



Microinsurance Catastrophe  
Risk Organisation

## Improving the value of agriculture insurance

**Inclusive Insurance for the mass market**  
**13<sup>th</sup> International Microinsurance**  
**Conference November 2017, Lima**

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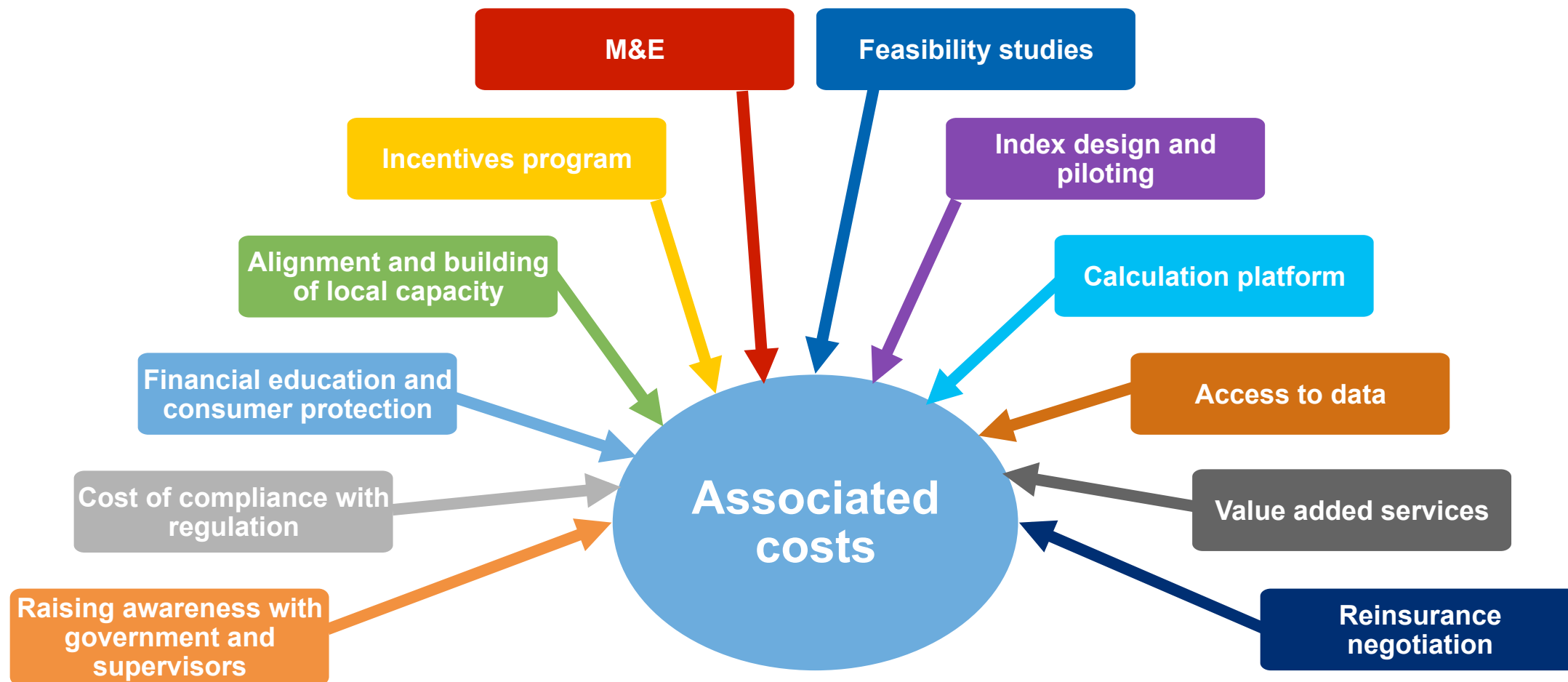
# Agenda

1. By putting the client at the center in product design
2. By empowering the consumer
3. By monitoring and evaluating impact

