

# Parallel session 2 - Agriculture insurance

## INCLUSICVE INSURANCE Business models for Africa

Regional Learning Sessions – Kigali, Rwanda  
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**Munich Re  
Foundation**  
From Knowledge  
to Action

# Findings from the „The Landscape of Microinsurance in Africa“



# Key Facts: Microinsurance in Africa

## Microinsurance in Africa

More than 200 providers from 36 of the 54 countries in the region reported microinsurance activity

USD 647 million in microinsurance premiums

5.4% of total population covered

61.9 million total people insured\*

- 46.4 million – Life
- 13.1 million – Accident
- 16.4 million – Credit life
- 8.4 million – Health
- 4.5 million – Property

- 1.1 million – Agriculture\*\*

\* Note that the volume of coverage by product type adds up to more than the total covered lives, reflecting that many products are offered as riders and add-ons to a primary microinsurance product. Thus many people are protected against more than one type of risk.

\*\* Agriculture covers include government-subsidised insurance programmes, which were excluded in the 2011 study.

Source: The landscape of Microinsurance in Africa, MiN and Munich Re Foundation 2015

## Why is it so important?

Source: <http://www.un.org/en/globalissues/agriculture/>

**“The majority of the world’s poorest people live in rural areas of developing countries.**

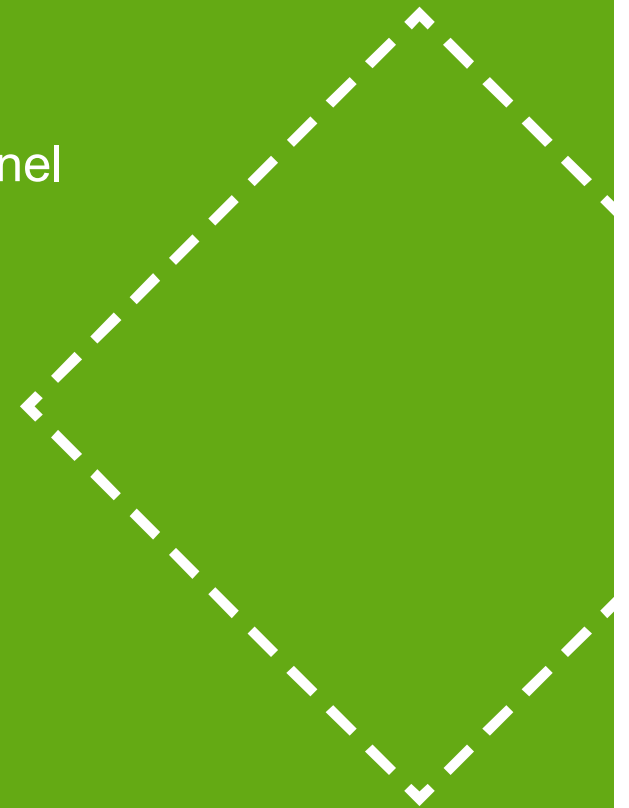
**They depend on agriculture and related activities for their livelihoods.**

**This makes them particularly vulnerable to man-made and natural influences that reduce agricultural production.”**



## Structure of the session

- Introduction of the speakers
- Initial statements (15 min) by each panellists and a panel discussion
- Discussion with questions from the audience
- Short wrap up where each panellists summarizes 3 key lessons or recommendations.



## Guiding questions

1. *What do you think are the main barriers for the development of agricultural insurance schemes in developing markets? What were the main challenges that you were facing?*
2. *To what extent do you have access to national or international support e.g. through to InsuResilience Investment Fund etc.?*
3. *What is the role of the government? What is the role of (premium) subsidies? Is your scheme part of a larger e.g. national approach?*
4. *What would you expect from donor organizations to help improve access to agricultural insurance to small farmers?*
5. *How do you think climate change will affect your services and products and how do you address these issues?*

## Lessons learnt from earlier panels



## Lessons learnt

- 1. Agricultural insurance must be a part of the national agricultural policy.**
- 2. System approach rather than a product approach.**
  - It requires an institutional framework that includes a PPP of government, farmers, the (re)insurance industry and the banking sector.
  - Purely private and purely public institutional approaches have frequently failed or not reached scale.
  - This institutional structure is different in each country and should be tailor-made to the economic and social conditions of existing institutions.
  - The government has the responsibilities of setting guidelines and controls, subsidising premiums and financing catastrophic losses. We need tailor-made solutions that factor in the local conditions.
  - Insurance is only part of the solution. Prevention, education etc. is important.



## Lessons learnt

### **3. Cooperative instead of competitive approach.**

- It is useful to have or set up a coinsurance pool and a centralized technical entity in charge of bundling and developing expertise,
- and to establish uniform terms and conditions of insurance. In other words, make the incentives right.

### **4. Nationwide instead of pilot-project approach.**

- Agricultural insurance is all about spreading risks by insuring different regions and crops and by achieving a high market penetration.
- Pilots are difficult to scale up.

## Lessons learnt

### **5. Overestimated (?) potential of weather index insurance on farm level.**

- Experience indicates greater potential for area yield index insurance due to the various shortcomings of weather index insurance.

### **6. Combine insurance with credit.**

- Stand-alone solutions are likely not to be economically viable or sustainable.

**Thank you**

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[www.microinsurancelandscape.org](http://www.microinsurancelandscape.org)

