



# PHILIPPINES

## BACKGROUND

The Philippines is highly dependent on the agribusiness sector, which provides employment for over one-third of its workforce of 40 million people. Despite its significance, one of the factors impeding productivity in this sector is weak investment due to risks from natural calamities such as typhoons. According to the 2016 World Risk Report, the Philippines is the third most vulnerable country for disaster risks, facing an average of 20 typhoons per year. The most powerful of recent typhoons, Yolanda, struck in November 2013, damaging crops, property, buildings, and infrastructure worth Philippine pesos 361 billion (US\$7.5 billion).

## PROJECT DESCRIPTION

The International Finance Corporation (IFC), supported by the Global Index Insurance Facility (GIIF) and the Canadian government, has been working with CPMI (CARD Pioneer Microinsurance Inc.) and CARD MRI (the Center for Agriculture and Rural Development, Mutually Reinforcing Institutions) to create an index-based portfolio insurance product to insure the loan portfolios of lending institutions such as microfinance institutions (MFIs). They have also been working to provide advisory services for an indemnity-based crop insurance product to insure crop losses suffered by CARD agri-borrowers, and to address the typhoon-related risks faced by both lenders and farmers.

## RESULTS AND IMPACTS

It is expected that these products will be launched in 2016, with the goal of insuring 200,000 farmers by project end. The indemnity-based crop insurance product was launched in October 2016, and will target 40,000 farmers in the first year. The index product is set for launch in early 2017. CARD is the largest MFI in the country, with four million clients.

## NEXT STEPS

For the indemnity-based product, the challenge will be to process claims efficiently after a typhoon. The project is working with the clients to incorporate technology and possibly index solutions to ease this constraint. For the portfolio index product, the challenge will be to ensure a product that triggers when relevant, taking into account both wind speed and rainfall, with payouts that alleviate losses to bank portfolios.

## PROJECT SNAPSHOT

<b>Market Launch</b>	2016 (expected)
<b>Clients</b>	200,000 farmers (estimated)
<b>Partners</b>	Center for Agriculture and Rural Development (CARD), and CARD Pioneer Microinsurance Inc. (CPMI - Joint Venture Insurance Company, between CARD and Pioneer Insurance).
<b>Products</b>	Development and deployment of insurance (both index and indemnity) products to address typhoon-related risks faced by both lenders and farmers.
<b>Insured Assets</b>	Indemnity Product: Rice and corn crops of CARD farmer borrowers Index Product: Portfolios of banks and MFIs
<b>Insured Perils</b>	Mainly Typhoons
<b>Regulatory Environment</b>	Insurance Commission
<b>Data</b>	PAGASA, DHI

## PARTNER FOCUS

**Partner Information**

CARD Pioneer Microinsurance (CPMI) is the first non-life insurance company in the country. It was created to streamline product development and provide relevant and pro-poor insurance products. CPMI is a partnership of CARD Mutually Reinforcing Institutions (CARD MRI) and Pioneer Insurance, which since 1954 has charted insurance milestones in the country. CPMI's goal is to address the calamity, agriculture, income loss, and other non-life insurance needs of marginalized markets.

**CARD MRI**

CARD Mutually Reinforcing Institutions (CARD MRI) is a group of institutions with the common goals of eradicating poverty in the Philippines, while improving the quality of life for socio-economically challenged women and their families, as a means toward nation-building. CARD MRI is founded by a group of practitioners who are committed to empowering women by providing continuous access to financial, microinsurance, educational, livelihood, health, and other capacity-building services that can help them become more responsible citizens of their communities and the environment.

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**About Global Index Insurance Facility**

The Global Index Insurance Facility (GIIF) is a dedicated World Bank Group's program that facilitates access to finance for smallholder farmers, micro-entrepreneurs, and microfinance institutions through the provisions of catastrophic risk transfer solutions and index-based insurance in developing countries. Funded by the European Union, the governments of Germany, Japan, and the Netherlands, GIIF has facilitated more than 1.5 million contracts, covering approximately 6 million people, primarily in Sub-Saharan Africa, Asia, and Latin America and the Caribbean. The facility is part of the World Bank Group's Finance & Markets Global Practice.

For more information, please visit [www.indexinsuranceforum.org](http://www.indexinsuranceforum.org).

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