DERISKING AFRICA WITH CLIMATE INSURANCE AND ANALYTICS

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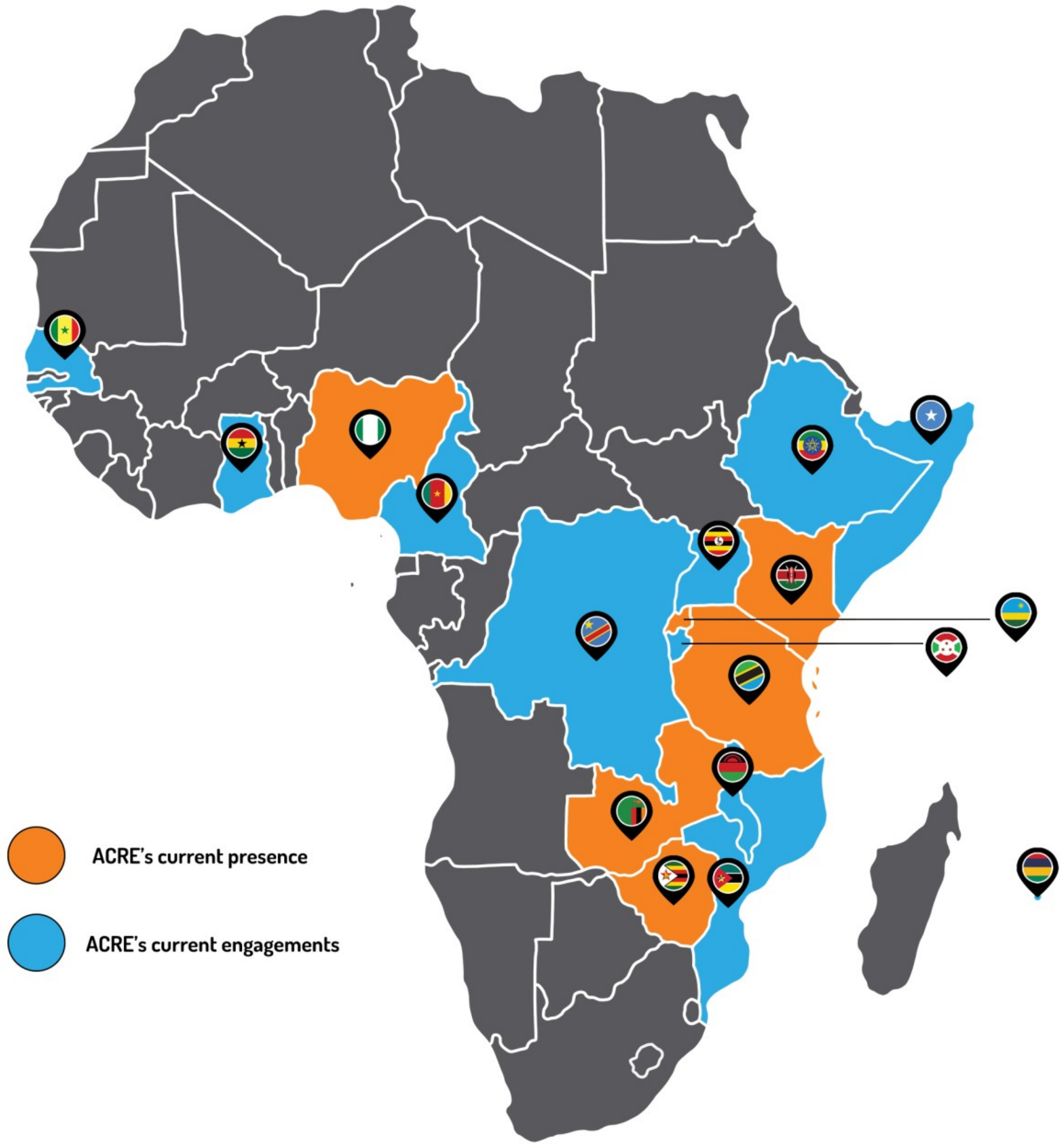
INTRODUCTION

In rural Africa, climate risk is not theoretical, it determines whether a child goes to school, whether assets are sold, or whether a farmer plants again next season

Yet fewer than 3% of Africans have insurance coverage, and agricultural insurance penetration is estimated at below 1%. That means climate shocks are still absorbed at household level.

