports the efficacy of multi-sectoral affinity partnerships with mobile network operators, microfinance institutions, cooperatives, retailers, community-based organisations, and post offices in achieving scale and trust simultaneously.[71] These actors offer pre-existing customer bases, infrastructural reach and, in many cases, established reputational capital, all of which reduce acquisition costs and mitigate informational asymmetries. Mobile platforms are particularly salient, which facilitate digital onboarding, micro-premium collection (often via airtime deductions) and expedited claims settlement through mobile money. This well-established infrastructure is pivotal in overcoming geographic and economic barriers to insurance access.[72]

Embedded insurance models represent another frontier innovation in inclusive insurance distribution. By integrating coverage into existing customer transactions, such as telecommunications services, digital lending, e-commerce, ridesharing, or airline bookings, insurers can align product offerings with real-time customer behaviour. This contextual and point-of-sale-driven approach reduces friction in the purchasing process, increases uptake through default inclusion, and allows for dynamic product customisation based on transaction data.[73]

Bancassurance remains an important complementary channel in regions such as Latin America. Banks' trusted status and access to customer data enable targeted cross-selling, particularly when supported by appropriate regulatory frameworks. The deployment of localised agent networks through bank outlets, trained in culturally resonant communication and equipped with mobile technologies, is essential for last-mile delivery.[74]

These hybrid models, which combine digital efficiency with human interaction, are particularly effective in low-literacy or low-trust environments. An integrated, omnichannel distribution architecture that balances scale, personalisation, and trust is therefore a structural necessity for the expansion of inclusive insurance in emerging markets (see Box 2 for a case study on South Africa).

> *"Inclusive insurance in Brazil thrives when affordability, simplicity, and trust come together. Success depends on offering cost-effective products, intuitive design, and building partnerships across industries – fintechs, retailers, or any business that connects with these consumers – to reach underserved segments. Bundling insurance with services like telemedicine increases perceived value, while clear, transparent offerings help build trust. Financial education and culturally aware engagement are key, as many Brazilians don't actively seek insurance. By embedding insurance into everyday digital experiences, insurers can create both social impact and commercial sustainability."*
>
> **Luciana Amano, Prudential Financial**

5.1.3 Customer trust

Customer trust is a foundational prerequisite for the effectiveness and sustainability of inclusive insurance, particularly in emerging markets, where significant portions of the population remain unacquainted with formal risk-transfer mechanisms (e.g. this applies to Morocco, see Figure 3). Trust is an enabler that directly influences both the initial uptake and continued engagement of low-income and underserved segments with insurance products.[75]

The principal determinant of trust is the integrity of claims management. A 'claims-first' approach, which prioritises the efficient, timely, and equitable settlement of claims, is insurers' primary reputational asset, especially in the context of inclusive insurance. In the face of informational asymmetries and institutional unfamiliarity, any delays, rejections, or procedural opacity in claims handling can undermine customer confidence and trigger adverse selection or attrition effects.[76]

70 RGA 2020.
71 AXA and Universal Postal Union (UPU) 2025.
72 Institute of International Finance (IIF) and Center for Financial Inclusion 2018; Microinsurance Network and Munich Re Foundation 2016.
73 Deloitte and IIF 2023; Open and Embedded Insurance Observatory 2024. See also Box 1 of this report for an example of embedding insurance protection into micro loans.
74 McKinsey 2025.
75 Geneva Association 2019.
76 ILO 2014b.

A 'claims-first' approach by insurers builds credibility, fosters retention, and strengthens long-term customer confidence.

Equally important are product intelligibility and contextual relevance. Trust is eroded when policy terms are excessively complex, opaque, or perceived as misaligned with customer needs. By contrast, simplified product architecture, transparent conditions, and culturally salient offerings, such as low-cost funeral insurance in South Africa or usage-based vehicle insurance in Southeast Asia, enhance perceived value and trust in insurers and their offerings.[77]

Trust intermediated through proximate, affinity distribution networks, i.e. organisations that have a pre-existing relationship with a pool of potential customers, further amplifies the adoption of insurance. Peer-based models that leverage local actors, such as microfinance agents or community leaders, can outperform digital channels in low-literacy settings by mitigating skepticism and increasing persistence.[78]

5.1.4 Data-driven innovation

In emerging economies, AI and digital technology are essential for developing efficient, scalable insurance models that can reach underserved populations. Advanced analytics and machine-learning technologies, for example, play a pivotal role, particularly in affinity-based partnership models where insurers can benefit from their partners' pre-existing relationship with potential customers. These tools enable more granular risk assessment and segmentation by analysing diverse data sources such as behavioural patterns and transaction histories. This allows insurers to develop more accurate, personalised pricing strategies, which are especially critical in emerging economies where traditional data may be limited or unreliable. AI also enhances product design, fraud detection, and claims automation, making insurance not only more precise but also more accessible and affordable for underserved populations.[79] More specifically:

AI and digital technologies can transform inclusive insurance by driving scalability, affordability, and access in emerging markets.

- To address infrastructure challenges, insurers are increasingly adopting **mobile applications and cloud platforms** to achieve operational efficiency. These technologies streamline key processes such as policy issuance, premium collection, and claims management. Mobile apps enhance customer engagement through user-friendly interfaces, while cloud platforms offer scalable, secure, and real-time data solutions. Together, they reduce costs and support the delivery of faster and more responsive insurance services.[80]

- **Real-time data** collected from satellite imagery and Internet of Things (IoT) sensors enables the development of parametric, index-based insurance products, for example. These technologies support automated trigger mechanisms, significantly reducing the need for manual claims verification. As a result, insurers can provide faster, more transparent and efficient payouts to policyholders (see section 5.1.1).

