

Sanasa- Best practices and lessons learnt from various Agri Insurance schemes in Sri Lanka

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Presentation by

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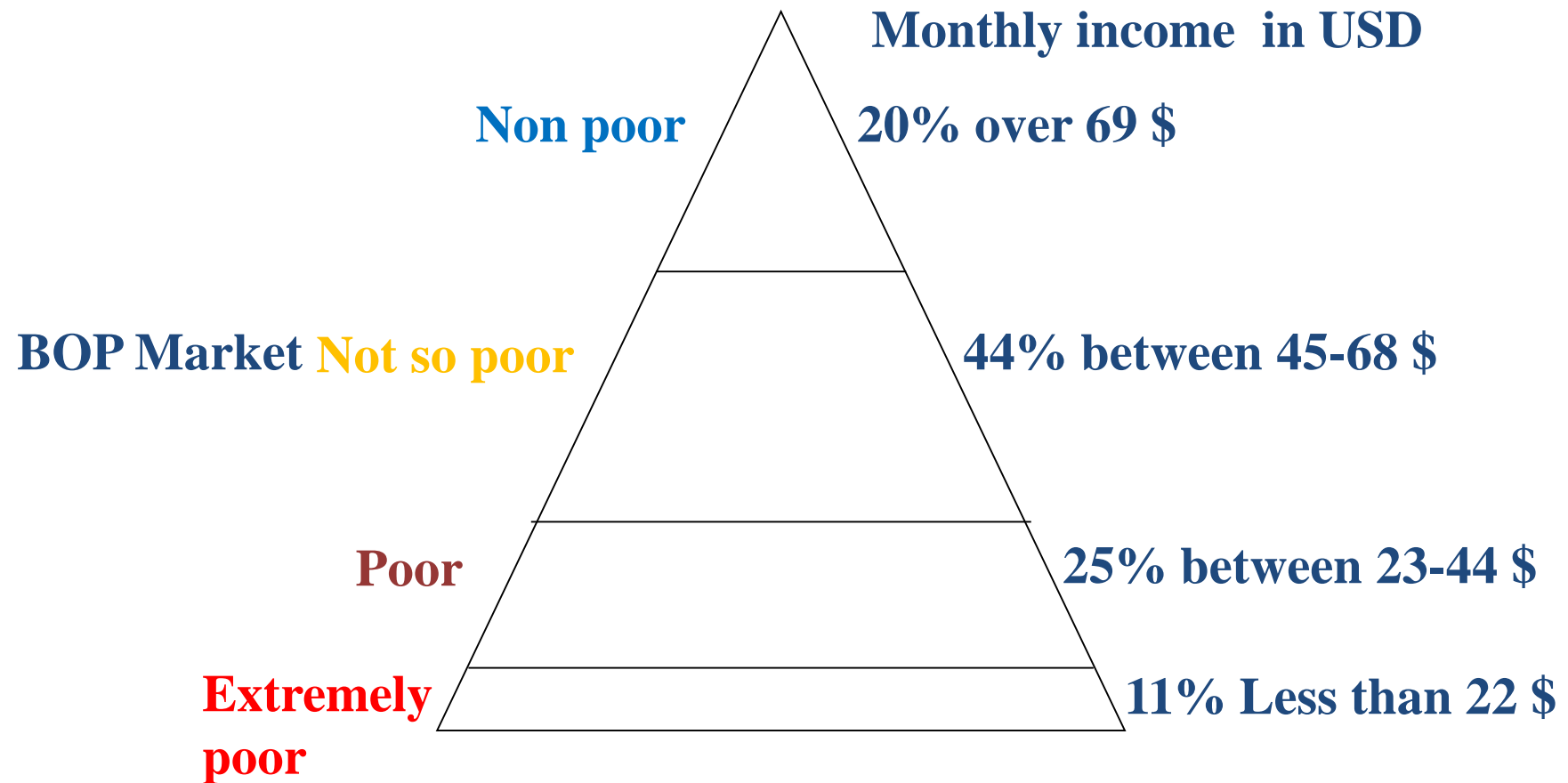
1. Introducing the Sri Lanka Economy

