



REGIONAL CDRF WORKSHOP

17-21 February, Nadi

Connecting climate risk insurance directly to social welfare participants – Fiji case study

PACIFIC INSURANCE AND CLIMATE ADAPTATION PROGRAMME (PICAP)

Akata Taito, Inclusive Insurance Hub Coordinator, PICAP



THE GOVERNMENT OF THE GRAND DUCHY OF LUXEMBOURG
Ministry of the Environment, Climate and Sustainable Development



Background



The Pacific Insurance and Climate Adaptation Programme (PICAP) is jointly implemented by the UN Capital Development Fund (UNCDF) and UN Development Programme (UNDP).



Objective: Improving the financial preparedness and resilience of PSIDS towards climate change and natural hazards

Market-based climate risk insurance and other disaster risk financing instruments that provides immediate liquidity post-disaster, targeted at:

- Low-income households & communities
- MSMEs
- Co-ops & Agri-agency associations and unions
- Financial institutions



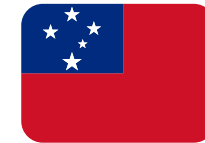
Building on the successes of the Pacific Insurance and Climate Adaptation Programme (PICAP)



Tonga



Vanuatu



Samoa



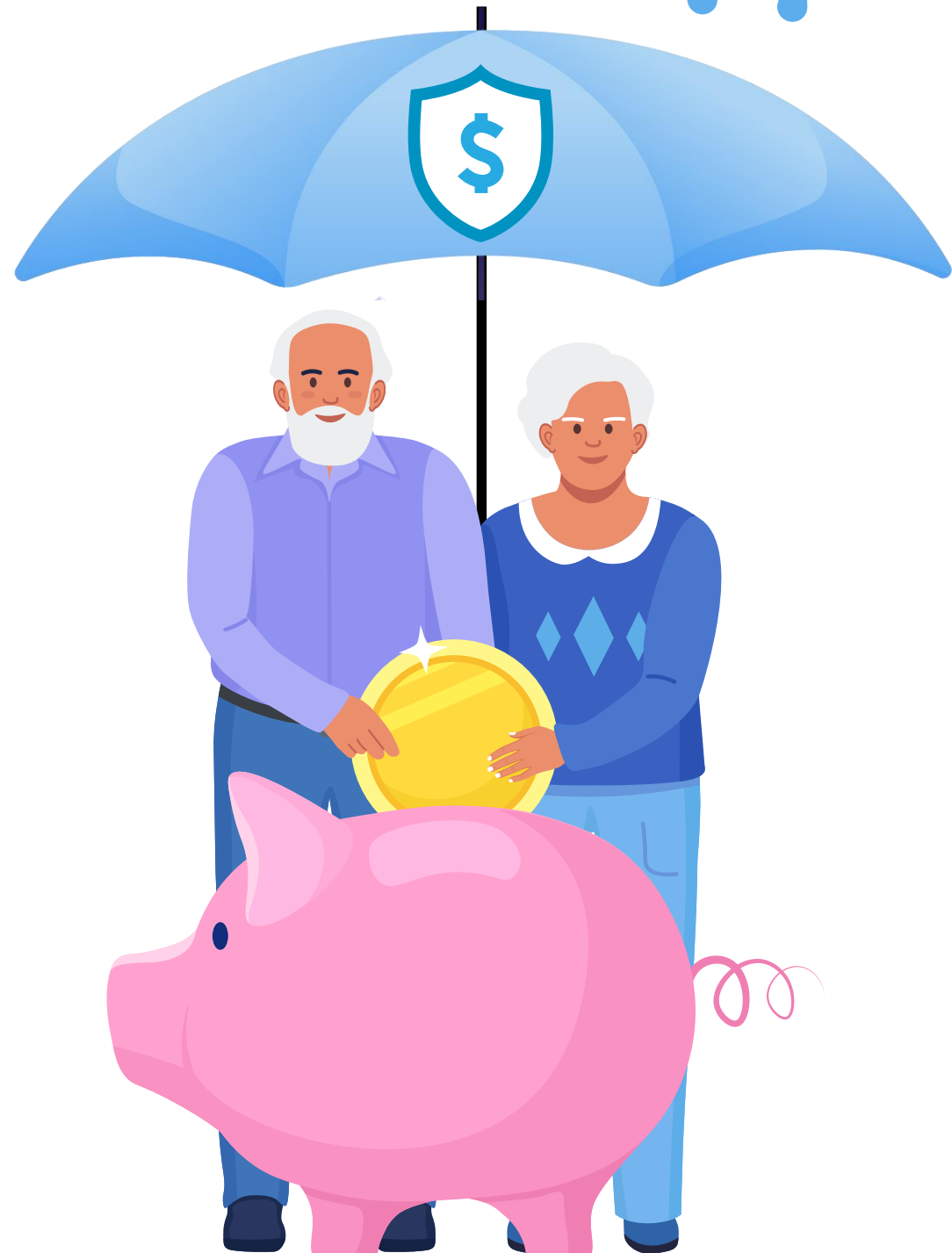
Papua
New Guinea



Solomon
Islands



Kiribati

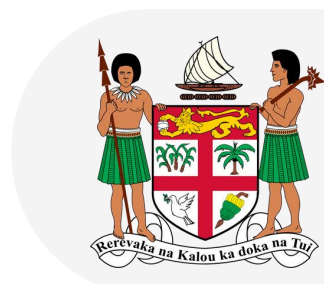


First market-based climate risk parametric microinsurance for low-income households in the Pacific, first launched on August 25, 2021 in Fiji.