ABOUT ACRE Africa



- Founded in 2014, ACRE Africa is a for-profit social enterprise and developer of risk management solutions with operations in 17 countries across Africa.
- We have physical offices in Kenya (HQ), Tanzania, Zambia, Rwanda, Zimbabwe, and Nigeria.
- ACRE Africa is a subsidiary of ZEPRE- a COMESA institution and major regional reinsurance company.
- ACRE Africa's core mission is to strengthen the resilience of smallholder farmers by providing innovative risk management solutions. Operating in a region where agriculture is both a livelihood and a risk-prone venture
- ACRE Africa addresses the specific vulnerabilities that make smallholder farmers economically insecure and underserved by formal financial systems.

What Do We DO?

ACRE Provides Holistic Climate Solutions to Smallholder Farmers

Digital

ACRE has developed digital tools around distribution and administration of products and services, as well as monitoring (NAIS & Aggregators).

Tools: DigiBima - Integrated Digital Ecosystem

acre AFRICA

Last Mile

ACRE has its own large last mile network - allowing for greater farmer understanding through data analytics to drive the technical side of the business.

Village Champions.

Technical

Develop and monitor innovative climate insurance products.

Data and analytics techniques for insights into farmers and assist in derisking lending

Tools: TARA, CDL and Actuarial Engine.

REACHING THE HARD-TO-REACH

The challenge

- The biggest barrier to agricultural insurance is not affordability, it is awareness, trust, and distribution
    - *Microinsurance uptake constrained primarily by low awareness and distribution inefficiencies (World Bank, 2022).*
    - *Many farmers understand 'insurance' conceptually but lack product-specific knowledge.*
- If a product is misunderstood, it will be mistrusted. And if it is mistrusted, it will not scale.
- There is no single distribution model that works across Africa.

✓ Inclusion happens at the micro level.

✓ Sustainability happens at the meso level.

✓ Systemic resilience happens at the macro level.

Reaching "hard-to-reach"

Agriculture Insurance Distribution models

	MICRO	MESO	MACRO
Direct Beneficiaries	Smallholders, usually farming as a business (not purely subsistence)	Value-chain actors (e.g. MFIs, agri-business, farmer organizations)	Governments (linked to disaster relief financing)
Policyholders	Usually distribution channels, can be farmers directly although administratively difficult	Value-chain actors themselves	Governments themselves (Central/regional government or specific Ministries)
Who pays premium?	Farmers potentially; Pre-financing/part-subsidy by distribution channels; Potentially accessing premium subsidies from government/donors	Value-chain actors themselves; potentially accessing premium prefinancing/subsidies from donors/governments	Government directly, potentially with premium subsidies from donors
Product types	Weather index, Yield index, Hybrid with indemnity-based. Should cover localized risk- events as much as possible	Usually index based, can be combined with indemnity-based. More regional in scope.	Usually weather-index based. Should cover more macro-level risk events.
Type of risks insured	More frequent events, potentially with relatively low average payouts	Medium-frequency events, value insured may be linked to institution's own risk exposure e.g. NPL levels	Usually less frequent events are covered but average payouts should be relatively very high
Value insured	Underlying loan amount, cost of production, cost of farming inputs, expected revenue etc.	Proportion of credit exposure, Portfolio level Non Performing Loan level etc.	Cost of providing disaster relief in the case of natural disasters
Examples	Champion famer Model, VSLA mutual Insurance	Bank Financing, RPG	National Agriculture Insurance schemes (Kenya, Uganda, Zambia –FISP)

Awareness Creation & Education

Parametric insurance fails when it is technically sound but socially misunderstood

