



Microinsurance for Climate Resiliency

A study by CashKO
Microinsurance

CashKO is the Philippines' FASTEST growing microinsurance provider



5M

people covered
since 2019

36%

premium growth
in 2024

8,100

claims paid out in
2024

Today, we will share our learnings on Climate Microinsurance

...and how it can help microfinance clients be more
resilient to the risks of climate change



What kind of climate insurance exists in the PH?



SME Calamity Assistance

Fixed cash payout if the house is destroyed/unlivable after a calamity.



Gov't Crop Insurance

Only available from PCIC. Payout based on ACTUAL LOSS for the crops.



Parametric Insurance

Fixed cash payout based on weather data, with no manual assessment.

What kind of climate insurance exists in the PH?

Calamity Cash Assistance

+ PROS

- Established business model
- Sustainable risk for insurers

— CONS

- Small coverage value
- Slow, manual claims

Gov't Crop Insurance

+ PROS

- Affordable price from PCIC
- Wide coverage of risk

— CONS

- Very slow claims process
- Limited allocation/province

Parametric Insurance

Not available in the Philippines outside of limited pilots

Many MFIs ask if Crop & Parametric insurance can be made available in the PH market

CashKO benchmarked implementations across the region to see what works & what doesn't

Crop Insurance

Success is been dependent on government subsidies

Case Study A: India

Mixed success

India set up a state-supported program run by private insurance companies

- 30% of cropped land area covered under PMFBY
- Premium rate paid by the farmers was just 1.5-5.0% of crop value

However, the premiums were heavily subsidized by the local & national government, with farmers only paying 14-19% of premiums

Case Study B: Bangladesh

Failed pilots

Crop Insurance

Success is been dependent on government subsidies

Case Study A: India

Mixed success

Case Study B: Bangladesh

Failed pilots

Several MFIs, including BRAC & the SAJIDA Foundation, piloted crop insurance with private insurers in Bangladesh

- Premiums kept to 5% of crop value for farmers

Many private insurers pulled out of the program, stating loss ratios of almost 200%

Crop Insurance

What can we learn from these examples?

The real cost of crop insurance can range from 10-20% of the insured value, depending on the region. Most farmers won't pay that amount.

Without structural support from the Philippine government or the PCIC, crop insurance is not viable for the local agricultural market.

Timing is everything – when piloted in India, crop insurance was purchased more often if deducted at harvest season instead of during sowing.

Parametric Insurance

Farmers & SMEs have a hard time understanding the product

Case Study: India

Ongoing Pilots

Over the past 10 years, various states ran parametric insurance pilots, with none of them proceeding to full-scale rollout

The main challenges that were identified by stakeholders were that:

- Customers often misjudge & underestimate the risks of bad weather on their crops or homes.
- Sometimes parameters for an area would not be met, but specific farmers would experience flooding or high winds. When payouts were not made, communities lost trust in the insurance.

Parametric Insurance

What can we learn from these examples?

Getting individual SMEs & farmers to understand parametric insurance is difficult, especially if they experience a loss but are denied a claim

Successes in parametric insurance have focused more on the entire portfolio of a lender, rather at the smallholder farmer or individual SME level

While administration costs are lower, the cost of risk remains just as high as traditional calamity cash assistance or crop insurance

Crop & Parametric Insurance for farmers are not viable in the Philippines without government subsidies.

That's why we are focused on improving the proven business model of Calamity Cash Assistance for SMEs.

Before running a Calamity cash assistance program with SEDP this year, CashKO studied the product for 3 years



Local research
with MFI clients



International
benchmarking

We worked closely with SEDP & its communities to understand their needs



We identified these challenges with Calamity Cash Assistance in the Philippines

Surge in claims
volume after a
calamity

Quick cash
availability after a
calamity

Fraud when a
typhoon is
incoming

How can we improve Calamity cash assistance?

**Surge in claims
volume after a
calamity**



**Digital claims
platform &
emergency
staffing**

Thousands of claims happen in a span of just a few days whenever there is a calamity, overwhelming head offices

Digital portal available at branch, with waived physical doc requirements
Emergency staffing protocols for claims to deal with surges in volume

How can we improve Calamity cash assistance?

**Quick cash
availability after
a calamity**



**Multiple payout
channel options
given to
claimants**

Branches can quickly run out of cash in affected areas, especially if access to the area is limited

CashKO's system integrates multiple payout channels (pawnshop remittances, branch payouts) to give claimants many options

How can we improve Calamity cash assistance?

Fraud when a typhoon is incoming

Programs can become unsustainable if claimants apply for insurance while typhoons are already incoming



Automated stop-selling control after PAGASA warning

CashKO's system automatically halts selling once PAGASA warnings are issued per area, and resumes once warnings are lifted

**Whether it's in Calamity, Life or Health Insurance,
CashKO can help your MFI get access to the
best microinsurance products in the market**





CashKO is the only Claims team that proactively calls out to claimants to walk them through the claims process

70% fewer

clients did not
proceed with claims
after an inquiry

97% approval

rate for claims

75% faster

cash payout from
date of incident
versus industry

For more expert advice on
your MFI's insurance
needs, schedule a
free consultation
with our team!

Sumama na
sa CashKO.

