



Press release May 31, 2017

## Stakeholders come together to explore agricultural index based insurance as a tool for building resilience of farmers in Africa

The 10<sup>th</sup> Consultative Forum (CF10) on “**Scaling up agricultural index insurance in Africa: Building disaster resilience of smallholder farmers**” came to a close in Kampala last week. Co-organised by the African Insurance Organisation (AIO), International Association of Insurance Supervisors (IAIS), the Microinsurance Network and the Access to insurance Initiative (A2ii), the event gathered over 90 high-ranking representatives from the insurance industry, supervisory authorities and the public sector from 29 different countries.

“We are seeing promising developments that could enable index based insurance to really take off”, stated Jonathan Dixon, Chair of the International Association of Insurance Supervisors (IAIS) Regional Committee for Sub-Saharan Africa. “These include innovations in business models, advancements in technology, the development of proportionate regulations in areas such as distribution which is critical in agricultural insurance given its long value chain, and growing support from other policymakers with pilots being subsidised and supported.”

Hannah Grant, Head of the Secretariat for the Access to Insurance Initiative explained that the different role of the insurance supervisor in micro, meso and macro agricultural insurance programmes needs to be considered when drafting index insurance regulations. “At the micro and meso levels individual policyholders are more vulnerable to abuse and the potential for reputational damage for the sector is much higher” she explained. This is one of the issues being discussed by the IAIS drafting group on index based insurance which is currently working on a supervisory guidance note on the topic.

The event also included a workshop on “preparing and assessing an agricultural index product proposal”. Practical examples to help inform the discussion were provided by industry practitioners as well as the Kenyan Insurance Regulatory Authority. The workshop focused on achieving sustainability, ensuring client value and managing risk in the product design, distribution and marketing of agricultural index insurance.

Discussions centred on striking the right balance between small frequent pay-outs, which contribute to positive consumer perceptions and create trust, and affordability of premiums and sustainability of programmes. In addition, the need for greater regulatory flexibility with regards to allowing client aggregators, such as agricultural input providers, to distribute the product came to the forefront. Finally, there is a need for better data collection and more research on the most appropriate indicators to measure risk, viability and client value.

“Of particular interest were discussions around the bundling of index insurance with other products of value to the farmer, the development of a multi-peril index insurance that includes agricultural and medical insurance, as well as the offering of insurance to multiple players along the value chain, for example for the agricultural input providers as well as the farmers”, said Annette Houtekamer-van Dam, Microinsurance Expert at the Microinsurance Network. “The Forum highlighted that one of the key success factors for scaling up agricultural insurance is the establishment of strategic partnerships, where all stakeholders in the value chain get value from their involvement” she concluded.

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More Information:

A **video recording** of the event is available on the [conference website](#)

**On Twitter:** #10thCF @A2ii\_org @NetworkFlash #IAIS #agriinsurance #indexinsurance #disaster #resilience #microinsurance

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Consultative Forum organising partners

**The African Insurance Organisation (AIO)**

The African Insurance Organisation (AIO) is a non-governmental organisation established in 1972 with 371 members from 47 African countries including 13 members from 8 overseas countries. Its main objectives are the promotion of inter-African co-operation and development of a healthy insurance and re-insurance industry in Africa.

[www.african-insurance.org](http://www.african-insurance.org)

**The Access to insurance initiative (A2ii)**

The Access to Insurance Initiative (A2ii) is a unique global partnership working with development agencies, insurance supervisors, international insurance bodies and local entities with the mission to inspire and support insurance supervisors to promote inclusive and responsible insurance. The A2ii is the implementation arm of the IAIS on financial inclusion, a partnership which provides close connections with insurance supervisors and regulators worldwide.

[www.a2ii.org](http://www.a2ii.org)

**The International Association of Insurance Supervisors (IAIS)**

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organization of insurance supervisors and regulators from more than 200 jurisdictions in nearly 140 countries. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

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

**The Microinsurance Network**

The Microinsurance Network is the international multi-stakeholder platform for microinsurance experts to work together and focus on key areas of development in the sector. Its mission is to promote the development and delivery of effective insurance services for unserved people by encouraging shared learning and facilitating knowledge generation and dissemination.

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