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ACTIVITY SNAPSHOT

Study visit on risk management and agricultural insurance in Spain

On the week of the 18th of September 2023, a delegation from the Philippine Government travelled to Madrid, Spain to learn from private-public partnerships (PPP) examples in agricultural insurance. This study visit supported ongoing reforms in the Philippines aiming to allow the government to set out the strategic direction of what agricultural insurance in the Philippines could look like and how the private sector could play a role along with the government.

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GLOBAL INDEX INSURANCE FACILITY

For more than 40 years, agricultural insurance in the Philippines has been implemented by the public-sector insurer, the Philippine Crop Insurance Corporation (PCIC) supported heavily by the government. Despite reaching PhP 5 billion (US\$100 million) per year in government subsidies, only one third of all farmers and fisherfolk are insured and those who are insured, do not have sufficient protection that would be enough for them to recover on their own after the increasing number of climate shocks, while PCIC is facing major operational challenges.

The government of the Philippines has set out to make major reforms in agricultural insurance to increase its cost-efficiency and value for farmers and fisherfolks. The government is now preparing changes to the legal frameworks of PCIC, and it is a critical moment for learning about best practices from agricultural insurance in other countries. The Spanish scheme is a world leading example of an effective public-private collaboration in the form of a co-insurance pool (managed by AGROSEGURO).

The delegation that travelled to Spain included key decision-makers and stakeholders from the public sectors, this included representatives from the Philippines Department of Agriculture, the Agricultural Credit Policy Council, Philippines Department of Finance,

Philippines Bureau of Treasury, Philippines Insurance Commission, the Philippine Crop Insurance Corporation, as well as technical staff of Senate and Congress of the Philippines and included a representative of the private insurance sector in the Philippines. The study trip was organized by the World Bank with financing from the Global Index Insurance Facility (GIIF) and in collaboration with AGROSEGURO, Spain.

The study trip was designed to cover a broad spectrum of topics to inform reforms in the Philippines including: how the Spanish government has created an enabling environment for agricultural insurance, what the agricultural insurance products offered in Spain are, how the local market is organized, how agricultural insurance works in practice, and farmers' views on products. Key topics for discussion included:

- Government role in the Spanish Agroinsurance system: state agency for Agricultural insurance.
- Reinsurance cover in the Spanish agroinsurance system: Consorcio de Compensación de Seguros (CCS).
- Managing a complex insurance program: AGROSEGURO's origin, structure, and main functions including: insurance management; product design; pricing; and; loss adjustment.

- How insurance works in the field: FIELD VISIT to learn in practice about the loss adjustment process and the role of regional offices of AGROSEGURO.
- Supervising the agricultural insurance scheme: General Directorate of insurances and pension funds (DGSFP).
- Working session, guided by World Bank specialists, to reflect and set the direction for reforms in the Philippines.

The final working session allowed the participants to define next steps and key takeaways and lessons learned to adopt in the Philippines.

They shared different perspectives on the benefits of private-public partnerships (PPP) and how it can be organized in the Philippines, the future stakeholders and key must haves for their legal frameworks, and, most importantly, the next steps. The group of delegates aligned on the number of aspects for future reforms thanks to the lessons learned during this week, which one participant described as “inspiring.”

The agreed course of actions are clear and entails additional discussions, legal adjustments, and a market segmentation analysis, all aimed at ensuring that the ongoing reforms can continue to evolve in the best interest of the country.

AGROSEGURO, Spanish Association of Insurers of Combined Agricultural Insurance. Madrid, Spain 23'



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