



RISKSHIELD



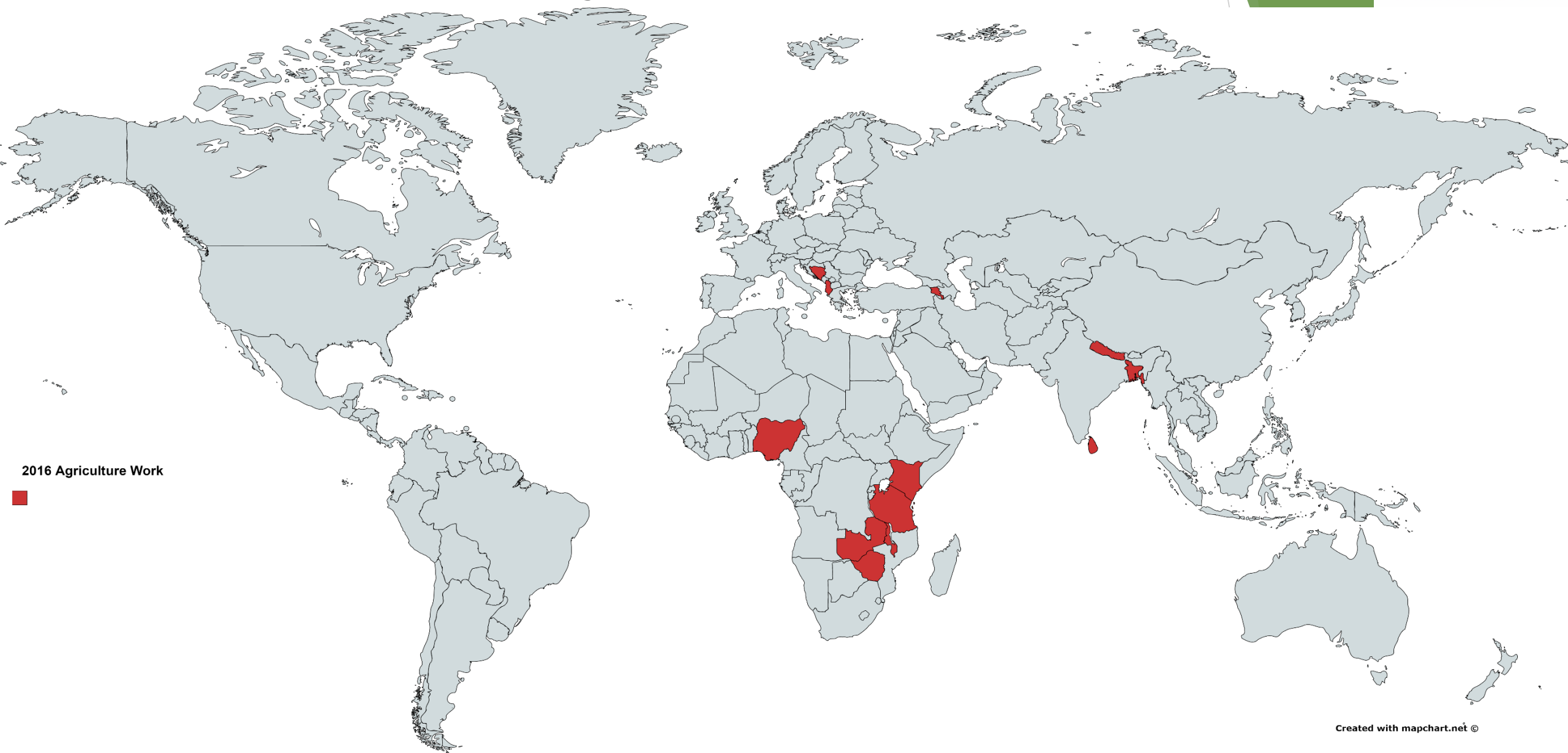
Scaling-up Agriculture Insurance in Zambia *Colombo, 16th November, 2016*

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Where are we waking up tomorrow!?



