

Session 16: Climate Risk Communication, Awareness and Stakeholder Engagement

SHORT COURSE ON CLIMATE RISK INSURANCE

Project of
World Food Programme (WFP)
and
Oxfam in Bangladesh

Organized by
Center for Policy Research on Business and Development
University of Dhaka

🕒 09.00 AM - 05.00 PM

📅 December 15 to December 21, 2024

📍 Professor Dr. W.A. Jenkins Virtual Lecture Room
MBA Building (9th Floor), Faculty of Business Studies, University of Dhaka

Ali Tareque Parvez Cert. CII (UK), ABIA (TYSER)

External Collaborator – Inclusive Insurance Asia



International
Labour
Organization



Social
Finance



Former Team Lead, Inclusive Insurance, Microfinance, BRAC



Former Senior Vice President, Agriculture Insurance, Green Delta Insurance



Former Assistant Manager, Reinsurance, MIS, U/W & Claims, Pioneer Insurance



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Climate Risk Insurance



climate risk insurance



Wikipedia

https://en.wikipedia.org/wiki/Climate_risk_insurance

Climate risk insurance

Climate risk insurance is a type of insurance designed to mitigate the financial and other risk associated with climate change, especially phenomena like extreme weather. The insurance is often...



PwC

<https://www.pwc.com/financial-services/library/cli...>

Climate risk and insurance: the case for resilience

Climate change threatens insurers' ability to protect society. Assessing risks and solutions with key stakeholders can help carriers build climate resilience.



UN World Food Programme

<https://www.wfp.org/risk-management-insurance-and-...>

Climate risk management, insurance and financing

WFP is a leader in promoting macro-level climate risk financing and insurance products that can offer rapid finance to affected communities in the event of major disaster.



International Association of Insurance Supervisors

https://www.iaisweb.org/Activities_and_Topics

Climate risk

One of the main effects of climate change on insurers is through the expected increase in natural catastrophes (NatCat)-related claims. To assess the potential risks associated with this trend, as a first...



Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

<https://www.bmz.de/issues/climate-risk-insurance>

BMZ achievements in climate and disaster risk finance ...



UNEP FI

<https://www.unepfi.org/themes/climate-change/20...>

Climate Risk Landscape Report 2024

Apr 19, 2024 — The 2024 Climate Risk Landscape Report serves as a comprehensive resource delving into the available tools for financial institutions to assess physical and transition climate risks.



Welcome to the United Nations

<https://pacific.un.org/267537-what-reinsurers-can-do-c...>

What re/insurers can do for climate adaptation and resilience

May 1, 2024 — Risk assessment and pricing: insurance and reinsurance companies, along with brokers, are crucial players in tackling climate change risks. They can support climate risk insurance through...



International Labour Organization

<https://www.ilo.org/resource/climate-change-and-ins...>

Climate change and insurance

May 8, 2023 — In fact, climate change is considered one of the greatest global challenges of the 21st century. Climate risk insurance can help build resilience against these risks as part of a "holistic..."



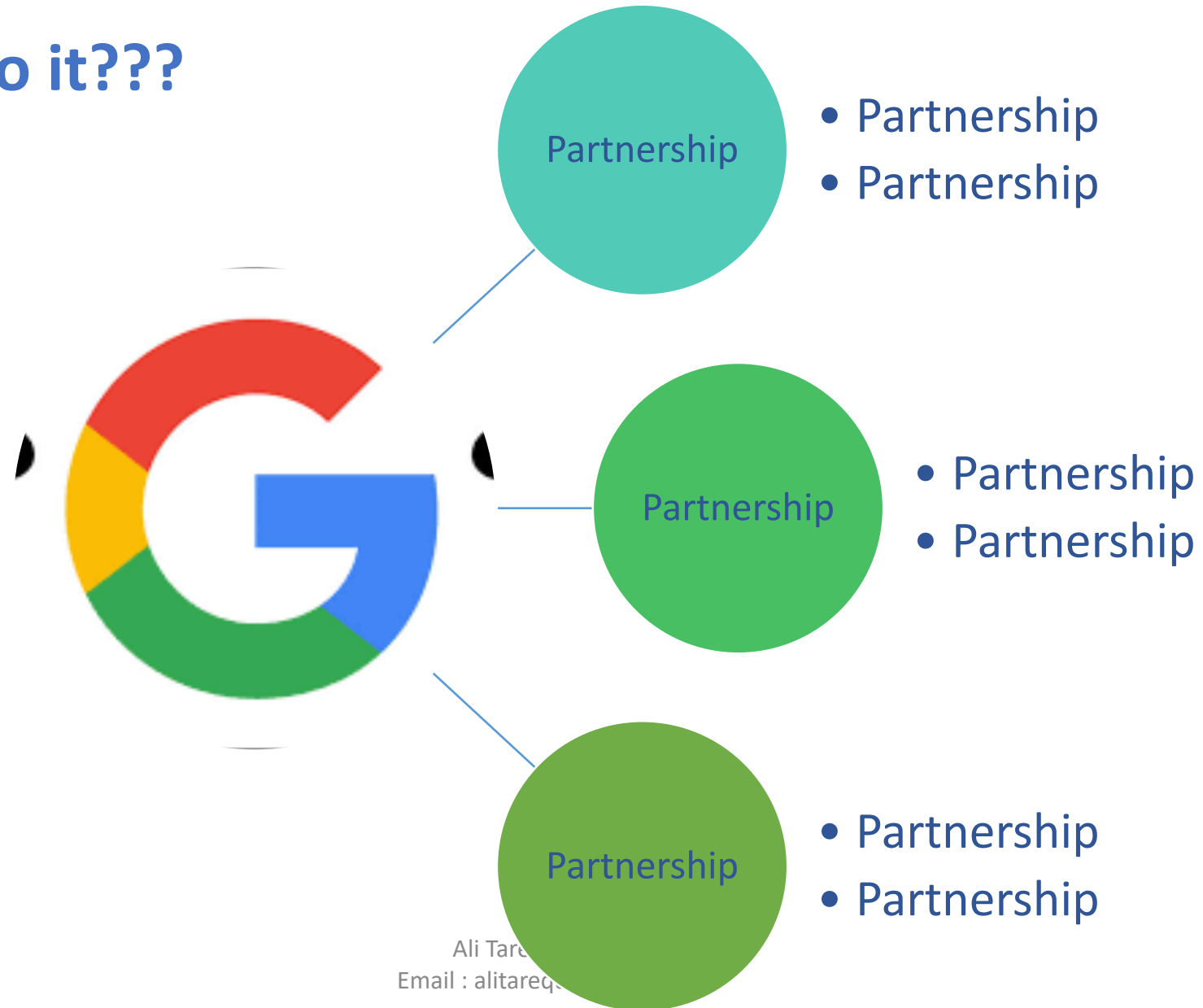
UN World Food Programme

<https://www.wfp.org/publications/climate-risk-insur...>

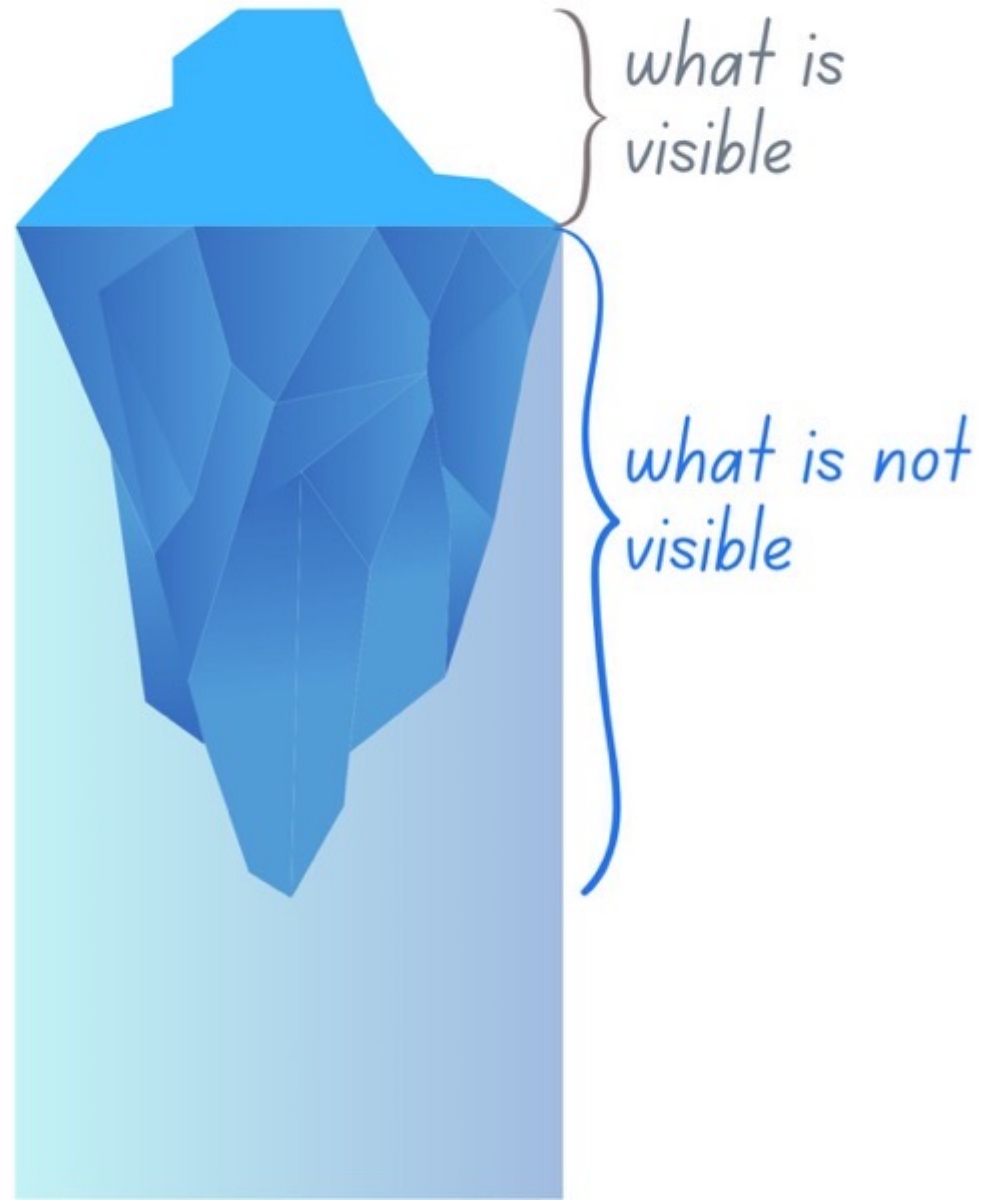
Climate Risk Insurance Annual Report 2023

Apr 23, 2024 — The 2023 Climate Risk Insurance (CRI) Annual Report highlights key insights and achievements from WFP supported CRI programmes.

How they do it???



Impact of Insurance

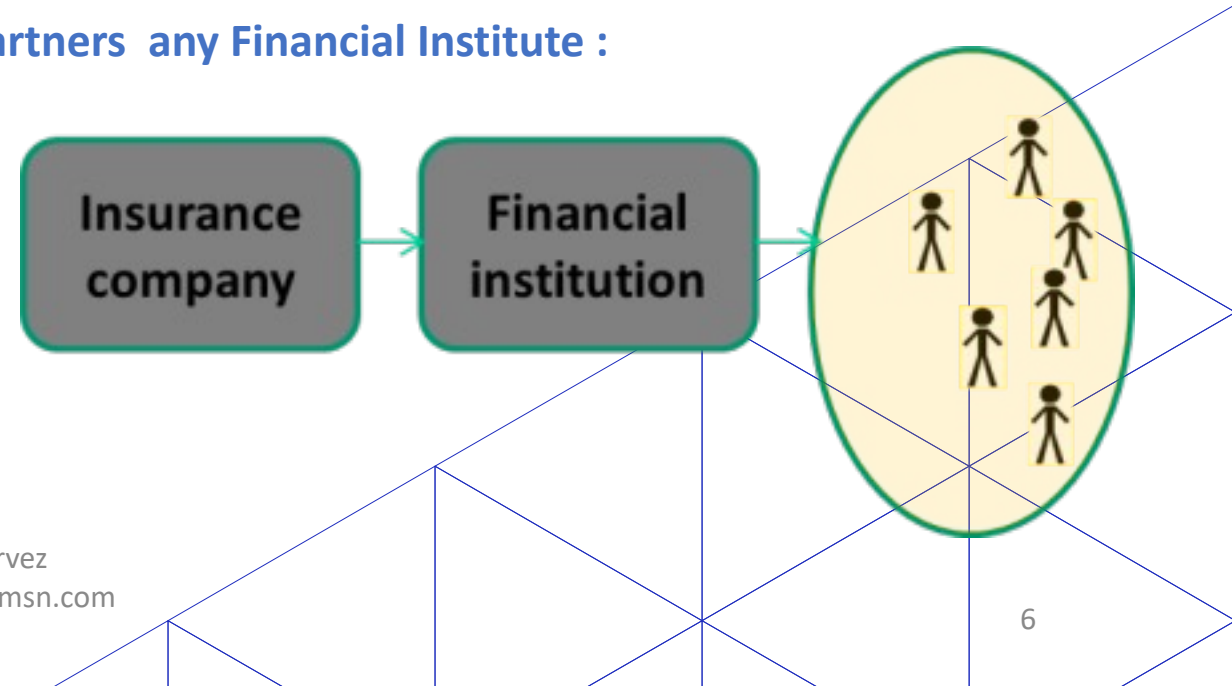
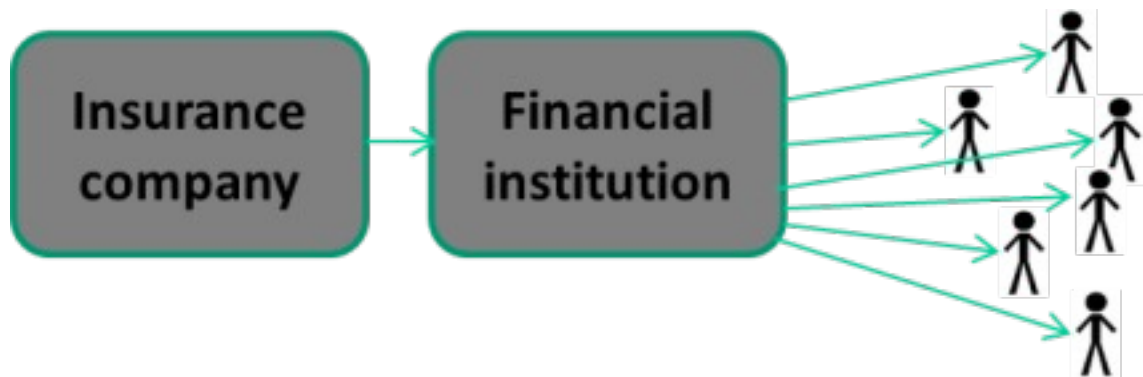


