



Charter



Charter Sponsors

Access to Insurance Initiative Charter

1. This Charter establishes the Access to Insurance Initiative (A2II) which is a global programme with multiple partners designed to support the implementation of sound regulatory and supervisory frameworks consistent with international insurance standards in emerging and developing jurisdictions and to strengthen the capacity and understanding of insurance supervisors in order to facilitate their role in expanding access to insurance markets to the low-income population. This Charter sets the objectives for the A2II and defines the key elements of its governance structure.

1. Rationale and Background

2. Access to insurance is an important strategy for reducing poverty. The inability to manage the risk of vulnerability caused by the sudden death of a family member, illness, loss of income or property can perpetuate poverty. Financial markets – and insurance services in particular – can play an important role in mitigating welfare losses resulting from the occurrence of such risk events. Use of insurance also provides a catalyst for economic development in low-income communities. The concept of providing insurance services to low-income consumers is generally referred to as microinsurance.
3. One reason why access to insurance services may be problematic relates to the policies and approaches to the regulation and supervision of insurance that are, inadvertently or otherwise, not conducive to the supply of insurance products and services appropriate to the low-income segments of their population. In some cases, the regulatory and supervisory requirements for insurance products may not be appropriate or proportionate to the size, nature and complexity of the risk or otherwise may not be supportive for developing market led mechanisms. This problem is particularly acute in emerging markets that often have limited capacity to develop supervisory policies, regulation and practices most suitable to develop a market that can serve the specific insurance needs of all their population. As a result, members of the population who can afford a suitable insurance policy may get excluded, but also suppliers may operate outside the radar of regulation and supervision ascribed to formal insurers.
4. To address these issues, it is essential to strengthen institutional and regulatory capacity in order to improve access to insurance products, markets and services. The regulatory and supervisory frameworks in jurisdictions interested in developing improved access to insurance should be consistent with international standards. Therefore, A2II will seek to create a close collaboration between donors and development agencies working on enhancing access to sustainable insurance services and insurance supervisors through the International Association of Insurance Supervisors (IAIS), the international standard setting body for insurance regulation and supervision.
5. For the past six years, the members of the Microinsurance Network (formerly the CGAP Working Group on Microinsurance) have cooperated to enhance access for the low-income population to insurance products. The Microinsurance Network is comprised of donor organizations, multilateral agencies and other parties which support the promotion and development of sound and inclusive insurance markets in emerging markets, but do not promote the interests of any particular organisation or business. It has evolved into being the key dialogue platform on microinsurance and facilitates information exchange and stakeholder coordination to increase access to insurance for low-income population groups. A full list of the institutions which are members of the Microinsurance Network is provided in Annex 1.
6. The Microinsurance Network has a Working Group on Regulation, Supervision and Policy Issues (RSP Group) that includes, as of the date of execution of this Charter, representatives from the International Labour Office representing the International Labour

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Organization¹ (ILO), Consultative Group for Assisting the Poor (CGAP)² and the World Bank³, the Inter-American Development Bank⁴ (IADB), the Canadian International Development Research Centre⁵ (IDRC), the Deutsche Gesellschaft für Technische Zusammenarbeit GmbH⁶ (GTZ) on behalf of the Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung⁷ (BMZ), the DFID-funded FinMark Trust⁸, International Cooperative and Mutual Insurers Federation (ICMIF)⁹ and other insurance and financial sector development practitioners. The RSP Group is chaired by GTZ on behalf of BMZ.

