WORKING PAPER



Inclusive Insurance as a Pillar of Financial Health

Measurement, Policy, and Practice

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Executive Summary

Financial access has grown faster than financial resilience. While account ownership among adults in emerging markets and developing economies (EMDEs) grew from 42 percent in 2011 to 75 percent in 2024, only 56 percent of adults can access emergency funds within 30 days, a share unchanged since 2021. One in four adults experienced a natural catastrophe in the past three years, and two-thirds of those affected lost income or assets (Klapper et al. 2025). As climate, health, income, economic, and digital risks intensify, protection gaps are widening, and they are widest among low-income and underserved people.

Financial health is an outcome-focused framework that considers whether people are able to smoothly manage their financial needs and obligations, cope with negative shocks, pursue aspirations, goals and capture opportunities, and feel satisfied and confident about their financial lives keeping in mind country-specific circumstances (GPFI 2024).

This working paper explains how inclusive insurance contributes to financial health across its dimensions and what key actors can do to measure and strengthen that contribution. Building on CGAP's Measuring Financial Health: A Framework, which provides a broad approach to measuring financial health across different financial services, it adds a more detailed insurance lens, considering not only access to coverage but also whether and how insurance protects households when shocks occur and contributes to broader financial health outcomes (Nielsen, Gubbins, and Alonso 2026).

The paper finds that contribution of insurance to resilience can be made more visible by addressing three challenges. First, evidence is fragmented and hard to compare, and disaggregated data is scarce. Second, insurance is underweighted in National Financial Inclusion Strategies and split across regulators and sectoral strategies. Third, market constraints, including low trust, affordability limits, and high delivery costs, hold back both demand and supply.

It calls for coordinated action in three areas, advanced in parallel:

- Measurement: Agree on and test a core set of indicators across coverage and use, product and customer value, and financial health outcomes, disaggregated by sex and income.
- Policy: Give insurance substantive weight in financial inclusion and related development strategies and bring insurance supervisors and data into the process early.
- Practice: Design around customer outcomes, with clear terms, flexible premiums, and timely claims, supported by proportionate regulation and risk-based supervision.

The existing evidence is promising but context specific. The next step is to build comparable, outcome-focused evidence on which product features and delivery models improve financial health, and for whom.

The paper is written for global policymakers and agenda-setters shaping or engaging with the financial health agenda. It is also written for national policymakers and financial sector authorities, particularly in EMDEs, who are considering how to translate financial health frameworks into strategies, data systems, and supervisory practice.

Protection Gaps Are Growing, Threatening Financial Health

The Global Findex Database 2025 underscores a central financial health challenge: financial access has expanded, but financial resilience has not kept pace. While account ownership has risen significantly in emerging markets and developing economies (EMDEs)—from 42 percent of adults in 2011 to 75 percent—Findex finds that many households still lack the tools and resources to withstand and recover from shocks. In EMDEs, only 56 percent of adults report that they could access emergency funds within 30 days, unchanged since 2021. At the same time, one in four adults report experiencing a natural catastrophe in the past three years, and two-thirds of those affected reported losing income or assets (Klapper et al. 2025). This evidence illustrates that access to an account does not necessarily equip households to withstand shocks and recover without lasting financial harm.

This gap is becoming more consequential as major risks—from climate and health to income volatility, economic instability, and digital fraud—become more frequent, severe, complex, and interconnected. As these risks intensify, protection gaps are widening, leaving households, businesses, and communities more exposed to losses that can undermine livelihoods, deplete assets, disrupt income, and weaken long-term financial stability.[1] Protection gaps are generally greatest among low-income and underserved populations, particularly in EMDEs, where households are often more exposed, less protected, and slower to recover. Many face a combination of higher-risk environments, informal or volatile livelihoods, and limited buffers against illness, price shocks, catastrophes, or income loss. This vulnerability is especially acute for customer segments that are more likely to be excluded from formal protection mechanisms and suitable insurance products, such as youth, older people, migrants, low-income individuals, gig and platform workers, persons with disabilities, and women.

Insurance helps build societal resilience. When designed, distributed, and serviced to meet consumers' needs and treat consumers fairly, insurance products play a distinctive role in addressing protection gaps by pooling and transferring risks that savings, credit, remittances, or informal support cannot easily absorb. This helps mitigate the effects of adversity. Insurance is fundamental to household financial resilience, yet more could be done to emphasize its importance and to measure its contribution consistently across products, markets, and populations. Inclusive insurance focuses on extending these benefits to populations that are underserved or excluded from conventional

[1] Recent IAIS work suggests that large protection gaps, particularly for natural catastrophe risks, can amplify losses across households, businesses, insurers, financial institutions and public finances, with potential implications for financial stability and broader macroeconomic resilience. (IAIS 2025).

insurance markets.[2] This paper, therefore, makes the case for more fully embedding inclusive insurance within financial health frameworks and for developing more systematic approaches to measuring its contribution to resilience, recovery, opportunity, and confidence.