- **Alternative data sources**, such as transactional data, which users have consented to share (e.g. related to e-commerce and ride-hailing), significantly enhance the accuracy of risk assessment, especially for individuals who lack traditional employment records or credit histories.[81]

"In an evolving landscape where the boundaries between finance, healthcare, and ageing services are increasingly blurred, leading organisations are rethinking how to deliver value through integrated, technology-enabled models. Ping An has adopted a strategy, enabled by AI and big data, that aligns financial services with health and senior care to address some of society's most pressing challenges. The integration of health and elder care services reflects a forward-looking approach to preventive health and ageing with dignity. This model points to a future where insurance is not merely a safety net but a proactive enabler of well-being."

Richard Sheng, Ping An

77 Berg 2018; Shankar 2019.
78 Nzowa et al. 2023.
79 Consultative Group to Assist the Poor (CGAP) 2024.
80 World Bank 2018b.
81 PwC, Institute of Actuaries of India, and India Insurtech Association 2024.

TABLE 2: COMMERCIAL SUCCESS FACTORS FOR INCLUSIVE INSURANCE IN EMERGING ECONOMIES

Product-market fit	Distribution efficiency	Customer trust	Data-driven innovation
Simplicity	Digital enablement	Claims management	Artificial intelligence
Understandability	Affinity partnerships	Product intelligibility	Mobile applications
Accessibility	Embedded models	Contextual relevance	Cloud platforms
Value	Bancassurance	Affinity distribution	Real-time data collection
Efficiency	Omnichannel		Alternative data sources

Source: Geneva Association

Box 1: Reducing protection gaps through embedded and bundled insurance – The importance of strategic partnerships in empowering Colombia's microentrepreneurs and their families

Colombia's microenterprise sector presents a paradox: while it contributes 40% of GDP[82] and 79% of employment,[83] these businesses operate with minimal financial protection. With insurance penetration (premiums as a share of GDP) at just 3.42% nationally[84] and modest-income segments representing 65% of the population, the insurance protection gap threatens both individual livelihoods and economic stability. Average microcredit loans amount to EUR 1,312 in Colombia and most borrowers lack safety nets against life's uncertainties.[85]

Colombia's regulatory framework has progressively enabled innovative distribution models. In 2010, credit institutions were allowed to massively distribute insurance products through bancassurance models.[86] In 2012, local regulation addressed microinsurance by collecting dating points and best practices from insurers and establishing simplified guidelines for products targeting low-income segments.[87] These regulatory advances created space for partnerships between insurers and microfinance institutions to bundle protection with credit, transforming insurance from an isolated product into an integrated financial solution.

Collaboration between a local microfinance institution serving 700 municipalities, Banco Mundo Mujer, and insurer AXA COLPATRIA, launched in 2021, is a good illustration of how embedded insurance can achieve sustainable impact at scale. Today, Banco Mundo Mujer in partnership with AXA EssentiALL, AXA's inclusive insurance unit, provides insurance solutions to over 600,000 micro and small business owners – mainly women – who rely on loans to grow their companies.

As part of their strategic partnership, both organisations were determined to increase value for their clients and co-create solutions that address specific needs of microentrepreneurs. This led to bundling different coverage and additional services through an insurance product linked to loans, covering risks like accidental death and disability but also providing a lump sum in case of critical illness and proposing ambulance and telephone medical assistance. This was integrated into the loan origination process. The bundling strategy serves multiple purposes – it reduces acquisition costs through existing touchpoints, builds insurance understanding through trusted relationships, and creates comprehensive financial solutions rather than standalone products.

It is also important for financial institutions and insurers to build a portfolio of supplementary voluntary solutions, offered to customers through their loan officers. Through such products, additional services can be offered, increasing trust and building a culture of insurance ownership. Banco Mundo Mujer offers, for example, voluntary protection for co-debtors that microentrepreneurs can offer to their family or business partners to ensure broader household protection.

The evolution from basic credit life insurance (covering premature death only) to comprehensive bundles – including shop inventory protection and health coverage for family members and/or informal employees – shows how embedded finance can progressively deepen inclusion. As digital infrastructure expands and regulatory frameworks mature, partnerships between insurers and alternative

82 BBVA Research 2024.
83 Ibid.
84 Fasecolda 2025.
85 Superintendencia Financiera de Colombia 2022.
86 Función Pública Colombia 2010.
87 Banca de las Oportunidades 2024.

distribution channels offer another sustainable path to closing protection gaps.

Impact studies reveal that most customers (over 65% of microborrowers) are being insured for the first time. Strong customer satisfaction (74%) validates the bundled approach,[88] while the partnership's expansion to over 600,000 microenterprises within three years demonstrates scalability. The extent to which it addresses vulnerability is stark: 80% of customers report they would not have the ability to manage unexpected expenses without insurance.

The Colombian model is commercially sustainable, since leveraging microfinance infrastructure helps reduce distribution costs and bundling with loans ensures smoother premium collection and high retention rates. The model also demonstrates that meaningful financial inclusion requires solutions designed for underserved segments, delivered through trusted channels, and supported by enabling regulation. By transforming insurance from an abstract concept into tangible protection embedded in familiar financial relationships, strategic partnerships can create both commercial success and lasting social impact.

Source: AXA

Box 2: The path to financial inclusion in South Africa – How legislation and technology have enabled broader access

When South Africa transitioned to democracy in 1994, it inherited a deeply unequal society. Decades of apartheid had left the majority of black South Africans significantly poorer than their white counterparts, with average monthly household incomes of USD 330 versus USD 1,595, respectively.[89] Access to education, particularly financial education, was also limited, and very few had experience with formal financial systems. At the time, 54% of the population was unbanked and only 38% had basic cover like funeral insurance.[90]

Recognising the urgency of economic empowerment, the new government moved quickly to reshape the financial sector. Early reforms included the Long-Term and Short-Term Insurance Acts of 1998,[91] followed by the Financial Advisory and Intermediary Services Act and the Collective Investment Schemes Control Act.[92] These established regulatory oversight, protected customers, and set minimum conduct standards – crucial in a market where many had little exposure to financial products and were vulnerable to exploitation.