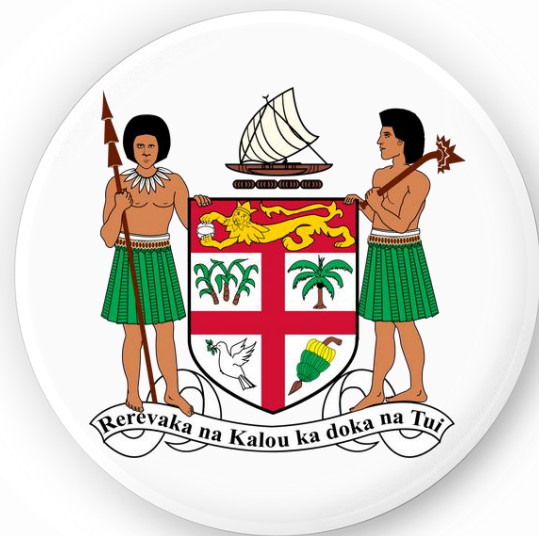
Successfully using digital tools for client onboarding and m-wallet-based payments for quick access to funds, direct access to policy and payments to users

First entry to clear Fiji's Regulatory Sandbox, VAT exemption from Fiji Government.



Piloted social protection linked CRI solution in Fiji in 2021 in partnership with WFP and DSW

Background of the Social Protection Product



After TC Harold in April 2020, Fiji government provided a one-off unconditional cash assistance to 10,882 social welfare recipients across the geographic most affected (equivalent of two months' social transfer, i.e. about FJD 200).

The required time and resource mobilization took nearly four months, resulting in delays in relief and rehabilitation.

In November 2021, through support from WFP, the DSW partnered with local insurers to pilot a first of its kind 'social protection' climate risk insurance solution designed for social welfare recipients located in identified disaster prone areas in the Central and Western divisions

The aim was to make cash available, equivalent to 4 months of social payments (FJD 400), to affected communities quickly.



First 'social protection insurance' pilot with 274 welfare recipients in 2021 validated the concept

Leaving no one behind, how can we ensure all segments have access to affordable solutions?

Conceptual blocks of the product



MACRO TO MICRO APPROACH

Direct benefits to people

Through the support of the government, there is direct coverage of beneficiaries till the micro level.

Instead of the government receiving the funds, the beneficiary directly receives the claim amount thus reducing delays post a disaster and bureaucratic hassles.



ACCESS TO CASH & LITERACY

Offering immediate cash payouts (in 3-5 days after the climate event data is vetted) directly to the beneficiary's bank account or mobile wallet thus also reinforcing digital tools to reach the last mile.

Beneficiaries are trained and given a full overview of what the product is about along with refresher trainings and constant support



AFFORDABILITY & SUSTAINABILITY

FJD40 per year per beneficiary covered.

Pilot proved that the Proof of Concept works.

UNCDF and WFP invested in the initial pilot.

The annual premium outlay will be a relatively small proportion of the economic losses that the event would otherwise cause.



BUILDING LOCAL INSURANCE CAPACITIES

Underwritten by local insurers

Retaining large risk and building a local pool, leveraging local private sector capacities.

Scale-up phase managed by Regulator – Reserve Bank of Fiji

UNCDF, through its Blended finance facility providing financial and technical assistance to the local institutions; thus strengthening the local market.

Combined Wind & Rainfall Cover for Social Welfare Beneficiaries in Fiji



Parametric Microinsurance Cover for Social Welfare Beneficiaries in Fiji

Underwritten by:

Scan QR code to download



A combined wind and rainfall cover based on a pre-defined index



The payout is applicable on the occurrence of either wind or rainfall and also if both wind and rainfall triggers happen together



The cover pays out within two weeks once data has been verified on the thresholds listed below for wind speed and/or rainfall being met or exceeded



Multiple events within one policy year are covered up to a maximum of 100% of sum insured



Sum Insured: \$500
Premium: 8% of sum insured (e.g \$40 premium for \$500 cover)