Box 1: G20/GPFI Definition of Financial Health

A state in which individuals are able to smoothly manage their financial needs and obligations, can cope with negative shocks, can pursue aspirations, goals and capture opportunities, and feel satisfied and confident about their financial lives, keeping in mind country-specific circumstances (GPFI 2024).

Insurance that is designed and distributed in the best interest of consumers can contribute significantly to financial health. It is one of the few financial tools designed specifically to help households manage risk before shocks become crises and help households remain stable and recover faster when shocks occur. Its contribution spans the core dimensions of financial health:

- **Managing the day-to-day:** It turns unpredictable losses into manageable regular payments, frees liquidity otherwise held as precautionary savings, and helps households and enterprises keep meeting routine obligations when earnings are temporarily interrupted.
- **Resilience:** It helps households withstand shocks by transferring losses that would otherwise force them to deplete savings, sell productive assets, borrow at high cost, or cut essential consumption.
- **Goals:** It helps households pursue opportunities by reducing the downside risk of investing in livelihoods, adopting new technologies, expanding a business, or taking other productive risks.
- **Confidence:** It builds confidence about the future by giving households greater security, control, and peace of mind in the face of uncertainty.

[2] Inclusive insurance means any insurance product or service that is purposefully designed, priced, and distributed to address the protection needs of excluded or underserved populations (including persons or entities that lack meaningful access to conventional insurance markets due to affordability, geographic, informational, or structural barriers) and that meets all of the following qualifying criteria: appropriateness, affordability, accessibility, suitability of coverage, and consumer protection.

Evidence Shows Inclusive Insurance Strengthens Financial Health

Financial health is an outcome-focused framework that considers whether people are able to smoothly manage their financial needs and obligations, cope with negative shocks, pursue aspirations, goals, and capture opportunities, and feel satisfied and confident about their financial lives, keeping in mind country-specific circumstances (GPFI 2024).[3] From this perspective, financial services, including insurance, are not ends in themselves, but instruments that can contribute to stronger financial health outcomes for individuals and households. Most households are exposed to shocks, whether large-scale events such as natural catastrophes or economic crises, or everyday ones such as illness, accidents or job loss. For households more vulnerable to shocks than others, the impact of a shock often depends not only on the event itself, but on the household's underlying financial health before, during, and after the shock.

Inclusive insurance is particularly helpful in EMDEs, where low-income and vulnerable households are often most exposed to shocks and have the fewest ways to cope.[4] Existing studies provide credible evidence that inclusive insurance can contribute to financial health across these dimensions, as the subsequent section illustrates.

Insurance is a key dimension of a broader financial health ecosystem that includes savings, payments, credit, investments and pensions, social protection, and public policy. Its distinctive contribution is risk pooling and risk transfer: helping individuals, households, businesses, communities, and governments manage and spread risks and mitigate losses that would otherwise overwhelm a single entity's savings, income, or informal support networks. In this way, insurance complements other financial tools.

Insurance is designed to address uncertain, potentially costly events that households cannot easily absorb on their own. It can also enable households to pursue productive activities that contribute to their financial well-being and economic growth that they might otherwise avoid due to the risk

[3] Financial health and financial well-being are often used interchangeably.
[4] This paper looks at its contribution to financial health across products rather than describing individual product types. Reinsurance, catastrophe risk pools, and sovereign risk transfer are also an important part of the insurance toolbox for addressing protection gaps and strengthening financial health. These mechanisms are not examined in detail in this paper, which focuses primarily on inclusive insurance for individuals, households, and micro, small, and medium enterprises (MSMEs). Nevertheless, their role is central, as the availability and effectiveness of inclusive insurance can depend on the availability of broader risk-transfer mechanisms and the environment in which it operates.

involved. This matters for financial health because shocks can quickly turn short-term disruptions into longer-term financial setbacks. When coverage is well matched to the risk, affordably priced, and backed by timely payouts, it can build trust in the system and can help households protect assets, maintain consumption, avoid harmful coping strategies, and, in some cases, recover faster.

The contribution of insurers can extend beyond risk transfer. Drawing on their risk expertise and data, insurers can act as risk managers and advisors, supporting households and businesses through risk assessment, prevention advice, risk awareness initiatives, and incentives for risk reduction. At the same time, well-functioning insurance and reinsurance markets, as well as other risk transfer mechanisms, such as parametric insurance, can contribute to broader economic resilience after large-scale shocks and support economic growth. This broader role can strengthen preparedness and financial health before losses occur, complementing the protection and recovery support provided after a shock.

