

Insurance for MSMEs BPG call # 3 | 26 May 2021

Participants: **Gregor Sahler (GIZ); Jeremy Gray (Cenfri); Camyla Fonseca (ILO); Leah Mungai (APA Insurance); Regina Simões (a2ii); Aisha Bashir (Individual member); Nigel Bowman (IAA); Fasecolda; Nataly Galán (Fasecolda); Pedro Gonzalez (MiCRO); Raimund Snyders (LeapFrog); Aneesh Gulati (MSC); Nadia Boughaba (Axa); Vera Neugebauer (Cenfri); Violet Kapekele (Hollard).**

Guests: George Clouston (BeeHero); Leon Munyetti (Smartloads); Chiwambo (Smartloads)

Agenda

- Welcome and check-in
- Recap on approach
 - **Guiding question:** How SME resilience solutions can be designed for specific value chains and distributed through key aggregation points
 - **Objective:** Better understand and highlight the opportunities for insurers to reach and build MSME resilience by understanding and targeting specific value chains
 - **Approach:** BPG will invite value chain participants, tech providers and related experts to discuss the key risks, challenges and opportunities for insurer-provided solutions to specific MSME value chains
- Recap previous call
 - Managing risks through a value chain lens:
 - Insights on coffee value chains – Vera Neugebauer, Cenfri
 - End-to-end value chain of construction stakeholders to close the gap in affordable housing – Lew Schulman, Chairman of the Board, iBuild Global
- Integrating value chains and using technology platforms to better manage risks:
 - A technology platform to optimise crop pollination inputs and bee welfare – George Clouston, BeeHero
 - Slides to be made available afterwards
 - Q&A
 - GS: which role could insurance play in this context?
 - GC: some liability insurance exists; in US some index products for beekeepers that could prevent against colony losses.
 - Crop losses – beehives per acre; based on rule of thumb without much data
 - Very early – for ourselves, haven't explored the insurance avenue yet; we are maybe getting to the point, as data would play important role in that process
 - GS: different layers interesting – honey bees are the means to manage risks farmers face and the fluctuations, but also protecting the bees themselves
 - JG: BeeHero covering costs for tech sensors – but not selling – they're a mechanism to accessing data
 - GC: the success we have today is that we are unique in our approach

- Only way to proliferate this type of tech – neither the farmer nor beekeeper is paying for the tech – win-win, both parties get access to the data.
 - We also take care of business for them – guarantee their payment, whilst also taking care of the admin, etc.
 - GS: what kind of data are you collecting?
 - GC: have to look at it as livestock, it's not data on individual bee, but it's the colony which is a super organism. They're an intelligent, organised community – you can tell a lot from their behaviour from monitoring the acoustics (heartbeat of the colony)
 - Beekeepers can tell whether bees are angry from the noise levels (environment inside beehive can be closely linked to noise, behaviour/activity sensitive to temperatures, etc.)
 - A large amount can be assessed through the noise
 - GS: a number of crops are quite relevant in developing countries; are you aware of how farmers look at honey beekeeping in developing countries? Is there awareness on beekeeping?
 - GC: different picture – more reliance on ecosystem pollination – but for certain crops, farmers are aware that pollinators needed – mixed bag.
 - In developing world, probably more of a case of beehives that provide an income to smallholders; different approach.
 - Trial was planned last year for coffee farmers, but was cancelled due to Covid.
 - Not much data on it, but would require a different model from approach in the developed world, although there's an opportunity there.
 - CF: in agri space, weather alerts provided, in health space, free check-ups provided, and this sounds like it can also be a great value-added service to be combined with an insurance cover – very interesting idea.
 - GC: risk can certainly be reduced from the farmers' and beekeepers' side.
 - NB: how much of the risk and perils covered under crop insurance can be attributed to the impact bees can have? It would likely need to be large portion of the risk to get insurers interested, even though it makes sense as an opportunity.
 - GC: probably varies according to different crops; insurance companies aren't really tuned in yet. Bee data could be a proxy for other risks.
 - NB: in general, when insurers can get better understanding of the risks they're covering, they're more keen and the amount of data available in this case would likely be very appealing to insurers. (actuarial perspective, not insurer perspective)
 - GS: to insurers – how do they see this case, given all the data acquired through BeeHero's approach?
- Building an end-to-end pan-African logistics ecosystem – Leon Munyetti, Smartloads
 - Slides to be made available afterwards
 - Q&A

- AG: there is scope of insurance that can be worked in (eg. Transit insurance, etc.) – are any of the insurance products mentioned mandatory? How do you ensure that a customer checks to buy the insurance year after year?
 - LM: during onboarding, insurance details of truck owner captured; it's unfortunate that in TZ, a sticker system for truck insurance is easily fraudable; so our system checks with the centralised system to confirm truck is insured.
- LM: for old trucks - third-party is a must; any new trucks need to have comprehensive
 - See RTM Promo slide
 - Chiwambo: we emphasise payment per KM; so drivers can be paid directly from the system – using tech to provide a surface space for all to do business.
- NB: do you support claims process too? how do claims process happen on the ground? Is the Smartloads tech supporting?
 - Chiwambo: we can give some of the data, but if there is any integration that can be done to push claims through our system, then it would enable that, but have not reached that stage with any insurer as yet. But system has that capability.
 - Truck only appears in our system if it goes through the inspection – condition of truck, value of truck, etc.
- JG: major inefficiencies in the logistics sector
 - Running cost of vehicles – boils down to large sums of capital for truck owners
 - One of the key role the platform can play is illustrating the track record for potential lenders;
 - And linking that to insurance
 - To what extent, have you thought about additional risk management support to the platform?
 - Telematics, etc.
 - Have been working closely with Old Mutual (SA); Swiss Re interested and evaluating our system and checking how best they can place the products within our system.
 - We also have a few standby partners for the tech side
 - Driver training for those enlisted on the platform
 - Open to speaking to them to check how this could work for us
 - Target is pan-Africa, not just TZ, so training is definitely needed – lack of discipline; concerns around payment and other inefficiencies
 - Open to investment on the Smartloads venture (esp. FIs and insurers) only way to crack is customised solution for the market with those two working together. Value is there – anyone interested reach out to us.

- Conclusion and next steps

- HF to liaise with GS and JG to figure out dates for next call & follow-up email to group
- AOB
 - JMM: 7-10 June (register if you haven't already)
 - Morning CEST 8 June: co-chairs will provide a brief presentation/update of BPG's work thus far (2020 and 2021)