The experience of Kilimo Salama in Kenya, sponsored by Syngenta Foundation, demonstrates how technology can support the different functions of microinsurance.

Kilimo Salama is an index-based product that provides cover for agricultural inputs in the event of drought or excessive rainfall. The completely paperless process starts with enrollment through mobile phones. Farmers insure an agricultural input, such as a bag of seeds bought from the agro-dealer. The dealer scans a bar code on the bag of seeds using a custom mobile phone application. The application informs the dealer of the premium the farmer owes based on the cost of inputs. The dealer captures farmer details – name, mobile number and insured amount – and transmits it through his mobile phone to the insurer, UAP. The premium is paid using M-PESA’s mobile payments platform. The farmer then receives a text message with the policy number and cover details.

During the planting season, rainfall is measured using solar-powered weather stations that send the precipitation data via a GPRS connection to UAP. UAP enters the data into a weather-index application that specifies the rainfall requirements for each crop. When there is insufficient or excess rainfall, a claim is triggered and UAP pays the claim amount to the policyholder’s M-PESA account.

The effective use of technology to streamline processes has contributed to the growing enrollment in the product from 200 maize farmers serviced through two weather stations in 2009 to 22,000 farmers being served by 30 weather stations in 2011.

To learn more about the use of technology in microinsurance, see Chapter 24 “The technology revolution in microinsurance?” by Anja Smith, Eric Gerelle, Michiel Berende and Grieve Chelwain Protecting the Poor: A Microinsurance Compendium, Volume II. [1]

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