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Distributing Agri Micro-insurance in East Africa – Lessons Learned

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Introducing ACRE Africa

Countries we operate in:



KENYA | Since 2009

Farmers served: 751,445

Agriculture investments: USD 55M



RWANDA | Since 2012

Farmers served: 391,602

Agriculture investments: USD 9M



TANZANIA | Since 2013

Farmers served: 41,533

Agriculture investments: USD 6.5M

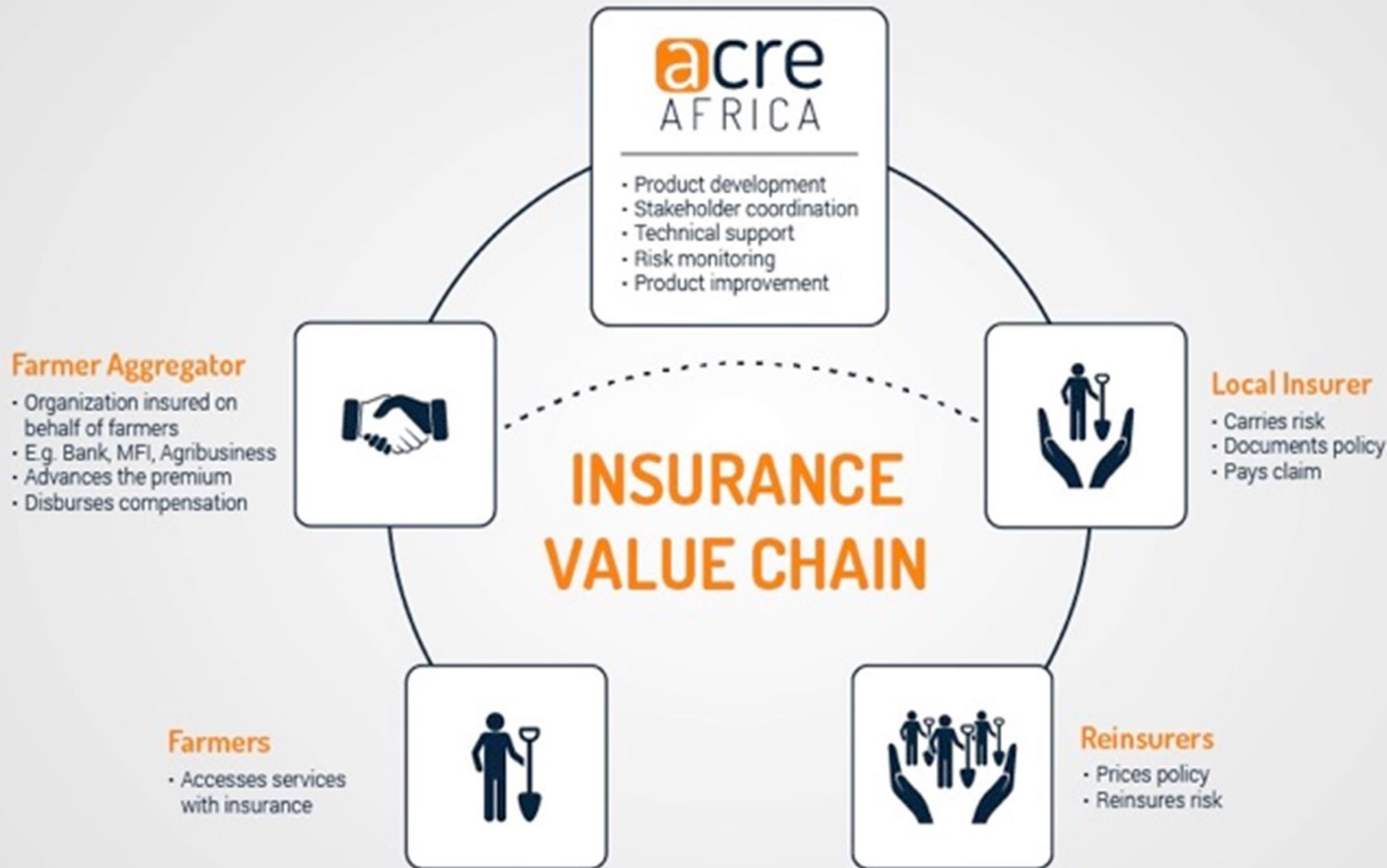
Micro-insurance product designer linking stakeholders to agricultural insurance through localized solutions to reduce climate risks

Licensed insurance intermediary, supporting local insurers to offer smallholder-focused insurance across value chains

Shareholders



ACRE Africa's facilitation role



Key innovations deployed- Kenya case

Context:

- Population size: 48million
- Mobile penetration for farmers: 88%
- Smart phone usage by farmers: 14%
- Number of agrovet shops: about 5,000 country wide
- 80% of hybrid seed is distributed via agrovets
- >90% of rural households produce maize in Kenya

Our interventions and innovations along distribution channels:

1. (Year 2009-2012) Distributing insurance through agro-input shops. Mobile application scanning QR codes used at the shops to record transactions, was backed by a toll free call center for assistance.
2. (Year 2013- 2017) Self-registration through USSD mobile application with geolocation. A freemium model of distributing short term input insurance.
3. 2018 - Commoditizing insurance for the mass market. Focus on distribution efficiency.

Key lessons learned from these interventions



1. Product design that fits into effective distribution channels (channel vs product)
2. Separation of duties and strong value for every actor in the distribution process to ensure all are motivated to push the product.
3. Empirical evidence should guide investment in products and upscaling of solutions. Low risk, low cost testing.
4. Farmers learn best through Peer to peer learning. Incorporate high touch for last mile.

