Index-based portfolio and indemnity insurance products for typhoon related risks -- CARD Pioneer Microinsurance

Country of Operation: Philippines
Region: Asia and the Pacific
Sub Topics: Data analysis and processing, Product development, Agriculture

Organizational Overview

CARD Pioneer Microinsurance Inc. is a Joint Venture (JV) insurance company formed by CARD and Pioneer Insurance.

Activities Overview

The Philippines is highly dependent on the agribusiness sector, which provides employment for over one-third of its 40 million workforce. Despite its significance, the agri-sector continues to experience declining productivity and competitiveness. One of the factors impeding productivity is weak investment in the sector due to risks from natural calamities such as typhoons. The Philippines ranks as the 3rd most disaster prone country in the world, experiencing an average of 20 typhoons a year with Haiyan (local name Yolanda) being the most powerful of recent typhoons. Lack of appropriate risk management measures in the market has discouraged agricultural investment, further hindering economic growth. Poverty levels among farmers are three times higher compared with those in other sectors. Many lenders are unwilling to extend much needed credit to this sector without risk mitigating measures.

The objectives are to create an index-based portfolio insurance product (to insure the agri-loan portfolio of CARD Inc.), and provide advisory services for an indemnity insurance product (insuring losses suffered by CARD agri-borrowers) as well as build their capacity to administer the insurance products. The project will also provide advice/trainings for the effective management and administration of the products within CARD's agri-lending operations.

Learning Agenda

- What is the kind of the data required and the various sources from where data can be accessed that can help in developing insurance products for low income households?
- Who are the various players that need to be involved in developing better insurance products and what are the inputs required from each of them?
- Is off take and stickiness to insurance better for mandatory products than voluntary products? Do beneficiaries continue to renew their insurance
beyond the loan period in case of mandatory insurance?

Latest Updates

The product is currently in the design process.

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