



Climate Risk & Agriculture Insurance

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Agriculture Underwriting & Marketing

Africa Re at a glance



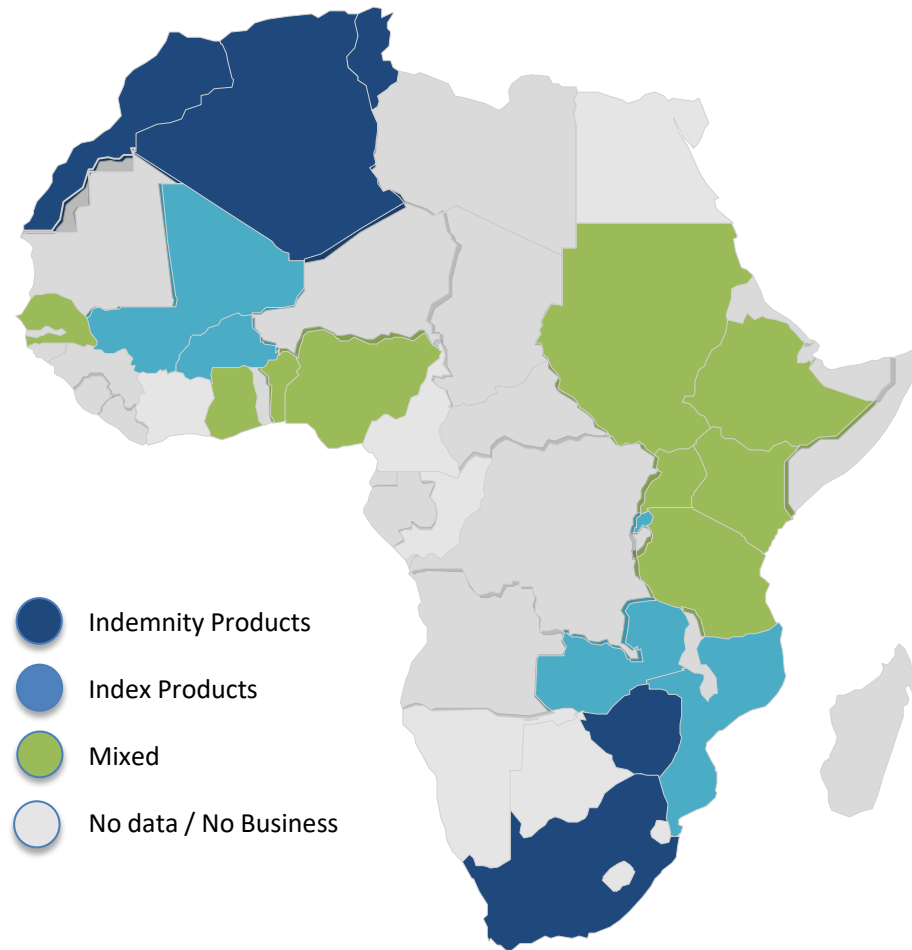
Establishment: February 1976 by member States of the then Organisation of African Unity (now the African Union), at the initiative of the African Development Bank (AfDB).

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.

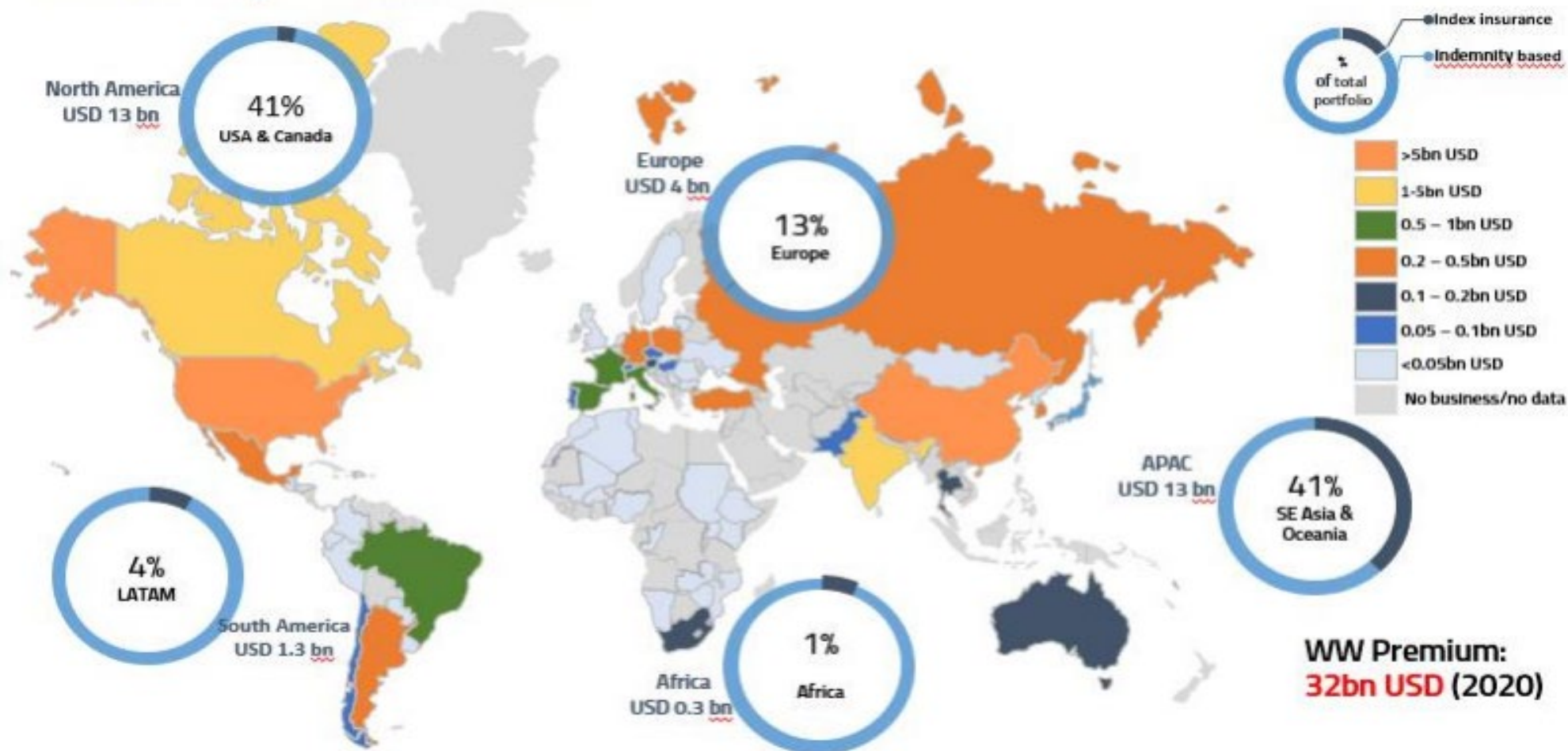
Agriculture Insurance product Landscape in Africa