How to distribute Insurance

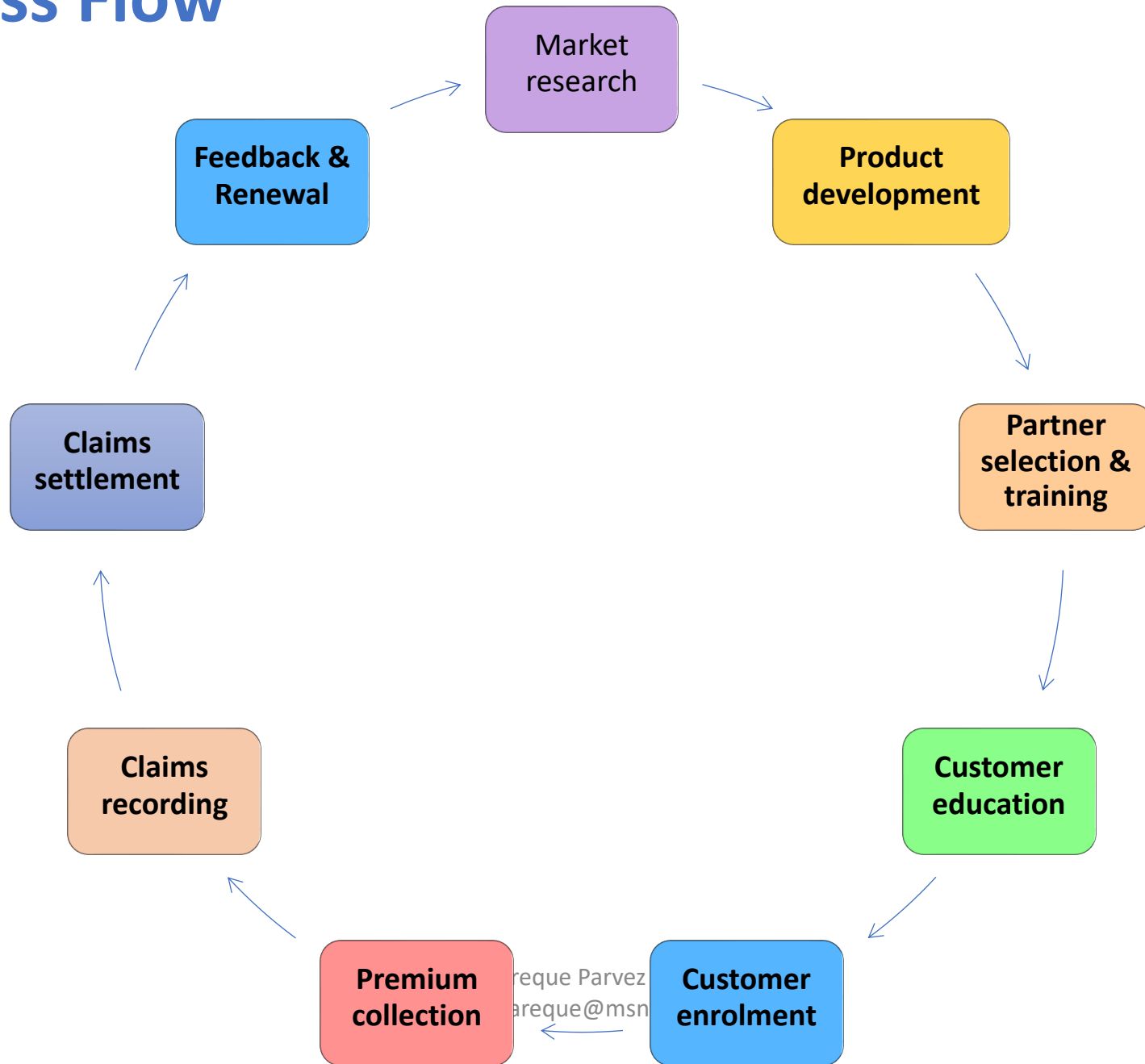
Individual coverage: the Distribution Partners as a *delivery channel*

Portfolio coverage: the Distribution Partners as a *client*

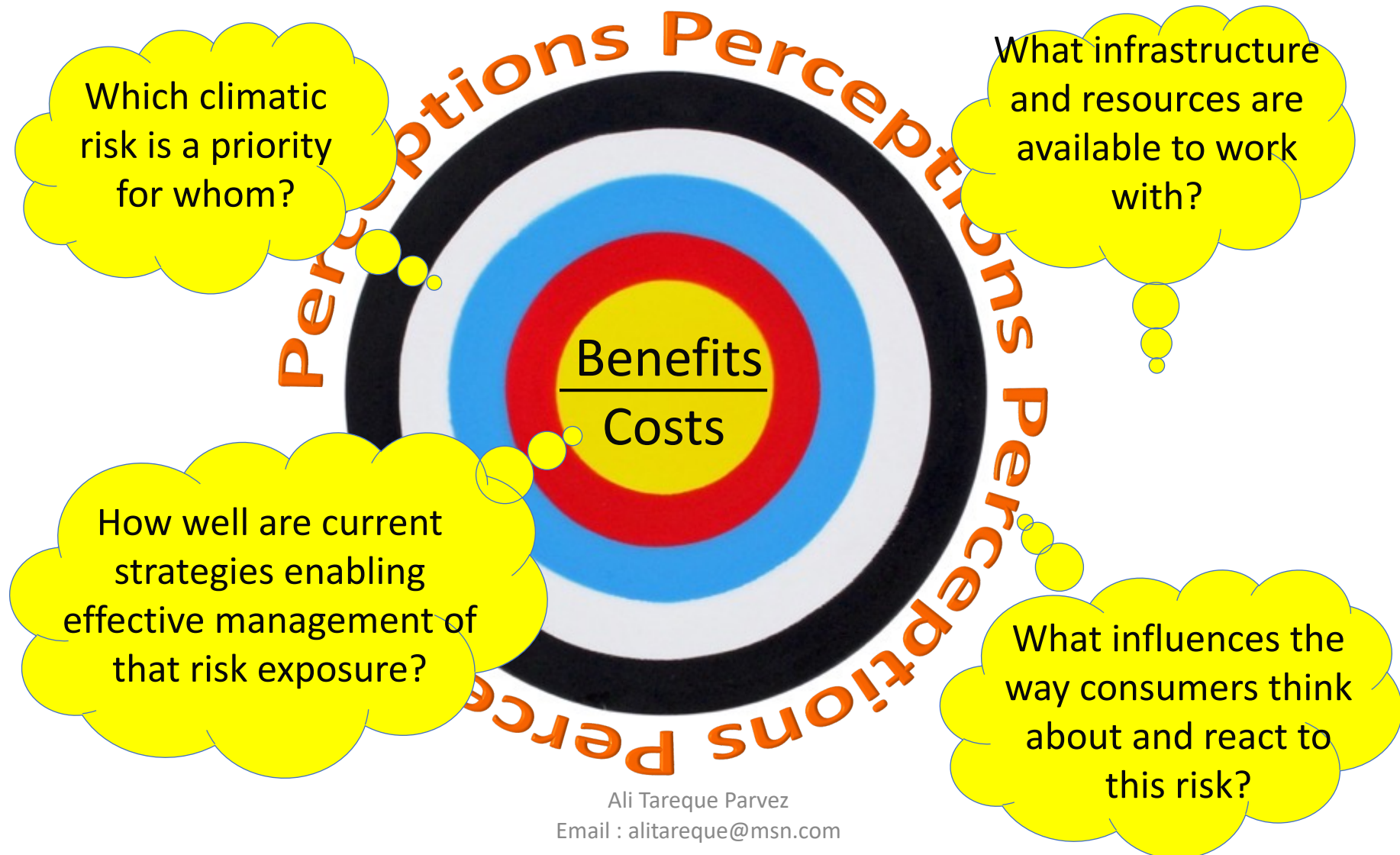
Example Distribution Partners any Financial Institute :



Process Flow



What do we need to know?



Climate change and extreme weather events adversely impacting livelihoods

Insurance as a facilitator for....