- **Before enrollment** (make it understandable): Use edutainment (Shamba Shape Up, role plays, gamification) to make abstract index concepts practical, especially for low literacy contexts.
    - A very clear messaging: what is covered vs not covered; insurance is a risk tool, not an investment. Inclusive Insurance
- **During enrollment** (reduce friction): Combine digital enrollment with human support; low touch is scalable, but agriculture insurance still benefits from high-touch intervention in many settings.
- **After enrollment** (build trust through experience):Keep communication alive: reminders, seasonal tips, what triggers payouts, and claims expectations—because trust is built after the sale.

Lessons Learnt

1. **Distribution is the hardest problem:** Reaching last mile cost-effectively is a structural constraint; conventional insurer distribution isn’t built for micro customers.
2. **Low awareness is real** — and it’s fixable. Uptake stays low when people don’t understand value, exclusions, and triggers; education isn’t optional.
3. **High-touch still matters (even in a digital world):** Digital is scalable, but in agriculture insurance you often need a human layer to convert understanding into action.

Watch episode Here

(Edutainment)

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Blue Marble

Impact Insurance

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Introducing Blue Marble

An *Impact InsurTech* with a mission to bring insurance to the world's underserved communities.

We use parametric insurance to improve the climate and financial resilience of these communities.

We are backed by a consortium of insurance organizations:

mapfre · Aspen · ZURICH

MARSH · assa Compañía de Seguros · TransRe We value risk.

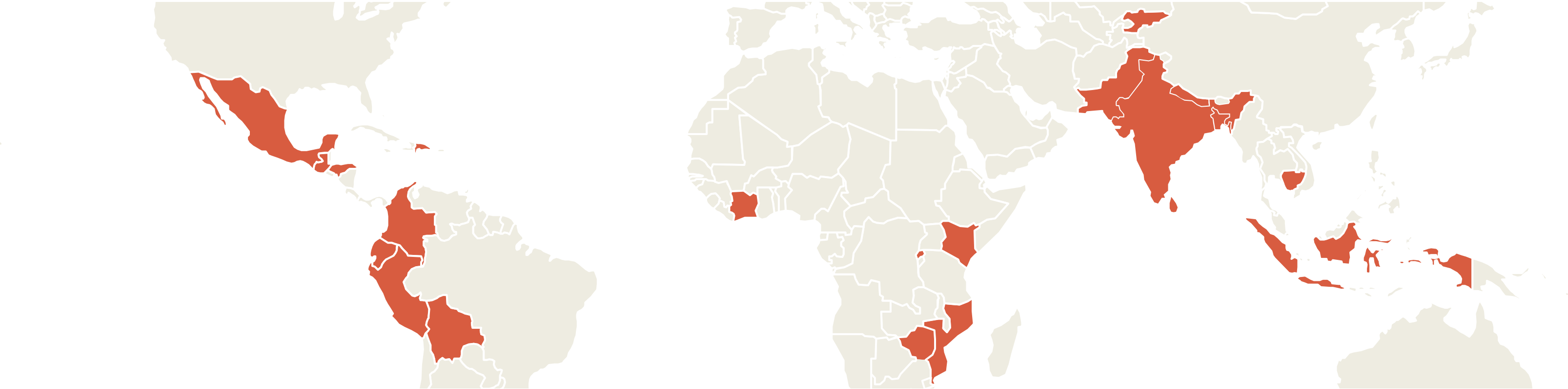
We collaborate with partners globally to deliver on our mission

Private Sector

NESPRESSO
Cafexport
NORANDINO COOPERATIVA DE AHORRO Y CRÉDITO
Nestlé
Mondelēz International
DAVIVIENDA

Public Sector

IFAD Investing in rural people
IDF Insurance Development Forum
SCBF Swiss Capacity Building Facility
KFW Bank aus Verantwortung
Government of Colombia
WFP World Food Programme



