

Case study on development of inclusive climate insurance in Sri Lanka

Sanasa General
Insurance in Sri
Lanka

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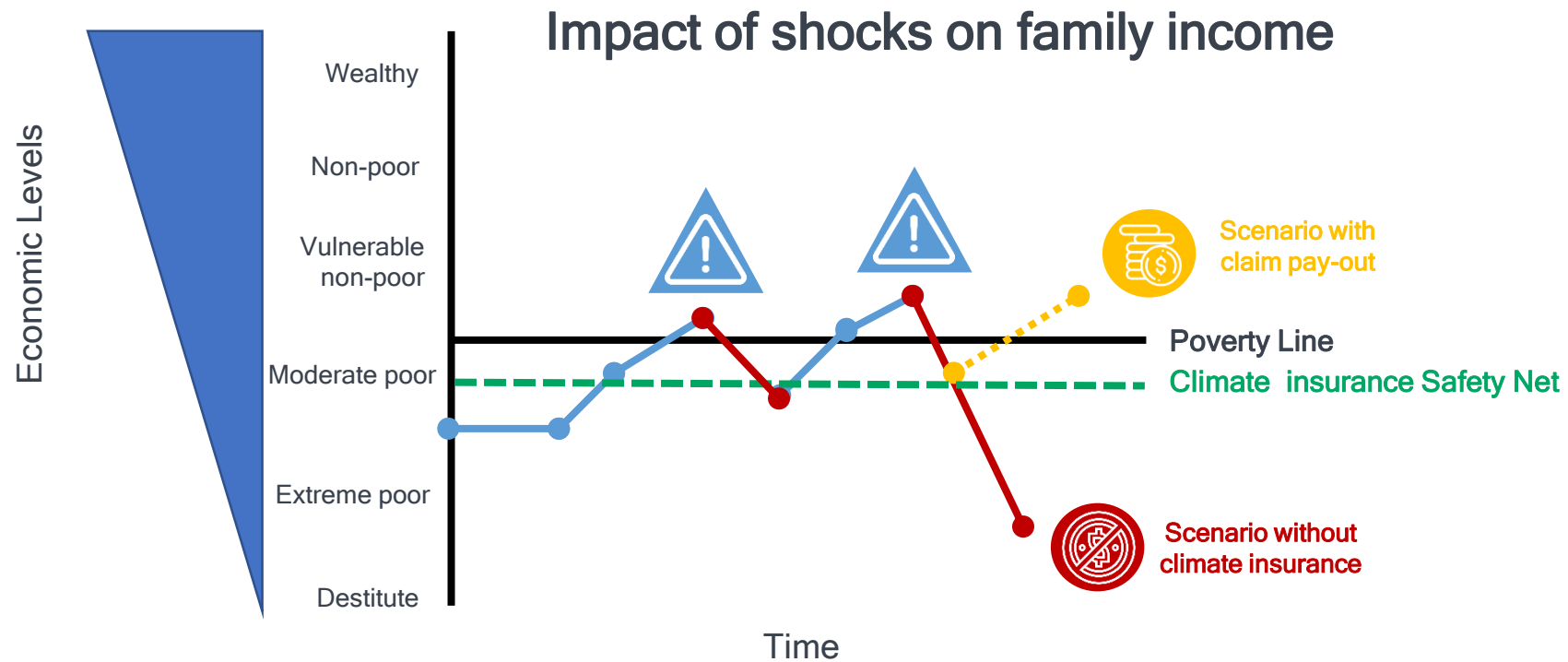
Climate Risk Insurance


Climate risk microinsurance is a **risk transfer solution** that aims to protect low-income populations - individuals, families, businesses and countries - against the **negative impacts** of extreme weather events that are becoming more frequent and more severe due to **climate change**.

-InsuResilience Global Partnership

Climate insurance and sustainable development

There can't be sustainable development without climate insurance





**“Without good insurance
the cycle of poverty
continues, and
sustainable development
is hampered.”**

Our journey

We **started** Index Insurance programme in 2010

First time in the world, year 2012 we developed WII for Tea

In 2015, We shared our WII experiences with **14 countries** through ILO **peer exchange** programme

2016, We introduced **community base weather stations** concept for WII

2018, Used **satellite Data** for the Development of Weather Index Insurance

First Time in the world, 2019 we have piloted the application of **blockchain technology** for climate insurance

In 2019, we introduced **mobile application (ifarm)** for our farmers.