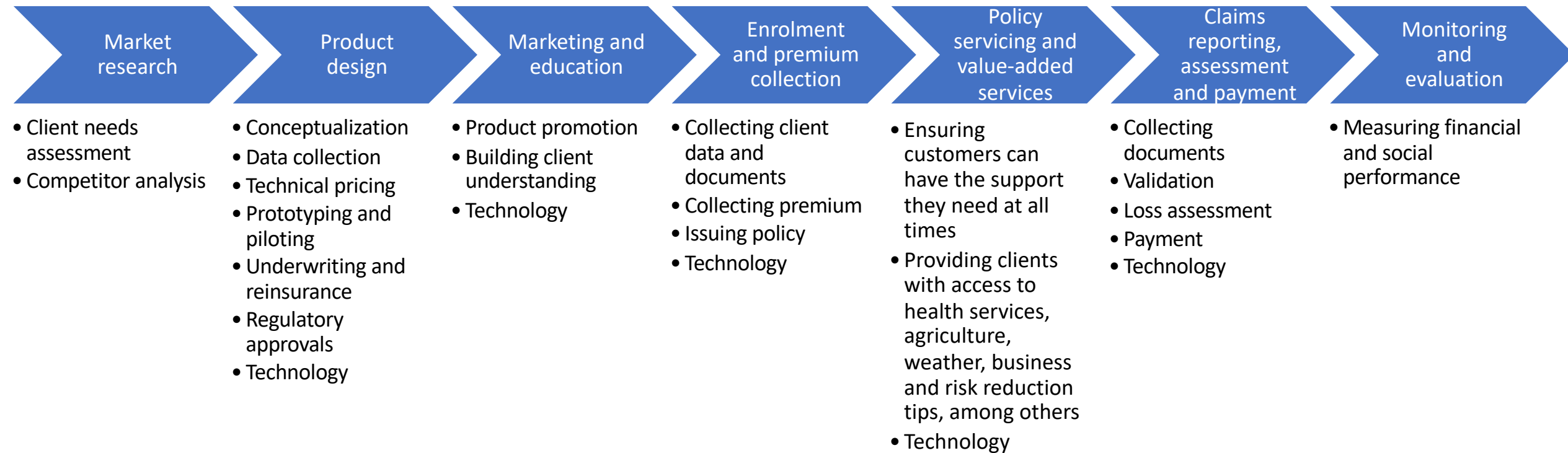
...reducing household vulnerability

...promoting stronger enterprises

...achieving public policy objectives (UHC, food security, climate change)

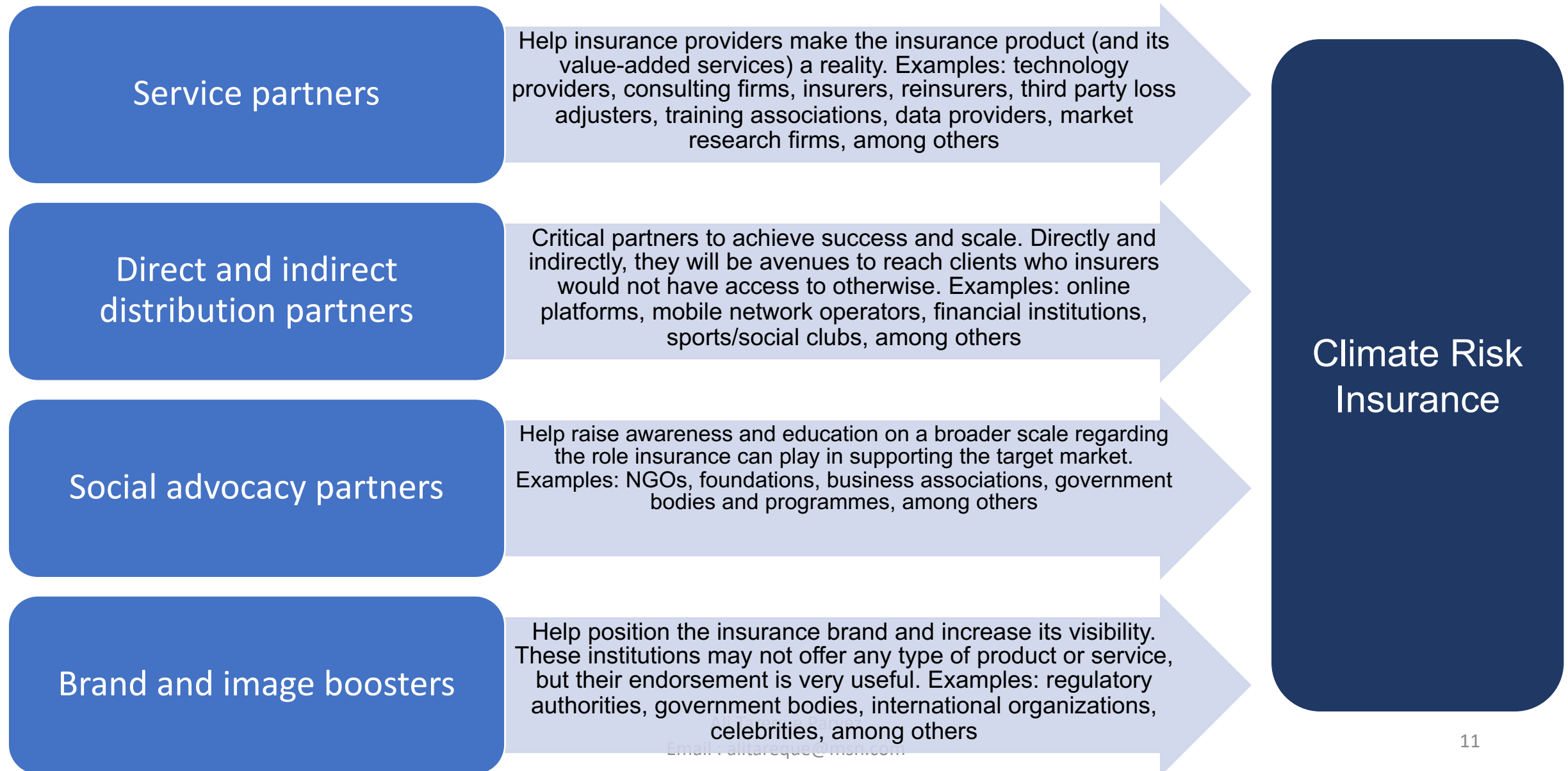


Providing Climate Insurance Requires...



Almost no insurance provider has the capacity to do it all alone.
Partnerships are key if you really want to be customer-centric!

