



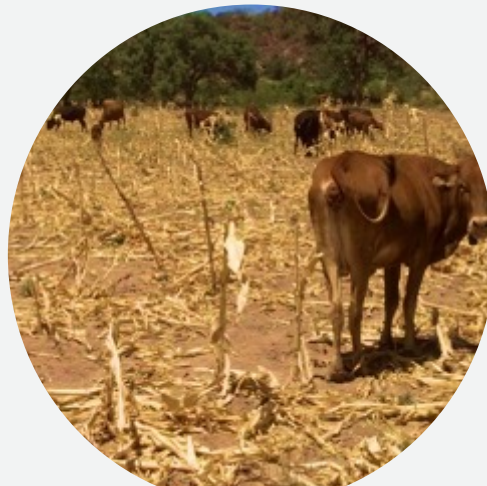
# *Insuring Small Scale Farmers*

*Friday 15<sup>th</sup> July 2022  
Afternoon*



APOLLO CENTRE  
APOLLO ASSET  
MANAGEMENT





**70%** of the Kenyan rural population is **dependent on agriculture** and related production for their livelihoods.\*

Majority of whom are smallholder subsistence farmers who are highly vulnerable to the economic effects of natural disasters-drought and flooding.

### Effects:

- Difficulties moving from subsistence to commercial agriculture
- Difficulties accessing credit; farm inputs
- Low farm production and Food insecurity
- Abject poverty; most pastoralist/small scale farmers remain poor and trapped in the poverty cycle.

