

Designing Drought Insurance for Women and Families

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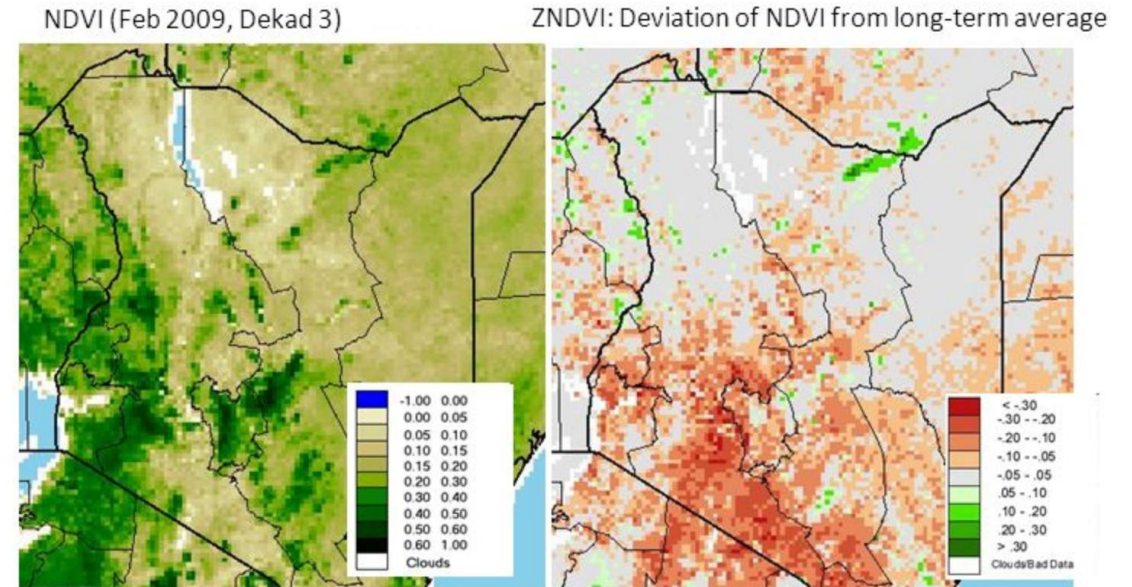
Drought Risk Affects Women/ Families Indirectly

- Pastoralists in Northern Kenya face frequent droughts.
- Droughts lead to livestock losses, reduced milk production, and slow the local economy.
- Livestock are generally owned and managed by men, but women must increase contributions to household expenses when droughts strike.



Index-Based Livestock Insurance

- Uses a satellite-based index of expected livestock losses to determine payouts (no individual claims).
- Sold in Northern Kenya since 2010.
- Focuses on protecting pastoralists against livestock losses.
- Government-subsidized for some in form of Kenya Livestock Insurance Program (KLIP).
- Works well for livestock because easily index-able.



Family Insurance

- Droughts also affect spending on school fees, food, medicine, and other household needs.
- Livestock are still a good measure of likely impacts and are more 'indexable.'
- Family Insurance:
 - Reframe to focus on paying household expenses during droughts.
 - Change purchase units from livestock to household members.

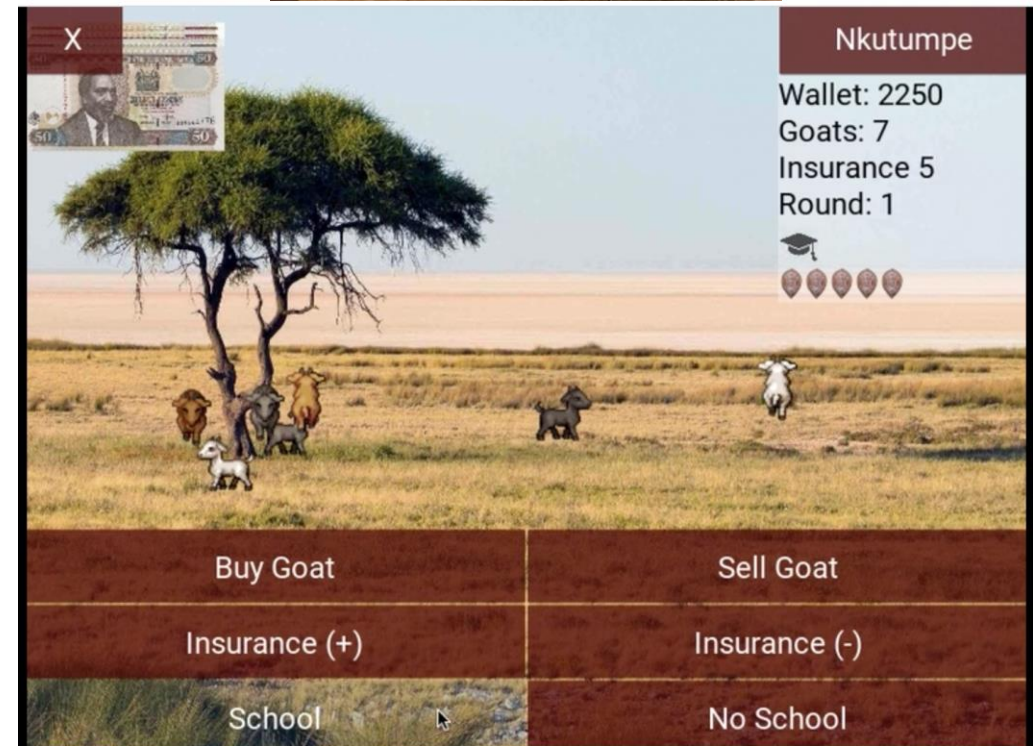


Does framing matter?

- Two experiments:
 - Lab-in-the-field: test demand for each type of insurance in a tablet-based simulation game.
 - Real world: test demand by exposing some folks to traditional and some to new family framing.

SimPastoralist

- 56 sessions w/ 287 couples.
- 28 'family' sessions, 28 'livestock.'
- Several rounds of practice followed by incentivized round.
- Family framing **increases** the share of total spending allocated to insurance purchased by **women** by about **27%**.



Real-World Experiment

- Collaboration with BOMA Project (women's poverty graduation).
- Mentors provide education about 'family' framing in 45 manyattas, 'livestock' in 45 manyattas.
- Record real-world insurance sales.
- Preliminary result: family framing **more than doubles** probability of buying insurance. ~3% buy under 'livestock' framing, ~8% under 'family framing'.



Summary

- Drought conditions affect entire families, but direct effect is on men's livestock.
- Index insurance has historically focused on livestock, so benefits for women and families less obvious.
- Framing insurance around household expenses:
 - Increased budget share spend on insurance by **27%** in a game-based experiment.
 - Increased probability of purchase from **~3.4-8%** in real world.