

**Speech by Denton Rarawa, Governor of Central Bank of Solomon Islands and Chair of the Solomon Islands National Financial Inclusion Taskforce, at a first Consultative Workshop on Inclusive Insurance, Heritage Park Hotel, Wednesday 20th February 2016**

Good morning everyone. As Chairperson for the National Financial Inclusion Taskforce, I welcome you all to this consultative meeting. And I am pleased that you have spared your valuable time to be with us this morning.

I believe this is a historical event for financial sector development and reform in Solomon Islands. This is the first ever stakeholders meeting convened to discuss and dialogue on how insurance products and services, can be made accessible to our people especially at the micro level.

This event is also historical because it may be the first time for some of us to learn about 'inclusive insurance', and to start thinking about how to bring innovative inclusive and affordable insurance products to our people; and at the same time make a business case and create business opportunities for providers of insurance services and products in the country.

As all of you know, financial Inclusion is now an important development tool that countries implement to leverage and link to the real economy. Financial inclusion covers a range of appropriate and affordable products and services including savings, credit, remittances and importantly insurance.

Inclusive Insurance, or also known as micro insurance, focuses on delivering low cost affordable risk protection instruments to low income households. It is common knowledge that we in the Pacific are prone to natural disasters like cyclones, earthquakes, tsunamis as well as other perils like fire, floods etc. In Solomon Islands insurance penetration is extremely low because of constraints to the supply side – i.e. lack of adequate service providers, limited product range and access points for people to buy insurance cover.

It is also important to acknowledge that insurance awareness is low among all segments of our population especially in the low income segments. However it is these people who really need protection against risks and their economic and financial consequences.

We cannot expect the Government and Donors to come to our rescue every time a disaster strikes. Even if they do respond, it usually takes time before adequate relief is provided to affected communities. I understand that some of the victims of the Western and Choiseul provinces tsunami of 2007 and Santa Cruz earthquakes of 2012 are still not fully rehabilitated. That is why it is important that individuals and communities take charge and responsibility for their own protection and livelihood. At the moment this is a challenge for many people. One way of assisting our people is to enable them protect themselves against the risks of natural disasters, which is now occurring more frequently with greater intensity. So I

believe that we in the insurance sector need to come up with the relevant framework and products for Inclusive Insurance.

In Africa, Asia and even in other Pacific countries like PNG and Fiji several interesting and exciting micro insurance products have been rolled out targeting low income populations. Some of these deployments are generating positive results and increasing scale. For example, BIMA is an innovative low cost life insurance and hospitalization cover offered by Digicel through its mobile network. I was told that after only 18 months since launching the product, they have registered over 300,000 customers. This is a classic example of how micro insurance delivered through appropriate channels and at an affordable price can meet the expectations of people and see good uptake.

The purpose of this consultative workshop is to discuss among our key stakeholders how inclusive insurance can be embedded into our national financial inclusion priorities and the way forward mapped out. While we have included this matter as an important deliverable in our next National Financial Inclusion Strategy (2016-2020), implementation of the KRAs in the Strategy will be possible only through stakeholders like you, working together in the same spirit as we have done for banking services. By working together, we can achieve a positive outcome for inclusive and conventional insurance.

The Central Bank of Solomon Islands as a member of the Pacific Islands Regional Initiative (PIRI) of the Alliance for Financial Inclusion, and through the support of the UN Capital Development Fund, the Pacific Financial Inclusion Programme (PFIP) has been developing the Inclusive Insurance draft guidelines to be adopted by PIRI members. A presentation on the draft guidelines, along with experiences from the region will be shared by PFIP later this meeting. After the presentation, you will have an opportunity to provide your inputs and discuss how we can shape our strategies moving forward.

In conclusion, ladies and gentlemen, there are a lot of issues and opportunities for stakeholders to discuss and work together in developing our insurance market, especially inclusive insurance in Solomon Islands. A Public Private partnership (PPP) is one way forward, and I am happy to see a very good turnout from both the Government and the private sector this morning. I am confident that there will be lively and fruitful interaction during the workshop and hopefully positive tangible outcomes will emerge from these interactions.

Our journey on inclusive insurance has begun today with this consultative meeting. This is our first step and I am sure we will continue to work together to make micro-insurance services and products available to our people as part of our financial inclusion efforts in our country.

Thank you

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