7. The IAIS was established in 1994 as an international organisation through which insurance regulators and supervisors cooperate to contribute to improved supervision of the insurance industry on a domestic as well as on an international level in order to maintain efficient, fair, safe and stable insurance markets for the benefit and protection of policyholders. Today the IAIS represents insurance regulators and supervisors of some 190 jurisdictions in nearly 140 countries. In addition, it has more than 120 observers. Part of its core objective is to promote the development of well-regulated insurance markets.
8. In 2006, the IAIS and the RSP Group formed a Joint Working Group (JWG) in order to exchange knowledge on how regulation and supervision impact microinsurance market development. The JWG drafted the *Issues paper on Regulation and Supervision of Microinsurance*, which was adopted by the IAIS in 2007. Following this, the JWG agreed to work further to strengthen implementation of existing IAIS standards and guidance as well as develop specific application guidance, consistent with IAIS Insurance Core Principles (ICPs), on approaches that regulators and supervisors could use to facilitate greater access to insurance.
9. To date, the JWG has functioned on the basis of loose cooperation based on mutually compatible goals of the participating institutions in the microinsurance sphere. Members of the Microinsurance Network and the IAIS members and observers funded their own participation in the JWG activities with significant in-kind contributions being the backbone of the work to date. However, as the scope of activities under the broad mandate of the JWG has increased and diversified to such an extent that in-kind contributions and voluntary staff time are no longer sufficient to carry the JWG programme, a more formalised approach and dedicated funding is now required.
10. Therefore, the following members of the JWG have agreed to establish the A2II: the IAIS, BMZ, CGAP, the International Labour Organization, represented by the International Labour Office (ILO), and FinMark Trust. This group which sponsors the establishment and operation of the A2II are jointly referred to as the **Charter Sponsors**.

¹ International Labour Organization is a specialized agency of the United Nations. Within the frame of its Decent Work Agenda, it has developed expertise and technical cooperation in the field of microinsurance.

² CGAP is an independent policy and research center dedicated to advancing financial access for the world's poor. Housed at the World Bank, CGAP provides market intelligence, promotes standards, develops innovative solutions and offers advisory services to governments, microfinance providers, donors, and investors.

³ The World Bank is a vital source of financial and technical assistance to developing countries around the world to advance the vision of an inclusive and sustainable globalization.

⁴ The IADB is the main source of multilateral financing and expertise for sustainable economic, social and institutional development in Latin America and the Caribbean.

⁵ IDRC is a Canadian Crown corporation that works in close collaboration with researchers from the developing world in their search for the means to build healthier, more equitable, and more prosperous societies.

⁶ The federally owned Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH (German Technical Cooperation) supports the German Government in achieving its development-policy objectives within the scope of the commissions assigned to GTZ.

⁷ German Ministry for Economic Cooperation and Development.

⁸ FinMark Trust is a not-for-profit independent trust registered in South Africa whose mission is to make financial markets work for the poor in Africa. Its primary funding relationship is with the South African office of the UK's Department for International Development (DFID).

⁹ ICMIF is a federation of cooperative and mutual insurers.

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11. Additionally, entities that provide in kind and/or direct financial contributions in support of A2II activities, on a mutually agreed basis are referred to as **Funding Partners**. Funding Partners shall not include any insurer, insurance intermediary or private financial institution.
12. Charter Sponsors will fund their own participation in the governance and advisory functions of the A2II from their own resources.

2. Purpose and Objectives

13. The purpose of the A2II is to strengthen the capacity of policymakers, regulators, and supervisors seeking to advance insurance market access by promoting sound, effective and proportionate regulation and supervision of insurance markets that will facilitate the growth in availability of insurance products appropriate for the low income consumers.
14. To achieve this purpose, the A2II will pursue the following objectives:
 - (1) **Knowledge management:** Generate knowledge on how the regulation and supervision of insurance markets can facilitate the extension of insurance services to low income consumers (“access to insurance”); and
 - (2) **Advocacy and outreach:** Disseminate knowledge and build awareness on how to facilitate access to insurance.
15. Key to these objectives is the IAIS standard setting and implementation activities. A2II will contribute, as appropriate, to the IAIS processes of developing standards and support implementation, which includes assessment, training and supervisory capacity building initiatives for sound regulation and supervision of insurance markets. It is acknowledged that all IAIS standards, guidance and implementation activities are subject solely to IAIS policies, procedures, governance, and decision making.