A more comprehensive model came in 2017 with the Financial Sector Regulation Act, commonly referred to as the 'Twin Peaks' model.[93] It split regulatory responsibility between the Prudential Authority for financial soundness and the Financial Sector Conduct Authority for market conduct, reinforcing the system's stability and focus on fair customer treatment.

Despite these gains, policymakers soon realised that access alone was not enough. Without trust or understanding, customers did not meaningfully engage with financial products. This insight shifted regulatory focus toward improving financial literacy and ensuring fair treatment as pillars of inclusion.

By 2023, 84% of adults in South Africa were banked.[94] Yet, access to and usage of more advanced financial tools remained limited. Only 33% used formal savings products, with many preferring informal mechanisms such as *stokvels* – community savings groups that offer short-term support but lack long-term wealth-building potential.[95] The gap was even wider in insurance and investments: just 12% contributed to retirement funds or annuities.[96]

While low income is a clear barrier, lack of trust and financial understanding also play a major role in this underutilisation. Many consumers are unfamiliar with or intimidated by the financial system, and even those who are banked often only engage with it on a transactional level.

Bridging this knowledge and trust gap requires more than policy. It demands accessible, personalised financial guidance. Historically, providing holistic advice required highly skilled advisors, whose services were unaffordable and inaccessible to the mass market.

Sanlam's Retail Mass division addressed this issue by developing iManagePro, a technology platform designed to support an omnichannel approach.

88 From an AXA and Banco Mundo Mujer client survey conducted in December 2024.
89 Leibbrandt and Levinsohn 2011.
90 Center for Financial Inclusion 2025.
91 South African Government 1998.
92 South African Government 2002.
93 MOORE South Africa 2018.
94 Center for Financial Inclusion 2025.
95 FinMark Trust 2024.
96 Ibid. Also see Figures 4 and 9 of this report.

The system helps provide mass-market clients with access to structured financial advice, previously more common among higher-income groups, by simplifying and standardising the advisory process.

While much work remains to overcome the long-standing effects of economic exclusion, South Africa's experience shows that meaningful progress is possible. Progressive legislation, supported by innovative technology, can expand access, build trust, and equip individuals, including the unserved and underserved, with the tools to achieve financial well-being.

Source: Contributed by Bongani Madikiza, Sanlam Retail Mass

5.2 Public-policy success factors

Inclusive insurance development in emerging economies hinges on a multifaceted public-policy approach that integrates strategic policy alignment, fiscal support, public demand creation, and digital public infrastructure (see Figure 11). Together, these interlinked dimensions form the public-policy foundation for insurance markets that contribute to financial inclusion.

5.2.1 Strategic policy alignment

A foundational determinant of inclusive insurance development in emerging economies is the deliberate integration of insurance within national development and financial inclusion agendas. When insurance aligns with core policy objectives, such as poverty reduction, agricultural productivity, health improvement, and climate resilience, governments tend to provide essential leadership, legitimacy and resource allocation that catalyse market growth. As detailed in Table 3, major emerging countries embed insurance within their national financial inclusion strategies, recognising its critical role in advancing socioeconomic policy goals.[97]

Embedding insurance in national development and financial inclusion strategies drives inclusive growth and catalyses socioeconomic resilience.

Strategic alignment also requires coordinated governance, institutional collaboration and monitoring relevant metrics. Effective integration demands close cooperation between insurance regulators and ministries of agriculture, health, telecommunications, and finance, for example, to design comprehensive, client-centric solutions. Multi-stakeholder bodies, such as financial inclusion councils that include central banks, finance ministries, and insurance supervisors, play a pivotal role in steering and monitoring collective action.

"Türkiye presents a unique case in the landscape of inclusive insurance due to its transitional status between a developing and developed market. This duality brings both opportunities and challenges for expanding insurance penetration, especially for low- and middle-income populations. Inclusive insurance – products designed to protect vulnerable groups from financial shocks – has a critical role in Türkiye's financial inclusion agenda, particularly given the country's susceptibility to natural disasters, economic volatility, and regional income disparities."

Elif Horasan, AKSigorta

"A cornerstone of Morocco's national financial inclusion strategy is alignment between public policy goals and private-sector capabilities. Authorities have positioned inclusive insurance as a natural extension of major public programmes. An example is the rollout of Universal Health Coverage, which has been spearheaded at the highest levels of government. Although public in nature, the private sector is expected to play an important complementary role through supplemental coverage offerings. This integration of insurance with social policy fosters relevance and increases adoption among low-income and underserved groups. In a further step to broaden access, Morocco has also opened the distribution of microinsurance products to payment institutions, leveraging their wide geographic coverage and close proximity to unbanked populations to extend the reach of inclusive insurance."

Salma Berrada Souni, Supervisory Authority of Insurance and Social Welfare, Morocco

97 Table 3 covers the countries included in our customer survey, except for Türkiye for which there is no comparable document available.

