



# **Inclusive Insurance Business Models for Africa**

## **7<sup>th</sup> Eastern and Southern Africa Regional Conference**

**Joseph Chegeh, 15<sup>th</sup> July 2022**



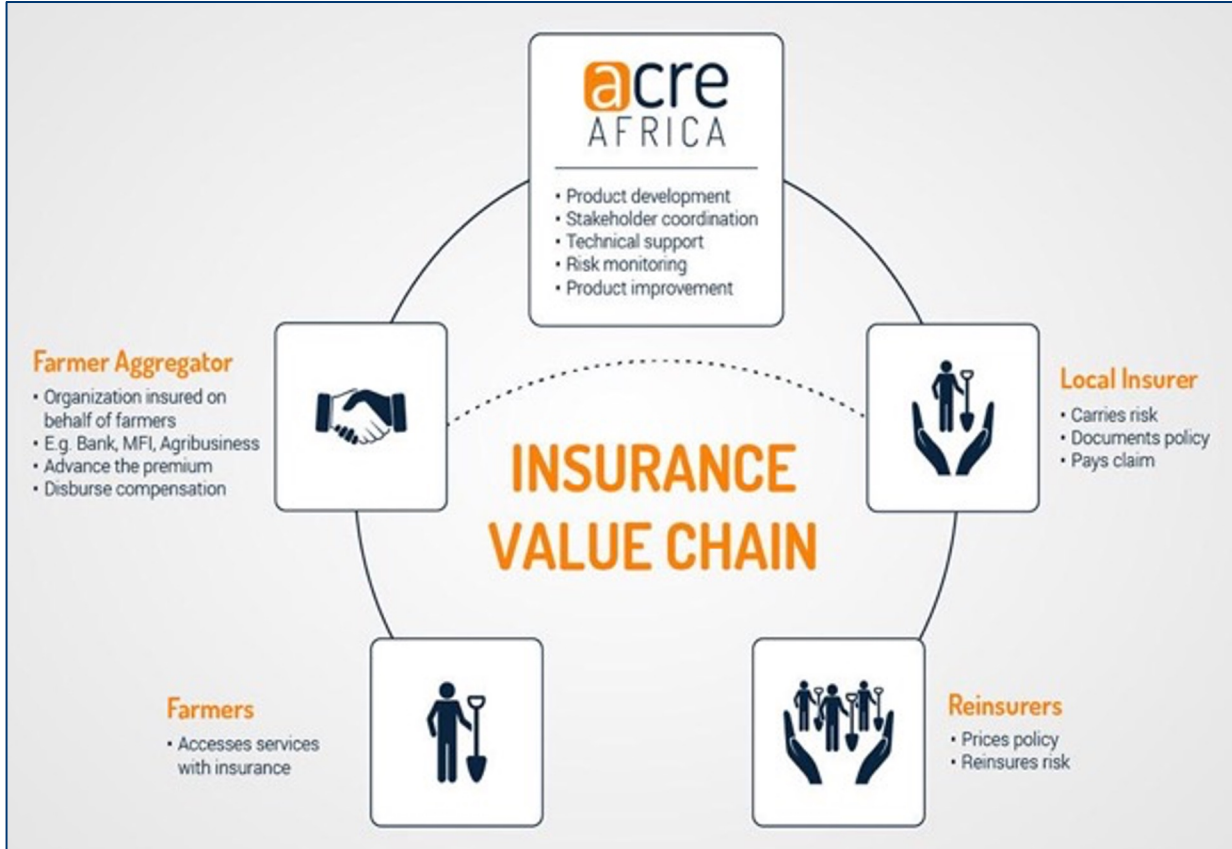
## Content

- . About ACRE Africa
- . Key lessons learnt implementing agriculture insurance solutions for smallholder farmers since 2009.
- . Conclusion





