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## Insurance should play bigger role in poverty alleviation: Experts

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Commercial insurance should play a bigger role in poverty alleviation, industry experts said at the CCISSR forum at Peking University on Friday.

China should establish a new insurance system for poverty alleviation, according to Zheng Wei, director of the Risk Management and Insurance Department of Peking University.

On the government policy level, a gradient insurance system should be established to provide different amounts of subsidies, according to the assets that families hold. On the insurance system level, insurance for poverty alleviation should cater to needs from different types of families, such as providing a poverty reduction insurance product focusing on different targeted clients, Zheng said.

Reducing and eliminating poverty has been the challenge facing all developing countries.

The causes of poverty are multi-fold, including under-development of economies, imbalance among regions, unequal distribution of income, and insufficient education, according to a report provided by Peking University and Swiss Re, one of the world's largest reinsurers.

The insurance sector could help reduce poverty with its three pillars: loss protection, credit enhancement, and direct financing, the report showed. Health insurance and agriculture insurance mitigate the two primary risks leading to poverty in China: disease and natural hazards.

"It is impossible to get poor people out of poverty merely through insurance. However, the effects of poverty reduction would be unsustainable without insurance," said Chen Donghui, CEO of Swiss Re of China. "Disease has accounted for 42 percent of the poverty and natural hazards 20 percent, both of which have made a direct impact on poverty reduction and alleviation."

However, the social awareness of insurance functions on poverty reduction remains insufficient, and efforts should be made to replicate pilot programs across the country.

"Local government should cultivate risk awareness and recognize the importance of insurance in tackling poverty issues," Zheng said. "Society also should renew its perception of the functions of insurance."

*Fan Hang contributed to this story*



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