

## 2023-09 | Coffee Parametric Insurance Upscaling, Indonesia

Financial sector partner (FSP)	<a href="#">Zurich General Takaful Indonesia</a>	SCBF contribution	CHF 131,750 (59%)
Grantee/TA provider	<a href="#">Blue Marble Microinsurance</a>	Matching contribution	CHF 60,000 (27%) – PFI CHF 31,000 (14%) – Grantee
Country	Indonesia	Theme	Financial Resilience
Duration	Jul 2023 – Dec 2024	Product	Index-based insurance
Potential outreach	12,000	Target group	Smallholder farmers
Thereof women	30%		

### CONTEXT

**Climate change has severely impacted Indonesia** in the past few years, dominated by flooding, heavy wind/storm, landslides and drought. The government is taking steps to boost the resilience of the country's farmers and ensure continued production. The Government of the Republic of Indonesia (GOI) introduced the Law of the Republic of Indonesia no. 19/2013 on Farmers' Protection and Empowerment to protect the farmers and the country's economy. The law states that agriculture insurance is part of the government's strategy to protect farmers. Furthermore, it says that the government and local government entities will facilitate farmers' participation in agriculture insurance, including support for enrolling and educating clients and the provision of premium subsidies.

In Indonesia, Blue Marble has partnered with Fairtrade, Nespresso and Nescafe to co-create an innovative weather index insurance product with smallholder farmers, underwritten by PT Zurich General Takaful Indonesia (ZGTI) that offers protection against drought and excess rainfall for smallholder coffee farmers. Blue Marble and ZGTI are now looking to scale up the product to protect more vulnerable farmers. The scale-up of these insurance products will benefit low-income clients by 1. **providing access directly to formal financial services**; 2. **providing access to customised products** offered through customised processes co-designed with them to meet their needs so that they can have positive experiences with a formal financial service; 3. **stabilising their incomes and reducing their livelihoods risks** by reducing the losses in bad weather seasons.

### CURRENT STATUS OF THE FSP

PT Zurich General Takaful Indonesia (ZGTI) is a member of the global Zurich Insurance Group, a leading insurance service provider serving its customers in local and international markets. With approximately 53,000 employees, Zurich group provides a range of general insurance and life insurance services in more than 210 countries and cities. ZGTI offers general insurance products that are governed by the Sharia principles. ZGTI carries out the Wakalah Bil Ujah and Tabarru's agreement to manage customer risk and contribution with the aim of virtue and mutual assistance. ZGTI follows the three pillars of Zurich Sustainable Frameworks (that includes - 1.5°C Future, Work Sustainability, and Confidence in a Digital Society) as part of Zurich's initiatives to protect the environment, its people, its customers, and the company.

### OBJECTIVES AND MAIN ACTIVITIES

The SCBF Intervention aims to support the scale-up of coffee parametric insurance in Indonesia, initially to existing clients within Aceh and Lampung regions. The SCBF funding will support distribution and product development activities for new regions and preparation for the 2023-2024 season launch targeting 4,000 farmers and the 2024-2025 season launch targeting 12,000 farmers. Upon project completion, the financial institution should be able to scale the program to the national level.

**Partnering with:**