# ACRE Africa Model



- **Micro-insurance product designer** linking stakeholders to agricultural insurance and other risk management solutions through localized interventions to reduce climate risks.
- Licensed insurance **intermediary**, supporting local insurers to offer smallholder-focused insurance across value chains.
- **Offices** present in Kenya, Rwanda and Tanzania, projects in Uganda, Mali, Senegal, Nigeria, Sudan, Nigeria, Malawi & Zambia
- **Wide range of expertise:** Insurance, Agriculture and Veterinary Sciences, Remote sensing, Actuarial, Data Science, Marketing, Strategy and Finance
- **Over 2.5M Smallholder** farmers insured through the ACRE Africa products and services since 2014

## Shareholders

### Main Shareholder



### Founder shareholder



### Impact Investors



# 1. Distribution of insurance through Agro inputs Shops (2009 – 2012)

## Lesson: Micro-insurance best driven by non traditional players

*“Insurance is sold not bought”, but farmers do not trust insurance sales men.*



### Roles played by Agro-input shops:

1. Premium aggregation
2. Product Information
3. Registration of insured
4. Hold a physical master policy document for reference

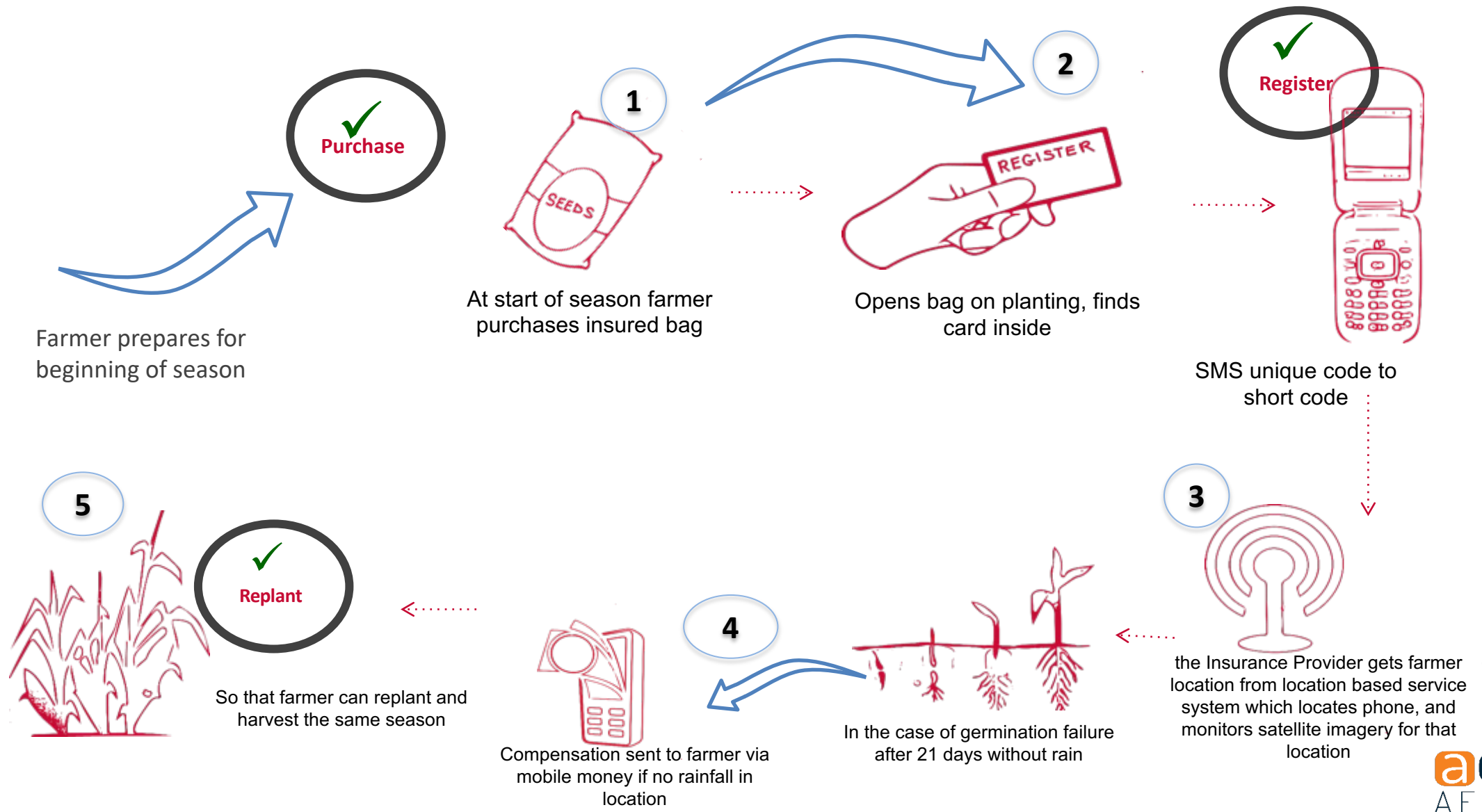
### Key features

- A mobile application reading QR codes was used at the shops to record transactions.

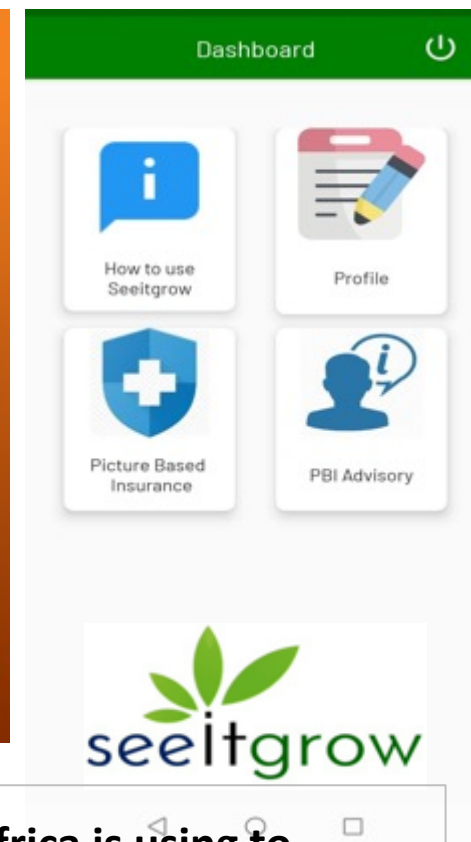
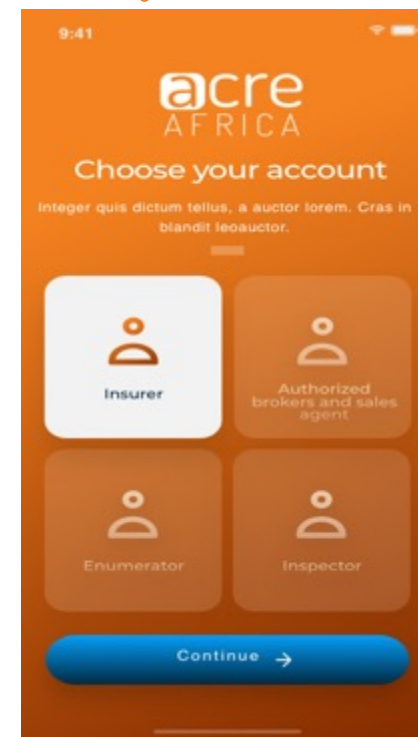
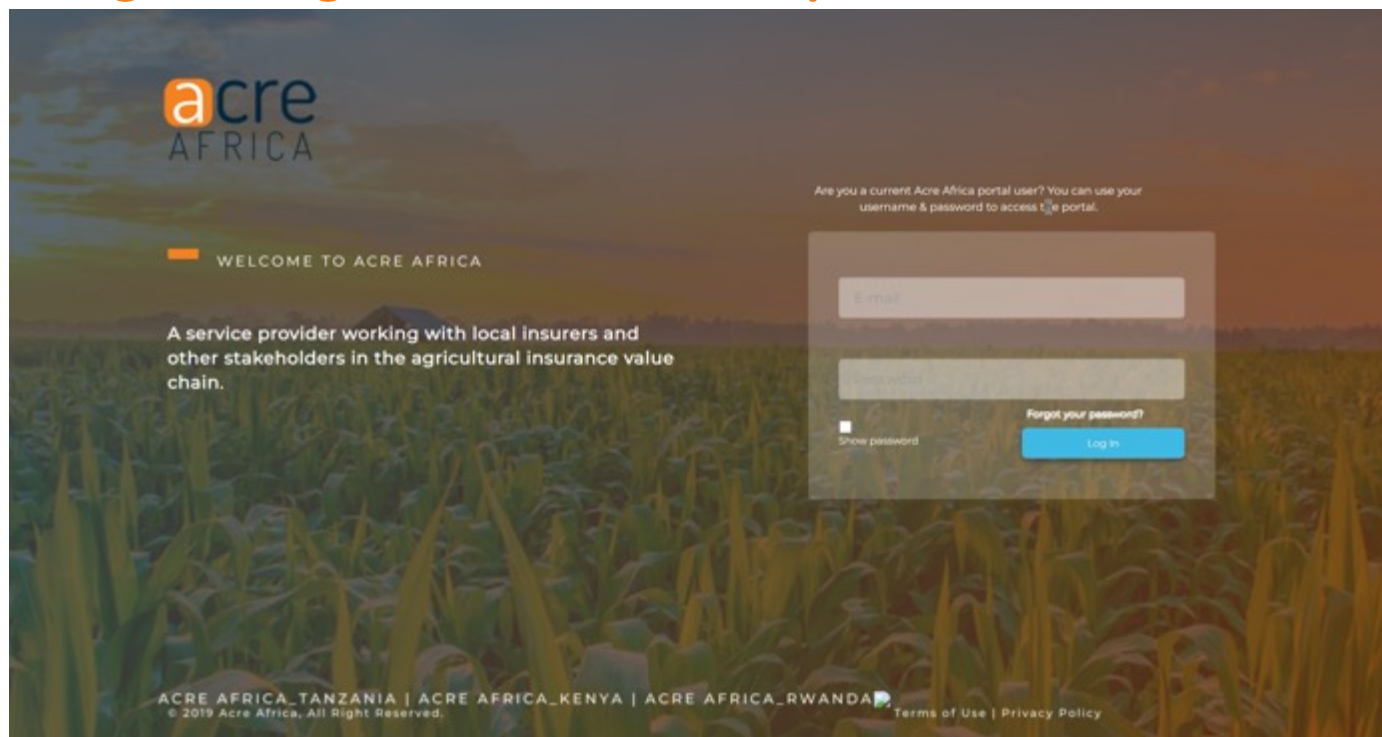
### Key takeaways from this model:

- Difficult to manage customer traffic at the onset of the season
- Insurance incentive not attractive to stockists
- Inaccurate risk details
- Try a combination of engagement approaches. No one method fits all.
- Push marketing activities are a must

## 2. Location based self registration through USSD mobile application (RPG in 2013 to 2017)



### 3. Digitalizing of AG insurance operations is a must ... Scale up



#### Key challenges for micro insurance schemes requiring process automation:

1. Policy documentation at inception
2. Contract monitoring during the season
3. Claims processing at the end of the season

#### Other digital solutions ACRE Africa is using to promote scale up AG insurance

1. Bima Pima – USSD platform
2. Bima Bolt – Block chain
3. Resilience Engine – for risk pricing



# Critical success factors to be considered

...To achieve product fit, Proposed insurance solution should be scalable, solves customers need, and make economic sense to insureds and (Re)insurers....There is need to have a number of insurance options

1

**Get product design right**

Proposed solution should be need centric and in line with prevalent geographical risks.  
Understand risk profiles.  
Co-create.

2

**Digitalization**

Digitalizing agricultural insurance ensures efficiency, transparency, credibility and cost reduction.

3

**Bundling options**

Bundling insurance with AG. Inputs and credit has been found to increase uptake of insurance in most countries.

4

**Government support**

Consumer education,  
Supportive regulations,  
Premium subsidies,  
Stop loss programmes

5

**Integrated risk management**

Insurance Should Complement other Risk Mitigation Actions.  
  
Insurance gets cheaper if only targets residual risks  
  
-CSA



Ahsante!