3. Mandate / Scope of activities

16. The Charter Sponsors who are signatories to this Charter hereby mandate the A2II to pursue the following activities, recognising that such activities are dependent on financial resources available to the A2II:
 - a. Generate knowledge and best practices on the regulation and supervision of insurance markets that will strengthen policy, regulatory and supervisory regimes in emerging markets and extend access to insurance;
 - b. Develop and disseminate information, assessment and training tools and other instruments that foster access to insurance (driven by demand from IAIS members and by market need);
 - c. Contribute, as appropriate, to the standard setting activities of the IAIS and support the implementation activities, such as assessment of IAIS standards and translation of IAIS material;
 - d. Analyse, distil lessons and report to stakeholders on the impact of regulatory initiatives on access to insurance;
 - e. Grow expertise in the application of guidance developed under this programme;

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- f. Foster awareness and know-how about the role of regulation and supervision in the development of inclusive insurance markets; and
- g. Interact with institutions and/or projects that can assist with or further the realisation of the A2II's objectives.

4. Governance

4.1 Status

17. The A2II is a joint initiative operating on the basis of agreement among the organisations that are signatories to this Charter. It has no separate legal personality from that of the Charter Sponsors and Funding Partners. As such, the A2II cannot enter into legally binding contractual relationships with third parties, nor can it contractually bind the Charter Sponsors or Funding Partners. When the activities of the A2II do require entering into legally binding contractual relationships, GTZ shall execute the contract in question in its capacity as host of the A2II (the "Host"), subject to GTZ procurement and other procedures. (see paragraph 36 below).

4.2 Governance structure

18. The A2II shall be governed under three decision-making bodies:

- (a) The **Governing Board**, being the highest decision-making body of the A2II, determines its strategy and provides oversight for all its activities;
- (b) An **Advisory Committee** develops strategies for approval by the Governing Board, provides ongoing guidance and implementation capacity for the day-to-day activities of the A2II and generally supports the activities of the Secretariat;
- (c) The **Secretariat**, led by an Executive Secretary, is responsible for the day-to-day operations of the A2II. The Secretariat shall be hosted by GTZ.

19. Once operational, the Governing Board shall adopt additional operating procedures as necessary. The A2II shall operate in an open and transparent manner with appropriate administrative due process and governance, while having the ability to maintain information confidential as appropriate.

4.3 Governing Board

20. The Charter Sponsors shall establish the Governing Board upon the coming into operation of this Charter.

21. The Governing Board shall consist of ten (10) members:

- (a) 4 representatives designated by the IAIS, who shall come from four different IAIS members;
- (b) 1 representative of the IAIS Secretariat;
- (c) 1 representative of the Host ; and
- (d) 1 representative designated by each of the other Charter Sponsors (BMZ, CGAP, ILO, and FinMark Trust).

