

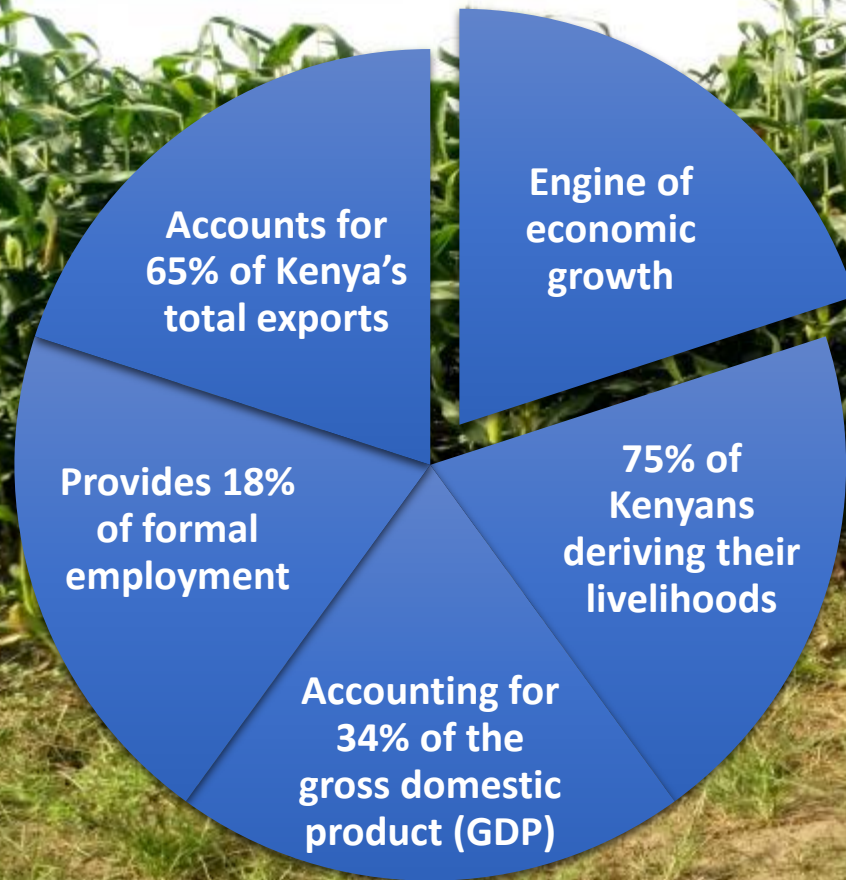
# Agriculture Pool

## “Coopetition not competition”



International Microinsurance Conference,  
November 7, 2018 Lusaka, Zambia

# Kenya Agriculture Sector - Importance & Challenges



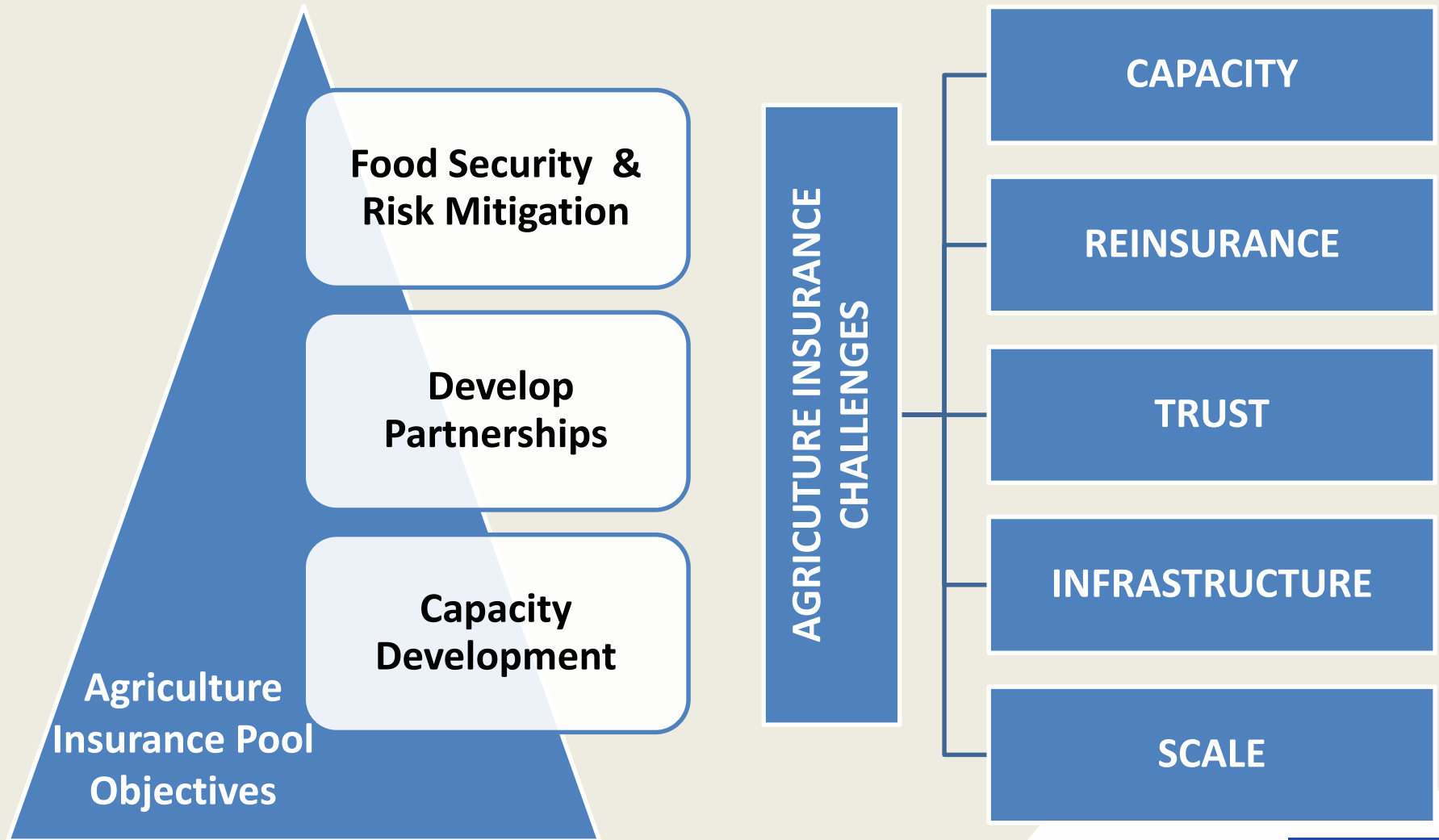
Still behind in meeting economic growth targets

Largely reflected in dwindling agricultural produce, poor quality of crops and subsistence farming

Climate variability and change have adversely affected this sector

Struggling with poverty & malnutrition despite the ability to produce variety of cash crops & subsistence farming.

# Agriculture Insurance Challenges & Pool Objectives



# Pool Approach to Solve Challenges

## Capacity

- Multiple insurers working together as a Pool instead of competing for the business they don't know yet.
- Putting resources together to develop the local market
- Learning from each other through the journey

## Reinsurance

- Easier to convince international markets to support when working as a group.
- Assurance to reinsurers that you will be there from a long time to develop this business and not just testing for one season
- Higher Net retention within the country is preferred by reinsurers which is easier with a Pool approach

## Trust

- A Pool approach is able to bring multiple partners together like Government, International Development Organizations, local aggregators to build trust.
- Information about claim paid from multiple partners also help

## Infrastructure & Scale

- With the help of Pool, it is easier to use multiple resources contributed by all stake holders to reach the scale.
- Entering into value chains is easier with such resources

