



## **Agriculture Index Insurance**

Collaboration between public and private sector players to reach scale in Africa

**Isaac Magina**

Manager Agriculture Underwriting & Marketing

## Africa Re at a glance



**Establishment:** February 1976 by member States of the then Organisation of African Unity (now the African Union), at the initiative of the African Development Bank (AfDB).

**Mission:** Foster the development of the insurance and re-insurance industry in Africa, and to promote continental growth of underwriting capabilities and reinsurance capacity in supporting African economic development.

**Financial Strength & Credit Rating:** Strong financial position; A- by S&P (Strong/Stable Outlook) and A by AM Best (Excellent/Stable outlook). High solvency ratio -144% and Total Assets of over USD 1.84 bn

**Branding:** A strong pan African brand with operational footprints across the continent.

# Africa Re at a glance

## Our Foot prints



Abidjan  
Regional Office

Addis Ababa  
Contact Office

Cairo Regional Office &  
Africa Retakaful

Casablanca Regional  
Office

Ebene  
Regional Office

Lagos  
Regional Office

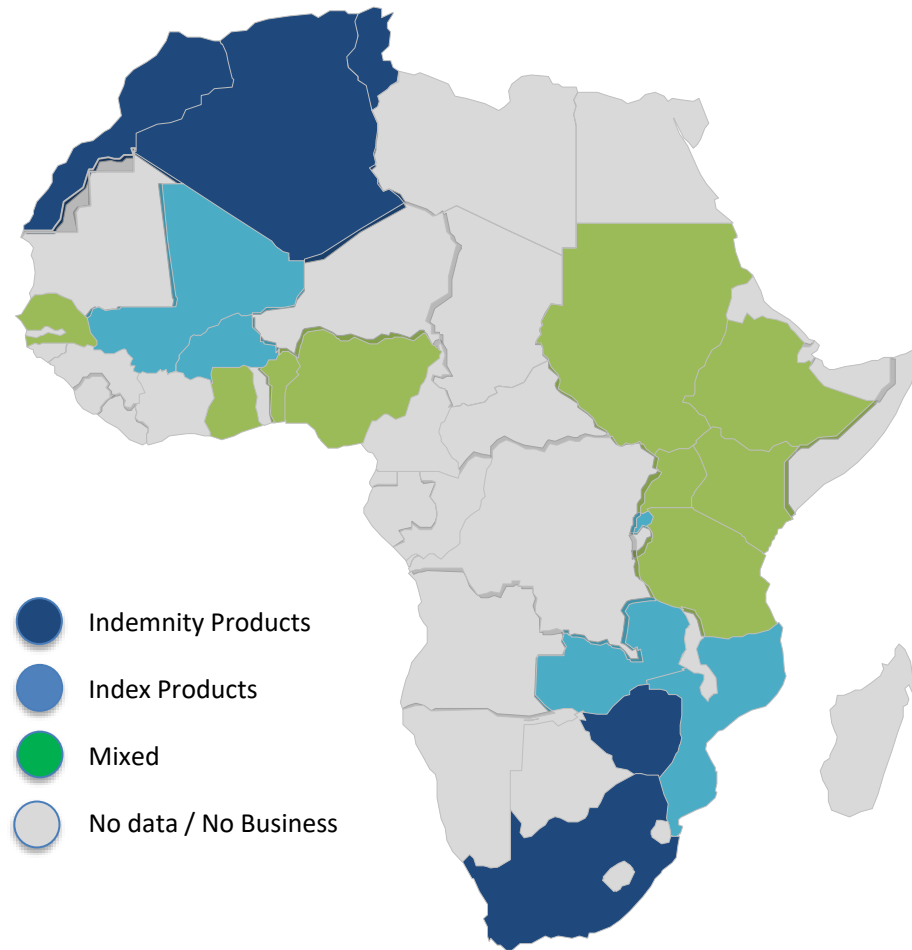
Nairobi  
Regional Office

South African  
Subsidiary Office

## Our competencies

- **Security:** Local Player, International Standard
- **Expertise in special lines:** Manager of leading African Insurance Pools : Oil & Energy, Aviation and the Energy and Allied Insurance Pool of Nigeria since 2014
- **Customized Training:** via Bootcamp concept
- **Risk Survey/Pricing and Post Loss Survey:** very experienced Risk Engineers
- **Facultative Solution:** Portfolio Management based on Survey, Risk Management.
- **Claims Reviews Assistance**
- **Strategic Partnership:** Excellent market knowledge
- **Portfolio/Actuarial analysis and counselling**

# Agriculture Insurance product Landscape at glance



- Since 2006 providing reinsurance and technical support to Agric insurance
- 50+ insurance companies in African Countries
- 2 mio small holder farmers
- Support both Livestock and crop index programs
- E.g., *Kenya Agriculture Insurance program KAIP, FISP-Zambia, Anchor Borrowers Program- Nigeria, SIPE- Ethiopia, Uganda Agriculture Insurance Scheme, KLIP*
- Growth of Agriculture insurance programs through PPP initiatives
- Focus on stakeholder engagement and addressing institutional set up challenges.

# Key Stakeholders

- **Farmers:** Livestock & Crop farmers, largescale vs small holder farmers
- **Insurance Players:** Risk Carriers ( Private Insurers, state owned), brokers, Specialized Agents
- **Aggregators:** Farm input dealers, produce buyers,, Fintech, MNOs
- **Service providers:** Crop loss adjusters, plant pathologist, veterinary officers.
- **Other Public Sector Players:** WB, AfDB, Humanitarian Organizations
- **Government:** Sovereigns or sub sovereigns

# What we have learned since then....

## 1. Data, infrastructure and technology:

- **Data** Missing or poor-quality data, who owns the data.
- **Technology:** Improve efficiency and enhanced underwriting capabilities.

## 2. Policy, regulations and government involvement:

- **Incentives:** Insufficient demand/supply side supply incentives ( premium subsidies, tax incentives to simulate uptake)
- **Regulatory framework:** evolving understanding and capacity building.
- **Insurance Pilots:** No systematic support from government.

## 3. Financial literacy, awareness creation and trust issue:

- Insurance knowledge and simplifying insurance concepts e.g. *basis risk*

## 4. Ownership and investments needed:

- Technical skills, product design, local involvement



# Investment is needed to make it work!

## Product development

- Value Proposition- (*what it is and why insurance*)
- Customer vs the Insured (*Who pays premium*)
- Distribution- (*leverage technology*)
  - Input companies
  - Financial Institutions
  - Cooperatives
  - MNOs

## Underwriting

- Skills and technical competencies.
- Contract design and stakeholder alignment
- Data- access and integrity
- Communication and building trust.
- Service providers – risk surveys and client onboarding process

## Claim management

- Skills and technical competencies. (*value of experience*)
- Agility and timely response
- Communication, inclusivity and interpersonal skills
- Regulatory framework
- Balancing costs vs risk
- 

## Incentives

- Demonstrate value to stakeholders e.g. *input dealers, environment & sustainability issues, public sector, NGOs.*
- Subsidies – *demand side or supply.*
- Financial inclusion and *increased agric production*
- Food security and climate resilience

# Africa Re's Partnership in Promoting Agric Insurance



1. Capacity building and training in Agriculture underwriting and claims management



2. Technical product design for Index based livestock Insurance



3. Supporting agriculture insurance institutional setup



4. Product development in East, West and Southern Africa