

DEVELOPING WEATHER INDEX INSURANCE MARKETS

DISCUSSION AT 15TH IMC INCLUSIVE INSURANCE, DHAKA



Perna Saxena

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WHAT IS WEATHER INDEX INSURANCE FOR AGRICULTURE?

Index insurance pays out benefits on the basis of a pre-determined weather index



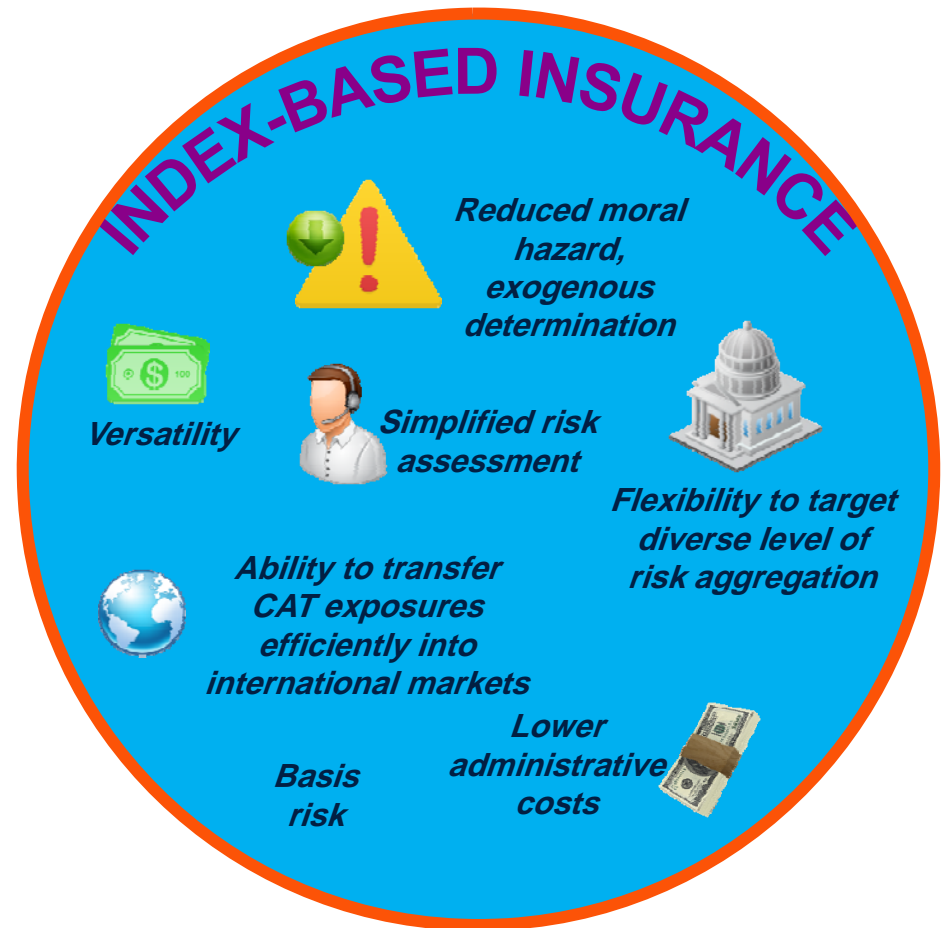
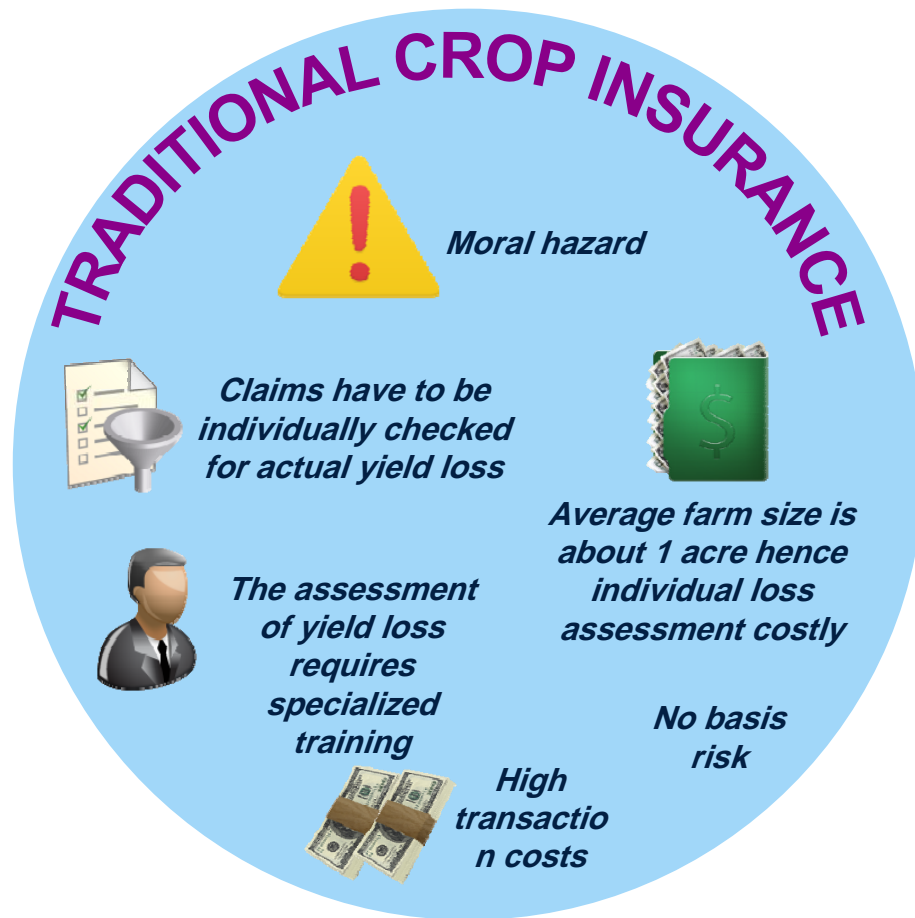
Covers crops such as paddy, cotton, maize, potatoes, tea etc.