# 1. Product design – client centered approach



# Costs involved in implementation



# How to do it right?

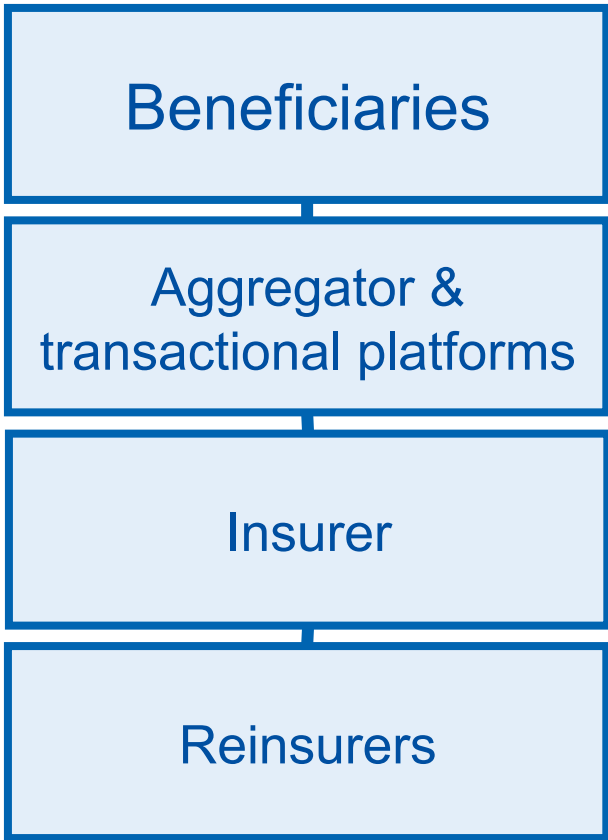
**Government**  
*Data, public policies alignment, support*

**Donors & investors**  
*Upfront investments (product and market development)*

**Supervisors**  
*support*

**Technical assistance**  
*Product design, M&E, financial education, added services, etc.*

**Data providers**  
*NASA, USGS, etc.*

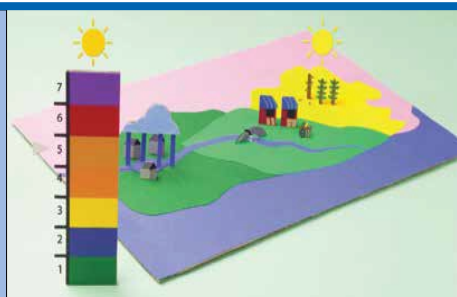




# Our MVP in Guatemala and El Salvador

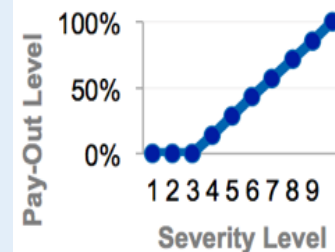
## Affordable

Index-based trigger

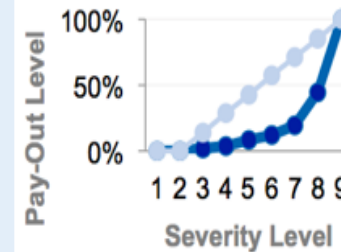


Adjusted structure

**A.**  
Gradual payout

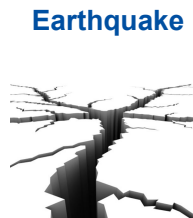
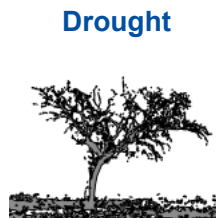


**B.**  
Focus on Cat



## Appealing

Relevant hazards covered  
(e.g. Central America)



Value added program

- Financial education
- Games training on DRR
- 72-hours emergency kit
- Relevant info via SMS