INSURANCE JOURNAL
businesswire A BERKSHIRE HATHAWAY COMPANY
Reinsurance News
REUTERS®
Forbes

Blue Marble's Value Proposition

Feasibility studies, capacity building and risk analytics

Consulting

Customized parametric insurance models

Modeling

Impact Reinsurance Facility backed by Zurich Insurance as lead reinsurer

Protecting

Kyrgyzstan: Protecting livestock farmers from drought

Blue Marble and partners are implementing an innovative meso-forecast parametric insurance product

Innovative Features

Meso-Level Insurance
Delivered through social protection structures

Forecast-Based Parametric Trigger
Pre-agreed drought index activating early support

Progress To-Date

>32,000 Vulnerable pastoralists covered

$4M+ Risk capacity provided

$300K+ Payouts to-date

Drought Risk covered

Multiple Regions Across Kyrgyz

Building Long-Term Sustainability

- ILO investment strengthening the insurance ecosystem
- WFP-ISF joint long-term sustainability strategy and technical assistance
- Linkage to National Insurance Program

Public–Private Partnership

How forecast-based insurance works in Kyrgyzstan

Acting before drought impacts livelihoods

01 Policy Activation
Local Governments subscribe to a forecast-based parametric policy

- Pre-agreed trigger thresholds
- Defined payout structure
- Coverage for drought risk

02 Forecast Monitoring
Weather data indicates high drought probability

- Satellite & forecast models monitored
- Risk threshold evaluated
- Trigger level assessed

03 Automatic Trigger Insurance automatically activates

- No damage assessment required
- No claims submission process
- Pre-defined payout amount calculated

04 Rapid Disbursement
Funds are transferred to Local Governments

- Fast liquidity
- Transparent payment mechanism
- Reduced administrative burden

05 Early Action
Local Governments implement preparatory measures

- Fodder procurement
- Water management
- Livestock protection

Lessons Learnt

- **Acting Early is Key:** Using forecast-based triggers allows for "Early Action," which helps protect livelihoods before they are destroyed, rather than just compensating for the damage.

- **Ecosystem Strengthening:** Building long-term sustainability requires strengthening the local insurance ecosystem, such as our work with the ILO and linking products to National Insurance Programs.

- **Efficiency via Automation:** Parametric models eliminate the need for damage assessments or claims submissions, ensuring fast liquidity and a reduced administrative burden.

- **Public-Private Collaboration:** Success depends on collaborating across sectors, including the private sector, governments, and organizations like the WFP and ISF.

Blue Marble

If you are interested to explore further, please contact:

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Strengthening Resilience in an Era of Compounding Risks: The Role of Inclusive Insurance

