



Pacific Financial
Inclusion Programme



Fast Fact

Close to 30,000 low-income people have benefited from new insurance policies in the Pacific.

- Creating better policies, regulations and coordinated actions
- Deepening financial access
- Providing market information and access to knowledge
- Informing and making consumers competent



PFIP aims to add one million Pacific Islanders to the formal financial sector by 2019 by spearheading policy and regulatory initiatives, facilitating access to appropriate financial services and delivery channels and by strengthening financial competencies and consumer empowerment.

PFIP is a Pacific-wide programme helping low-income households gain access to quality and affordable financial services and financial education. It is jointly managed by the UN Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) and receives funding from the Australian Government, the European Union and the New Zealand Government. PFIP operates from the UNDP Pacific Centre in Suva, Fiji and has offices in Solomon Islands and Papua New Guinea. It will open an office in Samoa in 2015.

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Inclusive Insurance

Across the Pacific, many people lack access to formal insurance. Insurance acts as a safety net for households in times of crisis, helping to smooth cash flows and lessen the impacts of financial shocks that accompany the death or disability of a breadwinner, health and funeral expenses, or the loss of property. Not surprisingly, Pacific Islanders who are most vulnerable to economic shocks are currently least able to be insured.

PFIP and its partners have been holistically working to introduce insurance products targeting low-income households in the Pacific in order to make the insurance market more inclusive in the region.

PFIP works with insurance regulators on understanding, supervising and managing the risk of inclusive insurance products and delivery channels. With the Asian Development Bank (ADB) and the Alliance for Financial Inclusion (AFI), PFIP has worked with regulators from six countries to build internal capacity and develop action plans for safely expanding inclusive insurance.

PFIP has expanded knowledge on insurance opportunities in the Pacific through research and publications. PFIP supported identification of the risk priorities of low-income households through demand research studies in Fiji (with ADB) and Papua New Guinea. Further, PFIP has published notes on the feasibility of weather index based insurance in Fiji, steps for successful inclusive insurance partnerships and evaluations of inclusive insurance pilots in the Pacific. PFIP has also worked to expand client understanding of insurance concepts through games and financial literacy activities.

Further, PFIP has provided performance based grants which have led to five microinsurance pilots. In Fiji, this support has resulted in the piloting



Beneficiaries of the LIC and TISI Sangam group microinsurance policy with ADB's Arup Chatterjee.

of Term Life products being offered in a partnership between Life Insurance Corporation of India (LIC), TISI Sangam (a religious organisation) and Partners in Community Development Fiji (a grass-root community based organisation). In PNG, a low cost term life product is being coupled with mobile phone accessed bank accounts in a partnership between Nationwide Microbank and Pacific MMI Insurance. In Timor-Leste a credit life insurance product underwritten by National Insurance Timor-Leste is being distributed by two microfinance institutions.

Key Impacts

With PFIP and ADB support, the AFI Pacific Islands Working Group will:

- Continue to build regional capacity amongst supervisors in risk based supervision, compliance to IAIS insurance core principles in a proportionate manner and develop modules for reinsurance.
- Continue to develop model regulations/guidelines to facilitate expansion of inclusive insurance and integrate it with country level National Financial Inclusion strategies.