TABLE 3: THE ROLE OF INSURANCE IN NATIONAL FINANCIAL INCLUSION STRATEGIES

Country	Insurance as a strategic pillar	Target populations	Insurance product innovation	Delivery channels	Regulatory and institutional support	Digital financial infrastructure	Financial literacy & consumer empowerment	Monitoring & evaluation mechanisms
Brazil	Not prominently featured	Low-income populations, youths, small businesses, rural residents	No specific insurance references	Digital channels, fintechs, instant payment systems, government programmes	Central bank as the main coordinator	Instant payment system (Pix) created by the Central Bank	Incorporation of financial education into school curricula, complaint mechanisms	Periodic evaluation of several indicators, monitoring of specific programme impacts
China	Covered in a dedicated section	Small businesses, rural households, women, elderly, youths, disabled	Index-based insurance, digital underwriting and claims	Local and national banks, consumer finance firms, mobile channels, online platforms	Guidance by the State Council, high-level involvement of 31 government agencies	Periodic evaluation of several indicators, monitoring of specific programme impacts	Targeted training for groups (e.g. farmers, the elderly), complaint mechanisms	High-level oversight by 31 government agencies
India	Recognised as a core component	Low-income and rural households, small businesses, women, youths	Digital platforms and identity verification	Community agents, rural service centres, mobile platforms, bancassurance	Central bank leadership and multi-regulator coordination, innovation sandboxes	National digital ID-linked accounts and access to services such as mobile banking	Community training centres, school modules, grievance redressal	Periodic evaluation of specific access, usage, and service quality parameters
Mexico	Recognised as an essential component	Rural populations, women, elderly, migrants, small businesses	Use of digital channels and biometrics	Digital channels, government programmes, non-traditional outlets in rural areas	National Financial Inclusion Council (includes Ministry of Finance, central bank, and regulators)	Biometric databases, interoperable digital payment systems	Incorporation of financial education into school curricula	Periodic evaluation of several indicators, regular reporting
Morocco	Recognised as a separate 'lever'	Low-income households, rural residents, women, youths, informal workers, small businesses	Insurance bundled with other services (such as mobile banking, microcredit)	Mobile payment systems, digital distribution, existing channels (agents, banks, microfinance networks, retailers)	National Council chaired by the Minister of Economy and Finance; Strategic Committee chaired by the Central Bank Governor	Mobile payments, with interoperability between banks and telcos	Community training centres, school modules, grievance redressal	Periodic evaluation of specific access, usage, and service quality parameters
South Africa	Recognised as a key pillar and priority	Low-income households, small businesses, informal workers, women, youths, migrants	Index-based insurance	Mobile and online services, retailers, post offices, informal sector networks	Intra-governmental coordination by the National Treasury	Mobile network operators, digital ID, interoperable digital payment systems	Tailored and tech-enabled education campaigns, public awareness initiatives	Evaluation included, though tools and metrics unspecified

Source: Geneva Association, based on data from various sources[98]

98 Reserve Bank of India 2020; State Council of China 2023; National Treasury Republic of South Africa 2023; Bank Al-Maghrib 2019; Banco Central Do Brasil 2021; Government of Mexico 2020.

5.2.2 Fiscal support

Fiscal incentives play a pivotal role in addressing affordability and availability barriers that commonly hinder the expansion of insurance markets in emerging economies. By reducing the cost burden on both insurers and insured individuals, targeted (and time-limited) subsidies, tax incentives, backstops, and direct public funding[99] mechanisms enable insurance providers to extend coverage to economically vulnerable populations who would otherwise remain excluded due to prohibitive premium costs. Examples of such fiscal interventions are agricultural insurance and health insurance.

Fiscal incentives like subsidies and tax breaks are crucial to expanding inclusive insurance, reducing premium costs, and extending coverage to vulnerable, low-income populations.

In the agricultural sector, premium subsidies have been instrumental in catalysing market growth and increasing the uptake of crop insurance. A salient example is China's 2007 implementation of a comprehensive premium subsidy policy, which led to a dramatic expansion of its crop insurance market. This policy not only enhanced farmers' access to risk protection but also positioned China as the world's largest agricultural insurance market by 2024, with total premiums surpassing USD 20 billion.[100] Concurrently, China has promoted the development of voluntary health insurance through tax-deductible contributions to private health plans and regulatory frameworks that encourage private insurers to complement the public healthcare system.[101]

Similarly, India has initiated large-scale government-backed and heavily subsidised voluntary insurance schemes, notably PMJAY. This programme provides comprehensive health insurance coverage of about USD 6,000 per family for hospitalisation and currently benefits nearly 550 million people. These fiscal incentives reflect a broader strategy to leverage public resources to stimulate insurance market growth, enhance financial inclusion and improve social protection outcomes in emerging economies (see Box 4 for a case study on India).

5.2.3 Public-demand creation

Insurance uptake is fundamentally influenced by customer awareness, comprehension, and trust (section 4.7 for relevant findings from the customer survey). In the absence of adequate insurance literacy and confidence in insurance products, even well-structured markets and policy frameworks struggle to yield significant scale. In many emerging economies, persistently low demand for insurance is frequently attributed to limited understanding of insurance principles and benefits among low-income populations. Stimulating public demand therefore necessitates the implementation of comprehensive financial education initiatives[102] and targeted awareness campaigns in addition to robust customer-protection mechanisms.[103]

These interventions are most effective when embedded within a framework of multi-stakeholder collaboration involving regulatory authorities, insurance providers, customer-advocacy organisations and educational institutions. Collaborative initiatives include the technology-enabled integration of insurance education into formal school curricula, the organisation of community-based workshops, and strategic engagement with media platforms to enhance public trust in insurance products.[104]

Financial education, targeted awareness campaigns, and strong consumer protection are needed to expand insurance uptake.

A more direct public-sector mechanism for creating demand is the implementation of mandatory insurance schemes. These can strengthen risk pooling, extend coverage to otherwise excluded groups, and contribute to the stabilisation of credit markets by protecting lenders and borrowers from shocks. By ensuring broader participation, mandatory insurance can also mitigate adverse selection (i.e. higher-risk individuals being more likely to purchase coverage while lower-risk individuals opt out) and enhance financial resilience at both the household and macro levels. Nevertheless, these schemes also face significant challenges, including moral hazard (i.e. the tendency for individuals to take on higher risks or exercise less care in the presence of coverage) and affordability concerns, which may disproportionately burden low-income groups.[105]

99 G7 Italia 2024.
100 Liu Lang 2025; World Bank 2020.
101 Jiang and Ni 2020. See also Box 3 of this report for a case study on China.
102 Wang et al. 2021. Empirical evidence supports the conclusion that sustained efforts in financial education are associated with measurable improvements in insurance adoption rates.
103 Geneva Association 2022. Customer protection mechanisms also include appropriate information disclosure requirements and the establishment of accessible ombudsman services to uphold policyholder rights (International Association of Insurance Supervisors (IAIS) 2015).
104 Menberu 2024, Table 2.
105 Chen and Chen 2013.