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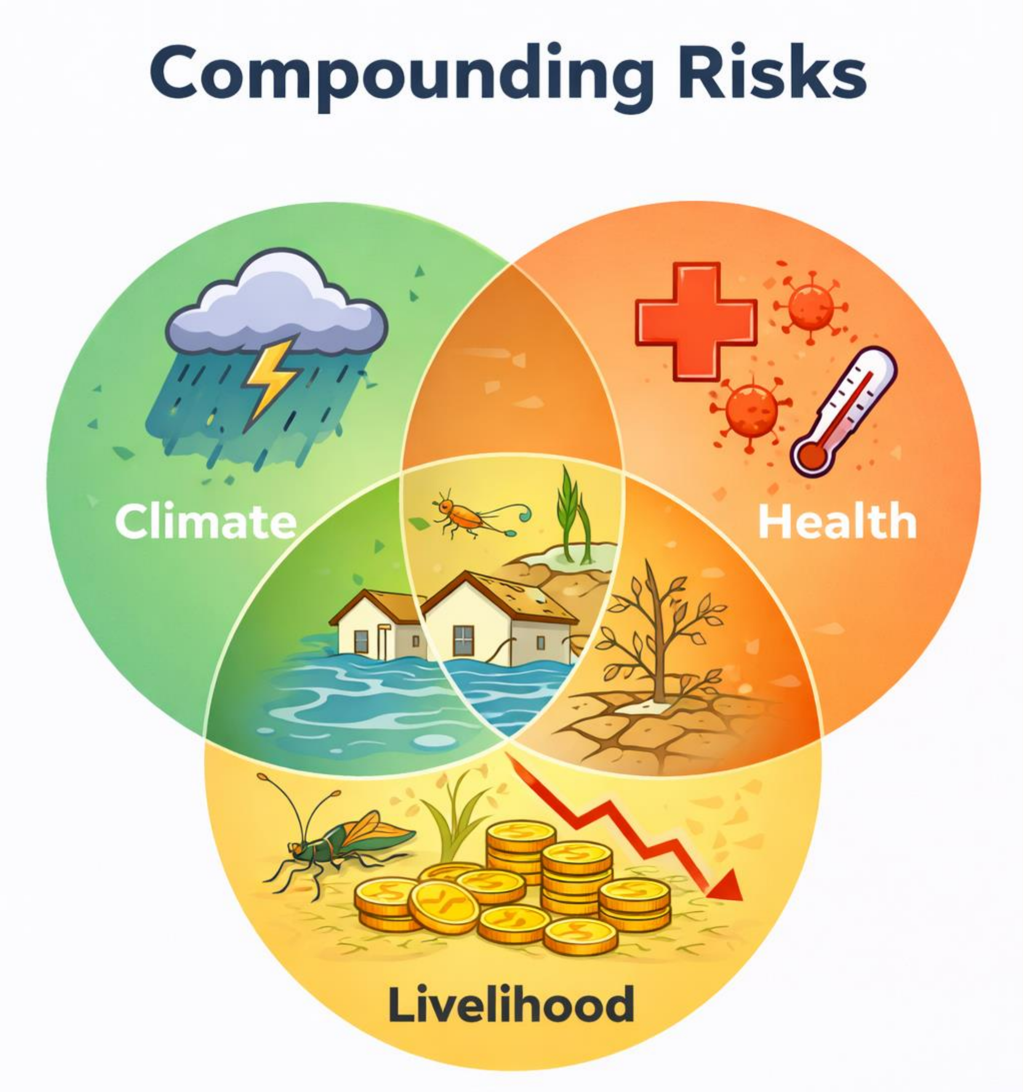
Knowledge and Strategic Partnerships Manager, MiN

Coordinator of Inclusive Insurance and Sovereign & Humanitarian WGs, IDF

micro insurance network

INSURANCE DEVELOPMENT FORUM

COMPOUNDING RISKS REQUIRE STRONGER RESILIENCE SYSTEMS THAT EFFECTIVELY REACH THE AFFECTED POPULATIONS



Household protection gaps are widening because risks are compounding, and resilience depends on ex-ante systems that deliver rapid liquidity directly to people.

- Immediate post-shock funding
- Prevents distress coping and poverty trap
- Enables faster recovery
- Stabilizes consumption
- Protects development gains

Protection gaps are not only financial — they are gaps in human resilience.

A SHARED HUMAN REALITY (WITH DISPROPORTIONATE IMPACTS)

From the Open Public Consultation for the new European climate resilience framework:

*Overall, **progress in strengthening climate resilience in the EU is slow and uneven and is not keeping pace with accelerating climate change**. **EU and national resilience policies and measures are currently not fit for purpose**.*

(…)

*Climate change is already imposing significant measurable costs on consumers, businesses and economies. Extreme weather events and chronic risks such as sea level rise or soil subsidence - damage assets, disrupt 25 supply chains, and reduce productivity, turning them into a mainstream financial concern. Therefore, it is crucial to factor in climate resilience in investment and financial decisions, to reduce climate-related economic losses and minimise disruptions to the business continuity and maintain revenues. **To fully address the risks, the building of climate resilience would need to be complemented by insurance. Currently, only 25% of the losses are insured and the insurance premiums continue to rise.** The scale and systemic nature of climate-related economic impacts make it impossible for governments to bear their cost and will require engagement, including financial contributions, from all levels of governance, economic sectors and the public. The new Framework will put forward policy measures to scale up resilience finance needed to fund the expanding project pipeline. **It will also include measures aiming to improve access to affordable insurance and reduce the widening insurance-protection gap.***