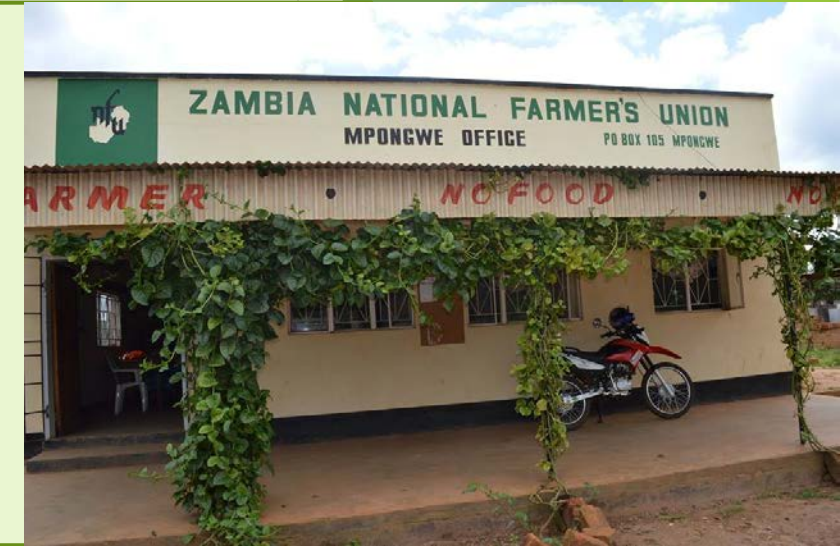
RISKSHIELD



Which Aggregators are available and willing?

ZAMBIA

- Contract farming (Cotton, Soya, Legumes, Maize);
- Farmer unions and cooperatives;
- Government's National Input Subsidy Scheme.



ELSEWHERE...

- Public sector agriculture loan program- Nigeria;
- Warehouse Receipt System- Malawi;
- Input suppliers (Seed, Fertilizers, Chemicals)- Tanzania

What is the Business Case for the Aggregator?

ZAMBIA

- Incentive based Contract farming;
- Access to finance;
- Cost-effective compared to Bad Debt Provision.



ELSEWHERE...

- Sales promotion tool- Kenya, Philippines;
- Farmer loyalty and retention- Malawi;
- Address the relevant business risks e.g. agro-dealer default-TZ

Who will pay for the insurance and Why/How?

ZAMBIA

- Co-financed and Pre-financed by aggregators;
- Bundled with cost of inputs/loans;
- Deducted from harvest sale proceeds;
- Paid in instalments.



ELSEWHERE...

- Bundling with fertilizers- Philippines
- Collected from farmers from previous harvest- Mozambique
- Paid for directly by farmers- Nepal

Are essential Data points available?

ZAMBIA

- Satellite weather data;
- Relevant GPS for reference points;
- Public and private sources of Yield data/Crop calendars



ELSEWHERE...

- Satellite vegetative data- Zimbabwe, Sudan;
- Earthquake frequency and severity data- Albania;
- Typhoon/Hurricane data- Philippines, Jamaica

What type of products are suitable?

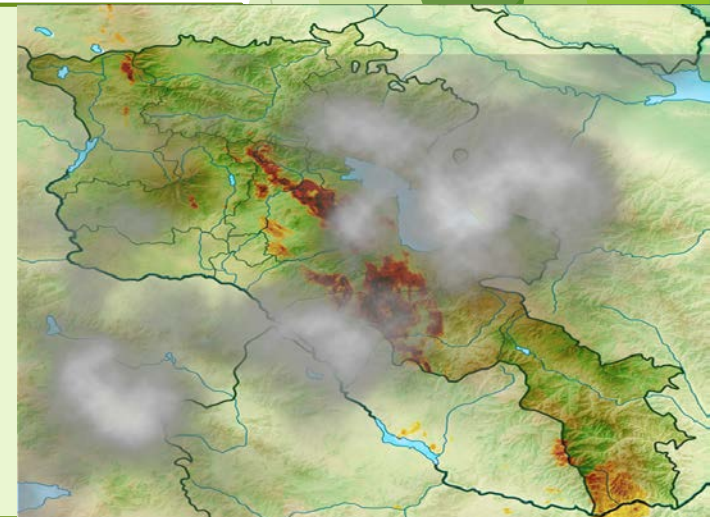
ZAMBIA

- Satellite based Weather Index Insurance;
- Meso-level and Portfolio products;
- Bundled Agric + Life/Health products.



ELSEWHERE...

