Bundling Crop and Microinsurance Products to Credit

Geric G. Laude
CARD Pioneer Microinsurance Inc.
TOTAL MICROINSURANCE ENROLLMENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>PHP</th>
<th>USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>28K</td>
<td>134K</td>
</tr>
<tr>
<td>2009</td>
<td>55K</td>
<td>258K</td>
</tr>
<tr>
<td>2010</td>
<td>119K</td>
<td>604K</td>
</tr>
<tr>
<td>2011</td>
<td>265K</td>
<td>1.1M</td>
</tr>
<tr>
<td>2012</td>
<td>610K</td>
<td>2.8M</td>
</tr>
<tr>
<td>2013</td>
<td>773K</td>
<td>3.9M</td>
</tr>
<tr>
<td>2014</td>
<td>947K</td>
<td>5.2M</td>
</tr>
<tr>
<td>2015</td>
<td>7.8M</td>
<td>10.9M</td>
</tr>
<tr>
<td>2016</td>
<td>18.0M</td>
<td>18.5M</td>
</tr>
</tbody>
</table>
Value of Bundling Microinsurance with Credit

- Insurance for individuals & family
- Property Assistance
- Health Microinsurance
- Credit Life Insurance
- Insurance of crops & risks of Agri value chain
- Portfolio Index Insurance for institutions

One-stop financial shop for customers
Bundling Microinsurance with Credit

**Positives**

- One servicing entity to customer
- Operational cost efficiency
- Easier focus on customer
- Easy scale up of products

**Negatives**

- Partner staff not hired and trained for microinsurance
- Key performance metrics of staff must be adjusted to include microinsurance deliverable
- Operating systems not aligned
- Risk of misinformation/Potential damage of partner brand
**Binhi Crop Insurance**

**Who can avail?**
Mandatory to all Agri-Loan Borrowers who plant Rice and Corn

**Benefit**
Amount of Agri Loan, max of Ps20,000 (USD400)

**Term of Coverage**
1 – 6 months *(Depends on term of loan)*

**Perils Covered**
Typhoon, Flooding caused by rains due Monsoons and Low Pressure Areas

**Premium:** 6-10% of the Sum Insured
## Binhi Crop Insurance

<table>
<thead>
<tr>
<th>Percentage of Damage to the Farm</th>
<th>Percentage of Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% - 100%</td>
<td>100%</td>
</tr>
<tr>
<td>20% - 79%</td>
<td>50%</td>
</tr>
<tr>
<td>19% and below</td>
<td>0%</td>
</tr>
</tbody>
</table>
Bundling Crop Insurance with Credit: Lessons Learned

Positives

- Uses existing Microinsurance systems & processes
- Enrollment and Claims requirements are similar with other Microinsurance programs
- Client familiarity a huge advantage
- Servicing structure embedded within client communities

Negatives

- Lack of proper and reliable information
- Slow feedback pipeline
- Need for dedicated Microinsurance people on the ground
- Risk of misinformation/ Potential damage of brand of partner
Insuring the Agri-Value Chain

Improving the Value Proposition
Bundling Crop and Microinsurance Products to Credit

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