

Summary

Microinsurance Conference 2007

13–15 November 2007, Mumbai, India



Parallel Session 9 – Innovative microinsurance products Potential of microinsurance to address disaster risks

Ian O'Donnell, Senior Officer, ProVention Consortium Secretariat,
Switzerland

Experience from the Afat Vimo Disaster Insurance

ProVention has worked with researchers at IIASA to conduct a review of micro-insurance case studies to examine the benefits and limitations of microinsurance for disaster risk reduction. The results of that study show clear evidence of the value and potential of micro-insurance in transferring risk and protecting low-income households and businesses against disaster losses. These include:

- providing access to post-disaster liquidity, protecting assets and livelihoods as well as providing funds for reconstruction
- promoting investments in productive assets, for example higher-risk/higher-yield crops, as creditworthiness increases
- encouraging investment in disaster prevention if insurers offer lower premiums to reward risk-reducing behaviour.

The study suggests that micro-insurance can be considered an effective risk-transfer mechanism and an integral part of an overall disaster risk management strategy; however, the study also highlighted several issues where more information is needed, for example around the long-term viability of such programmes, particularly in the face of large covariant losses.

In follow-up, ProVention is currently working with IIASA and AIDMI to undertake an in-depth multi-partner evaluation of existing microinsurance schemes for disaster risk. This evaluation will be done in collaboration with 8 partner organizations currently involved in managing micro-insurance schemes and will include client surveys as well as surveys of the partner organizations, their private sector insurance partners, and state regulators.

Supported by:

