



Expanding the Agriculture Insurance Market in the Philippines: Lessons Learnt and Recommendations

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14 March 2017





Outline: The Philippines Case

- I. Status of Agriculture Insurance in the Philippines
- II. Crop Insurance Status: Philippines, Vietnam, & Thailand
- III. Drivers of Agriculture Insurance in the Philippines
- IV. Lessons Learnt and Recommendations



I. Status of Agriculture Insurance in the Philippines

- One major provider: PCIC < 30 years, private sector catching-up
- 60% - 70% premium subsidies for rice and corn, multi-peril product linked with LBP Loans
- Php 2 Billion Gov't premium subsidies, targeting farmers with >7 hectares land, reached 10% of rice farmers
- RIICE Project, 2012-2015
- Issuance of the Agriculture Microinsurance Policy Framework in 2015





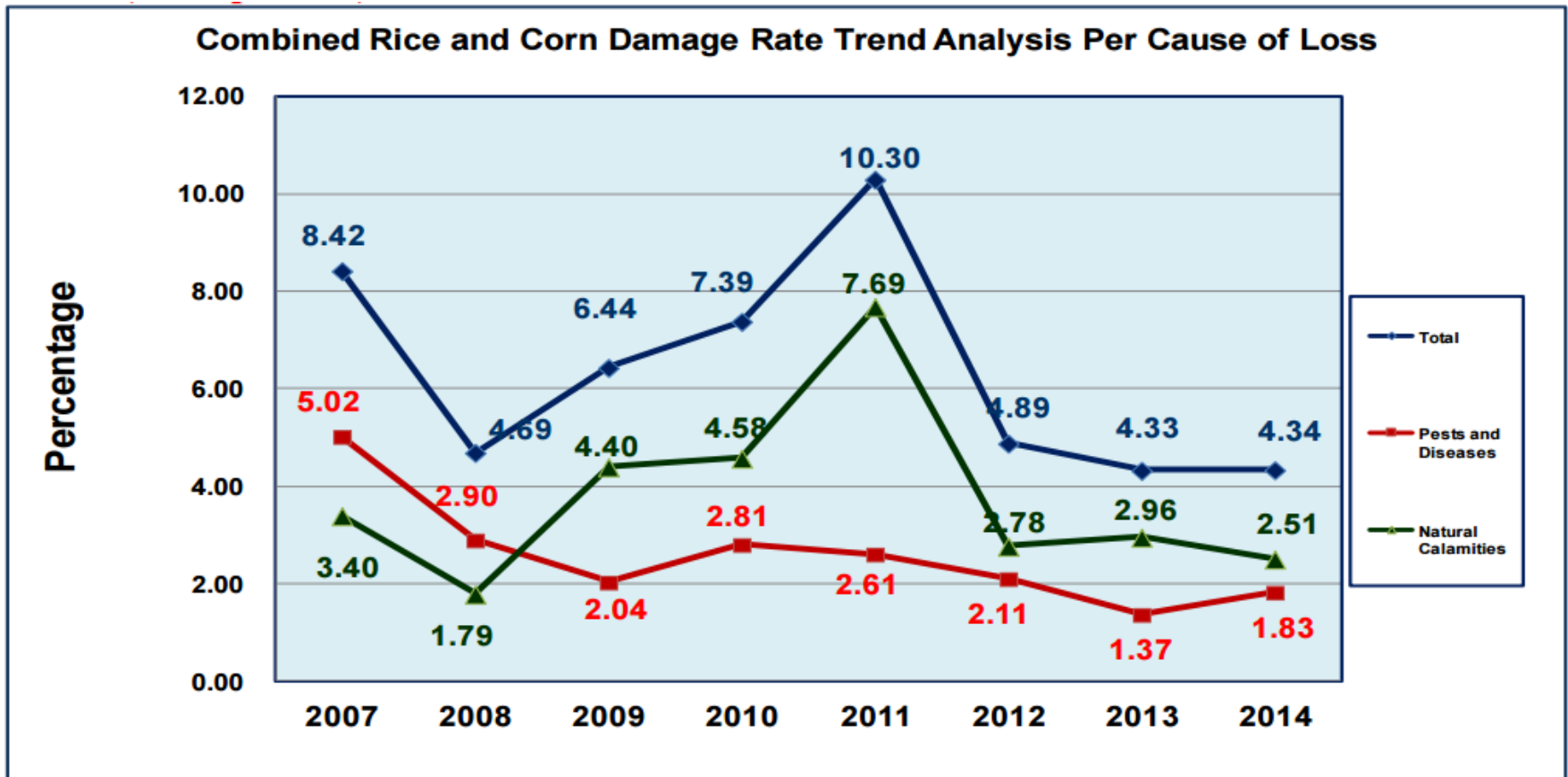
II. Crop Insurance Status: Philippines

INSURANCE LINES	CLAIMS PAID (PM)			DIFFERENCE INCREASE/ (DECREASE)		FOR THE TWELVE-MONTH PERIOD ENDED DEC. 31, 2015			
	DECEMBER 2015		DEC. 2014	AMOUNT (PM)	(%)	DAMAGE RATE (%)		LOSS RATIO	
	Number of Farmers	Indemnity	Indemnity			2014	2015	2014	2015
Rice	91,408	815.679	512.545	303.134	59.14	4.14	6.63	0.35	0.53
Corn	20,097	154.410	169.233	(14.823)	(8.76)	5.10	5.11	0.26	0.27
Rice & Corn Combined	111,505	970.089	681.778	288.311	42.29	4.34	6.33	0.32	0.46
HVCC	1,696	26.928	31.028	(4.100)	(13.21)	0.55	0.55	0.08	0.16
Livestock	1,013	13.844	10.026	3.818	38.08	0.47	0.38	0.06	0.05
NCI	84	1.126	9.330	(8.204)	(87.93)	0.58	0.12	0.77	0.09
TIP	453	10.793	5.681	5.112	89.98	0.05	0.08	0.19	0.27
Fisheries	131	1.739	0.610	1.129	185.08	0.53	1.68	0.21	0.38
TOTAL	114,882	1,024.519	738.453	286.066	38.74	2.07	2.61	0.27	0.39
Increase (2015 vs 2014)						0.54		0.12	