THE “LAST-MILE” DELIVERY CHANNEL OF RESILIENCE ARCHITECTURE

“Nations should build and maintain a standing stack of instruments that convert disasters into manageable budget events, from budget buffers to insurance to contingent credit to swaps. ***We must stop treating resilience as a list of projects with photos. Think in balance sheets, cash flows, and triggers.*** *We must stop assuming that grants will arrive on time and at scale.* ***Grants are welcome, they are not a strategy.”***

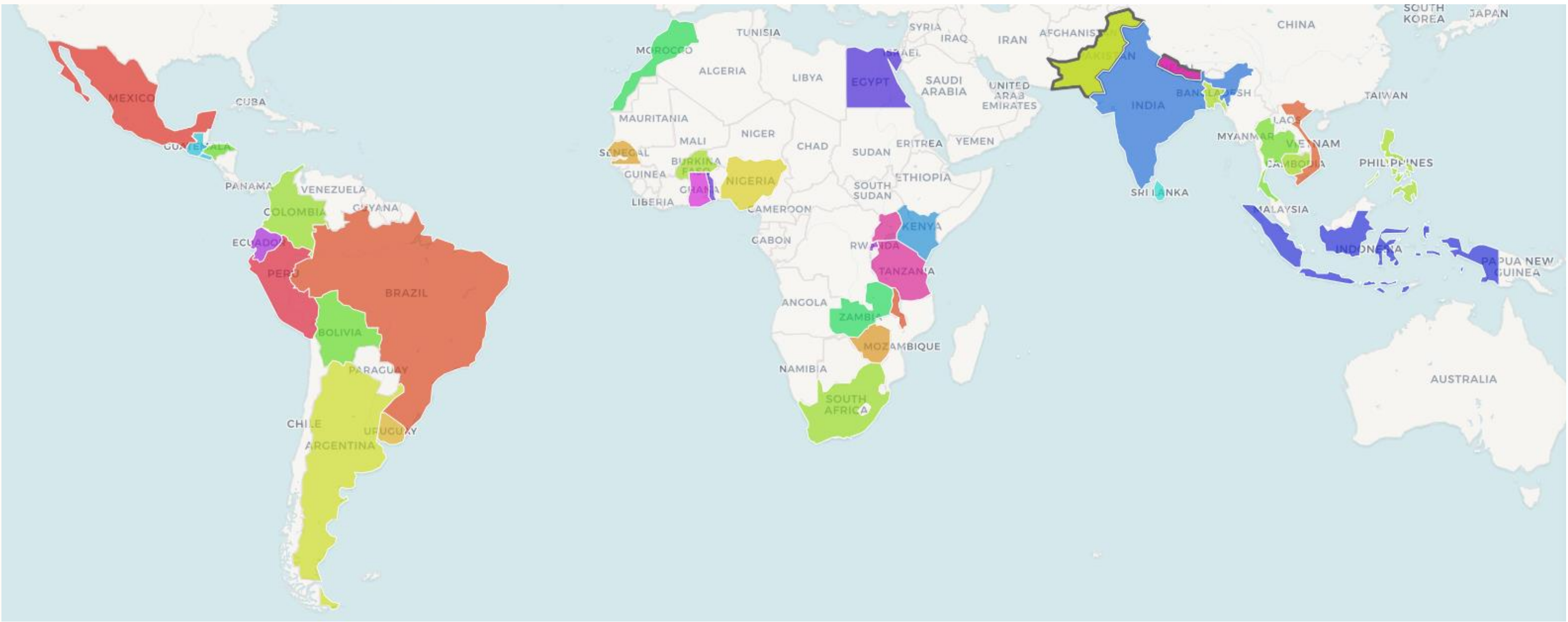
Dr. Kevin Greenidge, Governor of the Central Bank of Barbados

Source: artemis.bm

Inclusive insurance can serve as the “last mile” of resilience financing, connecting pre-arranged disaster risk finance, risk transfer markets, and households.