5.2.4 Digital public infrastructure

Robust digital public infrastructure is indispensable for scaling inclusive insurance. This includes technological infrastructure such as digital identification systems and mobile networks, as well as complementary public systems like meteorological stations. Investments in such infrastructure reduce operational costs, broaden access, and facilitate the efficient delivery of inclusive insurance products.[106]

Enhanced national identification systems, when integrated with rapidly expanding mobile phone penetration, have emerged as critical enablers of inclusive insurance in emerging economies. In countries such as India and Indonesia, the establishment of robust digital identity frameworks, such as Aadhaar (India) and e-KTP and IKD (Indonesia), has facilitated remote, secure ,and near-instantaneous customer enrollment.[107] These systems leverage biometric authentication (fingerprints, iris scans, facial recognition) to verify individuals' identities with a high degree of accuracy, enabling insurers to extend services to populations previously excluded due to lack of formal documentation or geographical isolation. In rural and underserved regions, where traditional underwriting practices are operationally and financially unviable, digital-identity verification mitigates risks associated with fraud and misidentification while streamlining policy issuance and claims processing.

Digital ID systems and mobile access enable inclusive insurance by streamlining verification, reducing fraud, and expanding coverage to remote, undocumented, and underserved populations.

Moreover, the ubiquity of mobile devices and mobile money platforms have fundamentally transformed the payment and distribution landscape for inclusive insurance. Digital wallets and fintech ecosystems, such as M-Pesa in East Africa, Paytm in India, and Gojek in Indonesia, enable the seamless collection of micropremiums and the disbursement of claims without reliance on brick-and-mortar infrastructure.[108] The integration of mobile financial services with digital ID systems creates a cohesive digital public infrastructure that supports end-to-end insurance delivery, from enrollment and premium payment to claims settlement.

TABLE 4: PUBLIC-POLICY SUCCESS FACTORS FOR INCLUSIVE INSURANCE IN EMERGING ECONOMIES

Strategic policy alignment	Fiscal support	Public-demand creation	Digital public infrastructure
Aligment with national policy priorities (e.g. climate resilience)	Subsidies	Financial education initiatives	Digital identification systems
Coordinated governance and institutional collaboration	Tax incentives	Customer protection mechanisms	Mobile networks
Monitoring and evaluation mechanisms	Backstops	Mandatory schemes	Integration with fintech ecosystems

Source: Geneva Association

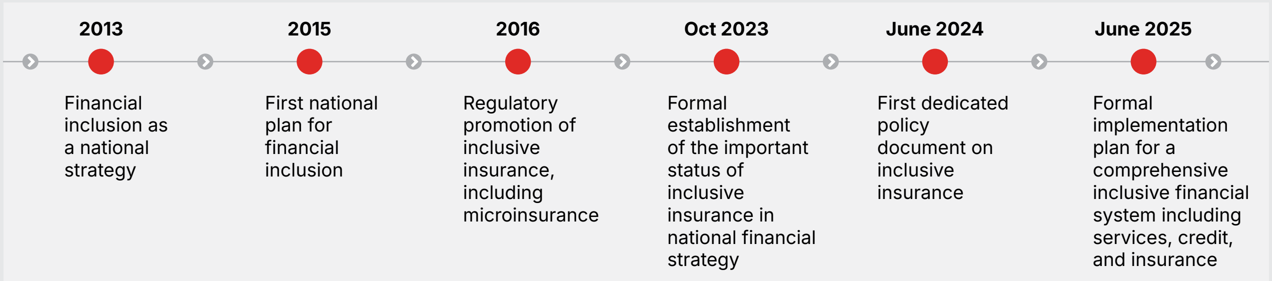
106 Digital Impact Alliance 2024.
107 IMF 2021b; Co-Develop 2024.
108 Tiwari et al. 2023.

Box 3: Inclusive insurance in China

China's financial inclusion policies have continually evolved since 2013, when the country formally adopted the development of financial inclusion as a national strategy (Figure 11). In 2015, the State Council issued the *Plan for Promoting the Development of Finance Inclusion (2016–2020)*. A year later, the former China Insurance Regulatory Commission (CIRC) stated in the *Outline of the 13th Five-Year Plan for the Development of China's Insurance Industry* that it would vigorously develop inclusive insurance, including microinsurance.

In October 2023, the State Council issued the *Implementation Opinions on Promoting the High-Quality Development of Financial Inclusion,*[109] which clarified key objectives and proposed improvements to inclusive insurance within the national financial strategy. Then, in June 2024, the National Financial Regulatory Administration (NFRA) released China's first dedicated policy document on inclusive insurance, *Guiding Opinions on Promoting High-Quality Development of Inclusive Insurance*. The document defined the focus areas and target populations for inclusive insurance over the next five years and emphasised the four principles of affordability, accessibility, availability, and sustainability, with a particular focus on digitally driven inclusive insurance. In June 2025, the NFRA and the People's Bank of China (PBoC) jointly issued the *Implementation Plan for High-Quality Development of Inclusive Finance in the Banking and Insurance Sectors,* with the objective of establishing a high-quality, comprehensive inclusive financial system over the next five years.[110]

FIGURE 11: EVOLUTION OF CHINA'S FINANCIAL INCLUSION POLICIES



Source: Chinese Academy of Financial Inclusion (CAFI) and Xing[111]

