Doing business in a turbulent environment

Lessons learned

Andriy Zaripov, Agri Insurance Expert, ECA Agri-Finance Project
What is the Key Element of Success?

- Government support and premium’s subsidies?
- Variety of good insurance products?
- Knowledgeable insurance market?
- Active insurance market?
- Awareness of Farmers?
- Bundle insurance and finance?

Only doing all this parts in parallel with Complex Adaptive Management will lead to Success
Markets Conditions

• Low/No insurance uptake
• Poor data quality and restricted data access
• Minimum awareness of stakeholders
• Low insurance products quality
• No/Not-structured Government support programs
• No trust at insurance market

What can been done in such conditions?
ECA Agri-Finance Project

Objective: facilitate access to finance in the agriculture sector through the development of an Agri-Insurance Program by:

- Improving the legislative/regulatory enabling environment
- Building capacity of the sector to support insurance activities
- Increasing farmers' awareness/involvement in crop insurance

UKRAINE

- RMO (Risk Management Office) model created, accepted by MoA
- More than 12 insurance products developed
- Law on agri-insurance system drafted
- 17 sector training sessions training 351 participants
- Training for RMO staff
- Development of new index insurance products
- Awareness campaigns for farmers
- Attracting new insurance clients

KOSOVO

- RMD (Risk Management Division) accepted by MoA
- Ag-Insurance System Diagnostic
- Profitability Risk Analysis completed
- 26 sector training sessions training 579 participants
- Data collection
- 6 index insurance products developed
- Attracting new partners, new insurance clients

AZERBAIJAN

- Agricultural Insurance System Diagnostic
- Profitability Risk Analysis completed
- 21 sector training sessions training 517 participants
- Awareness Campaigns for Farmers
- New Ag-Insurance Model, New Draft Law
- Insurance product development
What to Do if There is NO TRUST?

- Recommendation from trustworthy partner
- Simple and transparent products that really works
- Quick indemnity payment
- Start small
- Exceed expectations – be close at all stages
- Strong oversight

Trust takes years to build, seconds to break, and forever to repair
Is the Price Really the Driver for Sales?

• Everything which is not for free can be expensive if there is no value for the client
• Without trust even free products will no have uptake
• Understanding what are the client needs
• Bundle insurance with other services bring extra value
• Positive customer experience

Client will pay only if he see value for him
Who is Your Client?

• Average farmer will be your client 40-50 years
• The same farmer in 25 and 60 will behave differently and has different needs
• Size and crops, type of production influence on decision making
• Happy farmer is your best and free sales agent
• Farming is not ONLY about money, it is about LIFE and FUTURE

Think strategically about recruit and retain your clients
Why Insurance?

- Strong instrument to increase access to finance
- Budget stabilization tool
- Part of bigger government policy
- Boost the client’s growth
- Value chain protection from weather related shocks
- Client’s business continuity

Insurance will not guarantee certain level of yield but it will protect from circumstances of bad year