

3rd International Disaster and Risk Conference IDRC Davos 2010

PRESS RELEASE

Microinsurance – An Innovative Tool for Risk and Disaster Management

The latest publication of the Global Risk Forum GRF Davos “Microinsurance – An Innovative Tool for Risk and Disaster Management” is a collection of 15 contributions from lectures given at the International Disaster and Risk Conference IDRC Davos 2008. The contributions point out the importance of Microinsurance in reducing the risk of impoverishment, and its capacity as a tool for risk prevention, risk reduction, and disaster management.

Microfinance has evolved as an economic development approach intended to benefit low-income women and men. The term ‘microfinance’ refers to the extension of financial services to poor people who are not considered qualified enough to have access to traditional bank and insurance services. Financial services generally include (micro) credit, (micro) savings and (micro) insurance. In addition to financial intermediation, many microfinance institutions provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group.

Financial intermediation

The importance of financial intermediation in reducing the risk of impoverishment has long been recognised. Yet, substantial challenges remain in providing affordable, useful and sustainable financial services to the poor. There remain instances in many developing countries in which financial constraints – rather than lack of skills, market opportunities, etc - prevent poor families from making the key investments necessary to escape poverty.

The linkage between Microinsurance and risk reduction

This book as a collection of contributions from speeches given at the “International Disaster and Risk Conference IDRC 2008” held in Davos, Switzerland (25-29 August, 2008) aims to underline the importance of strong links between the risk management community and the public and private sectors. The scope of this book is both to investigate the linkage between disaster risk reduction and Microinsurance and to address possible combinations of loans, savings and insurance schemes for low-income people to provide them with appropriate solutions for at least partial risk reduction, and for faster recovery after a disaster.

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