The following examples illustrate how insurance can contribute to each dimension of financial health. In practice, these dimensions often overlap: a timely payout may help a household meet daily expenses, avoid distress coping, continue investing in a livelihood, and feel more secure at the same time. The categories are therefore not mutually exclusive, and each example is placed under the outcome it most clearly demonstrates. The examples also clarify where insurance contributes directly, where it plays a complementary role, and where its contribution depends on product design, timeliness, and trust. These contributions depend fundamentally on insurance being designed, marketed, sold, and serviced responsibly in line with consumer protection principles.

The Appendix provides specific examples of how inclusive insurance can play out in the lives of consumers along these four dimensions of financial health.

> *When coverage is well matched to the risk, affordably priced, and backed by timely payouts, it can build trust in the system and can help households protect assets, maintain consumption, avoid harmful coping strategies, and, in some cases, recover faster.*

Managing the Day-to-Day

When insurance is well designed, suitable, and proportionately priced, premiums can become a manageable and predictable part of a household or micro and small enterprise budget. Regular premium payments spread the cost over time for risks that could otherwise result in significant lump-sum expenses. Because low-income households often juggle competing expenses and irregular incomes, flexible payment arrangements are important to help them maintain coverage without compromising essential spending. Insurance may also reduce the need to hold large precautionary savings against potential losses, freeing liquidity for ordinary expenses and other financial obligations.

Insurance can also support day-to-day financial management when it provides liquidity or temporary income replacement that enables households and enterprises to continue meeting routine obligations during an interruption in earnings. Products such as hospital cash benefits, accident, or disability coverage, livelihood or business interruption insurance, and climate-linked insurance may help people continue paying for food, rent, transport, education, or business commitments when they are temporarily unable to work or when productive activity is disrupted. For example, a self-employed farmer unable to work during extreme heat may not incur a new exceptional expense but may lose the income required to meet ordinary household needs.

This contribution overlaps with resilience: by helping households maintain routine consumption and obligations following an insured event, insurance may also reduce reliance on harmful coping strategies, such as cutting essential spending, borrowing at high cost, or selling productive assets.

Resilience

Insurance is a pathway to resilience because it finances recovery after shocks and supports preparedness before shocks occur. This is especially important for natural catastrophe risks, but also applies to health, mortality, disability, agricultural, and livelihood shocks. For farming households, timely payouts after climate shocks can help cover losses, protect productive assets, avoid distress sales or high-cost borrowing, and restore livelihoods more quickly. Evidence suggests that insured farming households often show signs of improved welfare in the year following payouts compared to those without insurance (de Janvry, Ritchie, and Sadoulet 2016).

Beyond payouts, insurance can also contribute to resilience by incentivizing risk reduction and prevention through underwriting (e.g., by offering premium incentives for loss-limiting measures) and investment in projects and sectors that mitigate the impact of risks on households and businesses. This may help reduce exposure to risks and lower the likelihood of catastrophic losses, which in turn helps keep insurance more affordable and accessible over the long term (IAIS and the World Bank 2025).

This also depends on payment speed, coverage clarity, and a claims system that enables access to care. For instance, health insurance should facilitate timely access to care, funeral insurance should pay promptly to cover immediate expenses, and life insurance should provide timely financial support, with payout options suited to beneficiaries' needs and preferences. Where payouts or coverage also enable households to expand production, purchase additional inputs, or invest in new activities, those effects are better understood as a bridge to the goals dimension.

Goals

Insurance can support longer-term goals by giving households and enterprises greater ability to invest, adopt new practices, or pursue productive opportunities despite uncertainty. A study in Mexico indicated that households in municipalities receiving payouts had higher per capita expenditures and income the following year (de Janvry, Ritchie, and Sadoulet 2016).

Insurance protection can also help convert risk protection into productive opportunity, giving households and enterprises greater security to take business risks or make productive investments. For example, credit life and mortgage coverage can protect asset ownership, and trade credit and business asset insurance can help enterprises invest with less risk. Farmers may be more willing to adopt initially risky but potentially profitable climate-smart practices, such as drought-resistant seeds and green pesticides, when insurance provides a safety net against weather-related failure.

A study from Ghana indicates that agricultural insurance, by serving as a bulwark against crop failure, liberates farmers to invest in climate-risk mitigating technologies, such as drought-resilient seeds and advanced farming techniques (Zakaria et al. 2020). Bundled or embedded insurance can similarly protect an investment, loan-financed asset, or other productive commitment. It may make coverage and payment schedules more accessible and cost-effective, provided that the insurance is suitable, transparent, and delivers clear customer value.