Complexity of insurance purchase decision- farmer insights

Mental Models

How can we better understand the challenges and barriers that customers face and what opportunities exist to counter them?

What challenges and barriers keep me from making better decisions?

INTERTEMPORAL SUBSTITUTION

Imperfect Substitution

Farmers have array of mitigation strategies that they value and insurance is viewed as an absolute rather than complimentary substitute and is often discounted

Timing Fit

Selling the insurance product when the farmer has other highly prioritized competing needs may impede his/her ability to purchase it due to capital constraints



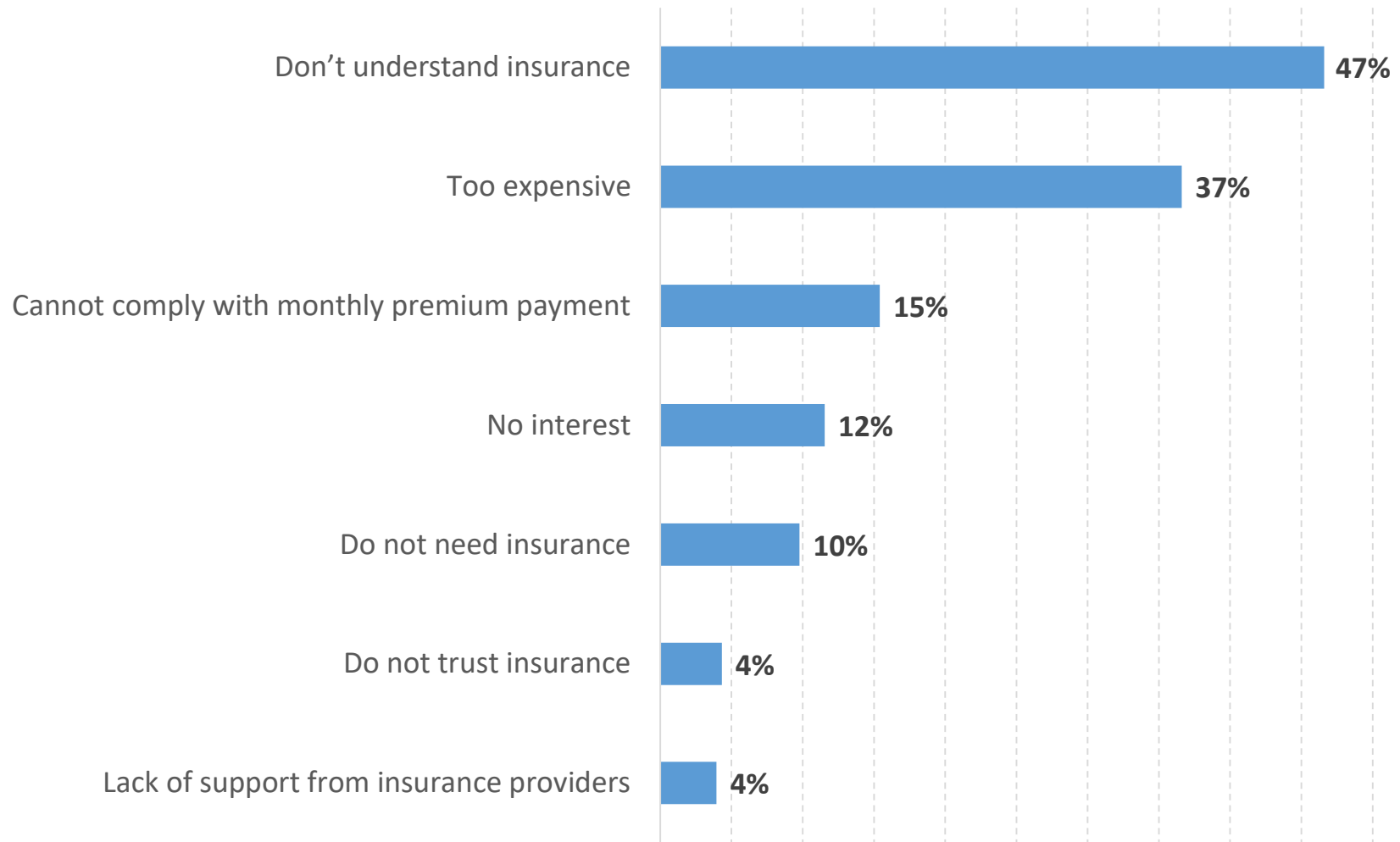
Risk Aversion

The fear of taking up a potentially practice alludes to adding even more risks to consider, hindering the take-on of new practices

Overlaps

Farmers have mitigation strategies that overlap multiple risks across the product life cycle and insurance may be perceived to offer too little coverage

The main barrier to use of insurance is lack of information



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Existing gaps and recommendations

1. **Low update-** Awareness has improved but not enough effort to complete the purchase cycle. Lets start over and invest in effective financial education.
2. **Product scope-** Listen to farmers and reverse engineer. They are asking for combined covers, productize insurance for easier decisions.
3. **Information Gap-** Not enough effort to **understand the consumer-** More research in behavioral economics to unlock communication and packaging of insurance products-
 - Influencing pre-existing attitudes in the farmer decision-making process that affects insurance purchase.
 - *An average of 2 trainings before purchase- 10% uptake.*
 - *1 training +including referral from a trusted person + ready product + certain prize range = 50% uptake.*
4. **Data is still a challenge-** risk information such as production statistics and farmer profiles. How can data be efficiently collected? Crowdsourcing?



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