- Sri Lanka is an island lies in the Indian Ocean.
- Population is around 21 million.
- Working population is 73.7%
- GDP contribution
 - Agriculture 10.8%
 - Industry 31.1%
 - Service 58.0%



1. Introduction to the Sri Lanka Economy Cont...

BOP Market in Sri Lanka



(As per survey conducted under the sponsorship of ADB)

2. Sri Lankan Insurance industry- today

Regulations & Organizational Structure

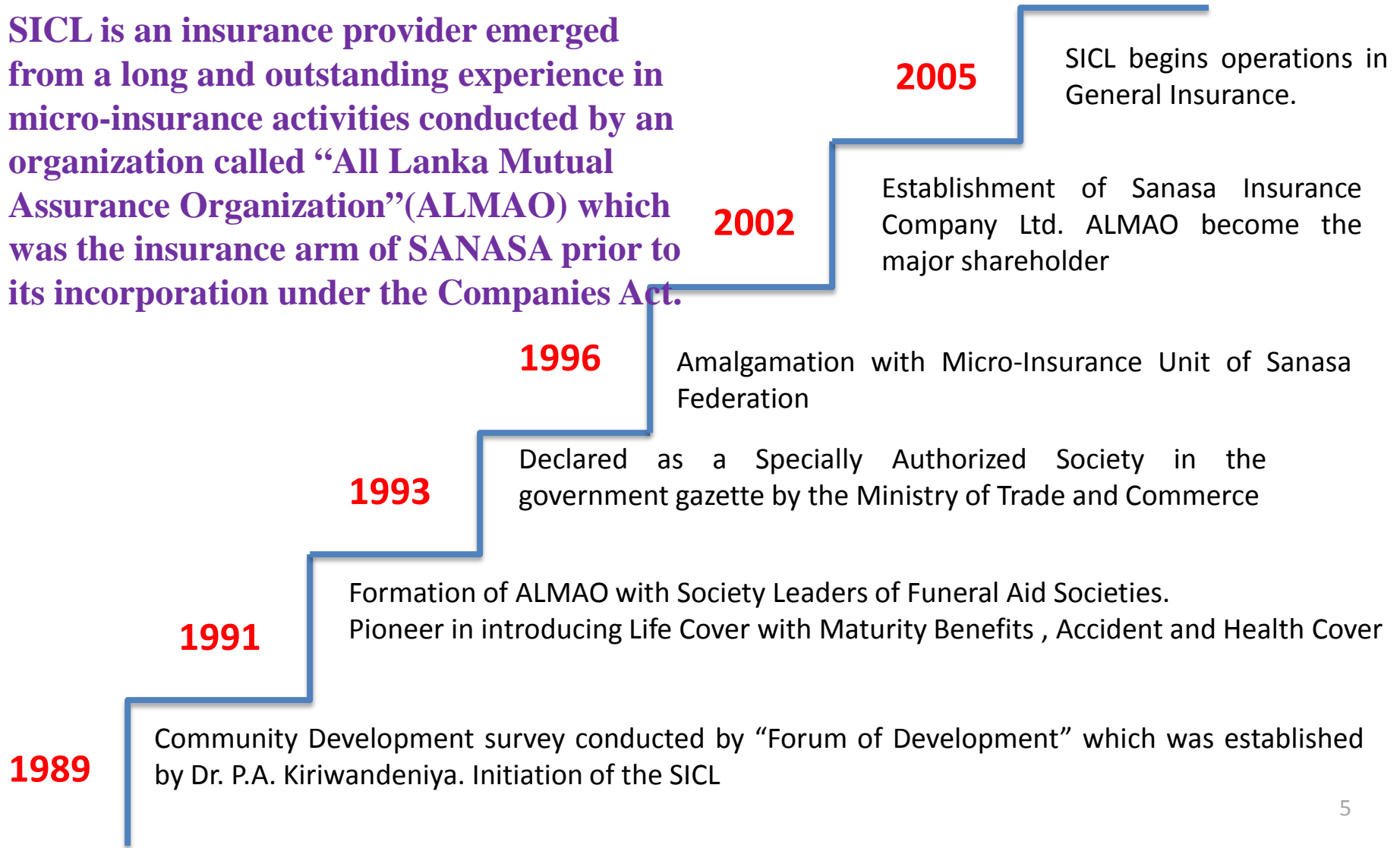
Insurance Law – Regulation of Insurance industry Act No.43 of 2000 and Amendments by Act No. 3 of 2011