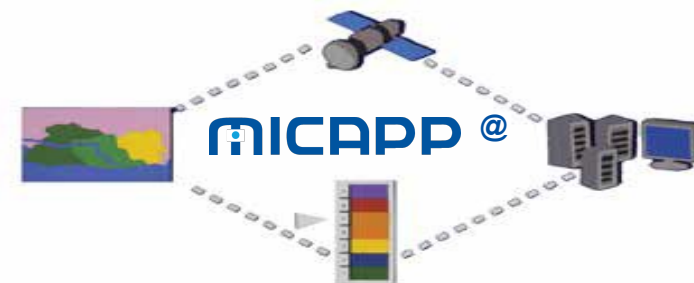


## Sustainable

Easier scalable insurable interest

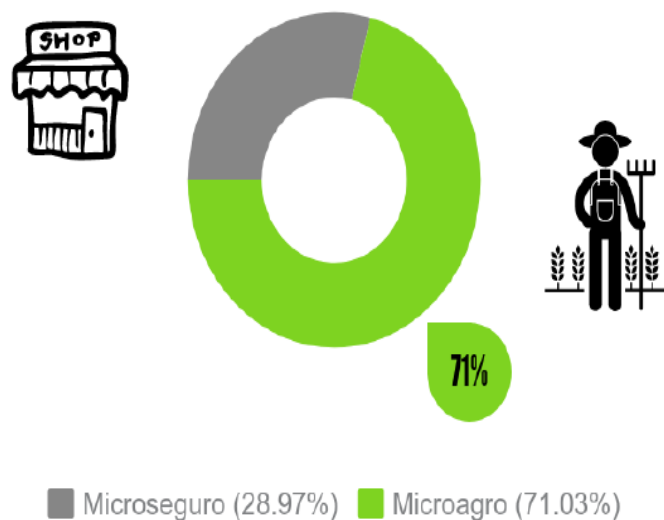


Proprietary calculation Platform

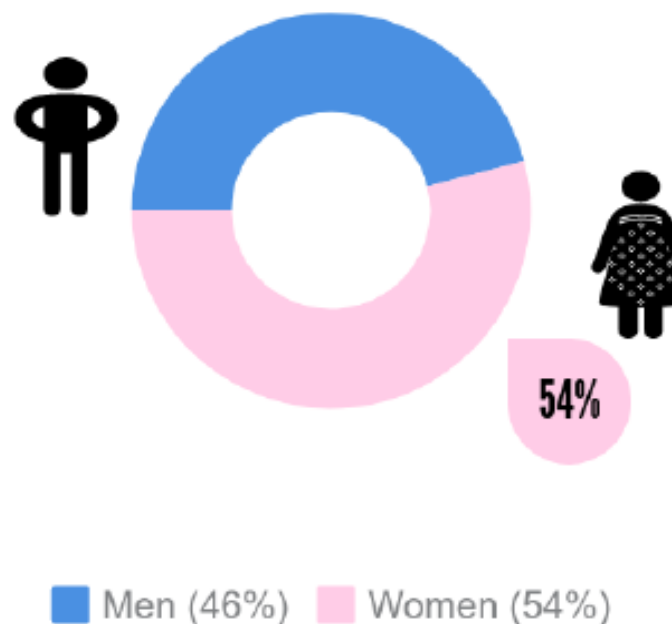


## Some results

**Percentage of issued policies  
by credit line**



**% clients by gender**



More than 1,600 clients insured since November 2016

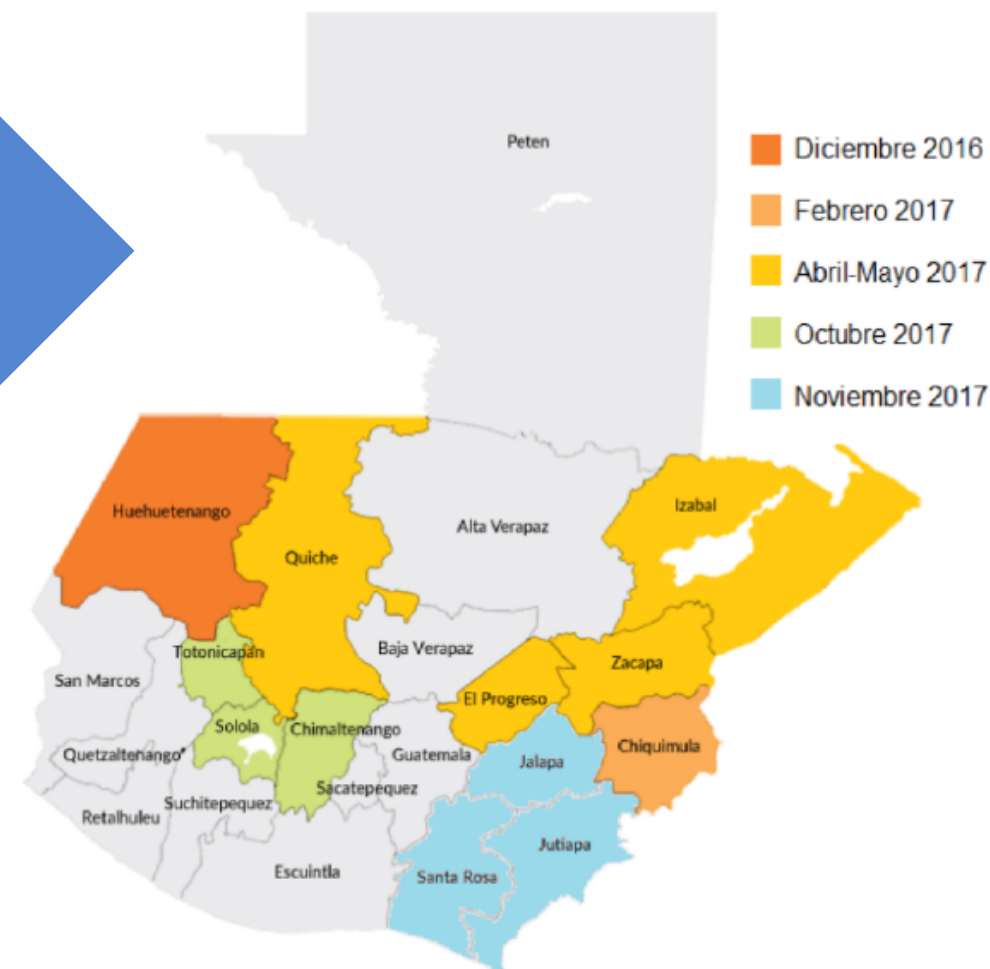
# Our roadmap to product improvement

**PILOT**  
**2016-2017**

*Product,  
