

GHANA AGRICULTURAL INSURANCE POOL



Presentation on:
***IMPLEMENTATION OF INDEX
INSURANCE – THE ROLE OF
GOVERNMENT***

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By ALI MUHAMMAD KATU



OUTLINE



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Agricultural Insurance in Ghana

- Agricultural Insurance in Ghana started through the collaboration among the Regulator - National Insurance Commission (NIC), Ghana Insurers Association (GIA), and the German Development Corporation (GIZ)
- Ghana Agricultural Insurance Pool (GAIP) was formed in 2011 with its Head Office in Accra and operating in Northern Ghana
- GAIP was set up to provide the “missing-link” in the insurance industry in respect of agriculture
- The mandate is to provide sustainable insurance services to Farmers and Key Stakeholders in the Agricultural production value chain to cover the production risks.



Structures of GAIP

GAIP has a Steering Committee with membership from both the Public, Private Sector and Development Partners with the Commissioner of Insurance is the Chairman.

It has a Management Board which is made up of CEO of Selected Pool Member Companies at Annual General Meeting. The current Pool membership is 17 Insurance Companies

It also has a Technical Committee who plays an advisory role to the. Technical Management Team (TMU) who sees to the day to day running of GAIP

GAIP is a limited by Guarantee Entity with the GIA as the sole subscriber

Operations of GAIP



The Technical Management Team (TMU) represents the 17 Pool members

The TMU handles product development, distribution, underwriting and claims management on behalf of the Pool

GAIP had collaboration with the University of Ghana, Faculty of Agriculture for product development.

GAIP started with Weather (Drought) Index Product for Maize. Millet, Sorghum and Groundnuts were added later.

Area Yield Index Insurance was developed and pilot in 2012. MPCl and Poultry Insurance was introduced in 2015



Operations of GAIP cont'd

- GAIP distribute its products through “aggregators” such as
- Financial institutions (mainly Rural or Community banks) who extend credit facilities to smallholder farmers and agribusiness
 - Processors who run out-grower schemes
 - Farmer –based Non-Governmental Organizations (NGOs) who support farmers with inputs as well as extension services
 - GAIP underwrites the risk and share with Swiss Re, Ghana Re, and MAMDA Re.
- At the end of the season the payout are made to these institutions for onward transfer to the farmers. In the case of the financial institution they are recognized in the contract as “First Loss Payees”



Collaboration with Institutions

GAIP had collaborations with the following institutions;

- National Insurance Commission the Regulator
- Ghana Meteorological Agency (GMeT) for rainfall data
- Donor Partners Projects such as USAID/ADVANCE and USAID/FinGAP for financial support
- German Development Corporation (GIZ) for the initial funding for setting up GAIP
- Ministry of Food and Agriculture (MoFA) for crop data, the use of Agricultural Extension Agents (AEAs) and development of Policy.

Collaboration with Institutions cont'd



- Financial Institutions for patronage and distribution
- Agro-Processors for patronage and distribution
- Faculty of Agriculture - University of Ghana for support conducting research in line with product development.
- Alliance for Green Revolution of Africa (AGRA) for the development of National Policy and Amendment of the law

Performance of GAIP



Years	Acreage Insured	Farmers (Insured)	Sum Insured (GHs)	Premium (GHs)	Payouts (GHs)	Farmers (Beneficiaries)
2011	5,045.00	3,073	557,654.00	36,209.00	-	0
2012	769.00	490	75,570.00	9,063.00	3,394.00	87
2013	4,083.47	436	4,088,774.00	40,076.79	19,635.00	129
2014	40,294.41	2,117	121,827,601.00	151,835.36	184.50	25
2015	36,480.50	3,261	6,726,067.28	553,428.46	159,733.60	1,701
2016	48,466.50	4,785	6,439,608.98	643,372.06	-	0
2017	18,623.80	3,989	18,575,213.53	353,100.48	3,052,101.48	1,847
2018	34,553.93	8,888	24,272,771.72	948,793.02	503,168.81	1,282



Achievements

Provision of Index Insurance to smallholder farmers and Agribusiness

Protection of Lenders Agricultural Portfolio to boost their confidence in the smallholder farmers

Protection of Processors and Input dealers' investments in crop production

Development of the Ghana Agricultural Insurance Policy (on going)

Amendment of the current Act 724 to incorporate provisions for agricultural insurance (on going)

Challenges



- The weather (drought) Index Insurance with its basis risks was not appealing to farmers and stakeholders
- Lack of understanding of the index-based products by farmers due to lack of human contact
- Lack of quality standards for the Regulators enforcement
- Having reliable data sources
- lack of trust by the stakeholders in insurance products
- Lack of Government's participation as a major client



Challenges

- Lack of legal framework
- No **premium subsidy** which makes the products unaffordable to the farmers and stakeholders
- Low patronage of the weather index insurance
- Lack of technical expertise for the provision of index insurance products
- Lack of publicity
- Inadequate products on the market



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The Way forward

- The index products must be reliable (they should provide solutions)
- Bundling of Agricultural Insurance products with credit (loans) and input credit to ensure win-win situation for all stakeholders
- The Agricultural Insurance Policy to fashion out the role of each key stakeholder in the provision of insurance to ensure the sustainable growth of the agricultural sector as well as income stabilization of the farmers
- The use of digital platforms will enhance the efficient provision of index insurance
- Capacity building for stakeholders



***THANK YOU
FOR YOUR
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