Source: PCIC, 2016



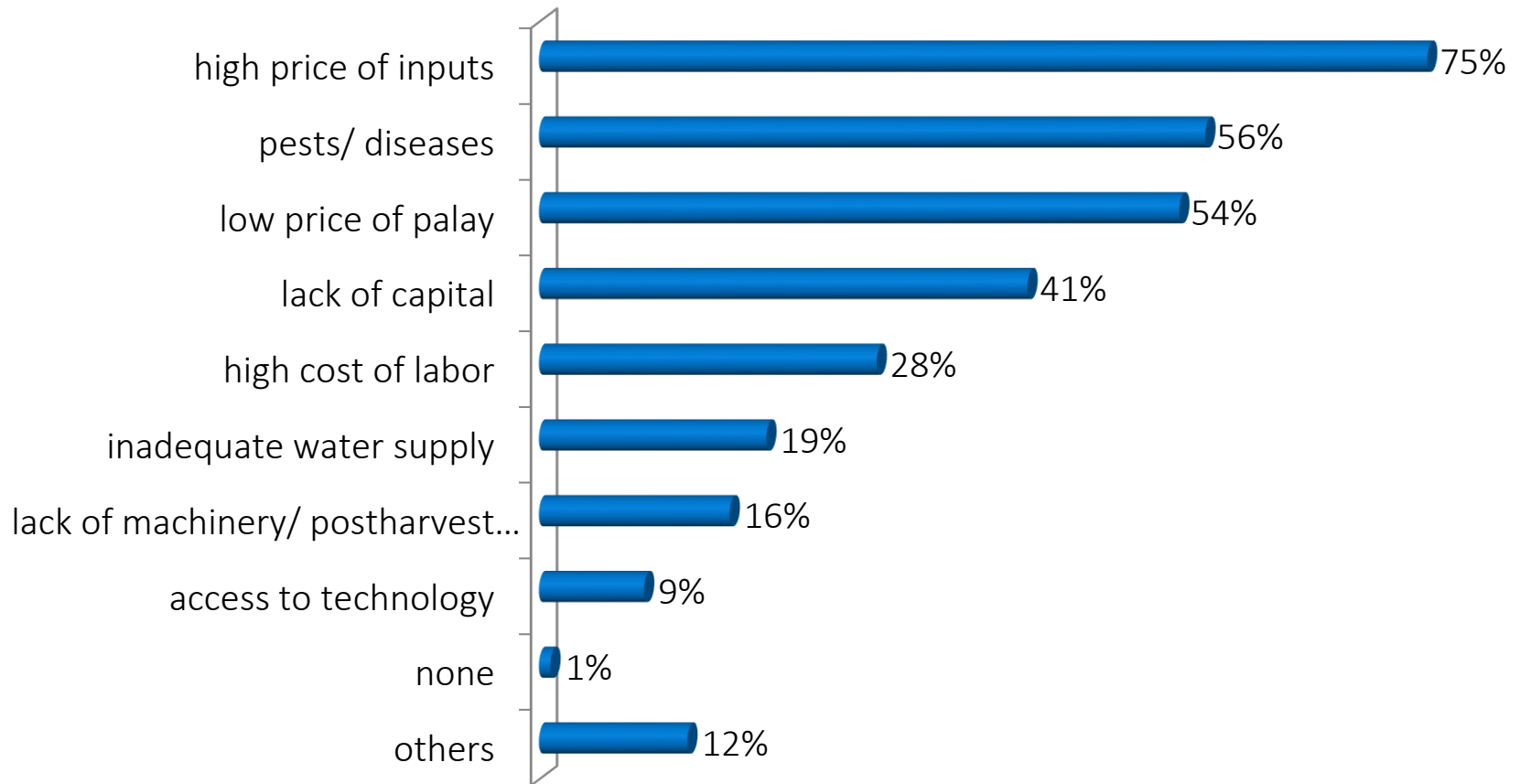
II. Crop Insurance Status: Philippines



Source: PCIC, 2016



Problems Encountered in Rice Farming, the Philippines



Source: Tanzo, I. The Pinoy Rice Farmer. PhilRice



II. Crop Insurance Status: Vietnam and Thailand

Vietnam Agriculture Insurance Total Premium, 30 September 2012

Company	Premium Share (VND)	Premium Share (USD)	Loss Ratio (%)
Bao Viet	97.799.000.000	4.890.000	21.4
Bao Minh	28.972.000.000	1.449.000	49.8

Source: Bao Viet, 2012

Thailand Rice Insurance Background

	2011	2012	2013	2014	2015
Area Insured	169.460,96	139.590,48	19.2	132.907,8	241.931,56
Premium	3.960.240,00	3.262.210	12.470	10.435.940	17.815.860
Compensation	21.938.151,2	7.425.313,6	902,13	Not Available	Not Available
Loss Ratio	553.96%	227.62%	7.23%	Not Available	Not Available



III. Drivers of Agriculture Insurance in the Philippines

- 1. The Agriculture Microinsurance Policy Framework**
- 2. PCIC Products (Crop and Term Life)**
- 3. Licensed Agro Products by IC:**
 - **Excess Wind on rice: MicroEnsure (2009)**
 - **Excess wind on banana: PGA Sompo (2014)**
 - **Indemnity-based and Wind Speed, Rainfall Index on rice (2016): CARD Pioneer**
- 4. Index-based Insurance Products Pilot Tests:**
 - **Area Based Yield Index for rice: GIZ, PCIC, OCCCI**
 - **Weather Index-based: PCIC, UNDP, WB**
 - **RS-based Area Yield Index simulation: RIICE, CARD Pioneer**





IV. Lessons Learnt and Recommendations

- 1. Need of a data sharing protocol for insurance by DA, IC, PAGASA, PSA, etc.**
- 2. Complementation of subsidized PCIC products, with private agro insurance, not competition**
- 3. Formal public – private partnership, with specific targets, strategy, timelines by DA-IC-PIRA-PCIC-PAGASA-PSA**
- 4. Assessing Farmer’s willingness to pay for Agro insurance products by DA and PIRA**
- 5. Allocation of distinct smart subsidy to DA, PSA, IC, to support crop insurance, separate from PCIC premium subsidy**
- 6. Knowledge exchange with GIZ RFPI MEFIN Network on best practices**





Thank you

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