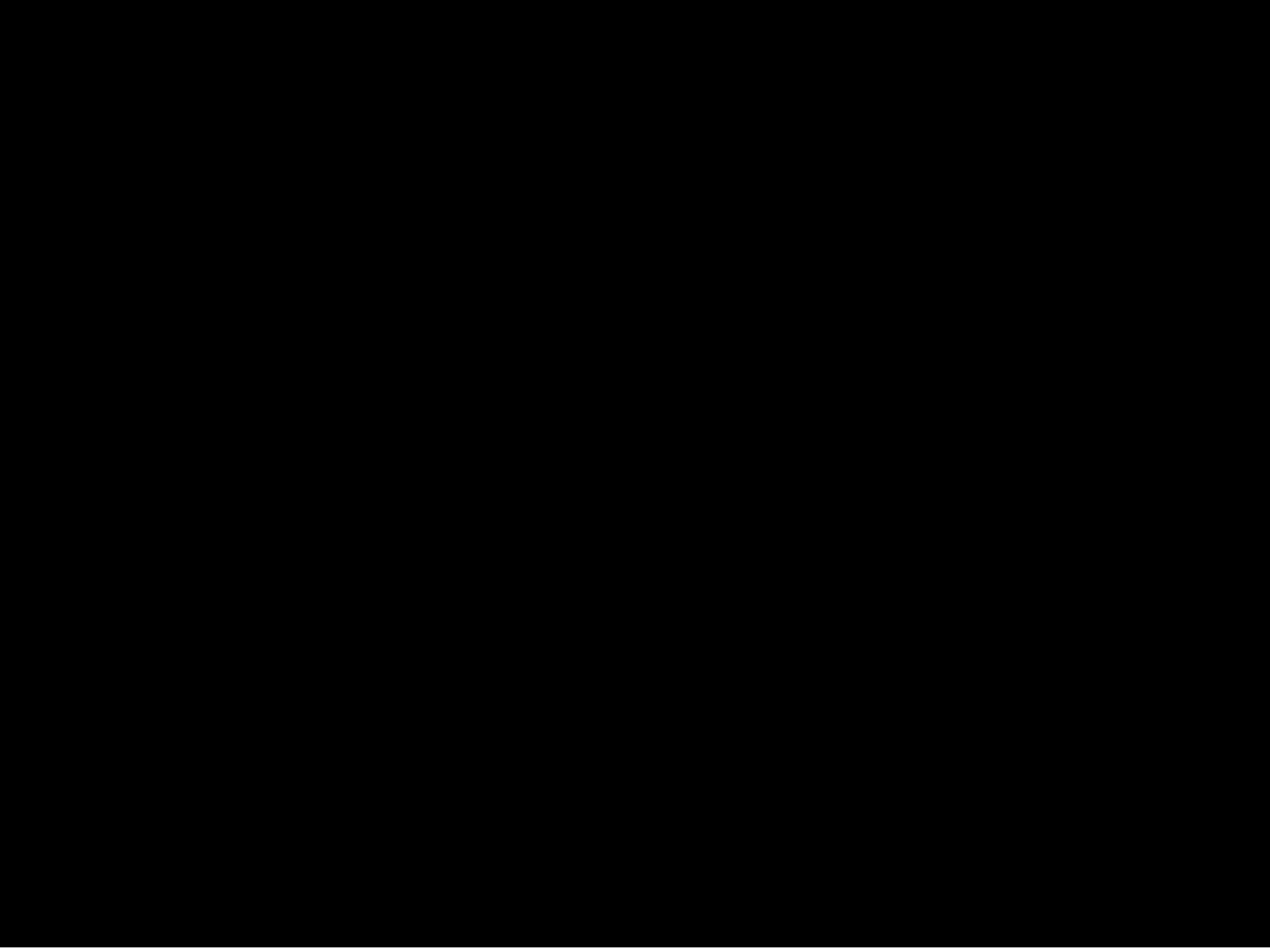
Total number of insurance companies:

Long term and General	– 04
Long Term	– 11
General	– 14
Total	29

3. Background of Sanasa Insurance Company Limited (SICL)

SICL is an insurance provider emerged from a long and outstanding experience in micro-insurance activities conducted by an organization called “All Lanka Mutual Assurance Organization”(ALMAO) which was the insurance arm of SANASA prior to its incorporation under the Companies Act.





