Institutional Framework for Agricultural Insurance in Ghana

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**Project Title**
Innovative Insurance Products for the Adaptation to Climate Change (IIPACC)

**Overall objective**
To assist the Ghana insurance sector develop a sustainable agricultural insurance system and introduce innovative and demand-oriented crop insurance products to protect against financial risks caused by extreme weather events and other forms of climate change.

**Implemented by**
National Insurance Commission, NIC, and GIZ in collaboration with Ghana Insurers Association

**Funded by**
German Federal Ministry of the Environment, Nature Conservation and Nuclear Safety (BMU)

**Approach**
Public Private Partnership

**Model**
Co-insurance Pool Model

**Project Period**
December 2009 – June 2014
Steering Structures

- **Steering Committee (SC)**
  - 11 public, private and development stakeholder institutions

- **Ghana Agricultural Insurance Pool**
  - 19 Non-Life insurance companies

- **Technical Management Unit (TMU)**

- **Technical Committee on Agricultural Insurance (TCAI)**
Structure of Ghana’s Agricultural Insurance System

**Policy & Advocacy**
- Ministry of Finance & Econ. Planning (MOFEP)
- National Insurance Commission (NIC)
- Ministry of Food and Agriculture (MOFA)

**Steering Committee**

**Governance & Management**
- Pool Management Board
- Members (Insurance Companies)
- Technical Management Unit (TMU)

**Ghana Agricultural Insurance Pool**

**Target Markets**
- Meso-Level Clients
- Micro-Level Clients
Mandate of the SC

- Oversee entire development of agric insurance in Ghana
- Coordination and decision-making body for the design and implementation of the private/public agric insurance system
- Policy formulation and public sector support
<table>
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<tr>
<th>Ghana Reinsurance Co Ltd.</th>
<th>Mainstream Reinsurance</th>
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<tr>
<td>SIC Insurance Co. Ltd.</td>
<td>Glico Gen. Insurance</td>
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<td>Enterprise Insurance Co. Ltd.</td>
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<td>Metropolitan Ins. Co. Ltd.</td>
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<td>Vanguard Assurance</td>
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<td>Unique Insurance Co. Ltd.</td>
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<td>Ghana Union Assurance</td>
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<td>Int. Energy Insurance</td>
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Impact of structural Development on the Programme

- Participation of key stakeholder institutions for local capacity building, sharing of ideas and knowledge management
- Avoidance of liberalization of market during the developmental phase of the programme
- Public Sector participation and their influence toward government policy
- Assurance of continual supply of relevant data for research and product development
• GIZ engaged in capacity development of institutions to support programme
  ➢ 36 automated weather stations for Ghana meteorological Agency (GMet)
  ➢ Supporting a database set up for GMet as well as training from international experts on best practices
  ➢ Procured modern yield estimation equipment for Ministry of Food and Agriculture field officers
  ➢ Conducted agricultural insurance related trainings for representatives of stakeholder institutions including insurance sector
Results of Effective Stakeholder Collaboration

1 | Weather Index
   - Target Group: Nucleus Farmers, Financial Institutions, Input Suppliers
   - Data: Rainfall data, GMet (& satellites)
   - Payout: Rainfall < set trigger -> Payout
   - Since 2011

2 | Area Yield
   - Target Group: Nucleus Farmers, Financial Institutions, Input Suppliers
   - Data: District yield data, MOFA-SRID
   - Payout: District Yield < Historical Distr. Averg. -> Payout
   - Pilot 2013

3 | Traditional/Indemnity
   - Target Group: Commercial Farmers, Financial Institutions (financing commercial farmers)
   - Data: Individual Production, + Loss data
   - Payout: Yield loss (field visit!) -> Payout
   - First Deal 2013
A Major Structural Development Goal

• Generating active central government support
  ➢ Agricultural Insurance embedded in new insurance regulatory framework
  ➢ Currently lobbying for a national policy on agricultural insurance
  ➢ Enhancement of data provision processes and institutions
  ➢ Provision of funds for implicit and explicit subsidization of insurance premiums

• GIZ working to secure this through
  ➢ Discussions with public sector ministries to generate and institutionalize government support
  ➢ Formation of a lobby group
Thank you very much for your attention!