



Insights from the 9th Consultative Forum in Singapore

10th Consultative Forum on Agricultural Index Insurance
in Kampala

Joseph Owuor

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Role and potential



Scaling up agricultural index insurance in Africa:
Building disaster resilience of smallholder farmers

- **Agricultural insurance can ...**
- help smallholder farmers access finance and increase productivity
- enhance food security and provide finance for government for post-disaster relief
- **Innovations around product design and technology is opening new possibilities ...**
- index-insurance manages moral hazard and allows for simpler claims assessment
- hybrid products - index for weather and indemnity for pests and diseases
- advances in technology support more accurate indices
- ***Agricultural insurance is gaining interest ...***
- government-led programmes and smaller pilots
- role in national disaster risk management strategies

Challenges and limitations

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- **Product design:** availability of reliable data and robustness of index, limitations of technology and managing basis risk
- **Costs:** high loss ratios and other expenses (e.g. maintenance of rain gauges)
- **Operations and partners:** managing a wide network of partners and (e.g. farmer associations for enrolment), delays in claim payouts
- **Product understanding:** complex product, appropriate point of sale disclosures, insurance lack of awareness that are insured if fully subsidised
- **Demand:** weak demand, challenges with affordability
- **Coordination of stakeholders:** different interests (e.g. Ministry of Agriculture, disaster management agencies etc)
- **Regulatory issues:** uncertainty of approach, lack of expertise

Achieving scale and sustainability and ensuring that customers are treated fairly and get value from products is a key concern

Implementation strategies



- **Product design:** focus on farmers' needs, keep products simple, use quality data (*don't lose sight of the customer in technical details*)
- **Cost:** leverage technology (*mobile technology*)
- **Operations and partners:** focus on farmers' needs (*fast claim payouts through automated weather stations linked to an online database, SANASA Insurance Sri Lanka*), train partners (*train-the-trainers scheme, Thailand*)
- **Demand:** product bundling (*personal accident, hospitalisation SANASA Insurance, Sri Lanka*), government subsidies and other support for national programmes (*India, Philippines, Thailand*), strategies to develop farmer understanding of insurance
- **Coordination of stakeholders:** multi-stakeholder steering committee (*Ministry of Finance, the Department of Agricultural Extension, Ministry Agriculture and Cooperatives, Bank of Agriculture and Agricultural Cooperatives, Office of Insurance Commission and the Thai General Insurance Association, Thailand*)
- **Regulatory matters:** clear framework, product approval, monitoring of index insurance projects, develop expertise (*Philippines, Kenya*)
- Integrate with other risk management measures (*land development, water conservation, crop and livelihood diversification and credit support, DHAN Foundation, India*)

Looking forward



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- Aim to have small-scale farmers voluntarily buying competitive agricultural insurance products in an informed manner
- Various initiatives have made some headway but there is still a long way to go



Thank you

Joseph Owuor

Senior Supervision Officer,

Insurance Regulatory Authority

www.ira.go.ke

jowuor@ira.go.ke

+254 719 047 249