

SETTING THE SCENE: HOW INSURANCE CONTRIBUTES TO BETTER LIVELIHOODS AND DISASTER RESILIENCE FOR SMALLHOLDER FARMERS



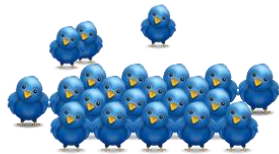
WORLD BANK GROUP

Singapore

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A CORE MOTIVATION

More people
have better
access to
quality
insurance



QUALITY vs. QUANTITY

AND IN AGRICULTURE ... SPECIFICALLY

RISK: Farmers understand and manage risk every day. Agriculture is risky. Small holding farming is risky. Many farmers live in high risk exposed areas.

POVERTY REDUCTION: Better farm incomes means reduced poverty in countries where farming is a significant part of economic effort and has a large number of small holders involved.

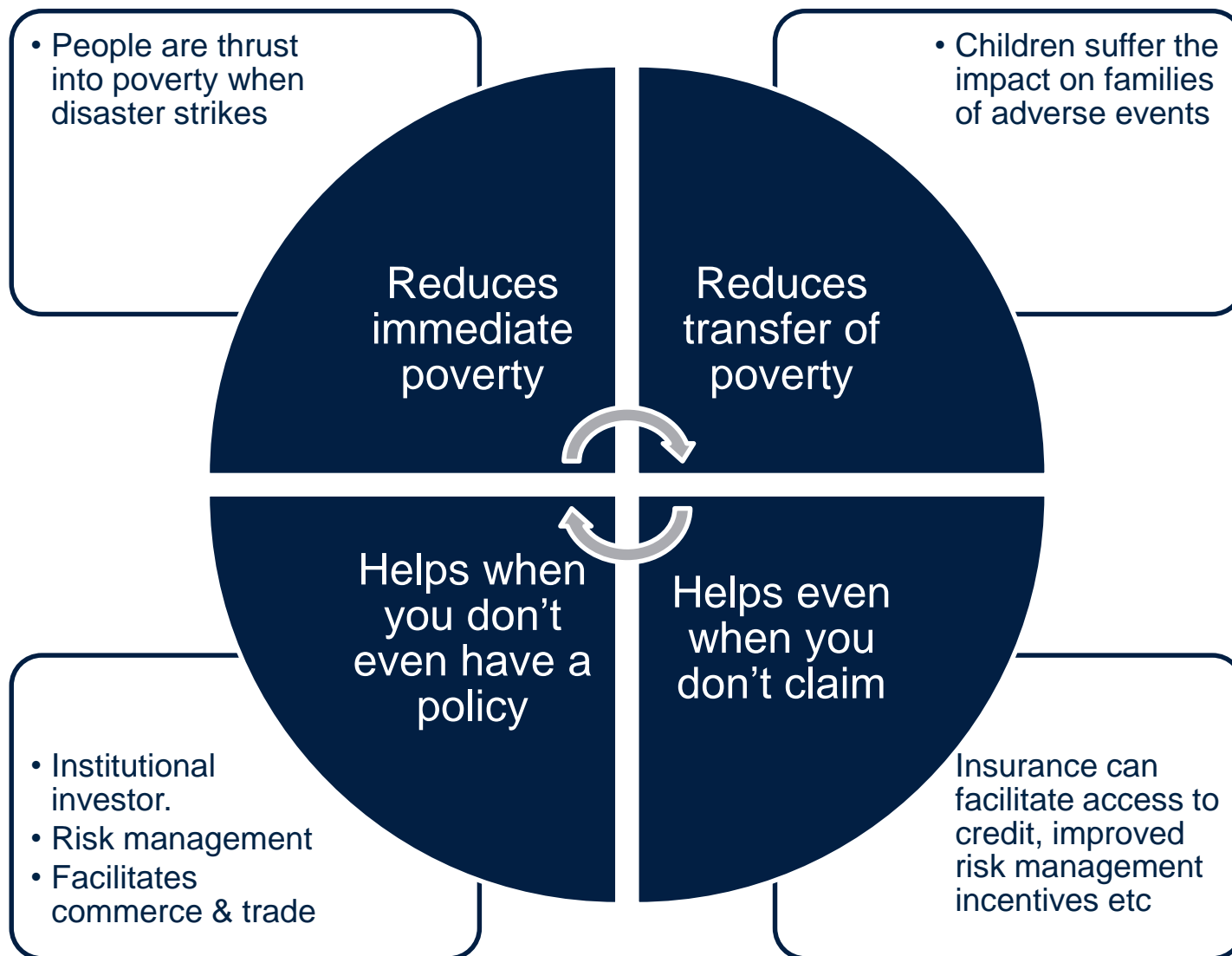
FOOD SECURITY: Resilience in farming is a key to national and global food supply and security.

RESILIENCE: Many national and local exposures to natural disasters include high exposures in agriculture.

“You can’t eat the view”



HOW DOES INSURANCE HELP?



ESPECIALLY IN AGRICULTURE

Access to finance

Increased productivity

Higher farm incomes

Greater food security, food nutrition

More resilient farmers and more resilient governments in response to natural hazards and climate challenges

Everybody wins

1. It works in practice, we've seen it
2. It is not so easy to do, however, especially to
 1. Get the risk service delivered
 2. Get the finance service delivered
 3. Achieve scale
 4. Make all of the insurance, finance, input and market options accessible, affordable and honorable



INNOVATIONS IN AGRICULTURAL INSURANCE

Product: Indemnity and index based insurances

Subsidies

Links to input, output and other risk management related initiatives

Pilots and more pilots



Index based insurance initiatives originally motivated by desire to reduce cost of insurance through avoidance of moral hazard risk and need for claim assessment

INDEX-BASED INSURANCE AT THE IAIS

Some key issues for the paper under development:

Formality

Definition of insurance, insurable interest

Supervising pilots

Encouraging innovation, applying proportionality in practice

Working toward the end game

Consumer protection

Financial and insurance literacy with a complex product

Dealing with basis risk

Competition policy



CONCLUSION

Are we there yet?



THANK YOU!

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