Obtaining and maintaining suitable insurance coverage can also be an important intermediate objective within a household's broader financial plan, particularly where premiums must be paid annually or upfront. Flexible payment schedules that do not materially increase the total cost can make coverage more attainable for households with irregular incomes. Insurance can also support planning for later life through products that protect income, health, and financial obligations as household members age. These solutions can complement publicly supported or subsidized health coverage and social protection for older people.

Confidence

Feeling satisfied and confident in one's financial life is a key dimension of financial health, and insurance can contribute by strengthening people's sense of overall security, control, and peace of mind in the face of uncertainty. Likewise, it can increase customers' confidence in understanding and choosing among different kinds of insurance coverage, petitioning for claims to be honored, and understanding the trade-offs of insurance with other types of risk mitigation tools.

A study of index-based livestock insurance in Kenya and Ethiopia found that policyholders experienced improved peace of mind and meaningful gains in subjective well-being (Jensen, Barrett, and Mude 2015). The same study also found changes in investment and herd management behavior, which are relevant to goals and resilience. The confidence contribution lies primarily in the improved subjective well-being, perceived security, and ability to plan. These examples suggest that the value of insurance is not limited to compensation after loss; it can also strengthen people's sense of control and confidence about the future.

Making Insurance's Contribution to Financial Health More Visible: Identifying Challenges

Inclusive insurance is already recognized as an important part of the resilience dimension of financial health. There is a significant opportunity to capture its contribution across the other dimensions as well, which starts with addressing the following challenges:

1. Fragmented Evidence and Measurement Gaps

Measuring financial health outcomes is inherently challenging because it requires moving beyond access and usage metrics to assess changes in people's financial lives. Insurance adds a further layer of complexity because its value is often counterfactual: the central question is what would have happened to the same household without coverage. Existing studies address this question in particular contexts, but differences in data, methods, products, and outcome measures make findings difficult to compare or aggregate.

The limited availability of consistent and comparable outcome data creates a vicious cycle: policymakers and funders may be less likely to invest in inclusive insurance programs when their contribution cannot be assessed and tracked systematically. This is further exacerbated by the limited availability and quality of disaggregated inclusive insurance-related data. Despite significant efforts to bridge the data gap, challenges such as inconsistent data collection practices, resource limitations, and weak data infrastructure persist. Many insurers and distribution channels struggle to collect or report the data needed to assess whether products are reaching underserved populations, delivering customer value, and contributing to broader financial health objectives. Barriers such as limited access to identification documents and the digital divide also affect measurement when they prevent vulnerable customers from being identified, served, or included in data systems (Miles and Pandey 2021).

2. Policy, Regulatory, and Institutional Fragmentation

National Financial Inclusion Strategies (NFIS) are useful tools for creating coordinated, country-level approaches to expand access and usage of quality financial products and services that generate positive outcomes, especially for underserved populations. While inclusive insurance has become more represented in these strategies in recent years, there is room for improvement.

For example, insurance can be given substantive weight within the strategy, whether as a standalone pillar or within broader product categories. Insurance stakeholders and insurance-specific data can be brought into the process earlier to inform the strategy and implementation plan. Indicators should be chosen to capture not just access and usage, but also value. What gets measured gets prioritized, so embedding robust insurance-specific financial health metrics in these frameworks is a critical next step, including the use of supervisory data. Measurement is undoubtedly difficult since policy counts do not necessarily translate into people covered. In addition, insurance is often bundled with other products and/or subsidized by other entities and inclusive insurance can be difficult to distinguish from conventional insurance.

Additionally, subject to each jurisdiction's specific legal framework and market conditions, insurance products may be offered by a distinct set of providers (insurers, reinsurers, insurance agents, etc.) and regulated and supervised by a dedicated insurance authority. As a result, financial and non-financial services where insurance could be embedded often fall under the remit of different regulators or outside the financial regulatory perimeter. This creates challenges for integrating insurance protection into broader financial services.

This fragmentation is not only regulatory; it is also institutional and policy related. Inclusive insurance is part of the enabling infrastructure needed to sustain broader development and economic objectives, but it is not always embedded in the strategies where risk protection matters most. For example, agricultural insurance can help lenders remain active in climate-exposed rural markets; health insurance can reduce the financial strain of out-of-pocket spending and support progress toward universal health coverage; and life, property, and asset insurance can help protect the collateral and productive assets that underpin access to credit. Yet these links are often not reflected in social protection, climate adaptation, health financing, disaster risk financing, agriculture, or financial inclusion strategies, limiting the ability of insurance to contribute systematically to financial health outcomes.