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22. Members of the Governing Board shall serve for a period of at least two years at the pleasure of and according to the direction of their respective organisation. The respective organisation is responsible for appointing its new Governing Board member at the end of his or her term or in the case of an early resignation.
23. Members of the Governing Board shall have the option of nominating a proxy from his or her organisation to attend Governing Board meetings on his or her behalf when that member is unable to attend meetings of the Governing Board.
24. The responsibilities of the Governing Board include the following:
 - (a) Approve the A2II's annual work plan and budget;
 - (b) Approve on an exceptional basis specific projects which fall outside of the annual work plan and budget;
 - (c) Approve procedures and guidelines for the management of the A2II's activities;
 - (d) Approve procedures and guidelines for approving Funding Partners
 - (e) Establish the Advisory Committee;
 - (f) Determine as necessary the functions and powers for the Advisory Committee and the Secretariat, other than those included in this Charter;
 - (g) Appoint and/or remove the Secretariat's Executive Secretary in coordination with the Host;
 - (h) Provide an operational report to the Charter Sponsors and Funding Partners at least annually;
 - (i) Approve an annual report on the activities of the A2II which shall be made publicly available;
 - (j) Appoint an external auditor and determine terms of reference;
 - (k) Decide on the termination or extension of the life of the A2II; and
 - (l) Decide on any other matter governing the business and affairs of the A2II.
25. The Governing Board shall elect a Chairperson from amongst the members designated by the IAIS in terms of paragraph 21 above. A Vice Chairperson shall also be elected by the Board from amongst the members designated by the IAIS in terms of paragraph 21 above. The Chairperson and Vice-Chairperson shall serve for a two-year term and can be re-elected. The Vice Chairperson shall carry out the functions of the Chairperson if he or she is unable to attend or perform the duties of Chair at a meeting of the Governing Board.
26. The Governing Board shall meet in person at least once a year and may meet through other means (such as telephone or video conference) as necessary. Meetings of the Governing Board shall be scheduled and take place in an open and transparent manner and allow for the participation of Funding Partners as appropriate.
27. In order to make decisions, a quorum of at least six (6) Governing Board members (or their proxy) must be present and must include at least one member who represents the IAIS and the member who represents the Host. The Board shall strive to make decisions by consensus. However, if consensus cannot be reached and when necessary, a decision may be made by a majority of members present and voting at a meeting. In case of a tie, the person serving as Chair of the meeting shall cast the deciding vote. The Governing Board may also make decisions through a written process which allows for adequate notice and procedure.

4.4 Advisory Committee

28. The Governing Board shall establish an Advisory Committee which shall consist of at least seven (7) members:

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- (a) 1 representative designated by each of the five Charter Sponsors;
- (b) 1 representative designated by the Host; and
- (c) 1 representative designated by the Secretariat.

29. The Governing Board may increase or adjust the membership of the Advisory Committee at its discretion.

30. The Advisory Committee shall provide ongoing strategic guidance for the day-to-day activities of the A2II. In particular, the Advisory Committee shall:

- (a) Assist the Secretariat to develop the strategy, work plans and budgets of the A2II for approval by the Governing Board;
- (b) Assist the Secretariat with project preparation, management and implementation as required from time to time;
- (c) Assist with the securing of funding for projects to be undertaken by the A2II; and
- (d) Conduct any other functions delegated to it by the Governing Board.

4.5 Secretariat

31. The Secretariat shall act in accordance with the instructions of and be accountable to the Governing Board. The Secretariat shall be directed by an Executive Secretary appointed by the Governing Board. The Executive Secretary and any other Secretariat personnel shall be treated as employees of the Host and be subject to its personnel rules and procedures.

32. The Secretariat will be responsible for the day-to-day management of the A2II. In particular, this will entail the following:

- (a) Developing the strategy, work plans, operating procedures and budget for the A2II;
- (b) Developing, coordinating and administering A2II projects;
- (c) Undertaking procurement and negotiations on behalf of the A2II;
- (d) Providing financial management, administration, monitoring, and evaluation of projects;
- (e) Coordinating with the Host on activities covered by the hosting arrangement (see Section 5 below);
- (f) Liaising with stakeholders (including Charter Sponsors, Funding Partners, JWG and other relevant organisations or regional associations);
- (g) Reporting to the Governing Board; and
- (h) Providing logistical and administrative support to the Governing Board and to the Advisory Committee.

33. The Secretariat may delegate functions to a Charter Sponsor or Funding Partner if appropriate and only with the prior written approval of the Advisory Committee and the Charter Sponsor or Funding Partner concerned. Delegating a function of a substantial nature shall require the prior written approval of the Governing Board as well.

34. The functions of the Secretariat are funded by:

- (a) The in-kind contributions of the Charter Sponsors and the Host of the A2II; such contributions shall be provided in line with the rules, regulations, procedures and directives of the Charter Sponsor or Host in question and be subject to separate agreement with A2II for that purpose;
- (b) A percentage of funding received from Funding Partners for projects to be implemented under A2II; and

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(c) Funding from Charter Sponsors or Funding Partners dedicated specifically for the A2II Secretariat.

