

## Summary

### Microinsurance Conference 2007

13–15 November 2007, Mumbai, India



Munich Re  
Foundation  
From Knowledge  
to Action



#### **Plenary 4 – From macro to micro: Insurance solutions for small scale farming – Current practice and lessons learnt from Asia and Latin America**

**Jerry Skees**, GlobalAgRisk, USA

*Trigger based livestock insurance in Mongolia*

The Mongolian country-side remains a herder-based economy. Animals provide sustenance, income, and wealth to protect nearly half the residents of Mongolia. Shocks to the well-being of animals have devastating implications for the rural poor and for the overall Mongolian economy. Major shocks are common as Mongolia is a harsh climate where animals are herded with limited shelter. From 2000-2002, 11 million animals perished due to harsh winters (*dzud*). This presentation will document the details of a Government of Mongolia and World Bank supported pilot project designed to provide insurance to small-scale herder households. Given the obvious problems associated with attempting to insure livestock in the vast countryside of Mongolia, this special insurance is based on the mortality rate for the soum (or county). The project has several unique dimensions that include a contingent loan from the World Bank in the event of large financial losses and a clear distinction between a private sector product and a public sector product that covers the most serious losses. The first sales occurred in 2006 for the 2007 winter. Nearly 15 percent of eligible herders recently purchased insurance for the 2008 winter. Lenders have agreed to lower interest rates for herders purchasing this special form of insurance.

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