



# Microinsurance

## Overview

Millions of small-scale fishers lack access to formal financial services like basic indemnity insurance such as life, health, and/or property. Without basic insurance, fishers are financially vulnerable, incentivizing them to overfish to recover the losses after an emergency. To address this need, Rare is working with partners to offer microinsurance products that help fishers withstand financial shocks and recover from disasters. These basic livelihood insurance products help alleviate the need to overfish post-disaster. Therefore, they ultimately reduce fishing pressure on marine ecosystems while building household resilience.

## Fishers and the informal economy

Globally, small-scale fisheries are responsible for the employment of 113 million people, including 45 million women. Ninety-four percent of microbusinesses operating in or around small-scale fisheries are extra-legal, meaning they cannot apply for insurance or provide insurance to employees.<sup>1</sup> Fishers and fishing households face various barriers to accessing insurance, including<sup>2</sup>:

- Low awareness of insurance cost and benefits
- Lack of insurance providers active in communities
- Complicated insurance policies
- Inadequate coverage/price ratio
- Lack of access to other financial service

## A path to financial resilience

Financial resilience is the capacity to recover from shocks while avoiding unsustainable debt or loss of productive capacity. Savings are an important financial mechanism to achieve this. However, they are not sufficient. Insurance alleviates losses and provides people with hope and optimism to cope with emergencies.

Without insurance, many fishers are driven to overfish in hopes of catching as many fish as possible to protect against an uncertain future. Insurance provides a critical safety net for people and nature. With insurance, fishers are protected against unforeseen obstacles like injury, illness, or damaged equipment. Insurance also eliminates fishers' motivation to overfish.

1. [https://www.fao.org/fileadmin/user\\_upload/ssf/documents/THE\\_ILLUMINATING\\_HIDDEN\\_HARVEST.pdf](https://www.fao.org/fileadmin/user_upload/ssf/documents/THE_ILLUMINATING_HIDDEN_HARVEST.pdf)  
2. Source: FAO (2019): Guidelines for increasing access of small-scale fisheries to insurance services in Asia



## Rare's program highlights

In 2020, during the COVID19 pandemic, Rare piloted its first insurance livelihoods program in a coastal fishing community in the Philippines. The target goal was to provide insurance literacy training to 20 savings clubs and to support the enrollment of 500 people with select insurance policies; at the height of the pandemic, with restricted travel and poor connectivity for remote trainings, this goal was viewed as aspirational. The results surpassed all expectations with over 4,000 people (68% women), electing to purchase microinsurance options.

This pilot demonstrated that coastal communities have both a demand and a willingness to pay for indemnity coverages. Since this pilot Rare has expanded its microinsurance program to an additional three countries: Indonesia, Honduras, and Mozambique. Currently we are working with both public and private insurance companies to offer necessary protections using our phased approach.

## A phased approach to implementation

- 1 Assessment**  
Rare surveys the landscape within a community to understand what products are currently offered to fishers and the awareness fishers have of them.
- 2 Training**  
The concept of insurance is often new to the targeted coastal fishing communities. Rare and partners lead insurance literacy trainings to familiarize people unfamiliar with insurance on the benefits of the products.
- 3 Partnership**  
Rare partners with local insurance providers to design and offer policies for life, accident, property damage, and healthcare coverage.

- 4 Enrollment**  
The microinsurance pilot builds on Rare's work to establish savings clubs in fishing communities. The savings clubs provide a conduit to promote insurance policies and enroll people. Rare also involves local government agents and uses targeted communication campaigns to raise awareness and promote adoption.

- 5 Expansion**  
After each pilot, Rare incorporates lessons learned to scale the initiative to reach more communities. Rare and other ORRAA partners are exploring additional methods to reach various groups along the small-scale fisheries value chain.

## Snapshot of microinsurance implementation



### Philippines

With support from ORRAA, Rare has partnered with the Philippines Crop Insurance Corporation to distribute publicly funded insurance to fishing communities. The initial target enrollment was 500 people. We ended up enrolling over 4,000. After year-over-year expansion of the program, the program is targeting 12,000 people for enrollment.



### Indonesia

Rare provides comprehensive insurance literacy trainings to savings clubs' members and is partnering with OJK, a public insurance company, to provide microinsurance to fishing communities. The current target is to train and enroll 1,000 community members in microinsurance.



### Honduras

No affordable public insurance options for coastal communities exist in Honduras and Rare is currently working towards establishing partnerships with private insurance companies to find the appropriate product for distribution.



### Mozambique

With the support of USAID, Rare has initiated the microinsurance program process. In 2023, Rare carried out a landscape analysis and survey with plans to structure the program in 2024.

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