

# DEVELOPING WEATHER INDEX INSURANCE MARKETS

DISCUSSION AT 15<sup>TH</sup> IMC INCLUSIVE INSURANCE, DHAKA



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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



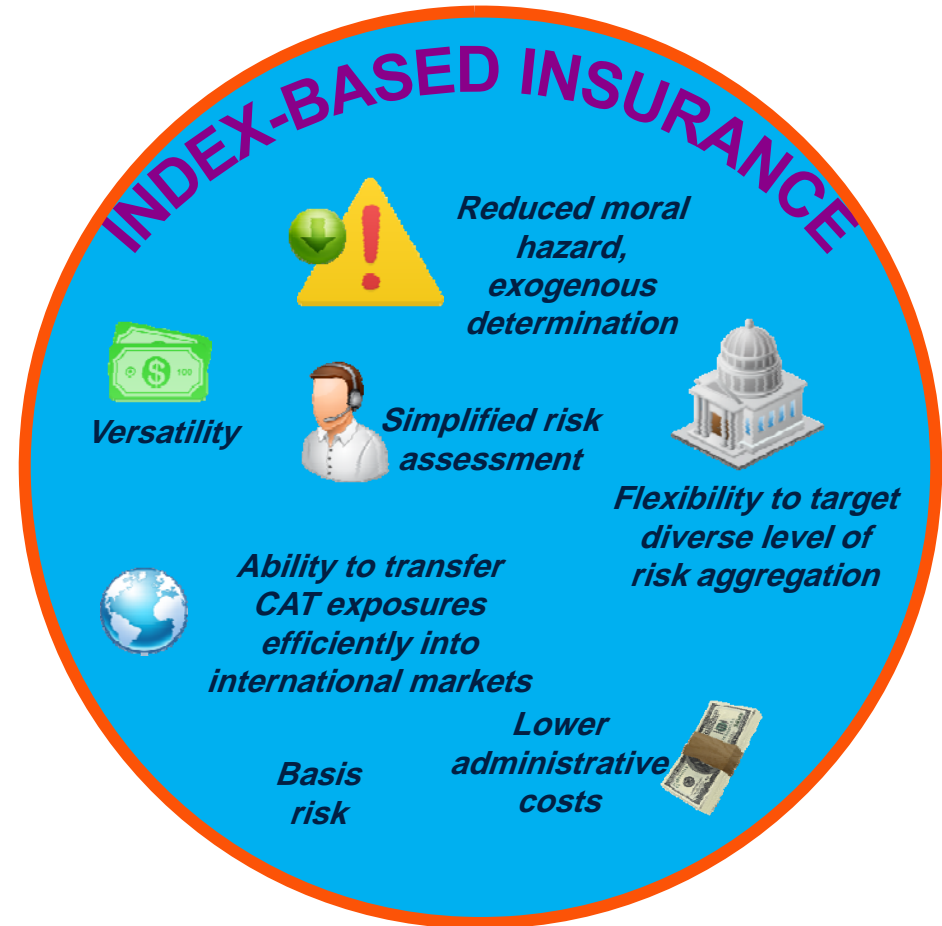
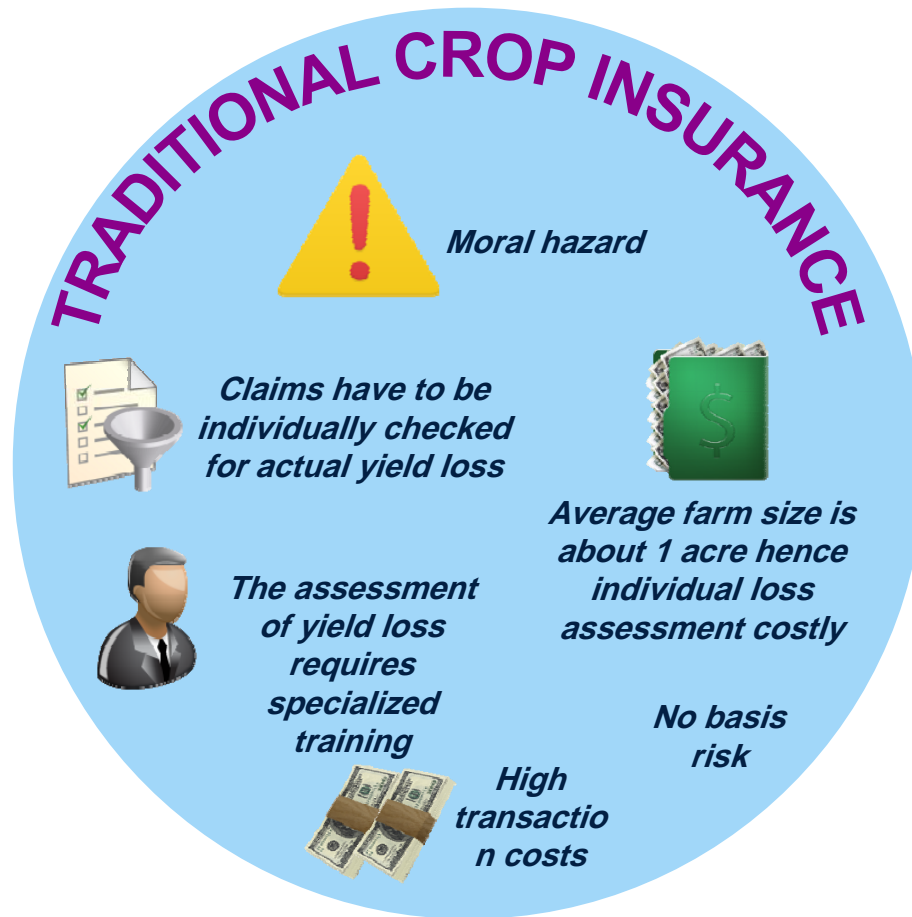
Covers crops such as paddy, cotton, maize, potatoes, tea etc.