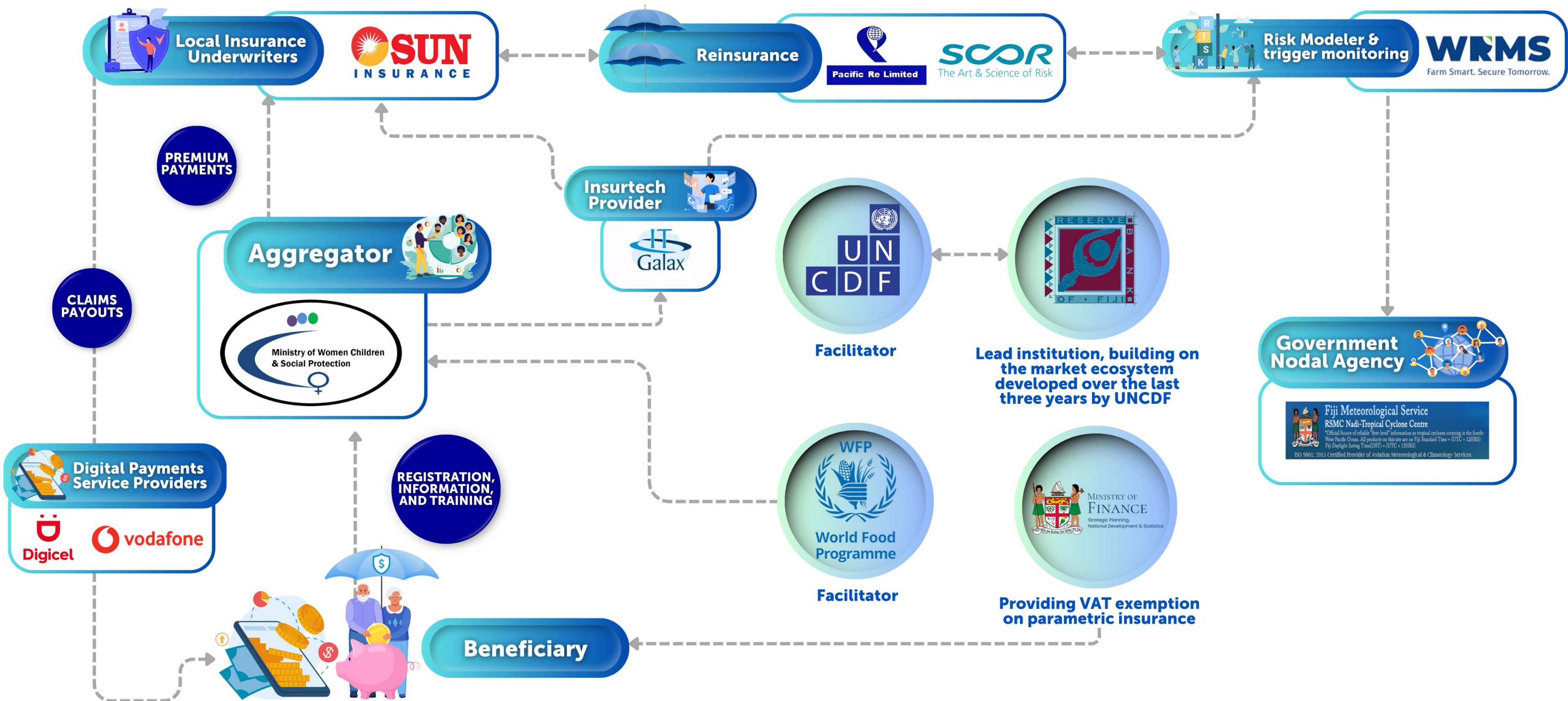
Payout Structure Wind Speed (FJD)

Max Wind Speed (WS) Range (km/hr); TC Category*	Distance to the Eye of the Cyclone			
	0-25	25-50	50-75	75-100
$178 \leq WS < 209$ - Cat 3	\$50	\$25	\$0	\$0
$209 \leq WS < 252$ - Cat 4	\$125	\$50	\$25	\$0
≥ 252 - Cat 5	\$250	\$125	\$50	\$25
Total Maximum Payout (Sum Insured)	100% or \$500 combined			

Excess Rainfall

Index Definition	Multiple of 5 consecutive days Sum Rainfall greater than the strike					
	Strike (mm)	Central Division	Western Division	Eastern Division	Northern Division	Payoff (FJD)
Strike 1 (\geq)	365	365	500	365	365	\$50
Strike 2 (\geq)	465	465	600	465	465	\$125
Strike 3 (\geq)	540	540	675	540	540	\$250

Ecosystem



Scale and sustainability



1

274 SP participants covered in 2021-2022 policy period



2

Product enhancement and relevance



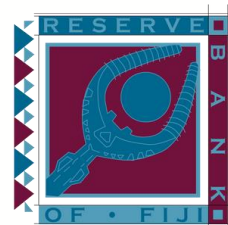
3

Premium support provided for **2,000** SP participants under 2024 - 2025 policy period



Final target
All Social Welfare Beneficiaries

4



Reserve Bank of Fiji becomes the lead institution

Challenges and Lessons



Data inconsistency around beneficiary registry (includes mobile phone contact and informed consent delays)

Empowering beneficiaries through targeted awareness and education programs (driving economic inclusion)

Strengthening institutional capacities within DSW/MWCPA, especially in countries with limited social protection framework and limited resources

Ensuring long-term sustainability by implementing complementary support programs, such as premium support, anticipatory action, and contingency funds

Thank you!



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