35. Only when the Governing Board and the Host have agreed that adequate funding is available to cover the costs of the Secretariat, both for its personnel and operations, may the Secretariat be constituted and begin its activities. As with the A2II itself, the Secretariat shall only pursue its activities if and to the extent to which funds are made available to it. (see paragraph 45 below).

5. Hosting arrangement

36. BMZ shall assign GTZ to host the Secretariat of the A2II. This hosting arrangement shall include the following:

(a) Acting as the representative for the A2II for the purposes of contracting and/or other legal actions. Any contracts shall be entered into and conducted by the Host in its name and according to its processes and procedures;

(b) Providing office space to the Secretariat;

(c) Providing administrative and financial management support services to the A2II, such as:

- Procuring goods and services on behalf of the A2II. This procurement shall be carried out in accordance with the Host's procurement rules, guidelines and procedures;
- Keeping financial records and ledgers, separate from the records of the Host's other activities, for the operations of the A2II within the Host's financial management systems; and
- Providing other back office functions for the A2II as may be requested from time to time.

37. Charter Sponsors or Funding Partners wishing to provide funds directly to the A2II should provide them directly to GTZ on the basis of separate agreements which shall be in line with the processes and procedures of GTZ. GTZ shall place these funds in a separate account line for the A2II.

38. In the event that GTZ is no longer able to provide this function as the Host, the Governing Board shall seek an alternative host to perform these functions. GTZ will function as the Host until the succeeding host is designated by the Governing Board, if assigned by BMZ or otherwise. GTZ would be required to transfer all records, files, funds and any other A2II property, including intellectual property to the new host in a timely manner.

6. Partnering arrangements

39. A Charter Sponsor, Funding Partner or other implementing organisation may agree to partner with the A2II to take responsibility for carrying out a particular task, either partially or fully. In such circumstances, the partnering party shall follow its own processes and procedures to accomplish the task as mutually agreed upon with the A2II. Such arrangements shall be subject to specific agreement which specifies the nature and extent of the arrangement.

7. Relationship with JWG and its members

40. The A2II shall seek to maintain a close working relationship with the JWG and its members. In particular, the JWG or a member may be requested to:

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- (a) Provide input to and recommendations for the strategy and activities to be included in the annual work plan of the A2II by a date to be specified by the Executive Secretary;
- (b) Comment on projects being implemented or other activities of the A2II;
- (c) Consider and discuss outputs of the A2II.

8. Term and Dissolution

- 41. It is the intention of the Charter Sponsors that the A2II operate for a term of up to seven (7) years. This term shall start from the date upon which all Charter Sponsors have signed the Charter. The term of operation may be reduced or extended by unanimous decision of the Governing Board.
- 42. Should the A2II be dissolved before all of the funding held by it is expended, the Governing Board shall decide, after consideration of any unsatisfied commitments and liabilities and obligations undertaken in agreements with Funding Partners, either to return the remaining funds to their original source or to transfer the funds to another institution pursuing similar goals to that of the A2II.
- 43. A Charter Sponsor may terminate being a Charter Sponsor by providing three months notice in writing to the Secretariat. Any financial obligations it may have towards the A2II will remain unaffected by the termination.

9. Amendment

- 44. This Charter can be amended by a two-thirds majority decision of the Governing Board, provided that members of the Governing Board have received at least 30 days written notice of such an intended amendment. The notice period may be waived with the agreement of all the members of the Governing Board.

10. Liability of Charter Sponsors and Funding Partners

- 45. The A2II shall only pursue its activities with the resources made available to it. The A2II shall not enter into any contract or other financial obligation or agreement until the estimated funding required is received by it or otherwise guaranteed by the party providing the funding.
- 46. The Charter Sponsors shall not be individually or collectively liable to proceed with activities that are not initiated or intended to be initiated under this Charter nor shall they be responsible for any other the liabilities of the A2II.