Objectives of SICL

01. Popularize insurance among the low income householders

02. Introduce simple and affordable insurance products for poor segment of the society

03. Design less expensive insurance schemes with timely benefits

04. Enhance learning and dissemination of best practices for delivering micro insurance services to low income families

05. Explore ways and means to strengthen capital reserves so as to ensure solvency and sustainability

Target Market of SICL

Customers of SICL are mostly from the BPO market consisting of:

Members and customers of Sanasa Primary societies & non members

- **Members of Funeral Aid societies and other Community Based Organizations (farmer organization, Tea society ect..)**
- **Customers of Sanasa Development Bank and other Sanasa subsidiary organizations.**

Services offered by SANASA Insurance Company in Sri Lanka

SICL offers both Life and general insurance products for low income groups in rural mass of Sri Lanka.

Life Insurance



Motor Insurance



General Insurances



Agriculture Insurance

Indemnity based
Crop Insurance



Weather Index
Insurance



Insurance Plus
Programmes



Livestock insurance



4. Implementation of Weather Index Insurance in Sri Lanka.

- SICL is the founding insurance company introduced the concept of index insurance to Sri Lankan agricultural sector.
- We introduced WII to paddy farmers in year 2010 and to Tea farmers in 2012.
- To develop WII products, we received technical support from DID-Canada, K.A. Pandith from India and Basix, India.

SICL's Progress of Weather Index Insurance by the time

PADDY	Cumulative
Farmers	25,794
Premiums	USD 95,238
Sum insured	USD 1,909,350
TEA	Cumulative
Farmers	21,748
Premiums	USD 111,195
Sum insured	USD 1,636,855

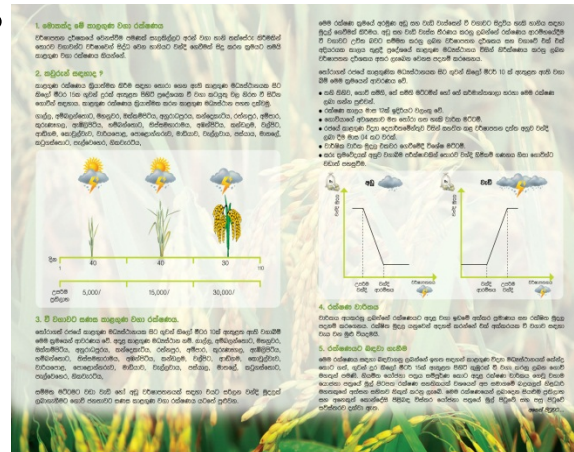
5. Sanasa Best practices in implementation of Weather Index Insurance

- Prior to the development of weather Index Insurance product, we carried out a **feasibility survey** with the participation of more than 2000 farmers.
- In developing WII, we obtained services from Sri Lankan **best agronomists** in paddy and tea sector.
- WII products **bundled** with some life and general insurance products.
- Appointed a **community based claim committee** called “Ahethuka Vipath committee” to resolve issues regarding WII at community level.
- **Community base organizations** are the main distribution channel of SICL for WII.

Sanasa Best practices in implementation of Weather Index Insurance

We used simple and attractive marketing material for educating farmers.

- Leaflets with all the information
- Village mobile programs
- Video programs (Tele-drama for WII).
- Radio advertisements



6. Next pace to develop Weather Index Insurance

Community Based weather Station

2 weather stations are under construction, as a pilot project with the assistance of Moratuwa University (Sri Lanka's best engineering faculty). Special features of these weather stations are comprised of:

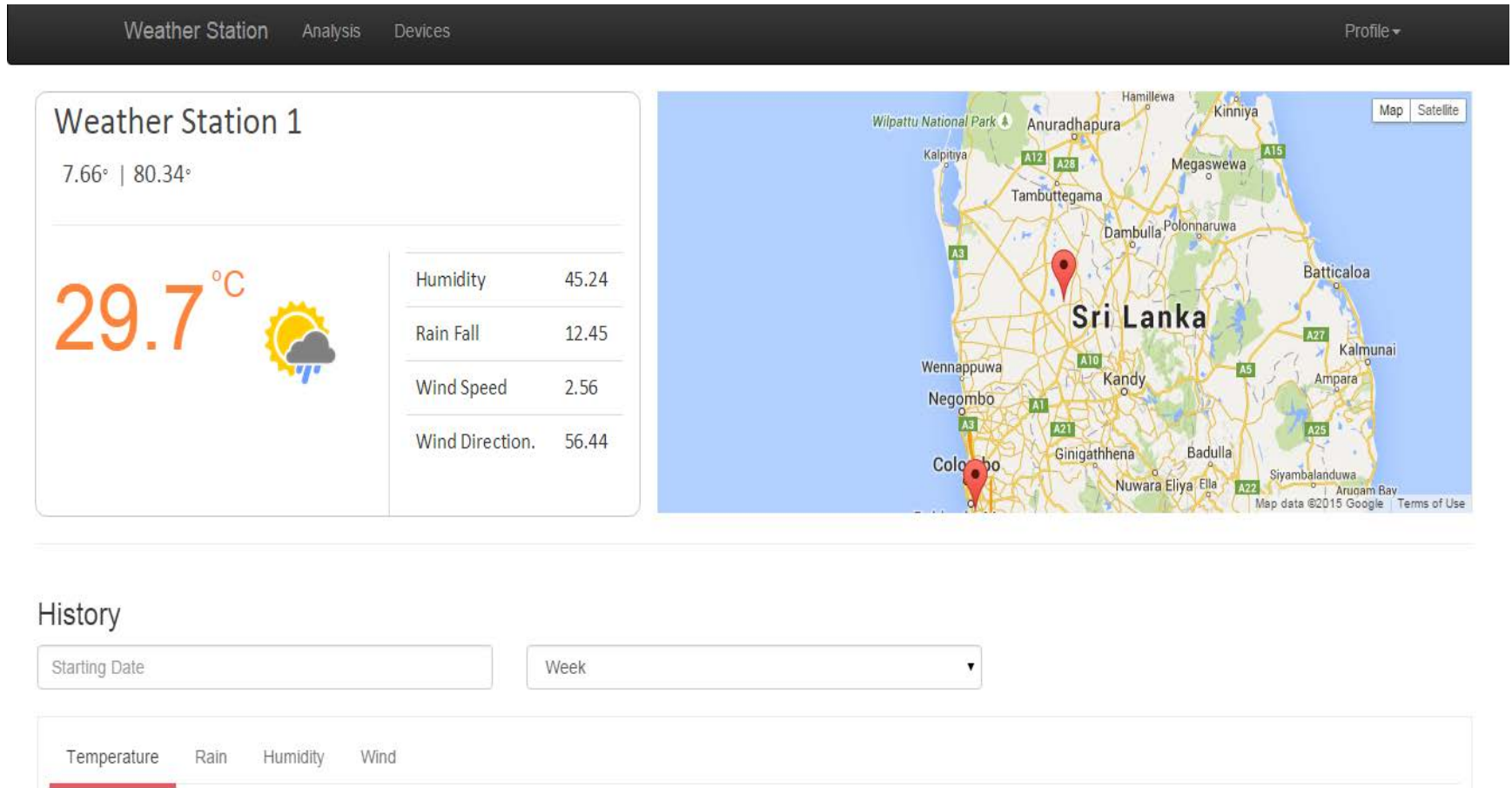
- Automated system.
- Facilities to upload data to Online web site.
- High security & barriers to access in altering data
- Solar power.
- Data availability - RF, Humidity, Wind direction and speed, Temperature.
- Access to Historical data

Community Based weather Station cont...



Community Based weather Station cont...

Proposed website for community based weather station



Community Based weather Station cont...