Types of partnerships to explore



Range of Insurance distribution channels

Direct sales

Brokers

Financial
institutions

Community-based
organization

Retailers

MNOs

Local Authority

Utility companies

Post offices

Service providers

Digital
platforms/apps

Aggregators

Engagement

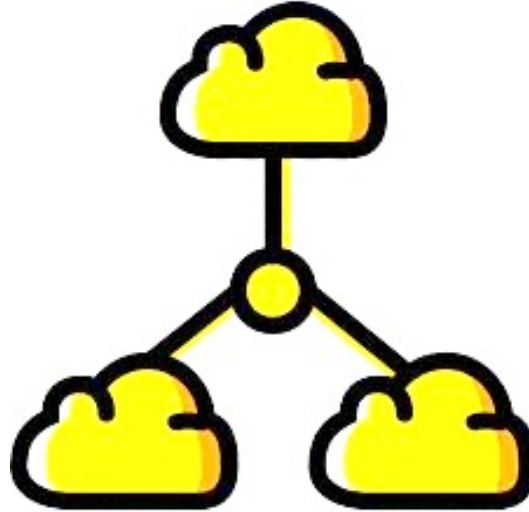


Actuarial
Support

Dedicated Team



Technical Support



Weather data



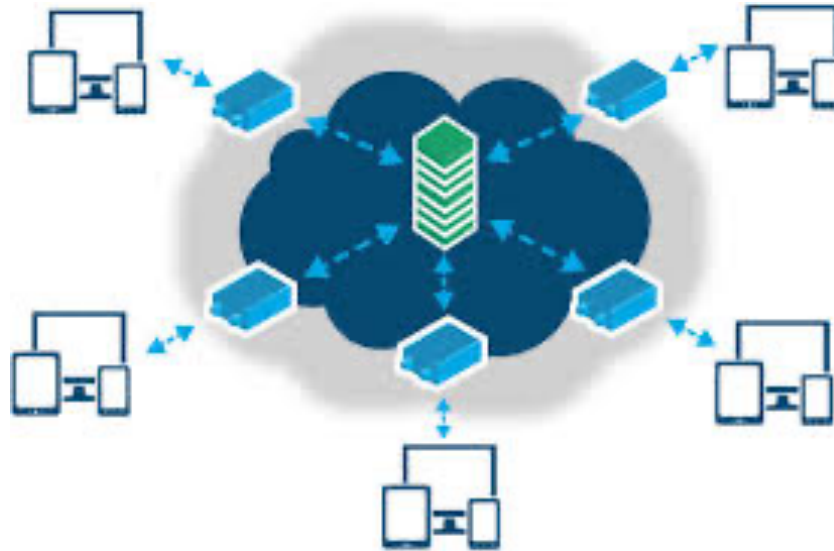
Donor / Fund
for operation

Support Required

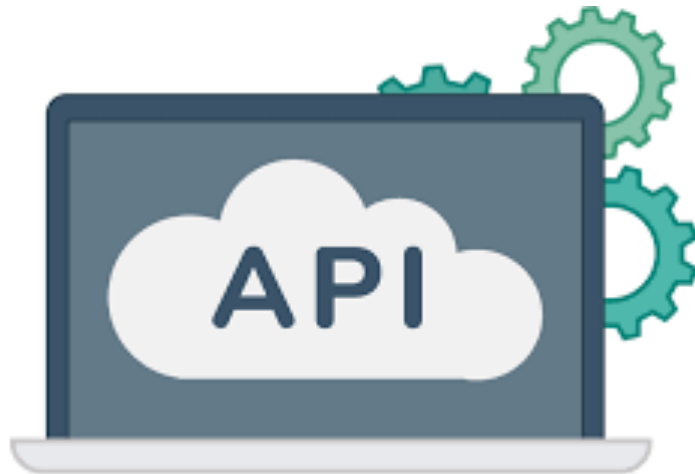


Data analysis

MIS



Cloud



Ecosystems



Underwriting

The VISA Model

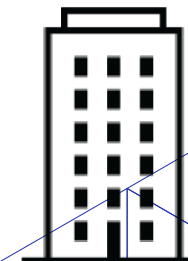
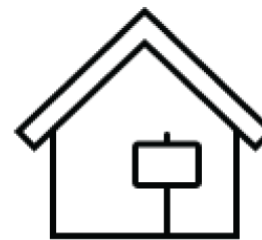
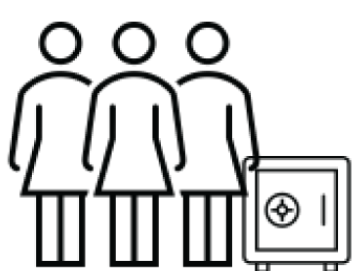


Farmers make small deposits at regular group meetings toward purchase of insurance. Savings are stored in a lock box.

Field staff/agents attend monthly group meetings, educate on insurance, and collect saved premium payments.

Optional
Outreach staff deposit funds into individual savings accounts in the branch office.

Purchases are aggregated and submitted to the insurance company.



VISA in Action: Northern Kenya

Stakeholders in Bangladesh Market

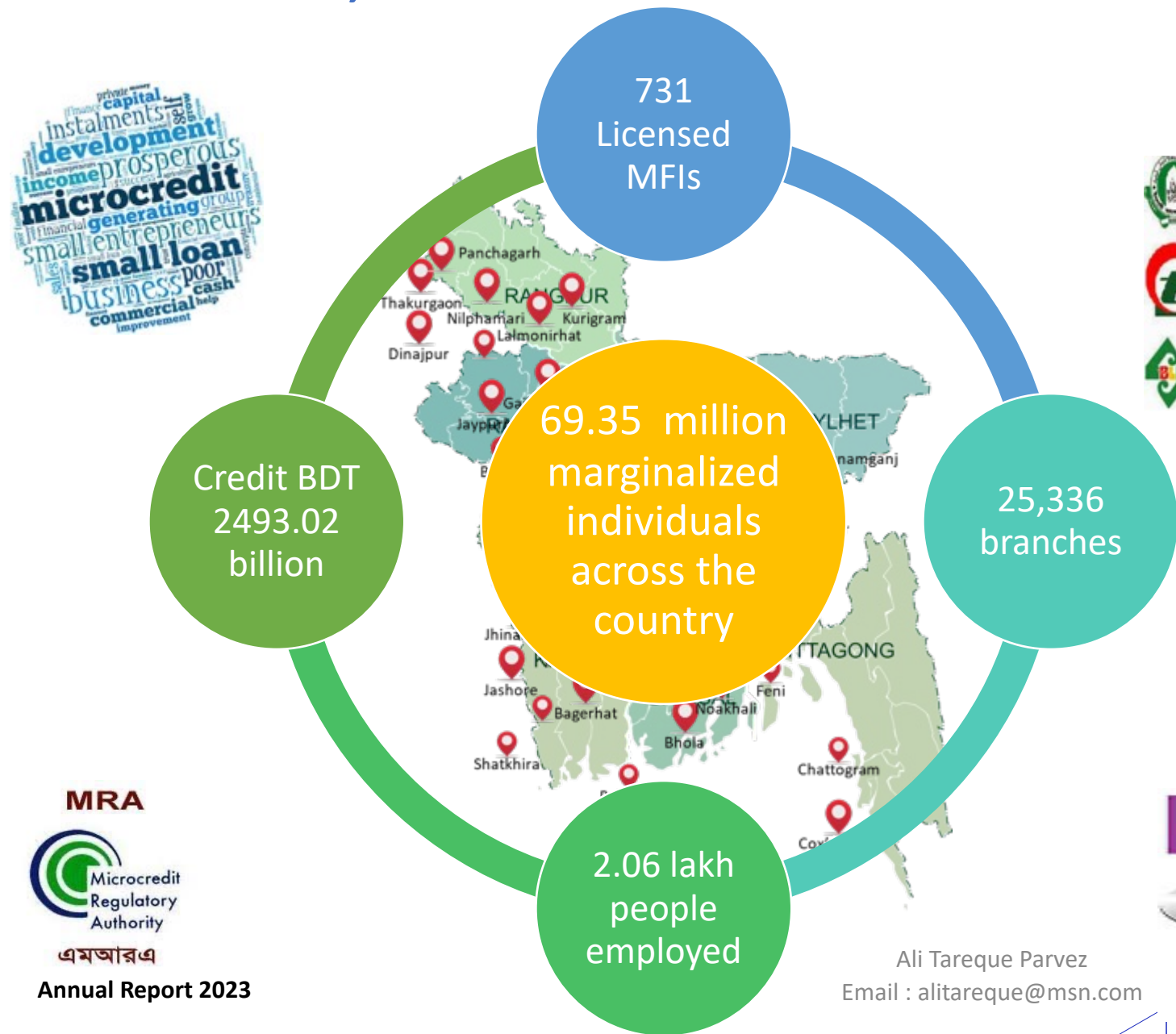


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Pragati Life Insurance Limited

