Capacity Building on Risk Modeling and Strategic Decision Making for Index Insurance

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Why is capacity building important?

- Index insurance has proven to be a useful instrument to help smallholder farmers manage the risks they are exposed to better. However, its penetration is still very low.

- One reason behind the low penetration is the lack of capacity to develop and evaluate index insurance products. Index insurance is commonly perceived to be complicated and difficult to evaluate. The product design is often done by specialized product design teams external to the insurer that underwrites the risk, which raises the costs of insurance companies.

- We are working on closing the existing knowledge gap on index insurance through providing index insurance trainings to different agents in the insurance sector such as insurers, brokers, reinsurers, and regulators.

- Building capacity on index insurance in Africa is key to ensure the long run sustainability of these products. Building capacity will contribute to mainstreaming agricultural insurance and provide protection to low-income farmers in Africa. It will also contribute to broader goals such as increasing financial inclusion, agricultural sustainability, and food security in the continent.
How are we building capacity?

4 TRAININGS
180 PARTICIPANTS
FROM 4 CONTINENTS & 22 COUNTRIES

We have delivered the following trainings:

- Johannesburg, South Africa (October 2016)
- Accra, Ghana (May 2017)
- Jakarta, Indonesia (May 2017)
- Kyiv, Ukraine (June 2017)

The trainings target two types of audience:

- CEOs and regulators
- Technical professionals in the insurance sector
Who did we reach in South Africa?

Training was attended by 58 individuals from different countries and backgrounds.

The majority came from regulatory authorities and insurance companies. Others were brokers, reinsurers and from other entities such as farmer and insurance associations.

Participants came from 9 different countries in West Africa, East Africa and Southern Africa. The countries with more participants were South Africa, Zambia, and Mozambique.
Who did we reach in Ghana?

Training was attended by 57 individuals from different countries and backgrounds.

The majority came from regulatory authorities and insurance companies. Others were brokers, reinsurers and from other entities such as associations and international organizations.

Participants came from 13 different countries in West Africa, East Africa and Southern Africa. The countries with more participants were Ghana, Kenya, and Nigeria.
Who did we reach in Indonesia?

Training was attended by 27 individuals from different countries and backgrounds.

The majority came from insurance companies. There were also participants from other entities such as associations and international organizations.

Participants came from 6 different countries in East Asia Pacific, South Asia and Europe. The countries with more participants were Indonesia, Sri Lanka, and Philippines.
Who did we reach in Ukraine?

Training was attended by 38 individuals from different backgrounds.

The majority came from insurance companies. Others were brokers, reinsurers and from other entities such as insurance associations, financial institutions and agriproducts companies.

Most participants came from Ukraine and one form Canada.
Who did we reach?

- Participants have rated the trainings as being beyond satisfactory.
  
  "Thank you for organizing this conference which is a great capacity building opportunity for Africa."
  
  "The risk metrics and risk modelling techniques were very fascinating."

- They expressed that the presenters’ skills and the technical content of the training were excellent.
  
  "We congratulate the trainer, who was able to translate in simple words the complicated formulas and capture the audience."
  
  "The trainer was the most charismatic, genius trainer I have ever met. The training was invaluable and he demystified the topic."

- They considered that the training adds value to their work and helps them improve the skills needed for their job.

  "Extremely beneficial program to prepare for the take up of the index insurance in my office."

  "I will use this knowledge in the regulation of insurance companies and approval of products."

  "This knowledge will be useful to do analysis of product application not only for index based products."
What are we doing next?

- **Training in Saly, Senegal** (December 6-11, 2017): This training targets participants from francophone countries in Africa. It will be attended by 30 participants from 9 countries.

- **Training in Abuja, Nigeria** (January 2018): This training was requested by the Nigerian National Insurance Commission. It will support insurance companies that are part of a public-private agriculture strategy that includes the expansion of agricultural insurance in the country.
Coming Soon!: eLearning Modules

Qualitative information on:

1) Overview of Agricultural Insurance
2) Issue of Data
3) Pricing and Reinsurance
4) NDVI and Livestock Index Insurance

www.indexinsuranceforum.org/learning

Coming Soon! January 2018
Preview- eLearning Modules

Objectives

• To encourage and facilitate self-paced learning on the subjects related to index insurance
• To complement capacity building events
• To raise public awareness of index insurance; the eLearning modules will be available worldwide via World Bank Group’s Online Learning Campus
Learning Objectives

After completing this course, you will be able to:

- List the different types of insurance available for agriculture.
- Define Index insurance.
- List the advantages of Index insurance.
- List the challenges of implementing this form of insurance.
- Describe the ways in which these challenges may be overcome.
Knowledge Check

Which of the following statements are true?

- Identify the correct answers and select SUBMIT.

- Named peril crop insurance indemnities paid for are established as a percentage of the farmer’s historical average yield due to any cause.

- Named peril crop insurance calculates indemnities by measuring the percentage of damage in the field soon after the damage occurs due to a particular specified event.

- Insurance that covers agricultural production risk can be classified into Indemnity-based insurance and Index insurance.
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*Will be activated - January 1, 2018*