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

Josh Ling - Zurich
June 2014

Twitter: @josh_ling
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.
Challenges in Central America.

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

Twitter: @josh_ling
Challenges in Central America.

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

Twitter: @josh_ling
Solution through Product Design.

• Double Trigger.

Trigger 1: Activates client ability to claim.

Trigger 2: Activates an immediate payout to all policyholders.