- 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
- USD 360 mio in premiums. Southern and Eastern Africa contribute more than 80% of premium
- West Africa is largely green field

Worldwide Agriculture Insurance Market

World Wide Agric Insurance Market



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 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.

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 partnership & engagement



Investment is needed to make it work!

Product development

- Value Proposition- (*what it is and why insurance*)
- Demand vs Supply driven innovations
- Distribution-
(*leverage technology*)
 - Input companies
 - Financial Institutions
 - Cooperatives
 - MNOs

Underwriting/Claims

- 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

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

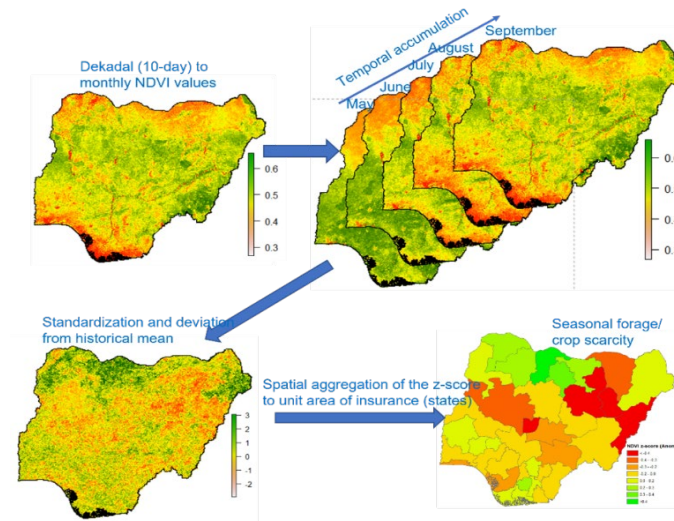
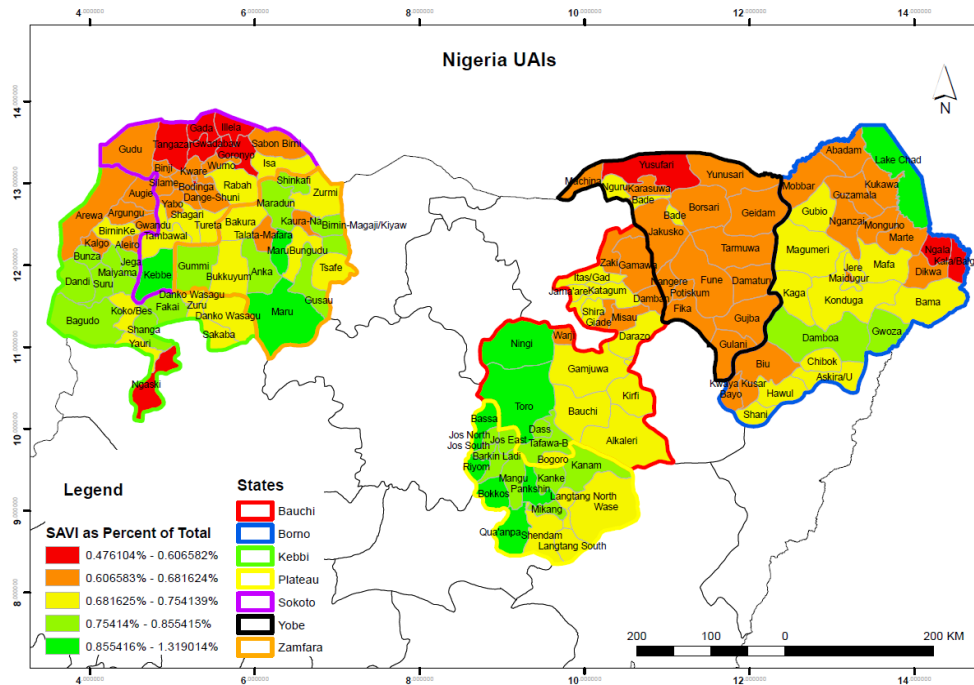
Institutional Setup

- Ownership and value chain actors
- Insurers
- Insurance intermediaries
- Specialized agents
- Reinsures (International vs Regional)
- Government and Development Banks

Technical feasibility of IBLI in mitigating climate induced conflict- Nigeria

Objectives of the study:

- Assess key climate shocks affecting Northern Nigeria and their impact on livelihoods of herders/pastoralist.
- Outline features of potential satellite-based index insurance solution
- Explore commercial viability of such solution including pricing, pricing and institutional setup challenges



IBLI uses forage scarcity levels as a means of covering pastoralists' assets (livestock) against climate related shocks.



Discussions