operational  
excellence*

**SCALE -**  
**2018**

*Sustainability,  
impact*





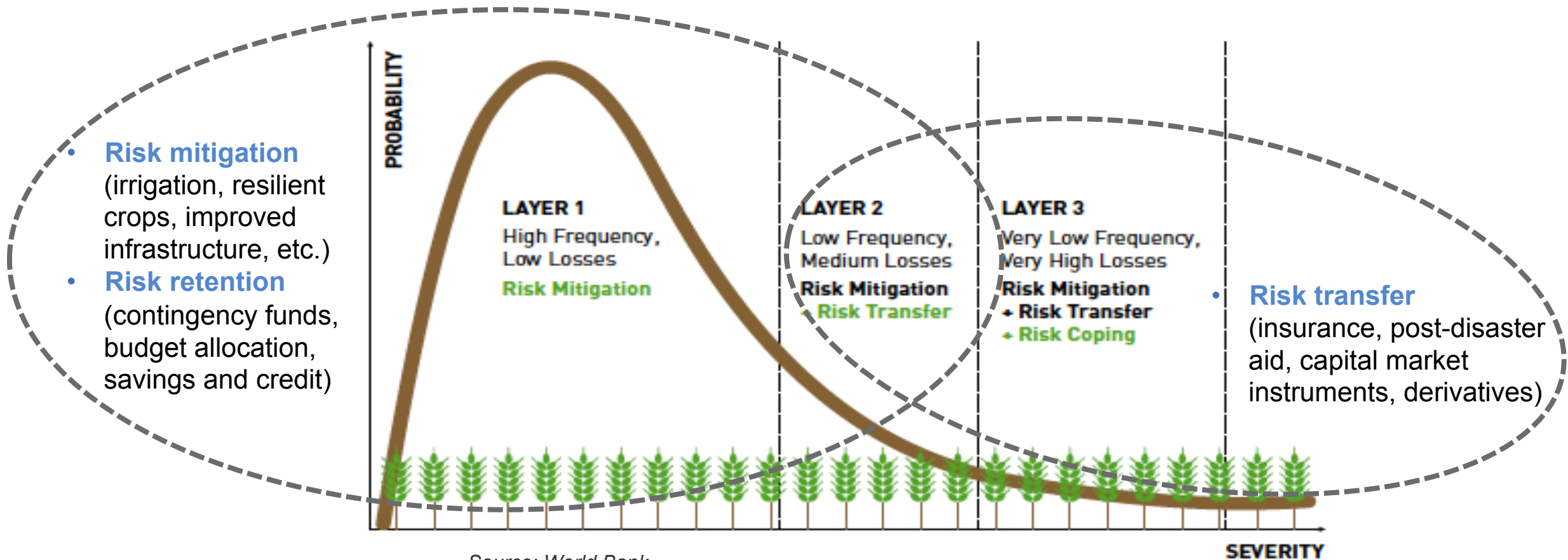
## 2. Increasing consumer empowerment

- Specifically critical in index-insurance products – clear expectations
- Trust is a key result of consumer empowerment
- Key component of product design
- Consumer empowerment goes beyond information



# Clear expectations

## Insurance is “only” part of the puzzle of disaster risk management



Source: World Bank

