



ACRE Africa
Savings and Credit Forum, SDC
Global Agricultural Insurance

Market Development Workshop
11th May 2016

Introduction – ACRE Africa

- **Micro-insurance product designer** linking stakeholders to agricultural insurance through localized solutions to reduce climate risks
- **Licensed insurance intermediary**, supporting local insurers to offer smallholder-focused insurance across value chains
- 25 professional staff with expertise in Insurance, Agriculture and Veterinary Sciences, Actuarial Science, Marketing, Strategy and Finance
- Over **800,000** farmers insured since 2009 through Acre Africa products
- **Our aim** is to help unlock the full potential of agriculture and inspire a new generation of farmers across Africa through localized solutions that reduce climate-associated risks,

Founder and Main Shareholder



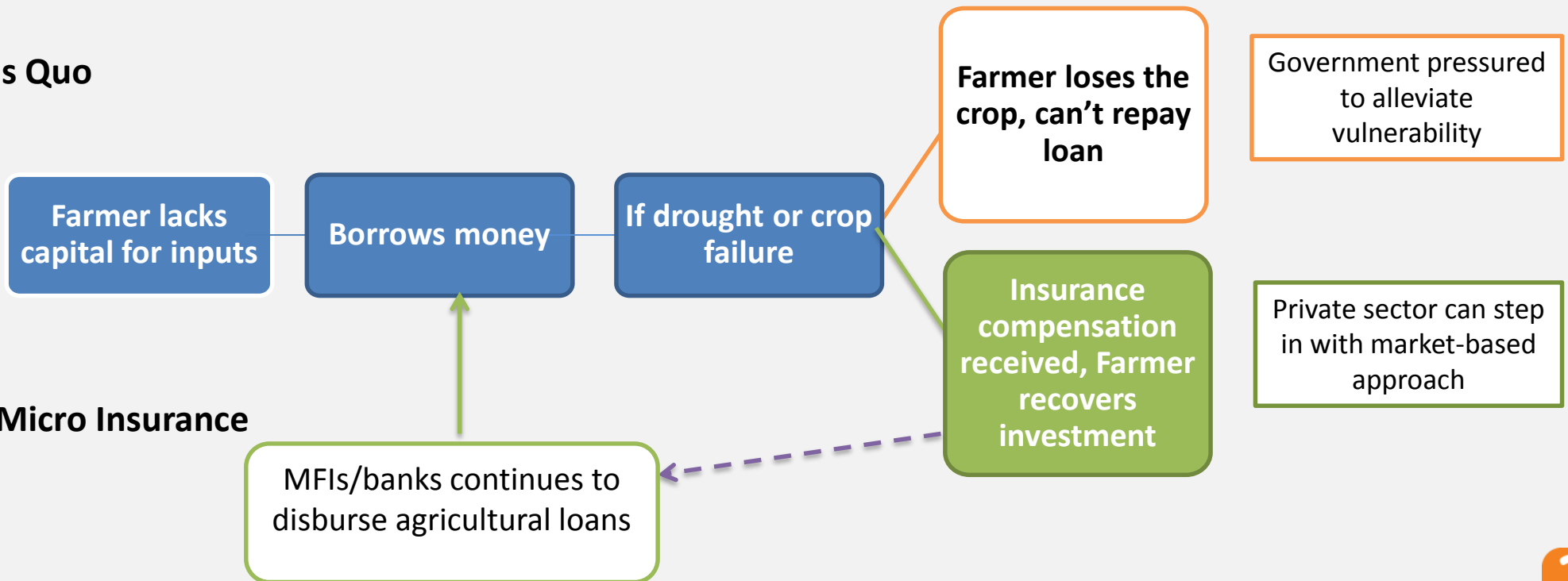
Impact Investors



Introduction - How can micro-insurance support this goal?

Micro-insurance decreases farmer risks when planting their crops, encouraging investments and wealth creation

Status Quo

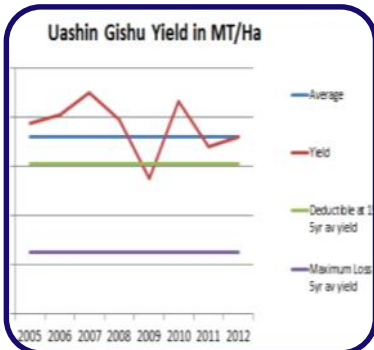


Introduction - How Do Index Micro-Insurance Achieve This?



