

WII Operation in Sri Lanka

“12th Micro Insurance Conference – 2016,
Colombo“

15th -17th November, 2016

@

Cinnamon Citadel, Colombo

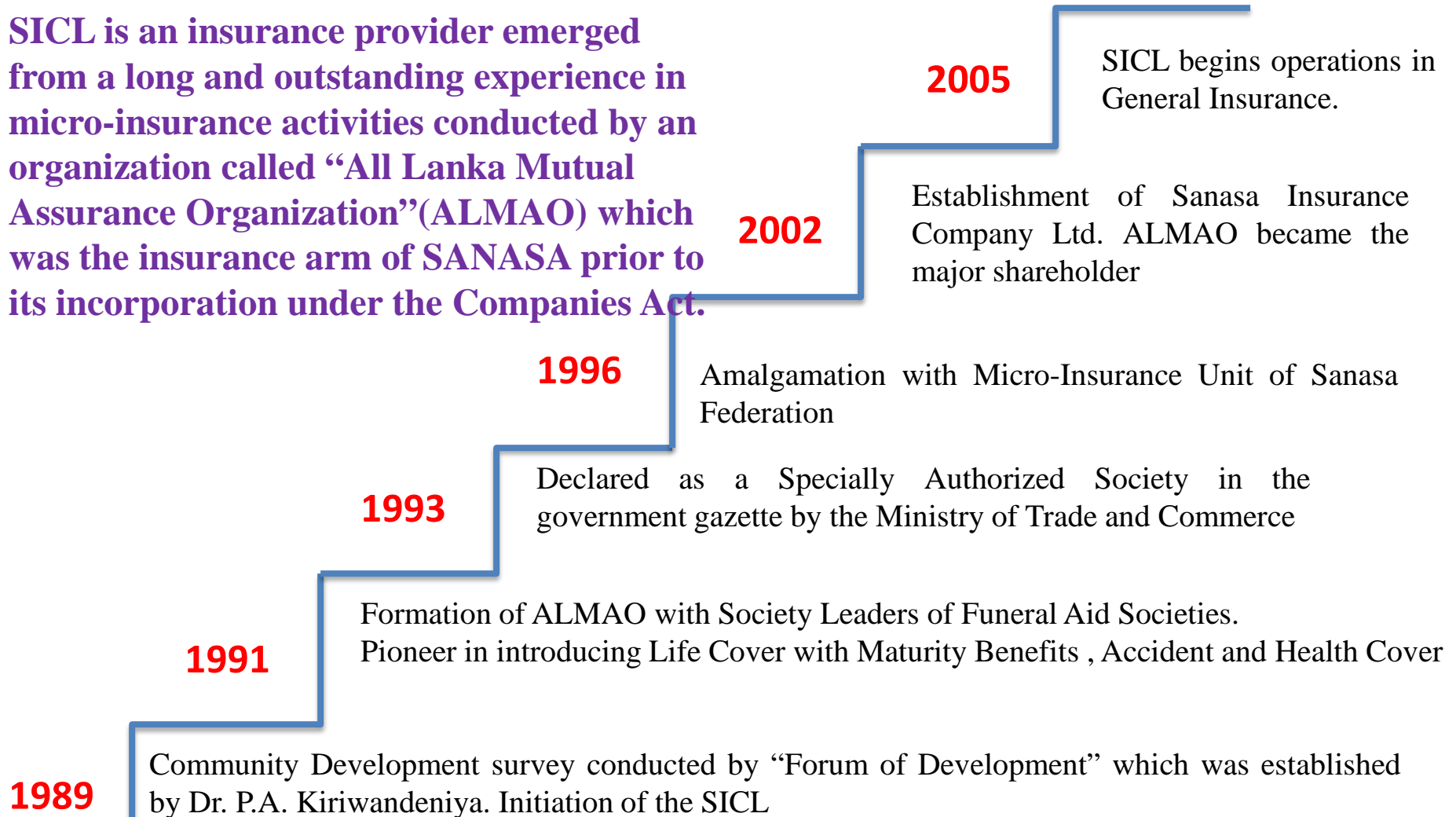
Presentation by

I.K. Kiriwadeniya

Sanasa Insurance Company limited, Sri Lanka

1. 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.



