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Gender-inclusive Index Insurance to Protect Women's Assets & Economic Well-being

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Panel on the Science of Inclusive Innovation & Scaling
12 September 2023



Insurance & Resilience for Whom?

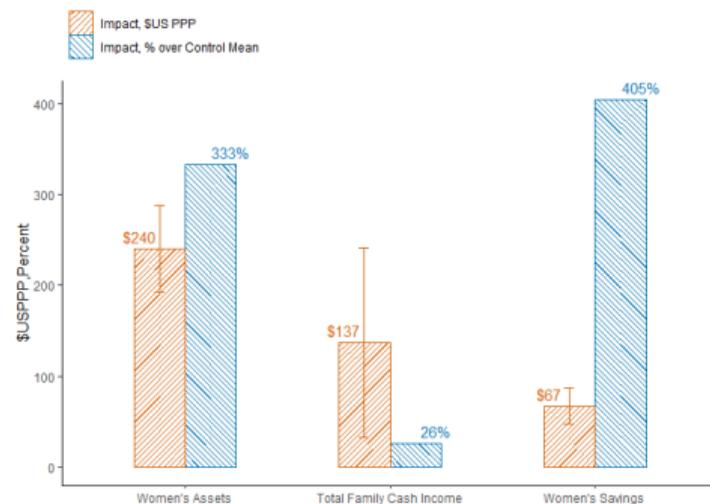
- Index insurance makes payments based on an objective index and thus eliminates the need for the costly loss verification process that otherwise makes insurance unavailable for low wealth, rural households.
- While its successes do not match its hype, there is a substantial evidence that when it does work, index insurance:
 - ▷ Allows households to be resilient and bounce back from climate and other shocks; and,
 - ▷ Emboldens households to invest more in productive activity once they are convinced that the insurance will indeed protect them and make them resilient (the resilience dividend effect).

Insurance & Resilience for Whom?

- Unfortunately, the kinds of economic activity that can be protected with index insurance are often gender-cast as male activities
 - ▷ For example, drought risk on the open rangelands of the horn of Africa can be indexed with satellite-based measures of plant biomass growth.
 - ▷ However, women's economic activities are typically more localized & less visible to remote detection and indexing.
- How then can we make this promising resilience tool inclusive of women, their risks and responsibilities, especially as evidence shows that it is often women's assets and even consumption that is first sacrificed in hard times?

The Need for Gender-inclusive Insurance

- This question obtains particular salience in the context of poverty-reduction programs that build up women's business assets.
- Such programs can work, as shown in the graph to right drawn from multi-year impact evaluation of the BOMA Project's asset building program in Northern Kenya
- But can these kinds of gains survive the sorts of periodic droughts that strike the region?



The Need for Gender-inclusive Insurance



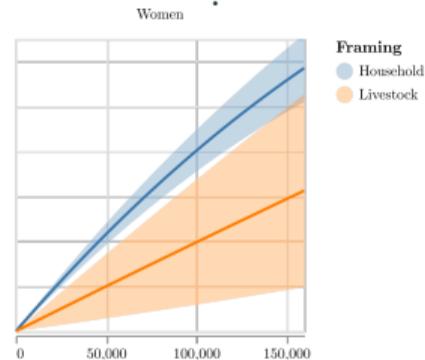
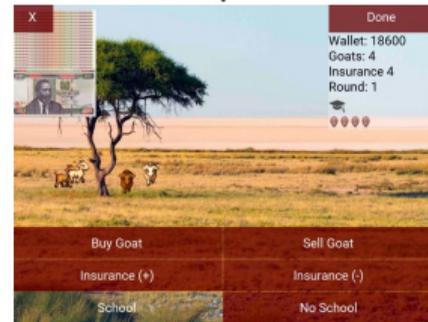
- The impact evaluation of the BOMA project allows us to gauge the impact of severe climate shocks on women's assets
- The first bar are the program impacts for women who avoided severe shocks
- The middle bar shows that a severe shock cuts in half women's gain from the program
- The third bar shows that index insurance can protect these gains

Formulating Gender-inclusive Index Insurance

- To make index insurance available for women, we modified the existing index-based livestock insurance in two ways.
 - ▷ First, in marketing and educational materials, we reframed the insurance around women's indirect exposure to rangeland drought by calling out women's risk of reduced income in their own businesses, as well as the risk of reduced intra-household resource transfers from their spouses.
 - ▷ Second, we changed the units in which insurance is sold from the number of (men's) livestock that need protecting to number of household members whose basic needs are at risk (and for whom women are culturally determined to be ultimately responsible)

Proof of Concept using the Sim-Pastoralist Experimental Game

- Informal qualitative field work revealed that women had no problem recognizing the default risk they faced
- To study how to make livestock insurance inclusive of women, Lab created the SimPastoralist game that helps people understand insurance & gauges their willingness to purchase
- Games was played with some 400 couples spread across 30 communities Some communities were presented a skit with the standard TLU framing of livestock insurance, but women were not much interested in buying
- Other women playing simPastoralist were given a skit with a novel framing that emphasized women's indirect exposure to rangeland risk & how forage-based “family insurance” could help
- The impact on insurance take-up in the game was remarkable



Scaling up Gender-inclusive Insurance with Takaful Insurance Africa



- With the support of Takaful Insurance Africa (TIA) & BOMA, we ported the learnings from SimPastoralist to the real world in Sept 2021 sales period;
- TIA agreed to sell IBLT in "Family Units" Family unit payoffs calibrated based on Kenya's scalable social protection payments

Cover	Cost	Maximum Payout
1 Family Unit	KSH 1056	Up to KSH 5600
2 Family Units	KSH 2112	Up to KSH 11,200
3 Family Units	KSH 3168	Up to KSH 16,800
4 Family Units	KSH 4224	Up to KSH 22,400

Next Steps to Make Index Insurance Fully Available to Women

- Initial Rollout was accompanied by a research design which allowed us to verify that making the insurance gender-inclusive significantly increased real world demand (not just in the game)
- As a final step to make index insurance more fully available to women, we have embedded education and sale of the insurance into women's savings groups
- Interested savings groups create a special savings account (the Village Insurance Savings Account, or VISA)
- Have rolled this out across 5 counties in Northern Kenya
- Data are just now coming from the August/September insurance sales window.
- Too early to say for sure, but preliminary numbers are quite promising
- Stay tuned