Weather Index

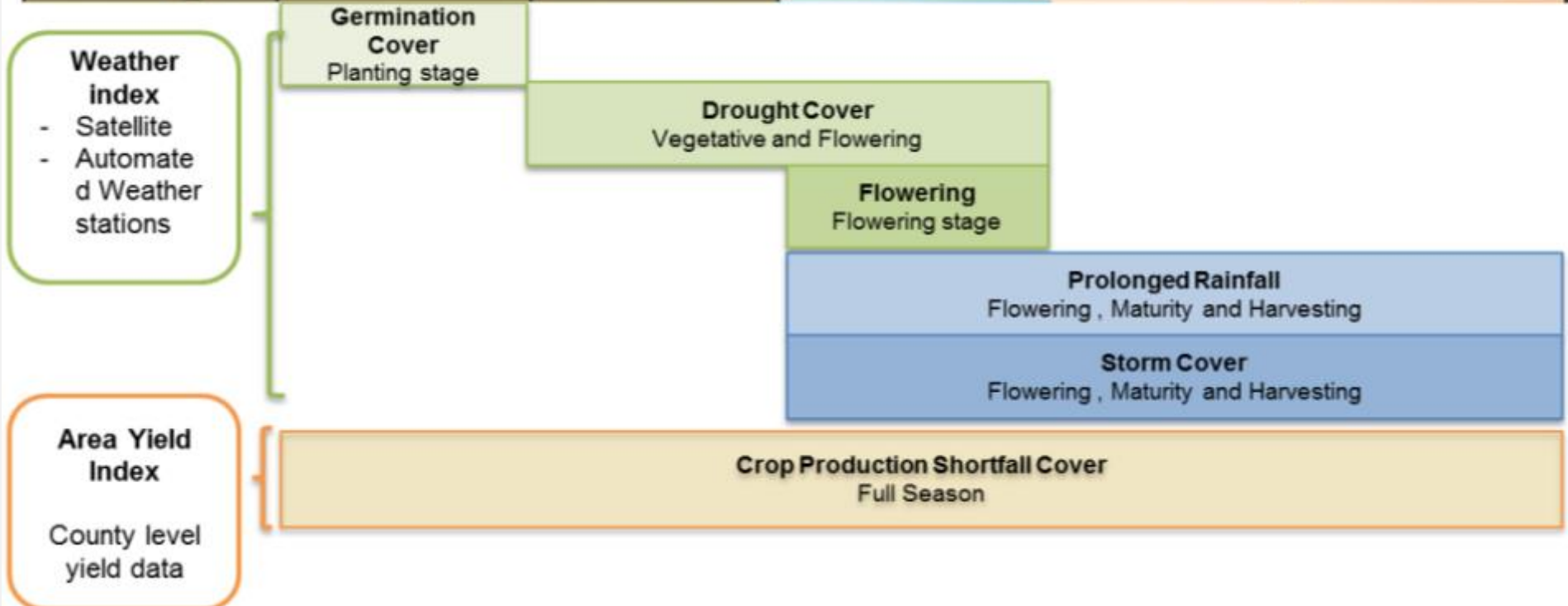
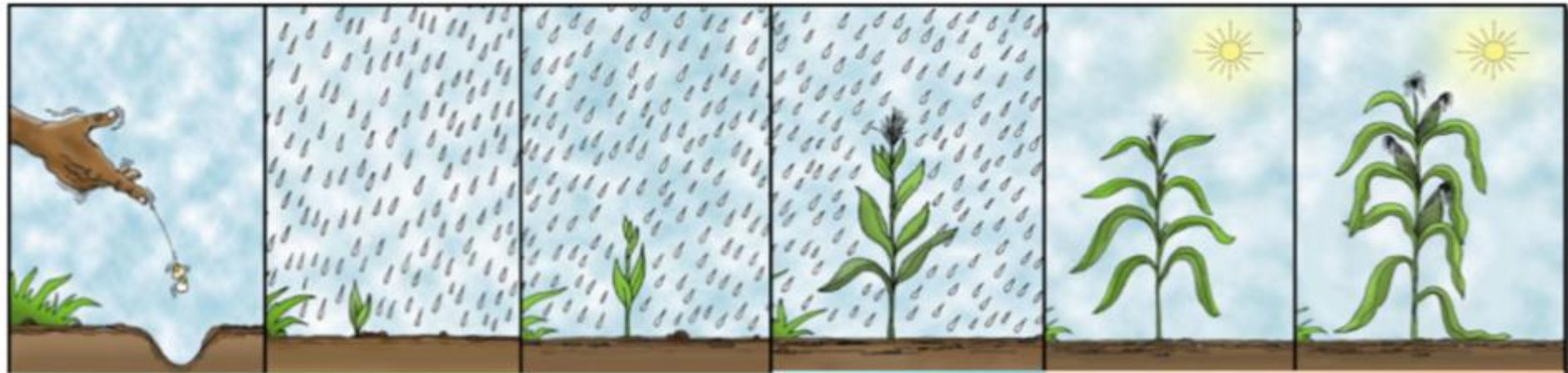
- Index based on daily rainfall measurements from automated weather stations or satellite
- Tailored agronomic models for each crop
- Payouts triggered automatically, transparent process