Types of climate risk insurance products

Vegetation index

Maize Ground nut Tea

Indemnity-based Moisture index-based

Revenue-based Satellite-based index

Weather-based index

Drought index-based Index insurance

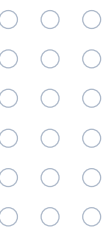
Pasture index insurance

Area yield index

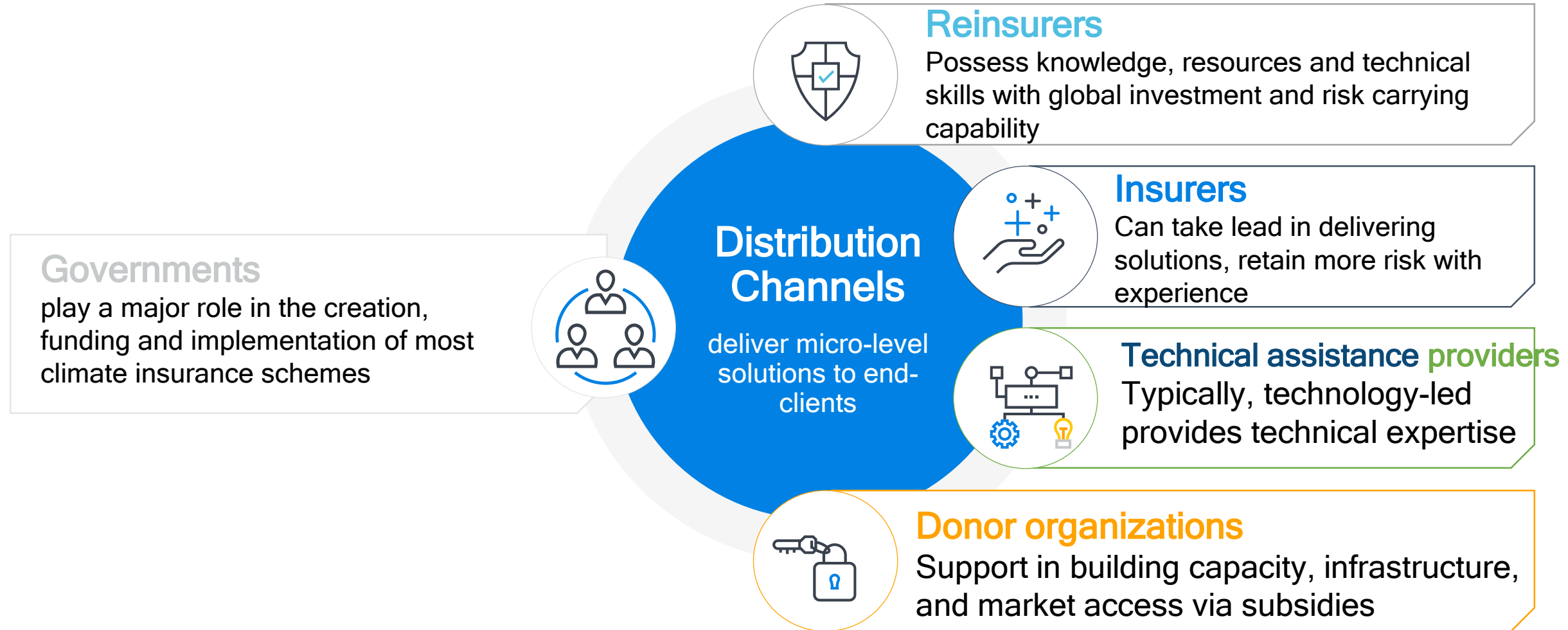
Property insurance
due to catastrophe
Hybrid crop insurance
Income replacement due to
weather disturbance



We followed systematic product development process to make insurance products more inclusive.



Actors and the roles they play in delivering climate risk microinsurance



Product development process
takes time

Basis risk

Availability of Historical data

Product
related

Client
Related

Lack of trust on insurance

Inability to pay premium
upfront

Low literacy about insurance

Lack of confident on reliability
of data

Challengers faced

Limited number of
distribution channels.

High rate of distribution
cost (commissions)

Reliability

Distribution

Insurance
company

Lack of skilled staff for
agriculture insurance

Arranging reinsurance
facilities

We find some solutions for these challengers

We established 35 community base weather stations to get the data.

Communicate based weather stations



01

IWMI provides satellite data for product development

Used satellite data



02

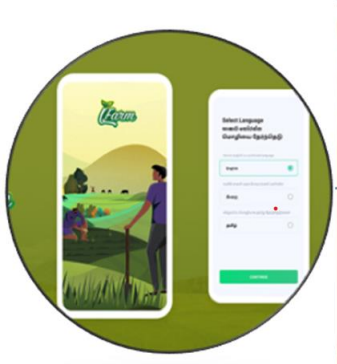
We have developed tele drama for giving awareness about WII
Developed Video films to educate farmers

03

04

Ifarm mobile app for agriculture insurance

We developed mobile application for agriculture insurance in Sri Lanka



Provide premium subsidiary

Farmers are given premium subsidiary for WII at the commencement and it is gradually taken off

05



Key Learnings



Insurance programmes have significantly higher success rates when introduced as a part of an **ongoing agricultural programme**.



Successful introduction and execution of insurance schemes depend on **intensive informational and education campaigns** that need to take place on ongoing bases.



Long term perspective and **consistency** in the approach is of crucial importance for the success.



Inclusion of farmers in all steps contributes to understanding, acceptance and ownership of the process .

Key Learnings



Establish partnerships and relations with relevant state and public and Private Sector actors



Full transparency of the process has ensured active participation and contribution of the farmers and the authorities



Introduction of the innovative technologies improves and accuracy and contributes to the efficiency and effectiveness



Creativity

Recognitions for SGIC WII

“Sanasa Insurance won the **National Agribusiness awards** for consecutive 4 years from 2012 for the innovative product development in finance and insurance service category”

“Sanasa Insurance won the **National business excellent awards in 2018 and 2019** for introducing innovative product in agriculture sector”

International award from ILO for **winning video** of 10th anniversary of ILO impact insurance facility



Thank You...