# Our MVP of the Financial Education Program of the pilot

- 619 trained officers
- Simple contractual documents
- Didactic materials:
  - Videos
  - Plan Acción
  - Ruta de la Prevención
- Welcome calls to follow up on sales
- Trivias through SMS
- Improvements for expansion based on results of M&E

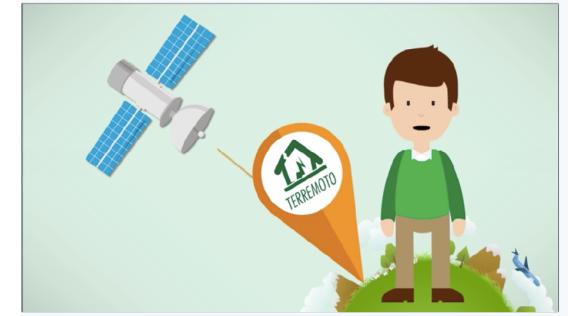
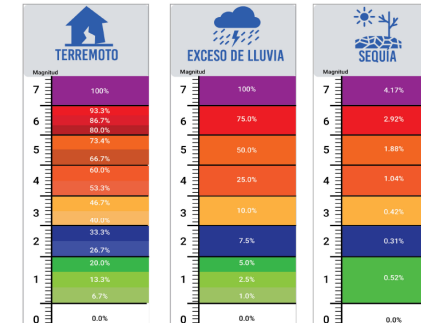


Tabla de Indemnización en caso de desastre



Esfuerzo Seguro:





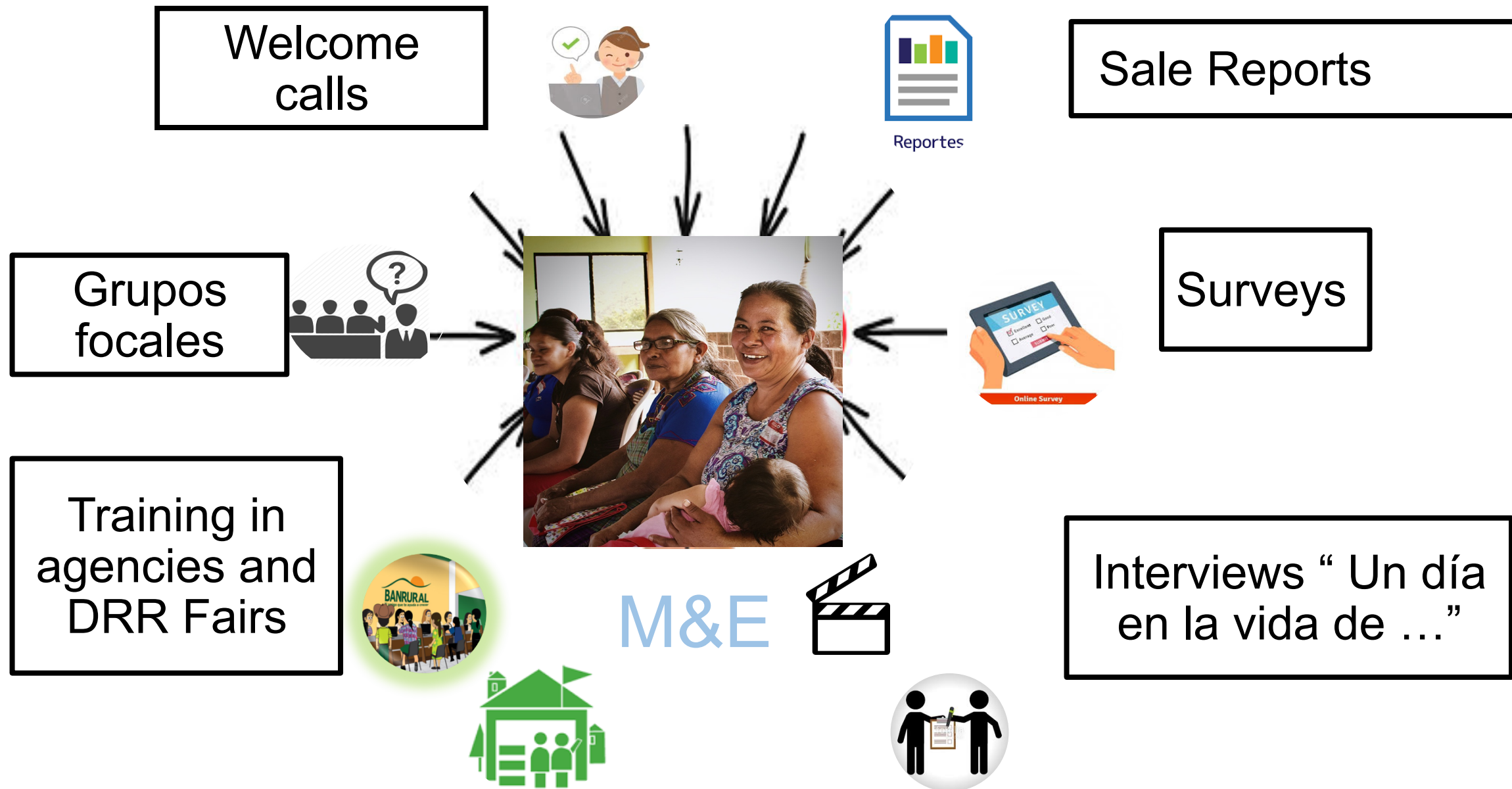
# Our MVP for the VAP

- Focus on disaster risk preparedness
  - Emergency family plan as a game
  - Incentive to reach the steps using 72-hours emergency kit
  - DRR Fairs
- Based on client profile we will make improvements – 3 components VAP (partnerships as key)



### 3. Monitoring and evaluating impact







Sale and  
Incentive  
Reports



Semi-structured  
interviews / visits to the  
agency

DRR Fairs  
for sale force  
(future)



Training  
tests



**Sale force**

# The evidence: insurance is needed and could have impact!

## A risk-transfer solution is needed to:

- **Boost production:** When credit and insurance markets are missing, farmers can become trapped in low-investment practices and avoid adopting higher-yielding technologies (*Rosenzweig & Binswanger, 1993; Dercon, 2005*).
- **Prevent costly risk-coping strategies** such as borrowing from 'loan sharks', using savings, taking the children out of school, and reduce consumption of basic goods.

## Catastrophe insurance is key because:

- Self-insurance (**savings**) are not sufficient.
- Informal-insurance (**borrowing** from family or friends) is not feasible due to covariate risks.
- **Governments** do not have the capacity to cover everyone's losses

## Index insurance can have development impacts:

- Ex-ante: Behavioural changes / empowerment ('peace of mind effect') result in increased income stemming from higher-risk, higher-return practices. Evidence from:
  - India (Cole et al., 2009; Mobarak & Rosenzweig, 2010)
  - Mali (Elabed & Carter, 2014)
- Ex-post: Reductions in destructive strategies such as selling assets and reducing meals (Kenya – Carter and Janzen, 2013).



# Gracias!

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