Covers loss of assets and investments



Claims settlement does not require traditional claims assessors

TRADITIONAL VS. INDEX-BASED INSURANCE



IMPLEMENTATION CHALLENGES



**Unavailability
of weather
data**

**Perceived
complexity of
Index
Insurance
products**

**Developing
distribution
partnerships**

**Lack of
willingness to
pay premiums**

OUR COLLECTIVE EFFORTS IN BANGALDESH



Government – to set up weather data infrastructure

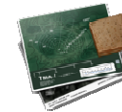
IDRA- to provide regulation for index insurance

Weather and crop yield data providers:

- Bangladesh Meteorological Department
- Bangladesh Water Development Board
- Bangladesh Agriculture Extension Dept.
- Bangladesh Bureau of Statistics



Weather services: SKYMET
Development of Weather Data Grid and Agri Credit Risk Tool



M&E firm
Conduct FGDs / surveys for weather data validation and product design



Reinsurer
Provide reinsurance for agricultural insurance



Farmers
Respond to FGDs / give feedback on risks and insurance



Mobile technology for insurance transactions



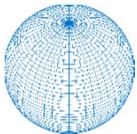
Distribution channels:
Banks, MFIs, Agribusinesses to offer products to farmers bundled with farming inputs / credit
Purchase portfolio index-insurance

ACHIEVEMENTS TILL DATE

Macro Level



Digitized Archive of Weather and Crop Production Data for Last 32 years



Retrievable Cloud Based Weather Data Grid As a Interpolated Smooth Weather Data Source



Advocacy with Government Agencies and Engaging Other Policy Stakeholders



Demonstration Effect for Future Agri-insurance Programs

Meso Level



45 Actuarially Designed Weather index and Area yield index products Filed with IDRA, that can be used by any insurer



Awareness Building of Agri Value Chain Members on Role of Weather Index Insurance (WII)



Agri-Credit Risk (ACR) Tool for Bankers



Training to Industry Players (Insurers) on WII Design and Delivery

Micro Level



27 Products are Piloted Across Bangladesh



~17,000 Farmers Insured

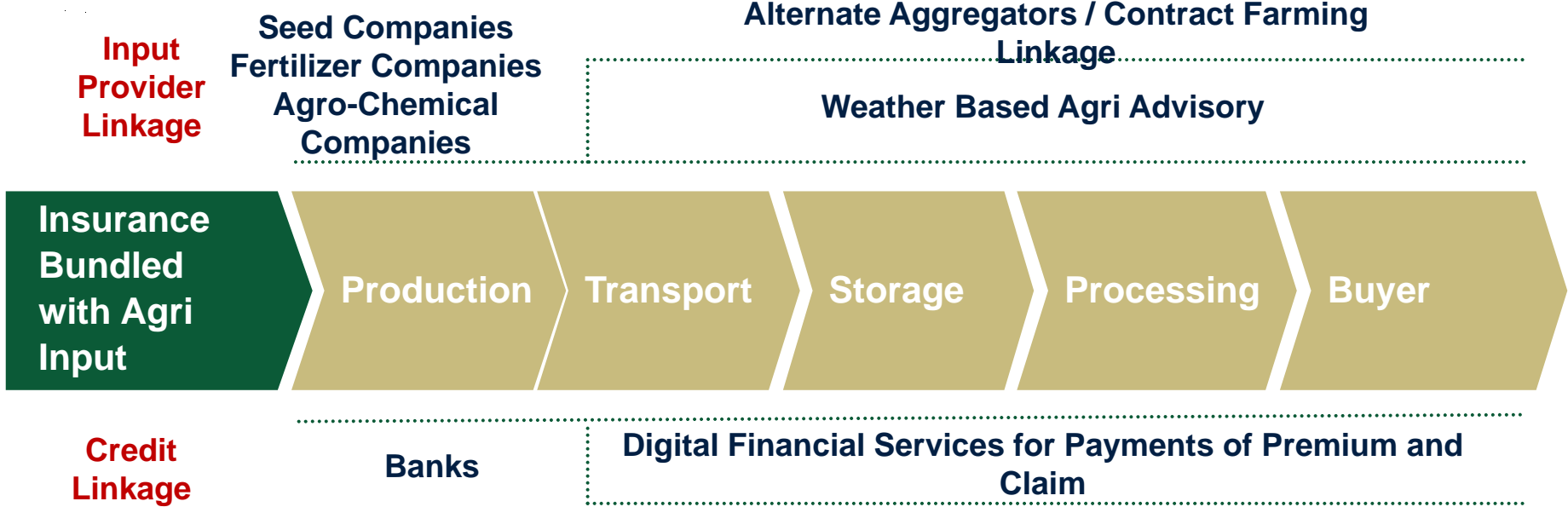


4,350 Farmers Received Claims



USD 85,943 Premium Received

OUR VISION: AGRI-INSURANCE ECO-SYSTEM



- Weather Based Agri-insurance
- Area Yield based Agri-insurance
- Portfolio Level Insurance
- Livestock Insurance
- Real-time Update on Weather Data grid
- Agri Credit-risk Assessment Tool
- Weather Advisory to farmers
- Linkage between Partners to Create Win-Win Eco-system

THANK YOU

