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Hosted by



**Munich Re
Foundation**
From Knowledge
to Action



Co-host

Topic : Developing Index Insurance Markets in Asia

Bangladesh Experience

Challenges, Present Scenario, Strategy & Recommendation for Weather Index Insurance in Bangladesh

Challenges:

- Lack of Insurance awareness & Product Pricing

Present Scenario:

- Combined Premium in proportion to GDP is 0.09%
- (Life -0.07% and Non-life -0.02%,
- 45 Nonlife Companies, 32 Life Companies,
- 3 Non-life Companies Working with Index Insurance)
- Attracting Reinsurers for better pricing

Strategy :

- Inclusive Holistic Approach to create awareness
- Partnering with
 - input farm, agriculture aggregators,
 - seed company, financial institutions
- Academia
- Ministry
- Metrologist

Recommendation :

- Insurance sector has to take the combined approach to create the awareness
- During Initial stage Stakeholders should not consider the projects “PROFIT” driven

Challenges, Present Scenario, Strategy & Recommendation for Weather Index Insurance in Bangladesh

Challenges:

- Availability of Weather Data & Technology Infrastructure

Present Scenario:

- At the moment in Bangladesh we have only 42 Weather Stations
- 5 Radars in Bangladesh,
- We are in need of at least 300 Weather Stations to cover all area

Strategy :

- GDIC & IFC developed data greed with the support Skymet Weather Services Pvt. Ltd. India 35 Years weather data of Bangladesh, also developed interpolated stations to cover every 10km area. Daily weather Data from BMD now a days is using to measure regular data for interpolated stations. Credit Risk Management Tool for Agriculture Index has been developed through Skymet for Financial Institutions. World Bank is working to install 200 AWS in Bangladesh

Recommendation :

- We may use Telco's 33,000+ BTS Towers for this which have large coverage,
- even we may use Bangladesh Railways nation wide optical fiber line to develop support for Weather Index, which is available in rural areas as well. Also Water board data, satellite data, flood warning center data may be used to develop the data greed.

Challenges, Present Scenario, Strategy & Recommendation for Weather Index Insurance in Bangladesh

Challenges:

Govt. Initiative & Regulations

Present Scenario:

State owned non-life company Sadharan Bima Corporation(SBC) is in the early stage of implementing Agriculture Insurance with the support of ADB on Paddy and Potato in a small scale.

No premium subsidy is available for overall agriculture index insurance premium

Strategy :

GDIC is working on various crops like cassava, vegetables, ground nut, industrial potato, yield index for high breed rice, to get different experience, which will support to create sustainable product for Index Market.

Trying to invite various foreign funds to invest in this sector and develop the market.

Recommendation :

Govt. may take Initiative to fix regulation,
area wise various crops CCE (Crop Cutting Experience) declare,

Premium Subsidy for Index Insurance also like neighboring countries like India.

also separate Agriculture Insurance Company (example AIC) for developing this sector.

Challenges, Present Scenario, Strategy & Recommendation for Weather Index Insurance in Bangladesh

Challenges:

- Distribution Channel Partner & Capacity Building

Present Scenario:

- GDIC used two different distribution network for two different product,
- SBC used one distribution network to sell one index product.
- GDIC Is Partnering with A2I under prime minsters office for using their 5000 digital center as agent
- Info Lady program a joint project GDIC-ICT Ministry-Denet where 1000 ladies will be working as GDIC agents

Strategy :

- GDIC is working with different distribution network like input farms, seed companies, agriculture aggregators, financial institutions on different products and focusing on Cash Crops like Vegetables, High Breed Rice Seed, Industrial Potato, Ground Nut etc.
- GDIC is doing workshop, seminar, meeting with all the probable stakeholders to develop various distribution network and capacity building process to sell Index Insurance Product.

Recommendation :

- Continues capacity building to sell Index Insurance through channel partner.
- More seminar, workshop, meeting and advertisement should be arranged. By all the stake holders in the market.
- Channel partners should be trained and engaged more to develop the network and build capacity on Index Insurance selling



Green Delta Challenges in Weather Index Insurance in Bangladesh



- Convince GDIC top to starting the Project of Agriculture Insurance
- Challenges in Internal Resources to create still continues process
- Market was to small, segmented market, not yet ready
- Distribution Channel

THANK YOU