China's practical adoption of inclusive insurance dates back to 2006/07, with the official introduction of subsidised agricultural insurance. In addition, between 2008 and 2012, the former CIRC promoted micro life insurance products in rural areas and among low-income urban groups. Also, spurred by national policies, China has made significant strides in building a multi-tiered medical insurance system since 2020, exemplified by the low-cost, inclusive supplementary medical insurance plan *Huiminbao* ('Benefit the People' insurance) that complements the basic medical insurance scheme, which is mandatory for formally employed people. According to CAFI, inclusive insurance premium volume[112] reached approximately CNY 368 billion (or USD 51.5 billion) in 2023, accounting for 7.2% of total premiums. This is up from less than 4% in 2019.[113]

The rapid growth of inclusive insurance in China is driven by robust policy support and the widespread adoption of digital technology. For instance, regional *Huiminbao* programmes have established online enrollment platforms (websites, mobile apps, and WeChat mini programmes), allowing citizens to enroll with simple phone taps. Digital technologies like identity verification and electronic signatures streamline information input and confirmation, improving operational efficiency.

In addition, many regions have launched integrated digital platforms by aggregating resources from regulators, governments, and insurers to provide one-stop, diverse, multi-tiered inclusive insurance products and services.

109 State Council of China 2023.
110 National Financial Regulatory Administration and People's Bank of China 2025.
111 CAFI 2025; Xing (n.d.)
112 According to the target groups and categories published by the NFRA, this figure includes agricultural insurance, homeowner insurance, Huiminbao medical insurance, accident and life insurance for the elderly (aged 65 and above), and commercial insurance for SMEs.
113 CAFI 2025; Xing (n.d.)

The Shanghai Insurance Code, a digital platform jointly developed by the Shanghai NFRA, the Shanghai Insurance Exchange, the Shanghai Banking and Insurance Information Centre, the Shanghai Insurance Association, and a number of insurance companies, epitomises this trend. Shanghai residents can access the service via QR code, WeChat/Alipay mini-programmes, or the 'Sui Shen Ban' government app. Its six core functions address traditional pain points like fragmented information and cumbersome processes (see Figure 12).

FIGURE 12: CORE FUNCTIONS OF THE SHANGHAI INSURANCE CODE

One click for inquiry	One click for insurance	One click for claims	One click for access	One click for agencies	One click for service
Allows consumers to inquire about insurance policy information on a single platform	Provides one-click purchasing, payments, simplified underwriting, and recommendations based on real-name authentication	Integrates and supports easy claims service for 'Shanghai Huminbao' and other commercial insurance	Provides the latest information on relevant regulations and insurance knowledge	Provides access to insurance intermediaries (agencies, brokers) Not currently available	Provides access to related services like health management and household services Not currently available

Source: Shanghai Insurance Exchange, CAFI

Built on a private cloud platform complying with China's Level 3 cybersecurity standards,[114] the system prioritises data security and personal information protection. By integrating the entire insurance lifecycle from purchase to claims, the Shanghai Insurance Code enhances accessibility for vulnerable groups (the elderly, migrants from other parts of China, and low-income populations) and demonstrates the role of insurance in advancing more inclusive social and economic development.

Contributed by Li XING, Chinese Academy of Financial Inclusion

Box 4: How digital innovation fosters insurance inclusion in India

The Indian insurance market is one of the fastest-growing in the world, with total insurance premiums reaching ₹11,19,613 crore (USD 130.88 billion) from 2023–2024.[115] This strong growth has been supported by steady economic progress and rapid advances in digital technology. These developments have also contributed to the expansion of social security coverage through several government-backed and subsidised voluntary insurance schemes. According to the Ministry of Labour and Employment, around 920 million individuals are now covered by various social protection initiatives, based on voluntary premium payments.[116] Among them, Pradhan Mantri Jan Arogya Yojana (PMJAY) is the largest, offering health insurance of up to ₹5 lakh (approx. USD 5,850) per family to nearly 550 million people,[117] while Pradhan Mantri Suraksha Bima Yojana (PMSBY) provides personal accident insurance of up to ₹2 lakh (USD 2,340) to more than 500 million individuals from economically weaker segments of the population.[118] The premiums of these social security schemes are highly subsidised by the government, with the main objective of increasing insurance penetration among low-income citizens. These schemes are largely administered by government-owned insurance companies. They do so to comply with social objectives, such as creating insurance awareness and achieving insurance inclusion.

In addition to health and accident coverage, life insurance and pension schemes play a crucial role in the social protection framework. The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Jan Dhan Yojana (PMJDY) collectively cover around 780 million individuals, while the Atal Pension Yojana (APY), a government initiative aimed at providing retirement income to workers in the informal sector, has enrolled approximately 75 million beneficiaries.[119]

114 National Science Cloud 2023.
115 Insurance Regulatory and Development Authority of India (IRDAI) 2024.
116 Ministry of Labour and Employment 2025.
117 National Health Authority of India 2025.
118 Ministry of Finance 2025a.
119 Ministry of Finance 2025b.

The Life Insurance Corporation of India (LIC) has been central to advancing insurance inclusion in the country. Established in 1956, this government-owned entity holds around 60% of the country's life insurance market. It serves as the primary implementing agency for several government-backed schemes, including the PMJJBY and the APY.

The LIC has taken significant steps in using digital technology to improve insurance accessibility and agent productivity, particularly in underserved and remote regions. A major initiative in this direction is the launch of the Atma Nirbhar Agents New Business Digital Application (ANANDA) platform in 2020, designed to digitalise the policy issuance process.[120] The digital platform enables agents to onboard customers using Aadhaar, a paperless identity verification process enabled by the Indian government, ensuring secure and real-time authentication. This reduces physical barriers to entry and speeds up access to life insurance.

