



Microinsurance Catastrophe  
Risk Organisation

# Is Index Insurance sufficient to cover the needs of the poor?

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# Microinsurance.

- Protecting livelihoods, not just bad farming years.
- Basis risk can have a huge impact.
- An index that does not trigger can cause serious damage.

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# Challenges in Central America.

- Lack of quality data.
  - Hence, difficult to build a reliable index
- Lack of insurance understanding.
- Microclimates.

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# Challenges in Central America.

- Hard to avoid basis risk.
- Potential to destroy an insurance culture you just built.

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# Solution through Product Design.

- Double Trigger.

Trigger 1: Activates client ability to claim.

Trigger 2: Activates an immediate payout to all policyholders.

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