Area Yield Index

- Uses government, or third party yield data
- Measures changes in production
- Triggers if production is below a long-term average
- Also covers flood, drought and diseases at large scale level

Business Model-Layered Weather & Yield Insurance



Business Model



Head Quarters in Nairobi
Product Development
Thought Leadership

Local offices Kenya, Rwanda, Tanzania
Marketing and Distribution
Financial Education
Data Collection/Contract Monitoring
Dry Runs and Product Improvement

- Income - operating margin on premium
- Any profits are reinvested in the company
- All regulated entities as per local acts

Primary Insurer

- Carries primary risk
- Policy documentation
- Claims payment

Re-insurers

- Pricing, reinsurance

Partners: Agribusiness/ Banks/ MFIs/ NGOs/ Mobile Operators/ Input Companies

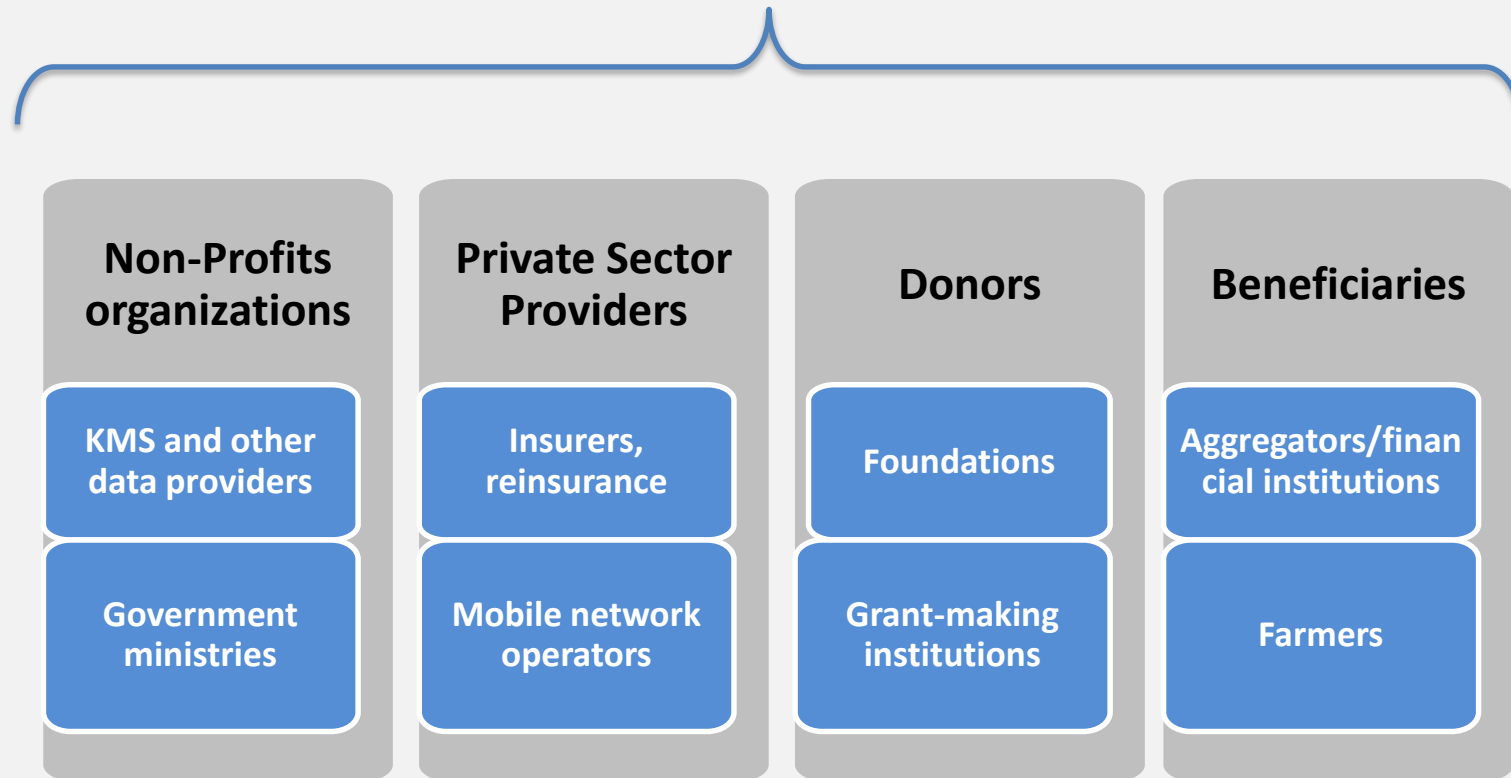
- Insured on behalf of farmers
- Advance the premium
- Inform individual farmers
- Disburse compensation