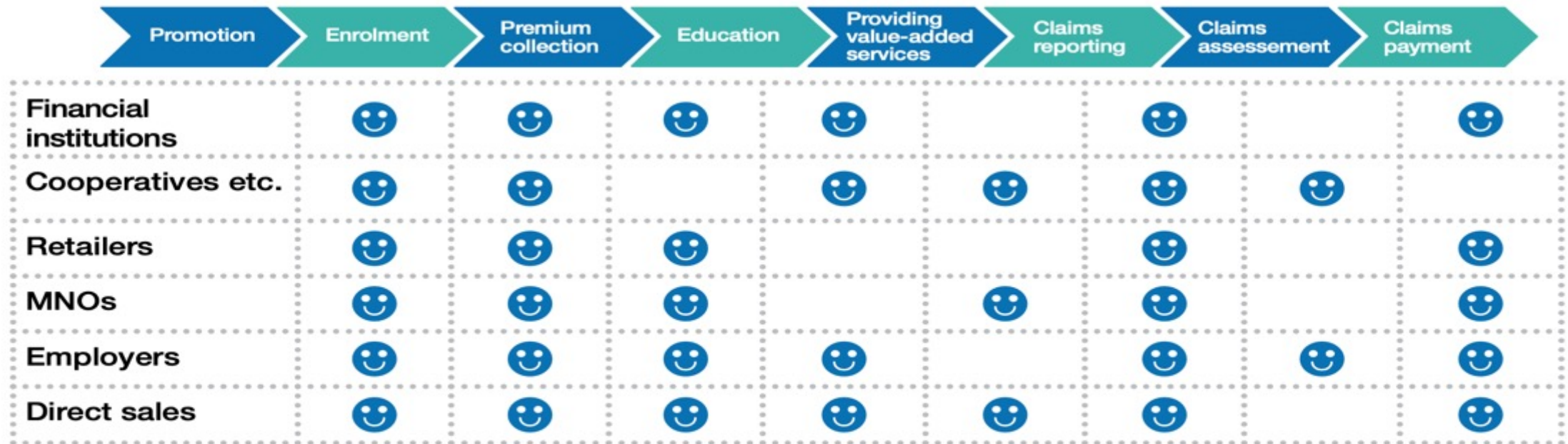
Microfinance, Banks & Mobile Financial Services



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Benefits of distribution channels

Think beyond enrolment. Distribution channels can do more than just sell products (see the example of Fonkoze). Many are well placed to provide support across the value chain:



Mix and match. Distribution channels can be combined in creative ways to leverage their infrastructure and expertise. Consider how you can combine elements of different channels to take advantage of their benefits and address shortcomings. Financial institutions, for example, offer an existing client base and payment platform, yet their employees often do not prioritise insurance. In some cases insurers have responded by installing their own sales agents in the branches of financial institutions. Increasingly, exciting hybrid models are emerging, like banking correspondents, which merge elements of retail and financial institutions.

Climate Risk Insurance Annual Report 2023



Macroinsurance



Inclusive insurance



Financial Inclusion



Using satellite data measured the flood how long is the inundation period and calculate the loss of income of marginal people mainly day labours. Few MFIs were the distribution partners and claim settlement was done through MFS (Mobile Financial Services)

Figure 3. Participants' perception of insurance in Bangladesh



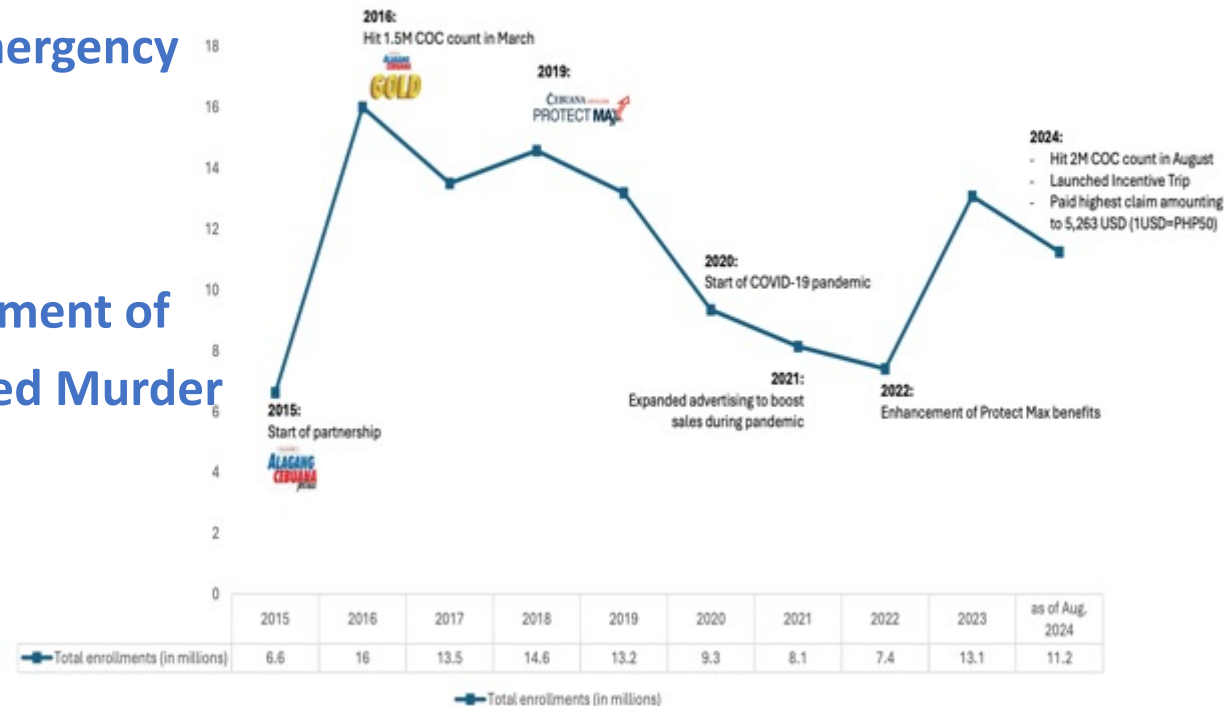
Card Pioneer Microinsurance Inc., Philippines – ProtectMax Distribution Partner - Cebuana Lhuillier (Pwanshop)

An Insurance package with benefits: Personal Accident, Emergency Benefit and Calamity Aid which covers damages caused by fire, typhoon, flood, and earthquake.