To further strengthen 'last-mile delivery' and final customer engagement, the LIC launched the 'One Man Office' initiative in 2025.[121] This mobile digital office equips agents with round-the-clock tools for policy sales, premium payments, loan processing, and servicing, and is integrated with the ANANDA system. It reduces dependence on branch infrastructure and enables agents to serve customers from any location, deepening insurance penetration in low-access areas.

Most recently, the LIC introduced its new NextGen Digital Platform, Digital Innovation and Value Enhancement (DIVE). This platform is a complete end-to-end digital insurance solution with integrated technological tools, designed to enhance customer services and streamline operational activities for sales intermediaries and branch employees. All digital and mobile applications, including ANANDA, are fully integrated with the DIVE system, giving intermediaries easier access to unserved or underserved populations. Most of these applications are also fully integrated with government, banking (including microfinancial institutions), and other distribution partners, and have helped the LIC to play a major role in India's path towards insurance inclusion.[122]

Source: Contributed by Steward Doss and Shalini Pathak Tiwari, National Insurance Academy (India)

5.3 Regulatory success factors

The development of inclusive insurance in emerging economies hinges on a regulatory environment that balances accessibility, innovation, customer protection, and supervisory strength. Together, these form a comprehensive approach to advancing inclusive insurance, while maintaining core prudential safeguards in rapidly evolving market contexts (see Figure 13).

5.3.1 Proportionate and adaptive regulation

Proportionate regulation is grounded in the principle of aligning regulatory requirements with the risk profile, institutional scale, and operational complexity of insurance providers and the products they offer. This approach stems from the recognition that applying uniform, full-spectrum regulatory standards, originally designed for well-capitalised, conventional insurers operating in mature markets, can inadvertently erect barriers to entry and impose excessive compliance burdens on smaller, community-based, or innovative providers that cater to low-income and other underserved populations.

For example, capital requirements or reporting obligations that are disproportionate to the actual risk exposure of microinsurers may result in either market exit or informality, thus undermining the very objectives of customer protection and financial inclusion. This is particularly salient in emerging economies, where inclusive insurance is often delivered through non-traditional actors, such as cooperatives, mobile network operators, and digital platforms whose operating models diverge substantially from the actuarial and distribution assumptions embedded in traditional regulatory frameworks.[123]

To mitigate these frictions, supervisors are increasingly called upon to adopt a risk-based and differentiated supervisory approach. This involves calibrating regulatory requirements across multiple dimensions: product type (e.g. simplified vs. comprehensive cover), distribution channel (e.g. agent-based vs. digital), and institutional form (e.g. cooperative vs. commercial insurer). For instance, supervisors may allow for streamlined licensing, reduced capital thresholds, or simplified solvency rules for providers that operate at limited scale or offer standardised, low-risk products, while avoiding incentives for regulatory arbitrage.[124]

120 Life Insurance Corporation of India 2021.
121 The Economic Times 2025.
122 Life Insurance International 2023.
123 Access to Insurance Initiative (AII) 2016.
124 Biener et al. 2013; IAIS 2012; AII 2016.

Flexible, risk-based rules reduce barriers for microinsurers and digital players while maintaining consumer protection.

5.3.2 Regulatory innovation and digital enablement

Regulatory innovation entails the deployment of experimental supervisory instruments, such as regulatory sandboxes and innovation hubs,[125] that facilitate controlled experimentation with novel insurance products, delivery mechanisms, and enabling technologies. These instruments serve a dual purpose: they mitigate regulatory uncertainty for private-sector innovators, thereby lowering market entry barriers, while simultaneously equipping supervisors with empirical evidence to better understand emerging risks and adapt regulatory frameworks accordingly.[126]

A growing number of jurisdictions have adopted enabling legal and regulatory frameworks for digital insurance channels. These frameworks allow for innovations such as electronic policy issuance, digital signatures, mobile-based claims processing, and remote customer onboarding. They are designed to strike a balance between fostering innovation and maintaining prudent regulatory oversight.[127]

Digital insurance frameworks support innovation through e-policies, digital onboarding, and mobile claims.

Innovation-enabling regulatory environments have facilitated the development and scaling of mobile-based platforms and embedded insurance (as part of another purchase), for example. These digital initiatives have proven transformative by substantially reducing transaction costs, improving operational efficiency and alleviating geographic and infrastructural barriers that traditionally constrained market reach. In parallel, adaptive regulatory frameworks have enabled the introduction and growth of parametric insurance and usage-based models,[128] which offer contextually relevant, timely, and affordable risk protection. These product innovations are especially well-suited to low-income, informal and underserved populations, thereby expanding financial inclusion.

5.3.3 Customer-centric market conduct regulation

The third regulatory success factor integrates the domains of customer protection and market conduct regulation, considering that inclusive insurance in particular relies fundamentally on customer trust, which, in turn, is predicated on fair conduct, transparency, and effective redress mechanisms.

Individuals engaging with insurance for the first time, often marked by limited financial literacy, minimal exposure to formal financial institutions, and reliance on informal risk-sharing networks, require targeted customer-protection measures to facilitate their long-term integration into formal insurance markets. This demographic is particularly susceptible to information asymmetries, product misinterpretation, and procedural complexity, which may hinder uptake and lasting engagement.