Farmers

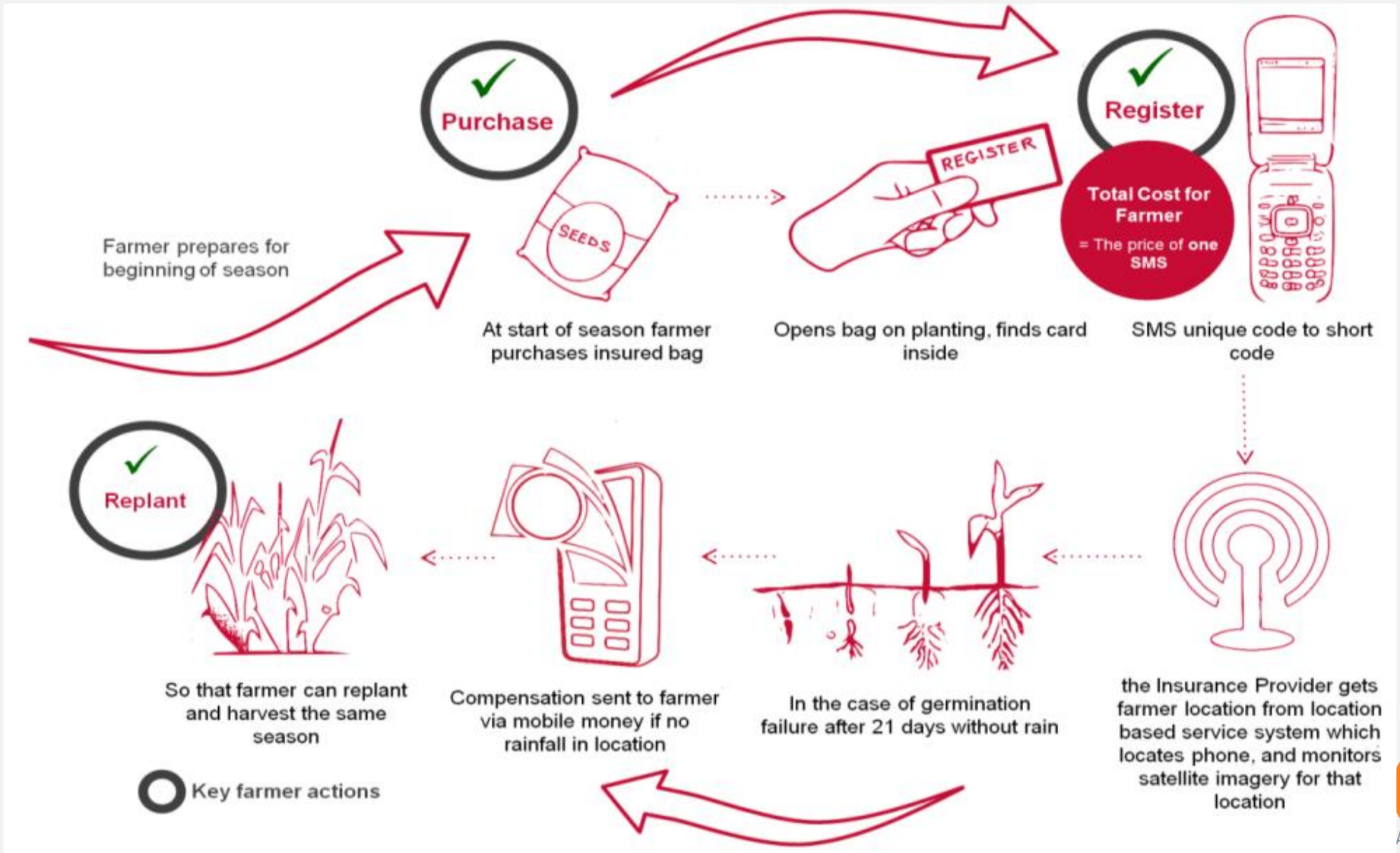
- Access services including insurance

Business Model - Partners and Stakeholders

GOVT: Policy, Oversight, Coordination, Data



Business Model - Leveraging Mobile for Distribution



Results so far - ACRE Africa's Realized Impact



**Insured farmers
invested 20% more
in their farms**



Insured farmers
earned 16%
more than
uninsured
farmers



Average
farmer sum
insured: 100
USD



Average
premium: 5 USD



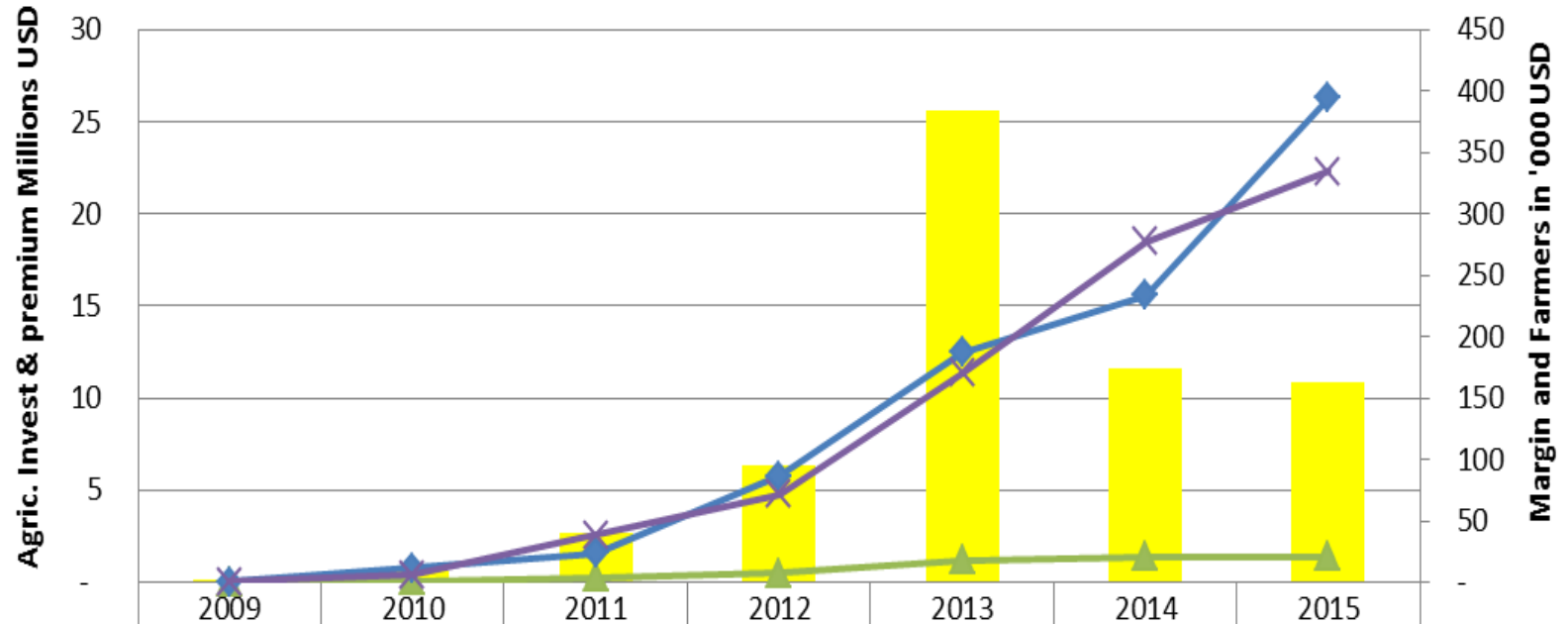
Average
premium
rate: 5%

Results so far & Outlook - Key Performance Indicators

Dimension	Principle	Guideline	Indicators
Product Value	The product provides the client with appropriate and effective risk coping mechanisms	<ul style="list-style-type: none"> • Client needs are assessed during the product development stage • Client feedback is monitored to enable regular improvements • Improvements are designed to add value for clients 	<ul style="list-style-type: none"> • Incurred claims ratio* • Renewal ratio* • Promptness of claims ratio*