11. Intellectual Property; Acknowledgment of Charter Sponsors and Funding Partners

- 47. When intellectual property is developed in the course of A2II activities, the Host (being a legal entity) on behalf of the A2II shall be named as the copyright owner of such material, unless another arrangement is agreed to by the Governing Board in accordance with this Charter and documented in writing. Charter Sponsors shall have an unlimited, royalty free license to use the material copyrighted on behalf of the A2II.
- 48. The Governing Board shall adopt policies and procedures governing the appropriate acknowledgment of Charter Sponsors and/or Funding Partners in connection with the activities and work products of the A2II.

12. Dispute Settlement and Immunities

49. The Charter Sponsors agree to use their best efforts to settle amicably any dispute, controversy or claim arising out of or in connection with this Charter or the interpretation thereof.
50. Any dispute, controversy or claim between two or more Charter Sponsors which cannot be settled amicably within sixty (60) days shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law Arbitration Rules (UNCITRAL). The Charter Sponsors agree to be bound by any arbitration award rendered in accordance with this provision as the final adjudication of any dispute.
51. Nothing in this Charter or relating thereto shall be construed as constituting a waiver of the privileges and immunities enjoyed by any of the Charter Sponsors.

13. Signatories to the Charter

52. In signing this Charter, the signatories agree to the content and intentions under this Charter.

Charter Sponsors:

For the International Association of Insurance Supervisors For the CGAP

_____/ /2009
Signed _____ Dated
Name
Title

For the Finmark Trust

_____/ /2009
Signed _____ Dated
Name
Title

For the International Labour Organization

_____/ /2009
Signed _____ Dated
Name
Title

_____/ /2009
Signed _____ Dated
Name
Title

For the BMZ

_____/ /2009
Signed _____ Dated
Name
Title

Annex 1

List of Microinsurance Network Members:

1. The Americas Association of Cooperative/Mutual Insurance Societies ((AAC / MIS), United States
2. Accion International, United States
3. Aga Khan Agency for Microfinance, Switzerland
4. Appui au Développement Autonome (ADA), Luxembourg
5. Belgian Raiffeisen Foundation (BRS), Belgium
6. Consultative Group to Assist the Poor (CGAP), United States
7. International Development Research Centre (IDRC), Canada
8. Développement International Desjardins (DID), Canada
9. Federacion de Aseguradores Colombianos (Fasecolda), Colombia
10. Financial Access Initiative (FAI), United States
11. German Technical Cooperation, Germany
12. German Federal Ministry for Economic Cooperation and Development (BMZ), Germany
13. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Germany
14. Hollard Insurance Group, South Africa
15. Inter American Development Bank (IADB), United States
16. International Cooperative and Mutual Insurers Federation (ICMIF), United Kingdom
17. International Fund for Agricultural Development (IFAD), Italy
18. International Labour Organization (Microinsurance Innovation Facility), Switzerland
19. International Labour Organization (STEP), Switzerland
20. Kreditanstalt für Wiederaufbau (KfW), Germany
21. Leapfrog Investments Ltd., Mauritius
22. Mutuelle Assurance des Commerçants et Industriels de France (Macif), France
23. Micro Insurance Academy, India
24. Microcare, Uganda
25. MicroEnsure, United Kingdom
26. Microfinance Opportunities, United States
27. MicroInsurance Centre, United States
28. Microinsurance Research Centre, United Kingdom
29. Munich Re Foundation, Germany
30. Oikocredit International, The Netherlands
31. Oxfam-Novib, The Netherlands
32. Planet Guarantee, France
33. Quindiem Consulting (Pty) Ltd. South Africa
34. Rabobank Foundation, The Netherlands
35. Swiss Agency for Development and Cooperation (SDC), Switzerland
36. Société de coopération pour le développement international (SOCODEVI), Canada
37. Swedish Cooperative Centre (SCC), Sweden
38. The World Bank, United States
39. United Nations Development Programme (UNDP), United States
40. United States Agency for International Development (USAID), United States
41. Women's World Banking (WWB), United States
42. Zurich Financial Services, Switzerland
43. ParaLife Management AG, Switzerland