

# A2ii-IAIS Pandemic Risk Webinar series #2

Public-private initiatives

23 July 2020

# Interprefy

## En français

### L'application "Interpefy"

- Téléchargez l'application gratuite "Interprefy" sur l'App Store ou Google Play
- Entrez le jeton : **A2iiIAIS** et sélectionnez votre langue. Puis appuyez sur CONNECT

## En español

### "Interpefy" aplicación

- Descargue la aplicación gratuita de Interprefy desde el App Store o Google Play
- Ingrese el token: **A2iiIAIS** y seleccione su idioma. Luego, presione CONECTAR

# Panellists



**A2ii Moderator**  
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# Insurance market development in India

Strengthening climate resilience of poor and vulnerable people by introducing an innovative Natural catastrophe insurance product

July 23<sup>rd</sup>, 2020



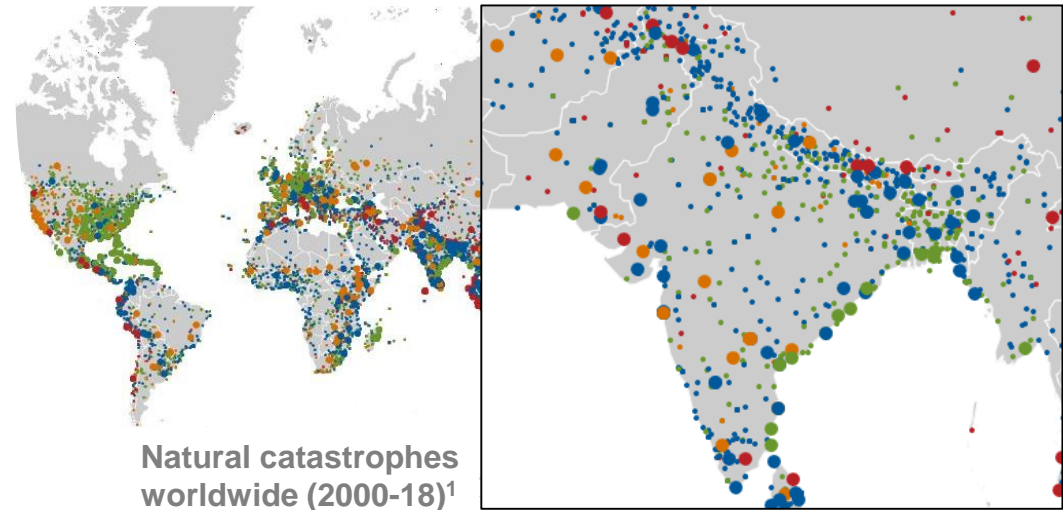
## India is among the most exposed countries to natural catastrophes (NatCat)

**1,017 million** (82%) people are exposed<sup>2</sup>

Natural disasters caused over ₹ 4 lakh crore (**USD 58 bn**) in economic loss from 2008 to 2018<sup>1</sup>

Approx. 10% were insured: USD 5.4 bn<sup>1</sup>

**Fatalities:** 30,241<sup>1</sup> (5 fatalities per 1 million inhabitants)



- Geophysical Events: Earthquake, tsunami, volcanic activity
- Metrological Events: Cyclone and storms
- Hydrological Events: Floods
- Climatological Events: Drought, extreme temperature, forest fire

<sup>1</sup> Munich Re, 2019; <sup>2</sup> Forbes; Verisk Maplecroft



# A formal financial protection against NatCat events is not available neither to MFIs nor to their customers

Snapshot on the **initial situation** in the Indian insurance market

- Large public insurance schemes like PMFBY are not accessible to MFI customers.
- MFI customers who almost exclusively consists of women and who are active as (unskilled) laborers and micro-entrepreneurs apply negative coping strategies in case of natural disasters.
- MFI's perceive increase in severity and frequency of extreme weather events as a threat to their core business.

## Objective of the project

- Spur the insurance market development by injecting innovations, which have different manifestations, e.g. extending the class of beneficiaries beyond farmers, introducing new insurance coverages and technologies.



## Overview on the major building blocks of the NatCat insurance solution

- **Beneficiaries:** Two NatCat insurance products have been designed. One for MFI customers (priority) and one for MFIs
- **Perils covered:** Drought, cyclone, flood, and earthquake
- **Insurance coverage:** Loss of income (maximum: three equated monthly loan installments) for MFI customers and portfolio insurance for MFIs
- **Underlying product methodology:** parametric measurements from automatic weather stations, seismographs, and satellites
- **Pilot regions:** Bihar, Maharashtra, Odisha, and Tamil Nadu
- **Purpose of the pilot:** Optimize both the product concept and the operational model before entering into a scaling phase. Conduct awareness campaigns to improve the insurance literacy of MFI customers.



# Overview on the roles of the stakeholders involved



MFIN **will advocate** the adoption of the NatCat insurance solution towards its member MFIs.

WRMS will be the **data service provider** for the four perils.



MFIN  
Member  
MFIs

MFIs **will steer** the preparation and execution of the pilot in the selected regions.

Chola MS **will sell** the product as the primary insurer.



Swiss Re will **provide reinsurance capacity** to Chola MS.

IRDAI (Insurance Regulatory and Development Authority of India) **will have to approve** the product concepts (File-and-use)



GIZ **will convene and advise** on almost all aspects of the NatCat insurance solution.

Donors will fund selected activities during the pilot phase (ongoing talks).







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**Thank you for your  
attention!  
I am happy to answer  
your questions either  
now or later on.**

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