Client Protection	The insured are Treated fairly and respectfully	<p>The microinsurer ensures:</p> <ul style="list-style-type: none"> • Transparency of all client information • Fair and respectful treatment of clients • Privacy of client data • Mechanisms for complaint resolution exist 	<ul style="list-style-type: none"> • Complaints ratio
Inclusion	The product aims to include the less privileged	<ul style="list-style-type: none"> • Physical, financial and educational obstacles are reduced • Exclusion criteria are reduced • The socioeconomic profile of clients is monitored 	<ul style="list-style-type: none"> • Coverage ratio* • Percentage of female insured

Results so far & Outlook - Overall Performance Trend

Overall Performance 2009- 2015



	2009	2010	2011	2012	2013	2014	2015
Agricultural Investments insured (USD)	5,430	640,933	2,653,776	6,303,897	25,635,529	11,650,523	10,877,363
Premium Paid (USD)	543	64,093	243,069	506,817	1,184,994	1,391,420	1,372,466
Farmers Insured	185	11,727	23615	86,429	187,466	233,795	394,426
Margin (USD)	-	5,701	38570.61432	71,287.88	170,616	277,411	334,815

Outlook - Current and planned Operations



Our current operations

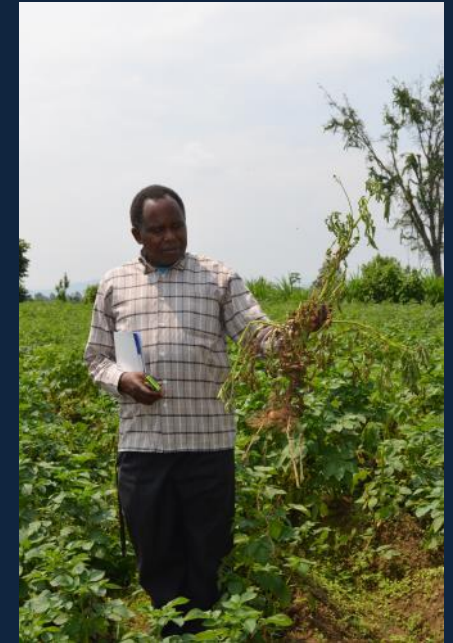
- Kenya(2009)
- Rwanda (Feasibility 2012, license 2014)
- Tanzania (Feasibility 2013, license 2014)

Priority expansion countries

- Uganda (2015)
- Zambia (2016)

Challenges and suggested solutions

- Lack of awareness on insurance
 - Client education
- Unavailability of historical weather and crop production data for pricing
 - Investment in Data infrastructure
- Lack of trust in insurance by potential clients
- Premium affordability
 - Smart subsidies – parallel investments to factors leading to high premium
- Regulations – high taxes
 - Policy advocacy for tax reduction or exemption



Key Lessons Learned

1. Bundling insurance with other services , inputs, credit, contract farming
2. Partnership with trusted brands – mobile companies
3. Simple and affordable products
4. Distribution through aggregators i.e. Banks, SACCOs, farmer organizations, off takers and agribusiness