3. Limitations, Trade-Offs, and Market Constraints

Inclusive insurance works best when product design, pricing, and delivery are matched to the realities of low-income households and enterprises, and several challenges are worth addressing for it to deliver its full contribution to financial health. Parametric products can make quick payouts, but they can also leave some policyholders unpaid when an individual loss occurs and the area-wide trigger is not met. Payouts that arrive too late may not prevent households from borrowing or selling assets. Pricing premiums to reflect risk can put coverage out of reach for vulnerable populations, while keeping premiums affordable can lead to limited coverage. Premiums also compete with immediate needs, such as food and medicine, so payment flexibility matters.

On the demand side, low-income and underserved populations may remain uninterested in or reluctant to use insurance because of low trust, affordability constraints, and weak or unclear value

propositions. Past disappointments with insurance products and providers, complex exclusions, delayed or disputed claims, and inadequate communication can further weaken trust in insurance. These barriers reduce willingness to pay and make it harder for households to see insurance as a tool that can support their financial health.

On the supply side, providers face business-model constraints in designing products that are affordable for low-income customers while generating sufficient revenue to cover claims, distribution, servicing, and operational costs. These challenges are greater in high-risk contexts, where premiums may need to reflect more frequent or severe losses. Reaching underserved populations in remote areas with limited infrastructure and connectivity also increases delivery costs, while weak data, limited distribution capacity, and difficulties with pricing unfamiliar or emerging risks can constrain product relevance and market development.

Taken together, these limitations and market barriers help explain why inclusive insurance's contribution to financial health frameworks is not yet fully captured, despite its potential to significantly contribute to all financial health dimensions beyond resilience. Realizing this potential requires careful design of products, policies, and measurement systems that build on the strengths of insurance while addressing its limitations.

Time to Act: What Policymakers, Financial Sector Authorities, and Others Can Do

Addressing the challenges identified requires coordinated action across three mutually reinforcing areas: strengthening measurement and shared learning; embedding inclusive insurance in relevant policy frameworks and institutional coordination mechanisms; and creating an enabling environment for customer-centered market delivery. These areas should advance in parallel rather than sequentially, as progress in each reinforces the others. Within each area, stakeholders should begin with a focused set of immediate priorities, while further refining the specific actions, indicators, and implementation approaches through continued consultation, testing, and shared learning.

Measurement: From Access Metrics to Financial Health Outcomes

Measurement is essential to translate the strategic case for inclusive insurance into policy and practice. Existing metrics, such as policies issued, premiums collected, and claims paid, provide important information about market reach and activity, but do not show whether insurance improves people's financial lives. A more complete approach should therefore assess whether insurance helps households and enterprises manage routine obligations, cope with shocks without harmful strategies, pursue productive opportunities, and feel more financially secure.

The proposed approach distinguishes three complementary layers of measurement:

1. **Coverage and usage indicators** assess whether underserved people and enterprises obtain and maintain suitable protection.
2. **Product and customer value indicators** examine whether insurance performs as intended, including whether coverage is relevant and affordable and whether payouts are adequate and timely.
3. **Financial health outcome indicators** assess whether insured households and enterprises are better able to meet obligations, withstand and recover from shocks, pursue opportunities, and feel financially secure. The first two layers can draw largely on administrative and supervisory data, while the third will generally require demand-side surveys or targeted research.

The immediate priority is to agree and test a practical core set of indicators rather than attempt to establish a comprehensive measurement framework from the outset. The selection of indicators,

sequencing, and frequency of data collection should be proportionate to the nature, scale, and complexity of the market, the products and risks involved, and the legal mandate of the relevant authority in line with ICP 9 (Supervisory Review and Reporting) as well as the jurisdiction's public policy objectives, and the availability and quality of existing data infrastructure. Where possible, jurisdictions should begin with indicators that can be generated from existing data systems, and disaggregated by sex, income, and other relevant characteristics to assess whether inclusive insurance is reaching and benefiting underserved groups. The FeMa-Meter from the Access to Insurance Initiative (A2ii) is one example of a practical tool for collecting and reviewing gender-disaggregated insurance data.

Effective measurement also depends on clear definitions and credible reporting. Providers need a consistent definition of inclusive insurance so that products and customers are classified accurately. Within their mandates, supervisors can encourage appropriate reporting, including through clear and proportionate supervisory reporting expectations and requirements, and streamlined product approval processes. Any incentives should remain consistent with risk-based prudential supervision and should not weaken insurers' financial soundness, since policyholder protection ultimately depends on insurers being able to meet their obligations, including during periods of widespread loss.