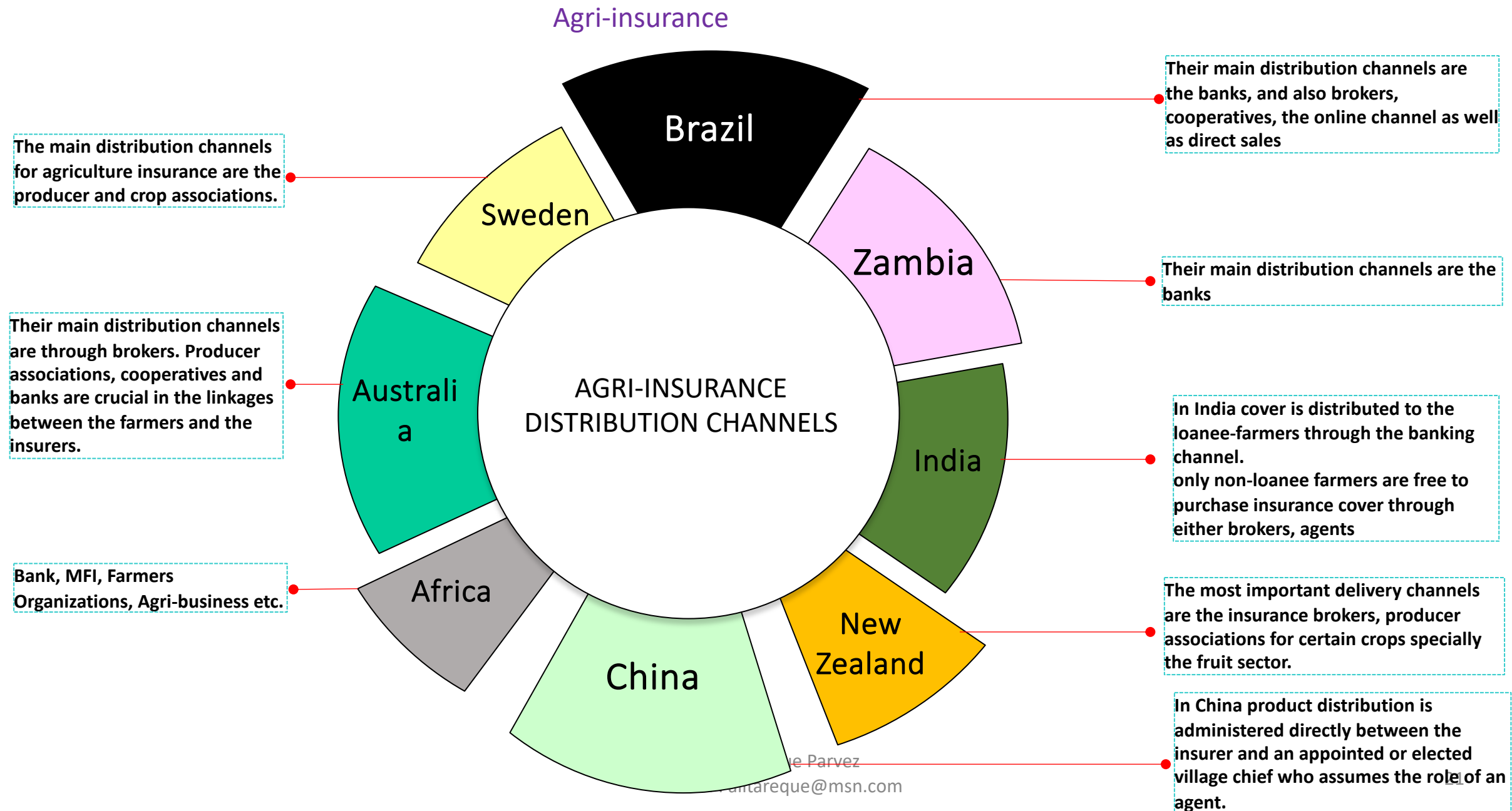


- ❑ ProtectMax is a Combo product of Accidental Death, Dismemberment and/or Disablement, Property and Emergency Benefit, Catastrophic Cover – Act of Nature
- ❑ Sum Insured : Philippines Peso 30,000 / USD 508
- ❑ Sublimit Of Accidental Dismemberment and/or Disablement of Philippines Peso 10,000 / USD 169 including Unprovoked Murder and Assault
- ❑ Fire Cash Assistance Philippines Peso 5,000 / USD 85
- ❑ Death Benefit Philippines Peso 10,000 / USD 169
- ❑ Emergency Expense Benefit Philippines Peso 1,500 / USD 25

Cebuana Lhuillier - Pioneer Microinsurance Enrollments
(2015 - AUG. 2024)



Global Trend Of Distribution Channels





Britam Insurance Kenya

- 300 households affected by floods in Madogo Ward, Tana River County received a claim of \$ 866,614
- The claims were paid under the Index-Based Flood Insurance (IBFI) policy designed to cushion small-scale farmers residing in flood-prone areas from the catastrophic effects of floods.
- Britam in partnership with Swiss Re and Oxfam Kenya in May launched the flood insurance product targeting farmers living along the banks of the flood-prone river. Other players in the partnership include Risk Shield and Arid Lands Development Focus, which is Oxfam's implementing partner in Upper Tana.
- Two parameters –rainfall and river water levels— are used to predict flooding and its impact on communities.



Kilimo Salama in Kenya (now ACRE)

- Distributed through local seed stockists
- Scanner with tailor-made software that allows for paperless registration and immediate confirmation of policy
- Premium transferred in batches through M-Pesa
- Claims disbursed through mobile money platform
- Weather stations for settlement established through mobile phone location/signal



New Segment for insurer: builds trust
Farmers insured grew from 200 to 350k over 4 years

Blue Marble – Extream Heat Income Loss

- ❑ Maximum daily temperature over 3 consecutive days
- ❑ Gujarat, India
- ❑ 21,000 Customers
- ❑ Income Loss for Women work in informal sector



Blue Marble



Public Private Partnership (PPP)

If well-designed, a PPP can strengthen the capacities of different levels of government; accelerate project implementation; achieve better risk allocation; enhance public management; reduce costs; and increase the quality of services. Both governments and private players can benefit from a well-designed PPP. The design, roles and dynamics that emerge during implementation vary from country to country.

National Scheme

Awareness Creation

Claims Monitoring

Research & Study

Premium Subsidy

Data Support

Product Development

Claims Subsidy

Stakeholders Engagement

African Risk Capacity (ARC) Group



- Harare, Zimbabwe, ARC Ltd, the commercial arm of the ARC Group, paid out a total of close to \$32 million to the Government of Zimbabwe and its humanitarian partners in parametric insurance claims. This payout makes history as one of the highest that ARC has ever made. It followed the El Niño-driven drought that devastated the region and led to a failed 2023/24 agricultural season.
The proceeds of the payout will assist 509,000 vulnerable households in 27 districts across the country who were most affected by this disaster event.
- Link : <https://www.arc.int/news/arc-group-makes-total-us32-million-climate-insurance-payouts-assist-people-affected-drought>

One Acre Farm Africa

ONE ACRE FUND

Rwanda, Tanzania and Malawi
more than 1 Million

- From Insurance Farmers Got Coverage :
- 1. Re-supplying planting materials
- 2. Loan reductions and forgiveness
- 3. Yield-based insurance

Natural Disaster Fund, a public-private partnership managed by Global Parametrics with seed investment from the UK's Foreign, Commonwealth and Development Office and Germany's BMZ via KfW, with global reinsurer Hannover Re

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Rose January, Malawian farmer
“If we hadn’t received support, we’d have even less than we do now, particularly when I compare myself to farmers who don’t farm with One Acre Fund, who didn’t get additional seed to replant.”

Communication with Customers – Distribution Partners

Engagement & Customer Literacy



Distribution Partner – MFIs, Cooperatives, Aggregator Field Team Need to be trained

Literacy Materials need to share with customers

Customer need to be engaged in Product Development

Field level impact and results need to be collected

Find the fastest way to settle claims





PRÉVOIR

PKMI | Insurance Solutions






អគ្គប្រយោជន៍ធានារ៉ាប់រងសន្តិសុខស្បៀងអាស៊ាន

The image displays two identical vertical roll-up banners for an agricultural business. Each banner is divided into three main horizontal sections. The top section is green and contains a white tractor icon followed by the text 'YOUR LOGO'. The middle section features a photograph of a person in a light blue shirt standing in a field, with their hands on their head. To the right of the photo is a yellow vertical bar with the text 'Fats and oils' and 'Grain and feed'. The bottom section is green and contains the text 'GOOD for nature' and 'GOOD for you' in white. Below this, there is placeholder text 'Lorem Ipsum' and 'Sum id modit' repeated twice, and the website 'www.youdomain.com' at the very bottom. The banners are mounted on silver-colored metal stands.



