

PRODUCT UPSCALING SUPPORT – FACTSHEET

Product Upscaling Support	2020-05: Scale-up of weather index insurance in Colombia
Country / Region	Colombia
Partner Financial Institution/s	Seguros Comerciales Bolivar S.A.
Grantee	Blue Marble Microinsurance, endorsed by Zurich Insurance
Overall Budget	CHF 358'420 (63% self-contribution)
SCBF Contribution	CHF 133'300 (37% SCBF funding share)
Date of Approval	02.07.2020
Duration	07.2020 until 06.2022
Context	<p>Colombia is in a post-conflict state and the government has placed a strong priority on financial inclusion. Specifically, financial inclusion policies have focused on lending to the poor, increasing formal banking usage, and making financial services more accessible. Despite this, according to the World Bank's Global Findex Database (2017), only 46% of the Colombian adult population has a bank account. This means that 54% has no access to any formal financial services and are considered "unbanked". Of these, 56% are women. As it pertains to insurance, penetration is dismal. Market penetration – measured by insurance premiums as a share of GDP – remains relatively low in Colombia, at 2.64% at the end of 2015.</p> <p>To increase access to insurance in Colombia, the government has simplified regulation and has made subsidies available that target low-income populations. Café Seguro is a product that serves small-scale coffee farmers in Colombia. The product was born out of a partnership between Blue Marble Microinsurance, Seguros Bolivar, and Nespresso. Café Seguro is a parametric insurance offering that covers the main risks coffee farmers face - excess rain during the flowering stage and drought during the grain filling and harvest stages of coffee production. The parametric aspect of the offering allows for efficient payments that are automatically triggered without the need for a claims process and verification of losses on the ground. It is one of the only parametric products in Colombia, and the only one specifically designed for coffee farmers. The product is commercialized by Seguros Bolivar, a leader in the insurance industry in Colombia.</p>
Current Status of the MFI	<p>Blue Marble Microinsurance is a social enterprise owned equally by eight insurance entities with a mission of providing socially impactful, commercially viable insurance protection to the financially underserved. Blue Marble has co-developed insurance products with farmers and insurers in Zimbabwe and Colombia.</p> <p>Seguros Comerciales Bolivar S.A. is one of the leading providers of insurance services in Colombia. It has a clear financial inclusion strategy to provide insurance services to underserved communities and has made a commitment to grow and strengthen its agricultural portfolio.</p>
Objective and Main Activities	<p>The objective of this grant is to help upscale the Café Seguro program, increasing the number of smallholder farmer families served by 2.5x from 3'200 to 8'000 families (or approximately 32'000 people including 16'000 women) in the next 23 months. Currently, the PFI has a highly customized solution that is working well in the Caldas region. The aim is to develop different parametric precipitation solutions suitable for smallholder farmers in other regions so that it can provide protection to underserved individuals throughout Colombia. At the same time, it will explore potential product innovations along with technological efficiencies that can potentially decrease transactional costs by making enrolment, distribution and / or pay-outs easier and quicker. Upon project completion, the partners should be able to serve at least 8'000 families of farmers across Colombia.</p>