The table below provides an illustrative menu of indicators across the three measurement layers and four financial health dimensions. It is intended as a starting point for testing and prioritization, not as a prescriptive set of indicators that every jurisdiction should collect. The indicators should be refined through a collaborative technical process involving supervisors, policymakers, insurers, researchers, and development partners, including CGAP's measurement task force.[5]

[5] CGAP has launched a measurement task force to develop indicators to measure inclusive insurance and integrate them into existing survey frameworks. The task force can expand to include supervisors, policymakers, insurers, researchers, and development partners exploring measurement approaches that better capture the contribution of inclusive insurance to financial health.

ILLUSTRATIVE INDICATORS BY FINANCIAL HEALTH DIMENSION

Data source key: [Admin] administrative or supervisory data; [Feedback] light-touch customer feedback at key points in the insurance lifecycle; [Survey] demand-side survey, program evaluation or bespoke research.

GPFI dimension	Insurance-related construct	Coverage and use	Product and customer value	Financial health outcomes
Able to smoothly manage financial needs and obligations	Pays for basic needs without significant financial or material strain Has a sustainable premium load and repays insurance obligations	Renewal, persistency, and retention rates [Admin] Lapse rate, including lapses due to non-payment [Admin] Premium as a share of household or enterprise income [Admin] / [Survey]	Share of policies with flexible payment options [Admin]	Ability to keep paying premiums without reducing essential spending [Survey] Reduced need to hold excess precautionary savings [Research only, not for routine reporting]
Able to cope with negative shocks	Has resources to cover unexpected expenses Restores livelihood or business activity after a shock	Active coverage: number or share of people or enterprises actively covered, disaggregated by sex, income, and risk type where feasible [Admin]	Claims settlement ratio [Admin] Claims turnaround time [Admin] Claims rejection rate [Admin] Payout adequacy relative to the insured loss or need [Survey] Timeliness of payout relative to cash-flow need [Survey]	Ability to cover unexpected expenses and meet essential consumption and routine obligations after a shock [Survey] Reduced distress sale of productive assets [Survey] Reduced high-cost or distress borrowing [Survey] Reduced out-of-pocket expenditure for the insured event [Survey] Time taken to restore basic livelihood or business activity [Survey]
Able to pursue aspirations, goals and capture opportunities	Participates in long-term savings, investments, or productive activities Undertakes productive investment or longer-term commitments with greater protection against downside risk	Active coverage linked to a home, business asset, loan or crop, by cover type [Admin]	Payout adequacy relative to the insured need [Survey]	Investment in productive assets or business expansion [Survey] Adoption of productivity-enhancing or adaptive practices [Survey] Ability to keep ownership of a home, business asset or other productive asset [Survey]

				Ability to enter contracts, credit, or investments that would otherwise be too risky [Survey] Continued investment or saving after an insured event [Survey]
Feels satisfied and confident about financial life	Has financial confidence, control, and satisfaction	Renewal, persistency, and retention [Admin] (which also fall under the first dimension)	Complaints per policy in force and complaints-resolution rate [Admin] Customer understanding of coverage and exclusions [Feedback] Satisfaction with the insurance experience, particularly after a claim [Feedback]	Perceived ability to cope with a future shock [Survey] Perceived financial security [Survey] Confidence that valid claims will be paid [Survey] Reduced financial stress linked to the insured risk [Survey]

Notes:
Definitions:

- Active coverage: share of people or enterprises with a policy in force.
- Persistency: share of policies still in force after a set period.
- Renewal rate: share of policies renewed when due.
- Lapse rate: share of policies that lapse.
- Claims settlement ratio: share of claims logged by policyholders that insurers have paid.
- Claims rejection rate: share of claims declined, including those declined before assessment.
- Claims turnaround time: time from claim lodged to payout.

Proportionality of data collection: Not all indicators are intended for routine supervisory reporting. Administrative and supervisory data can provide a practical core covering active coverage, renewals, lapses, claims settlement, turnaround times, rejections and complaints. Short customer surveys at key points in the insurance lifecycle, such as after a premium payment, renewal, or claim payment or denial, may provide complementary information on understanding, satisfaction and perceived security. More demanding outcome indicators, particularly those seeking to establish whether insurance changed household behavior or recovery, would be better tested periodically through representative surveys, program evaluations or bespoke research. These are most informative when they compare insured and uninsured people, or the same households before and after a claim. Jurisdictions can prioritize the indicators most relevant to their markets and avoid undue data-collection and reporting burdens, consistent with ICP 9.