To mitigate these risks, regulatory frameworks must incorporate specific safeguards such as:

- **Simplified policy documentation** that employ plain language and are translated into local languages and dialects to enhance comprehension of coverage terms, exclusions, benefits, and claims procedures.
- **Transparent pricing structures** that include clear disclosure of premiums, fees, and benefit entitlements, to reduce the likelihood of misinformed purchasing decisions and promote informed consent.
- **Efficient and accessible claims resolution mechanisms,** characterised by minimal administrative burdens, expedited processing timelines, and the use of digital or mobile-enabled platforms.[129]

5.3.4 Institutional capacity of supervisory authorities

The effective design, implementation, and enforcement of proportionate, innovative, and customer-centric insurance regulatory frameworks depend on the institutional capacity of supervisory authorities. In particular, the ability of these entities to fulfil their mandates is shaped by a mix of organisational, technical, and financial competencies, which serve as the foundational infrastructure for sound regulatory governance. However, in emerging and developing economies, insurance supervisory agencies frequently operate under conditions of resource scarcity. These constraints manifest in limited budgets, shortages of technically skilled personnel, and deficits in data collection,

125 Regulatory sandboxes enable live market testing under modified rules whereas an innovation hub facilitates advice from and dialogue with the regulator.
126 Chatzara 2020.
127 Gromova and Ivanc 2020.
128 Parametric insurance is about what triggers the payout. Usage-based models bring innovation to how the customer's risk is measured and priced (based on real usage data). See section 5.1.1.
129 IAIS 2015 and AII 2017 offers examples from Peru and the Philippines.

management, and processing.[130] They have direct implications for the promotion of inclusive insurance markets. Without adequate supervisory capacity, there is a risk that well-intentioned regulatory innovations, such as tiered and streamlined licensing regimes, regulatory sandboxes, or index-based insurance frameworks, may either be underutilised or misapplied, potentially leading to customer harm or regulatory arbitrage. Thus, enhancing supervisory capacity is not merely an administrative concern but a prerequisite for achieving key policy objectives, such as financial and insurance inclusion.[131]

Institutional strengthening is vital for inclusive, trustworthy insurance markets in emerging economies, where resource constraints hinder oversight and innovation.

TABLE 5: REGULATORY SUCCESS FACTORS FOR INCLUSIVE INSURANCE IN EMERGING ECONOMIES

Proportionate and adaptive regulation	Regulatory innovation and digital enablement	Customer-centric conduct regulation	Institutional capacity of supervisory authorities
Alignment with risk profile, scale, and operational complexity	Regulatory sandboxes	Fairness	Organisational
Tiered licensing	Innovation hubs	Transparency	Technical
Reduced capital thresholds and simplified solvency rules	Digital insurance channels and products	Redress mechanisms	Financial

Source: Geneva Association

130 Geneva Association 2022; Financial Stability Institute (FSI) 2022.
131 All 2016.

6 Conclusions and recommendations

Conclusions and recommendations

Inclusive insurance must become an essential component of national development strategies. This will require cooperation between insurers, regulators, and policymakers.

Insurance is indispensable to financial inclusion in emerging economies yet remains less developed and prioritised compared to other financial services. The evidence underscores that while insurable risks dominate household concerns, actual coverage in key areas such as property, disability, and savings-type life insurance remains low and uneven. Our survey findings reveal that while digital ecosystems and public schemes have expanded familiarity and access, demand remains constrained by affordability, knowledge, and behavioural factors.

Insurance is vital to financial inclusion, yet lags behind other services.

Commercial innovation is accelerating, particularly through parametric, embedded, and mobile-enabled products. Policy experiences from China and India, for example, illustrate how subsidies, digital-identity systems, and integration into national financial inclusion strategies can expand the adoption of insurance significantly. Regulatory frameworks, when designed with flexibility and customer centricity in mind, can create an enabling environment that both protects customers and encourages innovation.

Looking forward, inclusive insurance must evolve from a niche or peripheral tool into an essential component of development strategies. Climate change, demographic shifts, and continued informality in labour markets will amplify vulnerabilities, making risk-transfer mechanisms, in combination with incentives for risk prevention and mitigation, increasingly indispensable. Technology will provide innovative and scalable solutions, but public policy and regulatory foresight will determine whether the promise of inclusive insurance is fully realised.

Making inclusive insurance central to development in emerging economies will require technological innovation and enabling policy and regulation.

Against this backdrop, we provide the following recommendations:

For insurers

- Design and build customer awareness of products that are relevant, match real economic conditions, easy to understand, digitally accessible, and operationally scalable; parametric models embody these principles.
- Establish hybrid, omni-channel distribution models for maximum efficacy – from digital and embedded channels to human touch through affinity groups and banks.
- Build confidence through transparent claims management, simplified and relevant products, culturally resonant offerings, and trusted distribution networks.
- Use AI, mobile, cloud, IoT, and alternative data for risk assessment, pricing, fraud detection, and automated claims, enabling more precise, affordable, and scalable insurance solutions.

For policymakers

- Embed insurance in national development agendas to advance key priorities such as food security and climate resilience, supported by cross-ministerial coordination.
- Deploy (time-limited) subsidies, tax incentives, and public guarantees to make insurance more affordable and scalable.
- Strengthen insurance uptake through financial education, targeted awareness campaigns, and accessible grievance mechanisms, delivered via public-private collaborations.
- Consider mandatory insurance schemes to strengthen risk pooling, extend coverage to otherwise unserved groups, and mitigate adverse selection.
- Invest in digital IDs and payment systems to enable low-cost enrolment, premium collection, and claims, ensuring inclusive, scalable insurance delivery.

For regulators

- Calibrate rules to provider size, product type, and risk profile, reducing unnecessary compliance burdens while safeguarding customers and avoiding regulatory arbitrage.
- Use sandboxes and innovation hubs to test digital, mobile, parametric, and usage-based insurance models to expand reach while managing risks.
- Strengthen trust with conduct regulations that encourage plain-language policies, transparent pricing, and efficient, accessible claims processes tailored to first-time and low-literacy users.
- Invest in technical expertise and data systems to ensure effective oversight, evidence-based policymaking, and enforcement that sustains inclusive insurance growth.

The overall effectiveness of these stakeholder-specific recommendations could be considerably strengthened through public-private collaborations, which would facilitate coordinated action and the pooling of expertise and resources.

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