History

August 2015						
Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Wind

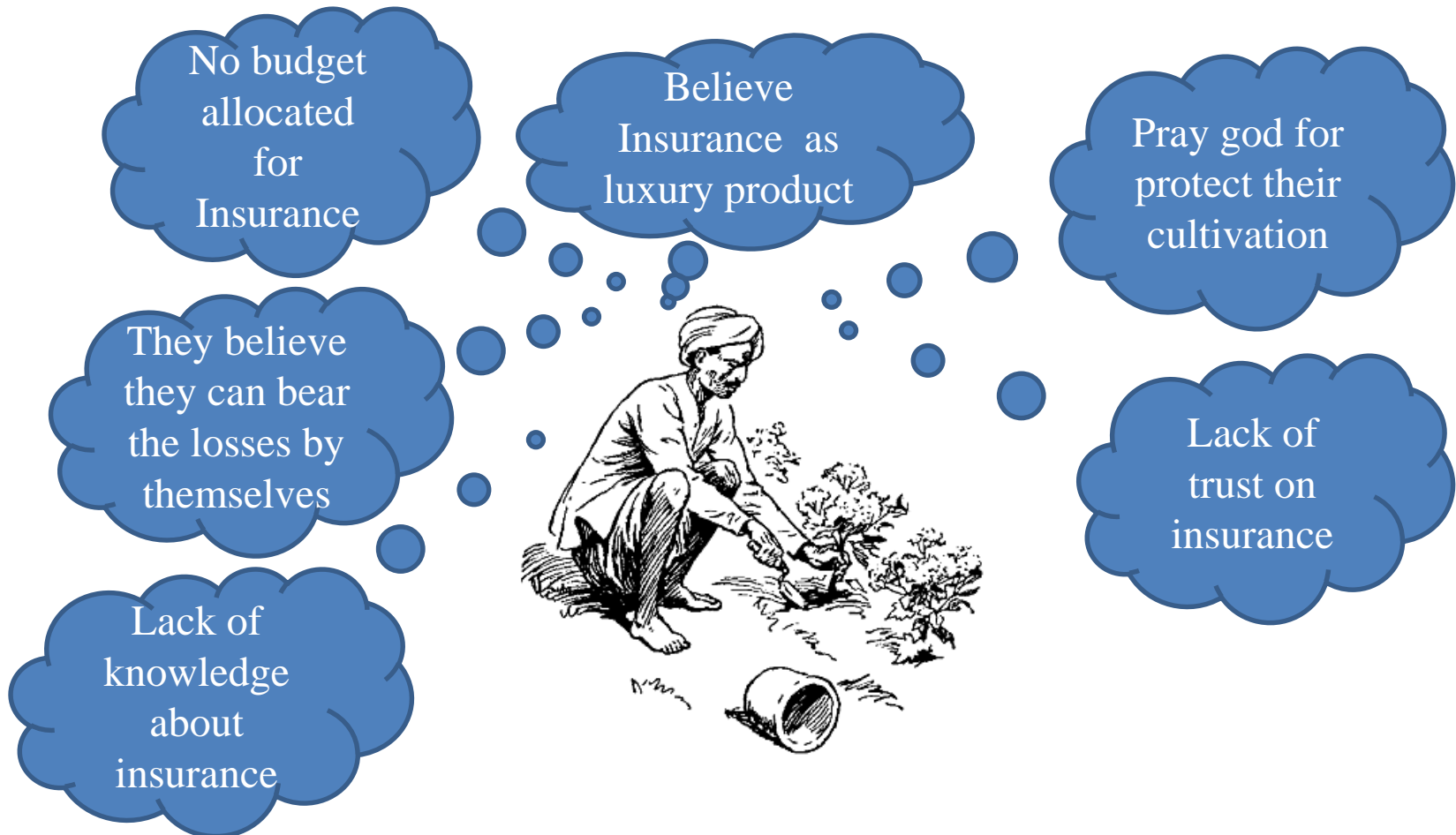
Rainfall Over Time

Click and drag in the plot area to zoom in



7. Challenges faced by SICL

Making behavioral change (thinking pattern) toward insurance among farmers is the major challenge faced by SICL during the implementation period of WII



8. Lessons Learned

1. Farmer`s lack of ability to pay upfront premiums.
2. Need for introducing a premium subsidiary scheme for farmers to grant concessions during initiative period.
3. Take measures to update the network of collecting rainfall data by automated equipments for receiving Well-timed data.

Thank You!
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