



Insuring Small Scale Farmers

*Friday 15th July 2022
Afternoon*





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.

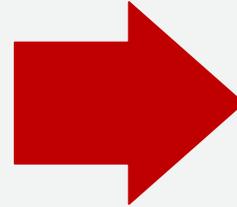
*source: USAID,2022



Our Product Offering



Then:



Now:

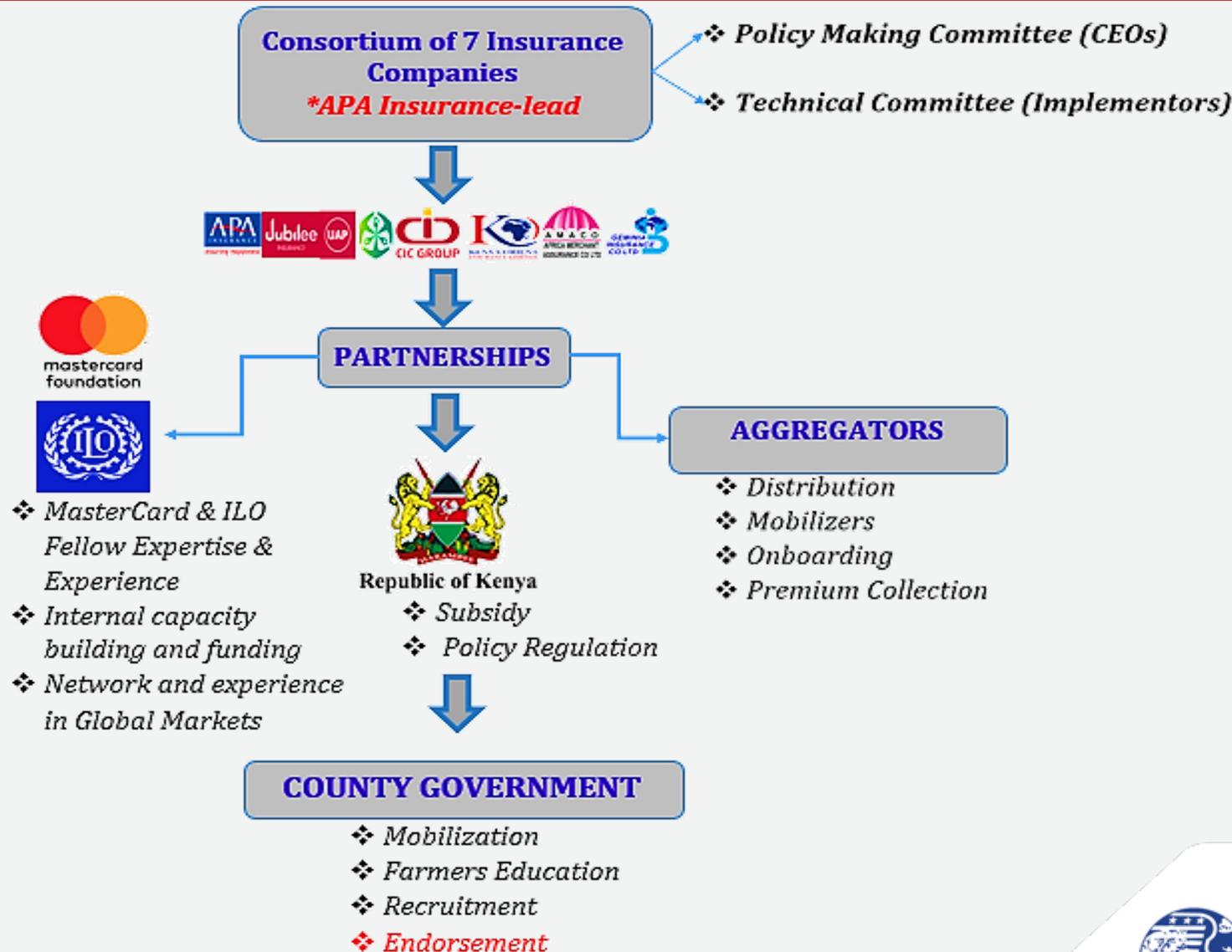


- APA entered the agricultural insurance space with **Weather Index Based Insurance**
- **Target Market:** small scale farmers
- **Scope of cover:** Risk specific cover that protects against rainfall in both extremes (drought and excessive rainfall)
- Small reach to target market

- 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

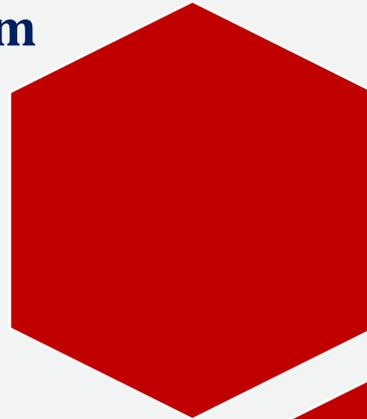


Successes and Milestones



Kenya Agriculture Insurance Program

Since 2016:



33
counties

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

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

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



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.





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