# Progress- 2015 To 2018

7 Insurers

5  
Reinsurers  
(Lead by  
Swiss Re)

20  
Counties

0.6  
Million  
Insured

KSh. 380  
Million  
Premium  
Received

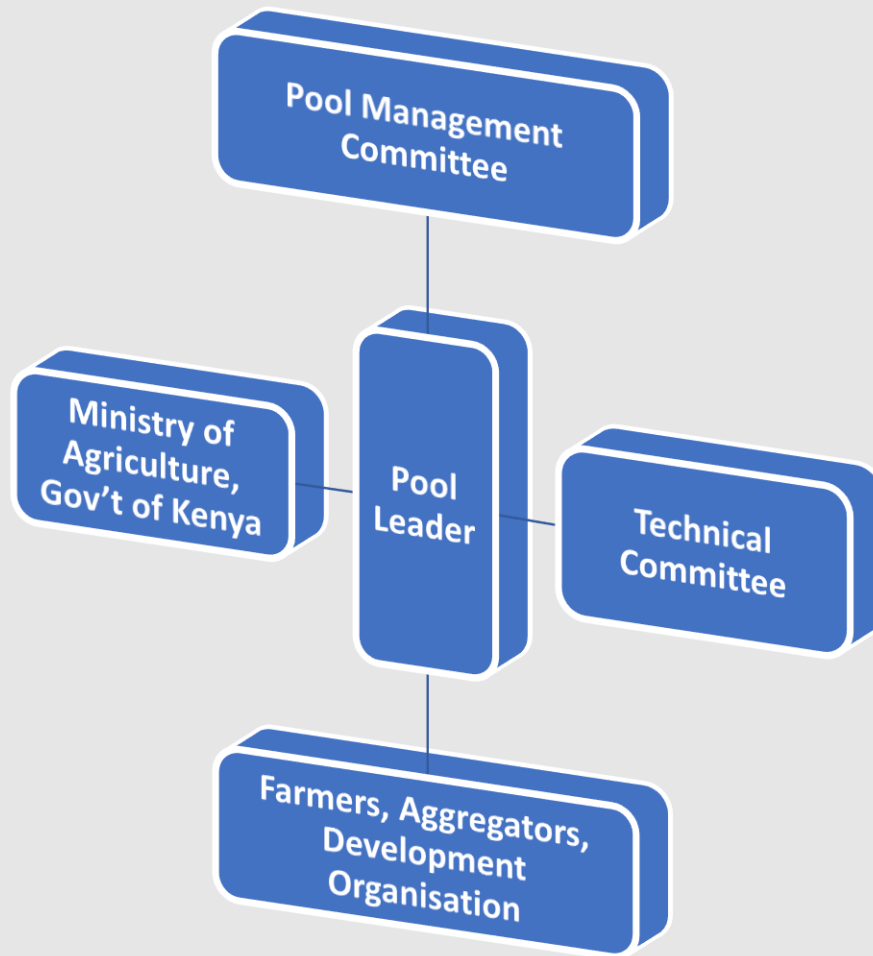
KSh.675  
Million  
Claims  
Paid

## Partners





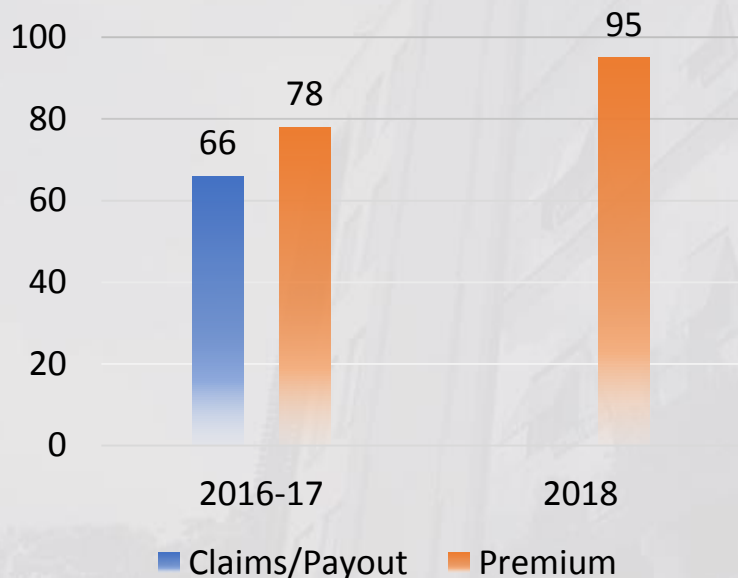
# Work Flow of the Pool & Challenges



# APA Experience on Agriculture Insurance

## Public-Private Partnership

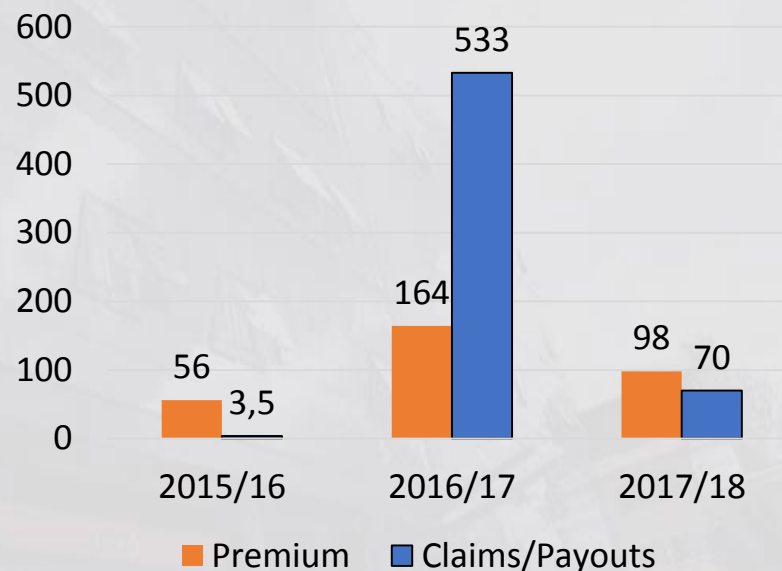
**AREA YIELD CROP INDEX (AYII)  
– PREMIUM/CLAIMS**



2016/17- 200,000 farmers

2018- 330,000 farmers

**KENYA LIVESTOCK INSURANCE  
PROGRAMME PREMIUMS/CLAIMS**



2015/16 - 5,012  
Beneficiaries

2016/17 - 12,012  
Beneficiaries

2017/18 - 18,000  
Beneficiaries



# On-going Challenges

- **Government policy and regulation to foster agriculture development**
- **Distribution of agricultural insurance to reach scale is still a challenge**
- **Inadequate Political will to investment in agriculture**
- **Distribution mechanisms for agri-insurance tend to be costly**
- **Inadequate crop yields data limiting pricing and innovations**
- **Lack of sustainable PPP arrangements to under-guard business longevity**

PUBLIC-PRIVATE PARTNERSHIP IS A WIN-WIN APPROACH FOR PROGRAMMES OF SUCH MAGNITUDE - DE-RISKING AGRICULTURE AND INVIGORATING GROWTH. FOSTERING FARMERS' CONFIDENCE AND PRODUCTIVITY; SPURRING PRIVATE SECTOR CONFIDENCE & ENSURING VIABLE PARTICIPATION



# Insights

- Awareness and understanding of insurance is the key pillar to change the client perspective to see insurance from cost to benefit.
- Regular capacity building campaigns critical to remain engaged with farmers
- Allocation of specific areas to pool members helps optimizing resource utilization especially in a time bound enrolment scenario
- Distribution is a challenge- partnering with relevant aggregators helps- One Acre Fund, WFP, Financial institutions
- Proper training of the product and continuous monitoring of agents on ground will change the game. For example – APA sells through individual agents/coordinators who only work during enrollment period of 2 month. With just 20 agents we were able to reach 10,000 farmers and insured 4000.



# Lessons Learned

1. **Scale-** Lack of infrastructure... government support essential in initial stages
2. **Trust-** Government schemes help in building trust !
3. **Pricing-** Government subsidies required to counter high premium rates (4-18%) in the absence of reliable data
4. **Risk Sharing-** With the creation of insurance pool in Kenya, today we are insuring crops worth Ksh 2.5 billion which is expected to be Ksh 10 billion by year 2020. We have reached to a level where other neighboring countries are asking for our support to develop agriculture insurance for example Uganda (UG pool) and Tanzania (tobacco & Rice).



# THANK YOU