INCLUSIVE INSURANCE COVERAGE IS GROWING — BUT IT HAS NOT YET REACHED THE VULNERABLE MAJORITY

- **344 million people covered** out of an estimated **~3 billion low-income target population** across <u>37 countries</u>
- **USD 6.2 billion in premiums** compared to an estimated **USD 40.6 billion potential market (15%)**
- Climate risk is covered by a total of 112 products, reaching more than 42 million people.



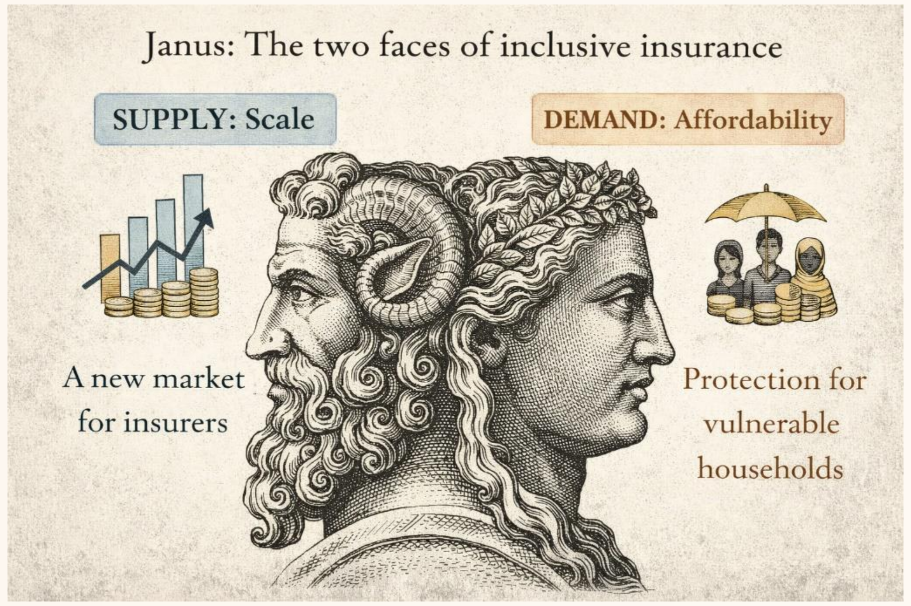
Africa: Burkina Faso; Egypt; Ghana; Kenya; Malawi; Morocco; Nigeria; Rwanda; Senegal; South Africa; Tanzania; Togo; Uganda; Zambia; Zimbabwe

Asia and the Pacific: Bangladesh; Cambodia; Fiji; India; Indonesia; Nepal; Pakistan; Philippines; Sri Lanka; Thailand; Vietnam

Latin America and the Caribbean: Argentina; Bolivia; Brazil; Colombia; Ecuador; El Salvador; Guatemala; Honduras; Mexico; Peru; Uruguay

Resilience requires protecting portfolios of risks beyond single hazards.

IT TAKES AN ECOSYSTEM TO DELIVER PROTECTION AT SCALE



- Traditional channels are still dominant but there is an expanding range of aggregators such as schools, public service providers and mass-market distributors.
- Microinsurance uptake is dependent on the broader financial inclusion ecosystem.
- Products delivered through organised groups show higher stronger claims performance, indicating that partnerships also improve customer value.
- Digital platforms reduce turnaround time considerably.
- 58% of agriculture microinsurance products receive subsidies, and subsidised programmes account for 97% of people covered in agricultural insurance

Scaling inclusive insurance requires coordinated action across public institutions, risk markets, and distribution partners.

https://landscape.microinsurancenetwork.org/

Thank you!

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INSURANCE DEVELOPMENT FORUM