Colombia is severely exposed to natural disasters including floods, excess of rain, landslides, tsunamis, and earthquakes. With current climate-induced changes in the frequency and severity of events, poor households are increasingly exposed to extreme weather events. Access to insurance against natural disasters remains low for rural areas across Latin America. In this context, the Microinsurance Catastrophe Risk Organization (MiCRO) designs affordable and needs-based risk transfer solutions for underserved populations. Partnering with a local insurer in Colombia, MiCRO intends to a) scale up its existing index-insurance for SMEs and farmers as well as b) adjust initial product to the needs of new aggregators’ clients.

**Product Characteristics**

- **Target group**: SMEs, smallholder farmers
- **Target region**: Countrywide
- **Insured asset**: Financial losses, business interruption
- **Insured peril / hazard**: Drought, excess rain, earthquake
- **Insurance type**: Micro-scheme
  Scale up of existing and development of new parametric (index-based) insurance solutions
- **Own contribution**: 50% of total ISF project costs

**Product Development Activities Supported**

- Expansion of the existing product alongside microcredits or through cooperatives or via local bank (Bancamia) or local Microfinance institutions.
- Selection of additional aggregators (distribution channel).
- Adjustment of the initial solution to the needs of the new aggregators’ clients.
- Piloting the products with new aggregators.
- Design a value-added programme with local partners that further benefits the project’s beneficiaries with tools beyond risk transfer.
- Trainings through Financial Education Programme (FEP) for aggregator companies.
Poor and vulnerable policyholders protected against loss of income due to flood, earthquakes and drought.

Income stabilisation of poor households and strengthened resilience.

Increased awareness on disaster risk reduction.

**EXPECTED IMPACTS**

**PROJECT PARTNERS**

**DEMAND**
- Bancamía / Bank / CO
- Uni2 / Microfinance Institution / CO
- UNDP / UN agency / CO
- Fundación de la mujer / Microfinance Institution / CO
- Fedepanela / Panela Farmers’ Guild / CO

**SUPPLY**
- Microinsurance Catastrophe Risk Organization (MiCRO) / Regional Private Reinsurance Company / BB
- SBS Seguros Colombia S.A. (SBS), Insurance Company / CO
- Seguros Bolívar / Insurance Company / CO

**EXPECTED BENEFICIARIES**

300,000 by 2025

75% poor and vulnerable

**IMPLEMENTATION PERIOD**

MAY 2020 – JUN 2023

**GRANT AMOUNT**

EUR 602,508

[1] Based on submission documents requiring use of IGP M&E Methodology.