- WII + Indemnity- Nigeria;
- Named peril (Hail)- Nepal, Bosnia;
- Weather Index based Input insurance- Malawi



Which pricing points are feasible/affordable?

ZAMBIA

- Competition in sector e.g. input suppliers;
- Inputs on credit or sold in cash?
- Gross margins for farmers and cost of production
- Extent and scope of farmer co-payments

ELSEWHERE...

- Govt guidelines for loan program- Nigeria;
- Discounts for inputs- Malawi
- Bad debt provision- Uganda



How will Basis Risk be managed?

ZAMBIA

- Hybrid products (2nd trigger/basis)
- Improved data points and product structuring
- More expensive products, although tradeoff with lost business!
- Micro vs Meso products



ELSEWHERE...

- Avoid certain scenarios e.g. flood insurance- Nigeria;
- Hybrid options- Nigeria;
- Communicate weather data and process regularly.



Is sufficient Insurance & Reinsurance available?

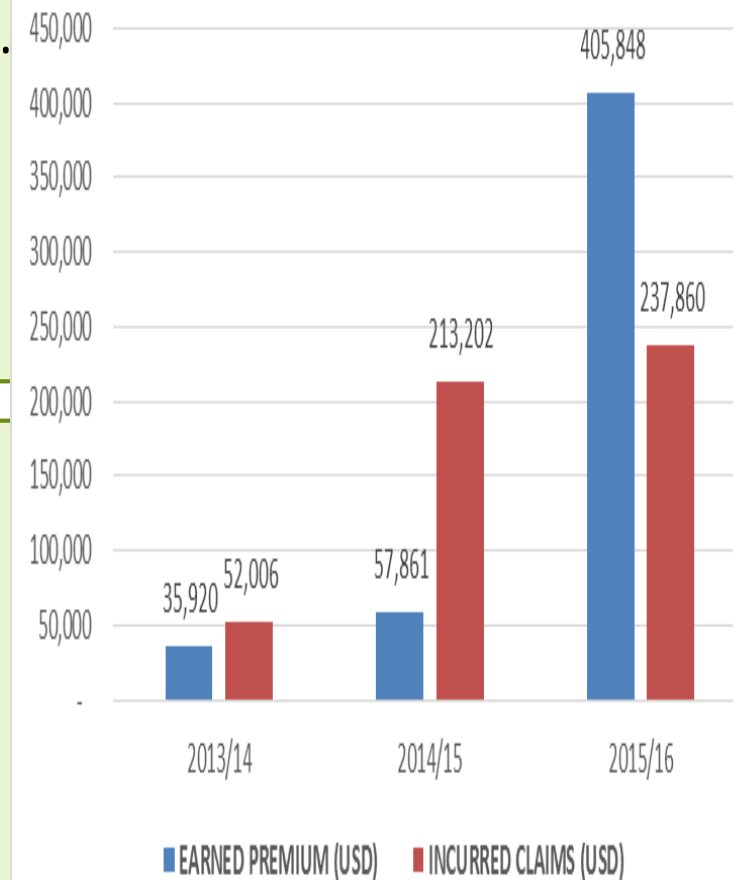
ZAMBIA

- Insurer with experience in agriculture, agronomists etc.
- Commercial book for agriculture insurance;
- International and regional reinsurers;
- Suitable reinsurance arrangements and treaties.

ELSEWHERE...

- Insurance pools- Ghana, Malawi;
- Public sector companies- Nigeria, Angola;
- Role of Central bank- Armenia

Premium and Claims Experience (USD)



Who will do ALL this work and Why?!

ZAMBIA

- Consultancy based;
- Commission and/or Success fees;
- Built capacity of local insurers.



ELSEWHERE...

- Regulatory barriers on use of data- Zimbabwe;
- Challenges with commission model;
- Role of traditional brokers and potential conflicts of interest.

How will the product be explained and marketed?

ZAMBIA

- Farmer meetings and Training of trainers;
- Posters and leaflets at field offices/ agro-dealers;
- Local radio.

ELSEWHERE...

- Weather reports- Tanzania;
- Pre-recorded mobile messages-Malawi;
- Mobile games- Kenya.





*“When you guys came first, I thought this was just a good story, maybe even a poem. Now I see this is a **REAL** thing!”*

Farmer in Magoye, Southern Province, on receiving payout of \$20 in 2014