\*source: USAID,2022

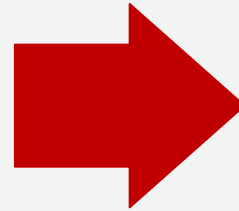




# Our Product Offering



## *Then:*



## *Now:*

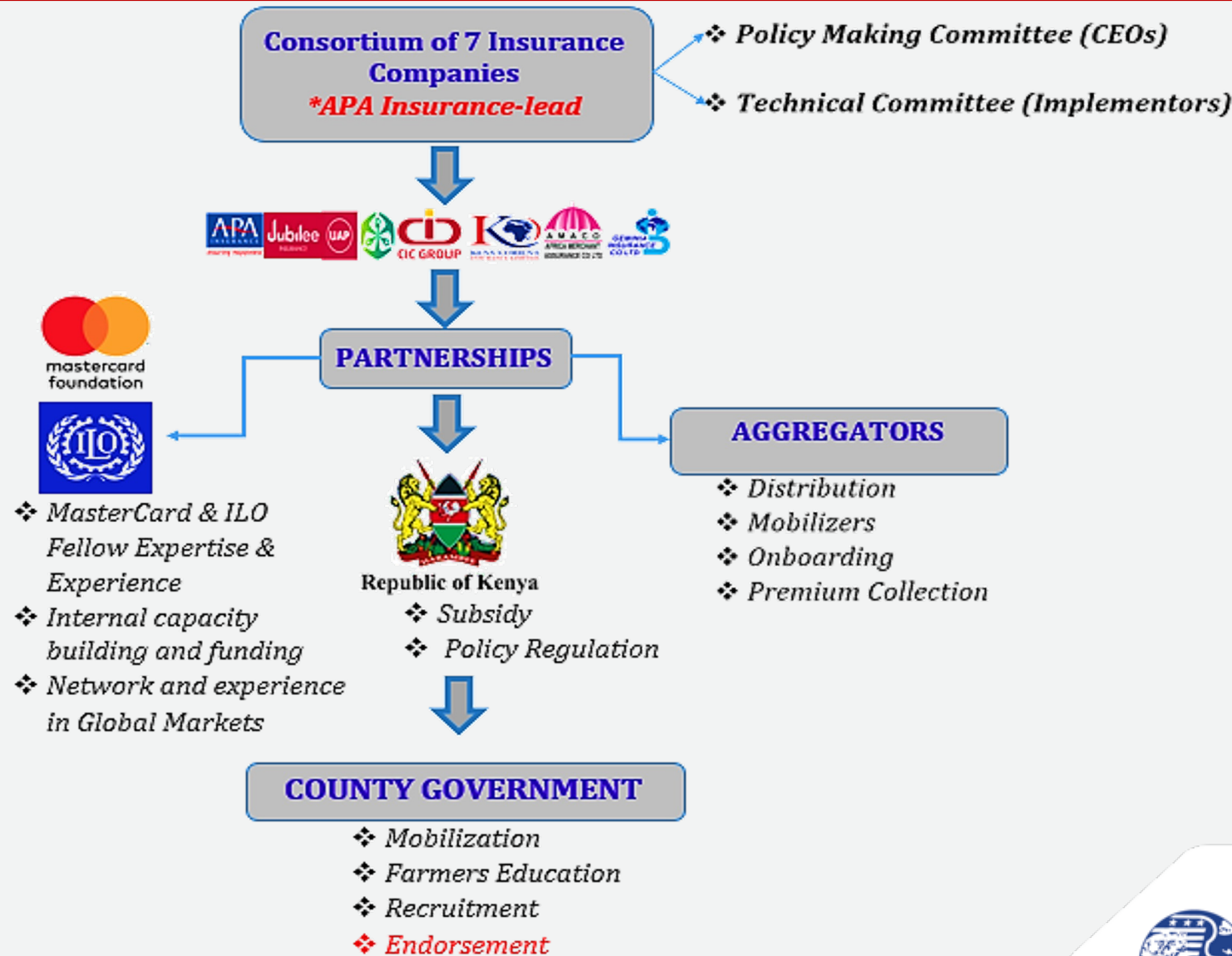


- APA entered the agricultural insurance space with **Weather Index Based Insurance**
- **Target Market:** small scale farmers
- **Scope of cover:** Risk specific cover that protects against rainfall in both extremes (drought and excessive rainfall)
- Small reach to target market

- APA as the lead insurer partnered with 7 insurers and strategic aggregators to offer **Area Yield Index Insurance (Kenya Agriculture Insurance Program)**.
- **Benefits:**
  - Wider scope as it covers drought, flood, frost, windstorm, uncontrollable pest and diseases.
  - With strategic aggregators (WFP, county government) there's a larger reach and APA has been able to grow numbers



# The Distribution Model



# Successes **and** Milestones



## Kenya Agriculture Insurance Program

*Since 2016:*



Started off with 542 farmers  
and have covered up to  
approximately **1.4 Million**  
farmers to date.

**33**  
counties

The program started  
with 3 counties and has  
now extended its reach  
to **33 counties**

**1.4**  
Million  
farmers

**US\$ 4**  
Million  
paid in  
claims

Maize,  
green  
grams,  
cowpeas

The product only  
covered maize in the  
beginning now includes  
green grams and  
cowpeas



**APA**, Insuring Happiness



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# Challenges and Lessons Learnt



- Large partnerships have bureaucracies that must be followed. This could take time.
- The demand side is always higher than the supply side and due to budget constraints some beneficiaries can be left out.
- Timely funding to the county governments to support the program can be a challenge.
- Need for long term agreements in PPP for 3-5 years to match the long term nature of insurance
- Partnership alignment is key.





# Strategies in creating **Positive Customer Experience**



Nandi Farmers receive 12.2 million crop insurance compensation pay out  
Feb 2022

The innovative initiatives that help create positive customer experience:

- **Farmer Sensitization:**
  - APA and county government sensitization drives through farmer 'barazas' with on site activations. Creates awareness by the insured (farmers) and a platform for farmers to share their needs.
  - Farmer education accessible via USSD and SMS
- **Product Bundling**-with farm inputs
- **Fast payment of claims** done via mobile money wallet
- **Digital On Boarding**



# Regulatory and Policy Environment



**Government Subsidy:** The government funds a portion of the premiums in the KAIP

**IRA's Regulatory Sandbox** to facilitate testing of new ideas and innovations in the insurance sector

**Draft National Insurance Policy** established in March 2021 by the National Treasury