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

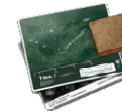
IDRA- to provide regulation for index insurance

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

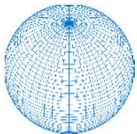


# ACHIEVEMENTS TILL DATE

## 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**

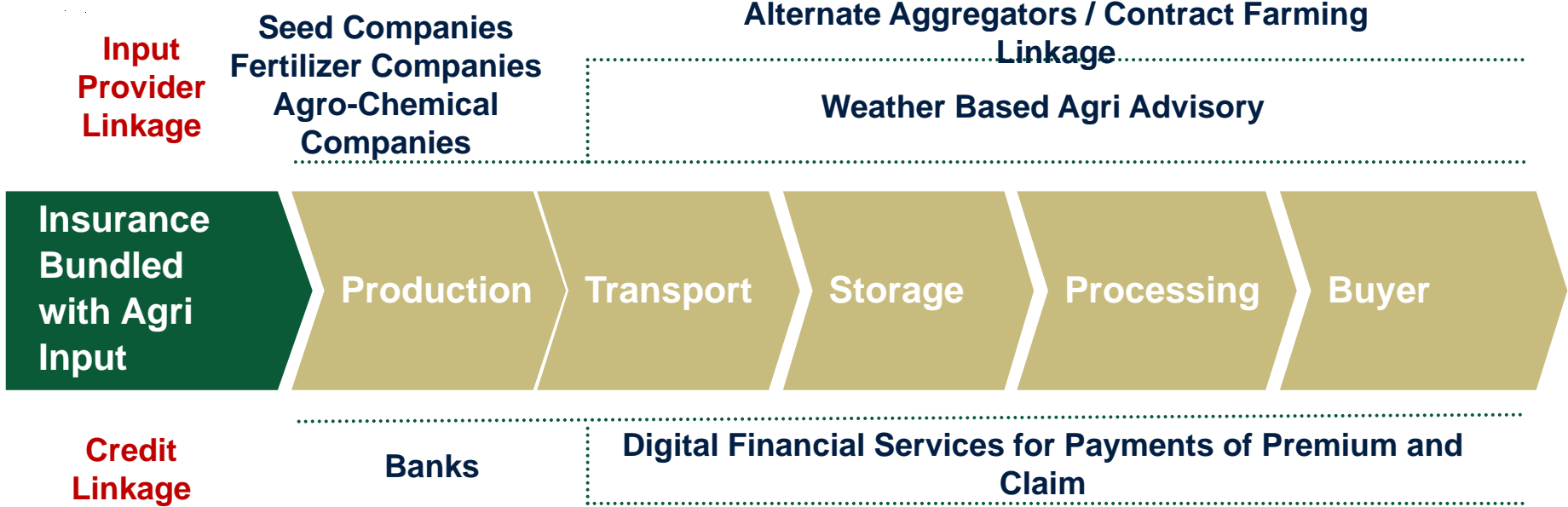


**4,350 Farmers Received Claims**



**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**