Policy: From Gaps in Focus to Embedded in Frameworks

At the global level, standard-setters and global policymakers can help establish a shared narrative that inclusive insurance is not only a market-development objective, but also a pathway to stronger household financial health. This includes embedding inclusive insurance indicators within global financial health frameworks and ensuring that insurance is reflected in development agendas on resilience, social protection, climate adaptation, food security, health, and women's economic empowerment.

Policymakers, financial sector authorities, and insurance supervisors can translate this priority into strategies, data systems and supervisory practices. In NFIS, insurance should be given substantive weight. Insurance supervisors, providers, consumer protection groups, distribution channels, and non-governmental organizations (NGOs), as well as insurance-specific data, should be brought into the process early; and targets should be ambitious but realistic. Financial sector authorities should also collect relevant and proportionate data to assess whether insurance is reaching underserved populations, delivering value, treating customers fairly and helping households maintain consumption, recover from shocks and pursue productive opportunities, particularly among populations most exposed to risk. Measures of access and prudential soundness should therefore be complemented by greater attention to the value insurance delivers to households, with the specific indicators and implementation arrangements refined alongside this policy integration.

Practice: From Lack of Customer Understanding to Customer-Centric Solutions

The immediate priority for insurers is to strengthen product value and customer outcomes through relevant and affordable coverage, clear communication, flexible premium payments, and timely claims settlement. Financial sector authorities have a central role in making this happen. Building on the priorities established through NFIS, insurance authorities should develop or strengthen enabling and proportionate regulatory frameworks that balance prudential, consumer protection, and integrity mandates with financial inclusion objectives and financial health outcomes.

Insurers and delivery partners should design and deliver insurance around household and enterprise outcomes, rather than coverage alone. Product value depends on whether coverage responds to the risks people face, whether premiums are affordable (including through well-designed subsidies or public-private insurance programs where appropriate), whether policy terms and claims processes are clear and trusted, and whether payouts arrive in time to meet customer cash-flow needs. Poorly designed insurance products can instead weaken financial health: premiums may crowd out essential spending or savings, unsuitable coverage may create a false sense of protection, and unclear exclusions or delayed or denied claims may deepen financial distress. Authorities play a role in making

these outcomes the norm by setting clear expectations on product suitability, disclosure, premium flexibility, and claims settlement times, and by monitoring relevant indicators.

Proportionate regulation is only effective if complemented by risk-based supervision and proportionate enforcement, so that rules are followed, insurers remain sound and conduct themselves responsibly, and policyholders obtain fair outcomes and value from insurance. Authorities can draw on evidence from researchers and development partners to implement policy, regulatory, and oversight measures. Authorities can also enable and encourage insurers to build partnerships that combine insurance with risk prevention and reduction, for example, through enabling regulation for value-added services.

Conclusion

Emerging evidence supports the potential for inclusive insurance to contribute to financial health. As households face increasingly frequent and severe shocks, insurance can play a critical role in helping them manage day-to-day finances through predictable protection and temporary income support, remain resilient to shocks, pursue opportunities and goals, and feel confident about their financial future.

Realizing this potential requires collective action, with authorities embedding financial health in policy and regulatory and supervisory frameworks, with insurers designing and delivering around customer outcomes, and with researchers and development partners strengthening the evidence base and supporting comparable measurement. Because these are core elements of financial health, risk protection cannot remain secondary to development strategies; it must be integral to them. Ultimately, the objective is not insurance coverage for its own sake but improved financial health outcomes for households and communities.

The next step is to strengthen the evidence needed to translate this case into policy and practice. Priority areas for further inquiry include identifying which insurance features and delivery models generate the strongest financial health outcomes; developing practical approaches to measuring those outcomes before, during, and post shocks; understanding how effects vary across customer segments and contexts; and assessing how insurance interacts with savings, credit, social protection, and other risk management tools. Emerging initiatives to measure protection and resilience provide a foundation for this work, but continued testing, shared learning, and comparable evidence will be needed to demonstrate more clearly when, how, and for whom inclusive insurance improves financial health.

By aligning policy priorities with robust measurement, stakeholders can move from fragmented evidence to systematic learning, and from isolated efforts to coordinated action. Integrating insurance into financial health frameworks is not simply a technical exercise. It is a necessary step toward building more resilient households, stronger economies, and more inclusive development outcomes.

Annex: Detailed Examples

Managing the Day-to-Day: Index-Based Livestock Insurance – Kenya

Context: In Kenya and the wider Horn of Africa, pastoralist communities depend on livestock as their primary asset and income source. The Index-Based Livestock Insurance (IBLI) program, developed by the International Livestock Research Institute (ILRI), provides parametric insurance that triggers payouts based on satellite-measured forage scarcity, meaning no claim adjustment is needed. Premiums are kept affordable through subsidies and policies are distributed through local cooperatives and mobile money platforms.