2. 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 Programs



Livestock insurance



WII video

<https://drive.google.com/file/d/0B4tRHqduP0fNWDh4UDA3LVVESzQ/view?usp=sharing>

3. What is Weather Index Insurance(WII)?

- It is a crop insurance, designed to provide cover/protection based on the rainfall index

Payouts are triggered by a **pre-specified mechanism** of observing weather indices by an independent authority

Reduce occurrences of **moral hazard and adverse selection**

Possibility of transferring risks of weather index insurance to international **reinsurers**

Inexpensive **administration cost**

Eliminates the need for **in-field assessments**

SICL- weather Index insurance products available

➤ Weather Index Insurance product for Paddy.

		YALA		2012
	13	KURUNEGALA		
	Medium	I	II	III
Excess	Strike	360	300	225
	Exit	540	450	338
	Notional	28	100	267
	Max	5000	15000	30000
Deficit	Strike	65	65	0
	Exit	15	15	0
	Notional	100	100	0
	Max	5000	5000	0
Flash Rain	# days	4	4	0
	% Exit	60%	60%	0
	Strike	324	270	0
	mm	100%	100%	0
	Max	5000	15000	0



SICL- weather Index insurance products available

➤ Weather Index Insurance product for Tea.

Method 1

Payout Structure _ Rainfall			
<u>Premium Rates</u>			
Index	Cumulative rainfall from the 16th of the Previous month till the 15th of the current month		
Trigger value	100mm		
Stop loss	20mm		
Rates			
Office Premium per month	Minimum Payout per Month at Trigger	Maximum Payout Per Month at Stop Loss	Payout per mm
Rs. 300	Rs. 205.75	Rs. 2,057.54	Rs. 23.15
Rs. 400	Rs. 308.63	Rs. 3,086.31	Rs. 34.72
Rs. 500	Rs. 411.51	Rs. 4,115.08	Rs. 46.29

Method 2

Office premium	14 consecutive dry days payout	Additional per day Payout up to a maximum of 6 Dry Days
Rs. 300	Rs. 514.38	Rs. 82.30
Rs. 400	Rs. 771.58	Rs. 123.45
Rs. 500	Rs. 1,028.77	Rs. 164.60
Rs. 600	Rs. 1,285.96	Rs. 205.75
Rs. 700	Rs. 1,543.15	Rs. 246.90
Rs. 800	Rs. 1,800.35	Rs. 288.06

4. SICL`s Progress of Weather Index Insurance as of 2016

PADDY	Cumulative
Farmers	31,228
Premiums	USD 120,236
Sum insured	USD 1,202,369
TEA	Cumulative
Farmers	25,087
Premiums	USD 132,701
Sum insured	USD 1,958,533

5. Next pace to develop Weather Index Insurance

Community Based weather Station

Two weather stations were established 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



Weather Station 1
7.66° | 80.34°

29.7 °C 

Humidity	45.24
Rain Fall	12.45
Wind Speed	2.56
Wind Direction.	56.44



History

Starting Date Week

Temperature Rain Humidity Wind

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



6. Key challenges in project implementation:

Challenges faced by client:

- Lack of awareness of WII.
- Lack of customer confidence on reliability of rainfall data.
- Negative attitude of farmers towards insurance.
- Inability to pay premium upfront (These mostly for paddy farmers).

Technical challenges:

- Product configuration for differs weather station to weather station and also from
- Yala and Maha season.
- WII coverage has to be limited to area radius of 10 Km, but no sufficient WS are available to provide cover to all the cultivated areas.
- Due to microclimatic conditions, value of rainfall declared by the weather station does not reflect rainfall experienced in certain locations.
- Deciding trigger levels realistically is hindered due to unavailability of yield data WS wise.

Other challenges:

- Updating awareness of WII is long term process and expensive.
- Difficulty in receiving on time data as required for the smooth operation of WII.

7. How we use these lessons to improve our project/product?

- To seek the possibility of implementing a subsidy scheme with the assistance from Local or foreign agencies for the benefit of paddy farmers in low income group.
- To explore availability of technical and financial assistance from a local or foreign agency to install a few automated weather gauge equipments in selected areas to operate WII.
- Expand network of community base weather stations.
- Reach new geographies to enhance operation of WII (north and east)

*Thank
you*

