

Summary

Microinsurance Conference 2007

13–15 November 2007, Mumbai, India



Parallel Session 14 - Innovative microinsurance products Property insurance and disaster

Gabriele Ramm, Consultant to GTZ, Germany
Trigger based flood insurance in Indonesia

Over the last decades, both the number and intensity of catastrophic events have increased constantly. Besides having a serious negative impact on the economy as a whole, it pushes low income households and poor further into poverty. Since Indonesia is prone to various types of geophysical hazards the Munich Re and GTZ entered into a PPP Agreement for jointly supporting microinsurance against catastrophic risks.

The presentation describes the limitations of existing ex-ante and ex-post disaster management strategies of low income groups and illustrates the findings of the disaster microinsurance study in four regions of Indonesia (2007). Interestingly, the impact on physical assets is perceived as of comparatively low importance whereas post-flood diseases, interruption of income combined with expenses for renovation, increased prices and transportation costs etc. causes a strong financial burden to low income households. This finding, on the one hand, could explain why demand for traditional property insurance products is rather low, if even available and affordable for low income households. On the other hand, it indicates that downscaling existing insurance products is not an appropriate approach.

Considering these results, the development of a trigger-based microinsurance product against flood is suggested giving various options for delivery channels to ensure fast payout in the event of a flood. Advantages and challenges of a product and its operations will be outlined.

Finally, in a "workshop-type" exchange among the participants the most promising product features and delivery channels may emerge - a contribution to innovative flood microinsurance in Indonesia.

Supported by:



Federal Ministry
for Economic Cooperation
and Development



THE WORLD BANK