Outcome: Following the severe 2011 drought in Kenya, pastoralists who held IBLI policies received payouts of approximately 10,000 Kenyan Shillings (around USD 120). The effects were significant: insured households were 96 percentage points less likely to anticipate selling assets and 49 percentage points less likely to anticipate cutting food consumption compared to uninsured neighbors.

The effects also differed by wealth: better-off households mainly avoided asset sales and poorer households mainly maintained food consumption. Rather than being forced into a downward spiral of asset depletion and reduced nutrition, insured families were able to meet their day-to-day obligations, such as food, water, and school fees, without dismantling the very foundations of their livelihoods.

The insurance solution contributed along both dimensions of day-to-day management and resilience: it helped households maintain daily consumption and obligations during a temporary income interruption, while protecting assets and reducing the risk that a short-term shock would become a longer-term loss of resilience.

Source: Janzen, Sarah A. and Michael R. Carter 2018

Resilience: Mutuelles de Santé, Community-Based Health Insurance – Rwanda

Context: In Rwanda, the community-based health insurance scheme known as Mutuelles de Santé was established to extend financial protection against health shocks to the population, including those in the informal economy and rural areas who had no access to employer-based or private coverage. The scheme is highly subsidized and Rwanda achieved coverage of over 90 percent of the population demonstrating that inclusive design and public commitment can overcome the demand and affordability barriers that typically limit health insurance uptake among vulnerable groups.

Outcome: The financial protection effects have been substantial and measurable. National household survey data found that enrollment was associated with a reduction of approximately 3,600 Rwandan Francs in annual per capita out-of-pocket health spending, equivalent to around 83 percent of average per capita healthcare costs at the time. By absorbing the financial shock of illness at the point of care, the scheme can allow families to avoid the distress sales, debt accumulation, and asset depletion that health crises so frequently trigger, preserving the household stability that is the foundation of longer-term financial resilience.

Source: Woldemichael et al. 2019

Goals: A2ii Innovation Labs – Argentina

A2ii's Inclusive Insurance Innovation Lab (iii-lab) series supports the development of inclusive insurance markets. The second iii-lab that took place in 2020/21 offers early evidence of how enabling access to insurance can shift household and small business behavior from risk avoidance toward productive investment.

In Argentina, the iii-lab process surfaced demand for products specifically designed around women's economic trajectories, where the absence of coverage had constrained decisions about entering or sustaining self-employment. The "Superadoras" program led to the development of several new products including health, life, personal accidents, and home insurance coverage.

The second iii-lab illustrates a broader dynamic: when insurance is designed around the goals and risk profiles of underserved populations rather than product standardization alone, it can function less as a defensive instrument and more as an enabler of economic agency.

Source: RUS Media 2023

Confidence: Parametric Heat Insurance for Women Workers – SEWA, India

Context: The Self-Employed Women's Association (SEWA), one of India's largest trade unions representing informal women workers, developed a parametric heat insurance product in partnership with insurers. The product targets home-based workers, street vendors, and agricultural laborers, whose incomes can fall by 30–50 percent during periods of extreme heat as working hours become impossible to sustain. Payouts are triggered automatically when temperature thresholds are exceeded for two consecutive days, with district-specific thresholds ranging from 41.6°C to 46.1°C.

Outcome: In 2024, insurance payouts were triggered in 17 of 22 districts, and roughly 92 percent of those enrolled received payouts. By 2025, the program had scaled to cover over 225,000 women across eight states. Beyond the financial transfers, the program's most significant contribution to financial health may be the confidence and agency it generates. One beneficiary describes a

fundamental shift in their sense of security and their relationship to financial decision-making as a result:

"Usually, the financial decisions in the house are made by male members. The insurance payout this year enabled several SEWA sisters to [...] independently decide on the expenditure purpose. Some members used the money to pay for their medical expenses, while others used it towards children's education. Some members used it to pay off their debts or to re-invest in their livelihoods. If this money would have not been provided, members would have been forced to borrow money from local money lenders at an interest rate of 36 percent to 48 percent per month."

— Gitaben Sitapara, a district coordinator from Kutch

This quote captures something the data alone cannot. Insurance does not just smooth consumption; it restores dignity, autonomy, and confidence in one's financial life. For women, having a guaranteed, independent source of recovery income shifts the psychological and social dynamics of financial decision-making in the household.

Source: Kara and Parker 2026

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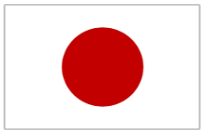






















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