AFFORDABLE INSURANCE PACKAGE(S) FOR MSME IN SRI LANKA COVERING FLOOD DISASTER DAMAGES

This feasibility study investigated the market potential for flood risk insurance products and suggests parametric insurance solution as the primary option

InsuResilience Solutions Fund

OBJECTIVE OF THE STUDY

•To provide a more detailed market investigation on the demand for new insurance products and the willingness to pay premiums

MAIN RESULTS

- MSMEs' losses due to floods account for on average of 25% – 45% of their revenue
- In general insurance providers in Sri Lanka have not been able to penetrate the MSME sector with flood risk insurance in a large scale. Only 11-14% of MSMEs have coverage against flood damages. No insurance products which cover flood/natural perils only are available in Sri Lanka.
- Parametric insurance solutions seem to be the most suitable for MSMEs in the Sri Lankan market
- The potential insurance product(s) could provide financial support to 16,000+ MSMEs and 35,000+ people (non-agriculture) in the three districts, and to around 70,000 MSMEs with 156,000 population for the entire country
- MSMEs are interested in adopting/considering adopting a flood insurance package with a desired premium schemes between LKR 3000 – 7500 (USD 15-37.5)
- There is adequate awareness of flood risk among relevant stakeholders, however greater promotional and awareness building campaigns are crucial to ensure that all segments of MSMEs, especially the most vulnerable segments, are reached to allow greater uptake of flood risk insurance

Project
Affordable Insurance Package(s) for Micro, Small and Medium-sized Enterprises in Sri Lanka Covering Flood Disaster Damages

Partners
UNEP CCC, ADPC, AXA Climate, CCC, GBC, JBA and Sanasa

Region
South Asia, Sri Lanka

Main risks
Flood

Policyholder
Sanasa General Insurance Company Limited

Insurance asset
Property and emergency relief measures