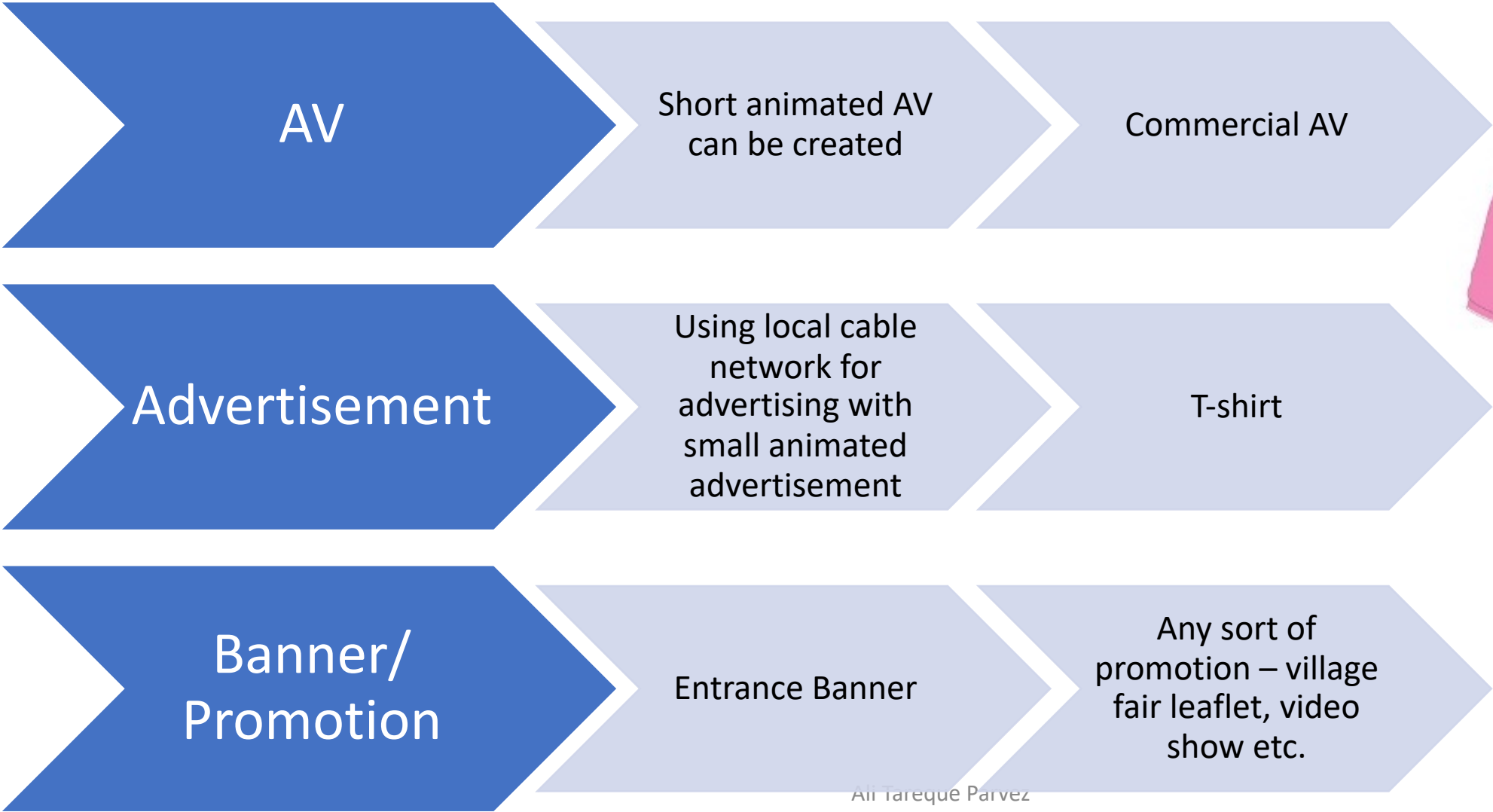
នីតិវិធីការដាំដុះដំណាំស្ពៃស្ពៃ?

ដើមដំណាំស្ពៃស្ពៃដែលបានដាំដុះនៅក្នុងក្រុងភ្នំពេញ បានបង្ហាញពីលទ្ធផលនៃការដាំដុះដំណាំស្ពៃស្ពៃ។ ដំណាំស្ពៃស្ពៃដែលបានដាំដុះនៅក្នុងក្រុងភ្នំពេញ បានបង្ហាញពីលទ្ធផលនៃការដាំដុះដំណាំស្ពៃស្ពៃ។

បុព្វលោក	ទំហំធានារ៉ាប់រង
42,000 រៀល	600,000 រៀល
84,000 រៀល	1,200,000 រៀល
140,000 រៀល	2,000,000 រៀល

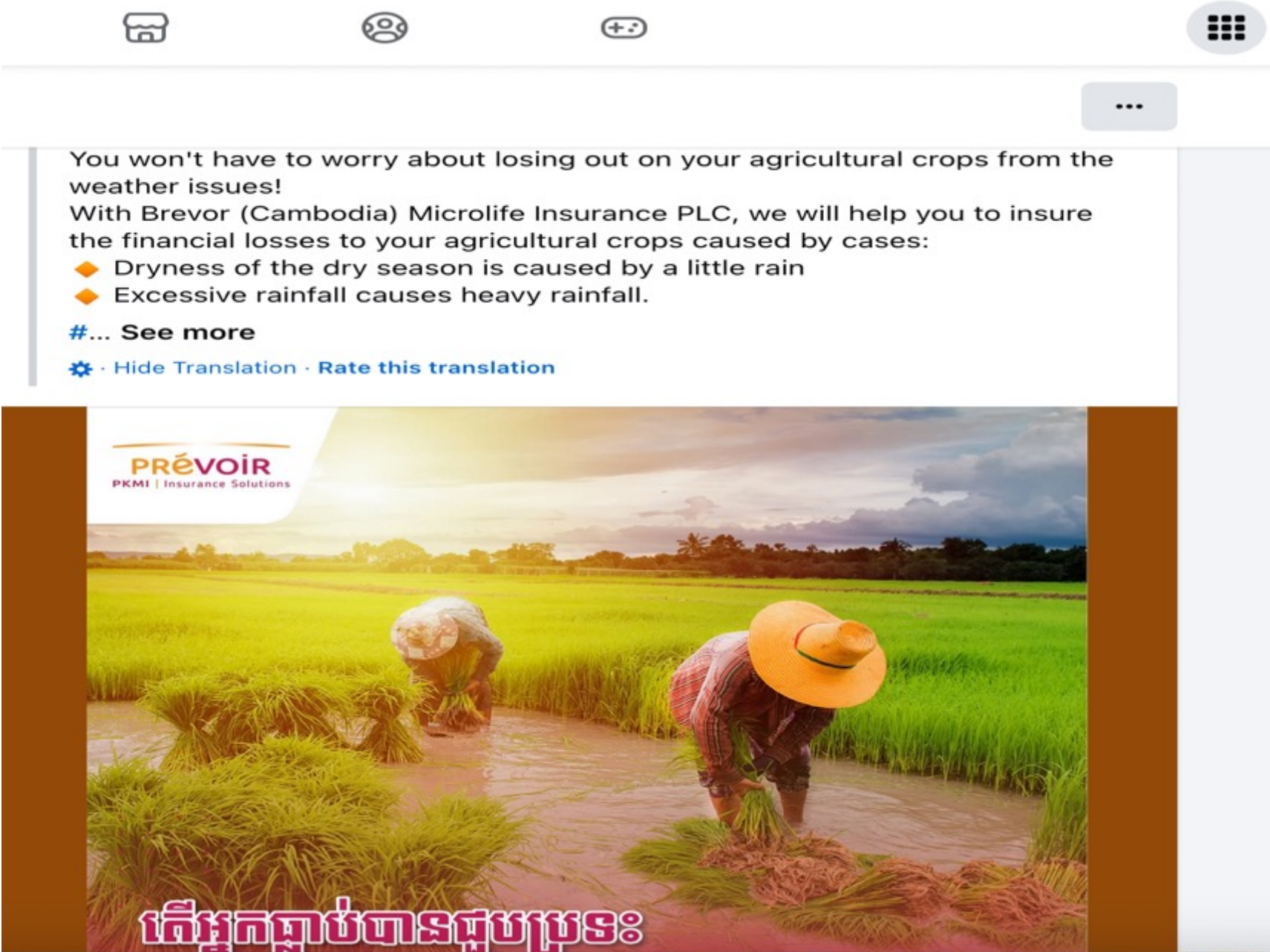
29

Promotion



ខាងក្រោយ

Promotion



Facebook post interface showing a promotion for agricultural insurance. The post includes a text block with a warning about weather issues, a list of covered cases (dryness and excessive rainfall), and a link to see more. Below the text is a large image of two farmers working in a rice field. The image has a logo in the top left corner and Khmer text at the bottom.

You won't have to worry about losing out on your agricultural crops from the weather issues!

With Brevor (Cambodia) Microlife Insurance PLC, we will help you to insure the financial losses to your agricultural crops caused by cases:

- ◆ Dryness of the dry season is caused by a little rain
- ◆ Excessive rainfall causes heavy rainfall.

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Questions
????



Thank

You

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